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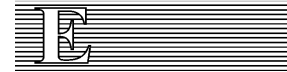


**AFRICAN UNION
COMMISSION**

Sixth session of CAMEF

**4th Joint Annual Meetings
of the AU Conference of Ministers of Economy and Finance
and ECA Conference of African Ministers of Finance, Planning
and Economic Development**

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Aide Memoire

I. Background

All over the developing world, the state is making a comeback. From Asia to Latin America and Africa, there is an open discussion of state activities in economic governance going far beyond what has been considered normal and appropriate in recent years. In the African case, the recent global financial crisis and the recovery efforts, the failure of structural adjustment programmes and the market liberalization policies pursued in many countries in the 1980s and 1990s, which saw a roll back of the state, have reinforced the need for a larger role for government in fostering economic development. The failure of governments in the developed countries to regulate financial markets and check their excesses, holds important lessons for Africa on the need for government intervention in the development process. Similarly, interventions by governments in developed countries to address the effects of the financial crisis including stimulus programmes and bailout packages are all strong justifications on the role of government in economic development.

The need for public sector interventions in development in Africa is imperative. The challenge is to get the interventions right. For African economies to grow and develop, the state has a crucial role to play in maintaining public investment in infrastructure, education and health, correcting market failures, reducing inequalities in income and opportunities, and rationing credit to stimulate private investment.

History is replete with examples of the positive role of government in promoting economic development. The spectacular transformation of China into a global economic power, a resurgent India and the economic success of Japan, Taiwan and South Korea before then offer good examples of the central role of the state in promoting economic development. It has always been an open secret that the state in these countries had "governed markets" to ensure high levels of capital accumulation, technology absorption and penetration of foreign markets. The government also used incentives, controls, and mechanisms to spread risk to enable it to guide the market processes of resource allocation so as to produce different production and investment outcomes than would have occurred with either free market or simulated free market policies.

Is there a lesson in the East Asian experience for Africa? Does this mean that African countries should try this prescription and attempt to govern their markets à la East Asia in a broadly similar way? These are important questions that deserve serious attention as African countries strive to achieve development.

II. Objective and focus of the 2011 Conference of Ministers

There is growing evidence of the positive and essential role of the state in promoting economic growth and sustainable development. In recent years, public sector management and macroeconomic management have improved in many African countries and the business environment is also improving in most countries. So also is the governance environment. These results are due in part to a set of mutually reinforcing actions; reintroduction of development planning, enhanced capacity development of African governments supported by their development partners. The central role of the state in the economic success of the "Asian Tigers" has also refocused attention on the need for the developmental state in Africa. In this context, the objective of the 2011 Conference of Ministers is to provide an opportunity for discussion on the role of the state in development in order to identify an appropriate set of interventions to enhance the role of the state in performing the key tasks necessary and essential for economic transformation in Africa.

Against this background, the Conference will be convened under the theme, *Governing Development in Africa*. The theme builds on one of the outcomes of the 2010 Conference which underscored the role of the state in development in Africa by creating the required institutions and investments needed for the transformation of the structure of African economies.

The Conference will provide an important platform for discussion on the role of the state as the transformative catalyst for sustainable development in Africa, based on historical and contemporary evidence. It will also provide an opportunity for policymakers to examine the record of the state in Africa in promoting development, share best practices and lessons from Africa and elsewhere on the challenges of building a capable and dynamic state as well as recommend concrete actions for effectively governing development and promoting economic transformation in Africa.

In view of the essential and constructive roles that the state can and must play in addressing development challenges, particularly in accelerating economic growth and promoting jobs creation to eradicate poverty and achieve the MDGs, the Conference will also discuss other priority issues of concern to Africa. These include the green economy initiative, which presents opportunities for promoting investment in long-term environmental sustainability as a new engine of growth and development; innovative proposals to improve the financing and delivery of health interventions in Africa; and leveraging opportunities for accelerated and inclusive growth in Africa.

The general theme unifying these issues is the need for a dynamic and proactive role for the state in addressing these challenges. No country can achieve sustainable growth and development without significant public investment in the provision of public goods and social services, including infrastructure, health, education and the environment; while also laying the foundation for private and foreign direct investments.

III. Format of the Conference

The discussion on the theme of the Conference will be led by a high-level panel comprising of eminent personalities, senior government leaders, private sector practitioners and distinguished experts from regional and international organizations, including the UN system and the World Bank. The high-level panel discussion will be chaired by the Chairperson of the AU Commission and moderated by the Executive Secretary of ECA. The interactive moderated sessions with panel and plenary participation will help to get the best out of the high profile delegates and discussants.

The Conference will be preceded by a technical preparatory meeting of the Committee of Experts, which will explore the theme of the Conference in detail and make recommendations to the Ministers for adoption. In addition, the Committee will review the state of economic and social conditions in Africa as well consider other statutory issues relating to the work of the AU Commission and the ECA secretariat and make appropriate recommendations for consideration by the Conference of Ministers.

IV. Expected outcomes

The Committee of Experts will prepare and adopt a concise report containing the main recommendations of its meeting, which will be presented to the Conference for adoption along with a number of resolutions for adoption.

The Conference is expected to lead to the adoption of a Ministerial policy statement, which will provide a basis for concerted action at the national and regional levels on the issues discussed by the Conference. The Ministerial Statement and other outcomes of the Conference will be a major input and inform discussions at the AU Assembly of Heads of State and Government in July 2011.

V. Documentation

The discussions of the Conference will be informed by a background issues paper on the theme of the Conference as well as a study, which will focus on the state of development planning in Africa. Other documents and reports to be presented at the Conference will include:

1. The Economic Report on Africa, 2011 on the theme, *Governing Development in Africa: The role of the state in economic transformation*;
2. A report on the follow-up to the decisions and recommendations of the 2010 Conference of Ministers;
3. Reports and other parliamentary documents from the AU Commission and ECA on their activities during the past year.

VI. Participation

Participants and delegates to the Conference will include Ministers and representatives from the member States, RECs, United Nations agencies and other intergovernmental organizations. Invitations will be extended to other cooperating partners, non-governmental organizations and the private sector.