ISS | AFRICAN FUTURES

DR Congo

Scenario Comparisons

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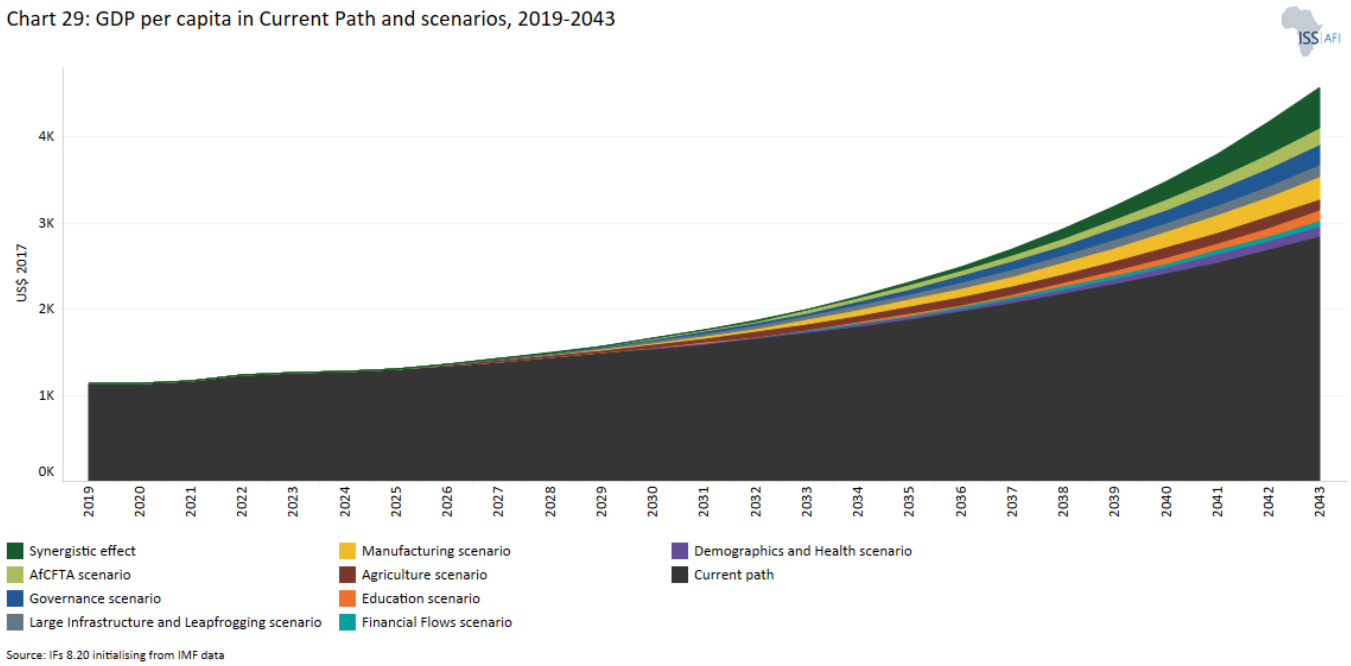
Scenario Comparisons

Chart 29: GDP per capita in Current Path and scenarios, 2019-2043



Source: IFs 8.20 initialising from IMF data

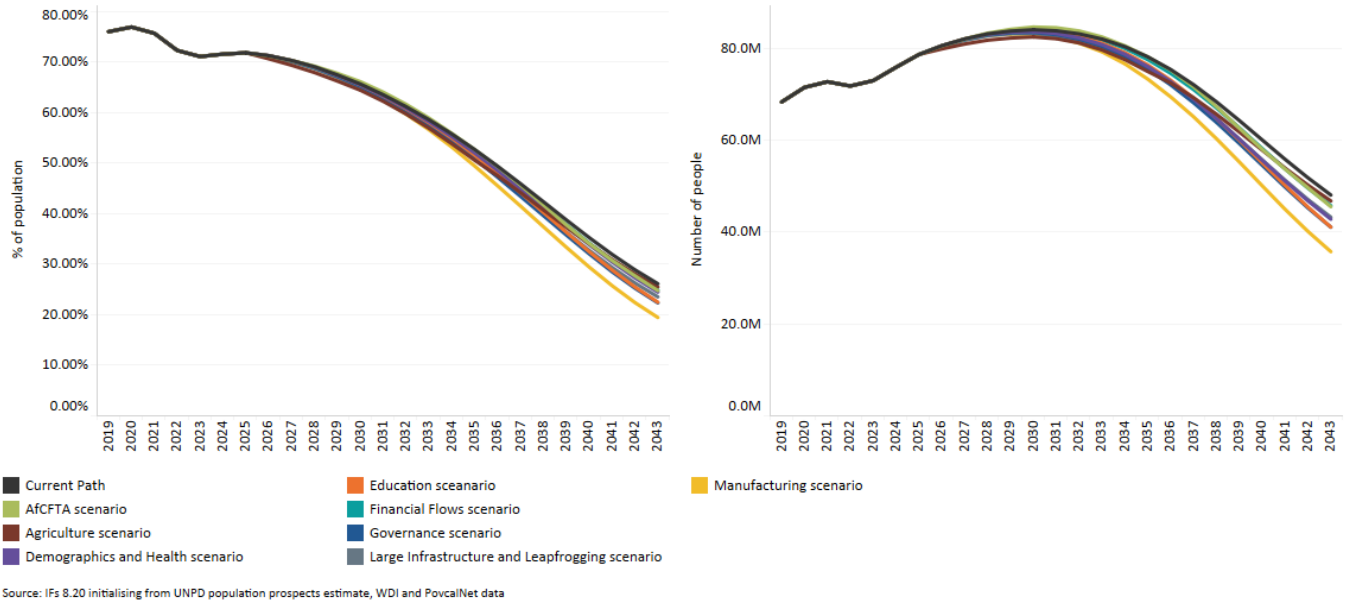
Chart 29 presents a stacked area graph on the contribution of each scenario to GDP per capita. The cumulative impact of better education, health, infrastructure, leapfrogging, etc. means an additional benefit in the integrated IFs forecasting platform that we refer to as the synergistic effect.

The synergistic effect of all the scenarios on the GDP per capita is US$967.9 (equivalent to 49.1%) higher relative to the Current Path forecast of US$1 971.8 in 2043.

Among the sectoral interventions, the AfCFTA scenario will have the greatest positive impact on the GDP per capita, taking it to US$2 860.2. The second and third largest impact on GDP per capita will be achieved by the Manufacturing and Governance scenarios, followed by the Education scenario. In these scenarios, GDP per capita will increase to US$2 169.1, US$2 145.1 and US$2 077.5, respectively.

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 DR Congo.

Chart 30: Poverty in Current Path and scenarios, 2019-2043



Source: IFs 8.20 initialising from UNPD population prospects estimate, WDI and PovcalNet data

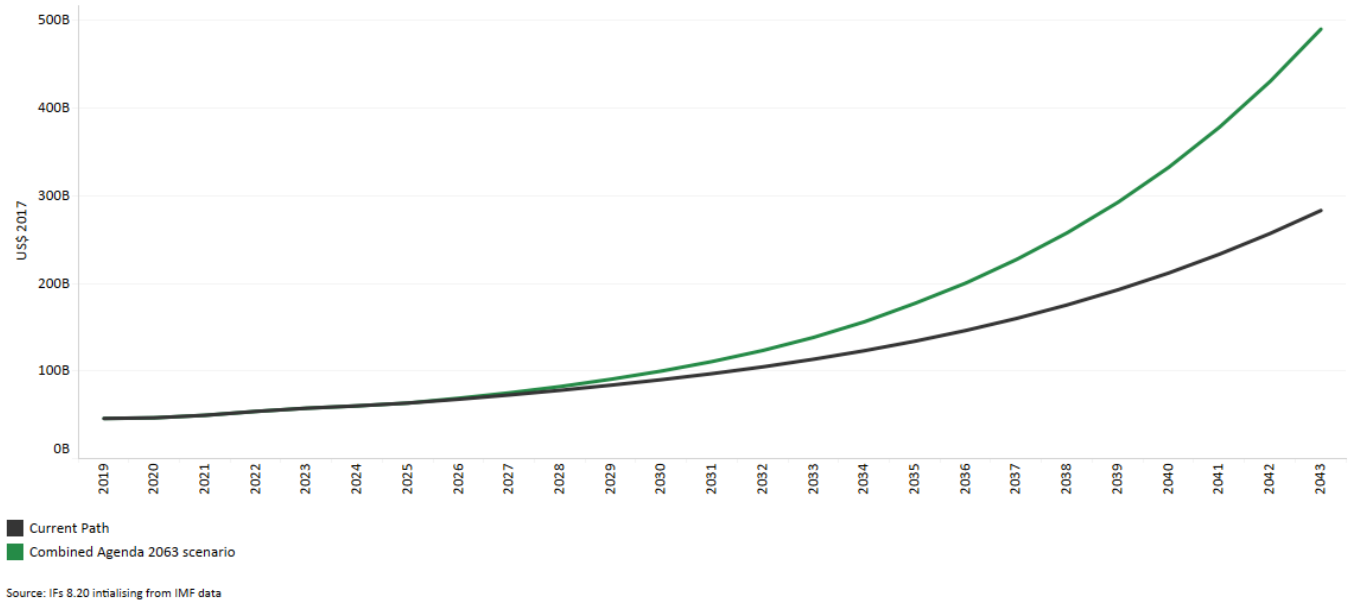
Chart 30 presents the impact of each scenario on extreme poverty by 2043. The user can select the number of extremely poor people or per cent of the population.

The DR Congo is not on track to achieve the SDG goal of eliminating extreme poverty by 2030. In Current Path forecast, by 2030, 60.7% of the Congolese people (equivalent to about 72.6 million) will be living in extreme poverty using US$1.90 at 2011 prices. The Combined Agenda 2063 scenario will reduce extreme poverty in the DR Congo to 57.8% of population—a reduction of 2.8 percentage points relative to the Current Path forecast in 2030.

In the Combined Agenda 2063 scenario, by 2043 the extreme poverty figure for the DR Congo will be reduced to 22.9% of the population (35.1 million people), about 31.7 million people fewer people (about 17.9% of population) relative to the Current Path forecast.

The Combined Agenda 2063 scenario will bring the DR Congo's extreme poverty below 3% of the population using US$1.90 (2011 prices) in 2056. The Combined Agenda 2063 scenario shows that a concerted policy push across all the development sectors could significantly reduce poverty in the DR Congo.

Chart 31: GDP (MER) in Current Path and Combined Agenda 2063 scenario, 2019-2043



Source: IFs 8.20 intialising from IMF data

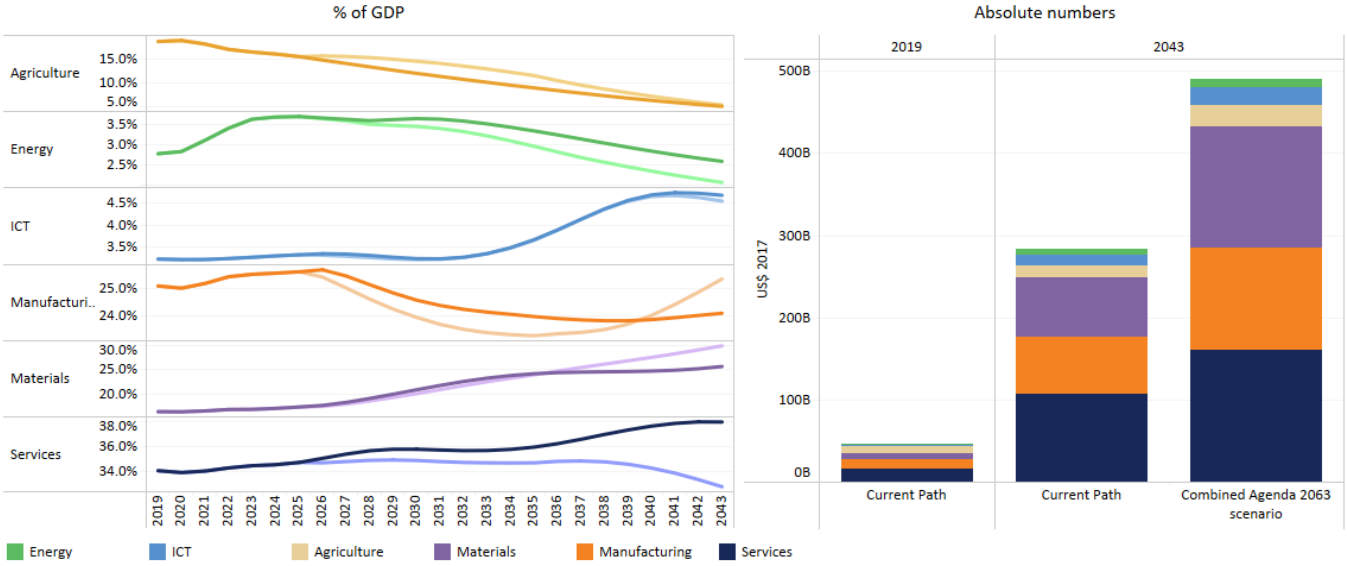
Chart 31 compares the size of the economy in the Current Path with the Combined Agenda 2063 scenario at market exchange rates (MER).

The Combined Agenda 2063 scenario consists of the combination of all eight sectoral scenarios, namely Governance, Demographics and Health, Education, Infrastructure/Leapfrogging, Agriculture, Manufacturing and Leapfrogging, AfCFTA and Financial Flows.

The Combined Agenda 2063 scenario dramatically impacts the expansion of the Congolese economy (GDP). In the Combined Agenda 2063 scenario, by 2043 the size of the economy is projected to expand to US$302.4 billion compared to US$179.2 in the Current Path forecast in the same year—a 68.7% increase relative to the Current Path forecast.

The Combined Agenda 2063 scenario shows the transformative power of a comprehensive policy push across all development sectors in achieving sustained growth in the DR Congo.

Chart 32: Value added by sector in Current Path and Combined Agenda 2063 scenario, 2019-2043



Source: IFs 8.20 initialising from IMF World Economic Outlook data

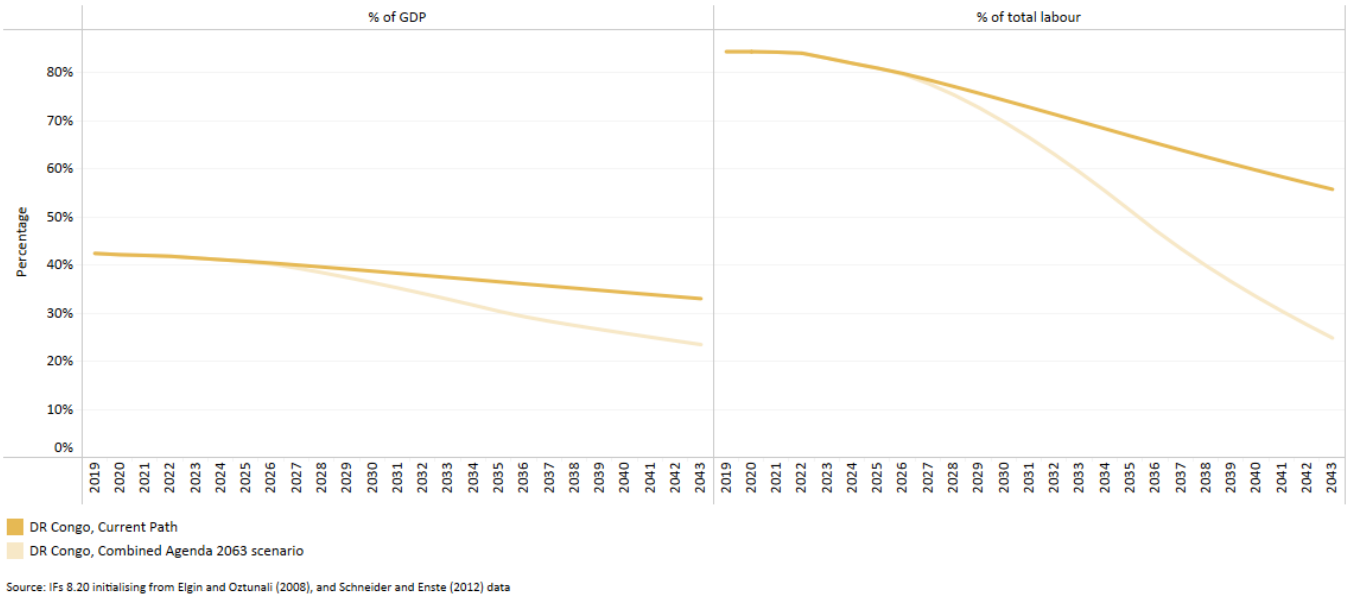
Chart 32 presents the change in the economy's structure, comparing the Current Path forecast with the Combined Agenda 2063 scenario from 2019 to 2043.

The IFs platform uses data from GTAP to classify economic activity into six sectors: agriculture, energy, materials (including mining), manufacturing, services and information and communication technologies (ICT). Most other sources use a threefold distinction between only agriculture, industry and services, with the result that data may differ.

In the Combined Agenda 2063 scenario, the manufacturing sector will experience a substantial increase in its contribution to the DR Congo's GDP relative to the Current Path forecast (7.5 percentage points larger in 2043). This will translate into an increase in GDP of US$53.7 billion attributable only to the manufacturing sector in 2043 above the Current Path forecast.

Since the service sector is much larger than any other, it will contribute an additional US$24.7 billion to GDP relative to the Current Path forecast in 2043. However, its contribution to GDP will decline from the 2043 Current Path forecast of 36.6% to 29.9% in the Combined Agenda 2063 scenario. The DR Congo's energy sector will continue to contribute the least in 2043. The Combined Agenda scenario will reduce the energy sector contribution to GDP from 2.7% (US$4.9 billion) in the Current Path forecast to 2.2% (about US$6.6 billion) in 2043.

Chart 33: Informal sector in Current Path and Combined Agenda 2063 scenario, 2019-2043



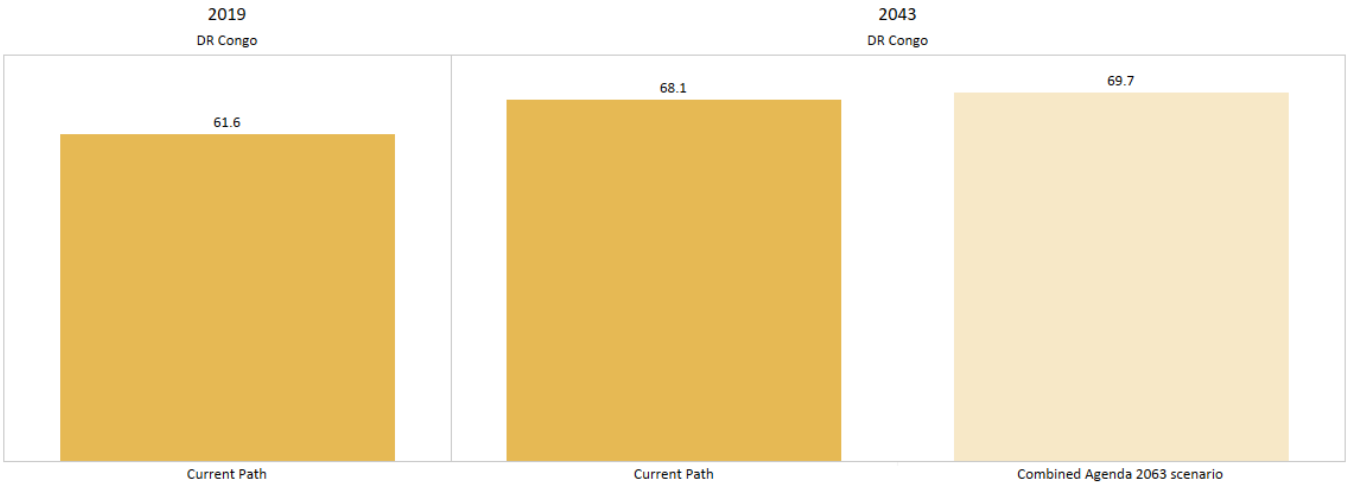
Source: IFs 8.20 initialising from Elgin and Oztunali (2008), and Schneider and Enste (2012) data

Chart 33 presents the size of the informal sector as a share of GDP and size of the informal labour force. Data on the contribution of the informal sector is often estimated and should be treated with care.

There are several definitions of an informal economy, but it is generally considered to be a set of economic activities that are not subject to taxation and other regulations. The informality rate in the DR Congo is one of the highest in the world. The size of the DR Congo's informal sector was estimated at 42.6% of GDP in 2021—the largest among the low-income African countries and the third largest in sub-Saharan Africa after Zimbabwe (53.2%) and Tanzania (45.1%).

In the Current Path forecast, in 2043 the size of the informal sector will reduce to 34.5% of GDP (but increase in value to US$61.9 billion). However, in the Combined Agenda 2063, the informal sector as percentage of GDP will be reduced to 25.6% (equivalent to US$77.3 billion) in 2043. This is a reduction of 9 percentage points of GDP relative to the Current Path forecast.

Chart 34: Life expectancy in Current Path and Combined Agenda 2063 scenario, 2019-2043



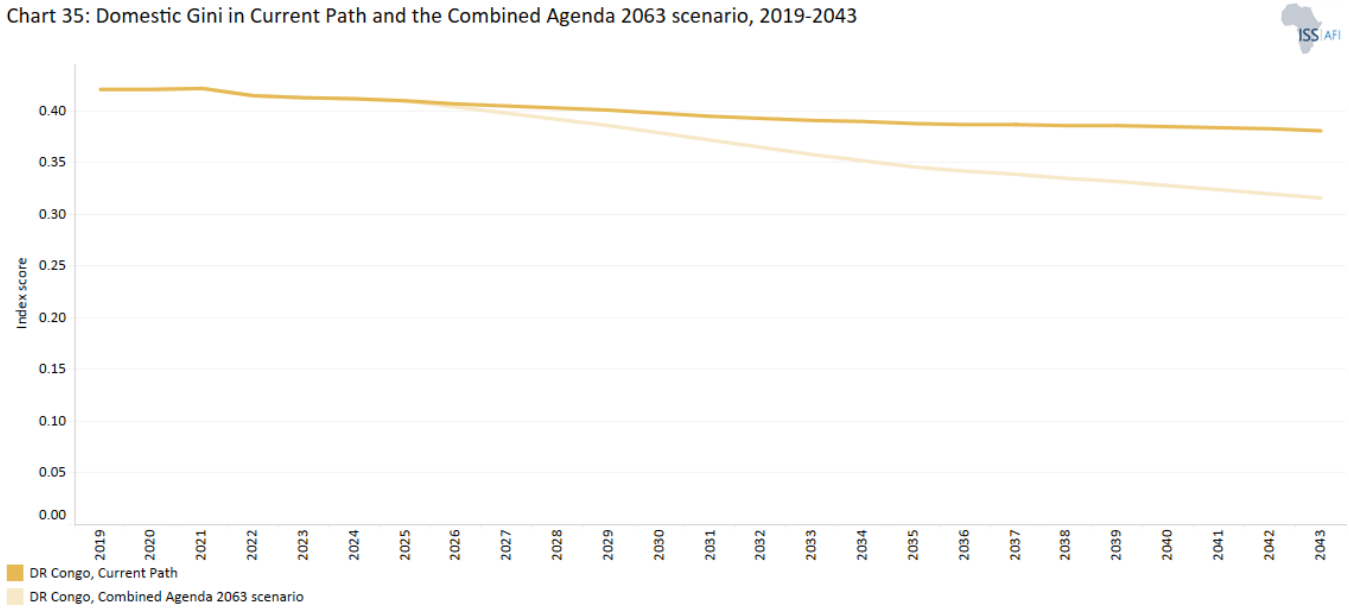
Source: IFs 8.20 initialising from IHME data

Chart 34 compares life expectancy in the Current Path forecast with the Combined Agenda 2063 scenario.

In 1960, the average female born in the DR Congo could expect to live 42.5 years, while the average male could expect to live 39.6 years. The average total life expectancy was 41.1 years. Since then, life expectancy in the DR Congo has improved by 21.3 years for females to 63.8 years and by 21.7 years for males to 61.3 years, and an average total of 62.6 years in 2021.

In 2021, life expectancy in the DR Congo was estimated at 62.6 years, which is more than a year below the average of low-income African countries. In the Current Path forecast, life expectancy in the DR Congo will improve to 67.6 years in 2043. In the Combined Agenda 2063 scenario, however, it is forecasted to improve to 69.2 years. This will be just 0.6 years below the average of low-income African countries, which is forecasted to be 69.8 years by 2043.

Chart 35: Domestic Gini in Current Path and the Combined Agenda 2063 scenario, 2019-2043



Source: IFs 8.20 initialising from WDI data

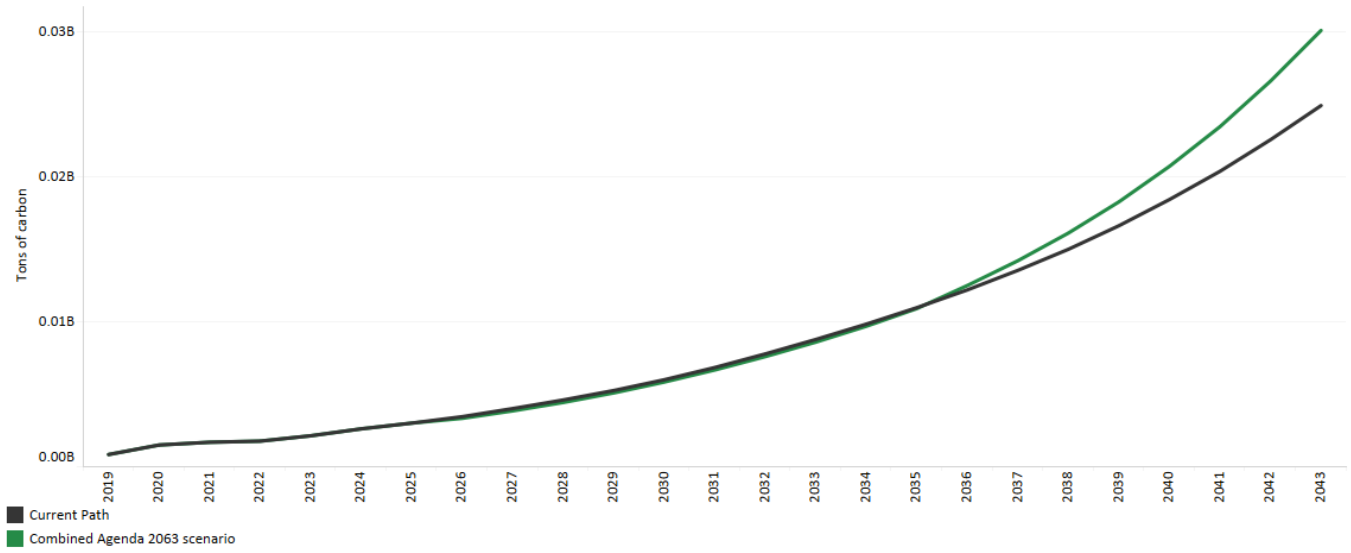
Chart 35 compares the Gini coefficient in the Current Path forecast with the Combined Agenda 2063 scenario.

Inequality in the DR Congo, using Gini coefficient index, is historically slightly higher than the average for low-income African countries and significantly higher than the average for Africa. Civil wars and general instability have exacerbated inequality across the DR Congo. In 2021, the DR Congo had a Gini index of 0.56—an increase from 0.42 in 2012.

In the Current Path forecast, inequality in the DR Congo using the Gini index is expected to decrease by 1.1% in 2043 relative to 2021. In comparison, the Combined Agenda 2063 scenario will reduce inequality in the DR Congo by 13.1% relative to the Current Path forecast to 0.48 in 2043.

Chart 36: Carbon emissions in Current Path and in Combined Agenda 2063 scenario, 2019-2043

Million tons of carbon (note, not CO2 equivalent)



Source: IFs 8.20 initialising from Carbon Dioxide Information Analysis Center data

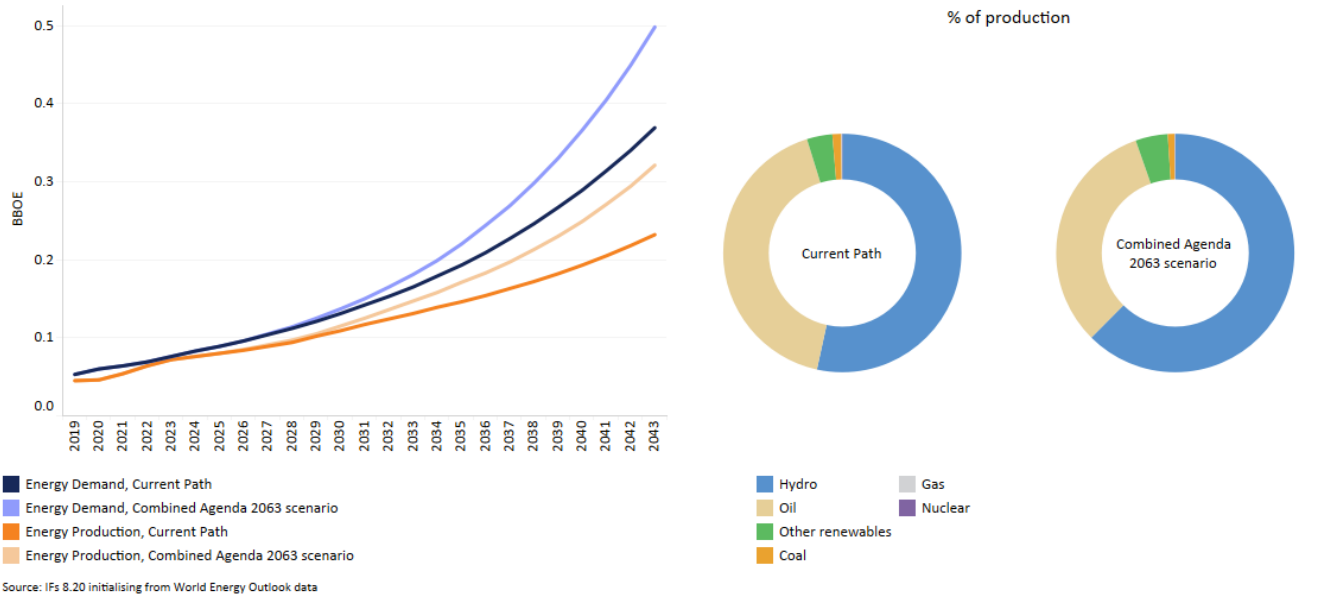
Chart 36 compares carbon emissions in the Current Path forecast with the Combined Agenda 2063 scenario.

Since carbon dioxide (CO_2), carbon monoxide (CO) and methane (CH_4) have different molecular weights, IFs uses carbon. Many other sites and calculations use CO_2 equivalent.

The Combined Agenda 2063 scenario significantly impacts carbon emissions, albeit from a very low base, due to the increased economic activity it causes. In this scenario, the DR Congo's carbon emissions increase from about 2 million tons in 2021 to 21 million tons by 2043. This is a 950% increase over the period compared with 800% in the Current Path forecast over the same period. In 2043, the carbon emissions in the Combined Agenda 2063 scenario are about 16.7%, or 3 million tons, higher than in the Current Path forecast.

The materialisation of the Combined Agenda 2063 scenario would stimulate high economic growth and significantly reduce poverty in the DR Congo, but the cost in terms of environmental degradation is slightly higher. To mitigate the environmental impact of the Combined Agenda 2063 scenario, its implementation should be accompanied by concrete steps to accelerate the green energy transition.

Chart 37: Energy demand and production by type in Current Path and Combined Agenda 2063 scenario, 2019-2043



Source: IFs 8.20 initialising from World Energy Outlook data

Chart 37 compares energy demand and production in the Current Path forecast with the Combined Agenda 2063 scenario. Production is done in six types, namely oil, gas, coal, hydro, nuclear and other renewables. The data is converted into billion barrels of oil equivalent (BBOE) to allow for comparisons between different sources. Note that energy production could be for domestic use or export.

The DR Congo relies on imported hydrocarbon energy to meet its domestic energy demand. In 2021, the country's energy production was at about 53 million barrels of oil equivalent, creating unmet demand of about one million barrels of oil equivalent. On the Current Path, by 2043 the DR Congo's energy production is estimated to increase to 154 million barrels oil equivalent and unmet demand will increase to 98 million barrels oil equivalent. The Combined Agenda 2063 scenario will increase production to 202 million barrels oil equivalent. The contribution of renewable energy will increase from 50.5% (Current Path forecast) to 61.8% in 2043.

The positive shift towards sustainability, with the contribution of renewable energy, suggests a potential pathway for the DR Congo to enhance energy security and reduce dependency on imports by embracing renewable sources.

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Cite this research

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About the authors

Dr Blessing Chipanda joined the African Futures and Innovation (AFI) programme in January 2023. Before joining the ISS he worked as an assistant lecturer/ research assistant at the University of Pretoria, Department of Economics. He is particularly interested in tasks within the wider realm of international trade, development economics, public policy, monetary policy, and econometric modelling. Equally interested in economic and socio-economic activities that impact social welfare. Blessing has a PhD in economics from the University of Pretoria, South Africa.

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