

# SADC

## 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.

Should all of the above-discussed scenarios be implemented simultaneously, SADC could see a substantial increase in incomes by 2043. Instead of achieving incomes of US\$5 719 by 2043 in the Current Path forecast, a Combined Agenda 2063 scenario could see SADC reaching incomes of US\$9 361 per capita.

As is the case for most regions, trade is the most impactful of the scenarios, represented as the Free Trade scenario. Greater regional and extra regional linkages and the dropping of trade barriers have the potential to greatly increase wealth across the continent. As a relatively wealthy region, the impact of the Free Trade scenario on high- and upper middle-income countries, particularly the large South African economy, could be substantial, though SADC's many poor but resource rich countries will benefit as well.

SADC is an unusual region in that the Manufacturing/Transfers scenario is the second most impactful. The region has great potential for industrialisation (and in South Africa's case, reindustrialisation). The Agriculture scenario is the third most impactful, showing the need and potential for an agricultural revolution among SADC's low-income and lower middle-income member states.

Least impactful are the Health/WaSH, Financial Flows, Governance and Infrastructure scenarios which each contribute less than US\$200 to GDP per capita in the region by 2043 above the Current Path forecast. This largely speaks to the fact that SADC, particularly SADC's largest economy, South Africa, already has relatively good levels of infrastructure, governance quality and FDI flows. Nevertheless, these gains are worth pursuing and are more meaningful proportionally for SADC's smaller economies. Good governance and basic infrastructure (especially WaSH infrastructure) in particular are arguably prerequisites for more advanced development.

Finally, the synergistic impact of the scenarios (that is the additional impact arising from the multiplicative interaction between the scenarios) is a further US\$631. This speaks to the need for integrated and comprehensive development planning and the need to push development across all the discussed sectors and not look for a single magic bullet.

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

As alluded to above, SADC will see a US\$3 642 increase in GDP per capita across the region in the Combined Agenda 2063 scenario, a 64% increase from the Current Path forecast by 2043. The biggest proportional gainers will be poorer

countries, with Malawi, Madagascar and the DR Congo seeing significant increases of 147%, 122% and 86% respectively.

In the Combined Agenda 2063 scenario, Seychelles remains the highest income country at over US\$40 319 GDP per capita, followed by Mauritius with just under US\$34 500. Botswana, Eswatini and Namibia would all exceed South Africa's GDP per capita income by 2038, with Botswana coming in at just under US\$30 000 GDP per capita. South Africa would improve from the Current Path forecast of US\$15 173 but remain at just under US\$18 966 GDP per capita under the Combined Agenda 2063 scenario. Despite great gains, the DR Congo, Mozambique and Madagascar would remain the poorest economies in the region. Malawi, however, which was the second poorest SADC country in 2019, will become the 8th wealthiest (in terms of GDP per capita) by 2043 on the Combined Agenda 2063 scenario with a GDP per capita of just under US\$10 000.

The Combined Agenda 2063 scenario would also see extreme poverty rates plummet across the region. By 2043, rates of extreme poverty (using the US\$1.90 per day poverty line) would be approximately 9.4% in this scenario compared to 34% in the Current Path forecast. Remarkably, two of SADC's poorest countries, Madagascar and the DR Congo, will see drops of poverty of 50 and 39 percentage points respectively compared to the Current Path. Extreme poverty could be almost eliminated in Mauritius, Malawi, Zimbabwe and Seychelles, with rates under 1%. South Africa could continue to see stubborn rates of poverty at 11% by 2043, speaking to the endemic structural issues South Africa faces with respect to poverty.

These percentages mean that 155 million fewer people would find themselves in poverty in 2043 if the Combined Agenda 2063 scenario is fully implemented, compared to the Current Path forecast. This is again driven primarily by the DR Congo which will see nearly 69 million people come out of extreme poverty in these scenarios by 2043.

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

In the short to medium term, the Combined Agenda 2063 scenario will see SADC's agricultural sector contributing more as a proportion of GDP compared to the Current Path forecast. Growth in terms of proportion of GDP in this sector would peak under the Combined Agenda 2063 scenario in 2033 contributing an additional 1 percentage point above the Current Path forecast and then taper off in the long term.

Services will continue to dominate SADC's economy and will grow at an exponential rate both in terms of value added and contribution to GDP, accelerating into the long term. This is consistent with economies becoming more advanced and service dependent, as well as due to urbanisation and the continued growth of the urban service industries. The sector could contribute well over US\$1 trillion more to SADC's economy by 2043 than in the Current Path forecast.

Manufacturing will be the second biggest nominal contributor to GDP by 2043 as SADC industrialises (or reindustrialises in the case of South Africa), contributing US\$353.2 billion more to SADC's GDP than in the Current Path forecast, though its contribution as a proportion of GDP will diminish in light of the growing services economy.

ICT will be the only sector besides services to grow as a proportion of GDP in the Combined Agenda 2063 scenario by 2043, though its nominal contribution will be US\$116.7 billion more than in the Current Path forecast.

The energy sector would see the biggest proportional drop in contribution to GDP in the Combined Agenda 2063 scenario, yet it will still contribute US\$18.9 billion more to SADC's GDP than in the Current Path forecast.

SADC is expected to see a tremendous increase in the aggregate size of its economy under the Combined Agenda 2063 scenario. In the Combined Agenda 2063 scenario, SADC is likely to have an economy of US\$3 873.8 billion, as opposed to US\$2 146.2 billion in the Current Path forecast, an 81% increase by 2043.

Despite seeing quite modest results in GDP growth in the above-discussed scenarios, South Africa will remain the largest economy, but by a much smaller margin when compared to 2019. It is likely to have an economy valued at US\$1 041 billion in 2043 (as opposed to US\$733.7 billion in the Current Path forecast), followed by Angola (US\$877 billion, as opposed to US\$433.3 billion), Tanzania (US\$514.9 billion, as opposed to US\$258 billion) and the DR Congo (US\$413.1 billion, as opposed to US\$182.8 billion). Seychelles would remain a wealthy but small economy at only US\$3.1 billion. The largest proportional increase would be seen in Madagascar, which could nearly triple the size of its economy compared to the Current Path forecast, followed by Malawi and the DR Congo which both more than double the size of their economies.

The scenarios discussed above imply aggressive acceleration of development and thus unsurprisingly are accompanied by a significant increase in contribution of carbon emissions. If the scenarios are combined into the Combined Agenda 2063 scenario, SADC will generate 344 million tons of carbon per year by 2043, as opposed to 263 million in the Current Path forecast, a 31% increase. As in the Current Path, South Africa will remain the worst contributor and, while its carbon emissions will be tapering down, in both the Current Path forecast and Combined Agenda 2063 scenarios, emissions will be 5 million tons higher per year in the Combined Agenda 2063 scenario compared to the Current Path forecast by 2043.

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## About the authors

**Ms Alize le Roux** joined the AFI in May 2021 as a senior researcher. Before joining the ISS, she worked as a principal geo-informatics researcher at the CSIR, supporting various local and national policy- and decision-makers with long-term planning support. Alize has 14 years of experience in spatial data analysis, disaster risk reduction and urban and regional modelling. She has a master's degree in geographical sciences from the University of Utrecht, specialising in multi-hazard risk assessments and spatial decision support systems.

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