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AMU

Combined Agenda 2063 scenario

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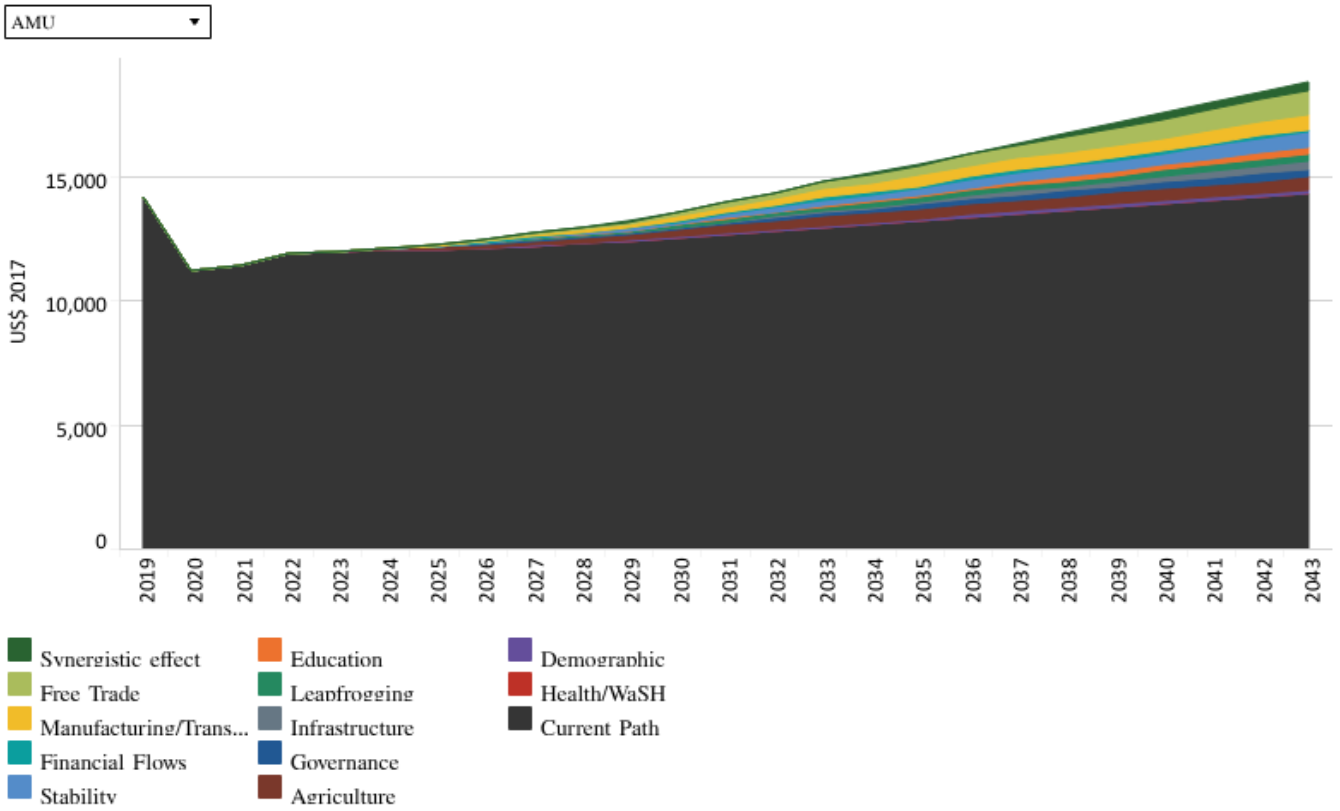
Combined Agenda 2063 scenario

Chart 55: GDP per capita in CP and scenarios, 2019–2043
Additional GDP per capita per scenario, purchasing power parity



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

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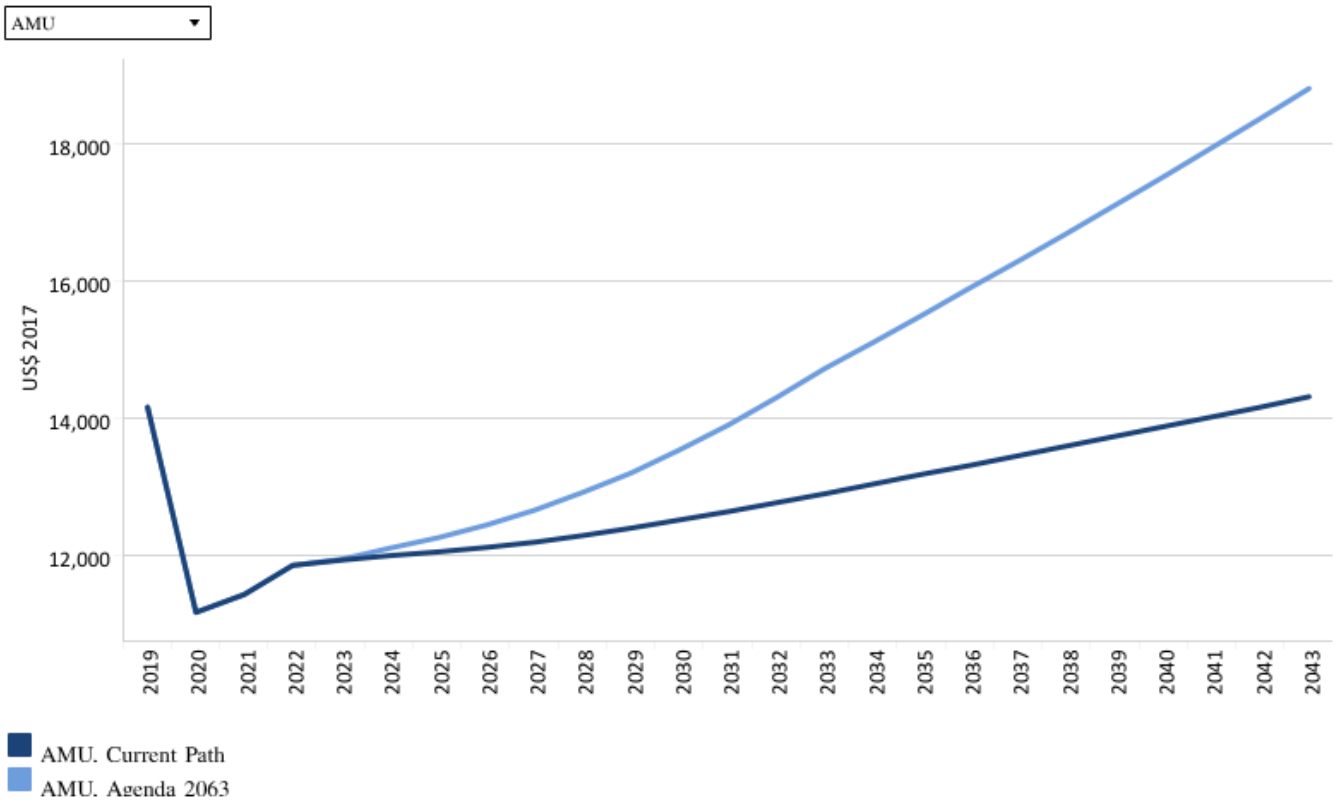
The Combined Agenda 2063 scenario consists of the combination of all 11 sectoral scenarios presented above, namely the Stability, Demographic, Health/WaSH, Agriculture, Education, Manufacturing/Transfers, Leapfrogging, Free Trade, Financial Flows, Infrastructure and Governance scenarios. The cumulative impact of better education, health, infrastructure, etc. means that countries get an additional benefit in the integrated IFs forecasting platform that we refer to as the synergistic effect. Chart 55 presents the contribution of each of these 12 components to GDP per capita in the Combined Agenda 2063 scenario.

Compared to the Current Path forecast, the Free Trade scenario has the most significant impact on GDP per capita. In contrast, the Health/WaSH scenario has the lowest contribution to GDP per capita in the AMU area. Specifically, the GDP per capita in the Free Trade scenario is US$1 003 larger than in the Current Path forecast, while the Health/WaSH scenario makes no impact by 2043. The AMU zone has almost achieved universal access in WaSH infrastructure. Therefore, additional improvement has little impact on growth and no impact on income per capita.

Most of the AMU countries' economies are very closed and constraining; trade liberalisation will lead to the elimination of trade and non-trade barriers and improvement in the business environment. As a result, competition, technology diffusion and FDI inflows will increase with a positive effect on growth and income levels.

Chart 56: GDP per capita in CP and Combined 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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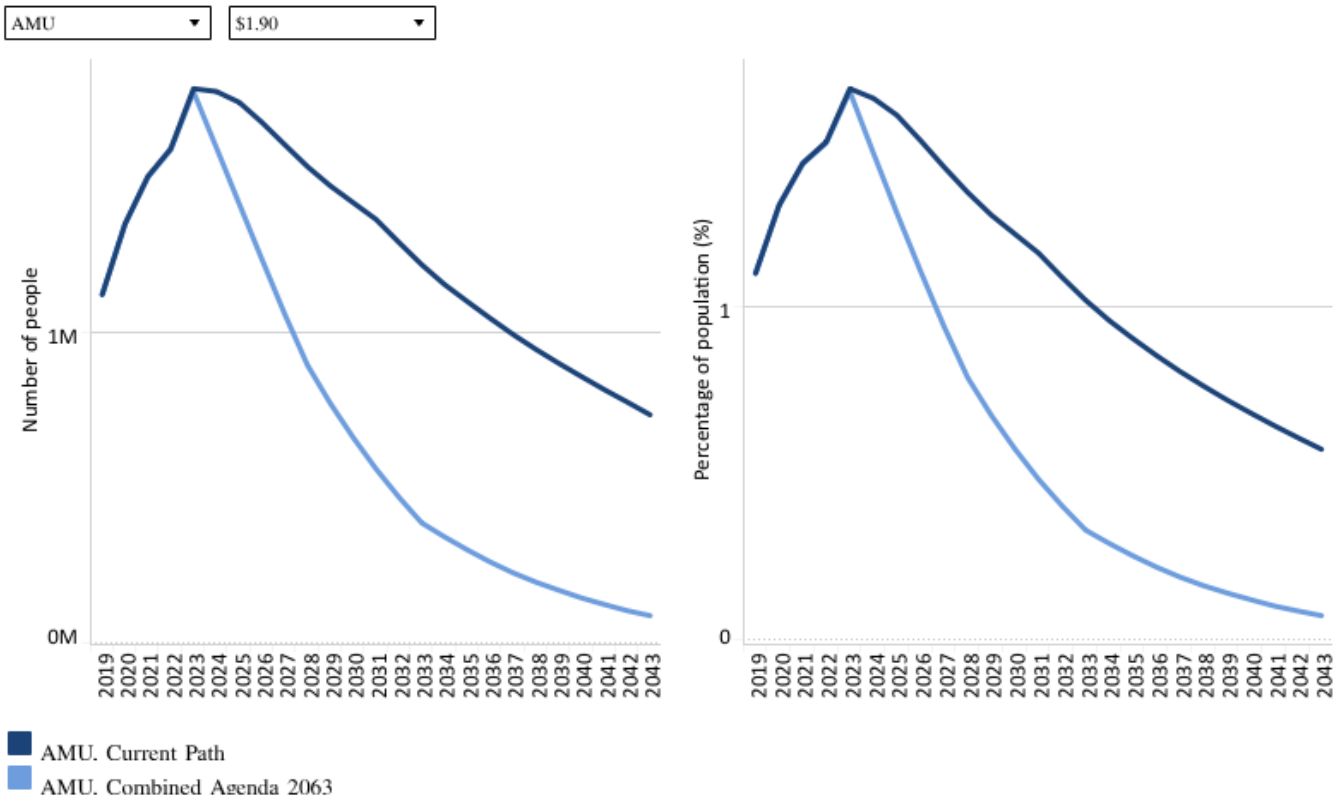
Whereas Chart 55 presents a stacked area graph on the contribution of each scenario to GDP per capita as well as the additional benefit or synergistic effect, Chart 56 presents only the GDP per capita in the Current Path forecast and the Combined Agenda 2063 scenario.

The Combined Agenda 2063 scenario increases the average GDP per capita of the AMU from US$14 159 in 2019 to US$18 813, equivalent to a 32.9% increase between 2019 and 2043 compared to 1.1% in the Current Path forecast. In 2043, the regional GDP per capita is US$4 501 higher than in the Current Path forecast. Compared to the Current Path forecast, the most significant improvement in GDP per capita comes from Libya. In the Combined Agenda 2063 scenario, the GDP per capita is US$6 769 larger than the Current Path in Libya, US$4 818 in Algeria, US$4 4458 in Tunisia, US$3984 in Morocco and US$2 929 in Mauritania. The Combined Agenda 2063 scenario shows that a policy push across all the development sectors is necessary to achieve sustained growth and development in the AMU area.

Chart 57: Poverty in CP and Combined 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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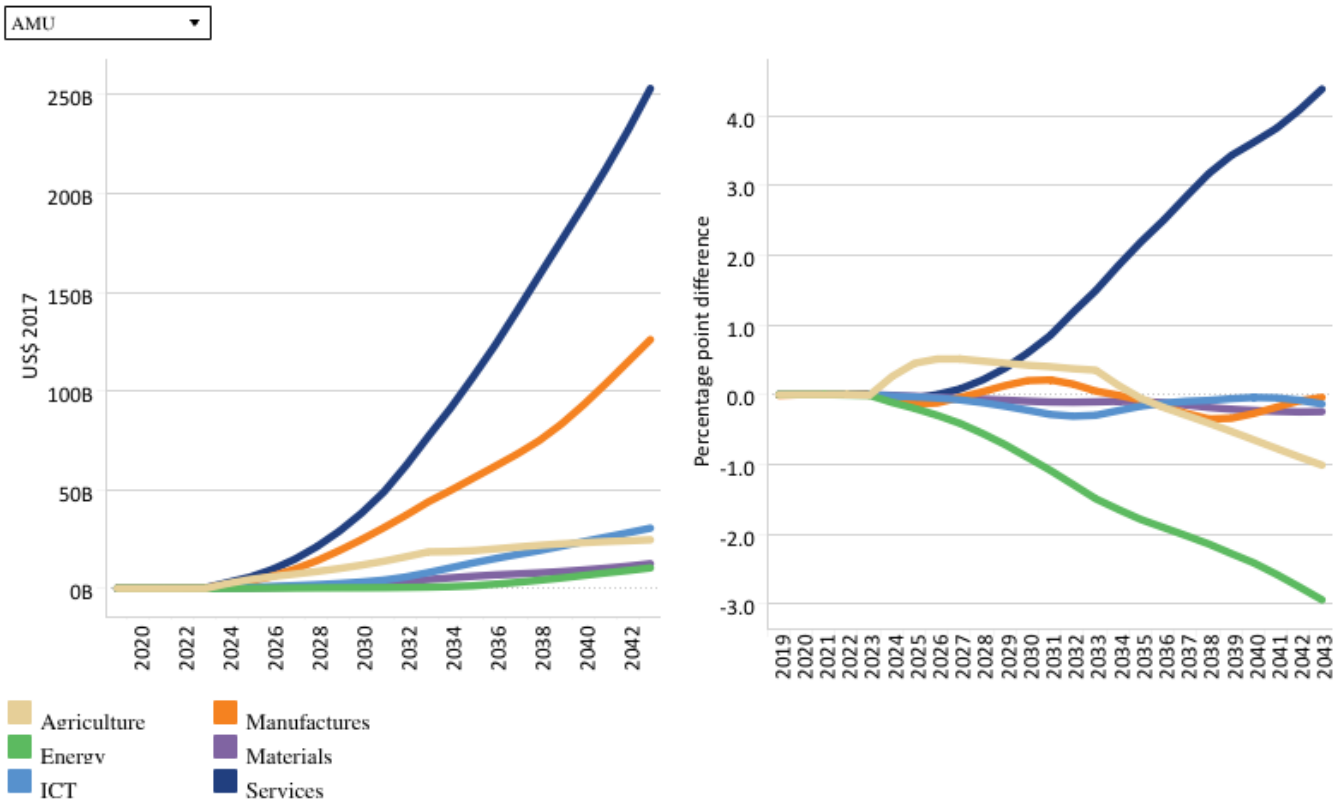
The Combined Agenda 2063 scenario has a significant impact on poverty reduction in the AMU. In 2019, 1.1 million people, or 1.1%, of the AMU population, lived in extreme poverty. By 2043, 736 000 people will be living in extreme poverty in the Current Path forecast compared to 88 000 people in the Combined Agenda 2063 scenario. This is equivalent to an 88%, or 648 000 fewer poor people, reduction than the Current Path forecast in 2043. The poverty rate stands at 0.069% in the scenario, compared to 0.57% in the Current Path forecast in 2043.

Despite the massive impact of the Combined Agenda 2063 scenario on poverty reduction, Mauritania is not on track to achieve the SDG goal of eradicating extreme poverty by 2030. In this scenario, the poverty rate at the $1.90 poverty line in Mauritania is 7.1% by 2030, while Algeria, Libya, Morocco and Tunisia already had their extreme poverty rate significantly below 3% in 2019 and less than 0.5% in 2043. Mauritania should make an effort to catch up with its peers in AMU regarding poverty reduction and development in general.

Chart 58: Value added by sector in CP and Combined 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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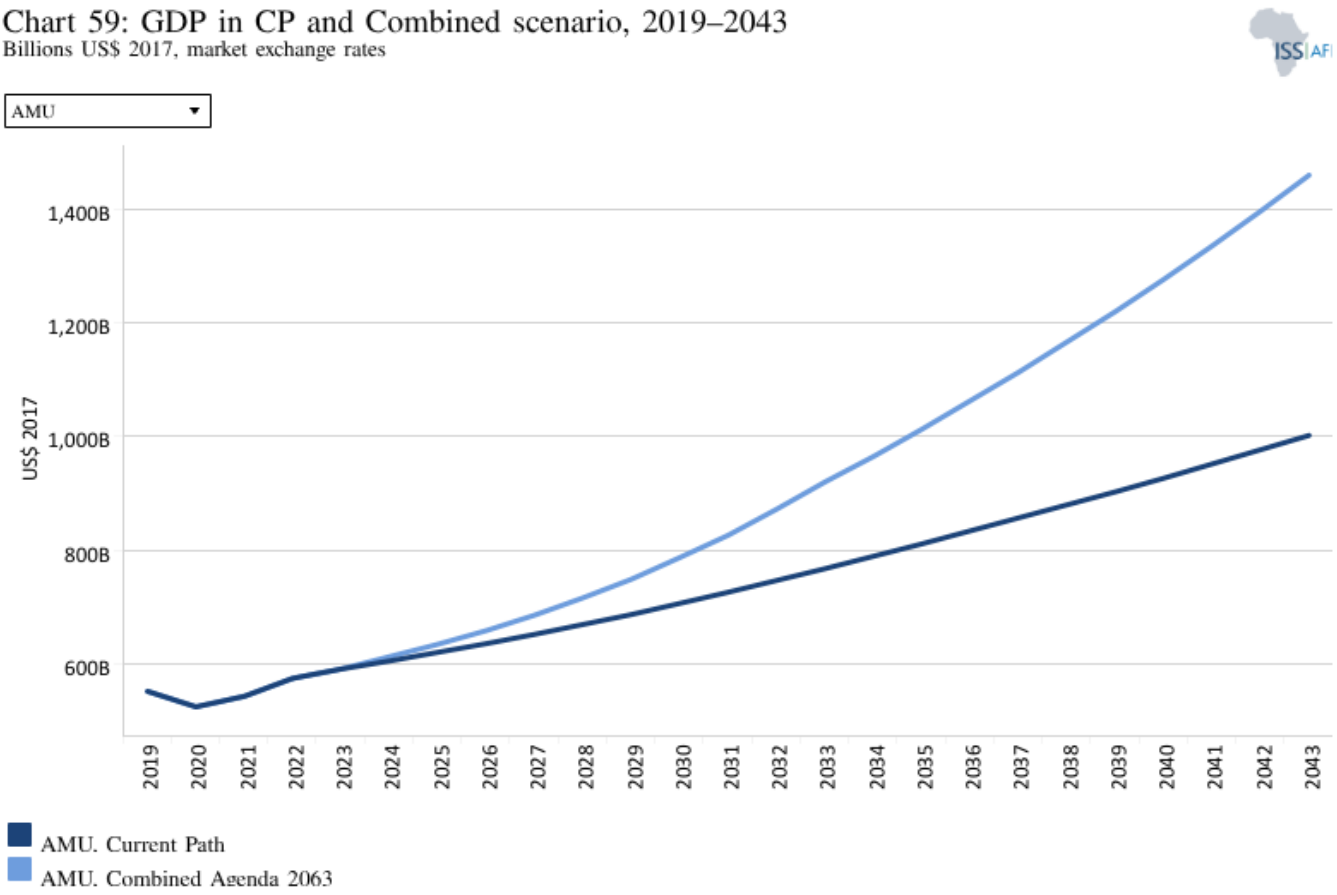
See Chart 8 to view the Current Path forecast of the sectoral composition of the economy.

Compared to the Current Path forecast, the service sector gets the most significant improvement, with its value in the Combined Agenda 2063 scenario US$253.2 billion larger than the value forecast in the Current Path forecast in 2043. In percentage of GDP, it is 4.4 percentage points above the Current Path forecast in the same year. The service sector is followed by the manufacturing industry, with its value in the scenario US$126 billion larger than the value forecast in the Current Path forecast in 2043. The value of ICT, agriculture, materials and energy in the scenario are respectively US$30.5billion, US$24.6 billion and US$12.5 billion, and US$10.4 billion larger than the Current Path forecast by 2043. Although in absolute terms, the value of all the sectors in the scenario is higher than the Current Path forecast, only the value of the services and the manufacturing sectors as a percentage of GDP is higher than the Current Path forecast. The service sector will continue to be the dominant sector of the AMU economy.

Chart 59: GDP in CP and Combined scenario, 2019–2043

Billions US$ 2017, market exchange rates

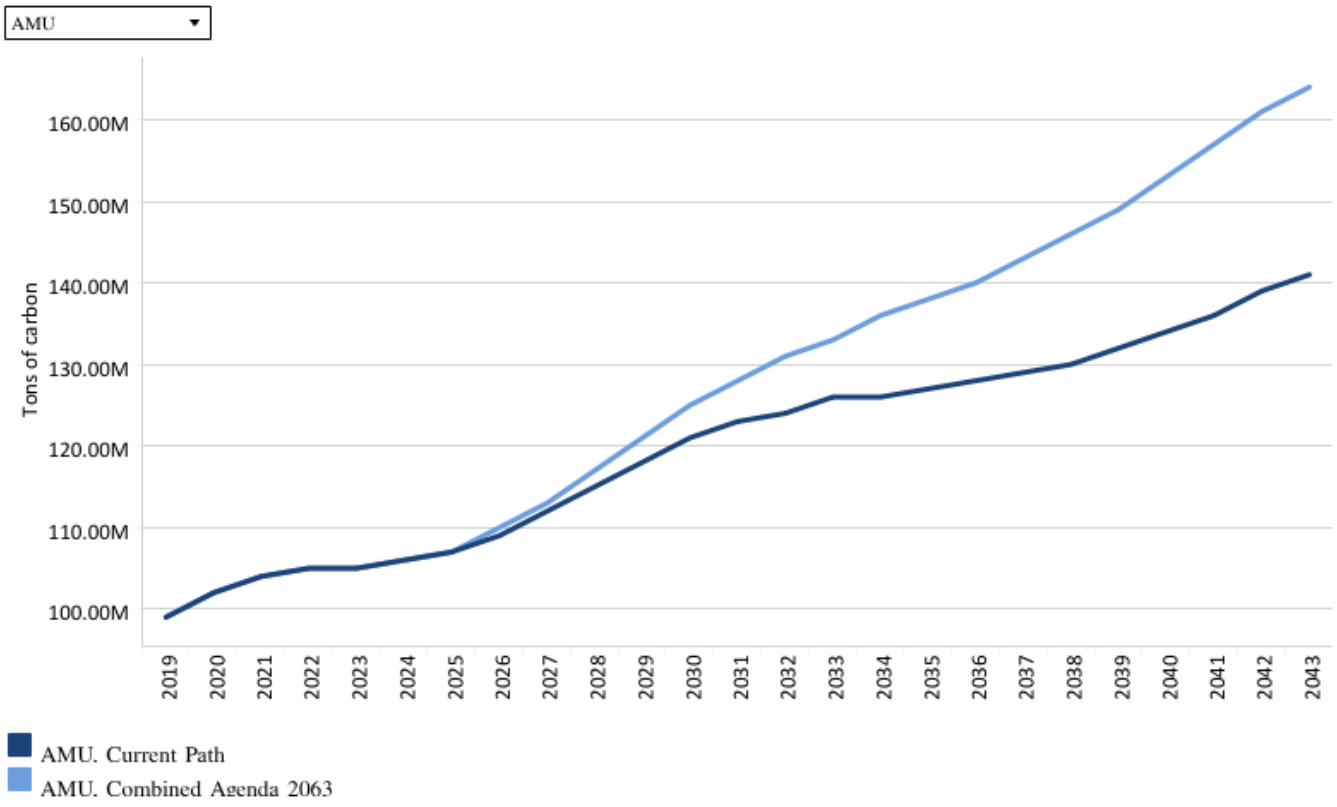


Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

The Combined Agenda 2063 scenario has a dramatic impact on the expansion of the AMU economy. The size of the AMU economy (GDP) expands from US$551.5 billion in 2019 to US$1 459.5 trillion in 2043, which is more than a 165% increase between 2019 and 2043 in the scenario, compared to 81.6% in the Current Path forecast over the same period.

In 2043, the GDP of the AMU zone in the Combined Agenda 2063 scenario is about 46%, or US$457.8 billion, more significant than the Current Path forecast. Compared to the Current Path forecast, Algeria has the most significant improvement in GDP. By 2043, the GDP in the Combined Agenda 2063 scenario is US$192.6 billion larger than the Current Path forecast in Algeria, US$146.3 billion in Morocco, US$49.4 billion in Libya, US$49.1 billion in Tunisia, and US$19.8 billion in Mauritania. The Combined Agenda 2063 scenario shows that a policy push across all the development sectors is necessary to achieve sustained growth and development in the AMU area.

Chart 60: Carbon emissions in CP and Combined scenario, 2019–2043
Million tons of carbon (note, not CO_2 equivalent)



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

The Combined Agenda 2063 scenario has a significant impact on carbon emission in the AMU zone: carbon emissions increase from 99 million tons of carbon in 2019 to 164 million tons of carbon by 2043, which is a 65.6% increase between 2019 and 2043, compared to 42.4% in the Current Path forecast over the same period. In 2043, the carbon emissions in the AMU zone in the Combined Agenda 2063 scenario are about 16.3%, or 23 million tons of carbon, higher than the Current Path forecast. Compared to the Current Path forecast, Algeria gets the most significant increase in carbon emissions. By 2043, the carbon emissions in the Combined Agenda 2063 scenario will be 9 million tons of carbon higher than the Current Path forecast in Algeria, 8 million higher in Morocco, 2.5 million in Libya and 2.4 million in Tunisia, and 0.9 million in Mauritania. The Combined Agenda 2063 scenario stimulates high growth in the AMU area but the opportunity cost in terms of environmental degradation is high. To mitigate the environmental impact of the Combined Agenda 2063 scenario, its implementation should be accompanied by concrete steps to accelerate the energy transition.

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Cite this research

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About the authors

Dr Kouassi Yeboua previously worked as a Senior Researcher at AFI, where he led significant ISS studies on the long-term development prospects of the Democratic Republic of Congo, the Horn of Africa, Nigeria, Malawi, and Mozambique. His research focuses on development economics, macroeconomics, gender, and economic modeling. He holds a PhD in Economics.

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