



# Combined Scenario

## Introduction: Africa's development potential

Jakkie Cilliers

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## Introduction: Africa's development potential

The first theme on this website presented Africa's recent history and its [Current Path](#) forecast of development — how the continent and its individual member states have done in recent years and how matters are likely to develop by 2043, the end of the Third Ten Year Implementation Plan of the African Union's Agenda 2063 long-term development plan.

The Current Path forecast is a dynamic scenario in the [International Futures \(IFs\)](#) forecasting platform that imitates current policies and environmental conditions. The analysis indicates that, on Africa's Current Path, the 2043 size of the African economy will be 250% (or US\$4 trillion) more significant than in 2023. But because Africa's population will have increased by 156% (or 823 million people), gross domestic product (GDP) per capita will have increased by only 133% (or by US\$1 561). Meanwhile, GDP per capita in the rest of the world, which comes off a much higher level, will have increased by 143%, meaning that the gap between the average GDP per capita for Africa and that of the rest of the world will increase. Things are improving in Africa but more slowly than in the rest of the world.

There are many reasons for this rather uninspiring forecast. The African economy should grow at an average of about 4.7% from 2024 to 2043 while Africa's population increases marginally below 2.3%, translating into slow per capita income growth - at an average of 1.4%.

We then ask the question, what needs to be done to improve the development prospects for Africa? What is possible? To answer this question, we modelled the positive effects across eight sectoral scenarios and simulated their impact separately and then in a combined scenario. Each scenario is explained in a theme on the website (available under themes in the drop-down menu), and the impact of each is compared with the Current Path forecast. The eight sectoral scenarios are:

- A more rapid [demographic](#) transition and investments in better [health and WaSH](#) infrastructure
- Better and more [education](#) (looking at quantity, quality and relevance)
- Large [infrastructure](#) and [leapfrogging](#) (the impact of renewables, ICT and the more rapid formalisation of the informal sector)
- Improved food security reflected in an [agriculture](#) revolution scenario
- A low-end [manufacturing](#) transition
- The full implementation of the [African Continental Free Trade Area \(AfCFTA\)](#)
- More inward [financial flows](#) (consisting of aid, foreign direct investment, remittances and reduction in illicit financial flows) and
- Better [governance](#) (consisting of stability, capacity and inclusion).

A specific sectoral scenario is often discussed in an associated separate theme. Still, in two cases, demographics and health and leapfrogging and infrastructure, we use a combined scenario, i.e. demographics/health and leapfrogging/infrastructure. The clustering reflects the close connectedness and interdependence of these sectors.

The various sectors are not isolated but deeply interlinked. A better educated and healthy population is more productive than expected if the separate impact of better education or better health is considered. The relationship applies across

many sectors. For instance, infrastructure and education (human capital) are crucial for industrialisation and economic diversification. Similarly, providing rural roads is vital for food self-sufficiency and agriculture commercialisation. Agriculture can also pave the way to manufacturing through agro-processing while improving governance cuts across all sectors.

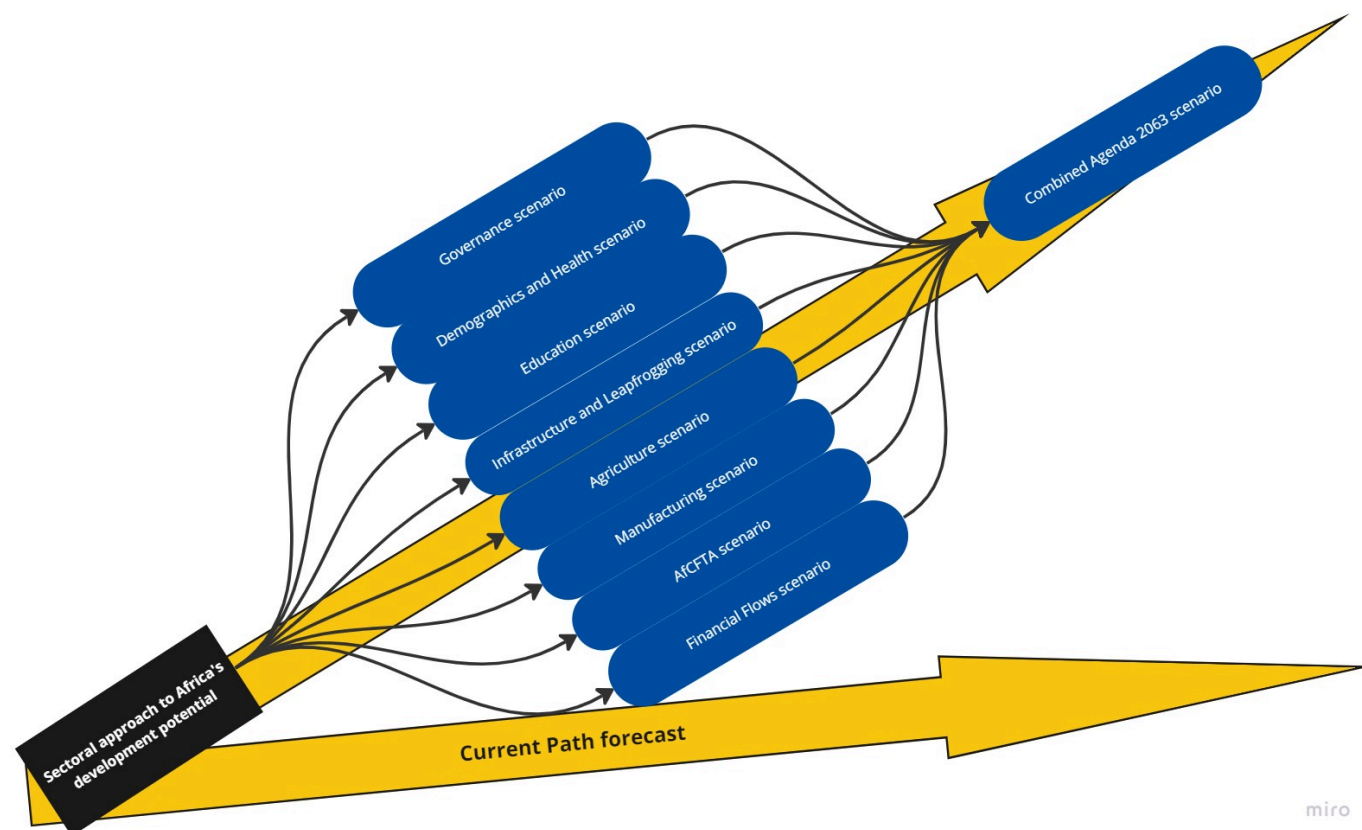
We term the additional economic productivity from combining the different sectoral scenarios a **synergistic effect**. It also means that a coordinated policy push across sectors generally delivers more prosperity than too narrow a focus on a single sector, such as infrastructure alone.

Some interventions also compete with each other. For example, although social grant programmes reduce high levels of poverty and inequality, at very high levels, it could detract from economic growth prospects, such as in South Africa (but the relationship is complex).<sup>[1]</sup>

Eventually, development is about balance, although trade-offs and choices must inevitably be made. Governments always need more resources for everything.

The scenario that brings all eight sectoral scenarios together in a single integrated, positive scenario is termed the Combined Agenda 2063 scenario (or simply the Comprehensive scenario), after the comprehensive blueprint that aims to transform Africa into an integrated, prosperous and peaceful continent, 'driven by its citizens, representing a dynamic force in the international arena.'

Chart 1: Scenario structure



The interventions are mostly done at an individual country level and carefully benchmarked to ensure that they are ambitious but realistic, comparable to what has been historically achieved by countries at similar levels of development. All the interventions commence in 2024 and last to 2033, coinciding with the second ten-year implementation plan of the

African Union's Agenda 2063. We then measure the scenario's impact to 2043, the end of the third ten-year implementation plan of Agenda 2063.

In addition, we discuss the likely implications of the various scenarios on the future of work, Africa's energy future and the threat of climate change.

Development is a messy affair that seldom follows the smooth forecasts on this website. Instead, it is characterised by 'persistent failure, wastage, exploitation and misery.'<sup>[2]</sup> Africa is hugely diverse, and the future, as in the past, will reflect significant variations in the development trajectories of its constituent countries. It is also doubtful that Africa will simultaneously advance on all the transitions modelled in the various scenarios. Some countries may progress in some areas, while others may stagnate or regress.

Although recurrent natural disasters such as droughts and floods are 'baked into' forecasts (i.e. they are reflected in forecasts that initialise from historical data that already reflects such disasters), the Current Path and scenarios do not forecast global catastrophes such as the effect of a future global pandemic or an extreme climate tipping point. In a separate theme on Africa in the World, we explore the impact of international politics on Africa's development.

Evidence suggests that Africa's small island countries — Mauritius, Cape Verde and Seychelles — have done particularly well because they had high trade or tourist income relative to their population size and experienced early demographic transitions. It could also be that governance in a small country is easier. As a result, these countries typically reached health, education and income milestones before more populous states; are more likely, with a youthful population, to progress to liberal democracy and maintain it; are less vulnerable to revolutions; and very rarely engage in interstate conflicts.<sup>[3]</sup>

Africa is diverse, young, and rapidly urbanising, and its population and economy will grow quite quickly. But will it be sufficient to improve well-being? At first glance, the energy levels on the continent are reminiscent of China some decades ago, but with significant differences. Emulating China in Africa may only be possible in some respects, but there is much to learn and take from China. The most important example to take from China is moving from handouts to empowerment and the dedicated effort to understand, document and help each poverty-stricken household.

China has adopted measures that combine poverty alleviation with efforts to improve people's 'will and wisdom' to stimulate the internal motivation of the disadvantaged so that they can take actions more spontaneously, forming the overall anti-poverty pattern underpinned by 'social mobilisation + individual progress'.<sup>[4]</sup> In this manner, China has prevented many of its poor people from falling into a welfare trap where individuals remain economically inactive and dependent upon assistance from the government. However, it did so at a significant cost to individual liberties and choice. Eventually, the miracle of authoritarian development in the Asian Tigers and China is likely not available to Africa for reasons we explain in the theme on Governance.

Africa's future will inevitably unfold differently from China's remarkable development experience.

Development is about countries empowering citizens and learning how to help themselves through small businesses and small-holder farming activities. It is generally about communities growing and flourishing, steadily weaning themselves off the state's helping hand on their pathway to greater prosperity.

It is best to view societies like living organisms.<sup>[5]</sup> To grow, an organism does not need only a single nutrient; it needs a combination of different nutrients in a proper balance. Increasing any one of them provides rapidly diminishing or even

negative returns. Societies become productive by linking different inputs and eventually being able to do more with them, although not necessarily in equal amounts. That is why this site has taken a comprehensive approach to development, examining all aspects and sectors.

The first section below presents the impact of the Combined Agenda 2063 scenario, which includes the integrated impact of all eight scenarios and the synergistic effect, comparing Africa with other regions and countries within Africa. We use economic size or gross domestic product (GDP), GDP per capita and poverty rates as key impact indicators. These indicators are imperfect and incomplete development measures, but they remain helpful in gauging Africa's general direction and correlate with numerous other welfare indices. Subsequent sections use other variables as appropriate, such as rates of infant mortality and life expectancy, as measures of general development progress.

After assessing the combined impact, we consider the effect that individual scenarios (representing different priorities) could have. However, much more detailed additional work is required at the national level.

## Endnotes

1. On the other hand, over longer time horizons reductions in poverty would improve human capital and eventually have a positive impact on economic growth.
2. C Cramer, J Sender and A Oqubay, *African Economic Development: Evidence, Theory, Policy*, Oxford: Oxford University Press, 2020, 22.
3. In 2020, the African countries with populations below five million were: Seychelles, São Tomé and Príncipe, Cape Verde, Comoros, Djibouti, Eswatini, Mauritius, Equatorial Guinea, Guinea Bissau, Lesotho, Gabon, Botswana, The Gambia, Namibia and Eritrea.
4. Xinhua, Chinese Poverty Alleviation Studies: A Political Economy Perspective, New China Research, *Xinhua News Agency*, 28 February 2021, 16.
5. This analogy was offered by Prof Jack Goldstone during one of our expert discussion sessions, 18 May 2021.

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## About the authors

Dr Jakkie Cilliers is the ISS's founder and former executive director. 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 Institute. 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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