

Libya

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.

Because of the ongoing conflict in Libya, the data and forecasts that follow often diverge from other sources and should be considered provisional.

According to the African Economic Outlook, 'Significant reform programmes, enhanced ability to mobilise external resources and diversification of the economy could — if conditions allow — release growth potential and produce important economic changes for Libya.' [1] Elsewhere, the report notes that 'Any new coalition government should immediately focus on the efficiency of the Libyan hydrocarbon sector being more efficient so as to attract the private sector and FDI. There is also a need to diversify the private sector over the long term, which will require the development of creative approaches to support micro and small and medium enterprises (MSMEs). The government needs to focus on job creation to tackle the high level of unemployment, estimated at 19.2%, that is the result of overconcentration in the hydrocarbon sector. In its current condition, the oil industry is not able to absorb excess labour, which leads to rising unemployment and increased informal economic activities.' [2]

The Free Trade scenario results in the largest increase in GDP per capita in 2043 followed by the Education and Leapfrogging scenarios, respectively. The Demographic and Health/WaSH scenarios have the smallest impact on GDP per capita. In the long term, improvement in trade liberalisation together with improvement in education and ICT have the greatest potential to enhance economic growth and development in Libya. Note that a Stability scenario is not included.

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.

Since the start of conflict in 2011, estimates of GDP per capita for Libya have gyrated wildly from year to year and between agencies. The last data in IFs is for 2019, at which point Libya had the third highest GDP per capita in Africa at US\$20 296. According to the World Bank, GDP per capita plunged in 2020. In the Current Path forecast, GDP per capita in Libya will increase to US\$31 250 in 2043 — still ranked as the third highest in Africa, bested only by Equatorial Guinea and Seychelles. In the Combined Agenda 2063 scenario, GDP per capita reaches US\$35 392 in 2043, more than 14% higher than the Current Path forecast for that year, and almost twice the average of US\$35 468 for upper middle-income African countries. The Combined Agenda 2063 shows that a range of policies is needed to ensure economic growth and development in Libya. The forecast excludes the impact of a Stability scenario.

Together with other countries in North Africa, Libya met the goal of eliminating extreme poverty (using US\$1.90) in 2018. However, using US\$5.50 for upper middle-income countries, 1.3 million Libyans (20.12%) lived in extreme poverty in 2019;

this number will decline to 369 000 (4.9%) in 2043 in the Current Path forecast.

In the Combined Agenda 2063 scenario, the number of extremely poor people declines to 248 700 (3.3%) in 2043, 36.4 percentage points less than the average for upper middle-income countries in Africa. It means that the Combined Agenda 2063 scenario could lift over 120 000 people out of extreme poverty in Libya. The scenario shows that a policy push across sectors in Libya could positively impact poverty reduction in the country. This forecast excludes the impact of a Stability scenario.

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

Because of the growth in the Combined Agenda 2063 scenario, all sectors are larger in absolute size in 2043 compared to the Current Path forecast. The Combined Agenda 2063 results in a service sector that is 2.9% (or US\$22.7 billion) larger in 2043 and an ICT sector that is 1.3% (or US\$7.7 billion) larger compared to the Current Path. The contributions from other sectors to GDP in 2043 are all lower, with manufacturing at 3.3% smaller (an increase of only US\$2.1 billion), energy 0.4% smaller (an increase of only US\$140 million), and materials and agriculture each at 0.2% smaller. Note that the Combined Agenda 2063 scenario does not include a Stability scenario.

In the Current Path forecast, Libya's economy will increase to US\$178.4 billion in 2043, at which point it will be the 13th largest economy in Africa (with one of Africa's smallest populations) as it is overtaken in size by other African countries with much more rapidly growing populations. In the Combined Agenda 2063 scenario, the Libyan economy will be US\$211.8 billion in size in 2043, which is almost 19% above the Current Path forecast for that year. Note that the Combined Agenda 2063 scenario does not include a Stability scenario.

In the Current Path forecast, Libya will release 28 million tons of carbon in 2043 and almost 30 million tons in the Combined Agenda 2063 scenario — an increase of 5%. Note that the Combined Agenda 2063 scenario does not include a Stability scenario.

Endnotes

1. African Development Bank/OECD/United Nations Development Programme, [Libya, in African Economic Outlook 2017: Entrepreneurship and Industrialisation](#), OECD Publishing, Paris, 2017, 2
2. African Development Bank/OECD/United Nations Development Programme, [Libya, in African Economic Outlook 2017: Entrepreneurship and Industrialisation](#), OECD Publishing, Paris, 2017, 4

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Dr Jakkie Cilliers is the ISS's founder and former executive director of the ISS. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the ISS. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

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