



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.

Chart 20: Summary reasons for slow development in Africa

Reasons for slow development

- Low productivity because of delayed demographic transition, poor education and health
- No agricultural revolution and increased food insecurity
- Labour moving from subsistence agriculture in rural areas to low-end services in informal urban areas
- Instead of a manufacturing growth path, premature deindustrialisation and growth in low-end services
- Little global and regional trade integration. Instead, a reliance on small domestic markets
- Increased commodity dependence
- High and diversified debt burden with onerous repayment requirements

Africa needs to seize the opportunity offered by renewable energy and the promise of the Fourth Industrial Revolution to rapidly improve productivity growth and provide more jobs. But how can that be achieved in a global economic environment where Africa is becoming more, not less, dependent on the export of commodities? And all of this while Southeast Asia constrains the growth of the manufacturing sector as its position as the world's factory on top of the

challenge of climate change? To kick-start all of the above and recover from the lingering impact of COVID-19 and subsequent slow global growth, many poor African countries again require debt relief similar if not larger to that provided during the 2005 Multilateral Debt Relief Initiative. Low agricultural productivity and high levels of inequality in Africa amidst rapid population growth contribute to the slow rate of poverty reduction. Strategic investment in infrastructure, renewable energy and education is critical if Africa is to harness a demographic dividend for sustainable development. Equally crucial is improving health systems, which directly impact productivity, life expectancy and economic participation. Prioritising health infrastructure and addressing both communicable and non-communicable diseases will create a healthier, more resilient workforce that is capable of supporting and benefiting from Africa's economic growth.

Climate resilience must also be a core part of Africa's development strategy. Investing in sustainable practices and adapting to climate change will safeguard livelihoods, protect biodiversity and support long-term economic stability across the continent.

For the continent to fully realise the potential of its youthful population, the promise of technological innovation and high levels of entrepreneurial energy that could drive transformation, strong governance and regional cooperation will be essential. Effective policies that prioritise inclusivity, transparency and accountability can improve social stability, attract foreign investment and bolster public trust in transformative initiatives. Empowering women and ensuring gender equity in education, employment and entrepreneurship will be essential to unlocking Africa's full economic potential. As women increasingly contribute to Africa's workforce, they can drive more inclusive and sustainable growth.

The digital revolution, particularly through mobile technology, is rapidly reshaping economies and opening new opportunities in business, education and healthcare. Expanding digital literacy and internet access will be key in reducing the digital divide. By equipping young Africans with digital skills, the continent can foster a generation of innovators capable of driving tech-driven solutions in sectors like agriculture, healthcare and education.

Africa's future hinges on effectively managing its vast natural resources, ensuring that these assets contribute to economic diversification and industrialisation. Value addition in sectors like agriculture and mining will be crucial for transforming natural resources into high-value exports. Policies that incentivise local processing, innovation and skill development in these industries can shift Africa's role from a raw material supplier to a leader in manufacturing and technology-based exports. The strategic exploitation of these resources, coupled with industrialisation efforts, will be central to building resilient economies that can withstand global market fluctuations. Beyond resources, Africa's potential lies in leveraging regional integration frameworks like the AfCFTA to reduce trade barriers, expand markets and foster resilience through intra-African trade. By building interconnected economies, Africa can reduce reliance on external markets and strengthen regional value chains.

Initiatives like the African Union's Agenda 2063 articulate a vision for an integrated, prosperous and peaceful continent driven by its citizens. Achieving this vision will require strategic policy reforms, commitment to sustainability and partnerships that empower African leadership on the global stage. By aligning national goals with Agenda 2063's long-term vision, Africa can progress toward a future that is not only prosperous but also globally influential. Global partnerships, particularly in financing and technology transfer, remain critical to unlocking Africa's development potential. Collaborative international efforts are needed to support Africa's infrastructure needs, ensure equitable access to technology and create sustainable pathways for long-term growth.

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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.

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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.