



# Combined Agenda 2063

Comparative impact of scenarios on per capita income

Jakkie Cilliers

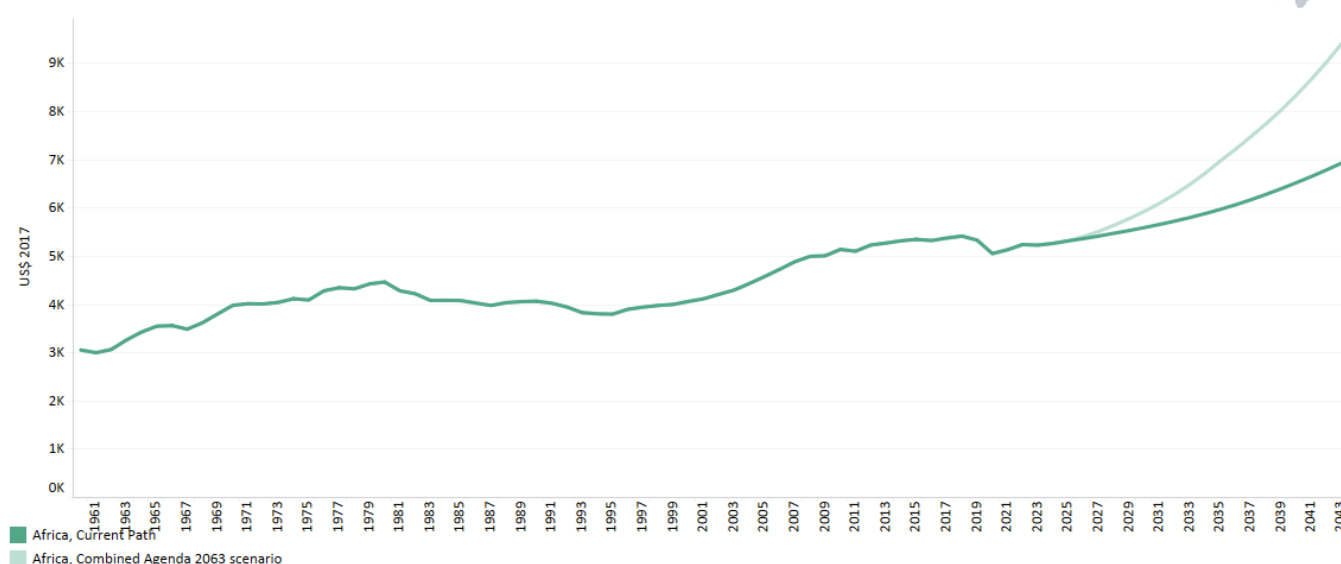
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## Comparative impact of scenarios on per capita income

For all its deficits, GDP per capita reflects not just the economic productivity of an economy but also the number of people among whom that product must be divided. Chart 3 presents GDP per capita for the World except Africa, Africa and each African grouping and country on the Current Path and in the Combined Agenda 2063 scenario. It shows in a single graph the dramatic change in fortunes that could follow from the combined effect of the various scenarios modelled on this website. Whereas, in 2023, Africa's GDP per capita was 24% of the average rest of the world (i.e. the World except Africa), staying at that portion to 2043, it could increase to 31% in the Combined scenario. In 2023, Africa's GDP per capita was US\$4 801. The average for the rest of the world was US\$19 590, a difference of US\$4 790; on the Current Path, the 2043 difference would be US\$21 600. In the Combined scenario, the difference in 2043 will be US\$19 320.

In the Current Path forecast, GDP per capita increases at a miserly 1.4% from 2024 to 2043. It more than doubles to 3% in the Combined scenario and illustrates that Africa could start turning the widening gap around towards the end of the forecast period. Because of technology, climate change and future shocks, that catch-up will occur in a different world than the one we currently know and occur slowly but gather momentum over time.

Chart 3: GDP per capita in Current Path vs Combined Agenda 2063 scenario, 1960–2043



Source: IFS 8.13 initialising from UN Population Division World Population Prospects medium-variant life data and World Development Indicators

In the Combined Agenda 2063 scenario, the average GDP per capita in 2043 would be:

- US\$4 786 instead of US\$3 209 in low-income Africa.
- US\$10 840 instead of US\$8 189 in low-middle-income Africa.
- US\$19 770 instead of US\$16 320 in upper-middle-income countries.
- US\$45 340 instead of US\$36 970 in Africa's high-income country (Seychelles).

Although from a lower base, the relative increase is more pronounced in low-income countries than in low-middle or in upper-middle-income countries.

When considering the impressive improvements in GDP per capita it is important to recognize that population growth rates

in the Current Path and the Combined scenario differ, given the impact of the Demographics/Health scenario on total fertility rates. For example, the average population growth (from 2024 to 2043) for the group of African low-income countries is 2.6% in the Current Path and only 1.5% in the Combined scenario. Rates for low-middle-income countries is 1.8% vs 1.4%

The ten countries that would gain the most in absolute increases in average income levels when comparing the 2043 Current Path forecast with the Combined Agenda 2063 scenario are Seychelles, Eswatini, Djibouti, Egypt, Mauritius, Namibia, Gabon, Libya, Botswana and Eritrea.

The ten countries that show the least improvement in absolute US\$ terms (when comparing the 2043 Current Path forecast with the combined scenario) are the Republic of Congo, Lesotho, Malawi, Mali, Guinea Bissau, CAR, Chad, Somalia, Burundi and South Sudan.

The impact of the various scenarios also changes over time. For example, what contributes most to income growth in the first decade (to 2033) for low-income countries may change during the second and third decades.

Chart 4 ranks the four scenarios that provide the largest change in GDP per capita in purchasing power parity in 2033 and 2043. The default display compares low-, low-middle- and upper-middle country income groups, but the user can select any three African countries or groups. The analysis does not imply that policymakers should choose one set of interventions above another. Development is organic and context-specific: eventually, a simultaneous and coordinated effort across dimensions produces much better progress than pushing on any single sector to the exclusion of another.

Chart 4: Top four scenarios by impact on increase in GDP per capita, 2033 vs 2043



2033



Source: IFs 8.13

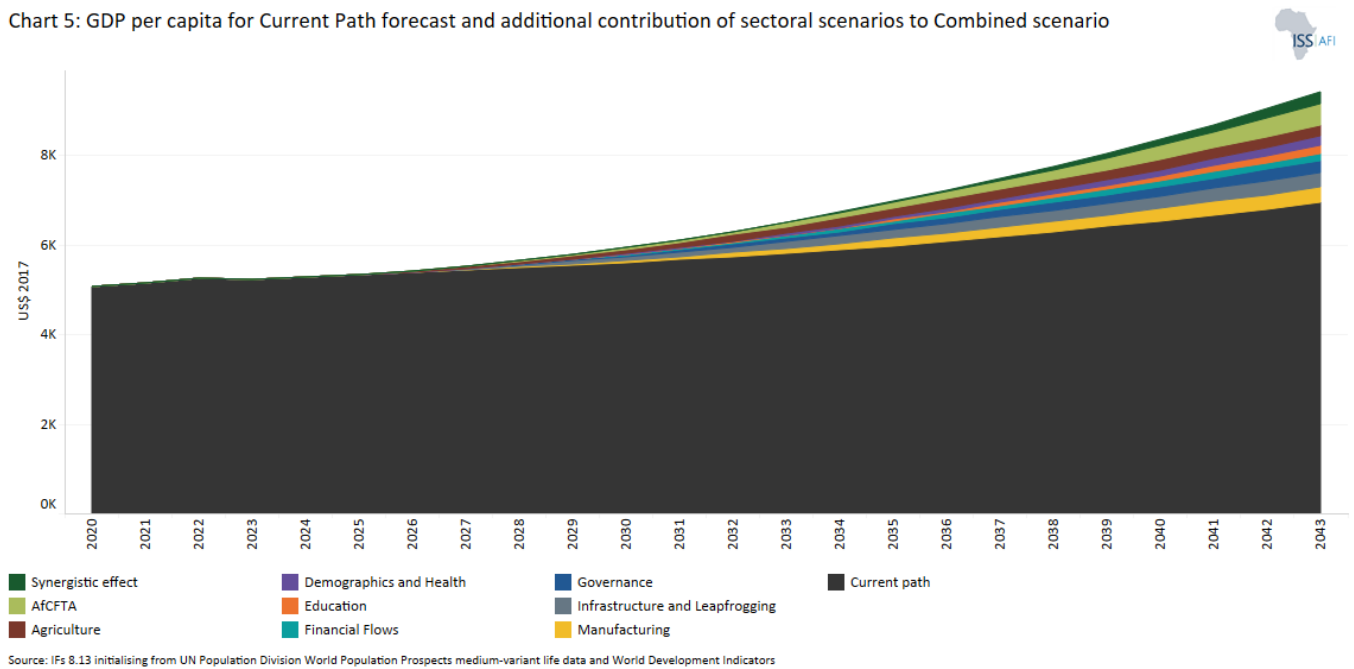
From 2024 to 2033, the Agriculture scenario does marginally best among the eight sectoral scenarios, followed by Large Infrastructure/Leapfrogging when considering GDP per capita, followed by the Manufacturing scenario, the full implementation of the AfCFTA and Governance. By 2043, the AfCFTA will do best, followed by Manufacturing and Infrastructure/Leapfrogging. For this reason, the African Development Bank, the UN Economic Commission for Africa (UNECA), the World Bank and development economists are very excited about the potential of the AfCFTA.

The impact changes when considering different income groups.

- For low-income countries, Agriculture and infrastructure/Leapfrogging does best by 2033, and in 2043, it is the AfCFTA and Manufacturing scenarios
- For low-middle-income countries, the Infrastructure/Leapfrogging scenario does best in 2033, followed by Agriculture. In 2043, it is the AfCFTA, followed by Manufacturing
- For upper-middle-income countries, manufacturing does best, followed by the AfCFTA in 2033; by 2043, it will be the AfCFTA followed by manufacturing.

Chart 5 allows the user to compare the impact of the eight sectoral scenarios using GDP per capita on any African country or group.

Chart 5: GDP per capita for Current Path forecast and additional contribution of sectoral scenarios to Combined scenario



Because of the fertility characteristics of the different income groupings, the contribution of the Demographic/Health scenario declines with increasing income status. Even then, its impact is underplayed. Like the Governance scenario, the Demographic/Health scenario acts as a force multiplier on all other scenarios, particularly for low- and low-middle-income Africa. For example, it reduces the number of children that need to be educated (and increases the money available for those already in school) and reduces the demand for basic infrastructure such as water and sanitation. When parents have fewer dependents to care for, it frees up resources to invest in human and physical capital.

A critical dynamic to consider here is how the Demographic/Health scenario combines with the Education scenario to reduce total fertility rates rapidly. On the Current Path forecast, the average fertility rate in sub-Saharan Africa will decline from 4.6 children per fertile woman in 2023 to 3.4 by 2043. The decline in the Combined scenario is to 2.5. As a result, in 2043 sub-Saharan Africa will have 98 million fewer people.

The impact of the Education scenario increases with higher income status since a more sophisticated economy requires a more skilled workforce, and its impact steadily increases over time. But it takes a very long time, reflecting the inertia in improving education systems and that the payoffs typically take up to a generation.

As with education, improvements in general health indices and the provision of WaSH facilities are more important (and impactful) for upper-middle-income countries, where the older labour force is better nourished, healthier, and, therefore,

more productive.

The IMF finds that investment in human capital is more effective in the long run (15 years or more) than [investment in infrastructure](#).

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## About the authors

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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