ISS AFRICAN FUTURES

EAC

Combined Agenda 2063 scenario

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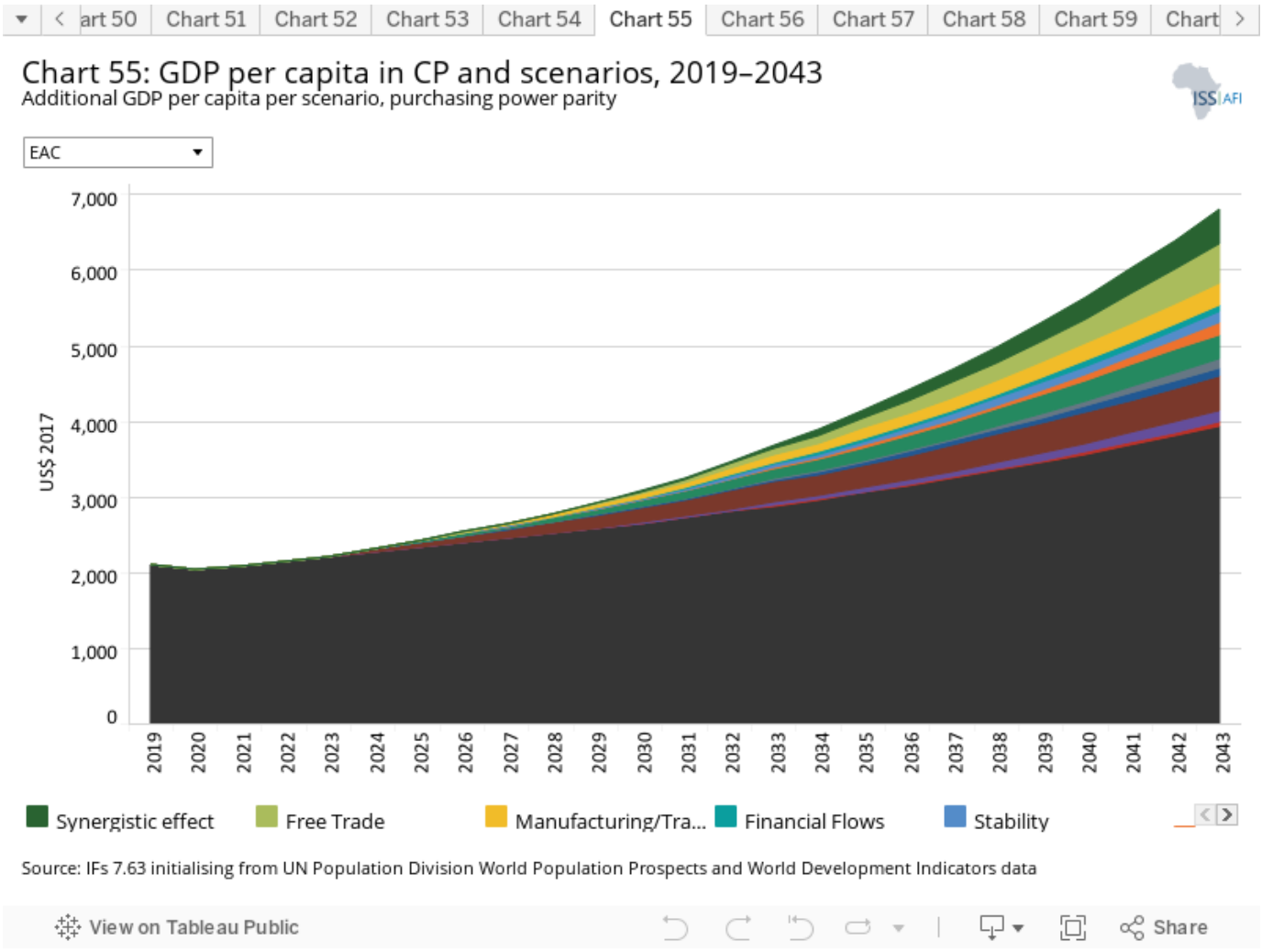
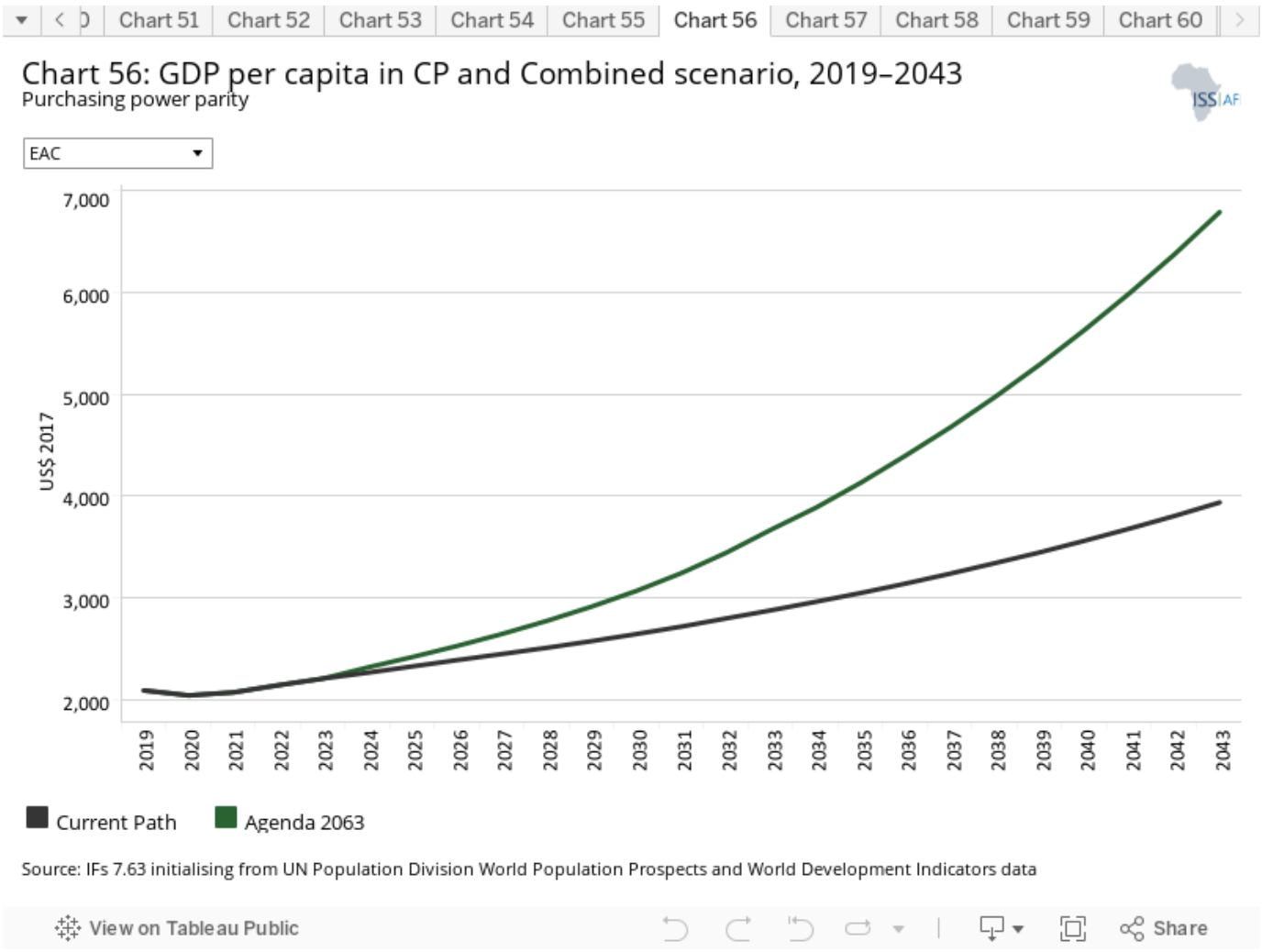


The Combined Agenda 2063 scenario consists of the combination of all 11 sectoral scenarios presented above, namely the Stability, Demographic, Health/WaSH, Agriculture, Education, Manufacturing/Transfers, Leapfrogging, Free Trade, Financial Flows, Infrastructure and Governance scenarios. The cumulative 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.

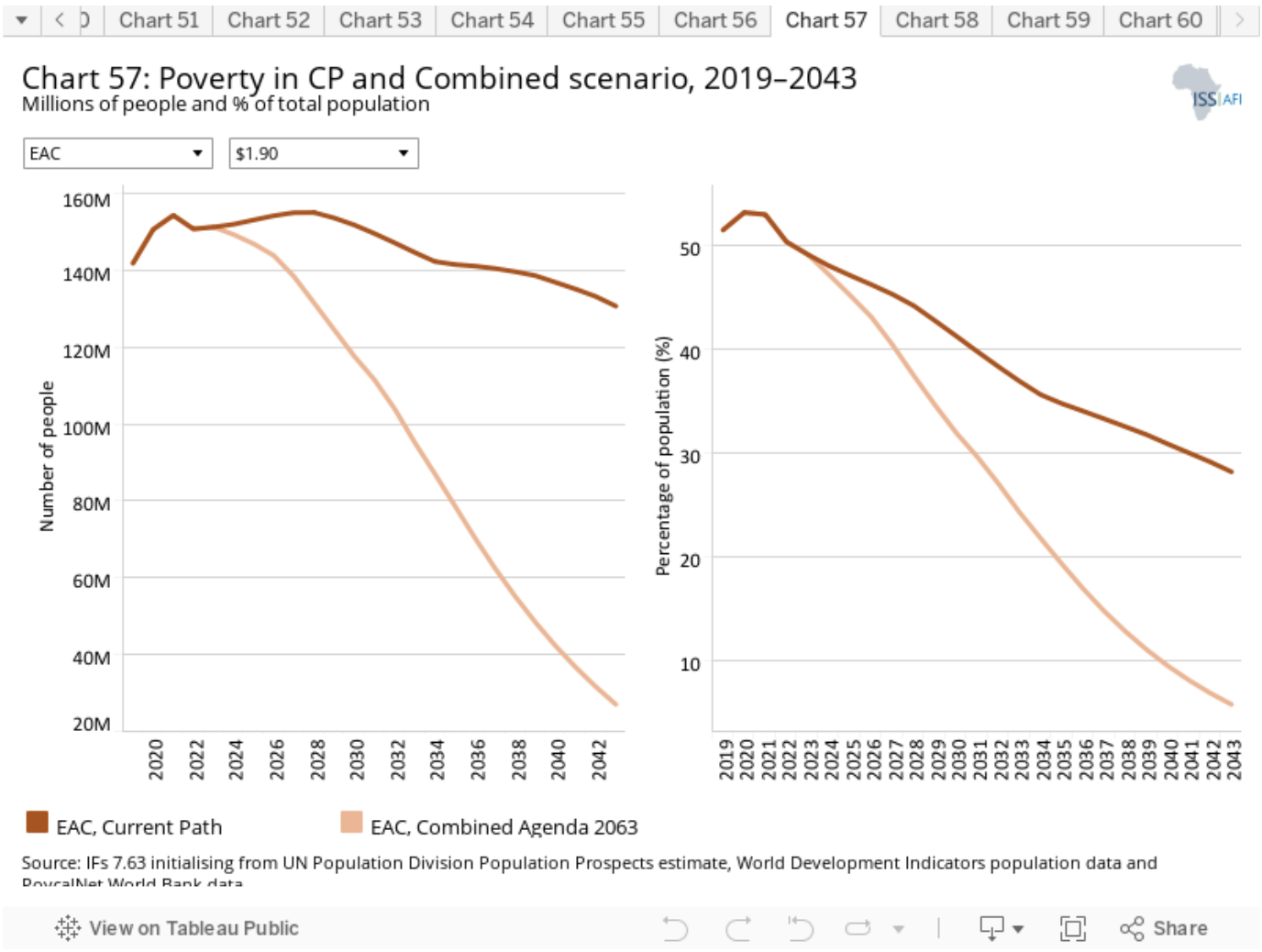
In 2019, average GDP per capita in the EAC was US$2 090.6. In the Current Path forecast, it will increase to US$3 938 in 2043. By 2033, the end of the second ten-year implementation plan of the Agenda 2063, the Agriculture scenario provides the largest increase in GDP per capita, followed by the Leapfrogging and Manufacturing/Transfers scenarios. By 2043, the Free Trade scenario provides the largest increase in GDP per capita, followed by the Agriculture scenario.



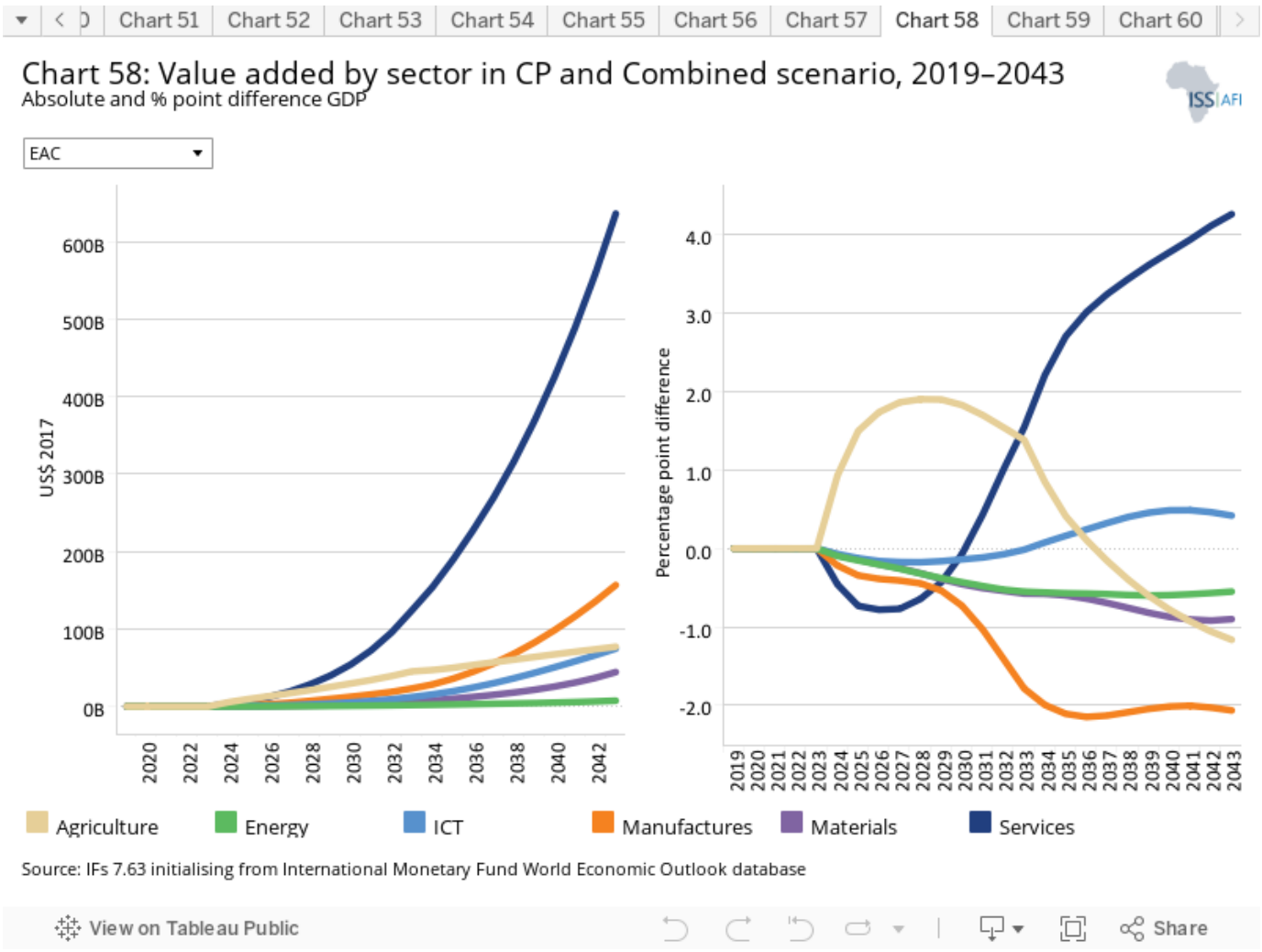
Whereas Chart 55 presents a stacked area graph on the contribution of each scenario to GDP per capita as well as the additional benefit or synergistic effect, Chart 56 presents only the GDP per capita in the Current Path forecast and the Combined Agenda 2063 scenario.

The Combined Agenda 2063 scenario has a substantial impact on incomes in the EAC group. The GDP per capita for the EAC was US$2 090.6 in 2019 and is set to increase to US$3 938 in 2043 in the Current Path forecast. In the Combined Agenda 2063 scenario, the average GDP per capita for the EAC will be US$6 792, an increase of about 73% in the Current Path forecast for that year. It means that compared to the Current Path forecast, the Combined Agenda 2063 scenario has the potential to raise the average GDP per capita in the region by an additional US$2 854 in 2043. The GDP per capita in the Combined Agenda 2063 scenario will only be 5.4% lower than the Current Path average of US$7 157 for Africa.

Uganda gains most in GDP per capita improvements in the Combined Agenda 2063 within the group with an increase of US$4791 by 2043 compared to the Current Path forecast, followed by Rwanda with US$3 746. Burundi, however, only gains US$878 as a result of the Combined Agenda 2063 scenario in 2043.



In 2019, extreme poverty at US$1.90 affected 51.5% of the population in the EAC in 2019, equivalent to 141.9 million people. In the Combined Agenda 2063 forecast, the percentage of extremely poor people could decline to 5.8% (26.9 million people) by 2043, instead of 28.2% (246 million) in the Current Path forecast. It means that the Combined Agenda 2063 scenario has the potential to lift additional 103.9 million people out of extreme poverty in the region, equivalent to a 22.4 percentage point decline. By 2043, the extreme poverty rate in the region in this scenario will also be 15.1 percentage points lower than the Current Path average for Africa in the same year. Burundi will experience the largest decline in extreme poverty, namely 38.7 percentage points (from 11.6 to 3.6 million people in 2043), followed by the DR Congo. Kenya and Uganda register less than ten percentage points improvement.

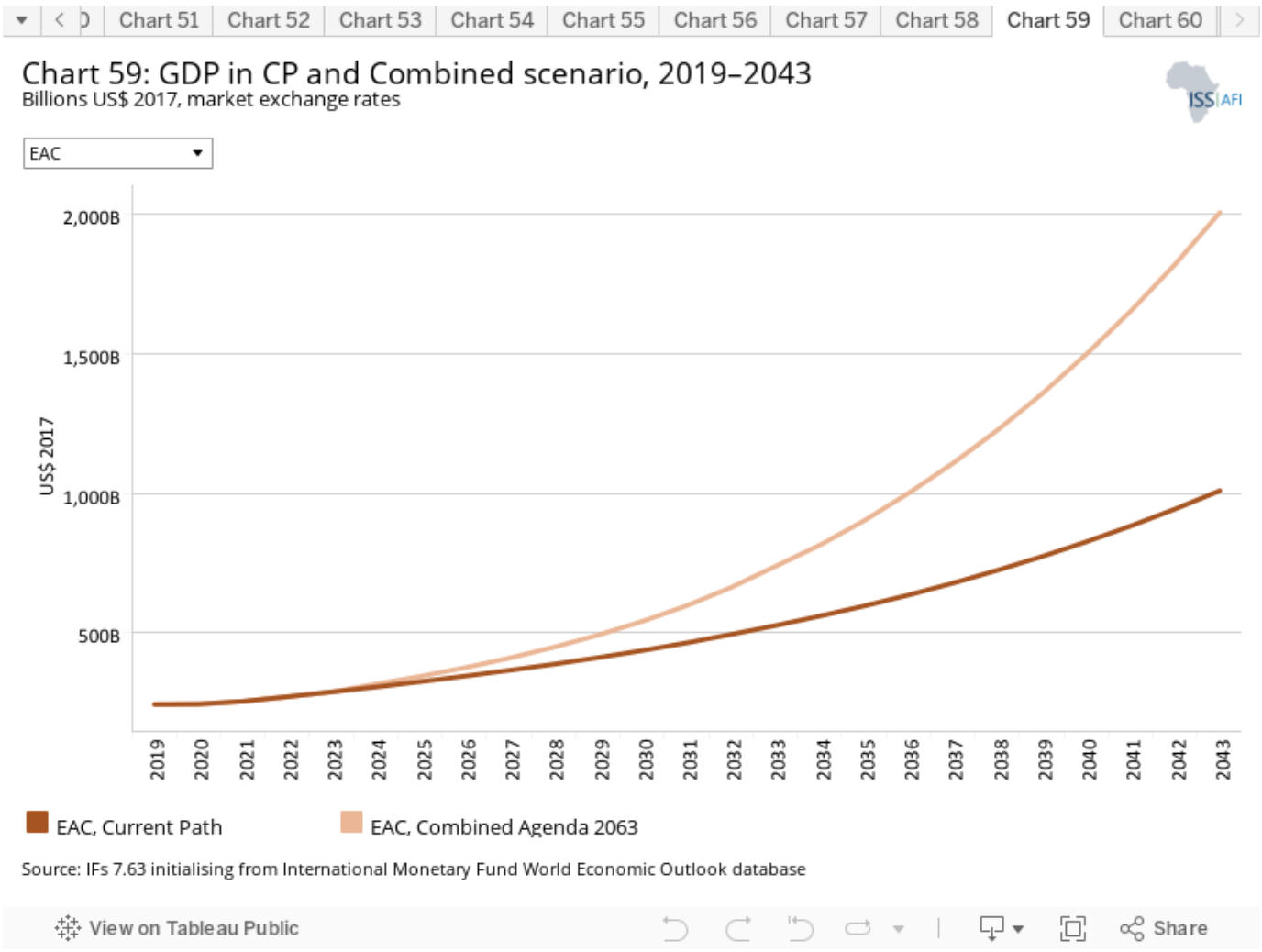


See Chart 8 to view the Current Path forecast of the sectoral composition of the economy.

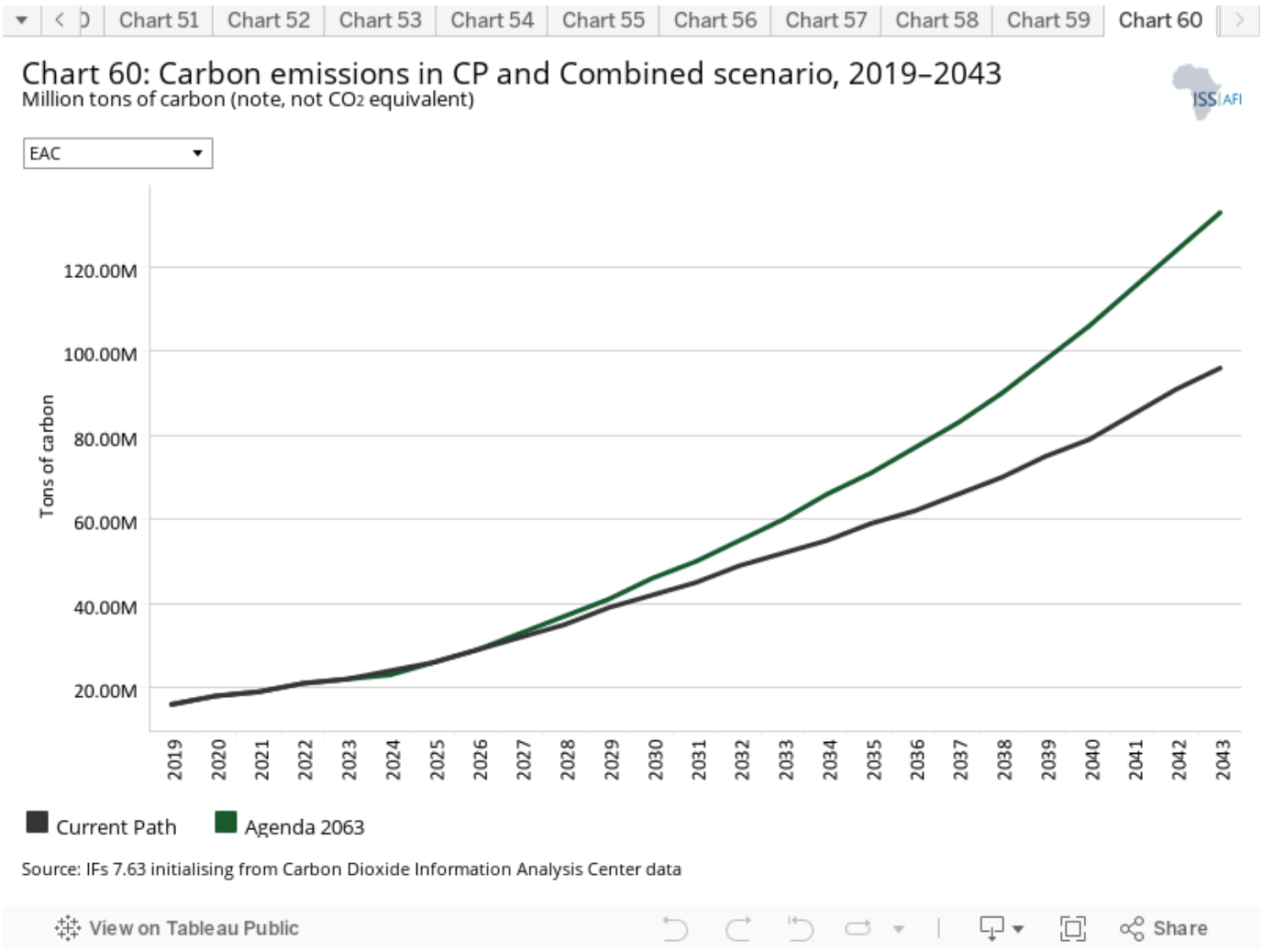
All sectors increase in value when comparing the 2043 Current Path forecast with the Combined Agenda 2063 scenario, although the relative contribution varies.

In 2019, the service sector represented 47.2% of the EAC economy. Instead of 55.3% in 2043 (the Current Path forecast), in the Combined Agenda 2063 scenario, it would represent 60%. The service sector will expand particularly rapidly in South Sudan (6 percentage points), Uganda (5.7 percentage points) and Rwanda (5.3 percentage points).

The changes in the sectoral composition of the EAC by 2043 will consist of a decline in the rate of contribution of the energy, manufacturing, agriculture and materials sectors and increases in the service and ICT sectors. By 2043, ICT in the Combined Agenda 2063 scenario will increase most in Burundi (2.8 percentage points) and the DR Congo (2 percentage points), and decline in Tanzania and Rwanda compared to the Current Path forecast.



The combined GDP of the EAC's seven economies will increase from US$243.1 billion in 2019 to US$2 005 billion in 2043 instead of US$12 008.65 billion in the Current Path forecast. In 2019, Kenya had the largest economy in the EAC at US$70 billion, followed by Tanzania at US$60.8 billion. In 2043, Uganda will benefit most from the Combined Agenda 2063 scenario by adding US$279 billion, followed by Uganda at US$242 billion. South Sudan and Burundi will add the least to their economies as a result of the Combined Agenda 2063 scenario.



In the Combined Agenda 2063 scenario, the EAC will release 133 million tons of carbon in 2043 compared to 96 million tons in the Current Path forecast. In 2019, the EAC released only 16 million tons of carbon. Tanzania will release additional 15 million tons in the Combined Agenda 2063 compared to the Current Path forecast in 2043 and Uganda 13 million tons.

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About the authors

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
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