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Cape Verde

Combined Agenda 2063 scenario

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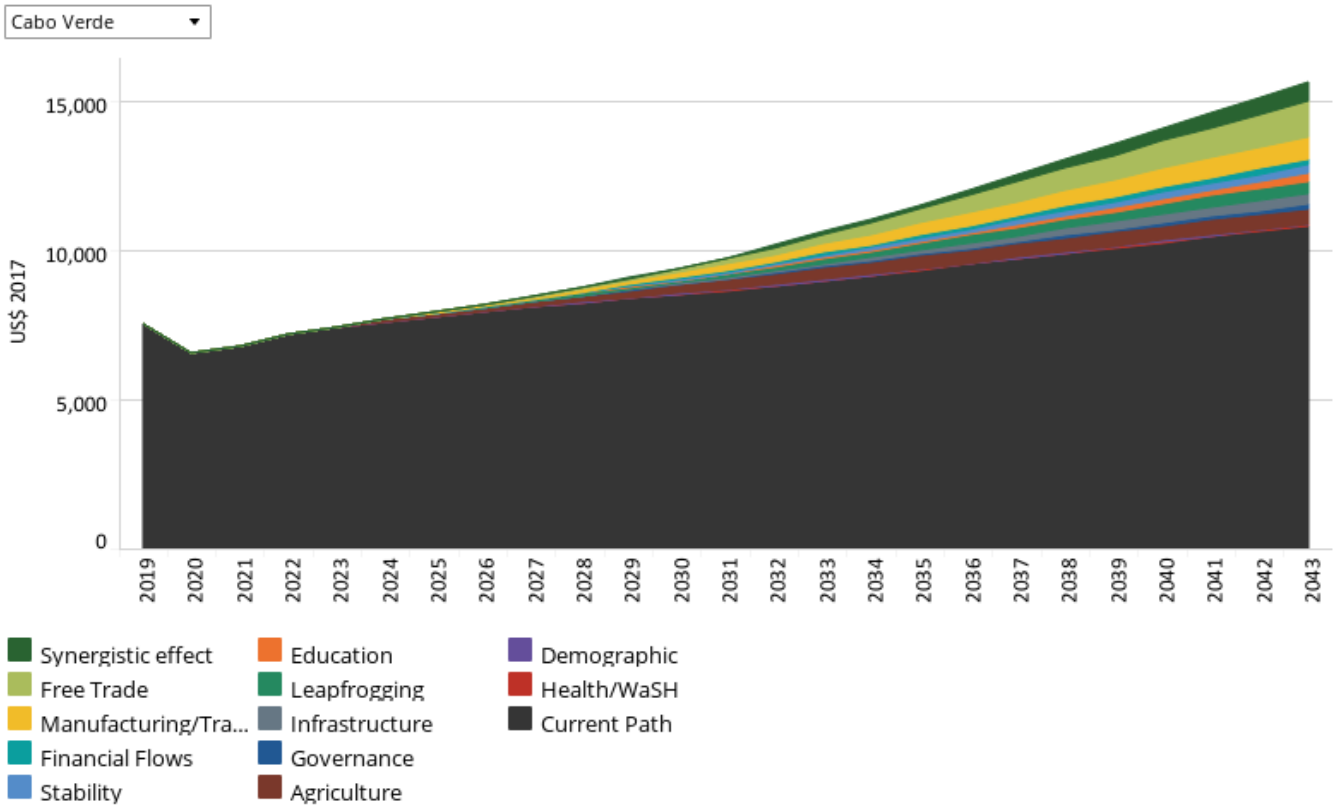
Combined Agenda 2063 scenario

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 as a stacked area graph.

Chart 55 displays the synergistic impact of the various scenarios on GDP per capita. The synergistic effect of all the scenarios on GDP per capita is estimated to be about US$676 in 2043. The scenario with the greatest impact on GDP per capita by 2043 is the Free Trade scenario, followed by Manufacturing/Transfers scenario. On the other hand, the scenarios with the least impact on GDP per capita are Health/WaSH and Governance. This suggests that, in the long run, the Free Trade and Manufacturing/Transfers scenarios have the greatest potential to improve economic growth and development in Cape Verde.

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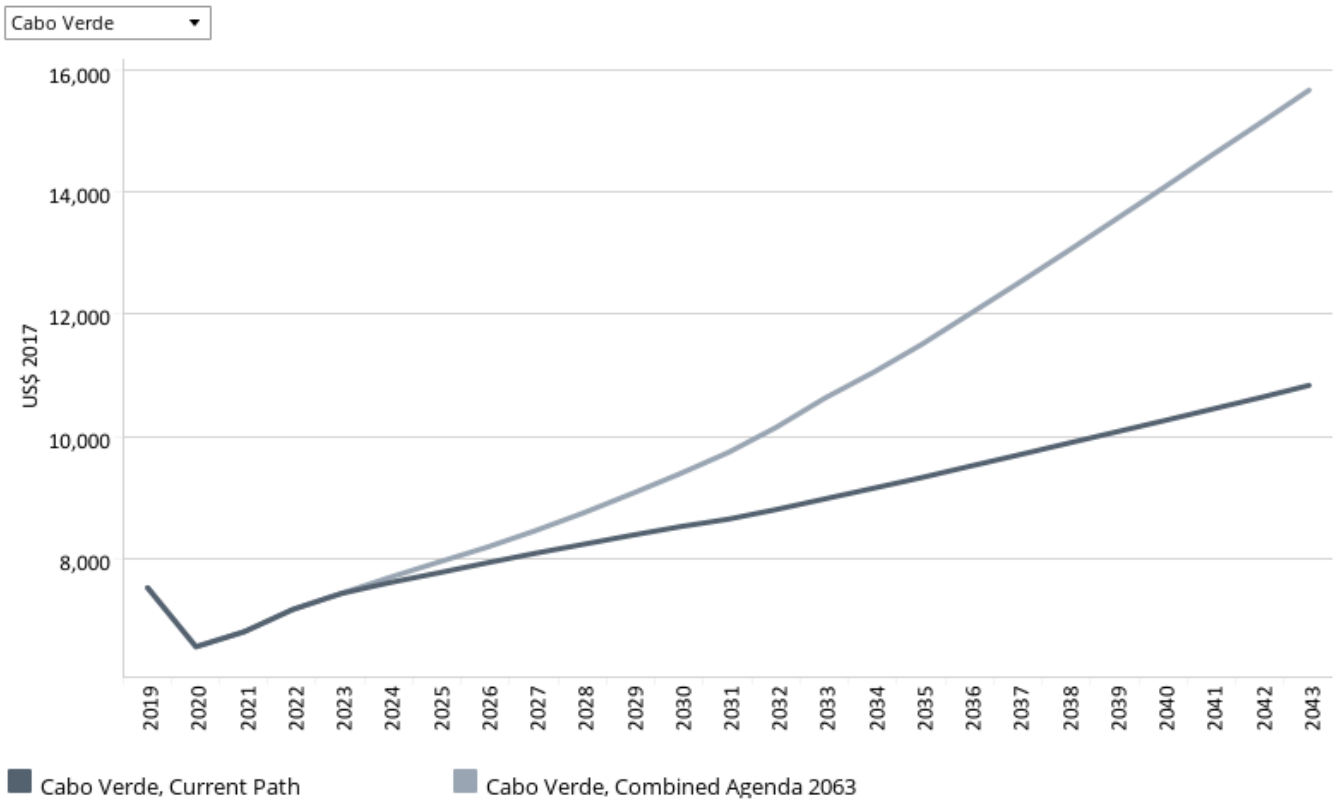
Chart 56: GDP per capita in CP and Combined scenario, 2019–2043

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.

Cape Verde's GDP per capita is estimated to increase to US$15 663 in 2043 in the Combined Agenda 2063 scenario. This is US$4 824 more than the projection based on the Current Path scenario, meaning that the Combined Agenda 2063 scenario will lead to an increase of US$4 824 in GDP per capita in 2043 compared to the Current Path forecast. Likewise, Cape Verde's GDP per capita under the Combined Agenda 2063 scenario will be above the average for lower middle-income countries in Africa in 2043.The Combined Agenda 2063 scenario shows that a policy push across all the development sectors is necessary to achieve sustained growth and development in Cape Verde.

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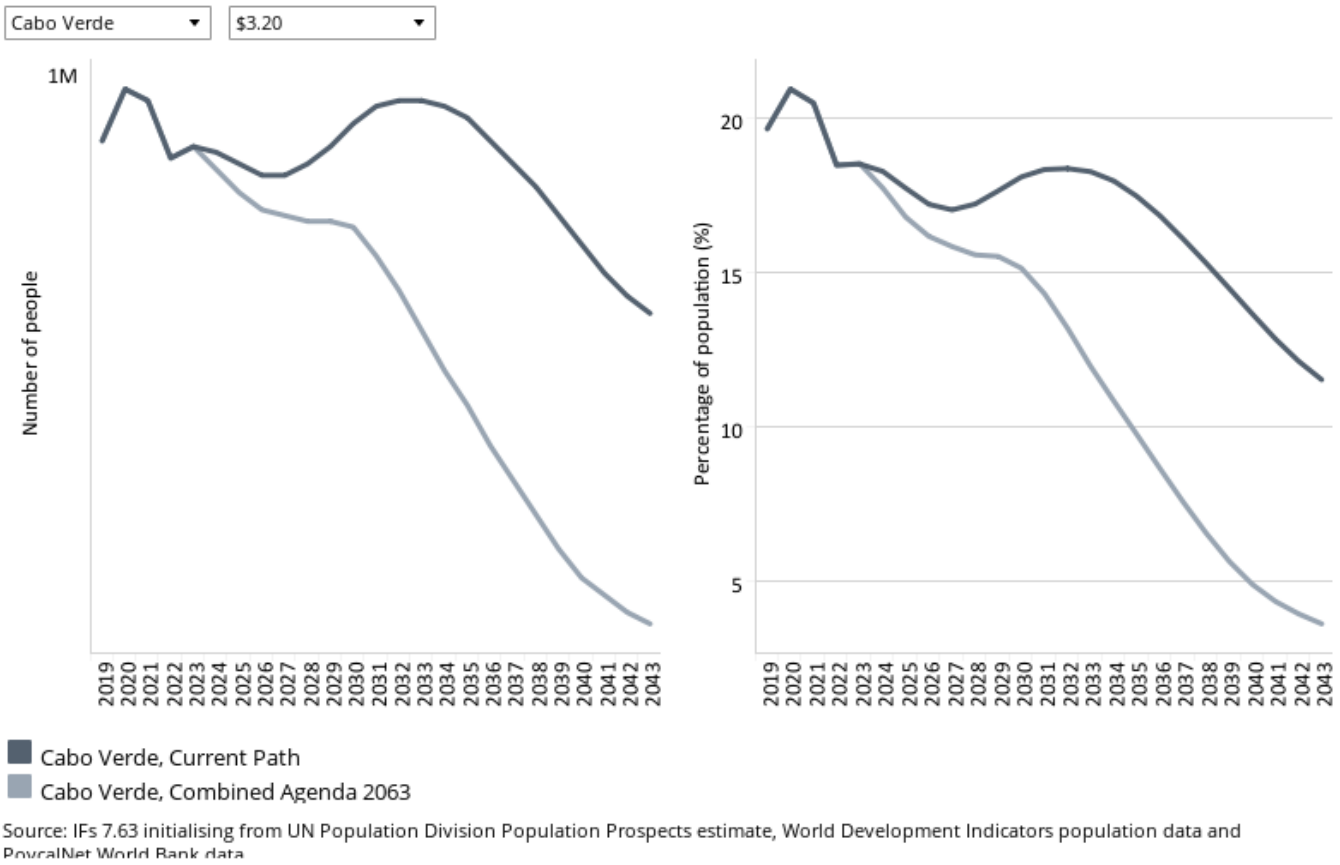
Chart 57: Poverty in CP and Combined scenario, 2019–2043

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

Chart 57 displays the number and portion of people living below the poverty line of US$3.20 in both the Current Path forecast and the Combined Agenda 2063 scenario. In the Combined Agenda 2063 scenario, the number of poor people will significantly decline such that, by 2043, only 24 000 Cape Verdeans, representing 3.6% of the population, will be living below the poverty line. This means that, compared to the Current Path forecast, an additional 54 000 Cape Verdeans can be moved out of extreme poverty in the Combined Agenda 2063 scenario in 2043. Moreover, the extreme poverty rate in Cape Verde in the Combined Agenda 2063 scenario is 34.7 percentage points above the average of 38.3% for lower middle-income African countries.

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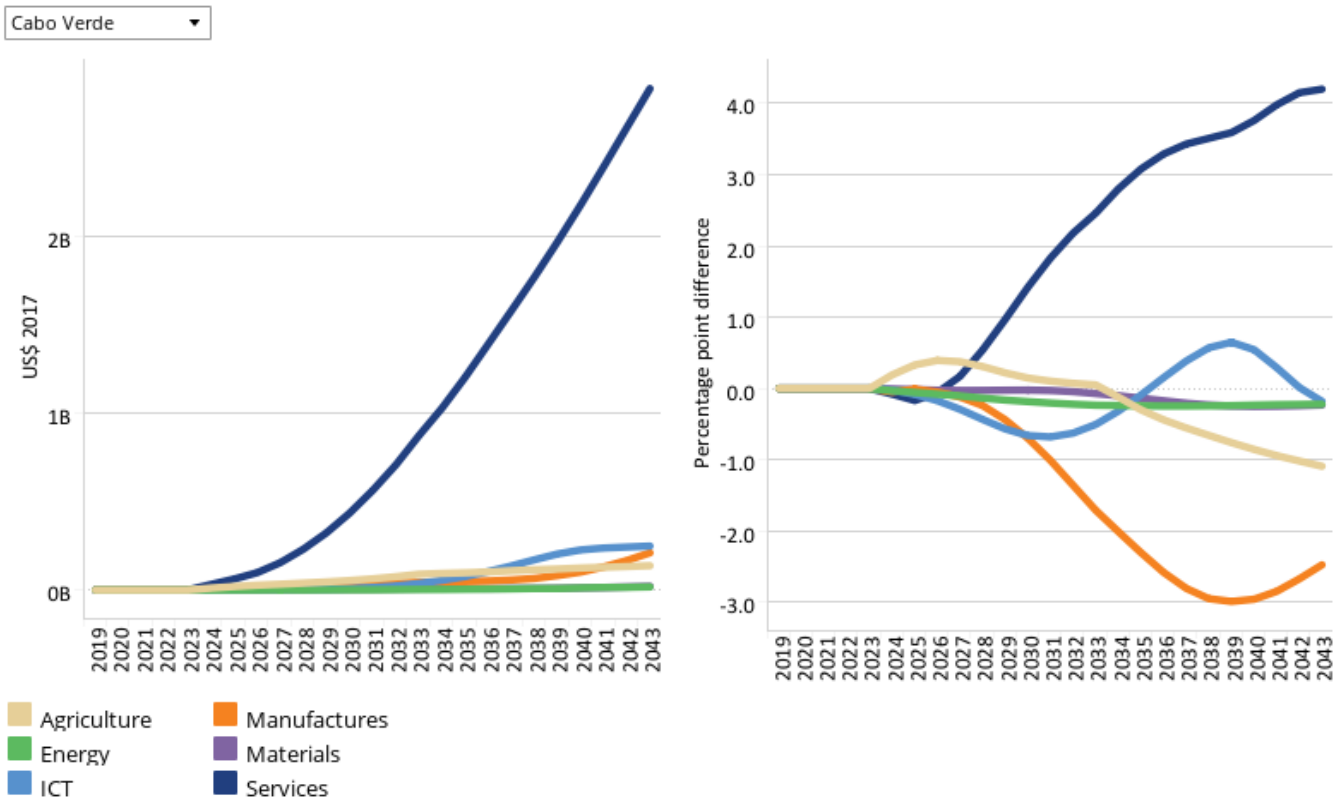
Chart 58: Value added by sector in CP and Combined scenario, 2019–2043

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.

Chart 58 depicts the percentage point difference in contribution to GDP and the value difference between the Combined Agenda 2063 scenario and the Current Path forecast. In the Combined Agenda 2063 scenario, the biggest contributors to GDP in the long run are the service, manufacturing and ICT sectors. By 2043, the service sector will contribute an additional 4.2 percentage points to GDP, which corresponds to US$2.8 billion. Although manufacturing and ICT contribute US$0.21 billion and US$0.25 billion respectively, in terms of percentage points, their contribution corresponds to –2.48% and –0.18 respectively. Agriculture will contribute 1.09 fewer percentage points to GDP by 2043, which is equivalent to about US$0.14 billion.

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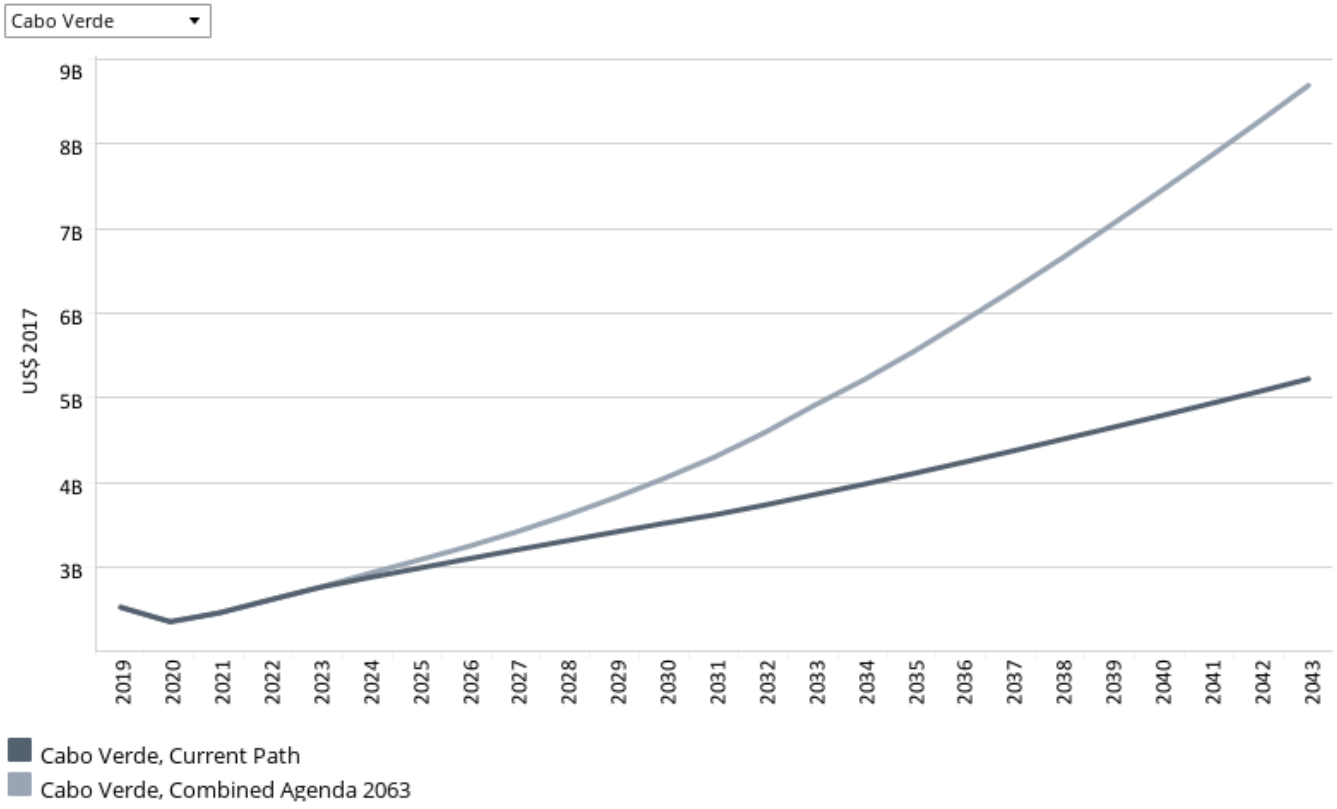
Chart 59: GDP in CP and Combined scenario, 2019–2043

Billions US$ 2017, market exchange rates



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

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Chart 59 illustrates the projected size of the economy in the Current Path forecast and the Combined Agenda 2063 scenario. The estimated GDP (MER) for 2043 in the Combined Agenda 2063 scenario in 2043 will be US$8.7 billion, which is higher than the Current Path estimates of US$5.2 billion. This suggests that the size of Cape Verde economy in the Combined Agenda 2063 scenario in 2043 is US$ 3.5 billion larger than it is in the Current Path forecast.

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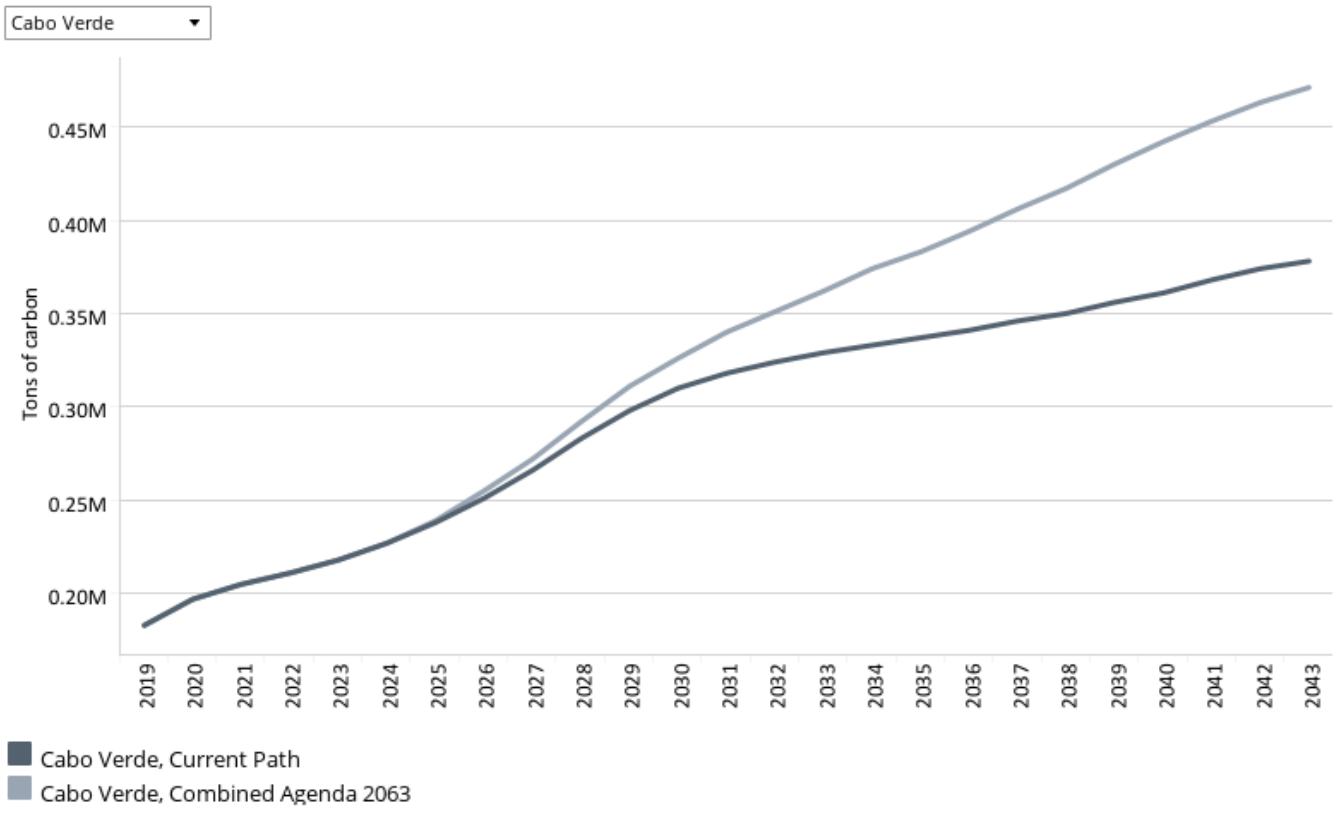
Chart 60: Carbon emissions in CP and Combined scenario, 2019–2043

Million tons of carbon (note, not CO_2 equivalent)



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

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Chart 60 shows the trend in carbon emissions in the Current Path forecast and the Combined Agenda 2063 scenario. The total amount of carbon emitted in 2019 was 0.18 million tons. In the Combined Agenda 2063 scenario, this is projected to rise to 0.47 million tons by 2043. This is higher than the estimates of 0.38 million in the Current Path forecast for 2043, meaning that the Combined Agenda 2063 scenario leads to much higher levels of carbon emissions than the Current Path forecast. The materialisation of the Combined Agenda 2063 scenario would stimulate high economic growth in Cape Verde, but the cost in terms of environmental degradation could also be relatively 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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Mr Enoch Randy Aikins joined the AFI in May 2021. Before that, Enoch was a research and programmes officer at the Institute for Democratic Governance in Accra. He also worked as a research assistant (economic division) with the Institute for Statistical Social and Economic Research at the University of Ghana. Enoch's interests include African politics and governance, economic development, public sector reform, poverty and inequality. He has an MPhil in economics from the University of Ghana, Legon.

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