Low-income Africa

Low-income Africa: Current Path

Mustapha Jobarteh

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Low-income Africa: Current Path

Low-income Africa: Current Path forecast

Chart 1: Political map of low-income Africa

Source: AFI, WB, ESRI, USGS, NOAA
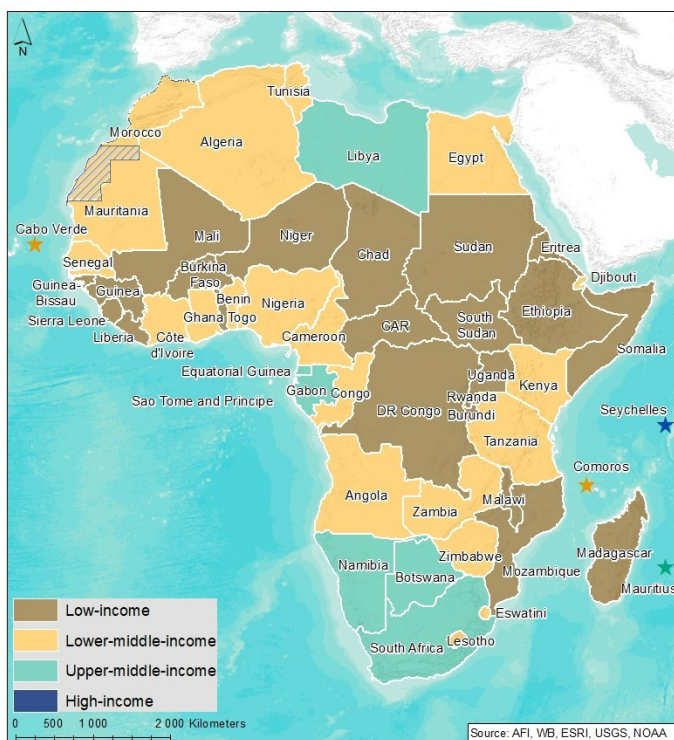
This page provides an overview of the key characteristics of low-income Africa along its likely (or Current Path) development trajectory. The Current Path forecast from the International Futures forecasting (IFs) platform is a dynamic scenario that imitates the continuation of current policies and environmental conditions. The Current Path is therefore in congruence with historical patterns and produces a series of dynamic forecasts endogenised in relationships across crucial global systems. We use 2019 as a standard reference year and the forecasts generally extend to 2043 to coincide with the end of the third ten-year implementation plan of the African Union's Agenda 2063 long-term development vision.

Low-income Africa has 23 member states: Burkina Faso, Burundi, Central African Republic (CAR), Chad, the Democratic Republic of the Congo (DR Congo), Eritrea, Ethiopia, The Gambia, Guinea, Guinea Bissau, Liberia, Madagascar, Malawi, Mali, Mozambique, Niger, Rwanda, Sierra Leone, Somalia, Sudan, South Sudan, Togo and Uganda. Membership is based on the World Bank classification of income below US$1 046 based on 2021 gross national income (GNI) per capita. Membership is not static and is reviewed annually.
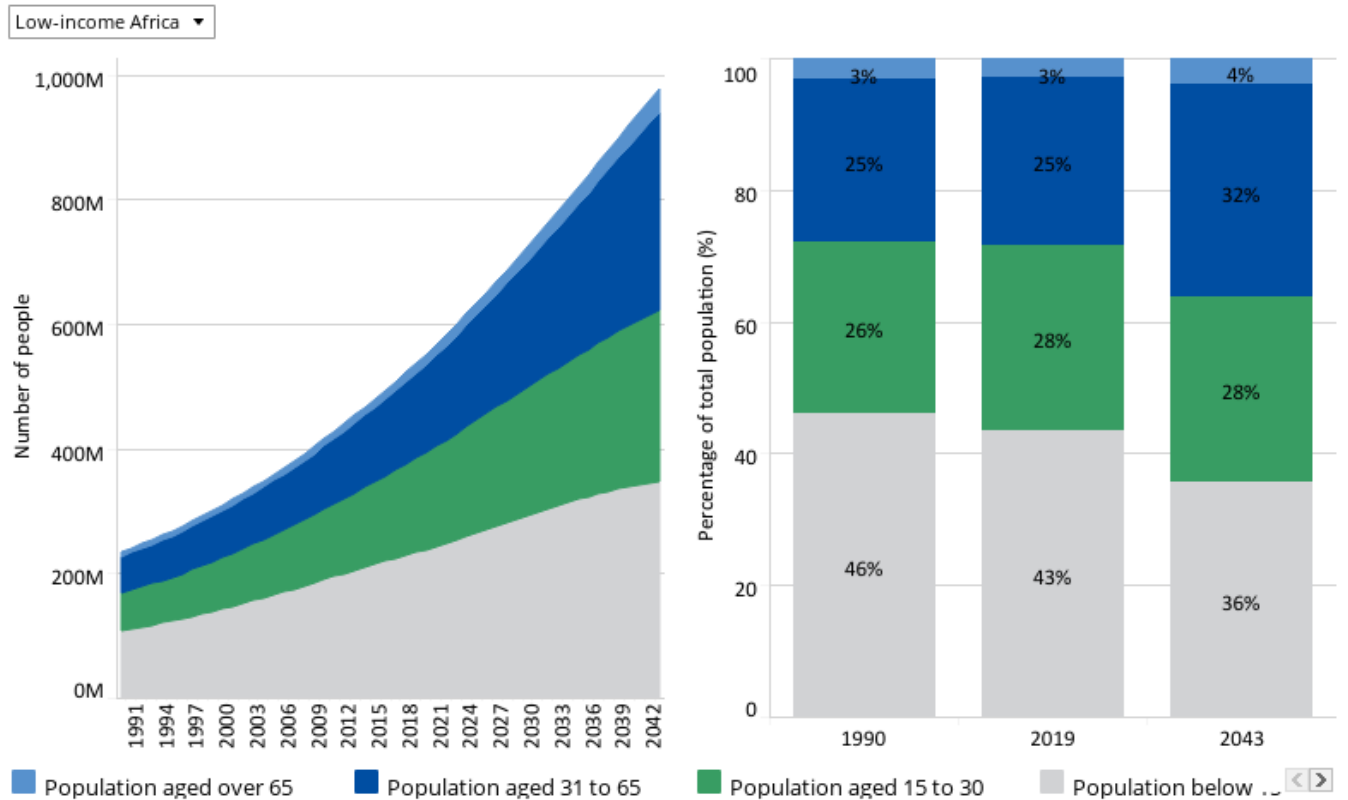
Membership cuts across all regions of Africa with eight members from East and Horn of Africa, eight from West Africa, four from Central Africa, and three Southern Africa. Similarly, the low-income Africa grouping has members in seven of the eight African Union (AU)recognised regional economic communities (RECs) — with the Arab Maghreb Union being the exception — amid pronounced country to country differences. Some of the countries are members of more than one AU recognised REC in Africa.

Chart 2: Population structure in CP, 1990–2043
By cohort and % of population

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Population aged over 65 ■ Population aged 31 to 65 ■ Population aged 15 to 30 ■ Population below ... ‹ ›

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

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The population of low-income Africa stood at 234.2 million in 1990, and by 2019 the population had more than doubled to 537.9 million people. In the Current Path forecast, the population will reach almost a billion people (977 million) by 2043. This is reflective of the 2.8% population growth rate in 2019, which only declines to 2% by 2043. Ethiopia is the most populous member state with 112 million people in 2019, followed by the DR Congo (87 million people) and Uganda (43.8 million). The least populous countries are The Gambia (2.4 million) and Guinea Bissau (1.9 million).

Low-income Africa has an exceptionally young population with 50% of its adult population in the age group 15 to 29 years of age in 2019, typically considered as constituting its youth bulge. Even by 2043, 44% of its adult population will still be in this bulge, implying considerable momentum towards social turbulence if there is not rapid expansion of services and opportunities.

The population structure will gradually become older as the median age for the group increases from 16.8 in 1990 and 17.9 in 2019 to 22 years in 2043. At the individual country level, the median age within the group ranges from 20 in Rwanda to 15 in Niger.

As a result, the under-15 years cohort will decline from 43% in 2019 to 36% in 2043, while the 65 years and older cohort increases marginally from just 3% in 2019 to 4% in 2043. With only 53% of its population in the general working-age bracket (15 to 64 years of age) in 2019, low-income Africa will only benefit from a demographic dividend in 2050 when the

ratio of working-age persons to dependants exceeds 1.7:1.

## Chart 3: Urban and rural population in CP, 1990–2043
% of population

Low-income Africa ▼

Legend: Low-income A... Low-income A...
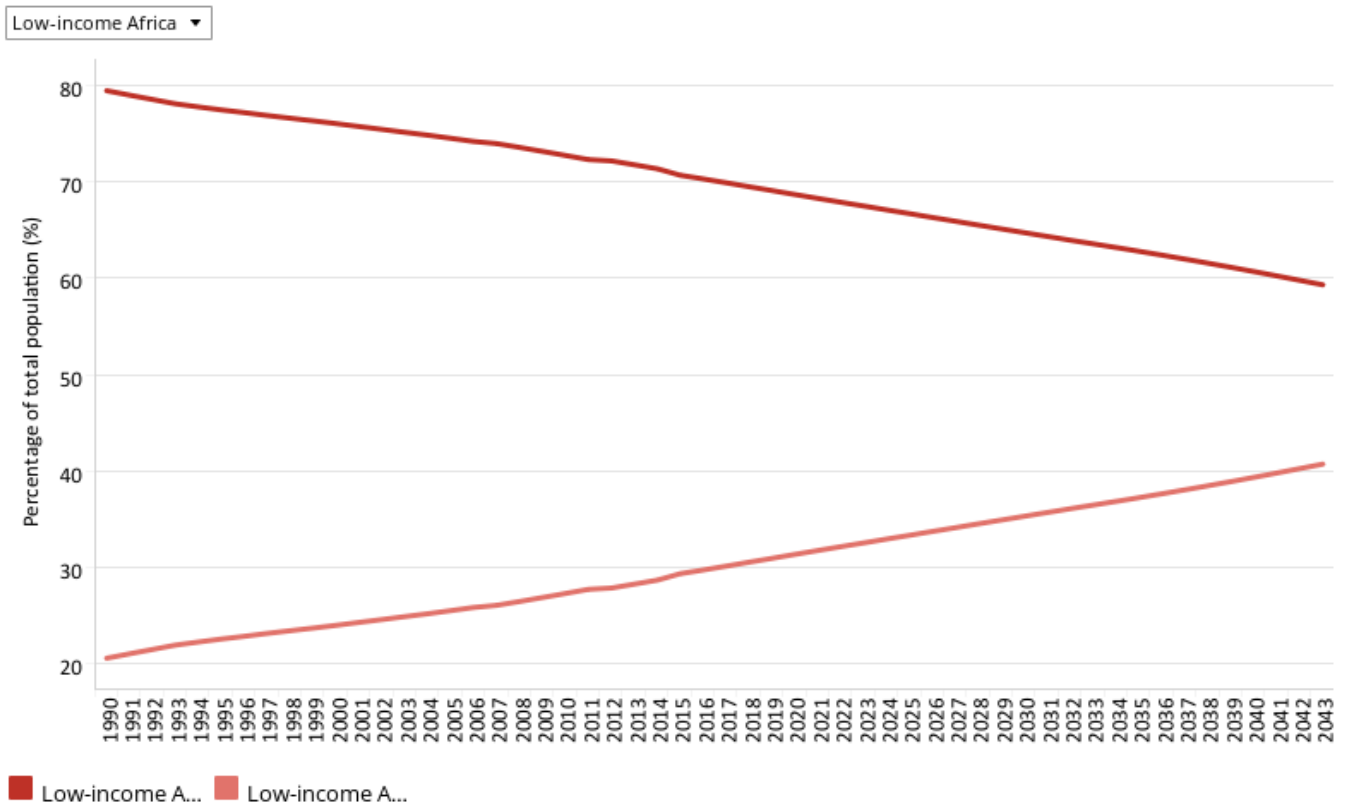
Source: IFs 7.63 initialising from UN World Urbanization Prospects estimate

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Low-income Africa is still mainly rural (average of 69.1% in 2019) but rates differ enormously between member states. In 2019, nine out of 23 group members (Burkina Faso, Burundi, Chad, South Sudan, Uganda, Ethiopia, Malawi, Niger and Rwanda) had more than 70% of population living in rural areas, and only two countries (The Gambia and Liberia) had less than 50% rural population. On average, the group will remain predominantly rural even by 2043, with only 41% of the population (398.2 million people) living in urban areas.

Chart 4: Population density map for 2019
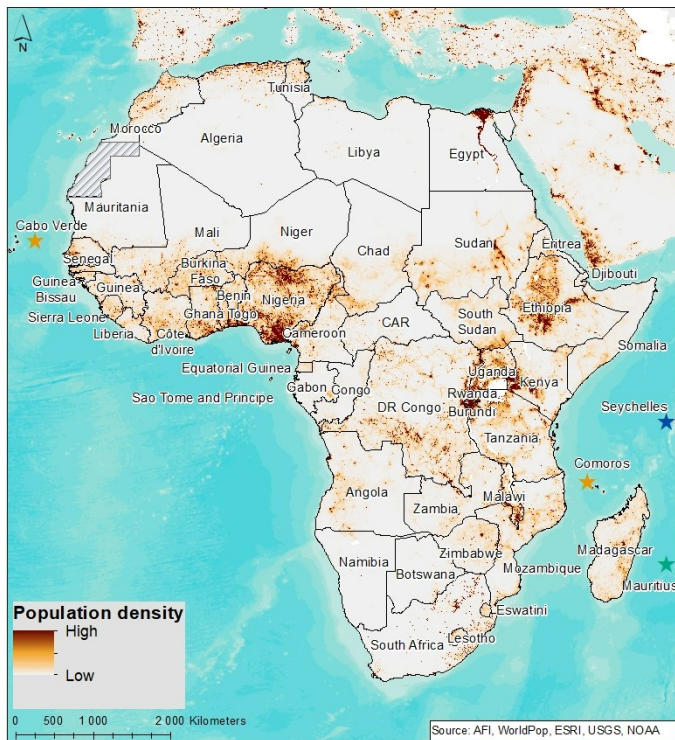
Low-income Africa has a significantly lower average population density than low middle-income Africa with large differences between countries. Rwanda and Burundi were the most densely populated countries within low-income Africa in 2019 with 5.1 and 4.3 persons per hectare, respectively, followed by The Gambia with 2.3 persons per hectare. In 2019, the CAR had the lowest density. Of the 23 members, 16 have a density of less than one person per hectare. By 2043, Rwanda will still be the most densely populated country at 8.3 persons per hectare, followed by Burundi at 7.7.

Chart 5: GDP in CP, 1990–2043
Market exchange rates
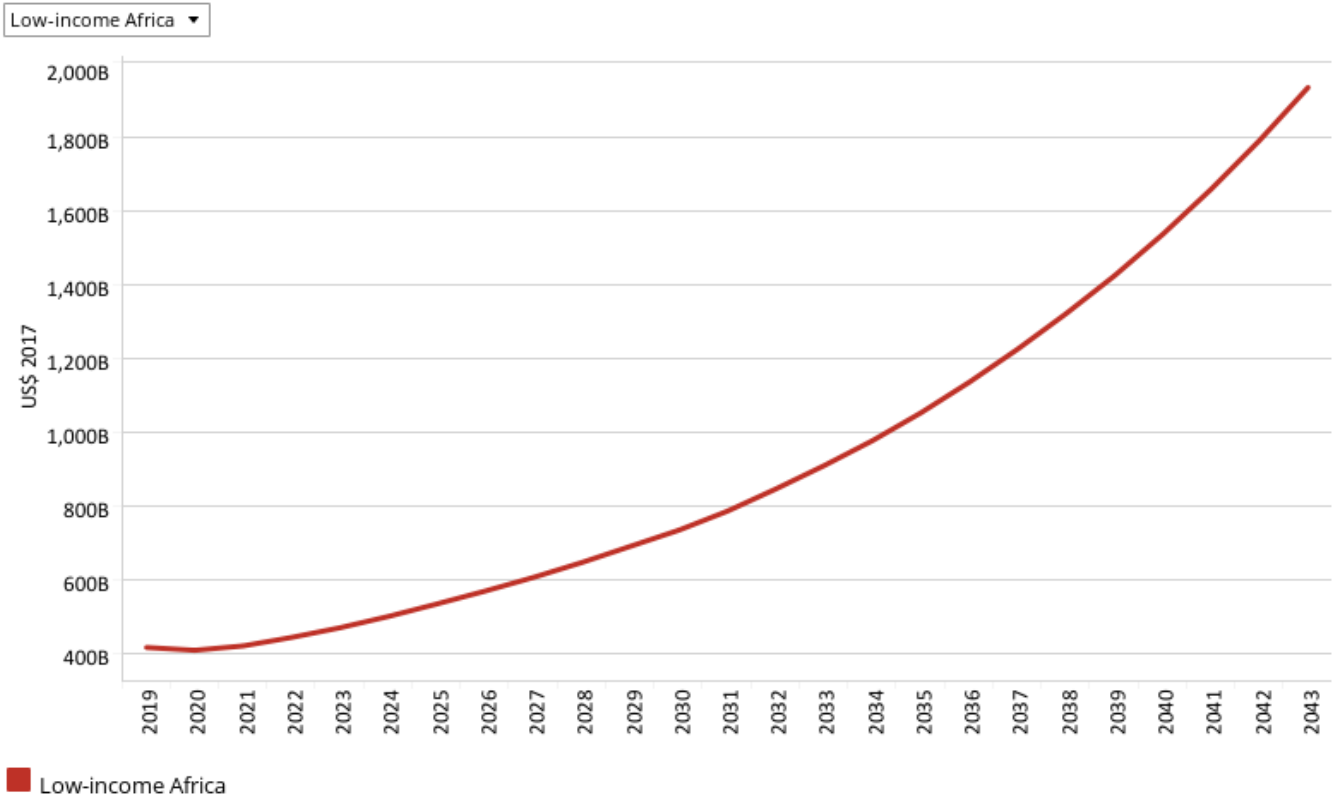
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Source: IFs 7.63 initialising from International Monetary Fund World Economic Outlook database

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The combined GDP of low-income Africa has more than tripled from US$122.1 billion in 1990 to US$418.6 billion in 2019, and in the Current Path forecast it is set to more than quadruple to US$1 932.6 billion by 2043. In 2019, the largest economies within the group were Sudan (US$72.7 billion) and Ethiopia (US$70.6 billion), whereas The Gambia (US$2.1 billion) and Guinea Bissau (US$1.6 billion) were the smallest. By 2043, Ethiopia will have the largest economy in the group (US$588.6 billion), followed by Uganda (US$249.9 billion).

In 2019, low-income Africa's share of Africa's economy was 13.7%, which is set to increase to 22.2% in 2043 largely as a result of the growth of the population. There is a wide range of differences in economic growth rates across the low-income Africa group. In 2019, ten out of the 23 members had an average GDP growth rate of more than 5%, while five countries had less than 3% growth rate in that year, with negative growth rate in Liberia and Sudan. The GDP growth rate ranges from 9.4% in Rwanda to 2.6% in Sudan as it struggles with instability despite it being the largest economy in the group.

The low-income Africa group is dominated by Sudan and Ethiopia, collectively constituting 34.3% the GDP of the group, followed by the DR Congo and Uganda at 10.7% and 10.6%, respectively. Looking to 2043, the share of Ethiopia is set to increase to 30.4% (up from 17% in 2019). The economies of Liberia. Burundi, Eritrea, CAR, The Gambia and Guinea Bissau each constituted less than 1% of total GDP of low-income Africa in 2019.

Chart 6: GDP per capita in CP, 1990–2043
Purchasing power parity

Low-income Africa ▾
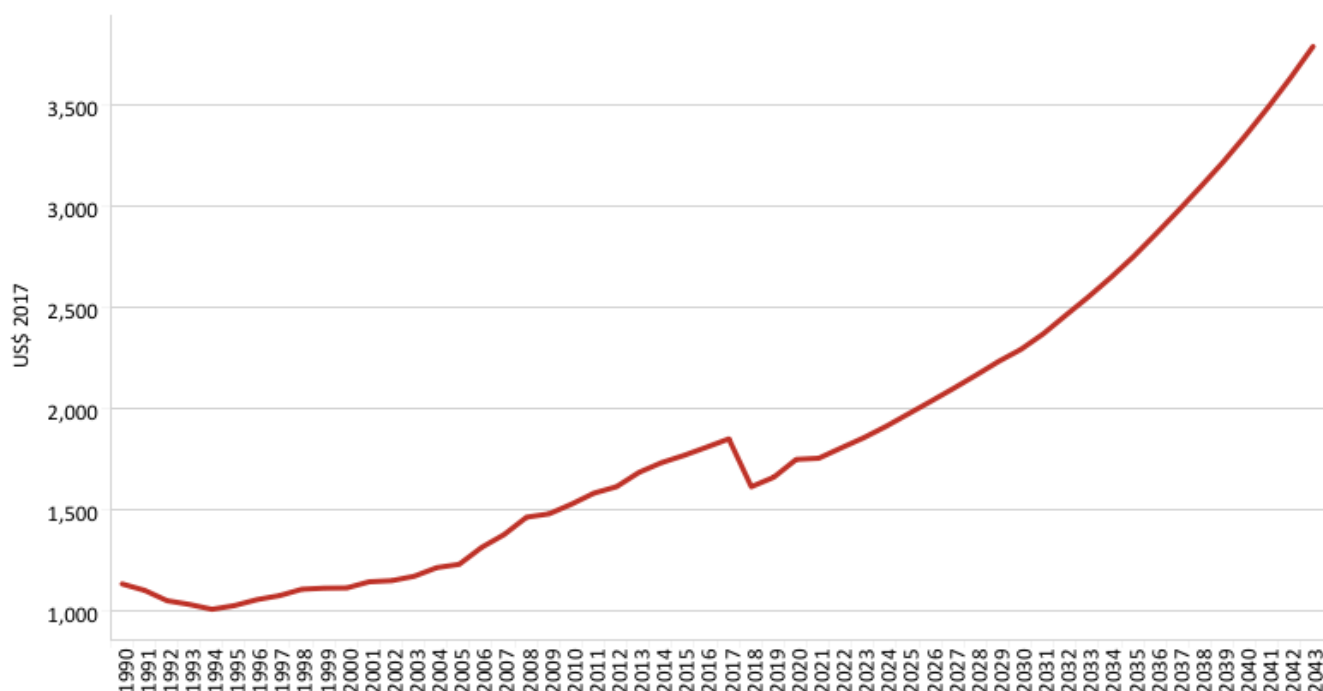
Low-income Africa

Source: IFs 7.63 initialising from UN Population Division World Population Prospects and World Development Indicators data
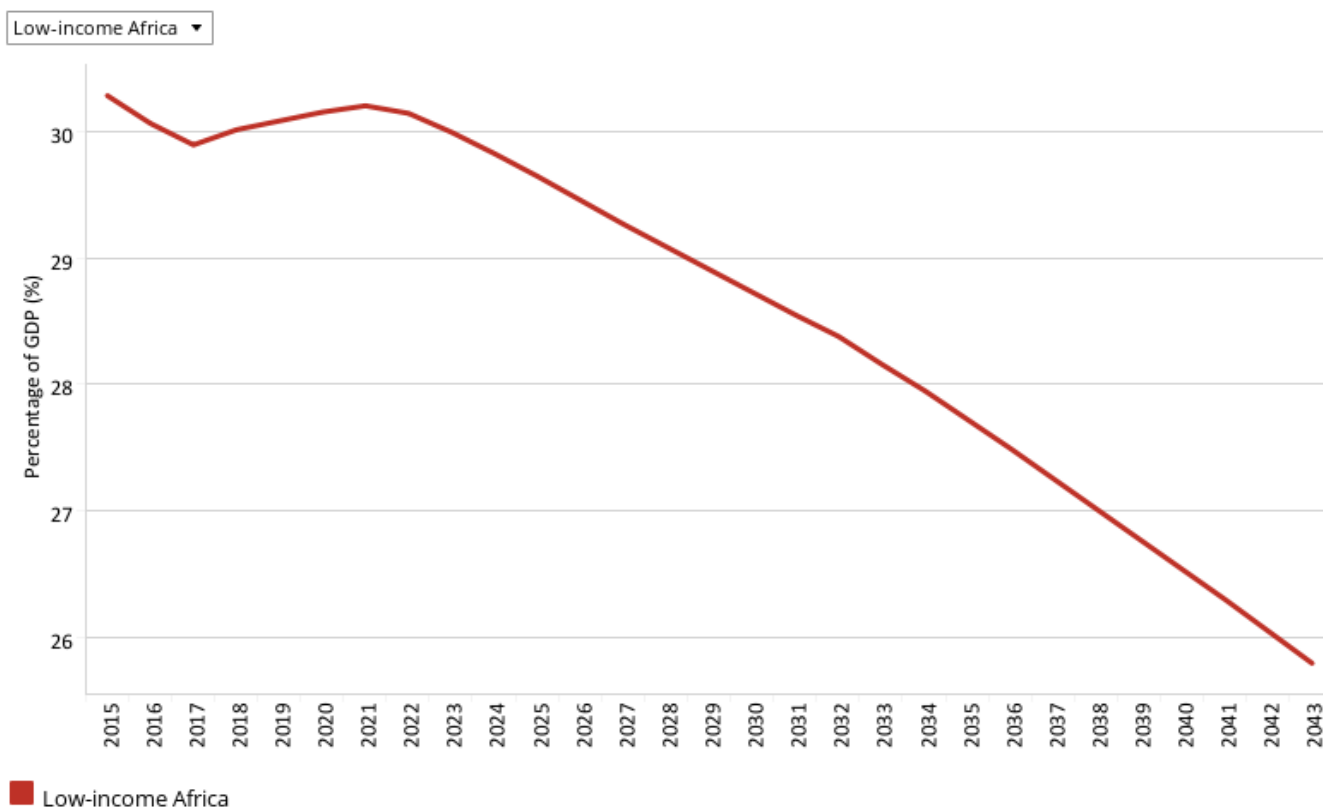
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Although many of the charts in the sectoral scenarios also include GDP per capita, this overview is an essential point of departure for interpreting the general economic outlook of low-income Africa.

The average GDP per capita for low-income Africa was US$1 660 in 2019, significantly lower than the GDP per capita for an average African country of US$5 289 in that year. Sudan and The Gambia at US$4 298 and US$2 600, respectively, had the highest average income levels in 2019, while Somalia, CAR and Burundi the lowest at less than US$900 in 2019. Though Ethiopia has the second largest economy in the group (at US$70.6 billion), its large population size (112 million people in 2019) and low level of industrialisation (lowest in the group at 9.2% contribution of manufacturing to GDP in 2019) mean that it ranks sixth among the low-income Africa group of countries on GDP per capita, while The Gambia with a small economy (US$2.1 billion) and population (2.4 million) with a higher manufacturing value added as share of GDP ranked second in 2019.

In the Current Path, low-income Africa is set to increase its GDP per capita to US$3 790. Due to high GDP growth in Ethiopia (8.3% in 2019), it will record the second highest per capita GDP of US$5 888 by 2043, second to Sudan at US$5 918, while the economic woes of Burundi (growth rate of 1.8% in 2019) will see it recording the lowest at US$1 297 in 2043.

Chart 7: Informal sector value in CP, 2015–2043
% of GDP

Low-income Africa ▾

■ Low-income Africa

Source: IFs 7.63 initialising from UN Economic Commission for Europe [2008]; Elgin and Oztunali [2012]; Schneider and Enste [2012]
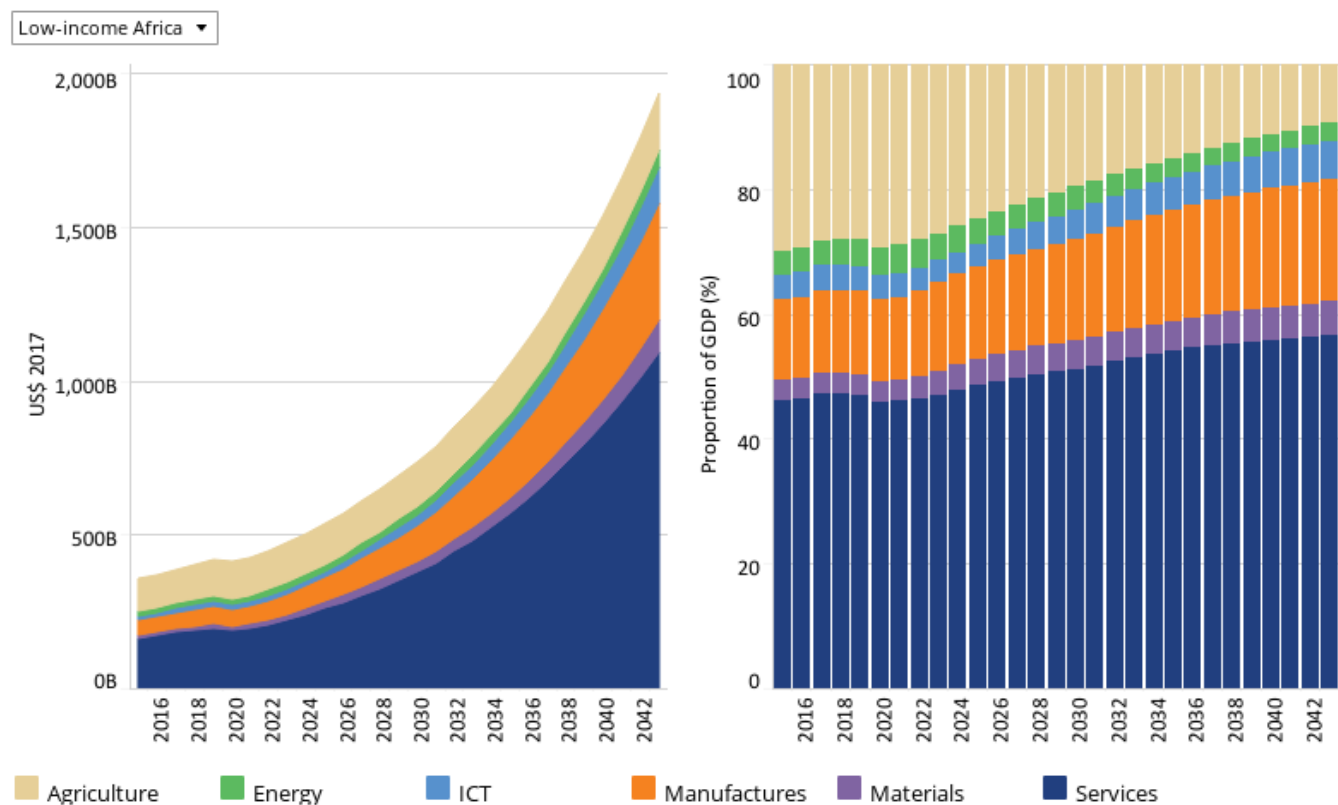
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Estimates on the contribution of the informal sector to GDP in 2019 range from 40% in the DR Congo to 14% in Sudan. By 2043, these numbers will have declined to 33.8% and 12.9%, respectively.

At 30.1% (or US$125.9 billion) in 2019, the informal sector in low-income Africa was about five percentage points of GDP larger than the average for Africa, reflecting the extent to which a very large portion of the population depends on this sector. By 2043, the GDP share of the informal sector is set to decline to 25.8%, equivalent to US$598.6 billion.

The informal sector's share of GDP is largest in the DR Congo (42%) and smallest in Sudan (14%), while the informal labour share of total labour force is largest in Madagascar at 85% and lowest in Sudan at 23.5% in 2019. Ethiopia, which ranks number two in the size of the economy in 2019, has the largest informal sector size within low-income Africa group members with a value of US$20.5 billion in 2019.

Chart 8: Value added by sector in CP, 2015–2043
Billions US$ 2017 and % of GDP

Low-income Africa

Agriculture · Energy · ICT · Manufactures · Materials · Services

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

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The IFs platform uses data from the Global Trade and Analysis Project (GTAP) to classify economic activity into six sectors: agriculture, energy, materials (including mining), manufacturing, service 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.

Generally, the service sector dominates in low-income Africa, accounting on average 47%, ranging from 68.8% in Eritrea to 30.7% in the DR Congo. The service sector contributes more than 45% of GDP in 14 of the 23 low-income group members in 2019, and in other countries the value ranges from 42% to 31%. These are, however, generally low-end services, either as part of subsistence agriculture or low-end retail services located in informal urban areas. The contribution of the service sector is set to steadily increase from 47% in 2019 to 57% in 2043, while the contribution of agriculture declines from 28% to 9% during the same period despite its substantial potential. In 2019, agriculture contributed up to 44% of GDP in Chad and least in South Sudan at 10.1%. These numbers will decline to 27.3% and 6.4%, respectively.

In the same vein, the share of the manufacturing sector of GDP in low-income Africa will modestly increase from 13% in 2019 to 19.5% in 2043. In 2019, within group variation shows that the manufacturing share ranges from 21.3% in the DR Congo to just 2.2% in South Sudan — where economic activity is dominated by oil production as energy comprises 54% of GDP in 2019. The contribution of the energy sector, at 4.2% in 2019, is boosted by oil production in South Sudan (54% of GDP in 2019) and is set to decline to an average for the group of 2.9% of GDP by 2043. The ICT sector's contribution is just next to the materials sector: both sectors are set to increase marginally in 2043. Rwanda, the champion for digitalisation in Africa, has the largest ICT sector in low-income Africa in 2019 at 5.2%, while Ethiopia will have ICT contribute most to GDP in 2043 at 8.4% (US$50 billion). By 2043, CAR will have the smallest ICT sector at 1.8% of GDP.

Chart 9: Agriculture production/demand in CP, 1990–2043
Crops million tons

Low-income Africa ▾
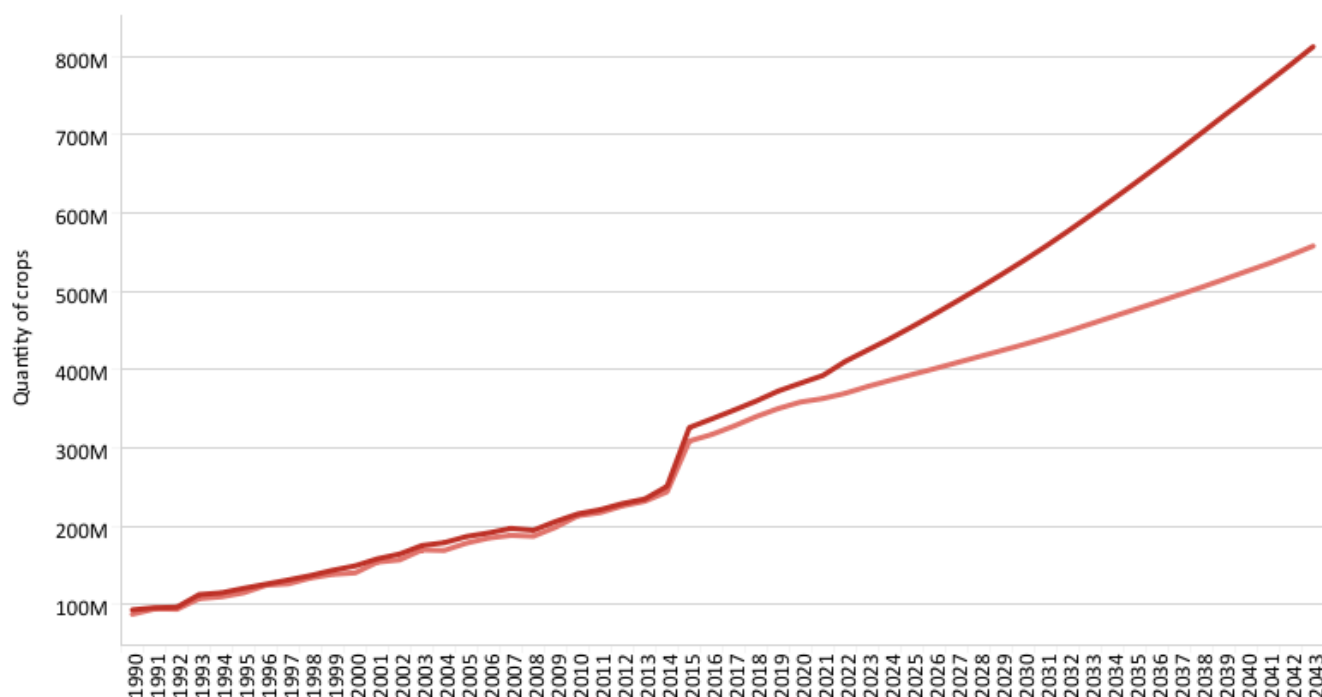
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Source: IFs 7.63 initialising from Food and Agriculture Organization Food Balance Sheets

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The data on agricultural production and demand in the IFs forecasting platform initialises from data provided on food balances by the Food and Agriculture Organization (FAO). IFs contains data on numerous types of agriculture but aggregates its forecast into crops, meat and fish, presented in million metric tons. Chart 9 shows agricultural production and demand as a total of all three categories.

In 2019, total agricultural demand exceeded production by 22.4 million metric tons — a gap that is expected to increase to 254.7 million metric tons by 2043. The low-income Africa region is, therefore, becoming increasingly food insecure, not only because of poor domestic production but also because of changes in dietary preferences.

In 2019, Ethiopia produced the most food in low-income Africa at 57.1 million metric tons, followed by the DR Congo and Uganda at 51.5 million metric tons and 32.7 million metric tons, respectively. Guinea Bissau and The Gambia were the smallest agricultural producers in the low-income Africa group. By 2043, Ethiopia will have increased its agricultural production by more than 100% to 121.4 million metric tons, and The Gambia, the smallest producer, will increase production to 1.1 million metric tons from 662 000 metric tons.

Crop production comprised more than 90% of total agricultural production in low-income Africa in 2019, and by 2033 this will decline to below 90% such that in 2043 crop production will amount to 82.7% of total agricultural production.
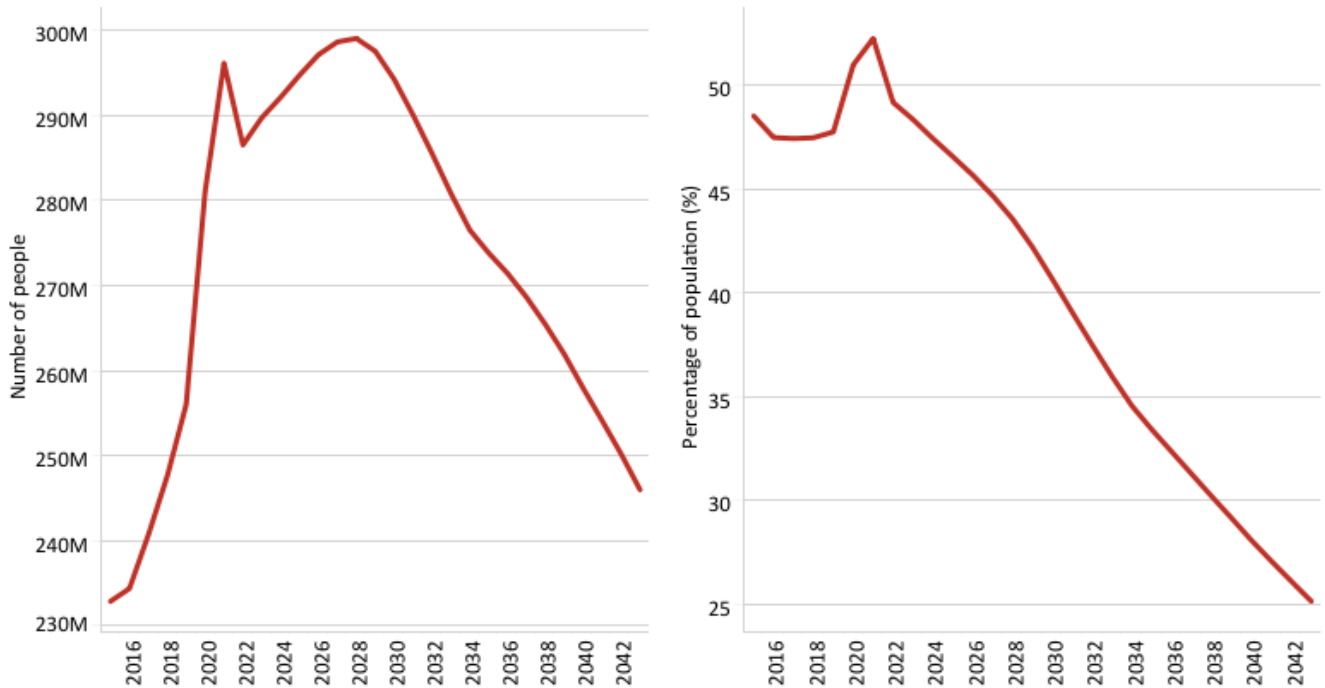
Poverty: Current Path

Chart 10: Poverty in CP, 2015–2043
Millions of people and % of total population

| Low-income Africa ▾ | $1.90 ▾ |

Low-income Africa

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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There are numerous methodologies for and approaches to defining poverty. We measure income poverty and use GDP per capita as a proxy. In 2015, the World Bank adopted the measure of US$1.90 per person per day (in 2011 international prices), also used to measure progress towards the achievement of Sustainable Development Goal (SDG) 1 of eradicating extreme poverty. To account for extreme poverty in richer countries occurring at slightly higher levels of income than in poor countries, the World Bank introduced three additional poverty lines in 2017:

- US$3.20 for lower middle-income countries

- US$5.50 for upper middle-income countries

- US$22.70 for high-income countries.

In spite of its high rates of economic growth, the number of extremely poor people (using US$1.90) in low-income Africa will only modestly decline from 256 million in 2019 to 243 million (25.2%) in 2043. During this period, poverty will increase until 2028 before starting to decline. By 2043, the extreme poverty rate will reduce to 25.2%, compared to 47.8%. While Ethiopia will do well in reducing the number of extremely poor people from 33 million in 2019 to just 5.9 million in 2043, the DR Congo will increase its population of extremely poor people from 62.8 million in 2019 to 81.9 million in 2043, although with a modest decline in the percentage of extremely poor people.

Whereas in 2019, nine out of the 23 low-income African countries had a poverty rate of >60%, by 2043, except for CAR and Madagascar, all low-income Africa countries will experience a poverty rate of below 60%. The decline in poverty in low-income Africa will be supported by strong economic growth with an average economic growth rate of 8% in 2043.
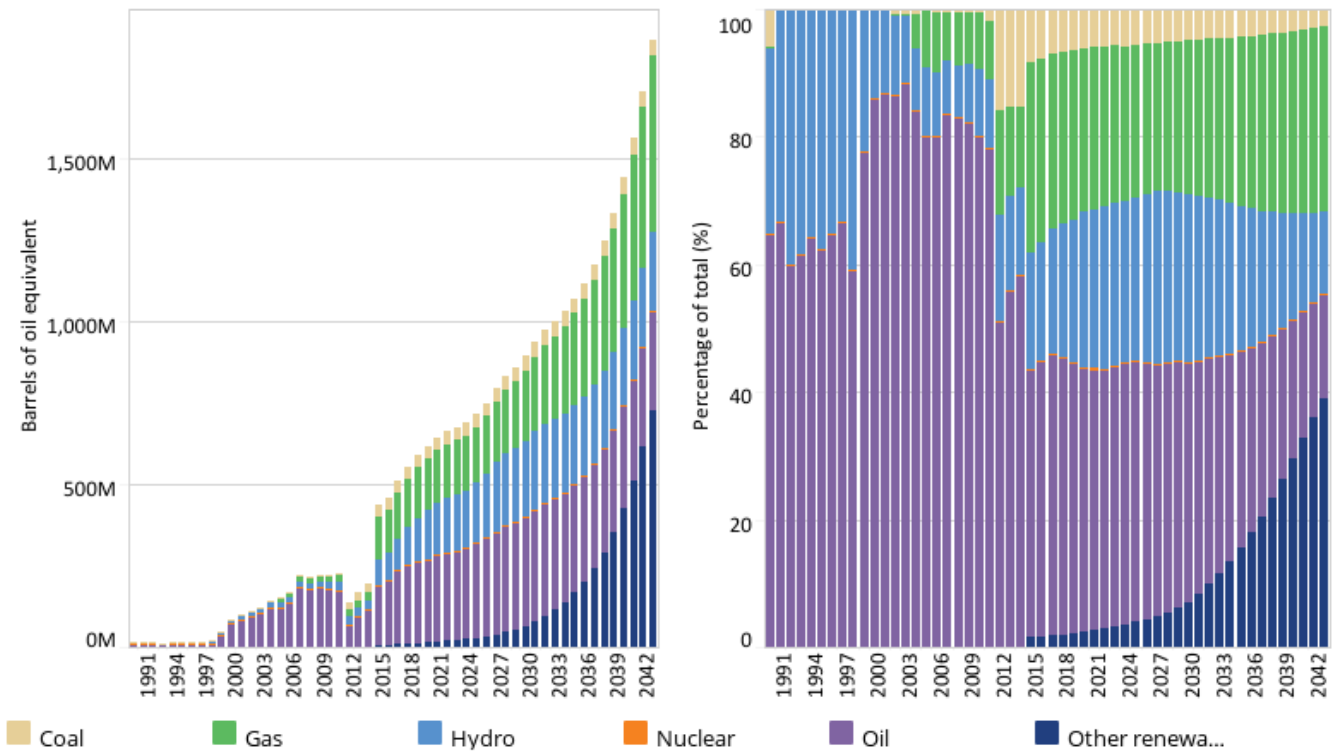
Chart 11: Energy production by type in CP, 1990–2043
Barrels of oil equivalent and % of energy production

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Coal · **Gas** · **Hydro** · **Nuclear** · **Oil** · **Other renewa...**

Source: IFs 7.63 initialising from World Energy Outlook data

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The IFs platform forecasts six types of energy, namely oil, gas, coal, hydro, nuclear and other renewables. To allow comparisons between different types of energy, the data is converted into billion barrels of oil equivalent (BBOE). The energy contained in a barrel of oil is approximately 5.8 million British thermal units (MBTUs) or 1 700 kilowatt-hours (kWh) of energy.

Ethiopia, South Sudan and Sudan produce significantly more energy among the low-income Africa member states. In South Sudan and Sudan this is mostly oil and in Ethiopia hydro. Uganda and Madagascar are the biggest gas producers with more than 60 million BOE in 2019.

Hydro energy production is strongest in Ethiopia, as it is now also leveraging the river Nile, and the DR Congo, with hydro accounting for one-fifth of energy production in low-income Africa. In 2019, oil and gas comprised 68.7% of total energy production. Ethiopia leads in the production of hydro and other renewable sources of energy at 104 million and 3 million BOE in 2019, respectively.

In the 2043 Current Path forecast, other renewables will dominate energy production in low-income Africa, accounting for 44%, followed by gas at 29%. The region will produce more renewable energy (729 million BOE) than gas (543 million BOE) or oil (300 million BOE). Ethiopia will be the powerhouse of other renewable energy production, producing 586 million BOE in 2043.

Chart 12: Carbon emissions in CP, 1990–2043
Million tons of carbon (note, not CO2 equivalent)

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Tons of carbon

Low-income Africa
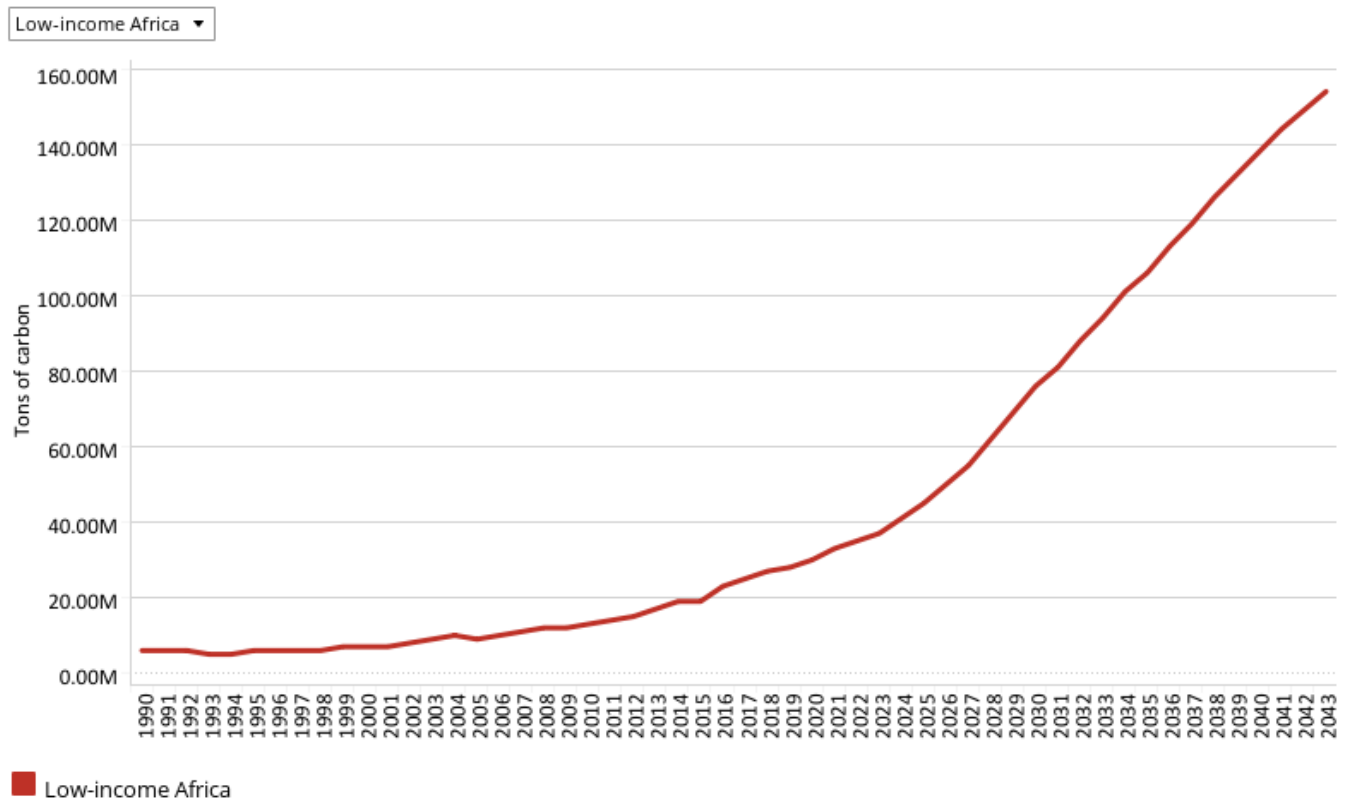
Source: IFs 7.63 initialising from Carbon Dioxide Information Analysis Center data

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Carbon is released in many ways, but the three most important contributors to greenhouse gases are carbon dioxide (CO2), carbon monoxide (CO) and methane (CH4). Since each has a different molecular weight, IFs uses carbon. Many other sites and calculations use CO2 equivalent.

As a group, low-income Africa countries emitted 28 million tons of carbon in 2019 — an amount that will increase by more than fivefold to 154 million tons by 2043. In the process, low-income Africa will increase its portion of African carbon emissions from 6.7% of the African total to 16.4%. Sudan, Mozambique and Uganda are the largest emitters, contributing 42% of total emissions in 2019.

In the Current Path forecast, the top three emitters will still contribute 38.3% of all carbon emissions in 2043 with Uganda poised to contribute most.

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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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