

# 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) <sup>a</sup>       | 2.5    |
| Lower middle-income poverty rate (\$3.65) <sup>a</sup> | 8.1    |
| Upper middle-income poverty rate (\$6.85) <sup>a</sup> | 31.2   |
| Gini index <sup>a</sup>                                | 38.0   |
| School enrollment, primary (% gross) <sup>b</sup>      | 100.6  |
| Life expectancy at birth, years <sup>b</sup>           | 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

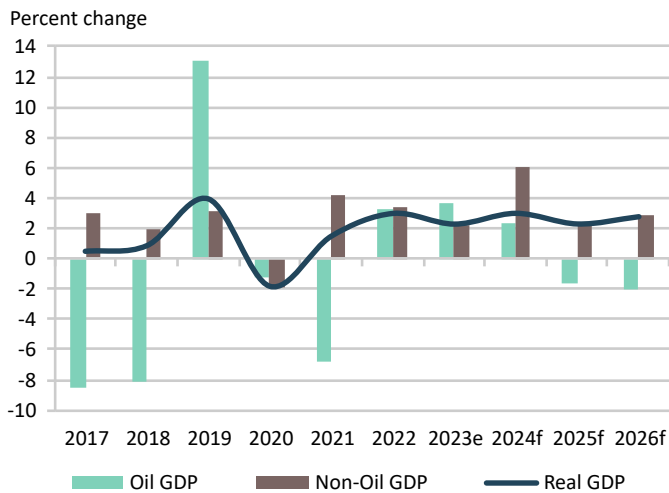
Despite Gabon's rich natural endowments, over recent decades low and erratic growth and insufficient diversification resulted in high unemployment and persistent poverty. Popular discontent around governance weaknesses and electoral fraud allegations fueled support for the August 2023 coup d'état. A 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

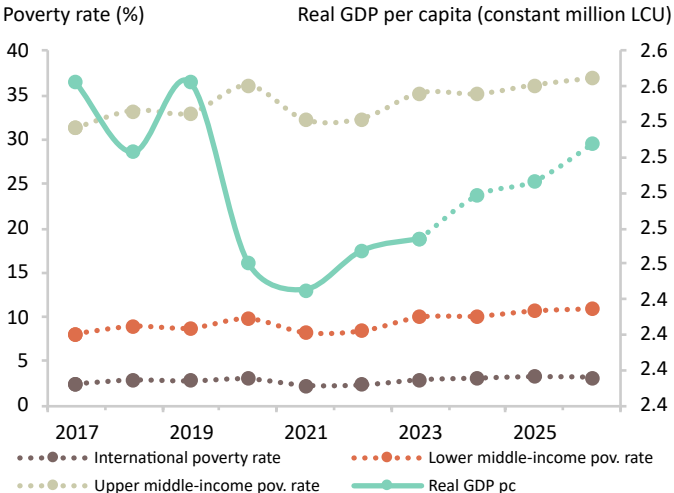
Gabon's economy grew by an estimated 2.3 percent in 2023, down from 3.0 percent in 2022. The lower growth was caused by weaker wood and manganese production, amid high fuel costs and railway disruptions caused by landslides. Oil production grew by 3.7 percent, fueled by new oil fields, low OPEC+ restrictions and global demand. Demand-side growth was driven by public investments, oil and agricultural exports, and oil investments. Gabon's investments in optimizing oil fields 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 EC-CAS' 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 |
|----------------------------------------------------------------------------|------|------|-------|-------|-------|-------|
| <b>Real GDP growth, at constant market prices</b>                          | 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   |
| <b>Real GDP growth, at constant factor prices</b>                          | 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   |
| <b>Inflation (consumer price index)</b>                                    | 1.1  | 4.3  | 3.7   | 2.4   | 2.3   | 2.2   |
| <b>Current account balance (% of GDP)</b>                                  | 30.1 | 35.2 | 28.7  | 29.2  | 28.8  | 28.4  |
| <b>Net foreign direct investment inflow (% of GDP)</b>                     | 2.1  | 4.6  | 5.5   | 5.4   | 5.0   | 5.4   |
| <b>Fiscal balance (% of GDP)</b>                                           | -1.8 | -0.8 | -1.0  | -3.8  | -5.9  | -5.0  |
| <b>Revenues (% of GDP)</b>                                                 | 14.7 | 20.4 | 22.9  | 20.0  | 18.8  | 18.1  |
| <b>Debt (% of GDP)</b>                                                     | 65.8 | 55.3 | 70.5  | 73.7  | 79.1  | 81.8  |
| <b>Primary balance (% of GDP)</b>                                          | 0.9  | 1.7  | 1.9   | -0.7  | -2.8  | -1.7  |
| <b>International poverty rate (\$2.15 in 2017 PPP)<sup>a,b</sup></b>       | 2.3  | 2.4  | 2.9   | 3.1   | 3.2   | 3.2   |
| <b>Lower middle-income poverty rate (\$3.65 in 2017 PPP)<sup>a,b</sup></b> | 8.2  | 8.5  | 10.0  | 10.1  | 10.7  | 10.9  |
| <b>Upper middle-income poverty rate (\$6.85 in 2017 PPP)<sup>a,b</sup></b> | 32.1 | 32.3 | 35.2  | 35.1  | 36.1  | 36.9  |
| <b>GHG emissions growth (mtCO<sub>2</sub>e)</b>                            | 4.5  | 2.5  | -0.7  | -0.2  | 0.1   | 0.8   |
| <b>Energy related GHG emissions (% of total)</b>                           | 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.