



Key messages and sub messages

Chapter 1

Key message: Developments in the global economy in 2010 have significant overall positive implications for African countries, although the direction and magnitude of impact varied across countries.

Sub messages:

1. The world economy moderately recovered from the effects of the global financial and economic crisis with growth in emerging and developing countries being significantly higher than growth in developed economies in 2010.
2. In addition to loose monetary policies, many countries sustained fiscal stimulus packages of various forms to counter the effects of the global financial crisis in 2010.
3. Global economic outlook for the medium-term remains positive but subject to considerable downside risks, including high unemployment rates, weak consumer confidence, uncertain business investment, resurgence of sovereign debt crisis, and rising international trade protectionism.
4. Increasing global commodity demand and prices resulted in increased terms of trade as well as rising export revenue and robust growth in commodity-rich African countries.

Chapter 2

Key message: Africa has sustained and strengthened the economic recovery that started in the aftermath of the recent global crisis, thanks mainly to the rebound of export demand and commodity prices; increased inflows of FDI in extractive industries and aid; return of tourism; investment in infrastructure associated with countercyclical policies adopted by many African countries; increased activities in the service sector, and good harvests in some subregions. But growth remains below the levels necessary for Africa to reduce poverty and achieve the MDGs.

Sub messages:

1. Africa's growth in 2010 was uneven across countries and subregions with oil-exporting countries generally growing faster than oil-importing countries.
2. Inflation rates have remained low in Africa and monetary policy has been generally accommodative or neutral, while budget and current account deficits have increased as a result of expansionary fiscal policies, robust import growth fuelled by old public investment, rising private demand, and increasing food and energy prices.
3. The continent's economic rebound is yet to translate into meaningful reduction in unemployment and poverty rates and high unemployment and food prices have instigated political and social unrest in some African countries such as Tunisia and Algeria.
4. The low employment content and poor social outcomes of Africa's growth are the result of lack of meaningful economic diversification and continued heavy dependence on commodity production and exports.

Chapter 3

Key message: Africa continues to face many long-standing and emerging development challenges, including trade performance and integration into the world economy, financing for development and climate change and green economy issues.

Sub messages:

1. Africa's share of world merchandise trade and world trade in commercial services increased significantly after a sharp fall during the financial crisis, but the structure of Africa's exports has remained undiversified and narrowly focused on primary commodities.
2. Heavy dependence on exports of natural resources poses difficult and enduring problems for Africa and effective management of the production and export of natural resources often requires a pivotal role for the State.
3. African countries have made little progress in mobilizing domestic resources for development since the Monterrey Consensus of 2002 and boosting government revenue to fill the fiscal gap requires considerable reform across many African countries.
4. Economic transformation in Africa faces the challenge of environmental sustainability although the continent has the potential for effectively diversifying its economy while greening its agricultural, industrial and services sectors.

Chapter 4

Key message: Africa's high growth rates since the turn of the 21st Century have not translated into high levels of employment and reduction in poverty due to lack of meaningful economic structural transformation that entails a change in the structure of the economy over time from a subsistence economy, through industrialization, to an industrial or even post-industrial high-income society.

Sub messages:

1. Structurally transformed economies tend to be associated with steady, sustained economic growth rates combined with relatively low growth volatility and higher capacity to create jobs.
2. Since independence, with very few exceptions, African countries failed to achieve any semblance of sustained economic growth and transformation. This indicates that Africa's previous experiences with a range of State-led and market-driven development approaches have so far failed to successfully address its structural problems.
3. 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.
4. Advocating for a stronger role for the State in development should neither be seen in terms of the old and tired debate of state versus the market nor should it be understood that the private sector should not remain the engine of economic growth.

Chapter 5

Key message: 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.

Sub messages:

1. The construction and promotion of developmental States in Africa must involve the characterization of an effective developmental State in the African context, the role of stakeholders in its design and operational-

ization, the effectiveness of the developmental-state approach, and how and the extent to which the potential pitfalls of state intervention can be eliminated or minimized.

2. An effective developmental State in Africa can be conceived as one which has the political will and the capacity to articulate and implement capacity-expanding, transformative and distributive economic and social development policies derived from democratically-organized public deliberations and not manipulated by technocratic and socio-political elites.
3. The role of the state in governing development and achieving economic transformation in Africa comprises the planning of the development process, formulation of appropriate development policies, and implementation of the development plans and policies.
4. The capacity of the developmental State approach for governing development in Africa hinges on good political leadership; a professional bureaucracy that has the autonomy and power to implement the plans and respond swiftly to rapidly changing local and global socio-economic conditions; as well as vibrant and engaging private sector and civil- society organizations.