



*Strengthening Africa's Economic Performance*

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## Globalisation and Economic Success: Policy Options for Africa Report of the Cairo Event, 13-14 November 2006

This is a report of the second in a three-part research programme identifying best policy and implementation practices for emerging economies engaging with globalisation.

This project focuses on the nexus between politics and economics in identifying and codifying lessons from high-growth economies appropriate in the African context and consistent with the plans of the New Partnership for Africa's Development (NEPAD). The programme aims to pinpoint the relevant macro- and microeconomic steps necessary for higher rates of economic growth in countries *that have undergone significant political change and have dealt with acute sociopolitical challenges*. These countries have been selected on the basis of their relevance for Africa and further afield. This programme is thus both policy- and business-relevant, and its findings will feed into wider national and continental debates. Participants have been selected from academic, business and government communities located all across the world.

The first conference was held in Singapore on 7–8 November 2005, and the final event is scheduled to take place in South Africa in 2007. The events are being hosted jointly by the South Africa-based Brenthurst Foundation, the Singapore-based Institute for Defence and Strategic Studies (to be formally inaugurated on 1 January 2007 as The S. Rajaratnam School of International Studies [RSIS]), the Egyptian Information and Decision Support Centre (IDSC) of the Cabinet, and the Konrad Adenauer Stiftung (KAS).

At the Singapore event, six regional papers were presented, focusing on the past and identifying key reasons for success and failure. This conference also included a paper assessing the record of global growth in the contemporary era of globalisation, and one assessing the lessons from the 'Washington Consensus' reforms. The second event in Egypt focused attention on the specific experiences of each of the 16 countries under study.

### Monday, 13 November 2006

#### Opening Session

**Greg Mills** recapped the findings of the Singapore event and stressed the need for participants to focus on the practical aspects of economic reform. The Brenthurst Foundation was founded on the belief that economic growth is the best avenue for prosperity and political stability. The Foundation's purpose, however, is not only to identify and share international best policy practice in international forums – the 'what to do' question – but also to address the more difficult analytical question of 'how to do it'.

Mills reiterated the seven questions posed at the start of the Singapore event:

1. Can the right sets of policies, both internal and external, make a difference to growth trajectories?
2. Are these policies by themselves enough? Or are there other things that lie beyond the policy domain that also have to be addressed – and can they all be addressed?
3. What type of and which institutions are key to economic progress and growth?

4. What can be learned from the experience of countries in terms of productive, positive participation in the global economy?
5. Regional dynamics: how important are location, regional institutions and regional 'branding'?
6. What relationship, if any, is there between governance and growth?
7. What is the role of technology in growth and institution building?

A number of issues were identified in the process of responding to these questions at Singapore. Most critical among these, perhaps, was the importance of differentiating the different types of states that make up the African continent.

Far from a homogenous continent, there are at least four different, if sometimes overlapping, categories of African state. Firstly, there are the North African, Islamic countries, whose economies are increasingly entwined with those of the European Union (EU) and dominated by oil production. A second category includes those that are globalising, and which have been through the often-painful process of structural reform and recovery. The next group includes both large and smaller poorly performing states, from failed states at one extreme to those battling through painful reforms at the other. The final group includes those whose exports are dominated by commodities. This group can be further sub-divided into the oil producers (which face a unique set of governance and developmental challenges) and others where a single mineral or combination of minerals dominates the economy, including diamonds, gold, coltan, copper, iron ore, platinum and bauxite.

The strategic elements of growth-oriented policies include the need for leadership and vision, deregulation, a competitive currency, the right skill-set, commercialisation of services, and, if not regional integration, then at least regional awareness. Among this differentiated grouping, the globalising countries now have to confront the challenge of diversifying their economies. In gaining access to international markets, they not only have to open their own economies and stimulate domestic competitiveness in order to deal with low-cost producers elsewhere, such as China and India, but have to placate domestic opponents when doing so. To enable this shift, they have to liberalise state services – including breaking down monopolies (especially in air transport, electricity provision and telecommunications) – and facilitate increased investment in fixed (harbours, railways and roads) and soft (human resources, information and communications technology [ICT]) infrastructure.

As Jeffrey Herbst noted at the conclusion of the last conference:

1. No one raised an argument or alternative development model that deviated from generally accepted economic orthodoxy, not even with regard to Latin America or Asia. This is good news for Africa, because it suggests that there are no cultural or regional idiosyncrasies in these theories.
2. Domestic determinants are key, and the drivers of growth must be found from within a particular country. This is a telling indicator for Africa: actions that make for growth should take place not within NEPAD or the regional economic communities, but within individual states.
3. Hard (physical) and soft (human) investment are critical.
4. Political consensus on growth is difficult to maintain. Leaders must keep people in line with long-term strategies while dealing with immediate problems.
5. The more interventionist the state is, the smarter it must become to remain successful. States have to be willing to change course when strategies or investments do not work. This marks a key difference between Asia and Africa: Asia has demonstrated a willingness to pull out of bad investments. Are African countries smart enough to do the same?
6. The real advantage to Asia is that it started developing so much earlier than Africa. Time is a crucial element in development.

This diversification formula does not, of course, deal with the difficulties faced by all African states. Some are disadvantaged by geography and by their size. It is difficult to see a high-growth trajectory for those countries that are, in particular, landlocked and located in harsh climatic belts. And Africa's big states, such as Nigeria, the Congo, Sudan and Ethiopia, face a

peculiar challenge of extending governance over a large and sometimes hostile territory incorporating many nations in a single nominal state.

Also, growth alone does not solve social problems. Indeed, growth without equity – i.e. growth whose rewards do not spread across the social spectrum, but rather are limited to a small elite – may provoke social instability.

We learnt in Singapore that there is, in all likelihood, more than one African future. This is good news for those who prefer the portrayal of impressions of Africa as a hopeless continent. But it also represents a challenge for those who see the future in terms of an upward linear progression, or the continent's problems as shared or even similar. Recognising important differences among African states will arm us with responses such as 'how to' improve growth rates and ensure positive social trajectories in the continent's economies.

**Michael Lange** of the Egypt office of the Konrad Adenauer Stiftung identified the key trends in moving from a 'state-driven, market-assisted' to a 'market-driven, state-assisted' economy in Africa. Meeting the challenges of globalisation could be seen, for example, at a local level in the production of Ramadan lanterns, once produced in Egypt, now made in China. The arrival of the latter country as a political and economic force for Africa raises a number of concerns, including the relationship between strategic partnerships centring on natural resource exploitation and economic development for the majority of the people.

In dealing with the 'bottom line' of globalisation – how to take best advantage of its opportunities, while confronting its challenges – Egypt's Deputy Minister of Trade and Industry, **Samiha Fawzy**, identified four issues: what economic policies would trigger productive engagement with the global economy; what priorities Africa needed to set in this regard; how to implement these policies; and the likely role for the international economy in this regard. She concluded that in designing the most appropriate reform policies, there was a wealth of accumulated international knowledge, though the overall aim was to create conducive investment and operating environments, and significantly reduce the role of government. Critical binding constraints included necessary investments in education and infrastructure, the promotion of managerial capacity and building the relevant institutions. While there is a role for the international community, she concluded, ultimately 'responsibility [for economic progress] rests on African nations themselves.'

The IDSC's **Magued Osman** noted that we are living in an age when 'no country, whatever its development status, can afford to go it alone.' A key challenge is being able to cope with modernity, implement policies that enable openness and growth, and preserve identity. However, he identified a number of prerequisites for achieving economic success: foreign direct investment (FDI) as a main impetus of economic growth and development; an awareness of local conditions in designing development strategies that take these conditions into account; the need for human resource development; eliminating illiteracy; ensuring openness to the global economy; and learning from others' mistakes and best practices.

Former Argentine Finance and Foreign Minister **Domingo Cavallo's** keynote opening address identified three nascent trends in globalisation:

- the incorporation of several hundred million new, low-cost workers into the global economy, primarily from Eastern Europe, China and India;
- the rapid adoption of new technologies and techniques in the production of tradeable goods and services, especially in India and China, partly facilitated through the operations of multinational companies. This has altered the capital/labour benefit ratio, with the consequent benefit in reducing the gap between the rich and the poor, even though it has 'short-circuited the previously identified stages of industrialisation'; and
- the redirection of net global financial flows to the United States to finance its current account imbalance.

As a result, a number of aspects for successful global integration and growth could be highlighted:

- Firstly, there is a need for good relations with the rest of the world, since 'individual nations cannot find solutions to national problems until they find out what is happening and available elsewhere', and, especially, as good international relations serve to mitigate unproductive and attention- and resource-diverting regional tensions.
- Secondly, while solutions are influenced from outside, they have to be the outcome of decisions adopted within a country.
- Thirdly, there is the importance of not neglecting the US market, especially given its outward purchase orientation.
- Fourthly, public investment in human capital is necessary not only for economic growth, but for improving social and economic equity.
- Fifthly, even though resource-rich countries were, in the current commodity 'supercycle', able to subsidise protected industries, the import-substitution economic model is 'totally obsolete'. There was 'policy regression', in Cavallo's view, in some countries in Latin America – notably Bolivia and Venezuela.
- Sixthly, related to the above, even though the returns to Africa of natural resources have increased, the return to Africa (and others) from manufactured goods have decreased, due to the influence of India and China. Hence the importance of the better management of natural resources than hitherto, especially in Africa, given its record in this regard.
- Seventhly, development today relies not just on transferring savings, but technologies and managerial ability as well. Countries that possess the combination of low-cost technology and labour derive a competitive edge that is creating problems for the rest of the world.
- Eighthly, who is responsible for spending in education and health care, and how should it be directed: by the market or the state?

### Africa Case Studies

**Rudolf Gouws** highlighted the irony that South Africa's new socialist-oriented African National Congress (ANC) government from 1994 had turned around the economy by implementing sound and conventional macroeconomic policies, leading to positive indicators for growth, inflation, debt repayment, and so on. These policies had laid the foundation for a 'better but not spectacular economic performance.' But because microeconomic policies had not been as focused and consistent, South Africa had not benefited as much as it could have from globalisation and the rapid world economic growth of the past four years. He cited in particular South Africa's development of a mineral policy that had discouraged the sort of large foreign investment in mining that the country should have had, given the high commodity prices over the past few years.

Gouws was nonetheless quite optimistic, noting recent, slight improvements in the chronic problems of unemployment, crime and FDI. The government was starting to address microeconomic constraints – such as the skills shortage – through its latest economic policy, ASGISA (the Accelerated and Shared Growth Initiative), raising the prospects of better performance. He felt that South Africa could teach Africa lessons about fiscal discipline, reform and good macroeconomic policy, but could learn from some African countries about how to improve its education system.

The trauma of genocide in Rwanda meant, as **David Musemakweli** illustrated, that the post-1994 government had had to found the reconstruction of the country, above all, firmly on a policy of national reconciliation among the country's previously warring ethnic groups. It then had to build up a non-existent economy and polity from scratch by creating new institutions and a basic conventional macroeconomic policy, restricting the government to a policy-making and regulatory role, and allowing the private sector to get on with business. This had paid dividends, as gross domestic product (GDP) per annum had grown from 0.4 per cent after the genocide to over six per cent now, inflation had been kept to single digits and was now about seven per cent, and the exchange rate of the currency had been stabilised at 555 to the US dollar.

Given the country's divisive history, the government felt a continuing need to decentralise power – in order to increase popular participation and defuse a possible return to conflict – and to ensure transparent administration.

The country's specific response to the challenge of globalisation was to stress education in order to prepare its people to participate in the knowledge-based economy. Though Rwanda had had to deal with an unprecedented catastrophe, the essential underlying problem of inter-ethnic conflict was typical of Africa, and therefore the need for a policy of national reconciliation and transparent government could be regarded as Rwanda's chief lesson for the continent, Musemakweli suggested.

Mauritius was the focus of **Sanjeev Sobhee's** study, which described the successful transformation of the island state from a typical mono-crop, sugar-dependent, low-income African economy with a GDP per capita of \$200 and low human development indices in the 1960s to a much more diversified middle-income country today with a GDP per capita of \$5,500 (or \$10,000 in purchasing power parity terms), an average annual growth rate of 5.5 per cent for 20 years, and a poverty rate of 11 per cent (measured against its own more exacting definition of \$200 per month income or less – and zero poverty by the more general definition of \$2 per day income).

Compared to 1968, the share of the primary sector in the economy had dropped from 23 per cent to six per cent, manufacturing had doubled from 15 per cent to 30 per cent, while services had expanded from 62 per cent to 64 per cent to include not only the traditional mainstay of tourism, but also new financial mediation services.

This had been the result of a deliberate policy of diversification pursued since the early 1970s, including the establishment of export-processing zones 'which had played the key role, after an initial hiccup when the country had to undergo an IMF-managed SAP [structural adjustment programme]'. Sobhee acknowledged that Mauritius had also benefited greatly from preferential trade agreements, such as the Lomé Convention for its sugar and the Multi-Fibre Agreement for its textiles, and with the phasing out of these agreements, the challenge was to successfully diversify further in order to sustain the current high growth rate, given the problem of unemployment, arising primarily from misaligned labour supply and demand.

Diversification was one of the main lessons for Africa. Mauritius held another important lesson – perhaps ironically – for Africa's many landlocked countries which suffered the comparative disadvantage of being cut off from trade routes. They could learn from the way Mauritius had overcome its own isolation through effective management of ports (air and sea), reliable telecoms and infrastructure networks, and efficient financial services. It has also provided enormous fiscal incentives to attract investment, as well as sound and transparent governance.

*In the discussion that followed, it was suggested that the presenters had not aired the central African problem in facing the challenge of globalisation, which remained: how to manage commodities so as to diversify from the export of commodities to manufacturing. South Africa and Mauritius had managed that quite well, but the Mauritius option was no longer available because of Chinese competition.*

*How could other countries, it was asked, learn from the success of Australia, New Zealand, Chile and, to a lesser extent, South Africa in turning the resource curse into a resource blessing? One suggestion was to learn from Chile's example of helping its companies to gain access to international markets and increasing the skills of the workforce to encourage beneficiation of commodities. One participant noted that South Africa's automobile industry appeared to be the only African industry fully integrated into the global economy, yet that too, it was noted, might not be sustainable, because it depended on government support.*

*There was a danger that the current boom in commodity prices spurred by Chinese and Indian demand could make African countries complacent about the need for beneficiation. China's 'brutal enthusiasm' for African commodities was causing concern. Yet even if China's new interest in Africa was cynical and self-serving, it was noted that China was at least dealing with Africa in business terms, not on charitable terms, as in the case of the West. China's new interest in Africa and its success in attracting almost all of the continent's leaders to Beijing for*

*the recent China–Africa summit was raising the fundamental question of how important democracy was to African countries in order to meet the challenge of globalisation.*

### **Middle East and North Africa Case Studies**

In his examination of Jordan and Israel, **Paul Rivlin** focused his talk on the role of agriculture, import substitution and technology in the stages of economic development. The countries are strikingly different: Israel's GDP is, at \$20,000, around ten times that of Jordan's. The lessons for Africa from both countries stem mainly from Israel's experience in the 1950s and Jordan's more recently.

Rivlin emphasised the need to look at economic policies within the context of the 'stage' of economic development. In Israel in the 1950s, the government intervened extensively in terms of price controls, import substitution, etc. One of the key instigators of growth centred on the mass immigration of people in the 1950s and the methods that were used in Israel to accommodate them. Investment in human capital was extensive, though in more recent times this has declined, resulting in higher levels of wealth inequality. It took 30 years for Israel to open itself up to the global economy, which took place against a level of industrial development that provided sufficient jobs.

Jordan's economy has developed over a longer period of time. The Jordanian economy was the rental economy *par excellence*. A recent process of rapid industrialisation has not resulted in sufficient employment, not least because of the importation of human capital from other countries, notably South Asia. Understanding this phenomenon requires a deeper understanding of the way in which labour markets operate.

Thus, improving human capital is not an answer to all economic problems. The Soviet Union improved human capital considerably, but this did not mean that the Soviet economy functioned properly. Israel is witnessing the emergence of inequality in spite of widespread education; Jordan is experiencing unemployment in spite of the high number of graduates.

**Heba Handousa** focused on Egypt's different stages of economic reform. The first was a 'fully socialist approach' from the 1950s to the early 1970s, characterised by import substitution, protectionism and the provision of social services solely by the state. The second was the 'open-door' policies that President Sadat began in the mid-1970s, drawing in both Arab and other capital. By the 1980s, Egypt was among the top ten developing countries in terms of FDI. However, by the 1990s, this process was not complete. Only today, 30 years after the initial reforms, can there be said to be a relatively open trade regime.

Openness was hindered by the extent of import tariffs, handicapping the expansion of the manufacturing sector to the benefit of local suppliers; while the service sector has boomed comparatively, given the plentiful and relatively cheap supply of local labour. The cost of subsidies in the civil service is very high – Egypt has 5.6 million civil servants, 1.8 million in the education sector alone. The cost of the open-ended subsidies to confront the inequalities created by globalisation is economically wasteful and distortive. Instead, the country needs to focus on poverty alleviation via the development of the small- and medium-enterprise (SME) sector, in which today there are almost three million firms.

The main lesson for the rest of Africa was that governments should be very careful in their interventions, investing less in bureaucracy and more in health, education and poverty alleviation through micro-credit.

**Sylvia Bergh** characterised Morocco as a high-performance economy poised to globalise – using Jeffrey Herbst's typology from Singapore. It is different from most African countries in that it is not very dependent on exports of raw materials. It is a net oil importer. It is also politically stable, though there is pressure by the minority Berber community for more political rights.

The economic constraints are mainly: labour market rigidity, including a new labour code introduced in 2004, which has doubled firing costs; a burdensome tax regime biased against product diversification and competitiveness, and which has a small tax base; a fixed exchange rate regime, which is undermining international competitiveness; and an anti-export bias, because of high protectionism. It is also the least-integrated Maghreb country, partly because political conflict with its eastern neighbour Algeria has kept that border closed for decades.

The country's lessons for Africa included the need to emphasise exports as a means to reverse the brain drain; to improve governance; to guard against corruption, rent-seeking and cronyism; the need for land reforms and a strategy for off-farm employment; and the need to improve human capital and R&D expenditure, but to focus on primary schools rather than tertiary education.

*The case studies provoked a wide-ranging discussion about the need to separate the benefits a country had derived from globalisation from those that should be credited, instead, to local factors. Shouldn't Egypt's recent growth be credited to rising natural gas prices, for example?*

*The discussants agreed that Egypt's bloated civil service was a binding constraint on growth and globalisation, and that, more generally, it was apparent from just a brief visit to the country that 'six people were doing the work of one'. Thus there was a need for a huge reallocation of labour resources to put more emphasis on the skills needed for globalisation, particularly at the technical level.*

*It was also agreed that the route to the future was through small and medium enterprises, noting that Japan's famous auto industry largely comprises many small companies making different parts for cars, despite the popular image of centralised robotification.*

*The importance of South-to-South trade as a component of growth in the future was also stressed: Egypt had joined the Common Market for Eastern and Southern Africa (COMESA) because it saw the potential for exporting its appropriate technology, such as tractors, to Africa.*

*The importance of harnessing a country's diaspora was also emphasised. It was observed that much of the celebrated FDI into China has come from Chinese living abroad. This suggested that countries should not be too concerned with over-production of labour. In Israel, for example, many Israelis who had emigrated to the US were returning and using their skills acquired in America to create businesses in Israel.*

*The issue of China was raised again, as in the African discussion, stimulating more questions than answers. The central question that was asked was: Is the next era of globalisation going to look the same as the current US-led one? Or would it rather be led by China, Vietnam and India? If so, what effect might this have on some major byproducts of US-led economic globalisation, namely human rights observation, good governance and democratisation?*

## **Central and Eastern Europe Case Studies**

The chair, **Debbi Elms**, identified five common themes in reform across this region:

1. transition fatigue;
2. the role of political coalitions;
3. the challenge of privatisation and state control of the economy;
4. corruption; and
5. the importance of establishing independent judicial processes in ensuring reform.

Bulgaria is in a unique, fortuitous position, according to its former President, **Petar Stoyanov**. For the first time it has: membership of NATO; pending membership of the EU on 1 January 2007; consolidated democratisation processes, macroeconomic stability and reform; privatisation of state-owned enterprises; low inflation; and steady if unspectacular GDP

growth. Reforms started from a very troubled macroeconomic background with 350 per cent inflation in 1997 – more than six years after the advent of democracy.

However, there is a constant danger of post-transition fatigue and of elites failing to continue reforms. The six-year lag in reforms also had a negative impact on the standard of living, and there is a long way to travel to gain equality with other members of the EU. Thus there is a need, now, to consider key questions: how to reduce corruption, grow entrepreneurship, improve the rule of law and contractual observation, grow high-tech industry and tourism, improve bureaucratic efficiency, ensure privatisation and create public-private partnerships, support continuous education and skills improvement, and deal with a changing and ageing population. The real challenge is not in dealing with these issues one by one, but in developing a new political platform.

**Lazslo Csaba** argued that Hungary is a success story, since it has experienced continuous growth for the past 12 years. Exports increased sevenfold between 1989 and 2005. Economic trans-nationalisation is not confined to the goods sector: about 40 per cent of property is now in foreign hands. Inflation is four per cent and unemployment a little over seven per cent. Growth would appear to be sustainable for another decade.

How did Hungary achieve this? Through trial and error, essentially. There was no master plan – despite many policy documents, which had very little influence over events. A number of pillars can be identified: the liberalisation of foreign trade (under the communist government); privatisation of the banking sector in 1995, through which banks were recapitalised by foreign investors; the opening up of the capital account and inflation targeting in 2001; and the reinvestment which followed the joining of the EU in 2004 – about €5 billion per annum, with a total stock of €53 billion.

The positives were: gradual and continuous improvement of exports, including the value of engineering exports (at 60 per cent, higher than those of Spain); big corporations being listed on international bourses; widespread ICT application; return of skilled people who had gained international experience; and a dynamic domestic market with the development of an active SME sector.

The negatives were: one of the most unequal societies in Europe; a generational and gender gap, with those profiting from the changes traditionally being younger and male; and the country emotionally very split over the process of reform. As Csaba argued, 'globalisation is like pregnancy: countries cannot be halfway.'

**Mladen Stanicic** emphasised that transition fatigue can only be overcome by the stick-and-carrot approach of the EU. Without this pressure, countries would be reluctant to undertake the deep and painful structural reforms necessary.

Stanicic highlighted the different political changes in Croatia over the past 60 years: from a monarchy, through the Tito years, to today's liberal democracy. For Croatia, stability challenges remain, however, especially related to its unstable and relatively poor region. Despite high growth (between four and six per cent) and low inflation, Croatia also has to contend with high unemployment (14 per cent), a negative trade balance and a current account deficit.

*The discussion raised a number of questions: How do you continue with trade reforms in a post-crisis reform era, particularly when there is increasing scepticism about globalisation as a positive force for change? Do you need an external anchor or driver of reforms, like the EU in the case of Central and Eastern Europe? Is the EU sui generis? It was argued that it may well be, given that the template and incentives for reform that the EU provides are overwhelming, and the constituencies for reform that it provides are influential. In Eastern and Central Europe, the role of external forces such as the EU was assisted by the outright disappearance and delegitimisation of communism. In Africa, this is not the case, as no single system existed – rather a number of related systems – and the nature of the neo-patrimonial state inherently slows down the path of transition and makes the road that must be travelled much longer.*

*Perhaps, it was mooted, this makes more imperative the need to clearly articulate the undoubted benefits of reform along the lines of that epitomised by EU reform. But what might these be? Is the reward of reform not reward enough? Is this not the result of the level of responsibility or responsiveness of government? Can African governments reform without external assistance? The prevalence of least-developed countries (LDC) in Africa is an indication that this is probable; but are they LDCs because they are disorganised, or vice versa?*

*Other salient questions raised were: Where are the corresponding groups in Africa to those of the rising entrepreneurial class in Eastern and Central Europe? Where does the pressure to change (or regress) come from with respect to reform? Is it from elites whose economic interests are threatened – or from pressure from the demographic centre of gravity, which is experiencing the frustration of not meeting its expectations?*

*Are there new models of development? If so, are they of the Chavez type in Venezuela, the Chinese model, or others? Lastly, the participants questioned whether reform ever has an 'end state'. Most agreed with the suggestion that reform is, in one sense, a never-ending process: to adapt to and succeed in a fast-changing, globalised world you must always be prepared to change and reform as and when necessary.*

## **Tuesday, 14 November 2006**

### **Asian Case Studies**

The central argument of **Ashfaque Khan's** presentation was that Pakistan was not that different several years ago from the majority of highly indebted African countries. However, in less than seven years, Pakistan has managed successfully to turn its economy around. How? The economy of Pakistan in the mid-1990s was fragile, with growth at four per cent per annum or less. The capacity of the economy to grow was structurally limited. This resulted in growing unemployment, growing poverty, severely restricted foreign exchange reserves and dependence on/vulnerability to IMF facilities. The 1990s were therefore described as the 'lost decade' for Pakistan, with a real and serious danger of fiscal and economic default.

One of General Musharraf's immediate priorities on taking over power in 1999 was to improve economic growth. This strategy prioritised improving the macroeconomic environment, with special attention on low inflation, fiscal prudence, fiscal responsibility and debt reduction. These policies recognised that Pakistan's problems were structural in nature, and have resulted in strong economic recovery, based in part on strong domestic demand, realising a dramatic reduction in poverty, a sharp reduction in the debt burden, rising FDI and integration in international financial markets. Investors were as a result willing to commit for 20 years. The economy has grown seven per cent per annum for several years, with a dramatic reduction in budget deficits.

This was an enormous achievement in less than seven years. Lessons that can be drawn from Pakistan's success are:

1. the absolute necessity of strong commitment from the chief executive (president or prime minister);
2. the way in which the strength of and commitment to change can be driven by a small number of people (who can radically push and promote change) – as few as six or seven in Pakistan's case;
3. the need to develop and implement robust strategies;
4. the need of the country to have the capacity to manage its own reform agenda, which will never work when imposed from outside. The country has to have ownership of the reform process and reform agenda;
5. the need to prioritise issues and macroeconomic policies that promote poverty reduction; and
6. the fact that macroeconomic policies alone will not be enough to succeed in reducing poverty.

The point was made that many G8 and African countries are not yet serious about reform.

In contrast to Pakistan, argued **Razeen Sally**, Sri Lanka is a political economy failure, adopting inappropriate economic strategies and nationalistic policies. In fact, Sri Lanka could almost be categorised as a failed and dysfunctional state. The problem now is how to break this destructive fusion of bad economic policy and nationalistic thinking. However, the lesson for Africa, thus far, is mostly negative.

Sally began by emphasising the strong and beneficial colonial inheritance. Ceylon, by developing country standards, had many positive elements: sound development indicators, a working and robust civil service, and a relatively strong economy. As a result, from independence to 1977, economic policies focused on and prioritised redistribution and not growth. Furthermore, there was a distinct ethnic-centred policy of discrimination focused on benefiting the majority and politically powerful Sinhalese.

By the late 1970s, Sri Lanka had a very closed economy, and growth was all but moribund, further aggravated by the government playing the race/ethnic card at the expense of the Tamil minority, which resulted in emigration and internal conflict. It is this dangerous fusion of ethnic politics and economic redistribution that has proven so destructive for Sri Lanka, resulting in a tendency to promote extremes.

Post-1977, Sri Lanka pioneered, rhetorically at least, economic liberalisation. However, liberalisation was partial, ad hoc, and both temporally and structurally incomplete. Sri Lanka today is fairly open compared to many other countries in South Asia, but many restrictive tariff and non-tariff barriers remain, and, although better than many South Asian countries (in terms of trade, poverty and openness), it does not compare favourably to East Asia.

Comparison with Malaysia is revealing. Malaysia, sharing many similar challenges, has secured political stability, both ethnically and economically. Sri Lanka, by contrast, has political instability. Simply put, its policies have killed growth and promoted redistribution.

In policy terms, Sri Lanka has done too little too late. It needs to promote political stability among the different ethnic groups. In addition, it needs to move to a more liberal economic agenda, prioritising tariff reductions, liberalisation and deregulation, and reducing the role of government in the economy.

The lessons for Africa, Sally noted, included the following:

1. It is important to prioritise political stability based on the recognition of the rights of minorities.
2. There should be a single-minded focus on maximising growth.
3. Public policy should be about getting the priorities right, especially macroeconomic policy and liberalisation.
4. Industrial policy should prioritise a back-to-basics approach, removing the obstacles to trade.

However, it was pointed out that notwithstanding its economic and political instability, Sri Lanka has grown by six per cent per annum and poverty has been reduced.

**Zhang Jun** contextualised the contemporary Chinese economy by emphasising (a) that China has not been that stable, with a long history of conflict and violent change, and (b) the influence of the post-1978 reform of the command economy.

The centrally planned economic approach was learnt primarily from the Soviets, with emphasis placed on import substitution and heavy industry. Reforming this planned system recognised the need to: build up infrastructure; address the issue of rural social security; promote and exploit an homogenous society; and promote local powers and multiple property rights.

Compared to other transitional economies, China is complex. Zhang argued that it is very difficult to replace or radically change the whole system. The point was made that there is no intention to change the old system quickly, and any approach will be pragmatic and incremental. Focus will be on evolution and not revolution.

Economic liberalisation has, he argued, been focused on certain sectors and certain industries. The government promotes and prioritises political security, and reform is going to be pragmatic and based on a 'trial and error' formula. Reform is not going to be universal in scope or centrally designed, allowing considerable freedom in the provinces. Micro-reform is therefore very important for China.

There is no doubt that political reform lags significantly behind economic reform, but economic reform is also extraordinarily political. The point was made that the Chinese political structure now resembles a corporate structure, with decentralisation and some limited devolution.

*At the outset of the discussion, the point was forcefully made that Africa, compared to China, Pakistan and Sri Lanka, may be ahead in terms of democracy, but not economic reform. However, there was a widespread consensus that both Pakistan and Sri Lanka would be considered successful in an African context, with six per cent per annum growth. Sri Lanka, in particular, has very sound growth rates, despite the political and economic mismanagement that exists.*

*The need for strong and focused leadership was also highlighted. In addition, the need to develop a consensus about the desirability of promoting reform and the necessity of communicating the need for reform was highlighted.*

*The influential and positive role of 'Big Men' in Africa was also raised. So much depends on the character and integrity of Big Men, yet the African Peer Review Mechanism (APRM) is trying to get away from Big Men politics and its inability to deliver in an African context. The Big Men of Africa have not been committed to poverty reduction and macroeconomic stability. How did the Big Men get the job and how sustainable is the Big Man approach? Is it able to transfer to democracy?*

*This led to a general and wide-ranging discussion on how important democracy is to development. The key issue identified was the need to address the issue of the post-colonial African neo-patrimonial state. But is democracy an absolute priority? Perhaps we need enlightened champions to promote a cause, it was suggested; but Big Man politics is very vulnerable to Big Man personality cults.*

*Another major issue that generated debate was how to hand over power from an autocratic system of government to democratic institutions, which is fraught with dangers and often unsuccessful.*

*The question was posed as to why the three case study countries have done so well, notwithstanding considerable political, ethnic, neighbourhood and policy problems and mistakes. Pakistan, China and Sri Lanka have had great success; African states that face lesser problems are doing much worse. So the key issue must be why these states are outperforming African states. One explanation offered is that African states often focus on the regional and continental scales for policy solutions and not the nitty-gritty local/national context.*

**John McKay** started by asking how Malaysia provided the incentives for change and how it provided coalitions for growth. The central issue emphasised at the start was that many social and economic difficulties can be resolved with growth. And Asia is the best example of this approach. However, within Asia there are many examples to follow (Japan, Taiwan and Korea), whereas in Africa the situation is very different. Malaysia tried to follow the Japanese experience.

Again the issue of the role of the 'Big Man' in expediting reform arose. 'Big Man' politics was and remains very important in Malaysia. Key issues on the distribution of resources,

leadership, regional organisations, Islam and how to balance issues of growth and stability are often resolved by the 'Big Man'.

Dr Mahathir Mohammed was the unquestioned 'Big Man' of Malaysia, who, it was argued, had done a very sound job. In the 1980s and 1990s, the economy grew at ten per cent annually. Malaysia was also successful in recovering from the 1997 Asian financial crisis. Malaysia is an open economy, particularly to FDI, which has averaged \$6 billion per annum, based primarily on the electronic industry. Despite being an open economy, Malaysia has also, selectively, promoted national champions (a very 'Korean' approach). National champions were preferred to import-substitution programmes. The Malaysian 2020 vision is to be a fully developed country with negligible poverty. Already, Malaysia has a hard-core poverty count of under one per cent.

Malaysia, like Sri Lanka and Pakistan, has had to cope with ethnic diversity. In Malaysia, growth has created income that has been redistributed throughout the Malay territory. The process of creating a Malay business class tried to apply the example of Korea, but it has not been entirely successful. Regionalism has also been a key element behind Malaysia's success.

**Quoc Ngu Vu** assessed the case study of Vietnam, a small country with a large but fairly homogenous population. Colonial history produced two long and hard wars. The country was traditionally dominated by agriculture, and, similar to China, established a centrally planned economy in the north from 1954. Emphasis was placed on heavy industry, industrialisation and strong central planning.

Reform started in 1985, but it was partial and incomplete, and did not tackle the root problems of the centrally planned economy. In 1986 radical reform was promoted. The centrally planned economy was replaced by the market-led approach, with an emphasis on liberalisation, FDI and openness. This has resulted in considerable growth of 5–12 per cent in the 1990s. The new post-1996 model is based on export-led growth, expanding international trade and a series of laws to manage FDI and market governance. A priority for Vietnam has been to join the World Trade Organisation (in which aim it has been successful) and participate fully in the Association of East Asian Nations (ASEAN).

Vietnam's lessons for Africa are as follows:

1. Instability and war will undermine all development plans.
2. Support for development needs to be widespread.
3. Agricultural reforms need to underpin structural macroeconomic growth-orientated reform.
4. There is a need to promote a class of entrepreneurs and to address the issue of redistribution.

*The main issue that animated the discussion that followed was the elements and characteristics that Asia has and Africa does not have. Vietnam, notwithstanding its geography and history, has been able to grow. Why? Because Asia has been experiencing a virtuous circle. Maybe Africa is about to experience one? However, the African situation is very different. Several African states have followed the neo-liberal prescription, and it has not worked. Stability based on good governance and an ability to embrace diversity is critical.*

*Issues for Africa that arose from the discussion are as follows:*

1. *The continent must develop an ability to turn bad situations around. Vietnam does have policy lessons for Africa!*
2. *In order to move ahead, you have to fight poverty.*
3. *Entrepreneurship is a key issue to underpin the economy.*
4. *Leaders have to seek legitimacy, including Big Men.*
5. *Vietnam is so small it has to adopt growth-orientated policies and promote global trade.*

## Lunchtime Address

In his lunchtime address, **Zainul Abidin Rasheed**, Senior Minister (Foreign Affairs) of Singapore, said his country had been ranked by the Heritage Foundation as the second-most-open economy in the world after that of Hong Kong.

But he said the reforms undertaken by successive governments to position Singapore favourably in a globalising world had not always been smooth, and the government had had to persuade people to take 'bitter medicine' for the long-term benefit of their country. Such reforms were undertaken out of necessity, not choice, because of Singapore's small size and lack of resources. There should also be, Rasheed said, no 'sacred policy cows' in devising necessary reforms.

He pointed out the country was not taking its success for granted. Change in the world was a constant, and while Singapore could not change its external environment, it could adjust to it. For example, while it had attracted many multinationals to set up in the country over the past 40 years because of its attractive geographical location, advances in ICT meant distances mattered less to business. Singapore thus had had to reinvent itself to ensure its continued attraction as a centre for multinationals.

It had done this by increasing its ability to add value, focusing on areas such as research and development, and was developing the country as a hub for foreign scholars. The government also constantly reviewed its policies to assess their relevance, Rasheed said, citing tourism as an example of an area currently under scrutiny.

The country could not afford to compromise its global branding as a centre of excellence, and there were some fundamental elements of its policies that would not change, Rasheed said. These included: a commitment to good governance, a central plank of Singapore's future prosperity and a key element in companies' investment decisions; its culture of basing decisions through the chain on merit, rather than considerations such as patronage; and maintenance of religious and racial harmony, which was essential in this ethnically diverse country.

## Latin American Case Studies

**Juan-Carlos Echeverry** assessed both Colombia's mistakes and achievements set against its unique, and infamous, backdrop of being the world's number one producer and exporter of cocaine, providing US\$2 billion per year in net revenues (some of it kept abroad). This phenomenon presents huge challenges in terms of illegal capital inflows, money laundering and military involvement in the economy.

Perhaps the most striking, and relevant, feature of the recent Colombian experience is the way in which conflict has not hindered economic development, at least insofar as growth is concerned. Indeed, Colombia has grown faster through a period of serious internal conflict between drug-related militias and government forces – evidenced in improved economic and social indicators, such as education, literacy, health and infrastructure. A lesson here is that minor regional outbursts of violence, if unchecked, can spiral into a national crisis, with a major negative effect on growth. Part of the reason why growth has been sustainable is that conflict has been confined to certain parts of the country, away from the country's main urban engines of growth, but also because the tide has changed somewhat in that the guerrillas have gone from being the cat chasing the government mouse to the mouse being chased by the government cat. This is due in no small measure to a dramatic increase in military and general anti-drug expenditure. Echeverry warned that the military was a double-edged sword in that their interests were not necessarily aligned to or in the national interest, and thus required constant monitoring.

A lesson for Africa is that a low-growth strategy can be maintained more easily than a high-growth one (gradualism works better than drastic reform), but that the influence of interest

groups can become detrimental to economic progress, depending on how much freedom they are given.

**Guillermo Rozenwurcel**, in discussing Argentina and Chile, highlighted the different strategies and common weaknesses of both, but concentrated on the lessons to be learnt from failure, in particular in the case of Argentina. Generally, performance has been rather poor in Organisation for Economic Cooperation and Development (OECD) terms, with two common weaknesses emerging. The first is that the region moved from extreme isolation to naive liberalisation. An open economy, by its nature, will lift economic barriers, but in order to compete, you need economic policies that work. The second weakness is that the role of the state remained basically unchanged from a closed to an open economy.

Chile has been improving in relation to Argentina, but there are still a number of aspects that require attention, for example, macroeconomic indicators. There was greater stability in Chile in the 1980s, whereas Argentina showed the way in the 1990s. The differences are quite significant regarding poverty and income distribution – Chile has not significantly improved in this regard, and Argentina's indicators have deteriorated.

One lesson that can be extracted from these cases is that populism can survive under certain conditions. In Argentina, neo-populism with indebtedness replaced populism. Reform design and implementation must insure against external and other kinds of volatility (exit costs of convertibility are extremely high). In Argentina there was a significant distance between high-growth episodes and sustainable periods. Finally, initial economic conditions and social political history have a major impact, influencing the approach to implementation.

**Luis Membreno** provided a short overview of El Salvador, exposing certain factors that influenced the behavioural economy. It is a small country, one-quarter of the population lives abroad and remittances are hugely important – presently contributing 18 per cent to GDP (approximately \$3 billion) – and there remains the legacy of a debilitating civil war, when the opposing sides were financed by the United States and the Soviet Union, respectively.

A free market economy has existed for the last 16 years, demonstrating strong growth in the first half of the 1990s. A conservative government has been in power for the last 20 years, providing consistency in economic policy. That consistency has been exceedingly important, along with a stable security situation, providing international businesspeople with the requisite level of confidence to commit themselves to medium-/long-term investment.

There are various lessons that can be drawn from the Salvadorean experience: peace can be achieved through a negotiated settlement if there is political will to do so and/or when financial resources are no longer available to support the conflict; there are different reasons/causes of emigration, but remittances remain a key to economic success; the onset of peace brings about a requirement for changes to the system, but these need to be well considered in order to make a smooth and gradual transition; a country seeking rapid growth needs to have a strong commitment to exports; free trade areas (FTAs) can generate opportunities for faster growth, but are not a guarantee of higher growth; if the business community doesn't feel that there is a long-term commitment to an economic model among the main political parties (which are contenders for governing the country), there is no incentive to invest; security and stability are important prerequisites for growth; and 'money is not the overriding problem'.

*The longstanding debate over whether natural resources are a curse or a blessing figured prominently in the discussion that followed. This is particularly relevant to Africa, where such resources tend to provide a false sense of security, though concerns over their distorting and perverting effects are often overstated. What should be addressed is the role of natural resources: they are a fundamental benefit, but what is at issue is how they are exploited and, as ever, the crucial importance of governance and transparency; i.e. the issue is the right utilisation of the right resources. Agriculture flourished in Argentina when taxation was low, as it allowed farmers to reinvest profits in improved technology and methods, leading to increased competitiveness.*

*It was stressed time and again that there is an absolute need to build human capital so that when reform is commenced, a country is prepared and able to exploit the potential. There are a number of hybrid models and new ways of partnership that can be followed. The discussants cautioned that miracles are difficult to produce. Moreover, the 'Chinese factor' is looming on every country's horizon.*

*Levels of crime are disincentives to investment, therefore structures and policies that perpetuate levels of insecurity must be addressed and rectified. An educated population, committed to reform, is the key. Chile, it was noted, is a very impressive case, an example of success over the last 25 years, with a strong group of people across the spectrum who were committed to the same growth model and reform. The example of Chile, one participant added, needs to be investigated more comprehensively.*

*The goals and incentives of leaders must be aligned with the national interest – the broad development goals. In many cases, the importance of individuals, groups or regional interests takes precedence, resulting in a lack of momentum regarding reform and national economic success.*

### **Closing Session: Conclusions**

**Jeffrey Herbst** began his closing address by itemising a check-list of issues *not* raised over the previous two days and what their omission might suggest for Africa.

Herbst noted that there was an absence of discussion of regional organisations, donors and aid in general when it came to success. Also absent were any discussions on gender or the environment; nor, seemingly, any scepticism about the openness and capacity of the international economy to absorb new players. There was, however, regular reference to inequality and poverty – always in the context of reduction of both factors through economic growth, an idea not generally shared in Africa.

There was discussion about war and conflict, and how strikingly some post-conflict economies have successfully rebounded. Sustained and visible growth, it would seem from the various discussions, solves most problems.

Interestingly, Herbst noted that there is a fundamental separation between political development and economic progress. An economic success could be created out of a whole variety of political circumstances. In that sense, he disagreed with the acute focus on the 'Big Man', as if a country needed an autocrat in order to perform. It was instead evident that, for instance, post-communist democracies and regular democracies were both able to implement significant economic reform.

Herbst added that very little was said about organised opposition to economic reform. The absence of opposition should be a subject for debate. This lack of opposition contrasts with the African experience, where the old patrimonial/patriarchal regimes are still in evidence.

Where does the political will come from to succeed, he asked? The only answer is that countries that focused on economic growth and were not distracted by other priorities and agendas were able to focus on growth as the main priority. This is unfortunately not the case in Africa. There was cause for some optimism, however, as very diverse countries had shown success; but a singular, laser-like determination for growth is simply not easily found in Africa, and that is worrying.

**Ashraf Gamal** noted that with globalisation comes a multitude of threats and opportunities. Countries need to be optimistic about what can be achieved. The importance of dialogue among different countries should not be overlooked – so too the importance of communicating any national plan to the stakeholders to obtain 'buy-in', social development and distribution of income, and an education system that supports entrepreneurship.

Gamal stated that good governance, with the requisite transparency, at the national and corporate levels cannot be over-emphasised. Political stability is arguably more important than democracy in developing countries, competitiveness is critical and a comprehensive vision of the reform programme must exist.

**Alberto Trejos** drew attention to the importance of moving from '*what* reform is needed' to '*how* to do it'. Invariably, countries that have done more, have done better, and in spite of the differences in different countries, there is a thread that can be extracted – what was done, how it was done, to what extent it was pursued, what worked, what did not, and so forth. This is the key to progress. No country has made *no* mistakes.

Liberalisation is about 'no longer doing what we did', but doing things better for the future – *really* being part of the international market, investing in human capital, reducing monopolies and import substitution, determining the potential of the work force and allowing that potential to be realised.

Trejos emphasised the critical influence of competitiveness, productivity and the business climate, noting the role played by public and private efforts to attract investment and promote exports. A country's relationship with the world must be clarified before a national direction can be set.

He raised the negative tendency of countries, particularly in Latin America, to wait for a crisis before responding and reforming. This reactive approach was counter-productive, as in doing so states remained 'behind the curve'.

Trejos strongly supported the differentiated approach to Africa. Africa as a 'notion' was disappearing and a country-by-country approach would be followed in the future. And finally, he gave a parting word of advice to Africa: countries are racing against themselves, not anyone else – the number of winners and losers is not predetermined. That is all Africa really needs to consider.

Looking back over the two days, **Greg Mills** ended the Cairo conference by asking the most basic – yet fundamental – question: HOW do economies grow? An examination of the performance of developing economies outside of Africa over the two days highlighted a number of striking features when viewed against that of their African counterparts.

Ten key principles – or *Economic Reform Commandments* – emerged:

- Firstly, those states that have done more (reform) have generally done better. Determining the extent and pace of reform was described as analogous to fattening a turkey: you feed it as fast as possible just to the point that the country (or turkey) does not become engorged and dies.
- Secondly, war and conflict are bad for growth, but as Pakistan, Colombia and Sri Lanka show, they are not insurmountable conditions. But ending conflict, as Vietnam and El Salvador illustrate, is generally good for business.
- Thirdly, the executive, and especially the chief executive (usually the president), has to take a firm grip on economic reform and make it a priority, establishing a high-powered team and granting its members regular access to his or her office. There is also the related need for a comprehensive reform vision, reaching from the top down to individual citizens.
- Fourthly, reforms are not about the apparently zero-sum game relationship between state and market, but require both more state capacity and *much* more market freedom.
- Fifthly, the need for reform never ends, and new lessons are learnt continuously. There should also be no sacred cows in policy terms, though it is necessary to identify and work with interest groups, especially organised labour, in this regard. Keeping ahead of the game in the global economy is not just about doing things differently, but also about doing 'other' things.
- Sixthly, while regional integration is not imperative in a developing-country context, openness to the international economy is *sine qua non* for growth. Regionalism is important, however, in the setting of examples of success.

- Seventhly, given the difficulty of undertaking development regimes within a hungry population, there is a need to align poverty-reduction and growth strategies.
- Eighthly, policymakers have to take care not to confuse transitory wealth initiatives (such as football world cups – and even empowerment initiatives could fall into this category) with long-term development policies and needs.
- Ninthly, money is never the key problem – governance, government capacity, skills and the right policy set are more important. Hence, growth is more than mercantilism, and is also about human and political values and resources.
- Tenthly, and especially importantly for Africa in the context of its current commodity super-cycle and the comparative advantage it possesses in this regard, natural resource management is important. How such resources are managed will help to determine the extent and duration of the benefit extracted.

Overall, the news is good: Policy counts in creating the conditions for growth.

The challenge is, of course, not in simply identifying the conditions for growth – the ‘what to do’ – but rather developing answers to the more difficult question of ‘how to do it’. To assist in finding this answer and offering a more nuanced template for African policymakers, the next round of this process on ‘Globalisation and Economic Success’ focuses on applying these lessons to different, if overlapping categories of African states: the ‘globalisers’, the strugglers, failing or failed states, and those that are commodity-rich.

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## Appendix: Programme

The venue for the event was the Marriott Cairo Hotel. This hotel was originally the Gezira Palace, constructed in 1868 on the banks of the Nile as a lavish residence for the Empress Eugenie, the guest of honour at the inauguration of the Suez Canal. Sold in 1880 to a hotel chain, it passed back into private hands in 1919. Following the 1952 revolution, it was once again transformed into a hotel.

### **Sunday, 12 November 2006**

14:00-17:00 Trip to Pyramids at Giza

19:00–21:00 Welcoming reception for participants  
Venue: Balcony, Ballroom

### **Monday, 13 November 2006**

#### **Conference Venue: Eugenie Salon**

08:30 Registration

09:00 **Welcome and opening remarks:** Michael Lange, Konrad Adenauer Stiftung;  
Magued Osman, IDSC

**Introduction:** Greg Mills, Brenthurst Foundation: 'Recapping Singapore'

**Introductory remarks:** Samiha Fawzy, Deputy Minister of Trade and Industry,  
Egypt

**Opening address:** Domingo Cavallo, former Finance and Foreign Minister of  
Argentina: 'New Trends in Globalisation: Relevance for National Economic  
Reforms'

10:30 Coffee/tea break

10:45 **African Case Studies**

Chair: Michael Spicer  
Rudolf Gouws  
David Musemakweli  
Sanjeev Sobhee

12:00 Lunch: Salon Vert

13:30 **MENA Region Case Studies**

Chair: Iqbal Jhazbay  
Paul Rivlin  
Heba Handousa  
Sylvia Bergh

15:00 Coffee/tea break

15:30 **Eastern/Central European Case Studies**

Chair: Debbi Elms  
Petar Stoyanov  
Laszlo Csaba  
Mladen Stanicic

17:00 End of Session

19:00 Felucca dinner on the Nile

**Tuesday, 14 November 2006**

- 09:30      **Asian Case Studies**  
Chair: Roger Cohen  
Ashfaque Khan  
Razeen Sally  
Jun Zhang
- 10:45      Coffee/tea break
- 11:00      John McKay  
Quoc Ngu Vu
- 12:00      Lunch: Salon Vert
- Guest Speaker:** Zainul Abidin Rasheed, Senior Minister (Foreign Affairs) of  
Singapore
- 13:30      **Latin American Case Studies**  
Chair: Mandla Nkomfe  
Juan-Carlos Echeverry  
Guillermo Rozenwurcel  
Luis Membreno
- 15:00      Coffee/tea break
- 15:15      **Concluding Session**  
Chair: Ziad Bahaa-Eldin  
Jeffrey Herbst  
Ashraf Gamal  
Alberto Trejos  
Greg Mills
- 17:00      Visit to Khan-Khalili Market, Cairo; dinner at the Diplomatic Club

**Appendix: Participants**

<b>NAME</b>	<b>DESIGNATION</b>	<b>ORGANISATION</b>
Alan Gelb	Director: Development Policy	World Bank
Alberto Trejos	Professor	INCAE, Costa Rica/Formal Minister of Trade and Industry, Costa Rica
Arthur Mutambara	Managing Director	African Technology and Business Institute, South Africa
Ashfaq Khan	Economic Advisor	Ministry of Finance, Pakistan
Ashraf Gamal	Director	Ministry of Investment, Egypt
David Musemakweli	Director	Independent Governance Advisory Council, Rwanda
Deborah Kay Elms	Assistant Professor	IDSS, Singapore
Dianna Games	Director	Africa@Work, South Africa
Domingo Cavallo	CEO	DFC Associates, LLC, Former Finance Minister of Argentina
Greg Mills	Director	Brenthurst Foundation, South Africa
Guillermo Rozenwurcel	Director	FLACSO, Argentina
Gwyn Prins	Professor and Director: LSE Mackinder Centre	London School of Economics, UK
Heavenlight Kavishe	Director	Presidential Parastatal Sector Reform Commission, Tanzania
Heba Handoussa	Advisor	Economic Research Forum, Egypt
Helmut Reifeld	Department of International Cooperation	KAS, Germany
Hussein El-Kamel	Ambassador	IDSC, Egypt
Iqbal Jhazbay	Lecturer	University of South Africa, South Africa
Jeffrey Herbst	Provost	Miami University, United States
John McKay	Partner	Analysis International, Australia
Juan Carlos Echeverry	Dean of Economics	University Los Andes, Colombia
Jun Zhang	Director	Chinese Centre for Economic Studies, Fudan University, China
Laszlo Csaba	Professor	Central European University, Hungary
Luis Membreno	President	McCarthy de Centroamerica, El Salvador/former presidential advisor, El Salvador
Mark Napier	CEO	Finmark Trust, South Africa
Michael Spicer	CEO	Business Leadership, South Africa
Mladen Stanicic	Director	Institute for International Relations, Croatia
Neville Gabriel	CEO	Southern African Trust, South Africa
Paul Rivlin	Senior Research Fellow	Moshe Dayan Centre, Tel Aviv University, Israel
Petar Stoyanov	Director	Stoyanov Centre/Formal President of Bulgaria
Peter Fabricius	Foreign Editor	Independent Newspapers, South Africa
Pradeep Mehta	Secretary-General	Consumer Unity and Trust Society (CUTS), India
Quoc Ngu Vu	Researcher	National Centre for Social and Economic Modelling, University of Canberra, Australia
Razeen Sally	Senior Lecturer	London School of Economics, UK
Richard Gibb	Professor	Human Geography, University of Plymouth, UK
Roger Cohen	Columnist	<i>New York Times/International Herald Tribune</i> , France
Rudolf Gouws	Chief Economist	Rand Merchant Bank, South Africa
Sanjeev K Sobhee	Associate Professor	Department of Economics and Statistics, University of Mauritius
Mandla Nkomfe	Chief Whip	Gauteng Legislature, South Africa
Samiha Fawzy	Deputy Minister of Trade and Industry	Egypt

Sehoai Santho	Development Consultant	Moruo Consulting, Lesotho
Steve Stead	Admiral/Deputy Director	Brenthurst Foundation, South Africa
Sylvia Bergh	Doctoral candidate	Oxford University, UK
Terence McNamee	Director of Publications	RUSI, UK
Torbyn Brylle	Ambassador	Danish Ambassador to South Africa
Vianney Shumbusho	Deputy Chief of Staff of the African Commission	African Union
Vo Tri Thanh	Senior Researcher	Central Institute for Economic Management (CIEM), Vietnam
Zainul Abidin Rasheed	Minister of State for Foreign Affairs	Singapore
Ziad Bahaa-Eldin	Chairman	General Authority for Investment, Egypt