



## **ECA's 2011 Economic Report on Africa underscores need for greater State role in development effort**

Press release

Jointly written by experts of the African Union and the Economic Commission for Africa, the 130-page document is an authoritative appraisal of the economic performance of Africa for 2010 and projections for 2011, according to the Information and Communication Service of ECA.

The Report bears some good tidings for Africa: the continent registered a growth rate of 4.7 percent in 2010 and it is projected to rise to five percent in 2011, according to the report.

Experts from the two institutions explain this positive posture on the rebound of export demand and commodity prices as well as on increased flows of foreign direct investment in extractive industries and aid.

This situation is also attributed to the return of tourism in many parts of the continent, increased activities in the service sector and good harvests in some regions of the continent.

The news is good, but not good enough for millions of people who are yet to feel the benefits of prosperity in their daily lives.

The report recognizes that this upturn is yet to translate into meaningful reduction in unemployment as "poverty rates and high unemployment and food prices have instigated political and social unrest in some African countries such as Tunisia and Algeria".

Moreover, the continent is still far from attaining the Millennium Development Goals (MDGs), the report states.

There is a good analysis on the many long-standing and emerging development challenges that Africa faces, including trade performance and integration into the world

economy, financing for development, climatic change and the need to deepen its engagement in the green economy.

The role of the State which is the theme of the ministerial meetings, occupies an important part of the report which comes up with the suggestion that the State should play a more visible role in economic management.

It observes that since independence, most African countries have failed to achieve any semblance of sustained economic growth and transformation, and suggests that “successful economic transformation in emerging economies in Asia and Latin America was achieved by deliberate State intervention, based on a disciplined planning process that included the formulation of relevant development policies, provision of the required investment and creation of appropriate institutions.”

The report explains why a greater role for the State needs not be construed to mean a rejection of the liberal market system, nor a call on the private sector to cease to be the engine of economic growth, that it has always been.

The report concludes with the suggestion that “a developmental State can be defined as one that has the capacity to deploy its authority, credibility and legitimacy in a binding manner to design and implement development policies and programmes for promoting long-term economic transformation and growth, as well as the expansion of human capabilities, equity and welfare.”

To this end, the Malawian example is regularly quoted as a success story in State role, because of the recent intervention by the government to drastically reduce the prices of fertilizers and to ensure the provision of good quality seed material. Result: the erstwhile hungry nation now feeds all its citizens and even sells a whopping surplus of some 400,000 tons of grain to the World Food Programme.

An electronic version of ERA2011 is also available on ECA website: [www.uneca.org](http://www.uneca.org)

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