

# Africa

## Sectoral Scenarios for Africa

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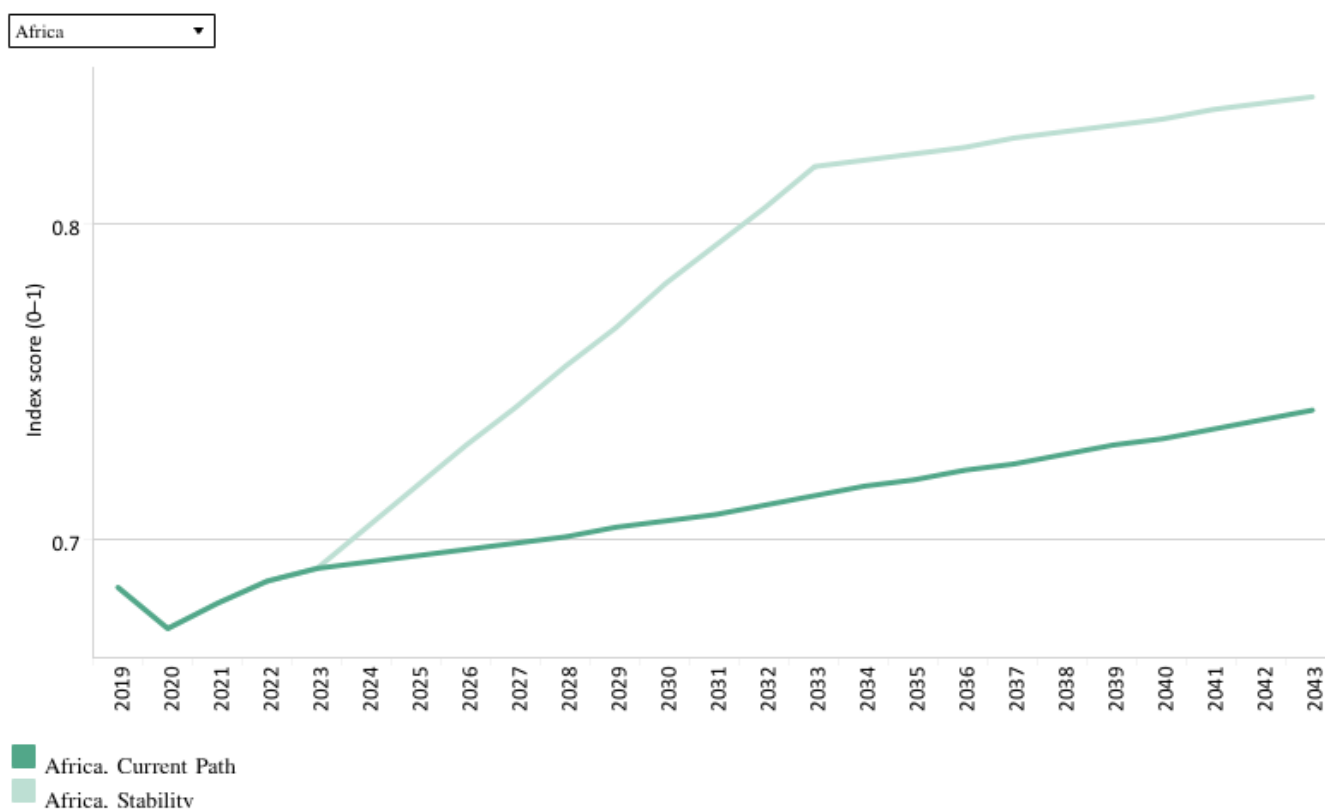
## Sectoral Scenarios for Africa

- Stability scenario
- Demographic scenario
- Health/WaSH scenario
- Agriculture scenario
- Education scenario
- Manufacturing scenario
- Leapfrogging scenario
- Free Trade scenario
- Financial Flows scenario
- Infrastructure scenario
- Governance scenario
- Impact of scenarios on carbon emissions



### Stability scenario

Chart 13: Governance security in CP and Stability scenario, 2019–2043  
IFs index 0–1



Source: IFs 7.63 governance security index using internal war and government risk

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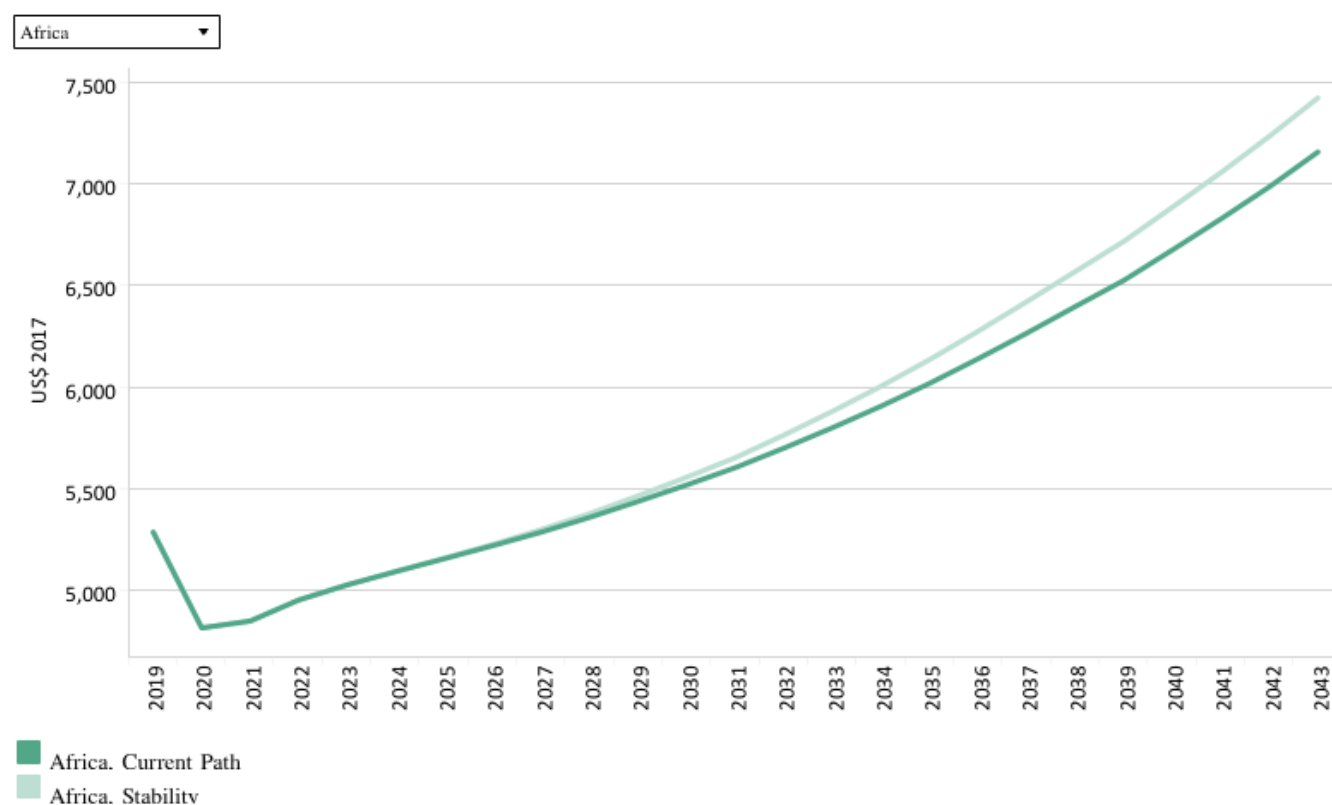
The Stability scenario represents reasonable but ambitious reductions in risk of regime instability and lower levels of

internal conflict. Stability is generally a prerequisite for other aspects of development and this would encourage inflows of foreign direct investment (FDI) and improve business confidence. Better governance through the accountability that follows substantive democracy is modelled separately.

The intervention is explained [here](#) in the thematic part of the website.

The Stability scenario entails significant interventions in increasing regime stability and lowering levels of internal conflict. These interventions allow for reductions in military expenditure and an increase inward investment flows from abroad. Africa has a low level of governance security compared to the global average and even compared to other developing regions. In 2019, Africa had an average governance security index of 0.69 lower than the average index value for South Asia (0.726) and South America (0.76). In line with global trends, governance security is improving and it is expected to reach 0.741 in 2043, though not closing the gap with other regions. The Stability scenario reflects aggressive improvements in security such that Africa improves its score on the governance security index by 25% to 0.932 by 2043, significantly above the average rate for comparable regions as well as most developed regions.

**Chart 14: GDP per capita in CP and Stability scenario, 2019–2043**  
Purchasing power parity



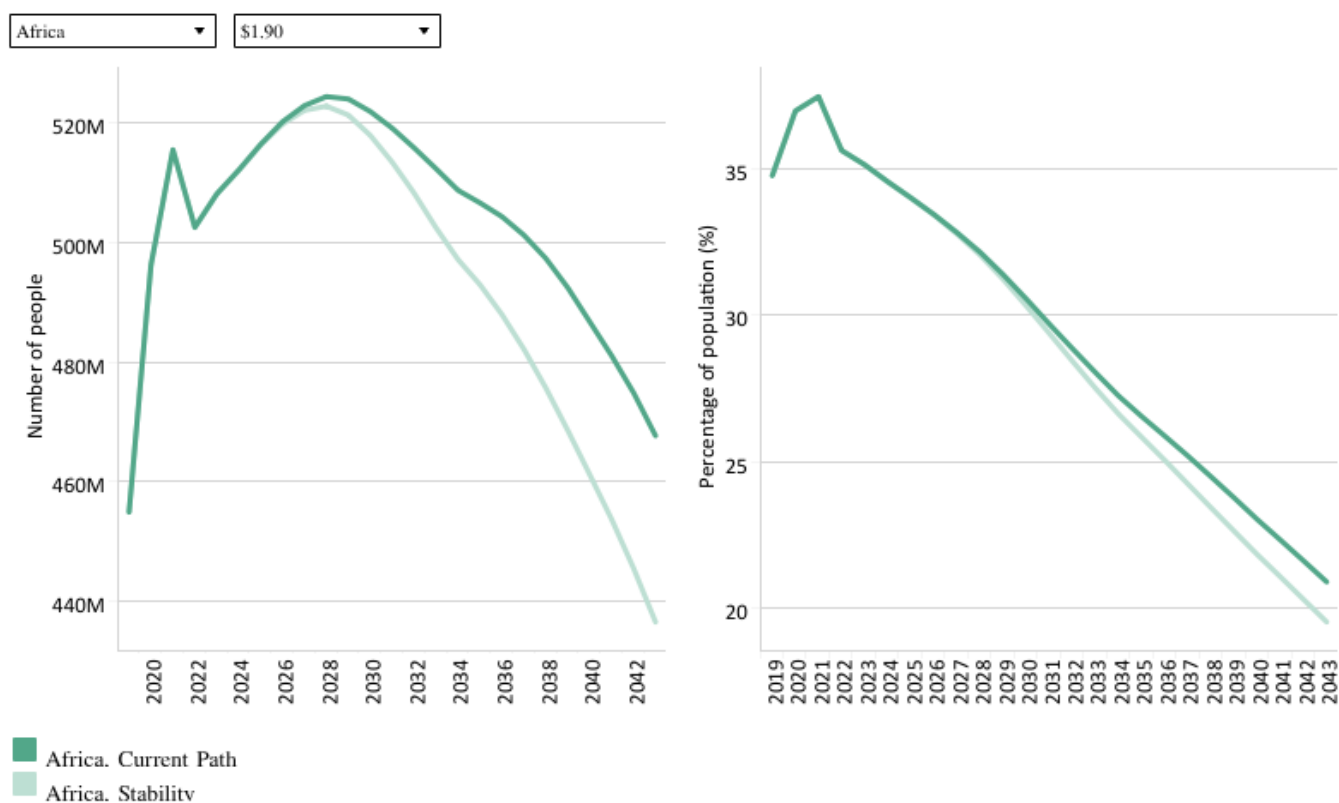
Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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Africa's GDP per capita fell between 2019 to 2020 due to the devastating effect of the COVID-19 pandemic on lives and livelihoods. The GDP per capita will increase from US\$4 852 in 2019 to US\$7 157 in 2043. In the Stability scenario, Africa will add US\$266 (3.7%) to its Current Path forecast in 2043.

Chart 15: Poverty in CP and Stability scenario, 2019–2043  
Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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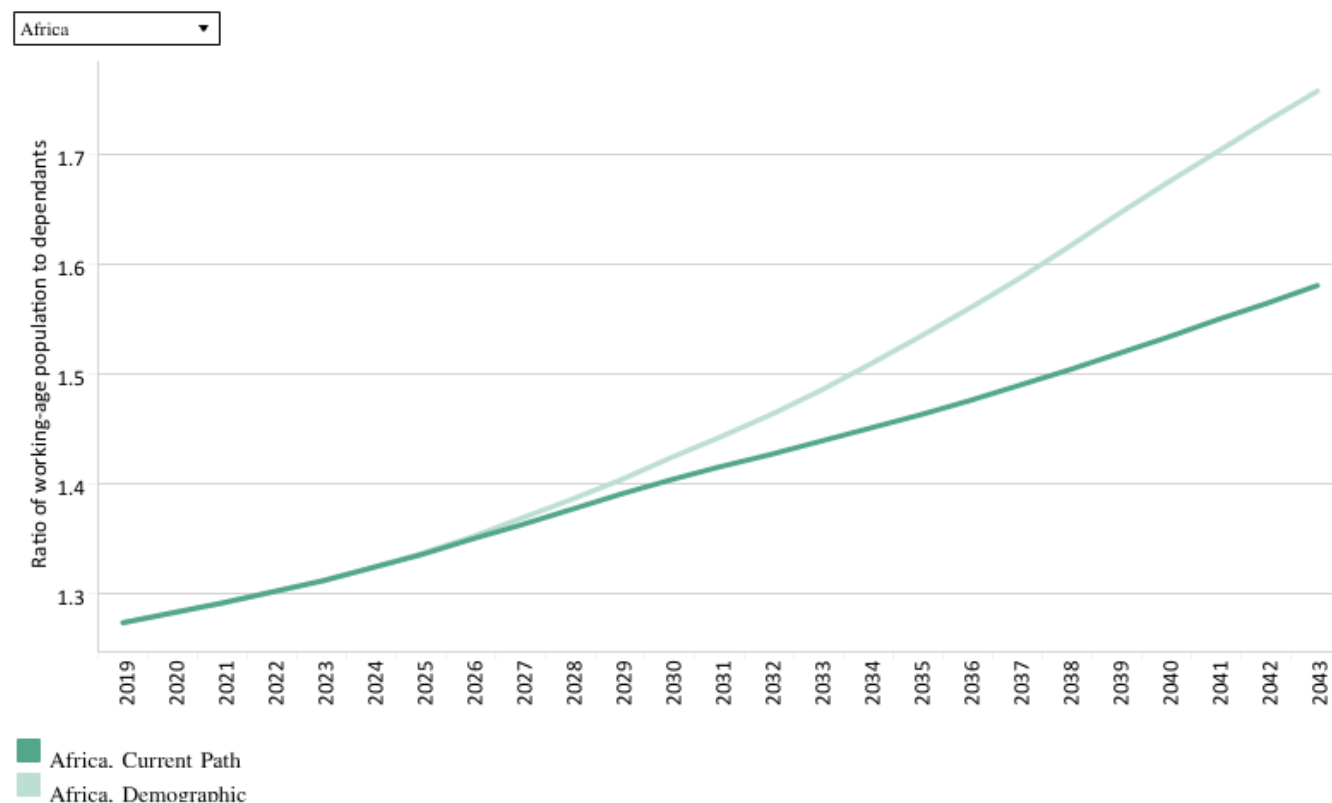
The number of extremely poor people in the Current Path forecast in Africa will fall to 467.7 million (20.88%) people in 2043 from 454.9 million or 34.8% in 2019. In the Stability scenario, the number of extremely poor people (percentage of poor people) in Africa is forecast to fall to 436.5 million (19.51%). This means that in the Stability scenario Africa will have 31.2 million fewer people living in extreme poverty, a difference of almost 7%.



## Demographic scenario

Chart 16: Demographic dividend in CP and Demog scenario, 2019–2043

Ratio of working-age population to dependants



Source: IFs 7.63 initialising from UN Population Division Population Prospects

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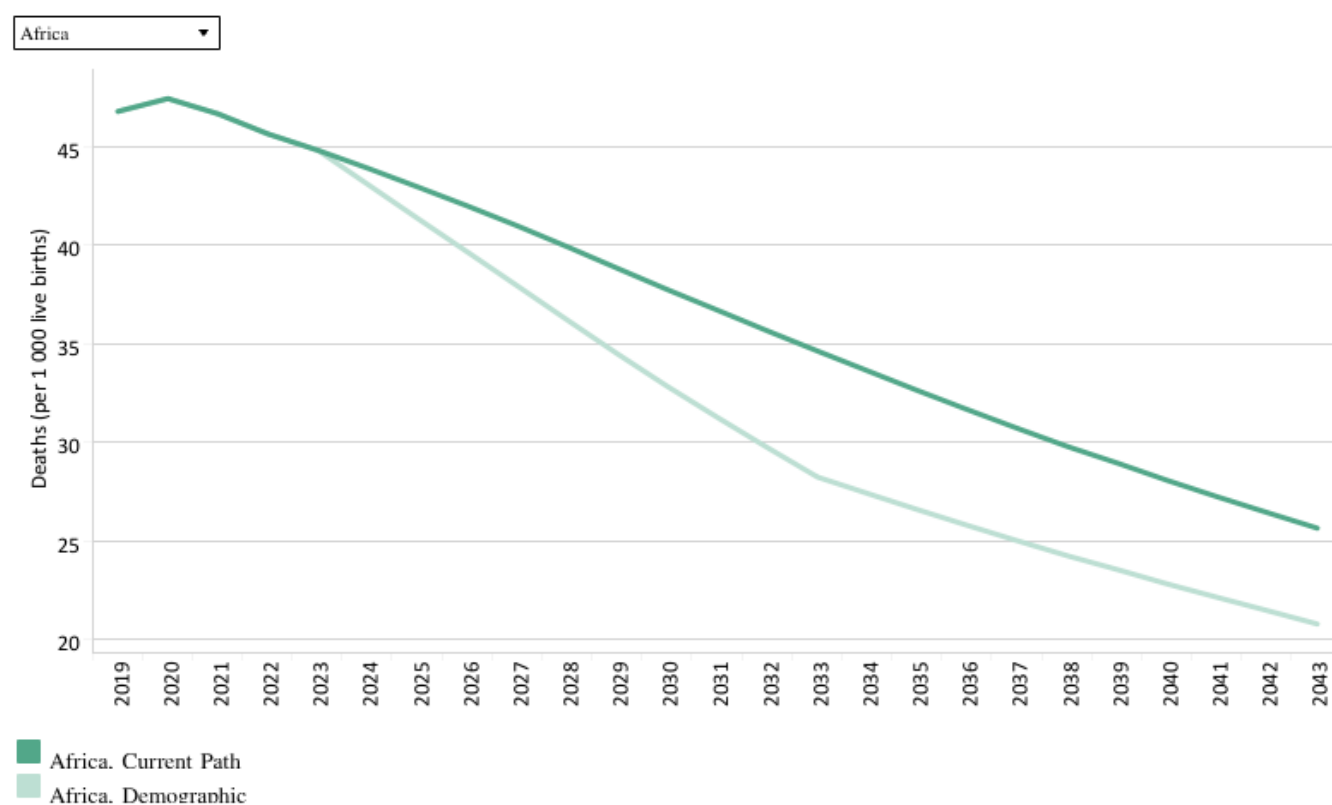
This section presents the impact of a Demographic scenario that aims to hasten and increase the demographic dividend through reasonable but ambitious reductions in the communicable-disease burden for children under five, the maternal mortality ratio and increased access to modern contraception.

The intervention is explained [here](#) in the thematic part of the website.

Demographers typically differentiate between a first, second and even a third demographic dividend. We focus here on the contribution of the size of the labour force (between 15 and 64 years of age) relative to dependants (children and the elderly) as part of the first dividend. A window of opportunity opens when the ratio of the working-age population to dependants is equal to or surpasses 1.7.

The ratio of working-age persons to dependants in the rest of the world exceeded 1.7:1 in 1995 and will achieve a peak in 2028 before starting to decline. In the Current Path forecast, Africa will only achieve a potential demographic dividend from 2051. In the Demographic scenario, Africa will enter its dividend a decade earlier, in 2041, 41 years later than South America and 30 years later than South Asia. This is because of the high fertility rates in Africa. In 2019, the fertility rate in Africa was 4.5 children per woman compared to 2 in South America and 2.4 in South Asia.

Chart 17: Infant mortality in CP and Demog scenario, 2019–2043  
Deaths per 1 000 live births



Source: IFs 7.63 initialising from Institute for Health Metrics and Evaluation Mortality Visualization Tool data

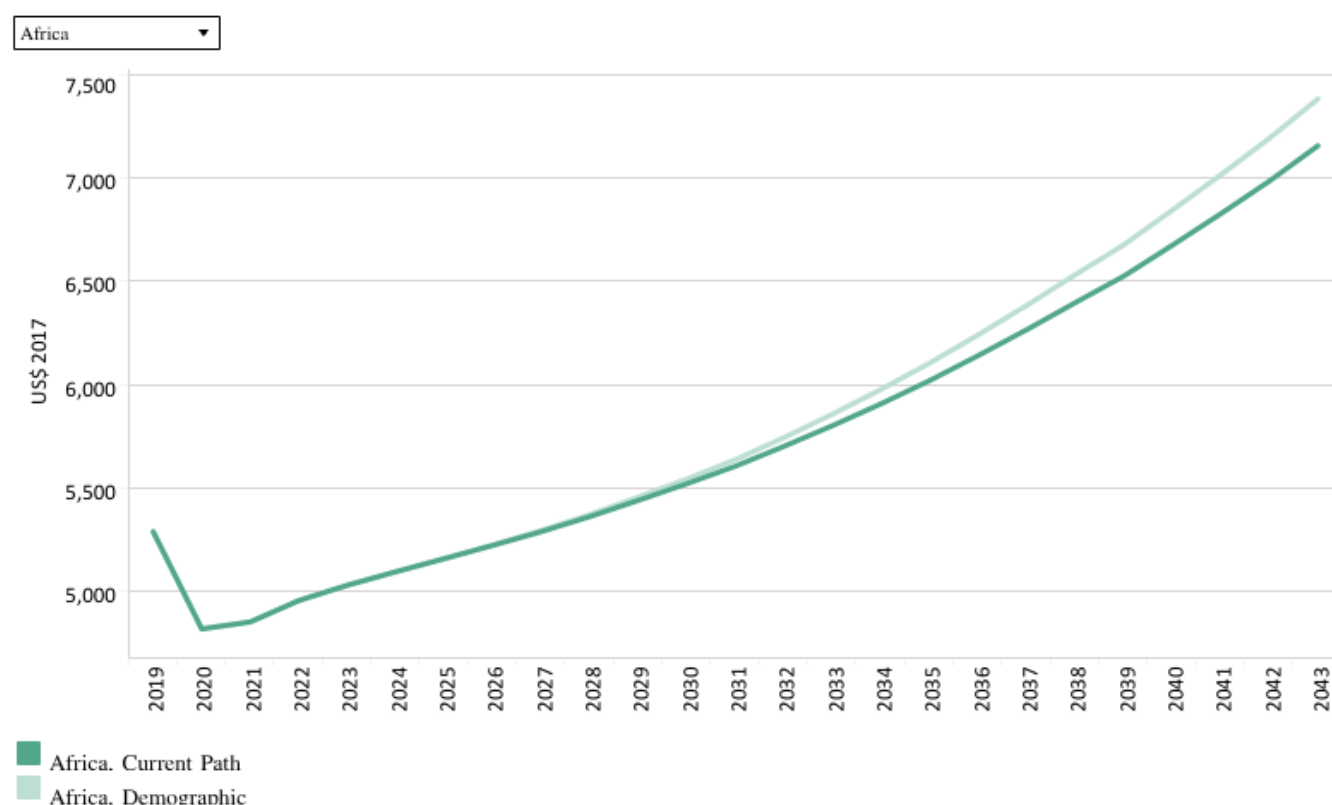
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The infant mortality rate is the number of infant deaths per 1 000 live births and is an important marker of the overall quality of the health system in a country.

In 2019, Africa's infant mortality rate was more than double the average for the rest of the world, although declining from 46.8 in 2019 to 25.6 in 2043. In the Demographic scenario, Africa will reduce its infant mortality rate by nearly 5 deaths per 1 000 live births compared to the Current Path forecast in 2043 but will still be almost 10 deaths per 1 000 live births above the average for the rest of the world in 2043. In addition to advances in medicine and disease control that reduce infant mortality rates, in the Demographic scenario, the intervention increases contraception use and reduces child and maternal mortality.

Chart 18: GDP per capita in CP and Demog scenario, 2019–2043  
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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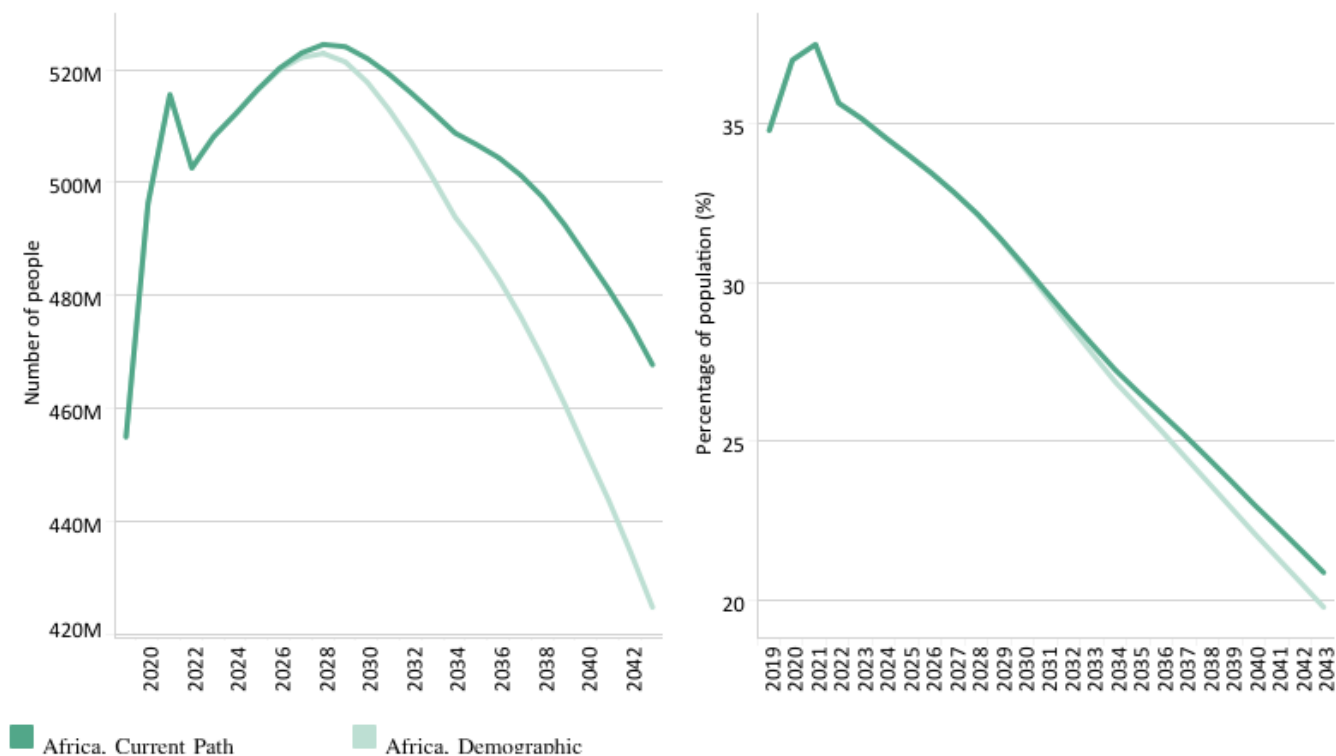
In the Current Path forecast, the GDP per capita increases rapidly from US\$5 289 to US\$7 157 in 2043 — a year earlier in the Demographic scenario. Africa's GDP was four times lower than the world average in 2019 and is projected to be nearly three times lower in 2043 in the Demographic scenario. The relatively higher GDP per capita in the Demographic scenario is due to a larger working-age population relative to dependants, hence the ability to contribute more to tax and other revenues while governments have to spend less on education, healthcare, etc.

# Chart 19: Poverty in CP and Demog scenario, 2019–2043

Millions of people and % of total population



Africa \$1.90



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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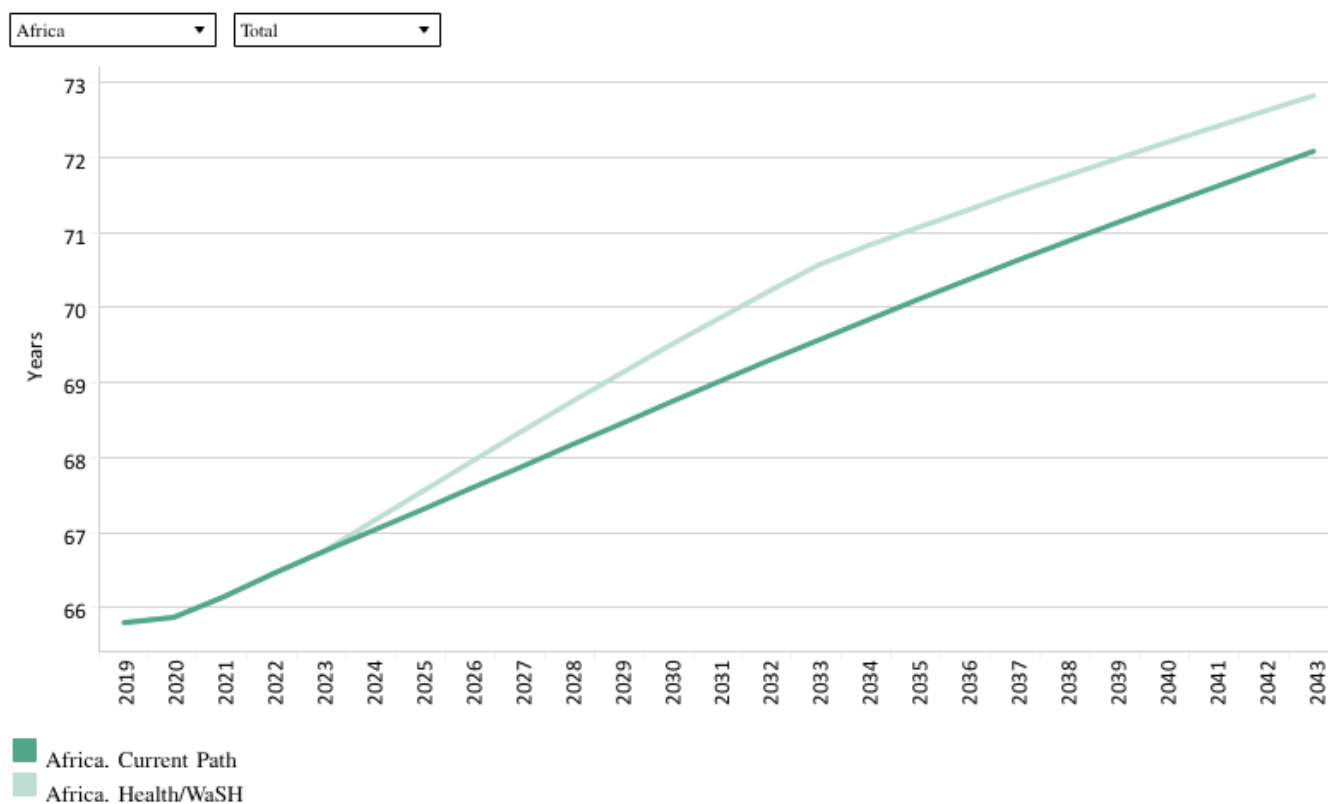
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The number of extremely poor people is forecast to increase from 2019 to 2029 before it decreases nearer 2043. In the Demographic scenario, Africa will reduce the number of extremely poor people by 43 million in 2043 to 424.7 million people compared to the Current Path forecast. The per cent of poor people at the US\$1.90 poverty line is projected to fall from 34.8% in 2019 to 20.9% in 2043 in the Current Path forecast, and to 19.8% in the Demographic scenario.



## Health/WaSH scenario

Chart 20: Life expectancy in CP and Health/WaSH scenario, 2019–2043



Source: IFs 7.63 initialising from Institute for Health Metrics Evaluation GBD Foresight Tool data

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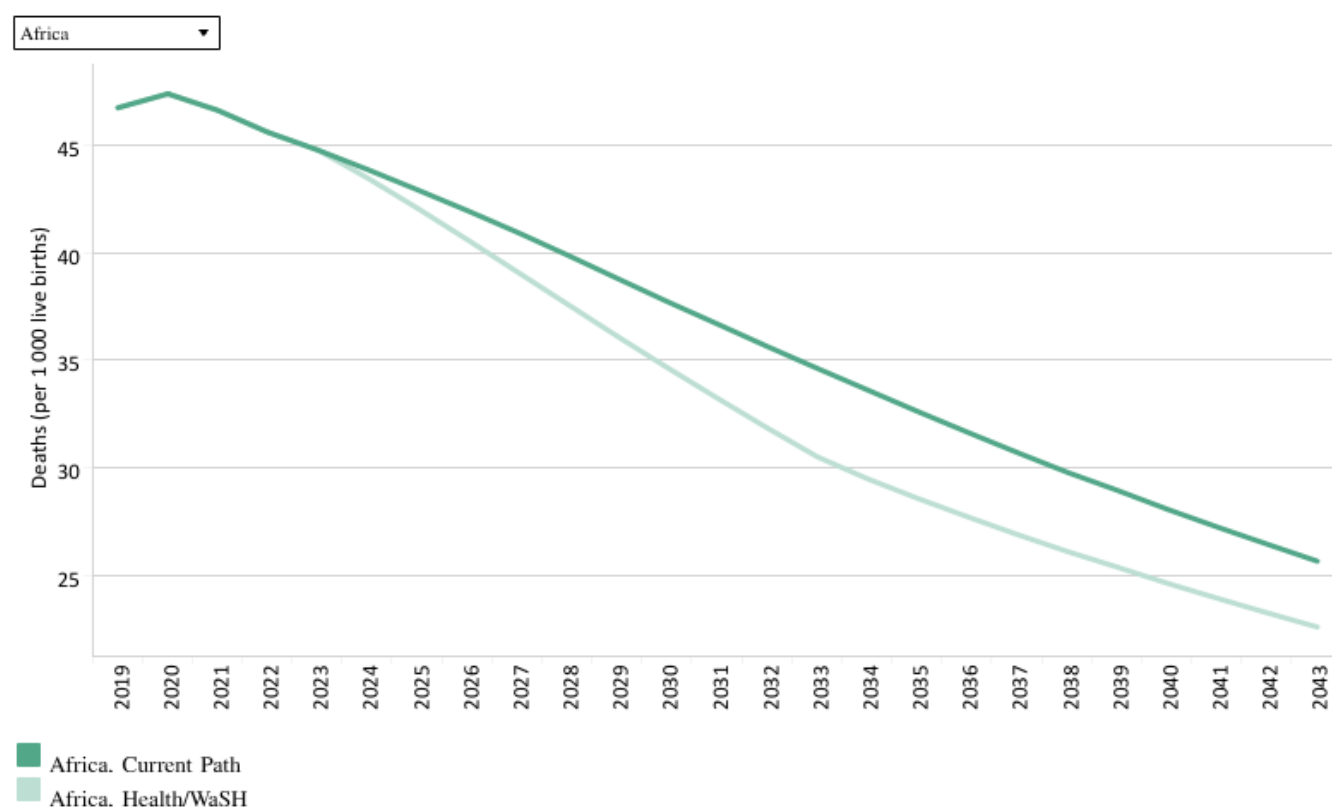
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This section presents reasonable but ambitious improvements in the Health/WaSH scenario, which include reductions in the mortality rate associated with both communicable diseases (e.g. AIDS, diarrhoea, malaria and respiratory infections) and non-communicable diseases (NCDs) (e.g. diabetes), as well as improvements in access to safe water and better sanitation. The acronym WaSH stands for water, sanitation and hygiene.

The intervention is explained [here](#) in the thematic part of the website.

In the Current Path forecast, life expectancy in Africa will rise from 65.87 years in 2019 to 72.08 years in 2043. Life expectancy changes slowly and in the Health/WaSH scenario the continent will gain 0.8 years compared to the Current Path forecast in 2043. In 2019, Africa's average life expectancy was around 9 years below the average life expectancy rate in the rest of the world, which was at 73.2 years. In the Health/WaSH scenario, Africa will start closing that gap and will only be 6 years below the average in the rest of the world by 2043.

Chart 21: Infant mortality in CP and Health/WaSH scenario, 2019–2043  
Deaths per 1 000 live births



Source: IFs 7.63 initialising from Institute for Health Metrics and Evaluation Mortality Visualization Tool data

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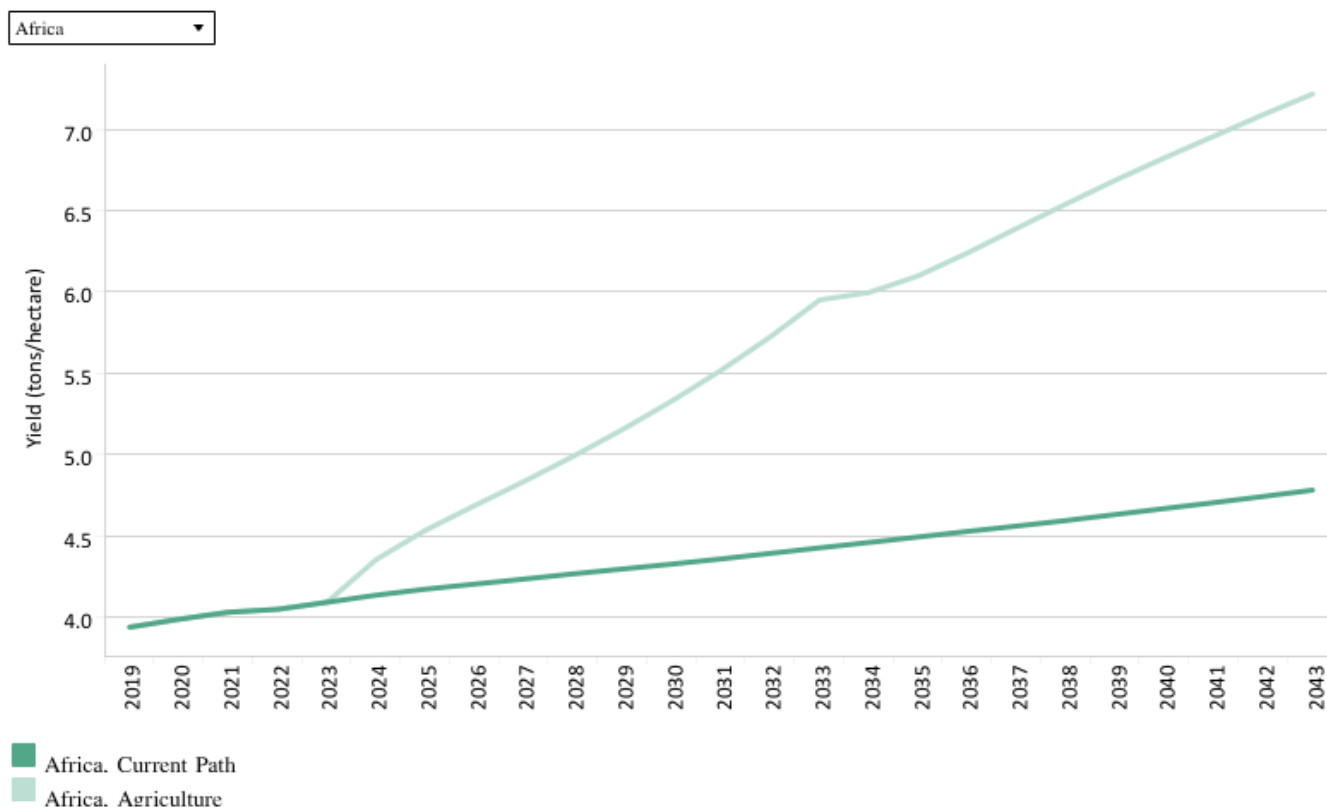
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Infant mortality in Africa will fall from 46.8 to 25.6 deaths per 1 000 live births in 2043 in the Current Path forecast. In the Health/WaSH scenario, the infant mortality rate is expected to fall by 3 deaths per 1 000 live births compared to the Current Path forecast. Despite the faster reduction in infant mortality rate in the Health/WaSH scenario, Africa has 6 infant mortality per 1 000 live births more than the average world infant mortality rate in 2043. On the regional heterogeneity in infant mortality, North Africa (18) and West Africa (58.6) have the lowest and highest infant mortality rates on the continent, while by country, Central African Republic (81) and South Sudan (78.2) are countries with the highest mortality rate and Libya (6.8) the lowest.



## Agriculture scenario

Chart 22: Yield/hectare in CP and Agric scenario, 2019–2043  
Pre-loss levels



Source: IFs 7.63 initialising from FAOSTAT on-line statistical service data

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The Agriculture scenario represents reasonable but ambitious increases in yields per hectare (reflecting better management and seed and fertiliser technology), increased land under irrigation and reduced loss and waste. Where appropriate, it includes an increase in calorie consumption, reflecting the prioritisation of food self-sufficiency above food exports as a desirable policy objective.

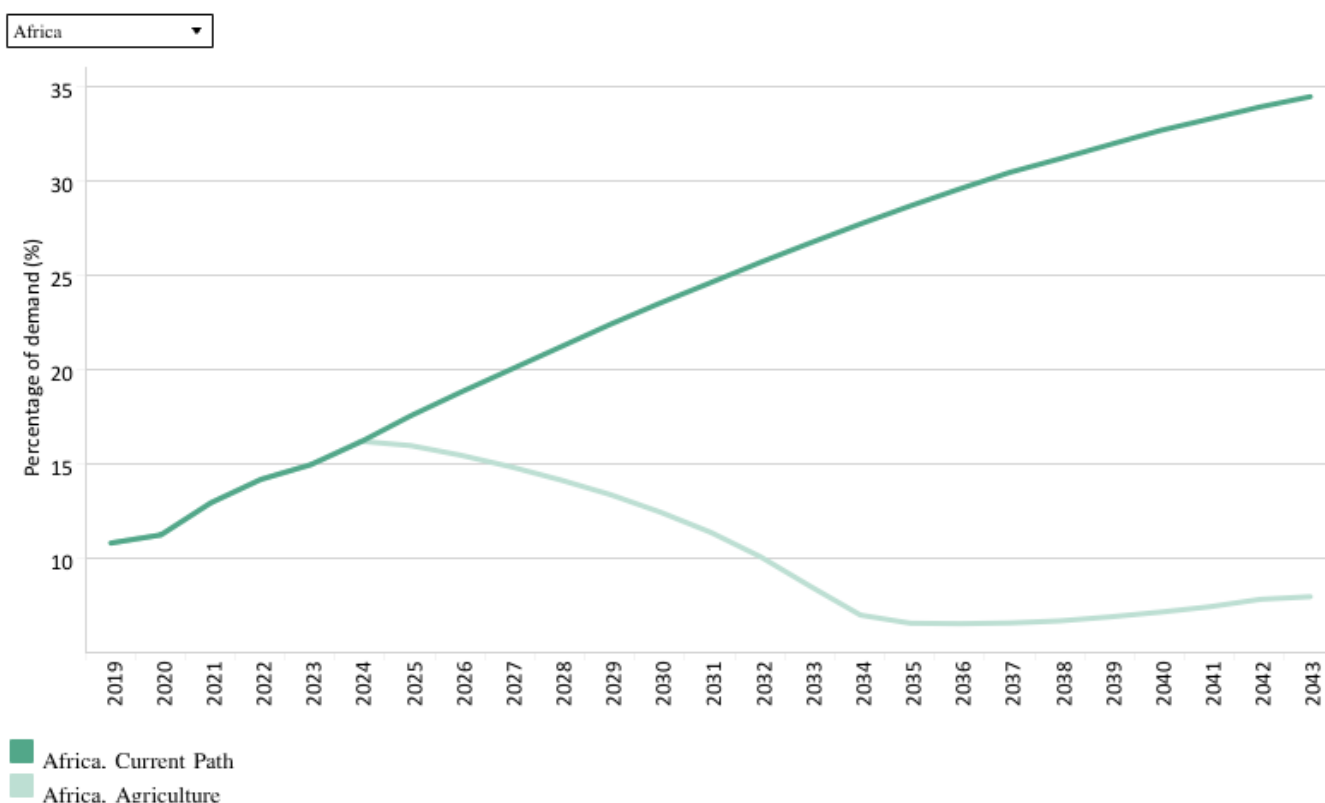
The intervention is explained [here](#) in the thematic part of the website.

The data on yield per hectare (in metric tons) is for crops but does not distinguish between different categories of crops.

Average crop yield in Africa will increase from 3.9 tons per hectare in 2019 to 4.8 tons per hectare in 2043. In 2019, average crop yields in Africa were around half that of the rest of the world, and, although improving over time, will remain almost 4 tons per hectare below the average for the rest of the world. The Agriculture scenario will have a significant impact on crop yield in Africa by adding a yield of 2.432 tons per hectare compared to the Current Path forecast in 2043. As a result, crop production in Africa will be 689.1 million metric tons larger in the Agriculture scenario than in the Current Path forecast.

# Chart 23: Agriculture imports in CP and Agric scenario, 2019–2043

Net imports for meat, crops and fish, % of demand



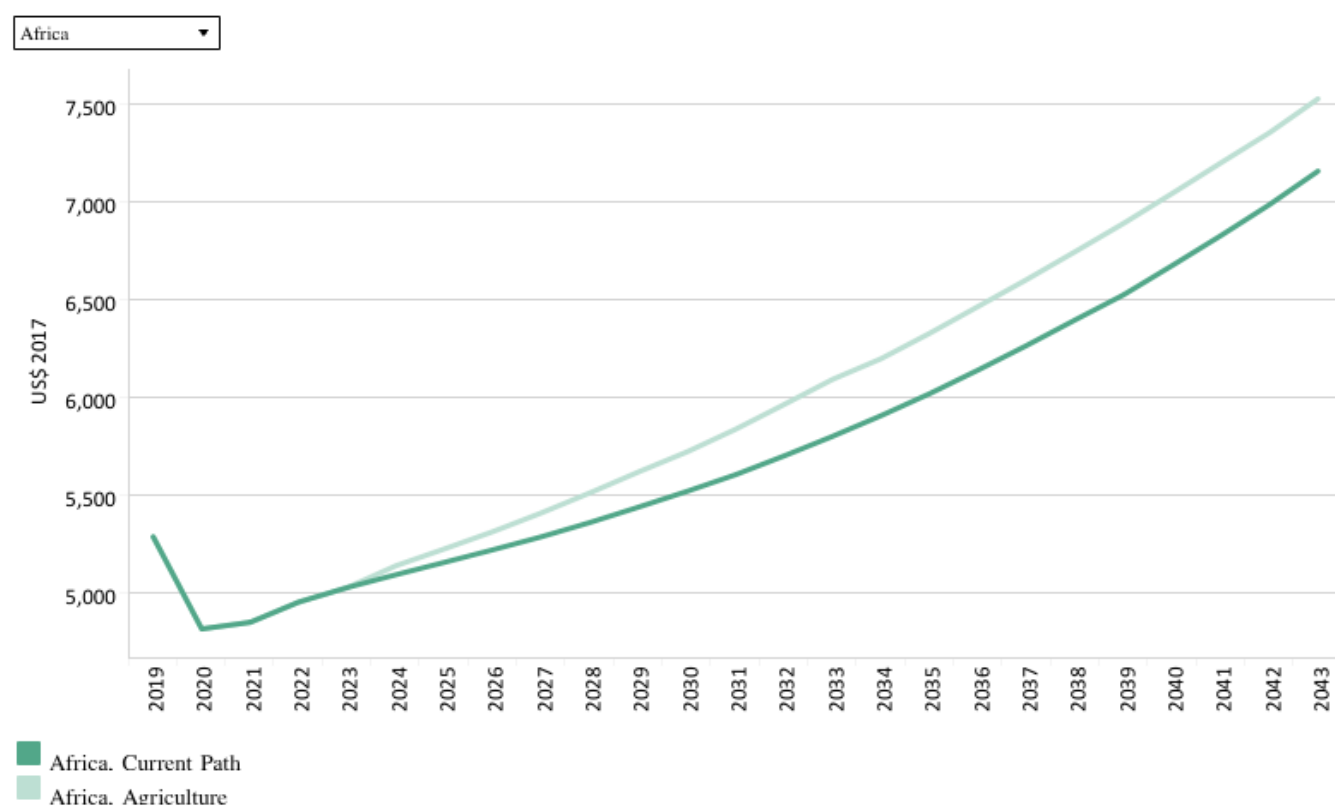
Source: IFs 7.63 initialising from Food and Agriculture Organization Food Balance Sheets data

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In the Current Path forecast, Africa's import dependence will increase from 10.8% in 2019 to 34.4% in 2043. However, this trend changes in the Agriculture scenario as import dependence reduces to 8.01% in 2043, representing an improvement of 26.5 percentage points.

Chart 24: GDP per capita in the CP and Agric scenario, 2019–2043  
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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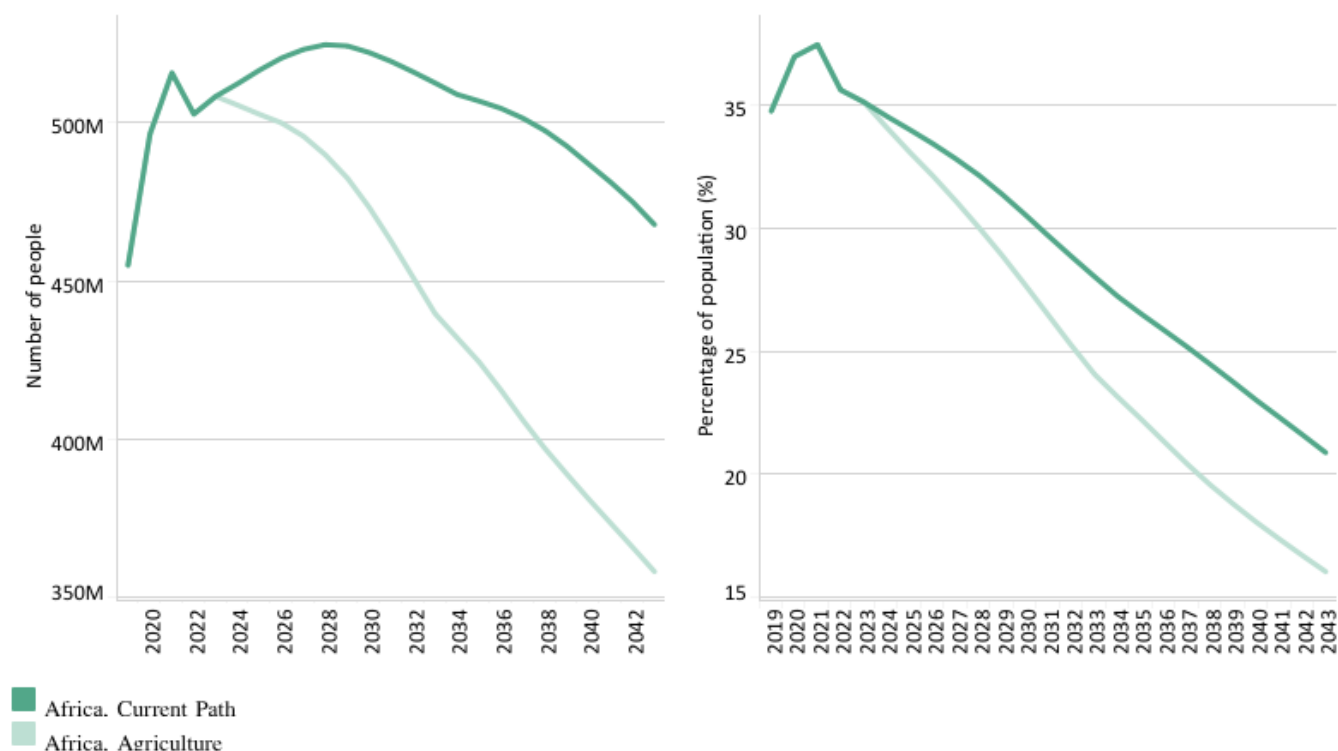
Agriculture is a key sector of African economies, contributing 15.6% to Africa's GDP in 2019. In the Agriculture scenario, the GDP per capita will increase by 5% (or US\$370) by 2043.

Chart 25: Poverty in CP and Agric scenario, 2019–2043

Millions of people and % of total population



Africa \$1.90



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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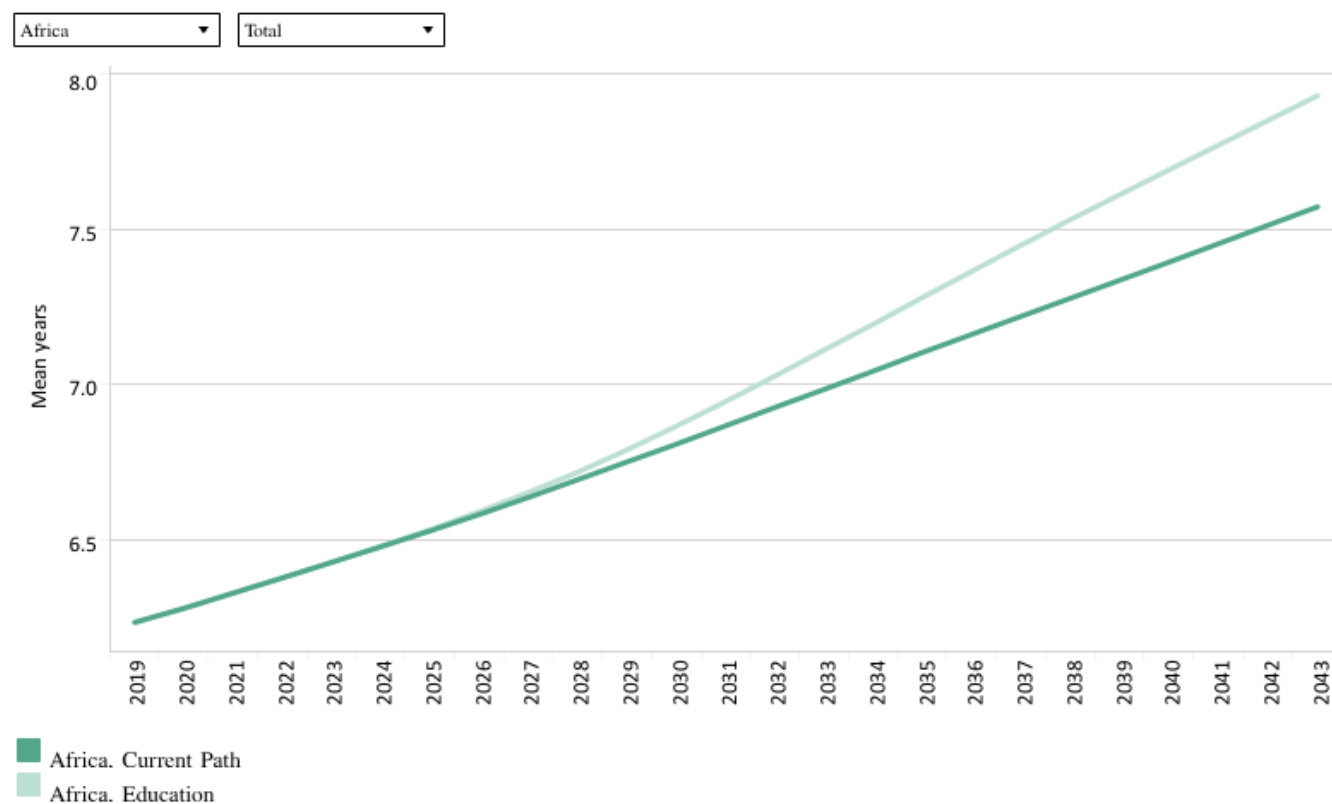
Given its large agriculture sector, the Agriculture scenario has a significant impact on reducing extreme poverty. The number of extremely poor people in the Current Path forecast in Africa will increase from 454.9 million people in 2019 (34.8% of population) to 467.7 million (20.9%) in 2043. In the Agriculture scenario, the number of extremely poor people is forecast to reduce to 358.2 million people in 2043, lifting 109 million additional people out of extreme poverty in 2043 (poverty rate of 16%). In the Agriculture scenario, Africa will reduce its poverty rate by 4.84 percentage points in 2043 compared to the Current Path forecast.



## Education scenario

Chart 26: Mean years of education in CP and Educ scenario, 2019–2043

Mean years of adult (+15) education



Source: IFs 7.63 initialising from Barro-Lee data

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The Education scenario represents reasonable but ambitious improved intake, transition and graduation rates from primary to tertiary levels and better quality of education. It also models substantive progress towards gender parity at all levels, additional vocational training at secondary school level and increases in the share of science and engineering graduates.

The intervention is explained [here](#) in the thematic part of the website.

In 2019, the mean years of adult education in Africa was more than two years below the average for South America and around one year below the average for South Asia. In the Current Path forecast, Africa's mean years of adult education will increase from 6.2 in 2019 to 7.6 years in 2043 and 7.9 years in the Education scenario, equivalent to an extra 4 months of adult education. This may not seem a lot as the results from improved education are slow to show. The improvement is equivalent to an additional 536 million years of education in Africa in 2043, however they differ vastly among countries and regions.

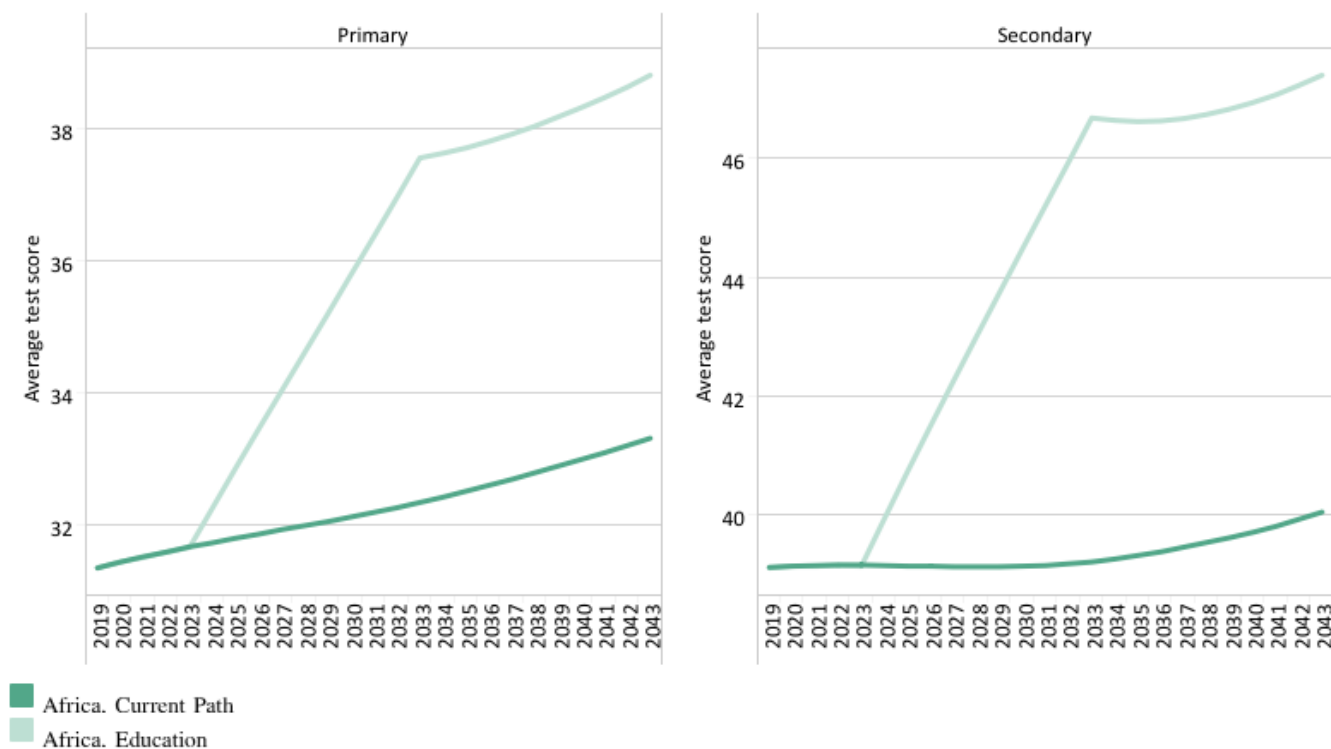
On average, African men have about 1.2 years more education than African women. The gap narrows to 0.8 years by 2043 in the Current Path forecast and slightly less in the education scenario.

# Chart 27: Education quality in CP and Educ scenario, 2019–2043

Average test scores for primary and secondary learners



Africa



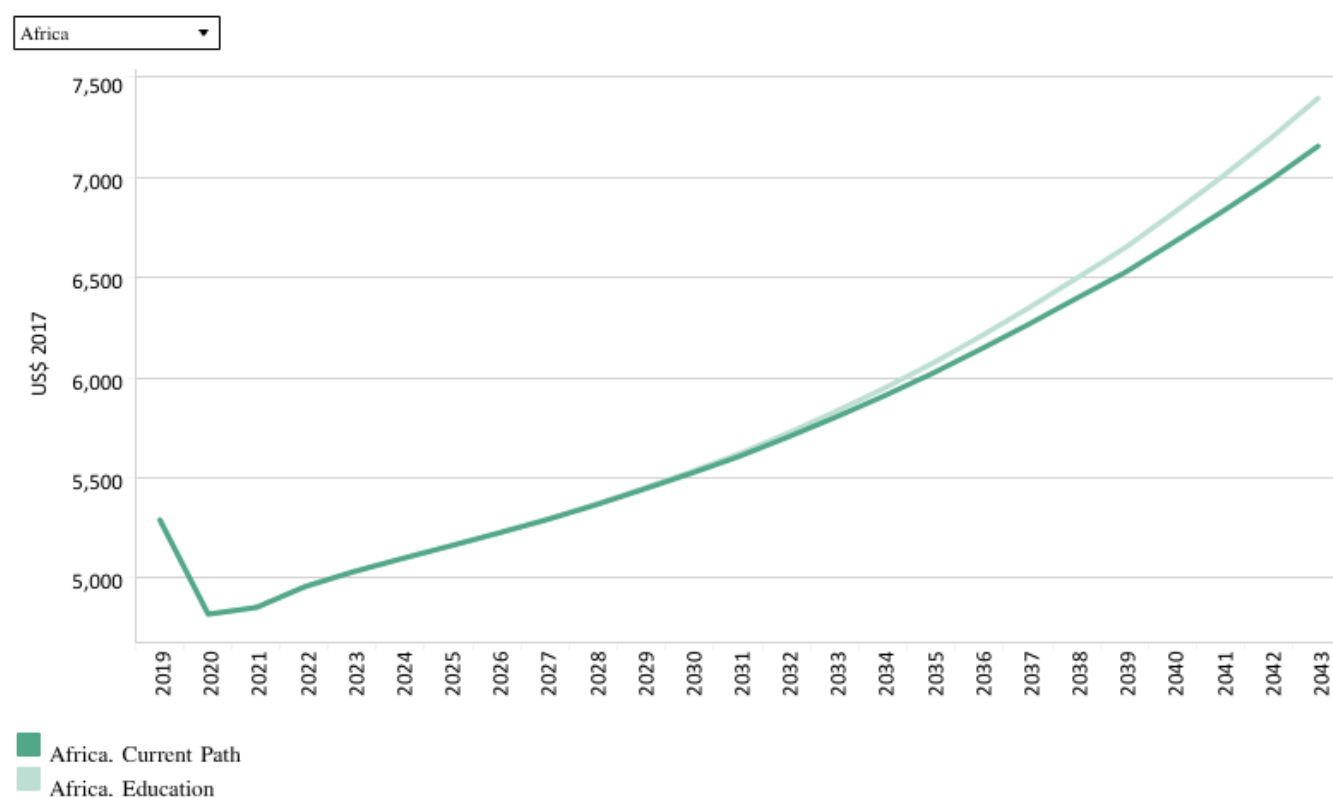
Source: IFs 7.63 initialising from World Bank EDSTATS

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Quality of education is a key predictor of the level of human capital that a country enjoys. In the Education scenario, average test score of primary learners in Africa improves by 17% above the Current Path forecast in 2043 and 18% in the case of secondary learners. In the process, Africa closes much of the gap between primary and secondary test scores compared to the average test scores for the rest of the world.

Chart 28: GDP per capita in CP and Educ scenario, 2019–2043  
Purchasing power parity



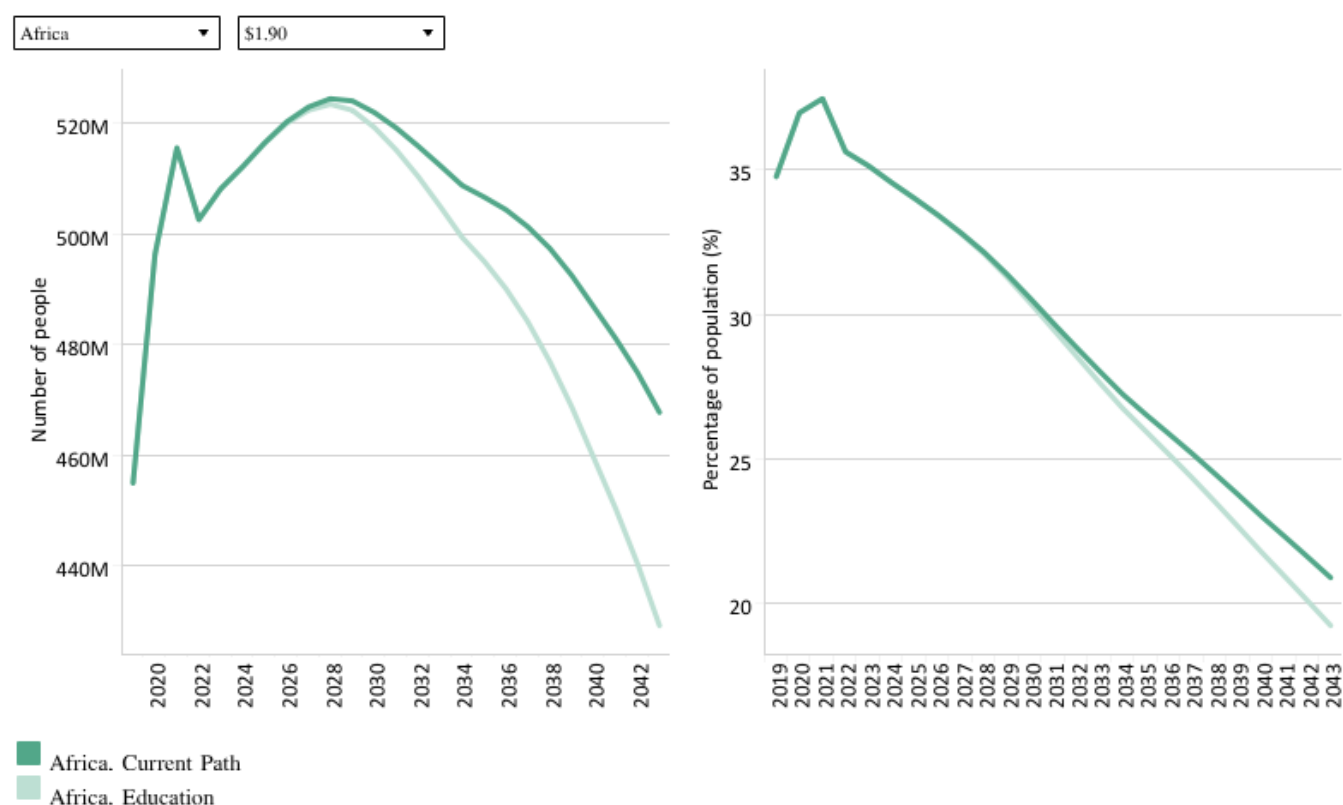
Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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Because improvements in education take a long time to show visible results, the GDP per capita for Africa will only increase by 3% in 2043, but its impact cascades through all scenarios. The average GDP per capita for Africa was US\$5 289 in 2019 and is set to increase to US\$7 157 by 2043 in the Current Path forecast. In the Education scenario, the GDP per capita will improve by US\$240 to US\$7 397 in 2043.

Chart 29: Poverty in CP and Educ scenario, 2019–2043  
Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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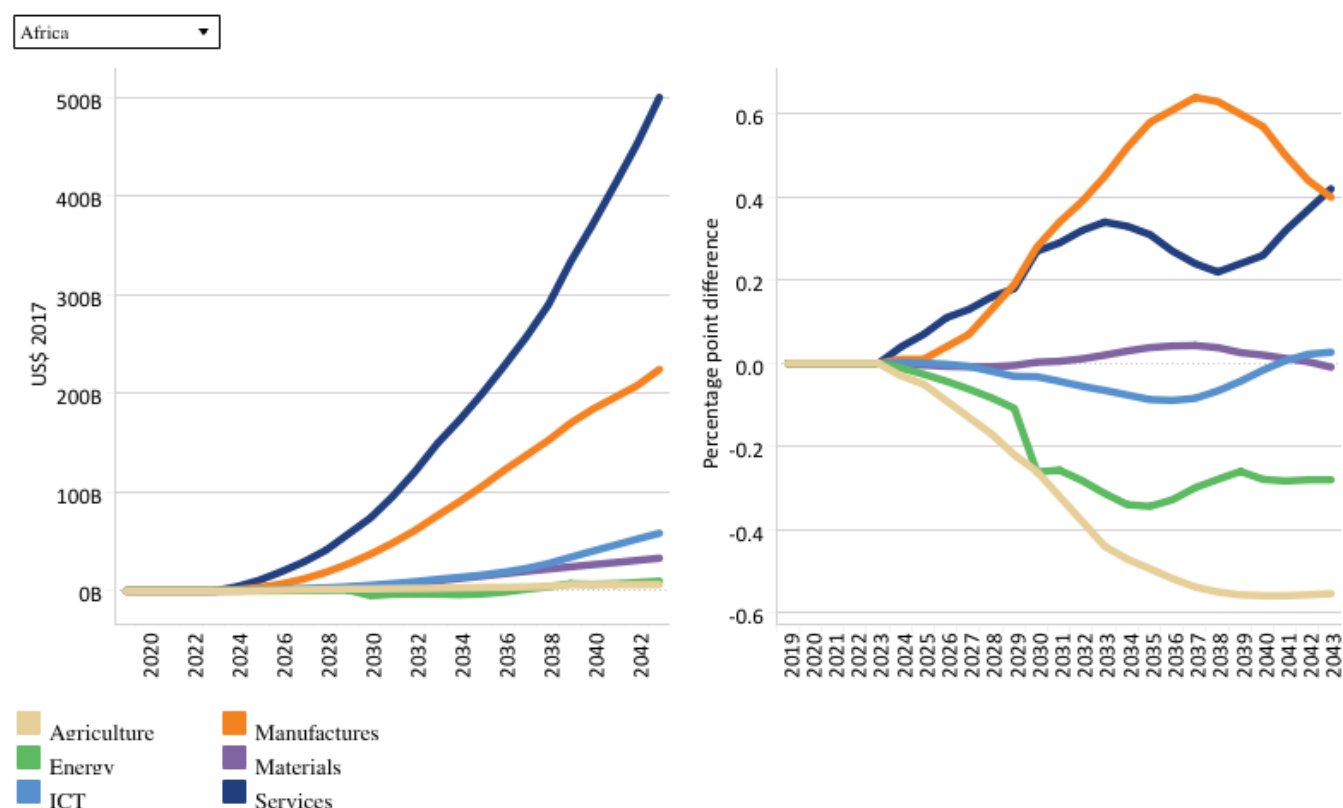
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Materialisation of the Education scenario impacts poverty in Africa such that by 2043 in the Education scenario, 38.6 million people will move out of poverty compared to the Current Path forecast of a 1.66 percentage point reduction in extreme poverty. In the Education scenario, poverty will fall to 19.2%, three times higher than the world average poverty rate (6.03%) in 2043.



## Manufacturing scenario

Chart 30: Value added by sector in CP and Manufac/Transfers scenario, 2019–2043  
Absolute and % point difference GDP



Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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The Manufacturing/Transfers scenario represents reasonable but ambitious manufacturing growth through greater investment in the economy, investments in research and development, and promotion of the export of manufactured goods. It is accompanied by an increase in welfare transfers (social grants) to moderate the initial increases in inequality that are typically associated with a manufacturing transition. To this end, the scenario improves tax administration and increases government revenues.

The intervention is explained [here](#) in the thematic part of the website.

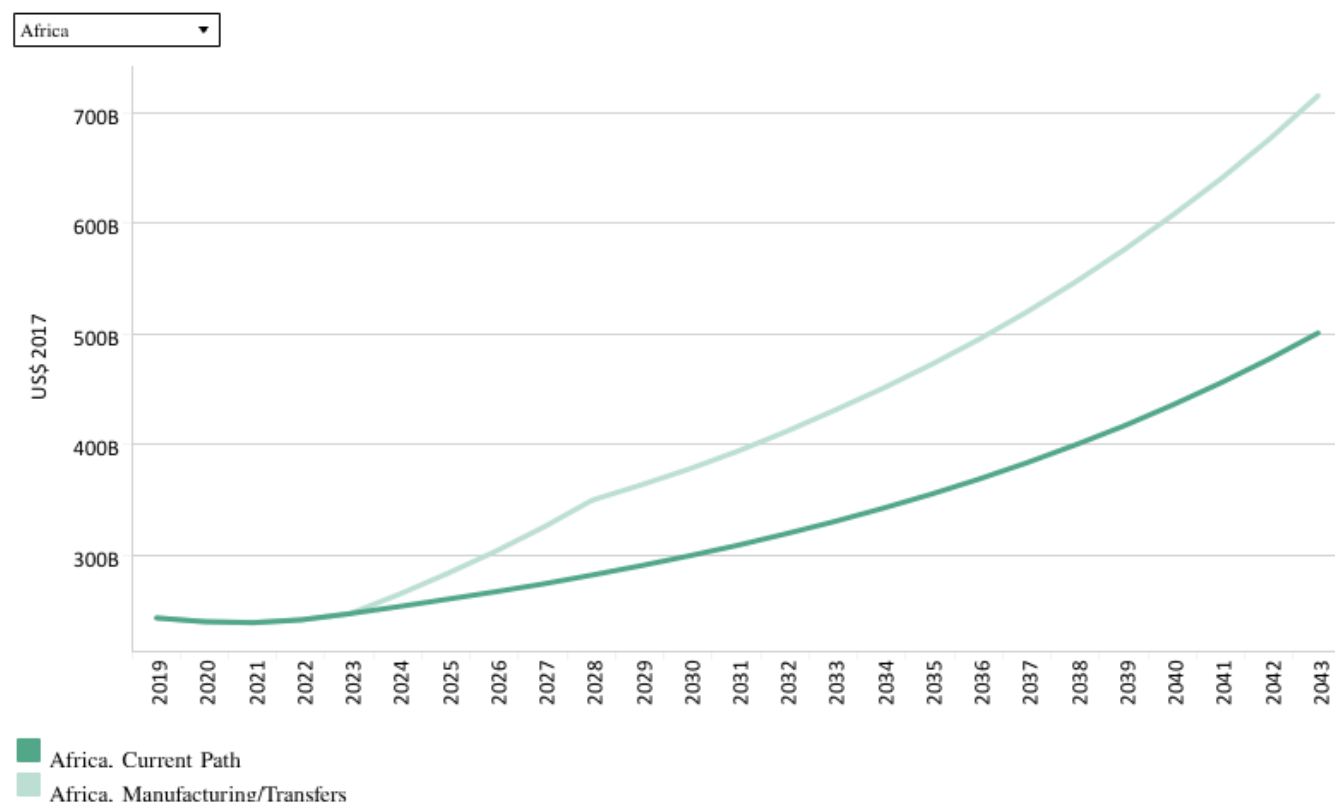
Chart 30 should be read with [Chart 8](#) that presents a stacked area graph on the contribution to GDP and size, in billion US\$, of the Current Path economy for each of the sectors.

In the Manufacturing/Transfers scenario, the manufacturing and service sectors will increase in their relative importance while the agriculture and energy sectors decline, although all sectors are larger given more rapid economic growth. The impact of the scenario is an increase in the size of Africa's economy by 9.5% above the 2043 Current Path forecast. In value terms, the agriculture sector will be 1% larger in 2043 than in the Current Path forecast. Energy will be 2.6% larger, materials 9.3% larger, manufacturing 11.5% larger, service 10.4% larger, and ICT 20% larger.

Generally, low-end services dominate the African economy, accounting for half of the GDP (50.4%) in 2019 and are set to

increase to 55.4% in 2043. In the Manufacturing/Transfers scenario, the service sector increases by US\$500.31 billion compared to the Current Path to 55.81% — an increase of 0.32 percentage points by 2043. Coming from a low base compared to other regions, the manufacturing sector will increase by US\$224.54 billion in size in 2043 compared to the Current Path forecast (an additional 0.4 percentage points of GDP), while the ICT sector will contribute an additional US\$58.42 billion (0.03 percentage points) in 2043. Even with the growth in the relative size of its manufacturing sector, manufacturing in Africa will still be more than 7 percentage points below the average for South Asia, although it will make a slightly larger contribution to GDP than the manufacturing sector in South America.

**Chart 31: Gov welfare transfers in CP and Manufac/Transfers scenario, 2019–2043**  
Billions US\$ 2017



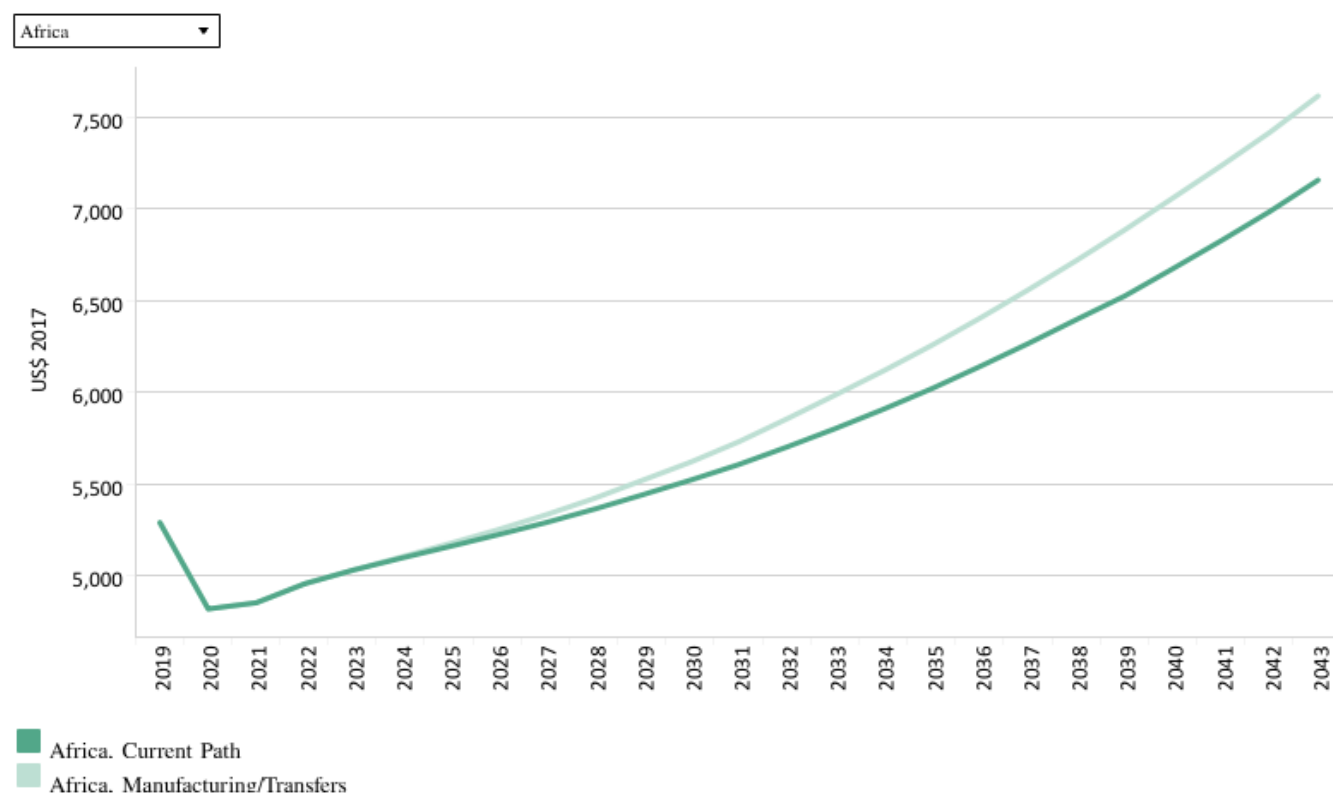
Source: IFs 7.63 initialising from World Development Indicators data

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The average government transfers to households in Africa will rise from US\$242.85 billion in 2019 to US\$500.85 billion in 2043 in the Current Path forecast. However, the Manufacturing/Transfers scenario will add a significant US\$215 billion to the Current Path forecast value representing US\$715.15 billion in 2043.

Chart 32: GDP per capita in CP and Manufac/Transfers scenario, 2019–2043  
Purchasing power parity



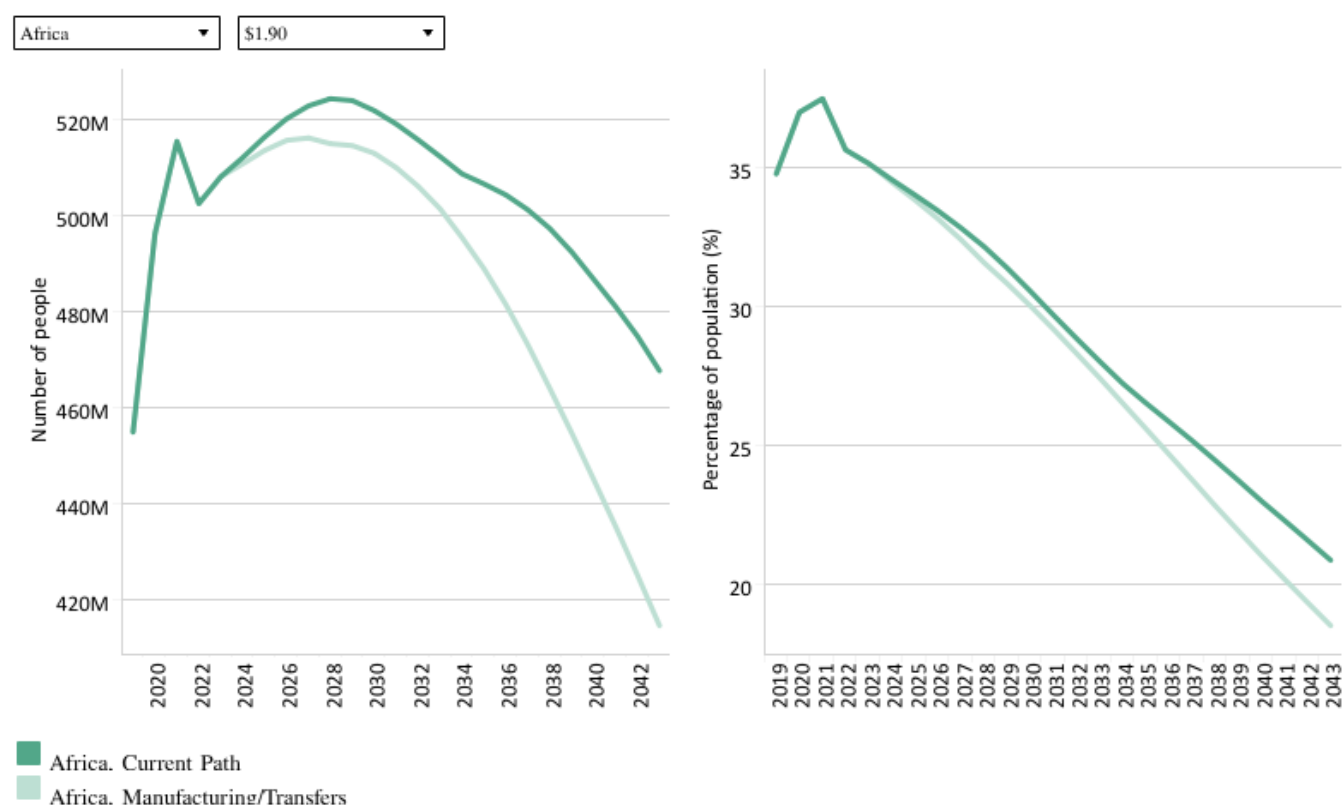
Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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In 2019, the GDP per capita in Africa was US\$5 289 — lower than the world average GDP per capita of US\$7 048. In the Current Path forecast, Africa will increase its GDP per capita to US\$7 157 in 2043. In the Manufacturing/Transfer scenarios, the GDP per capita increases to US\$7 616 in 2043, an increase of US\$459, or more than 6%.

Chart 33: Poverty in CP and Manufac/Transfers scenario, 2019–2043  
Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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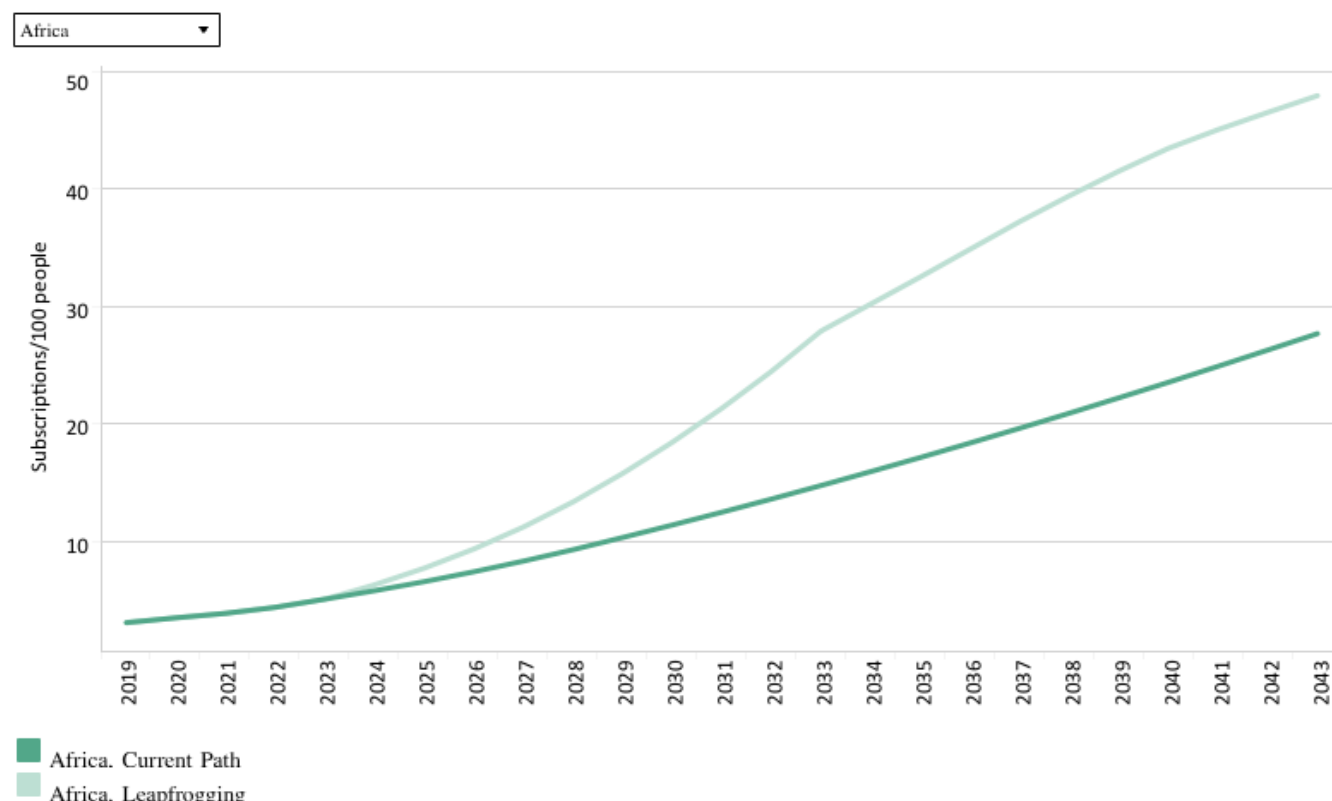
The Manufacturing/Transfers scenario will reduce the number of poor people to 414.5 million (18.53%) by 2043, down from 467.7 million in 2019. This scenario will result in a 2.35 percentage point alleviation of extreme poverty by 2043 compared to the Current Path forecast, which means lifting 53.2 million people out of extreme poverty.



## Leapfrogging scenario

Chart 34: Fixed broadband access in CP and Leapfrogging scenario, 2019–2043

Subscriptions per 100 people



Source: IFs 7.63 initialising from International Telecommunication Union data

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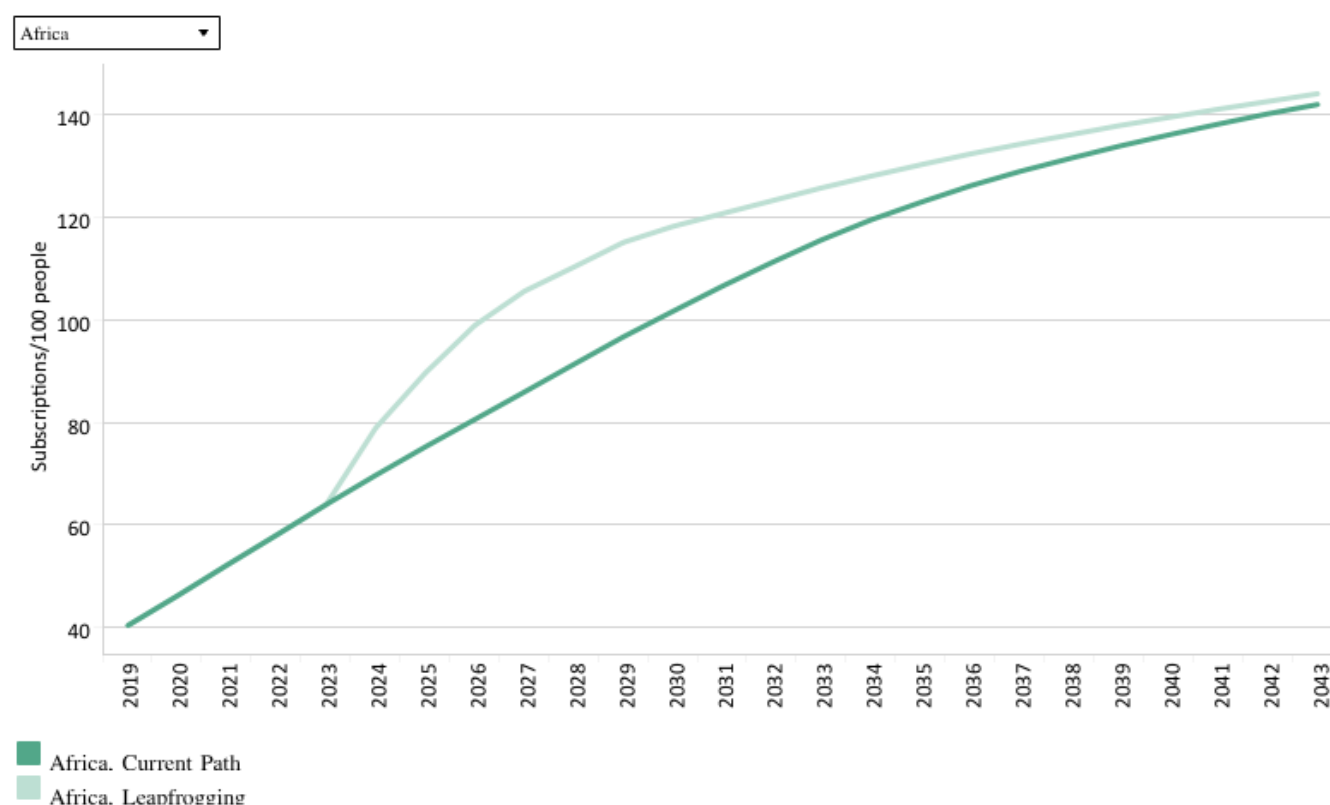
The Leapfrogging scenario represents a reasonable but ambitious adoption of and investment in renewable energy technologies, resulting in better access to electricity in urban and rural areas. The scenario includes accelerated access to mobile and fixed broadband and the adoption of modern technology that improves government efficiency and allows for the more rapid formalisation of the informal sector.

The intervention is explained [here](#) in the thematic part of the website.

Fixed broadband includes cable modem Internet connections, DSL Internet connections of at least 256 KB/s, fibre and other fixed broadband technology connections (such as satellite broadband Internet, ethernet local area networks, fixed-wireless access, wireless local area networks, WiMAX, etc.).

Africa has a very low fixed broadband subscription rate, at 3.15 subscriptions per 100 people in 2019, as the continent moves rapidly to mobile broadband as the preferred means of connecting to the Internet. In the Leapfrogging scenario, fixed broadband subscriptions increase to 47.92 per 100 people by 2043. This is 20.27 subscriptions more than in the Current Path forecast and higher than the average for the rest of the world (at 44.3 subscriptions per 100 people).

Chart 35: Mobile broadband access in CP and Leapfrogging scenario, 2019–2043  
Subscriptions per 100 people



Source: IFs 7.63 initialising from International Telecommunication Union data

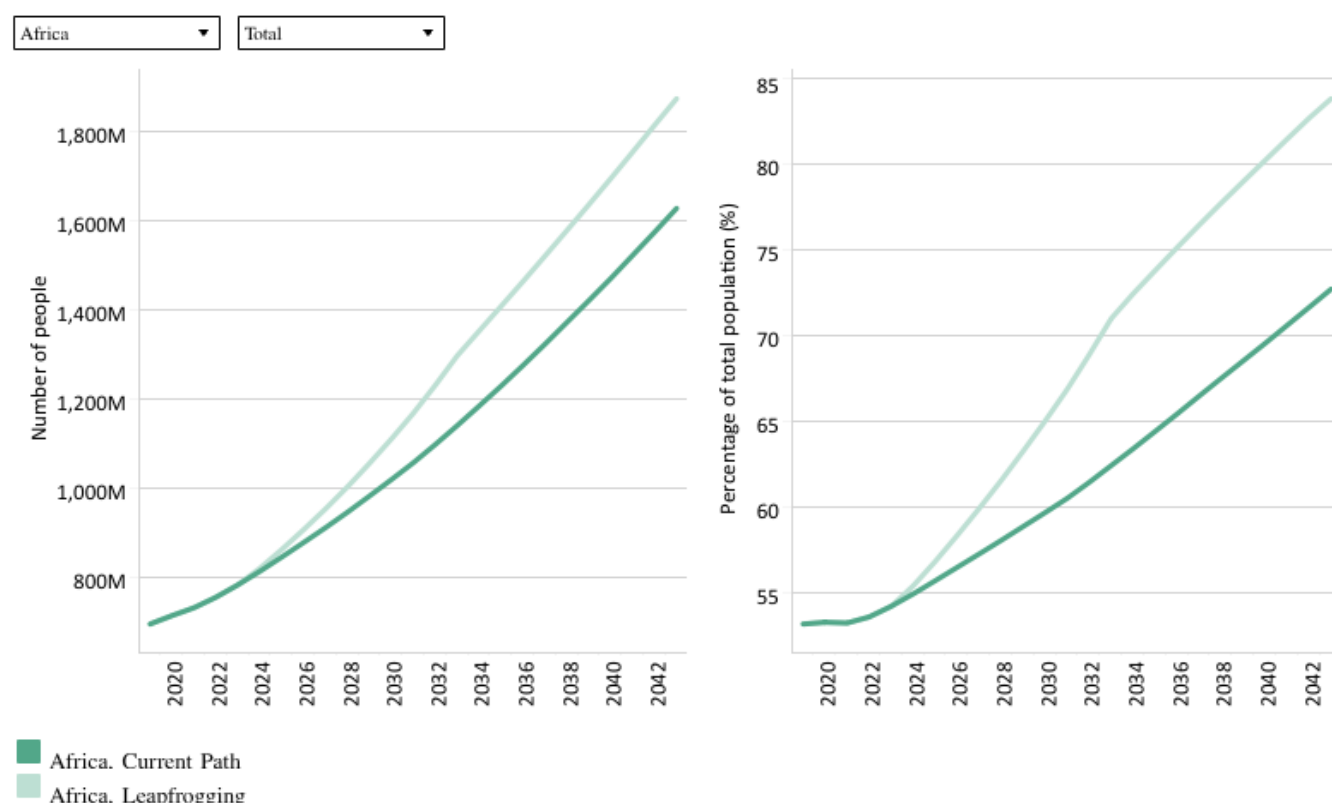
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Mobile broadband refers to wireless Internet access delivered through cellular towers to computers and other digital devices.

Africa had a mobile broadband subscription rate of 40.47 per 100 people in 2019. This was 45.7 subscriptions fewer than the average in the rest of the world which is, by 2026, approaching saturation rates at 130 subscriptions per 100 people. Since Africa comes from a lower base, subscriptions in the Leapfrogging scenario increase rapidly reaching 130 subscription per 100 people in 2035 instead of 2038 as in the Current Path forecast. Mobile broadband in Africa is projected to increase to 143.93 subscriptions per 100 people by 2043. This is only 2.13 subscriptions more than the Current Path forecast given levels of saturation.

**Chart 36: Electricity access in CP and Leapfrogging scenario, 2019–2043**  
Millions of people and % of population



Source: IFs 7.63 initialising from World Development Indicators data

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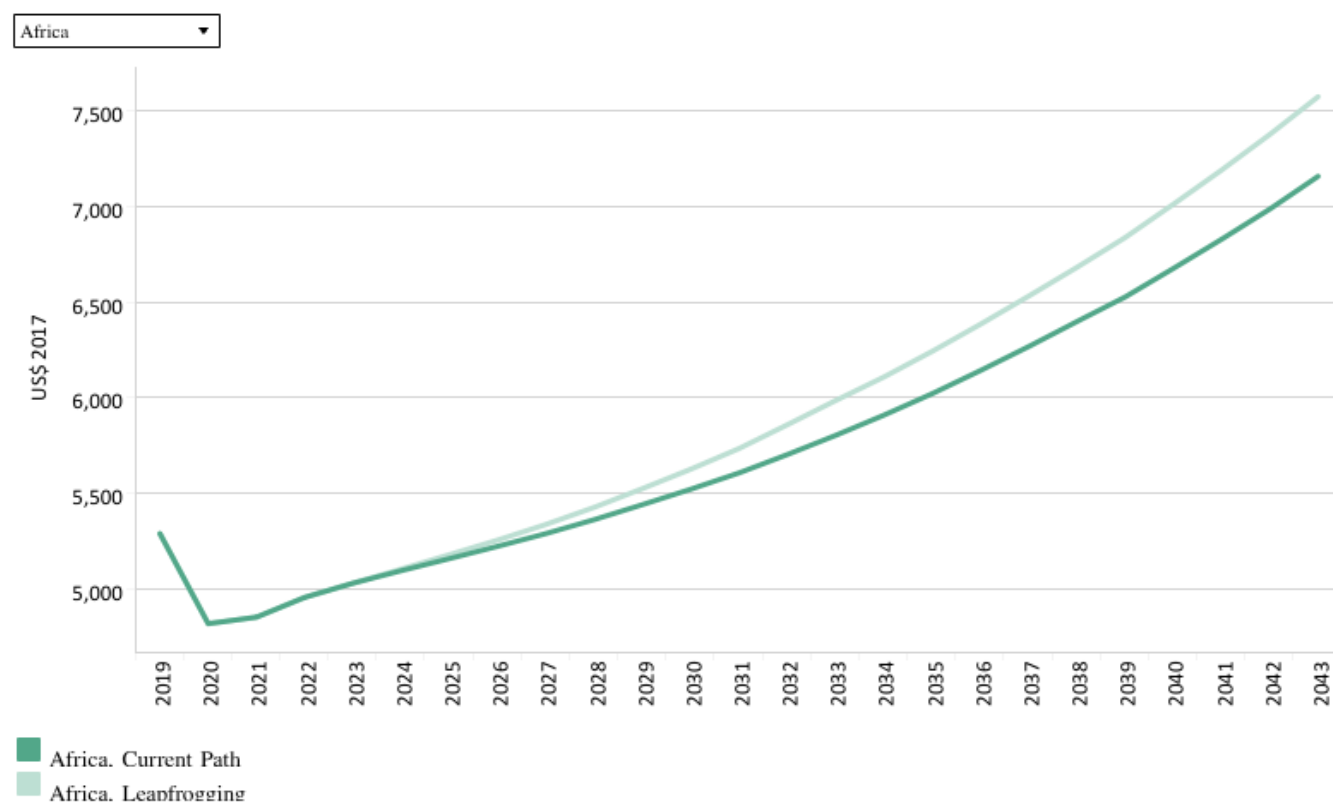
Just over half of Africans (53.18% or 696.13 million people) had access to electricity in 2019. These rates are significantly lower than in comparable regions such as South America (98.2%) and South Asia (88.6%). South Asia is on track to get to 96% access in 2036 at which point rates of access in Africa will only be at 65.4%. In the Current Path forecast, 72.69% (or 1 627.5 million people) of Africa will have access to electricity by 2043, still significantly below the rates in South America and South Asia. In the Leapfrogging scenario, electricity access is projected to reach 83.78% of the population by 2043, equivalent to 1 873.32 million people, through the widespread adoption of decentralised renewables such as wind and solar in mini- and off-grid solutions.

Niger, Burundi and Chad achieve the most progress in improved rates of electricity access in the Leapfrogging scenario.

Progress in rural areas will, however, lag. In the Current Path forecast, rural electricity access will increase from 39.3% in 2019 to 59.2% in 2043 and 75.8% in the Leapfrogging scenario. In urban Africa, access in the Leapfrogging scenario will be 91% in 2043 compared to 85.9% in the Current Path forecast.

Electricity access in the Leapfrogging scenario in 2043 for Africa (at 75.8%) will be lower than the average for the rest of the world which is above 96% as from 2026.

Chart 37: GDP per capita in CP and Leapfrogging scenario, 2019–2043  
Purchasing power parity



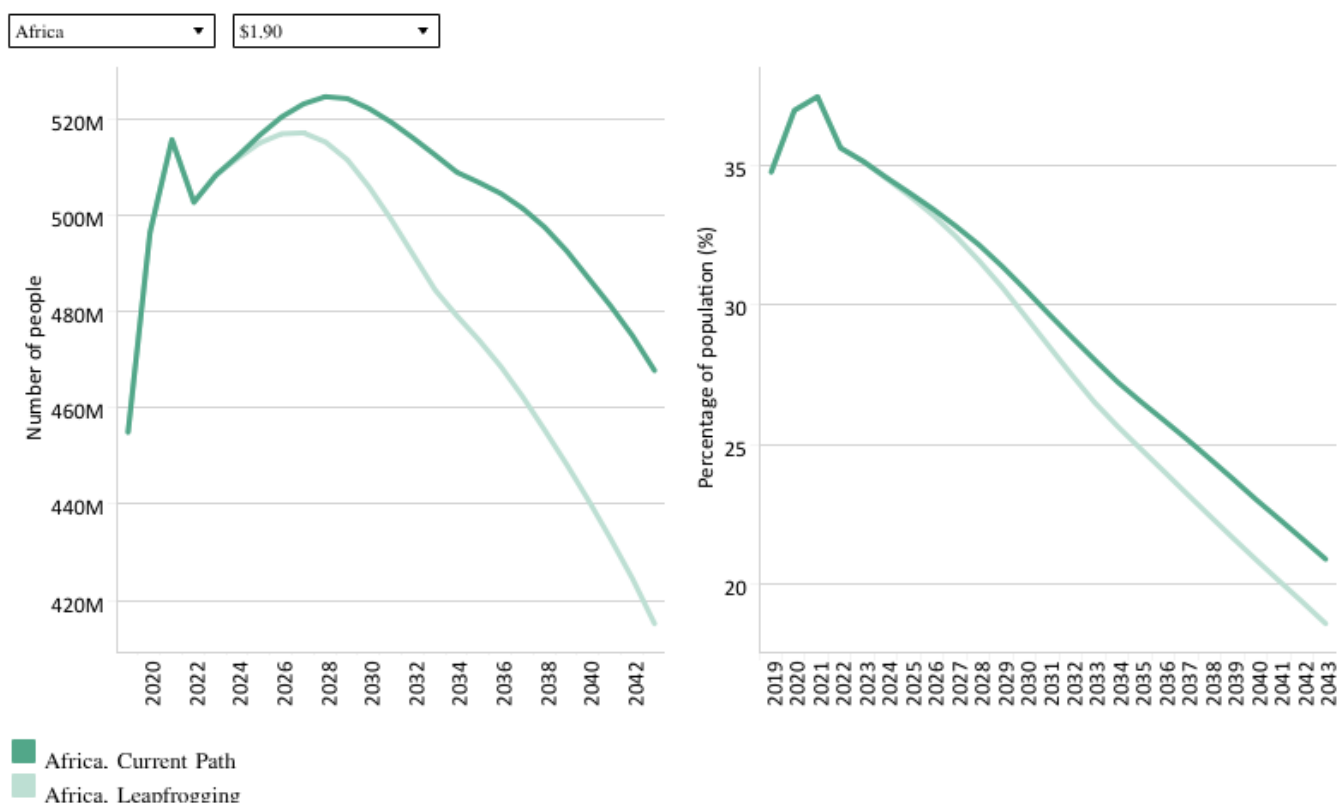
Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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In 2019, the GDP per capita in Africa was US\$5 289 — lower than the world average of US\$7 048. In the Current Path forecast, Africa will increase its GDP per capita to US\$7 157, US\$13 493 lower than the 2043 world average. In the Leapfrogging scenario, the GDP per capita increases to US\$7 573 in 2043, US\$416 above the Current Path forecast value due to greater access to electricity and Internet, the adoption of modern technologies and rapid formalisation of the informal sector.

Chart 38: Poverty in CP and Leapfrogging scenario, 2019–2043  
Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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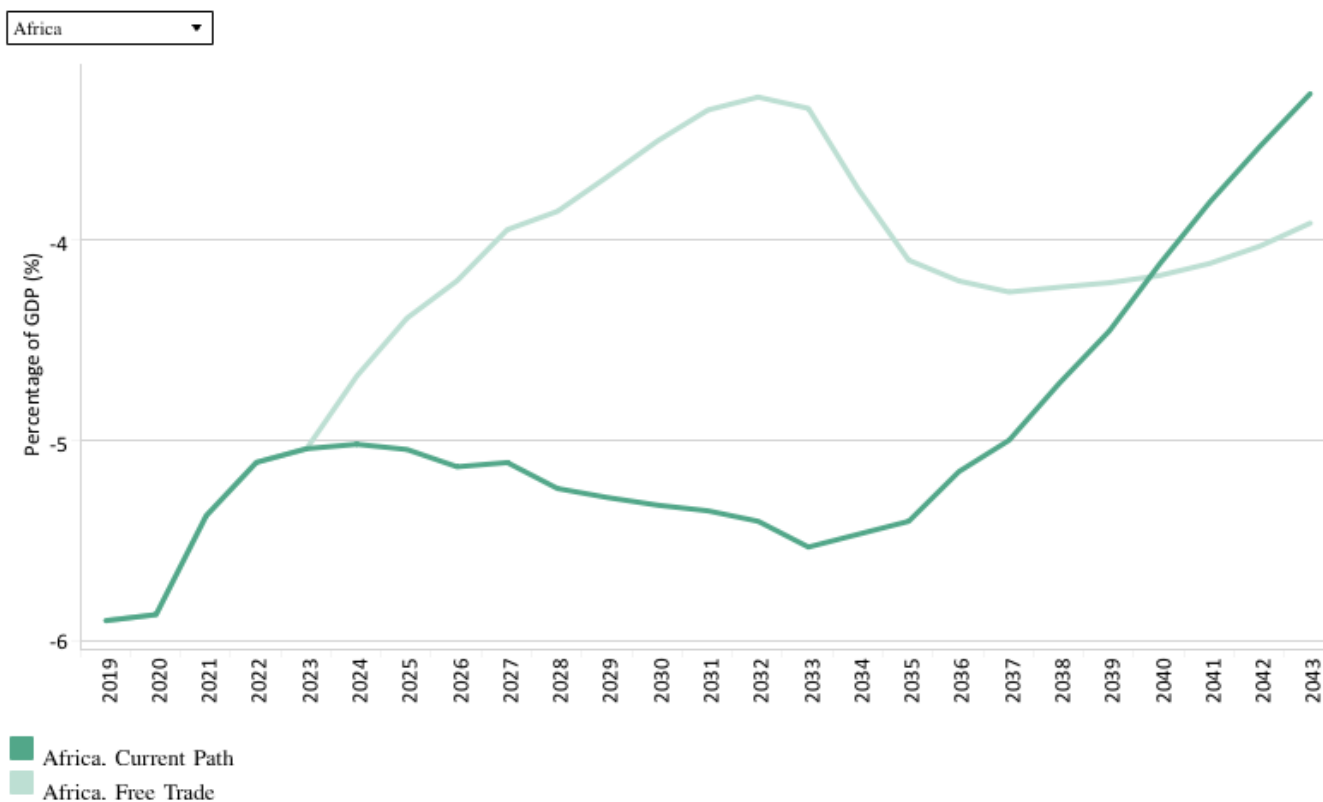
While the poverty rate in Africa reduces from 34.77% to 20.90%, the number of poor people is set to increase from 454.9 million in 2019 to 468.2 million in 2043. In the Leapfrogging scenario, the poverty rate declines by 2.4 percentage points more than the Current Path forecast amounting to 53 million fewer people in poverty in 2043. The poverty gains from the Leapfrogging scenario are due to increased access to electricity and Internet and the adoption of modern technologies in government.

The three countries that experience the largest decline in extreme poverty in the Leapfrogging scenario are Uganda, Zambia and Zimbabwe.



## Free Trade scenario

Chart 39: Trade balance in CP and Free Trade scenario, 2019–2043  
% of GDP



Source: IFs 7.63 initialising from World Development Indicators data

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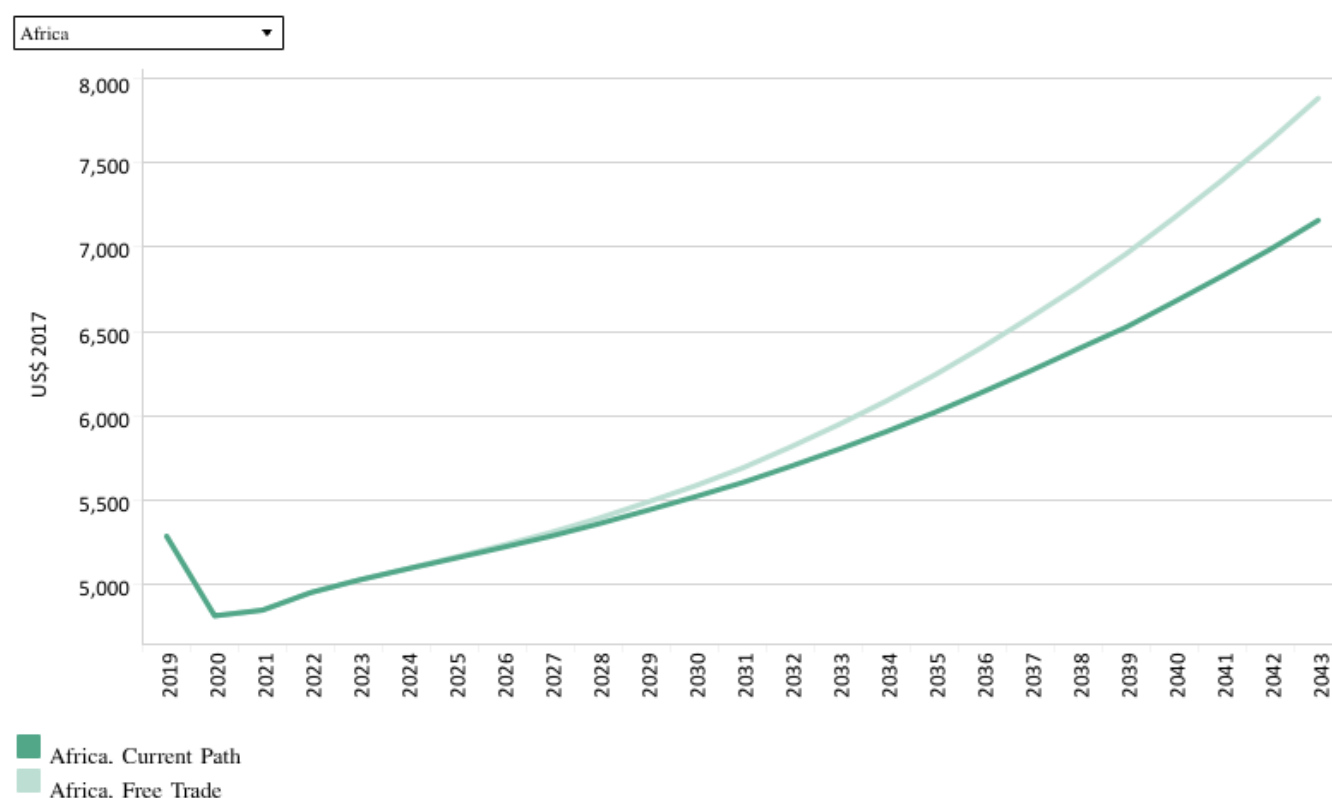
The Free Trade scenario represents the impact of the full implementation of the African Continental Free Trade Area (AfCFTA) by 2034 through increases in exports, improved productivity and increased trade and economic freedom.

The intervention is explained [here](#) in the thematic part of the website.

The trade balance is the difference between the value of a country's exports and its imports. A country that imports more goods and services than it exports in terms of value has a trade deficit, while a country that exports more goods and services than it imports has a trade surplus.

In 2019, Africa's trade balance was already negative to the tune of -5.9% of GDP, and in the Current Path forecast it is expected to improve to -3.28% of GDP in 2043. Until 2040 Africa's trade balance improves significantly in the Free Trade scenario compared to the Current Path forecast, although it deteriorates thereafter. In the Free Trade scenario, Africa's trade balance improves to -3.26% in 2032 before it declines to -3.92% in 2043. Additionally, in this scenario, Africa will import US\$270.1 billion more goods in 2043 and export US\$265.3 billion more. Although the implementation of the AfCFTA is an important step in the structural transformation of African economies towards higher-value production, the results reflect the importance of additional efforts to incentivise Africa's manufacturing sector, reflected in the Manufacturing/Transfers scenario [Jump to Manufacturing/Transfers scenario](#), as well as the need to capitalise on its agriculture potential, reflected in the Agriculture scenario [Jump to Agriculture scenario](#).

Chart 40: GDP per capita in CP and Free Trade scenario, 2019–2043  
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

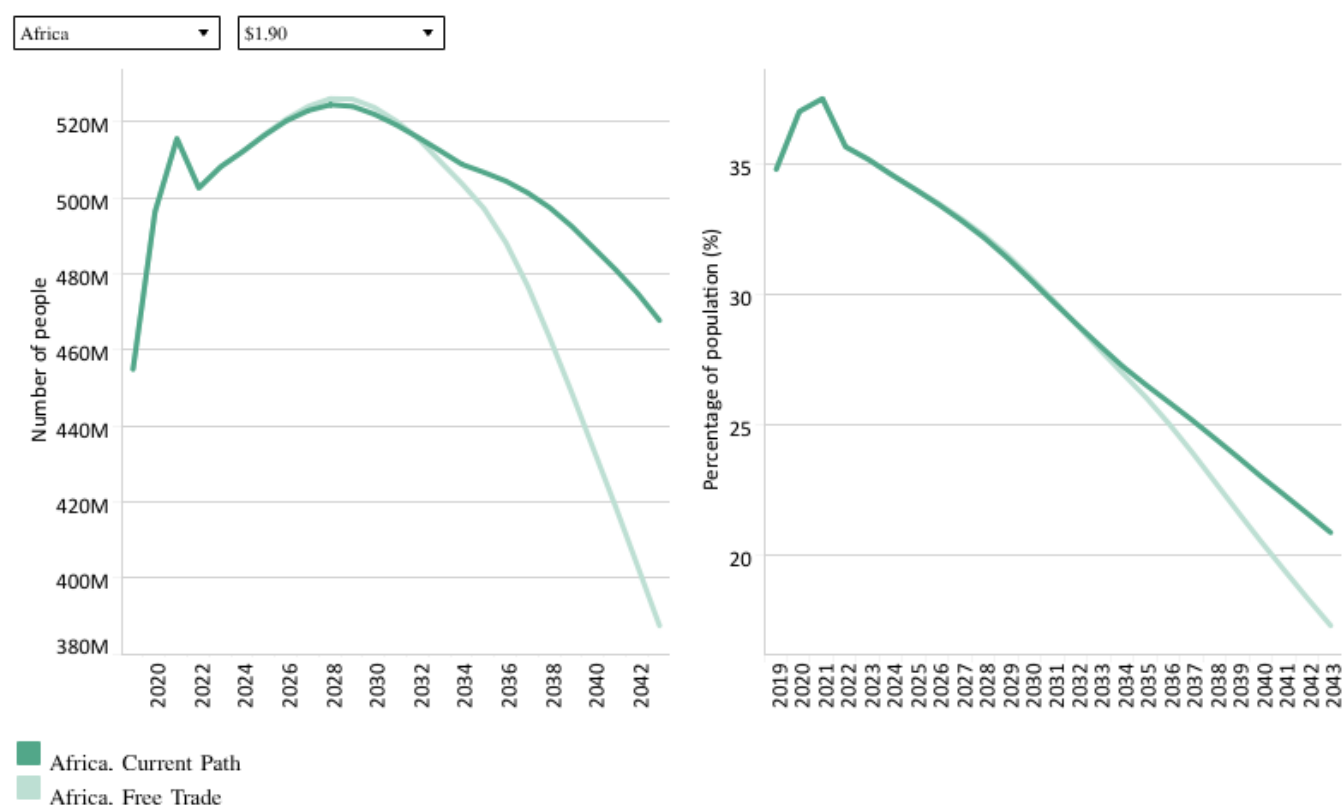
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In 2019, the GDP per capita in Africa was US\$5 089 (30% of the world average). In the Current Path forecast, Africa will increase its GDP per capita to US\$7 157 in 2043 which is less than one-third of the global average at US\$22 323. In the Free Trade scenario, the GDP per capita increases to US\$7 880 in 2043, US\$723 above the Current Path forecast, at a time when Africa's population has increased by a substantial margin. Africa will therefore start narrowing the gap with global averages. Instead of the 2043 Current Path ratio of 32.1% of the global average, Africa's GDP per capita will be 35.2% — an improvement of three percentage points.

# Chart 41: Poverty in CP and Free Trade scenario, 2019–2043

Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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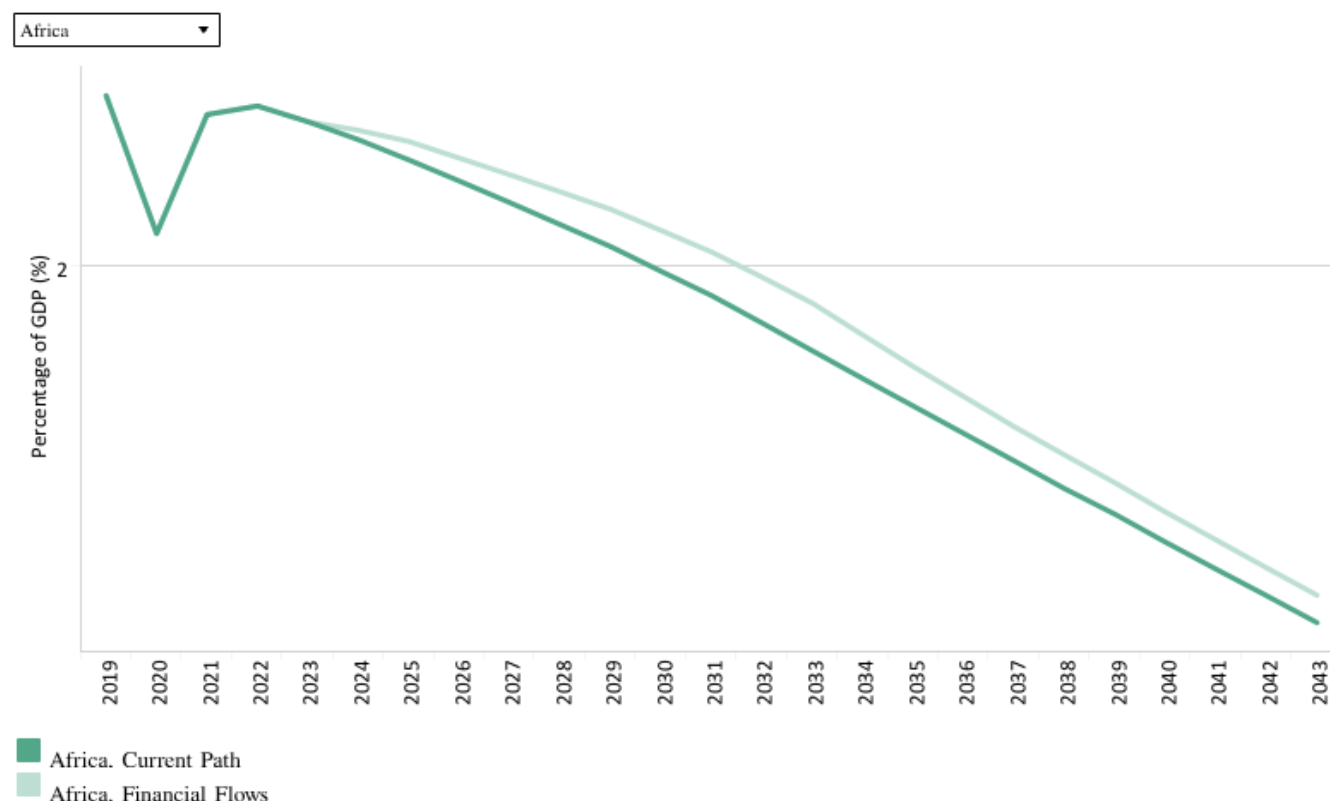
While the Current Path poverty rate in Africa reduces from 34.8% in 2019 to 20.9% in 2043, the number of poor people is set to increase from 454.9 million in 2019 to 467.7 million in 2043. In the Free Trade scenario, the poverty rate declines to 17.3%, with 80.3 million fewer people living in extreme poverty in 2043. By 2043, almost all the world's people living in extreme poverty will be in sub-Saharan Africa.

The Free Trade scenario makes a significant contribution to lower rates of extreme poverty in Africa but on its own is insufficient to effect a substantive decline.



## Financial Flows scenario

Chart 42: Foreign aid in CP and Financial Flows scenario, 2019–2043  
% of GDP



Source: IFs 7.63 initialising from Development Assistance Committee of the OECD data, and World Bank and OECD GNI estimates.

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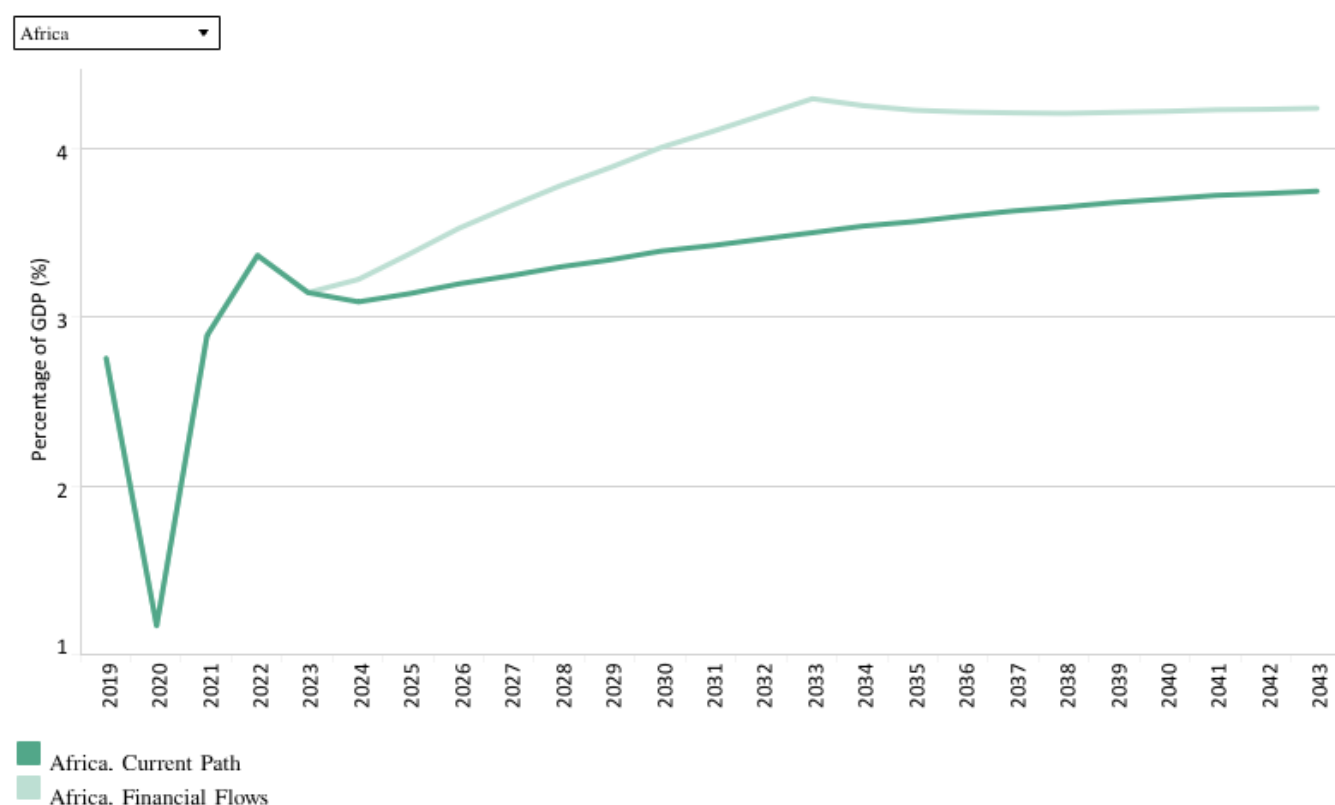
The Financial Flows scenario represents a reasonable but ambitious increase in worker remittances and aid flows to poor countries, and an increase in the stock of foreign direct investment (FDI) and additional portfolio investment inflows to middle-income countries. We also reduced outward financial flows to emulate a reduction in illicit financial outflows.

The intervention is explained [here](#) in the thematic part of the website.

As African economies grow, it is inevitable that aid as a per cent of GDP declines since the forecast of aid to Africa lags behind growth in the size of the African economy. In 2019, foreign aid constituted 2.38% of Africa's GDP; it will decline to 1.21% in the Current Path forecast by 2043 — although the absolute amount increases from US\$72.7 billion in 2019 to US\$105.2 billion in 2043.

In the Financial Flows scenario, foreign aid is set to mildly increase to 1.27%, 0.06 percentage points (or US\$7.3 billion) compared to the Current Path forecast in 2043. The additional aid flows overwhelmingly to low and lower middle-income countries. Whereas the increase in aid in the Financial Flows scenario for Africa as a whole is 8% more than the Current Path forecast by 2043, the average increase to Africa's 23 low-income countries is 14%. By comparison, Africa's seven upper middle-income countries actually experience an 11% decline in their aid allocations.

Chart 43: Inflow of FDI in CP and Financial Flows scenario, 2019–2043  
% of GDP



Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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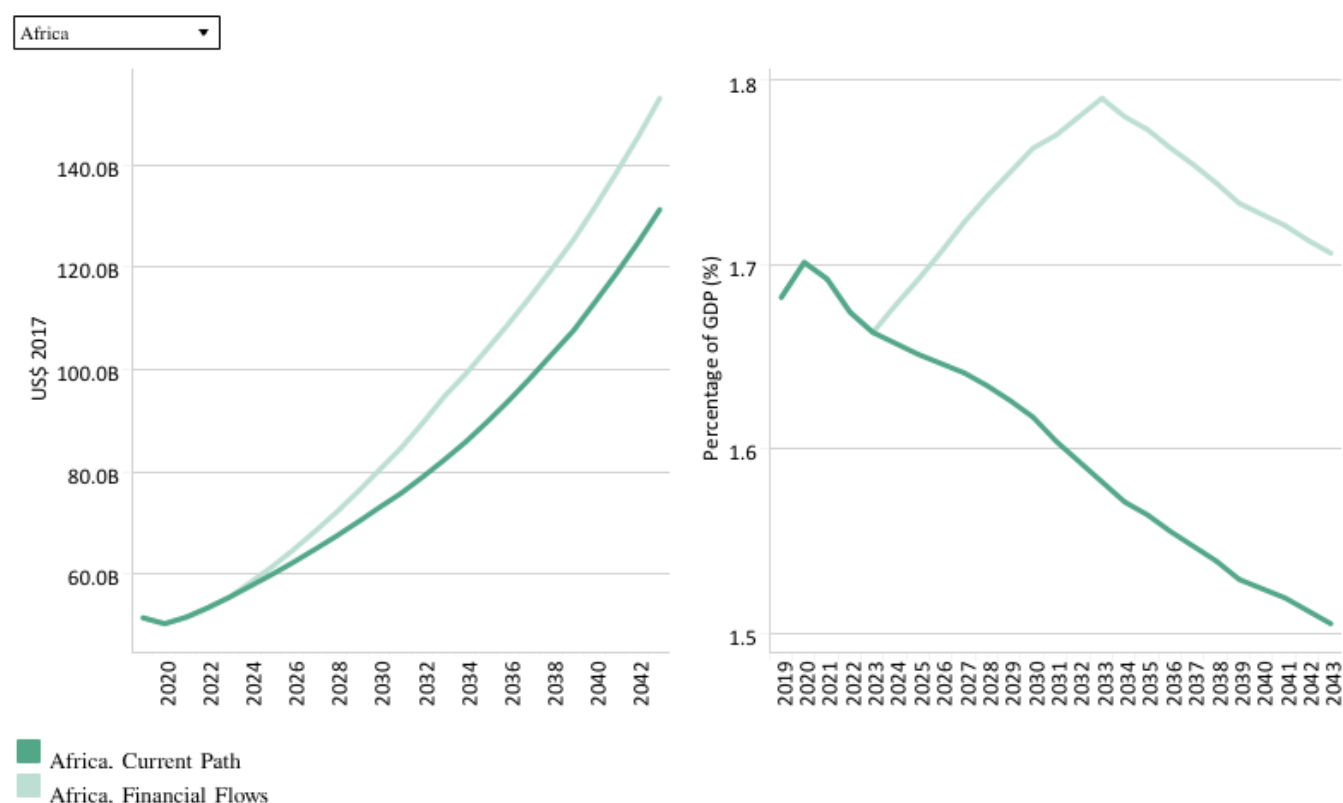
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Africa steadily attracts more FDI as a per cent of GDP, although the improvement is slow. In the Current Path forecast, FDI inflows increase by about a percentage point (0.9) in 2043 compared to 2019 and is, by 2043, then roughly on par with the inflows as a per cent of GDP in South America.

In the Financial Flows scenarios, FDI inflows in Africa will increase to 4.24% — 0.49 percentage points more than the Current Path forecast in 2043. The stock of FDI in Africa, at US\$1 215 billion in 2019, will increase to US\$4 114.8 billion, an improvement of US\$534.2 billion above the 2043 Current Path forecast.

Whereas aid flows largely go to low and lower middle-income countries, the larger portion of additional FDI goes to upper- and lower middle-income countries.

**Chart 44: Remittances in CP and Financial Flows scenario, 2019–2043**  
Billions US\$ 2017 and % of GDP



Source: IFs 7.63 initialising from World Development Indicators data

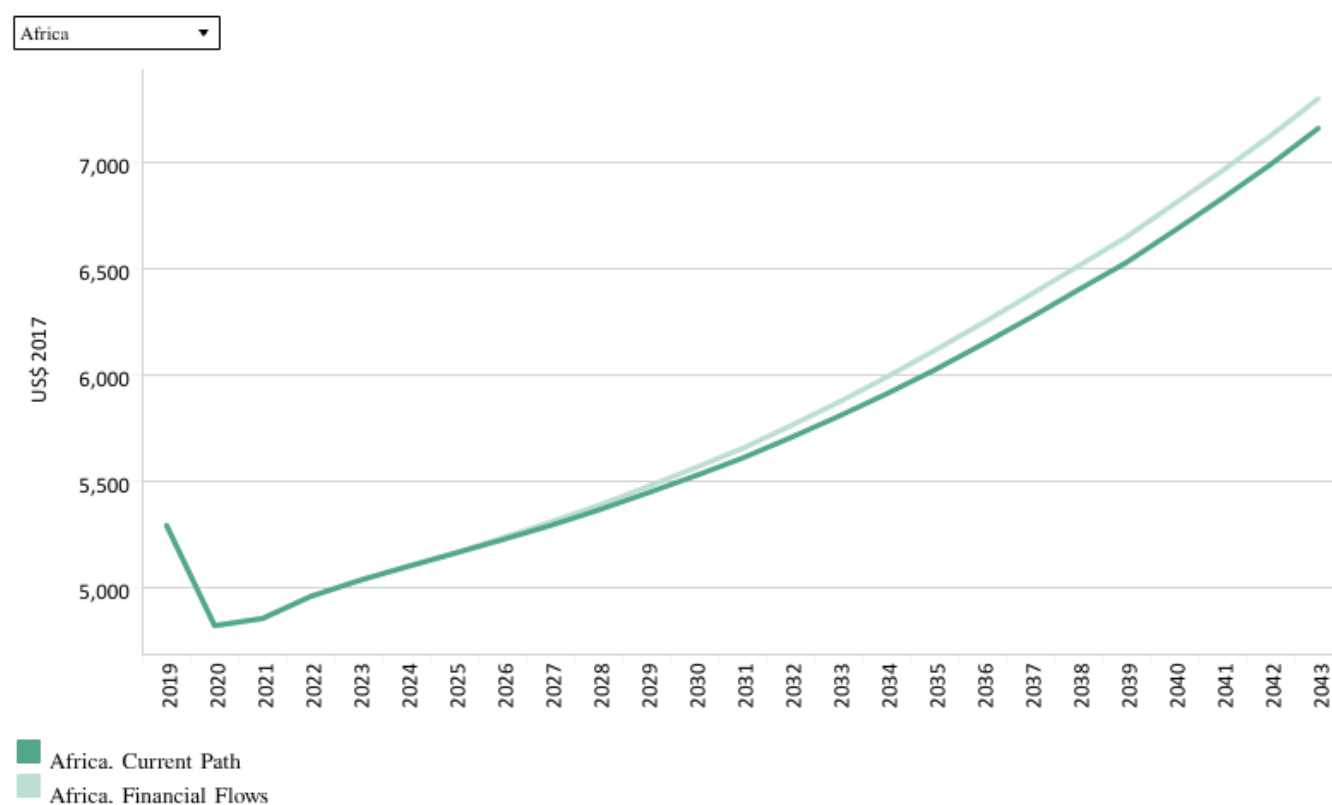
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The size of remittance inflows to Africa is set to increase to US\$131.35 billion in 2043 from just US\$51.37 billion in 2019 in the Current Path forecast. Africa consistently gets much more remittances in US\$ terms and as a per cent of GDP than South America, but less than South Asia.

In the Financial Flows scenario, remittance inflow is set to increase by US\$21.8 billion to US\$153.15 billion in 2043 in the Current Path forecast. This improvement in remittance receipt is represented by a 0.2 percentage point increase compared to the 2043 Current Path forecast value of 1.51%. Not all African countries are net receivers of remittances, however. In 2019, Nigeria, Egypt and Morocco received the largest amounts of remittances, while South Africa, Mauritius, Libya and Angola experienced net remittance outflows. Over time, the number of countries that record net remittance outflows increase from three in 2019 to 23 in 2043 in the Current Path forecast. In the Financial Flows scenario, 24 African countries will experience net remittance outflows in 2043.

Chart 45: GDP per capita in CP and Financial Flows scenario, 2019–2043  
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

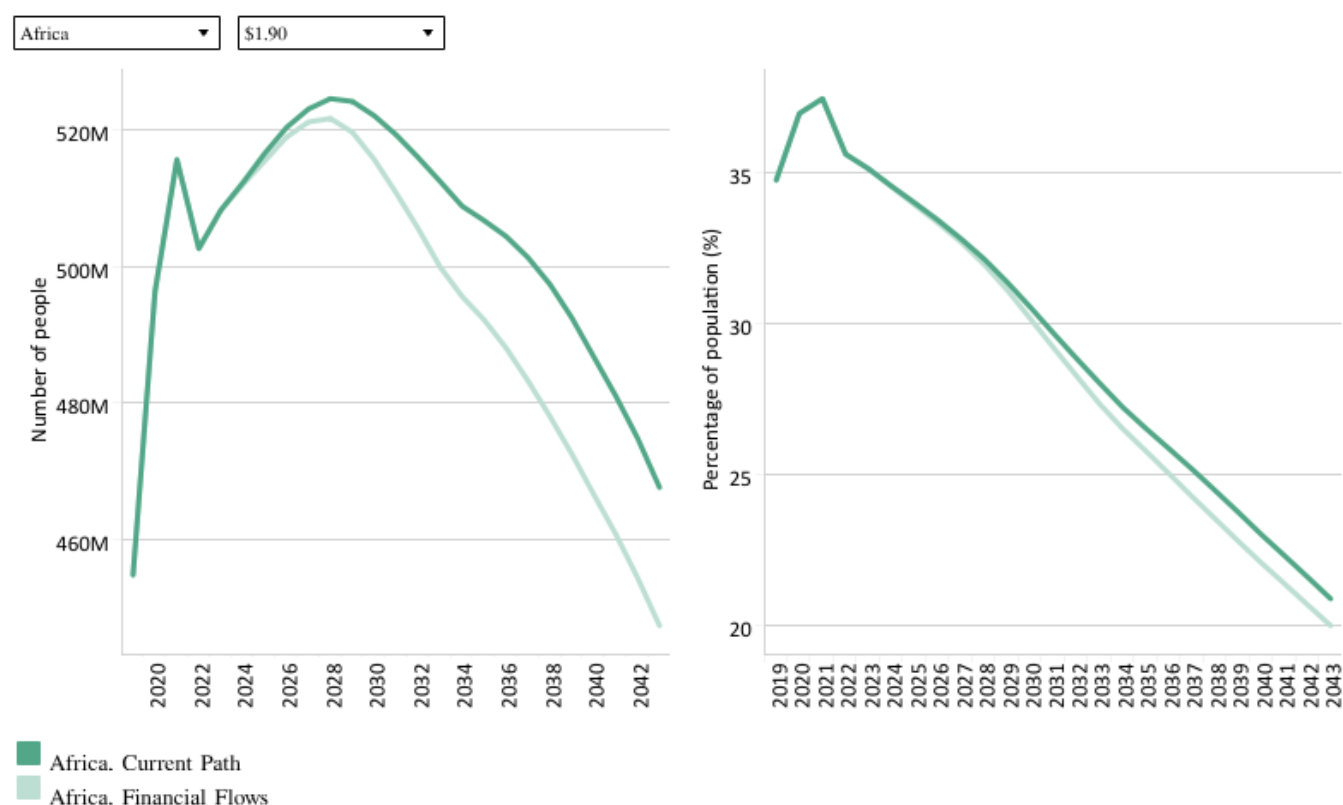
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In 2019, the GDP per capita was US\$5 289, which was lower than the world average. In the Current Path forecast, Africa will increase its GDP per capita to US\$7 157, US\$13 493 lower than the world average GDP per capita in 2043. In the Financial Flows scenario, however, the GDP per capita increases to US\$7 296 in 2043, due mainly to remittances and aid flows to Africa.

Chart 46: Poverty in CP and Financial Flows scenario, 2019–2043

Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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Trade openness will reduce poverty in the long term after initially increasing it due to the redistributive effects of trade. Most African countries export primary commodities and low-tech manufacturing products, and therefore a continental free trade agreement (AfCFTA) that reduces tariffs and non-tariff barriers across Africa will increase competition among countries in primary commodities and low-tech manufacturing exports. Countries with inefficient, high-cost manufacturing sectors might be displaced as the AfCFTA is implemented, thereby pushing up poverty rates. In the long term, as the economy adjusts and produces and exports its comparatively advantaged (lower relative cost) goods and services, poverty rates will decline.

In the Current Path forecast, the poverty rate reduces from 34.8 to 20.9%, but the number of poor people is set to increase from 454.9 million people to 468.2 million between 2019 and 2043. In the Financial Flows scenario, the poverty rate declines marginally (0.91 percentage points or 20.2 million fewer extremely poor people). On its own, more aid, remittances and FDI, and fewer illicit financial outflows are insufficient to reduce extreme poverty and increase incomes. Much more is required to unlock more rapid growth, grow incomes and achieve the structural transformation of African economies.

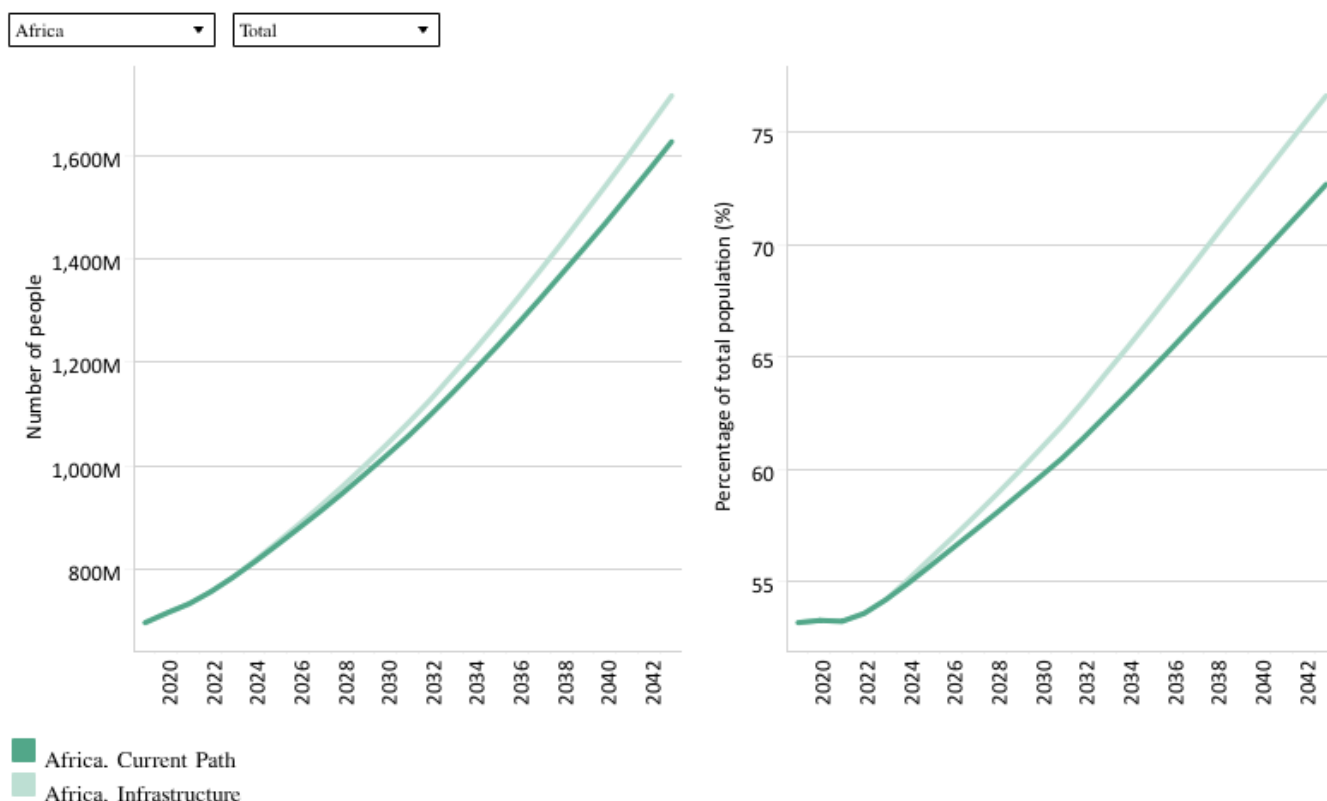
The three countries that achieve the largest percentage point reduction in extreme poverty in 2043 in the Financial Flows scenario are Madagascar, Sierra Leone and Liberia. In Mauritania and Botswana, poverty increases marginally in the Financial Flows scenario when compared to the Current Path forecast. In both countries, high levels of inequality, and no additional aid, means that FDI inflows do not benefit the poor, leading to an increase in inequality. This points to the need for additional measures such as social grants to offset these trends while the countries pursue pro-growth policies.



## Infrastructure scenario

Chart 47: Electricity access in CP and Infrastructure scenario, 2019–2043

Millions of people and % of population



Source: IFs 7.63 initialising from World Development Indicators data

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The Infrastructure scenario represents a reasonable but ambitious increase in infrastructure spending across Africa, focusing on basic infrastructure (roads, water, sanitation, electricity access and ICT) in low-income countries and increasing emphasis on advanced infrastructure (such as ports, airports, railway and electricity generation) in higher-income countries.

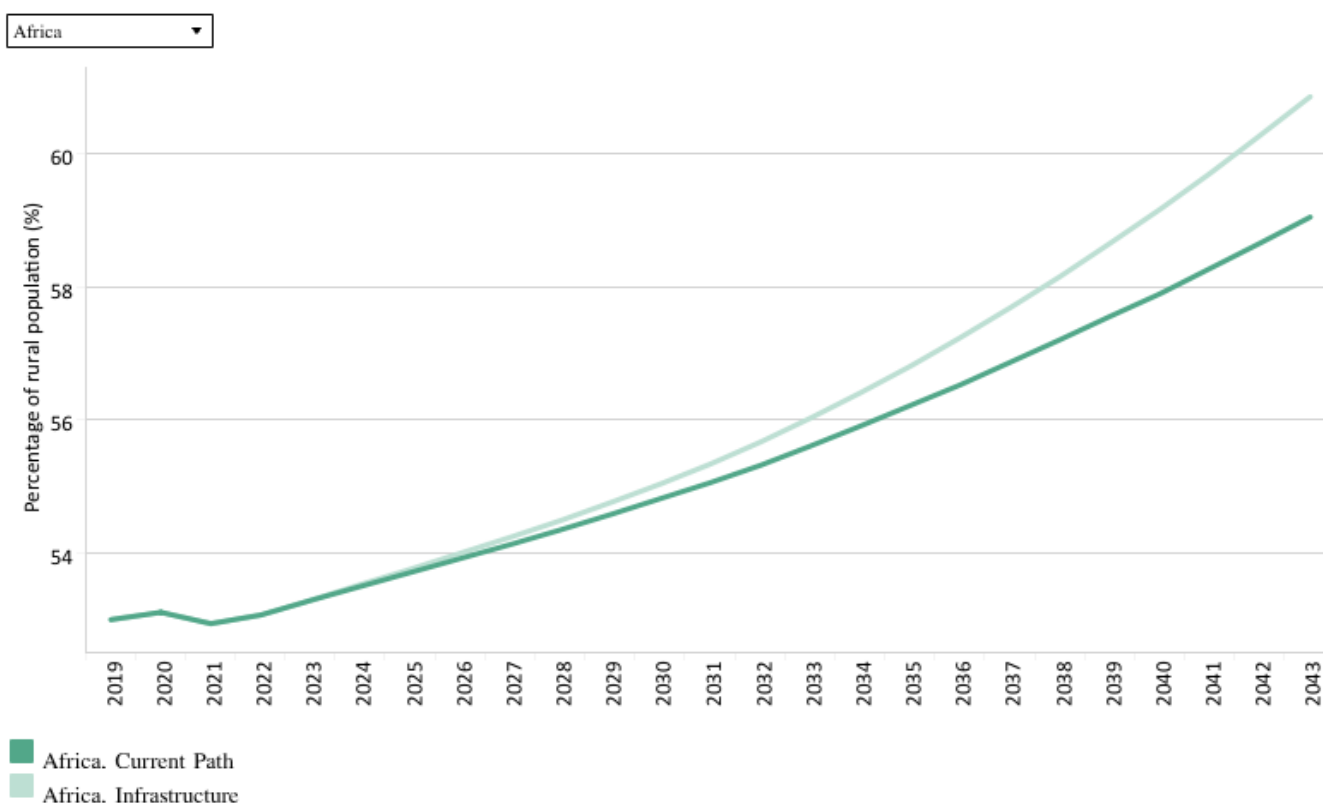
Note that health and sanitation infrastructure is included as part of the Health/WaSH scenario and that ICT infrastructure and more rapid uptake of renewables are part of the Leapfrogging scenario. The interventions there push directly on outcomes, whereas those modelled in this scenario increase infrastructure spending, indirectly boosting other forms of infrastructure, including that supporting health, sanitation and ICT.

The intervention is explained [here](#) in the thematic part of the website.

In Africa, nearly a billion more people will have access to electricity in 2043 in the Current Path forecast, compared to the situation in 2019, as access increases from 53.2% (2019) of Africa's population to 72.7% (2043). In the Infrastructure scenario, access improves to 76.6% in 2043. The improvements will arise as more basic and advanced infrastructure is installed across the continent.

Chart 48: Rural road access in CP and Infrastructure scenario, 2019–2043

% of rural population within 2 km of an all-weather road



Source: IFs 7.63 initialising from World Bank Rural Access Index data

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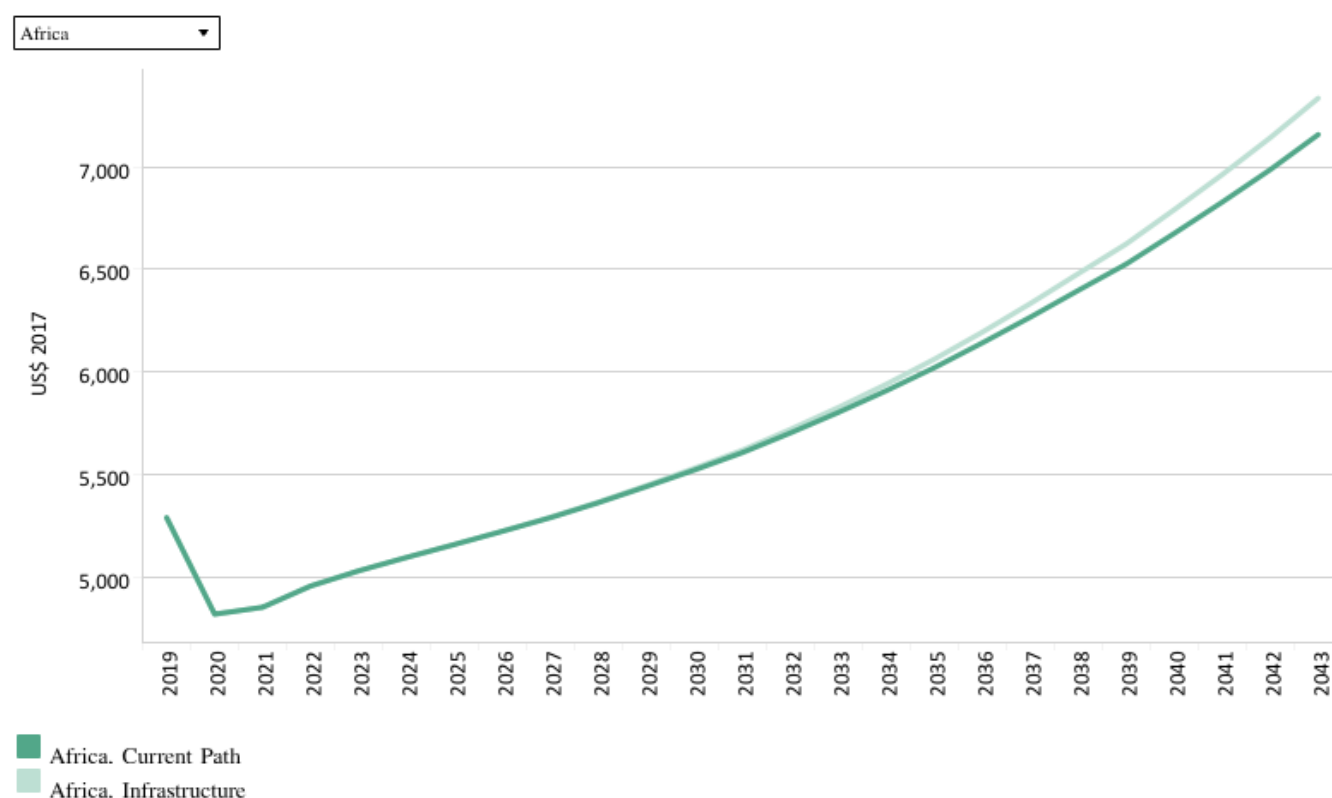
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Indicator 9.1.1 in the Sustainable Development Goals refers to the proportion of the rural population who live within 2 km of an all-season road and is captured in the Rural Access Index.

The proportion of the population in Africa within 2 km access of an all-weather road is set to increase from 53% in 2019 to 59.1% 2043 in the Current Path forecast and to 60.9% in the Infrastructure scenario. This is equivalent to an additional 19.5 million rural Africans having access to an all-weather road, even as the continent adds almost half a million kilometres of additional roads to its current stock in 2043 compared to the Current Path forecast.

Notably, South Africa had a significantly larger road network than any other African country in 2019.

Chart 49: GDP per capita in CP and Infrastructure scenario, 2019–2043  
Purchasing power parity



Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

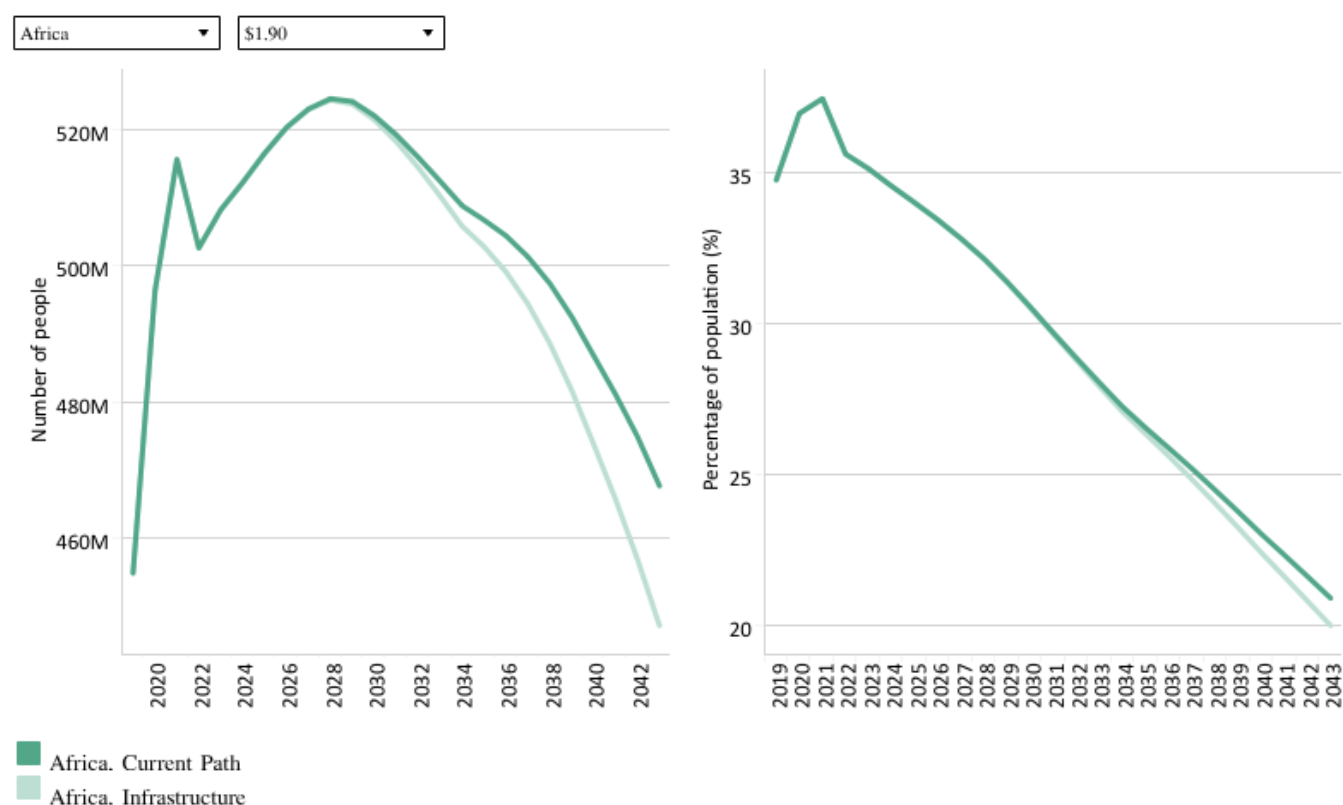
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In 2019, the GDP per capita in Africa was US\$5 289 — lower than the world average GDP per capita of US\$7 048. In the Current Path forecast, Africa will increase its GDP per capita to US\$7 157, US\$13 493 lower than the world average GDP per capita in 2043. In the Infrastructure scenario, the GDP per capita increases to US\$7 335 in 2043, adding less than US\$200 more to the Current Path forecast value. The additional increase in the Infrastructure scenario will accrue to greater spending on basic infrastructure in low-income countries and advanced infrastructure in higher-income countries.

# Chart 50: Poverty in CP and Infrastructure scenario, 2019–2043

Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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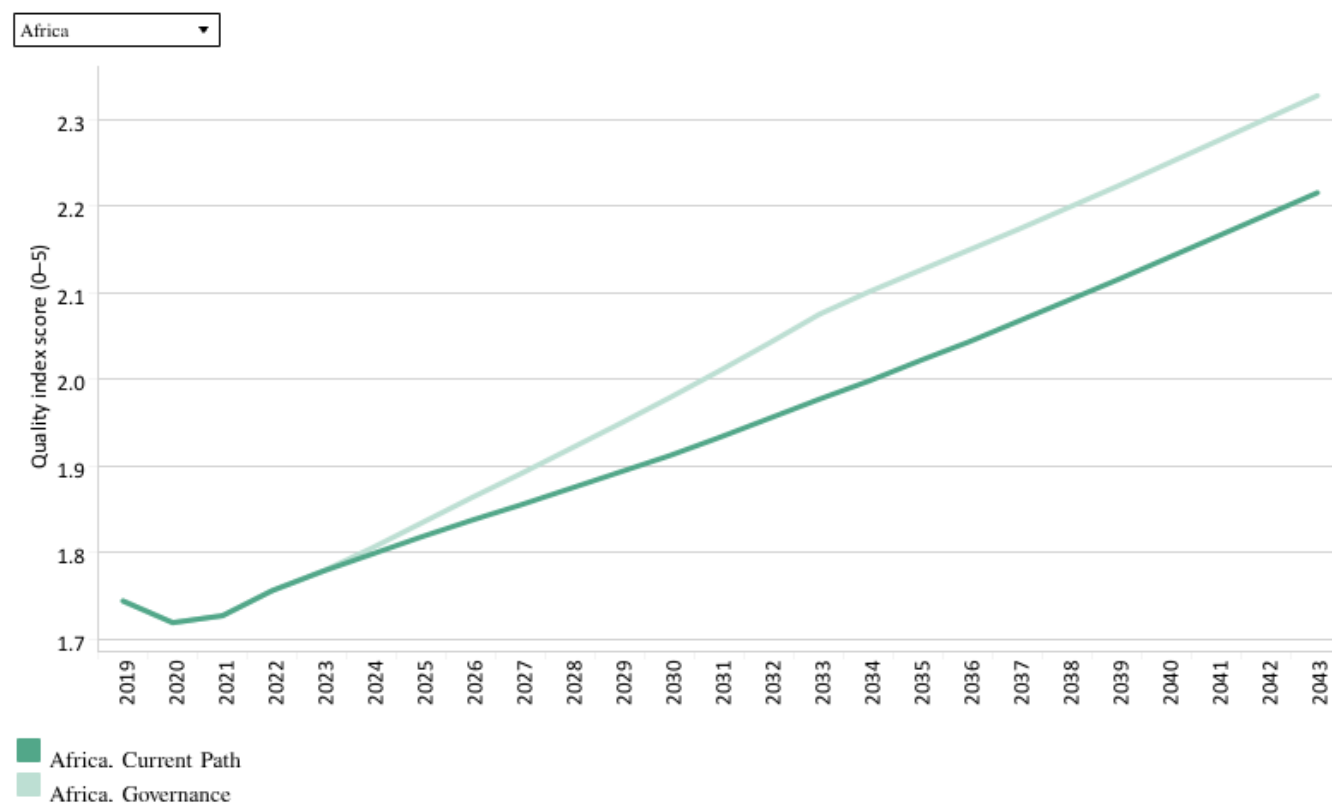
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The poverty rate (at the US\$1.90 poverty line) in Africa is set to reduce from 34.77% to 20.90%, and the number of poor people from 454.9 million people to 468.2 million between 2019 and 2043 respectively. In the Infrastructure scenario, the poverty rate will decline marginally (0.93%) more than in the Current Path forecast, amounting to 20.9 million fewer people in poverty compared to the Current Path forecast in 2043. Despite the significant gains in the Free Trade scenario due to more trade and higher productivity, poverty rates will remain higher in Africa compared to the Current Path forecast of poverty in the world in 2043.



## Governance scenario

Chart 51: Gov effectiveness in CP and Governance scenario, 2019–2043  
World Bank quality index score for government effectiveness



Source: IFs 7.63 initialising from Kaufmann, Kraay and Mastruzzi (2010) data

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The Governance scenario represents a reasonable but ambitious improvement in accountability and reduces corruption, and hence improves the quality of service delivery by government.

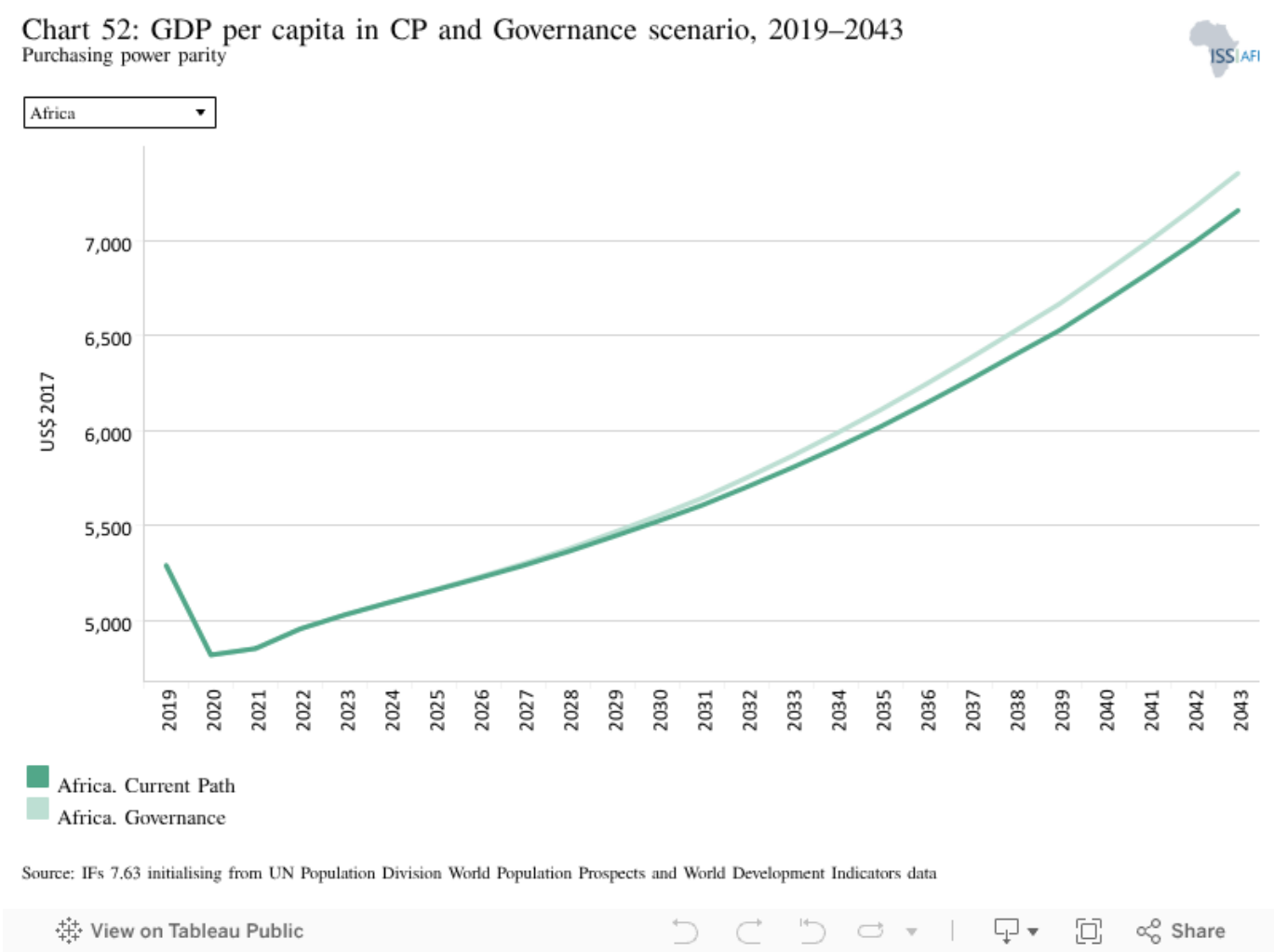
The intervention is explained [here](#) in the thematic part of the website.

As defined by the World Bank, government effectiveness ‘captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies’.

Chart 51 presents the impact of the interventions in the Governance scenario on government effectiveness.

In 2019, the World Bank gave Africa an average score of 1.7 out of a possible 5 for government effectiveness compared to 2.3 for South America and 2.2 for South Asia. The average in the rest of the world was 2.8. Generally, government effectiveness in Africa is poor, although scores range from 3.6 for Mauritius to 0.19 for South Sudan. Government effectiveness in Africa is forecast to improve to 2.22 in 2043 as a result of more democratic accountability, representing a 5% improvement in the Current Path forecast. Coming from a very low base, in 2043 South Sudan will experience an 88% improvement in government effectiveness, followed by 17% in Sudan and Eritrea. The countries that will gain the least improvements in government effectiveness by 2043 are those that already do well, namely Seychelles, Cape Verde and

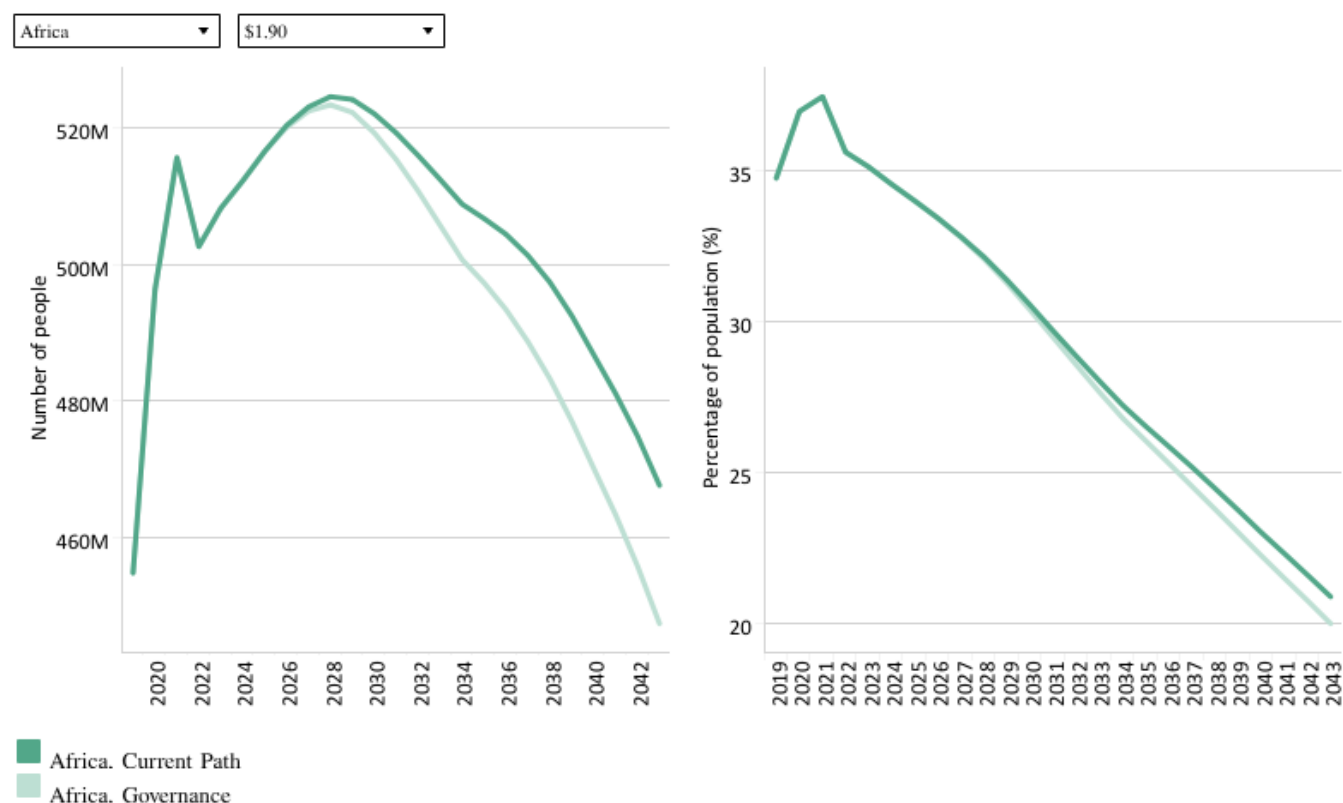
Mauritius. Whereas in 2043 the average government effectiveness score in Africa was 63% of the average for the rest of the world, by 2043 it will increase to 74% in the Governance scenario.



In 2019, the GDP per capita in Africa was US\$5 289 — below the world average GDP per capita of US\$7 048. More democratic accountability improves the GDP per capita by 2.7% above the Current Path forecast to US\$7 353 in 2043.

# Chart 53: Poverty in CP and Governance scenario, 2019–2043

Millions of people and % of total population



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

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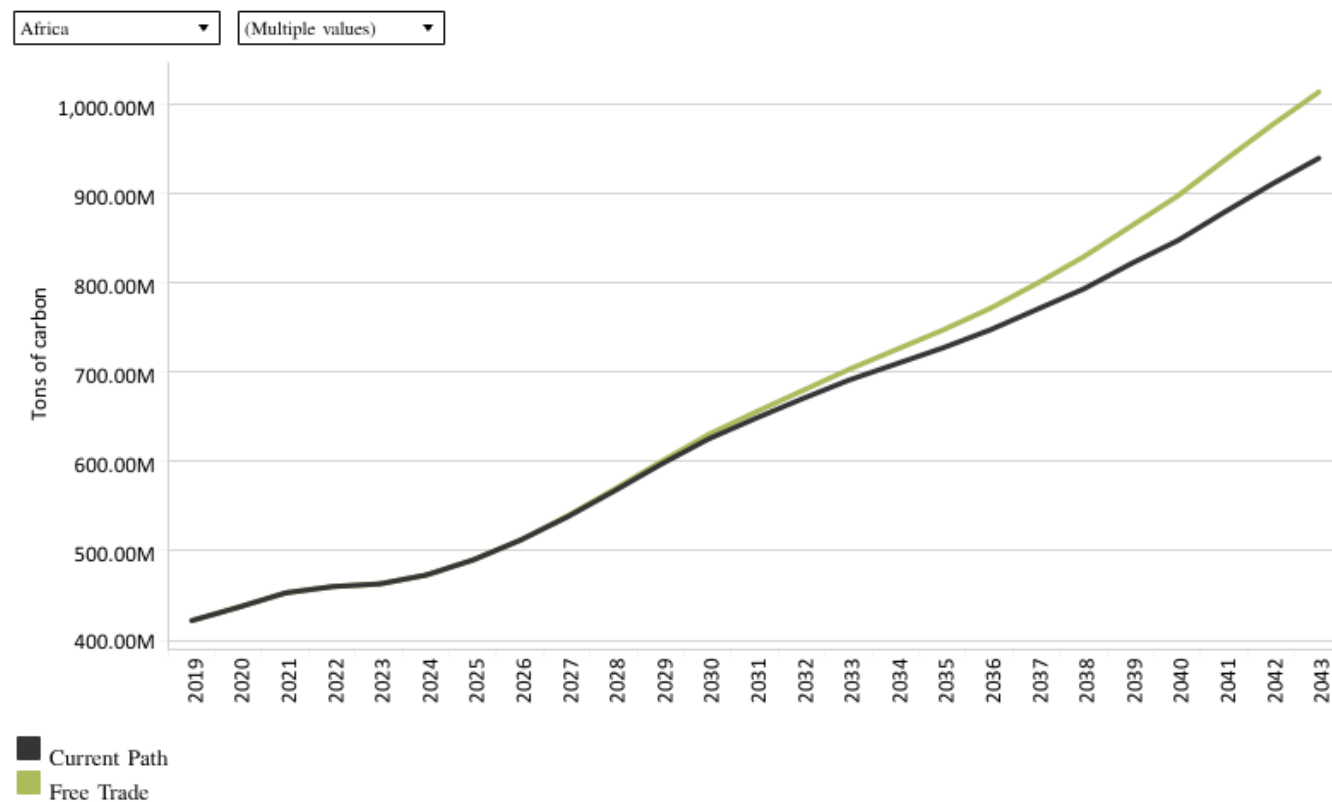
While Africa's poverty rate reduces from 34.8% in 2019 to 20.9% in 2043 in the Current Path forecast, the number of poor people is set to increase from 454.9 million people to 468.2 million between 2019 and 2043 respectively. On its own, the Governance scenario reduces extreme poverty marginally (0.91 percentage points) below the Current Path forecast to 20% in 2043. This amounts to 20.2 million fewer people in extreme poverty compared to the Current Path forecast in 2043.



## Impact of scenarios on carbon emissions

Chart 54: Carbon emissions in CP and scenarios, 2019–2043

Million tons of carbon (note, not CO<sub>2</sub> equivalent)



Source: IFs 7.63 initialising from Carbon Dioxide Information Analysis Center data

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This section presents projections for carbon emissions in the Current Path for Africa and the 11 scenarios. Note that IFs uses carbon equivalents rather than CO<sub>2</sub> equivalents.

In 2043, the Free Trade scenario will release the most carbon (1 013 million tons), followed by the Manufacturing/Transfers scenario (985 million tons). Because of the slower increase in population size, the Demographic scenario releases the least carbon (924 million tons in 2043). The Current Path forecast is that Africa will release 939 million tons of carbon in 2043.

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Mustapha Jobarteh joined the ISS in January 2022 as a Senior Researcher in the African Futures and Innovation programme in Pretoria. Before joining ISS, Mustapha was a senior lecturer and Head of the Department of Economics and Finance at the University of the Gambia and a research fellow with the Center for Policy, Research and Strategic Studies. His interests include macroeconomics, international trade and econometric modelling. Mustapha has a PhD in economics from Istanbul Medeniyet University, Istanbul, Turkey.

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