

# GABON

**Table 1**

	2021
Population, million	2.3
GDP, current US\$ billion	19.5
GDP per capita, current US\$	8558.8
International poverty rate (\$2.15) <sup>a</sup>	2.5
Lower middle-income poverty rate (\$3.65) <sup>a</sup>	8.1
Upper middle-income poverty rate (\$6.85) <sup>a</sup>	31.2
Gini index <sup>a</sup>	38.0
School enrollment, primary (% gross) <sup>b</sup>	139.9
Life expectancy at birth, years <sup>b</sup>	66.7
Total GHG emissions (mtCO2e)	20.4

Source: WDI, Macro Poverty Outlook, and official data.  
 a/ Most recent value (2017), 2017 PPPs.  
 b/ WDI for School enrollment (2011); Life expectancy (2020).

*Gabon's economy is gradually recovering despite being impacted by the war in Ukraine. Food and fuel prices have been partially contained by subsidies but inflation is increasingly impacting households. Supported by high oil prices, the fiscal balance is expected to turn to a surplus in 2022. Increased subsidies, however, would limit the opportunities created by higher commodity prices for rebuilding external and fiscal buffers. While poverty would slightly decrease over the medium term, rising living costs may increase household vulnerability.*

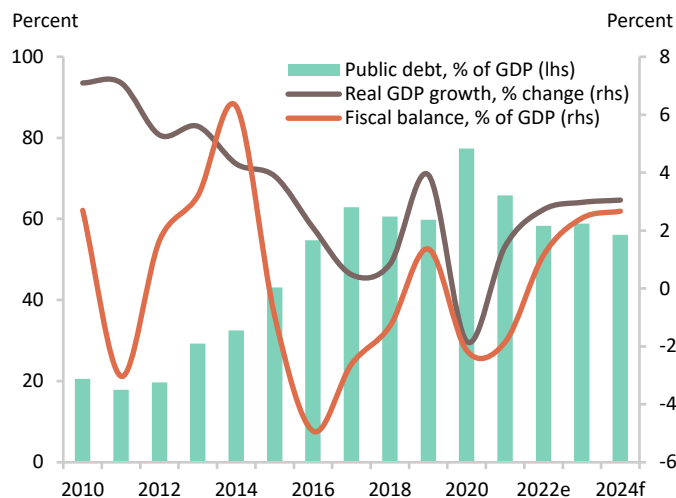
## Key conditions and challenges

Thanks to efforts to reduce emissions and preserve its vast rainforest, Gabon is a net carbon absorber and a leader in net zero emission initiatives. It has a rich ecosystem with extensive endowments of fertile land, coastal riches and fisheries. However, despite its economic potential, the country is struggling to translate resource wealth into sustainable and inclusive growth. Structural reforms are needed to reduce long-term vulnerability to external price shocks and raise living conditions. Key areas for reform include removing barriers for entrepreneurs, diversifying exports, strengthening social safety protection, and improving human capital outcomes. Despite significant investments in the construction of roads and other infrastructure, Gabon still faces a critical infrastructure gap, representing a key barrier to private sector-led growth. With a small but young and fast-growing population, Gabon faces the challenge of investing in human development to meet labor market needs and move from a resource-based growth model to one centered on human capital. Efforts to improve governance and fiscal policy, especially those leading to increased public financial management efficiency, higher transparency in natural resource management, and rationalized tax expenditures, would create the fiscal space needed to invest in sustainable development and poverty reduction.

## Recent developments

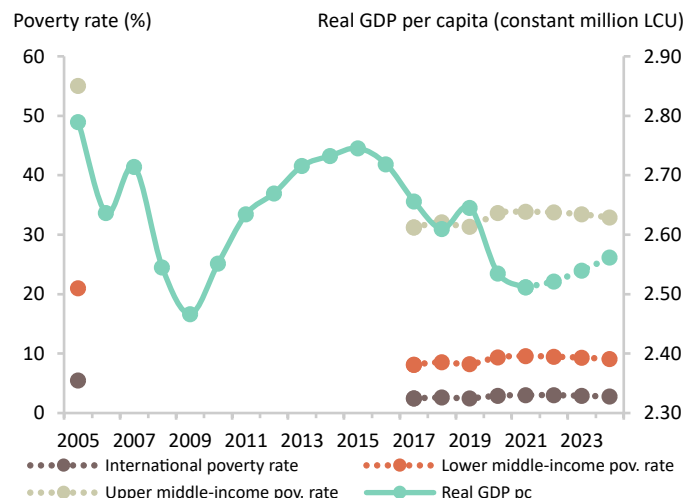
Gabon's GDP grew by 1.5 percent in 2021, thanks to booming services, manganese, and forestry sectors. The recovery picked up in 2022Q1, driven by a rebound in oil production following the lifting of OPEC+ quotas. On the demand side, growth has been driven by exports and private investment. Higher commodity prices lowered the fiscal deficit to 1.8 percent of GDP in 2021. A revised 2022 budget law was adopted by Parliament, reflecting higher oil price and public spending. Preliminary data for 2022Q1 indicate an increase in revenues and current spending, compared to the same period in 2021. The additional revenue is being used to pay for subsidies and rebuild deposits at the Bank of Central African States (BEAC). A decrease in the debt-to-GDP ratio was recorded in 2021. Gabon's debt continues to accumulate outstanding arrears but remains sustainable. Thanks to higher commodity prices, the current account deficit narrowed to 5.2 percent of GDP in 2021 with sharply higher exports in 2022Q1 (y-o-y). Imports also increased but to a lesser extent, improving the external balance in 2022Q1. Higher global prices bumped up headline inflation to 4.3 percent y-o-y at end-June 2022. Monetary policy has been tightened to contain inflationary pressures and support the exchange rate peg. Following a 25 basis points increase in November 2021, the BEAC further increased the policy rate by 50 basis points to 4 percent on March 28, 2022. It also decreased its weekly liquidity

**FIGURE 1 Gabon / Real GDP growth, fiscal balance, and public debt**



Sources: Official government data and World Bank calculations. Notes: e = estimate, f = forecast.

**FIGURE 2 Gabon / Actual and projected poverty rates and real GDP per capita**



Source: World Bank. Notes: see Table 2.

injections from CFAF 250 billion to CFAF 160 billion in April 2022. The asset quality of the banking system is reportedly stable, reflecting the impact of temporary forbearance measures implemented by COBAC (the regional supervisor) up to June 2022.

Despite the ongoing recovery, the COVID-19 crisis is being deeply felt. It has plunged thousands into poverty and food insecurity, with the poverty rate standing at 33.9 percent in 2021. The war in Ukraine is further pushing the population into distress, most notably through higher prices. While food and energy subsidies are still in place, continuous price increases are increasingly impacting vulnerable households but also the middle class. For the more than 85 percent of households that consume bread, rice, and vegetable oil as the main staple foods, for which the global supply chain has been disrupted, price increases could severely impact poverty.

## Outlook

Growth is projected to reach 2.7 percent in 2022 and 2.9 percent on average in

2023-2024, driven by good performances in the oil, mining and wood sectors. However, growth could be compromised if the authorities' commitment to fiscal consolidation, structural reforms, and economic diversification fails to materialize. Also, delays in negotiations with an operator have led to a temporary stoppage of an oil field and could result in a lower oil production in 2022. The share of households living on less than US\$6.85 per day is expected to slightly decline to 32.9 percent in 2024, still above the pre-pandemic poverty rate.

While decreasing, commodity prices would remain high and are expected to continue improving the fiscal balance, turning it into a surplus of 1.2 percent of GDP in 2022. Despite the authorities' commitment to fiscal consolidation and rationalize non-priority expenditure, increased subsidies would contribute to higher spending. Containing subsidies may prove challenging in a context of growing household vulnerability due to high global food and energy prices. Yet, the fiscal balance is expected to increase gradually over the medium term, and public debt is projected to decline as a share of GDP.

The current account deficit is projected to widen gradually in the medium term mainly due to lower oil and manganese exports in the context of a slowdown in global recovery. Meanwhile, imports are expected to increase in view of government spending ahead of the upcoming electoral period. Albeit gradually reducing, FDI inflows are expected to remain high.

Policy hesitancy in the lead up to the 2023 presidential elections could delay diversification efforts, jeopardizing growth. Weaker Chinese demand and re-introduction of OPEC+ quotas represent risks to Gabon's outlook. Tightening global financing conditions could also add to fiscal pressures. A protracted war in Ukraine could further disrupt international trade and sustain high food prices. Outbreaks of new COVID-19 variants could compromise economic recovery, given the slow vaccination progress. Upside risks include improved fiscal and external balances resulting from higher-than-expected international oil prices.

**TABLE 2 Gabon / Macro poverty outlook indicators**

(annual percent change unless indicated otherwise)

	2019	2020	2021	2022f	2023f	2024f
<b>Real GDP growth, at constant market prices</b>	3.9	-1.8	1.5	2.7	3.0	2.9
Private Consumption	0.9	-2.0	-1.4	-0.1	0.9	1.2
Government Consumption	6.1	5.5	3.2	1.0	2.2	2.4
Gross Fixed Capital Investment	21.5	-16.7	9.2	9.2	2.2	3.6
Exports, Goods and Services	14.0	10.1	-1.0	6.0	6.3	5.5
Imports, Goods and Services	21.5	-16.7	31.9	8.3	3.3	4.3
<b>Real GDP growth, at constant factor prices</b>	4.2	-1.9	2.9	2.7	3.0	2.9
Agriculture	7.9	5.9	10.2	4.8	3.9	4.0
Industry	6.8	-2.2	3.1	3.0	3.1	3.3
Services	2.3	-2.8	1.6	2.2	2.7	2.5
<b>Inflation (Consumer Price Index)</b>	1.0	1.6	1.1	3.5	3.2	2.5
<b>Current Account Balance (% of GDP)</b>	-0.9	-6.0	-5.2	0.9	-1.8	-2.9
<b>Net Foreign Direct Investment Inflow (% of GDP)</b>	9.0	8.4	7.5	6.0	5.0	3.8
<b>Fiscal Balance (% of GDP)</b>	1.4	-2.1	-1.8	1.2	2.5	2.7
<b>Debt (% of GDP)</b>	59.8	77.4	65.8	58.3	58.8	56.0
<b>Primary Balance (% of GDP)</b>	3.6	1.2	0.9	3.8	5.3	5.3
<b>International poverty rate (\$2.15 in 2017 PPP)<sup>a,b</sup></b>	2.5	2.9	3.0	3.0	2.9	2.8
<b>Lower middle-income poverty rate (\$3.65 in 2017 PPP)<sup>a,b</sup></b>	8.2	9.4	9.6	9.5	9.3	9.1
<b>Upper middle-income poverty rate (\$6.85 in 2017 PPP)<sup>a,b</sup></b>	31.3	33.6	33.9	33.8	33.4	32.9
<b>GHG emissions growth (mtCO<sub>2</sub>e)</b>	4.1	1.3	2.2	-0.2	-0.3	-0.5
<b>Energy related GHG emissions (% of total)</b>	15.6	14.3	13.9	13.5	13.0	12.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast. Poverty lines are expressed in 2017 PPP, resulting in changes from earlier editions that used 2011 PPP. See [pip.worldbank.org](http://pip.worldbank.org).

a/ Calculations based on 2017-EGEP. Actual data: 2017. Nowcast: 2018-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2017) with pass-through = 1 (High (1)) based on GDP per capita in constant LCU.