



# Current Path Conclusion

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## Conclusion

While the narrative on Africa is changing, much of the African economy is still characterised by low productivity mainly because of its poor human capital endowment - a delayed demographic transition, poor education and bad health. Instead of transitioning from agriculture to manufacturing to services, the growth trajectory that delivered the most rapid improvements in general well-being in other regions, the African transition is from subsistence agriculture to low-end services in informal urban areas. The general shift in Africa seems to be that labour is moving from subsistence agriculture in rural areas to informal jobs in the urban service sector which is only marginally more productive. Investment and jobs are often limited to capital-intensive commodity enclaves, such as in northern Mozambique's gas fields, with little or no forward or backward linkages into the surrounding economy. The few jobs created through these megaprojects do little to provide employment or create local value chains. They provide jobs for a few expatriates and generate large revenue streams for governments but do not benefit broader welfare improvements within the economy. Yet, commodity-based enclave development is often the norm in commodity-rich countries. In fact, Africa is becoming even more dependent on low-value commodity exports for its foreign exchange earnings and seems to be experiencing premature deindustrialisation. Most African economies are not integrated into global or even regional value chains and therefore rely on small domestic markets that do not attract foreign direct investment. The result is increased commodity dependence and a high and diversified debt burden with onerous repayment requirements.

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## About the authors

Dr Jakkie Cilliers is the ISS's founder and former executive director. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the Institute. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

## About African Futures & Innovation

Scenarios and forecasting can help Africa identify and respond to opportunities and threats. The work of the African Futures & Innovation (AFI) program at the Institute for Security Studies aims to understand and address a widening gap between indices of wellbeing in Africa and elsewhere in the world. The AFI helps stakeholders understand likely future developments. Research findings and their policy implications are widely disseminated, often in collaboration with in-country partners. Forecasting tools inspire debate and provide insights into possible trajectories that inform planning, prioritisation and effective resource allocation. Africa's future depends on today's choices and actions by governments and their non-governmental and international partners. The AFI provides empirical data that informs short- and medium-term decisions with long-term implications. The AFI enhances Africa's capacity to prepare for and respond to future challenges. The program is headed by Dr Jakkie Cilliers.