



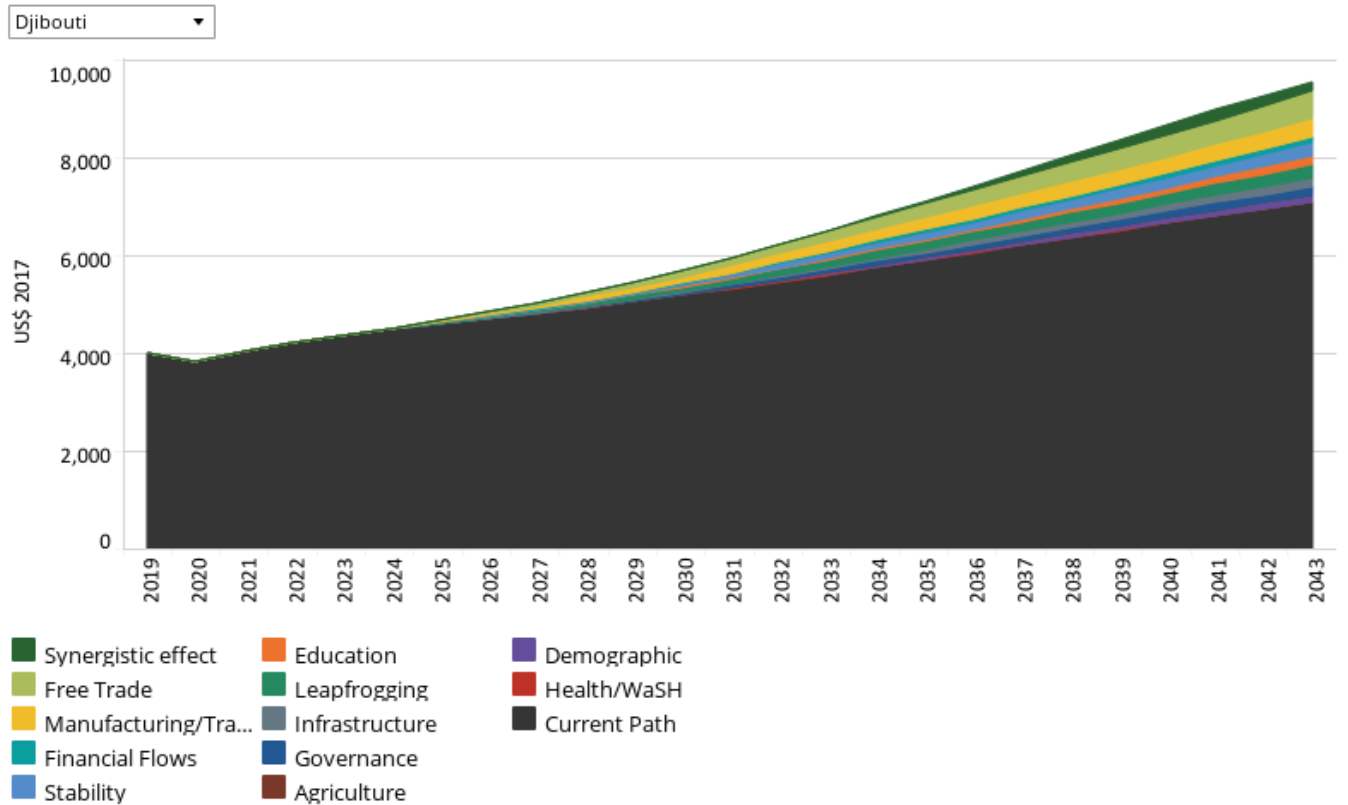
Djibouti

Combined Agenda 2063 scenario

Kouassi Yeboua

Last updated 15 November 2023 using IFs v7.63

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



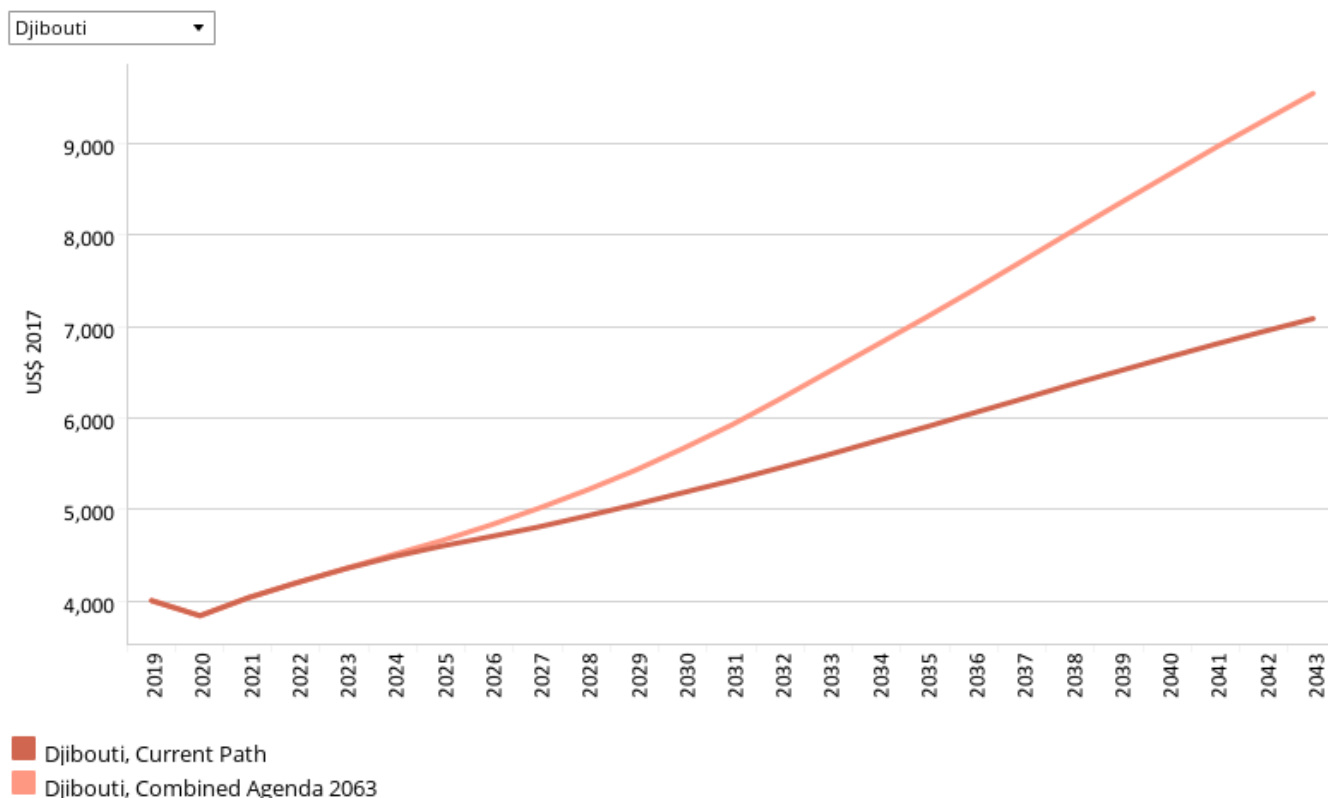
Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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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.

The synergistic effect of all the scenarios on GDP per capita is US\$196.2 in 2043, meaning that the impact of the Combined Agenda 2063 scenario on GDP per capita is more than a mere sum of individual scenario impact. The scenario with the most significant impact on GDP per capita by 2043 is the Free Trade scenario, followed by the Manufacturing/Transfers scenario, while the Agriculture scenario has the least impact on GDP per capita. This suggests that policies to strengthen the manufacturing sector associated with trade liberalisation will have the most significant potential to improve human and economic development in Djibouti.

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



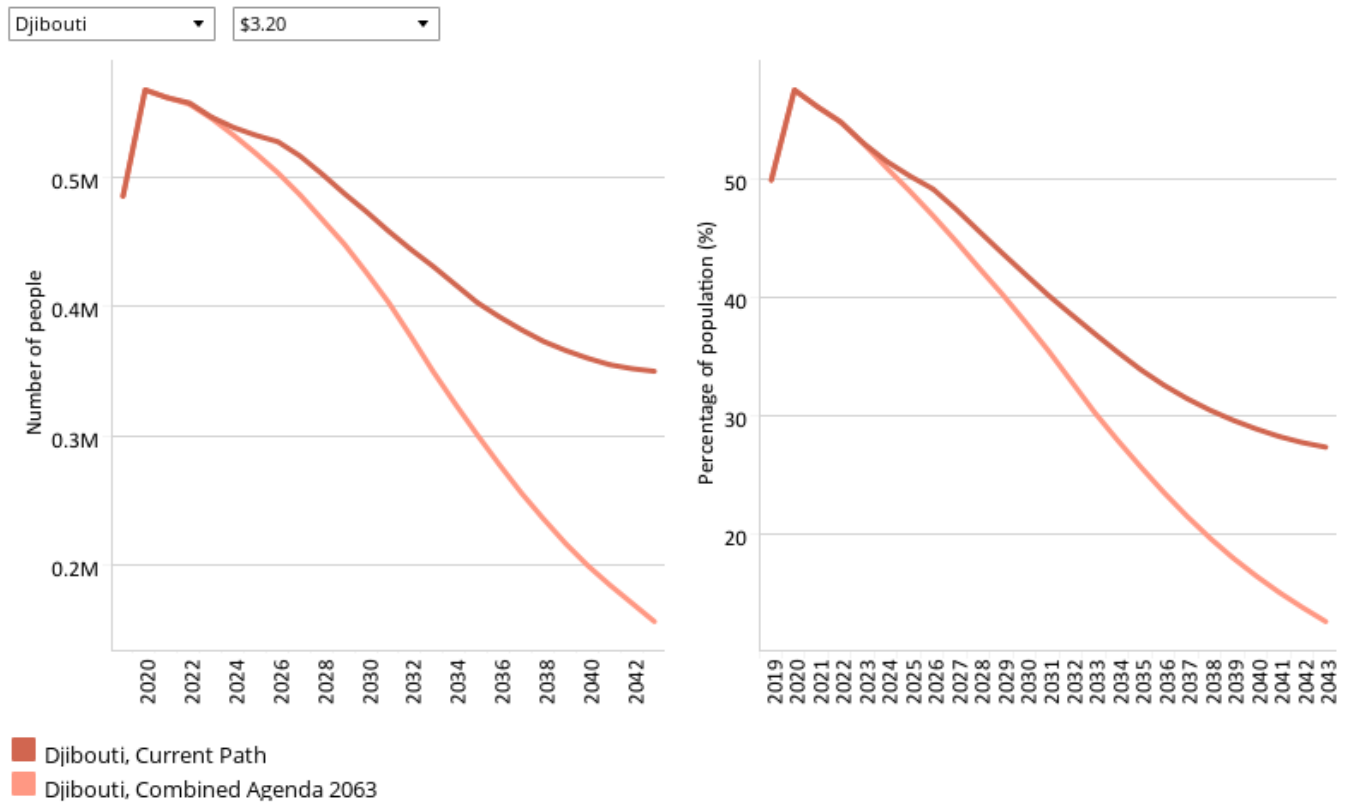
Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data

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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.

In the Combined Agenda 2063 scenario, the government makes a concerted effort to remove the binding constraints on growth and development in Djibouti. The Combined Agenda 2063 scenario has a greater impact on GDP per capita than the individual thematic scenarios. By 2033, Djibouti’s GDP per capita is US\$907 larger than in the Current Path forecast, and by 2043 it is US\$9 549 – that is, US\$2 462 more than in the Current Path forecast for that year. The Combined Agenda 2063 scenario shows that a policy push across all the development sectors is necessary to achieve sustained growth and development in Djibouti.

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

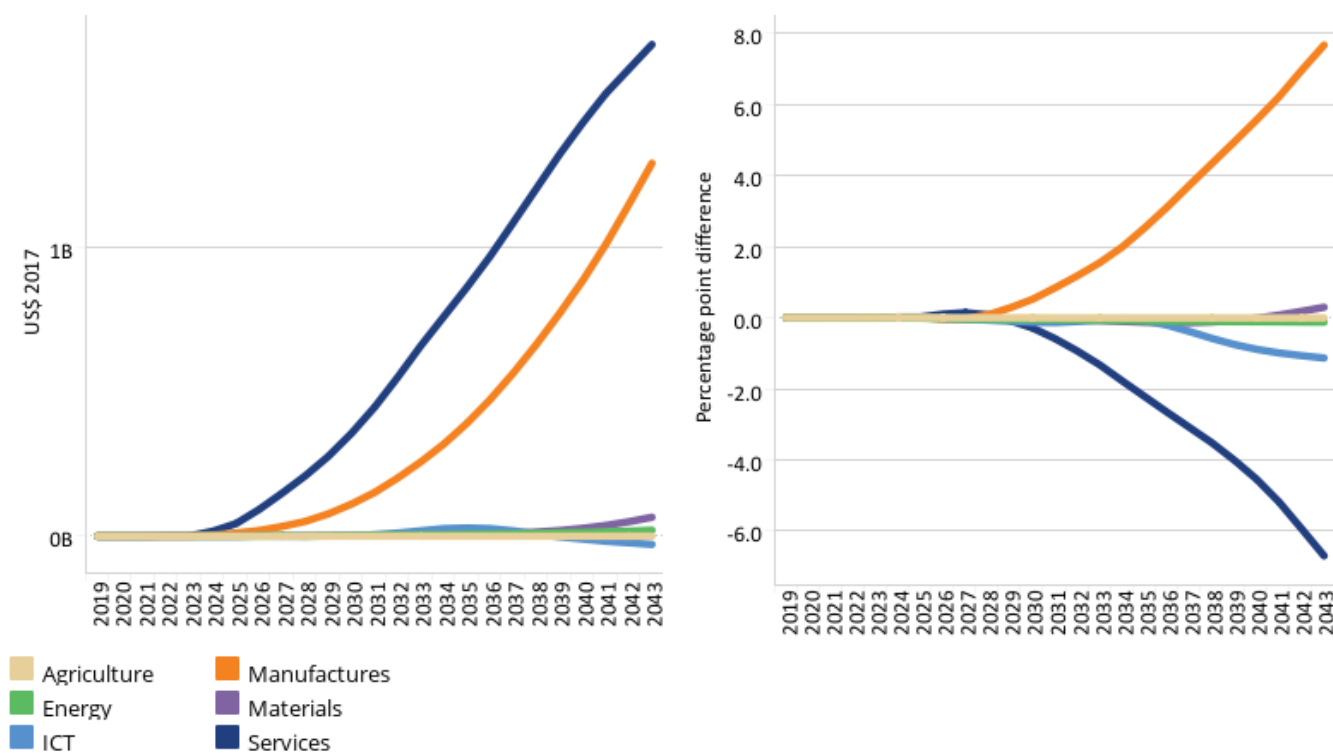
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Using the US\$3.20 poverty line for lower middle-income countries, by 2033 30.3% of Djiboutians will be living in extreme poverty in the Combined Agenda 2063 scenario, compared to 36.29% in the Current Path forecast. This translates to 81 000 fewer people living in extreme poverty than in the Current Path forecast. In 2043, the extreme poverty rate declines to roughly 12.7% (157 000 people) compared to 27.4% (350 000 people) in the Current Path forecast. In 2043, the poverty rate in the Combined Agenda 2063 scenario is far below the average of 38.3% in the Current Path forecast for lower middle-income Africa.

Chart 58: Value added by sector in CP and Combined scenario, 2019–2043
 Absolute and % point difference GDP



Djibouti



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

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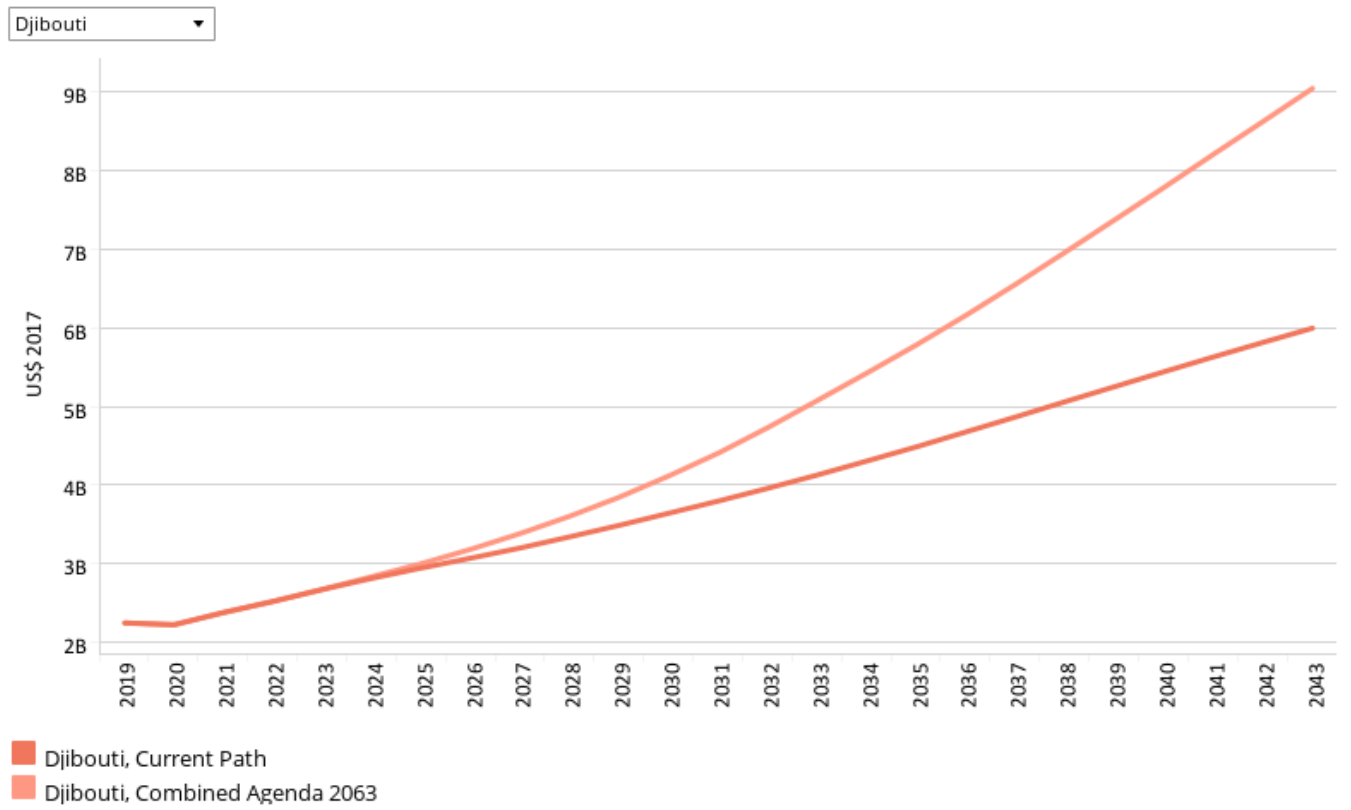
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See [Chart 8](#) to view the Current Path forecast of the sectoral composition of the economy.

Across the forecast horizon, the share of manufacturing in GDP (%) records the highest improvement compared to the Current Path. By 2043, the share of manufacturing in GDP (%) in the Combined Agenda 2063 scenario is 7.6 percentage points larger than the Current Path forecast. That of the service sector is 6.7 percentage points lower than the Current Path forecast in 2043.

In absolute value, the contribution of the service sector will experience the largest improvement compared to the Current Path forecast across the forecast horizon. The contribution of the service sector to GDP in the Combined Agenda 2063 scenario is US\$1.7 billion larger than in the Current Path forecast in 2043. The service sector is followed by the manufacturing industry, with its value in the Combined Agenda 2063 scenario US\$1.3 billion larger than the value forecast on the Current Path in 2043. Going forward, the service sector will continue to be the dominant sector of Djibouti's 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

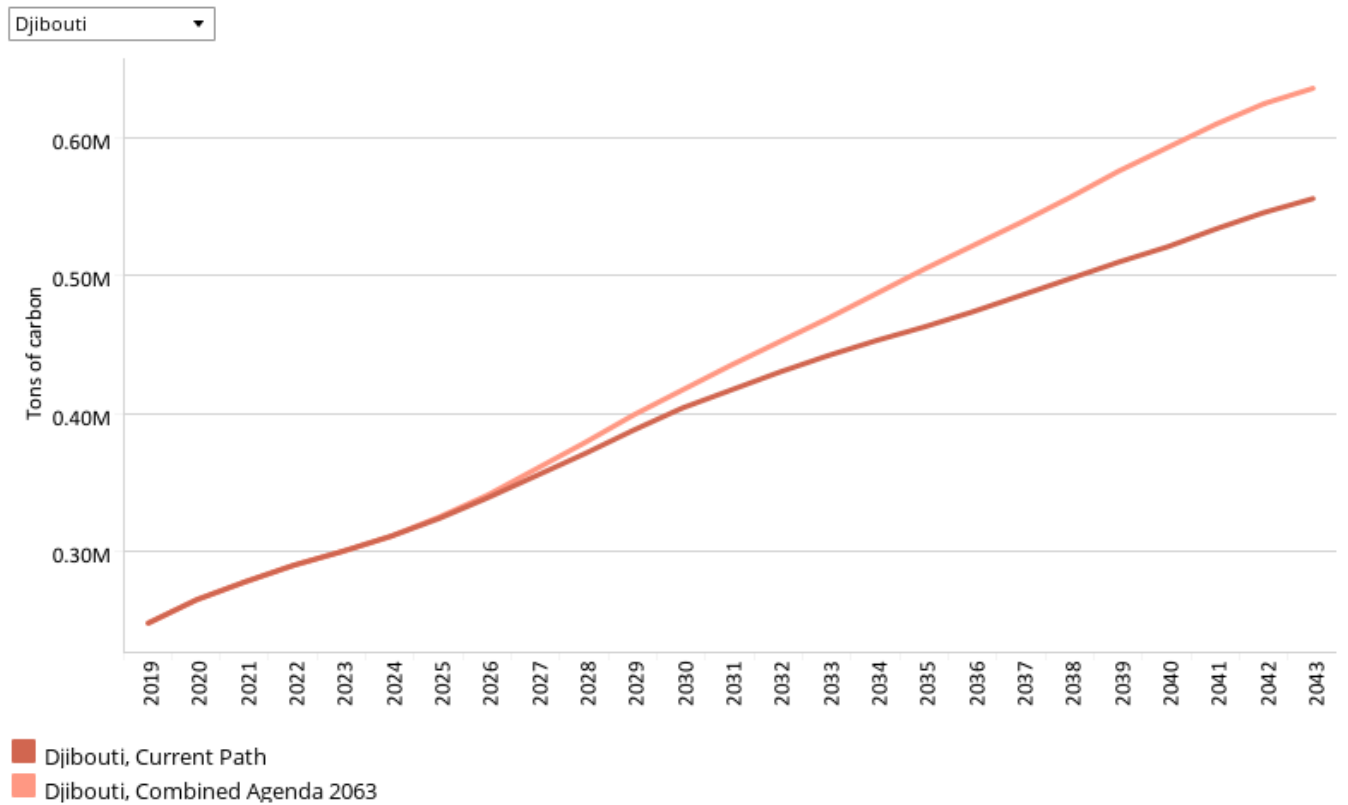
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The Combined Agenda 2063 scenario dramatically impacts the expansion of Djibouti’s economy. In this scenario, GDP is projected to expand from US\$2.2 billion in 2019 to US\$9 billion in 2043, a 309% increase over the period compared to 172% on the Current Path over the same period.

In 2043, Djibouti’s GDP in the Combined Agenda 2063 scenario is US\$3 billion larger than the in Current Path forecast. The Combined Agenda 2063 scenario shows that a policy push across all the development sectors is necessary to achieve sustained growth in Djibouti.

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

Million tons of carbon (note, not CO₂ equivalent)



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

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In the Combined Agenda 2063 scenario, carbon emissions increase from a very low base (0.25 million tons of carbon in 2019) to 0.64 million tons by 2043 (a 156% increase between 2019 and 2043) compared to 124% on the Current Path over the same period. In 2043, carbon emissions in the Combined Agenda 2063 scenario are 80 000 tons higher than in the Current Path forecast.

The materialisation of the Combined Agenda 2063 scenario would stimulate high economic growth in Djibouti, but the cost in terms of environmental degradation could also be high. To mitigate the environmental impact of the Combined Agenda 2063 scenario, its implementation should be accompanied with concrete steps to accelerate the energy transition.

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Kouassi Yeboua (2024) Djibouti. Published online at futures.issafrica.org. Retrieved from <https://futures.issafrica.org/geographic/countries/djibouti/> [Online Resource] Updated 15 November 2023.

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Dr Kouassi Yeboua is a senior researcher in African Futures and Innovation programme in Pretoria. He recently served as lead author on ISS studies on the long-term development prospects of the DR Congo, the Horn of Africa, Nigeria and Malawi. Kouassi has published on various issues relating to foreign direct investment in Africa and is interested in development economics, macroeconomics, international economics, and economic modelling. He has a PhD in Economics.

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