



North Africa

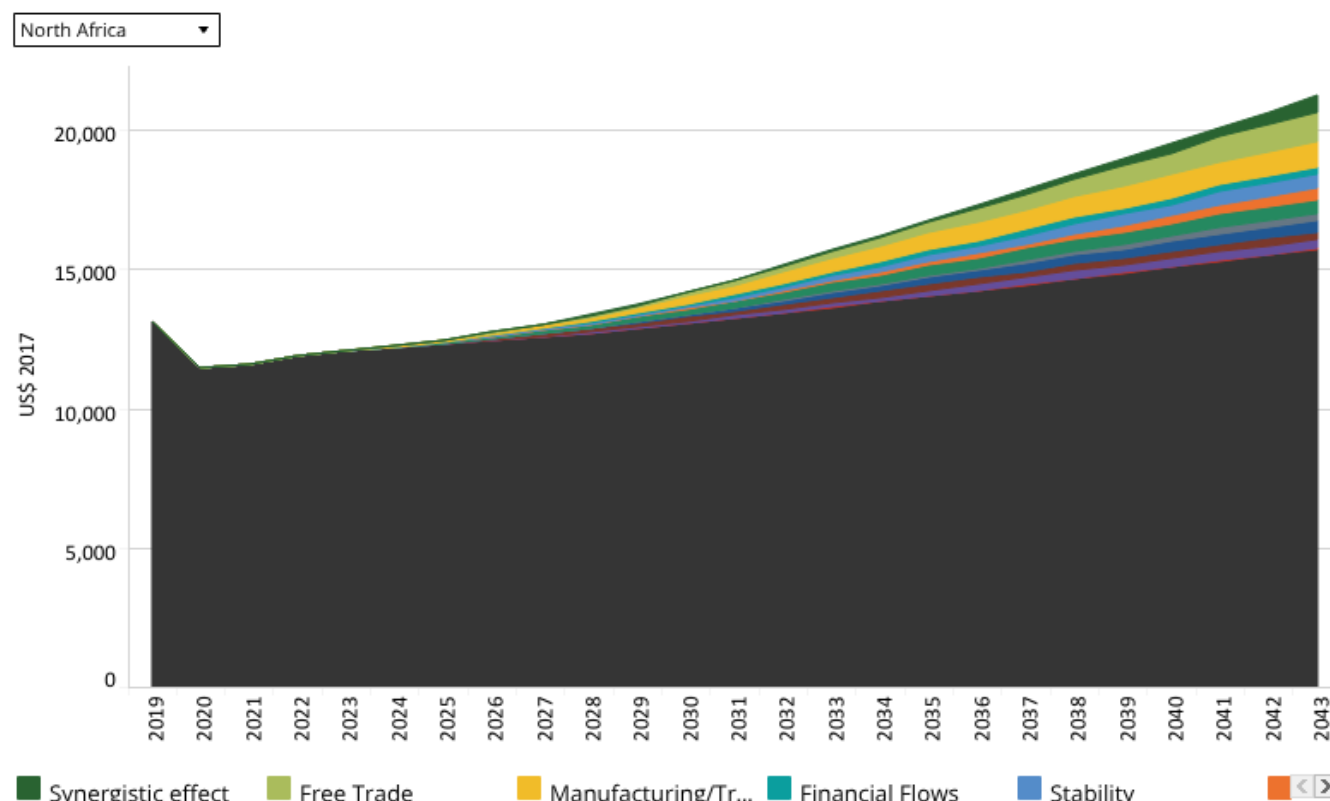
Combined Agenda 2063 scenario

Enoch Randy Aikins

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

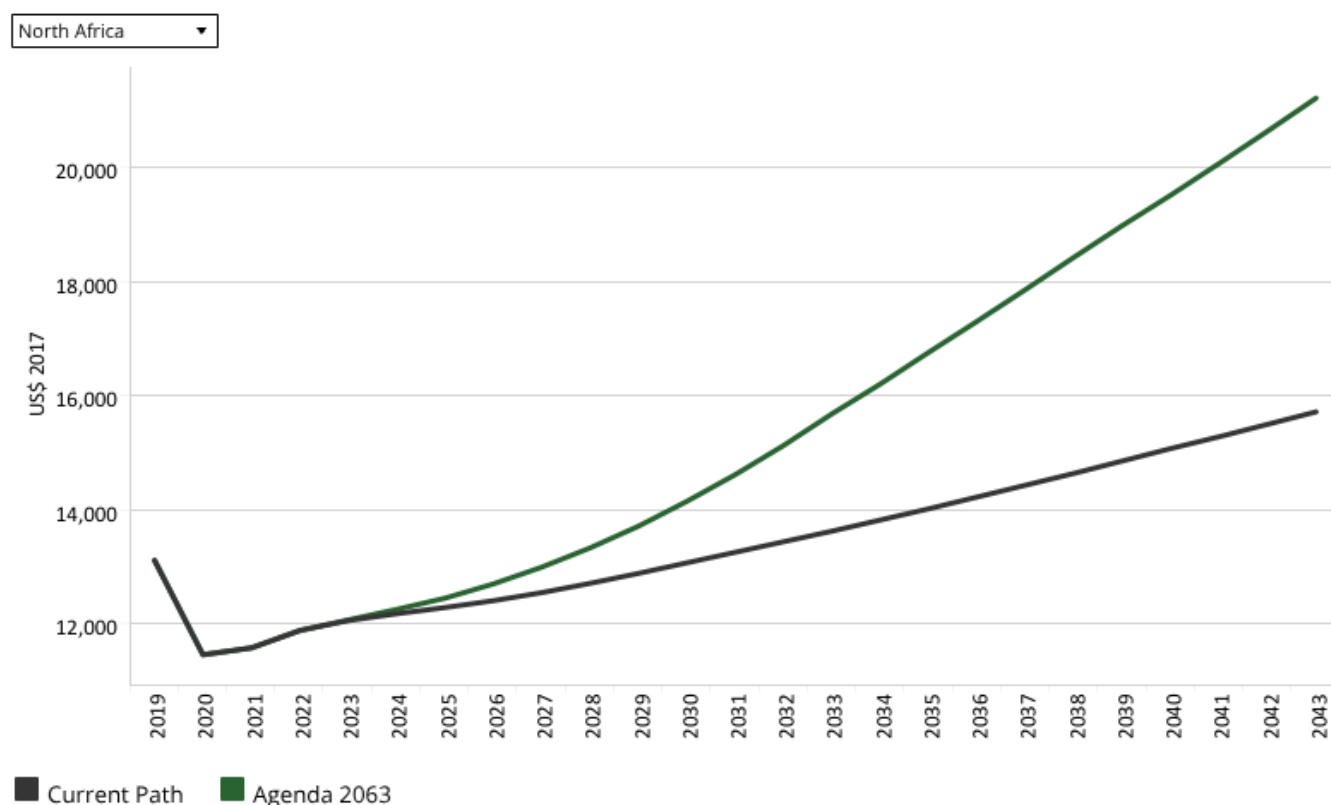
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The Combined Agenda 2063 scenario consists of the combination of all 11 sectoral scenarios presented above, namely the Stability, Demographic, Health/WaSH, Agriculture, Education, Manufacturing/Transfers, Leapfrogging, Free Trade, Financial Flows, 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 greatest improvement in GDP per capita is expected from the Manufacturing/Transfers and Leapfrogging scenarios, increasing GDP per capita by US\$491 and US\$316, respectively. The Health/WaSH scenario will lead to the smallest improvement (only US\$11). By 2043, the Free Trade scenario will have the greatest impact on GDP per capita in the region, with additional gains of US\$1 057, followed by the Manufacturing/Transfers scenario, with an extra US\$894, and the Leapfrogging scenario with US\$512. The synergistic effect on GDP per capita in North Africa is projected to be US\$610 by 2043. This means that the most effective way to improve GDP per capita in the region will be to utilise the opportunities under AfCFTA to promote trade among African countries. This is not surprising given the low levels of trade within the region.

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.

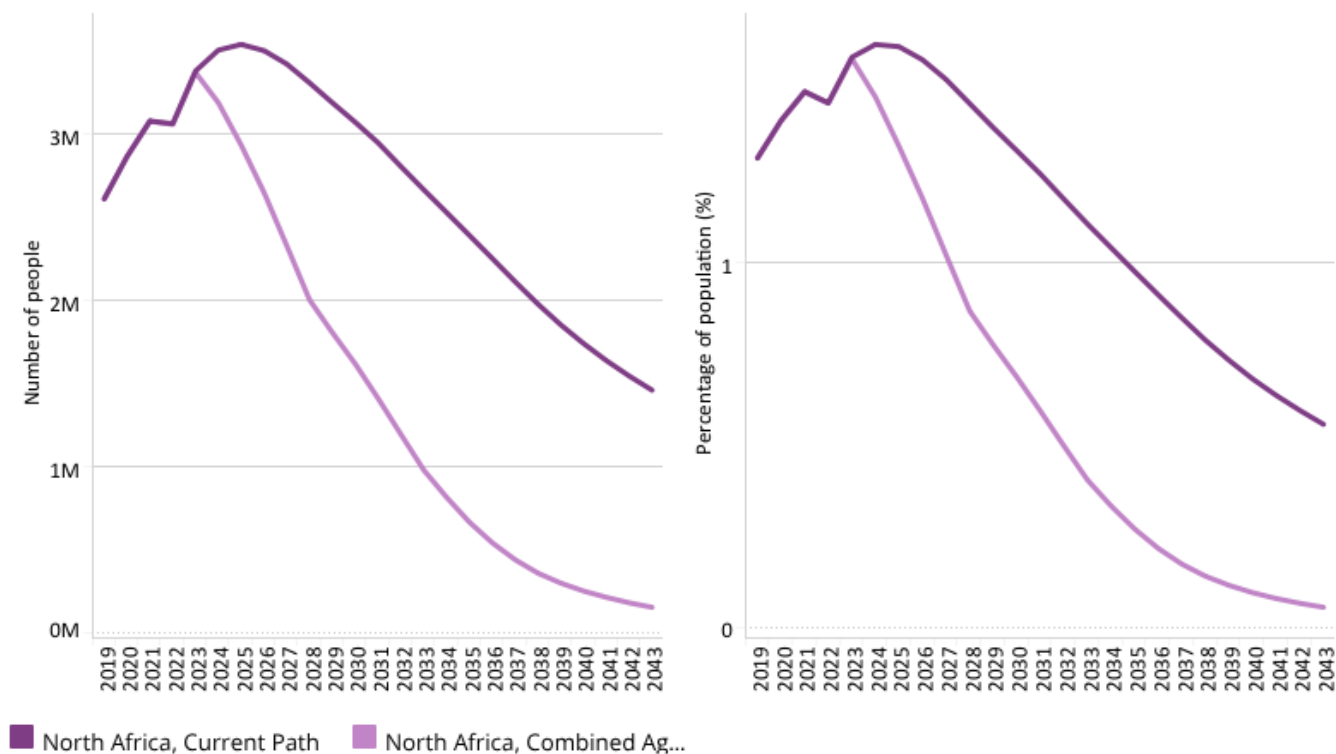
The Combined Agenda 2063 scenario results in a significant effect on GDP per capita in the region. By 2043, it is projected that the scenario will increase GDP per capita by an additional US\$5 504 to US\$21 222, which is 35% above the Current Path forecast for 2043. The estimated average GDP per capita for North Africa in the Combined Agenda 2063 scenario will be almost three times the Current Path average of US\$7 157 for Africa in the same year. The greatest improvements are expected in Egypt and Algeria, with additional gains of US\$6 496 and US\$4 818 above the 2043 Current Path forecast, respectively. Morocco and Mauritania will likely benefit the least, with improvements expected of US\$3 984 and US\$2 929, respectively.

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

Millions of people and % of total population



North Africa \$1.90



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

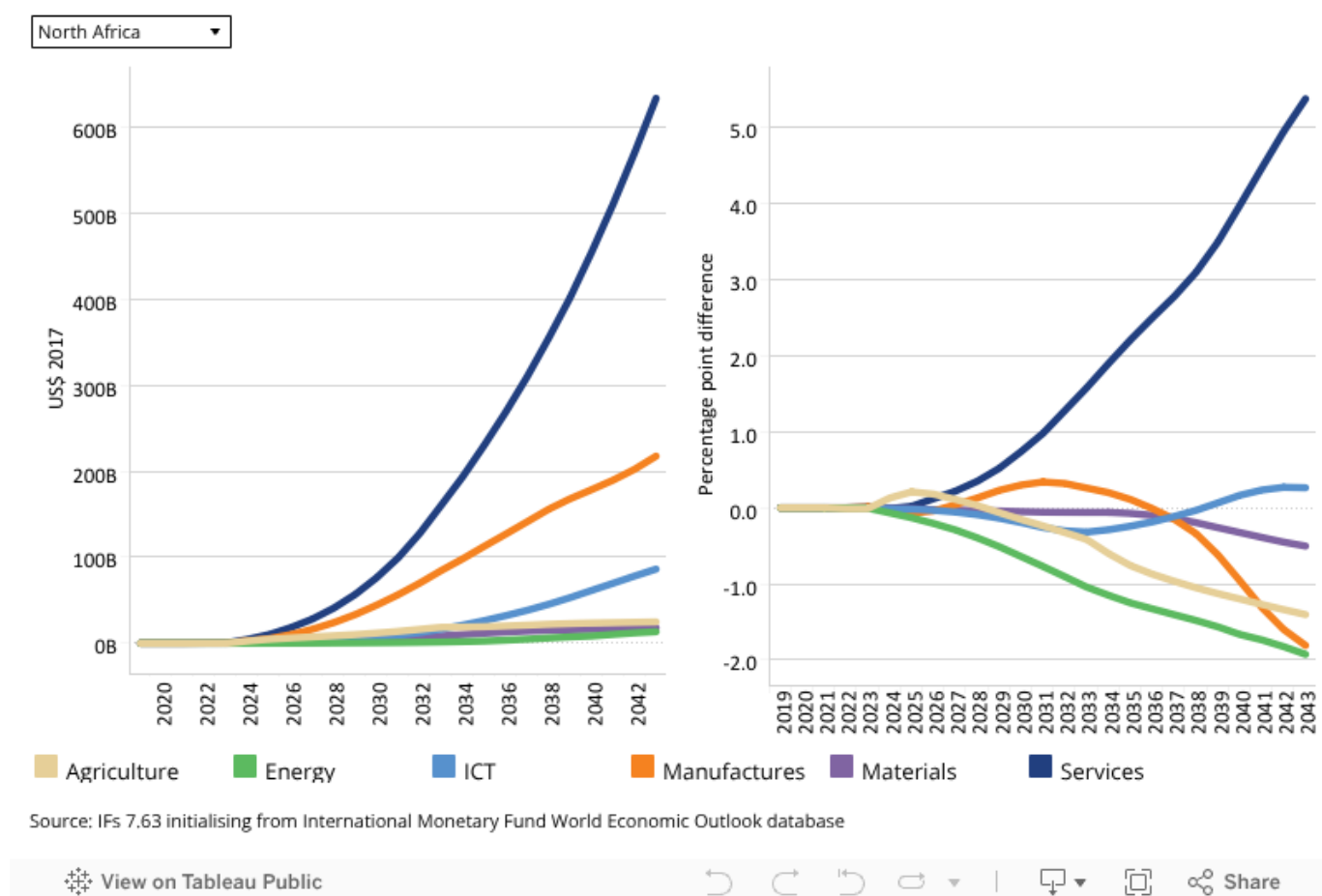
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The Combined Agenda 2063 scenario will lead to a reduction in both the number and proportion of people living in extreme poverty by 2043. The number of people living on less than US\$1.90 is projected to decline from 2.61 million in 2019 to 150 000 by 2043. This corresponds to a reduction from 1.3% in 2019 to just 0.1% in 2043. Compared with the Current Path forecast, the Combined Agenda 2063 scenario will lead to a decline of 1.2 percentage points in the rate of extreme poverty (1.3 million people).

The most pronounced reduction in extreme poverty is expected in Mauritania, with a decline of 6.3 percentage points, followed by Egypt, with a reduction of 0.5 percentage points. The smallest reduction in extreme poverty given the Combined Agenda 2063 scenario will occur in Algeria, with a decline of 0.3 percentage points compared with the Current Path forecast. This means that Mauritania and Egypt will benefit most in the region if the various policy interventions underlying the Combined Agenda 2063 scenario are implemented.

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



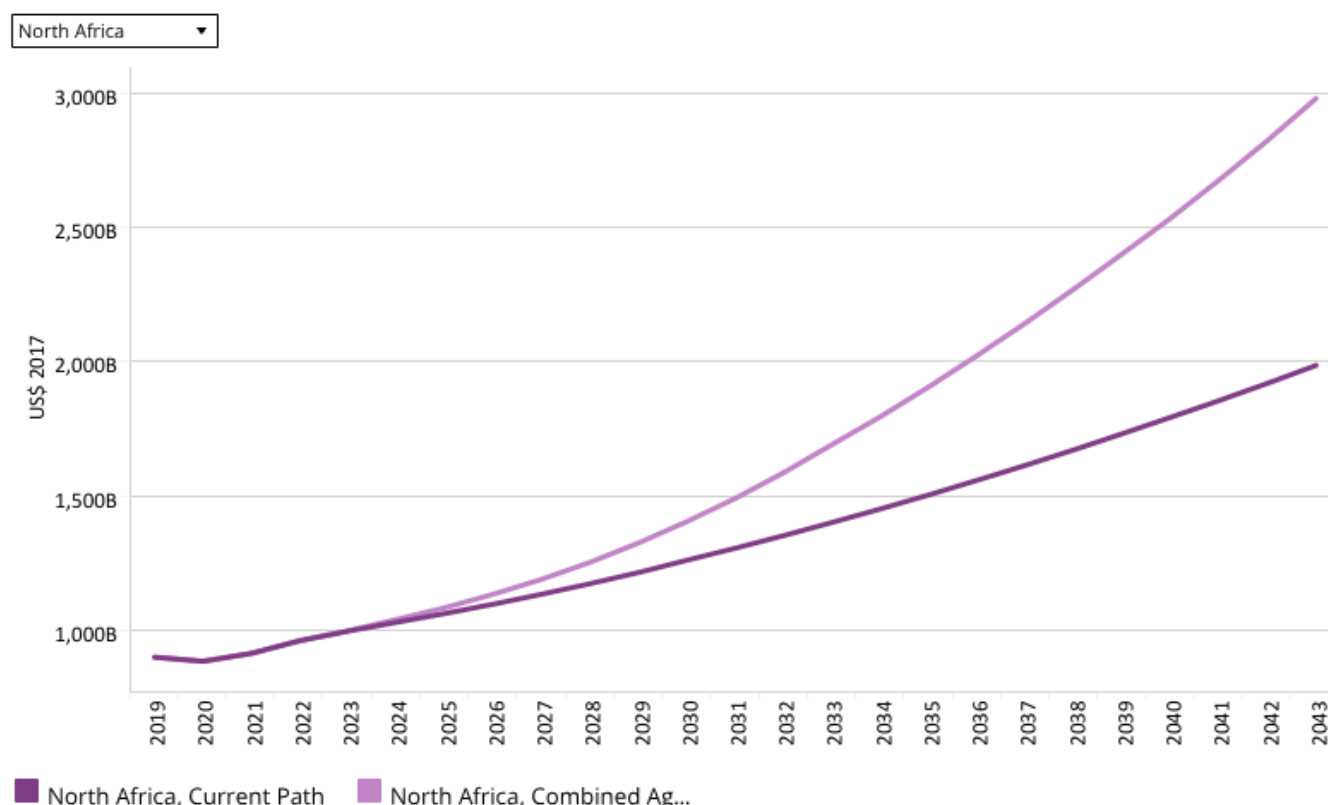
See [Chart 8](#) to view the Current Path forecast of the sectoral composition of the economy.

All sectors will have grown in value by 2043 in the Combined Agenda 2063 scenario, with the service sector expected to be US\$633.1 billion larger than in the Current Path forecast and contributing to 63.8% of GDP. Manufacturing will be the second largest sector, with a contribution of US\$217 billion above the 2043 Current Path forecast and accounting for 21.9% of the region's economy. ICT will be US\$86 billion larger, constituting 8.7% of the economy. The contributions from agriculture, energy and materials will account for 2.5%, 1.8% and 1.4% of the North African economy, respectively.

In terms of contribution to GDP, the service sector's contribution in this scenario is projected to increase by 5.4 percentage points over the Current Path forecast by 2043. Although the manufacturing sector would also have grown, and initially have increased its contribution to GDP, its contribution will be 1.8 percentage points below that expected on the Current Path by 2043. The agriculture, materials and energy sectors will all see a negative rate of contribution by 2043 in the Combined Agenda 2063 scenario relative to the Current Path.

In the Combined Agenda 2063 scenario, the contribution of the service sector to GDP will be largest in Egypt (60%) and smallest in Algeria (34.6%). The manufacturing sector in Algeria will be the largest contributor to GDP in the region, accounting for 31.4% of GDP, while Mauritania will have the smallest contribution from manufacturing (12.3%). Mauritania will have the highest contribution from agriculture. The contribution from the energy sector will be largest in Algeria.

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

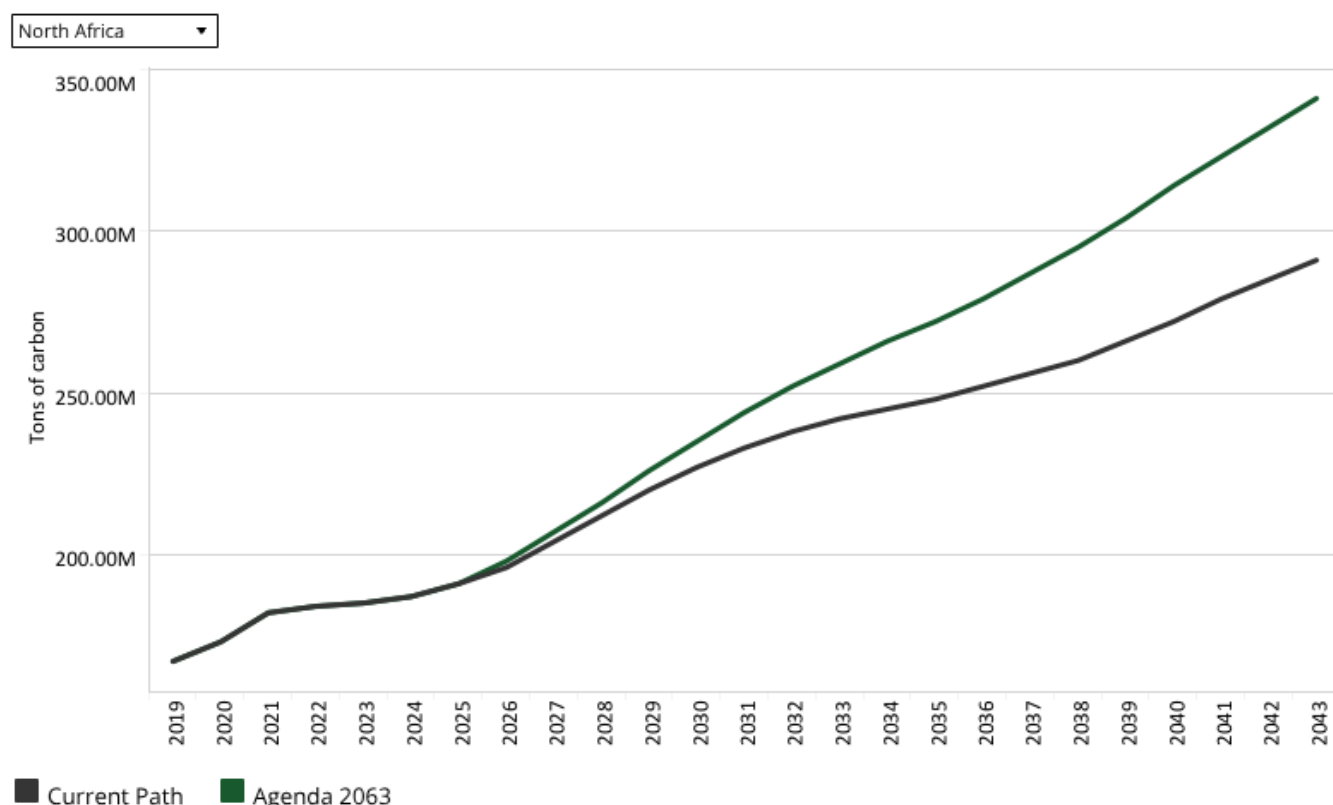
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In the Combined Agenda 2063 scenario, the GDP of North Africa is estimated to more than triple in size: from US\$900 billion in 2019 to about US\$3 trillion in 2043. Compared with the Current Path forecast, the Combined Agenda 2063 scenario will likely result in an economy that is 50% larger in 2043. By 2043, the Egyptian economy will account for more than half of the total GDP in the region and Algeria's economy for 22%, with additional gains of US\$535.7 billion and US\$192.7 billion, respectively. Tunisia and Mauritania will see the smallest relative change in GDP as a result of the Combined Agenda 2063 scenario, with additional gains of US\$49.1 and US\$19.8 billion, 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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In the Combined Agenda 2063 scenario, North Africa is projected to emit 341 million tons of carbon by 2043 compared with 291 million tons on the Current Path. This represents an increase of 17%. To reduce carbon emissions, the region should diversify energy dependence to renewable energies for industrial activities and reduce the energy intensity of its economies. Egypt and Algeria will be responsible for about two-thirds of the carbon emissions in the region, contributing 51.8% and 23% of total emissions, respectively.

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About the authors

Mr Enoch Randy Aikins joined the AFI in May 2021 as a Researcher. Before that, Enoch was a research and programmes officer at the Institute for Democratic Governance in Accra in charge of local governance reforms, poverty and inequality and public sector reforms. He also worked as a research assistant (economic division) with the Institute for Statistical Social and Economic Research at the University of Ghana. Enoch's interests include African politics and governance, economic development, public sector reform, poverty and inequality. Enoch is a Young African Fellow at the School of Transnational Governance, European University Institute in Florence and has an MPhil in economics from the University of Ghana, Legon.

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