Sub-Saharan Africa

Macro Poverty Outlook

Country-by-country Analysis and Projections for the Developing World

Spring Meetings 2024

WORLD BANK GROUP
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Sub-Saharan Africa

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ANGOLA

Table 1	2023
Population, million	36.1
GDP, current US$ billion	92.2
GDP per capita, current US$	2549.9
International poverty rate ($2.15)[a]	31.1
Lower middle-income poverty rate ($3.65)[a]	52.9
Upper middle-income poverty rate ($6.85)[a]	78.0
Gini index[a]	51.3
School enrollment, primary (% gross)[b]	88.6
Life expectancy at birth, years[b]	61.6
Total GHG emissions (mtCO2e)	110.5

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2017 PPPs.
b/ Most recent WDI value (2021).

In 2023, lower oil production and an exchange rate shock led to economic stagnation. The May-June currency slide continues to fuel inflationary pressures. Lower tax revenues, larger interest payments and higher fuel subsidies led the government to cut other expenses. The non-oil sector would drive growth since 2024, but risks to the outlook remain high due to over-reliance on oil. Poverty is projected to grow marginally to 36.1 percent.

Key conditions and challenges

Angola's economy remains overly dependent on the oil sector, which accounts for a quarter of GDP, 60 percent of tax revenues, and 95 percent of exports. Oil production is in structural decline due to oil depletion and lack of investment, falling from 2 million to 1.1 million barrels per day between 2010 and 2023. The reliance on oil has led to high vulnerability to external shocks, undermining macroeconomic stability, and stunted the non-oil economy through strong real exchange rate appreciation, limiting economic diversification and job creation. Among those employed, 80 percent are informal, and half are either self-employed with no employees or unpaid workers of family enterprises. Women face higher unemployment and are more likely to be informal (89 percent compared to 72 percent for men).

Progress has been made in enhancing macro-fiscal stability through exchange rate liberalization, central bank autonomy, and fiscal consolidation. However, while these efforts should be accelerated, greater economic diversification is needed to boost economic growth and reduce poverty, particularly in the context of the global energy transition. Between 2015 and 2022, real GDP per capita fell by 28 percent, reinforcing the need for a more diversified and inclusive growth strategy.

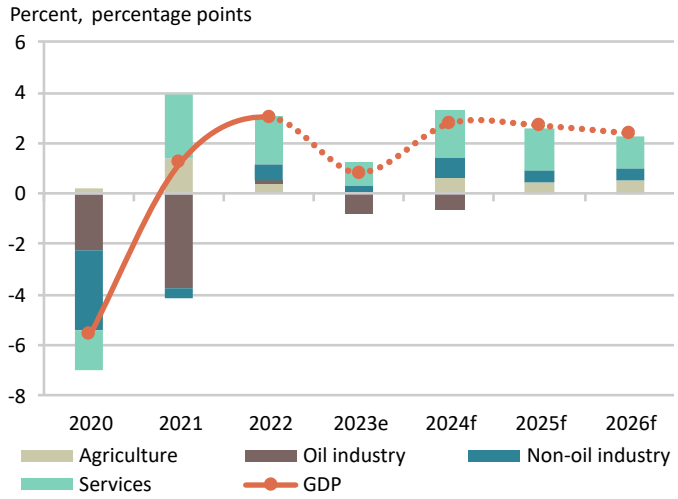
Angola's poverty rates stand above what would be expected for a country with its GDP level: as of 2018, a third lived on less than $2.15 per day. Building human capital is a key priority for reducing poverty and boosting growth. Limited access to health and education reduces the productivity of an Angolan child to a third of his or her potential. Important progress is being made in building a social safety net, including the flagship cash transfer program Kwenda that has registered 1.5 million rural households and initiated payments to 1.03 million beneficiaries. Yet, urban households remain uncovered and vulnerable to food price shocks.

Recent developments

The 2023 real GDP growth has been revised downward from 1.3 to 0.8 percent since the previous MPO. Oil production in 2023 (1.11 million b/d) fell short of the government's expectations (1.18 million b/d) due to a longer-than-expected maintenance shutdown at a major oil field. The non-oil sector slowed down due to a cost-push shock to key inputs from a one-off adjustment in gasoline prices and a sharp currency depreciation. The economic stagnation reduced government revenues, especially those from the non-oil sector.

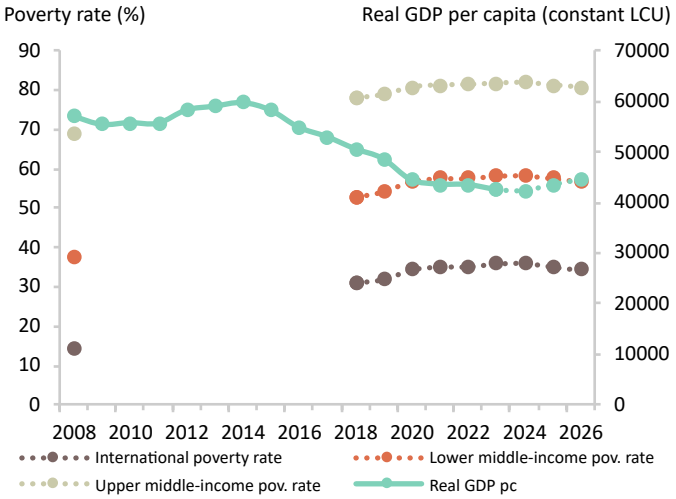
The value of oil exports fell by 27 percent in 2023 due to lower oil prices and production. This, together with large debt service payments, reduced the supply of foreign currency, which triggered a

FIGURE 1 Angola / Real GDP growth and contributions to real GDP growth



Sources: Angola National Institute of Statistics and World Bank.

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



Source: World Bank. Notes: see Table 2.

40 percent depreciation in May-June 2023 and widened the gap between the official and the parallel exchange rates. The slide in the kwanza resulted in higher-than-expected interest payments and fossil fuel subsidies, to which the government responded with cuts in other expenses. The depreciation has also fueled inflationary pressures as year-on-year inflation soared from 11.5 percent in February 2023 to 24 percent in February 2024. The increase in gasoline prices in June 2023 further fueled inflation. The National Bank of Angola raised its policy rate by 100 basis points to 18 percent in November and then to 19 percent in March.

The economy is not generating enough jobs to keep up with Angola's growing working age population. Between Q4 2022 and Q4 2023, over 550,000 new workers joined the labor force, but only 10,000 jobs were added. Urban and youth unemployment surged to 42 and 58 percent in Q4 2023, respectively, up from 39 and 53 percent a year earlier. While the share of jobs in the primary sector grew by 1.1 percentage points, jobs in commerce fell by 2.5 percent.

Outlook

Growth is expected to rebound to 2.8 percent in 2024 and then remain at similar rates. Non-oil sectors would drive this recovery, as oil production is projected to fall by 2.5 percent in 2024 and then stagnate due to oil depletion and lack of investment. Hence, on the demand side, exports are expected to stall, while both final consumption and gross fixed capital formation drive growth. Achieving higher growth rates will depend on the efforts to diversify the economy.

Year-on-year inflation is projected to reach around 28 percent by mid-2024 and then decline to around 12 percent by end-2026. Monetary policy tightening, together with a conservative fiscal stance, is expected to contain inflationary pressures. In addition, the stock of international reserves (7 months of imports), and the imminent monetary loosening in the US would reduce downward pressures on the kwanza and, thus, on inflation. Food inflation, combined with a weakening labor market and a decline in per capita growth, suggests that poverty may increase to 36.1 percent in 2024, which corresponds to almost 13.5 million Angolans living on less than $2.15/day.

The economic outlook faces several downside risks, primarily driven by lower-than-expected oil prices and production. Lower oil revenues could lead to additional public spending cuts, impacting economic growth, and greater inflationary pressures resulting from a weaker currency. Further monetary tightening to combat inflation would also delay the economic recovery. Increasing efforts to diversify the economy has become essential to reduce the impact of oil price volatility on public finances, economic performance, and poverty reduction. In the near term, it will also be important to address food insecurity, tackle high unemployment, especially among the urban poor, and protect against human capital deterioration by ensuring that all Angolan children have access to adequate nutrition, medical care, and education.

TABLE 2 **Angola** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	1.2	3.0	0.8	2.8	2.7	2.4
Private consumption	4.0	5.4	2.3	4.6	4.0	3.0
Government consumption	-2.9	3.6	-15.3	5.1	2.7	2.4
Gross fixed capital investment	7.4	8.1	4.6	1.4	2.7	2.8
Exports, goods and services	-8.6	3.3	-2.8	-2.5	0.0	0.0
Imports, goods and services	-3.8	26.1	-7.3	-3.3	2.2	1.3
Real GDP growth, at constant factor prices	-0.1	3.1	0.8	2.6	2.6	2.3
Agriculture	17.2	3.9	0.6	6.3	4.8	4.8
Industry	-8.3	1.8	-1.3	0.1	1.0	1.2
Services	6.2	4.2	2.8	4.2	3.6	2.7
Inflation (consumer price index)	25.8	21.4	13.6	24.7	15.4	11.4
Current account balance (% of GDP)	11.8	10.4	4.2	3.4	1.1	-0.2
Net foreign direct investment inflow (% of GDP)	4.6	5.9	2.3	2.1	1.3	1.0
Fiscal balance (% of GDP)	4.0	1.0	-1.7	-2.8	-2.4	-3.2
Revenues (% of GDP)	24.7	25.6	20.0	18.7	17.5	16.8
Debt (% of GDP)	87.9	69.5	87.2	74.5	69.2	67.0
Primary balance (% of GDP)	9.5	5.4	3.5	3.0	2.9	2.4
International poverty rate ($2.15 in 2017 PPP)[a,b]	35.2	35.2	36.0	36.1	35.2	34.3
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	57.6	57.7	58.3	58.4	57.6	56.9
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	81.2	81.3	81.7	81.8	81.2	80.7
GHG emissions growth (mtCO2e)	-1.9	-0.8	-0.4	-0.2	0.0	0.0
Energy related GHG emissions (% of total)	12.6	12.2	12.0	11.8	11.8	11.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2018-IDREA. Projection using neutral distribution (2018) with pass-through = 0.7 (Low (0.7)) based on GDP per capita in constant LCU.
b/ Actual data: 2018. Nowcast: 2019-2023. Forecasts are from 2024 to 2026.

BENIN

Table 1	2023
Population, million	13.7
GDP, current US$ billion	19.6
GDP per capita, current US$	1429.4
International poverty rate ($2.15)[a]	12.7
Lower middle-income poverty rate ($3.65)[a]	43.4
Upper middle-income poverty rate ($6.85)[a]	81.4
Gini index[a]	34.4
School enrollment, primary (% gross)[b]	113.0
Life expectancy at birth, years[b]	59.8
Total GHG emissions (mtCO2e)	26.4

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

The 2023 Niger border closure, policy changes in Nigeria and climate shocks moderated growth to 5.8 percent. The international poverty measure fell to 11.7 percent. A revenue based fiscal consolidation decreased the fiscal deficit to 4.5 percent of GDP, although public debt increased slightly to 55 percent. Growth will settle at 6 percent potential from 2024, but risks are rising, including from transit trade and insecurity.

Key conditions and challenges

Despite achieving high GDP growth rates averaging 4.8 percent over 2010-2019, pre-COVID GDP per capita grew at a modest rate of 1.8 percent. Although experiencing a post-2020 growth recovery of 3.8 percent over 2021-22, this delivered few private wage jobs and limited poverty reduction. Vulnerable employment (including contributing family workers and own-account workers) declined by only 0.3 ppt over 2010-2021, from 88.7 percent of total employment to 88.4 percent, in contrast to 8.1 ppt and 3.8 ppt for structural and aspirational peers. This vulnerability reflects the structure of Benin's economy, with a large share of agriculture and prevalent informality. The closure of the Niger border following the July 2023 coup and the insecurity risks in the north of Benin disproportionately impacted poor and vulnerable households, slowing poverty reduction, and increasing fragility. Extreme climate events such as floods led to the declaration of a state of emergency in 32 municipalities, displacing 182,803 people and reversing poverty reduction.

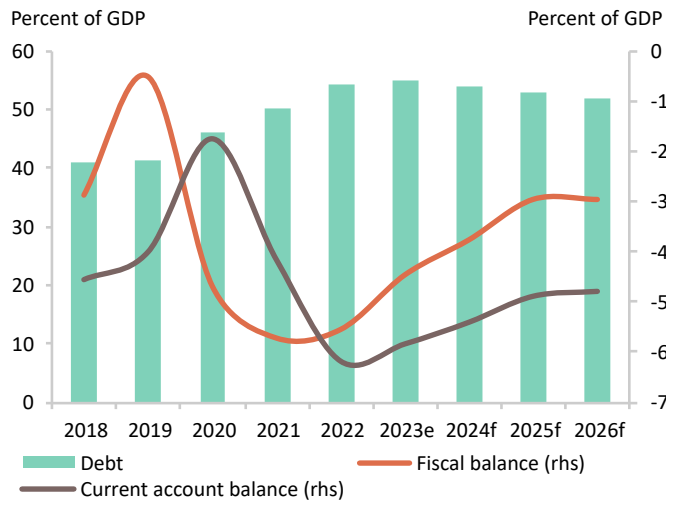
The private sector is constrained by limited access to credit and lack of infrastructure, impeding productivity growth and job creation. Government action plans have reduced the infrastructure gap, though large investment projects and pressing expenditure needs combined with low tax revenue (10.5 percent of GDP in 2015-22) led to rising debt levels, from 30.9 percent of GDP in 2015 to 54.2 percent in 2022. Accordingly, boosting revenues is critical to sustainably finance increasing development needs. As fiscal space is limited, private sector mobilization is central for infrastructure investment.

Recent developments

Growth slowed to 5.8 percent in 2023 (3.0 percent per capita terms), from 6.3 percent in 2022, due to climate shocks undermining the agriculture sector (notably cotton), and uncertainties in neighboring countries disrupting transit trade. The service sector was impacted by the Niger border closure and diminished demand from Nigeria. The expansion of the Glo-Djigbé Industrial Zone (GDIZ) and construction supported robust growth of the secondary sector. Growth in agriculture combined with relatively low inflation reduced the international poverty rate ($2.15 a day, 2017 PPP) from 12.3 percent in 2022 to 11.7 percent in 2023.

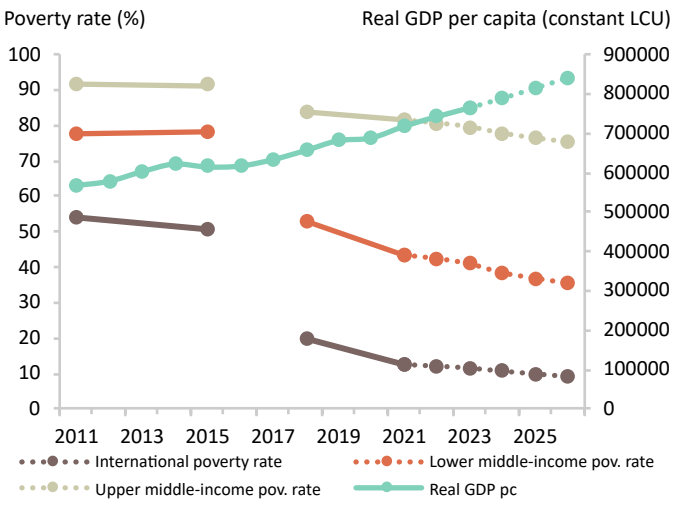
Headline inflation doubled to 2.8 percent in 2023 with the end of the gasoline subsidy in Nigeria, resulting in a 60 percent increase in the price of smuggled gasoline, used by 80 percent of the population. To counter inflation across WAEMU countries, the Central Bank of West African States (BCEAO) raised policy interest rates by a cumulative 150 basis points since mid-2022 to 3.5 percent for liquidity calls and 5.5 percent for the marginal lending facility. However, inflation in the region (3.7 percent in 2023) was

FIGURE 1 **Benin** / Key macroeconomic balances



Source: World Bank.

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



Source: World Bank. Notes: see Table 2.

still above the 1-3 percent target range and foreign exchange reserves have been on a downward trend, estimated at 3.5 months of imports at end-2023, down from 4.3 months at end-2022.

The fiscal deficit declined to 4.5 percent of GDP driven by a 0.6 ppt increase in tax revenue and spending rationalization of 1.2 ppt of GDP. Despite the increase in the public wage bill and security spending, the fiscal consolidation is on track with an increase in tax revenues and decline in capital expenditures. Although public debt slightly increased to 55.0 percent of GDP (from 54.2 percent in 2022), the debt accumulation slowed down to 1.4 percent in 2023 in comparison to 9.6 percent in 2020-22. The current account deficit (CAD) declined to 5.8 percent of GDP in 2023, driven by service exports (tourism), robust export performance of industrial crops (cashew, soybeans, and palm oil), and reduced imports, offsetting a sharp decline in cotton exports (62.8 percent of goods exports in 2021-22). The financing of the CAD was supported by debt, and FDI inflow to the Special Economic Zone.

Outlook

Growth is projected to stabilize at 6.0 percent between 2024 and 2026 (average 3.2 percent per capita terms), driven by investment and the GDIZ expansion. As inflation is expected to moderate to an average of 2 percent, consumption contributions to growth are set to increase. Reforms to boost agriculture productivity should increase output, while growth in the secondary sector will be supported by ongoing and new infrastructure investment under the PAG2 (Government Action Program). The service sector would benefit from the dynamism of tourism, and the resumption of transit trade with neighboring States. Poverty rates are expected to trend downward, with the headcount rate ($2.15 a day, 2017 PPP) declining from 11.7 percent in 2023 to 10.0 percent by 2025, supported by robust economic growth.

The BCEAO may need to continue tightening in 2024 to bring inflation under control regionally and in the context of rising uncertainties over the withdrawal of Niger, Mali, and Burkina Faso from ECOWAS and potential spillovers to WAEMU. These uncertainties are likely to increase investors' risk perceptions leading to tighter financing conditions and putting additional strain on already low foreign exchange reserves.

Through the 2023 Medium-term Revenue Strategy, the government has committed to mobilize additional revenue of 0.5 percent of GDP annually to support its fiscal consolidation drive and reach the WAEMU fiscal deficit target of 3 percent of GDP. Lower debt accumulation will likely sustain public debt on a downward path to reach 52.1 percent by 2026. The CAD will gradually decline to 4.8 percent by 2026, due to higher exports from the GDIZ, financed by debt such as the US$ 750 million Eurobond issued in 2024. Despite past resilience, downside risks remain. Headwinds may include prolonged transit trade disruptions and climate-related shocks. Worsening security risks are also a major threat to development gains.

TABLE 2 Benin / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	7.2	6.3	5.8	6.0	6.0	6.0
Private consumption	4.8	5.0	3.2	3.8	3.9	3.8
Government consumption	8.5	3.5	11.4	5.0	6.4	5.8
Gross fixed capital investment	17.8	12.9	5.6	8.6	7.6	8.1
Exports, goods and services	12.6	19.1	2.9	8.0	7.9	8.3
Imports, goods and services	16.8	18.5	0.1	5.1	5.0	5.5
Real GDP growth, at constant factor prices	6.6	6.0	5.8	6.0	6.0	6.0
Agriculture	5.2	4.8	4.7	5.2	5.4	5.5
Industry	9.1	7.9	7.5	7.8	7.3	7.0
Services	6.6	6.0	5.7	5.8	5.9	5.9
Inflation (consumer price index)	1.7	1.4	2.8	2.0	2.0	2.0
Current account balance (% of GDP)	-4.2	-6.2	-5.8	-5.4	-4.9	-4.8
Net foreign direct investment inflow (% of GDP)	1.7	1.9	1.6	1.6	1.6	1.7
Fiscal balance (% of GDP)	-5.7	-5.5	-4.5	-3.8	-3.0	-3.0
Revenues (% of GDP)	14.1	14.3	14.9	15.2	15.7	16.0
Debt (% of GDP)	50.3	54.2	55.0	54.1	52.9	52.1
Primary balance (% of GDP)	-3.5	-3.9	-2.8	-2.1	-1.4	-1.5
International poverty rate ($2.15 in 2017 PPP)[a,b]	12.7	12.3	11.7	10.8	10.0	9.2
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	43.4	42.5	41.0	38.5	37.0	35.6
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	81.4	80.5	79.5	77.7	76.4	75.2
GHG emissions growth (mtCO2e)	-0.4	0.2	-1.9	0.2	1.0	1.6
Energy related GHG emissions (% of total)	30.6	29.7	27.1	25.9	25.3	25.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

BOTSWANA

Table 1	2023
Population, million	2.7
GDP, current US$ billion	22.1
GDP per capita, current US$	8249.6
International poverty rate ($2.15)[a]	15.4
Lower middle-income poverty rate ($3.65)[a]	38.0
Upper middle-income poverty rate ($6.85)[a]	63.5
Gini index[a]	53.3
School enrollment, primary (% gross)[b]	93.7
Life expectancy at birth, years[b]	61.1
Total GHG emissions (mtCO2e)	53.3

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2015), 2017 PPPs.
b/ Most recent WDI value (2021).

In 2023, economic growth slowed to 3.3 percent, driven by reduced global demand for diamonds. In FY24-26, economic activity is projected to stabilize at 3.5-4.0 percent, buoyed by an expansionary fiscal policy and growth in the non-mining private sector. Diamond value chain risks underscore the urgency of implementing structural reforms to boost growth and jobs, including through human capital development, enhancing market contestability, reducing regulatory and trade barriers, allowing for reductions in poverty and inequality.

Key conditions and challenges

Until the 2009 global financial crisis, abundant diamond resources, political stability, effective institutions, and prudent macroeconomic policies delivered robust growth. They allowed the government to deliver improved public services, including health, education, and infrastructure. Social assistance programs also served to reduce extreme poverty.

Yet, since the early 2010s, structural constraints contributed to slowing down economic expansion as the economy remains dominated by the diamond sector, which is increasingly vulnerable to boom-and-bust cycles on international markets. Poor learning outcomes, skills mismatches, and infrastructure deficiencies in transportation, communication, energy, and water services have negatively impacted productivity and competitiveness. Regulatory barriers and red tape have increased the cost of doing business, stifled entrepreneurship, and deterred investment. The large state presence, especially state-owned enterprises, has crowded out private investment.

The current growth model, based on low-labor-intensive sectors yields fewer jobs. The unemployment rate remains high, at 25.9 percent in 2023Q3, mainly affecting the youth. Poverty, projected at 14.3 percent in 2022 using the US$2.15 per day international poverty line, remains high for Botswana's income level, while inequality (Gini index of 53.3) is among the world's highest.

Reforms to promote competition, reduce the costs of doing business, remove policy barriers to trade and services, and promote trade facilitation would strengthen economic diversification, boost growth and exports, and encourage job creation. Improving the effectiveness and efficiency of public services, including public investment efficiency and strengthening education outcomes to meet the demand for skills in the private sector, could further enhance growth. Incentivizing innovative new businesses to emerge and grow, attracting Foreign Direct Investment, creating linkages with local firms, encouraging market contestability would improve the business environment.

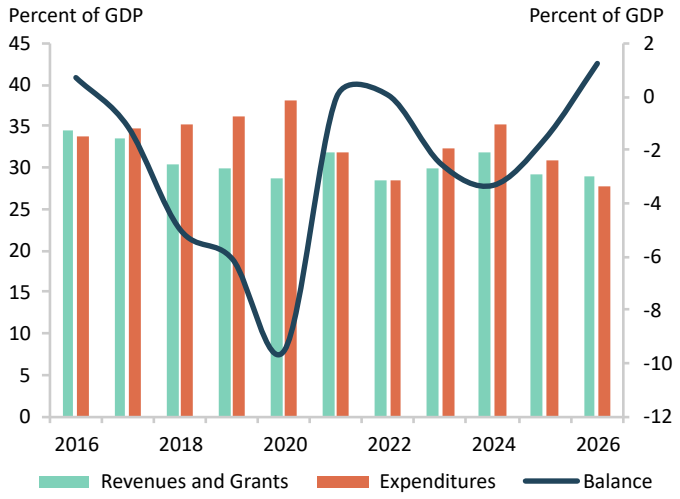
Recent developments

Economic activity moderated to an estimated 3.3 percent in 2023 following the 5.8 percent rebound in the aftermath of the COVID-19 pandemic spurred by the decline in global demand for rough diamonds, falling prices, and intensifying competition from synthetic diamonds.

Headline inflation declined in 2023, averaging 5.2 percent compared with 12.2 percent in 2022, supported by tight monetary policy conditions and a reduction in fuel prices. In December 2023, the central bank cut the policy rate by 25 basis points to 2.4 percent to address the persistent and sizable output gap.

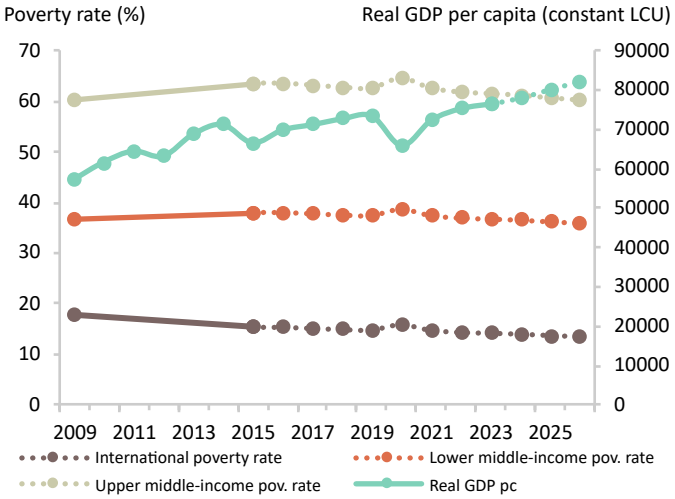
The financial sector remains profitable and stable. However, the ongoing repatriation of pension fund assets poses liquidity risks

FIGURE 1 Botswana / Fiscal consolidation will rest on spending cuts



Sources: Statistics Botswana and World Bank.

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



Source: World Bank. Notes: see Table 2.

in local financial markets due to limited investment opportunities.

After two years of a balanced budget, the fiscal balance deteriorated in 2023, despite higher Southern African Customs Union (SACU) revenues. Higher recurrent spending alongside capital investments underscore the need for improved expenditure efficiency. Increased subsidies necessitate reevaluating their criteria, enhancing monitoring and evaluation, and exploring alternative policy instruments beyond price controls to improve spending quality. Implementation deficiencies constrain the expansionary fiscal stance and require lower spending growth and a strong recovery in mineral revenues.

The current account turned into a surplus of 2.5 percent of GDP by 2023Q3 due to increased SACU receipts and mineral export proceeds. Foreign exchange reserves increased, averaging US$4.7 billion in October 2023, equivalent to nine months of imports, supported by increased SACU receipts and higher capital inflows.

Amid high domestic prices and weak job creation, poverty is estimated to have remained broadly unchanged.

Outlook

The economy is projected to expand by 3.5-4.0 percent annually over 2024-26 as the global economy strengthens and demand for copper and diamonds increases. Projected investments in power generation from coal bed methane, battery-grade manganese, and solar photovoltaic projects will support GDP growth.

An expansionary fiscal policy and accommodative monetary policy in 2024 are expected to support the economy but effects of the first are mitigated by leakages owing to a high import content. The fiscal deficit is projected to deteriorate to 3.4 percent of GDP in FY24, driven by large increases in capital and recurrent spending and to steadily improve over the medium term, reaching a surplus by 2026. Projections hinge on SACU revenue trends and the government's initiatives to boost domestic revenue mobilization, which include the introduction of electronic invoicing for value-added tax.

Inflation is projected to remain within the central bank's target range of 3-6 percent, in line with declining import prices of energy and food. The current account balance is projected to improve, driven by a recovery in global demand for diamonds.

The expansion of the private sector is expected to remain too subdued to increase the demand for employment. Lower inflation is expected to support household purchasing power. Still, limited job opportunities will constrain significant reductions in poverty and inequality, which is projected to remain high, at 14 percent in 2024 based on the US$2.15 international poverty line.

Downside risks to the outlook include how the G7's decision regarding diamond traceability may impact the diamond trade and the local value chain; inward-looking trade policies; delays in implementing the Transitional National Development Plan and the severity of the ongoing drought, which can impact output negatively and the current account via higher imports, as well as renew inflationary pressures and create fiscal pressures as the government provides support to affected households.

TABLE 2 Botswana / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	11.8	5.8	3.3	3.5	4.3	4.0
Private consumption	2.4	4.5	2.4	2.8	2.8	2.2
Government consumption	4.0	3.0	2.5	4.3	-0.3	-0.9
Gross fixed capital investment	-0.3	0.0	-0.7	3.6	3.3	1.8
Exports, goods and services	31.7	-5.6	4.6	7.0	9.9	10.2
Imports, goods and services	2.3	-11.8	-10.4	7.6	5.4	5.2
Real GDP growth, at constant factor prices	11.9	5.8	3.3	3.5	4.3	4.0
Agriculture	-1.0	2.4	2.6	2.0	2.4	2.2
Industry	19.3	7.6	4.0	4.4	4.6	4.7
Services	8.1	4.8	2.9	3.0	4.2	3.6
Inflation (consumer price index)	6.7	12.2	5.2	4.9	4.7	4.5
Current account balance (% of GDP)	-0.5	2.9	2.0	1.1	1.3	1.5
Net foreign direct investment inflow (% of GDP)	0.6	0.2	0.7	0.7	0.6	0.6
Fiscal balance (% of GDP)[a]	0.0	0.0	-2.4	-3.4	-1.6	1.2
Revenues (% of GDP)	31.9	28.5	30.0	31.7	29.2	28.8
Debt (% of GDP)[b]	22.4	20.6	22.0	25.0	22.5	20.1
Primary balance (% of GDP)[a]	0.5	0.6	-1.6	-2.5	-1.0	1.8
International poverty rate ($2.15 in 2017 PPP)[c,d]	14.8	14.3	14.2	14.0	13.7	13.4
Lower middle-income poverty rate ($3.65 in 2017 PPP)[c,d]	37.5	37.0	36.8	36.6	36.4	36.1
Upper middle-income poverty rate ($6.85 in 2017 PPP)[c,d]	62.6	61.8	61.6	61.2	60.8	60.3
GHG emissions growth (mtCO2e)	0.8	-0.7	-0.4	1.2	1.5	1.5
Energy related GHG emissions (% of total)	11.3	11.3	11.1	16.3	18.0	19.6

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Fiscal balances are reported in fiscal years (April 1st -March 31st).
b/ Refers to Public and Publicly Guaranteed debt.
c/ Calculations based on 2009-CWIS and 2015-BMTHS. Actual data: 2015. Nowcast: 2016-2023. Forecasts are from 2024 to 2026.
d/ Projection for $2.15 poverty uses annualized elasticity (2009-2015) with pass-through = 0.87 based on GDP per capita in constant LCU. Higher poverty lines use regional elasticity.

BURKINA FASO

Table 1	2023
Population, million	23.3
GDP, current US$ billion	22.9
GDP per capita, current US$	984.0
International poverty rate ($2.15)[a]	25.3
Lower middle-income poverty rate ($3.65)[a]	60.7
Upper middle-income poverty rate ($6.85)[a]	88.1
Gini index[a]	37.4
School enrollment, primary (% gross)[b]	82.4
Life expectancy at birth, years[b]	59.3
Total GHG emissions (mtCO2e)	67.6

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

GDP growth is estimated at 3.2 percent (0.5 percent per capita) in 2023, supported by services, while mining was hampered by insecurity. Average inflation subsided to 0.7 percent, facilitating a small decrease in the extreme poverty rate to 25.9 percent. The growth outlook is expected to remain constrained by insecurity and subject to downside risks, including political instability, increasing financing costs, impacts of the announced ECOWAS withdrawal, and climate-related shocks.

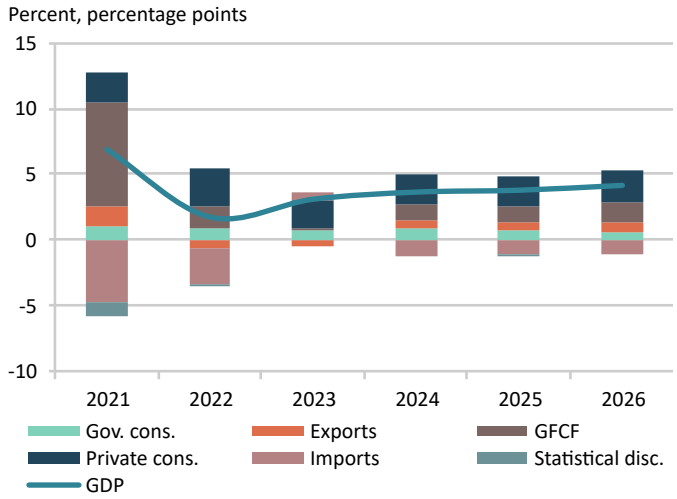
Key conditions and challenges

Insecurity and political instability remain the most critical growth constraints. The two coups in 2022 triggered a sharp reduction in external development financing while negatively affecting private investment. Insecurity has disrupted industrial mining (gold), which accounted for 77 percent of exports, 16 percent of GDP, and 22 percent of government revenues in 2023. Displacement of local populations weakens agricultural output, which employs over 90 percent of the poor and is already highly vulnerable to climate shocks, aggravating food insecurity. In 2023 there has been a doubling of recorded security-related deaths to 8,494.
In September 2023, Burkina Faso, Mali, and Niger formed the "Alliance of Sahel States" (AES) – a security and military pact with political and economic aims. On January 28, 2024, in a joint communiqué, the three countries announced their 'immediate' withdrawal from ECOWAS. According to the revised ECOWAS Treaty, a notification period of one year is required to leave ECOWAS. These developments have increased political and policy uncertainty, including the timetable for elections in Burkina Faso.

Recent developments

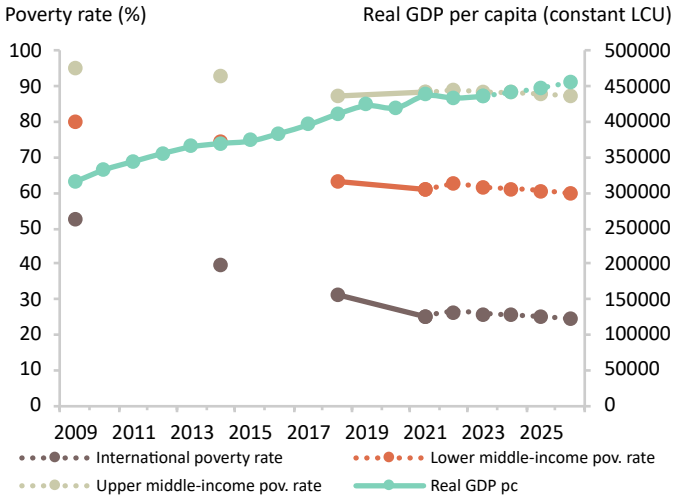
In 2023, the economy is estimated to have grown by 3.2 percent (0.6 percent per capita), up from 1.8 percent in 2022. The services sector, accounting for 48 percent of GDP, remained the main growth driver, fueled by an expansion of the public sector. Agricultural sector growth was hindered by security challenges, which restricted access to rural areas. Secondary sector growth was kept positive only by manufacturing and construction, while gold production dropped further due to insecurity despite high international gold prices. On the demand side, private consumption was the main growth driver, bolstered by low inflation. In contrast, investment is expected to stagnate given high public investment in 2022 and uncertainties in the mining sector. Favorable terms of trade with an increase in gold prices coupled with a decrease in energy prices helped narrow the current account deficit to 4.9 percent of GDP in 2023.
After surging to a record high of 14.1 percent in 2022, inflation fell to 0.7 percent in 2023 with declines in local product prices, particularly for cereals, flour, and fresh vegetables. As a result, the extreme poverty rate, which was rising through 2022, has decreased by 0.6 percentage points to 25.9 percent in 2023. However, the humanitarian situation remains very critical, with around 2 million internally displaced persons, and an estimated 2.3 million facing severe food insecurity as of December 2023.
To counter inflation across WAEMU countries, the Central Bank of West African States (BCEAO) raised policy interest rates by a cumulative 150 basis points since mid-2022 to 3.5 percent for liquidity calls and 5.5 percent for the marginal lending facility. However, inflation in the

FIGURE 1 Burkina Faso / Real GDP growth and contributions to real GDP growth



Source: World Bank.

FIGURE 2 Burkina Faso / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

region (3.7 percent in 2023) was still above the 1-3 percent target range and foreign exchange reserves have been on a downward trend, estimated at 3.5 months of imports at end-2023, down from 4.3 months at end-2022.

The country started fiscal consolidation in 2023 with the deficit falling to 6.4 percent of GDP – 1.2 percent lower than 2022 (excluding a one-time inclusion of all accumulated securitized debt in 2022). The consolidation was expenditure-driven, through a scaling back of capital investment and subsidies (helped by lower international oil prices), while military and humanitarian spending remained high. As bilateral donor grants declined, efforts were made to sustain domestic revenue mobilization. With a still elevated fiscal deficit, public debt is estimated to have crossed the 60 percent of GDP mark in 2023. The share of expensive regional financing is increasing; in February 2024, Burkina Faso's average yields on the regional bond market were 8 percent for 6-month T-bills and 9.6 percent for 3-year T-bonds. The risk of external debt distress remains moderate.

Outlook

The outlook hinges on the security situation. If the situation does not deteriorate further, growth could slowly pick up and average 4 percent (1.5 percent per capita) over 2024-26, driven by recovering mining and agricultural production and service sector growth. This includes the expected impacts of an orderly ECOWAS withdrawal: lower trade with non-WAEMU ECOWAS states, higher investors' risk premia, and increased regional financing costs.

If the government continues its fiscal consolidation path, the fiscal deficit is expected to gradually decline towards the WAEMU ceiling of 3 percent of GDP. Public debt as a share of GDP is forecast to rise at least until 2025, driven by high interest rates on domestic debt.

Poverty is expected to remain relatively unchanged over the medium term. While inflation has come down dramatically and is expected to remain below 3 percent over the medium term, accelerating poverty reductions will require higher growth per capita, particularly in agriculture, which employs 71 percent of the poor.

The outlook remains subject to significant downside risks, including a deterioration in the security situation, political instability, climatic shocks, terms of trade shocks, and the withdrawal from ECOWAS. An unnegotiated ECOWAS withdrawal with disruptions to transport, transit, and free movement of goods, services, capital, and labor could exacerbate negative impacts due to spillovers onto WAEMU trade. The BCEAO may need to continue monetary tightening in 2024 to bring inflation under control and in the context of increased risks from the withdrawal of Niger, Mali, and Burkina Faso from ECOWAS. A further increase in the cost of financing on the regional market for Burkina Faso could require further cuts in public expenditure, and especially investment, at the same time as defense and security expenditures pressures mount.

TABLE 2 Burkina Faso / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	6.9	1.8	3.2	3.7	3.8	4.2
Private consumption	3.4	4.3	3.1	3.4	3.5	3.6
Government consumption	6.6	5.2	4.5	5.4	3.9	3.8
Gross fixed capital investment	34.8	6.4	0.7	4.0	4.4	5.4
Exports, goods and services	6.5	-2.8	-2.1	3.0	3.1	3.4
Imports, goods and services	15.5	8.2	-1.9	3.8	3.2	3.3
Real GDP growth, at constant factor prices	6.9	1.8	3.2	3.7	3.8	4.2
Agriculture	-4.1	5.7	2.3	4.5	4.3	4.3
Industry	11.0	-8.2	0.3	2.8	3.4	3.9
Services	10.3	6.0	5.2	3.7	3.8	4.3
Inflation (consumer price index)	3.9	14.1	0.7	2.8	2.5	2.2
Current account balance (% of GDP)	0.4	-6.2	-4.9	-4.2	-4.1	-3.7
Net foreign direct investment inflow (% of GDP)	0.5	0.3	0.3	0.4	0.5	0.4
Fiscal balance (% of GDP)	-7.5	-10.6	-6.4	-5.6	-4.7	-4.4
Revenues (% of GDP)	20.2	21.6	21.3	21.3	21.2	21.2
Debt (% of GDP)	55.4	58.1	61.4	63.3	65.4	63.2
Primary balance (% of GDP)	-6.0	-8.5	-4.3	-3.0	-1.9	-1.5
International poverty rate ($2.15 in 2017 PPP)[a,b]	25.3	26.5	25.9	25.4	25.0	24.4
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	60.7	62.4	61.4	61.1	60.5	59.7
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	88.1	88.7	88.3	88.1	87.8	87.3
GHG emissions growth (mtCO2e)	6.0	4.6	5.0	5.1	5.1	4.8
Energy related GHG emissions (% of total)	11.1	11.4	11.8	12.3	12.7	13.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

BURUNDI

Table 1	2023
Population, million	13.2
GDP, current US$ billion	3.5
GDP per capita, current US$	267.3
International poverty rate ($2.15)[a]	62.1
Lower middle-income poverty rate ($3.65)[a]	86.2
Gini index[a]	37.5
School enrollment, primary (% gross)[b]	103.9
Life expectancy at birth, years[b]	61.7
Total GHG emissions (mtCO2e)	9.3

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2020), 2017 PPPs.
b/ WDI for School enrollment (2022); Life expectancy (2021).

In 2023, economic growth rebounded to 2.7 percent from 1.8 percent in 2022, spurred by robust agricultural production. However, inflation spiked, then moderated late in the year. Poverty rate would remain stable in 2024, due to the combination of insufficient growth, projected to improve to 3.8 percent, and rapid population expansion. Risks include regional turmoil, closure of the Burundi-Rwanda border, delayed exchange rate unification, and limited external financing.

Key conditions and challenges

Burundi's economic landscape is marred by a fragility trap, with entrenched poverty. Political instability, weak institutions, rapid population increase, and environmental degradation are persistent vulnerabilities. Economic challenges include low productivity, high dependence on foreign aid, inadequate infrastructure, and limited diversification. Agriculture contributes 40 percent to GDP and engages over 90 percent of the workforce. Industrialization is minimal, and exports are confined largely to coffee and tea. Despite possessing significant reserves of minerals critical for the energy transition, the mining sector is stunted, stifled by uncompetitive business environment, thus making an insignificant contribution of less than 1 percent to GDP. The export-to-import coverage hovers between 15-20 percent, signaling structural external imbalances. Environmental issues, including land degradation and deforestation, threaten to keep agricultural production low. High population growth strains resources and infrastructure, exacerbating conflicts amongst local communities while impeding sustainable development.

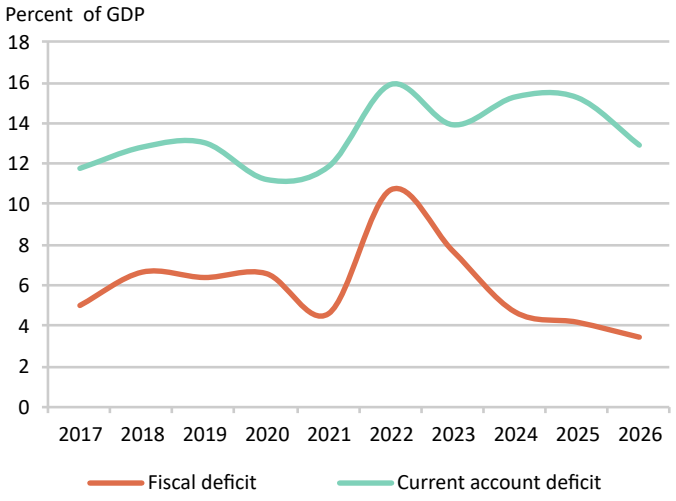
Since the 2015 political crisis, macroeconomic imbalances have persisted, ranging from high fiscal and current account deficits, and inflated currency value to limited external financing and fiscal dominance of monetary policy, compounded by soaring public debt and scant investment in infrastructure and human capital. The provision of basic public services needs to keep pace with rapid population growth. Secondary school enrollment is a mere 48 percent, and 30 percent of adolescent girls are not in school. Chronic malnutrition is widespread, with stunting affecting 55.8 percent of children under five, a figure likely to have worsened by recent food inflation. As of 2023, poverty afflicts 62 percent of the population (at US$ 2.15 per capita/day in 2017PPP).

Continued re-engagement with the international community and the government's commitment to reforms, through the completion of the exchange rate unification reforms, modernization of the monetary policy framework, fiscal consolidation, governance reforms, and growth-enabling structural reforms, would help change the country's growth trajectory while boosting social spending and productive investments.

Recent developments

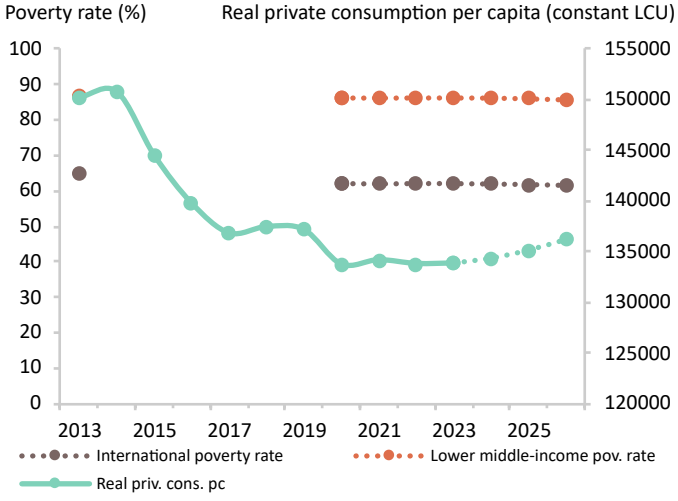
Economic growth picked up in 2023 against a backdrop of high inflation and widening fiscal and current account deficits. Growth accelerated to 2.7 percent, up from 1.8 percent in 2022, buoyed by favorable rains and robust public investment. Industry and services felt the pinch of high inflation, fuel shortages, and flaring premium on the forex parallel market. On the demand side, growth was underpinned by government and private sector spending.

FIGURE 1 **Burundi** / Fiscal and current account deficit



Sources: Official statistics and World Bank staff estimation.

FIGURE 2 **Burundi** / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: see Table 2.

Aided by expenditure cutbacks, the fiscal deficit fell to 7.7 percent of GDP, down from 10.7 percent the previous year. The deficit was predominantly financed through domestic shorter-maturity higher-interest loans from banks and Central Bank advances, reflecting a reliance on domestic debt instruments. Subsequently, public debt climbed to 72.4 percent of GDP from 68.4 percent in 2022. The current account deficit (CAD) remained high at 13.9 percent of GDP in 2023, pressured by soaring oil prices and sluggish exports amid delayed mining contract negotiations. Remittances fell, reducing net current transfers, but capital account balances benefited from increased project grants. Trade credits are the mainstay of financing the current account deficit.

By December 2023, Burundi's international reserves could cover just 0.8 months of imports, a significant drop from 1.8 months the previous year. The foreign exchange market saw a parallel premium soaring to 75.0 percent in March 2023, up from 62.0 percent a year prior. Inflation peaked to an average of 27.1 percent in 2023 due to escalating food and fuel costs—but softened in the final quarter as food prices declined. Inflation's bite is sharpest for the poor, who allocate more budget to food. This trend may swell poverty rates in the short term and erode human capital long-term, as families cut meals, liquidate assets, or resort to child labor. International poverty rate ($2.15 in 2017 PPP) is estimated to remain elevated at 62 percent in 2023.

Outlook

Growth is forecasted to rise to 3.8 percent in 2024, and to accelerate to 4.6 percent on average in 2025-26, supported by robust agricultural season, mining upticks, and government spending. Favorable rainfall will sustain agricultural growth, while services and industry should rebound due to eased forex restrictions and increased power generation. High private consumption and public investment will likely continue, spurred by economic recovery.

The fiscal deficit is expected to narrow to 4.7 percent of GDP in 2024 and 3.2 percent by 2026, underpinned by the digitization of tax administration and a recalibration of non-essential spending, supported by the IMF ECF program. Public debt is projected to recede by 6 percentage points from its 2022 level, settling at 58.8 percent of GDP in 2026. The CAD will remain high over 2024–2025 before easing to 12.9 percent of GDP in 2026, due to mining exports resumption and positive impacts of foreign exchange reforms. Burundi's growth path is not matching high demographic growth, and population is set to double by 2050, further exacerbating existing pressures on limited land resources and services. Against the current trajectory, poverty is projected to remain unchanged at 61.9 percent in 2024. Substantial structural reforms are essential to expand the private nonfarm sector, boost agricultural output, and secure a well-educated, healthy population.

A favorable review of IMF's program along with reducing the misalignment between the official and parallel exchange rates could improve external accounts, with structural reforms likely enhancing exports, foreign investment, and revenues. Conversely, agricultural setbacks from adverse weather and a protracted closure of the border with Rwanda could cloud growth prospects. Failure to consolidate fiscal accounts or boost revenue collection could heighten fiscal risks and external vulnerabilities. A disruption to the IMF program might reduce access to crucially needed concessional financing and aid, and spur a further deterioration of external accounts.

TABLE 2 **Burundi** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	3.1	1.8	2.7	3.8	4.4	4.8
Private consumption	3.0	2.4	2.7	3.0	3.2	3.4
Government consumption	2.9	5.9	5.4	5.1	5.2	5.0
Gross fixed capital investment	3.9	4.0	8.1	10.5	12.3	13.2
Exports, goods and services	3.4	5.8	7.8	13.8	14.2	15.2
Imports, goods and services	3.2	7.0	7.0	7.1	7.3	7.5
Real GDP growth, at constant factor prices	3.1	1.8	2.7	3.8	4.3	4.8
Agriculture	3.4	-0.8	2.8	3.8	4.0	4.2
Industry	3.0	3.2	2.7	3.8	4.9	5.3
Services	2.9	3.1	2.6	3.8	4.3	4.9
Inflation (consumer price index)	8.3	18.8	27.1	22.8	20.4	16.2
Current account balance (% of GDP)	-11.9	-15.9	-13.9	-15.3	-15.2	-12.9
Net foreign direct investment inflow (% of GDP)	0.3	0.3	0.0	-0.1	-0.1	-0.1
Fiscal balance (% of GDP)	-4.6	-10.7	-7.7	-4.7	-4.2	-3.4
Revenues (% of GDP)	23.8	22.8	22.3	23.0	23.4	23.6
Debt (% of GDP)	66.6	68.4	72.4	69.9	64.8	58.8
Primary balance (% of GDP)	-1.6	-8.2	-4.8	-2.1	-1.4	-1.0
International poverty rate ($2.15 in 2017 PPP)[a,b]	61.9	62.1	62.0	61.9	61.7	61.4
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	86.1	86.2	86.2	86.1	85.9	85.7
GHG emissions growth (mtCO2e)	3.9	4.0	3.9	3.9	3.7	3.7
Energy related GHG emissions (% of total)	8.7	8.6	8.6	8.7	8.9	9.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2020-EICVMB. Actual data: 2020. Nowcast: 2021-2023. Forecasts are from 2024 to 2026.
b/ Projection using neutral distribution (2020) with pass-through = 0.87 (Med (0.87)) based on private consumption per capita in constant LCU.

CABO VERDE

Table 1	2023
Population, million	0.5
GDP, current US$ billion	2.5
GDP per capita, current US$	4968.9
International poverty rate ($2.15)[a]	4.6
Lower middle-income poverty rate ($3.65)[a]	19.3
Upper middle-income poverty rate ($6.85)[a]	50.9
Gini index[a]	42.4
School enrollment, primary (% gross)[b]	97.0
Life expectancy at birth, years[b]	74.1
Total GHG emissions (mtCO2e)	0.7

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2015), 2017 PPPs.
b/ WDI for School enrollment (2019); Life expectancy (2021).

Growth is expected to have slowed to 4.8 percent in 2023 despite exports, mainly tourism, returning to pre-pandemic levels. Inflation stood at 3.7 percent, aided by declining fuel and food prices. Growth-friendly fiscal consolidation should allow stable growth of 4.7 percent over the medium term, though the outlook remains subject to downside risks from commodity price spikes, weaker external demand, limited progress on key SOE reforms, and climate shocks.

Key conditions and challenges

Cabo Verde is a small, and vibrant island nation with an open economy. Its economic growth has been driven by tourism, remittances, and foreign direct investment enabled by structural reforms and social and political stability. The development model has shown signs of fatigue since the 2008 global financial crisis: growth fell from a robust average 7.5 percent in the 2000s to 2.8 percent in the last decade (excluding 2020) and is highly volatile. The impact of the pandemic accentuated debt risks and underscored key vulnerabilities, including the dominance of the tourism sector, absence of buffers to shocks, and poor performing State-Owned Enterprises (SOE).

Achieving higher and sustained growth requires reforms to reduce the economy's vulnerabilities to external economic and climate-related shocks; increase private sector productivity to benefit from the thriving tourism sector; and reduce internal transport costs and market fragmentation. A gradual transition to blue (ocean related) and green (environment related) activities are policy priorities for the medium term.

Recent developments

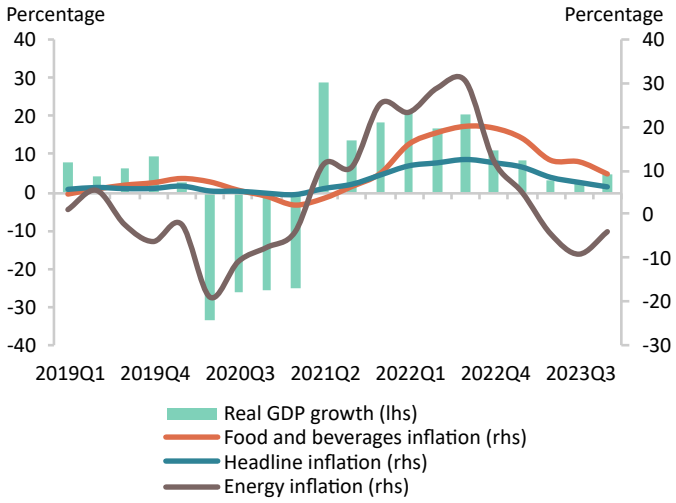
Economic growth is estimated to have slowed to 4.8 percent in 2023 (4.2 percent in per capita terms), reflecting the stabilization of service exports after the post-covid tourism rebound. On the supply side, accommodation, transport, and commerce drove growth, while on the demand side, growth was led by exports and private consumption. Growth was accompanied by a 0.9 percentage points reduction in poverty (using the US$3.65 per person and per-day-2017 PPP).

Headline inflation decelerated to 3.7 percent (y/y) in 2023 from the high of 7.9 percent in 2022, driven by the easing of international food prices and falling oil prices. Food inflation, which represents 25 percent of the CPI basket, slowed to 8.9 percent while energy inflation decreased by 3.2 percent on average. Core inflation reached an annual average of 2.3 percent.

Poverty ($3.65 per day PPP 2017) is expected to reach 15.1 percent in 2023, down from 16.0 percent in 2022, but above its 2019 pre-pandemic level of 14.1 percent. Economic growth was fundamental for poverty reduction in 2023, coupled with a decrease in inflation compared to 2022. Growth of the services sector led to creation of new jobs, especially in tourism, but the household real income benefits were dampened by inflation pressures, especially in food items.

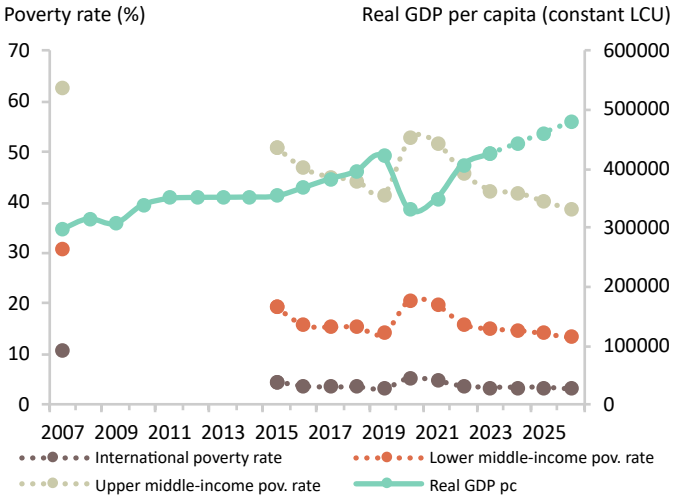
Increased revenues and under execution of the capital budget narrowed the fiscal deficit to 0.5 percent of GDP in 2023 from 4.3 percent in 2022. Revenue increased by about 20 percent over the same period driven by corporate income tax and VAT collection, as well as revenues linked to the airport private concession. Total expenditure increased by 2.6 percent. Public debt declined from 127.1 percent in 2022 to

FIGURE 1 **Cabo Verde** / Real GDP growth and inflation



Source: Government of Cabo Verde.

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



Source: World Bank. Notes: see Table 2.

115.3 percent in 2023, driven by GDP growth. External debt is mainly concessional, at 105 percent of GDP, while domestic debt has surged to over 30 of GDP post-COVID-19, driving the high risk of overall debt distress.

The current account deficit (CAD) widened from 3.4 percent of GDP in 2022 to 5.3 percent in 2023, due to the slowdown in exports of goods and services, mainly tourism, and remittances compared to 2022. The CAD was financed primarily by FDI and concessional loans, while international reserves remained at a comfortable 5.8 months of import coverage.

Outlook

Real GDP growth is projected to remain relatively stable in 2024, at 4.7 percent (4.2 percent in per capita terms). Over the medium term, growth will be supported by the implementation of structural reforms aimed at improving public sector efficiency and the business environment. Inflation is expected to decline further to 2.7 percent in 2024, as global inflation the international price shock continues to subside, and converge to around 2 percent over the medium term, supported by the strong nominal anchor provided by the peg to the Euro.

Poverty (using US$3.65 per day-2017 PPP) is projected to decline to 14.9 percent in 2024 driven by the services and industry sectors, and a moderation of inflation. Projections for 2025 suggest a further decline in poverty to 14.2 percent, aligning with the pre-pandemic level, with this downward trend continuing into 2026 to reach 13.4 percent.

Overall fiscal balance is projected to widen to -3.0 percent of GDP in 2024, reflecting the increase in total expenditure with staff salary updates, increases in social benefits and acquisition of goods and services, and sound execution of public investments. Tax revenue collection will remain strong, with a review of tax benefits and the continued implementation of measures to improve tax administration efficiency and broaden the tax base. Continued efforts to mobilize domestic revenue and contain current expenditure will reduce the fiscal deficit to just above 1 percent of GDP by 2026. The public debt-to-GDP ratio is expected to improve to 102.1 percent by 2026 but continued management of fiscal risks related to SOE arising from loan guarantees remains critical.

Stronger import growth vis-à-vis exports, with the continued dynamism of economic activity, will increase the CAD to 6.2 percent of GDP in 2024. CAD is projected to decline to 5.7 percent of GDP in 2026 supported by stronger growth in tourism and remittances, which, together with higher FDI inflows, will help maintain international reserves at about 6 months of prospective imports.

The outlook is subject to substantial downside risks stemming from new commodity price spikes due to geopolitical shocks, weaker external demand in tourism markets, and limited progress with the SOE reform agenda, which could undermine the fiscal consolidation and weaken growth. Climate-related shocks will remain a concern, given the country's high vulnerability.

TABLE 2 Cabo Verde / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	5.6	17.1	4.8	4.7	4.7	4.6
Private consumption	1.4	25.9	6.5	8.8	8.6	8.1
Government consumption	5.3	-4.6	0.5	20.4	0.9	2.7
Gross fixed capital investment	23.4	-54.2	-2.4	-19.1	-6.5	1.8
Exports, goods and services	2.1	97.5	4.4	8.6	9.2	9.5
Imports, goods and services	7.7	12.7	3.4	12.5	9.5	11.4
Real GDP growth, at constant factor prices	5.6	17.1	4.8	4.7	4.7	4.6
Agriculture	3.1	-14.3	-2.0	-2.3	2.6	2.7
Industry	13.2	7.5	7.7	5.2	5.5	5.4
Services	4.4	21.9	4.7	5.1	4.7	4.6
Inflation (consumer price index)	1.9	7.9	3.7	2.7	2.1	1.9
Current account balance (% of GDP)	-12.2	-3.4	-5.3	-6.2	-6.5	-5.7
Net foreign direct investment inflow (% of GDP)	4.6	4.7	4.0	3.9	3.7	3.6
Fiscal balance (% of GDP)	-7.7	-4.3	-0.5	-3.0	-2.2	-1.1
Revenues (% of GDP)	23.9	22.4	24.6	28.3	27.4	26.3
Debt (% of GDP)	152.0	127.1	115.3	112.0	107.7	102.1
Primary balance (% of GDP)	-5.5	-2.0	1.8	-0.7	0.0	1.1
International poverty rate ($2.15 in 2017 PPP)[a,b]	4.7	3.7	3.5	3.5	3.5	3.1
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	19.7	16.0	15.1	14.9	14.2	13.4
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	51.8	45.7	42.4	41.9	40.1	38.5
GHG emissions growth (mtCO2e)	-3.5	-1.2	5.3	6.4	6.7	6.6
Energy related GHG emissions (% of total)	84.5	85.0	85.2	85.6	86.0	86.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2015-IDRF. Actual data: 2015. Nowcast: 2016-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

CAMEROON

Table 1	2023
Population, million	28.8
GDP, current US$ billion	47.4
GDP per capita, current US$	1646.1
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/ WDI for School enrollment (2022); Life expectancy (2021).

Cameroon's economy grew by 4.0 percent in 2023, up from 3.6 percent in 2022. However, 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.

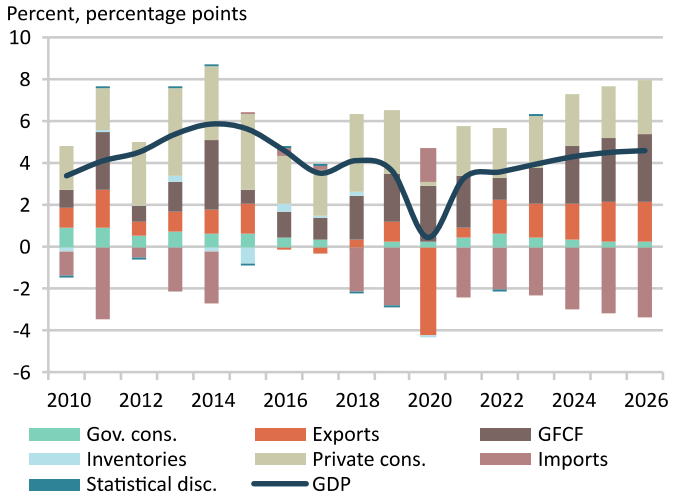
The current development model appears incapable of delivering Cameroon's ambition of becoming an upper middle-income country by 2035, as institutions of governance have deteriorated, human capital remains weak, the business environment is unfavorable, and climate change represents a growing threat. The 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

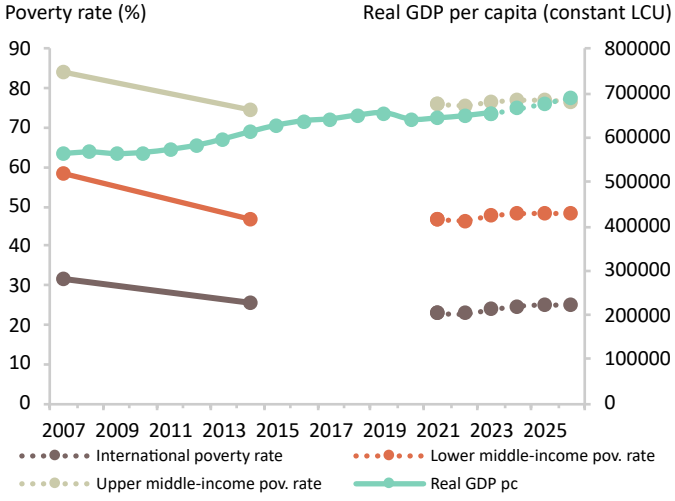
Cameroon's economic recovery continued in 2023, with real GDP growing by 4.0 percent, up from 3.6 percent in 2022 driven by improvements across various sectors. Services and manufacturing sectors expanded respectively by 4.5 percent and 5.5 percent, thanks to better energy supply and market conditions. Private investments supported the construction sector's growth despite lower public spending. Agriculture sector grew by 3.5 percent, driven by high cocoa and cotton prices and the recovery of the Cameroon Development Corporation.

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. Notes: see Table 2.

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

The medium-term economic outlook for Cameroon is positive on balance but subject to downside risks. Real GDP growth is projected at 4.3 percent in 2024 and 4.5 percent in 2025 and 2026, driven by dynamism in agro-industry, forestry, and services. The anticipated LNG production boom is expected to offset declining oil field production in 2025. Improved energy supply from projects like the Nachtigal hydroelectric dam and Memve'ele power plant transmission lines will benefit manufacturing and construction, backed by robust public investment.

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.

TABLE 2 Cameroon / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	3.3	3.6	4.0	4.3	4.5	4.6
Private consumption	3.5	3.6	3.7	3.7	3.8	4.0
Government consumption	3.4	5.1	3.1	2.4	2.2	1.7
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	4.0	4.3	4.5	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 (consumer 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.
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 REP.

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.

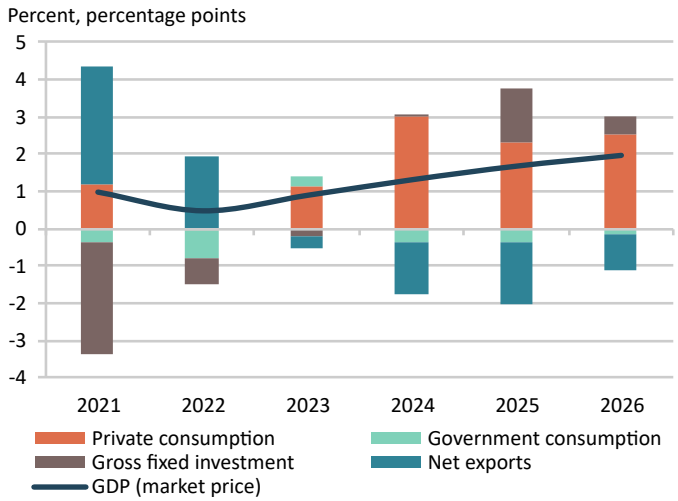
The private sector continues to be hampered by unattractive business conditions and high borrowing costs. Employment opportunities remain extremely limited while the workforce is growing. Continued efforts by country authorities to promote more inclusive and resilient growth will be critical. This includes 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.

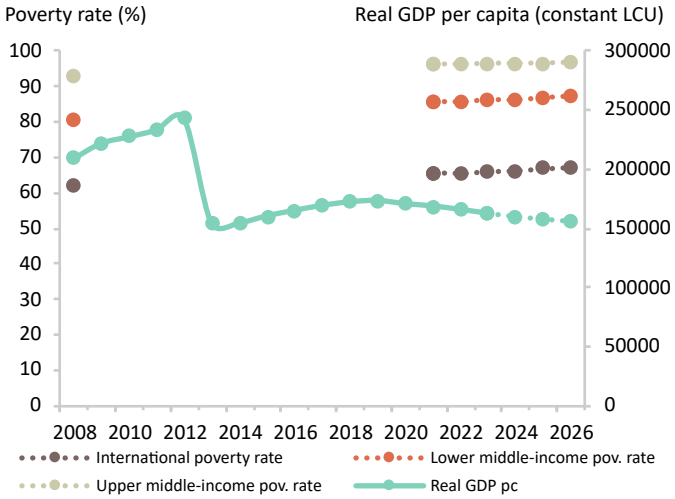
Tight budget constraints due to lack of growth and elevated transportation prices reduced households' purchasing power, worsened food insecurity, and slowed poverty reduction efforts. Poverty remains elevated, with an estimated 65.9 percent of the population living in extreme poverty in 2023 (i.e., below the international poverty line of US$2.15 per person per day, 2017 PPP).

FIGURE 1 Central African Republic / Real GDP growth and contributions to real GDP growth



Source: World Bank.

FIGURE 2 Central African Republic / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

The extreme poverty rate is set to increase by one percentage point over the next two years, 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.

TABLE 2 Central African Republic / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
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	3.0	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 (% 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.
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	2023
Population, million	18.3
GDP, current US$ billion	13.2
GDP per capita, current US$	722.4
International poverty rate ($2.15)[a]	30.8
Lower middle-income poverty rate ($3.65)[a]	62.8
Upper middle-income poverty rate ($6.85)[a]	88.8
Gini index[a]	37.4
School enrollment, primary (% gross)[b]	90.4
Life expectancy at birth, years[b]	52.5
Total GHG emissions (mtCO2e)	121.1

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2022), 2017 PPPs.
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 56 percent 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.

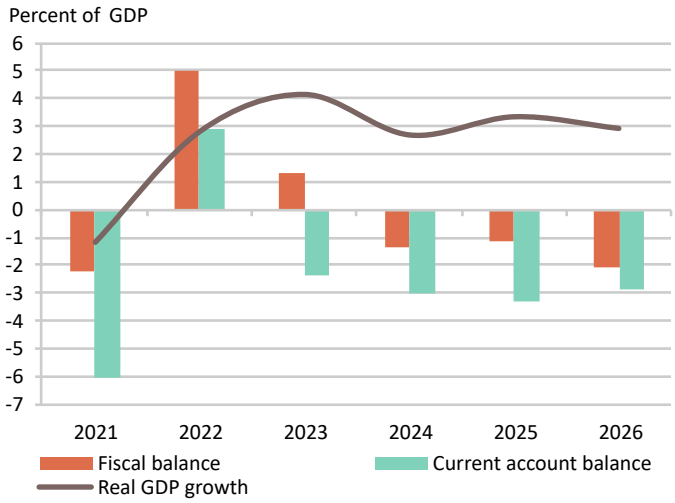
Security remains precarious with threats by Boko Haram in the Lake Chad region, the armed FACT rebellion in the north, and escalating inter-community tensions. According to UNHCR, Chad was hosting nearly one million forcibly displaced persons at the end of 2022, including 593,000 refugees and nearly 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.

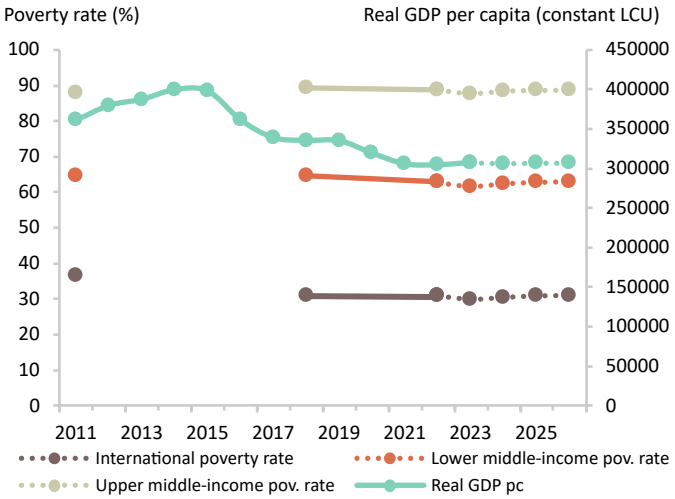
Inflation eased to 4.1 percent in 2023, owing to the base effect of high inflation in 2022 and the deceleration in food inflation (4.8 percent) because of improved agricultural production. Food insecurity remains a significant problem despite these improvements, with around 2.1 million people, or 11.5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

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. Notes: see Table 2.

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.

TABLE 2 Chad / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
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 (consumer 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.
a/ Calculations based on 2022-EHCVM. Actual data: 2022. Nowcast: 2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

COMOROS

Table 1	2023
Population, million	0.9
GDP, current US$ billion	1.3
GDP per capita, current US$	1520.5
International poverty rate ($2.15)[a]	18.6
Lower middle-income poverty rate ($3.65)[a]	39.5
Upper middle-income poverty rate ($6.85)[a]	68.6
Gini index[a]	45.3
School enrollment, primary (% gross)[b]	106.2
Life expectancy at birth, years[b]	63.4
Total GHG emissions (mtCO2e)	0.7

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2014), 2017 PPPs.
b/ Most recent WDI value (2021).

The Comoros' economy continues to recover following the resumption of private consumption and investments in tourism and transport infrastructure. Growth is expected to average 3.9 percent over 2024-26, compared to 2.8 percent in 2022-23. The poverty rate has remained high at 38.2 percent (using the lower middle-income poverty threshold). Policy priorities include fiscal consolidation and reforms to improve financial intermediation, and enhance the business climate and access to basic services.

Key conditions and challenges

Economic growth slowed to 1.9 percent over 2019-23, below already anemic long-term growth, which averaged 2.7 percent over the previous two decades. This recent poor growth performance is mainly due to multiple natural and external shocks, including Cyclone Kenneth in 2019, the COVID-19 pandemic, and the 2022 global commodity price shock. As a result, poverty remains high at 38.2 percent in 2023 (using the lower middle-income poverty rate threshold). The Comoros' growth is driven by private consumption fueled by remittances as they support "grands marriages." Low and declining productivity, limited investment and fiscal space, and underperforming state-owned enterprises (SOEs) also weigh on growth. Even though public debt is assessed as sustainable, the Comoros is at high risk of public debt distress, largely reflecting the issuance of non-concessional loans.

Due to red tape, the dominance of state-owned enterprises, and limited market competition and challenges in accessing finance, private sector development is weak, constraining job creation. Low levels of human and physical capital and misallocation of resources have hindered growth in the tourism and fisheries sectors, which hold high potential for job creation. Labor force participation is also constrained by weak labor market institutions and persistent forms of wage discrimination against women.

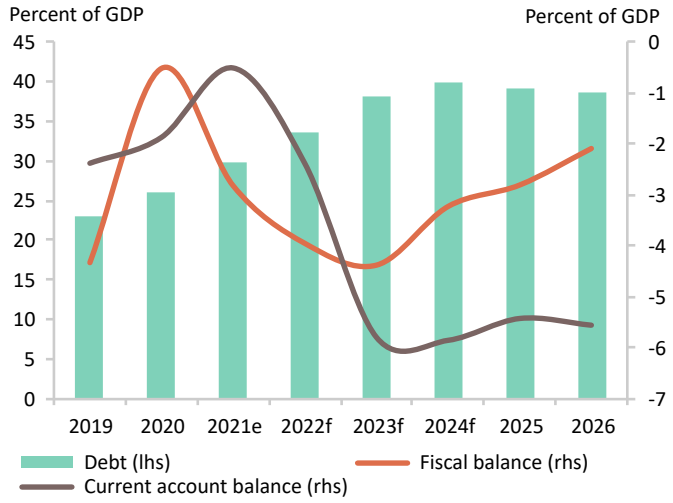
A low employment intensity of growth and weak economic growth contribute to the high poverty level, which is a source of fragility for the Comoros. Furthermore, recent shocks have highlighted the Comoros' vulnerabilities and the need to implement reforms that increase productivity and private investment to promote growth. These include reforms to improve the business environment and increase financial intermediation. Higher public investment, including in infrastructure, is also needed to attract larger private investments, including foreign direct investment.

Recent developments

The economy expanded by an estimated 3 percent in 2023 as domestic activities were supported by the resumption of "grands marriages" and the associated increase in diaspora community arrivals, primarily from France. Public servant salary hikes in January 2023 aimed at preserving purchasing power, a high level of remittances, and higher public investment supported domestic demand. On the supply side, the construction sector benefited from increased public spending, while the primary sector benefited from higher agricultural prices and favorable climate conditions.

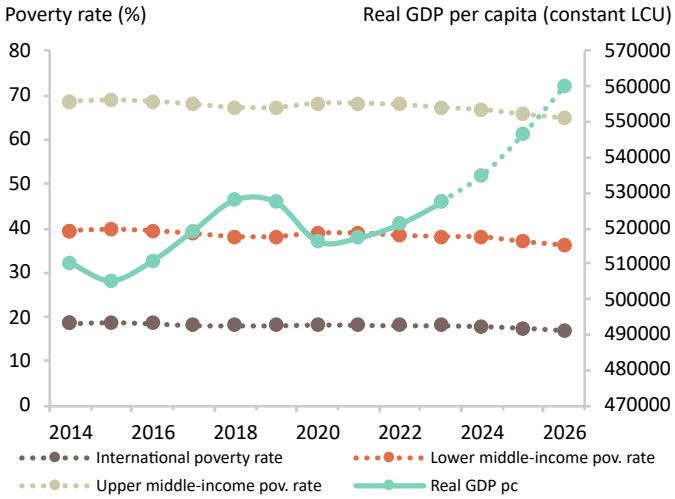
As inflationary pressures from imported food and energy products moderated, inflation declined from 12.4 percent in 2022 to 9.2 percent in 2023. An increase of 50 basis points in the key monetary policy rate

FIGURE 1 Comoros / Public debt, fiscal and current account balances



Sources: National authorities and World Bank estimates and forecasts.

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



Source: World Bank. Notes: see Table 2.

in July 2023 and lower credit growth in response to liquidity management operations also helped decrease inflation. Stronger domestic demand translated into high import demand and contributed to the widening of the current account to 5.8 percent of GDP in 2023 (from 0.5 percent in 2022). However, international reserves remained at adequate levels as the Comoros received exceptional financing from international financial institutions.

The fiscal deficit continued to widen in 2023 to an estimated 4.4 percent of GDP, despite improved domestic revenue mobilization. The deterioration of the fiscal position by 0.4 percentage points of GDP in 2023 was mainly driven by a large increase in public spending of 3.5 percentage points of GDP, particularly higher public capital expenditures. Public debt stock reached 38.2 percent of GDP at end-2023, compared with 34.0 percent of GDP at end-2022. Compliance with quantitative fiscal targets under the four-year International Monetary Fund Extended Credit Facility program approved in June 2023 is expected to help improve fiscal outturns and contain the increase in public debt.

The January 2024 presidential election was followed by post-electoral demonstrations, which weighed on economic activities and slowed progress on the implementation of public projects and policy.

Outlook

The economic recovery from the COVID-related slowdown is expected to continue, with growth reaching 3.3 percent in 2024 and 4.2 percent over 2025-26, driven primarily by private consumption and public investment. The construction of the El Maarouf hospital and the Galawa hotel, as well as the construction or restoration of roads and ports, should support the economic recovery. In the medium term, productivity growth is expected to benefit from the 2023 energy law, which promotes the production of electricity from renewable sources. The creation of a credit registry and a partial credit guarantee scheme, as well as the operationalization of the leasing law in 2024-25, are also expected to support the recovery in 2025-26. The poverty rate is expected to decrease slowly to 36.2 percent in 2026 as the economy continues to expand more rapidly.

Lower imported inflation would contribute to lower headline inflation of 2.2 percent in 2024. Lower global commodity prices and improvements in the monetary policy framework would also help reduce inflation. The current account deficit is expected to average 5.5 percent of GDP over 2024-26, as major public investments contribute to the widening of the trade deficit to an average of 20 percent of GDP. Public debt is projected to reach 38.2 percent of GDP by 2026. Fiscal consolidation, enhanced SOE performance monitoring, and increased expenditure efficiency are expected to reduce the fiscal deficit to 2.2 percent of GDP by 2026.

The outlook faces significant downside risks related to the impact of the 2024 elections on the pace of execution of investment projects and delays in the implementation of key fiscal and governance reforms during the first half of the year. Concomitantly, contingent liabilities threaten debt sustainability. Other downside risks include the cholera outbreak in February 2024, prolonged global geopolitical tensions, and the occurrence of natural disasters.

TABLE 2 Comoros / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	2.1	2.6	3.0	3.3	4.0	4.3
Private consumption	1.0	0.2	1.9	3.2	3.6	3.6
Government consumption	5.0	5.4	11.6	0.7	4.5	5.4
Gross fixed capital investment	9.6	2.0	8.0	4.8	6.8	2.9
Exports, goods and services	48.2	22.6	-4.2	5.1	6.5	6.5
Imports, goods and services	7.7	4.2	3.0	3.7	5.6	3.2
Real GDP growth, at constant factor prices	2.0	2.4	3.0	3.3	4.0	4.2
Agriculture	3.4	3.3	4.7	4.3	4.6	5.0
Industry	-0.2	0.4	2.3	1.0	1.5	3.0
Services	1.8	2.4	2.4	3.2	4.2	4.1
Inflation (consumer price index)	0.0	12.4	9.2	2.2	2.3	2.2
Current account balance (% of GDP)	-0.5	-0.7	-5.8	-5.8	-5.4	-5.6
Fiscal balance (% of GDP)	-2.8	-3.9	-4.4	-3.2	-2.5	-2.2
Revenues (% of GDP)	17.0	14.2	17.4	17.2	15.7	15.7
Debt (% of GDP)	29.8	33.7	38.2	39.9	39.1	38.7
Primary balance (% of GDP)	-2.5	-3.7	-4.0	-2.9	-2.2	-1.9
International poverty rate ($2.15 in 2017 PPP)[a,b]	18.2	18.1	18.1	17.9	17.4	16.8
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	39.0	38.5	38.2	38.1	37.0	36.2
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	68.2	67.9	67.2	66.7	65.7	64.8
GHG emissions growth (mtCO2e)	2.1	2.1	2.1	2.2	2.3	2.1
Energy related GHG emissions (% of total)	48.7	48.8	49.0	49.1	49.3	49.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2015-EESIC. Actual data: 2014. Nowcast: 2015-2023. Forecasts are from 2024 to 2026.
b/ Projection using neutral distribution (2014) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

DEMOCRATIC REP. OF CONGO

Table 1	2023
Population, million	102.3
GDP, current US$ billion	64.4
GDP per capita, current US$	629.5
International poverty rate ($2.15)[a]	78.9
Lower middle-income poverty rate ($3.65)[a]	92.1
Upper middle-income poverty rate ($6.85)[a]	97.7
Gini index[a]	44.7
School enrollment, primary (% gross)[b]	122.4
Life expectancy at birth, years[b]	59.2
Total GHG emissions (mtCO2e)	691.7

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2020), 2017 PPPs.
b/ Most recent WDI value (2021).

Following a strong recovery at 8.9 percent in 2022, the DRC's economy is estimated to have slowed down in 2023 but remained resilient. The terms-of-trade deterioration and higher imports would maintain high current account and fiscal deficits and put pressure on the domestic currency with strong pass-through to inflation. Prospects for growth and poverty reduction are favorable, but subject to downside risks related to commodity price shocks and geopolitical conflicts.

Key conditions and challenges

The Democratic Republic of the Congo (DRC), home to the second largest rainforest in the world and vast metal deposits, has yet to leverage its natural wealth to spur economic development. DRC's exports are highly concentrated with copper and cobalt accounting for 80 percent of the total (40 percent of which headed to China). With its agricultural potential untapped, DRC is a net food importer, increasing vulnerabilities to external shocks. Political instability, weak institutional capacity, poor governance, and frequent bouts of violence have all contributed to undermining DRC's foundations of a robust and diversified economy. These issues have not only deterred the creation of economic opportunities but also contributed to escalating poverty levels, particularly with a rapidly growing population. Persistent structural constraints result in an underdeveloped private sector and a large informal economy. Climate-related shocks, including floods and droughts, and the associated infrastructure damage add to these challenges.

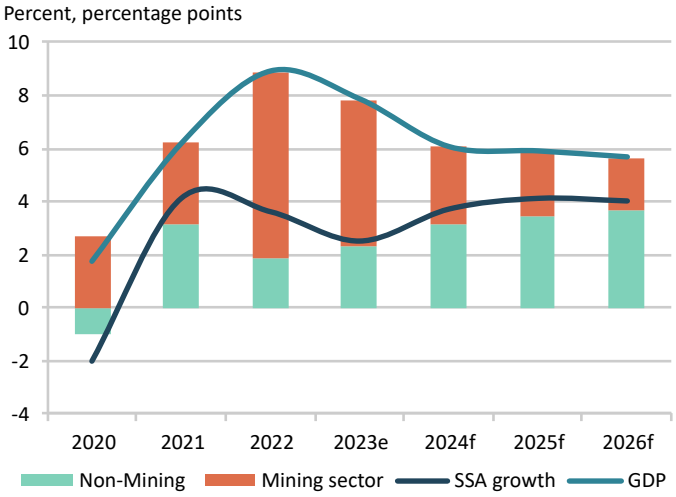
Poverty remains widespread, with the bulk of the poor living in extreme poverty. Significant geographical disparities in poverty exist, with extreme poverty concentrated in the central and northwestern areas and the largest number of poor in Eastern provinces. DRC remains second in Sub-Saharan Africa after Nigeria in terms of the number of extreme poor despite some improvements in the past decades.

The December 2023 elections have led to a second 5-year term for incumbent President Tshisekedi, but a majority is yet to be negotiated in Parliament to form a government. Reaching political consensus and increasing the presence and credibility of the state, including through improved governance, are key to maintaining stability and peace, and advancing structural reforms that will attract investments and create jobs. The imperative for the state to enhance service delivery to citizens, alongside preserving macroeconomic stability, underscores the importance of boosting domestic revenue mobilization to expand fiscal space.

Recent developments

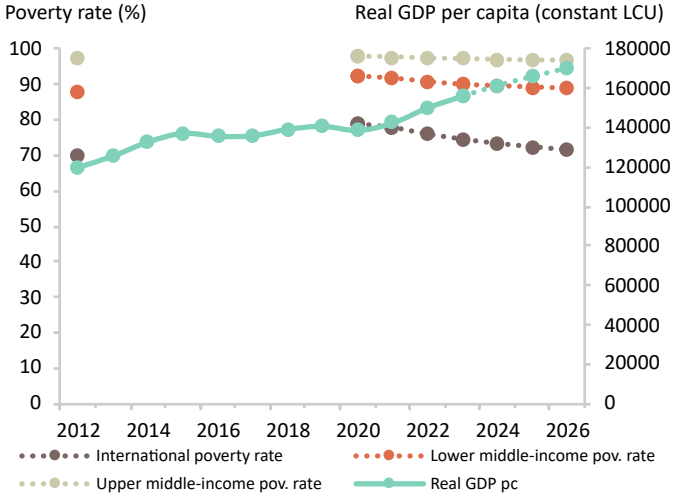
The DRC economy expanded by 7.8 percent in 2023 (2022: 8.9 percent), supported by a strong mining sector, which grew by 15.4 percent, contributing around 70 percent to overall growth in 2023. DRC copper and cobalt production increased by 18.7 and 21.2 percent, respectively, in 2023 (2022: 33.2 and 24.0 percent, respectively), reflecting ongoing expansions of production at relevant mines. Non-mining GDP grew by 3.6 percent in 2023, led by the construction and services sectors. Agriculture production slowed to 2.2 percent in 2023 (from 2.4 percent in 2022). On the demand

FIGURE 1 Democratic Republic of Congo / Real GDP growth and contributions to real GDP growth



Sources: Democratic Republic of Congo statistical authorities and World Bank.

FIGURE 2 Democratic Republic of Congo / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

side, growth was led by private investment and exports, while inflationary pressures caused private consumption to contract, potentially impacting poverty reduction. Extreme poverty is estimated at 74.6 percent in 2023, a 1.4 percentage points decrease compared to 2022.

The current account deficit (CAD) further deteriorated to 6.3 percent of GDP in 2023, from 4.9 percent in 2022, owing to higher imports. Nevertheless, FDI and external financing contributed to build up foreign reserves, reaching 8.9 weeks of imports in 2023 (2022: 7.7 weeks). However, the exchange rate depreciated by 21.6 percent in 2023 and inflation accelerated to 19.9 percent on average in 2023 (up from 9.2 percent in 2022) despite the central bank's intervention in FX market and its contractionary monetary policy during the second half of the year (raising the policy rate from 11 to 25 percent).

The security and elections spendings caused the fiscal deficit to widen to 1.7 percent of GDP in 2023 (from 0.3 percent in 2022), amid softening domestic revenues, due to lower cobalt prices and declining windfall taxes. The fiscal deficit was partly funded by treasury bills/bonds and external concessional borrowing.

Outlook

GDP growth is expected to moderate to 6.0 percent in 2024 and to stabilize around 5.8 percent over 2025-26. The mining sector will continue to drive growth. Moreover, non-mining sectors (mainly services and manufacturing) will gradually support growth in the medium term with a growth rate of 5.5 percent by 2026. On the demand side, government consumption and investment and, to a lesser extent, private consumption shall support growth in the medium term.

The fiscal deficit is projected at 2.0 percent of GDP in 2024, driven by security-related spending, before narrowing to 0.2 percent in 2026. Gross fixed capital investment is expected to drop in 2024 as lower domestic revenue and higher expenditures -attributed to outgoing and incoming administrations- leave a narrow scope for relevant budget allocation. Despite rising imports of capital goods, the current account deficit will narrow to 3.5 percent of GDP in 2024-26 thanks to improved terms of trade associated with favorable commodity prices. Furthermore, FDI inflows will contribute to building up reserves and maintaining exchange rate stability while the inflation rate (end-of-period) is expected to decline towards its 7 percent medium-term target.

Extreme poverty is projected to further decrease reaching 72.4 percent by 2025 given favorable economic prospects, despite the lasting negative effects of the pandemic, high population growth, and war in Ukraine.

DRC's economy remains subject to downside risks given its vulnerability to commodity price swings and growth performance of major trading partners which might be disturbed by geopolitical conflicts. The continued economic consequences of the war in Ukraine, through rising global commodity prices, could exert stronger pressure on the fiscal deficit, inflation, and households' consumption, thus, exacerbating poverty and inequality.

In addition, with the agriculture sector employing over 60 percent of the working force, the vulnerability to climate change-related risks (floods, droughts) is substantial. Finally, an escalating war in the East and continued political volatility could undermine the ability to advance with ambitious structural reforms efforts. To mitigate these risks, DRC's immediate challenge is to strengthen security and maintain political and macroeconomic stability.

TABLE 2 Democratic Republic of Congo / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	6.2	8.9	7.8	6.0	5.9	5.7
Private consumption	1.6	10.1	-1.6	8.6	5.5	6.5
Government consumption	11.8	25.1	-9.2	4.0	8.9	4.6
Gross fixed capital investment	7.7	5.7	17.8	0.3	4.6	4.0
Exports, goods and services	11.7	25.0	24.9	8.9	3.7	2.5
Imports, goods and services	5.4	18.0	13.1	5.3	3.4	3.0
Real GDP growth, at constant factor prices	6.2	8.9	7.8	6.0	5.9	5.6
Agriculture	2.4	2.4	2.2	2.5	2.5	2.5
Industry	7.8	16.1	13.0	7.2	6.4	5.3
Services	5.8	2.7	2.9	5.6	6.4	7.3
Inflation (consumer price index)	9.0	9.3	19.9	17.2	14.5	10.5
Current account balance (% of GDP)	-0.4	-4.9	-6.3	-4.3	-3.3	-2.9
Fiscal balance (% of GDP)	-1.7	-0.3	-1.7	-2.0	-0.7	-0.2
Revenues (% of GDP)	12.1	16.9	14.2	13.4	13.9	14.6
Debt (% of GDP)	24.0	24.0	23.7	22.8	21.5	19.8
Primary balance (% of GDP)	-1.4	0.0	-1.4	-1.7	-0.4	0.1
International poverty rate ($2.15 in 2017 PPP)[a,b]	77.9	76.0	74.6	73.4	72.4	71.5
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	91.6	90.6	89.8	89.5	89.1	88.8
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	97.6	97.2	97.1	96.9	96.8	96.7
GHG emissions growth (mtCO2e)	0.3	0.1	0.1	0.1	0.2	0.2
Energy related GHG emissions (% of total)	1.4	1.4	1.4	1.4	1.4	1.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2020-EGI-ODD. Actual data: 2020. Nowcast: 2021-2023. Forecasts are from 2024 to 2026.
b/ Projection using neutral distribution (2020) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

REPUBLIC OF CONGO

Table 1	2023
Population, million	6.1
GDP, current US$ billion	15.3
GDP per capita, current US$	2506.0
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.

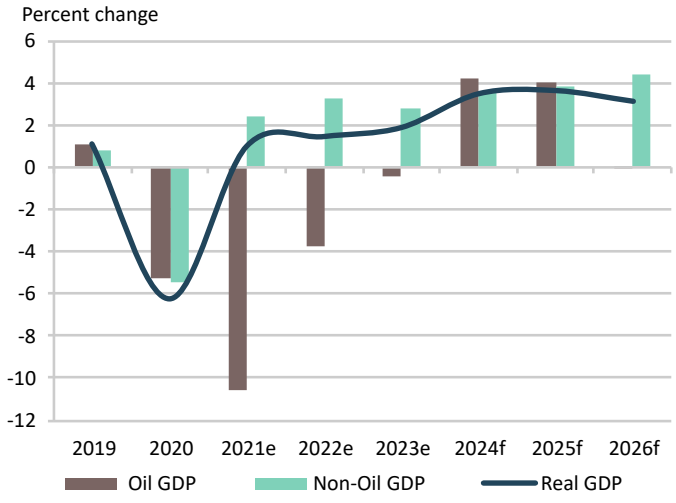
The country's high levels of non-concessional borrowing in a context of reliance on volatile oil revenue and weak governance, led its debt to be classified as "in distress" and unsustainable in 2017, with its debt-to-GDP ratio increasing from 42.3 percent in 2014 to 103.5 percent in 2020. Higher oil 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

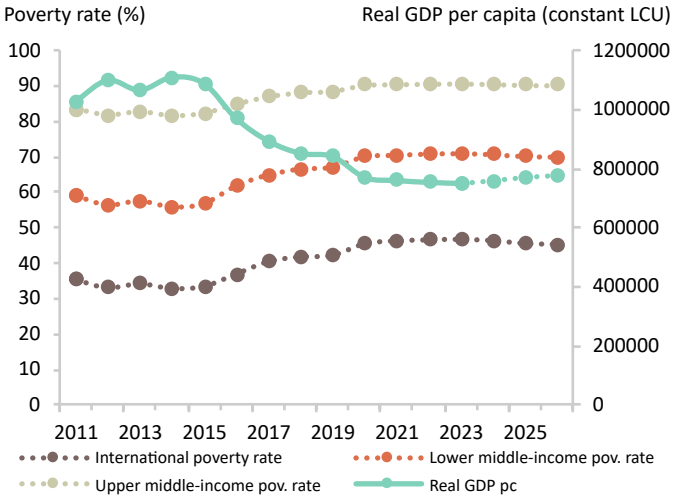
Driven by the non-oil sector, economic activity in Congo is estimated to have increased by 1.9 percent in 2023, compared to an estimated 1.5 percent in 2022. Non-oil growth, estimated at 2.8 percent in 2023, was broad-based, spurred by agriculture, manufacturing (including beverages, sugar, and cement), 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.

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. Notes: see Table 2.

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-August2023 (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.

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)

	2021e	2022e	2023e	2024f	2025f	2026f
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	4.2	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.
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.

CÔTE D'IVOIRE

Table 1	2023
Population, million	28.9
GDP, current US$ billion	81.3
GDP per capita, current US$	2815.2
International poverty rate ($2.15)[a]	9.7
Lower middle-income poverty rate ($3.65)[a]	38.4
Upper middle-income poverty rate ($6.85)[a]	76.4
Gini index[a]	35.3
School enrollment, primary (% gross)[b]	94.6
Life expectancy at birth, years[b]	58.6
Total GHG emissions (mtCO2e)	55.0

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

Amid global and regional turbulence and tight financial conditions, economic growth has moderated slightly to 6.4 percent in 2023, while inflation remains elevated at 4.4 percent, driving a small increase in extreme poverty. Macroeconomic imbalances have eased owing to fiscal consolidation and improved terms of trade. Revenue-based fiscal consolidation continues as terms of trade improve, strengthening debt sustainability. Medium-term structural and climate transition reforms should help sustain growth around potential.

Key conditions and challenges

The Ivorian economy demonstrated remarkable resilience against overlapping global and regional crises, posting 7-percent average growth (5.5 percent in per capita) over 2021-2022, albeit short of pre-pandemic performance. Nonetheless, increasing uncertainty has underscored the need for structural reforms and increasing fiscal space to move towards the objective of doubling GDP per capita between 2020 and 2030. Creating better-paid jobs and promoting more inclusive growth would require improving human capital, leveraging private investment, and reducing allocative inefficiencies.

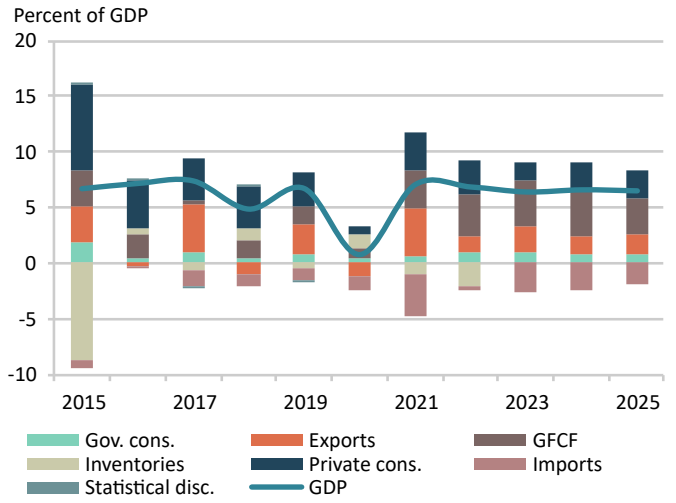
Short-term headwinds are high. Russia's invasion of Ukraine has fueled commodity price volatility and macro-fiscal imbalances. Heightened market uncertainties, tight monetary policy, and depreciated exchange rates have increased external and domestic debt costs, requiring active debt management and continued focus on domestic revenue mobilization. Global and regional insecurity may aggravate economic and fiscal pressures, with the recently announced withdrawal of three Sahel countries from ECOWAS potentially affecting trade, market confidence, investment flows, and borrowing costs. Increasing impact from climate change could cloud the outlook. Upside risks rest on the rollout of the national development plan, which requires adequate financing through greater public and private investment.

Recent developments

Growth momentum slowed as geopolitical tensions persisted, and financial conditions tightened. Real GDP growth is estimated at 6.4 percent in 2023 (3.8 percent per capita) down from 6.9 percent in 2022, driven by strong public and private investment, fueled by the African Cup of Nations preparation. Conversely, private consumption softened, reflecting higher domestic fuel and electricity tariffs (about +10 percent in January 2024) as the government has rolled back crisis-related subsidies. Industry, including construction, and services, supported supply-side growth, albeit at a slower pace, contributing 1.1 and 4.1 percentage points to 2023 growth, respectively. Export-oriented agriculture underperformed due to poor weather, with output falling for cocoa (-10.4 percent), coffee and cottonseed (around - 60 percent).

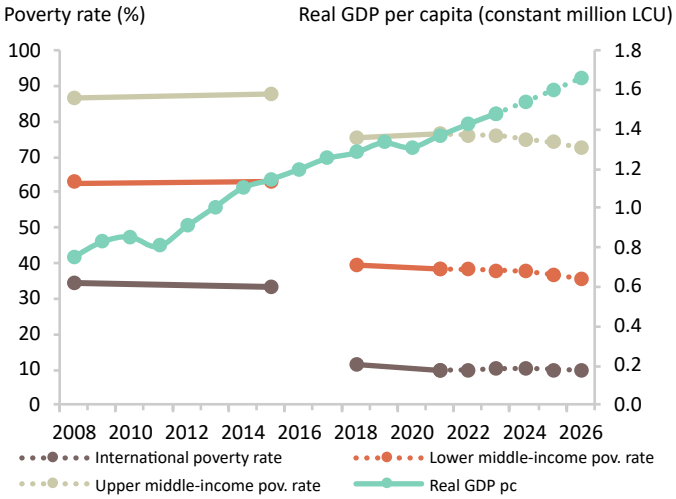
Inflation averaged 4.4 percent in 2023, down from 5.2 percent in 2022, as increasing energy and transport inflation partially offset slower food inflation. Core inflation was 3.2 percent, still above the central bank's 2 percent target and 1-3 percent band, reflecting persistent effects of global supply chain disruptions and exchange rate depreciation. To counter inflation across WAEMU countries, the Central Bank of West African States (BCEAO) raised policy interest rates by a cumulative 150 basis points since mid-2022 to 3.5 percent for liquidity calls and 5.5 percent for the marginal lending facility. However, inflation in the region (3.7 percent in 2023) was still above the 1-3 percent target range

FIGURE 1 Côte d'Ivoire / Real GDP growth and contributions to real GDP growth



Source: World Bank.

FIGURE 2 Côte d'Ivoire / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

and foreign exchange reserves have been on a downward trend, estimated at 3.5 months of imports at end-2023, down from 4.3 months at end-2022.

Extreme poverty (less than $2.15 a day per capita at PPP 2017) is likely to reach 10.1 percent in 2023, a 0.4 percentage points increase from 2021. Expanding industry and services, which employ 13.3 and 40.9 percent of the workforce, respectively, would put downward pressure on poverty rates. However, agriculture (employing 45.8 percent of the workforce, 76.6 percent of rural workers, and 70.2 percent of the poor) is likely to slow in 2023 and along with higher food prices, would offset the impacts of growth in industry and services.

Frontloaded tax measures and phase-out of crisis-related energy and food subsidies lowered the fiscal deficit to an estimated 5.2 percent of GDP in 2023 from 6.5 percent in 2022. Revenues increased by 1.3 ppt of GDP y/y in the first eleven months of 2023 compared to 2022, primarily on higher tax revenues. Expenditure was contained as faster capital expenditures and interest payments were balanced by cuts in recurring expenditures. Two-thirds of the fiscal deficit was covered by short-term issuances on the regional market and one-third by external loans and budget support, keeping public debt at around 60 percent of GDP. Substantial gains in terms of trade almost closed the large trade deficit in 2023 which, combined with a lower fiscal deficit, narrowed the CAD to a forecast 5.8 percent of GDP from 7.5 percent in 2022.

Outlook

Prudent macroeconomic policies, structural and climate-related reforms should sustain robust growth in the short and the medium term, albeit below pre-pandemic levels, amid persistent adverse global and regional geopolitical trends. Growth should rebound to 6.6 percent in 2024 (4.0 percent per capita), boosted by the hosting in Q1 of the African Cup of Nations and the start-up of the first operating phases of new oil and gas fields, and average 6.5 percent in 2025-26. Sustained investment in network infrastructure, particularly in the digital and transport sectors, and higher oil extraction should boost business confidence and increase productivity. Value chain development could increase agricultural productivity and bolster manufacturing, sustaining growth potential. Inflation should fall within the WAEMU's 1-3 percent target band by 2025.

Continued progress on domestic revenue mobilization would sustain the realignment to the 3 percent regional fiscal deficit target by 2025, stabilizing debt at around 58 percent of GDP, and creating headroom for sustained priority social and infrastructure spending above pre-pandemic levels. The recent $2.6b Eurobond issuance should help tame short-term liquidity vulnerabilities and shore up external reserves. Improving terms of trade and private sector-led export diversification should boost the trade balance and, alongside the improved fiscal stance, narrow the CAD. Downside risks include heightened global and regional tensions, notably an escalation of the Middle East crisis and uncertainties over the withdrawal of the Sahel economies from ECOWAS, which could dampen market sentiment, stunt inflation reduction, tighten financing conditions, exacerbate debt vulnerabilities, and squeeze the already low foreign exchange reserves. Extreme poverty should stabilize at 10.2 percent in 2024, reflecting strong growth, but held back by persistent post-pandemic inflation. Poverty reduction will resume in 2025, sustained by growth and abated inflation.

TABLE 2 Côte d'Ivoire / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	7.1	6.9	6.4	6.6	6.5	6.5
Private consumption	5.3	5.1	2.6	3.8	4.3	4.3
Government consumption	6.2	10.6	9.0	7.4	7.1	7.1
Gross fixed capital investment	14.9	14.6	14.9	14.6	10.5	9.9
Exports, goods and services	16.9	4.9	8.9	6.0	6.5	7.0
Imports, goods and services	15.9	1.3	10.5	9.5	7.0	6.7
Real GDP growth, at constant factor prices	6.1	7.3	6.2	6.6	6.5	6.5
Agriculture	7.3	4.7	4.0	4.3	4.4	4.8
Industry	4.9	8.1	5.8	6.2	6.5	6.6
Services	6.2	7.9	7.2	7.5	7.2	7.0
Inflation (consumer price index)	4.2	5.2	4.4	3.6	3.0	2.0
Current account balance (% of GDP)	-4.5	-7.5	-5.8	-4.0	-3.4	-3.3
Net foreign direct investment inflow (% of GDP)	1.5	1.3	1.6	2.2	1.9	1.7
Fiscal balance (% of GDP)	-4.8	-6.6	-5.2	-4.0	-3.0	-3.0
Revenues (% of GDP)	15.7	14.9	16.2	16.8	17.2	17.5
Debt (% of GDP)	51.4	56.5	58.0	58.2	58.0	56.9
Primary balance (% of GDP)	-2.9	-4.4	-2.8	-1.7	-0.6	-0.7
International poverty rate ($2.15 in 2017 PPP)[a,b]	9.7	9.8	10.1	10.2	10.0	9.6
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	38.4	38.3	38.1	37.6	36.7	35.4
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	76.4	76.1	76.0	75.1	74.1	72.8
GHG emissions growth (mtCO2e)	2.7	1.5	0.6	0.6	0.8	1.7
Energy related GHG emissions (% of total)	25.0	25.3	25.0	24.5	24.2	24.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2023. 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$	7051.5
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 more than 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.

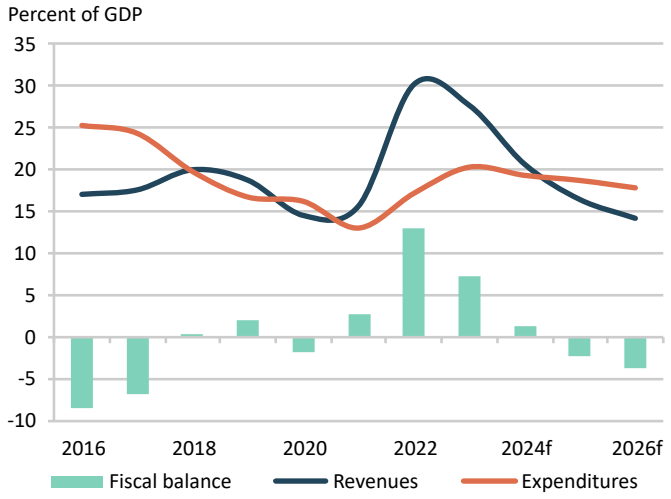
Actions are also needed to better protect and include the poor. Despite Equatorial Guinea's upper middle-income status, living standards remain low. Life expectancy at birth is estimated at 60.7 years, compared to 75 years for countries in the same income group. Around 40 percent of households experience 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 -5.8 percent in 2023 (from 3.8 percent in 2022), driven by the decline in the hydrocarbon sector (-19.3 percent growth in 2023H1 compared to 2022H2). 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.

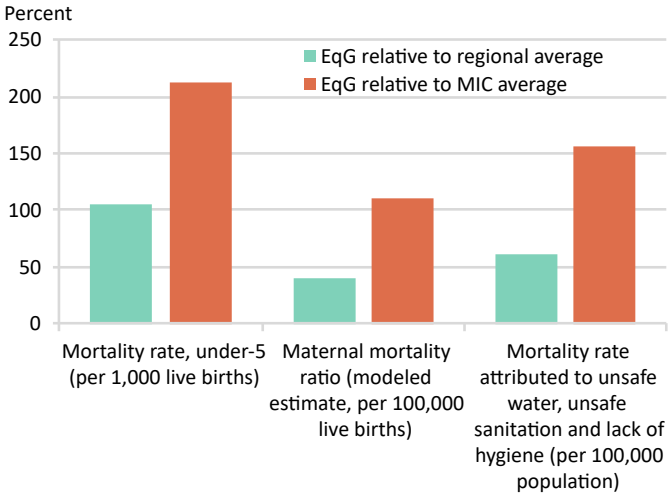
Lower oil production and prices led to a 74 percent decline in oil revenues in 2023Q3 (y-o-y). The overall fiscal surplus is estimated to have dropped to 7.3 percent of GDP in 2023 from 13.0 percent in 2022, while the non-oil fiscal balance in 2023 to 26.4 percent of GDP, compared to 21.3 percent in 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

FIGURE 1 Equatorial Guinea / Public finances



Sources: National authorities and World Bank.

FIGURE 2 Equatorial Guinea / Non-income poverty indicators



Source: World Bank.

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.

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	2023e	2024f	2025f	2026f
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 (consumer 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.

ERITREA

Table 1	2023
Population, million	3.7
GDP, current US$ billion	2.7
GDP per capita, current US$	712.3
School enrollment, primary (% gross)[a]	72.0
Life expectancy at birth, years[a]	66.5
Total GHG emissions (mtCO2e)	7.0

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

Economic growth is projected at 2.8 percent in 2024, supported by the Colluli potash project construction. Lower global food prices are expected to help reduce inflation to 5.1 percent in 2024. Downside risks to the outlook include production delays at the Colluli mine, global commodity price volatility, geopolitical and regional tensions, and climate vulnerabilities. Poverty is assessed to be widespread, although national accounts and poverty statistics have not been produced for more than a decade.

Key conditions and challenges

Eritrea emerged from a decade of international isolation with the lifting of UN sanctions in November 2018. During that period, the government relied on domestic sources of growth. As a result, the economy is dominated by large state-owned enterprises that crowded out the private sector. Zinc, copper, and gold account for over 90 percent of exports, so metal price fluctuations are a key source of vulnerability. Monetary policy under a fixed exchange rate regime (pegged to the US dollar) seems ineffective and has been undertaken through administrative measures. Its effectiveness is further weakened by fiscal dominance and an underdeveloped financial sector. The absence of a competition law framework discourages foreign capital inflows. Competition is severely constrained by state-owned enterprises dominance and government restrictions. Severe import restrictions limit the demand for foreign currency in the context of low foreign exchange reserves. The country is vulnerable to climate change, with frequent weather shocks posing a heavy burden on the economy and rural livelihoods.

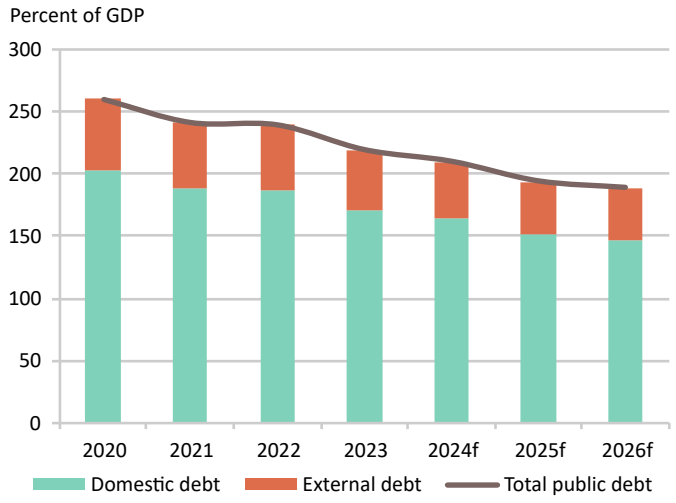
The COVID-19 crisis hit Eritrea when it paused its engagement with international development partners and faced challenges in accessing external funding. Informal cross-border trade seemed less affected as the conflict in northern Ethiopia ended, giving cross-border trade a boost.

The emergency conditions that prevailed in Eritrea over the past decade have led to severe data production capacity constraints. National accounts data are limited to unofficial GDP estimates produced by the Ministry of Finance that the government does not endorse. Inflation estimates cover only the capital city, Asmara, and the full balance of payment accounts is not produced. The last population census in Eritrea took place more than 25 years ago, and the last official poverty rate for the country dates from 1996/97, when it was calculated that 70 percent of urban households lived in poverty. Limited growth and the multiple economic shocks since then, affecting both urban and rural households, suggest that this figure may now be higher.

Recent developments

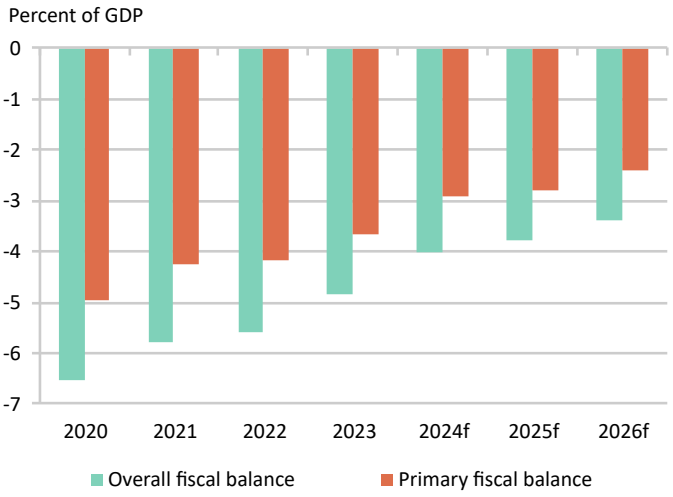
Real GDP growth is estimated to have remained relatively stable at 2.6 percent in 2023, underpinned mainly by the construction of the Colluli potash project. Meanwhile, inflation moderated to just over 6 percent, largely due to easing global food and energy prices, providing some respite for households. Although global zinc prices fell by 24 percent in 2023, relatively high gold and copper prices contributed to higher export revenues. Together with lower fuel and food imports, this helped maintain the current account surplus above 14 percent of GDP. Notwithstanding such large surpluses, international reserves are estimated at

FIGURE 1 **Eritrea** / Evolution of total public debt



Sources: Ministry of Finance, Planning, and Economic Development, and World Bank estimates.

FIGURE 2 **Eritrea** / Primary and overall fiscal balances



Sources: Ministry of Finance, Planning, and Economic Development, and World Bank estimates.

around three months of imports. Strong mining export revenues have also supported government revenues. Public debt was estimated at around 219 percent of GDP at end-2023, of which nearly 80 percent is owed to domestic banks. The country is in debt distress, and as of January 2023, Eritrea was at a pre-decision point in the Highly Indebted Poor Countries (HIPC) list.

Eritrea has begun to re-engage with development partners and revitalize some bilateral relations. In 2023, the African Development Bank Board approved US$49.9 million to build a 30-megawatt solar photovoltaic power plant in Dekemhare, and the project is scheduled to be completed in 2027. The Chinese company Sichuan Road and Bridge Group has acquired a 50 percent stake in the Colluli project, and the mine is scheduled to start operating in 2026. In addition, Eritrea has rejoined the East African trade bloc, the Intergovernmental Authority on Development, nearly 17 years after withdrawing from the body.

Outlook

GDP growth is projected to increase to 2.8 percent in 2024, as domestic demand is boosted in the short term by progress in the construction of the Colluli mine. Growth is projected to reach 3.3 percent in 2026 once the mine begins production. In line with easing global food prices, inflation is expected to decrease further to about 5 percent in 2024. The current account surplus is expected to widen to over 14 percent of GDP in 2024, helped by robust mining sector performance amid tight import controls. Gradual fiscal consolidation and sustained strong mining sector receipts should support a narrowing of the fiscal deficit to 4 percent of GDP in 2024, with fiscal consolidation continuing over the medium term. The economic recovery should support a reduction in the public debt-to-GDP ratio, from 211 percent of GDP in 2024 to 189 percent of GDP in 2026. The poverty rate is not expected to decline significantly in the coming years. Significant improvements in the agricultural sector and increased productive employment in urban areas are critical to addressing the pervasive deprivation in the country.

Significant downside risks include weaker-than-expected global or Chinese demand for Eritrean commodity exports and related volatility in metals and minerals prices, production delays at the Colluli mine, spillovers from the conflict in Sudan, and heightened tensions in the Middle East. Moreover, severe climate vulnerabilities could worsen in the coming years, posing a high risk to food security in Eritrea.

Against this backdrop, Eritrea's re-engagement with the international community could help to significantly reduce external arrears and provide much-needed financing to build essential infrastructure over the medium term, help abate the risks associated with climate change, and jump-start the private and financial sectors. Development of the private and financial sectors could enhance job creation and promote inclusive growth.

TABLE 2 Eritrea / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	2.9	2.5	2.6	2.8	3.0	3.3
Private consumption	3.0	3.6	4.0	4.3	4.1	4.1
Government consumption	14.0	5.7	3.7	4.1	4.1	4.1
Gross fixed capital investment	39.1	13.1	22.7	3.6	12.5	14.9
Exports, goods and services	31.0	9.2	5.1	3.7	4.1	4.1
Imports, goods and services	21.6	11.0	5.3	4.1	4.3	4.3
Real GDP growth, at constant factor prices	2.9	2.5	2.6	2.8	3.0	3.3
Agriculture	4.5	1.6	3.5	3.6	3.2	3.2
Industry	1.4	3.2	2.9	3.3	3.3	3.1
Services	5.3	1.3	1.5	1.2	2.2	3.8
Inflation (consumer price index)	6.6	7.4	6.4	5.1	5.2	5.2
Current account balance (% of GDP)	14.0	13.0	14.1	14.2	14.2	15.8
Net foreign direct investment inflow (% of GDP)	1.4	1.3	1.2	1.2	1.0	1.0
Fiscal balance (% of GDP)	-5.8	-5.6	-4.8	-4.0	-3.8	-3.4
Revenues (% of GDP)	26.7	27.0	27.6	27.9	27.7	26.9
Debt (% of GDP)	241.7	239.8	219.4	210.6	193.9	188.5
Primary balance (% of GDP)	-4.2	-4.2	-3.7	-2.9	-2.8	-2.4
GHG emissions growth (mtCO2e)	1.6	1.6	1.4	1.6	1.5	1.5
Energy related GHG emissions (% of total)	11.7	11.7	11.5	11.7	11.9	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.

ESWATINI

Table 1	2023
Population, million	1.2
GDP, current US$ billion	4.6
GDP per capita, current US$	3822.9
International poverty rate ($2.15)[a]	36.1
Lower middle-income poverty rate ($3.65)[a]	58.0
Upper middle-income poverty rate ($6.85)[a]	78.1
Gini index[a]	54.6
School enrollment, primary (% gross)[b]	120.9
Life expectancy at birth, years[b]	57.1
Total GHG emissions (mtCO2e)	3.1

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2016), 2017 PPPs.
b/ Most recent WDI value (2021).

Real GDP is projected to grow by 4.1 percent in 2024, driven by continued increase in public spending financed by higher Southern African Customs Union (SACU) revenues. Despite easing global inflationary pressures, annual average inflation increased in 2023 but is projected to slightly decline to 4.9 percent in 2024. The budget deficit is projected to continue declining in 2024, though fiscal policy remains highly procyclical. The poverty rate is projected to decrease slightly to 52 percent in 2024 using the poverty line for lower and middle-income countries.

Key conditions and challenges

Over the past 20 years, Eswatini's GDP per capita growth only averaged 1.8 percent. The proportion of the population living below the US$3.65/day (2017 PPP) poverty line fell from 76.4 percent to 58.1 percent between 2000 and 2016, but at 52 percent in 2024 poverty remains high. The country's low growth rate can partly be explained by deteriorating public finances, characterized by rising public debt, the accumulation of domestic expenditure arrears, and public spending inefficiencies. Concurrently, structural weaknesses have hindered the development of the private sector. These include a weak investment climate due to cumbersome regulations, distortions caused by inefficient state-owned enterprises, and a limited access to regional and international markets. Adopting a comprehensive strategy that accumulates more physical and human capital, while ensuring more efficient and inclusive use of these resources, will be critical for Eswatini to meet its development goals. The government is working on a new growth strategy.

Volatile SACU revenues have shaped the macro-fiscal dynamics. The increase in rigid spending lines, such as wages and interest payments in the face of volatile SACU revenue, contributed to rising fiscal deficits, public debt, and arrears. To make fiscal policy more predictable and countercyclical, there is an urgent need to consolidate expenditure including implementing the state owned enterprises (SOEs) reforms and, improve domestic revenue mobilization.

Poverty and inequality remain high. Over 50 percent of the population live below the US$3.65/day (2017 PPP) lower middle-income country poverty line. High and persistent inequality (54.6 percent in 2016) is also a risk to social stability.

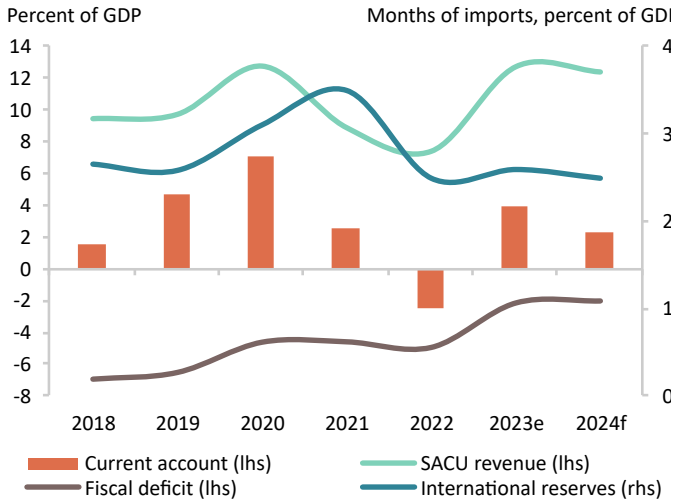
Recent developments

Real GDP rebounded to an estimated 4.8 percent in 2023 (from 0.5 percent in 2022), driven by an increase in services and exports. The doubling of SACU receipts allowed the government to reduce the overall fiscal deficit, while increasing spending that boosted government-linked services. Meanwhile, agriculture contracted by 2.5 percent, mainly due to weather-related challenges that affected production.

Annual average inflation increased from 4.8 percent in 2022 to 5.0 percent in 2023 despite easing global inflationary pressures. The increase was partly the result of higher prices for transport and food. These pressures continued in early 2024, with inflation increasing from 4.3 percent in December 2023 to 4.5 percent in January 2024 (yoy). However, inflation remained within the 3-6 percent band, with the central bank maintaining the repo rate at 7.5 percent since July 2023.

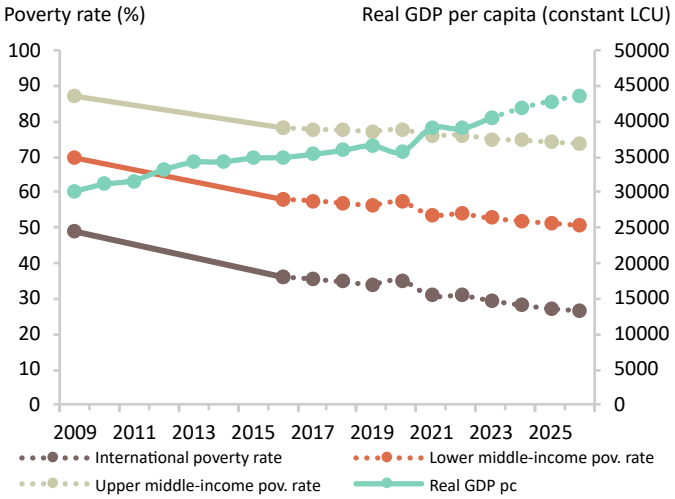
The fiscal deficit declined from 5 percent of GDP in 2022 to 2.1 percent in 2023, but expenditure arrears increased again. Revenue was boosted by the more than doubling of SACU receipts in 2023.

FIGURE 1 **Eswatini** / SACU revenues and macroeconomic variables



Sources: Eswatini Ministry of Finance and World Bank projections.

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



Source: World Bank. Notes: see Table 2.

Expenditure also increased as a result of a higher public sector wage bill, interest payments, and election-related expenditures. While the level of public debt declined between 2022 and 2023, arrears increased again, due weak commitment controls, reaching an estimated 2.0 percent of GDP in February 2024. The government established a SACU Revenue Stabilisation Fund in 2023, but it has not been fully capitalized, as expenditure pressures continued in 2023.

The current account returned to a surplus in 2023, reflecting higher SACU revenue and an increasing trade surplus, fueled by higher exports of key commodities as such soft drink concentrates, sugar and sugar products. The level of international reserves remained constant at 2.6 months of imports in 2023.

While the increase in economic activity has contributed to higher income, higher transport and food prices disproportionately affect the poor, who spend a larger share of their resources on these items. High inflation has limited the progress in poverty reduction, with estimated poverty rates only showing a slight decline from 54 percent in 2022 to 52.8 percent in 2023, using the lower-middle-income country poverty line.

Outlook

The medium-term economic outlook looks moderately favorable, with GDP growth stabilizing at about 3 percent over 2024-26. Growth is expected to be driven by higher investments, including from the government (due to higher SACU revenue), and sustained improvements in industry and services. By contrast, the agricultural sector could be negatively affected by climate change, which could hurt the poor most. Risks are tilted to the downside given uncertainty in a major trading partner (South Africa), especially on energy supply, and international geopolitical tensions. Domestically, the country remains exposed to social and political uncertainty. Inflation is projected to slow slightly to 4.9 percent in 2024, following global trends, but elevated crude oil prices, a weaker exchange rate, and higher food prices could mar this outlook.

On the fiscal side, SACU revenues are projected to increase again in 2024, by 11.5 percent relative to FY2023/24. This increase should contribute to a reduction in the fiscal deficit and the payment of accumulated expenditure arrears. However, the magnitude of the adjustment will also depend on public expenditures, especially the public sector wage bill and SOEs reforms. The government should capitalize on the positive revenue shock by fully operationalize the SACU Revenue Stabilisation Fund while continuing with fiscal consolidation- both expenditure reducing and domestic revenue mobilization measures. Debt is projected to stabilize in the medium term, as the fiscal deficit declines. The current account is expected to remain in surplus in 2024, on the back of higher SACU receipts and increased export demand of key products.

Poverty, based on the lower-middle-income country poverty line, is projected to decline from 52 percent in 2024 to 51.3 percent in 2025. While the projected economic recovery should have a positive impact on households, such improvement will be constrained by the lower agricultural production and structural challenges facing the poor including low job creation and low access to services.

TABLE 2 **Eswatini** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	10.7	0.5	4.8	4.1	3.3	2.7
Private consumption	5.7	-5.3	4.1	3.2	2.6	2.6
Government consumption	-10.6	-0.3	9.7	2.2	0.8	0.8
Gross fixed capital investment	11.4	-10.8	1.0	9.6	7.0	3.5
Exports, goods and services	8.8	-0.4	8.0	2.6	2.4	2.4
Imports, goods and services	14.0	3.4	7.0	2.7	2.0	2.0
Real GDP growth, at constant factor prices	10.7	0.2	4.8	4.1	3.3	2.7
Agriculture	4.6	5.1	-2.5	-1.2	1.9	2.5
Industry	17.9	-0.3	1.5	4.0	3.0	2.0
Services	7.1	-0.1	8.2	4.9	3.7	3.2
Inflation (consumer price index)	3.7	4.8	5.0	4.9	5.2	5.3
Current account balance (% of GDP)	2.6	-2.4	4.0	2.3	0.6	-1.5
Net foreign direct investment inflow (% of GDP)	1.2	0.7	0.8	0.8	0.7	0.7
Fiscal balance (% of GDP)	-4.6	-5.0	-2.1	-2.0	-2.7	-1.3
Revenues (% of GDP)	25.1	23.9	29.4	27.7	26.3	24.5
Debt (% of GDP)	37.9	41.8	38.9	35.4	33.5	31.2
Primary balance (% of GDP)	-2.7	-2.7	-0.2	-0.3	-1.2	0.1
International poverty rate ($2.15 in 2017 PPP)[a,b]	30.9	31.0	29.6	28.5	27.5	26.9
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	53.7	54.0	52.8	52.1	51.4	50.7
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	76.1	76.2	75.1	74.7	74.2	73.7
GHG emissions growth (mtCO2e)	5.8	0.4	0.7	2.8	4.0	4.1
Energy related GHG emissions (% of total)	48.2	47.9	47.5	48.0	49.1	50.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2016-HIES. Actual data: 2016. Nowcast: 2017-2023. Forecasts are from 2024 to 2026.
b/ Projection using neutral distribution (2016) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

ETHIOPIA

Table 1	2023
Population, million	126.5
GDP, current US$ billion	171.3
GDP per capita, current US$	1353.5
International poverty rate ($2.15)[a]	27.0
Lower middle-income poverty rate ($3.65)[a]	65.0
Upper middle-income poverty rate ($6.85)[a]	90.9
Gini index[a]	35.0
School enrollment, primary (% gross)[b]	85.5
Life expectancy at birth, years[b]	65.0
Total GHG emissions (mtCO2e)	216.4

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2015), 2017 PPPs.
b/ WDI for School enrollment (2022); Life expectancy (2021).

Growth surged from 6.4 percent in FY22 to 7.2 percent in FY23, supported by good harvests and steady service sector growth. However, growth remains lower than before COVID-19, and compounded shocks since 2019 made it more difficult to translate economic growth into poverty reduction. Reflecting slow reform implementation, growth is expected to drop to 7 percent in FY24 and over the medium term. Urgent reforms implementation is critical to restore macroeconomic stability and create enabling environment for structural transformation.

Key conditions and challenges

Ethiopia's state-led and public-investment-intensive development model supported growth rates of nearly 10 percent between 2004 and 2018, among the world's highest, and drove significant gains in poverty reduction. Despite these achievements, the country's development model yielded negligible improvements in structural transformation and productivity growth while contributing to macroeconomic imbalances: debt vulnerabilities, fiscal constraints, depleted liquidity buffers, and foreign-exchange shortages. The 2019 Home-Grown Economic Reform Agenda sought to prioritize reforms that would address macroeconomic distortions, unlock greater private sector participation and market orientation. However, implementation was slowed amid multiple shocks—including the COVID-19 pandemic, major conflict in the north, and soaring global food and energy prices—that exacerbated macroeconomic vulnerabilities. This has slowed growth to about 6 percent since FY20.

In recent months, the government has announced a revival of the 2019 HGER to target macro-financial measures to stabilize the macroeconomy and reduce macroeconomic vulnerabilities; introduce structural reforms to alleviate business constraints to create an enabling environment for private sector investment; and implement sectoral policies to address sector-specific institutional and market failures and enhance productivity.

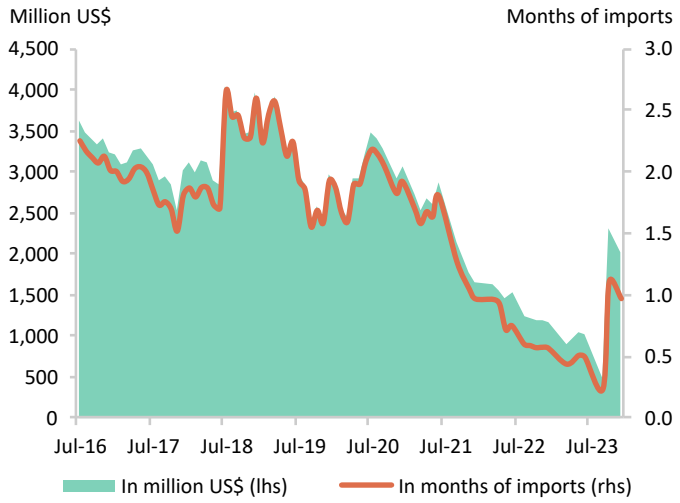
The combination of climatic shocks, disease outbreaks, armed conflict, and economic shocks have made difficult to continue reducing poverty at the pace observed before 2019. Poverty rates are estimated to have stagnated at around the level observed in 2016. Food insecurity has also worsened, due to global food and energy price shocks and the disruptions to grain supply due to the war in Ukraine.

Recent developments

Growth picked up to 7.2 percent in FY23 (ending June 2023) from 6.4 percent in FY22 as good harvests supported agricultural sector growth despite protracted drought in pastoral areas. Service sector dynamism also contributed to growth, while the manufacturing and construction sectors were negatively affected by worsening foreign exchange shortages, restrictions on non-essential imports, and the suspension of preferential US market access.

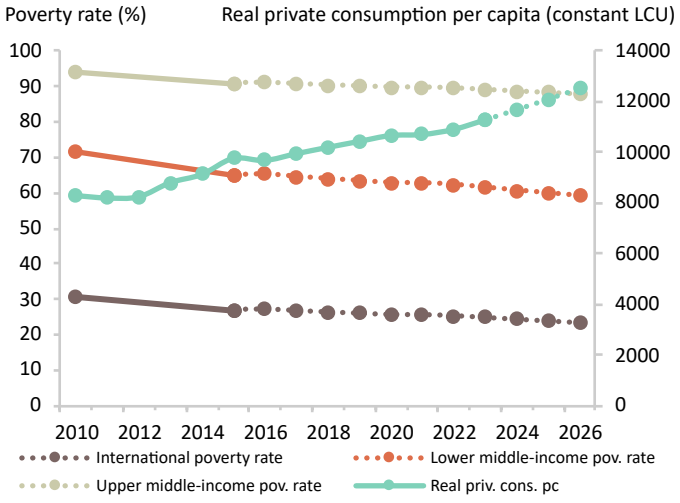
The current account deficit narrowed to 2.8 percent of GDP in FY23 from 4 percent of GDP in FY22, due to strong service exports and lower imports related to foreign exchange shortages. It was largely financed through foreign direct investment and the drawdown of foreign exchange reserves. A two-year debt suspension agreement with the G20 Official Creditors' Committee in November 2023 helped ease external financing pressures, but its continuity is

FIGURE 1 **Ethiopia** / Gross foreign exchange reserves



Source: National Bank of Ethiopia.

FIGURE 2 **Ethiopia** / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: see Table 2.

contingent on reaching agreement with the International Monetary Fund on an economic reform program.

Fiscal space narrowed further amid declining revenues and donor flows. Ethiopia's tax revenues (with a tax-to-GDP ratio of 6.8 percent in FY23) are insufficient to fund essential spending and growth-enhancing investments and anchor fiscal sustainability. To contain fiscal deficits, public spending has been steadily cut, falling to 10.8 percent of GDP in FY23 (less than half the levels in the early 2000s). With limited financing options, the deficit narrowed from 4.2 percent of GDP in FY22 to 2.5 percent of GDP in FY23, and was financed mainly through domestic borrowing, including from the central bank. The public debt-to-GDP ratio continued to decrease in FY23 as external disbursements remained constrained.

Inflation remains high, reaching 28.7 percent in December 2023, with large contributions from non-food inflation due to the phasing out of fuel subsidies, monetary financing of the deficit, and widening premiums in parallel currency markets (that reached over 100 percent in recent months). Overlapping crises –persistent droughts and a surge in global food, fuel, and fertilizer prices– have also contributed to inflation.

Against this backdrop, poverty is expected to have remained stagnant, which combined with high population growth has led to a ceaseless increase in the already large number of poor people in the country—by 2023, 31.5 million people lived below the $2.15/day poverty line.

Outlook

Growth is projected to drop to about 7 percent over the medium term amid slow progress in reform implementation. Although still a high level of growth, the continuance of policy distortions, including a significantly overvalued exchange rate, constrains Ethiopia from translating this growth into tangible improvements in productivity and job opportunities for people. Although fiscal and current account deficits narrow over the medium term, Ethiopia will remain severely constrained by a shortage of domestic and external financing. Inflation is projected to decline gradually, as monetary financing declines in line with narrowing fiscal deficits. The implementation of critical macroeconomic and structural reforms under discussion would help address macroeconomic distortions and improve the quality of growth.

A shift in Ethiopia's economic model towards a private sector led and more market oriented one is urgently needed to address mounting macroeconomic vulnerabilities, restart a stalled structural transformation and create jobs. Addressing the significant distortions in the foreign exchange market is critical to restore productivity-led growth, improve resource allocation, and alleviate external payment risks. Debt treatment and the resumption of official external flows will also be crucial to ease external financing pressures. However, any intensification in conflicts would complicate reform implementation and affect foreign exchange inflows.

Substantial poverty reduction in the medium term would require strong performance in the agricultural sector, which employs over 70 percent of the labor force, as well as dynamism in other sectors. Additional shocks could push millions more into poverty and increase further spatial inequalities and mitigating this risk requires, among other things, an acceleration of reforms to rebuild fiscal and social buffers.

TABLE 2 **Ethiopia** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2020/21	2021/22	2022/23e	2023/24f	2024/25f	2025/26f
Real GDP growth, at constant market prices	6.3	6.4	7.2	7.0	7.0	7.0
Private consumption	3.0	4.5	6.1	6.1	6.1	6.1
Government consumption	12.2	1.5	-16.0	0.6	4.8	5.0
Gross fixed capital investment	7.6	11.0	11.2	10.7	6.3	6.4
Exports, goods and services	5.5	11.7	-0.8	6.5	6.1	6.1
Imports, goods and services	2.0	10.8	-4.1	11.2	1.2	1.2
Real GDP growth, at constant factor prices	6.3	6.4	7.2	7.0	7.0	7.0
Agriculture	5.5	6.0	6.3	6.0	6.0	5.9
Industry	7.3	4.8	6.9	7.0	7.0	7.1
Services	6.3	7.9	8.0	7.9	7.7	7.7
Inflation (consumer price index)	20.2	33.7	32.6	28.5	23.2	17.6
Current account balance (% of GDP)	-2.7	-4.0	-2.8	-2.4	-1.7	-1.3
Fiscal balance (% of GDP)	-2.8	-4.2	-2.5	-2.0	-1.8	-1.8
Revenues (% of GDP)	11.2	8.3	8.2	7.5	7.0	6.8
Debt (% of GDP)	56.6	54.4	42.7	36.1	31.8	29.8
Primary balance (% of GDP)	-2.2	-3.6	-1.9	-1.5	-1.4	-1.5
International poverty rate ($2.15 in 2017 PPP)[a,b]	25.6	25.4	24.9	24.4	24.0	23.5
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	62.7	62.2	61.4	60.6	59.8	59.0
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	89.7	89.5	89.1	88.6	88.2	87.8
GHG emissions growth (mtCO2e)	3.5	2.3	2.5	2.6	2.5	2.7
Energy related GHG emissions (% of total)	14.5	14.0	13.5	13.0	12.4	11.9

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Growth projections reflect limited available information, and are subject to revision as better data becomes available.
a/ Calculations based on 2010-HICES and 2015-HICES. Actual data: 2015. Nowcast: 2016-2023. Forecasts are from 2024 to 2026.
b/ Projection using annualized elasticity (2010-2015) with pass-through = 0.7 based on private consumption per capita in constant LCU.

GABON

Table 1	2023
Population, million	2.4
GDP, current US$ billion	20.5
GDP per capita, current US$	8414.1
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.

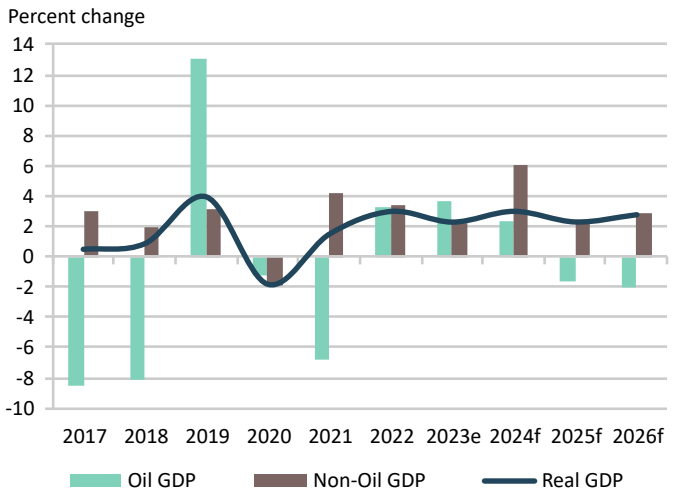
The transition could provide an opportunity for renewed reform momentum and improved institutional controls of public resources, as well as governance of public finances. Promoting access to credit, entrepreneurship, and strengthening social support to the most vulnerable would also be crucial for higher 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.

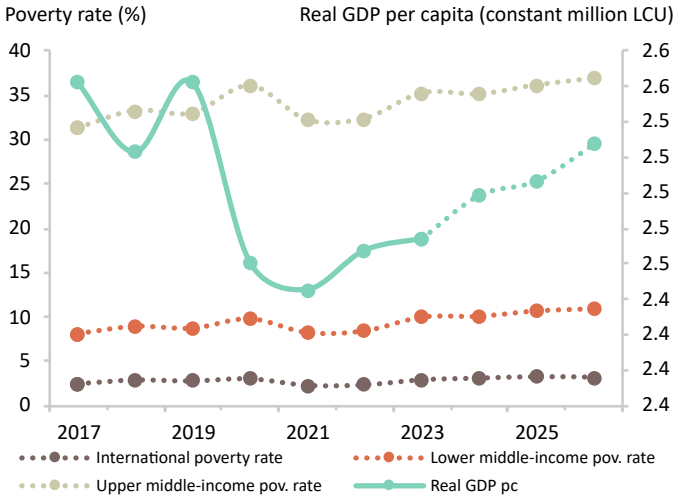
Gabon's investments in optimizing oilfields and expanding mines and wood production led to large trade surpluses, offsetting its strong reliance on food imports. In 2023, although oil, palm oil, and rubber export volumes increased, lower oil prices, appreciated USD and lower wood and mining production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

FIGURE 1 Gabon / Growth of real GDP, Real oil GDP and real non-oil GDP



Sources: Official government data and World Bank calculations.

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



Source: World Bank. Notes: see Table 2.

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.

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	2023e	2024f	2025f	2026f
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 (consumer 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.
a/ Calculations based on 2017-EGEP. Actual data: 2017. Nowcast: 2018-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

THE GAMBIA

Table 1	2023
Population, million	2.8
GDP, current US$ billion	2.3
GDP per capita, current US$	845.8
International poverty rate ($2.15)[a]	17.2
Lower middle-income poverty rate ($3.65)[a]	47.0
Upper middle-income poverty rate ($6.85)[a]	80.6
Gini index[a]	38.8
School enrollment, primary (% gross)[b]	92.3
Life expectancy at birth, years[b]	62.1
Total GHG emissions (mtCO2e)	3.3

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2020), 2017 PPPs.
b/ WDI for School enrollment (2022); Life expectancy (2021).

Economic growth accelerated to 5.3 percent in 2023 as favorable rainfall led to a good harvest while investment supported growth in the industry sector. Inflation averaged 16.9 percent, eroding the purchasing power of households and increasing poverty. The fiscal deficit halved to 2.6 percent of GDP, driven by strong tax collection and higher grants. High inflation, debt vulnerabilities, foreign exchange pressures, and regional and global geopolitical tensions cloud the outlook.

Key conditions and challenges

The Gambia is consolidating its democratic transition and implementing reforms to transform the economy. However, structural factors continue to hamper growth, including low productivity growth, lack of structural change, constrained fiscal space for infrastructure investments, a constraining business environment for private sector development, limited economic diversification, and human capital challenges. This has resulted in limited job creation and economic opportunities, limited access to essential public services, and high poverty.

Real GDP growth averaged 3.1 percent in 1990–2022—less than 0.5 percent in per capita terms. The labor market faces a low labor force participation rate (43.6 percent), significant underutilization (41.5 percent), predominance of informal (62.8 percent) and unwaged employment (72 percent), and more significant gender gaps. Poverty rates are higher, with an estimated 17.2 percent of the population living in poverty in 2020, using the international poverty line of $2.15 (in 2017 PPPs). Social disparities prevail in access to essential services, and most of the country still needs better connections to roads, schools, and health facilities.

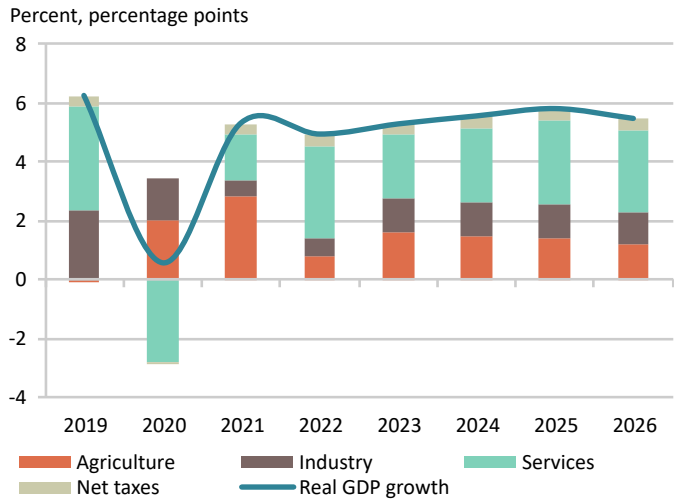
These weaknesses are coupled with downside risks such as reemerging foreign exchange pressures, high dependence on imports of essential goods and services, putting persistent pressure on the balance of payments and forex market and exacerbating the vulnerability to global shocks in commodity markets. Fiscal risks remain substantial given State-Owned Enterprises (SOEs) contingent liabilities and the high dependence on external grant financing due to low tax collection. High domestic debt also crowds out private credit.

Against this backdrop, the Government is implementing the National Development Plan (NDP) 2023-2027 to consolidate democratic governance, accelerate growth, and build resilience to shocks. Implementing this agenda poses significant financing needs, with US$0.7 billion of available funding as of December 2023 out of total cost estimated at US$3.5 billion.

Recent developments

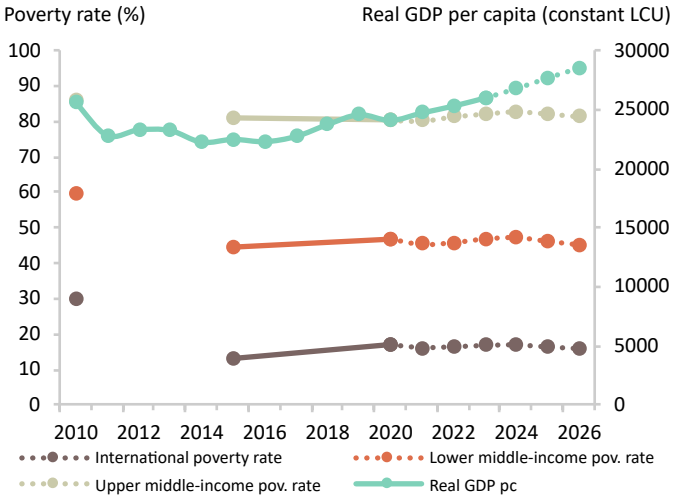
Economic growth accelerated to 5.3 percent in 2023 (2.7 percent per capita), mainly driven by agriculture and industry. Agriculture benefited from favorable rainfall and increased fertilizer subsidies. Despite increased tourism activity, services decelerated as many subsectors contracted (information and communication, entertainment, etc.). Private investment, supported by remittances and public investment, drove growth on the demand side. Inflation averaged 16.9 percent in 2023 – the highest level in decades – caused by imported food inflation, utility tariffs increases, and currency depreciation, dragging down private consumption.

FIGURE 1 The Gambia / Real GDP growth and sectoral contributions to real GDP growth



Sources: The Gambian authorities and World Bank estimates.

FIGURE 2 The Gambia / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

Rising food prices are expected to have increased poverty to 16.9 percent in 2023, from 16.4 percent in 2022 - an increase of over 25,000 people, using the international poverty line of $2.15 (in 2017 PPPs). The increase in poverty is mainly due to food price inflation which rose to 22 percent in 2023, eroding the purchasing power of households.

The fiscal deficit halved to 2.6 percent of GDP in 2023, driven by increased tax revenues and grants. Public expenditure remained high owing to increased spending on road infrastructure. With lower net domestic borrowing, public debt declined to 75.8 percent of GDP in 2023. Nevertheless, the Gambia remains at high risk of debt distress. The current account deficit (CAD) is estimated at 4.5 percent of GDP in 2023, almost comparable to the 4.2 percent in 2022, on the back of a recovery in tourism and increased imports related to ongoing infrastructure projects. The monetary stance was further tightened, with the policy rate increasing to 17 percent in August 2023 from 10 percent in April 2022. However, the effect of monetary tightening seems limited, as inflation is essentially imported. Due to import pressures, international reserves declined to 4.2 months of imports in 2023 from 5.1 months in 2022, alongside a depreciation of the nominal exchange rate of 4.6 percent.

Outlook

Growth is projected to average 5.6 percent in 2024-26 (3.1 percent per capita), driven by increased activity in all sectors. Agriculture and services are expected to sustain growth, assuming favorable rainfall and continued recovery in tourism. Robust remittances, which represented 32.1 percent of GDP in 2023, will support the recovery in private sector demand, which, together with infrastructure programs, are expected to drive growth. Inflationary pressures are predicted to persist in 2024 and gradually ease, with CPI inflation reaching 6.5 percent in 2026, close to the Central Bank's 5 percent target, reflecting the restrictive monetary policy and easing global supply conditions.

Agriculture growth, recovery of the tourism sector, and robust remittances are expected to positively affect household well-being. However, sustained increases in food prices will continue to undermine such gains in 2024, given poor households spend 65 percent on food. Consequently, the international extreme poverty rate is expected to increase to 17.2 percent in 2024 before declining in 2025 and 2026.

The CAD is expected to remain contained, averaging 3.8 percent in 2024-26, reflecting robust remittances, a decrease in investment-related imports, and strong export growth. The monetary policy is set to remain tight as inflation persists. The fiscal deficit is projected to narrow to 1.5 percent of GDP over 2024-26, supported by the completion of major infrastructure projects and domestic revenue mobilization efforts, including the digitization of tax administration and customs, the implementation of digital excise stamps for excisable products, the introduction of fuel marking, and reforms to broaden the tax base. Public debt is projected to decrease to 68.9 percent of GDP in 2024, supported by the fiscal path. Nevertheless, The Gambia is expected to remain at high risk of debt distress, and the end of the debt-service deferrals in 2024 could weigh on debt sustainability and economic growth.

TABLE 2 The Gambia / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	5.3	4.9	5.3	5.5	5.8	5.4
Private consumption	7.2	3.4	3.3	3.7	4.1	4.1
Government consumption	-7.9	2.3	2.4	2.5	2.6	2.7
Gross fixed capital investment	-8.7	15.1	13.7	14.1	11.8	9.1
Exports, goods and services	-27.2	8.5	18.9	18.0	20.1	22.0
Imports, goods and services	-15.2	16.2	11.0	12.0	11.0	10.0
Real GDP growth, at constant factor prices	5.3	4.9	5.3	5.5	5.8	5.4
Agriculture	13.7	3.6	7.2	6.6	6.2	5.1
Industry	2.9	3.1	6.5	6.4	6.1	6.1
Services	2.8	6.0	4.1	4.8	5.6	5.4
Inflation (consumer price index)	7.4	11.5	16.9	15.9	10.5	6.5
Current account balance (% of GDP)	-4.3	-4.2	-4.5	-5.1	-3.2	-2.3
Fiscal balance (% of GDP)	-4.8	-5.0	-2.6	-2.1	-1.3	-1.0
Revenues (% of GDP)	16.8	17.7	20.6	21.8	20.4	20.2
Debt (% of GDP)	83.9	83.4	75.8	68.9	64.6	59.5
Primary balance (% of GDP)	-1.8	-2.9	-0.4	1.0	1.4	1.5
International poverty rate ($2.15 in 2017 PPP)[a,b]	16.1	16.4	16.9	17.2	16.5	15.9
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	45.4	45.9	47.0	47.6	46.7	45.8
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	80.3	81.5	82.3	83.2	82.9	81.8
GHG emissions growth (mtCO2e)	4.2	3.4	2.9	2.5	2.5	2.5
Energy related GHG emissions (% of total)	20.7	21.0	21.4	21.7	22.0	22.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2020-IHS. Actual data: 2020. Nowcast: 2021-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

GHANA

Table 1	2023
Population, million	34.1
GDP, current US$ billion	76.2
GDP per capita, current US$	2234.2
International poverty rate ($2.15)[a]	25.2
Lower middle-income poverty rate ($3.65)[a]	48.8
Upper middle-income poverty rate ($6.85)[a]	78.5
Gini index[a]	43.5
School enrollment, primary (% gross)[b]	97.9
Life expectancy at birth, years[b]	63.8
Total GHG emissions (mtCO2e)	18.3

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2016), 2017 PPPs.
b/ Most recent WDI value (2021).

Ghana's economic conditions improved in 2023 but challenges remain, notably elevated inflation, subdued growth, and substantial pressure on public finances and debt sustainability. These lingering challenges will continue to subdue growth in 2024 at 2.9 percent but, in the medium term, growth will rebound to its long-term potential as prevailing conditions stabilize. Accordingly, lower growth projections coupled with recent bouts of high inflation mean that poverty in 2024 will be at its highest level in over a decade.

Key conditions and challenges

Ghana is in debt distress and public debt is unsustainable. In response, the Government has embarked on a comprehensive debt restructuring, a significant fiscal consolidation program, and the implementation of reforms to foster economic stability and resilience. The authorities' stabilization efforts are being supported by an Extended Credit Facility (ECF) program of the International Monetary Fund (IMF) for approximately US$3 billion. The program aims to attain a moderate risk of debt distress over the medium term and replenish the foreign exchange reserves of the Bank of Ghana (BoG) to cover three months' worth of imports by the conclusion of the program.

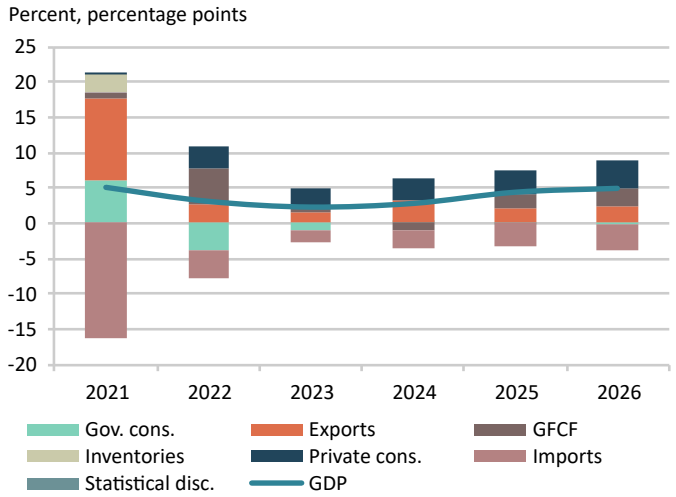
The crisis has taken a toll on the pace of economic growth – which decelerated to an estimated 2.9 percent in 2023 and is projected to remain weak in 2024. Returning growth to its potential rate of 5 percent will require macroeconomic stability. Over the longer term, structural reforms aimed at promoting private sector development and increasing FDI attractiveness are necessary to raise the country's growth potential. Critical reforms include strengthening the insolvency regime, access to finance, the energy sector, and the legal and regulatory environment faced by foreign direct investors. Accelerating digitalization and harnessing the opportunities offered by the Africa Continental Free Trade Agreement (ACFTA) through integration with global value chains will also be important in this regard. These will need to be complemented with measures to expand well-targeted social protection programs to mitigate the impact of the crisis and fiscal consolidation on the poor and most vulnerable.

Recent developments

In 2023, economic growth slowed down to an estimated 2.9 percent, albeit surpassing initial projections for the year. This growth was primarily driven by robust expansions in the agriculture and services sectors while industrial production fell by 1.2 percent due to contractions oil, electricity, and construction sub-sectors; and subdued growth in gold and manufacturing.

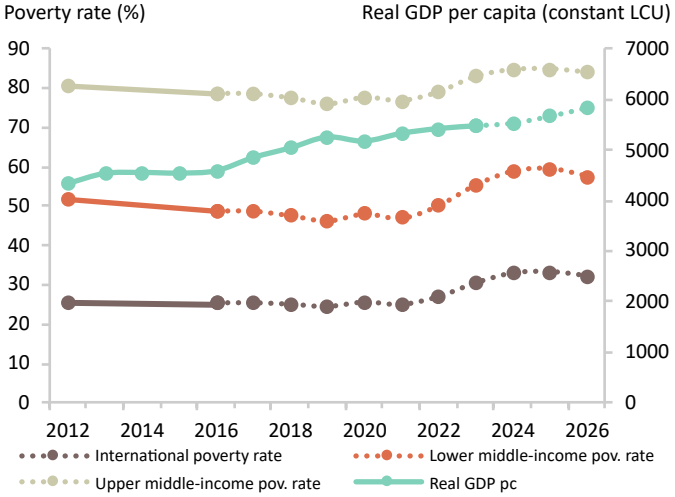
Fiscal consolidation is broadly on track with estimated deficit of 4.7 percent of GDP, significantly lower than the 11 percent deficit in 2022. At 15.7 percent of GDP in 2023, revenues and grants reached the same level as 2022 despite lower oil revenues. The government implemented measures to contain wage bill increase, reduced Capex and spending on goods and services leading to a reduction in expenditures from 26.6 percent of GDP in 2022 to an estimated 20.4 percent in 2023. Decreased in interest payments also helped contain expenditures. The key financial soundness indicators demonstrate overall stability but credit to the private sector has contracted reflecting increased risk aversion among banks, as non-performing loans ratio increased above 20 percent.

FIGURE 1 Ghana / Real GDP growth and contributions to real GDP growth



Sources: Statistical service and World Bank.

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



Source: World Bank. Notes: see Table 2.

Inflation has declined significantly but remains well above the Bank of Ghana (BoG) target range of 8±2 percent. Year-on-year inflation fell from 53.4 percent in January 2023 to 23.2 percent in December 2023, reflecting more stable exchange rates and the effects of monetary policy tightening in 2022-23. Over the first months of 2024, the deceleration of inflation has stalled due to pass-through of the depreciation on prices of imported goods, on non-food inflation while food inflation marginally fell.

In 2023, the (pre-external debt restructuring) current account balance improved to an estimated deficit of 1.7 percent of GDP, from the 2022 deficit of 2.3 percent, as a decline in oil exports was more-than-offset by import compression, strong remittances, and lower income repatriation by mining and oil companies. The capital account continues to be in deficit due to weak FDI inflows and continued net outflows of portfolio investments. Thus, BOP remained in high deficit, at 3.2 percent of GDP. Gross international reserves was equivalent to 1.1 months of imports at the end of 2023, an increase from 0.7 months of imports in December 2022.

The immediate implications of the macroeconomic crises and debt distress in the country are the worsening in poverty and living standards of the population. The "international poverty" rate is estimated at 30.3 percent in 2023, a worsening of 3.5 percentage points since 2022.

Outlook

Growth is expected to remain weak in 2024 at 2.9 percent as the ongoing fiscal consolidation, high inflation rates, elevated interest rates, and lingering macroeconomic uncertainties are all projected to dampen private consumption and investment, limiting non-extractive sector growth. However, growth will gradually rebound to its long-term potential of approximately 5 percent by 2026 as prevailing conditions stabilize. The external sector is forecast to significantly improve over the medium term due to enhanced net capital inflows and continued trade surpluses.

In 2024, fiscal consolidation is expected to be on track due to continued revenue and expenditure reforms; and the external debt restructuring. By 2026, the authorities expect to generate a primary surplus of 1.4 percent of GDP, a fiscal adjustment almost 4 percentage points of GDP between 2023 to 2026.

Ghana's outlook is subject to significant downside risks as baseline projections depend on the completion of the authorities' comprehensive debt restructuring and successful reform implementation, including meeting projected revenue mobilization targets. Further, there is significant risks to financial sector stability, due to the DDE while exchange rate, credit, and liquidity risks further add to the vulnerabilities. Possible policy slippages due to the approaching end-2024 general elections represent additional domestic vulnerabilities.

Overall, the combination of economic challenges, fiscal consolidation measures, and downside risks suggests a challenging environment for poverty reduction efforts in Ghana. Adjustments to the country's main cash transfer program, Livelihoods Empowerment Against Poverty, are expected to help the poorest of the poor yet more is needed. Poverty is expected to change little between 2024 and 2025 and is expected to come down slowly by 2026.

TABLE 2 Ghana / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	5.1	3.8	2.9	2.9	4.4	4.9
Private consumption	0.8	4.8	4.6	4.9	5.0	5.7
Government consumption	82.1	-31.7	-8.0	1.9	-0.6	-2.2
Gross fixed capital investment	4.5	28.6	3.9	-2.7	9.3	9.9
Exports, goods and services	69.1	9.6	5.8	10.3	6.4	7.2
Imports, goods and services	113.8	13.8	6.3	8.3	9.2	10.1
Real GDP growth, at constant factor prices	5.4	3.7	2.9	2.9	4.4	4.9
Agriculture	8.5	4.2	4.5	3.2	5.4	3.9
Industry	-0.5	0.6	-1.2	3.8	4.1	5.8
Services	9.4	6.2	5.5	2.0	4.1	4.8
Inflation (consumer price index)	10.0	31.5	40.3	23.2	11.5	8.0
Current account balance (% of GDP)	-3.7	-2.3	-1.7	-1.9	-2.2	-2.4
Net foreign direct investment inflow (% of GDP)	2.0	2.0	1.5	2.7	3.3	3.4
Fiscal balance (% of GDP)[a]	-11.4	-11.0	-4.7	-5.0	-4.0	-3.5
Revenues (% of GDP)	15.3	15.6	15.7	16.7	17.3	18.2
Debt (% of GDP)[a,b]	76.7	88.7	86.1	83.6	80.9	77.9
Primary balance (% of GDP)[a]	-4.1	-3.6	-0.5	0.6	1.6	1.4
International poverty rate ($2.15 in 2017 PPP)[c,d]	24.8	26.8	30.3	32.9	33.2	32.2
Lower middle-income poverty rate ($3.65 in 2017 PPP)[c,d]	47.0	50.2	55.3	58.7	59.4	57.5
Upper middle-income poverty rate ($6.85 in 2017 PPP)[c,d]	76.7	78.9	82.8	84.6	84.8	83.9
GHG emissions growth (mtCO2e)	6.0	11.8	7.3	4.8	5.9	7.1
Energy related GHG emissions (% of total)	129.8	121.2	117.0	114.3	110.9	106.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Fiscal and debt forecasts do not factor in the impact of the ongoing Debt Restructuring (DR) as the process is yet to conclude.
b/ Starting from 2022, public debt numbers include, in addition to central government debt, explicitly guaranteed (and certain implicitly guaranteed) SOE debt, cocobills issued by Cocobod, and reconciled domestic arrears to suppliers.
c/ Calculations based on 2016-GLSS-VII. Actual data: 2016. Nowcast: 2017-2023. Forecasts are from 2024 to 2026.
d/ Projections using microsimulation methodology.

GUINEA

Table 1	2023
Population, million	14.2
GDP, current US$ billion	23.0
GDP per capita, current US$	1617.5
International poverty rate ($2.15)[a]	13.8
Lower middle-income poverty rate ($3.65)[a]	46.6
Upper middle-income poverty rate ($6.85)[a]	86.8
Gini index[a]	29.6
School enrollment, primary (% gross)[b]	98.0
Life expectancy at birth, years[b]	58.9
Total GHG emissions (mtCO2e)	45.9

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2017 PPPs.
b/ Most recent WDI value (2021).

Mining investment will boost growth to 7.1 percent in 2023, poverty will decline slightly, and the fiscal deficit widen to 1.6 percent as capital spending rises. Growth in 2024 will slow primarily due to a dip in mining and slight impacts of the December 2023 fuel depot explosion. Extreme poverty is projected to fall in 2024 as food prices ease. Risks include delays to the political transition and reforms.

Key conditions and challenges

Growth was robust over 2019-23, averaging 5.4 percent (2.9 percent per capita terms) driven by the mining sector and agriculture productivity growth, supporting low fiscal deficits to GDP (averaging 1.7 percent). However, weak mining linkages to non-mining sectors, headwinds from Dutch-disease (DD) dynamics, and recent external shocks from the COVID-19 pandemic and Russia's invasion of Ukraine limited job creation and poverty reduction. The $2.15 international poverty rate was 10.6 percent on average over the same period, only marginally affected by the mining-driven growth. The Simandou mining operation, expected to almost triple Guinea's GDP in the medium term, holds potential to transform Guinea's economy and create jobs if reforms are implemented that counter DD.

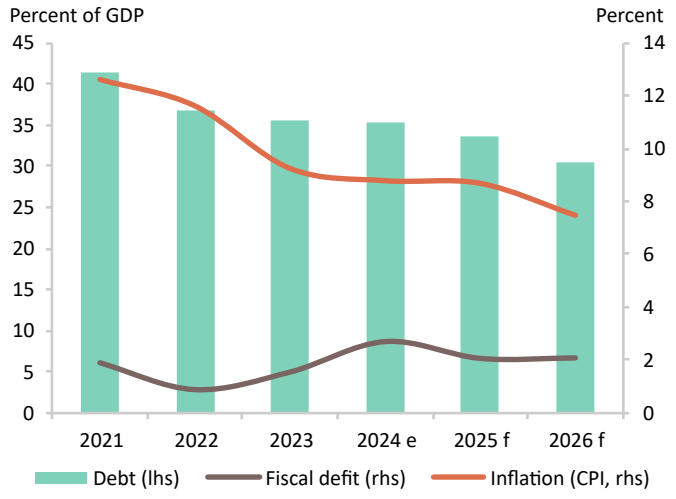
However, the ongoing mining boom, and associated real appreciation of the local currency, adversely affects competitiveness of non-mining sectors and hampers efforts to diversify the economy to create more and better jobs. Structural challenges include low human capital levels, large infrastructure gaps, an underdeveloped financial sector, weak institutional capacity, and large gender gaps in education, earnings, agriculture productivity, and political representation. Weak fiscal revenue mobilization constrains public investment. Recent increases in digital access and e-government transactions have helped bolster economic activity and streamlined tax collection; yet further digitalization and structural reforms are needed to spur diversification and inclusive growth.

Recent developments

Growth accelerated to 7.1 percent in 2023 (4.6 percent per capita terms) bolstered by strong mining sector performance. Bauxite production surged by 22 percent, and gold exports by 10 percent attributable to both artisanal operators and new formal sector companies. On the demand side, an investment surge (private and public) fueled growth. The fiscal deficit widened to 1.6 percent of GDP in 2023 from 0.9 percent in 2022, due to a 1.3 percentage point of GDP increase in capital expenditure.

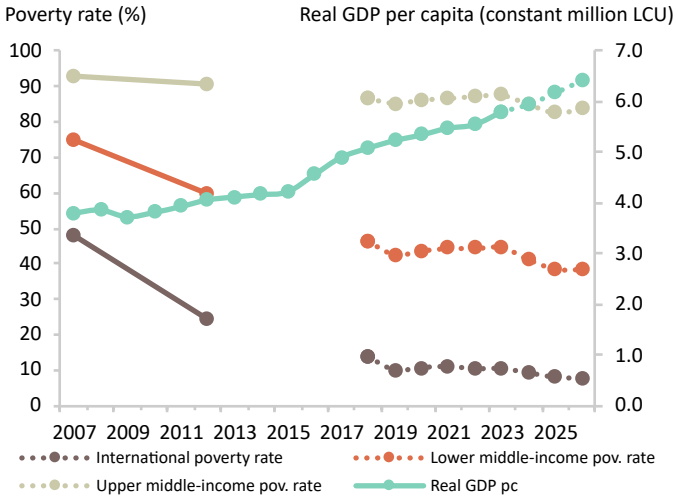
Inflation decelerated but remained high, at 9.3 percent in 2023, down from 11.6 percent in 2022, aided by stable transport costs and prudent fiscal and monetary policy (reserve money increased only by 3 percent and broad money by 1.5 percent). However, food price inflation is estimated to have increased from 13.9 percent in 2022 to 16.2 percent in 2023. Consequently, the US$2.15 international poverty rate is expected to remain at 10.5 percent in 2023, same as in 2022. With inflation easing, and to encourage credit to the private sector, the central bank reduced its key rate by 50 basis points to 11 percent, and the reserve requirement ratio from 15 percent to 13 percent in September 2023.

FIGURE 1 **Guinea** / Debt, fiscal deficit, and inflation



Source: World Bank.

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



Source: World Bank. Notes: see Table 2.

The current account balance (CAB) widened to -12.9 percent in 2023, due to a significant decrease of trade surplus, linked to FDI-related imports and a fall in exports price. Mining-related FDI, the main source of external financing, increased to 15 percent of GDP in 2023, while the real effective exchange rate is likely to continue to appreciate.

Outlook

Mining will continue to drive growth while the non-mining sectors, impacted by the fuel depot explosion in mid-December 2023, recover. Growth will slow to around 4.9 percent in 2024 (2.4 percent per capita) and accelerate to 6.3 percent on average in 2025–2026 (excluding Simandou mine exports anticipated by end-2026), though below the potential of 9.3 percent. Despite deceleration in agriculture and services, the $2.15 international poverty rate is projected to decline to 9.3 percent in 2024 and 8.1 percent in 2025 due to easing food price inflation. Given the limited poverty gains from mining-driven growth, redistribution mechanisms to vulnerable populations and productivity gains in non-mining sectors will be required for inclusive growth.

Inflation would decelerate to 8.8 percent in 2024 and 8.1 percent on average in 2025-26, due to easing supply constraints and improving road-network conditions, facilitating food distribution, as well as to prudent monetary policy including minimal fiscal financing.

The fiscal deficit (including grants) would widen to 2.7 percent of GDP due to increased capital expenditures but decrease to 2.1 percent in 2025-2026 consistent with prudent fiscal policies. Tax revenues are to increase slightly in 2024 to 12.7 percent of GDP, buoyed by tax administration reforms and additional mining revenues from implementing the bauxite-reference-price mechanism as of July 2022. Electricity subsidies are to decrease by 38 percent, per the 2024 budget law, as utility company reforms bear fruit, particularly the continued rollout of prepaid meters and intensified billing recovery efforts. Debt-to-GDP would decrease slightly to 35.3 percent in 2024 and to average 32.0 percent in 2025-2026, due to reduced domestic debt.

The CAB is forecast to remain high at -12.7 percent of GDP in 2024 as the FDI-induced trade deficit persists yet would improve slightly during 2025-26 to an average -10.1 percent. Mining-related FDI, the main source of external financing, is expected to rise to 17 percent of GDP in 2024, while the real effective exchange rate would likely continue to appreciate. Risks are tilted to the downside as political transition uncertainties leading up to the 2025 elections could slow implementation of reforms, potentially reducing private investment. On the upside, mining related FDI inflows could increase, reflecting planned new projects.

TABLE 2 Guinea / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	5.0	3.7	7.1	4.9	6.2	6.5
Private consumption	0.6	7.6	4.8	3.3	4.7	4.7
Government consumption	16.8	-22.4	3.4	24.8	4.6	5.6
Gross fixed capital investment	8.3	6.2	39.8	48.4	41.8	3.9
Exports, goods and services	0.8	5.8	11.3	6.8	6.0	5.9
Imports, goods and services	-6.2	6.7	18.2	25.3	20.3	3.3
Real GDP growth, at constant factor prices	5.1	4.6	7.1	4.9	6.2	6.5
Agriculture	8.3	5.4	5.1	3.0	4.4	5.1
Industry	3.1	2.0	10.8	6.7	7.8	8.9
Services	5.2	6.5	5.1	4.4	5.7	5.0
Inflation (consumer price index)	12.6	11.6	9.3	8.8	8.7	7.5
Current account balance (% of GDP)	0.6	-0.3	-12.9	-12.7	-12.3	-7.8
Net foreign direct investment inflow (% of GDP)	11.1	12.1	15.0	17.4	16.9	9.6
Fiscal balance (% of GDP)	-1.9	-0.9	-1.6	-2.7	-2.1	-2.1
Revenues (% of GDP)	15.2	13.2	13.8	13.9	14.2	15.3
Debt (% of GDP)	41.5	36.7	35.5	35.3	33.7	30.3
Primary balance (% of GDP)	-0.8	0.0	-0.4	-1.6	-1.2	-1.3
International poverty rate ($2.15 in 2017 PPP)[a,b]	11.1	10.5	10.5	9.3	8.1	7.8
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	44.5	44.5	44.7	41.2	38.5	38.4
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	86.7	87.3	87.6	85.0	82.6	83.8
GHG emissions growth (mtCO2e)	3.2	3.1	3.1	3.2	3.1	3.1
Energy related GHG emissions (% of total)	10.8	10.7	10.7	10.6	10.5	10.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

GUINEA-BISSAU

Table 1	2023
Population, million	2.2
GDP, current US$ billion	2.0
GDP per capita, current US$	918.1
International poverty rate ($2.15)[a]	26.0
Lower middle-income poverty rate ($3.65)[a]	60.2
Upper middle-income poverty rate ($6.85)[a]	89.1
Gini index[a]	33.4
School enrollment, primary (% gross)[b]	113.3
Life expectancy at birth, years[b]	59.7
Total GHG emissions (mtCO2e)	4.4

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2021), 2017 PPPs.
b/ WDI for School enrollment (2010); Life expectancy (2021).

Weak cashew export performance and high inflation kept growth at 4.2 percent in 2023, undermining poverty reduction. Budget slippages and lower revenues derailed fiscal consolidation efforts while infrastructure investment, rice subsidies, and energy arrears increased debt. Growth should improve as energy and transport infrastructure come online, but its sustainability depends on institutional reforms. The outlook is subject to downside risks from political instability, shocks to the cashew sector, and climatic shocks.

Key conditions and challenges

Exports of raw cashew nuts, approximately 90 percent of merchandise exports, determine economic performance. Cashew production is dispersed among smallholder farmers, whose income supports overall economic activity. Poverty remains widespread – particularly in rural areas. Human development indicators are among the lowest in the world, and low access to basic services contribute to exclusion and marginalization. Political instability is chronic in Guinea-Bissau, the world's most coup prone country, and recent regional and international geopolitical uncertainty only threaten to stoke domestic tensions further.

Access to credit is limited and the enabling environment for private sector-led growth is weak due to poor infrastructure, low levels of human capital, and limited public services. Recently, there have been investments to improve infrastructure, though mostly donor financed as fiscal space is limited by low domestic revenue mobilization and the relatively high wage bill.

Transparency and governance of state-owned enterprises is limited, especially the national utility company, EAGB, which accrues substantial public debt in the energy sector through government guaranteed letters of credit that only partially cover mounting arrears. Identifying contingent fiscal liabilities is difficult, increasing fiscal risks and amplifying the high risk of debt distress and limiting capacity to absorb shocks. Non-performing loans continue to make the banking sector another possible source of contingent liabilities.

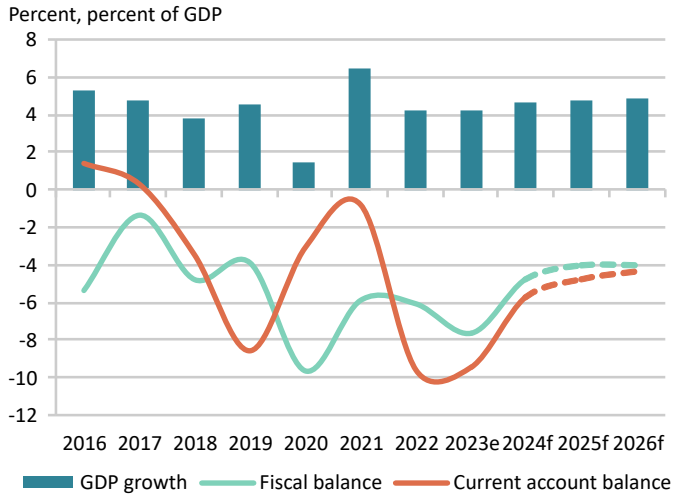
Recent developments

Economic activity grew by 4.2 percent in 2023 (2.1 percent in per capita terms), unchanged from 2022. On the supply side, growth was driven by agriculture and government infrastructure investment stimulating the construction sector. On the demand side, inflationary pressures caused private consumption to fall.

Inflation remained high at 8 percent (y/y) in 2023, from 7.9 percent in 2022, driven by food and energy inflation. This followed an average of 1 percent between 2015 and 2020.

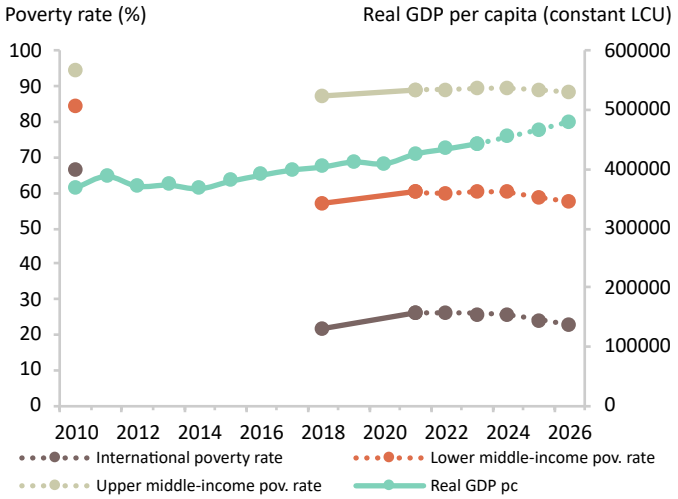
A cashew campaign marred by problems, including shipping container shortages, smuggling, disruptions from legislative elections, and low international demand, put exports at just 168,000tn in 2023 despite production of 260,000tn. This, along with high import costs, kept the current account deficit (CAD) high at 9.4 percent. Fiscal consolidation efforts were derailed as higher-than-planned discretionary spending and lower customs receipts widened the fiscal deficit to 7.6 percent in 2023, from 6.1 percent in 2022. Legislative elections, energy sector arrears accumulation, rice subsidies costing 0.2 percent of GDP, and urban road infrastructure investments kept debt above the convergence criterion at 77.8 percent of GDP.

FIGURE 1 Guinea-Bissau / Evolution of main macroeconomic indicators



Sources: Ministry of Finance and World Bank.

FIGURE 2 Guinea-Bissau / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

To counter inflation across WAEMU countries, the Central Bank of West African States (BCEAO) raised policy interest rates by a cumulative 150 basis points since mid-2022 to 3.5 percent for liquidity calls and 5.5 percent for the marginal lending facility. However, inflation in the region (3.7 percent in 2023) was still above the 1-3 percent target range and foreign exchange reserves have been on a downward trend, estimated at 3.5 months of imports at end-2023, down from 4.3 months at end-2022.

The combination of agricultural growth and high food prices is expected to have left poverty unchanged between 2022 and 2023 at about 26 percent, with population growth implying over 10,000 additional poor people.

Outlook

Economic activity is likely to expand by 4.7 percent in 2024 (2.2 percent per capita) following a strong cashew campaign. Agriculture will drive growth with cheaper energy from regional energy project OMVG stimulating the real sector. Easing of inflationary pressures and a strong cashew season will encourage private consumption.

Favorable weather conditions and dividends from government investments into agricultural inputs over the last few years should support strong cashew production. Exports should markedly improve as nine overland border routes are authorized for exports, curtailing smuggling. Historically, only cashew exports via the port of Bissau were authorized. This opening could contribute to higher demand from possible processing activity in neighboring countries. Additionally, Chinese firms should enter the market for processing in Asia, competing with India and Vietnam. Consequently, the CAD is projected to narrow to 5.7 percent of GDP, mostly financed by concessional loans and grants. Higher revenue collection and greater spending discipline could lower the fiscal deficit to 4.8 percent of GDP in 2024, or 5.6 percent including planned arrears clearance, with public debt falling to 75.6 percent of GDP. The pace of the fiscal adjustment is highly dependent on greater revenue mobilization, strengthened expenditure controls, and increased grant financing, and thus subject to considerable uncertainty given the country's ongoing political volatility.

The BCEAO may need to continue monetary tightening in 2024 to bring inflation under control and in the context of rising uncertainties over the withdrawal of Niger, Mali, and Burkina Faso from ECOWAS and potential spillovers to WAEMU. These uncertainties are likely to increase investors' risk perceptions leading to tighter financing conditions and putting additional strain on already low foreign exchange reserves.

A rebound in the agriculture sector will partly drive the poverty rate to decline to 25.4 percent in 2024. Further progress is expected to be supported by lower food prices reducing poverty to 24.1 percent in 2025, lifting over 15,000 out of poverty, and reaching 22.6 percent by 2026. Household purchasing power will improve with higher cashew prices and lower food prices, benefiting the poorest who spend a higher share of their income on food.

The outlook is subject to substantial downside risks stemming from political instability, climate and agricultural shocks, uncertainty of EAGB operations, and financial sector non-performing loans.

TABLE 2 Guinea-Bissau / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	6.4	4.2	4.2	4.7	4.8	4.9
Private consumption	16.0	3.0	-1.2	5.1	4.4	4.2
Government consumption	16.0	7.0	5.5	-8.5	-5.6	3.9
Gross fixed capital investment	-5.0	15.7	23.0	5.6	7.6	2.6
Exports, goods and services	15.0	-6.5	-3.1	12.2	9.6	7.6
Imports, goods and services	4.0	2.5	0.8	3.0	4.0	3.0
Real GDP growth, at constant factor prices	6.3	4.7	4.2	4.7	4.8	4.9
Agriculture	5.4	6.1	7.5	5.1	5.1	5.1
Industry	5.6	4.8	4.0	4.4	4.5	4.6
Services	7.3	3.7	1.8	4.4	4.7	4.8
Inflation (consumer price index)	3.3	7.9	8.0	4.5	2.0	2.0
Current account balance (% of GDP)	-0.8	-9.6	-9.4	-5.7	-4.7	-4.4
Fiscal balance (% of GDP)	-5.9	-6.1	-7.6	-4.8	-4.0	-4.0
Revenues (% of GDP)	19.1	15.2	13.9	16.0	15.3	15.2
Debt (% of GDP)	78.8	80.4	77.8	75.6	72.8	70.4
Primary balance (% of GDP)	-4.3	-4.7	-5.0	-2.2	-1.6	-1.6
International poverty rate ($2.15 in 2017 PPP)[a,b]	26.0	26.0	25.9	25.4	24.1	22.6
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	60.2	59.9	60.4	60.2	58.8	57.7
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	89.1	89.2	89.5	89.6	89.0	88.3
GHG emissions growth (mtCO2e)	1.4	1.4	1.4	1.5	1.5	1.6
Energy related GHG emissions (% of total)	8.0	8.2	8.3	8.6	8.8	9.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

KENYA

Table 1	2023
Population, million	55.1
GDP, current US$ billion	107.5
GDP per capita, current US$	1950.1
International poverty rate ($2.15)[a]	36.1
Lower middle-income poverty rate ($3.65)[a]	70.1
Upper middle-income poverty rate ($6.85)[a]	91.3
Gini index[a]	38.7
School enrollment, primary (% gross)[b]	97.2
Life expectancy at birth, years[b]	61.4
Total GHG emissions (mtCO2e)	82.5

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

Kenya's growth rebounded after two consecutive years of droughts, as the poverty rate continued its declining trend. The Government of Kenya is taking bold measures to strengthen its macroeconomic policy framework. Fiscal consolidation remains a top priority, which in combination with a tighter monetary policy and improved global credit outlook made the country regain access to international financial markets. The outlook remains positive in the medium term, although the failure to achieve fiscal consolidation targets could exacerbate Kenya's debt vulnerabilities.

Key conditions and challenges

Kenya's GDP growth accelerated in 2023 after two consecutive years of droughts. Notwithstanding the cyclical rebound, long-term development challenges remain. Years of public-sector led growth and debt accumulation brought macroeconomic imbalances and did not create enough quality jobs that can sustain higher wages and accelerate poverty reduction. Compounded with high trade costs, these imbalances have generated a sluggish tradable sector in the economy. During 2023, uncertainty over future external financing were added to regular low exports and FDI, creating pressures on the foreign currency market. Climate shocks are increasing in frequency and intensity, threatening the livelihoods of many Kenyans, especially in dry and arid regions.

Kenya's economic growth has not been sufficiently inclusive, with the connection between growth and poverty reduction weakening. The poor have fewer household members working and are more likely to be engaged in subsistence agriculture and low-productivity services sub-sectors for employment. Strategies to enhance inclusive growth should focus on promoting productive employment and strengthening resilience to adverse weather shocks.

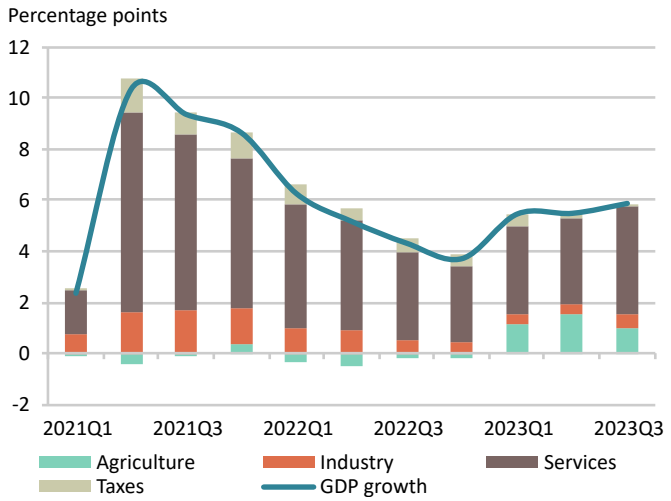
The government has taken steps to reinforce its macroeconomic policy framework. A tighter monetary policy continued fiscal consolidation, and the return to global capital markets through the issuance of a Eurobond in February 2024 helped to improve market confidence and foreign currency reserves. But there is scope to do more. Despite strengthened tax administrative measures, tax collection is characterized by low compliance levels, while expenditure inefficiencies and fiscal slippages are common. FDI is still restricted by complex entry and licensing procedures which limit international integration, and the economy is losing competitiveness in major exporting markets. Recent measures to strengthen market regulations and reduce the footprint of the State in the economy are positive, although there is space to enable a greater expansion of the private sector to raise productivity and create better jobs.

Recent developments

Kenya's real GDP expanded by 5.4 percent in 2023. The agricultural sector experienced a stronger than expected rebound after two years of drought. The onset of the rains led to improved crop yields and livestock health, which supported poverty rates to resume their downward trajectory. The $2.15 international poverty rate is projected to have declined from 35.8 percent in 2022 to 35,1 percent in 2023.

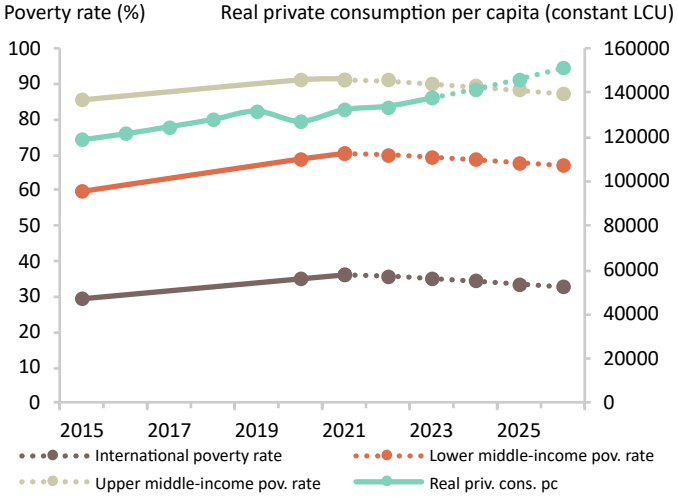
Moreover, industry and services continued to show resilience despite surging production costs, increased cost of credit, and a depreciating shilling. The depreciated currency depressed imported oil products, machinery, and transport

FIGURE 1 Kenya / Annualized quarterly real GDP growth and contributions to annualized real quarterly GDP growth



Sources: World Bank and Kenya National Bureau of Statistics.

FIGURE 2 Kenya / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: see Table 2.

equipment but did not result in higher exports. As imports fell faster than exports and remittance flows held up, the current account deficit narrowed to 3.9 percent of GDP in 2023. FX reserves stood at US$ 7.1 billion or 3.7 months of import by January 2024, improving from December 2023 but still below the Central Bank of Kenya's (CBK) statutory minimum of 4.0 months of import cover.

Inflation fell to 6.9 percent by January 2024, within the CBK's target range of 5±2.5 percent, as falling commodity prices and tight monetary policy offset exchange-rate passthrough. During 2023, the CBK increased its policy rate by a total of 375 basis points, including a 200-basis-point hike in December, with another increase of 50bps, to 13 percent, in February 2024.

Fiscal consolidation continues as the government is expanding the tax base and rationalizing non-priority spending. However, revenue collection is lagging. Tax policy and tax administration measures were submitted to parliament by mid-December 2023 to ensure meeting end-of-year targets. As a share of GDP, public debt rose to 73.2 percent in 2023 from 70.6 percent in 2022.

Outlook

Kenya's outlook remains positive in the medium term, with real GDP projected to grow by 5.2 percent on average in 2024-2026. Persistent structural challenges notwithstanding, a stronger macroeconomic framework and the regaining of access to international financial markets will spur investor confidence and private investment, supporting capital inflows, and freeing more credit to the private sector through reduced domestic government borrowing. As reforms materialize, exports are projected to increase as Kenya implements trade agreements signed under the EU-EPA, AfCFTA, and potential other trade agreements. FDI, tourism, and remittance inflows will support external financing; the current account deficit is expected to remain within 3.9 and 4.1 percent of GDP. A more stable currency, moderating global and local inflation pressures, and, eventually, a more accommodative monetary policy will accelerate credit growth.

Ongoing fiscal consolidation is expected to reduce the fiscal deficit, which is projected to decline to -4.1 percent of GDP in 2024, targeting a primary surplus of 1.2 percent.

Real per capita incomes are expected to grow, and the poverty incidence is expected to resume its pre-pandemic downward trend, declining by nearly a percentage point each year toward pre-pandemic levels. The US$2.15 poverty rate is expected to fall from 35.1 percent in 2023 to 34.4 percent in 2024.

The outlook is subject to elevated uncertainty. The failure to achieve fiscal consolidation targets could exacerbate Kenya's debt vulnerabilities, especially due to still high-debt service repayments. Climate hazards could resume inflationary pressures and food insecurity, affecting growth. Lower than anticipated growth of international partners could undercut ongoing recovery in tourism, exports, and remittances. Elevated commodity prices would further tighten financial condition, weaken external balances, and impact inflation. The upside risks are linked to faster than expected normalization in global financing conditions and lower international fuel and food prices.

TABLE 2 **Kenya** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	7.6	4.8	5.4	5.0	5.3	5.3
Private consumption	6.2	3.1	5.0	4.9	5.3	5.4
Government consumption	6.0	7.4	5.7	1.6	0.8	1.1
Gross fixed capital investment	10.8	-1.1	0.1	5.3	7.8	7.8
Exports, goods and services	15.3	10.7	-6.8	8.7	9.6	9.9
Imports, goods and services	22.2	4.5	-7.8	3.0	5.5	6.4
Real GDP growth, at constant factor prices	7.1	4.5	5.4	5.0	5.3	5.3
Agriculture	-0.4	-1.6	6.1	4.1	4.4	4.5
Industry	7.5	3.9	2.2	4.0	4.1	4.3
Services	9.6	6.7	6.2	5.6	5.9	5.9
Inflation (consumer price index)	6.1	7.6	7.7	7.0	5.0	5.0
Current account balance (% of GDP)	-5.2	-5.1	-3.9	-3.9	-4.0	-4.1
Net foreign direct investment inflow (% of GDP)	0.0	0.3	0.4	0.6	0.7	0.8
Fiscal balance (% of GDP)	-7.3	-5.9	-5.2	-4.1	-3.3	-3.2
Revenues (% of GDP)	16.8	17.1	17.8	19.1	19.3	19.4
Debt (% of GDP)	68.1	70.6	73.2	71.8	69.0	66.6
Primary balance (% of GDP)	-2.5	-0.8	0.0	1.2	1.7	1.7
International poverty rate ($2.15 in 2017 PPP)[a,b]	36.1	35.8	35.1	34.4	33.6	32.7
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	70.1	69.8	69.2	68.5	67.8	67.0
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	91.3	90.9	90.1	89.2	88.2	87.2
GHG emissions growth (mtCO2e)	3.5	4.6	5.0	5.9	6.5	6.4
Energy related GHG emissions (% of total)	26.5	26.6	26.4	26.1	25.8	26.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2013-, 2018-, and 2021-KCHS. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.
b/ Projection using point to point elasticity at regional level with pass-through = 1 based on private consumption per capita in constant LCU.

LESOTHO

Table 1	2023
Population, million	2.3
GDP, current US$ billion	2.3
GDP per capita, current US$	972.0
International poverty rate ($2.15)[a]	32.4
Lower middle-income poverty rate ($3.65)[a]	54.6
Upper middle-income poverty rate ($6.85)[a]	81.0
Gini index[a]	44.9
School enrollment, primary (% gross)[b]	110.0
Life expectancy at birth, years[b]	53.1
Total GHG emissions (mtCO2e)	4.3

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

Growth increased to 2 percent in 2023 and will remain at around this rate over 2024-26. The outlook is subject to downside risks from delays in the Lesotho Highlands Water Project (LHWP), and the implementation of reforms to control public spending, raise efficiency, as well as public investment effectiveness. Further delays in implementing reforms to bolster private sector development and human capital will also stall growth. Weaker global and regional growth, rising geopolitical tensions, and climate shocks could adversely affect the growth trajectory.

Key conditions and challenges

Growth rate has averaged only 1.2 percent since 2010, indicating that the consumption-driven growth model anchored on a large public sector has not been sustainable. Weaknesses in fiscal policy and management has undermined public spending inefficiencies. The large public sector has also crowded out the private sector, curtailing business investment and the development of new private sector activities. Domestic entrepreneurs face difficulties in accessing credit. Gaps in the regulatory competition and investment frameworks, including for foreign direct investment, raise uncertainty and costs of doing business. Large infrastructure gaps, including in information and communications technology, dampen private investment and the country's integration in global value chains.

Fiscal imbalances have been persistent overtime, as spending was not compensated by higher revenue, leading to higher public debt. Volatile Southern African Customs Union (SACU) receipts, poor cash management, and deficiencies in public procurement processes have led to the accumulation of arrears, which threaten macroeconomic stability.

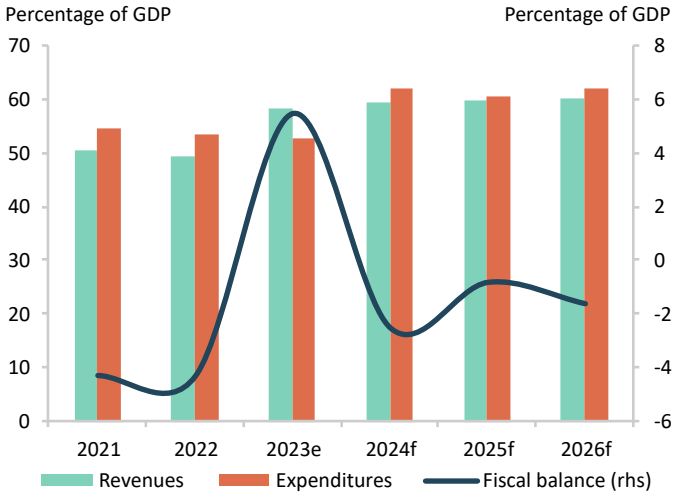
Weak regional and global demand are undermining exports, which remain heavily concentrated to apparel and textile, and natural resources. Policy measures are needed to unlock private investment and diversify the economy. The future of the textile sector hinges on the renewal of the United States' African Growth and Opportunities Act (AGOA) beyond 2025 and measures to relaunch the competitiveness of the sector. South Africa's weak economy affects growth prospects through trade and lower remittances.

Limited private sector activity and skills mismatches contribute to high unemployment, estimated at 22.5 percent in 2019 (reaching 38.3 percent when discouraged job seekers are included), and high poverty rates. Over one-third of the population was estimated to live on less than US$2.15 per day (2017 PPP) in 2022. Lesotho is in the top quintile of countries with the most unequal income distribution.

Recent developments

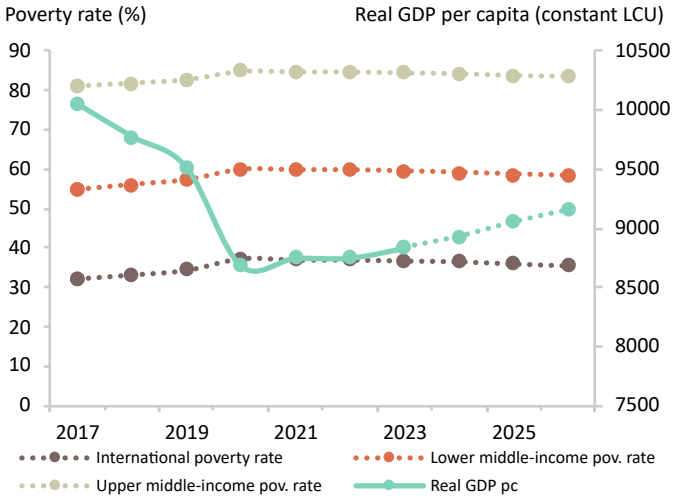
The economy expanded by an estimated 2 percent in 2023, mainly driven by the public sector, especially the LHWP-II megaproject and its spillover effects on transportation, logistics, and financial services. The project experienced some delays in early 2024 owing to strikes, but activity has since resumed. On the downside, weaknesses in public investment management and efforts to control spending are delaying the implementation of capital projects. On the supply side, the industrial sector grew by about 5 percent, while the expansion of the agricultural sector, while still positive, decelerated significantly.

FIGURE 1 **Lesotho** / Fiscal dynamics



Source: World Bank.

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



Source: World Bank. Notes: see Table 2.

Headline inflation decreased from its peak of 9.8 percent in July 2022 to 7.2 percent in December 2023, owing primarily to the moderation in fuel and food prices, but pressures are emerging again. the central bank revised upwards the net international reserves target floor to US$750 million in January 2024 and increased the policy rate to 7.75 percent in July 2023, which stands below the South African policy rate.

The fiscal balance improved dramatically, from a deficit of 4.3 percent of GDP in 2022 to a surplus of 5.5 percent of GDP in 2023, owing to the more than doubling of SACU revenue. The government has spent more than half of SACU windfall in FY 2023/24, to increase public investment and recurrent spending by 2 percentage points of GDP each. Recurrent spending increases were driven by transfers to other public sector bodies, social benefits, and subsidies. The public sector wage bill growth kept constant as a share of GDP, even though it increased above inflation. Limited progress has been made on arrears' clearance, which have emerged owing to recurrent fiscal deficits in the past, and weaknesses in public financial management and in public procurement.

Outlook

Growth is projected to remain subdued, at around 2-2.5 percent over the next three years. This rate will be insufficient to return the economy to its pre-pandemic level by 2026 and significantly reduce poverty and inequality rates. The implementation of the LHWP-II project should continue to drive growth, but private activities are expected to expand modestly as longstanding structural constraints remain unaddressed. Consequently, the US$2.15 per day poverty rate is projected to fall only slightly from 37.0 percent in 2022 to 36.1 percent in 2025.

Inflation is expected to gradually moderate to 5.0 percent in line with declining energy and food prices, but to remain relatively high owing to the rand depreciation. The current account deficit is projected to widen due to higher imports associated with the LHWP-II, and weaker demand for exports, driven by uncertainties surrounding the renewal of AGOA, and a deceleration in the US economy.

After the large fiscal surplus registered in 2023, the government's accounts are expected to return to deficits, even though SACU transfers are projected to remain elevated, risking undermining macroeconomic stability. Although the projected deficits will be driven by public investment, and there are substantial gaps in productive, social, and resilient infrastructure, public investment prioritization and management have been weak, raising concerns about the country's absorptive capacity and resource misallocation. Using the SACU windfall to implement reforms that stimulate private sector investment and bring down recurrent spending would strengthen growth.

Domestic and external risks are tilted to the downside. Weaker global and regional growth, and the intensification of geopolitical conflicts, would impact negatively on diamond exports and remittances. This and failure to renew AGOA would widen the current account deficit, while further delays in the LHWP-II would lower growth. On the positive side, devising a plan to clear arrears and delivering on it would strengthen the macroeconomic policy framework and public spending. Climate shocks could weaken the outlook and endanger gains in poverty alleviation, underscoring the need to strengthen climate risk management and resilience.

TABLE 2 Lesotho / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	1.9	1.1	2.0	2.2	2.5	2.3
Private consumption	-6.7	9.1	3.6	3.5	3.2	3.2
Government consumption	-5.3	2.4	2.2	17.9	11.5	12.3
Gross fixed capital investment	6.5	10.8	54.7	9.3	26.7	18.3
Exports, goods and services	5.1	36.7	2.2	2.2	2.2	2.0
Imports, goods and services	-0.4	22.5	10.3	10.8	11.3	10.5
Real GDP growth, at constant factor prices	1.9	1.1	2.0	2.2	2.5	2.3
Agriculture	-16.0	12.5	2.4	2.4	2.4	2.4
Industry	4.7	5.0	5.0	5.3	5.0	5.0
Services	2.3	-0.8	1.0	1.1	1.6	1.3
Inflation (consumer price index)	6.0	8.3	6.4	5.3	5.0	5.0
Current account balance (% of GDP)	-4.1	-6.2	-5.5	-6.2	-6.6	-6.4
Net foreign direct investment inflow (% of GDP)	1.2	1.2	1.4	1.9	1.4	1.2
Fiscal balance (% of GDP)	-4.3	-4.3	5.5	-2.5	-0.8	-1.5
Revenues (% of GDP)	50.2	49.1	57.6	58.9	59.1	59.6
Debt (% of GDP)	60.4	60.6	57.5	54.9	51.2	47.7
Primary balance (% of GDP)	-3.3	-3.4	6.4	-1.6	0.0	-0.8
International poverty rate ($2.15 in 2017 PPP)[a,b]	37.0	37.0	36.8	36.6	36.1	35.6
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	59.7	59.7	59.4	59.0	58.6	58.3
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	84.8	84.8	84.5	84.3	83.8	83.6
GHG emissions growth (mtCO2e)	1.3	2.3	2.6	2.8	2.9	2.1
Energy related GHG emissions (% of total)	57.9	58.1	58.2	58.4	58.6	58.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2017-CMSHBS. Actual data: 2017. Nowcast: 2018-2023. Forecasts are from 2024 to 2026.
b/ Projection using neutral distribution (2017) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

LIBERIA

Table 1	2023
Population, million	5.4
GDP, current US$ billion	4.3
GDP per capita, current US$	799.5
International poverty rate ($2.15)[a]	27.6
Lower middle-income poverty rate ($3.65)[a]	60.6
Upper middle-income poverty rate ($6.85)[a]	88.9
Gini index[a]	35.3
School enrollment, primary (% gross)[b]	72.9
Life expectancy at birth, years[b]	60.7
Total GHG emissions (mtCO2e)	17.2

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2016), 2017 PPPs.
b/ Most recent WDI value (2021).

Liberia's economy expanded by an estimated 4.7 percent in 2023. Inflationary pressures increased due to rising food and transportation costs. Medium-term growth prospects are promising but require maintaining macroeconomic stability, prudent fiscal consolidation, and implementation of ongoing structural reforms in key enabling sectors. However, risks to the outlook are tilted to the downside as inflationary pressures, fiscal slippages, and fluctuations in commodity prices could undermine macroeconomic stability and growth.

Key conditions and challenges

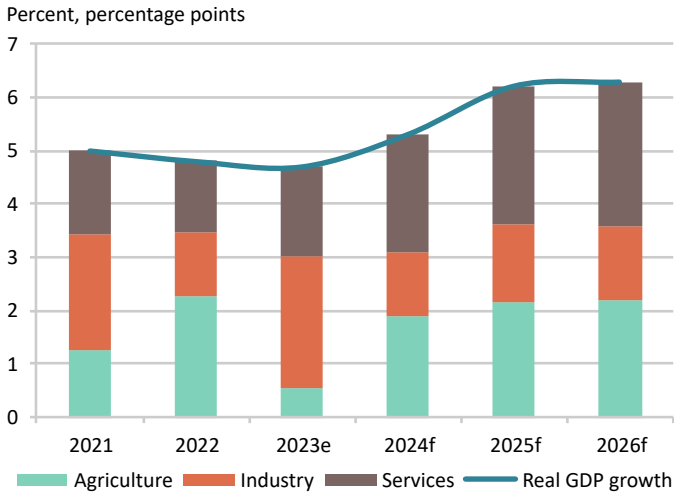
Since 2021, Liberia has seen steady economic progress, but not at a rate fast enough to accelerate the country's efforts to reduce poverty. The medium-term outlook for the country is promising; however, to accelerate growth, macroeconomic stability and fiscal sustainability must be upheld in the near term, and infrastructure and private investment enhanced in the medium term. Macroeconomic stability must be complemented by institutional reforms, enhancements in the business environment, and significant upgrades to basic services and infrastructure to unlock the country's growth potential. In addition, investing in human capital and building climate resilience are essential for long-term growth and breaking the cycle of entrenched poverty. Liberia has limited access to health care, education, and basic utilities by regional and global standards, and despite being among the nations with the lowest greenhouse gas emissions, the country faces significant challenges in adapting to consequences of climate change.

Recent developments

Liberia's economy expanded by an estimated 4.7 percent in 2023, driven mainly by mining, specifically gold production. Growth in the primary sector was sluggish –1.4 percent, as the outputs of key agricultural products such as rubber and crude palm oil declined by 2.0 percent and 10.7 percent, year-on-year (y/y), respectively. The secondary sector expanded by 13.9 percent, led by mining. Gold production increased by 16.4 percent (y/y) in response to higher international demand, while iron ore output grew by 1.0 percent (y/y). In manufacturing, cement production expanded by 5.6 percent, driven by increased construction activity. The services sector expanded by 3.8 percent.

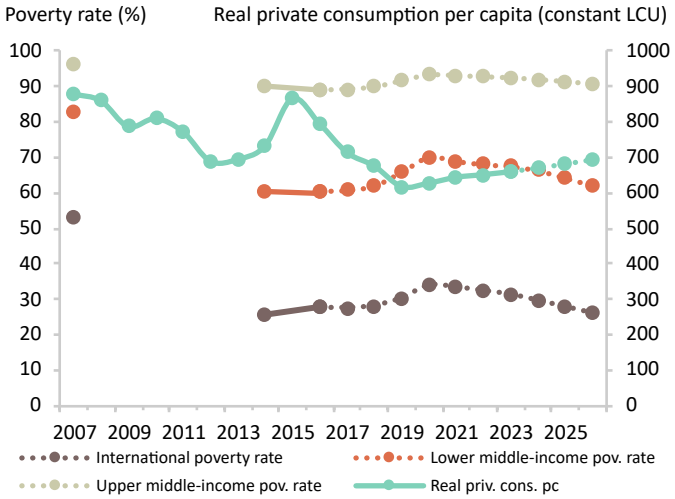
Headline inflation rose to 10.1 percent in 2023, from 7.6 percent in 2022, driven by increases in transport and food prices, and a weaker Liberian dollar. As of December 2023, the Liberian dollar to US dollar exchange rate had increased by 22.0 percent (y/y) but was broadly stable during the last half of the year, trading at L$186.6 per US dollar. Nonfood inflation averaged 10.3 percent in 2023, down slightly from 10.6 percent in 2022, while food inflation averaged 12.3 percent, from a disinflation of 1.6 percent during the same period. Food prices will remain a major driver of inflation and will continue to have a disproportionate impact on the poor, who are net consumers of food and are at risk of food insecurity and falling into deeper poverty. The rice sector remains vulnerable to externalities, as trends in rice supply, demand, and prices shape food insecurity and poverty in Liberia. Although rice accounts for more than 20 percent of total food consumption, its price remains volatile in the market. This has recently compelled the government to intervene, halting all price

FIGURE 1 Liberia / Real GDP growth and contributions to real GDP growth



Sources: Liberian authorities and World Bank staff estimates.

FIGURE 2 Liberia / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: see Table 2.

increases and looking at ways to offer alternative varieties of rice. The extreme international poverty rate (US$2.15 per person per day) is estimated to have declined by 1.1 percentages points to 31.3 percent in 2023, from 32.4 percent in 2022.

In 2023, the Central Bank of Liberia (CBL) raised the policy rate twice in May and July by 500 basis points cumulatively to 20.0 percent to rein in inflation. The CBL also removed the ceiling on the offered amount of CBL bills to help accommodate the growing oversubscription, absorb the excess liquidity in the banking system, and strengthen its monetary policy operations. The financial sector remained adequately capitalized with minimum capital adequacy ratio at 21.2 percent, well above the floor of 10 percent. Non-performing loans as share of total loans also declined to from 16.4 percent to 11.2 percent, slightly above the tolerable levels of 10 percent.

Liberia's fiscal deficit remained high, at around 5.5 percent of GDP due to declines in revenue and grants and increase in consumption spending. The fiscal deficit was mainly financed by concessional resources - (i.e., budget support loans and IMF Special Drawing Rights). In March 2024, the new Government submitted a revised 2024 budget to the legislature for approval.

The current account deficit is estimated to have risen to 24.4 percent of GDP in 2023, up from 17.7 percent in 2022. The increase in current account deficit was driven by trade dynamics. The trade deficit worsened to 18.4 percent of GDP, from 11.8 percent in 2022, as growth in imports driven by minerals, machinery, and petroleum outpaced the growth in exports. The current-account deficit was financed by net IMF credit, loans, and drawdowns of gross official reserves. By December 2023, the gross external reserves fell to US$496 million (about 2.3 months of imports), from US$644 million (3.0 months of imports) in December 2022.

Outlook

Liberia's medium-term growth prospects are positive on balance. The economy is expected to expand by 5.4 percent in 2024 and average of 5.9 percent in 2024–26. Medium-term growth prospects require maintaining macroeconomic stability, prudent fiscal consolidation, and implementation of ongoing structural reforms in key enabling sectors.

Tightening monetary policy will ease inflationary pressures and bring inflation down to 5.4 percent by 2026. The fiscal deficit is projected to moderate to an average of 3.3 percent of GDP in the medium term as the government strengthens domestic resource mobilization and expenditure controls. The current-account deficit is expected to remain elevated in the medium term due to a surge in aggregate demand driven by foreign direct investment (FDI) related imports. The deficit will be financed by FDI in mining, private financing flows, and disbursements of project grants and loans.

Real income per capita is expected to grow and poverty incidence is expected to decline by 3.6 percentage points, from 29.6 percent in 2024 to 26.0 percent in 2026 as the government addresses supply side constraints, stimulates growth and job creation, and takes measures to combat food insecurity and climate vulnerabilities by mitigating rising food prices and tightening macroeconomic policy to reduce inflationary pressures.

However, the outlook is not without significant risks. Inflationary pressures resulting from elevated import prices (especially food and fuel), combined with potential decrease in export prices (such as rubber, iron ore, and gold), and fiscal slippages could undermine macroeconomic stability and hamper the recovery in growth.

TABLE 2 Liberia / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	5.0	4.8	4.7	5.3	6.2	6.3
Private consumption	4.7	3.3	3.5	3.7	3.8	3.9
Government consumption	0.2	-5.7	0.0	-6.0	-2.3	6.2
Gross fixed capital investment	-7.9	9.4	12.9	11.8	12.6	9.0
Exports, goods and services	14.7	7.7	8.5	13.1	13.6	13.6
Imports, goods and services	1.8	3.1	7.0	7.3	7.5	7.5
Real GDP growth, at constant factor prices	4.8	4.8	4.7	5.3	6.2	6.3
Agriculture	3.3	5.9	1.4	5.0	5.7	5.9
Industry	13.3	6.7	13.9	6.3	7.5	7.0
Services	3.0	2.8	3.8	5.1	6.0	6.3
Inflation (consumer price index)	7.8	7.6	10.1	7.7	5.6	5.4
Current account balance (% of GDP)	-17.8	-17.7	-24.4	-21.7	-21.9	-21.6
Fiscal balance (% of GDP)	-2.4	-5.6	-5.5	-3.2	-3.7	-3.1
Revenues (% of GDP)	27.2	21.5	20.8	22.9	22.4	20.7
Debt (% of GDP)	53.2	53.4	54.5	55.4	55.6	53.7
Primary balance (% of GDP)	-1.6	-4.6	-4.5	-2.3	-2.9	-2.3
International poverty rate ($2.15 in 2017 PPP)[a,b]	33.4	32.4	31.3	29.6	27.8	26.0
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	69.0	68.1	67.5	66.3	64.3	62.1
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	93.1	92.8	92.5	91.9	91.4	90.6
GHG emissions growth (mtCO2e)	3.2	3.2	3.1	3.1	3.2	3.2
Energy related GHG emissions (% of total)	6.4	6.3	6.2	6.1	5.9	5.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2016-HIES. Actual data: 2016. Nowcast: 2017-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

MADAGASCAR

Table 1	2023
Population, million	30.3
GDP, current US$ billion	16.5
GDP per capita, current US$	545.5
International poverty rate ($2.15)[a]	80.7
Lower middle-income poverty rate ($3.65)[a]	92.4
Upper middle-income poverty rate ($6.85)[a]	98.2
Gini index[a]	42.6
School enrollment, primary (% gross)[b]	138.2
Life expectancy at birth, years[b]	64.5
Total GHG emissions (mtCO2e)	41.8

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2012), 2017 PPPs.
b/ Most recent WDI value (2021).

Economic growth is estimated to have remained unchanged at 3.8 percent in 2023 due to sluggish export performance linked to the global economic slowdown and unfavorable export price management. It is projected to pick up to 4.6 percent over 2024-26, driven by the recovery of international trade and tourism and increased investments in the telecommunications and mining sectors. The elevated poverty rate is projected to abate slightly. Risks remain substantial, including fiscal pressures stemming from state-owned enterprises.

Key conditions and challenges

Persistently low economic growth and rapid population growth have resulted in declining income per capita and a high poverty rate. Madagascar's 2023 real GDP per capita represents only about 56 percent of its level in 1960. The international poverty rate (US$2.15 per person per day at 2017 PPP) has stagnated at around 80 percent over the past decade, positioning the country among the most impoverished globally. Weak governance, distortionary policies, and low investment in physical and human capital have led to low productivity growth and slow structural transformation. Most of the workforce remains engaged in low-productivity activities, and 80 percent of the population still relies on agriculture as their primary source of income.

Furthermore, Madagascar's vulnerability to climate and natural shocks, including cyclones and droughts, contributes to higher growth volatility and weighs on potential growth. On average, four cyclones hit Madagascar each year, damaging infrastructure and agricultural fields, while the south is increasingly exposed to drought.

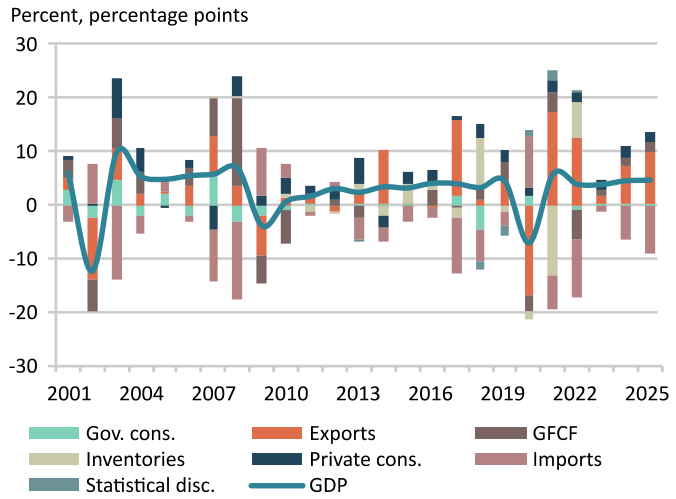
To reduce poverty, Madagascar needs robust and sustained growth, along with improved resilience to shocks. Sustained reforms are vital to ensure dependable and affordable access to infrastructure, develop human capital, and enhance governance. Recent reforms introduced in the mining code, telecommunications sector licensing, and the investment law could improve investors' confidence, paving the way for higher investment and productivity gains. Deepening these reforms and ensuring adequate governance and financial sustainability of state-owned enterprises should be prioritized.

Recent developments

Economic growth remained unchanged at 3.8 percent in 2023, driven by tourism, with arrivals nearly doubling from 2022 and high demand for telecommunications and the food industry. Hence, domestic expenditure has driven growth, while the contribution to growth from net exports has been marginal. Although mineral export volumes (nickel, cobalt) have been moderately strong and gold export has resumed after suspension in 2020, lower demand and prices for key Malagasy exports such as textiles, vanilla, and spices have dampened overall export performance.

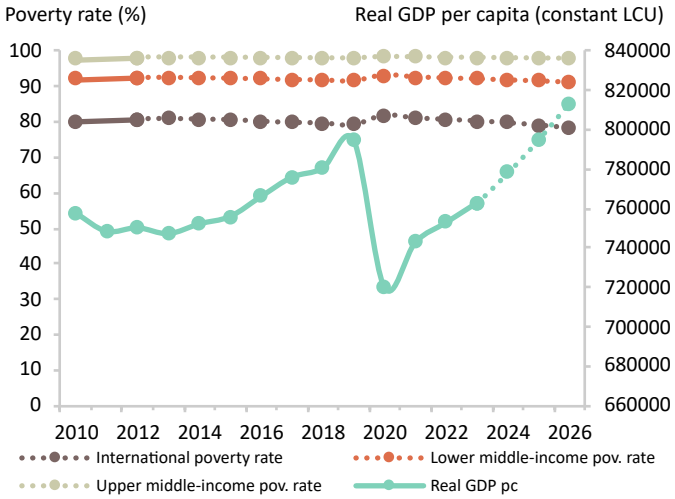
Inflation has been declining since Q2 2023 due to high base effects related to the fuel price hike in July 2022 and a tighter monetary policy stance. The central bank increased its deposit and marginal lending facility rates twice since early 2023 for a cumulative increase of 90 basis points. Concurrently, headline inflation decreased from a peak of 12.4 percent (yoy) in March 2023 to 7.5 percent in December 2023. Core inflation, which excludes food and energy price hikes, declined from 7.9 percent in December 2022 to 6.3 percent in December 2023. Despite an estimated rise of 8 percent

FIGURE 1 Madagascar / Real GDP growth and contributions to real GDP growth



Source: World Bank.

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



Source: World Bank. Notes: see Table 2.

in domestic rice production in 2023, rice prices remained high due to market distortions. Lower international energy prices have not impacted local prices owing to the government's price controls.

The fiscal deficit is estimated to have declined from 6.4 percent of GDP in 2022 to 4.9 percent in 2023. The tax-to-GDP ratio is estimated to have increased from 9.5 percent in 2022 to 12.6 percent in 2023, mainly due to the one-off impact related to the recovery of petroleum tax arrears accumulated in 2022 (equivalent to 1.8 percent of GDP). Nonetheless, the tax-to-GDP ratio remains below the 12.9 percent budget target. Government expenditure increased from 17.2 percent of GDP in 2022 to 19.6 percent in 2023 and included a large transfer to the public water and electricity utility, JIRAMA. The budget deficit was mainly financed by concessional external financing. External and overall public debt distress risks remain moderate.

The current account deficit narrowed from 5.4 percent of GDP in 2022 to an estimated 4.5 percent in 2023, with goods imports declining faster than exports. Despite this improvement, the ariary depreciated by 8.2 percent on average against the US dollar and 11 percent against the euro in 2023. This depreciation was influenced by high inflation and heightened investor risk aversion, partly due to uncertainties related to the presidential elections.

Outlook

Growth is expected to accelerate to an average of 4.6 percent over 2024-26, driven by favorable base effects, enhanced trade and tourism opportunities, and a new impetus for private investment following impactful structural reforms in pivotal sectors such as mining, digital technology, and the investment climate. The potential extension of the United States' African Growth and Opportunity Act could positively impact economic activities, particularly investment in the textile industry. Nevertheless, the poverty rate is projected to stay at about 79.7 percent in 2024, as job creation is expected to remain limited compared to population growth. Hence, about 24.8 million people are projected to remain poor, a number larger than the total population of Burundi and South Soudan altogether, where the poverty rates also are very high.

The current account deficit is projected to remain stable at around 4.7 percent of GDP over 2024-26, mainly reflecting a narrowing goods and services trade deficit, in line with rising exports from mining and tourism and decreasing crude oil prices. The current account deficit is expected to be financed mainly by foreign direct investments and external financing for the public sector.

The fiscal deficit is projected to narrow to an average of 3.1 percent of GDP over 2024-26, driven by increased revenue collection, notably from the mineral sector, as mining projects ramp up production after the enactment of the new mining code. The public debt-to-GDP ratio is expected to remain high but sustainable, averaging 57 percent of GDP over 2024-26.

Risks to the outlook include recurring natural hazards, ongoing international conflicts, and a global economic slowdown. Domestic downside risks include the financial stress of state-owned enterprises, particularly JIRAMA and Madagascar Airlines, and delay in implementing key structural reforms. The enactment of a new mining code and the resumption of major investment projects represent upside risks that could significantly boost economic growth.

TABLE 2 Madagascar / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	5.7	3.8	3.8	4.5	4.6	4.7
Private consumption	3.0	2.5	2.6	2.9	3.0	3.1
Government consumption	0.2	-8.0	2.3	3.0	3.6	4.0
Gross fixed capital investment	12.7	-19.1	6.2	7.1	7.5	8.0
Exports, goods and services	55.0	27.5	2.4	12.6	15.8	16.3
Imports, goods and services	12.7	19.8	1.7	10.7	14.1	15.1
Real GDP growth, at constant factor prices	6.5	3.7	3.8	4.5	4.6	4.7
Agriculture	-1.6	0.9	2.2	2.3	2.3	2.3
Industry	19.7	10.9	7.6	10.2	10.3	10.4
Services	7.3	3.1	3.4	3.7	3.8	3.9
Inflation (consumer price index)	5.8	8.2	9.9	7.8	7.3	6.9
Current account balance (% of GDP)	-5.0	-5.4	-4.5	-4.8	-4.7	-4.7
Net foreign direct investment inflow (% of GDP)	1.7	2.1	1.6	2.3	2.4	2.5
Fiscal balance (% of GDP)	-2.8	-6.4	-4.9	-3.8	-3.2	-2.4
Revenues (% of GDP)	11.1	10.8	14.7	13.3	13.5	14.1
Debt (% of GDP)	52.3	56.9	57.6	57.1	56.4	57.4
Primary balance (% of GDP)	-2.2	-5.8	-4.0	-2.9	-2.2	-1.6
International poverty rate ($2.15 in 2017 PPP)[a,b]	81.0	80.6	80.2	79.7	79.1	78.4
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	92.6	92.4	92.2	91.9	91.7	91.4
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	98.2	98.1	98.1	98.0	97.9	97.8
GHG emissions growth (mtCO2e)	1.2	1.3	1.3	2.4	2.8	2.9
Energy related GHG emissions (% of total)	11.9	12.3	12.1	12.3	12.5	12.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2012-ENSOMD. Actual data: 2012. Nowcast: 2013-2023. Forecasts are from 2024 to 2026.
b/ Projection using neutral distribution (2012) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

MALAWI

Table 1	2023
Population, million	20.9
GDP, current US$ billion	14.1
GDP per capita, current US$	672.9
International poverty rate ($2.15)[a]	70.1
Lower middle-income poverty rate ($3.65)[a]	89.1
Upper middle-income poverty rate ($6.85)[a]	97.3
Gini index[a]	38.5
School enrollment, primary (% gross)[b]	126.4
Life expectancy at birth, years[b]	62.9
Total GHG emissions (mtCO2e)	21.2

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2019), 2017 PPPs.
b/ WDI for School enrollment (2022); Life expectancy (2021).

Economic growth rose slightly to 1.5 percent in 2023 from 0.9 percent in 2022. This was supported by the resumption of electricity production at the Kapichira hydro-electric plant, but the unavailability of production inputs and the impact of Tropical Cyclone Freddy constrained the recovery. Growth is estimated at 2.0 percent in 2024. This has been impacted by a prolonged dry spell and the continued scarcity of foreign exchange. High inflation and food shortages will impact household welfare, increasing the poverty rate to 72 percent in 2024.

Key conditions and challenges

Vulnerabilities in the Malawian economy continue to be exacerbated by weather- and climate-related shocks paired with scarcity of foreign exchange that constrains the importation of raw materials. Recurring floods and prolonged dry spells compounded by limited availability of agricultural inputs and weak domestic and regional market integration keep agricultural output below its potential. Persistent liquidity challenges and distortions in foreign exchange markets continue to constrain the importation of raw materials for the production process, further undermining growth.

A lack of trade dynamism and low levels of investment persist. Lower agricultural output and slow implementation of policies to support crop diversification and economic transformation constrain exports, as does the widespread presence of non-tariff barriers, strict capital controls, and high trade costs. These in turn affect the accumulation of foreign exchange reserves. With continued high import demands, the current account deficit remains elevated, placing additional pressure on reserves.

Fiscal imbalances have been a central challenge to reducing inflation, following years of an expansionary fiscal policy. Slow implementation of public financial management reforms, paired with growing statutory expenditure requirements continue to exert upward pressure on government expenditure. With limited availability of external financing and high levels of domestic borrowing, public debt continues to rise, resulting in debt servicing requirements in excess of 35 percent of revenues.

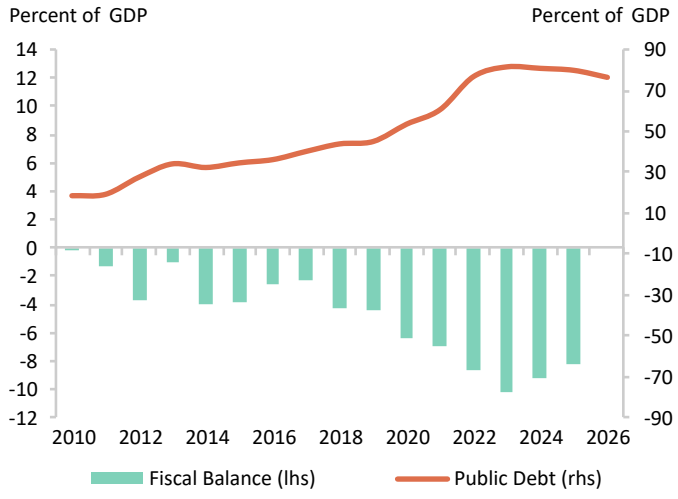
The prevalence of poverty remains high, with rates exceeding 70 percent - one of the highest in the world. The continued high rate of poverty is exacerbated by a sluggish economic recovery and persistent food shortages following a series of weather shocks, high susceptibility to fluctuations in food prices, and ongoing rapid population growth.

Recent developments

The impact of Tropical Cyclone Freddy and the limited availability of agriculture inputs weighed on agricultural production in 2023. While low liquidity and persistent unavailability of foreign exchange constrained importation of raw materials for production, the early resumption of electricity production at Kapichira supported improved economic activity in industry and services, contributing to an estimated economic growth rate of 1.5 percent in 2023.

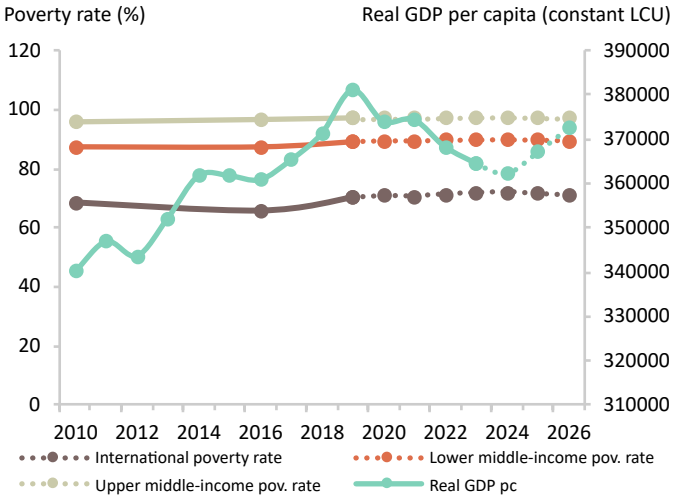
Weak export recovery amidst high imports and low foreign investment has resulted in a current account deficit of 16.1 percent of GDP. Gross official reserves remained below 1 month of import cover throughout 2023. To help restore foreign exchange reserves in late 2023, the Reserve Bank of Malawi (RBM) announced the 44 percent adjustment of kwacha-US dollar exchange rate, together with several measures to increase the

FIGURE 1 **Malawi** / Fiscal balance and public debt as percent of GDP



Sources: Ministry of Finance, Economic Planning and Development, and World Bank.

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



Source: World Bank. Notes: see Table 2.

kwacha flexibility. The exchange rate premium significantly narrowed at the end of 2023, from 60 to around 10 percent.

Inflation remains high. Despite the RBM's efforts to tackle mounting inflation by tightening monetary policy, persistently high food prices owing to shortages on the domestic market, coupled with the delayed depreciation of the Malawi kwacha, resulted in substantial inflationary pressures. With money supply growth increasing, driven mainly by the revaluation benefits on foreign currency denominated deposits, inflation has remained at around 33.5 percent since February 2024.

Supported by exchange rate gains on trade taxes, disbursements of grants, and remittance of dividends, revenue collection increased to 17.2 percent of GDP in fiscal year (FY) 2023/24. However, higher-than-planned expenditures, reaching 29.0 percent of GDP in FY 2023/24, will partially offset improved revenue performance, pushing the fiscal deficit to 11.7 percent of GDP. This has predominantly been financed by the incurrence of domestic liabilities, mostly from the banking sector, in turn crowding out credit to the private sector.

The continuous rise in prices, especially for food and transportation, has adversely affected household consumption. Coupled with food shortages, this has exacerbated food insecurity and pushed many into poverty in 2023. The proportion of people living on less than $2.15 per day increased to 71.7 percent in 2023.

Outlook

Malawi's economy is projected to grow by 2.0 percent in 2024 – a contraction in per capita terms given 2.6 percent population growth. Limited availability of agricultural inputs and the impact of prolonged dry spells during the growing season will result in reduced agricultural output. Continued liquidity challenges in foreign exchange markets are expected to continue affecting the importation of raw materials and productions inputs, constraining economic activity in industry and services.

Headline inflation is expected to remain high and average 27.4 percent in 2024. The disinflationary impact of tightening monetary policy will be offset by lower agricultural output and resultant pressures on food prices. The adjustment of energy and other utility prices necessitated by the adjustment of the kwacha and planned for 2024 will add to inflationary pressures.

Revenue is projected at 21.5 percent of GDP in FY2024/25. This outcome assumes the achievement of ambitious tax revenue targets as well as increased disbursements of grants which are expected to reach 5.4 percent of GDP, the highest in the last decade. Expenditure is expected to slightly moderate to 28.4 percent of GDP, thus translating to a projected fiscal deficit of 6.6 percent of GDP in FY2024/25. Failure to attain ambitious revenue targets and overspending would widen the deficit further, which will add to an already high and unsustainable public debt burden.

Imports are expected to continue rising, driven in particular by the need for increased food imports to address domestic shortages. While exports are also projected to recover, the impact of prolonged dry spells on agricultural production may constrain export growth. The current account deficit is projected to remain high at 20 percent of GDP.

With heightened food insecurity, both from high food prices and shortages owing to anticipated lower agriculture output, poverty is expected to worsen in 2024. The proportion of people living below the poverty line of $2.15 a day will increase slightly to 72 percent in 2024.

TABLE 2 **Malawi** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	2.8	0.9	1.5	2.0	3.9	4.1
Private consumption	2.6	0.6	3.8	4.0	4.8	5.1
Government consumption	-1.1	-5.8	14.8	6.9	-2.3	6.9
Gross fixed capital investment	6.5	12.4	-15.0	-2.5	6.3	-9.4
Exports, goods and services	2.5	3.1	3.5	8.8	6.7	6.0
Imports, goods and services	2.5	3.9	3.9	9.6	6.3	3.9
Real GDP growth, at constant factor prices	2.8	0.9	1.5	2.0	3.9	4.1
Agriculture	5.2	-1.0	0.6	-1.2	3.7	3.0
Industry	1.9	0.9	1.6	2.2	3.3	3.1
Services	2.0	1.8	1.9	3.2	4.2	4.8
Inflation (consumer price index)	9.3	20.9	28.7	27.4	20.8	16.7
Current account balance (% of GDP)	-15.2	-17.3	-16.1	-20.0	-19.6	-17.9
Net foreign direct investment inflow (% of GDP)	0.8	1.6	1.5	2.1	2.3	2.5
Fiscal balance (% of GDP)	-6.9	-8.9	-10.3	-11.8	-7.3	-7.3
Revenues (% of GDP)	14.7	15.0	15.3	17.2	21.1	17.7
Debt (% of GDP)	60.6	76.7	81.4	80.7	79.8	76.4
Primary balance (% of GDP)	-3.1	-3.6	-3.9	-7.1	-1.1	-2.3
International poverty rate ($2.15 in 2017 PPP)[a,b]	70.6	71.3	71.7	72.0	71.4	70.9
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	89.4	89.5	89.7	89.8	89.6	89.4
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	97.4	97.5	97.5	97.5	97.5	97.4
GHG emissions growth (mtCO2e)	1.5	1.4	1.4	1.4	1.3	1.4
Energy related GHG emissions (% of total)	7.6	7.6	7.7	7.7	7.7	7.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2019-IHS-V. Actual data: 2019. Nowcast: 2020-2023. Forecasts are from 2024 to 2026.
b/ Projection using neutral distribution (2019) with pass-through = 0.7 (Low (0.7)) based on GDP per capita in constant LCU.

MALI

Table 1	2023
Population, million	23.3
GDP, current US$ billion	21.8
GDP per capita, current US$	936.3
International poverty rate ($2.15)[a]	20.8
Lower middle-income poverty rate ($3.65)[a]	56.1
Upper middle-income poverty rate ($6.85)[a]	85.9
Gini index[a]	35.7
School enrollment, primary (% gross)[b]	72.6
Life expectancy at birth, years[b]	58.9
Total GHG emissions (mtCO2e)	48.0

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

GDP growth stabilized at 3.5 percent (0.6 percent per capita) in 2023, below expectations, due to lower agricultural output and an electricity crisis, resulting in limited poverty reduction with an extreme poverty rate of 20.2 percent in 2023. Growth is projected to weaken slightly in 2024. The outlook is subject to downside risks from rising insecurity, increasing financing costs, impacts of the announced ECOWAS withdrawal, and climate-related shocks.

Key conditions and challenges

Mali's economy has experienced little structural change over the last three decades. Agriculture and low-productivity services dominate the economy; manufacturing remains limited and concentrated in agro-industries and cotton ginning. Exports are dominated by gold and cotton and vulnerable to commodity-price and climatic shocks. GDP growth per capita stagnated during the last decade limiting poverty reduction, while human development indicators show mixed results.

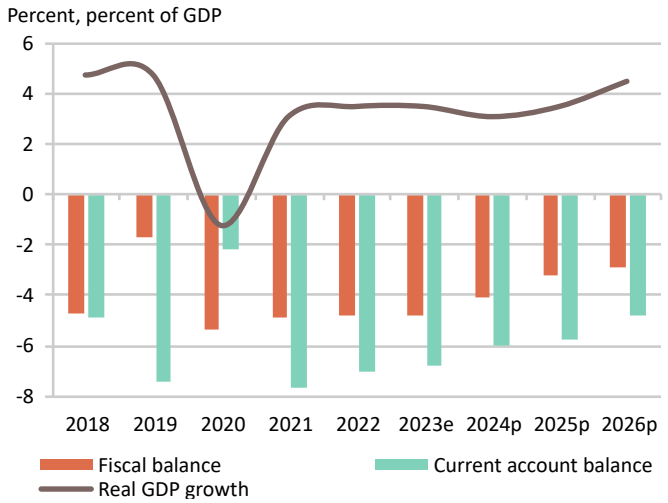
Insecurity, a weakened social contract, and the absence of the State in remote areas, and limited investment are key bottlenecks for inclusive growth. Political instability following the two coup d'états in 2020 and 2021 has also become a significant growth constraint. In September 2023, Burkina Faso, Mali, and Niger formed the Alliance of Sahel States (AES), a security and military pact with political and economic aims. On January 28, 2024, in a joint communiqué, the three countries announced their 'immediate' withdrawal from ECOWAS. According to the revised ECOWAS Treaty, a notification period of one year is required to leave ECOWAS. These developments have increased political and policy uncertainty, including the timetable for elections in Mali.

Recent developments

GDP growth stabilized at 3.5 percent in 2023, less than initial projections, due to lower food agricultural production, which was impacted by insecurity and unfavorable weather conditions. The second major contributor was the electricity crisis starting in August 2023 with shortages due to a large accumulation of arrears to suppliers disrupting manufacturing. Industrial output was also dampened by the effects of the 2022 unsuccessful cotton season on ginning industries. The service sector remained resilient, supported by telecommunications and public services. On the demand side, growth was supported by public and private consumption, in contrast to public investment and net exports, which underperformed. The terms of trade improved in 2023 as commodity prices of energy and food imports eased. This was offset by lower exports as cotton exports declined 13.5 percent on the back of lower production in 2022, and the recovery of import demand after the lifting of the 2022 ECOWAS sanctions. As a result, the current account deficit remained high at 6.8 percent of GDP.

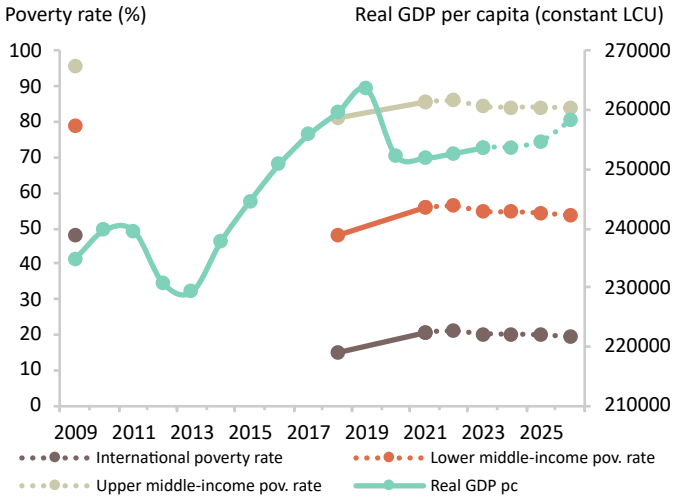
After surging to a record high of 9.7 percent in 2022, inflation declined to 2.1 percent in 2023, due to strong 2022 agricultural production and the easing of international commodity prices. As a result, the extreme poverty rate has decreased by 0.8 percentage point to 20.2 percent in 2023. However, the humanitarian situation remains serious, with over 350,000 internally

FIGURE 1 **Mali** / Real GDP growth, current account and fiscal balances



Sources: Malian government and World Bank.

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



Source: World Bank. Notes: see Table 2.

displaced persons due to insecurity, in addition to an estimated 715,000 people facing severe food insecurity as of December 2023.

To counter inflation across WAEMU countries, the Central Bank of West African States (BCEAO) raised policy interest rates by a cumulative 150 basis points since mid-2022 to 3.5 percent for liquidity calls and 5.5 percent for the marginal lending facility. However, inflation in the region (3.7 percent in 2023) was still above the 1-3 percent target range and foreign exchange reserves have been on a downward trend, estimated at 3.5 months of imports at end-2023, down from 4.3 months at end-2022.

The fiscal deficit stabilized at 4.8 percent of GDP in 2023, while public debt slightly increased to 52.1 percent of GDP. Though the risk of debt distress remains moderate, there are increasing fiscal risks from the electricity sector with contingent liabilities (arrears) of 4.6 percent of GDP. Tax revenues recovered in 2023, supported by digitalization reforms, and higher indirect collections, boosted by the recovery of trade flows. Public wages (8.8 percent of GDP) and security spending (6.4 percent of GDP) continued to increase and crowd out public investment (4.2 percent of GDP). The fiscal deficit was financed predominantly by the increasingly expensive regional bond market, where Mali's average yields on 12-month treasuries reached 9.4 percent in February 2024.

Outlook

Growth is projected to weaken slightly to 3.1 percent in 2024 and average 4 percent over 2025-26 – below the long-term potential rate for the economy of 5 percent – reflecting the combined effects of the electricity crisis and the expected impacts of an orderly ECOWAS withdrawal: lower trade with non-WAEMU ECOWAS states, higher investors' risk premia, and increased regional financing costs.

The fiscal deficit is expected to decline to 4.1 percent of GDP in 2024, before gradually converging towards the WAEMU ceiling of 3 percent by 2026, as the government consolidates in the face of high financing costs. The current account deficit is expected to gradually decline over 2025-26 with the coming onstream of lithium production.

Due to the weak growth in GDP per capita, particularly in agriculture and service sectors, the extreme poverty rate is expected to decline only slightly - by 0.9 ppt over 2023-2026 - and will result in nearly 76,500 additional extreme poor per year.

The outlook remains subject to significant downside risks, including rising insecurity from the exit of the 13,000 MINUSMA peacekeeping force in 2023 and the end of the Algiers peace accord, a persistent electricity crisis, climatic shocks, and the withdrawal from ECOWAS. An unnegotiated ECOWAS withdrawal with disruptions to transport, transit and free movement of goods, services, capital, and labor could exacerbate negative impacts due to spillovers onto WAEMU trade. The BCEAO may need to continue monetary tightening in 2024 to bring inflation under control and in the context of increased risks from the withdrawal of Niger, Mali, and Burkina Faso from ECOWAS. A further increase in the cost of financing could lead to Mali further cutting investment expenditure to reduce its borrowing needs.

TABLE 2 Mali / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	3.1	3.5	3.5	3.1	3.5	4.5
Private consumption	3.0	4.0	3.9	3.8	3.9	4.1
Government consumption	5.8	7.6	16.7	-0.2	0.8	-1.0
Gross fixed capital investment	4.8	1.0	-3.6	4.7	4.5	9.2
Exports, goods and services	-1.0	18.1	-3.9	2.8	4.3	5.1
Imports, goods and services	14.1	0.7	2.3	3.9	4.3	4.3
Real GDP growth, at constant factor prices	3.0	4.3	3.4	3.1	3.5	4.5
Agriculture	1.4	2.4	2.3	3.6	4.5	4.5
Industry	1.0	3.7	2.0	3.0	3.5	3.5
Services	5.1	5.8	4.9	2.8	2.8	4.9
Inflation (consumer price index)	4.0	9.7	2.1	2.5	2.3	2.0
Current account balance (% of GDP)	-7.7	-7.0	-6.8	-6.0	-5.8	-4.8
Net foreign direct investment inflow (% of GDP)	3.0	2.6	2.4	3.0	2.9	2.7
Fiscal balance (% of GDP)	-4.9	-4.8	-4.8	-4.1	-3.2	-2.9
Revenues (% of GDP)	22.0	19.8	20.8	20.8	21.9	20.5
Debt (% of GDP)	50.4	51.8	52.1	52.6	52.8	53.4
Primary balance (% of GDP)	-3.5	-3.4	-3.1	-2.2	-1.4	-1.2
International poverty rate ($2.15 in 2017 PPP)[a,b]	20.8	21.0	20.2	20.1	19.9	19.3
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	56.1	56.4	54.7	54.6	54.2	53.5
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	85.9	86.1	84.3	84.1	84.1	83.8
GHG emissions growth (mtCO2e)	4.0	3.3	2.7	3.6	4.0	4.2
Energy related GHG emissions (% of total)	8.5	9.0	8.6	8.4	8.3	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.
a/ Calculations based on 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

MAURITANIA

Table 1	2023
Population, million	4.9
GDP, current US$ billion	10.6
GDP per capita, current US$	2170.6
International poverty rate ($2.15)[a]	5.4
Lower middle-income poverty rate ($3.65)[a]	25.8
Upper middle-income poverty rate ($6.85)[a]	68.0
Gini index[a]	32.0
School enrollment, primary (% gross)[b]	86.7
Life expectancy at birth, years[b]	64.4
Total GHG emissions (mtCO2e)	14.9

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2019), 2017 PPPs.
b/ WDI for School enrollment (2020); Life expectancy (2021).

Real GDP growth slowed in 2023 to 3.4 percent from 6.4 percent in 2022. Monetary policy tightening and lower international food and energy prices eased inflation and improved the current account balance. The fiscal deficit narrowed due to under-executed capital spending. The poverty rate (US$3.65-a-day) is expected to slightly increase from 27.7 percent in 2022 to 27.9 percent in 2023. The medium-term outlook remains favorable albeit subject to downside risks.

Key conditions and challenges

Owing to its wealth of natural resources, consisting of iron ore, gold, crude oil, and copper, per capita GDP tripled over the last two decades to stand at USD 2,170.6 placing Mauritania among the World's Lower Middle-Income Countries. Nevertheless, the economy confronts structural challenges as underscored by the slow post-pandemic recovery. The heavy dependence on extractives, low capacity to implement public investment projects, a challenging business environment, and high vulnerability to climate shocks weigh on Mauritania's growth and development prospects. The poorest are exposed to high risk of food insecurity due to climate shocks on local food production which contributes 20 percent of food consumption.

Overcoming these challenges will require greater reliance on the private sector to stimulate productivity growth, increase job creation, and raise the income of the poor. Maintaining strong macroeconomic fundamentals will be key to creating and preserving the fiscal space needed for growth and climate-friendly investments. Strengthening the resilience to climate shocks remains a priority that will involve policies and investment in adaptation and mitigation.

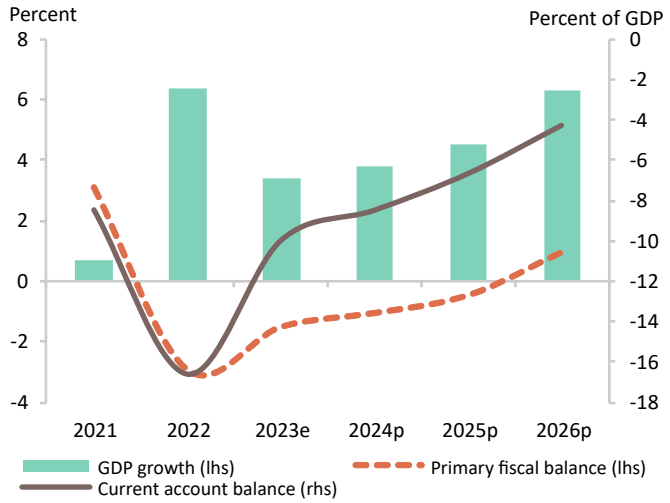
Recent developments

Economic growth is estimated at 3.4 percent in 2023 (0.7 percent in per capita terms) down from 6.4 percent in 2022 (3.7 percent in per capita terms) reflecting a significant contraction in fish production on the supply side and lower public investment and fish exports on the demand side. Inflation decreased driven by lower food and oil prices, reaching 1.6 percent (y/y) in December 2023, compared with 11 percent (y/y) in December 2022.

The US$3.65-a-day poverty rate is expected to slightly increase from 27.7 percent in 2022 to 27.9 percent in 2023 due to a decline in per capita agriculture growth (-2.7 percentage points (pp)) counterbalanced by a decline in inflation (-4.6 pp). The number of poor is also expected to increase by 44,000 people.

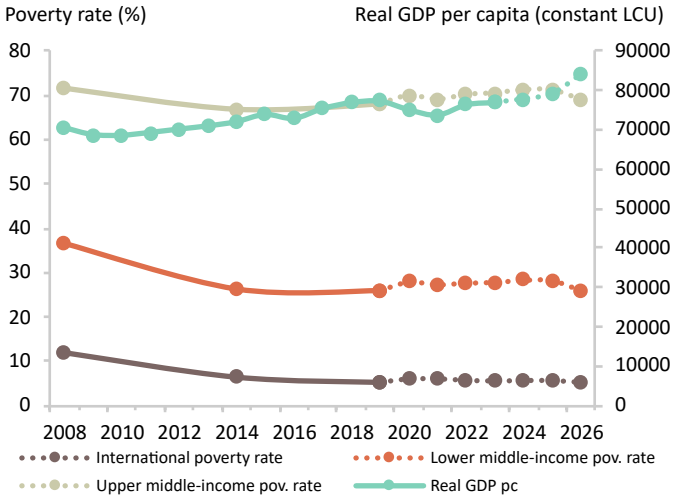
The fiscal balance recorded a deficit of 2.5 percent of GDP in 2023, compared with 3.7 percent of GDP in 2022. This improvement was driven by a fall in capital expenditure to 6.7 percent of GDP in 2023 from 11.3 percent of GDP in 2022, offsetting the decline in commodity revenues and higher wages and compensation resulting from the public sector salary increase in January 2023. The debt-to-GDP ratio rose by 1.3 pp to 48.6 percent of GDP in 2023, due to lower nominal growth and the depreciation of the exchange rate at the end of 2023. The December 2023 WB/IMF Debt Sustainability Analysis suggests that external debt remains sustainable, and the risk of debt distress moderate.

FIGURE 1 Mauritania / Evolution of main macroeconomic indicators



Source: World Bank.

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



Source: World Bank. Notes: see Table 2.

The current account deficit (CAD) improved to 10 percent of GDP in 2023, reflecting an improved trade balance due to lower imports of capital goods, oil and food in turn driven by a 17 percent and 9 percent decrease in international prices of oil and food, respectively. The Mauritanian Central Bank's foreign exchange reserves rose from 4.5 months of goods imports in 2022, to 6 months in 2023.

The central bank of Mauritania pursued a restrictive monetary policy to contain inflation in 2023. After raising the key interest rate to 8 percent in December 2022, it increased the reserve requirement ratio from 6 to 8 percent in July 2023. It also conducted open market operations to dry up excess liquidity and limit its impact on prices.

Outlook

The medium-term outlook is positive with growth projected at 3.8 percent in 2024 (1.1 percent in per capita terms) and to hover around 5.4 percent in 2025-2026. The launch of gas production in the second half of 2025 will boost growth while providing sufficient fiscal margin to finance development projects and support social protection reforms. Higher private investments, an improved net external position, and sustained private demand will also support growth. Average inflation will fall further and reach 2.5 percent in 2024, as external pressures ease, and stabilize around 2 percent in 2025 and 2026.

The US$3.65-a-day poverty rate is expected to remain largely unchanged at 28.3 percent in 2024-2025 and to decline to 25.9 percent in 2026 largely due to low growth in agriculture and declining food inflation. Low inflation and strong agriculture performance in 2026 are expected to lead to a decline in the number of poor by 125,000 people from 2025 to 2026.

The CAD should improve, reaching 8.5 percent of GDP in 2024 and average 5.5 percent of GDP in 2025-2026, driven by gas exports, lower imports in the extractive industry, and lower import prices. FDI linked to the extractive industry, and donors, are expected to remain the main sources of external financing.

The fiscal deficit should decrease to 2 percent of GDP in 2024, supported by lower current transfers, and higher tax revenues. In 2026, the fiscal balance is projected to turn into a surplus of 0.1 percent of GDP with gas revenue bringing about 0.5 percent of GDP of yearly additional fiscal revenue. Debt should gradually decline to 46.3 percent of GDP in 2026.

Risks to the outlook remain elevated. A slowdown in Foreign Direct Investment inflows due to a delay in the second and third phases of the gas extraction project and the tightening of global financing conditions would weigh on medium-term growth, fiscal and external prospects. Mauritania is exposed to various climatic shocks such as drought and floods, which adversely affect human capital, household incomes, and agricultural production. Regional insecurity in the Sahel remains a risk. Presidential elections scheduled for June 2024 could exacerbate spending pressures, leading to a deterioration in the fiscal situation.

TABLE 2 Mauritania / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	0.7	6.4	3.4	3.8	4.5	6.3
Private consumption	3.4	2.7	2.5	2.6	2.7	2.8
Government consumption	26.8	22.3	8.3	7.3	6.0	4.7
Gross fixed capital investment	12.1	-7.3	-4.6	5.9	3.1	3.3
Exports, goods and services	-12.9	39.9	3.0	3.6	6.7	10.1
Imports, goods and services	-3.3	15.8	-0.5	4.0	3.9	3.6
Real GDP growth, at constant factor prices	0.0	8.0	3.4	3.8	4.5	6.3
Agriculture	-2.9	12.7	1.2	2.8	2.0	5.5
Industry	-11.5	12.0	6.1	6.3	7.7	8.9
Services	11.0	3.1	2.6	2.5	3.3	4.6
Inflation (consumer price index)	3.6	9.6	5.0	2.5	2.0	2.0
Current account balance (% of GDP)	-8.5	-16.6	-10.0	-8.5	-6.7	-4.3
Net foreign direct investment inflow (% of GDP)	11.5	14.3	7.4	5.0	2.7	2.5
Fiscal balance (% of GDP)	2.3	-3.7	-2.5	-2.0	-1.4	0.1
Revenues (% of GDP)	23.0	24.1	22.1	22.6	23.0	23.5
Debt (% of GDP)	52.4	47.3	48.6	47.7	47.5	46.3
Primary balance (% of GDP)	3.1	-2.9	-1.5	-1.0	-0.5	1.0
International poverty rate ($2.15 in 2017 PPP)[a,b]	6.3	5.9	5.7	5.8	5.8	5.3
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	27.3	27.7	27.9	28.4	28.3	25.9
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	69.0	70.1	70.5	71.1	71.1	69.0
GHG emissions growth (mtCO2e)	2.8	2.9	3.2	3.2	3.4	0.0
Energy related GHG emissions (% of total)	31.3	31.6	32.2	32.8	33.7	33.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2019-EPCV. Actual data: 2019. Nowcast: 2020-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

MAURITIUS

Table 1	2023
Population, million	1.3
GDP, current US$ billion	14.8
GDP per capita, current US$	11665.2
Lower middle-income poverty rate ($3.65)[a]	1.8
Upper middle-income poverty rate ($6.85)[a]	13.5
Gini index[a]	36.8
School enrollment, primary (% gross)[b]	102.9
Life expectancy at birth, years[b]	73.7
Total GHG emissions (mtCO2e)	7.6

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

Mauritius sustained strong growth of nearly 6 percent in 2023, supported by tourism and aggregated demand, particularly household consumption and investment. Medium-term growth is expected to be supported by public infrastructure, social spending, and residential investments. The poverty rate is projected to decline from ten percent in 2023 to seven percent by 2026. However, the outlook faces substantial downside risks, including fiscal pressures related to elections, weather shocks, and a weaker global economic outlook.

Key conditions and challenges

Mauritius has experienced a remarkable growth trajectory. The economy transitioned from a low-income monocrop producer of sugar cane to an upper-middle-income investment and tourism hub. Per capita GDP surged from US$260 in 1968 to US$9,063 in 2021. After it briefly reached high-income status in 2020, the severe 14.5 percent contraction in real GDP caused by the COVID-19 pandemic pushed the country back into the upper-middle-income category. Yet, Mauritius has demonstrated resilience, recovering strongly after the pandemic and weathering external shocks well, and is on track to return to high-income status.

However, addressing structural challenges and macroeconomic vulnerabilities is needed for Mauritius to achieve and sustain high-income status. Labor and skills shortages have contributed to declines in manufacturing export competitiveness and constrained private sector growth and diversification. Reliance on imported fossil fuels, as well as high exposure to climate shocks, are key sources of vulnerability. An aging population and social spending commitments limit fiscal space to support growth and implement countercyclical policies. Poverty (upper-middle-income country threshold of US$6.85 a day, 2017 PPP) fell from 19 percent to 11 percent between 2012 and 2019. However, given the dramatic contraction of GDP in 2020, poverty is projected to have increased by over 5 percentage points (reaching 16 percent) and to have retreated to around nine percent by 2024.

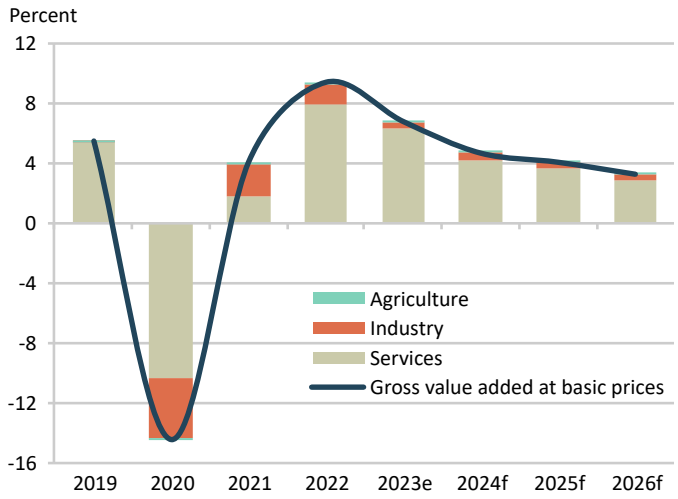
Increasing productivity requires prioritizing skills availability and development, improving labor market institutions, and fostering women's participation. Safeguarding the integrity and trust of the country's financial services is crucial for continuing to attract foreign investments. Additional efforts are needed to further bolster macroeconomic resilience, including rebuilding fiscal buffers, increasing revenue, improving efficiency in social spending, and improving quality in education and innovation. Policies to strengthen resilience against natural hazards and climate change are fundamental to supporting sustained growth.

Recent developments

Real GDP grew by an estimated 6.8 percent in 2023, supported by a strong rebound in tourism, construction activities, and financial services. Gross fixed capital formation increased by 23 percent in 2023Q3 (yoy), supported by social housing and infrastructure programs. Meanwhile, consumption spending grew modestly by 2.2 percent due to a lower government wage bill.

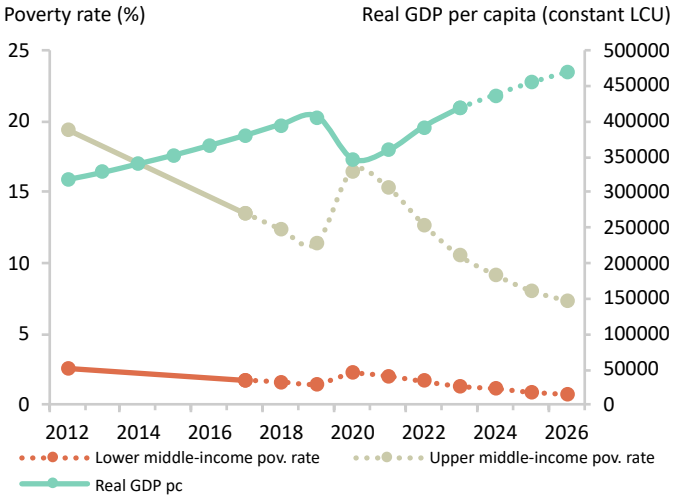
The labor market has recovered significantly, with the unemployment rate declining to 6.3 percent in Q3, below the pre-pandemic level. To meet the high demand for labor and skilled professionals,

FIGURE 1 Mauritius / Real GDP growth and sectoral contributions to real GDP growth



Source: World Bank estimates.

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



Source: World Bank. Notes: see Table 2.

the government has relaxed rules for hiring foreign workers.

Lower commodity prices, higher agriculture and fisheries exports, a higher net surplus in the service, and net income flow from abroad improved the external position. Along with the net direct investment flow, these developments helped maintain adequate levels of gross official international reserves, with an import coverage of 11 months as of December 2023.

Headline inflation fell from 11.8 percent in January 2023 to 5.2 percent in January 2024, primarily because of lower imported prices. The import price index declined by 5.5 percent in 2023Q3 compared with the same period in 2022 and the Bank of Mauritius (BOM) intervened in the FX market to contain the rupee's depreciation. However, the monetary policy stance is generally accommodative and underpinned by a policy rate that has been unchanged since December 2022 and added by domestic investments of the Mauritius Investment Corporation (MIC), a sovereign wealth fund of the BOM.

Current government expenditures increased by 12.6 percent in the first half of FY23/24 (H1), driven by higher interest payments, subsidies, and social spending. Revenue increased by 11 percent, driven by corporate income tax and VAT revenues. As a result, the gross operating deficit in H1 widened to 3.6 percent of GDP from 3.2 percent during the same period in 2022. Financing needs were covered by domestic and external borrowing as the new BOM Act prohibits direct transfers to the budget. Public debt decreased from 91 percent of GDP in 2020-21 to an estimated 80 percent in 2023, driven by strong GDP growth and the transfer of Air Mauritius debt to the MIC.

Outlook

Real GDP growth is expected to moderate to 4.7 percent in 2024, reflecting the end of the post-pandemic recovery and leveling off in international travels. Public investments in infrastructure, residential constructions, and tourism are expected to drive growth this year. Average inflation is projected between 4.7 and 5.2 percent in the medium term, driven by stable commodity prices and a cooling economy. Poverty is projected to fall to about seven percent in 2026.

Lower commodity prices, steady tourist arrivals, and earnings repatriation are likely to keep the current account deficit below 6 percent of GDP until 2025, lower than the 11 percent recorded between 2020 and 2022. High foreign exchange demand for imports could put additional pressure on international reserves, which are projected to decline to eight months of import coverage over the medium term as the BOM is expected to continue to intervene in the foreign exchange market.

Higher universal pension spending and spending to mitigate the impact of Cyclone Belal and the dengue outbreak are expected to contribute to a widening in the primary deficit to 3.3 percent of GDP in FY23/24 (from 2 percent in FY22/23) and further to 3.6 percent in FY24/25. Tax revenue collection is expected to increase moderately over the medium term along with moderating GDP growth. Public debt is expected to remain at about 80 percent of GDP over the medium term, but a gradual fiscal consolidation, including a pension reform, is needed to stabilize it.

Risks to the outlook are mostly to the downside. Higher global freight costs and weather shocks from an intense cyclone season pose a risk for inflation. The softening of global economic growth also represents a downside risk for merchandise exports and tourist arrivals. On the upside, higher social spending and sustained direct investment flows may further support growth.

TABLE 2 Mauritius / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices[a]	3.4	8.9	6.8	4.7	4.0	3.3
Private consumption	3.0	3.3	2.0	2.6	2.5	1.7
Government consumption	-2.2	6.4	-1.1	1.2	-0.4	1.8
Gross fixed capital investment	14.0	7.8	9.9	14.4	10.3	8.1
Exports, goods and services	11.5	40.2	1.7	1.6	1.6	1.5
Imports, goods and services	7.3	10.2	7.6	1.2	0.7	0.7
Real GDP growth, at constant factor prices	4.1	9.4	6.8	4.7	4.0	3.4
Agriculture	7.3	5.5	0.8	1.5	1.5	1.5
Industry	10.9	6.8	2.6	2.1	2.1	2.1
Services	2.3	10.3	8.2	5.4	4.5	3.7
Inflation (consumer price index)	4.0	10.8	7.1	5.2	4.7	4.2
Current account balance (% of GDP)	-11.9	-8.6	-4.8	-3.8	-4.4	-4.9
Net foreign direct investment inflow (% of GDP)	21.1	-8.2	-3.2	-4.6	-2.2	-2.9
Fiscal balance (% of GDP)[b]	-10.6	-5.1	-5.8	-6.5	-5.4	-5.2
Revenues (% of GDP)	23.3	25.0	22.8	24.5	24.8	25.1
Debt (% of GDP)[b]	91.9	85.9	80.9	80.6	81.6	81.5
Primary balance (% of GDP)[b]	-6.9	-2.5	-2.9	-3.2	-1.9	-1.8
Lower middle-income poverty rate ($3.65 in 2017 PPP)[c,d]	2.1	1.7	1.3	1.1	0.9	0.7
Upper middle-income poverty rate ($6.85 in 2017 PPP)[c,d]	15.3	12.7	10.5	9.2	8.1	7.4
GHG emissions growth (mtCO2e)	7.4	6.9	3.3	2.5	2.3	2.3
Energy related GHG emissions (% of total)	60.7	62.2	62.3	62.2	62.1	62.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Historical demand-side data is being revised due to a consistency problem.
b/ Fiscal balances are reported in fiscal years (July 1st - June30th).
c/ Calculations based on 2017-HBS. Actual data: 2017. Nowcast: 2018-2023. Forecasts are from 2024 to 2026.
d/ Projection using neutral distribution (2017) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

MOZAMBIQUE

Table 1	2023
Population, million	33.9
GDP, current US$ billion	21.4
GDP per capita, current US$	632.5
International poverty rate ($2.15)[a]	74.5
Lower middle-income poverty rate ($3.65)[a]	88.6
Upper middle-income poverty rate ($6.85)[a]	96.1
Gini index[a]	50.5
School enrollment, primary (% gross)[b]	121.2
Life expectancy at birth, years[b]	59.3
Total GHG emissions (mtCO2e)	106.1

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2019), 2017 PPPs.
b/ Most recent WDI value (2021).

Economic recovery gained momentum in 2023, with real GDP growth reaching 5 percent, largely driven by liquefied natural gas (LNG) production. The country is grappling with substantial fiscal pressures arising from the high public sector wage bill and increasing debt service cost. Growth is projected to remain at 5 percent over the medium term, while poverty is projected to decline from 73.4 percent in 2023 to 70.9 percent in 2026. Downside risks include volatility in global markets, natural disasters, and the conflict in northern Mozambique.

Key conditions and challenges

Mozambique faces substantial development challenges, including limited structural transformation and widespread poverty, which affected roughly 74.4 percent of the population in 2019 [when measured by the US$2.15 per day poverty line (2017 PPP)]. Most of the labor force is employed in low-productivity agriculture and services sectors. The main drivers of growth are capital-intensive megaprojects, with limited spillovers to the rest of the economy.

Fiscal space is significantly constrained. With over 90 percent of tax revenues in 2021-22 absorbed by the wage bill and debt-service costs, the country allocates only limited resources to public investment and social spending. Additional constraints to financing Mozambique's large development needs include lack of access to international financial markets, high risk of sovereign debt distress, a shallow domestic financial market, and lending rates that are among the highest in Sub-Saharan Africa. These challenges are compounded by fragility and conflict and high vulnerability to climate shocks.

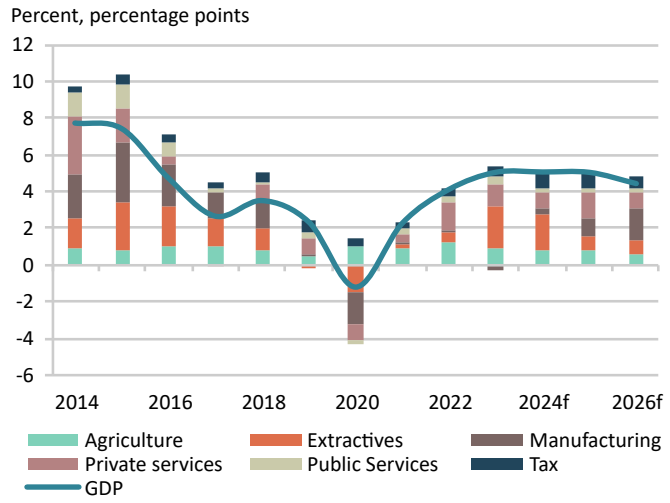
Mozambique has the opportunity to implement reforms to broaden its economic base and job creation sources, with a focus on sustainable growth. The private sector's growth could be fostered by improving access to capital, and adequate infrastructure, and by addressing regulatory challenges. Strengthening fiscal management and governance and facilitating greater private sector participation in labor-intensive sectors such as agriculture and services are crucial. Considering the fiscal constraints, it is critical to enhance spending efficiency and debt management practices to improve fiscal discipline and establish credibility within financial markets. The benefits from future LNG revenues can be maximized through a robust fiscal framework, including the sound use of the recently established Sovereign Wealth Fund, to ensure effective resource management and promote long-term economic resilience.

Recent developments

The economy grew by 5 percent in 2023, primarily driven by the start of LNG production at the Coral South offshore facility. Strong growth in agriculture and services, particularly transport, also contributed to the expansion of the economy, offsetting the impact of lower manufacturing and construction activity. Inflation, which had reached a five-year high of 9.8 percent in 2022, moderated to 7.1 percent in 2023. This moderation supported a 3-percentage-point drop in poverty to 73.4 percent in 2023. Despite the 100-basis-point cut in the monetary policy rate to 16.3 percent in January 2024, the overall monetary policy stance remains tight, with high statutory reserves (39 percent).

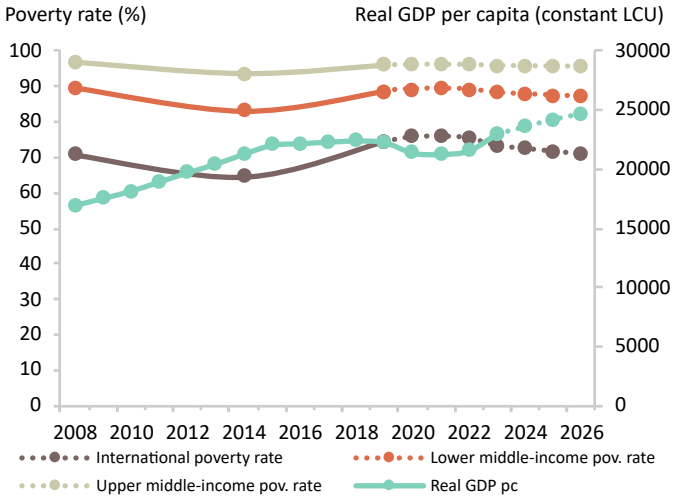
Fiscal pressures remain elevated, as measures to reduce the wage bill only had a limited impact in 2023. The primary deficit improved from 2 percent of GDP in 2022 to

FIGURE 1 **Mozambique** / Real GDP growth and sectoral contributions to real GDP growth



Source: World Bank estimates.

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



Source: World Bank. Notes: see Table 2.

an estimated 0.2 percent in 2023. Total expenditures in 2023Q3 surged by 14 percent due to pressures from the wage bill, interest payments, and election-related spending. Total revenue growth was low at 6 percent in the first three quarters of 2023 because of lower value-added tax (VAT) collection after the VAT rate was cut to 16 percent from 17 percent previously. Public debt declined from 95 percent of GDP in 2022 to an estimated 91 percent in 2023, even though domestic debt stood at 27 percent of GDP in 2023, up from 22 percent in 2020, indicating rising financing needs amid limited access to international capital markets.

The current account deficit narrowed from US$5.8 billion in the first three quarters of 2022 to US$1.1 billion over the same period in 2023 due to a combination of lower imports for megaprojects, lower fuel prices, and an increase in LNG exports. The deficit was primarily financed through trade credits and foreign direct investments in the extractive sector, which totaled US$1.5 billion by September 2023. As a result, gross international reserves increased from US$2.8 billion in December 2022 to US$3.2 billion in November 2023, covering four months of imports if megaprojects imports are excluded.

Outlook

GDP growth is projected to average 5 percent over 2024-26, supported by increasing offshore LNG production, the resumption of the Total-led LNG project, and dynamism in agriculture and services. The stabilization of global commodity prices could help contain inflation, enabling further easing of monetary policy. Growth is expected to support a decline in the national poverty rate, from 73.4 percent in 2023 to 70.9 percent by 2026. However, the absolute number of Mozambicans living in poverty is projected to increase by 1 million people during the same period, given the fast population growth.

The fiscal balance is projected to decline from 3.4 percent of GDP in 2023 to an average of 1.6 percent over 2024-26, partly driven by higher revenues linked to LNG revenue. Expenditure is projected to decrease from 31.3 percent of GDP in 2023 to 26.5 percent in 2026 due to consolidation measures to reduce the wage bill. These include limiting hiring in non-priority sectors, reducing the 13th-month salary bonus, and auditing the public sector workforce. Public debt is projected to stabilize at about 92 percent of GDP in the medium term, but Mozambique is expected to remain at high risk of debt distress in the short term.

The current account deficit is projected to widen sharply, averaging 44.1 percent of GDP over 2024-26, mainly driven by LNG-related imports. Financing is projected to come from trade credits and foreign direct investment. Gross reserves are expected to remain at adequate levels of about US$3.5 billion, which is equivalent to nearly four months of imports when excluding megaprojects.

The outlook is subject to substantial downside risks from extreme climate events, waning commitment to fiscal reforms in the run-up to elections, and uncertainty around the security situation in the north. On the fiscal side, the high public sector wage bill and increasing debt service will continue to limit the fiscal space, increasing the risks of refinancing and debt rollover.

TABLE 2 Mozambique / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	2.3	4.2	5.0	5.0	5.0	4.4
Private consumption	17.3	3.0	3.1	9.8	7.5	6.1
Government consumption	-7.8	17.2	-25.4	-3.5	-8.1	-8.1
Gross fixed capital investment	32.5	-6.4	10.1	4.9	8.4	8.6
Exports, goods and services	23.8	10.2	19.5	3.0	2.0	2.0
Imports, goods and services	37.2	1.9	3.3	6.0	5.0	5.0
Real GDP growth, at constant factor prices	2.2	4.2	5.0	5.0	5.0	4.4
Agriculture	3.7	4.4	6.0	4.0	4.0	4.0
Industry	1.6	3.8	7.6	8.2	8.1	8.1
Services	1.6	4.3	3.4	4.2	4.2	3.0
Inflation (consumer price index)	6.4	10.3	7.1	5.7	5.6	5.3
Current account balance (% of GDP)	-22.3	-32.9	-16.0	-38.4	-42.0	-44.1
Net foreign direct investment inflow (% of GDP)	31.6	10.3	4.4	13.6	14.5	12.7
Fiscal balance (% of GDP)[a]	-4.6	-4.9	-3.4	-2.3	-1.6	-0.8
Revenues (% of GDP)	27.4	27.4	27.9	26.4	25.8	25.7
Debt (% of GDP)	105.0	95.2	91.9	94.4	92.0	81.6
Primary balance (% of GDP)[a]	-1.9	-2.0	-0.2	0.6	1.1	1.5
International poverty rate ($2.15 in 2017 PPP)[b,c]	76.1	75.6	73.3	72.5	71.6	70.9
Lower middle-income poverty rate ($3.65 in 2017 PPP)[b,c]	89.3	89.1	88.1	87.7	87.3	87.0
Upper middle-income poverty rate ($6.85 in 2017 PPP)[b,c]	96.5	96.4	95.9	95.7	95.6	95.4
GHG emissions growth (mtCO2e)	0.8	0.7	0.7	0.9	1.0	0.9
Energy related GHG emissions (% of total)	8.1	8.4	8.5	9.0	9.5	9.9

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Figure includes once-off capital gains revenues in 2017, estimated at 2.7 percent of GDP.
b/ Calculations based on 2019-IOF. Actual data: 2019. Nowcast: 2020-2023. Forecasts are from 2024 to 2026.
c/ Projection using neutral distribution (2019) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

NAMIBIA

Table 1	2023
Population, million[a]	2.6
GDP, current US$ billion	12.4
GDP per capita, current US$	4740.3
International poverty rate ($2.15)[b]	15.6
Lower middle-income poverty rate ($3.65)[b]	33.3
Upper middle-income poverty rate ($6.85)[b]	57.3
Gini index[b]	59.1
School enrollment, primary (% gross)[c]	133.0
Life expectancy at birth, years[c]	59.3
Total GHG emissions (mtCO2e)	25.0

Source: WDI, Macro Poverty Outlook, and official data.
a/ Latest official estimates. Preliminary results from the 2023 census suggest a population of 3.0 million vs the 2.6 million used here.
b/ Most recent value (2015), 2017 PPPs.
c/ WDI for School enrollment (2022); Life expectancy (2021).

Namibia's economy grew by 4.2 percent in 2023. GDP growth is expected to remain above 3 percent over the medium term, subject to high uncertainty around the possible implementation of large-scale energy projects. Fiscal policy over the medium term is expected to be centered around maintaining primary budget surpluses to support the stabilization of the public debt ratio. Poverty (at the $2.15 line) is expected to improve but remain high at 17.2 percent in 2024.

Key conditions and challenges

Since 1990, Namibia has made significant progress on economic and social indicators. Over the two decades to 2015, GDP growth averaged 4.5 percent, supported by sound macroeconomic policies and the commodity super cycle, which spurred mining investment. The country attained middle-income status in 2009, and the poverty rate declined. Natural resource revenues allowed for an increase in public spending, including on social programs to support households, and on increased access to public services, including education and health. Despite this progress, many social indicators continue to lag peers, and there are significant spatial and gender disparities. Although demand for services has markedly increased, job creation outside the extractive sectors has been insufficient. Consequently, unemployment has remained stubbornly high, exacerbated by skills shortages. Most of the working population is engaged in low-skilled work in the informal sector. The country remains among the most unequal in the world (Gini index at 59.1 in 2015).

The immediate years leading up to the COVID-19 pandemic in 2020 were marked by a recession, driven by the end of the commodity cycle, the completion of major investment projects, a severe drought, and fiscal consolidation. This underscored the need for a structural shift from the current growth model based on extractives and a large state presence in the economy, which limits competition, export diversification, and creates inefficiencies.

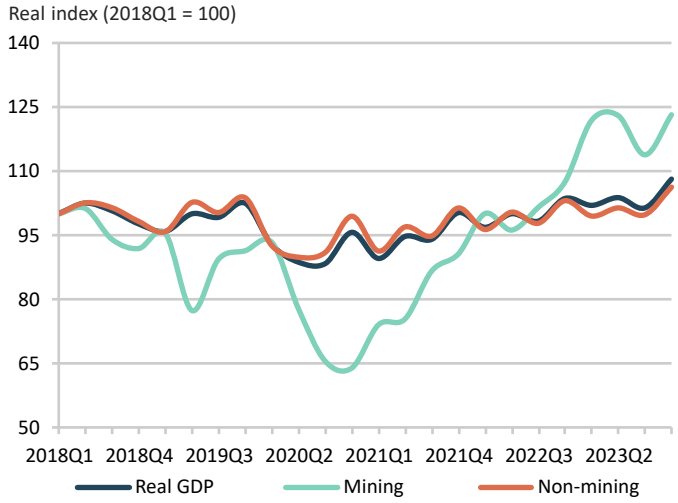
While the public sector continues to face fiscal constraints, given high public debt levels, there are opportunities to improve spending efficiency. Recent developments in the mineral and energy sector provide Namibia with opportunities to develop new drivers of growth and employment through economic diversification and value chain development. The realization of these opportunities hinges on structural reforms that reduce the costs of doing business and promote international trade and investment.

Recent developments

Namibia's recent economic performance was stronger than expected. The economy grew by 4.2 percent in 2023, driven by the mining sector, including investments in oil exploration. The expansion was also generated by sustained growth in private consumption. The economy has recovered its pre-pandemic level, but many key sectors, including job-rich construction and financial services, continue to lag. Due to stronger GDP growth in both 2022 and 2023, poverty is estimated to have improved but remains high at 17.8 percent based on the US$2.15 per day international poverty line (IPL; 2017 PPP).

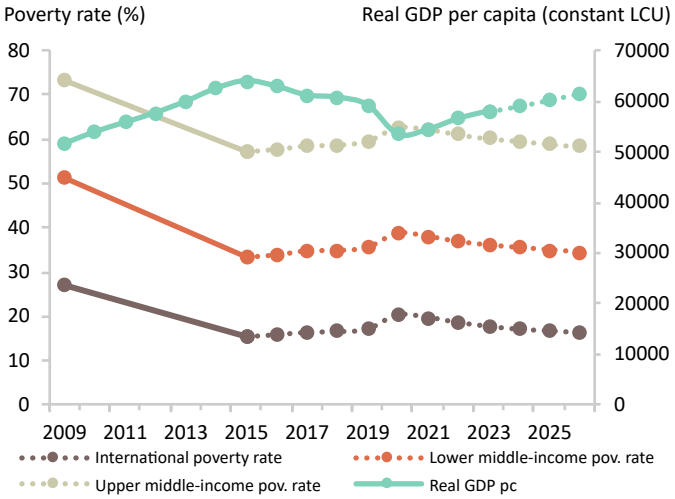
Investments in the extractive industries has shaped not only Namibia's recent growth trajectory but also the balance of

FIGURE 1 **Namibia** / Mining activity and real GDP growth



Sources: National Statistics Agency and World Bank staff estimates.

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



Source: World Bank. Notes: see Table 2.

payments. Despite strong export growth, the current account deficit remained large in 2023 as services imports rose sharply. The wide current account deficit was sufficiently financed by rising foreign direct investment inflows. To facilitate the development of a large-scale green hydrogen industry, the government is developing a roadmap for the sector that aims to allow the domestic economy to benefit from the development of related value chains.

The overall fiscal deficit balance improved from 5.2 percent to 3.7 percent of GDP between 2022 and 2023 due to the GDP recovery and the significant rebound in SACU revenues, which increased by 72 percent. These additional revenues were largely absorbed into higher expenditure commitments, including higher interest payments, drought relief, and one-off costs related to the population census.

Monetary policy remained restrictive, broadly in line with the stance of the South African Reserve Bank. Credit growth remains subdued, and the current stance helped to curb headline inflation, which decreased to 5.3 percent in December 2023.

Outlook

Namibia's economic growth is projected to moderate to about 3-3.8 percent per year over 2024-26. This projection is subject to high uncertainty as the economy could be impacted by the speed of implementation of several large-scale projects in the energy and mining sectors. If these projects move into the construction phase during this period, the growth rate of the economy could substantially accelerate through a combination of foreign direct investment inflows and spillovers to the local economy. Growth in the non-mineral economy is expected to gain traction, especially in sectors that have been severely set back by the pandemic, including tourism. Household consumption growth is expected to strengthen, benefiting from improved income growth and lower inflation, which is projected to reduce to 5.0 percent in 2024. The poverty rate under the IPL is projected to decrease to 17.2 percent in 2024.

After the stimulus, driven by the increase in SACU revenue in FY2023/24, budget expenditure growth is expected to slow in the medium term. However, fiscal consolidation is expected to be slower than budgeted for in the medium term, impacted by increased expenditure commitments and lower SACU revenues from 2025. The large public sector wage bill is expected to continue to constrain fiscal space. Given high debt levels and high-interest payment costs, fiscal policy should remain prudent to ensure a sustained decline in the debt-to-GDP ratio over the medium term. The budget plan to retire two-thirds of the US$750 million Eurobond maturity in October 2025, using accumulated savings from the sinking fund, should support a faster reduction in the debt-to-GDP ratio.

Namibia's economic outlook is favorable, but there are significant downside risks on the horizon. Dependent on the attainment of final investment decisions, Namibia's economy could experience a sizable investment boost in the mining and energy sectors over the coming years, which would redefine its growth trajectory. However, the recovery faces major downside risks from global geopolitical tensions, which could undermine global economic activity, and climate shocks.

TABLE 2 **Namibia** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	3.6	5.3	4.2	3.4	3.6	3.8
Private consumption	14.6	9.5	4.7	4.8	5.2	5.3
Government consumption	1.3	0.6	1.0	1.3	0.7	0.6
Gross fixed capital investment	18.0	10.0	69.3	8.3	9.6	9.6
Exports, goods and services	-2.1	22.9	14.1	4.1	4.4	4.7
Imports, goods and services	20.2	23.0	22.7	6.1	6.8	6.8
Real GDP growth, at constant factor prices	1.5	4.6	4.0	3.4	3.6	3.8
Agriculture	1.6	1.7	-3.4	0.5	2.0	2.0
Industry	0.5	11.3	9.2	6.6	6.7	6.9
Services	1.9	2.2	2.7	2.2	2.2	2.3
Inflation (consumer price index)	3.6	6.1	5.9	5.0	4.7	4.6
Current account balance (% of GDP)	-11.2	-12.9	-11.1	-10.4	-10.2	-9.9
Net foreign direct investment inflow (% of GDP)	6.7	8.4	17.9	9.4	9.4	9.4
Fiscal balance (% of GDP)	-8.5	-5.2	-3.7	-3.9	-4.6	-4.3
Revenues (% of GDP)	29.9	30.9	33.2	32.4	29.1	28.4
Debt (% of GDP)[a]	73.1	72.8	70.2	67.9	66.7	64.9
Primary balance (% of GDP)	-4.2	-0.7	1.4	1.0	0.1	0.4
International poverty rate ($2.15 in 2017 PPP)[b,c]	19.7	18.3	17.3	17.0	16.5	16.1
Lower middle-income poverty rate ($3.65 in 2017 PPP)[b,c]	38.0	36.6	35.6	35.1	34.7	33.9
Upper middle-income poverty rate ($6.85 in 2017 PPP)[b,c]	62.3	60.8	59.7	59.2	58.6	58.0
GHG emissions growth (mtCO2e)	0.5	2.1	1.1	2.4	3.2	3.4
Energy related GHG emissions (% of total)	14.9	15.1	15.8	15.9	16.2	16.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Refers to Public and Publicly Guaranteed debt.
b/ Calculations based on 2015-NHIES. Actual data: 2015. Nowcast: 2016-2023. Forecasts are from 2024 to 2026.
c/ Projection using neutral distribution (2015) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

NIGER

Table 1	2023
Population, million	27.2
GDP, current US$ billion	16.6
GDP per capita, current US$	611.3
International poverty rate ($2.15)[a]	50.6
Lower middle-income poverty rate ($3.65)[a]	83.1
Upper middle-income poverty rate ($6.85)[a]	96.3
Gini index[a]	32.9
School enrollment, primary (% gross)[b]	64.8
Life expectancy at birth, years[b]	61.6
Total GHG emissions (mtCO2e)	52.5

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

The political crisis: the coup d'état, followed by sanctions and a severe reduction in financing, together with weak agriculture production, is estimated to have lowered GDP growth in 2023 to 1.2 percent (2.5 percent per capita) and increased the extreme poverty rate to 52 percent. With sanctions lifted, growth could rebound to 6.9 percent, boosted by large-scale oil exports. Significant downside risks are the announced ECOWAS withdrawal, financing conditions and climatic shocks.

Key conditions and challenges

Niger's economy is agriculture dependent and highly vulnerable to climate shocks, leading to volatile growth. With limited improvements in productivity and high population growth, over half the population lives in extreme poverty, aggravated by gender disparities, with some of the weakest human capital development indicators globally. With the completion of the Niger-Benin pipeline, oil production is expected to rise from 20,000 to 110,000 barrels per day by 2025, increasing the importance of the oil sector in exports, revenues, and GDP.

Since 2011, Niger had been a source of political stability in the Sahel, benefiting from a significant increase in international development assistance and investment in recent years. This changed with the military coup on July 26, 2023, which led to heavy ECOWAS and WAEMU commercial and financial sanctions and border closures lasting nearly 7 months, and a pause in development assistance. In September 2023, Burkina Faso, Mali, and Niger formed the "Alliance of Sahel States" (AES) - a security and military pact with political and economic aims. On January 28, 2024, in a joint communiqué, the three countries announced their 'immediate' withdrawal from ECOWAS. According to the revised ECOWAS Treaty, a notification period of one year is required to leave ECOWAS. These developments have further increased political and policy uncertainty.

Recent developments

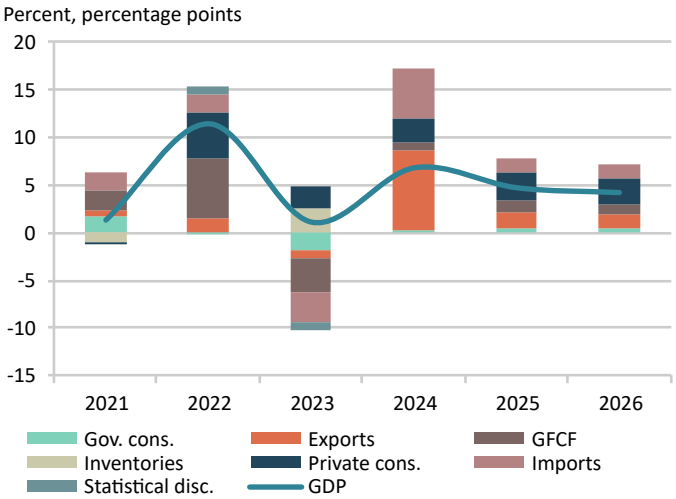
Prior to the crisis, GDP growth had been projected at 6.9 percent in 2023 and to rise to 12 percent in 2024, on the back of large-scale oil exports through the pipeline starting by end 2023. However, the sanctions and border closures delayed this start. Government spending fell due to the freezing of government assets, the loss of access to the WAEMU regional bond market, and a significant reduction in external financing. Private investment also fell sharply due to the uncertainty and a liquidity crisis in the banking sector, brought on by the financial sanctions. Formal trade volumes fell - exports by 8.1 percent and imports by 12 percent.

On the supply side, manufacturing, construction, and trade-related services were heavily impacted and total agricultural production fell due to inadequate rainfall, pests, and insecurity. That GDP growth remained positive demonstrates resilience, for example, the continuation of public-sector salary payments and the ramping up of local electricity production in response to the cut-off of electricity imports from Nigeria.

The annual average inflation remained stable at 3.7 percent in 2023, after being subdued in H1-2023 (average 1.2 percent), then rising sharply in H2-2023 (average 6.3 percent) due to food inflation caused by import disruptions.

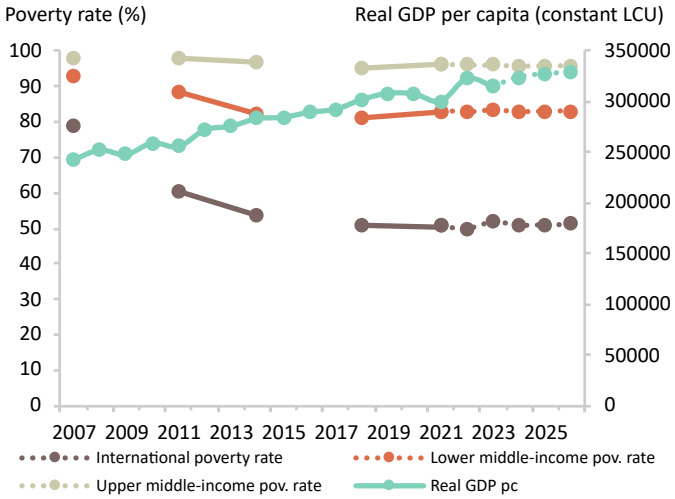
The 2023 budget was revised, cutting capital expenditures, and reducing the deficit to 3.9 percent of GDP (compared

FIGURE 1 **Niger** / Real GDP growth and contributions to real GDP growth



Source: World Bank estimates.

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



Source: World Bank. Notes: see Table 2.

to 6.8 percent in 2022). Due to the financial sanctions, Niger missed several debt repayments to government bond holders and international financial institutions. According to UEMOA-Titres, CFAF 314 billion (USD$512 million or 3.1 percent of GDP) is owed to bondholders as of February 19, 2024. Moody's has downgraded Niger's credit rating from B3 to Caa3. Public debt is expected to reach 54.5 percent of GDP, including arrears.

The decline in overall and agriculture GDP per capita and rise in food prices is expected to increase the poverty rate by 2 percentage points to 52.0 percent in 2023. 2.3 million (8.9 percent of the population) were estimated to be food insecure in Q4-2023, 13 percent higher than Q4 2022, due to food inflation and pockets of food deficits. There are also estimated around 300,000 internally displaced persons due to insecurity and an equal number of refugees from Nigeria, Mali, and Burkina Faso. The crisis and border closures have led to severe disruptions in the delivery of humanitarian aid.

Outlook

With sanctions lifted in February 2024, growth could rebound to 6.9 percent (2.9 percent per capita) in 2024 and average 4.5 percent over 2025-26, boosted by large-scale oil exports, while the non-oil industry and service sectors face a challenging recovery. Growth prospects are weakened by the expected impacts of an orderly ECOWAS withdrawal: lower non-WAEMU ECOWAS trade, namely with Nigeria, higher investors' risk premia, and increased regional financing costs. The fiscal sector will remain constrained by financing, as its resumption depends on the clearance of arrears and re-establishing engagements. Inflation is expected to stay above 3 percent 2024-26 as the resumption of large-scale imports from the region is counterbalanced by higher import costs from exiting the ECOWAS free trade area. With the onset of oil exports, the current account deficit is projected to narrow to 8.4 percent of GDP.

The extreme poverty rate is projected to slightly decrease by 0.8 ppt to 51.2 percent by 2026 assuming solid growth in service and agriculture sectors and policies that uses oil revenues for the population. The number of absolute poor is projected to reach nearly 15.6 million people by 2026.

The outlook remains subject to significant downside risks, including a deterioration in the security situation, terms of trade shocks, climatic shocks, difficult financing conditions, and the withdrawal from ECOWAS. An unnegotiated ECOWAS withdrawal with disruptions to transport, transit and free movement of goods, services, capital, and labor could exacerbate negative impacts due to spillovers onto WAEMU trade. The BCEAO may need to continue monetary tightening in 2024 to bring inflation under control and in the context of increased risks from the withdrawal of Niger, Mali, and Burkina Faso from ECOWAS. A further increase in the cost of financing on the regional market could lead to Niger cutting investment expenditure to reduce its borrowing needs.

TABLE 2 Niger / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	1.4	11.5	1.2	6.9	4.8	4.3
Private consumption	-0.2	7.0	3.5	3.8	4.4	4.1
Government consumption	9.8	-1.2	-11.1	2.2	4.1	3.3
Gross fixed capital investment	7.7	21.1	-10.9	3.1	4.0	3.7
Exports, goods and services	6.7	14.4	-8.1	82.5	9.8	8.7
Imports, goods and services	6.9	6.5	-12.0	22.5	5.5	5.5
Real GDP growth, at constant factor prices	1.0	11.6	1.2	6.9	4.7	4.3
Agriculture	-5.1	27.0	-1.2	6.5	5.5	5.5
Industry	4.1	-0.9	3.9	14.9	5.6	3.4
Services	5.4	4.9	2.5	2.8	3.3	3.4
Inflation (consumer price index)	2.9	3.9	3.7	3.5	3.7	3.5
Current account balance (% of GDP)	-7.8	-9.8	-9.4	-8.4	-6.3	-4.5
Net foreign direct investment inflow (% of GDP)	2.1	3.9	3.2	1.7	2.0	-2.1
Fiscal balance (% of GDP)	-3.4	-6.8	-3.9	-2.4	-2.6	-2.7
Revenues (% of GDP)	18.2	14.9	10.0	11.0	11.8	12.0
Debt (% of GDP)	51.3	51.7	54.5	52.6	50.9	49.3
Primary balance (% of GDP)	-2.2	-5.6	-2.9	-1.8	-2.1	-2.3
International poverty rate ($2.15 in 2017 PPP)[a,b]	50.6	49.9	52.0	50.9	51.1	51.2
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	83.1	82.6	83.1	82.7	82.8	82.9
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	96.3	96.0	96.0	95.7	95.7	95.8
GHG emissions growth (mtCO2e)	4.7	4.8	3.9	4.7	4.8	4.6
Energy related GHG emissions (% of total)	7.1	7.5	7.3	7.7	8.0	8.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

NIGERIA

Table 1	2023
Population, million	223.8
GDP, current US$ billion	362.8
GDP per capita, current US$	1621.1
International poverty rate ($2.15)[a]	30.9
Lower middle-income poverty rate ($3.65)[a]	63.5
Upper middle-income poverty rate ($6.85)[a]	90.8
Gini index[a]	35.1
School enrollment, primary (% gross)[b]	86.7
Life expectancy at birth, years[b]	52.7
Total GHG emissions (mtCO2e)	401.0

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2017 PPPs.
b/ Most recent WDI value (2021).

Nigeria has initiated bold reforms to restore macroeconomic stability, but further efforts are needed. The Government has moved forward on normalization of monetary policy, revenue-driven fiscal consolidation, and liberalization of the foreign exchange (FX) market. Translating oil proceeds into fiscal revenues and FX inflows, and taming inflation are still major challenges. Nominal earnings have not kept up with inflation, pushing 10 million additional Nigerians into poverty in 2023. Risks to the outlook include weaker reform momentum and popular discontent.

Key conditions and challenges

Nigeria's economic growth has been insufficient to raise living standards, weighed down by weak macroeconomic fundamentals and several structural constraints. Overreliance on the oil sector for fiscal revenues, exports, and FX inflows led macro stability to erode with the sector's deteriorating performance in recent years. Low revenues—including due to a costly petrol subsidy, low tax rates, and weak tax administration—have limited state capacity and public service delivery. Inflation has remained high and escalating on the back of a relatively loose monetary policy and exchange rate depreciation. Structural factors holding back the country's growth potential include lack of adequate energy and transport infrastructure, high domestic trade costs and foreign trade protectionism, widespread insecurity, weak institutions, and low levels of human capital development.

The new administration has initiated bold reforms to reestablish the macroeconomic conditions for stability and growth. The petrol fiscal subsidy was eliminated, more than trebling petrol prices. FX reforms have been undertaken, leading to the unification of FX markets and to a market-reflective exchange rate. To alleviate the inflationary effects of these reforms on the most vulnerable, the government has been implementing temporary cash transfers to reach 15 million households. Efforts are also being made to tighten monetary policy and refocus the Central Bank of Nigeria (CBN) on its core mandate of maintaining price stability.

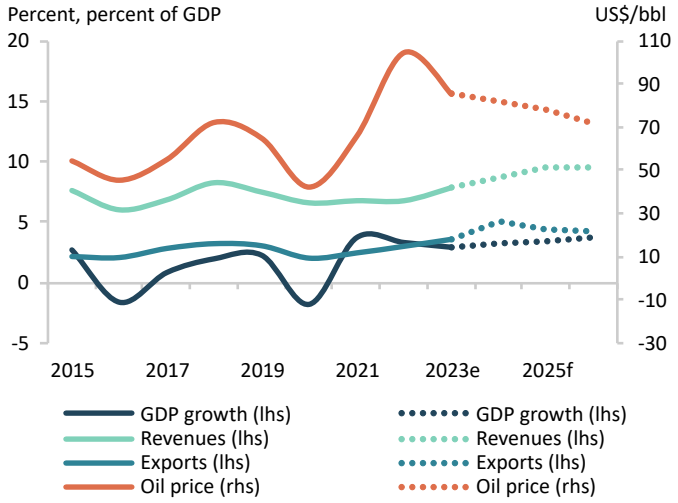
Recent developments

Real GDP growth slowed from 3.3 percent in 2022 to 2.9 percent in 2023. Agricultural output decreased due to higher input costs, sustained impact of floods, and insecurity. Services continued to hold up non-oil sector growth, especially in finance and information and communication. The oil sector contracted for the fourth consecutive year, albeit at a lower rate.

Nigeria's chronically high inflation reached an all-time high of 29.9 percent year-on-year in January 2024, driven by rising food and energy prices, loose monetary policy, and naira depreciation. Nominal earnings have not kept up with inflation, pushing another 10 million Nigerians into poverty in 2023. CBN has started tightening monetary policy by raising the monetary policy rate (MPR) by 400 basis points to 22.75 percent in February 2024 and by unclogging some of its transmission channels. CBN has restarted open market operations (OMOs) at yields closer to the MPR, halted new development finance schemes, committed to stop monetization of fiscal deficits, removed the Standing Deposit Facility cap, raised the cash reserve ratio to 45 percent, and improved communication.

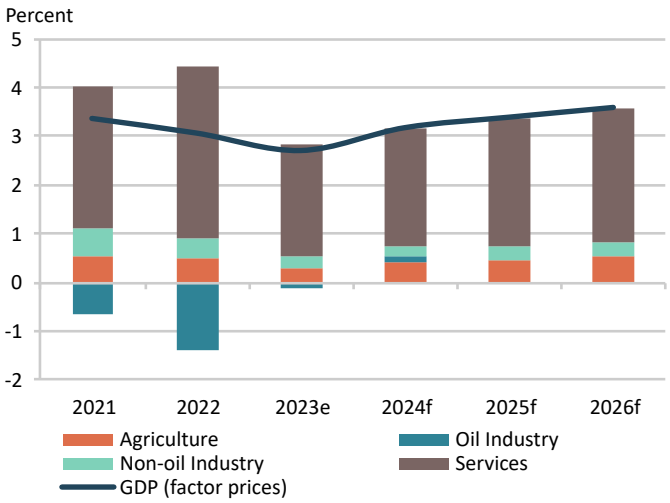
Fiscal pressures remained high despite the removal of fuel subsidy in the budget and naira devaluation. General government

FIGURE 1 Nigeria / Oil price, exports, government revenues, and real GDP growth



Sources: Nigerian National Bureau of Statistics, WDI, and World Bank.

FIGURE 2 Nigeria / Real GDP growth and sectoral contributions to real GDP growth



Sources: Nigerian National Bureau of Statistics and World Bank.

fiscal deficit in 2023 is estimated at 5.3 percent of GDP, 0.4 percentage points (pp) higher than in 2022. While oil revenues improved on the back of the naira unification, gains from the removal of subsidy did not materialize as expected due to low remittances from the Nigerian National Petroleum Corporation (NNPC) to the federation and the emergence of an implicit FX petrol subsidy. Non-oil revenues increased by 0.7 percentage points to 5.6 percent of GDP in 2023, but expenditures picked up too, especially on capital goods and interest payments. The current account balance (CAB) is estimated to have recorded a surplus of 0.7 percent of GDP in 2023, driven by lower interest payments and imports. Gross reserves dropped by 11 percent to US$ 33bn in 2023 and net errors and omissions remained high.

Outlook

The continuation of an ambitious reform program centered around macroeconomic stabilization is essential for Nigeria to reap the reforms' benefits. The economy is projected to grow by 3.5 percent on average between 2024 and 2026, 0.9 pp higher than the population growth. The dissipation of the reforms' initial shock and the stabilization of macroeconomic conditions will instill a sustained but still slow growth in the non-oil economy, while the oil sector is expected to stabilize with some recovery in production and slightly lower prices. Higher growth rates will require structural reforms. Inflation will remain elevated at 24.8 percent on average in 2024 but is expected to progressively moderate to 15.1 percent by 2026 on the back of monetary policy tightening and exchange rate stabilization. As a result, poverty rates are expected to increase in 2024 and 2025 before stabilizing in 2026.

Exchange rate liberalization is expected to contribute to both fiscal and external balances. Fiscal pressure is expected to moderate over the outlook due to higher dollar-denominated revenues and improved non-oil revenues. The fiscal deficit is expected to drop to 4.3 percent of GDP on average between 2024-2026, and debt servicing to fall from 97 percent of revenues in 2024 to 61 percent of revenue in 2026. Exchange rate depreciation will also reduce imports, including gasoline, leading to a CAB of 1.2 percent of GDP on average between 2024-2026. Foreign investments will follow macroeconomic stabilization.

Risks to Nigeria's outlook are substantial, especially if reforms lose momentum or are reversed. Relatively weak monetary policy tightening would be insufficient to rein in inflation and attract foreign capital inflows, raising the risks of an inflation-exchange rate depreciation spiral. Failure to address imbalances in petrol pricing and to raise non-oil revenues would jeopardize the reforms' revenue gains, which, in turn, would lead to continued high fiscal deficit and risks of its monetization. Rising insecurity, adverse climate shocks, and popular discontent with inflation would dent economic recovery.

TABLE 2 **Nigeria** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	3.6	3.3	2.9	3.3	3.5	3.7
Real GDP growth, at constant factor prices	3.4	3.1	2.7	3.2	3.4	3.6
Agriculture	2.1	1.9	1.1	1.7	1.9	2.2
Industry	-0.5	-4.6	0.7	1.8	1.6	1.7
Services	5.6	6.7	4.2	4.4	4.7	4.9
Inflation (consumer price index)	17.0	18.8	24.7	24.8	18.5	15.1
Current account balance (% of GDP)	-0.7	0.2	0.7	2.2	0.9	0.5
Net foreign direct investment inflow (% of GDP)	-0.3	0.0	-0.1	-0.4	-0.5	-0.5
Fiscal balance (% of GDP)	-6.6	-4.9	-5.4	-4.6	-3.7	-3.8
Revenues (% of GDP)	6.7	6.7	7.8	8.7	9.6	9.6
Debt (% of GDP)	39.0	40.0	48.9	50.9	46.6	45.1
Primary balance (% of GDP)	-3.9	-1.5	-1.9	-1.0	-0.1	-0.1
International poverty rate ($2.15 in 2017 PPP)[a,b]	34.6	35.3	38.9	40.7	42.3	42.5
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	66.2	67.1	69.8	70.9	71.7	71.4
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	90.6	91.3	91.9	91.9	91.8	91.2
GHG emissions growth (mtCO2e)	2.3	3.0	3.1	3.4	3.2	3.5
Energy related GHG emissions (% of total)	35.1	35.4	35.6	36.1	36.5	37.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2018-LSS. Actual data: 2018. Nowcast: 2019-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

RWANDA

Table 1	2023
Population, million	14.1
GDP, current US$ billion	13.7
GDP per capita, current US$	974.4
International poverty rate ($2.15)[a]	52.0
Lower middle-income poverty rate ($3.65)[a]	78.0
Upper middle-income poverty rate ($6.85)[a]	92.2
Gini index[a]	43.7
School enrollment, primary (% gross)[b]	134.9
Life expectancy at birth, years[b]	66.1
Total GHG emissions (mtCO2e)	8.4

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2016), 2017 PPPs.
b/ WDI for School enrollment (2022); Life expectancy (2021).

Rwanda's strong economic momentum continued in 2023, with 8.2 percent growth in 2023—led by services, manufacturing, and construction. Inflationary pressures have eased due to improvements in domestic food production, lower commodity prices, and the tight monetary policy stance by the central bank. Real GDP growth is projected at 7.6 percent on average in 2024–2025.

Key conditions and challenges

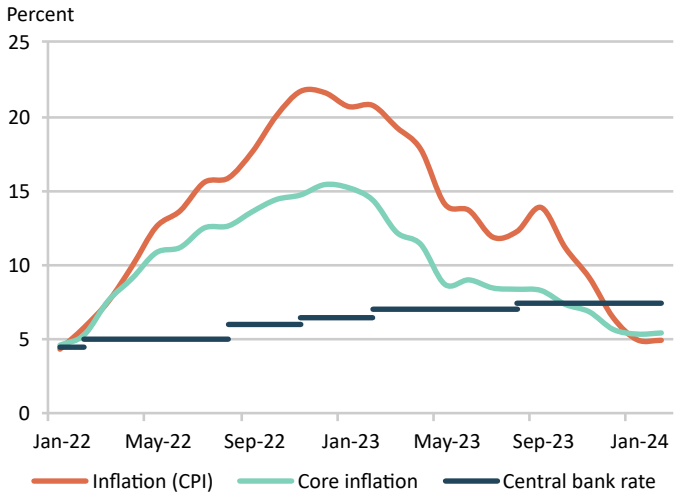
In the decade up to 2019, Rwanda's GDP per capita increased steadily at a rate of 4.5 percent per year, surpassed only by Ethiopia among SSA economies. Rwanda has also achieved substantial gains in poverty reduction, educational attainment, health services delivery, and access to basic services. However, the economy faces severe constraints. The heavy emphasis on public investment has neither generated sufficient jobs nor resulted in rapid gains in productivity. The Human Capital Index places Rwanda at 160th out of 174 countries. High public debt levels, vulnerability to climate change, and the accelerating degradation of natural assets will hinder the achievement of Rwanda's targets of becoming an upper middle-income country by 2035 and a high-income country by 2050. The highest food inflation in 15 years (63 percent in March 2023) triggered by insufficient rainfall, highlighted the importance of increasing the persistently low productivity in agriculture to increase incomes of rural households and to improve food security and availability. Overcoming these challenges will require greater reliance on private sector investment to enhance productivity growth, raise incomes, and provide the necessary financing needed to address infrastructure shortfalls. Critical areas, which would need to progress faster and drive rapid private sector investment growth in Rwanda, include enhancing competition, building firms' capabilities, increasing access to finance, fostering development and diffusion of information and communication technologies, and innovation.

Recent developments

Rwanda's economy achieved significant growth in 2023, estimated at 8.2 percent, despite lower global prices for its main exports and flooding that disrupted crop production. This performance was supported by stronger services sector and robust domestic demand, fueled by sizable investment projects. The information and communications industry made the largest contribution to GDP growth, benefiting from increased internet and mobile subscriptions, followed by manufacturing, transport services, and construction.

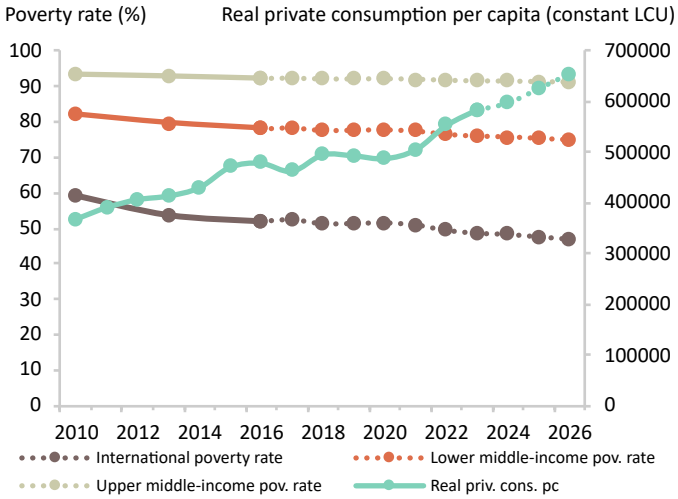
The National Bank of Rwanda's tighter monetary stance, along with improvements in domestic food production and lower commodity prices, have contained inflationary pressures. NBR hiked the policy rate by an additional 50 basis points in August 2023 to 7.5 percent (Figure 1). Inflation fell gradually to 4.9 percent in February 2024 from the peak of 22.7 percent in November 2022. After experiencing 18 months of the highest monthly food inflation in the last 15 years starting in May 2022, much lower food inflation at 6.3 percent in February 2024 eased the pressure on household budgets, especially for poor households. To counteract the effect of a sharp depreciation of the franc against the

FIGURE 1 Rwanda / Headline and core inflation and central bank rate



Source: World Bank staff estimates.

FIGURE 2 Rwanda / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: see Table 2.

U.S. dollar—about 18. percent in 2023—on inflation, the NBR has doubled its dollar sales to commercial banks to US$10 million per week from US$5 million.

The FY24 budget envisages a temporary fiscal expansion to cushion the effects of recent floods. Total reconstruction spending is estimated at around 3 percent of GDP over the next five years, of which two-thirds will be disbursed in FY24–FY25. The resulting creation of jobs in construction is expected to benefit lower-income households. Despite this, the government remains committed to fiscal prudence through improved domestic revenue mobilization, spending rationalization, and increased transparency and efficiency. Relying largely on concessional loans to finance the deficit, Rwandan's public debt is sustainable despite increases in the stock, which is estimated at 71.6 percent of GDP in 2023.

Outlook

Rwanda's GDP is projected to grow at 7.6 percent on average in 2024–26. After weak performance in the last two years, agriculture is expected to rebound due to favorable weather. Growth will also be supported by continued growth in global tourism demand, construction, and manufacturing activities supported by the Manufacture and Build to Recover Program. Driven by growth in private consumption of 4.5 percent a year in 2024-2026, poverty is projected to decline from 48.4 percent in 2024 to 47 percent in 2026. The current account deficit is projected to remain wider in 2024 due to increased imports required for the post-flood reconstruction and the large airport construction project. Sustained strong FDI inflows and concessional financing will cover external financing needs. Inflation is expected to gradually return within NBR's target of 5±3 percent.

The government is committed to prudent fiscal management. In the FY24–FY26 budget framework, the government projects spending cuts largely through streamlining and gradually reducing subsidies particularly those related to energy and fuel. It is critical to reduce energy subsidies in a way that keeps electricity affordable for low-income households. The authorities are also planning to strengthen the oversight, governance, and risk management of state-owned enterprises while safeguarding fiscal space for human capital spending. The government also intends to improve revenue administration and cut tax rates while broadening the tax base through measures in the Medium-Term Revenue Strategy. Under this baseline, public debt would peak at 78 percent of GDP in 2024 before gradually improving over the medium term.

The outlook is subject to substantial downside risks. Even though Rwanda has limited direct trade and financial links to the Middle East, an intensification of the conflict in the region could lead to further disruptions to the global trade and economy, thus affecting Rwanda mainly through a reduced global demand for its main export products. Limited access to concessional resources and lower external demand fueled by monetary tightening in advanced economies pose further downside risks. The main risk on the domestic front is linked to the increasing frequency of weather and climate shocks, which could disrupt agricultural output again negatively affecting incomes and food security for rural households, and reigniting inflationary pressures on food.

TABLE 2 Rwanda / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	10.9	8.2	8.2	7.6	7.8	7.5
Private consumption	6.0	12.1	8.0	4.5	6.8	6.8
Government consumption	13.7	10.6	3.1	14.6	10.1	8.1
Gross fixed capital investment	9.6	-12.6	4.5	15.0	10.7	7.2
Exports, goods and services	2.4	29.4	25.8	13.1	11.2	11.2
Imports, goods and services	2.7	17.9	14.4	12.6	10.9	8.9
Real GDP growth, at constant factor prices	10.6	7.8	8.6	7.6	7.8	7.5
Agriculture	6.4	1.6	1.7	6.6	5.5	5.4
Industry	13.3	5.0	10.2	9.5	9.3	9.0
Services	11.9	12.2	11.2	7.3	8.3	7.9
Inflation (consumer price index)	1.1	12.1	15.4	6.8	5.0	5.0
Current account balance (% of GDP)	-11.1	-9.7	-11.9	-11.3	-10.1	-10.2
Net foreign direct investment inflow (% of GDP)	2.1	2.4	3.3	3.9	4.4	4.5
Fiscal balance (% of GDP)	-9.8	-9.2	-8.5	-6.8	-5.6	-5.9
Revenues (% of GDP)	24.8	23.5	22.9	23.1	23.3	23.2
Debt (% of GDP)	74.4	69.9	73.0	78.0	77.6	75.2
Primary balance (% of GDP)	-8.0	-7.3	-6.3	-4.9	-4.0	-4.6
International poverty rate ($2.15 in 2017 PPP)[a,b]	51.1	49.6	48.7	48.4	47.7	47.0
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	77.5	76.5	76.0	75.8	75.3	74.9
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	92.0	91.7	91.6	91.5	91.4	91.2
GHG emissions growth (mtCO2e)	6.4	2.5	1.4	2.4	2.9	3.2
Energy related GHG emissions (% of total)	31.1	30.7	29.8	30.0	30.2	30.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2010-EICV-III and 2016-EICV-V. Actual data: 2016. Nowcast: 2017-2023. Forecasts are from 2024 to 2026.
b/ Projection using average elasticity (2010-2016) with pass-through = 0.25 based on private consumption per capita in constant LCU.

SÃO TOMÉ AND PRÍNCIPE

Table 1	2023
Population, million	0.2
GDP, current US$ billion	0.6
GDP per capita, current US$	2651.6
International poverty rate ($2.15)[a]	15.7
Lower middle-income poverty rate ($3.65)[a]	45.0
Upper middle-income poverty rate ($6.85)[a]	79.7
Gini index[a]	40.7
School enrollment, primary (% gross)[b]	109.6
Life expectancy at birth, years[b]	67.6
Total GHG emissions (mtCO2e)	0.4

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

Crisis in the electricity sector and uncertainty in external concessional financing pushed the economy into recession. GDP is estimated to have contracted by 0.5 percent. Poverty rate is estimated at 15.8 percent. GDP growth is projected to recover in the medium term, supported by tourism, agriculture, infrastructure, and renewed external financing. Risks result from delays in concluding IMF program discussions, slow energy reforms, weather-related shocks, and global geopolitical tensions.

Key conditions and challenges

São Tomé and Príncipe (STP) is a remote and small island nation with untapped natural wealth. STP is home to pristine rainforests, a rich and unique biodiversity, and a humid tropical climate with abundant rainfall. Given its vast natural wealth, agriculture, fisheries, and tourism have significant potential to accelerate growth in STP. However, STP's economic and social development has been constrained by its small productive base, weak private sector, institutional fragility, and high vulnerability to climate shocks, coupled with underdeveloped infrastructure, such as an unreliable power sector and limited connectivity.

In the past, growth in STP was supported by large inflows of external concessional financing and grants, which have fueled a public investment-led growth model. However, this growth model has become unsustainable due to the structural decline and volatility of grants. As a result, growth has slowed in recent years, further undermined by recurrent energy crises, climate shocks, and surging commodity prices due to escalating global geopolitical tensions.

Consequently, slow growth has hindered progress in poverty reduction by restricting job opportunities and exacerbating the vulnerability of the poorest. Moreover, excessive reliance on external concessional financing, low domestic revenue mobilization, and high expenditure rigidity limited spending on human capital. Thus, with limited access to basic services and social protection, the poorest bear the brunt of economic and climate shocks, facing increased difficulty in meeting their daily needs given the rising living costs.

Nonetheless, the new government has committed to implementing the needed structural reforms to restore macroeconomic stability and promote growth, particularly energy reforms. Fiscal reforms have been initiated, including the introduction of the value-added tax (VAT). The reform agenda is expected to be backed by a forthcoming IMF program, which should also help mobilize further concessional financing.

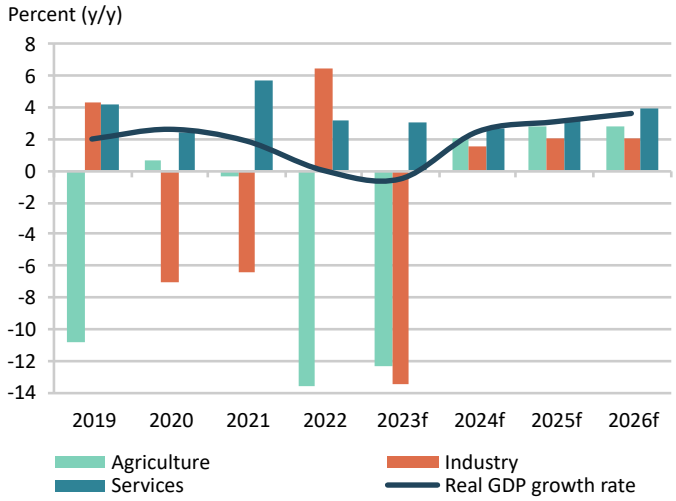
Recent developments

Real GDP is estimated to have contracted by 0.5 percent in 2023 due to the aggravated energy crisis and fuel shortage that halted economic activity for two weeks, and delays in external financing disbursements, partly explained by the longer-than-expected discussions on the upcoming IMF program. However, the recession was mitigated by a strong recovery in tourism: tourist arrivals peaked at 35,817 in 2023, above pre-pandemic levels.

The current account deficit is estimated to have remained around 15.4 percent of GDP in 2023, due to a due to higher imports bill and wider trade deficit.

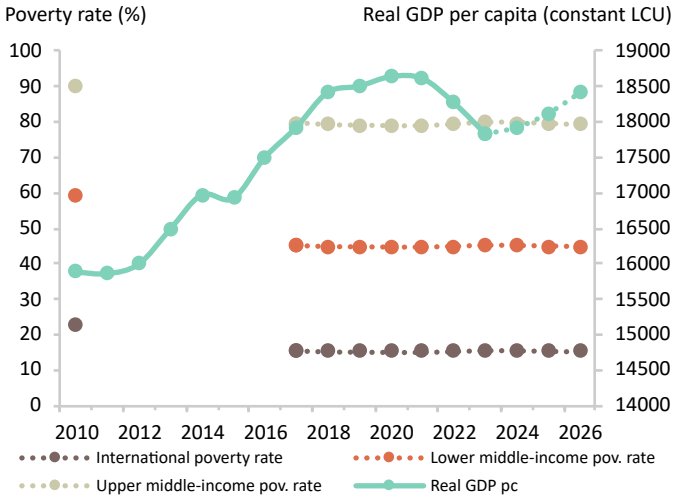
Inflationary pressures eased despite the introduction of VAT, as the Central Bank

FIGURE 1 São Tomé and Príncipe / Real GDP growth and contributions to real GDP growth



Sources: São Tomé and Príncipe authorities' data, IMF and World Bank staff estimates.

FIGURE 2 São Tomé and Príncipe / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

of STP (BCSTP) tightened liquidity conditions and issued certificates of deposit in May 2023, coupled with higher interest rates on T-bills, and subdued domestic demand. Inflation declined from 25.2 percent in 2022 to 21.2 percent in 2023, and the monetary base (M0) contracted by 11.6 percent. However, delays in external financing disbursements and high fuel-related import demand depleted net international reserves, threatening the currency's peg to the euro. The BCSTP responded by entering into a non-concessional foreign exchange swap agreement for about US$30 million with Afreximbank to boost reserves, of which US$12 million was disbursed. Although further disbursement of grants supported net international reserves, the latter remain below one month of imports. The fiscal balance remained in deficit, estimated at -3.6 percent of GDP in 2023 primarily due to reduced grant disbursements, despite the introduction of the VAT in June 2023 to support revenue mobilization.

As a result of these adverse macro-fiscal conditions, the livelihoods of the poorest deteriorated. The share of people that were living on less than US$2.15 per day (in 2017 PPP terms) is estimated to have slightly increased to 15.8 percent in 2023, from 15.6 percent in the previous year.

Outlook

Real GDP growth is expected to recover to 2.5 percent in 2024 and then 3.6 percent in 2026. Growth over the medium term is supported by a stronger agricultural sector, including palm oil and cocoa exports, continued tourism rebound, foreign investments, including for increased electricity capacity and renewable energy projects, and resumption of externally funded infrastructure projects, such as the rehabilitation of the Marginal Road.

The current account deficit is projected to improve from 15.4 percent in 2023 to 12.6 percent in 2024 and 10.8 percent in 2026 as the trade deficit narrows with the drop in the cost of commodities (fuel and food), tourism continues to recover, and fiscal consolidation weighs on the twin deficit of fiscal and external balances.

A tight monetary policy stance and lower global commodity prices are expected to reduce inflation to 12.1 percent in 2024. The resumption of externally financing disbursements, an expected IMF-supported fiscal consolidation, and the full impact of VAT implementation would improve STP's fiscal position in 2024. These measures are projected to contribute to an improvement in the domestic primary balance deficit from -2.7 percent in 2023 to 1.4 percent of GDP in 2024 and 1.6 percent of GDP in 2026.

Risks to the outlook come from delays in the new IMF program discussion, and relatedly delayed external financing disbursements, slow implementation of energy reforms, and weather-related events. Adverse developments in global commodity prices due to geopolitical tensions are also a risk factor. In addition, the outlook for poverty alleviation in STP remains uncertain and the share of people living in extreme poverty is projected to stagnate in the short term, with a slight decline in the medium-term. While economic recovery is projected in 2024, the benefits may not reach the most vulnerable without concerted efforts.

TABLE 2 São Tomé and Príncipe / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	1.9	0.1	-0.5	2.5	3.1	3.6
Real GDP growth, at constant factor prices	3.1	2.5	-0.5	2.5	3.1	3.6
Agriculture	-0.3	-13.6	-12.4	2.0	2.8	2.8
Industry	-6.4	6.4	-13.5	1.5	2.0	2.0
Services	5.6	3.1	3.1	2.7	3.3	3.9
Inflation (consumer price index)	9.5	25.2	21.2	12.1	7.4	7.0
Current account balance (% of GDP)	-19.2	-14.6	-14.1	-10.9	-9.6	-8.5
Net foreign direct investment inflow (% of GDP)	3.5	23.3	3.5	5.0	5.7	7.0
Fiscal balance (% of GDP)	-3.9	-4.5	-3.3	-0.1	0.2	0.6
Revenues (% of GDP)	19.8	25.4	23.5	21.6	21.6	21.3
Debt (% of GDP)	77.8	68.5	57.5	52.7	47.7	41.3
Primary balance (% of GDP)	-3.7	-4.0	-2.4	1.3	1.0	1.2
International poverty rate ($2.15 in 2017 PPP)[a,b]	15.4	15.6	15.8	15.7	15.6	15.5
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	44.6	44.8	45.1	45.0	44.9	44.7
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	79.0	79.3	79.8	79.7	79.5	79.2
GHG emissions growth (mtCO2e)	1.2	0.6	0.4	0.9	1.4	1.7
Energy related GHG emissions (% of total)	35.7	35.6	35.8	36.3	36.9	37.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Projection using point to point elasticity at regional level with pass-through = 0.7 based on GDP per capita in constant LCU.
b/ Actual data: 2017. Nowcast: 2018-2023. Forecasts are from 2024 to 2026.

SENEGAL

Table 1	2023
Population, million	17.8
GDP, current US$ billion	31.1
GDP per capita, current US$	1753.3
International poverty rate ($2.15)[a]	9.9
Lower middle-income poverty rate ($3.65)[a]	36.3
Upper middle-income poverty rate ($6.85)[a]	75.6
Gini index[a]	36.2
School enrollment, primary (% gross)[b]	83.3
Life expectancy at birth, years[b]	67.1
Total GHG emissions (mtCO2e)	36.4

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

Economic growth slowed slightly to 3.7 percent in 2023 due to social unrest and delayed hydrocarbon production. The fiscal deficit and debt remained high, fueled by energy subsidies and frontloaded financing. Inflation averaged 6.1 percent, eroding household purchasing power, but poverty remains unchanged. Economic activity is set to rebound in the medium term, supported by hydrocarbon production. Political uncertainty, hydrocarbon production delays, and geopolitical tensions threaten the outlook.

Key conditions and challenges

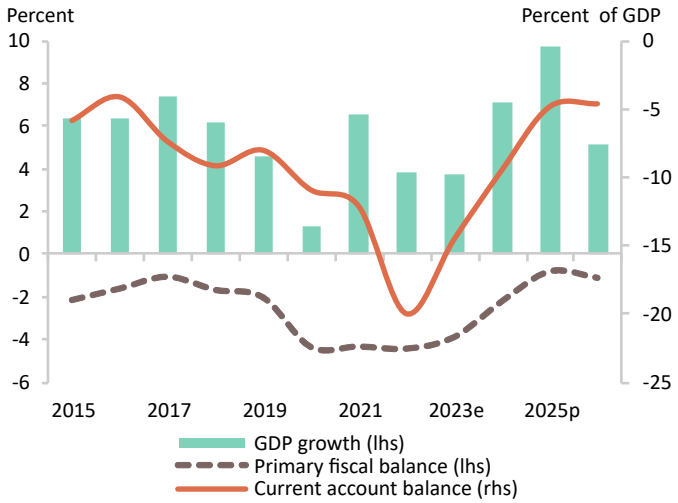
Senegal's socioeconomic development challenges are heightened by rising uncertainty. Declining yet high inflation and unfavorable global and domestic financial conditions combined with high debt levels undermine macro-fiscal stability. Structural vulnerabilities, such as low productivity, limited human capital, high informality, and youth emigration, persist and are exacerbated by external shocks, as seen during the COVID-19 pandemic and Russia's invasion of Ukraine. Despite the emphasis on industrialization in the action plan PAP3 of the government's Plan Senegal Emergent, the transition to a more diversified economy with a larger industrial base remains limited, with the economy remaining heavily reliant on agriculture and services. The onset of hydrocarbon production offers an opportunity to accelerate equitable investment in human capital, provided that related resources are managed within a strong governance framework.

Recent developments

Economic growth remained broadly stable around 3.7 percent in 2023 (1.1 percent per capita) as political tensions and social unrest disrupted consumer spending and delayed investment in key sectors, including ICT, trade, and transport. As a result, the services sector decelerated from 5.1 percent in 2022 to 3.3 percent in 2023. Gold production declined by 15.5 percent (year-on-year) due to lower demand, reserve depletion, and labor strikes. Challenges in the extractive industry led to a slower-than-expected performance in the industry sector despite strong cement sales. Headline inflation averaged 6.1 percent in 2023 as food and energy prices continued their downward trends – although remaining well above the regional Central Bank's target band of 1-3 percent. Poverty incidence (using the $3.65 per capita per day in 2017 PPP international poverty line) remained stable at 36.4 percent in 2023, from 36.5 percent in 2022. While rising prices eroded the purchasing power of households this was mitigated by growth in the agriculture sector, which employs most of the poor. The national poverty trend is the result of a slight increase in urban areas, while the poverty rate slightly decreased in rural areas.

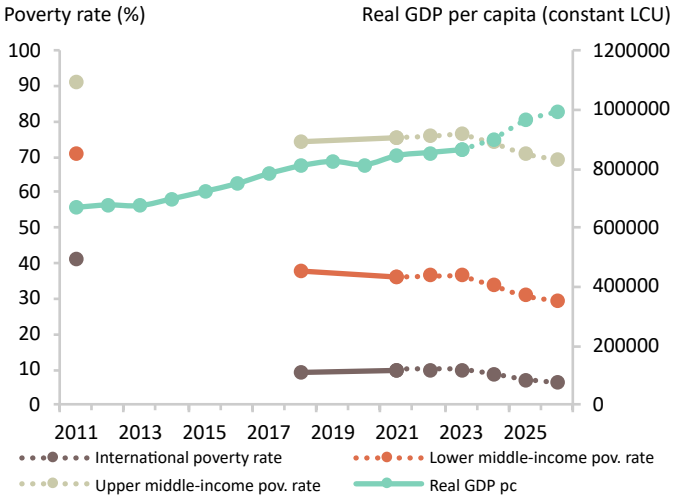
The fiscal deficit is expected to remain at 6.6 – above the 4.9 percent of GDP objective set in the 2023 Budget Law – driven by lower tax collection and persistently high energy subsidies. The former declined to 17.3 percent of GDP – about 1 percentage point below its 2022 level – owed to lower revenue collection on international trade. Public expenditure declined to 25.7 percent of GDP from 26.6 percent, thanks to a decline in current spending. Fiscal measures to support purchasing power (0.6 percent of GDP)

FIGURE 1 Senegal / Evolution of main macroeconomic indicators



Source: World Bank.

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



Source: World Bank. Notes: see Table 2.

and energy sector subsidies encompassing outstanding arrears (4.2 percent of GDP end-September 2023) continue to hinder fiscal consolidation efforts. Public debt remains at moderate risk of debt distress, with limited margins to absorb future shocks. The current account deficit is estimated at 14.5 percent in 2023 from 20 percent in 2022, driven by lower service imports related to hydrocarbon services, increased export prices, and the resumption of trade with Mali. It was financed by foreign direct investments, portfolio investments, remittances, and external credits.

To counter inflation across WAEMU countries, the Central Bank of West African States (BCEAO) raised policy interest rates by a cumulative 150 basis points since mid-2022 to 3.5 percent for liquidity calls and 5.5 percent for the marginal lending facility. However, inflation in the region (3.7 percent in 2023) was still above the 1-3 percent target and foreign exchange reserves have been on a downward trend, estimated at 3.5 months of imports at end-2023, down from 4.3 months at the end of 2022.

Outlook

Economic growth is projected to average 7.5 percent in 2024-2026 (4.8 percent per capita) and be broad based, driven by hydrocarbon production from mid-2024, and a rebound in the mining sector spurred by the discovery of new gold and phosphate mines as well as agriculture and services. Aggregate demand will be supported by private consumption. The baseline assumes favorable rainfall and fading political uncertainty. Inflation is forecasted to decelerate to 2 percent by 2025 as food and energy prices maintain downward trends.

The BCEAO may need to continue monetary tightening in 2024 to bring inflation under control and in the context of rising uncertainties over the withdrawal of Niger, Mali, and Burkina Faso from ECOWAS and potential spillovers to WAEMU. These uncertainties are likely to increase investors' risk perceptions leading to tighter financing conditions and putting additional strain on already low foreign exchange reserves.

Projected growth, including in agriculture, the expansion of cash transfers, and declining food prices are expected to affect household well-being positively. Consequently, poverty is expected to resume a downward trend in 2024.

Fiscal consolidation efforts, including reduced energy subsidies and increased tax revenues, should enable the fiscal deficit to decline toward the WAEMU convergence criteria of 3 percent of GDP by 2025. Under a benign base case, public debt is expected to decline gradually to 67.2 percent in 2026. However, extreme weather shocks or increases in security spending could delay the necessary fiscal adjustment and exacerbate debt sustainability risks. The CAD is projected to narrow significantly from 9.5 percent of GDP in 2024 to an average 4.7 percent in 2025-6 as hydrocarbon exports begin, although a potential risk remains as the Alliance of Sahel States withdrawal from ECOWAS will impact exports to Mali. Regional uncertainties could lead to further tightening of financing conditions and put additional strain on already low foreign exchange reserves.

TABLE 2 Senegal / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	6.5	3.8	3.7	7.1	9.7	5.7
Private consumption	3.4	3.5	2.3	3.1	3.6	3.7
Government consumption	14.4	1.5	-7.1	14.7	7.7	4.5
Gross fixed capital investment	15.8	11.0	12.5	6.0	8.8	8.6
Exports, goods and services	22.5	3.5	6.7	14.3	20.1	3.4
Imports, goods and services	16.0	12.4	6.0	5.4	4.9	3.1
Real GDP growth, at constant factor prices	6.3	3.6	3.7	7.1	9.7	5.7
Agriculture	0.8	0.3	6.2	6.3	6.4	6.5
Industry	7.1	2.6	2.9	16.8	23.4	3.9
Services	7.7	5.1	3.3	3.2	4.0	6.5
Inflation (consumer price index)	2.2	9.7	6.1	3.0	2.0	2.0
Current account balance (% of GDP)	-12.1	-20.0	-14.5	-9.5	-4.8	-4.6
Fiscal balance (% of GDP)	-6.3	-6.6	-6.6	-4.8	-3.0	-3.0
Revenues (% of GDP)	19.5	20.0	19.2	20.8	21.8	22.3
Debt (% of GDP)	73.4	76.1	79.5	72.4	67.5	67.2
Primary balance (% of GDP)	-4.3	-4.4	-3.9	-2.2	-0.8	-1.1
International poverty rate ($2.15 in 2017 PPP)[a,b]	9.9	10.0	9.8	8.7	7.2	6.4
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	36.3	36.5	36.4	33.9	30.9	29.5
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	75.6	75.9	76.3	74.1	71.1	69.5
GHG emissions growth (mtCO2e)	3.1	1.1	0.5	3.8	5.5	5.1
Energy related GHG emissions (% of total)	24.2	24.5	24.0	24.2	24.5	23.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

SEYCHELLES

Table 1	2023
Population, million	0.1
GDP, current US$ billion	2.1
GDP per capita, current US$	20446.9
International poverty rate ($2.15)[a]	0.5
Lower middle-income poverty rate ($3.65)[a]	1.2
Upper middle-income poverty rate ($6.85)[a]	6.7
Gini index[a]	32.1
School enrollment, primary (% gross)[b]	97.6
Life expectancy at birth, years[b]	73.4
Total GHG emissions (mtCO2e)	1.0

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2017 PPPs.
b/ Most recent WDI value (2021).

Economic growth is expected to reach 3.5 percent in 2024, supported by tourism and the rebuilding of infrastructure damaged by extreme weather and the blast at an explosives depot in 2023. Despite these shocks, average earnings have increased by 4.8 percent and the poverty rate remained stable at 5.9 percent in 2023. The government has prioritized support for vulnerable groups and investments to enhance climate resilience while maintaining its commitment to fiscal prudence.

Key conditions and challenges

The Seychelles is a high-income country with the highest GDP per capita in Sub-Saharan Africa but is highly vulnerable to external shocks. Tourism accounts for 31 percent of GDP and 41 percent of exports. Over 90 percent of production inputs are imported, making the country highly vulnerable to global commodity shocks and pandemics. In 2020, during the COVID-19 pandemic, the economy shrunk by 8.5 percent, and the fiscal deficit widened to 16.4 percent of GDP, while poverty rates based on the upper-middle-income line of US$6.85 per person per day rose to 8.0 percent. Moreover, the Seychelles is vulnerable to climate shocks. The heavy rains and the explosion that occurred in December 2023 highlight the country's vulnerability to climate change.

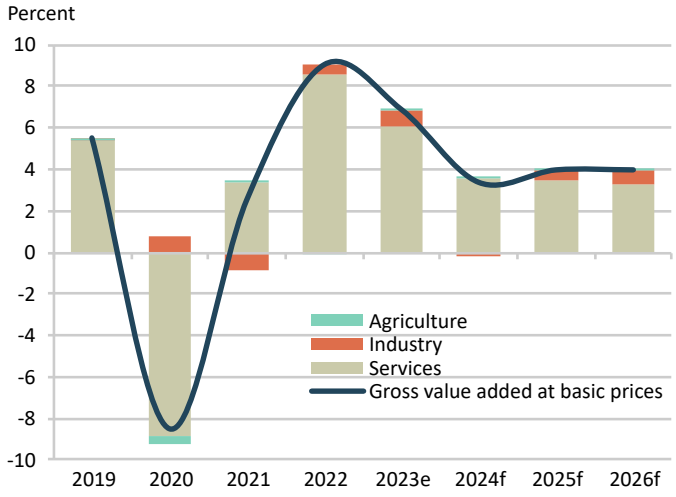
Prudent macroeconomic management has helped the Seychelles manage shocks and sustain growth. Measures implemented to mitigate the pandemic supported a quick recovery and were subsequently phased out. The government has implemented fiscal consolidation since 2021 and has taken measures to improve the resilience of the economy while also addressing the effect of external shocks. Adaptation investments to strengthen climate resilience use mostly concessional financing, complemented by private sector efforts. Fiscal measures such as the 2023 tourism environmental sustainability levy help raise resources for climate initiatives, with more than 4 percent of the Seychelles' budget allocated to climate resilience.

Further improvements to the business environment and a renewed focus on employment are needed to maintain inclusive growth. Labor earnings have been central to reducing poverty, yet labor and skills shortages and a growing rate of drug and alcohol addiction constrain further advances. Labor shortages were partly addressed through migration, with migrants representing 22 percent of the working-age population. The 2023 Enterprise Survey indicates that firms identified a low supply of skilled labor (20 percent of firms) and limited land (25 percent of firms) as major obstacles in doing business.

Recent developments

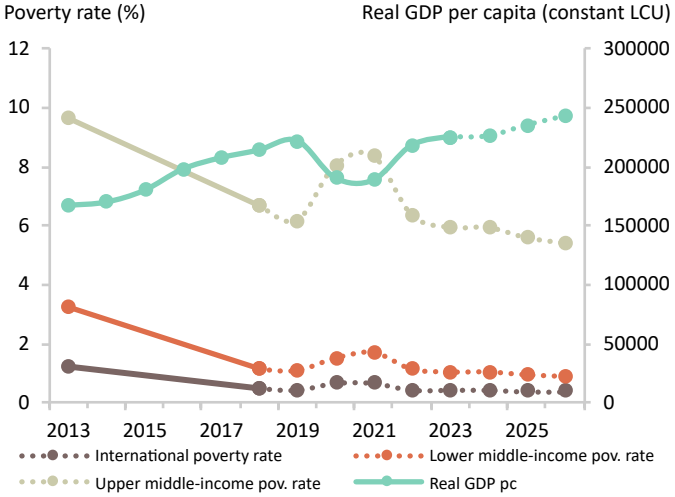
Growth was an estimated 3.3 percent in 2023 compared to 8.9 percent in 2022, driven by modest increases in tourism, particularly from key markets in Europe impacted by tight monetary conditions and the war in Ukraine. Furthermore, geopolitical issues in Israel affected tourist arrivals from Asia. In 2023Q3, employment decreased by 0.2 percent, while average earnings saw a 4.8 percent increase compared with the same quarter in 2022 due to an upward revision to public sector wages. Heavy rainfall, landslides, and floods in the north of Mahé island, coupled with a massive explosion in a key industrial zone, damaged commercial buildings, houses, and public infrastructure at the end of 2023. This incident has impacted growth and increased household

FIGURE 1 Seychelles / Real GDP growth and sectoral contributions to real GDP growth



Sources: National Bureau of Statistics and World Bank staff calculations.

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



Source: World Bank. Notes: see Table 2.

vulnerability. Consequently, the government has provided support to households and businesses to rebuild and re-occupy their premises.

Inflation remained low, prompting the Central Bank of Seychelles to maintain the monetary policy rate at 2 percent. In 2023, appreciation of the rupee and moderation in global commodity prices contributed to declining domestic prices, with year-end inflation of -2.71 percent. The primary fiscal balance was 1.4 percent of GDP, as revenue increased, led by strong business and property tax collections, despite higher government expenditure due to higher public sector wages and the establishment of the Home Care Agency. Although the budget allocated to capital expenditure was higher than in 2022, project under-execution of 32 percent resulted in budget savings. Public debt declined to 60.1 percent of GDP due to repayments of external debt. The current account deficit narrowed to an estimated at 5.6 percent of GDP. The deficit is financed by foreign direct investments, equivalent to 13.8 percent of GDP, primarily from investments in hotels and resorts. Foreign exchange reserves increased to US$681 million in 2023, covering 3.8 months of imports.

Outlook

The economy is expected to grow by 3.5 percent in 2024, supported by tourism and increases in flight seat capacity to the islands. Additionally, with 450 new hotel rooms expected to become available during the year, tourism receipts are projected to increase. However, weak trade and commerce within the Providence industrial zone due to the gradual recovery from last year's explosion are expected to weigh on growth. Fiscal measures and reconstruction efforts to restore businesses' operationality by end-2024 are expected to support the economic recovery beyond 2024.

Following the December incidents, the government's priorities are to support vulnerable groups whose homes were damaged and to invest in strengthening resilience to climate events, including building and maintaining structures like bridges, watersheds, canals, retaining walls, and coastal blockades. Additional spending beyond already planned investments is needed to rebuild better. This is expected to contribute to an increase in public debt to 62 percent of GDP. However, the government remains committed to containing public debt in the medium term and developing the government securities market by issuing bonds to reduce refinancing risk. In the context of low inflation expectations, the monetary authority is expected to maintain the monetary policy rate at 2 percent in 2024. More robust tourism earnings are expected to contribute to a stable rupee, even though the current account deficit is projected to widen as imports increase for consumption and reconstruction efforts.

The country's reliance on the European tourist market is a risk, and delays in the opening of new and renovated hotels could also result in a lower-than-expected yield from tourism in 2024. Additionally, attacks on commercial vessels in the Red Sea could increase inflation through higher import prices, which may disproportionally affect the poor. Lastly, climate shocks pose a significant risk, underscoring the importance of sustainable growth and poverty reduction strategies.

TABLE 2 Seychelles / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	2.5	8.9	3.3	3.5	3.4	3.4
Private consumption	1.3	6.6	6.4	1.4	6.5	3.7
Government consumption	4.3	2.5	6.0	5.5	5.2	5.0
Gross fixed capital investment	0.4	2.7	34.3	8.6	-1.2	2.1
Exports, goods and services	6.2	9.1	5.7	8.7	6.2	6.0
Imports, goods and services	4.7	3.1	15.0	9.4	5.4	5.5
Real GDP growth, at constant factor prices	2.5	9.0	3.3	3.5	3.4	3.4
Agriculture	0.8	-1.0	4.2	2.1	2.1	2.1
Industry	-4.9	3.3	5.1	-1.5	3.5	4.5
Services	4.2	10.5	2.9	4.5	3.4	3.2
Inflation (consumer price index)	7.9	2.5	-2.7	3.4	2.8	2.3
Current account balance (% of GDP)	-8.9	-7.1	-6.9	-7.4	-7.2	-6.4
Net foreign direct investment inflow (% of GDP)	9.3	11.3	13.6	11.2	10.2	9.9
Fiscal balance (% of GDP)	-5.8	-1.5	-1.3	-1.4	-0.9	0.1
Revenues (% of GDP)	33.0	31.2	32.6	35.1	35.7	35.2
Debt (% of GDP)	73.1	63.6	60.1	62.0	60.1	57.2
Primary balance (% of GDP)	-2.9	0.7	1.7	1.0	1.1	1.6
International poverty rate ($2.15 in 2017 PPP)[a,b]	0.7	0.5	0.5	0.5	0.4	0.4
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	1.7	1.2	1.1	1.1	1.0	0.9
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	8.4	6.4	5.9	5.9	5.6	5.4
GHG emissions growth (mtCO2e)	6.9	10.0	11.5	11.9	12.1	11.9
Energy related GHG emissions (% of total)	78.4	79.6	81.0	82.3	83.4	84.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2018-HBS. Actual data: 2018. Nowcast: 2019-2023. Forecasts are from 2024 to 2026.
b/ Projection using neutral distribution (2018) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

SIERRA LEONE

Table 1	2023
Population, million	8.8
GDP, current US$ billion	3.5
GDP per capita, current US$	394.1
International poverty rate ($2.15)[a]	26.1
Lower middle-income poverty rate ($3.65)[a]	64.3
Upper middle-income poverty rate ($6.85)[a]	89.9
Gini index[a]	35.7
School enrollment, primary (% gross)[b]	151.7
Life expectancy at birth, years[b]	60.1
Total GHG emissions (mtCO2e)	9.7

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2017 PPPs.
b/ Most recent WDI value (2021).

The economy continues to face significant challenges as policy missteps have aggravated the impact of external shocks, resulting in high and stubborn inflation, pressures on the currency, high risk of debt distress and inadequate growth to support poverty reduction. Despite some efforts in 2023, further corrective fiscal and monetary measures are urgently needed to address high inflationary pressure and the worsened food insecurity situation.

Key conditions and challenges

Economic development has been constrained by the country's susceptibility to external shocks, often been compounded by weak macroeconomic management. During the last decade, growth has averaged 4 percent (8 percent in the previous decade) with high volatility marked by episodes of boom and bust. The country's concentrated economic structure– heavy reliance on low-value-added agriculture, mining, a sizable informal services sector – lends itself to volatility. Policy slippages with regard to macroeconomic management have aggravated the impact of external shocks. In addition to low growth, this has caused debt levels to rise markedly, ranking among the highest in the region, and headline inflation to increase to a two-decade high in 2023. Economic growth has been held back by structural factors such as low private sector participation and investments, inadequate human capital, poor infrastructure, and weak institutions.

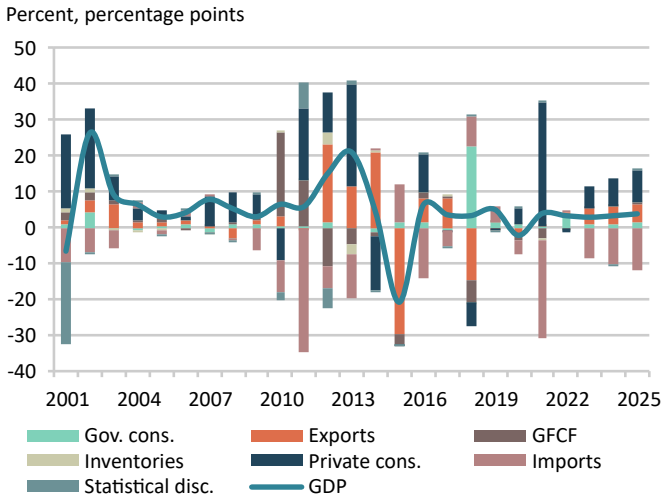
Recent developments

Economic activity slowed due to subdued aggregate demand and socio-political instability. GDP growth is estimated at 3.1 percent in 2023, marking the second consecutive year of a slowdown. High and persistent inflation, compounded by a recent coup attempt, has eroded households' purchasing power and constrained private consumption and investment. However, amidst these challenges, the mining sector performed well, buoyed by strong iron ore production and exports, and promising agricultural output.

Inflationary pressures intensified, with some tentative signs of moderation in the last quarter of 2023. Headline inflation averaged 47.6 percent during 2023 – the second highest in Africa after Sudan – driven by a combination of supply side factors (high food and fuel inflation), a depreciated currency, and continued fiscal dominance. Food inflation averaged 57 percent. In response, the central bank raised rates by a cumulative 525 basis points in 2023 to 22.25 percent by year-end. However, the efficacy of monetary policy is limited by shallow financial markets, and fiscal dominance. Inflation showed some signs of moderating after peaking at 54.6 percent (y-o-y) in October, down to 47 percent by January 2024.

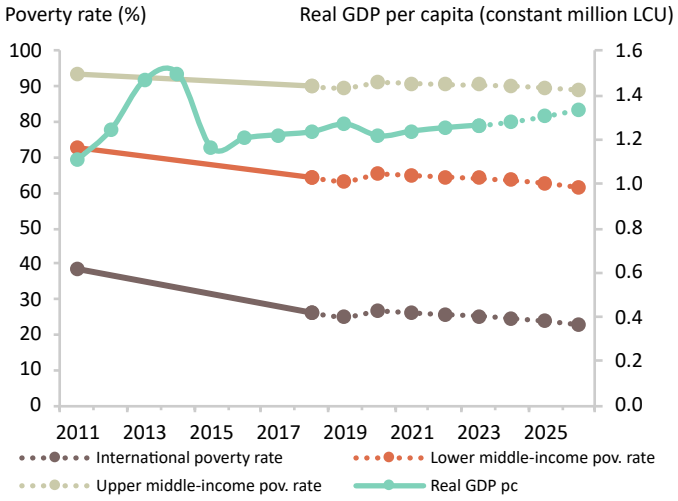
The fiscal position improved marginally in 2023 but fell short of the year's targets. The fiscal deficit narrowed to 8 percent – 1.3 percentage points lower than in 2022 but 2.2pp higher than the budgeted target. Expenditures were 2.6pp lower than in 2022, with cuts in wages and salaries (1pp), subsidies (1pp) and capex (0.6pp). Domestic revenue performance, although 1pp below target, improved by 0.4pp due to partial implementation of policy measures introduced in 2023, and improvements in tax compliance. Public debt declined to 87 percent of GDP from 93 percent in 2022, but liquidity and solvency

FIGURE 1 Sierra Leone / Real GDP growth and contributions to real GDP growth



Sources: Statistics Sierra Leone and World Bank.

FIGURE 2 Sierra Leone / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

risks to debt sustainability remain elevated. External debt, mainly owed to multilateral organizations, constitutes two-thirds of the total, while the remaining is short-term domestic debt.

The trade and current account balances improved slightly due to stronger iron ore exports and subdued import demand. Capital inflows improved largely on account of higher project grants. However, official reserves declined nonetheless to barely three months of import cover due to external debt service, currency interventions, and foreign currency payments to diplomatic missions overseas. The currency depreciated by 18 percent (40 percent in 2022).

Decline in poverty slowed down in 2023. Extreme poverty rate is (PPP$ 2.15/day) estimated at 25.3 percent in 2023, compared to 25.7 in the previous year. Rising food price increases will continue to have a disproportionate impact on the poor. WFP estimates high prevalence of insufficient food consumption, affecting 55 percent of the population.

Outlook

Growth is projected to recover slowly to 3.5 percent in 2024 against a backdrop of high inflation and continued fiscal consolidation, before converging to its long-term average of 4-4.5 percent in the medium-term. The projected recovery will be supported by (i) continued growth in iron mining with planned expansion at major mines, (ii) resilience in agricultural production as it trends closer to its long-term average of 3.2 percent growth, and (iii) gradual service sector improvements. Inflation will be influenced by global commodity prices and monetary tightening and is expected to moderate to 15 percent by 2026. Elevated prices will continue to impact consumption and investment appetite, while fiscal consolidation will affect aggregate demand.

Upholding fiscal and monetary policy tightening is pivotal for macroeconomic stability. Fiscal outlook relies on revenue measures identified in the Medium-Term Revenue Strategy and near-term expenditure consolidation, especially on wages and subsidies. Monetary policy tightening should be complemented with reduced central bank interventions and developing the money market.

Pace of poverty reduction is expected to pick-up as inflation subsides in the medium term. The international poverty rate (PPP$2.15 /day) is expected to decline to 22.7 percent by 2026, supported by recovering growth and moderating inflation.

This outlook is subject to several downside risks. Deviating from fiscal consolidation may jeopardize stability, as debt sustainability risks remain elevated. Adverse global developments (including slowing growth in China) can impact commodity prices and exports. Climate vulnerabilities and inflation could increase food insecurity and aggravate social tensions. The risk of political instability remains high, following a disputed general election and an attempted coup, that affected policy momentum.

TABLE 2 Sierra Leone / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	4.1	3.5	3.1	3.5	4.0	4.3
Private consumption	36.7	-0.7	5.1	6.4	7.4	8.0
Government consumption	0.6	10.2	2.4	2.3	3.8	5.3
Gross fixed capital investment	-30.0	-2.8	2.7	3.1	4.9	5.6
Exports, goods and services	1.9	5.0	20.0	19.5	18.0	15.0
Imports, goods and services	46.6	-0.3	10.5	12.0	13.0	13.0
Real GDP growth, at constant factor prices	4.0	3.6	3.1	3.5	3.9	4.3
Agriculture	2.5	3.0	2.7	3.2	3.3	3.3
Industry	17.4	8.2	5.0	6.0	6.6	6.6
Services	2.8	3.2	3.0	3.1	4.1	5.0
Inflation (consumer price index)	11.9	27.0	46.7	30.5	20.0	14.6
Current account balance (% of GDP)	-8.7	-9.3	-7.8	-5.1	-4.6	-3.6
Net foreign direct investment inflow (% of GDP)	8.5	8.2	5.8	8.8	9.8	12.6
Fiscal balance (% of GDP)	-7.6	-9.3	-8.0	-5.0	-3.1	-2.6
Revenues (% of GDP)	21.1	18.9	18.1	20.1	20.1	20.5
Debt (% of GDP)	84.7	93.0	87.0	76.6	65.4	60.9
Primary balance (% of GDP)	-4.2	-6.0	-3.9	-0.5	1.0	1.0
International poverty rate ($2.15 in 2017 PPP)[a,b]	26.2	25.7	25.3	24.5	23.7	22.7
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	65.0	64.6	64.1	63.5	62.7	61.4
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	90.8	90.5	90.4	90.2	89.7	89.2
GHG emissions growth (mtCO2e)	1.6	2.4	0.4	0.3	0.3	0.3
Energy related GHG emissions (% of total)	11.3	11.0	10.9	10.9	10.9	10.9

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2018-SLIHS. Actual data: 2018. Nowcast: 2019-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

SOMALIA

Table 1	2023
Population, million[a]	16.1
GDP, current US$ billion[b]	11.7
GDP per capita, current US$	727.7
Gini index[c]	37.0
School enrollment, primary (% net)[c]	25.0
Life expectancy at birth, years[d]	55.3
Total GHG emissions (mtCO2e)	43.7

Source: WDI, Macro Poverty Outlook, and official data.
a/ Estimates based on 2013 population estimates by UNFPA and assume an average annual population growth of 2.8%.
b/ Somalia released new GDP series (2017-22) in June 2023, rebasing the old series.
c/ Somalia Integrated Household Budget Survey 2022 (SNBS, 2023).
d/ Most recent WDI value (2021).

The economy continues its recovery as improved weather conditions boost agriculture production, private consumption, and exports. GDP is estimated to have grown at 3.1 percent in 2023, up from 2.4 percent in 2022. Supported by favorable rains and declining global prices, inflation eased in 2023 but remained sticky. Nevertheless, recurrent shocks such as the ongoing floods are increasing the susceptibility of more people falling into poverty.

Key conditions and challenges

Somalia continues to contend with frequent shocks in the context of widespread fragility, conflict, and violence. Recurrent climate-related shocks such as cycles of droughts, floods, locusts' infestation, volatile international commodity prices, as well as increased insecurity and conflict have interrupted the country's growth trajectory and slowed the transition from fragility. Growth has been modest and does not generate the jobs needed to reduce poverty. It averaged only 2 percent annually in 2019–23 with an average negative real GDP per capita growth of 0.8 percent. Labor force participation rates are exceptionally low with large gender gaps. Only one-third of men and 12 percent of women participate in the labor market. Poverty is high and widespread, with recurrent shocks increasing the risk of more people falling into poverty.

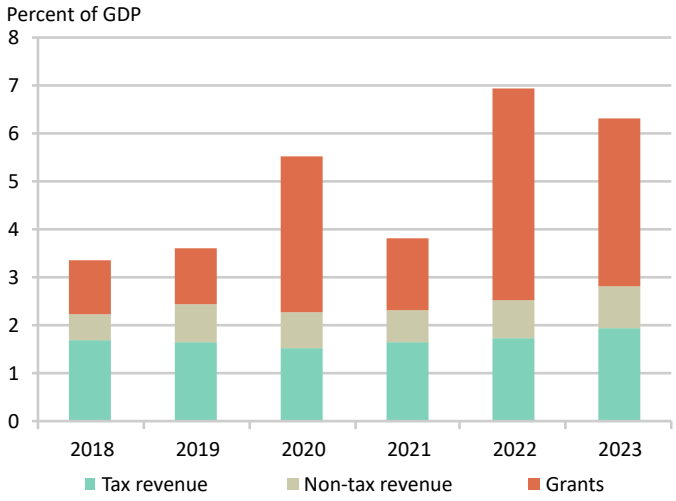
Somalia achieved a historic HIPC Completion Point (CP) milestone on December 13, 2023. Following the CP, Somalia received full and irrevocable debt relief for the country of US$4.5 billion. As a result, Somalia's external debt is estimated at less than 6 percent of GDP in 2023, from 64 percent in 2018. The country achieved this milestone under a very challenging and fragile environment—the key structural reforms were implemented at a time when the country was plagued by multiple shocks and challenges including the global COVID-19 pandemic, protracted 15-month electoral impasse, prolonged and severe drought, floods, locusts' infestation, higher international commodity prices, and increased insecurity and conflict. As the government's fiscal space remains limited for development priorities and to respond to recurrent shocks, this debt relief is expected to facilitate access to critical additional financial resources needed to strengthen the economy, reduce poverty, and promote job creation.

Recent developments

The economy is rebounding gradually with improved weather conditions contributing to the continued reversal of the impacts of the prolonged 2020/23 severe drought. Favorable rains in 2023 led to improved agricultural production, reduced food insecurity, and supported private consumption. Exports recovery was faster than that of imports, as exports of livestock rebounded. Nevertheless, net exports continue to be a drag on growth as the economy is heavily reliant on imports. Private sector credit growth contributed to strengthening of construction, real estate, and investment as growth in remittances remained muted. Real GDP is estimated to have grown at 3.1 percent in 2023, at par with population growth, up from 2.4 percent in 2022.

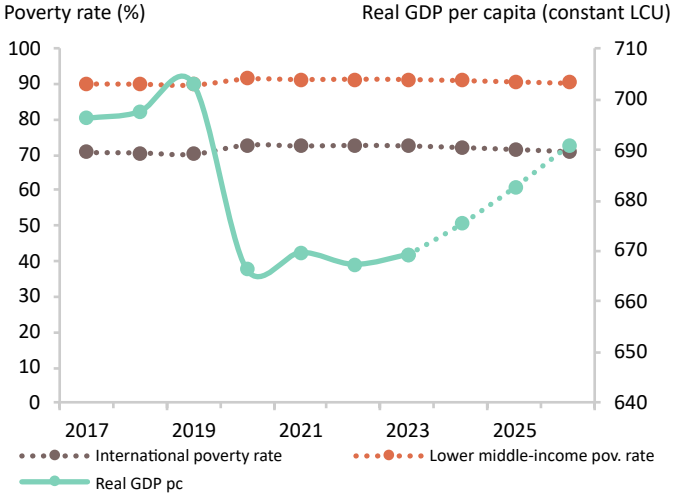
Inflationary pressures eased in 2023, supported by better agriculture performance and declining commodity prices. Overall inflation, however, remained

FIGURE 1 **Somalia** / Federal government revenue



Sources: Somalia authorities and World Bank estimates.

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



Source: World Bank. Notes: see Table 2.

sticky, averaging 6.1 percent in 2023 compared to 6.8 percent in 2022. Favorable rains in 2023 boosted agricultural production, easing local staple food prices. Food inflation averaged 0.7 percent in 2023, compared to 13.9 percent in 2022. The easing of global commodity prices has led to lower fuel and energy prices locally, though still high compared to pre-2022 levels, contributing to the stickier overall inflation.

The Federal Government of Somalia (FGS) ran a small surplus in 2023 but the fiscal situation remains challenging due to low domestic resource mobilization (Figure 1). Domestic revenue mobilization improved in 2023 to 2.8 percent of GDP, from 2.5 percent in 2022 but remained well below the development needs of the country. Public expenditures are dominated by personnel costs, while investments in human capital are largely financed by grants and investments in infrastructure are negligible. To improve fiscal sustainability and maintain prudent fiscal policy, the government will need to fast-track the numerous efforts underway to increase domestic revenue as well as constrain its wage bill and its reliance on external donor funds.

Poverty remains high. Projections based on GDP per capita growth suggest poverty has increased from 71 percent in 2017 to 73 percent in 2023, based on the 2017 poverty line. According to the 2022 Integrated Household Budget Survey, while poverty rates are highest among the nomadic population, due to Somali's high urbanization, the largest share of the poor are in urban areas. While the international community has provided support in the form of food assistance, an expansion of social safety net programs, and support to informal settlers in urban areas, people remain vulnerable to falling below the poverty line. Somalia remains vulnerable to shocks, particularly climatic ones, underscoring the importance of strengthening resilience through advancing reforms to support growth, food security, and the provision of basic services.

Outlook

Medium-term recovery is projected to be modest as risks remain significant. Real GDP growth is projected to expand from 3.7 percent in 2024 to 4 percent in 2026. Economic reforms and increased public investment with HIPC CP dividends will boost investor confidence and attract foreign direct investment (FDI) encouraging increased broad-based private sector activity. Moreover, the recovery of agricultural production and exports is expected to continue with improving weather conditions. This, coupled with further easing of the global commodity prices, is expected to keep inflation low. Nonetheless, the outlook is subject to significant risks including climatic shocks, security threats, and global economic shocks.

The poverty rate is projected to decrease between 2024 and 2026, reaching 71 percent in 2026, although still very high. Accelerating the pace of poverty reduction will require policy interventions and public investments that raise productivity, strengthen resilience, create jobs, and expand pro-poor programs that focus on women and youth.

TABLE 2 Somalia / Macro poverty outlook indicators (percent of GDP unless indicated otherwise)[a]

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	3.3	2.4	3.1	3.7	3.9	4.0
CPI inflation, annual percentage change	4.6	6.8	6.1	3.9	3.7	3.5
Current account balance	-7.3	-8.0	-9.6	-8.6	-8.8	-10.4
Trade balance	-50.9	-61.2	-58.8	-58.5	-57.7	-56.9
Private remittances	21.5	20.6	20.3	20.4	20.6	21.0
Official grants	23.0	33.0	29.3	29.8	28.6	25.9
Fiscal balance[b]	-0.8	-0.1	0.2	-0.4	-1.2	-1.8
Domestic revenue	2.3	2.5	2.8	2.8	3.0	3.3
External grants	1.5	4.4	3.5	4.3	3.0	1.5
Total expenditure	4.7	7.0	6.2	7.5	7.1	6.6
Compensation of employees	2.5	2.5	2.5	2.6	2.5	2.5
External debt	39.9	36.7	5.4	5.0	5.7	7.2
International poverty rate ($2.15 in 2017 PPP)[c,d]	72.6	72.8	72.7	72.1	71.6	71.0
Lower middle-income poverty rate ($3.65 in 2017 PPP)[c,d]	91.3	91.4	91.3	91.0	90.7	90.4
Upper middle-income poverty rate ($6.85 in 2017 PPP)[c,d]	99.8	99.9	99.8	99.5	99.1	98.8
GHG emissions growth (mtCO2e)	0.0	0.0	0.2	0.3	0.3	0.2
Energy related GHG emissions (% of total)	1.5	1.5	1.5	1.5	1.5	1.5

Source: World Bank, IMF, and FGS. Emissions data sourced from CAIT and OECD.
Notes: e = estimate; f = forecast.
a/ GDP baseline estimates 2021-22 are by Somalia National Bureau of Statistics (SNBS, June 2023).
b/ Federal Government of Somalia (FGS).
c/ Calculations based on Takamatsu et al. (2022) "Rapid Consumption Method and Poverty and Inequality Estimation in Somalia Revisited." Actual data: 2017. Nowcast: 2021–23. Forecasts: 2024–26.
d/ Projection using neutral distribution (2017) with pass-through = 1 (High) based on GDP per capita in constant LCU.

SOUTH AFRICA

Table 1	2023
Population, million	60.5
GDP, current US$ billion	378.0
GDP per capita, current US$	6248.5
International poverty rate ($2.15)[a]	20.5
Lower middle-income poverty rate ($3.65)[a]	40.0
Upper middle-income poverty rate ($6.85)[a]	61.6
Gini index[a]	63.0
School enrollment, primary (% gross)[b]	98.1
Life expectancy at birth, years[b]	62.3
Total GHG emissions (mtCO2e)	580.1

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2014), 2017 PPPs.
b/ Most recent WDI value (2021).

South Africa's economic growth slowed to 0.6 percent in 2023, undermined by constraints on products and input markets and a broad-based decline in public service delivery (electricity supply, transport and logistics, public safety). As this weak growth trailed population growth, per capita income contracted by 0.4 percent. The unemployment rate remains above 30 percent amid limited labor demand. Ahead of general elections in May, the 2024 Budget further extended social support introduced during the pandemic while maintaining plans to stabilize debt.

Key conditions and challenges

South Africa's economy remains crippled by multiple structural constraints, including electricity shortages, transport bottlenecks (ports and freight rail), and a high crime rate. Reforms to address them continue to advance at a slow pace due to declining state implementation capacity and a lack of political consensus. Social indicators remain dismal. Poverty is high – estimated at 62.7 percent in 2023 when using the upper-middle-income poverty line – and inequality remains among the highest in the world. Progress on extending access to basic services (such as water, electricity, and refuse collection) is stalling. Vulnerability to hunger has increased since the COVID-19 pandemic. An estimated 12.9 percent of the population was at risk of hunger in 2022, despite the expansion of social grants.

In the absence of structural reforms, the impact of fiscal policy on output (the fiscal multiplier) has been low and declining, reflecting inefficiencies in the allocation of resources and deteriorating state capacity. Social spending has mitigated hardship, but weak job creation has hampered progress in reducing poverty. Higher public sector wages and transfers to poorly performing state-owned enterprises have crowded out public investment, contributing to the erosion of the country's public capital stock. Monetary policy is sound, credible, and consistent with the South African Reserve Bank's price stability mandate.

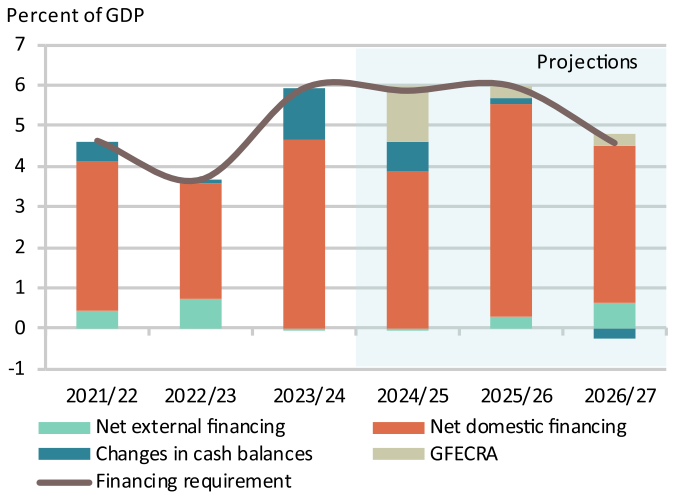
The political economy is complex. Amid growing discontent with economic prospects and dismal public service delivery, the African National Congress (ANC) is set to face highly contested general elections this year. Hence, there is uncertainty around the economic policies the new government will prioritize.

Recent developments

Real GDP growth slowed from 1.9 percent in 2022 to 0.6 percent in 2023. On the spending side, private investment in alternative energy supported growth, but a drawdown on inventories and weak net export performance had a negative impact on growth. Domestic consumption remained constrained by poor labor market outcomes and fiscal expenditure restraint. On the sectoral side, mining and manufacturing were affected by power outages and transport bottlenecks. The services sectors performed better. Extreme weather events, including floods, severe storms, and droughts in several provinces negatively affected agricultural output and had significant human and social costs.

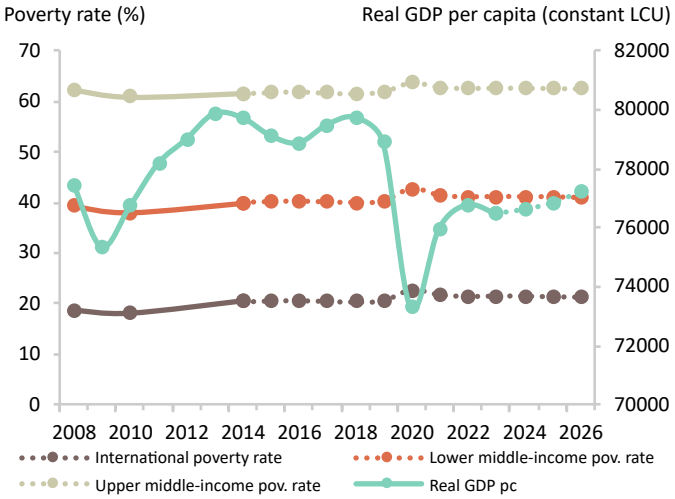
The unemployment rate averaged 32.4 percent in 2023, with the rate for those aged 15-34 at 44.9 percent. Even though more jobs were created in 2023 – about 790,000 jobs – the pace of job creation is not keeping up with the growing labor

FIGURE 1 South Africa / Government financing



Sources: National Treasury and World Bank.

FIGURE 2 South Africa / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

force, resulting in rising numbers of unemployed people.

Consumer inflation, supported by sound monetary policy and lower global commodity prices, declined from 6.9 percent in 2022 to 6.0 percent in 2023. The South African Reserve Bank left the key interest rate unchanged at 8.25 percent since May 2023. Yet, high food and fuel prices disproportionately affected the most vulnerable people: the poorest 20 percent of households faced an inflation rate of 9.3 percent.

The current account deficit widened from 0.5 percent of GDP in 2022 to 1.6 percent of GDP in 2023, due to deteriorating terms of trade (-4.8 percent in 2023), and logistics constraints on exports. Lower global commodity prices for South Africa's key exports contributed to weaker fiscal revenue and, together with rising debt-service payments and persistent spending pressures, negatively impacted fiscal outcomes. The fiscal deficit reached an estimated 6 percent of GDP in 2023/24, and public debt reached an estimated 73.9 percent of GDP over the same period.

Outlook

Persistent structural constraints limit South Africa's economic potential. Real GDP growth is projected to average 1.3 percent over 2024-26, as energy sector reforms are expected to improve electricity supply gradually. To accelerate the growth trajectory, broad-based reforms and faster implementation are urgently needed.

Inflation is expected to continue to decline, easing the cost-of-living pressures on households. The labor market is expected to remain weak, driven by subdued private sector activity, skills mismatches, and cumbersome labor regulations. This will translate into unemployment rates in the order of 32 percent over 2024-26. The weak labor market will continue to weigh on households' consumption and progress on social outcomes. The upper-middle-income poverty rate is projected to remain high, at 62.5 percent in 2026.

Less favorable terms of trade and persistent transport bottlenecks are expected to weigh on external balances. The current account deficit is expected to widen to 2.8 percent of GDP in 2024 and to 3 percent of GDP by 2026. Nonetheless, it is projected to remain financed by foreign capital inflows.

The fiscal trajectory is projected to improve gradually over the medium term. However, spending allocations remain tilted toward current expenditure. Public capital spending is projected below 3 percent of GDP over 2024-26 due to limited fiscal space. The government is planning to draw down about US$8 billion from the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) – an account at the central bank recording foreign exchange valuation changes in rand–over the next three years to reduce its borrowing requirements, which is expected to translate into slower debt accumulation. Public debt is projected to reach about 78 percent of GDP in 2026. However, pressures on public wages and state-owned enterprises, the extension of the COVID-19 social relief of distress grant, persistently high interest rates, and high risks to growth and revenue could put fiscal consolidation at risk.

TABLE 2 South Africa / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	4.7	1.9	0.6	1.2	1.3	1.5
Private consumption	5.8	2.5	0.7	1.4	1.4	1.4
Government consumption	0.5	1.0	2.1	-0.8	-0.3	-0.4
Gross fixed capital investment	0.6	4.8	4.2	4.2	4.0	4.0
Exports, goods and services	9.1	7.4	3.5	2.2	2.5	3.0
Imports, goods and services	9.6	14.9	4.1	3.8	3.0	3.0
Real GDP growth, at constant factor prices	4.4	1.9	0.6	1.2	1.3	1.5
Agriculture	7.4	0.9	-12.2	12.7	2.0	2.0
Industry	6.2	-2.5	-0.1	0.3	1.1	1.6
Services	3.8	3.4	1.3	1.1	1.3	1.4
Inflation (consumer price index)	4.5	6.9	6.0	4.9	4.5	4.5
Current account balance (% of GDP)	3.7	-0.5	-1.6	-2.8	-3.0	-3.0
Net foreign direct investment inflow (% of GDP)	9.7	1.6	2.0	1.5	1.5	1.5
Fiscal balance (% of GDP)[a]	-4.6	-3.6	-6.0	-5.9	-6.0	-4.5
Revenues (% of GDP)	27.8	28.2	27.3	27.3	27.3	27.4
Debt (% of GDP)	67.8	70.9	73.9	74.5	76.9	78.0
Primary balance (% of GDP)	-0.4	0.9	-1.0	-0.6	-0.6	1.1
International poverty rate ($2.15 in 2017 PPP)[b,c]	21.7	21.5	21.5	21.5	21.4	21.4
Lower middle-income poverty rate ($3.65 in 2017 PPP)[b,c]	41.4	41.1	41.1	41.1	41.1	40.9
Upper middle-income poverty rate ($6.85 in 2017 PPP)[b,c]	62.8	62.6	62.7	62.6	62.6	62.5
GHG emissions growth (mtCO2e)	3.2	3.7	-1.1	0.7	1.0	1.4
Energy related GHG emissions (% of total)	78.3	78.8	78.4	78.4	78.4	78.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ The Eskom debt-relief arrangement is reported above the line, in expenditures.
b/ Calculations based on 2014-LCS. Actual data: 2014. Nowcast: 2015-2023. Forecasts are from 2024 to 2026.
c/ Projection using neutral distribution (2014) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

SOUTH SUDAN

Table 1	2023
Population, million	11.1
GDP, current US$ billion	4.4
GDP per capita, current US$	392.8
International poverty rate ($2.15)[a]	67.3
Lower middle-income poverty rate ($3.65)[a]	86.5
Upper middle-income poverty rate ($6.85)[a]	96.6
Gini index[a]	44.1
School enrollment, primary (% gross)[b]	81.9
Life expectancy at birth, years[b]	55.0
Total GHG emissions (mtCO2e)	73.4

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2016), 2017 PPPs.
b/ Most recent WDI value (2021).

Better harvests and a partial recovery in oil production following flooding-related disruptions are lifting overall growth. However, food insecurity and extreme poverty remain high because of climate and external shocks, declining official development assistance, structurally weak governance, inadequate service delivery, and localized conflict. The conflict in Sudan presents acute risks to macroeconomic stability amid growing fiscal pressures and pressing humanitarian needs; a loss of momentum in the political transition could amplify these risks.

Key conditions and challenges

A decade after independence, South Sudan's development prospects remain constrained by fragility amid localized/intercommunal conflict. The 2018 peace agreement ended five years of civil war; however, the transition period needed for its full implementation has been extended to 2025. Oil accounts for nearly all exports and about 90 percent of government revenues. Historic floods and the COVID-19 pandemic upended a modest economic recovery in 2019.

International Monetary Fund (IMF)-supported reforms initiated since 2021 have helped improve macroeconomic and price stability and supported a recovery in the non-oil private sector. Higher oil prices following the war in Ukraine have lifted fiscal revenues, although expenditures have also increased. Poverty remains dire, with 7 in 10 people living in extreme poverty. Some 8.9 million people, 78 percent of the population, face severe food insecurity, made worse by higher global food prices and domestic floods. In addition, 2 million people are internally displaced (55 percent of whom are women and girls), and 2.1 million remain refugees in neighboring countries. Since the start of the conflict in Sudan, over half a million Sudanese refugees and returnees from South Sudan have registered in the country, compounding already severe domestic humanitarian needs.

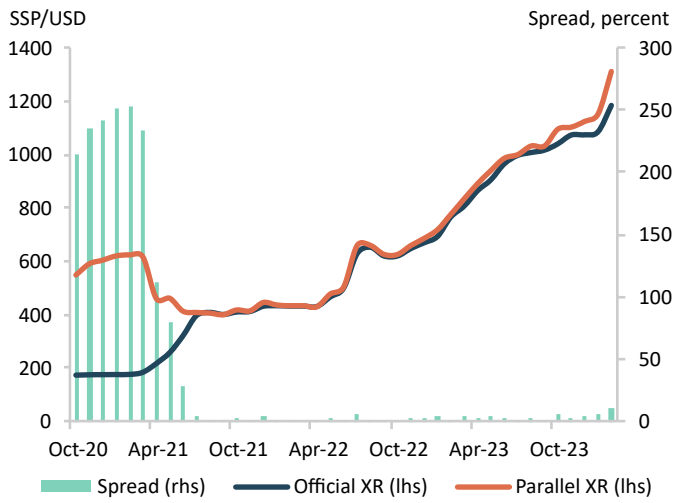
South Sudan's economy faces vulnerabilities, including its dependence on non-concessional financing and limited fiscal space to respond to adverse global oil and food price developments. The conflict in Sudan presents acute macroeconomic risks if oil pipeline routes through the country are disrupted.

Implementing the 2018 peace deal and holding credible elections in December 2024 is essential for domestic peace and continued growth. Urgent implementation of macroeconomic, governance, and transparency reforms is necessary to ensure scarce resources are spent on development needs and to facilitate a sustainable and inclusive economic recovery. Reforms and investments are especially critical in agriculture, which supports livelihoods for 80 percent of the population; these will help to support diversification away from the oil sector, create jobs, and build resilience to climate change.

Recent developments

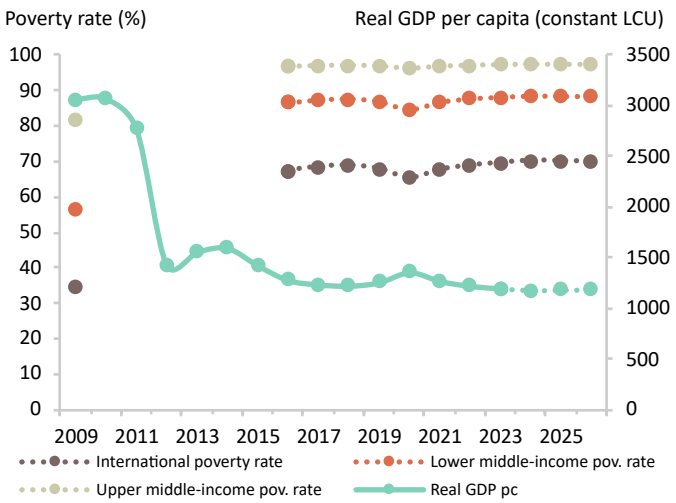
GDP growth contracted by an estimated 1.3 percent FY2022/23 due to a fourth consecutive year of flooding that dragged on oil production and higher food inflation due to the war in Ukraine and the lingering impacts of the COVID-19 pandemic. Nevertheless, a sustained recovery in private sector activity is evident, supported by improvements in macroeconomic stability due to reforms anchored by IMF programs, higher government spending enabled by a recovery in

FIGURE 1 **South Sudan** / Exchange rate developments



Sources: Bank of South Sudan and World Bank.

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



Source: World Bank. Notes: see Table 2.

oil prices, an increased flow of credit to firms, and a steady expansion in harvested areas as localized improvements in peace and high crop prices encouraged farmers to expand planting.

Inflation has increased significantly in recent months, rising from 13.3 percent in 2023H1 to 31.9 percent in January 2024 due to the weakening currency. The onset of the conflict in Sudan and the recent Red Sea crisis have impacted the oil revenue flows, causing foreign exchange reserves to drop from 0.5 months of import coverage in June 2023 to 0.2 months in December 2023. Amid increasing recourse to deficit monetization, the official exchange rate has depreciated by 42 percent since the start of 2024, and the premium in parallel markets has widened to 13.7 percent.

Fiscal pressures proved more significant than anticipated in FY2022/23. Higher oil prices and non-oil revenue administration reforms increased overall revenues by 42 percent. Expenses exceeded planned outlays by 29 percent, with overall spending increasing by 41.9 percent, mainly due to higher operational and capital expenditures. The FY2023/24 budget further raised capital expenditures, increased public sector salaries by 130 percent to protect against the impacts of inflation, and raised transfers to regions. However, the government has accumulated salary arrears since the start of the fiscal year and reverted to deficit monetization. Data for FY24Q2 show continued overdrafts at the central bank and the use of oil advances to finance the budget.

Public financial management reforms to strengthen expenditure controls and cash management have been initiated. However, there is limited transparency on oil revenues, including servicing of non-concessional external debt. South Sudan remains at a high risk of both external and domestic debt distress. Despite a good trade deficit, the overall current account deficit has gradually narrowed and shifted into a small surplus due to large net transfers, mainly remittances, reflecting increased confidence in the economy following the exchange rate reforms.

Outlook

Growth is expected to rebound to 2 percent in FY2023/24, supported by a sustained recovery in the non-oil sector and expanding crop planting. The recovery in oil production from the impacts of flooding of oil fields has been partially offset by a temporary decline in production and exports in recent months. Over the medium term, growth should remain close to 4 percent as oil output levels recover and non-oil activity improves, supported by moderating inflation and higher government outlays on critical public investments, health, and education. This outlook is predicated on prudent monetary and fiscal policies that anchor macroeconomic stability, progress on governance, transparency, and structural reforms, and credible elections in 2024 that help to sustain peace. The pressure on the current account is expected to increase due to higher debt-service obligations, a decline in oil prices, and a decline in international aid.

Extreme poverty is expected to remain stagnant at around 70 percent in the medium term as real growth prospects are limited. Addressing this reinforces the urgency of fiscal and public financial management reforms that generate budgetary resources to increase social expenditures. While efforts to modernize tax administration using digital solutions and to expand the tax base could help, fiscal pressures are expected to remain substantial given sizable debt-service obligations, a reduction in legacy arrears, and increasing social and humanitarian expenditures. It is thus also vital to strengthen the management and transparency of oil revenues.

TABLE 2 South Sudan / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	-5.1	-2.3	-1.3	2.0	3.8	4.0
Real GDP growth, at constant factor prices	-5.1	-2.3	-1.3	2.0	3.8	4.0
Agriculture	-4.0	-1.8	-1.7	1.7	2.8	3.0
Industry	-2.3	-4.8	-4.3	0.5	3.3	3.0
Services	-9.7	1.7	3.6	4.1	4.7	5.6
Inflation (consumer price index)	43.1	22.0	18.0	35.0	22.0	12.4
Current account balance (% of GDP)	-5.5	-1.6	5.0	4.2	5.7	6.4
Net foreign direct investment inflow (% of GDP)	0.9	1.0	0.8	0.7	0.6	0.6
Fiscal balance (% of GDP)	-6.8	-6.1	1.9	2.0	2.0	1.9
Revenues (% of GDP)	30.9	30.1	30.6	32.0	31.8	31.5
Debt (% of GDP)	57.6	59.5	42.9	36.9	32.4	27.5
Primary balance (% of GDP)	-4.4	-4.0	3.0	2.7	2.8	2.6
International poverty rate ($2.15 in 2017 PPP)[a,b]	67.5	68.8	69.5	70.1	70.0	69.9
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	86.6	87.6	88.0	88.3	88.2	88.2
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	96.7	97.1	97.2	97.3	97.3	97.3
GHG emissions growth (mtCO2e)	2.1	0.8	0.9	1.3	1.4	1.5
Energy related GHG emissions (% of total)	2.7	2.7	2.7	2.7	2.9	3.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2016-HFS-W3. Actual data: 2016. Nowcast: 2017-2023. Forecasts are from 2024 to 2026.
b/ Projection using neutral distribution (2016) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

SUDAN

Table 1	2023
Population, million	48.1
GDP, current US$ billion	109.3
GDP per capita, current US$	2272.5
International poverty rate ($2.15)[a]	15.3
Lower middle-income poverty rate ($3.65)[a]	49.7
Upper middle-income poverty rate ($6.85)[a]	86.2
Gini index[a]	34.2
School enrollment, primary (% gross)[b]	77.8
Life expectancy at birth, years[b]	65.3
Total GHG emissions (mtCO2e)	126.6

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2014), 2017 PPPs.
b/ WDI for School enrollment (2018); Life expectancy (2021).

Real GDP is expected to contract further by 3.5 percent in 2024, after a 12 percent contraction in 2023, driven by widespread destruction of productive capacity due to the domestic conflict, and weak private consumption and exports. Inflation averaged 230 percent in 2023, and the currency has depreciated by 125 percent. The collapse of government institutions has disrupted public spending and the exodus of people has reduced the tax base. Poverty remains widespread, and food insecurity is extremely high.

Key conditions and challenges

The armed conflict that erupted in April 2023 has caused severe and long-lasting damage to the economy, the industrial base, education, and health facilities. It has also led to a collapse in domestic demand and economic activity (including commerce, financial, and information and communications technology services) and is eroding state capacity. Fighting has spread across the country and reignited hostilities in traditionally restive regions, such as Darfur and Kordofan. This in turn is impacting agriculture and trade, and exacerbating food insecurity and displacement.

Decreased local crop production seriously threatens food availability. Direct fighting, displacement of civilians, and looting are affecting farming and harvesting activities. The conflict is also exacerbating challenges linked to shortages of agricultural machinery, extremely high fuel prices, and scarcity of labor. Sudan faces extreme levels of food insecurity, with 17.7 million people (37 percent of the population) experiencing acute food insecurity.

The currency has declined sharply against the US dollar, depreciating to unprecedented levels given the high demand for foreign currency in response to both the crisis and related damage to the banking and payment systems. In particular, the electronic banking system stopped functioning for a time in October 2023. Since then reports are that banking applications have operated on a limited basis. As of end-March 2024, the exchange rate stood at SDG 1150 in official banks and SDG 1350 in the parallel market, a stark contrast to the pre-war rates of SDG 580. Exports now take alternative routes to established channels due to decreased production. Smuggling has become common in evading high duties, resulting in export revenues remaining outside Sudan's official banking system.

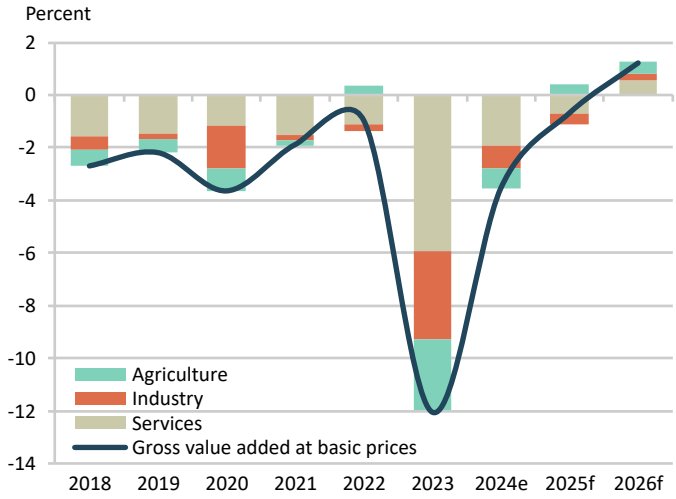
Recent developments

Amid the ongoing conflict, productive capacity has suffered drastically, and both private and government consumption have plummeted. Export volumes shrank and major external financial support and investment has been cut off. As a result, the economy is expected to contract for a seventh consecutive year in 2024, by 3.5 percent, after an estimated contraction of 12 percent in 2023.

Inflation has become more difficult to monitor. Indications are that rents have soared in safer areas, fuel costs have soared across the country, and food prices have risen sharply in areas of scarcity but plummeted in pockets of oversupply as people have fled and sold off their produce. Inflation is estimated to have risen to about 230 percent in 2023. In 2024, Sudan topped the International Rescue Committee watchlist of countries most likely to experience a deteriorating humanitarian crisis.

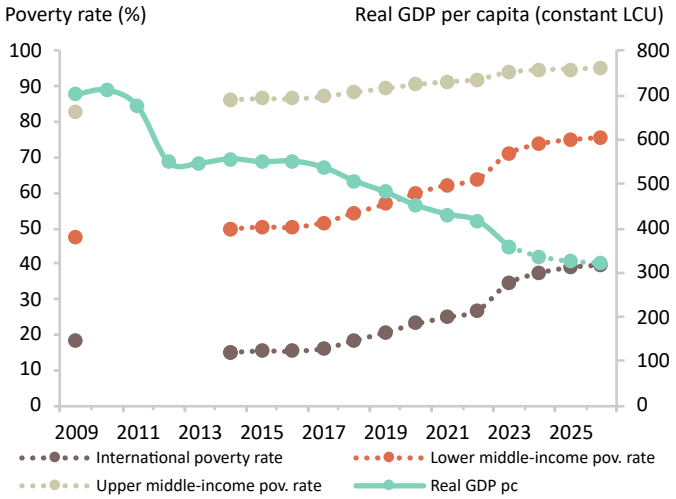
The currency has significantly depreciated by 94 percent in the official and 125 percent in parallel markets since April 2023, and the

FIGURE 1 Sudan / Real GDP growth and sectoral contributions to real GDP growth



Sources: National Bureau of Statistics and World Bank staff calculations.

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



Source: World Bank. Notes: see Table 2.

premium between the parallel and official rate has widened significantly, standing at 17.4 percent as of March 2024, compared to 1.7 percent in March 2023. This reflects a relative increase in demand for US dollars amid an increasingly unregulated exchange market as well as foreign currency shortages.

The shock to the economy and public institutions, coupled with the disruption of budget execution has caused a contraction in spending and revenue. Despite the heavy costs of the conflict, spending declined, as the conflict caused a marked drop in subsidies and wages. The large exodus of Sudanese and foreign nationals involved in commerce and business shrank the tax base. Consequently, the fiscal deficit is estimated at 3.5 percent of GDP in 2024.

The current account deficit is expected to widen to 6.9 percent of GDP in 2024 as agricultural and mining exports were hit by the fighting and both sides look to control productive assets. Sudan's external position is undermined by considerable capital flight and disinvestment due to the highly uncertain political outlook.

Outlook

The outlook remains highly uncertain. It is based on a gradual cessation of conflict over the coming year; however, it remains subject to large downside risks from prolonged conflict and tensions. Given the conflict-related economic losses and destruction of infrastructure, the economy is projected to contract by 3.5 percent in 2024 and 0.7 percent in 2025. Inflation is forecast to decline to 180 percent in 2024, reflecting an adjustment of the base effect.

Modest economic growth is expected from 2026, assuming the inflows of international funding resumes. The economic recovery is expected to be driven by the reconstruction of public infrastructure initially, assuming that the political upheaval begins to ease and other macroeconomic fundamentals improve from 2026. The conflict is predicted to lead to a drastic reduction in economic output across all major productive sectors, including mining, agriculture, and oil. Gold mining and agriculture are expected to be the main drivers of growth after the conflict de-escalates.

With a gradual stabilization in the political and economic situation, inflation is projected to decrease further to 80 percent in 2025 and 45 percent in 2026. Sudan's foreign currency shortages and currency depreciation are expected to persist throughout 2024-26, as investment and other sources of foreign exchange, such as aid flows, slowly resume.

The fiscal deficit is expected to narrow as revenue increases (in line with a modest recovery, assuming the conflict subsides) from 2025 onwards, backed by reconstruction efforts. The current account deficit is expected to widen throughout 2024-26, driven by an increase in the trade deficit, given high import requirements (first, due to the war and later to meet reconstruction efforts). This should be accompanied by a gradual recovery in domestic demand and a partial recovery in exports.

TABLE 2 Sudan / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	-1.9	-1.0	-12.0	-3.5	-0.7	1.2
Private consumption	-0.9	-0.8	-10.6	-3.1	-0.9	1.4
Government consumption	-9.6	1.9	-36.5	-14.0	-4.9	3.0
Gross fixed capital investment	-2.1	1.2	-20.0	-20.0	-1.5	1.8
Exports, goods and services	8.0	12.0	-32.0	-20.0	-9.0	5.0
Imports, goods and services	-0.5	8.7	-36.0	-18.0	-14.0	8.0
Real GDP growth, at constant factor prices	-1.9	-1.0	-12.0	-3.5	-0.7	1.2
Agriculture	-0.6	1.0	-7.9	-2.0	1.1	1.1
Industry	-0.7	-0.7	-11.6	-3.0	-1.5	1.0
Services	-3.9	-3.0	-16.0	-5.5	-2.0	1.6
Inflation (consumer price index)	359.7	164.2	230.0	180.0	95.0	60.0
Current account balance (% of GDP)	-7.3	-6.0	-0.6	-6.9	-7.2	-7.5
Net foreign direct investment inflow (% of GDP)	-1.6	-1.3	-0.7	-0.9	-0.7	-0.5
Fiscal balance (% of GDP)	-0.3	-1.7	-3.8	-3.5	-3.2	-2.8
Revenues (% of GDP)	10.5	10.0	4.8	5.5	6.2	6.5
Debt (% of GDP)[a]	215.6	183.6	167.3	158.5	149.5	139.3
Primary balance (% of GDP)	-0.3	-1.4	-3.7	-3.5	-3.2	-2.8
International poverty rate ($2.15 in 2017 PPP)[b,c]	25.0	26.9	34.5	37.4	39.0	39.6
Lower middle-income poverty rate ($3.65 in 2017 PPP)[b,c]	62.2	63.8	71.0	73.7	75.0	75.5
Upper middle-income poverty rate ($6.85 in 2017 PPP)[b,c]	91.2	91.8	93.8	94.4	94.7	94.9
GHG emissions growth (mtCO2e)	1.1	-0.4	-1.9	0.0	1.7	2.5
Energy related GHG emissions (% of total)	17.6	17.3	15.5	16.6	18.0	19.6

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Debt projections do not include any restructuring achieved during the HIPC process.
b/ Calculations based on 2014-NBHS. Actual data: 2014. Nowcast: 2015-2023. Forecasts are from 2024 to 2026.
c/ Projection using neutral distribution (2014) with pass-through = 0.7 (Low (0.7)) based on GDP per capita in constant LCU.

TANZANIA

Table 1	2023
Population, million	67.6
GDP, current US$ billion	79.2
GDP per capita, current US$	1170.8
International poverty rate ($2.15)[a]	44.9
Lower middle-income poverty rate ($3.65)[a]	74.3
Upper middle-income poverty rate ($6.85)[a]	92.3
Gini index[a]	40.5
School enrollment, primary (% gross)[b]	95.5
Life expectancy at birth, years[b]	66.2
Total GHG emissions (mtCO2e)	162.9

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2017 PPPs.
b/ WDI for School enrollment (2022); Life expectancy (2021).

Tanzania's real GDP growth momentum remained strong at 5.2 percent in 2023, with low and stable inflation. While both fiscal and current account deficit narrowed, the foreign exchange challenge persists. Over the medium term, the economy is set to grow at around 6 percent, supported by increased private investments resulting from strengthening business environment. Major risks to the outlook are incomplete implementation of reforms, climate change, and deterioration of global economy.

Key conditions and challenges

Tanzania's economy has remained resilient amid multiple shocks, but the current growth pattern is not inclusive enough. The impact of economic growth on poverty reduction is near-zero. Increasing reliance on public infrastructure investments and a slowing structural transformation since 2014 led recent growth to be concentrated in modern sectors that employ few workers from poor households. Policies designed to improve productivity and build resilience in Tanzania's agricultural sector—which produces just one-quarter of the country's GDP and has employed three quarters of the poor—could help facilitate structural transformation and reduce high and persistent poverty rates.

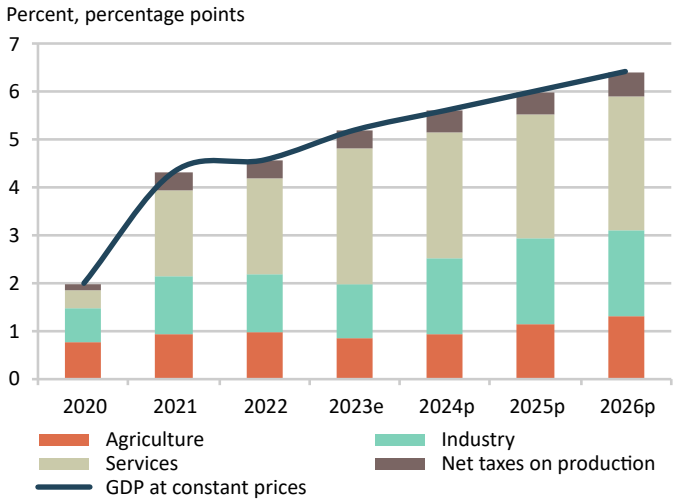
Diminishing role of Tanzania's exports is another key challenge. Tanzania's export to GDP ratio fell from 20.9 percent in 2012 to 14.3 percent in 2022. Main drivers behind the deteriorating export competitiveness are low productivity growth, high trade costs, as well as other tariff and non-tariff barriers. As a shrinking export volume will likely constrain growth in Tanzania and yield fewer foreign exchange earnings, the government should implement steadfast reforms to crowd in private investment (including FDI) and reduce trade costs to strengthen the country's export competitiveness. Priority policies include active engagements in the regional free trade area, improving business climate for private sector and productive jobs creation, as well as enhanced social protection, human capital, and skills.

Recent developments

Despite the spillovers from the climate change, Tanzania' economic growth accelerated to 5.2 percent in 2023, from 4.6 percent in 2022. The agriculture sector posted low growth at 3.4 percent, due largely to frequent droughts and floods, while the low growth in industry of 3.9 percent was due to underperformance of construction and water subsectors. Supported by buoyant economic activities in financial and insurance, transport and storage, and trade and repair subsectors, the services sector remained the main driver of the economy and expanded faster by 7.3 percent in 2023. Tanzania's inflation continues to remain low and stable at 3.0 percent in February 2024, thanks to eased global commodity prices, reasonably rapid fiscal subsidies, and tightening monetary policies.

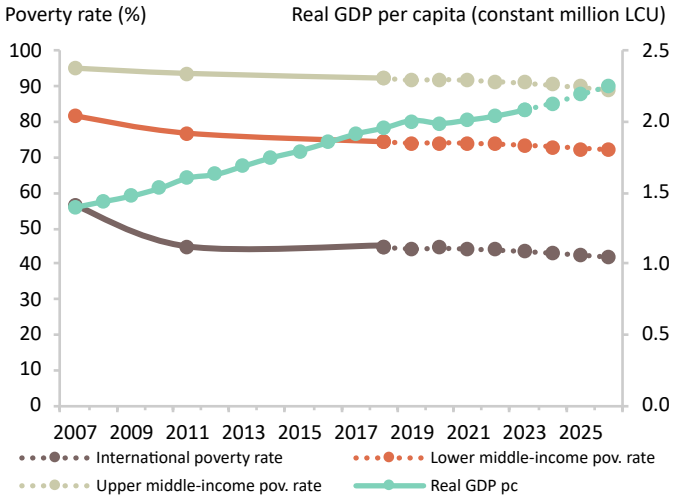
Both external and fiscal balances have moderately improved. Bolstered by reduced domestic demand on imported consumer goods, shrinking cost of oil imports, and an uptick in tourism receipts, Tanzania's current account deficit has narrowed from 5.6 percent of GDP in 2022 to 3.8 percent in 2023. The improved current-account position, combined with a relatively fast depreciation of Tanzania shilling against US dollars during the second half of 2023, partly alleviated pressure on the BoT's foreign-exchange reserves.

FIGURE 1 Tanzania / Real GDP growth and sectoral contributions to real GDP growth



Source: World Bank staff estimates and projections.

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



Source: World Bank. Notes: see Table 2.

However, the forex supply-demand imbalances persist, including a parallel foreign exchange market though the premium remains small. Between June and December 2023, Tanzania shilling depreciated by 7.8 percent against US dollars while gross reserves rose from US$5.2 billion (4.8 months of imports) to US$5.5 billion (4.5 months of imports). Fiscal deficit has narrowed to 3.8 percent of GDP in 2023 from 3.9 percent in 2022 due to a combination of increased domestic revenue mobilization and controlled expenditures. Meanwhile, the risk of external debt distress remains moderate. Despite the shortages in US dollars, sugar, and electricity, the country is poised to sustain a downward trend in poverty. Poverty measured at the international poverty line of $2.15 per day (2017 PPP) is estimated to have dropped slightly from 44 percent in 2022 to 43.5 percent in 2023. The reduction in extreme poverty is accompanied by improvements in other non-monetary poverty measures, as evidenced by data from the 2022 Demographics and Health Survey, where progress has been observed in several SDG indicators, such as the reduction in child stunting. Despite this progress, challenges still loom; heavy rains experienced at the close of 2023, which hampered sugar cane harvesting, alongside recent floods in Hanang district, underscore the country's vulnerability to climate-related shocks. Climate shocks strain an already fragile agricultural system, contributing to the escalation of food prices. Data from the National Bureau of Statistics, for instance, indicates a 12 percent surge in food and non-alcoholic beverages prices since January 2022, disproportionately impacting urban areas where poverty is on the rise, particularly in Dar-es-Salaam.

Outlook

Real GDP is projected to grow at 5.6 percent in 2024 and its long-run potential of about 6 percent in the medium term, supported by improving business environment and the steadfast implementation of structural reforms. The current account deficit is set to narrow further to 3.3 percent in 2024 because of the improved trade balance, supported by rapid growth of gold, services, and manufactured exports. Increasing FDI inflows and concessional external borrowing will continue to fund the current account deficit and help keep official gross reserves at an adequate level. The fiscal deficit is projected to decline to 3.6 percent in 2024 and near 3 percent in the medium term. This is on account of expected higher tax revenue collections as business climate improves and stabilized total expenditures. The financing sources of the narrowing fiscal deficit are both foreign and domestic loans.

The mains risks to the macro-economic outlook include incomplete implementation of structural reforms particularly those related to boosting private sector, the intensifying impacts of climate change on food security and tourism sectors, and ongoing geopolitical tensions.

Projections suggest a continued decrease in the poverty rate, anticipated to decline from 42.4 percent in 2025 to 41.7 percent in 2026. This downward trajectory is supported by a promising macroeconomic outlook and an agriculture budget aimed at unlocking productivity through promoting the intensification of agriculture.

TABLE 2 Tanzania / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	4.3	4.6	5.2	5.6	6.0	6.4
Private consumption	2.3	4.6	2.2	2.9	3.5	3.1
Government consumption	9.0	8.4	3.1	7.7	10.3	5.2
Gross fixed capital investment	7.8	9.6	3.8	6.2	6.9	9.4
Exports, goods and services	5.2	10.2	17.4	9.3	6.3	9.1
Imports, goods and services	9.6	23.7	2.3	4.2	4.1	6.5
Real GDP growth, at constant factor prices	4.3	4.6	5.2	5.6	6.0	6.4
Agriculture	3.7	3.8	3.4	3.8	4.8	5.5
Industry	4.1	4.3	3.9	5.6	6.2	6.3
Services	4.8	5.3	7.3	6.7	6.5	7.1
Inflation (consumer price index)	3.7	4.3	3.8	3.4	3.2	3.0
Current account balance (% of GDP)	-3.2	-5.6	-3.8	-3.3	-3.2	-3.0
Net foreign direct investment inflow (% of GDP)	1.6	1.7	1.8	2.3	2.6	2.8
Fiscal balance (% of GDP)	-3.8	-3.9	-3.8	-3.6	-3.4	-3.1
Revenues (% of GDP)	14.5	15.3	15.8	16.2	16.5	16.7
Debt (% of GDP)	42.0	43.6	42.2	41.0	39.7	37.3
Primary balance (% of GDP)	-2.1	-2.1	-1.6	-1.5	-1.5	-1.3
International poverty rate ($2.15 in 2017 PPP)[a,b]	44.3	44.0	43.5	43.0	42.4	41.7
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	73.9	73.6	73.3	72.8	72.4	71.9
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	91.7	91.4	90.9	90.4	89.8	89.2
GHG emissions growth (mtCO2e)	1.3	0.6	0.8	1.1	1.2	1.2
Energy related GHG emissions (% of total)	11.1	10.9	10.9	11.0	11.0	11.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2013- and 2018-HBS. Actual data: 2018. Nowcast: 2019-2023. Forecasts are from 2024 to 2026.
b/ Projection using point to point elasticity at regional level with pass-through = 0.7 based on GDP per capita in constant LCU.

TOGO

Table 1	2023
Population, million	9.1
GDP, current US$ billion	9.1
GDP per capita, current US$	1008.3
International poverty rate ($2.15)[a]	26.6
Lower middle-income poverty rate ($3.65)[a]	58.8
Upper middle-income poverty rate ($6.85)[a]	86.8
Gini index[a]	37.9
School enrollment, primary (% gross)[b]	122.5
Life expectancy at birth, years[b]	61.6
Total GHG emissions (mtCO2e)	10.2

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

Growth is projected to moderate in 2024 before picking up again in 2025-26, albeit at a slower-than-expected pace reflecting a deteriorated external environment including ECOWAS uncertainties, and ongoing fiscal consolidation efforts. As growth strengthens, the extreme poverty rate should decline to 21.5 in 2026, down from an estimated 25.8 in 2023. Risks of regional instability, financial turbulence, and climate pressures call for resilience-enhancing reforms combined with prudent fiscal policies.

Key conditions and challenges

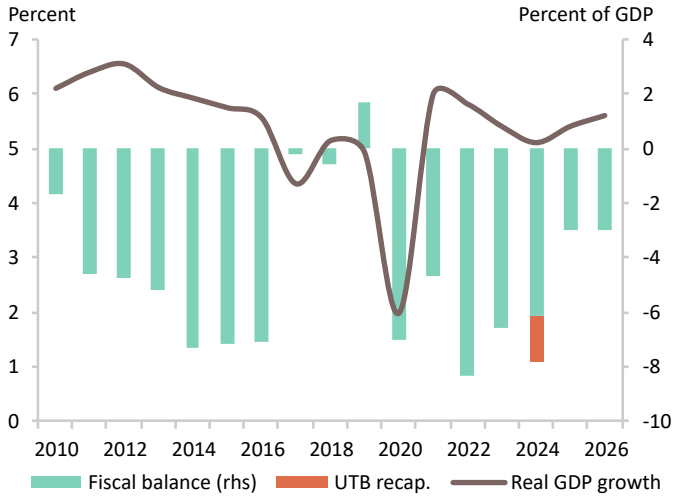
Growth has been resilient to a sequence of shocks since the COVID-19 pandemic, but vulnerable populations have been adversely impacted by elevated inflation, while significant rural-urban disparities in economic opportunities and access to basic services continued to hamper progress in reducing poverty and inequality. A strong fiscal response explains a significant part of the economic resilience in recent years but contributed to bringing public debt to record high levels, averaging 63.0 percent of GDP in 2020-22. Amid tighter financing conditions, rising debt service costs, and growing regional uncertainty, developing a well calibrated fiscal consolidation strategy that preserves priority investments and critical social spending, and privileging external concessional financing over more expensive regional borrowing have become increasingly urgent. Mobilizing private investment, including for infrastructure development and in agriculture, could help boost growth and the welfare of most vulnerable and poorer populations while fiscal space is being restored.

Recent developments

Despite a series of unprecedented shocks, Togo maintained a robust 4.8 percent average growth rate over 2020-23, equivalent to real income per capita gains of 2.4 percent per annum. Growth is estimated to have moderated to 5.4 percent in 2023, reflecting weakness among key trading partners and a retrenchment in public spending as part of initial consolidation efforts. While the extreme poverty rate (at $2.15 2017 PPP) dropped to 26.6 percent in 2021, from 28.4 percent in 2018, the actual number of extreme poor increased. Moreover, the rural-urban gap in welfare remained persistently high, with 41.3 percent of the rural population facing extreme poverty in 2021, compared to an urban rate of just 7.1 percent. Since 2021, rising inflation impacted households' purchasing power, and despite sustained economic growth and higher agricultural incomes, extreme poverty remained nearly constant at 26.7 percent in 2022, dropping slightly to 25.6 percent in 2023. This slow poverty reduction coupled with faster population growth led to about 40,000 additional extreme poor between 2021 and 2023.

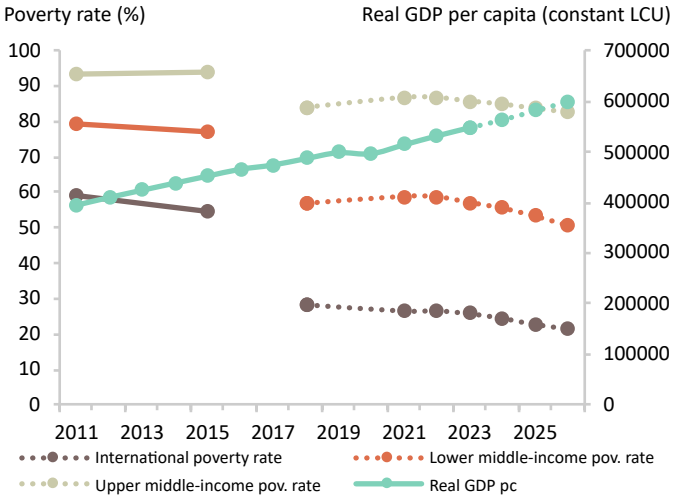
The fiscal deficit remained elevated at 6.6 percent of GDP in 2023 but narrowed from a three-decade high of 8.3 percent in 2022. The improvement resulted from lower transfers and subsidies, restrained goods and services expenditure, and increased revenues. However, elevated security spending and new economic and social infrastructure investments prevented faster consolidation, causing the debt-to-GDP ratio to further increase to 67.2 percent of GDP. Regarding monetary policy, the Central Bank of West African States (BCEAO) raised policy interest rates by a cumulative 150 basis points since mid-2022 (to 3.5 percent for liquidity calls and 5.5 percent for

FIGURE 1 **Togo** / Real GDP growth and fiscal balance



Source: World Bank.
Note: World Bank projections start in 2023.

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



Source: World Bank. Notes: see Table 2.

the marginal lending facility) but inflation in the region remained above the 1-3 percent target range and foreign exchange reserves dropped further to 3.5 months of imports in 2023.

Outlook

With global demand remaining subdued in 2024 and fiscal consolidation measures intensifying, growth in Togo is projected to slow to 5.1 percent in 2024 (2.8 percent per capita terms), before gradually strengthening to 5.4 percent in 2025 and 5.6 percent in 2026. While slower than initially expected due to faster fiscal consolidation and regional uncertainties, growth will be supported by domestic demand with ongoing and planned private investment projects and a recovery in consumer spending as inflationary pressures taper. Exports will provide an additional boost from 2025 as the global economy regains some strength while public investment should regain momentum from 2026 as fiscal consolidation ends. Ongoing reforms should help support agriculture productivity and boost private investment. The announced exit of Mali, Niger, and Burkina Faso from ECOWAS is expected to lead to relatively modest trade disruptions in the short term but is heightening regional uncertainty, which could weigh on investment sentiment, notably around the development of the Lome-Ouagadougou-Niamey economic corridor. The BCEAO may need to continue tightening monetary policy in 2024 to bring inflation under control and prevent further declines in foreign reserves. Poverty is projected to moderate gradually in 2024 and 2025, and more substantially in 2026, to reach 21.2 percent.

In line with the fiscal framework agreed in the context of the new IMF program and WEAMU commitments, the fiscal deficit is expected to decline to 4.5 percent of GDP in 2024 (excluding the one-off effect of the recapitalization of the state-owned bank UTB amounting to 1.6 percent of GDP) and 3.0 percent in 2025 driven by a drop in capital spending and transfers on the expenditure side, and by tax and customs reforms and the rationalization of tax exemptions on the revenue side. The government faces difficult tradeoffs in its fiscal consolidation strategy to minimize disruptions to priority investments and public services.

The growth outlook is subject to multiple downside risks. Longer lasting disruptions to global trade, commodity, and financial markets following a sequence of unprecedented shocks in recent years could have a significant knock-on effect on a small, open, and relatively indebted economy like Togo. A disorderly exit of Mali, Niger, and Burkina Faso from ECOWAS, and possibly from WAEMU, could lead to financial market instability in the short term and trade dislocations over the medium term. Additional downside risks stem from rising insecurity in the North that could weigh on investment, trade, and public finances, as well as climate shocks that negatively impact agricultural productivity. Finally, reforms could stall and hamper confidence in Togo's development trajectory.

TABLE 2 **Togo** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	6.0	5.8	5.4	5.1	5.4	5.6
Private consumption	9.9	1.3	4.8	6.0	5.9	5.8
Government consumption	0.2	8.8	5.6	3.1	6.1	5.9
Gross fixed capital investment	-0.2	26.4	7.2	4.4	3.7	4.8
Exports, goods and services	5.3	-1.1	4.2	4.9	6.4	6.8
Imports, goods and services	6.9	5.1	3.8	4.3	5.0	5.4
Real GDP growth, at constant factor prices	5.3	6.2	5.3	5.0	5.4	5.6
Agriculture	3.4	5.0	5.1	4.1	4.5	4.2
Industry	5.7	7.3	7.1	6.4	6.8	6.9
Services	5.9	6.2	4.6	4.8	5.1	5.5
Inflation (consumer price index)	4.5	7.5	5.3	3.5	3.0	2.7
Current account balance (% of GDP)	-0.9	-3.0	-3.3	-3.4	-3.0	-3.0
Net foreign direct investment inflow (% of GDP)	0.3	0.3	0.4	0.4	0.5	0.4
Fiscal balance (% of GDP)	-4.7	-8.3	-6.6	-6.2	-3.0	-3.0
Revenues (% of GDP)	17.1	17.6	17.8	18.1	17.9	18.0
Debt (% of GDP)	63.0	65.8	67.1	68.8	67.0	65.0
Primary balance (% of GDP)	-2.5	-5.9	-4.5	-3.8	-0.5	-0.7
International poverty rate ($2.15 in 2017 PPP)[a,b]	26.6	26.7	25.8	24.5	22.7	21.5
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	58.8	58.7	57.2	55.6	53.5	50.9
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	86.8	86.8	85.8	84.9	83.7	82.7
GHG emissions growth (mtCO2e)	6.4	5.4	2.9	4.0	4.4	1.2
Energy related GHG emissions (% of total)	25.7	26.9	26.4	26.4	26.4	20.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2023. Forecasts are from 2024 to 2026.
b/ Projections using microsimulation methodology.

UGANDA

Table 1	2023
Population, million	48.6
GDP, current US$ billion	42.0
GDP per capita, current US$	864.3
International poverty rate ($2.15)[a]	42.1
Lower middle-income poverty rate ($3.65)[a]	71.8
Upper middle-income poverty rate ($6.85)[a]	91.1
Gini index[a]	42.7
School enrollment, primary (% gross)[b]	105.5
Life expectancy at birth, years[b]	62.7
Total GHG emissions (mtCO2e)	58.9

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2019), 2017 PPPs.
b/ WDI for School enrollment (2017); Life expectancy (2021).

Continued investment momentum, lower inflation, and improved global supply conditions have supported a modest acceleration of GDP growth expected at 6.0 percent in FY24. A sustained fiscal consolidation will yield a primary fiscal surplus of 0.2 percent of GDP in FY26 and ease pressure on debt. GDP growth will accelerate beyond 6 percent in FY25–FY26, if not derailed by a global slowdown, disruptions to oil production, and weather shocks. Poverty will fall as incomes recover.

Key conditions and challenges

Increased shocks and less momentum behind policy reform create challenges for sustaining economic growth and reducing poverty in Uganda. Rapid population growth has kept a large share of the population below the poverty line, while human capital and infrastructure deficits have limited the country's growth potential and social welfare improvement. The challenge of creating productive jobs for the almost one million working age Ugandans entering the labor market every year is enormous. Although services constitute a large share of GDP, it has created a few jobs, mainly informal and low-skilled. Most of the jobs are in the agriculture sector which is prone to natural disasters that climate change is making more frequent and severe—and adapting to which is hampered by low adaptive capacity.

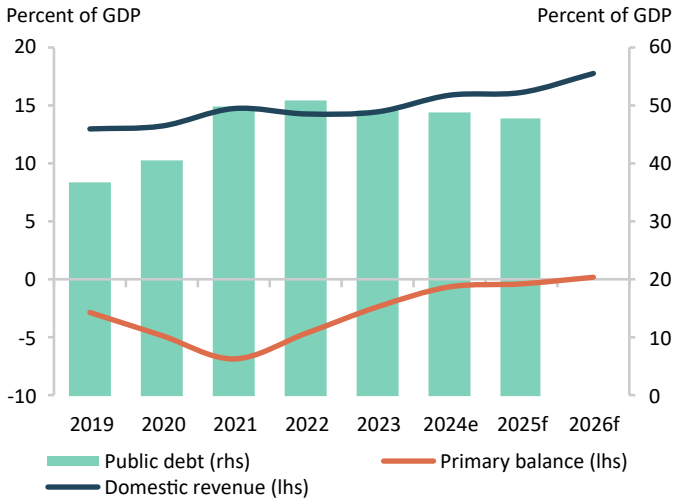
To promote economic growth and reduce poverty over the medium term, the Ugandan economy needs to structurally transform and shift labor into a more productive employment, ahead of oil revenue flows. The first required reform is to shift investments towards the private sector by reducing the cost of doing business and fostering access to finance. Second, the government must invest more strongly in human capital by shifting spending into social sectors, alongside measures to reduce inequality and strengthen resilience, and promoting uptake of digital and other innovative technologies. Finally, is to maintain prudent macroeconomic management alongside structural policies to avoid the 'Dutch' disease and to build resilience to climate shocks.

Recent developments

Economic growth accelerated slightly to an estimated 6.0 percent in FY24 despite external shocks. The Uganda Bureau of Statistics estimates that GDP grew by 5.3 percent during the first quarter of FY24. The industrial sector grew by 11.9 percent during this period, thanks to an oil-related construction boom as FDI grew over 56 percent. Agriculture, too, accelerated despite volatile weather conditions. An uptick in private investments and employment growth reinforced domestic demand deeper into the year - despite a slight reduction in February 2024 to 51.7, Uganda's Purchasing Managers' Index has for the sixteenth consecutive month signaled a strengthening of private sector activity, with sustained increases in output, new orders, and employment. While Uganda's exports surged with increased volumes of production and improvement in terms of trade, resumption of gold trade, and recovery of tourism, imports grew stronger, supported by demand from oil investments.

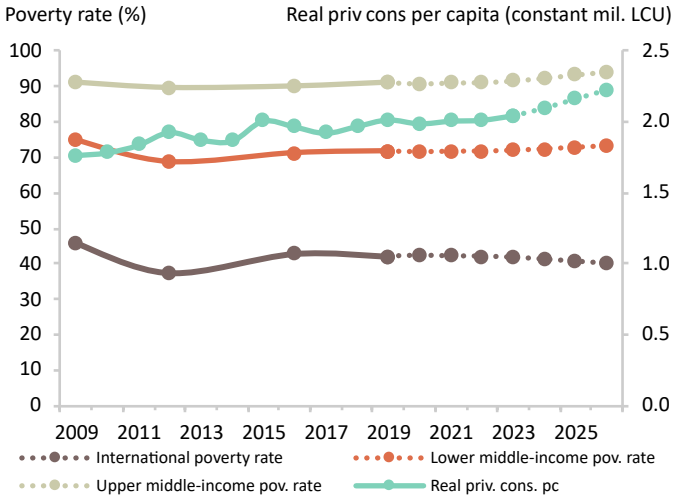
The Bank of Uganda (BoU) tightened monetary policy in March 2024 to curb possible passthrough of a fast-depreciating shilling. Low inflation, averaging 2.9 percent during the first half of FY24 benefitted both investments and the poor households. During the second half of

FIGURE 1 Uganda / Fiscal adjustment



Source: Ministry of Finance, Planning and Economic Development.

FIGURE 2 Uganda / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: see Table 2.

FY24, inflation increased – gradually to 3.4 percent in February 2024, but forecast to accelerate towards the target of 5 percent as the Ugandan currency depreciated due to intensified portfolio outflows. Hence, on March 6, 2024, BoU raised its policy rate to 10 percent, from the 9.5 percent maintained since August 2023.

The fiscal consolidation has steadily reduced the primary fiscal deficit, estimated at 0.6 percent of GDP in FY24. While challenged by persistent shortfalls, estimated at about 12 percent below plans during the seven months to January, government revenues share in GDP continued to increase. The shortfall has been partially offset by underspending due to cuts and delays in the development projects, which may have implications to growth. The fiscal deficit was mainly financed through external borrowing.

Consistent with accelerated economic growth and low inflation, household perceptions on current and future economic wellbeing are positive. According to the October/November 2023 phone survey, respondents also experienced improved access to essential products. Nevertheless, about 41 percent of households continued to be moderately food insecure and four percent were severe food insecure. About 40 percent respondents were certain to experience extreme weather events during next 12 months with higher negative expectations among respondents from the poorest Northern and Eastern regions.

Outlook

Real GDP growth is expected to accelerate to 6.6 percent by FY26, mainly driven by investments in the oil sector. With the progressed preparation of the Tilenga and Kingfisher drilling project areas, supportive infrastructure (including Kabaale airport), and the pipeline construction, oil exports are expected to commence by end of 2025. However, timing may slip if the 60 percent of the pipeline financing, anticipated from external creditors, delays. The investments and exports of oil will support government's other promotion efforts for tourism, export diversification, and agro-industrialization. Lower inflation will enable BOU to ease its stance, which combined with reduced fiscal pressures under a fiscal consolidation, augurs well for both foreign and domestic investment. Nonetheless, the slowdown of global growth and disruptions in global financial conditions remain major downward risks.

The primary fiscal balance is expected to evolve into a surplus of 0.2 percent of GDP by FY26, through more efficient spending and implementation of the Domestic Revenue Mobilization Strategy. This fiscal consolidation aims to continue reducing non-priority capital expenditures while maintaining the share of social spending, crucial especially to poor households. Rationalization of exemptions and revenue administration modernization to improve compliance are expected to yield revenues of approximately 0.5 percent of GDP in FY25. The reduction in the fiscal deficit will modestly reduce debt below 50 percent of GDP through 2026, keep debt service manageable, and reduce crowding out of private sector investment.

Accelerated growth may reduce poverty (measured at the $2.15/day international poverty line) from 41.3 percent in 2024 to 40.1 percent by 2026. But given that households have limited adaptive capacity, the pace of poverty reduction will ultimately depend on how food access and affordability evolve, and on the incidence of weather and any environmental shocks. The trickle-down effect of oil for the poor will depend on adopting the right set of policies and strengthening existing and setting up new institutions.

TABLE 2 Uganda / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	3.4	4.7	5.2	6.0	6.2	6.6
Private consumption	4.2	3.4	4.4	5.4	5.8	5.6
Government consumption	6.1	-17.4	18.3	2.0	-3.7	5.3
Gross fixed capital investment	5.1	20.1	1.8	9.5	10.6	9.9
Exports, goods and services	2.6	-18.6	7.0	7.7	8.3	8.4
Imports, goods and services	8.6	-8.9	3.2	8.6	8.7	8.8
Real GDP growth, at constant factor prices	3.4	4.7	5.2	6.0	6.2	6.6
Agriculture	3.8	4.4	4.8	4.9	5.0	5.1
Industry	3.4	5.4	3.8	6.2	6.5	6.5
Services	3.3	4.4	6.2	6.4	6.6	7.4
Inflation (consumer price index)	2.5	3.7	8.8	3.1	4.5	5.0
Current account balance (% of GDP)	-10.2	-7.9	-8.2	-8.1	-7.4	-6.9
Net foreign direct investment inflow (% of GDP)	2.1	3.1	5.9	8.7	10.9	9.9
Fiscal balance (% of GDP)	-9.5	-7.4	-5.5	-3.9	-3.7	-3.1
Revenues (% of GDP)	14.7	14.2	14.4	15.8	16.1	17.7
Debt (% of GDP)	49.6	50.7	49.1	48.5	47.8	41.9
Primary balance (% of GDP)	-6.8	-4.6	-2.3	-0.6	-0.3	0.2
International poverty rate ($2.15 in 2017 PPP)[a,b]	42.2	42.1	41.8	41.3	40.7	40.1
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	71.7	71.8	72.0	72.4	72.8	73.2
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	90.9	91.0	91.5	92.3	93.2	94.1
GHG emissions growth (mtCO2e)	3.2	3.1	3.2	3.4	3.4	3.6
Energy related GHG emissions (% of total)	15.5	16.2	17.2	18.1	18.9	19.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2016-UNHS and 2019-UNHS. Actual data: 2019. Nowcast: 2020-2023. Forecasts are from 2024 to 2026.
b/ Projection using point-to-point elasticity (2016-2019) with pass-through = 0.7 based on private consumption per capita in constant LCU.

ZAMBIA

Table 1	2023
Population, million	20.6
GDP, current US$ billion	26.4
GDP per capita, current US$	1283.5
International poverty rate ($2.15)[a]	64.3
Lower middle-income poverty rate ($3.65)[a]	81.0
Upper middle-income poverty rate ($6.85)[a]	93.2
Gini index[a]	51.5
School enrollment, primary (% gross)[b]	94.8
Life expectancy at birth, years[b]	61.2
Total GHG emissions (mtCO2e)	93.5

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2022), 2017 PPPs.
b/ Most recent WDI value (2021).

Despite a protracted debt restructuring process and subdued copper production, Zambia's economy has been recovering since the COVID-19 recession, primarily driven by firmer services. In Q3:2023, real GDP grew by 5.0 percent year-to-date and 5.1 percent y/y. In 2024, a severe drought affecting agriculture, electricity, and water supply will significantly dampen growth; however, an anticipated upturn in mining may offset some of the agricultural losses. Still, Zambia needs to finalize debt treatments to strengthen the response to drought and other shocks.

Key conditions and challenges

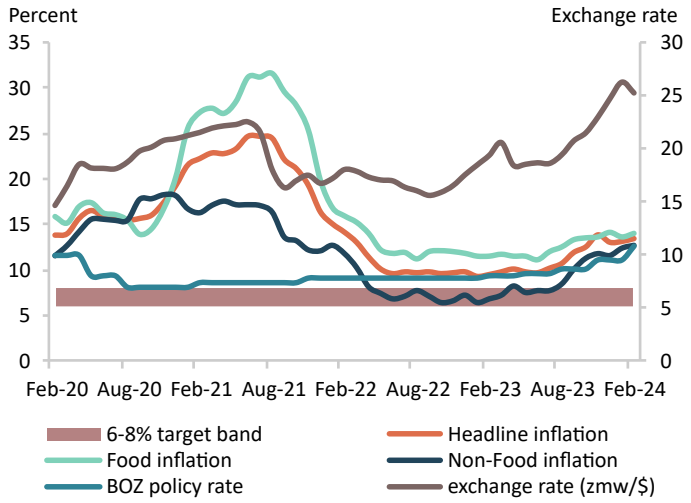
Zambia is a country with vast natural resources seeking to exploit economic opportunities to improve livelihoods by reducing poverty and inequality, which are high. The vast mineral resources (mainly copper) have been exploited with little value addition and employment creation, making growth and revenues volatile and contributing little to inclusive growth. The mainstay agriculture sector, which employs most of the workforce, remains undiversified and has low and declining productivity, exacerbating socio-economic development challenges. The 2023/24 rainy season's drought, worsened by climate change, has led to massive crop failure and damage, affecting food security and livelihoods of 6.6 million people in 84 out of 116 districts. The diminished water supply constraining hydroelectricity generation—the dominant power source—is expected to result in up to a 1000 megawatts annual deficit, disrupting business, especially among most small and medium enterprises, as blackouts intensify.

Meanwhile, the current administration continues to pursue bold fiscal and structural reforms to restore macroeconomic stability, reinvigorate growth, and increase pro-poor spending since 2022. These reforms followed a decade of unbalanced fiscal expansion and unsustainable debt accumulation that worsened distortions and growth potential. Despite challenging domestic and external environments, they have supported economic recovery from the multiple and compounding crises which started in 20220. Still, maintaining macroeconomic stability remains challenging due to uncertainty caused by protracted debt restructuring and declining mining performance over the past three years. The recent contraction in the mining sector starting in 2021 has triggered a deterioration in the external sector balances and softened fiscal revenues, leading to large currency depreciation, high inflation, and a sharp increase in the cost of living. With the government's capacity to finance development significantly constrained, completing debt treatment would give breathing space for Zambia to restore macroeconomic stability and debt sustainability and support the administration's ambitious reform program.

Recent developments

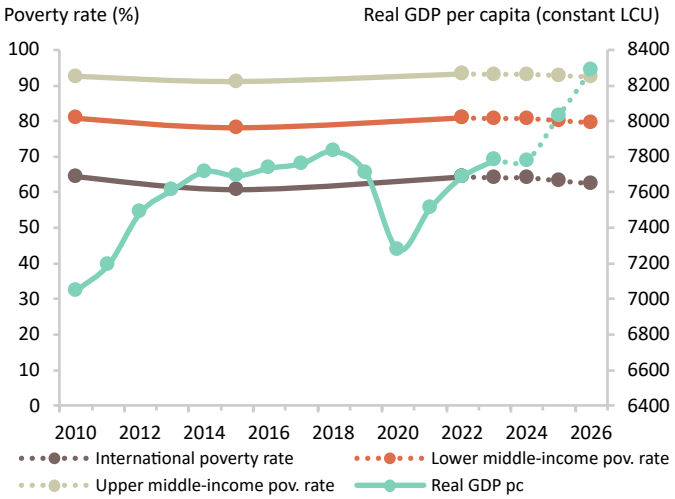
Real GDP grew by 5.0 percent year-to-date and 5.1 percent y/y in Q3:2023, driven by firmer services in transport, information and communications, and hospitality. Copper production remained below potential, declining by 8.0 percent (y/y) due to legacy operational difficulties at Mopani Copper mines and Konkola Copper Mine (KCM). This negatively impacted exports, with export earnings declining amid heightened uncertainty arising from protracted debt restructuring, severely weakening Zambia's external balances. The current account slipped into deficit in 2023—the first time in

FIGURE 1 **Zambia** / Selected macroeconomic indicators



Source: World Bank estimates.

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



Source: World Bank. Notes: see Table 2.

four years. The exchange rate depreciated by 41.8 percent against the US$ in 2023, save for short-lived appreciations in March and June around the news of expected breakthroughs in debt restructuring.

The sustained exchange rate depreciation and a food price shock (due to a grain deficit in the region) placed pressure on domestic prices. Both food and non-food inflation picked up, leading to a broad-based increase in headline inflation from 9.9 percent (y/y) in December 2022 to 13.5 percent in February 2024, against the 6–8 percent target range. Bank of Zambia (BoZ) raised the policy rate by 200 basis points (cumulatively) in 2023, with half of the increase in November amid intensifying inflationary pressures and currency depreciation. On February 14, 2024, the BoZ hiked the policy rate by an additional 150 basis points to 12.5 percent. It also raised the statutory reserve ratio from 9.0 percent in January 2023 to 26.0 in February 2024 to moderate FX demand and auctioned more than US$50 million in the interbank market, triggering a temporary exchange rate appreciation of 13.8 percent.

The government continued the fiscal consolidation launched in 2022, achieving a primary fiscal surplus estimated at 0.2 percent of GDP in 2023, despite underperforming revenues due to mining contraction. Higher non-tax revenues, better collection from non-mining, and higher grants from the development partners boosted overall revenue.

Outlook

A severe drought in the current rainy season and cholera epidemic (with 20,577 cases and 699 deaths by end-February), which delayed the opening of schools, will significantly dampen growth to 2.7 percent in 2024. The government declared the drought a national disaster on February 29, 2024, and called for an emergency response. Although crop failure estimates are still preliminary, they suggest more than half of the planted area is damaged, directly affecting private consumption. Despite the rationing of electricity to cushion real sector activity, especially in the mines and critical life support services, the power deficit is slowing down aggregate industry and services production. However, the mining sector is expected to recover in 2024 and stimulate growth in industry, exports, and services activities that support mining. This anticipated production improvement stems from a less wet rainy season for open pit mining and the resolution of legacy operation challenges leading to the potential realization of significant pledged foreign direct investment (FDI). Still, tight monetary policy and elevated net domestic financing to the government will likely constrain credit availability to the private sector due to higher borrowing costs.

There is substantial uncertainty surrounding the forecast. Firmer-than-expected copper prices would boost external sector performance and potentially reverse currency depreciation. Finalizing a debt restructuring deal would boost portfolio flows. Still, downside risks are considerable. Copper revenues may undershoot because of lower ore grades, delayed investments in the sector, and weakening copper prices. The effects of climate change pose a risk in terms of food security and hydropower generation. There could be additional inflationary pressures from exchange rate pass-through effects and climate-induced events such as food shortages. Subdued global growth due to the contraction of China's economy, the primary market for Zambia's copper exports, could dampen growth at home.

TABLE 2 **Zambia** / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	6.2	5.2	4.0	2.7	6.1	5.9
Private consumption	8.0	6.0	4.6	0.5	6.7	5.7
Government consumption	5.6	2.8	9.1	12.3	8.0	9.5
Gross fixed capital investment	4.7	5.0	6.0	6.0	7.0	6.6
Exports, goods and services	4.6	5.0	2.2	2.6	3.5	4.0
Imports, goods and services	2.5	4.0	4.5	3.5	4.0	4.0
Real GDP growth, at constant factor prices	6.4	5.5	3.9	2.7	6.1	5.9
Agriculture	6.9	-11.0	10.0	-20.0	2.0	2.0
Industry	7.1	-2.2	-1.7	1.8	3.8	5.0
Services	6.0	12.1	6.1	5.7	7.4	6.6
Inflation (consumer price index)	22.1	11.1	11.0	14.3	10.1	7.0
Current account balance (% of GDP)	9.7	3.7	-0.4	0.2	0.4	0.6
Net foreign direct investment inflow (% of GDP)	3.7	1.5	1.5	3.0	3.8	3.4
Revenues (% of GDP)	22.4	20.4	21.1	21.6	20.6	20.9
Primary balance (% of GDP)	-2.0	-1.5	0.6	0.2	1.6	0.8
International poverty rate ($2.15 in 2017 PPP)[a,b]	..	64.3	64.0	64.0	63.2	62.4
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	..	81.0	80.8	80.8	80.2	79.6
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	..	93.2	93.1	93.1	92.8	92.5
GHG emissions growth (mtCO2e)	0.5	0.8	1.2	1.4	1.4	1.4
Energy related GHG emissions (% of total)	9.9	10.3	11.0	11.9	12.9	13.9

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2022-LCMS-VIII. Actual data: 2022. Nowcast: 2023. Forecasts are from 2024 to 2026.
b/ Projection using neutral distribution (2022) with pass-through = 0.7 (Low (0.7)) based on GDP per capita in constant LCU.

ZIMBABWE

Table 1	2023
Population, million	16.7
GDP, current US$ billion	33.5
GDP per capita, current US$	2012.0
International poverty rate ($2.15)[a]	39.8
Lower middle-income poverty rate ($3.65)[a]	64.5
Upper middle-income poverty rate ($6.85)[a]	85.0
Gini index[a]	50.3
School enrollment, primary (% gross)[b]	96.0
Life expectancy at birth, years[b]	59.3
Total GHG emissions (mtCO2e)	115.8

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2019), 2017 PPPs.
b/ Most recent WDI value (2021).

GDP growth is projected to slow to 3.3 percent in 2024 after a solid post-pandemic recovery in 2022-23. While a slowdown was expected, the growth is further affected by persistent macroeconomic instability with high inflation and exchange rate distortions, an El Niño-related drought, and projected lower export prices. The fiscal deficit is expected to increase due to the transfer of RBZ's external liabilities to the treasury. Drought conditions will affect agricultural output and increase food insecurity and, potentially, poverty.

Key conditions and challenges

Zimbabwe's economic performance is hampered by continued macroeconomic instability and power shortages. High inflation, exchange rate distortions, and a difficult business environment raise the cost of doing business, which in turn are leading to underinvestment, a rise in informal activity, and erosion of the fiscal revenue base. Jointly, this significantly undermines the economy's long-term growth prospects. The investment climate is further hampered by inadequate electricity supply with power shortages estimated to cost Zimbabwe 6.1 percent of GDP per annum.

Zimbabwe's external debt has rapidly increased in recent years, driven by external arrears and legacy debt. External debt has risen from US$9.5 billion in 2018 to US$17.5 billion in 2023 (an estimated increase from 26 to 95 percent of GDP). The increase is driven partly by debt arrears as the GoZ stopped servicing external debt in 2000, and Zimbabwe's external arrears accumulated to US$6.9 billion in 2023 mostly to IFIs. The government is implementing arrears clearance and debt resolution strategy that is critical for debt resolution and access to financial support. As part of this, Zimbabwe also resumed token payments to multilateral creditors in 2021.

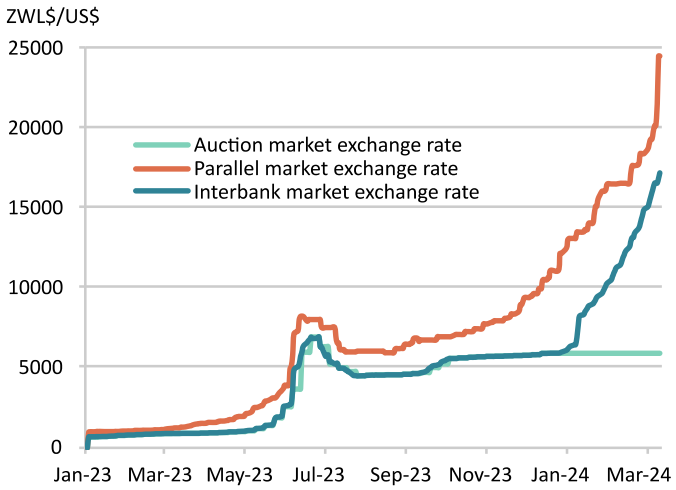
Poverty has been elevated, on account of continued macroeconomic instability, poor job creation in the productive sectors, weather and global health shocks, and a weak social protection system. The national extreme poverty rate has declined from its 2020 post-pandemic peak of 49 percent to 43 percent in 2022. Yet, poverty and vulnerability remain high, against a background of cyclical agricultural production, climate shocks, and elevated food prices.

Recent developments

Driven by post-pandemic recovery, Zimbabwe was one of the fastest-growing SADC economies in 2022 and 2023. Real GDP is estimated to have grown by 5.5 in 2023, after a 6.5 percent growth in 2022, on the back of an expansion in agriculture, mining, and remittances-induced services growth. Nevertheless, macroeconomic volatility fuelled by monetary instability and substantial exchange rate distortions continues to keep Zimbabwe's economic activity below its potential.

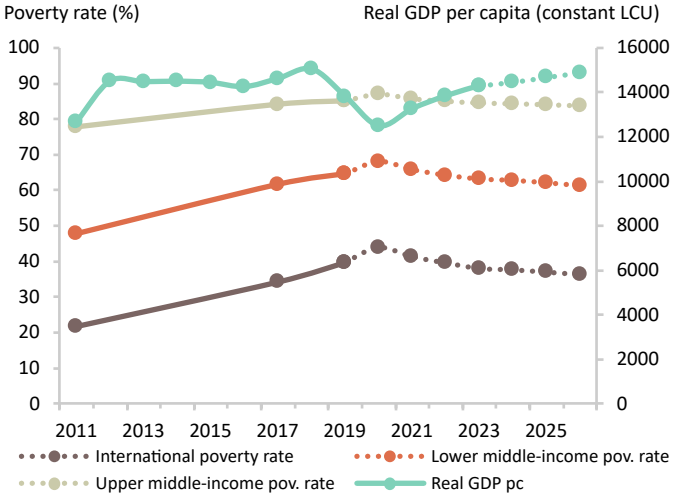
Inflationary pressures remain high in 2024 as local currency depreciation intensified. Annually inflation increased for the fourth consecutive month in February 2024, reflecting sharp depreciation of the local currency at both official and parallel foreign exchange market. Annual inflation increased from 26.5 percent in December 2023 to 47.6 percent in February 2024. The official exchange rate has depreciated by 788 percent in 2023 with the parallel market premium estimated at 30 percent as of February 2024. Meanwhile, the Minister of Finance announced a possible move to a currency board, but details are lacking.

FIGURE 1 **Zimbabwe** / Exchange rates



Sources: Zimstat and World Bank staff estimates.

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



Source: World Bank. Notes: see Table 2.

Fiscal pressures increased in 2023 ahead of national elections and the transfer of RBZ's external liabilities to the treasury. The government increased civil servants' salaries sharply, both in foreign and local currency. The Treasury took over the servicing of debt of US$1.8 billion in external liabilities from RBZ. Meanwhile, some of the revenue proposals in the 2024 budget has been reversed, casting doubt on the credibility of the budget. Nevertheless, the implemented taxes like sugar tax have led to an increase in prices.

The current account surplus narrowed in 2023, as remittances from non-governmental organization contracted. Nevertheless, the trade deficit was slightly lower in 2023 compared to 2022. Exports increased by 9.7 percent year-on-year, driven by tobacco and diamond. Imports increased by 6.4 percent driven by fuel and maize imports.

Outlook

Real GDP growth is projected to slow further to 3.3 percent in 2024, partly reflecting the impact of structural bottlenecks, macroeconomic instability (high inflation and severe exchange rate volatility), an El Niño-related drought, and lower commodity prices. El-Nino induced drought will affect most rain fed crops and may intensify electricity supply shortages. Nevertheless, continued increase in remittances will help to stimulate growth in services (wholesale and retail trade), and construction. Risks are titled to the downside and include geopolitical tension, a weak global environment for growth, and high inflation. Inflationary pressures will intensify in 2024, given drought conditions and increase in domestic taxes.

The fiscal deficit will increase in 2024, driven by high interest payments on external debt, drought mitigation related spending, wage pressures, and reversal of several budget revenue measures. Interest payments from servicing RBZ's external liabilities are projected to significantly increase, posing liquidity risks, amid limited access to concessional financing. Fiscal deficit is projected to reach 2.3 percent of GDP in 2024, before slowing to under 2.0 percent in the medium term.

The current account surplus is expected to shrink further, reflecting an increase in imports in the face of drought conditions and lower commodity prices. Exports are therefore expected to decline. Remittances remain the main driver of current account surplus.

Poverty is expected to increase in 2024 due to drought and is projected to remain high in the medium term. The elasticity of poverty reduction to growth has proven to be very low in Zimbabwe, undermining the outlook for poverty reduction amid projected deceleration of growth in 2024. This is further exacerbated by El-Nino induced drought. In the medium term, vulnerability to poverty is expected to increase with changes in temperature and rainfall patterns linked to climate change. Key structural priorities to reduce poverty and break the dependence on weather cycles include boosting agricultural productivity, facilitating structural transformation through investment climate and monetary and exchange rate reforms, and instituting a robust social protection system.

TABLE 2 Zimbabwe / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	8.5	6.5	5.5	3.3	3.6	3.5
Private consumption	1.5	4.9	3.0	4.0	3.6	3.5
Government consumption	142.1	31.3	30.6	3.6	1.8	2.0
Gross fixed capital investment	12.8	22.3	-18.0	-6.1	5.6	4.6
Exports, goods and services	47.0	43.9	3.0	1.5	3.4	3.4
Imports, goods and services	61.5	54.6	2.0	1.1	2.5	2.5
Real GDP growth, at constant factor prices	8.4	6.4	5.6	3.3	3.6	3.5
Agriculture	17.5	6.2	11.1	-5.9	6.0	4.9
Industry	6.4	5.5	2.8	4.0	3.0	3.1
Services	7.7	7.0	6.0	5.1	3.4	3.4
Inflation (consumer price index)	98.5	193.4	305.0	45.1	15.9	72.3
Current account balance (% of GDP)	1.0	1.0	0.8	0.1	-0.2	0.7
Net foreign direct investment inflow (% of GDP)	0.7	1.0	0.3	0.0	0.0	0.0
Fiscal balance (% of GDP)	-2.0	0.1	-1.2	-2.3	-1.3	-1.2
Revenues (% of GDP)	15.3	16.4	17.2	18.4	18.6	18.4
Debt (% of GDP)	58.4	99.6	97.0	102.6	98.7	91.3
Primary balance (% of GDP)	-1.9	0.2	-0.3	-1.4	-0.4	-0.5
International poverty rate ($2.15 in 2017 PPP)[a,b]	41.4	39.6	38.2	37.7	37.1	36.4
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	65.8	64.2	63.1	62.7	62.0	61.2
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	85.6	85.0	84.5	84.3	84.0	83.7
GHG emissions growth (mtCO2e)	0.4	1.2	0.7	-0.6	-0.4	-0.2
Energy related GHG emissions (% of total)	9.9	10.4	10.8	10.1	9.7	9.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Calculations based on 2019-PICES. Actual data: 2019. Nowcast: 2020-2023. Forecasts are from 2024 to 2026.
b/ Projection using neutral distribution (2019) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.

Macro Poverty Outlook

04/
2024

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