



# The AfCFTA

## Impact of the AfCFTA scenario on Africa's economic sectors

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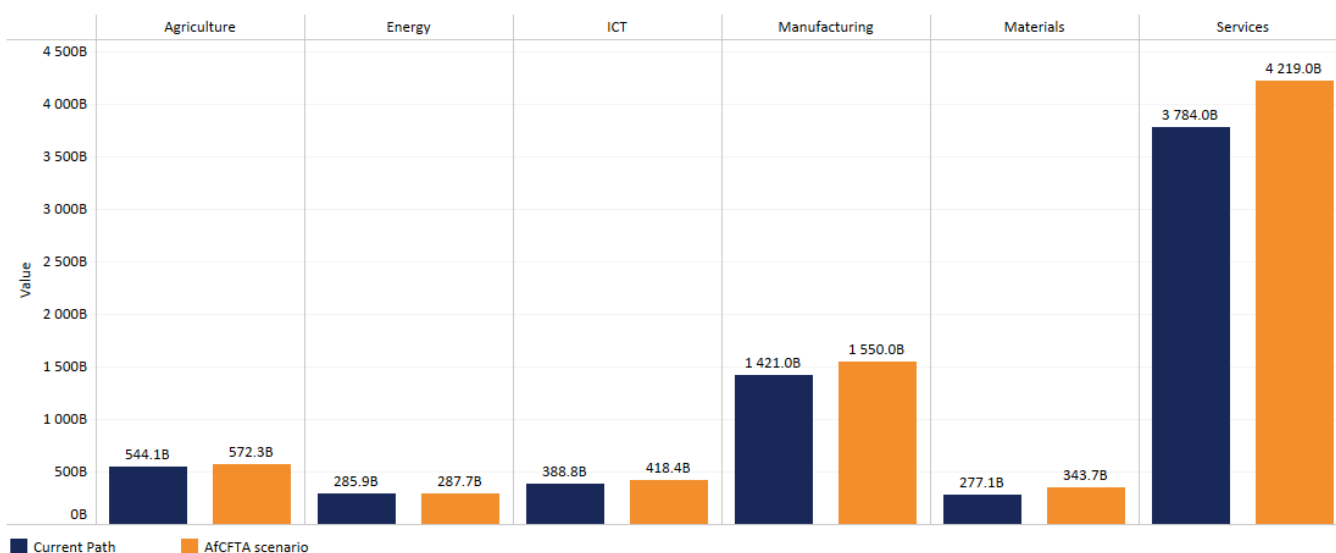


## Impact of the AfCFTA scenario on Africa's economic sectors

The IFs forecasting platform uses a sixfold distinction in considering the composition of economies and, given the 10.3% increase in the size of the African economy by 2043, all six sectors increase in size by 2043 when compared to the Current Path forecast. Chart 18 allows the user to toggle between the absolute numbers and percentage changes for Africa, regions, income groups and countries.

**Chart 18: Size of economic sector in AfCFTA scenario and Current Path, 2043**

Toggle between US\$ 2017 and % of GDP



Source: IFs 8.13 initialising from UNPD World Population Prospects medium variant life expectancy and WDI data

In summary, the successful implementation of the AfCFTA would be particularly beneficial to the continent's services and manufacturing sectors. The additional gains from the services sector would be US\$435 billion (or 11.5%) larger than the Current Path forecast. In comparison, the manufacturing sector gains would be US\$129.4 billion (or 9.1%) larger relative to the Current Path forecast in 2043. The manufacturing sector would increase by about US\$286.7 billion (or 15.6%) relative to the Current Path forecast in the same year.

The performance of the energy and agriculture sectors is less impressive, however. The size of the energy sector would increase by just US\$1.7 billion or (0.6%). In comparison, the gains from the agriculture sector would increase by US\$28.2 billion (5.2%) relative to the Current Path forecast in 2043.

The share contribution to GDP of the materials sector, which includes mining, would increase by about 0.2 percentage points to nearly 4.6% and services by about 0.8 percentage points to account for about 57.1% of the continent's GDP in 2043. The agriculture, energy, manufacturing and ICT sectors, however, would decline in the contributions that they make to GDP, but not in absolute values as by 2043 the African economy will be significantly larger than otherwise expected. These sectoral shifts follow the natural and expected evolution of economies that become more productive over time.

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## About the authors

Dr **Blessing Chipanda** joined the African Futures and Innovation (AFI) programme in January 2023. Before joining the ISS he worked as an assistant lecturer/research assistant at the University of Pretoria, Department of Economics. He is particularly interested in tasks within the wider realm of international trade, development economics, public policy, monetary policy, and econometric modelling. Equally interested in economic and socio-economic activities that impact social welfare. Blessing has a PhD in economics from the University of Pretoria, South Africa.

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.

## About African Futures & Innovation

Scenarios and forecasting can help Africa identify and respond to opportunities and threats. The work of the African Futures & Innovation (AFI) program at the Institute for Security Studies aims to understand and address a widening gap between indices of wellbeing in Africa and elsewhere in the world. The AFI helps stakeholders understand likely future developments. Research findings and their policy implications are widely disseminated, often in collaboration with in-country partners. Forecasting tools inspire debate and provide insights into possible trajectories that inform planning, prioritisation and effective resource allocation. Africa's future depends on today's choices and actions by governments and their non-governmental and international partners. The AFI provides empirical data that informs short- and medium-term decisions with long-term implications. The AFI enhances Africa's capacity to prepare for and respond to future challenges. The program is headed by Dr Jakkie Cilliers.