

IGAD

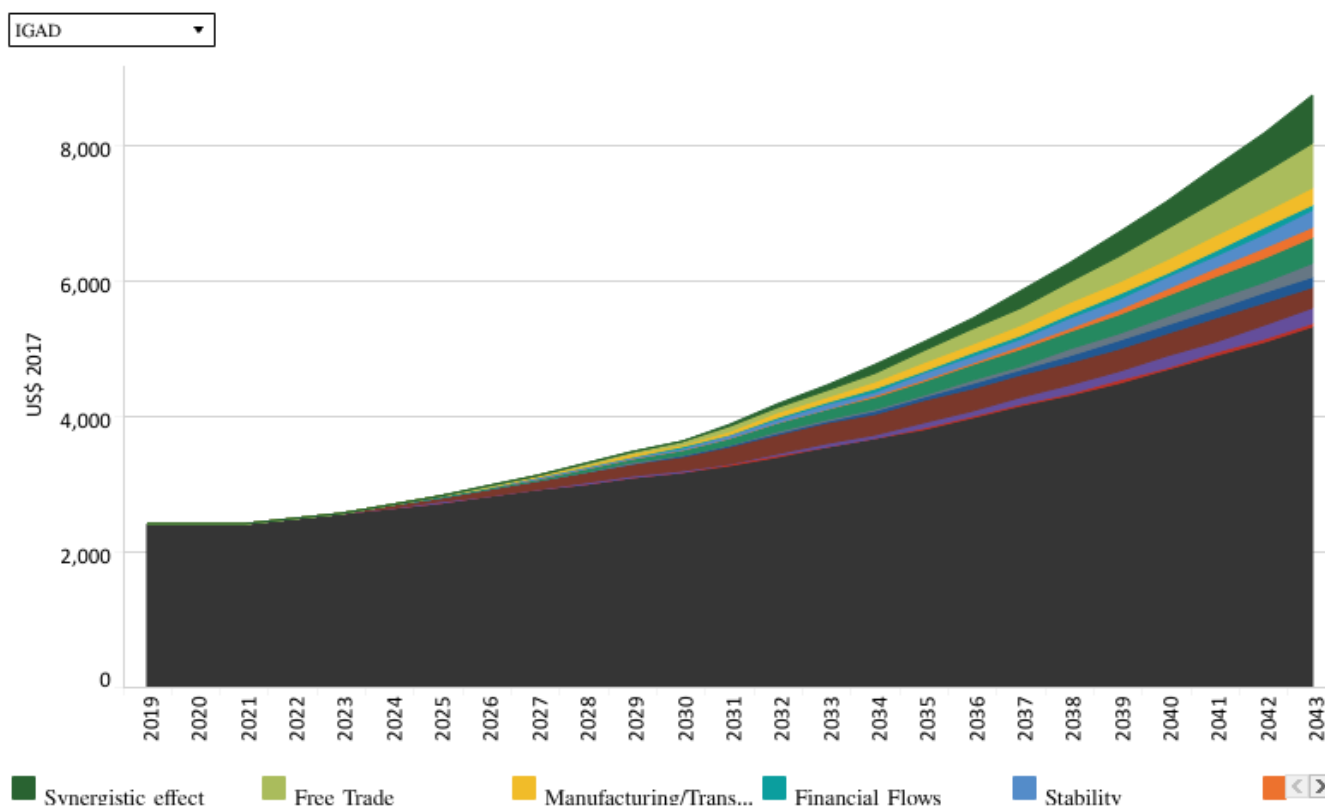
Combined Agenda 2063 scenario

Du Toit McLachlan

Last updated 13 December 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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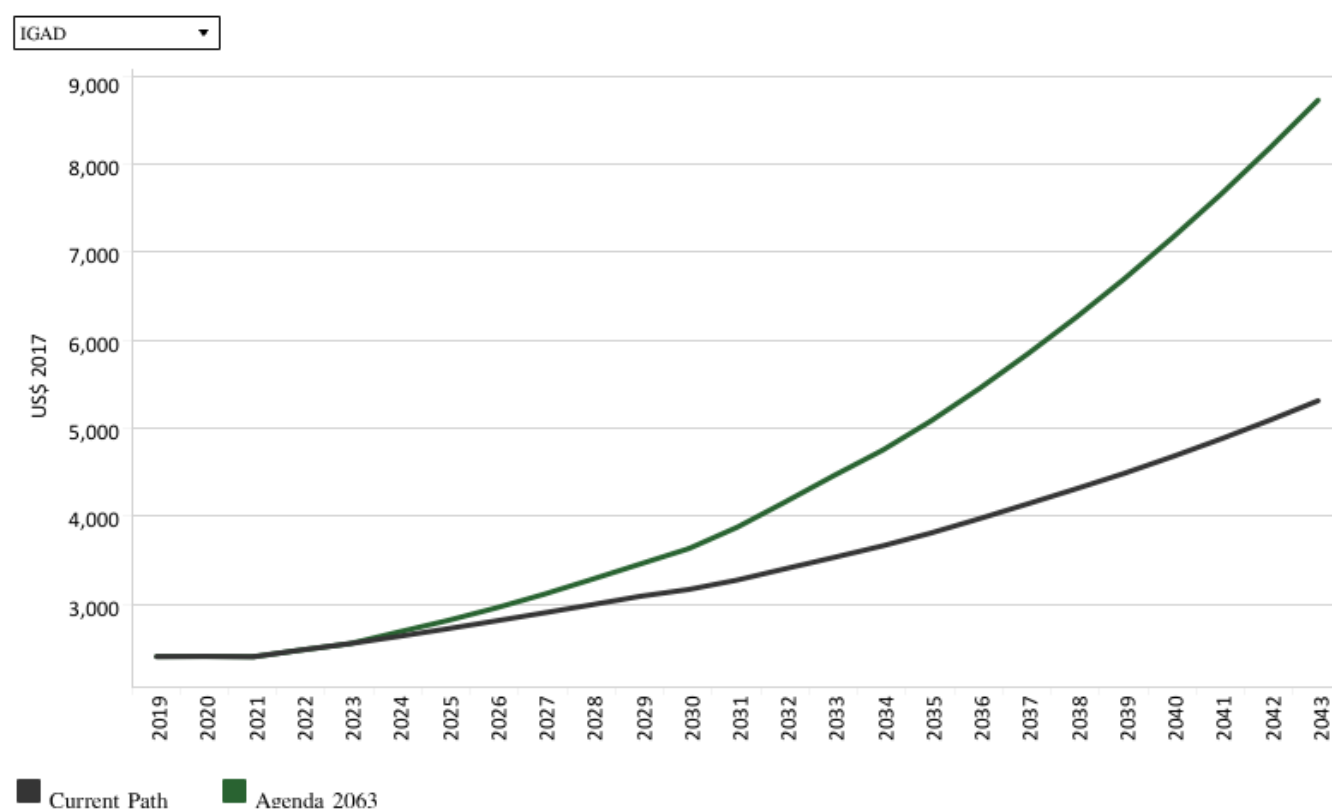
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The Combined Agenda 2063 scenario consists of the combination of all 11 sectoral scenarios presented above, namely the Stability, Demographic, Health/WaSH, Agriculture, Education, Manufacturing/Transfers, Leapfrogging, Free Trade, Financial Flows, 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 Free Trade scenario will increase IGAD's GDP per capita the most in 2043 compared to the Current Path forecast, followed by the Leapfrogging and Agriculture scenarios. A higher volume of regional trade will raise average incomes by an additional US\$662 by 2043, while the sustainable development espoused by the Leapfrogging scenario increases GDP per capita by US\$377. The Agriculture scenario has the most impact in the early parts of the forecast horizon but is overtaken by the Free Trade scenario in 2038 as the African Continental Free Trade Area (AfCFTA) starts to take effect.

Six out of IGAD's eight members will also benefit most from the Free Trade scenario's interventions, while Somalia will gain more from the Leapfrogging scenario and South Sudan will see a bigger increase in the Stability scenario. Encouragingly, the shift towards more productive jobs encouraged by the Manufacturing/Transfers scenario ranks second for Djibouti and third for Eritrea, Kenya and Uganda, increasing the latter's GDP per capita by US\$475 in 2043 compared to the Current Path forecast.

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 effect of implementing all 11 scenario's interventions is impressive, potentially raising IGAD's GDP per capita by an additional US\$3 416, equivalent to 64.3%, compared to the Current Path forecast to reach US\$8 729 by 2043. An increase of that magnitude will raise the REC's GDP per capita 22% above Africa's projected average of US\$7 157 in the Current Path forecast.

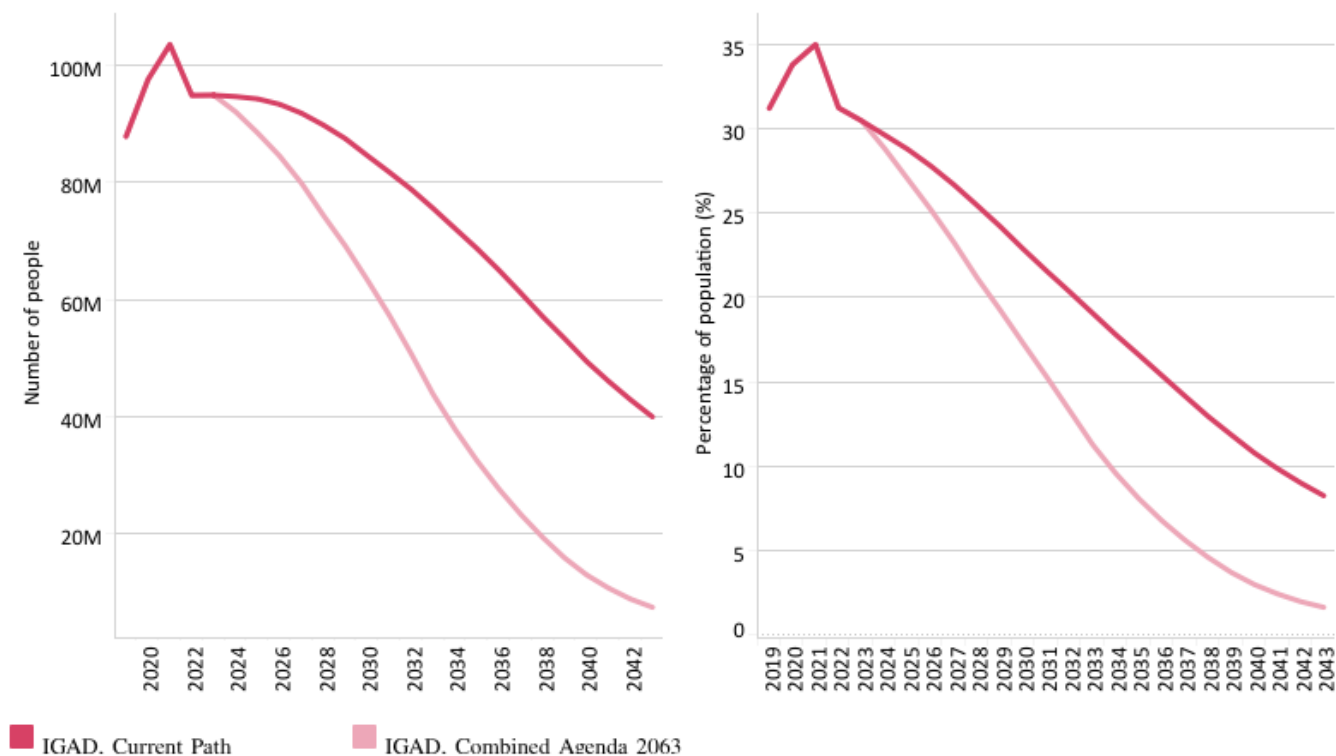
The average Ugandan is expected to be much better off in the Combined Agenda 2063 scenario by 2043 compared to the Current Path forecast as average incomes will rise by an additional 99%, or US\$4 791, reaching US\$9 637. In the process, Uganda will overtake Djibouti as the country with the highest GDP per capita among IGAD's members, while Somalia will remain the member with the lowest GDP per capita at US\$2 497 in 2043. The combined effect of the Combined Agenda 2063 scenario's interventions will still put Somalia US\$4 660 below Africa's Current Path forecast average of US\$7 157 for 2043.

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

Millions of people and % of total population



IGAD \$1.90



Source: IFs 7.63 initialising from UN Population Division Population Prospects estimate, World Development Indicators population data and PovcalNet World Bank data

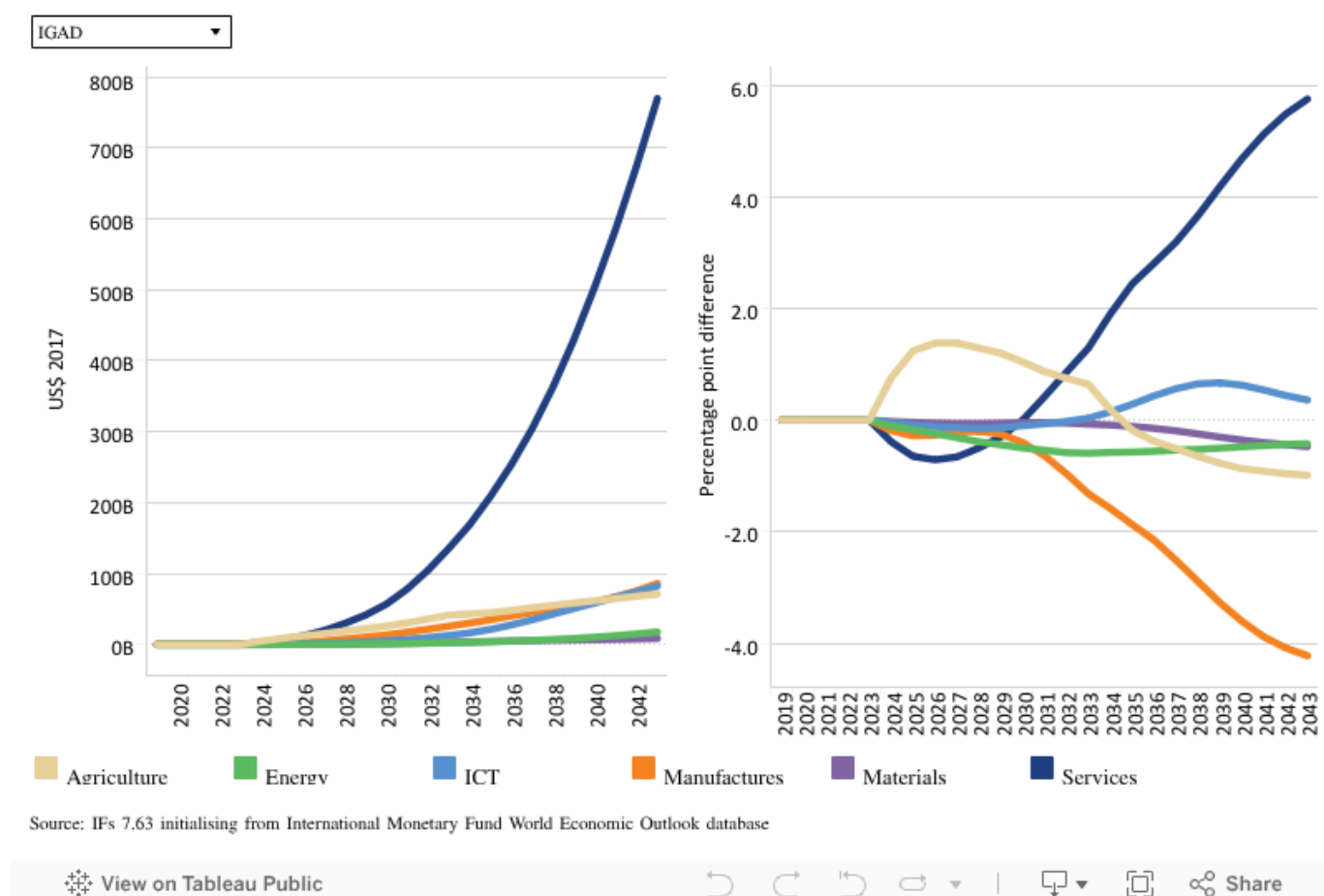
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The Combined Agenda 2063 scenario envisages a remarkable decrease in IGAD's extreme poverty rate and the size of its poor population, highlighting the potential benefits of broad, integrated reforms across multiple sectors. The REC's poverty rate will drop by 6.6 percentage points compared to the Current Path forecast for 2043, a decline which means IGAD will eliminate poverty by 2041. This is comparable to 32.5 million fewer poor people living below the US\$1.90 per day poverty line by 2043 when contrasting the scenario with the Current Path forecast.

Three of IGAD's members will follow suit and eliminate poverty by 2043 in the Combined Agenda 2063 scenario: Ethiopia, Eritrea and Uganda. The countries most hampered by poverty, Somalia, South Sudan and Sudan, will all see significant reductions in their poverty rates, with decreases of 30, 22.6 and 15.5 percentage points, respectively. South Sudan in particular will experience a radical transformation, as its poverty rate falls from 79.4% in 2019 to 27.7% by 2043.

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



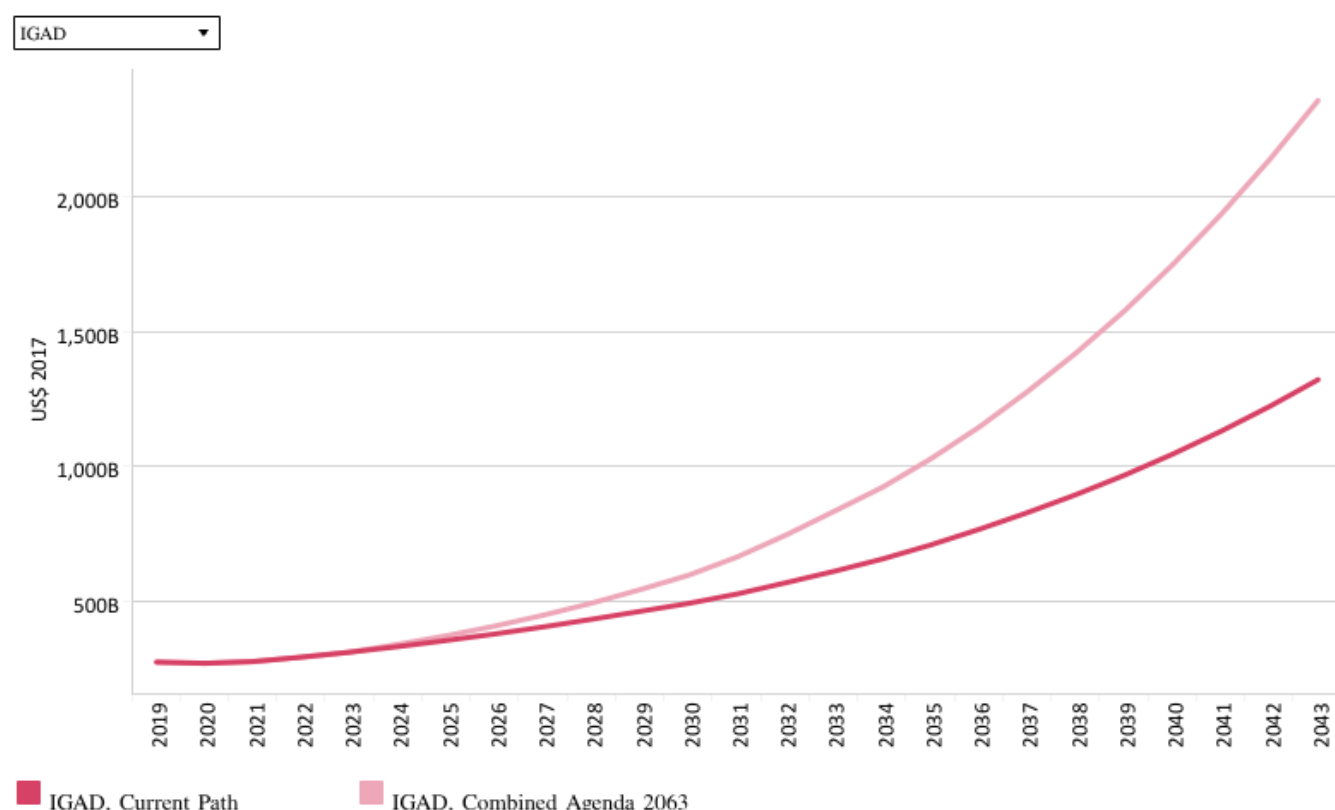
See [Chart 8](#) to view the Current Path forecast of the sectoral composition of the economy.

IGAD's service sector will expand rapidly in the Combined Agenda 2063 scenario: by 2043, the sector will add 5.8 percentage points more as a percentage of GDP, equivalent to an additional US\$769.5 billion compared to the Current Path forecast, reaching a value of US\$1 578 billion by 2043. In contrast, the manufacturing sector's contribution to total GDP will decline by 4.2 percentage points by 2043, although its absolute value will increase by an extra US\$86.2 billion compared to the Current Path forecast. The growth of the service sector will be remarkable: its contribution will rise from 50.2% in 2019 to 66.9% in 2043, while manufacturing will only grow by 1.8 percentage points over that time in the Combined Agenda 2063 scenario. The agriculture and ICT sectors will also contribute an additional US\$71.3 billion and US\$82.6 billion to GDP, respectively, in the scenario. ICT's contribution to GDP will correspond to 0.4 percentage points above the Current Path forecast while agriculture's contribution will be a percentage point below the Current Path forecast.

The one member who will experience a different trajectory is South Sudan, as explained in [Chart 8](#). The contribution of services does increase, by 6 percentage points in 2043, but the sector with value added as a percentage of GDP the most is the energy sector — its contribution will be 10.5 percentage points less by 2043 in the scenario compared to the Current Path forecast. The other countries will all see their manufacturing sector grow in absolute terms but its contribution as a total of GDP fall. Eritrea will see the largest decrease of 11.3 percentage points by 2043, followed by Sudan and Ethiopia. The Combined Agenda 2063 scenario's interventions push all of IGAD's members value added from manufacturing, as a percentage of GDP, below Africa's Current Path forecast for 2043 of 22.3%.

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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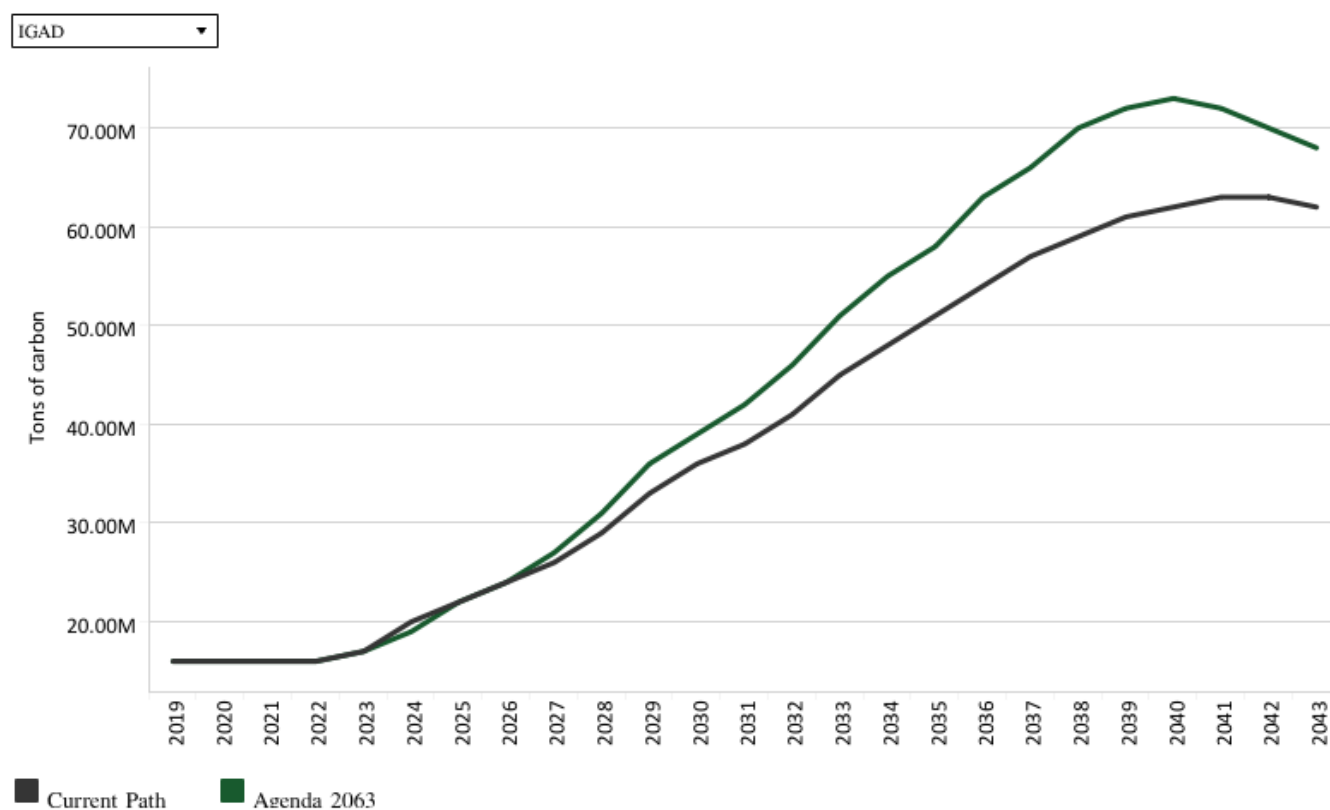
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Chart 5 shows IGAD's Current Path forecast for GDP and highlights the significant growth the REC will experience from 2019 to 2043. The Combined Agenda 2063 scenario builds on this trend significantly, as the economy will be 78.3% larger by 2043 in the scenario compared to the Current Path forecast, an increase of US\$1 035.5 billion. The remarkable growth envisaged by the scenario means the REC's GDP will equate to US\$2 357.7 billion by 2043, an incredible increase in excess of 700% from 2019.

Three countries, Uganda, Somalia and Eritrea, will see their GDP double by 2043 in the scenario compared to the Current Path forecast, with Uganda seeing the largest rise of 111.8%. In absolute terms, Ethiopia will experience the largest increase, of US\$370.8 billion by 2043, which equates to a rise of 63%. The Ethiopian economy will however constitute a slightly smaller percentage of IGAD's total GDP by 2043, at 40.9% compared to 44.7% in the Current Path forecast. Both Uganda and Kenya will see their shares grow marginally, by 3.4 and 0.3 percentage points respectively.

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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The consequence of increased economic activity and prosperity envisaged, as projected in the Combined Agenda 2063 scenario, will inevitably lead to an increase in carbon emissions, but IGAD's projected increases are imminently manageable. By 2043, carbon emissions are expected to be 68 million metric tons of carbon, only 6 million tons more than in the Current Path forecast. Although the increase is relatively small, 9.7%, attention should still be given to ways to combat rising emissions as development occurs.

Ethiopia will have the largest increase in carbon emissions by 2043 compared to the Current Path forecast, as emissions increase by 96%. This is predictable given the economic growth the country is likely to experience in the Combined Agenda 2063 scenario, as detailed in [Chart 59](#). The largest increase in absolute terms however will come from Uganda, which will produce 12.6 million tons more carbon by 2043 than in the Current Path forecast. IGAD's members will account for 6.4% of Africa's total emissions by 2043, with Uganda having the largest share at 2.9% in the Combined Agenda 2063 scenario.

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Mr Du Toit McLachlan joined the ISS in February 2021. He holds an honour's degree in international relations from the University of Pretoria and is the AFI website manager. His research interests include gender equality, international trade, and international geopolitics.

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