Combined Agenda 2063
Structural change of economies in the Combined Agenda 2063 scenario

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The transitions modelled on this website emulate a developmental path where Africa can reverse its growing commodities dependency and proceed to inclusive and rapid development by building human capital and economic diversification. In this vein, the African Growth Initiative at the Brookings Institution popularised the potential of “industries without smokestacks”, pointing to the potential of tourism, agro-processing and other tradeable services as having productivity improvement effects in a modernising economy comparable to traditional industrialisation. Others are more sceptical and argue that services such as tourism are ‘quick wins’, but cannot serve as a pathway for long-term growth. Although it generates export earnings, growth and employment, specialisation in tourism tends to yield limited growth benefits. To generate growth through tourism, a country has to attract more tourists yearly, placing a higher strain on public services such as security and utilities. Also, tourism comprises low-productivity activities such as hotels and restaurants. Thus a study by the IMF shows that to reach growth of 6% per year, it would need to increase tourism receipts as a share of exports by more than 70%, which is unlikely to happen in most African countries.

To this end, Chart 8 presents the size and changes in the growth of the six economic sectors modelled in IFs: agriculture, energy, materials, manufacturing, services and ICT for African countries and groups.

It is evident from Chart 8 that all sectors in Africa’s 2043 economy will be bigger in the Combined Agenda 2063 scenario than in the Current Path forecast for that year.

The sectoral shift in economic composition from 2024 (the start of the interventions) to 2043 for each African country and group is in Chart 9. The scale on the y-axis indicates that the shifts are at a maximum amplitude of five percentage points in either direction. Still, the impact of compound interest is such that these changes have a significant impact over time, evident from the stacked column graph reflecting economic size on the right-hand panel in Chart 8.
Significant country-to-country differences exist, with some, such as Gabon and Equatorial Guinea, having very skewed economic structures, discussed in the geographic country forecasts for those countries. The results of these two out of seven upper-middle-income countries invariably skew the results for the group.

At a continental level (i.e. the average for Africa), the Combined Agenda 2063 scenario modestly constrains the growth of the service sector in favour of growth in the size of the manufacturing sector. If implemented, it would reflect an end to the premature deindustrialisation of Africa, with an increase in the manufacturing sector’s contribution to Africa’s GDP by more than three percentage points by 2043. However, even in the Combined scenario, Africa will have a growth trajectory dominated by services, which traditionally has lower transformative productivity potential than a manufacturing growth trajectory, although, as discussed, there is some potential for modern services such as transport and communication, financial intermediation and business services to exhibit the same labour productivity improvements as with manufacturing.

Whereas the service sector currently constitutes about half of the African economy, it will be 55% by 2043 in the Combined scenario, closer to the average forecast for the rest of the world (about 59%). The agriculture sector’s contribution to GDP in the rest of the world slowly declines (from 4% to 3%). 2023, it was just below 16% in Africa, dropping to 7% on the Current Path and 6% in the Combined Agenda 2063 scenario.

The impact of the scenarios is that African economies become more productive, with considerable growth in the service sector, in line with global trends. But none of this will happen by itself. It requires appropriate policies that support local
industry or at least the transfer of knowledge to local industry, determined implementation and productive investment.
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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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