

A new [report](#) has been published today by McKinsey, titled “Reimagining economic growth in Africa: Turning diversity into opportunity”. As suggested by the title, it tries to imagine the economic growth path that Africa will follow in the next years based on the strengths and assets that the Continent has, compared with other regions in the world.

Two findings in the report seem particularly interesting.

First, the document underscores the dynamism of the service sector in Africa, which has grown steadily over the past 20 years, offering important opportunities for employment of African citizens, although data referred to 2019 show that half the African workforce is still employed in agriculture.

The service sector presents significant opportunities for African countries to boost economic output and job creation but, the report warns, only if productivity improves. In fact, the real productivity of Africa’s services sector, was at \$7,200 in 2019, compared to \$8,900 in India, \$17,700 in Latin America, and \$20,900 in China. This is the lowest of any region in the world.

It is therefore critical for Africa to improve the productivity of the services sector, but also of the agriculture and industrial ones, which are characterized by the same challenges in terms of low productivity. And with half of Africa’s workforce still employed in agriculture, boosting agricultural productivity and farmer incomes remains critical.

Secondly, after recognizing that Africa trades much more with economies beyond its external borders than within, the McKinsey report underscores the importance for African countries to attract investments in the agro-processing, pharmaceuticals, automotive, and logistics sectors to unlock its economic potential, warning that in order to attract them, bold interventions are needed to improve transportation and logistics as well as border infrastructure and procedures at borders, so to avoid delays in movement of cargo.

African logistics companies also need to increase the quantity and availability of quality trucks through financing, and to scale up investments in cold chain storage and in solutions for reducing transportation costs, which are all critical to ensure higher productivity of the agriculture and industrial sectors.