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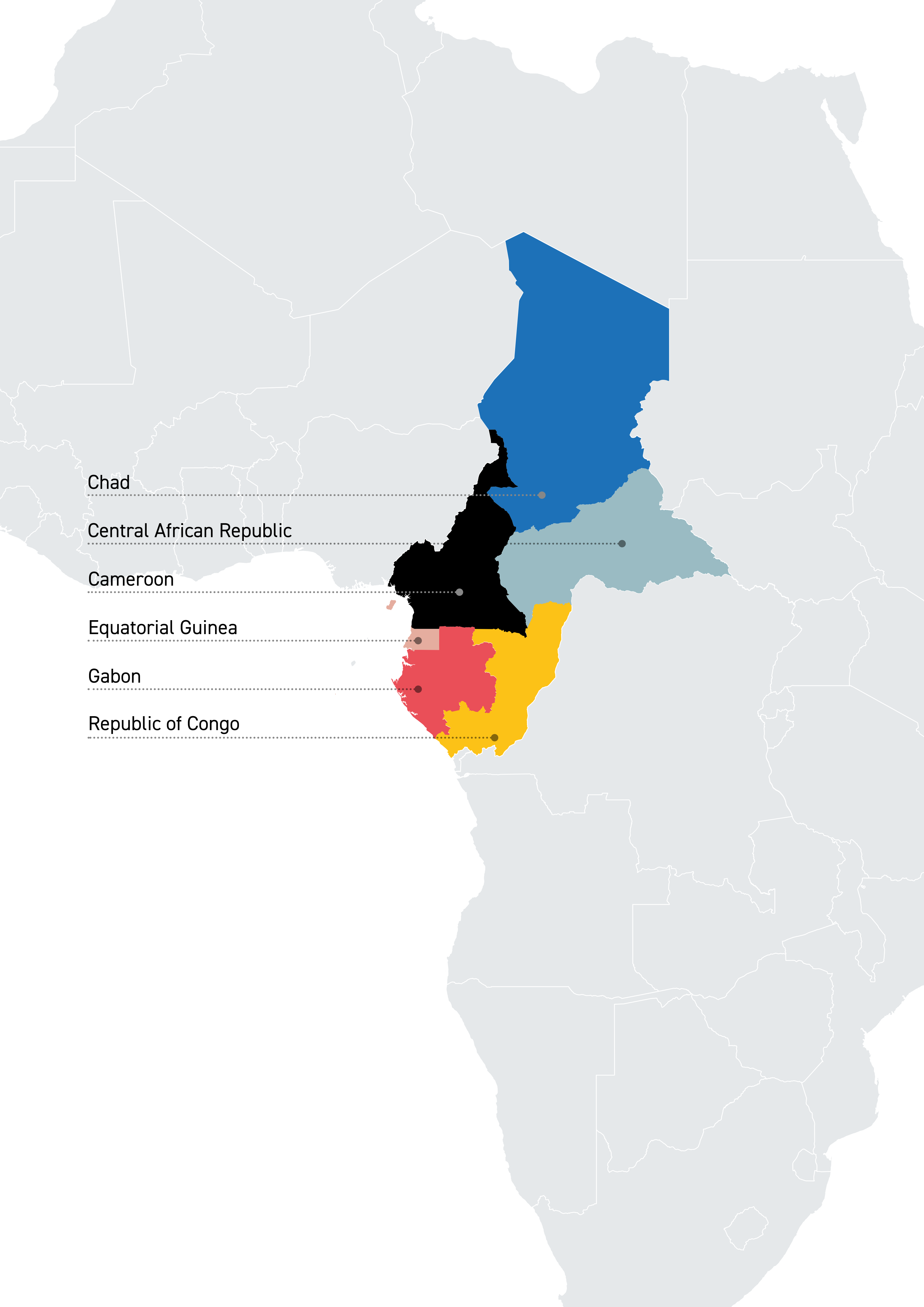
CEMAC

Economic Barometer

May 2024

2024

VOL. 6


Chad
Central African Republic
Cameroon
Equatorial Guinea
Gabon
Republic of Congo

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CEMAC

Economic Barometer[1]

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The CEMAC Economic Barometer is a semi-annual World Bank publication that presents a snapshot of (i) recent developments in and the economic outlook of the CEMAC region, and (ii) key development and reform priorities in the CEMAC region, followed by (iii) a brief assessment at the country level.

2024
VOL. 6

1 The CEMAC semi-annual Economic Barometer was prepared by an MTI team comprising of Robert Johann Utz (Lead Economist), Djeneba Doumbia (Economist), Erick Tjong (Economist), Amina Coulibaly (Senior Economist), Vincent Belinga (Senior Economist), Demet Kaya (Senior Economist), Marilyne Youbi (Economist), Pierre Mandon (Economist), Diderot Guy D'Estaing Sandjong Tomi (Economist), Sonia Barbara Ondo Ndong (Economist), Francis Ghislain Ngomba Bodi (Economist), Claudia Noumedem Temgoua (Economist), and Chris Belmert Milindi Katindi (ET consultant), under the guidance of Sandeep Mahajan (Practice Manager), and with the support of Irene Sitienei and Ifeoma Clementina Ikenye (Program Assistants). The report was cleared by Cheick Fantamady Kante (Country Director). The update reflects information available as of April 1, 2024. Please contact Djeneba Doumbia (ddoumbia@worldbank.org) and Erick Tjong (etjong@worldbank.org) for any questions or comments.

SECTION 1—

CEMAC Updates: Recent Economic Developments, Outlook and Key Development Challenges in the Region

I. Recent Economic Developments and Outlook in CEMAC

Table 1 - CEMAC	**2023**
Population, million [a]	63
GDP, current US$ billion [a]	111.8
GDP per capita, current US$ [b]	3466
International poverty rate ($2.15)[a]	31.1
Lower middle-income poverty rate ($3.65)[a]	56.2
Upper middle-income poverty rate ($6.85)[a]	81.5
Life expectancy at birth, years[c]	59.4

Source: WDI, Macro Poverty Outlook, and official data.
(a) Total for CEMAC countries.
(b) Weighted average for CEMAC countries.
(c) Simple average for CEMAC countries.

Growth in the CEMAC (Economic and Monetary Community of Central Africa) region decelerated to 1.7 percent in 2023, down from 3.1 percent in 2022. This implied that per capita income growth decreased from 0.44 percent to -0.33 percent. The regional growth of 1.7 percent in CEMAC is less than half of the growth rate observed in the WAEMU (West African Economic and Monetary Union) region in 2023 and falls below the estimated average growth rate of 2.9 percent in Sub-Saharan Africa. The negative growth in Equatorial Guinea and the modest growth in Gabon contributed to the overall low regional growth. After experiencing two years of recovery, the Equatoguinean economy fell back into recession with an estimated real GDP growth rate of -5.8 percent in 2023 (down from 3.8 percent in 2022), mainly due to lower hydrocarbon production and a decline in domestic demand. Gabon experienced a decline in GDP growth, decreasing from 3.0 percent in 2022 to 2.3 percent in 2023, due to decreased production of wood and manganese, combined with high fuel costs and railway disruptions caused by landslides. Conversely, Cameroon, which has a relatively higher level of economic diversification and lower dependence on hydrocarbons, emerged as the fastest-growing economy in the CEMAC region over the past three years, with an average GDP growth of 3.4 percent in 2021-2023 (3.3 percent growth in 2023).

The region's external and fiscal positions deteriorated in 2023 amid lower oil prices and revenues. Lower international commodity prices, especially oil, adversely impacted the CEMAC's export performance between 2022 and 2023. During this period, crude oil prices declined from US$ 97.1 to US$ 80.8. As a result, current account surplus is estimated to have decreased to an average of 2.2 percent of GDP in 2023, compared with 5.9 percent of GDP in 2022. CEMAC's gross reserves are estimated to have decreased to 4.8 months of imports in 2023 (down from 5.2 months in 2022). Lower commodity revenues also impacted the region's fiscal position. However, an increase in non-oil revenues allowed the region to sustain fiscal revenues at a stable average ratio of 21.2 percent of GDP between 2022 and 2023. On average, resource revenues still represented 46 percent of total revenues in the CEMAC zone, highlighting the high exposure of public finances and of the overall economy to volatile commodity markets. Reliance on hydrocarbons is particularly high in Equatorial Guinea, where commodities represent 88 percent of government revenues. Tax revenues amounted to an average 9.6 percent of GDP in CEMAC. In comparison, countries in WAEMU collected 14.0 percent of GDP in taxes, underlining the need for stronger domestic revenue mobilization efforts in CEMAC which would allow the region to build a more solid and sustainable revenue source and ampler fiscal space.

Meanwhile, public spending increased in most CEMAC countries in 2023, reducing the fiscal space and imposing challenges to contain the public debt. Total spending in CEMAC increased to an average 20.1 percent of GDP in 2023 from 18.3 percent in 2022, and the fiscal surplus decreased to 1.1 percent of GDP from 2.9 percent. Fiscal pressures remain particularly severe in the Central African Republic (CAR), which registered a fiscal deficit of 3.5 percent of GDP. Public debt increased to 52.8 percent of GDP in 2023 from 51.5 percent in 2022. The Republic of Congo faces the highest pressures to decrease the debt-to-GDP ratio, which is estimated to have reached 96.0 percent in 2023. The debt-to-GDP ratio for Gabon (70.5 percent) was just above the CEMAC target debt ceiling of 70.0 percent of GDP. To achieve national development aspirations – which require strong investments in roads and energy, public services, and social areas – while ensuring fiscal and debt sustainability, CEMAC countries need to adopt reforms to increase government revenue and improve efficiency, governance, and targeting of public expenditures.

Actions to strengthen debt management and rationalize and redirect spending on fuel subsidies and tax exemptions to investments in infrastructure, human capital, and targeted social protection programs remain important.

Inflation, which was on the rise since late 2021, began to decline in the second half of 2023, amid a continuously tightened monetary policy adopted by the regional central bank (BEAC) and lower prices of most commodities. To support the exchange rate arrangement and contain inflationary pressures, the BEAC policy rate was maintained at five percent since March 2023 following a cumulative increase by 175 basis points from November 2021 to March 2023. In comparison, policy rates were also increased in the WAEMU zone, but remained lower, at 3.25 percent. Moreover, the BEAC ended its weekly liquidity injections in March 2023 after steadily scaling them back since June 2021. In this context, in September 2023, average (y-o-y) inflation in the CEMAC region had decreased to 4.7 percent, down from the 6.3 percent recorded in December 2022. The reduction in inflation can be also attributed to the favorable trends observed in global supply chain recovery. While this trend is encouraging, it remains above the regional target of 3.0 percent; in December 2023, the headline inflation in WAEMU was lower at 2.4 percent. Meanwhile, the real effective exchange rate (REER) of most CEMAC countries has depreciated in recent months linked to lower inflation in the region, indicating an improvement in price competitiveness.[2]

2 A decrease in the real effective exchange rate (REER) of a country means a depreciation of the country's local currency against the basket of its trading partners' currencies while an increase in the REER reflects an appreciation.

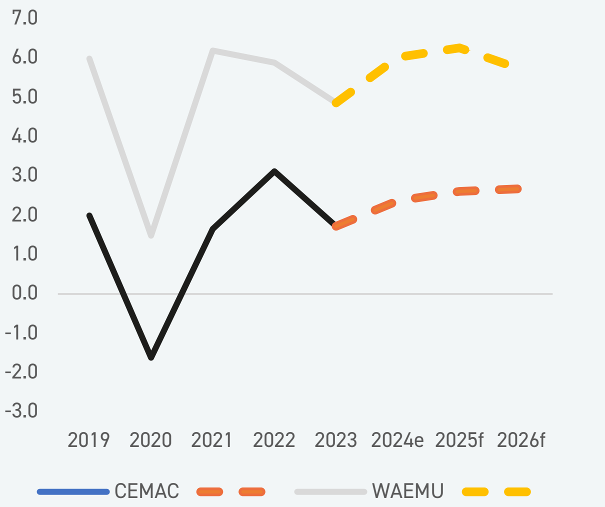
CEMAC continues to face high, persistent, and stagnant poverty rates, stemming from insufficient economic growth, lack of job opportunities, and rapid population expansion. In 2023, approximately 31.1 percent of the region's population lived with less than $2.15 (2017 PPP) per day. Meanwhile, in the WAEMU region, the proportion of individuals enduring extreme poverty was relatively lower, at 23.4 percent in 2023. Poverty rates vary significantly in CEMAC, ranging from 2.8 percent in Gabon to 65.9 percent in the Central African Republic. With respect to other poverty benchmarks, in 2023 56.2 percent of the population in CEMAC lived with less than $3.25, while 81.5 percent had a daily income below $6.85. Projections suggest that without a robust recovery in economic growth and more substantial economic participation, a significant decline in poverty levels is unlikely to materialize.

Reducing poverty requires also promoting jobs and labor skills in CEMAC countries, where nearly one in four youth is not working, studying, nor in training. Unemployment – especially in Gabon and Congo, where one in five people is out of jobs, informality, and lack of economic opportunities for the youth pose serious risks for livelihoods and social stability, in a region with a young and fast-growing population. Inadequate labor skills are a cause of unemployment and undermine the growth of business activities. The strong reliance on the oil industry in many CEMAC economies further contributes to joblessness and poverty, as this capital-intensive industry cannot produce sufficient jobs or equitably generate income across the workforce.

Going forward, moderate growth is expected in the CEMAC region, but with minimal poverty reduction and subject to significant downside risks. An average regional growth rate of 2.3 percent is projected for 2024, before experiencing a slight uptick in 2025-2026. The region's poverty headcount ratio at USD 2.15 a day (2017 PPP) is projected to decline slightly to 30.9 percent in 2024-2025 (down from 31.1 percent in 2023). Meanwhile, the downward trajectory of inflation is anticipated to persist throughout 2024 and beyond. Risks to the region's economic outlook are tilted to the downside. A stronger decrease in commodity prices would reduce the fiscal space. A further tightening of global or regional financial conditions, stronger global trade disruptions, and weaker-than-expected global demand could undermine growth in the region. Risks of potential inflationary upticks also persist, especially on the international front with the ongoing war in Ukraine and the recent conflict in the Middle East. Regionally, there are also important risks to monitor, including climate disasters and environmental disruptions, ongoing insecurity in regions of countries such as Central African Republic, Chad, and Cameroon, and geopolitical tensions in the Sahel.

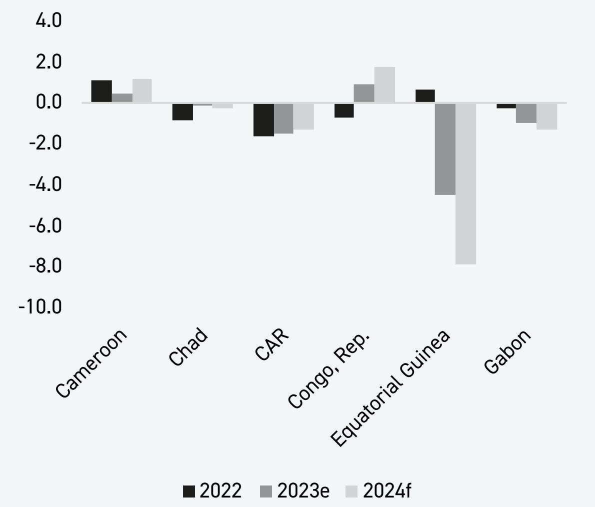
Real GDP growth in CEMAC declined from 3.1 percent in 2022 to 1.7 percent in 2023...

Figure 1. Real GDP growth in CEMAC, 2019-2026



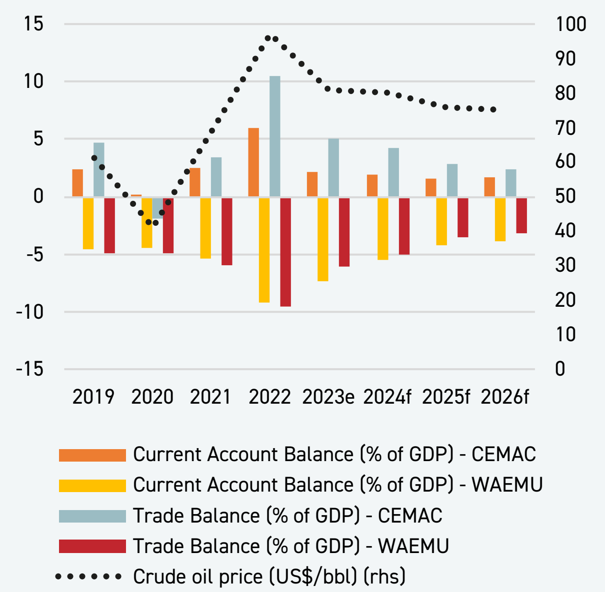
...while on average GDP per capita growth was negative in CEMAC in 2023.

Figure 2. Real GDP per capita growth in CEMAC countries (in percent), 2022-2024



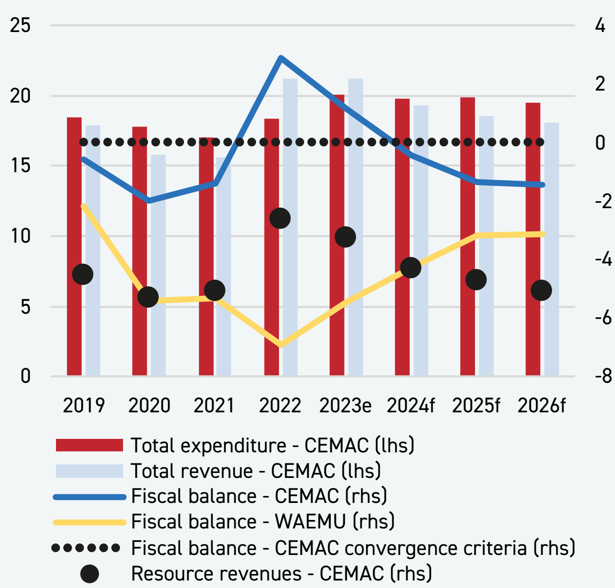
While remaining positive, the CEMAC's external balance has deteriorated amid decreasing crude oil prices and revenues.

Figure 3. Oil prices (rhs) and external position in CEMAC (lhs), 2019-2026



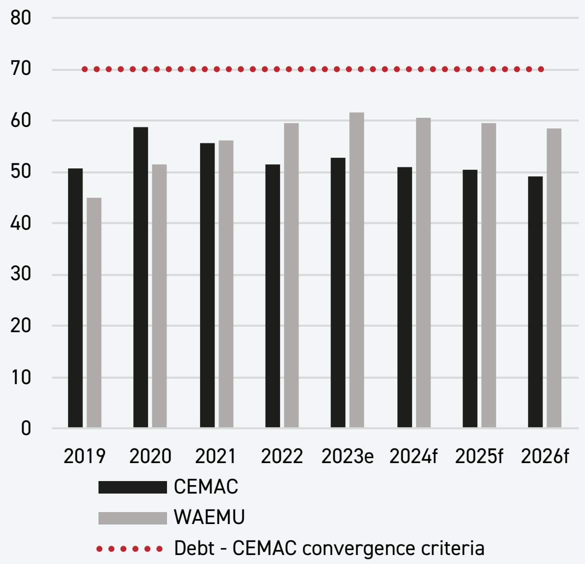
Lower commodity revenues and higher spending contributed to reducing the fiscal space in the CEMAC zone.

Figure 4. Fiscal position (% of GDP)



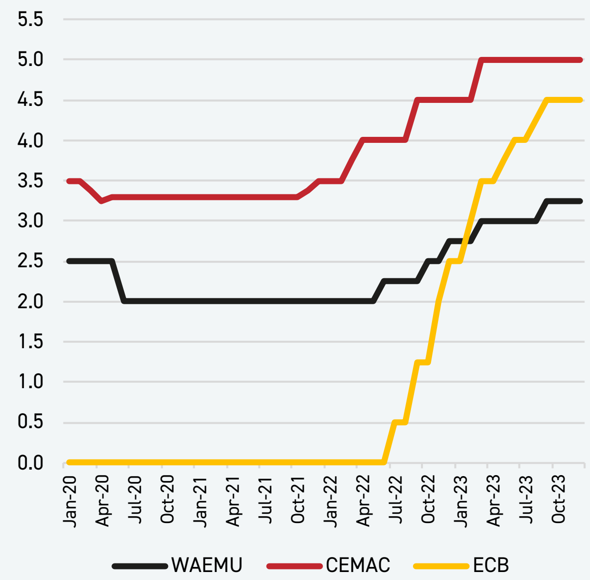
As a result, CEMAC countries face a continuous challenge to contain spending and the public debt.

Figure 5. Public debt (% of GDP)



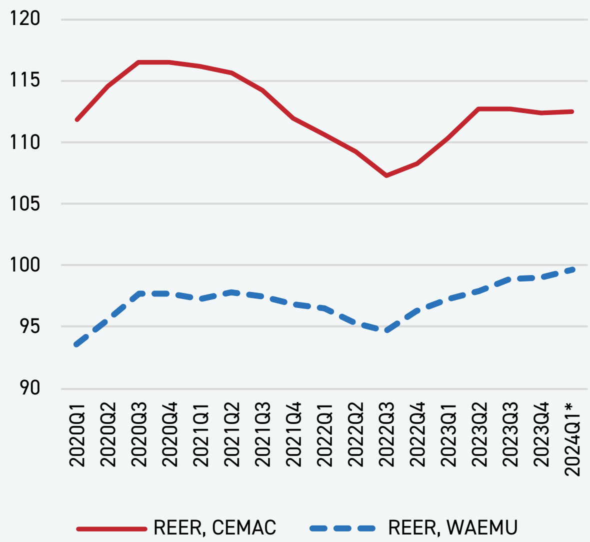
BEAC has maintained a tightening monetary policy stance since late 2021, with a policy rate at 5.0 percent since March 2023.

Figure 6. Evolution of policy rates in West and Central Africa and in the EU, 2020-2023



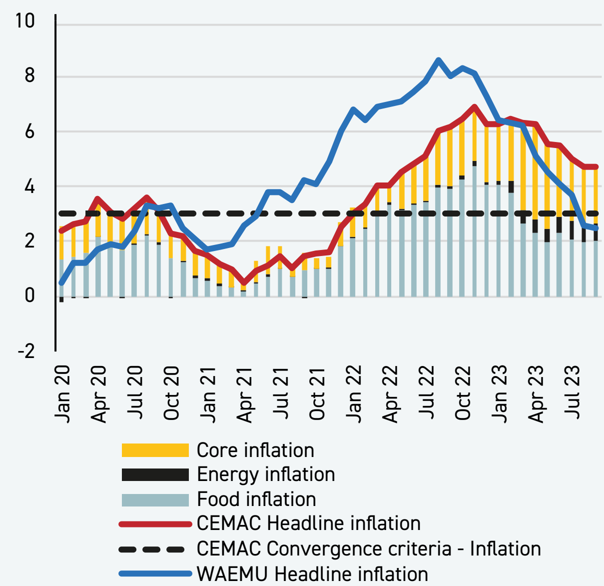
The real effective exchange rate of CEMAC countries has decreased, on average, in recent months, reflecting the depreciation of CFA Franc against the basket of trading partners' currencies.

Figure 7. CEMAC: Real Effective USD-CFAF Exchange Rates, 2020-2024



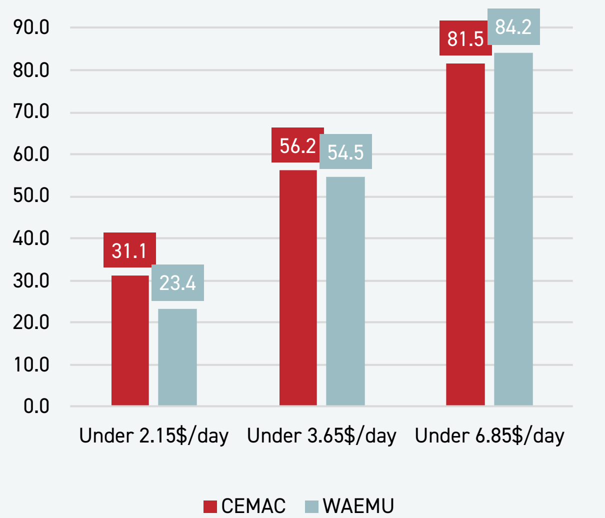
By September 2023, inflation decreased to 4.7 percent, down from the 6.3 percent recorded in December 2022.

Figure 8. Average inflation in CEMAC (in percent), 2020-2023



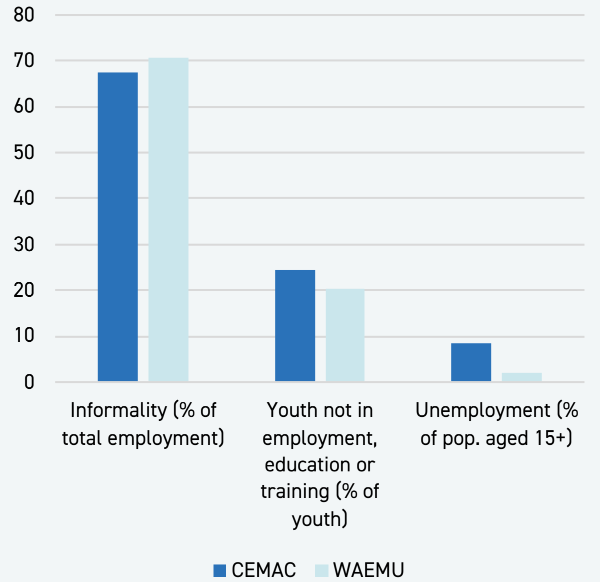
While decreasing, inflation continues to affect households, especially as nearly a third of the population lives in extreme poverty

Figure 9. Percentage of population living in poverty in CEMAC vs WAEMU, 2023



Promoting inclusion and economic participation is essential in CEMAC, where 1 in 4 youth is not in school, working, nor in training

Figure 10. Employment indicators



Sources: National authorities, Bruegel, ILO, World Bank, and World Bank staff calculations.
Notes: Figures show weighted averages for CEMAC and WAEMU, based on countries' shares of each region's GDP. In Figure 7, 2024Q1* includes January and February. Poverty data is not available for all countries and periods and is based on nowcast and forecast projected based on actual data from national household surveys for Cameroon (2014), Central African Rep. (2021), Chad (2018), Congo (2011), and Gabon (2017). Employment data based on 2023 estimates (data on informality is from 2018 for Congo, 2017 for Gabon, 2014 for Chad, and 2008 for CAR, and is not available for Equatorial Guinea).

II. Key Development Challenges and Reform Priorities in CEMAC

While economic recovery should continue over the coming years in CEMAC, on average, expected growth levels would not be able to translate into a significant improvement in living standards. Societies across Central Africa face several development challenges; addressing them requires building a stronger human, physical, and institutional capital (Table 2). Improving business conditions, with better roads, energy, access to financing, more efficient trade and tax processes, are essential to boost private sector growth and job creation.

Enhanced economic governance, stronger institutions and improved government capacity and efficiency are key for the delivery of public services, the design and implementation of growth friendly policies, and the management of resources to create an enabling environment for private sector activities. However, governance weaknesses persist across CEMAC countries, particularly in terms of rule of law and control of corruption as evidenced by the Worldwide Governance Indicators. CEMAC countries are often located in the lower tercile of their respective income groups, indicating poor governance performance compared to their peers, and the need to improve institutional quality.

A vibrant private sector is an engine of growth through its role in creating jobs, producing goods and services, and generating income. In the context of CEMAC, strengthening the private sector is essential to achieve the much desired and necessary economic diversification. However, in many CEMAC countries weak governance and institutions and lack of healthy competition result in a challenging business environment. On the other hand, the CEMAC region performed relatively well in terms of FDI inflows received in 2022 which is an important lever for the private sector, but great disparities exist among countries. Benefiting from investments in oil and other commodities, the region attracted net FDI inflows equivalent to 3.8 percent of GDP in 2022, more than WAEMU at 3.0 percent and SSA at 1.5 percent. However, most CEMAC countries are situated within the middle tercile of their respective income groups, meaning that there is room to create a conducive business environment to attract foreign capital and facilitate business activities for local entrepreneurs.

Promoting economic participation and boosting job creation constitute a key social and economic challenge in all Central African countries. Most economies in the region are highly dependent on extractive industries, which produce fewer jobs compared to more labor-intensive sectors. About 47 percent of the region's labor force is employed in the agriculture sector in which productivity and incomes are low, leading to insufficient wealth generation. Meanwhile, the share of jobs in industry and services has been gradually increasing vis-à-vis agriculture, which could be an early sign of structural change. In line with this trend, many CEMAC countries are experiencing a decrease in agriculture's contribution to GDP in favor of an increase in industry.[3] At the same time, achieving food security and increasing agricultural production remains a challenge. Moreover, a large share of the population depends on informal jobs for a living. Informality represents more than 90 percent of jobs on average in Cameroon, Chad, and Congo, preventing workers from obtaining access to credit, social protection benefits, and labor rights. To avoid the risks posed by the potential social crisis related to lack of economic participation and transform them into an opportunity, governments in the region need to promote targeted investments focused on promoting entrepreneurship and labor skills that are adapted to market needs, along with other measures to boost growth and support economic diversification.

Building stronger human capital is an essential condition to support sustained and inclusive growth through a healthy and skilled labor force. Human capital outcomes in the CEMAC, including education and health, have not significantly improved in the past decade and remain, on average, limited.[4] A child born today in the CEMAC region would be only 37 percent

3 Between 2020 and 2022, employment in industry increased from 15.1 to 15.5 percent in Cameroon and from 9.1 to 9.6 percent in Chad. Employment in services increased from 41.5 to 42.4 percent in Cameroon, 45.0 to 45.6 percent in Congo, and 30.8 to 31.4 percent in Equatorial Guinea.
4 Cameroon, Chad, and Congo, Rep. for which the 2010 and 2020 data are available show limited improvements in the human capital index (HCI): HCI improved from 0.36 in 2010 to 0.37 in 2020, on average. Data is not available for Equatorial Guinea.

as productive as they could be if they enjoyed complete education and full healthcare, compared with 40 percent in Sub-Saharan Africa. Spending on education in the region, at an average 2.3 percent of GDP, is lower than in SSA (4.1 percent of GDP). The second phase (2021-2025) of the CEMAC Economic and Financial Reform Program (PREF-CEMAC II) includes human capital as a new priority area. Further investing and improving the quality of spending on education and health, and developing adaptative social protection systems are needed to protect vulnerable individuals and strengthen human capital, social inclusion and gender equality.

Improving the quality and access to basic quality infrastructure remains key to boosting trade and overall economic activity in CEMAC. Strong infrastructure gaps persist across the region, as most CEMAC countries face severe challenges to expand access to electricity and to improve the performance of customs processes, ports, and trade regulations. The World Bank's 2023 Logistics Performance Index, which benchmarks trade logistics in 139 countries, ranks CEMAC countries on average at 109th. Worryingly, performance in Cameroon, the biggest economy in the region, has been decreasing, and as a result its ranking dropped from 95 out of 160 countries in 2018 to 134 in 2023. To develop their business activities, move people and goods around the region and beyond, and create more jobs, firms need a stable and affordable electricity supply. They also need reliable road and railway networks, and efficient ports. Sustained growth and economic diversification cannot be achieved without stronger investments and more efficient spending to expand, modernize, and maintain CEMAC's physical capital.

The digital economy offers transformative opportunities for productivity and growth, economic diversification, and job creation. However, the CEMAC region faces several challenges, including access to and affordability of connectivity, limited digital skills and infrastructure, and lack of enabling regulations and competition policies. While internet usage has increased in the CEMAC, it remains below the 36 percent SSA average in many countries in the region including the Central African Republic and Chad where only 10.6 and 17.8 percent of the population use internet, respectively. The price of data-only mobile broadband connectivity is higher than the global target of 2 percent of GNI per capita in all CEMAC countries but Gabon. Reducing connectivity costs in the region, enabling competition and digital regulatory environment, and developing digital infrastructure and skills would help improve the adoption of digital technology, ultimately boosting growth and employment.

Climate change is another major development challenge for the CEMAC region, which is highly vulnerable to climate-related shocks and natural disasters but also among the least prepared countries to respond to these shocks. In particular, Chad (185th out of 185 economies) and the Central African Republic (184th) rank at the bottom of the Notre Dame Country (ND-GAIN) Index indicating a country's vulnerability to climate change as well as its readiness to improve resilience. When compared to their income peers, ND-GAIN index of CEMAC countries rank in the lower tercile of the distribution, further highlighting the need for a regional climate change adaptation strategy. Climate change adaptation and mitigation would require strong policy reforms and institutional and capacity strengthening. Moreover, considerable financing, including private, is needed to respond to climate change.

For instance, close to US$4.4 billion will be needed across several sectors for the Republic of Congo to meet its 2030 Nationally Determined Contributions.[5]

Accelerating the implementation of ongoing reforms as part of PREF-CEMAC II would help address some of the region's key development challenges. PREF-CEMAC II focuses on five pillars, namely (i) fiscal policy, (ii) monetary policy and financial system, (iii) structural reforms, (iv) regional integration, and (v) international cooperation. The first pillar, which focuses on enhancing fiscal policy, aims to improve non-oil revenue mobilization, strengthen the capacity of tax administrations, and improve the quality and efficiency of public spending. Ongoing structural reforms will help strengthen economic diversification and boost private sector development, improve the business climate in the region, and develop alternative forms of financing for economies. Strengthening regional integration requires the modernization of infrastructure to support production, trade, and economic diversification. CEMAC institutions and member-states have made progress on the reform agenda, including the development of a regional financial inclusion strategy, a draft regional industrial policy, and policies that contribute to enhanced productivity and the expansion of local industries (textile, agro-industry, wood and construction). Eleven CEMAC priority integration projects identified under PREF-CEMAC II, covering among others regional transport corridors, energy production and interconnection, and human capital and economic diversification, should ultimately help to strengthen trade, increase the supply of stable energy, improve connectivity via fiber optics, and the creation of centers of excellence for human capacity building. Overall, the latest monitoring report for the program shows that 59 percent of the actions in the program's reform matrix had been implemented by the end of the third quarter of 2023 (2023Q3), compared to 56 percent in 2023Q1 and 42 percent in 2022Q3.

5 Nationally Determined Contributions are commitments undertaken by members of the Paris Agreement as part of an action plan to mitigate and adapt to climate change.

Table 2. Development indicators in CEMAC

LEGEND

(1)	Indicator trend from 2020-2022:[a]	↑	Up	=	Stable	↓	Down
(2)	Position in the income group:[b]	**UT**	Upper tercile	**MT**	Middle Tercile	**LT**	Lower Tercile

(**a**) The table shows how the indicator value evolved over a three-year period from 2020 to 2022, except for the ND-gain index and Logistics Performance Index, for which data is shown in different years. The value can either increase, decrease, or remain stable.
(**b**) Additionally, for each structural indicator, the country's position in its income group based on its 2022 indicator value is identified. The country can be in the upper tercile (countries with higher scores in the income group), middle tercile (countries with average scores in the income group), or lower tercile (countries with lower scores in the income group).

Note: Blank cells in the table mean there was not enough data available to assess the trend or to identify the tercile position of the country.

	Upper middle income				**Lower-middle income**				**Lower income group**			
Structural indicators	**Gabon**		**Equatorial Guinea**		**Cameroon**		**Congo**		**CAR**		**Chad**	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
PRIVATE SECTOR												
Foreign direct investment, net inflows (% of GDP)	↓	**MT**	↓	**MT**	=	**MT**	↓	**LT**	=	**LT**	↑	**UT**
Industry (including construction), value added (% of GDP)	↑	**UT**	↑	**UT**	↑	**MT**	↑	**UT**	=	**MT**	↑	**UT**
Services, value added (% of GDP)	↓	**LT**	↓	**LT**	↓	**MT**	↓	**LT**	=	**MT**	↓	**LT**
Agriculture, forestry, and fishing, value added (% of GDP)	↓	**MT**	↓	**LT**	=	**MT**	↓	**LT**	↑	**MT**	↓	**MT**
INFRASTRUCTURE												
Gross fixed capital formation (% of GDP)	↓	**LT**		**LT**	=	**LT**	↑	**LT**	↓	**LT**	↓	**MT**
Access to electricity (% of population)[c]	=	**LT**	=	**LT**	=	**LT**	↑	**MT**	↑	**LT**	↑	**LT**
WB logistics Performance Index. Rank: Out of 139 countries[d]	↑	**LT**			↓	**LT**	↓	**MT**	=	**LT**		**UT**
HUMAN CAPITAL & DIGITALIZATION												
Government expenditure on education, total (% of GDP)	↓	**LT**	↑	**LT**	↓	**MT**	↓	**MT**	↓	**LT**	↑	**MT**
Output per hour worked (GDP constant 2017 international $ at PPP)	↓	**UT**	↓	**MT**	↓	**LT**	↓	**LT**	↓	**LT**	↓	**LT**
Individuals using the Internet (% of population)	↑	**LT**	↑	**LT**	↑	**MT**			↑	**LT**	↑	**MT**

Structural indicators	**Upper middle income**				**Lower-middle income**				**Lower income group**			
	Gabon		**Equatorial Guinea**		**Cameroon**		**Congo**		**CAR**		**Chad**	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
CLIMATE CHANGE												
ND-gain index on climate vulnerability and readiness[c]	=	LT	↓	LT	↑	LT	=	LT	=	LT	=	LT
EMPLOYMENT												
Employment in agriculture (% of total employment)	=	UT	=	UT	↓	UT	↓	MT	=	UT	↓	UT
Employment in industry (% of total employment)	↑	LT	↑	LT	↑	MT	↑	MT	↑	LT	↑	MT
Employment in services (% of total employment)	↑	MT	↑	LT	↑	MT	↑	MT	↑	LT	↑	LT
GOVERNANCE												
Percentile rank among all countries (ranges from 0 (lowest) to 100 (highest) rank)												
Voice and Accountability	↑	LT	↑	LT	=	LT	↑	LT	=	MT	↓	LT
Political Stability and Absence of Violence/Terrorism	↑	MT	↑	MT	↑	LT	↑	UT	=	LT	↓	MT
Government Effectiveness	↑	LT	↓	LT	↑	LT	↓	LT	↓	LT	↑	MT
Regulatory Quality	↑	LT	↑	LT	=	LT	=	LT	=	LT	↑	MT
Rule of Law	↓	LT	↓	LT	↑	LT	↑	LT	↓	LT	↑	MT
Control of Corruption	↓	LT	↓	LT	=	LT	↑	LT	↓	LT	↓	LT

c) Access to electricity and the ND-gain index are reported for 2021, 2020, and 2019. The 2021 value is used to allocate each country into its tercile within its income group.

d) The WB logistics performance index (LPI) is reported for 2023, 2018, and 2016. The 2023 value is used to allocate each country into its tercile within its income group.

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SECTION 2—

Country Updates[6]

6 The Country Updates section is based on the World Bank's Macro Poverty Outlooks (MPOs) for the 2024 Spring Meetings for six CEMAC countries. The MPO provides an overview of recent developments, forecasts of major macroeconomic variables and poverty during 2024-2026, and a discussion of critical challenges for economic growth, macroeconomic stability, and poverty reduction moving forward in a specific country. The MPOs for the 147 countries covered are released twice annually for the Spring and Annual Meetings of the World Bank and the International Monetary Fund. The MPOs for Sub-Saharan Africa can be accessed here: https://www.worldbank.org/en/publication/macro-poverty-outlook/mpo_ssa.

Cameroon

Table 1	2023
Population, million	28.8
GDP, current US$ billion	48.2
GDP per capita, current US$	1,646.1
International poverty rate ($2.15)[a]	23.0
Lower middle-income poverty rate ($3.65)[a]	46.7
Upper middle-income poverty rate ($6.85)[a]	76.0
Gini index[a]	42.2
School enrollment, primary (% gross)[b]	110.7
Life expectancy at birth, years[b]	60.3
Total GHG Emissions (mtCO2e)	134.6

Source: WDI, Macro Poverty Outlook, and official data.
(a) Most recent value (2021), 2017 PPPs.
(b) Most recent WDI value (2021).

Cameroon's real growth slowed down at 3.3 percent in 2023, from 3.6 percent in 2022. Poverty reduction remains slow, with 23.0 percent living below the international poverty line of $2.15 PPP per person per day. Sustained fiscal consolidation kept the deficit at 0.8 percent of GDP in 2023. Looking ahead, while the medium-term outlook is favorable, risks include commodity price volatility and persistent security crisis in certain regions. Low per capita growth coupled with high food and energy prices may worsen poverty.

Key Conditions and Challenges

Cameroon is the largest economy in the CEMAC region, accounting for 45 percent of the region's GDP and 63 percent of regional foreign exchange reserves in 2023. It is also the region's most diversified economy. However, the oil sector still accounts for 2.2 percent of GDP and 18.4 percent of fiscal revenues, keeping the country vulnerable to oil price shocks. Cameroon's debt pressures have intensified, calling for cautious fiscal policies and improved debt management.

The current development model appears incapable of delivering Cameroon's ambition of becoming an upper middle-income country by 2035, as institutions of governance have deteriorated, human capital remains weak, the business environment is unfavorable, and climate change represents a growing threat. The employment landscape reflects concerning trends, particularly for the youth, with half of the working-age population either unemployed or otherwise disengaged from the workforce. The informal sector, constituting over 85 percent of total employment, is experiencing a shift from agriculture to urban informal activities, calling for urban development. Productivity, notably in agriculture, lags similar countries due to high input costs, limited financing, and underutilization of innovative technologies.

Cameroon has failed to reduce extreme poverty over the past two decades. Household survey data collected in 2021/22 suggest 23.0 percent of the population lives below the extreme international poverty line of $2.15 PPP per person per day. The extreme poverty rate has remained unchanged since 2001, decreasing by only 0.9 percentage points between 2014 and 2021. The population living in extreme poverty has swelled by over 2 million since 2001 and now exceeds 6 million. Inequality remains high, with a consumption Gini coefficient of 42.2, indicating large disparities in living standards between regions and urban and rural areas. Furthermore, fragility is proliferating, with six out of Cameroon's ten regions now affected by conflict, including spillovers from conflicts in neighboring countries. Climate change also threatens Cameroon's poverty-reduction prospects given its reliance on natural resources, with around 4 in 10 workers being primarily engaged in agriculture.

Recent Developments

Cameroon's economic recovery slowed down in 2023, with real GDP expanding by only 3.3 percent, down from 3.6 percent in 2022. The weaker growth performance was witnessed across the primary, secondary, and tertiary sectors in a context of ongoing fiscal consolidation, higher domestic inflation and multiple sources of fragilities including internal conflicts. While the services sector continued to lead real growth in 2023 as it has been over the last three decades, it decelerated compared to 2022 owing to the decline in transportation sector activities following the increase in fuel pump prices in February 2023.

Inflation increased to 7.4 percent as of the end 2023 from 6.3 percent in 2022 mainly due to higher domestic fuel prices, despite the tight monetary policies and global inflation easing. Despite service and income balance improvements, the current account balance deteriorated slightly, reaching 3.6 percent of GDP from 3.5 percent due to a widened trade deficit caused by declining oil and gas exports.

Fiscal consolidation efforts in 2023 resulted in a reduced fiscal deficit of 0.8 percent of GDP, down from 1.1 percent in 2022, supported by lower fuel subsidies, reduced capital spending, and improved tax collection. Public debt decreased to 41.9 percent of GDP in 2023 from 45.3 percent in 2022. Nonetheless, Cameroon remained at a high risk of debt distress, despite sustainable debt levels.

The regional central bank (BEAC) maintained in 2023 a tight monetary policy to contain inflation and support the exchange rate. While Cameroon's banking system remained strong, vulnerabilities remained, with the non-performing loan ratio reaching 15.3 percent in 2023 and a significant exposure to sovereign bonds.

The gradual reduction in fuel subsidies will provide additional fiscal space for pro-poor spending but may lead to short-term inflationary pressures. Tax incentives for agriculture and minimum wage increases will mitigate impacts, though the latter's effect on poverty reduction may be limited due to the prevalence of informal employment.

Outlook

Cameroon's medium-term real GDP growth, projected at 4.0 percent in 2024 and 4.5 percent on average in 2025-2027, will be driven by an improved energy supply and a strong public investment program. The commissioning of the Nachtigal hydroelectric dam and the completion of the transmission lines from the Memve'ele power plant in late 2023 will provide an additional 420 MW to ease energy supply shortages and boost activities in the manufacturing sector. Moreover, the construction sector will directly benefit from the strong public investment program in the medium-term, while there will be a knock-on effect on the other economic sectors.

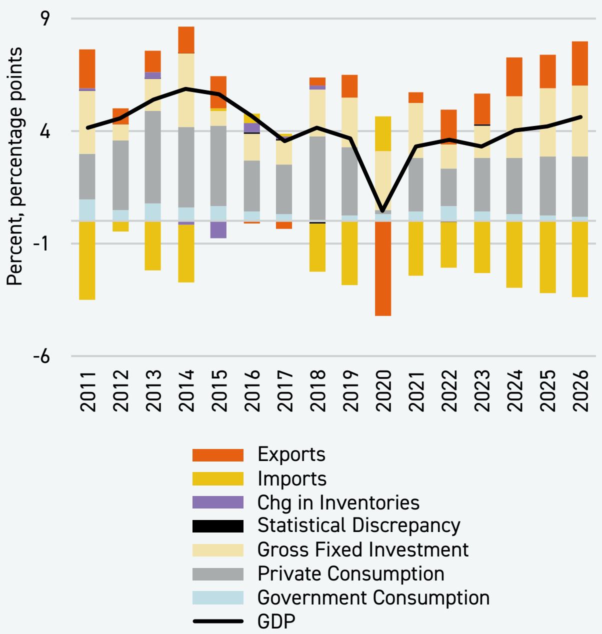
The current account deficit is expected to gradually narrow over the medium term, benefiting from sustained high commodity prices, the LNG boom in 2025, and government export efforts. Over the medium term, inflation is expected to drop from 7.0 percent in 2024 to 4.9 percent by 2026, supported by moderating import price inflation, improved industrial production from better energy supply, and the BEAC's tight monetary policy.

The fiscal deficit is projected to remain below 1 percent of GDP, supported by measures aimed at enhancing revenue and gradually reducing current expenditures, particularly fuel subsidies. These actions are expected to counterbalance the anticipated rise in capital expenditure necessary for accelerating investment projects. Public debt is projected to decline, reaching 35.5 percent of GDP by 2026, driven by improved debt management.

However, low per capita growth may exacerbate poverty, with the poverty rate at the international poverty line of $2.15 PPP per person per day projected to reach 25.0 percent by 2026, leaving around 8 million Cameroonians in poverty. Moreover, food prices are projected to rise faster relative to other goods. Redirecting budgetary savings from fuel subsidy reductions into productive spending, including investments in social programs and human capital, could support the poor and vulnerable in the short run, but sustained poverty reduction will require accelerating economic growth that creates more jobs.

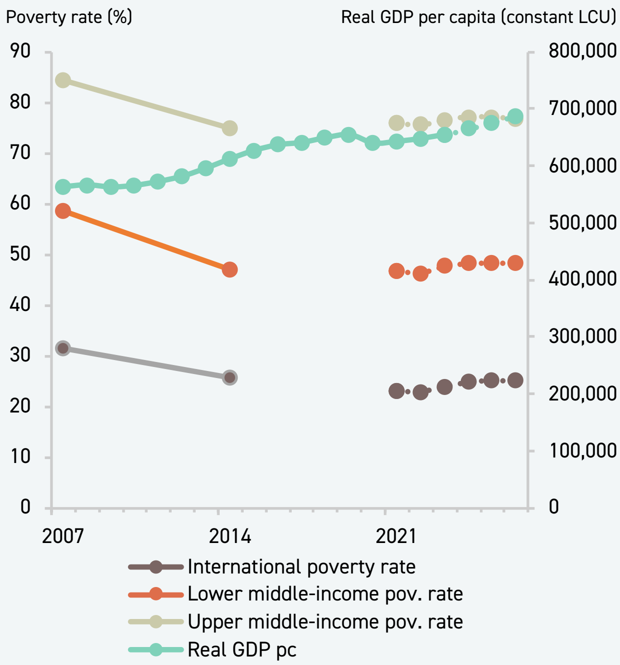
The outlook is subject to risks such as commodity price volatility, ongoing security crises in certain regions, uncertain budget support from external donors, exchange rate fluctuations impacting debt and fuel subsidies, and increased climate-related disasters.

Figure 1 / Cameroon: Real GDP growth and contributions to real GDP growth



Source: World Bank.

Figure 2 / Cameroon: Actual and projected poverty rates and real GDP per capita



Source: World Bank. Note: see Table 2.

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Table 2 / Cameroon: Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023 e	2024 f	2025 f	2026 f
Real GDP growth, at constant market prices	3.3	3.6	3.3	4.0	4.2	4.6
Private consumption	3.5	3.6	1.7	2.4	2.5	2.6
Government consumption	3.4	5.1	0.2	0.5	0.6	0.0
Gross fixed capital investment	7.9	3.2	5.1	8.4	9.0	9.1
Exports, goods and services	3.2	10.1	10.1	10.0	9.9	9.9
Imports, goods and services	9.0	7.3	7.8	9.7	9.9	10.0
Real GDP growth, at constant factor prices	3.3	3.6	3.3	4.0	4.2	4.6
Agriculture	4.1	4.3	4.7	5.0	5.6	5.6
Industry	4.1	4.2	4.5	4.8	5.4	5.4
Services	2.7	3.1	3.5	3.9	3.8	3.9
Inflation (consumper price index)	2.5	6.3	7.4	7.0	5.7	4.9
Current account balance (% of GDP)	-3.8	-3.5	-3.6	-3.3	-3.4	-3.0
Fiscal balance (% of GDP)	-2.9	-1.1	-0.8	-0.7	-0.8	-0.7
Revenues (% of GDP)	14.2	15.9	16.0	16.1	16.1	16.3
Debt (% of GDP)	47.3	45.3	41.9	40.1	38.8	35.5
Primary balance (% of GDP)	-1.9	-0.3	0.2	0.2	0.0	0.0
International poverty rate ($2.15 in 2017 PPP)[a,b]	23.0	22.9	23.9	24.8	25.2	25.0
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	46.7	46.3	47.7	48.3	48.4	48.4
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	76.0	75.6	76.5	77.0	77.0	76.7
GHG emissions growth (mtCO2e)	1.8	1.4	1.5	1.5	1.8	1.7
Energy related GHG emissions (% of total)	7.3	7.4	7.6	7.8	8.1	8.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Poverty data are expressed in 2017 PPP, versus 2011 PPP in previous editions - resulting in major changes. See pip.worldbank.org
(a) Calculations based on 2021-ECAM-V. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.
(b) Projections using microsimulation methodology.

Central African Republic

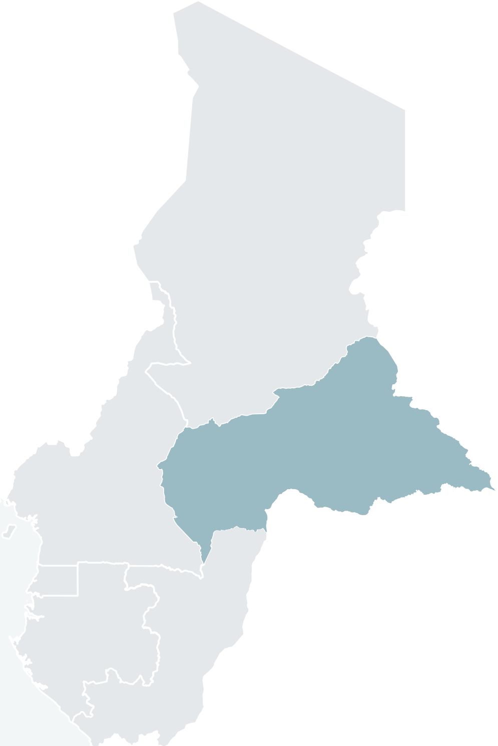


Table 1	2023
Population, million	5.7
GDP, current US$ billion	2.6
GDP per capita, current US$	460.3
International poverty rate ($2.15)[a]	65.7
Lower middle-income poverty rate ($3.65)[a]	85.8
Upper middle-income poverty rate ($6.85)[a]	96.2
Gini index[a]	43.0
School enrollment, primary (% gross)[b]	110.7
Life expectancy at birth, years[b]	53.9
Total GHG Emissions (mtCO2e)	55.9

Source: WDI, Macro Poverty Outlook, and official data.
(a) Most recent value (2021), 2017 PPPs.
(b) WDI for School enrollment (2017); Life expectancy (2021).

Economic growth is estimated to have reached 0.9 percent in 2023, compared to 0.5 percent in 2022. CAR's structural vulnerabilities, compounded by external shocks, continue to strain public finances and adversely affect growth, food security, and poverty reduction efforts, necessitating bold macro-fiscal reforms. As of 2023, two-thirds of the population lived in extreme poverty, with projections suggesting a one percentage point increase in the next two years due to negative per capita growth.

Key Conditions and Challenges

Since 2020, CAR's macro-fiscal vulnerabilities have been exacerbated by a series of exogenous shocks (renewed insecurity and violence, COVID-19 pandemic and Russian invasion of Ukraine). These shocks have strained public finances, added inflationary pressures, jeopardized food security and slowed poverty reduction efforts. Also, climate shocks, including drought and floods, continue to pose threats to an already alarming humanitarian situation, particularly in remote areas. As of December 31, 2023, the total number of internally displaced persons (IDPs) was estimated at 511,803 individuals, while approximately 754,421 people were registered as refugees in neighboring countries.

The private sector continues to be hampered by unattractive business conditions and high borrowing costs. Employment opportunities remain extremely limited while the workforce is growing. Continued efforts by country authorities to promote more inclusive and resilient growth will be critical. This includes improving the business environment and state-owned enterprise (SOE) governance to attract private investment, improving revenue mobilization to restore fiscal sustainability, and rationalizing untargeted subsidies to create space for higher social spending.

Recent Developments

Economic growth was estimated at 0.9 percent in 2023, a slight increase from 0.5 percent in 2022, as a result of limited fuel supply and mixed agricultural performance. Limited fuel supply has contributed to higher transportation prices and disrupted trade and local production. Production of diamonds, one of the country's most important commodity exports, fell by 6.7 percent in FY2022/23 due to the decline of international demand for natural diamond due to synthetic diamond surge. However, a shift of artisanal miners from the diamond to the gold sector and a relative rise in the price of gold helped to boost the production of gold. Official timber and sawn wood production would have increased in 2023, driven by improvements in security conditions, secured contracts with key bilateral partners, and a slight rebound in international prices for logs and sawn wood. Persistent power shortages continued to hold back the industrial sector while the services sector suffered from higher transportation prices. Despite rising transportation costs, inflation fell from 5.6 percent in 2022 to 3.0 percent in 2023, its lowest level since 2021.

Tight budget constraints due to lack of growth and elevated transportation prices reduced households' purchasing power, worsened food insecurity, and slowed poverty reduction efforts. Poverty remains elevated, with an estimated 65.9 percent of the population living in extreme poverty in 2023 (i.e., below the international poverty line of US$2.15 per person per day, 2017 PPP). The extreme poverty rate is set to increase by one percentage point over the next two years, a due to negative per capita growth.

The Bank of Central African States (BEAC) maintained its tight monetary policy stance during 2023 to contain inflationary pressures and support the external viability of the exchange rate arrangement. The BEAC policy rate was maintained at five percent following a cumulative increase by 175 basis points between November 2021 and March 2023. Weekly liquidity injections were discontinued in early 2023 and BEAC stepped up its liquidity absorption operations. CAR's indicators of financial soundness remain broadly adequate, although the non-performing loan ratio deteriorated and stood at 16.4 percent in 2023, compared to 15.5 percent in 2022.

While the overall fiscal balance continued to improve in 2023, it remained structurally in deficit. Fuel shortages during the last quarter of 2023 reduced petroleum tax collection and dampened recent tax recovery efforts. Domestic revenue mobilization (DRM) efforts, including the implementation of the new tax on electronic communications, combined with moderation of current spending and expanded external grant financing enabled a reduction in the overall fiscal balances in 2023. Public debt increased to 55.7 percent of GDP in 2023 in the form of issuance of net domestic bonds. In 2023, domestic debt is estimated to reach 21 percent of GDP. Yields on 3-year issuances have hovered around 11 percent, among the highest in CEMAC.

The current account deficit improved to 9 percent of GDP in 2023, mainly due to a 14.4 percent improvement in the terms of trade. However, a lack of competitiveness, coupled with commodity price shocks and a weak linkages with global value chains, continued to weigh on the external position.

Outlook

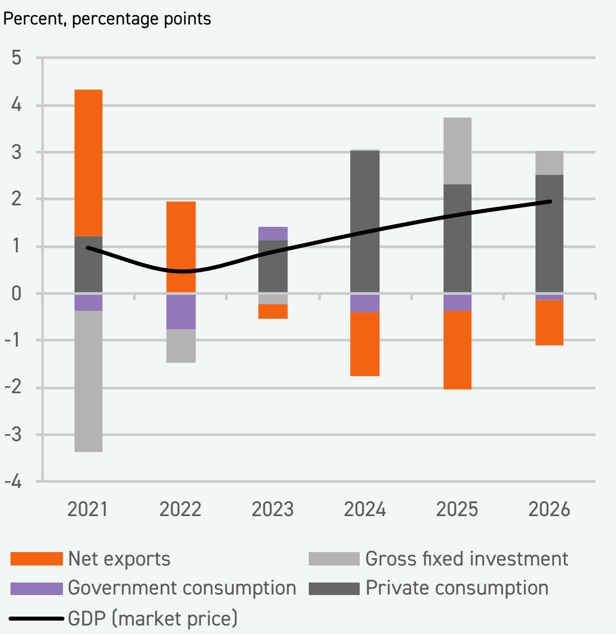
The medium-term outlook shows gradual improvement in economic performance but is vulnerable to headwinds. Real GDP growth is projected to recover gradually, reaching 1.3 percent in 2024 before averaging 1.8 percent in 2025-26, partly due to the base effect and contingent on the second disbursement of budget support from the African Development Bank (AfDB) and the implementation of policy adjustments to pave the way for improved fuel supply. Inflation is expected to be above the regional ceiling in 2024 and remain elevated in the medium term. Poverty is expected to remain high due to declining per capita income, relatively high food prices and the weak economic recovery.

The overall fiscal balance is projected to gradually improve from 2024 to 2026, provided that DRM efforts continue, particularly in improving the collection of taxes, especially VAT, and miscellaneous revenues through a treasury single account (TSA) system. Under these circumstances, domestic revenue could reach pre-war levels for the first time in 2026. The country is expected to remain at high risk of external debt distress and overall debt distress, although public debt is projected to remain sustainable.

The current account balance is projected to improve but remain in significant deficit. The balance of payments is projected to show a financing gap of roughly 1 percent of GDP per year in the medium term which would be covered by bridge financing from the regional market, possible disbursements of budget support from donors and disbursements under the IMF's ongoing ECF program.

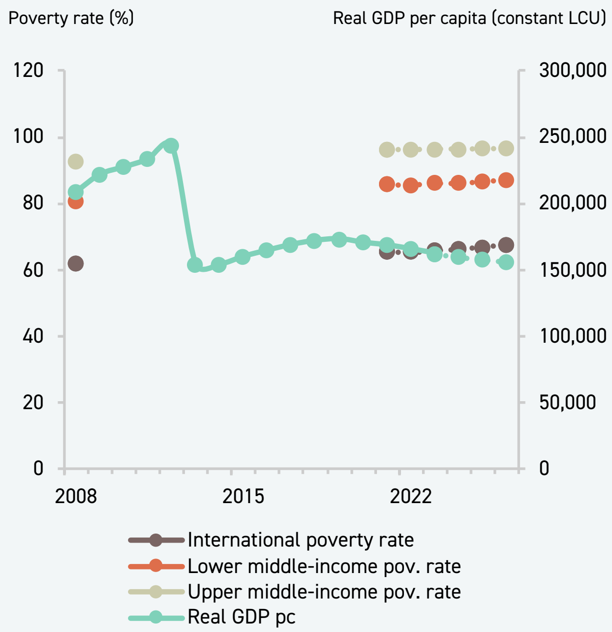
Risks to the outlook remain tilted to the downside and include: (i) a reversal of security gains that could jeopardize economic growth and the pathway out of fragility; (ii) persistent pressure on food and transportation prices that could slow down poverty reduction efforts; (iii) failure to implement bold and agreed policy reforms under the ECF program, which could delay expected disbursements, dampen donor appetite for budget support and lead to a possible accumulation of arrears.

Figure 1 / Central Africa Republic: Real GDP growth and contributions to real GDP growth



Source: World Bank.

Figure 2 / Central Africa Republic: Actual and projected poverty rates and real GDP per capita



Source: World Bank. Note: see Table 2.

Table 2 / Central Africa Republic: Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023 e	2024 f	2025 f	2026 f
Real GDP growth, at constant market prices	1.0	0.5	0.9	1.3	1.7	1.9
Private Consumption	1.3	0.0	1.2	3.3	2.5	2.7
Government Consumption	-3.8	-8.2	3.5	-4.5	-4.4	-1.9
Gross Fixed Capital Investment	-15.9	-4.5	-1.5	0.2	9.8	3.2
Exports, Goods and Services	-5.3	2.6	9.0	5.2	9.0	5.4
Imports, Goods and Services	-11.5	-5.5	5.5	7.3	9.9	5.5
Real GDP growth, at constant factor prices	1.5	1.0	0.9	1.3	1.7	1.9
Agriculture	2.7	2.2	2.3	2.5	2.9	3.1
Industry	-1.7	-3.9	-0.5	1.3	1.8	2.1
Services	2.2	2.4	0.5	0.3	0.6	0.9
Inflation (Consumer Price Index)	4.3	5.6	3.2	4.7	4.6	3.8
Current Account Balance (% of GDP)	-11.1	-12.7	-9.0	-7.7	-6.7	-5.4
Fiscal Balance (% of GDP)	-6.0	-5.3	-3.5	-3.1	-1.8	0.1
Revenues (incl. grants, % of GDP)	13.7	12.3	14.4	13.9	16.1	18.2
Debt (% of GDP)	48.6	54.2	55.7	55.6	54.5	50.7
Primary Balance (% of GDP)	-5.7	-4.9	-2.9	-2.2	-0.9	0.9
International poverty rate ($2.15 in 2017 PPP)[a,b]	65.7	65.3	65.9	66.2	66.8	67.3
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	85.8	85.6	86.2	86.1	86.7	87.1
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	96.2	96.1	96.4	96.4	96.5	96.7
GHG emissions growth (mtCO2e)	0.6	0.1	0.0	-0.1	0.0	0.0
Energy related GHG emissions (% of total)	0.4	0.4	0.4	0.4	0.4	0.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Poverty data are expressed in 2017 PPP, versus 2011 PPP in previous editions - resulting in major changes. See pip.worldbank.org
(a) Calculations based on 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.
(b) Projections using microsimulation methodology.

Chad

Table 1	2022
Population, million	18.3
GDP, current US$ billion	13.2
GDP per capita, current US$	722.4
International poverty rate ($1.9)[a]	30.8
Lower middle-income poverty rate ($3.2)[a]	62.8
Upper middle-income poverty rate ($5.5)[a]	88.8
Gini index[a]	37.4
School enrollment, primary (% gross)[b]	90.4
Life expectancy at birth, years[b]	53.7
Life expectancy at birth, yearsb	52.5
Total GHG emissions (mtCO2e)	121.1

Source: WDI, Macro Poverty Outlook, and official data.
a) Most recent value (2022), 2017 PPP.
b) WDI for School enrollment (2022); Life expectancy (2021).

Chad's economy has proven resilient despite the war in neighboring Sudan. GDP growth in 2023 is estimated at 4.1 percent (1 percent per capita), supported by higher oil production and public investment. Improved agricultural production eased inflation to 4.1 percent. While the poverty rate has declined, 5.5 million people still live in extreme poverty. Downside risks include uncertainty from the political transition, regional instability, insecurity, and climate shocks.

Key conditions and Challenges

Chad's economic growth has been volatile and weak, reflecting the lack of economic diversification and dependence on the oil sector, which accounts for 85 percent of exports and 56percent of fiscal revenues. Chad is also among the world's most vulnerable countries to climate change. Insufficient rains and frequent flooding have often had adverse impacts on the agricultural sector, the main sector of employment, which, together with conflict and displacement, has led to chronic food insecurity.

Security remains precarious with threats by Boko Haram in the Lake Chad region, the armed FACT rebellion in the north, and escalating inter-community tensions. According to UNHCR, Chad was hosting nearly one million forcibly displaced persons at the end of 2022, including 593,000 refugees and nearly 400,000 IDPs. Since April 15, 2023, the war in Sudan has caused a mass influx of Sudanese refugees and Chadian returnees to eastern Chad. The number of new arrivals was estimated at around 496,834 at end-December 2023. In addition to the humanitarian challenges, the war in Sudan has induced higher expenditures (mostly military) and shortages of goods.

Recent Developments

Despite the ongoing humanitarian crisis triggered by the war in Sudan, Chad's economy is poised for its strongest, albeit still modest, performance since 2014, with an estimated GDP growth of 4.1 percent (1 percent per capita) in 2023. This growth is underpinned by oil production, which is expected to rise by 4.4 percent. Non-oil GDP is estimated to grow 4.1 percent (up from 2 percent the previous year) driven by public investment. After recovering from the 2022 floods, the agricultural sector is estimated to contribute 1.6 percentage points (ppts) to growth, followed by the services (1.4 ppts) and industry (1 ppt) sectors. Investment, primarily government-driven, is the main growth driver on the demand side, contributing 7 ppts to growth. In contrast, private investment is expected to have fallen due to increased interest rates and crowding out effects. The boom in public investment (+195.9 percent) led to a sharp increase in domestic demand (+9.5 percent). This in turn increased imports, along with other imports for humanitarian-related operations in support of the Sudanese refugees, and by significantly more than exports (imports +16 percent vs. exports +2.9 percent), resulting in a current account deficit of 2.4 percent of GDP in 2023.

Inflation eased to 4.1 percent in 2023, owing to the base effect of high inflation in 2022 and the deceleration in food inflation (4.8 percent) because of improved agricultural production. Food insecurity remains a significant problem despite these improvements, with around 2.1 million people, or 11.5 percent of the population, facing severe food insecurity as of December 2023. The extreme poverty rate is expected to decrease by 1 ppts to 29.9 percent in 2023; however, about 30 percent of the population (5.5 million people) continue living in extreme poverty.

The Bank of Central African States (BEAC) maintained its tight monetary policy stance during 2023 to contain inflationary pressures and support the external viability of the exchange rate arrangement. The BEAC policy rate was maintained at five percent following a cumulative increase by 175 basis points between November 2021 and March 2023.

Chad maintained a fiscal surplus of 1.3 percent of GDP in 2023, equivalent to a non-oil fiscal deficit of 15.8 percent, and falling from a 5 percent of GDP fiscal surplus in 2022. Despite high growth in tax revenues, supported by tax administration digitalization measures, and a peak in oil revenue, the fiscal surplus declined, reflecting the sharp rise in public investment. Total public debt is estimated to decline to 44.8 percent of GDP in 2023, compared to 47.4 percent in 2022.

Outlook

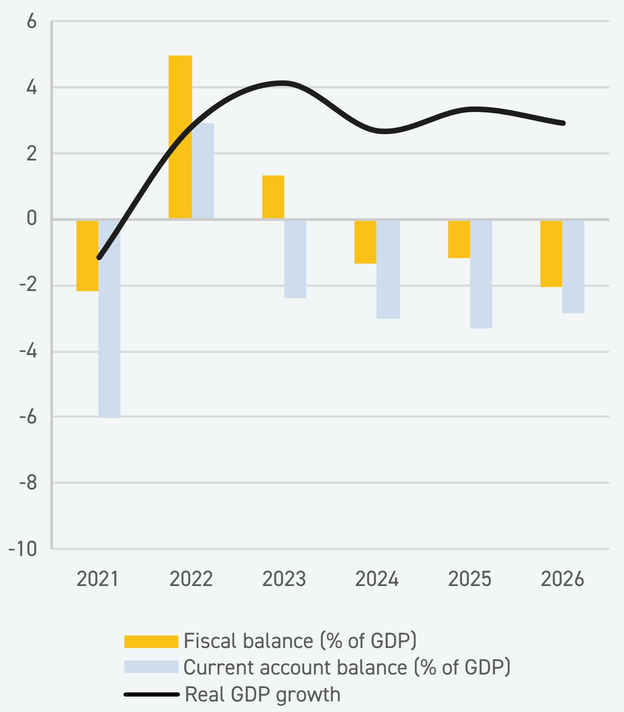
In 2024, growth is projected to decelerate to 2.7 percent (0.4 percent per capita) due to an expected decline in oil production and expectations of lower public investment, compared to 2023 levels. During 2025-2026, growth is projected to average 3.1 percent (0.1 percent per capita), as new oil fields are brought onstream. Non-oil GDP growth is projected at around 3.5 percent over 2024-2026. Government measures addressing food insecurity should ease food inflation, with inflation projected to fall to 3.9 percent in 2024 as a result, before averaging 3.3 percent over 2025-2026.

With few linkages to poor and vulnerable populations, oil-sector driven growth is not expected to lead to poverty reduction without significant structural reforms. Moreover, continued security restrictions, low social protection coverage, and the ongoing Sudan crisis will restrict poverty reduction. Extreme poverty is projected to increase by 0.5 ppt in 2024, equivalent to an additional 263,671 people falling into extreme poverty.

Reflecting lower oil prices and still elevated levels of government expenditures, the fiscal balance is projected to turn into a 1.4 percent of GDP deficit in 2024, remaining in deficit through to 2026. Public debt to GDP is projected to decline to 41.6 percent in 2025 and stabilize in the medium term. The current account deficit is expected to further deteriorate to 3 percent of GDP in 2024, and average 3.1 percent over 2025-2026, driven by moderating oil prices.

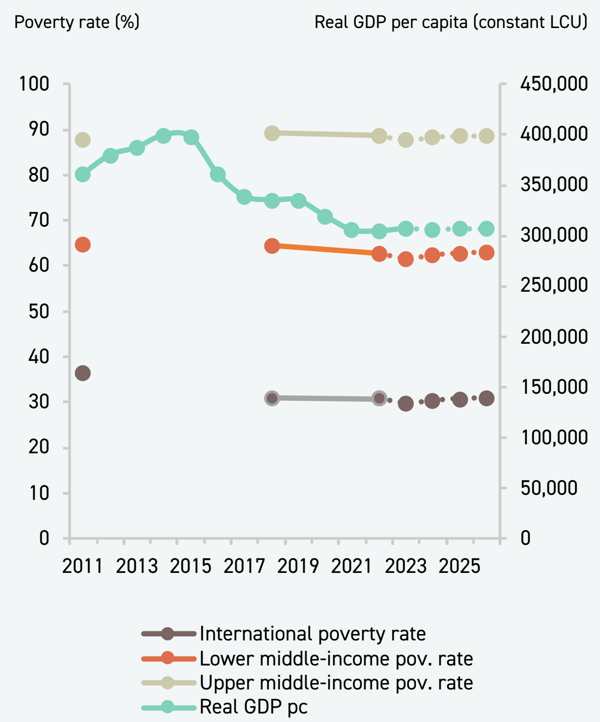
The outlook is subject to multiple downside risks, including lower oil prices, political instability during the upcoming elections, heightened insecurity, and climate shocks. A prolonged Sudan war could worsen the humanitarian crisis, strain public finances, and increase inflationary pressures. Moreover, an escalation of tensions between Chad and Sudan could lead to considerable security concerns.

Figure 1 / Chad: GDP growth, current account, and fiscal balance



Source: World Bank.

Figure 2 / Chad: Actual and projected poverty rates and real GDP per capita



Source: World Bank. Note: see Table 2.

Table 2 / Chad: Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023 e	2024 f	2025 f	2026 f
Real GDP growth, at constant market prices	-1.2	2.8	4.1	2.7	3.3	2.9
Private consumption	1.6	2.7	1.9	3.6	3.2	2.3
Government consumption	3.7	-1.5	1.1	0.4	3.0	3.1
Gross fixed capital investment	-4.3	-6.1	62.8	-17.2	-2.1	-0.4
Exports, goods and services	-0.4	5.0	2.9	3.8	4.1	4.2
Imports, goods and services	5.1	2.0	16.0	-3.1	2.0	2.1
Real GDP growth, at constant factor prices	-1.2	2.8	4.1	2.8	3.3	2.9
Agriculture	6.2	2.0	5.0	3.1	3.4	3.3
Industry	-4.6	4.1	3.3	1.1	2.0	1.7
Services	-4.3	2.3	4.1	3.9	4.4	3.5
Inflation (consumper price index)	1.0	5.8	4.1	3.9	3.6	3.0
Current account balance (% of GDP)	-6.0	2.9	-2.4	-3.0	-3.3	-2.8
Fiscal balance (% of GDP)	-2.2	5.0	1.3	-1.4	-1.2	-2.1
Revenues (% of GDP)	16.3	23.5	27.1	22.3	22.6	21.8
Debt (% of GDP)	52.1	47.4	44.8	42.3	41.6	41.9
Primary balance (% of GDP)	-0.6	6.5	3.0	-0.5	-0.3	-1.2
International poverty rate ($2.15 in 2017 PPP)[a,b]	-	30.8	29.9	30.4	30.8	30.9
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	-	62.8	61.6	62.4	62.9	63.1
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	-	88.8	87.8	88.4	88.7	88.7
GHG emissions growth (mtCO2e)	2.0	2.1	2.0	2.1	2.0	1.9
Energy related GHG emissions (% of total)	1.2	1.2	1.2	1.2	1.2	1.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Poverty data are expressed in 2017 PPP, versus 2011 PPP in previous editions - resulting in major changes. See pip.worldbank.org
(a) Calculations based on 2022-EHCVM. Actual data: 2022. Nowcast: 2023. Forecasts are from 2024 to 2026.
(b) Projections using microsimulation methodology.

Republic of Congo

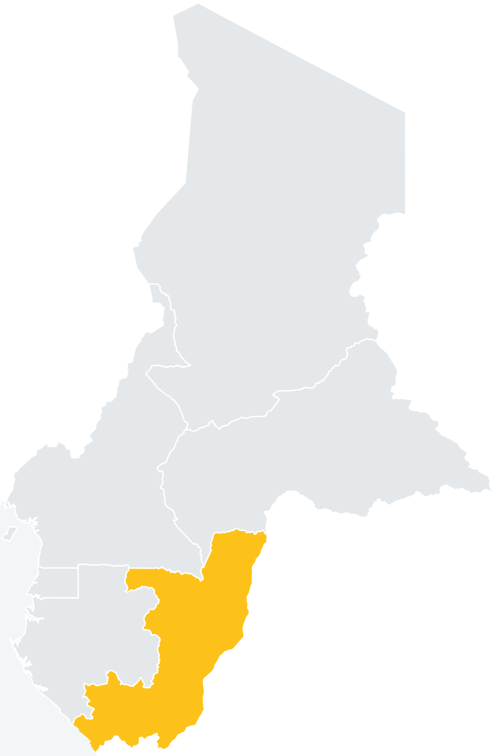


Table 1	2023
Population, million	6.1
GDP, current US$ billion	15.3
GDP per capita, current US$	2,506.0
International poverty rate ($2.15)[a]	35.4
Lower middle-income poverty rate ($3.65)[a]	59.1
Upper middle-income poverty rate ($6.85)[a]	83.5
Gini index[a]	48.9
School enrollment, primary (% gross)[b]	87.7
Life expectancy at birth, years[b]	63.5
Total GHG Emissions (mtCO2e)	34.2

Source: WDI, Macro Poverty Outlook, and official data.
(a) Most recent value (2011), 2017 PPPs.
(b) WDI for School enrollment (2018); Life expectancy (2021).

The economy is gradually recovering, but growth remained modest at an estimated 1.9 percent in 2023, driven by non-oil activities. The ongoing fuel subsidies reform is helping to maintain fiscal surpluses but has also contributed to a temporary increase in inflation, which is projected to return to the 3.0 percent target by 2025. Growth prospects, albeit improved, remain vulnerable to unsteady oil production, volatile oil prices, delayed structural reform implementation and adverse weather conditions.

Key Conditions and Challenges

Between 2015 and 2023 the Republic of Congo's (ROC) real GDP annual growth averaged -1.9 percent, while its GDP per capita contracted by a cumulative 32.3 percent. The 2014-16 collapse in oil prices plunged the economy into a prolonged recession as a result of a massive cut in public spending and the accumulation of domestic arrears to private sector firms, which impacted private investment. The COVID-19 crisis further exacerbated the economic recession. GDP per capita has now regressed to levels of the early 1970s, just a decade after gaining independence. The decline in per capita income levels since 2015 have resulted in extreme poverty incidence (less than US$2.15 PPP per day) increasing from 33.5 percent in 2015 to 46.6 percent in 2022.

The country's high levels of non-concessional borrowing in a context of reliance on volatile oil revenue and weak governance, led its debt to be classified as "in distress" and unsustainable in 2017, with its debt-to-GDP ratio increasing from 42.3 percent in 2014 to 103.5 percent in 2020. Higher oil prices, improved debt management, and debt restructuring agreements helped restore debt sustainability in the second half of 2021, but Congo remains in debt distress due to the ongoing restructuring and audit of domestic arrears as well as the recurrent accumulation of temporary external arrears.

The enduring reliance on oil revenues has left the economy vulnerable to oil price volatility and weakened long-term growth prospects. Attaining sustainable development in Congo urgently requires efforts to diversify national assets, focusing on stronger institutions, development of human and physical capital, and a more balanced exploitation of natural capital.

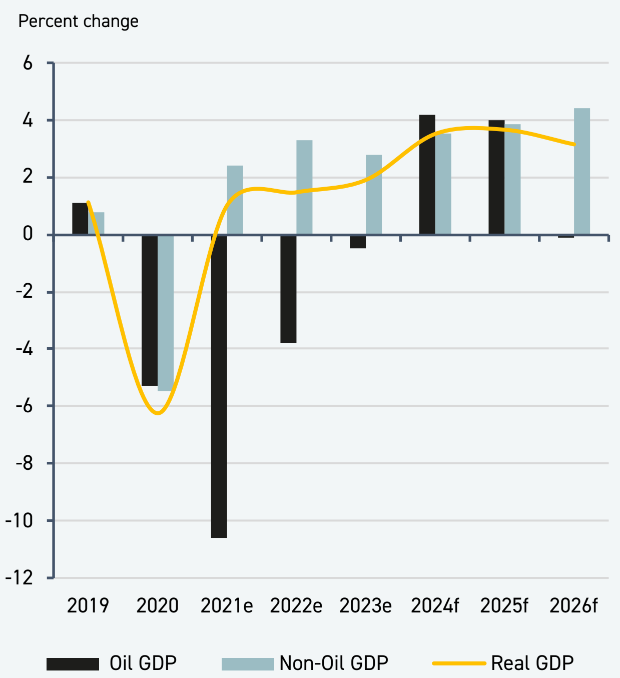
Recent Developments

Driven by the non-oil sector, economic activity in Congo is estimated to have increased by 1.9 percent in 2023, compared to an estimated 1.5 percent in 2022. Non-oil growth, estimated at 2.8 percent in 2023, was broad-based, spurred by agriculture, manufacturing (including beverages, sugar, and cement), and services (including restaurants and hotels, transport, and post and electronic communications). The oil sector, on the other hand, underperformed with production declining for the fourth consecutive year in 2023 by 0.5 percent, due to technical challenges and maturing oil fields. Despite a drop in oil revenues due to lower oil prices and oil production, the budget posted a surplus in 2023. Fiscal discipline and strong reforms such as the 30 percent increase in gasoline retail prices since January 2023 and a new requirement on dividends payment from state-owned enterprises helped sustain the budget surplus estimated at 3.6 percent in 2023. Lower export receipts and increased imports reduced the current account surplus to an estimated 2.1 percent of GDP in 2023.

The banking sector remains solvent, but vulnerability to non-performing loans (NPLs) remains high. Bank deposits and credit to the private sector were up as of end-August 2023 (y-o-y), and while the NPL to gross loan ratio has improved to 17 percent at end-August 2023 (compared to 19 percent a year ago), it remains elevated. The Bank of Central African States (BEAC) maintained its tight monetary policy stance during 2023 to contain inflationary pressures and support the external viability of the exchange rate arrangement. The BEAC policy rate was maintained at five percent following a cumulative increase by 175 basis points between November 2021 and March 2023.

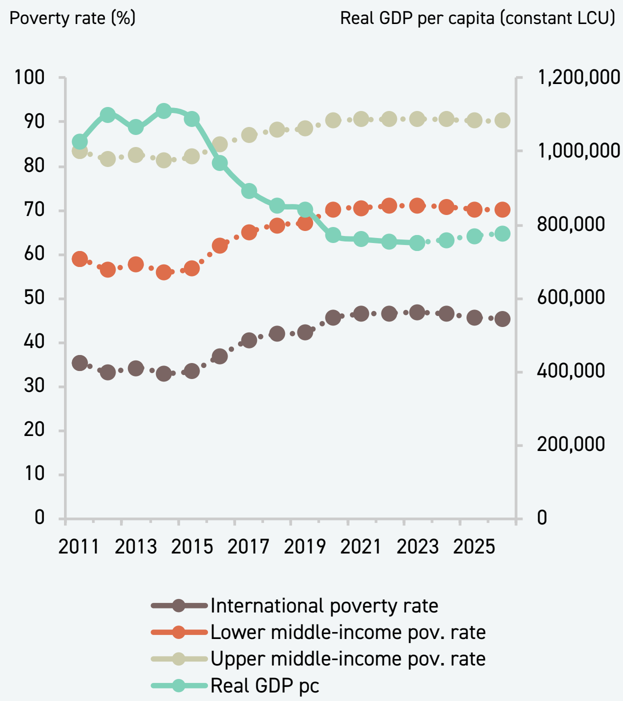
Real GDP per capita growth remained negative in 2023 and the poverty incidence consequently increased slightly to an estimated 46.8 percent. The fuel price adjustment and increased domestic demand pushed up inflation to 4.3 percent in 2023. Food inflation decelerated in 2023 but remains elevated at 4.3 percent, which is likely to continue to affect the poorer segments of the population more as they typically spend a higher share of their household budget on food.

Figure 1 / Republic of Congo: Real GDP growth



Source: World Bank. Note: Oil GDP growth rate in 2026 is projected at -0.1.

Figure 2 / Republic of Congo: Actual and projected poverty rates and real GDP per capita



Source: World Bank. Note: see Table 2.

Outlook

The Congolese economy is expected to continue its gradual recovery. GDP is expected to grow at 3.5 percent in 2024 and to average 3.4 percent in 2025-26. Oil sector growth (expected to average 2.7 percent in 2024-26) will be driven primarily by increased investments by oil companies, including in asset maintenance, and by new oil fields. Non-oil sector growth (expected to average 3.9 percent in 2024-26) will be spurred by growth in agriculture, non-oil industry and services, supported by the continued clearance of government arrears, gradual increase in social spending and public investment, and the implementation of reforms in governance and the business environment. Growth will be further supported by the development of the gas sector, with commercial production and exportation of liquefied natural gas expected to start in 2024. Inflation is expected to ease to 3.8 percent in 2024 and to return to BEAC's 3.0 percent target by 2025.

The poverty rate is expected to marginally decrease to 46.4 percent in 2024 and to an average of 45.5 percent in 2025-26, consistent with projected growth in GDP per capita. The fiscal balance is expected to remain positive, fueled by high oil prices, increased oil production, the commercialization of natural gas, the reduction in direct oil subsidies to energy SOEs, and fiscal discipline. Although debt vulnerabilities remain elevated (with a high level of non-concessional debt stock and domestic arrears), the debt-to-GDP ratio is projected to decline to 81 percent by 2026 thanks to improved debt management and fiscal discipline. The current account surplus is projected to decline, and to turn into a deficit by 2026, due to lower oil export receipts and increased imports to support investment, including for growing non-oil economic activities.

The economic recovery remains fragile as risks are tilted to the downside. Risks include volatile global oil prices and unsteady oil production, persistent high food inflation or refined oil shortages in Congo as part of spillover from conflicts elsewhere, weaker-than-expected global demand, further tightening of global or regional financial conditions, adverse weather conditions and delayed structural reforms implementation.

Table 2 / Republic of Congo: Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021 e	2022 e	2023 e	2024 f	2025 f	2026 f
Real GDP growth, at constant market prices	1.0	1.5	1.9	3.5	3.7	3.2
Private consumption	11.5	5.0	4.9	4.9	5.0	5.1
Government consumption	2.1	-5.0	0.6	1.8	1.6	1.6
Gross fixed capital investment	14.0	10.0	8.6	8.6	5.6	5.4
Exports, goods and services	-1.0	-0.7	1.0	4.1	4.5	1.9
Imports, goods and services	25.0	5.9	8.9	8.5	7.0	5.0
Real GDP growth, at constant factor prices	1.0	1.5	1.9	3.5	3.7	3.2
Agriculture	1.9	3.0	2.8	3.2	3.4	3.7
Industry	-3.3	-0.6	0.7	4.5	4.8	3.2
Services	2.0	3.1	2.9	3.1	3.2	3.4
Inflation (consumer price index)	2.0	3.0	4.3	3.8	3.0	3.0
Current account balance (% of GDP)	8.9	18.7	2.1	1.5	0.4	-0.7
Net foreign direct investment inflow (% of GDP)	0.3	0.5	4.1	4.5	4.7	4.8
Fiscal balance (% of GDP)	1.2	7.9	3.6	3.9	3.2	3.1
Revenues (% of GDP)	21.1	28.6	24.3	25.5	25.2	24.8
Debt (% of GDP)	92.1	86.6	96.0	91.3	85.9	81.0
Primary balance (% of GDP)	3.1	10.2	6.4	6.6	5.8	5.7
International poverty rate ($2.15 in 2017 PPP)[a,b]	46.4	46.6	46.8	46.4	45.6	45.4
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	70.6	70.9	71.0	70.7	70.2	70.1
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	90.6	90.7	90.8	90.6	90.4	90.3
GHG emissions growth (mtCO2e)	3.2	3.2	3.3	3.4	3.4	3.3
Energy related GHG emissions (% of total)	14.0	14.7	14.8	15.1	15.4	15.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Poverty data are expressed in 2017 PPP, versus 2011 PPP in previous editions - resulting in major changes. See pip.worldbank.org
(a) Calculations based on 2011-ECOM. Actual data: 2011. Nowcast: 2012-2023. Forecasts are from 2024 to 2026.
(b) Projection using neutral distribution (2011) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

Gabon

Table 1	2023
Population, million	2.4
GDP, current US$ billion	20.5
GDP per capita, current US$	8,414.1
International poverty rate ($2.15)[a]	2.5
Lower middle-income poverty rate ($3.65)[a]	8.1
Upper middle-income poverty rate ($6.85)[a]	31.2
Gini index[a]	38.0
School enrollment, primary (% gross)[b]	100.6
Life expectancy at birth, years[b]	65.8
Total GHG Emissions (mtCO2e)	22.5

Source: WDI, Macro Poverty Outlook, and official data.
(a) Most recent value (2017), 2017 PPPs.
(b) Most recent WDI value (2021).

Gabon's economy grew by 2.3 percent in 2023 on the back of sustained oil production, down from 3.0 percent in 2022. Following a coup d'état in August 2023, an orderly return to an elected government over the planned two-year transition period will be key to avoid risks of sanctions and adverse impacts on investment and growth. Substantial reforms are needed to boost growth, reduce poverty, restore fiscal stability, and strengthen governance.

Key conditions and Challenges

Despite Gabon's rich natural endowments, over recent decades low and erratic growth and insufficient diversification resulted in high unemployment and persistent poverty. Popular discontent around governance weaknesses and electoral fraud allegations fueled support for the August 2023 coup d'état. A transitional government was rapidly set up with a two-year plan for return to elected government. After six months of sanctions, Gabon was reintegrated in the Economic Community of Central African State on March 9, 2024.

Public expectations for the transition are high, putting pressure on social spending and delivery of quick results. The authorities increased civil service hirings, extended fuel subsidies to the electricity utility (SEEG), and reinstated scholarships for secondary education. These decisions have a fiscal cost in a context of constrained financing capacity. While domestic revenue mobilization efforts are underway, reliance on volatile oil revenues and tight financing conditions pose risks to the budget. Calibrating spending pressures against realistic revenue mobilization goals will be key for fiscal sustainability.

The transition could provide an opportunity for renewed reform momentum and improved institutional controls of public resources, as well as governance of public finances. Promoting access to credit, entrepreneurship, and strengthening social support to the most vulnerable would also be crucial for higher and inclusive growth. A new development plan with these goals is being prepared. It brings forward an ambitious program targeting key areas such as roads, energy, health, and education. However, investments will need to be prioritized to ensure its feasibility and fiscal sustainability. A more detailed focus on jobs is key for inclusive growth and lower wage bill pressures. A successful implementation will also rely on strong coordination and improved public investment management.

Recent Developments

Gabon's economy grew by an estimated 2.3 percent in 2023, down from 3.0 percent in 2022. The lower growth was caused by weaker wood and manganese production, amid high fuel costs and railway disruptions caused by landslides. Oil production grew by 3.7 percent, fueled by new oilfields, low OPEC+ restrictions and global demand. Demand-side growth was driven by public investments, oil and agricultural exports, and oil investments.

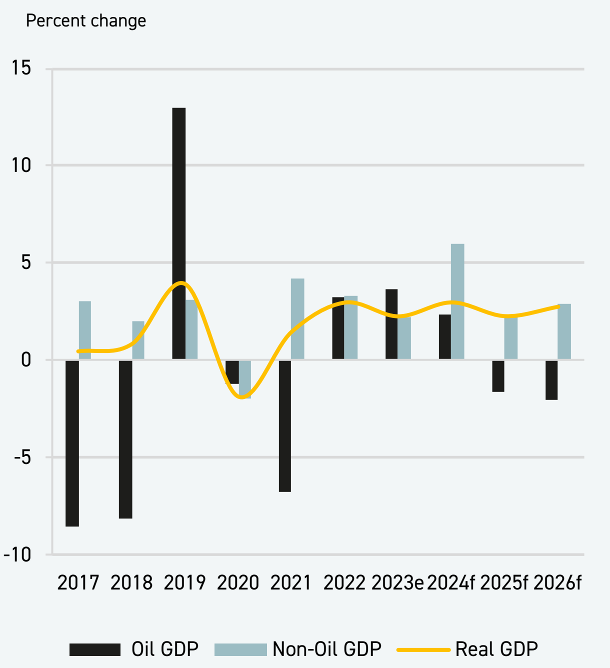
Gabon's investments in optimizing oilfields and expanding mines and wood production led to large trade surpluses, offsetting its strong reliance on food imports. In 2023, although oil, palm oil and rubber export volumes increased, lower oil prices, appreciated US$ and lower wood and mining production decreased exports. Imports remained stable, and the current account surplus remained high but decreased to estimated 28.7 percent of GDP in 2023.

The fiscal deficit increased slightly in 2023 to an estimated 1.0 percent of GDP. Government revenues benefited from higher non-oil receipts and tax expenditure cuts. Public spending increased due to elections, public works, and the settlement of domestic arrears in late 2023. Lower oil prices and the removal of fuel subsidies for industrial consumers mitigated the fiscal cost of fuel subsidies. While efforts are ongoing to avoid the accumulation of arrears, external arrears at end-2023 were estimated at CFAF 123 billion (1.0 percent of GDP). Public debt stood at 70.5 percent of GDP (57.4 percent of domestic and external debt, plus arrears and T-bills).

The Bank of Central African States maintained a tight monetary policy, with policy rate kept at 5.0 percent after a 175-basis point increase between late 2021 and March 2023. Yet, credit to the private sector increased by 14.2 percent in September 2023 (y-o-y), driven by oil and public works. Inflation decreased from 5.2 percent (y-o-y) in January 2023 to 2.7 percent in October, but food inflation was at 4.7 percent. While exemptions and price controls on essential food items were expanded to alleviate living costs, households remain affected. Combined with static per capita growth, this increased poverty to 35.2 percent in 2023.

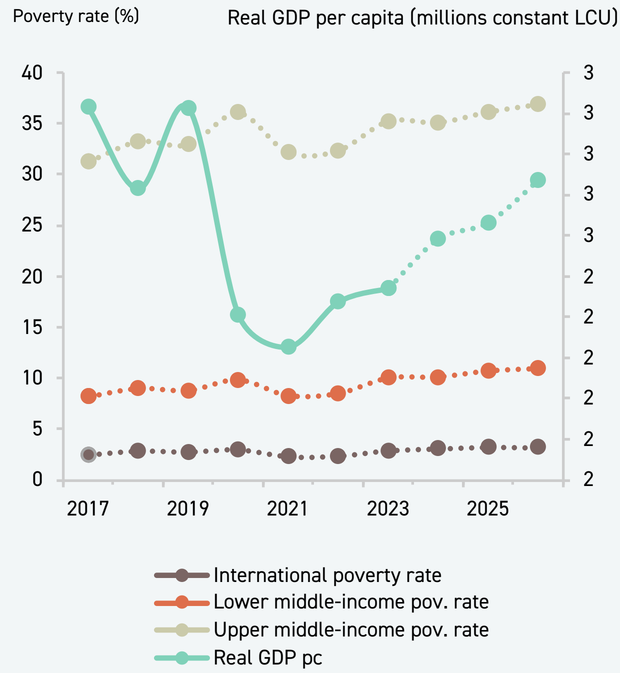
Credits: Ralph Messi on Unsplash

Figure 1 / Gabon: Real GDP growth and contributions to real GDP growth



Sources: Official government data and World Bank calculations.

Figure 2 / Gabon: Actual and projected poverty rates and real GDP per capita



Source: World Bank. Note: see Table 2.

Outlook

Gabon's recovery should continue, with higher risks due to recent political developments. An average 2.7 percent growth is projected in 2024-2026, mainly coming from non-oil sectors, including new iron and manganese deposits, timber production, and new oil palm, biodiesel, and gas industries. Maturing oilfields would gradually reduce oil output from 2025, but exploration projects could reverse this scenario.

Higher imports in real terms are expected, driven by infrastructure projects and private investments. With oil exports declining from 2025, the authorities are promoting investments to boost exports of other commodities, notably manganese, iron, and timber. Current account surpluses would remain high, supported by high commodity exports.

Diminishing oil production and prices would impact fiscal revenues. Also, higher wage bills, large infrastructure projects, and social support measures would exacerbate spending pressures, resulting in fiscal deficits (averaging 4.9 percent of GDP in 2024-26, with non-oil primary deficits of 12.0 percent of non-oil GDP). Primary balances would turn negative, increasing debt. Without significant fiscal adjustment, these pressures could make the fiscal and debt situation unsustainable.

Inflation would remain below the 3.0 percent regional convergence criteria. However, the poverty rate should increase to 36.9 percent by 2026. Most jobs are in services, which is expected to have insufficient growth. Also, growth is largely driven by capital-intensive extractive industries, which do not create sufficient jobs and equitable income distribution.

Downside risks include commodity price shocks, competition from Russian oil in Asian markets, tighter financing conditions, and impacts of intensifying war in Ukraine or conflict in the Middle East. Uncontrolled spending from higher social pressures or SOE acquisitions could lead to spiraling deficits and debt. While ECCAS' sanctions were lifted, a delayed transition could trigger sanctions, hitting access to regional markets. The political agenda could limit reforms needed for better governance, higher, job-based growth, and poverty reduction.

Table 2 / Gabon: Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023 e	2024 f	2025 f	2026 f
Real GDP growth, at constant market prices	1.5	3.0	2.3	3.0	2.3	2.8
Private consumption	-1.4	-0.3	3.2	5.6	2.3	4.7
Government consumption	3.2	3.8	-1.5	-4.9	1.8	-4.8
Gross fixed capital investment	9.2	8.3	-0.5	2.4	3.8	2.4
Exports, goods and services	-2.0	6.9	1.4	5.5	5.3	4.2
Imports, goods and services	3.5	8.3	-0.9	4.1	5.7	3.2
Real GDP growth, at constant factor prices	2.9	3.3	2.3	3.0	2.3	2.8
Agriculture	11.2	9.4	2.1	3.6	5.5	6.6
Industry	3.2	3.2	3.5	2.2	0.0	4.2
Services	1.4	2.4	1.5	3.3	3.1	1.1
Inflation (consumper price index)	1.1	4.3	3.7	2.4	2.3	2.2
Current account balance (% of GDP)	30.1	35.2	28.7	29.2	28.8	28.4
Net foreign direct investment inflow (% of GDP)	2.1	4.6	5.5	5.4	5.0	5.4
Fiscal balance (% of GDP)	-1.8	-0.8	-1.0	-3.8	-5.9	-5.0
Revenues (% of GDP)	14.7	20.4	22.9	20.0	18.8	18.1
Debt (% of GDP)	65.8	55.3	70.5	73.7	79.1	81.8
Primary balance (% of GDP)	0.9	1.7	1.9	-0.7	-2.8	-1.7
International poverty rate ($2.15 in 2017 PPP)[a,b]	2.3	2.4	2.9	3.1	3.2	3.2
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	8.2	8.5	10.0	10.1	10.7	10.9
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	32.1	32.3	35.2	35.1	36.1	36.9
GHG emissions growth (mtCO2e)	4.5	2.5	-0.7	-0.2	0.1	0.8
Energy related GHG emissions (% of total)	15.9	16.0	14.9	13.8	12.8	12.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Poverty data are expressed in 2017 PPP, versus 2011 PPP in previous editions - resulting in major changes. See pip.worldbank.org
(a) Calculations based on 2017-EGEP. Actual data: 2017. Nowcast: 2018-2023. Forecasts are from 2024 to 2026.
(b) Projections using microsimulation methodology.

Equatorial Guinea

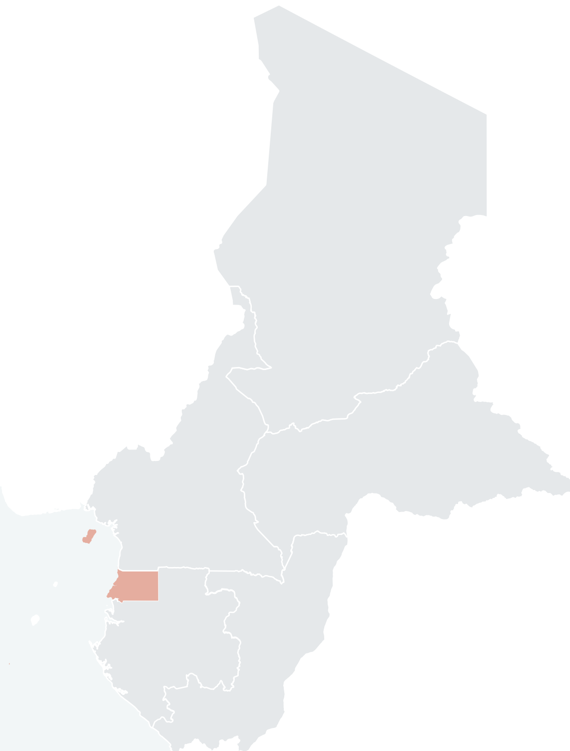


Table 1	2023
Population, million	1.7
GDP, current US$ billion	12.1
GDP per capita, current US$	7,051.5
School enrollment, primary (% gross)[a]	51.2
Life expectancy at birth, years[a]	60.6
Total GHG Emissions (mtCO2e)	16.6

Source: WDI, Macro Poverty Outlook, and official data.
(a) WDI for School enrollment (2019); Life expectancy (2021).

Equatorial Guinea's economy contracted by an estimated 5.8 percent in 2023, mainly due to declining oil reserves. The fiscal and external balances deteriorated amid declining oil export earnings. The economy is projected to remain in recession over the medium term. A more-pronounced-than-expected decline in oil production and prices, sustained tightening of global financial conditions, global trade disruptions and a decline in demand from main export partners represent downside risks to the outlook.

Key conditions and Challenges

As a result of declining oil reserves and lower investment, Equatorial Guinea's oil-dependent economy has contracted for over a decade. Between 2013 and 2023, the country registered an average negative 4.2 percent growth per year. Gross national income (GNI) per capita has been declining and was at US$ 5,240 in 2022, 58 percent lower than its peak level in 2008. Structural reforms are needed to prevent the economic decline, by diversifying the growth drivers and building fiscal stability through domestic revenue mobilization efforts and more efficient public spending.

Reforms have been adopted in recent years to improve governance and the business environment, including with the passage of an Anti-Corruption law in late 2021, the completion of the audits of the largest state-owned oil and gas companies, and the signature of a decree establishing a treasury single account. Yet, weaknesses persist in the governance of extractive revenues and the business environment, preventing the country from attracting investments and creating jobs to achieve sustained and diversified growth.

Actions are also needed to better protect and include the poor. Despite Equatorial Guinea's upper middle-income status, living standards remain low. Life expectancy at birth is estimated at 60.7 years, compared to 75 years for countries in the same income group. Around 40 percent of households experience at least one day without electricity per month. Scarce poverty data remain a challenge to an effective protection of vulnerable groups. The II National Household Survey report, scheduled to be released in June 2024, will fill knowledge gaps in poverty and inequality, enabling more evidence-based social protection policies.

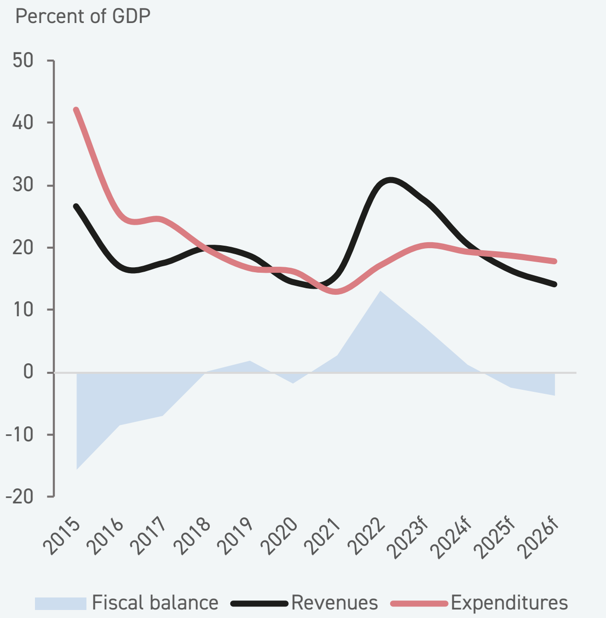
Recent Developments

After two years of recovery, the Equatoguinean economy fell back into recession with an estimated real GDP growth rate of about -5.8 percent in 2023 (from about 3.8 percent in 2022), driven by the decline in the hydrocarbon sector. Hydrocarbon production decreased by about 19 percent in 2023, y-o-y. Lower investment contributed to the contraction on the demand side. The current account deficit widened to 1.6 percent of GDP (from 1.0 percent of GDP in 2022) on account of declining export earnings.

Lower oil production and prices led to a 74 percent decline in oil revenues in 2023Q3 (y-o-y). The overall fiscal surplus is estimated to have dropped to 7.3 percent of GDP in 2023 from 13.0 percent in 2022, while the non-oil fiscal deficit widened to 16.4 percent of GDP in 2023, compared to 12.7 percent of GDP in 2022. The debt-to-GDP ratio declined in 2023. Over the period 2019-23, CFAF 572.2 billion (or 9.5 percent of GDP) out of the CFAF 1,382.5 billion outstanding arrears was paid to construction companies: as of August 2023, outstanding domestic arrears with construction companies was 7.9 percent of GDP. High levels of non-performing loans – 32 percent of total loans in 2023Q4 – are a source of banking system vulnerability.

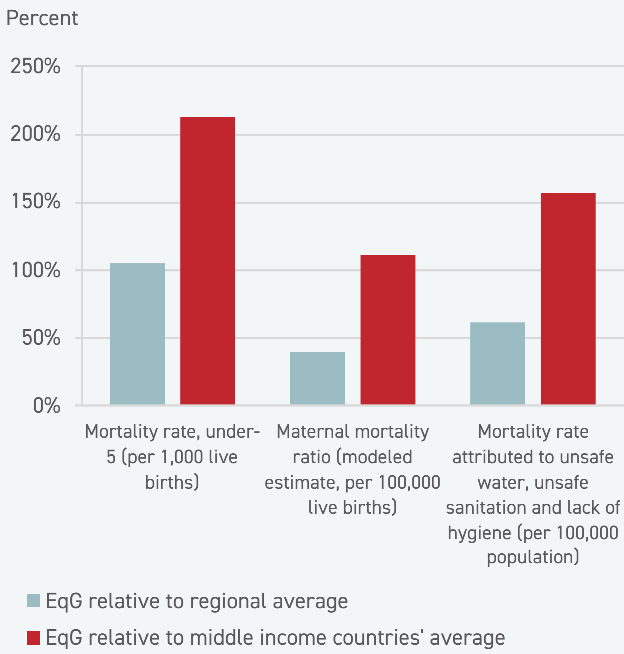
The Bank of Central African States (BEAC) continued to tighten its monetary policy in 2022 and 2023 to contain inflationary pressures and support the exchange rate arrangement. The BEAC policy rate was maintained at five percent following a cumulative increase by 175 basis points between November 2021 and March 2023. Moreover, the BEAC ended its weekly liquidity injections in March 2023 after steadily scaling them back since June 2021. Inflation is estimated to have decreased from 4.9 percent in 2022 to 2.4 percent in 2023, including thanks to containment measures by the BEAC, the agreement to import food products from Serbia and the reduction of some import tariffs. According to the national institute of statistics, the prices of food products increased by 7.1 percent between March 2020 and September 2023, which represents an average loss of the purchasing power of households of 4.5 percent.

Figure 1 / Equatorial Guinea: Public finances



Sources: National authorities and World Bank.

Figure 2 / Equatorial Guinea: non-income poverty indicators



Source: World Bank.

Outlook

Equatorial Guinea is expected to remain in recession in 2024 (with growth of –4.3 percent) on the back of declining hydrocarbon production and domestic demand. Without significant diversification efforts and progress in structural reforms, declining hydrocarbon production and lower commodity prices are expected to keep impacting the economy with a negative average growth of 3.5 percent in 2025-2026. Decreasing exports would lead to current account deficits over the medium term. Albeit at a slower pace, imports would also decrease, on account of declining public spending due to limited fiscal space. The fiscal balance is projected to turn to deficits in 2025-2026, with public expenditure cuts unable to compensate for the larger decline in hydrocarbon revenues.

Risks to the outlook are tilted to the downside. A stronger decline in hydrocarbon production or prices would reduce the fiscal space and risks external stability. Global trade disruptions affecting food prices amid a protracted war on Ukraine would increase food insecurity especially for the most vulnerable, as the country relies heavily on food import. A further tightening of global financial conditions and lower demand from China and India, Equatorial Guinea's main export partners, could also undermine growth. The decline in hydrocarbon reserves indicates the need for Equatorial Guinea to move to a new growth model by creating the conditions for successful private sector activities in non-oil sectors to reinvigorate growth. Ultimately, implementing the economic diversification vision will require efforts to advance the governance agenda, facilitate trade, improve the business environment and public financial management. Strengthening the social protection system would help protect the most vulnerable and reduce inequities, especially as social spending in Equatorial Guinea was estimated at 1.6 percent of GDP in 2022, three times lower than the West and Central Africa average.

Table 2 / Equatorial Guinea: Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023 e	2024 f	2025 f	2026 f
Real GDP growth, at constant market prices	0.3	3.8	-5.8	-4.3	-3.3	-3.6
Private consumption	-0.8	9.6	-5.7	-4.8	2.8	2.0
Government consumption	5.2	-5.3	7.3	20.9	0.3	-6.2
Gross fixed capital investment	37.4	-2.0	-38.0	-25.2	-11.4	-9.0
Exports, goods and services	0.3	12.7	-3.7	-5.9	-8.2	-5.5
Imports, goods and services	8.5	19.0	-1.4	3.8	-3.3	-2.8
Real GDP growth, at constant factor prices	0.4	3.5	-5.8	-4.3	-3.3	-3.6
Agriculture	8.0	7.5	-9.1	-6.5	1.5	1.6
Industry	-5.9	3.1	-39.1	-23.1	-19.6	-14.8
Services	10.8	3.8	43.1	7.5	3.9	0.1
Inflation (consumper price index)	-0.1	4.9	2.4	4.0	2.5	2.2
Current account balance (% of GDP)	-2.1	-1.0	-1.6	-3.6	-4.2	-4.1
Net foreign direct investment inflow (% of GDP)	5.2	5.6	4.5	3.4	2.5	1.9
Fiscal balance (% of GDP)	2.6	13.0	7.3	1.2	-2.4	-3.7
Revenues (% of GDP)	15.6	30.1	27.6	20.5	16.3	14.1
Debt (% of GDP)	43.4	39.3	36.6	32.6	32.3	34.8
Primary balance (% of GDP)	3.7	14.2	8.7	2.4	-1.3	-2.6
GHG emissions growth (mtCO2e)	22.0	12.3	-9.6	-5.6	-3.7	-2.3
Energy related GHG emissions (% of total)	39.0	44.2	41.7	40.4	39.8	39.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.

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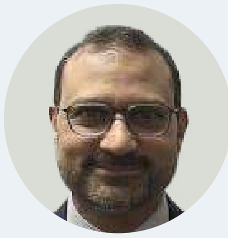

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