

2025 Gabon Economic Update



SPECIAL TOPIC:
**Building and Preserving
Gabon's Wealth for
Better Livelihoods**

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Abbreviations and Acronyms

AfDB	African Development Bank
ANNI	Adjusted net national income
ANS	Adjusted net savings
BEAC	Bank of Central African States (<i>Banque des États de l'Afrique Centrale</i>)
bbl	oil barrel
CAR	Central African Republic
CAFI	Central African Forest Initiative
CEMAC	Central African Economic and Monetary Community (<i>Communauté économique et monétaire de l'Afrique centrale</i>)
CFAF	African Financial Community Franc (Franc CFA)
CIT	Corporate income tax
CO ₂	Carbon dioxide
COBAC	Central African Banking Commission (<i>Commission bancaire de l'Afrique centrale</i>)
CWON	Changing Wealth of Nations
DRC	Democratic Republic of Congo
EITI	Extractive Industries Transparency Initiative
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GFCF	Gross fixed capital formation
GNI	Gross National Income
HCI	Human Capital Index
HIC	High income countries
ICT	Information and communication technologies
ILO	International Labor Organization
IMF	International Monetary Fund
ITTO	International Tropical Timber Organization
LMIC	Lower middle income countries
NDC	Nationally Determined Contributions
ND-GAIN	Notre Dame Global Adaptation Initiative
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
PIMA	Public investment management assessment
PNDT	National Transition Development Plan (<i>Plan National de Développement de la Transition</i>)
PPP	Purchasing power parity
PSGE	Emerging Gabon Strategic Plan (<i>Plan Stratégique Gabon Émergent</i>)

REDD+	Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
SME	Small and medium enterprises
SOE	State-owned enterprises
SSA	Sub-Saharan Africa
UN	United Nations
USD	United States dollar
UMIC	Upper middle income countries
VAT	Value-added tax
WB	World Bank
WDI	World Development Indicators
WGI	World Governance Indicators
y-o-y	Year-on-year



Overview

The Gabon Economic Update is an annual World Bank publication that presents an overview of the evolving macroeconomic position in Gabon, followed by a detailed exploration of a specific topic. The first chapter analyzes recent economic developments, key development challenges, and outlook and risks for Gabon's future growth. It presents policies to help the country create more jobs, build resilient growth, and strengthen public finances. The second chapter discusses measurements of national wealth and links with indicators such as Gross Domestic Product. It analyzes the role of human, physical, and natural capital in shaping long-term development in Gabon, with a focus on forest ecosystem services accounts, providing insights on how to make the best sustainable use and benefit the most from the country's vast forest resources. This report is based on data available as of May 2025.

Gabon's GDP growth accelerated in 2024, but the country continues to face challenges to create more jobs and reduce poverty

Economic growth in Gabon accelerated to an estimated 2.9 percent in 2024, up from 2.4 percent in the previous year, thanks to the oil sector and accelerating public works. Oil output grew by an estimated 4.6 percent in 2024, due to the exploitation of new oilfields, lower OPEC+ quantity restrictions, sustained global

demand, and relatively few operational issues. The services and construction sectors also contributed to growth, benefiting from significant investments in large public works and government projects, from public buildings to roads, power and water, and other infrastructure being built and renovated throughout the country. However, the wood and manganese sectors, Gabon's main exports besides oil, continued to suffer from subdued demand and structural infrastructure problems, such as railway disruptions, inadequate roads, and frequent power outages.

Limited employment opportunities and insufficient growth have caused an increase in poverty in recent years, with more than a third of Gabonese living in poverty. Gabon's growth was modest since the COVID-19 pandemic, averaging 2.0 percent between 2019 and 2024, and was centered in capital-intensive oil and mining industries. This growth did not create enough jobs, as many youth enter the labor market every year. Unemployment affects about 20 percent of the workforce. In view of lack of jobs, modest growth, and limited social spending, 34.6 percent of Gabonese were estimated to live in poverty, with less than USD6.85 per day in PPP in 2024. Initiatives are being taken to confront this problem, with investments in training centers, SME credit, and entrepreneurship, but stronger reforms are needed to create better conditions for private firms to thrive and hire more workers.

Inflation continued to decline over 2024, amid a tightened monetary policy adopted by the regional central bank, stronger price controls, and declining global inflation. Inflation stood at 0.9 percent in December 2024 (year-on-year), continuing on a downward path since its peak at nearly 6.0 percent in late 2022. With signs of decreasing inflation across CEMAC, the BEAC gradually started to loosen monetary policy in early 2025. While providing relief for households, tax exemptions are costly for the country, inefficiently targeted, and unable to address the

underlying causes of the high cost of living, which are high trade and production costs due to logistical gaps, high tariffs, and costly energy and transportation.

Gabon's strong commodity exports allowed it to maintain a high trade surplus in 2024, but it remains highly dependent on a few products, with 97 percent of exports consisting in oil, manganese, and wood. The trade surplus remained high at an estimated 36.2 percent of GDP in 2024. Gabon's exports benefited from higher oil production and sustained prices for most commodities, increasing by an estimated 6.6 percent. Meanwhile, nominal imports increased by an estimated 14.1 percent in 2024, as higher public spending and social measures that increased demand for imports.

Lower oil revenues, high borrowing costs and an expansionary spending policy are aggravating fiscal and debt sustainability risks

Lower oil revenues and an expansionary spending policy caused a deterioration of the fiscal position in 2024, increasing fiscal risks and liquidity pressures.

Boosted by tax digitalization efforts, public revenues remained stable in 2024 despite a decline in global oil prices. The launch of Digitax, a new online tax filing platform, and the connection of customs offices at the Northern border with Sydonia World allowed reve-



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nue collection to exceed budget projections. However, public spending increased by about 24 percent, with a sharp rise in investments in infrastructure and social measures like fuel subsidies and scholarships. As a result, the fiscal balance deteriorated sharply to an estimated -3.7 percent of GDP in 2024, down from a 1.8-percent surplus in 2023, bringing the non-oil primary balance to -15.9 percent in 2024.

Spending needs were financed with state borrowing on the regional financial market, with the public debt increasing to an estimated 72.5 percent of GDP in 2024, up from 70.6 percent in 2023. However, Gabon's credit rating downgrading by Fitch and Moody's in June 2024 and the imposition of a higher risk weight by COBAC in October, limiting banks' capacity to participate in bond issuances, impacted financing goals, leading to a build-up in external arrears. Gabon's public debt has been increasing since 2021, following an expansionary spending policy but also due to the additional debt components identified thanks to higher transparency since 2023, such as unpaid budgetary commitments, VAT refund and salary arrears. Along with higher spending pressures and borrowing costs, this brought public debt above the CEMAC's 70-percent convergence target. Faced with higher interest rates and a costly debt service, Gabon has taken actions to more actively manage public debt, carrying out early buy-back operations of its June 2025 Eurobond in late 2024 and early 2025, and reprofiling a large part of domestic debt in April.

Gabon's growth outlook remains exposed to a highly uncertain global environment

Gabon is projected to grow by about 2.4 percent over 2025 to 2027, driven by mining, wood, and agricultural sectors, but in the absence of strong economic reforms growth would be insufficient for meaningful poverty reduction. The oil sector faces challenges such as maturing oilfields, lower prices, and lower demand as key trading partners are affected by recent global disruptions. Yet, vast manganese, iron ore, timber, and agricultural resources offer a great economic potential. With a newly elected government in power, political uncertainty should decline as the country completes its move from a transition to constitutional order, improving investor confidence. However, strong fiscal consolidation policies are needed to attract more investments and provide reas-

surances that high fiscal and financing pressures and debt risks are addressed.

The highly uncertain global environment dims Gabon's outlook, with its growth, trade, and fiscal outlook vulnerable to shocks coming from the evolving global context. Countries face rising trade restrictions, trade wars, and multiple geopolitical tensions and regional conflicts that can escalate quickly. The currently challenging fiscal position could be affected by further decreases in oil prices. Also, global inflationary surges could drive up living costs and reduce consumption, whereas liquidity pressures, which are already high, could be aggravated by tighter financing conditions. Greater challenges in mobilizing financing could result in further accumulation of arrears or cuts in public investments, affecting growth. As it navigates through a changing global situation, to minimize risks Gabon should accelerate reforms to build a solid foundation for higher growth and job creation. In a context requiring cuts in public investments and public consumption, it would be essential to prioritize the most urgent, efficient, and productive public spending, from an economic and social point of view. To address development needs while securing a viable fiscal path, Gabon should protect the economy and especially the most vulnerable while ensuring sustainable public finances through strong fiscal consolidation.

Special topic: Measuring Gabon's wealth and ensuring a sustainable and prosperous future

Measures of a nation's wealth are an important complement to GDP, providing insights into the capital foundation for future growth and its sustainability. Assessing the evolution of the level and composition of national wealth allows policymakers to better understand an economy's capacity to generate future incomes and sustain development. National wealth assessments, including key components such as forest ecosystem services, can help inform development strategies, budget discussions, and dialogue with civil society, the private sector, and development partners. Ideally, a sustainable situation would be of a resilient growth and wealth accumulation balancing natural, human, and produced capital, where both GDP per capita and wealth per capita would increase, indicating growth without a depletion of wealth.



Photo credit: shutterstock.com

Gabon's national wealth increased by 35 percent between 1995 and 2020, or by 1.4 percent per year, reaching USD105 billion in 2020 (in real chained 2019 USD). It is dominated by natural capital (42 percent of total wealth), followed by human (31 percent) and physical capital (27 percent). Over this period, the value of Gabon's renewable natural assets grew by 2 percent, nonrenewable natural capital, by 39 percent, produced capital by 85 percent, and human capital, by 207 percent. Between 2009 and 2016, supported by an oil boom, investments were made in infrastructure and social areas. Meanwhile, Gabon had a strong increase in nonrenewable natural wealth, thanks to vast hydrocarbon reserves, peaking at around 380 million tons in the 1990s, while strong conservation efforts allowed it to increase forests' value and create a sustainable local timber industry.

At the same time, Gabon had a significant decline in per capita wealth, by 34.7 percent from 1995 to 2020, or -1.39 percent every year, indicating challenges in converting its rich natural resources into productive assets and human capital. While Gabon experienced rapid population growth, inadequate infrastructure, governance challenges, and a dominant public sector hindered private sector development and

job creation, contributing to a decrease in per capita wealth. Logistical gaps remain a major obstacle due to inadequate and costly access to transportation and energy. Public investment remained volatile, closely linked to oil cycles, and hampered by management and planning deficiencies, causing produced capital per capita to decline by 10 percent from 1995 to 2020. Due to population growth and depletion of finite extractive resources, nonrenewable natural capital per capita declined by 33 percent, whereas renewable natural assets per capita declined by 51 percent. Human capital per capita increased by 49 percent, but key education and health indicators remained lower than in countries with similar incomes, hindered by low social spending and efficiency and allocation issues.

Gabon is among the few countries that experienced both negative GDP growth and a decline in per capita wealth from 1995 to 2020, reflecting an erosion of its asset base and economic output. As Gabon was not able to fully seize the opportunity of its vast natural resources to diversify its productive base, growth has been modest and volatile, mainly reflecting oil cycles. Policy challenges include redistributing and efficiently using oil revenues, expanding and maintaining infrastructure and leveraging the tourism

potential of forests. Governance and public finance management challenges resulted in limited investment efficiency and inadequate logistic infrastructure, undermining growth, investment, and job creation.

The evolution of national wealth can be analyzed using Adjusted Net Savings (ANS), providing a broader picture of a nation's economic sustainability and ability to invest in its future. ANS is measured as gross national savings (or gross investment, given the savings-investment identity) minus depreciation of produced capital, depletion of subsoil assets (fossil fuels and minerals) and timber resources, and air pollution damages to human health, plus a credit for expenditures on education. Gabon's Adjusted Net Savings was negative at -3 percent in 2020, indicating that it was depleting wealth faster than it was accumulating new assets, due to lower savings and investment following the 2014 oil price shock. Institutional policies are thus needed to shield the budget from oil cycles, enabling the country to build fiscal buffers and stabilize investments, and also to promote a higher rate of savings and investment over the long term.

Thanks to extensive and well-preserved forests, Gabon is one of the world's few net carbon sinks.

Gabon's forests are well-preserved, thanks to sustainable forestry policies, high urbanization, and low population density. They are crucial for climate mitigation, absorbing vast quantities of carbon and storing it in biomass and soils. Its forests are estimated to have retained 8,000 million tons of carbon in 2020, equivalent to 29.8 billion tons of CO₂. Yet, neglecting forests' economic contributions in economic and fiscal planning could raise risks of overuse, underinvestment in conservation, and distortions in development planning.

Gabon has maintained strong forest coverage, with well-preserved forest conditions and biodiversity.

Overall deforestation rates, at around 0.6 percent per year in 2000-2020, remained low compared to regional peers. The average regional deforestation rate was three times higher during this period. Yet, degradation was stronger in certain specific locations. Pressures from logging, agriculture, and infrastructure development are intensifying, especially along transport and economic corridors. Human-modified areas like crops and build-up areas are still considerably small, having expanded from 0.7 percent of the territory in 2000 to 1.3 percent in 2020. At the same time, Gabon lost 0.6 percent of its forests, from 90.8 percent of the territory in 2000 to 90.2 percent in 2020.



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The total value of forest ecosystem services in Gabon nearly doubled from CFAF22.6 trillion (USD39.4 billion) in 2000 to CFAF43.2 trillion (USD75.1 billion) in 2020. A new World Bank study recently assessed the value of Gabon's forest ecosystem accounts, indicating that over 99 percent of the monetary value of such services consisted in carbon retention, estimated at USD74.7 billion, equal to over a quarter of total national wealth and over three times Gabon's GDP. The value of this key service, however, is largely not captured by the country, representing a massive economic loss. First, this value is estimated based on the social cost of carbon (the cost of climate change damages avoided thanks to carbon retention), which is different from the typically lower market values obtained in carbon markets. In addition, underdeveloped global carbon markets and institutional challenges hinder countries' capacity to monetize these values.

Forest ecosystems also provide important economic value in the form of wood resources, bushmeat, wild plants, soil retention, and ecotourism.

Thanks to diversification policies, Gabon's timber sector generates significant revenues and employment, with timber extraction valued at USD157 million in 2020, even if its environmental impact is minimized. Between 2000 and 2020, wood export volumes decreased by 56 percent, but their values were stable, thanks to the near elimination of log exports and substantial increase in processed wood exports. Yet, most exports consist in primary processing goods, indicating challenges to advance into higher processing levels such as furniture. Wood is also used by local populations for construction poles and as fuel, and forests are an important provider of wild non-wood resources such as bushmeat, wild food plants, which are significant to sustain local livelihoods. Forests are also crucial for soil and sediment retention, which, valued at USD183 million in 2020, contributes to erosion control and water quality. Trees anchor soil and absorb rainfall, reducing costs associated with erosion, such as dredging and shortening reservoir lifespans, impacting hydropower and drinking water quality. Ecotourism also benefits from forests, but the value generated by tourism, at nearly USD22 million in 2020, has been declining, amid infrastructure gaps and other challenges.

Strong structural reforms are urgently needed to reverse the worrying trend of declining per capi-

ta wealth and set Gabon on a higher development path. If current trends continue, Gabon would keep losing national wealth per person, disposing of fewer assets and resources to generate incomes for its people. The decline in per capita wealth highlights the need to ensure a more efficient management of oil revenues and other natural resources. Governance reforms are key also for a stronger build-up of infrastructure and human capital. Setting clear timelines, performance indicators, and accountability can help improve spending efficiency. Investment needs to be aligned with fiscal space to enable essential public services. Also, Gabon needs to increase, improve, and better target public spending on education, skills and healthcare. Health, education and jobs are priorities for the new government, but social spending remains low compared to peer countries. It is key to focus on primary education and teacher quality, better align training with job opportunities, and better target spending on health.

To manage and utilize extractive revenues more effectively, a strategic approach is necessary to ensure that natural resources contribute more to sustainable growth and diversification. Even if oil resources may be finite, they remain central for Gabon. Mineral resources, including manganese and iron ore, are another enormous source of wealth. As Gabon was recently readmitted into the Extractive Industries Transparency Initiative (EITI) in early 2025, it will be key to implement EITI recommendations and ensure transparent management of this crucial natural wealth. Also, strategies need to adjust to evolving global conditions, to avoid leaving stranded assets like natural resources and infrastructure serving these sectors.

To make the most of its resources, structural reforms improving the business climate are needed to promote wood, mineral and food processing, as well as ecotourism and sustainable agriculture.

The expansion of infrastructure, agriculture, and forestry are necessary for higher growth but would imply some reduction in natural capital. To minimize the environmental impact of growth and preserve natural wealth, policies could focus on promoting more local value added, to make the most of current resources. To increase local transformation, firms need conducive business conditions, notably with quality energy and transportation. Sustainable agriculture also offers

great potential, as forest preservation and agriculture promotion is not a zero-sum situation. Many crops' yields are stagnant and lower in Gabon than in the region, suggesting options to improve productivity with sustainable agriculture and agroforestry, which enjoys forests' benefits like improved soil, erosion prevention, local climate regulation, and higher prices from certification labels. Ecotourism and other forest-based sectors like knowledge activities around medicinal plants can also reveal enormous opportunities to generate more incomes and jobs for the Gabonese.

Finally, Gabon and other-densely forested countries need a sizable and well-functioning global financing system to be able to transform carbon retention services into tangible benefits. Estimating the value of carbon retention services is a first step, that allows policymakers, civil society, and the general public to quantify and target a necessary compensation. But despite the growth of climate funds and other green financing initiatives in recent years, including the UN-led Central African Forest Initiative (CAFI)'s support to Gabon, a compensation mechanism capable of achieving climate goals is still an aspiration. It is thus crucial for the international community to put in place fair, concrete, and adequate means to reward, compensate, and support countries like Gabon for their efforts to preserve forests. Options to help Gabon achieve a fairer share of benefits from carbon retention services include engaging in stronger global negotiations to develop fairer REDD+ mechanisms, stronger cooperation and financial support to tackle climate change, and considering nature-based sovereign financing tools such as sustainability-linked bonds.¹ Domestically, it is important to maintain and update data on forest ecosystem services, strengthen legal frameworks, engage more strongly with civil society and firms in sustainable forest management, and design fiscal policies to maximize revenue generation and job creation based on sustainable economies.



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¹ Climate financing options are discussed in the upcoming Gabon Country Climate and Development Report (CCDR).

1

Recent Economic Trends and Outlook for Gabon

I. Global and regional growth remains below pre-pandemic levels and vulnerable to a highly uncertain context

Global growth stabilized in 2024 as inflationary pressures further eased, and incipient loosening of monetary policy helped support economic activity. The global economy is estimated to have grown by about 2.8 percent in 2024, same as in 2023. Inflation has been on a downward trend, reflecting falling food and energy prices and lagged impacts of monetary tightening, being brought at or below targets in over 60 percent of economies in 2024. Monetary policy easing has become widespread, leading to a slight easing of global financial conditions since mid-2024. Yet, investor sentiment toward emerging markets remained unstable, and non-concessional borrowing remained costly due to high bond

yields in advanced economies, compared to the 2010s. Global trade recovered in 2024, with an estimated growth of 3.4 percent. The global economy seems to be settling into a relatively slow and uneven growth, not enough to support sustained inclusive development. Global growth, trade, and investment are all below the pre-pandemic averages observed in 2010-2019 and remain insufficient to counter the damage from the multiple shocks affecting the world since the COVID-19 pandemic.²

Economic activities in Sub-Saharan Africa (SSA) expanded in 2024, with higher growth compared to the previous year, but still insufficient to drive significant poverty reduction. SSA's GDP growth increased from 2.9 percent in 2023 to an estimated 3.5 percent in 2024. Growth improved in the region's largest economies, supported by higher oil production in Nigeria and improved electricity supply

² World Bank. 2025. Global Economic Prospects. June.

in South Africa. The drop in energy and metal prices from their 2022 peaks has required fiscal adjustments in several commodity-exporting economies, undermining growth, particularly among metal exporters. Overall, growth in SSA remains modest and uneven, and unable to generate sufficient jobs and poverty reduction. Due to low growth, fast population growth, lingering effects of inflation and underinvestment, poverty continues to rise, in a region that faces the highest extreme poverty rate in the world, home to 80 percent of the world's 612 million extreme poor.³

Growth in the Economic and Monetary Community of Central Africa (CEMAC) reached an estimated 3.0 percent in 2024, up from 2.0 percent in 2023.

Cameroon and Chad exhibited the strongest growth performances, registering 3.5 and 3.7 percent growth, primarily driven by increased cocoa and cotton exports in Cameroon, and non-oil sectors in Chad. The Republic of Congo registered modest growth of 2.6 percent, with a 3.9 percent increase in non-oil sectors partially offset by a decline in oil production due to technical issues. Meanwhile, growth in CAR improved from 0.7 percent in 2023 to 1.5 percent in 2024, benefiting from enhanced fuel and electricity supplies and signs of recovery in the agro-processing, telecom, and retail sectors. The Equatoguinean economy, following a significant contraction of 5.1 percent in 2023, is estimated to have modestly recovered in 2024 with a 0.9-percent growth, driven by a rebound in hydrocarbons. In per capita terms, income growth in CEMAC is estimated to have increased to 0.2 percent in 2024 (up from -0.8 percent in 2023).

CEMAC's trade and fiscal positions deteriorated in 2024, as CEMAC continues to be heavily influenced by fluctuations in oil prices.

Due to lower oil prices, reduced commodity revenues, and high spending pressures, CEMAC's average fiscal balance is estimated to have shifted to a deficit of -1.5 percent of GDP in 2024, compared to a 0.6 percent surplus in 2023. The public debt remains elevated in countries such as Congo (93.5 percent) and Gabon (72.5 percent), surpassing the regional convergence criterion of 70 percent of GDP. Tax collection, fiscal space and li-

quidity remain constrained within CEMAC, limiting options to manage further shocks. Tax revenues remain, on average, below 15 percent of GDP, which research indicates to be the usually recommended threshold to support basic public services.⁴ Meanwhile, the trade balance registered a slight decrease from 8.9 percent of GDP in 2023 to 8.6 percent in 2024. Overall, the region maintains trade and current account surpluses, largely supported by strong commodity exports. At the same time, a high vulnerability to volatile commodity prices is evidenced by the impacts of declining oil prices. Between 2022 and 2024, as oil prices declined from about USD100 to 80, CEMAC's current account balance decreased from 7.5 percent of GDP to 4.0 percent of GDP, translating into a drop in foreign reserves, from 5.2 months of import coverage in 2022 to 4.6 months in 2024.⁵

Encouraged by declining inflation, the Bank of Central African States (*Banque des États de l'Afrique Centrale*, BEAC) began easing its monetary policy in March 2025.

Inflation in the CEMAC zone continued its downward trend, reaching 4.0 percent in December 2024, compared to 4.5 percent a year earlier, due to the recovery of global supply chains, easing energy and food prices, and a tight monetary policy. Preliminary data from early 2025 indicate that this downward trend may persist throughout the year, although regional inflation still exceeds the convergence criterion of 3 percent and faces risks in view of the changing global trade and financial conditions. In this context, for the first time since late 2021, the BEAC lowered its key policy rate from 5.00 percent to 4.50 percent in March 2025. Also, the marginal lending facility rate, which is the interest charged on overnight loans granted by the BEAC to commercial banks, was reduced from 6.75 percent to 6.00 percent, as part of an effort to lower refinancing costs, improve access to credit, and encourage investment.

3 World Bank. 2025. Africa Pulse. Extreme poverty is based on estimates of the share of households living under \$2.15 per day, in 2017 PPP.

4 Choudhary, Rishabh; Ruch, Franz U; Skrok, Emilia. 2024. Taxing for Growth: Revisiting the 15 Percent Threshold. Policy Research Working Paper 10943. Washington, DC: World Bank.

5 World Bank. 2025. CEMAC Economic Barometer. June edition.

II. Growth accelerated in 2024 but remained constrained by structural challenges

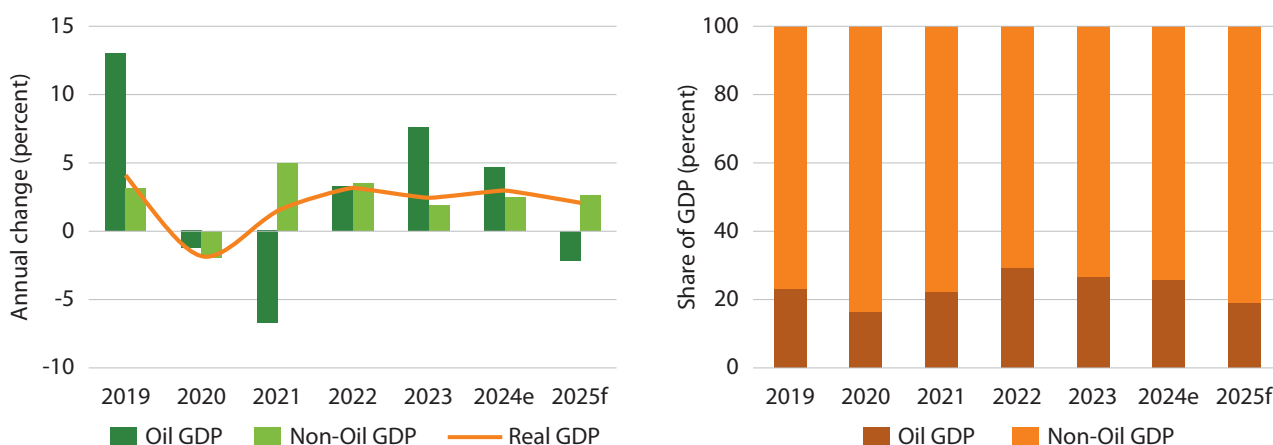
Economic growth in Gabon accelerated to an estimated 2.9 percent in 2024, up from 2.4 percent in the previous year, thanks to the oil sector and accelerating public works. Oil remains central to the Gabonese economy. Oil output grew by an estimated 4.6 percent in 2024, to around 11 million tons (Figure 1 and Table 1), due to the exploitation of new oilfields, lower OPEC+ quantity restrictions, sustained global demand, and relatively few operational issues. The services and construction sectors also contributed to growth, benefiting from significant investments in large public works and government projects, from public buildings to roads, power and water, and other infrastructure being built and renovated throughout the country. Construction grew by about 15 percent in 2024. Demand from public works also benefited painting (+33 percent) and cement (+18 percent) production, and the services sectors (+5 percent).⁶

The wood and manganese sectors, Gabon's main exports besides oil, continued to suffer from structural problems such as gaps in transport infrastructure. Manganese output decreased by an

estimated 5.8 percent in 2024 (Figure 2). Subdued demand from China led the largest mining firm, the *Compagnie Minière de l'Ogooué* (Comilog), to halt production for three weeks. Railway disruptions also impacted transport and production capacity. Timber production decreased in 2024, by an estimated 5.2 percent, also impacted by lower Chinese demand and transportation challenges.⁷ Log transportation by road was affected by the rainy season in late 2024, and by the lack of train cars. Insufficient railway capacity has been a long-term challenge, especially for logs. Gabon's single railway, a key transport line for wood, manganese, and passengers, is managed by the *Société d'Exploitation du Transgabonais* (SETRAG), a subsidiary of Comilog. In 2023 both wood and manganese had seen a weak performance due to railway disruptions caused by inclement weather. To help address this challenge, SETRAG is investing in railway transport capacity, with support from IFC, the World Bank's entity dedicated to the private sector.

The wood and agro-industries endured frequent power cuts, which impacted overall economic activity over 2024 and early 2025. Long-term underinvestment in the power sector has been affecting power reliability, impacting industries such as wood and food processing, which grew by, respectively, an

Figure 1. Oil and non-oil GDP growth and share of oil and non-oil GDP



Sources: Gabonese authorities and World Bank staff calculations. Preliminary data for 2024; World Bank projections for 2025.

6 World Bank. 2025. Macro Poverty Outlook. April; Government of Gabon. 2025. Note de Conjoncture Sectorielle. March.

7 Government of Gabon. 2025. Note de Conjoncture Sectorielle. March.

Table 1. Selected macroeconomic and fiscal indicators

Key macroeconomic indicators	2020	2021	2022	2023	2024e	2025f
Annual % change, unless indicated otherwise						
Real GDP growth	-1.8	1.5	3.0	2.4	2.9	2.1
Per capita GDP (USD, nominal)	6,671	8,102	8,517	8,022	8,367	7,675
Inflation	1.6	1.1	4.3	3.7	2.4	2.3
Oil sector	-1.2	-6.7	3.3	7.6	4.6	-2.1
Agriculture and forestry	4.8	19.2	9.7	-2.0	-1.3	7.3
Mining and non-oil industries	-3.0	8.9	3.4	1.9	-1.9	3.4
Services	-2.5	1.3	2.4	2.6	5.0	1.5
Private consumption	-2.0	-1.4	-0.3	2.1	2.6	-0.8
Public consumption	5.5	3.2	3.8	1.5	4.5	4.8
Gross fixed capital formation	-16.7	12.7	8.4	6.2	6.9	-4.3
Exports, goods and services	10.0	12.8	12.9	-2.5	4.0	0.0
Imports, goods and services	-6.0	17.4	12.5	1.3	6.8	-5.1
Percent of GDP, unless indicated otherwise						
Government revenues	17.6	15.3	21.1	24.6	23.7	24.3
Public expenditures	19.7	17.2	21.9	22.8	27.4	29.7
Fiscal balance	-2.1	-1.9	-0.8	1.8	-3.7	-5.4
Primary balance	1.2	0.9	1.8	4.8	-0.6	-1.8
Public debt	78.2	68.5	57.0	70.6	72.5	80.2
Current account balance	20.7	27.3	34.4	28.5	30.7	17.9
Trade balance	24.9	33.5	43.1	37.3	36.2	26.3
Net FDI inflows	0.7	2.2	1.6	1.8	1.6	1.6
<i>Memo</i>						
Total population (millions)	2.3	2.4	2.4	2.5	2.5	2.6
Nominal GDP (CFAF billions)	8,831	10,783	12,750	12,165	12,593	11,928
Nominal GDP (USD millions)	15,342	19,445	20,441	20,056	20,917	19,954

Sources: WDI, BEAC, Gabonese authorities and World Bank staff calculations. Note: e = estimate; f = forecast.

estimated zero and -5.5 percent in 2024. Increasing outages have broader social and economic impacts, hindering productivity and affecting living conditions. In early 2025, the authorities were able to partially address the issue with the purchase of electricity from Equatorial Guinea and from a ship-based generator provided by the Turkish company Karpowership, although at high costs. Meanwhile, agriculture also performed poorly in 2024, with an estimated 9.5-percent decrease in oil palm production, affected by insufficient rain in the Ngounié province and the devastation of plantations by elephants – human-wildlife conflicts

are another long-term issue for the country. In contrast, rubber production increased by about 23 percent, thanks to expanding plantations by the multinational group Olam and the state's investment in the Agro Business Group, allowing it to settle previous labor disputes and expand production.⁸

On the demand side, growth was largely driven by oil exports and by public investments, thanks to the launch of several major projects by the transition government. Large public works continued as part of the authorities' goal of delivering tangible infra-

8 Government of Gabon. 2025. Note de Conjoncture Sectorielle. March.

structure improvements, increasing public investment by over 10 percent in 2024 (Figure 3). National and urban roads are being expanded and renovated, power and water networks extended, and schools, health clinics, and social housing being built. Coupled with an increase in civil service hiring, this increased demand and household incomes. As a result, 2024 saw an increase in both public and private consumption, while a stronger production and sustained global demand for oil allowed the volume of oil exports to increase by about 2 percent in 2024.

III. Creating jobs remains a key pathway for poverty reduction

Limited employment opportunities and insufficient growth have caused a sustained increase in poverty in recent years, with more than a third of Gabonese living in poverty. The modest growth in Gabon since the Covid pandemic, averaging 2.0 percent between 2019 and 2024, did not create enough jobs for the young population, as many youth enter

the labor market every year. Gabon struggles with long-term unemployment, at about 20 percent of the workforce.⁹ Concentrated in capital-intensive oil and mining industries, growth is not job-rich, preventing more people from escaping poverty. As a result, the poverty rate (measured as the share of households living on less than \$6.85 per day, in 2017 purchasing power parity, or PPP) has increased since 2022, reaching 34.6 percent of Gabonese in 2024 (Figure 4).

Poverty is aggravated by limited social spending, reducing the state's capacity to build human capital effectively and protect the most vulnerable from shocks. The budget allocated to social spending has steadily decreased since 2020, representing only 18.2 percent of the revised budget for 2024 (Figure 5). Weaknesses in public procurement, investment, and budget processes and management limit an effective and timely execution, hindering the achievement of social goals. Public spending on non-contributory social assistance such as cash transfer programs is even more inadequate: Gabon spends about 0.2 per-

Figure 2. Gabon: Supply-side contribution to real GDP growth (in percent), 2019–2024

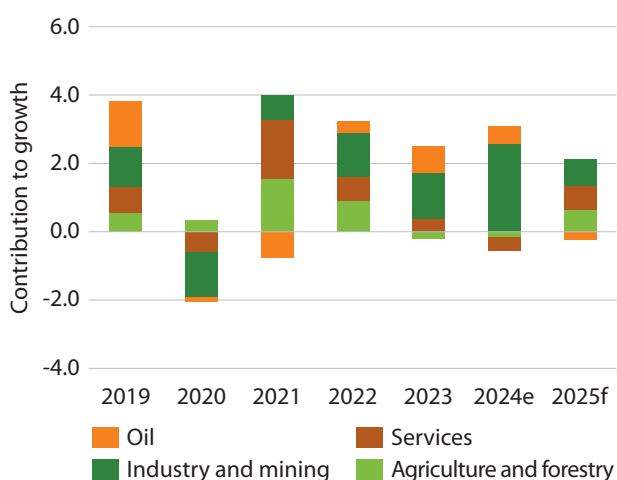
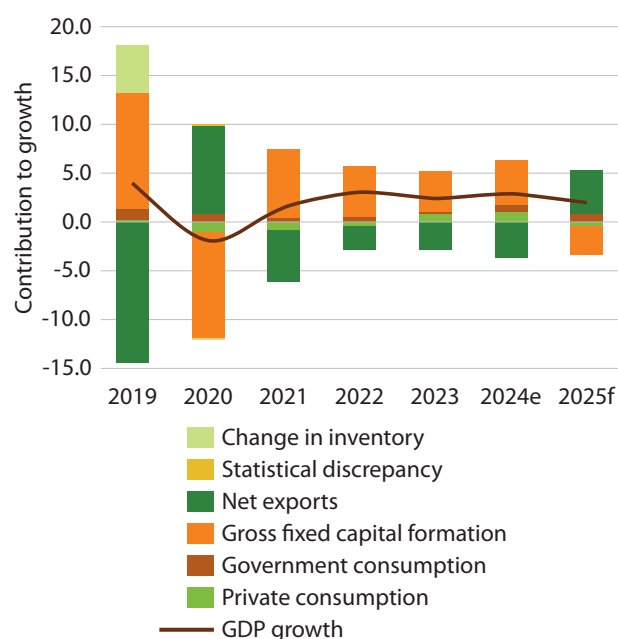


Figure 3. Gabon: Demand-side contribution to real GDP growth (in percent), 2019–2024



Sources: Gabonese authorities and World Bank staff calculations. Preliminary data for 2024; World Bank projections for 2025.

Figure 4. Evolution of GDP per capita and poverty rate (USD6.85/day in 2017 PPP)

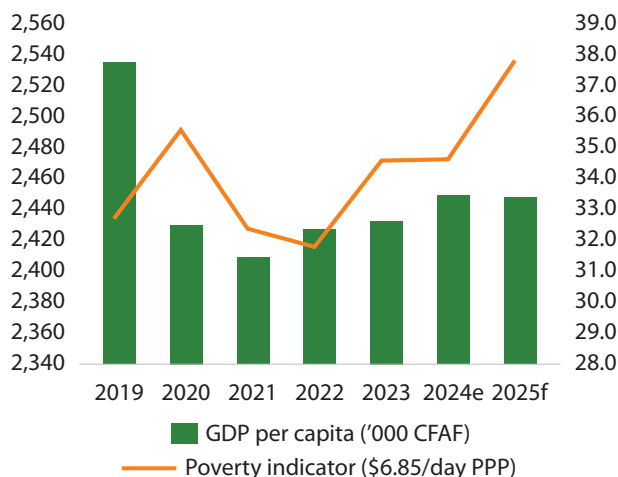
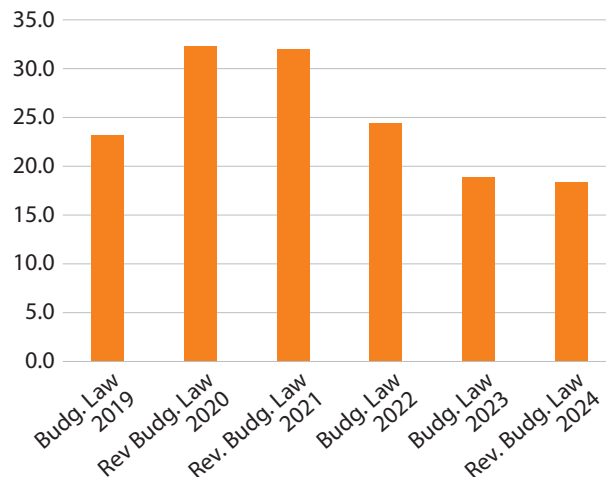


Figure 5. Evolution of social spending, as percent of total budget



Sources: World Bank staff calculations and Government of Gabon. Preliminary data for 2024; World Bank projections for 2025.

cent of GDP on non-contributory social assistance, four times lower than the average upper-middle income country.¹⁰ In view of the difficulties to set up social protection programs, such as the lack of an updated and comprehensive social registry, different alternatives are used to attenuate living costs, such as fuel and wheat subsidies, tax exemptions, and scholarships. While providing relief to households, these broad measures come at high fiscal costs and have a limited ability to target vulnerable citizens.

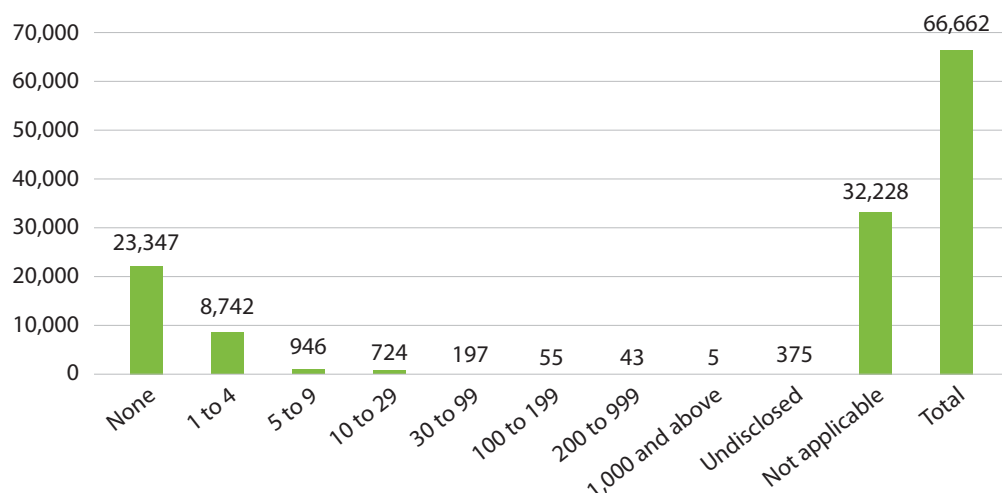
To expand the sources of growth and job creation, the authorities have embarked on economic diversification policies focusing notably on wood, mining, and agriculture, yet with limited results. As a result of these efforts, the forestry sector has become the largest private employer. However, private sector development is still limited by several obstacles, such as limited access to water and electricity, weak property rights and contract enforcement, and mismatches between available and required labor skills. Out of all companies identified in the 2019 general enterprise census, about 49 percent had fewer than 30 employees, underscoring the limited capacity of the Gabonese private sector to create jobs for a fast-growing population (Figure 6). Thus, the public

sector remains a primary provider of jobs, comprising 97,986 permanent employees in 2024, a minor increase compared to 2023.

Initiatives are being taken to foster entrepreneurship and job creation, particularly among the youth, yet many obstacles persist, such as strong labor skills mismatches. Recent measures taken to encourage entrepreneurship include the reduction of business registration fees and the creation of the *Banque pour le Commerce et l'Entrepreneuriat du Gabon* (BCEG), a public guarantee bank, to facilitate access to credit for SMEs. Efforts are also ongoing to promote access to vehicles for taxi drivers and facilitate artisanal mining and agricultural activities. However, the results of such measures are yet to be seen. Moreover, labor skills mismatches prevent young people from seizing the relatively few job opportunities available in the private sector. These are notably provided by services, followed by the wood and transport sectors (Figure 7). Yet, access to an adequately trained workforce is a challenge. Although about one third of the youth is unemployed, certain job posts still go unfilled due to the lack of corresponding skills. As of mid-2023, over 10 percent of the 669 jobs offered at employment agencies went unfilled, despite

10 World Bank. 2022. Gabon: Country Economic Memorandum.

Figure 6. Number of enterprises identified in Gabon by number of employees



Source: Gabon's Statistics General Directorate. General Enterprise Census. September 2023.

the number of applicants being nearly ten times higher than the offers.¹¹

To tackle this issue, the authorities have been setting up several vocational training centers, but a stronger alignment of skills and market needs will

be key. Recently opened centers are dedicated to sectors like oil, wood and ICT. As of end-June 2023, among the 3,415 people who completed training at public training centers, 20.6 percent were trained in electricity and electronics, 20.0 percent in administrative and management techniques, 18.2 percent

Figure 7. Distribution of private sector job opportunities by sector

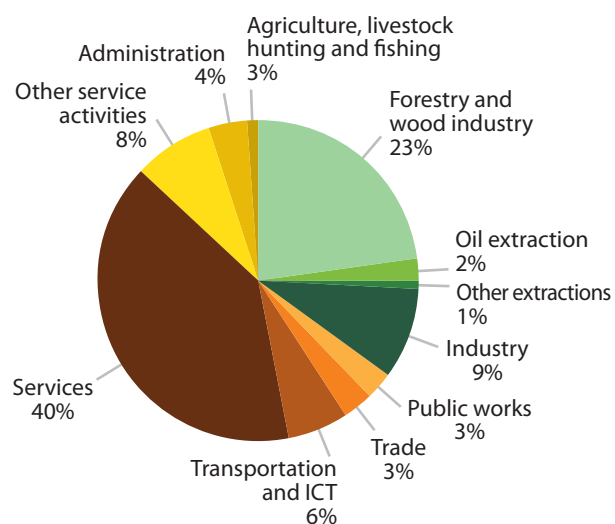
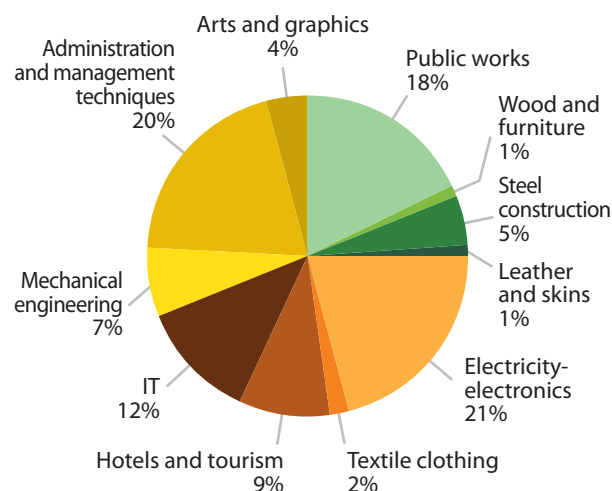


Figure 8. Distribution of skilled staff in public vocational training centers by sector



Source: Government of Gabon. National Employment Bulletin, June 2023.

11 Government of Gabon. 2023. *Bulletin Trimestriel de Suivi de l'Emploi*. No. 10. June 2023.

in construction, 12.2 percent in IT and 8.8 percent in hospitality and tourism (Figure 8). While can help improve human capital, it might be reinforcing mismatches in certain areas. For example, 18 percent of youth received training in construction, but this sector represented 3 percent of job opportunities. On the other hand, the wood industry offered 23 percent of all jobs but training amounted to only 12 percent of all training (Figures 7 and 8). Reducing skills mismatches requires a stronger sectoral alignment of training with current job opportunities.

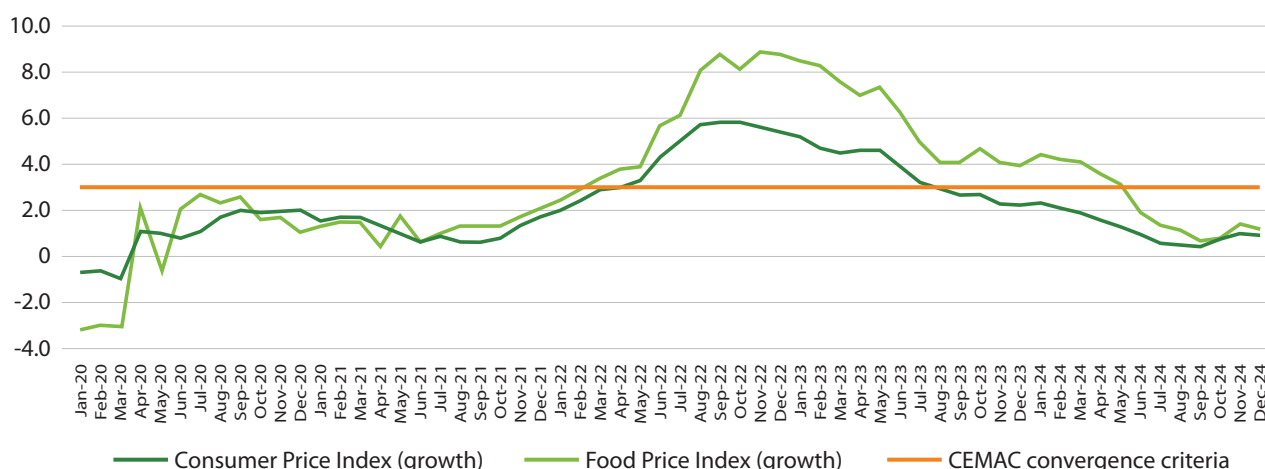
IV. Inflationary pressures gradually abated, allowing the regional central bank to start easing monetary policy in 2025

Inflation continued to decline over 2024, amid a tightened monetary policy adopted by the regional central bank, stronger price controls, and declining global inflation. The consumer price index has been declining since mid-2022, standing at 0.9 percent in December 2024 (y-o-y), since its peak at nearly six percent in late 2022 (Figure 9). Since August 2023, inflation in Gabon has remained under the CEMAC's 3.0 percent regional convergence criterion. While also

decreasing, food inflation was slightly higher at 1.2 percent in December 2024 (y-o-y). In view of Gabon's strong reliance on food imports, which cover about 60 percent of nutritional needs,¹² imports contributed to inflation, with imported inflation at 1.2 percent in December 2024. At the same time, the decrease in global inflation since 2022 was one of the reasons for the declining inflation in Gabon – as indicated by the higher imported inflation at end-2022 (6.2 percent) and end-2023 (3.6 percent). Similarly, the decline in global energy prices since 2022, combined with the maintenance of subsidies on fuel and gas consumption, allowed energy inflation to be negative, at -2.0 percent. As mentioned previously, with the recent signs of decreasing inflation in Gabon and across CEMAC, the BEAC has gradually started to loosen its monetary policy in early 2025.¹³

In recent years, the authorities have been stepping up efforts to contain the cost of living. Launched in 2017, the Fight Against an Expensive Life program (*Programme de lutte contre la vie chère*), establishes price ceilings and tax reductions for staple goods, which are negotiated with food distributors and consumers' associations. The number of goods with fixed prices went from 67 basic items in mid-2023 to 102 in

Figure 9. Inflation (monthly, y-o-y, in percent), January 2020 - December 2024



Source: Gabonese authorities. Note: Data for February 2024 and April 2024 was estimated based on an average of the previous and following months, as statistical data was not available for those months.

12 African Development Bank. 2017. Technical Support for the Agricultural Transformation Strategy and Promotion of Youth Entrepreneurship in the Agricultural Sector and Agribusiness. Appraisal Report.

13 Banque des États de l'Afrique Centrale. 2025. Rapport de Politique Monétaire. March.

October 2024, expanding to local food products and construction materials, in efforts to support access to housing. Other measures taken by the Government to support purchasing power in 2024 include the maintenance of wheat flour subsidies and free public transportation in Libreville, reduction of butane gas prices, reintroduction of fuel subsidies for industrial consumption, reduction of plane and train tickets, expansion of scholarships, and increase of the age limit for imported cars to ten years.

While providing relief for households, these measures are costly, inefficiently targeted, and unable to address the underlying causes of the high cost of living, which are high trade and production costs.

Measures to reduce living costs add a considerable burden to the budget, which already faces strong financial and fiscal pressures. They consume scarce resources that could be used to fund critical social investments. In 2024, VAT tax benefits, including those related to the *Vie chère* program, were estimated at CFAF 40 billion (0.3 percent of GDP), while the cost of fuel subsidies amounted to CFAF 110 billion (0.9 percent of GDP).¹⁴ Most gasoline and diesel subsidies are captured by the wealthiest, who consume the most fuel.¹⁵ More efficient and less costly options, such as targeted social protection programs, could be considered to support the most vulnerable while reducing fiscal risks. Moreover, structural reforms are needed to reduce the overall costs of producing, importing, and transporting goods in Gabon. Gabon greatly relies on imports to cover its needs for food and many other consumer goods and equipment. However, CEMAC's tariffs are among the world's highest, and non-tariff barriers further increase trade costs. Other barriers such as inadequate transport and power supply, and petty harassment practices, make it expensive to produce and move goods, impacting households' purchasing power.

V. Gabon's trade position benefited from strong commodity exports, while facing trade barriers and infrastructure challenges

Gabon's strong commodity exports allowed it to maintain a high trade surplus in 2024. Global demand for Gabon's main commodities was relatively sustained over the year, translating into higher prices for most exports: sawn wood (+1.6 percent price increase), manganese (+2.5 percent), rubber (+33.5 percent), and oil palm (+0.4 percent). The drop in oil prices was an exception (-3.1 percent, from USD82.6 to USD80). Nonetheless, oil output still grew in 2024, partially offsetting the decline in oil prices. As a result, while the nominal value of oil exports declined slightly, thanks to stronger oil production and higher prices for other commodities, Gabon's exports increased by an estimated 6.6 percent in 2024, benefiting the trade position.

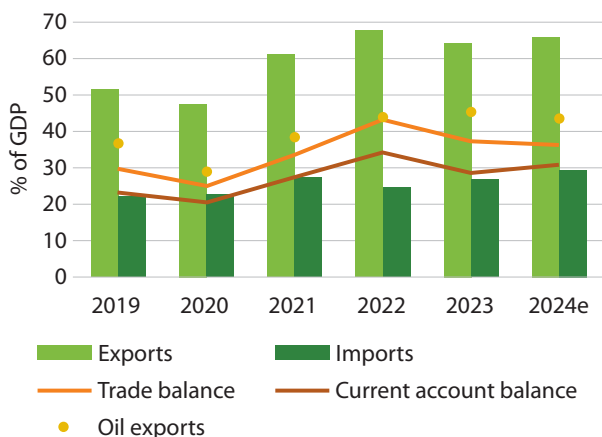
Nominal imports increased by an estimated 14.1 percent in 2024, a result of higher public spending and of measures to ease import restrictions for older vehicles. The Government's expansionary fiscal policy has been causing an increase in demand for different types of imports. The strong expansion in public works generated demand for imported inputs used in construction, for instance. Also, a broader increase in imports of food and other consumption goods reflects policies such as stronger social support measures.

Despite the increase in exports, the stronger increase in imports caused a slight decrease in the trade balance as a percentage of GDP in 2024. The trade surplus declined from 37.3 percent of GDP in 2023 to an estimated 36.2 percent in 2024 (Figure 10). In absolute terms, however, the trade surplus increased from CFAF 7,488 billion to CFAF 7,581 billion. Meanwhile, the current account surplus, which includes the trade balance plus primary and secondary incomes, increased from 28.5 percent to an estimated 30.7 percent of GDP over the same period, due to a decrease in the level of income outflows.

¹⁴ Data on fuel subsidies is based on government estimates from November 2024; data on VAT tax expenditures is based on a modeling tool for VAT tax expenditures, developed by the tax authorities with World Bank technical support in early 2025.

¹⁵ World Bank. 2023. Gabon Economic Update. Special Topic: Reforming Fossil Fuel Subsidies. Washington, D.C.: World Bank Group.

Figure 10. Recent evolution of Gabon's trade position, percent of GDP



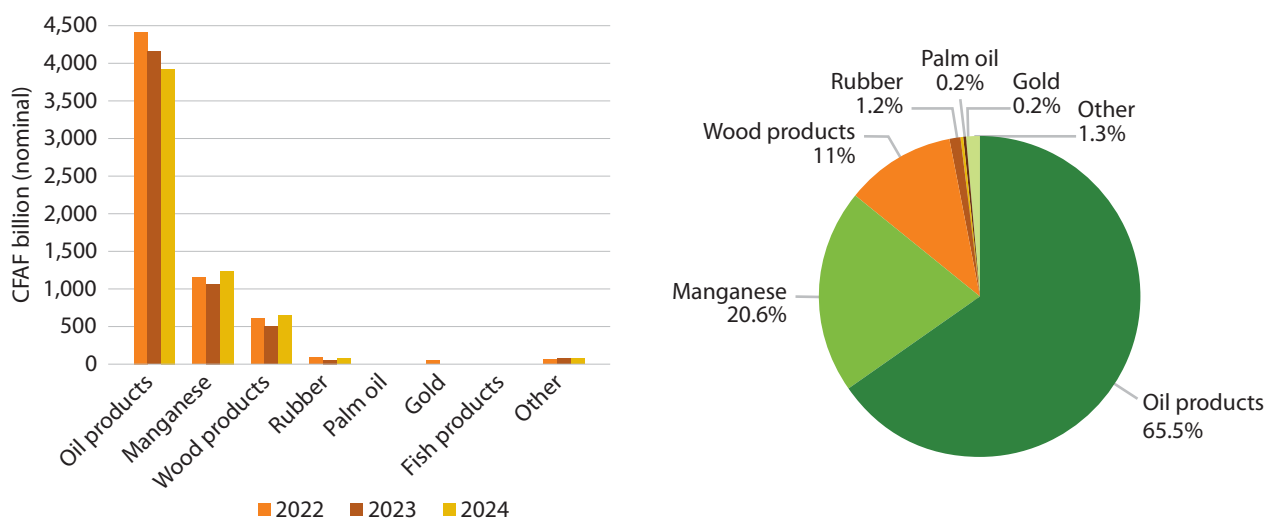
Sources: Gabonese authorities, World Bank staff calculations. Note: 2024 data is preliminary.

Gabon is highly dependent on exports of a few products, with 97 percent of exports deriving from three commodities: oil, manganese, and wood. In 2024, oil alone made up over 65 percent of all exports,

highlighting a strong exposure to volatile markets despite the pursuit of diversification strategies (Figure 11). In recent years, the value of oil exports has been declining, in line with decreasing oil prices since 2022. Manganese and wood exports, on the other hand, have shown signs of a recovery from railway transport disruptions that strongly impacted exports in the previous year. They amounted to nearly a third of exports in 2024. Rubber, palm oil, gold, fish and other goods made up the remaining 3 percent of exports.

Gabon's exports are also strongly concentrated in terms of markets, with China absorbing nearly a third of all exports in 2024. Next come Italy and Indonesia, with about ten percent of exports each (Figure 12). Looking at exports by continent, nearly two-thirds of Gabon's products were exported to Asia, one quarter to Europe, ten percent to the Americas, and 2.7 percent to Africa, out of which, only 0.7 percent went to its CEMAC neighbors. While informal cross-border trade flows are estimated to be high within CEMAC,¹⁶ there is still a strong potential for Gabon to deepen regional integration. Gabonese exporters could greatly benefit from reforms removing barriers to trade, such as logistical and infrastructure

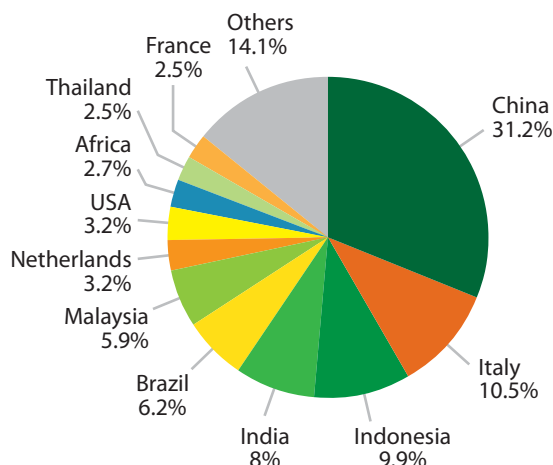
Figure 11. Recent evolution of Gabon's exports and composition of the 2024 export basket



Source: Gabonese customs authorities. Note: 2024 data is preliminary.

16 World Bank. 2018. CEMAC: Deepening Regional Integration to Advance Growth and Prosperity; Nkandah, Robert. 2013. "Estimating the Informal Cross-border Trade of Agricultural and Horticultural Commodities between Cameroon and its CEMAC Neighbours". *Food Policy*, Vol. 41, pp. 133–144.

Figure 12. Top destinations for Gabonese exports, 2024



Source: Gabonese customs authorities. Note: 2024 data is preliminary. Color shades indicate countries located in each continent: main importing countries in Asia (green), Europe (orange), Americas (yellow), Africa (blue), and all other countries (gray).

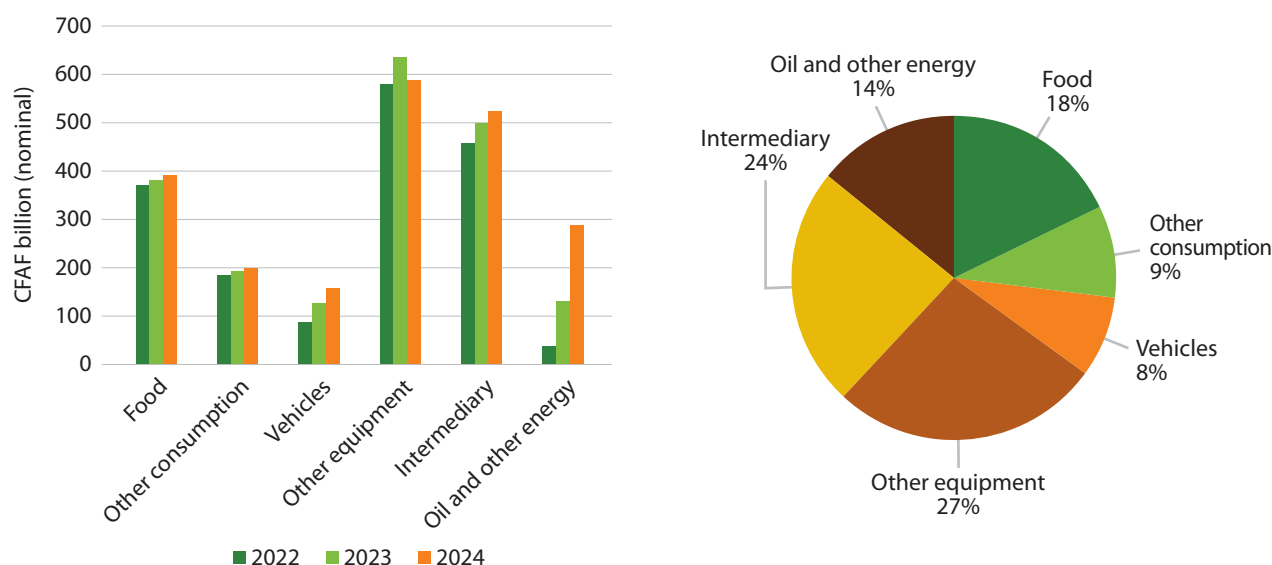
challenges, and regulatory barriers such as road inspections and difficulties in border compliance.

Reflecting Gabon's strong reliance on imported food and oil products, food and energy imports

continued to increase in 2024, making up a considerable share of imports. In 2024, imports were comprised of equipment (35 percent), consumption goods (27 percent), intermediary goods (24 percent), and energy (13 percent). Within consumption goods, food imports represent nearly 20 percent of all imports (Figure 13). The Government has been promoting agriculture and fisheries to increase food security, jobs, exports, and farmers' incomes. Yet, despite a vast agricultural potential, food imports continue to grow, driving up the cost of living due to high tariffs and trade barriers persisting in Gabon.

The recent evolution of the import basket may also indicate challenges to expand local industrial activity. The Government has been pursuing plans to incentivize local firms to move up in value chains and produce more locally processed goods. Since the 2010s, a wood processing industry emerged, thanks to policies such as a ban on log exports and the setting up of a special economic zone in Nkok. Also, local palm oil and gas industries are being launched. However, local transformation of manganese, fish, and other products remains below potential. Recent data on imports do not seem to point to a strong industrial expansion. In 2024, imports of equipment other than cars, which tend to consist of machinery and other inputs needed to increase production, decreased by

Figure 13. Recent evolution of Gabon's imports and composition of 2024 imports



Source: Gabonese customs authorities. Note: 2024 data is preliminary.

seven percent, compared to 2023. Over the same period, other types of imports increased, indicating that Gabon's import profile remained heavily focused on consumption goods (Figure 13). Regarding trade in services, Gabon imports more services, estimated at CFAF 1,215 billion (9.6 percent of GDP) in 2024, while exports of services stood at CFAF 235 billion (1.9 percent of GDP). This reflects challenges to promote service exports, despite a potential for sectors like ICT, as Gabon has one of the most developed and accessible digital infrastructures in the region.¹⁷

Gabon imposes substantial trade restrictions on its firms, hindering competitiveness and raising production and trade costs. As a member of a customs union, Gabon generally applies the CEMAC common external tariff, at around 18 percent. Gabon's simple average tariff rate of 18.8 percent between 2020 and 2022 was the world's 8th highest tariff, considerably higher than the average of 12.0 percent in Sub-Saharan Africa and the global average of 7.4 percent.¹⁸ Access to foreign goods and trade activity are also hampered by non-tariff barriers, such as complex regulatory and technical requirements and licensing processes, and logistical gaps. In 2023, Gabon was ranked 115th out of 139 countries on the World Bank's Logistics Performance Index, which measures countries' performance in customs, infrastructure, shipments, and logistics. Firms face a mean port dwell time of 11.4 days for imports and 6.4 days for exports, compromising timeliness, costs, and causing losses of perishable goods.¹⁹ Another obstacle, particularly to regional trade, are the numerous inspections at the border and along trade corridors. For example, firms trading goods between Libreville and Cameroon can be stopped by public agents over 40 times (once every eleven kilometers), costing them about CFAF 1,980,000 (USD3,736) through multiple fees, and a 15-hour delay in travel time.²⁰ Moreover, Gabon imposes substantial restrictions on trade in services. In the 2020 Services Trade Restrictions Index, substantial restrictions resulted in Gabon's scores of 66.7 out of 100 for professional services, 62.4 for communica-

tion, and 67 for transport. Gabon's scores were higher than global and African averages, highlighting stronger service trade restrictions.²¹

VI. Combined with lower oil revenues, an expansionary spending policy caused a deterioration of the fiscal position in 2024

Boosted by efforts to digitize tax and customs administrations, total public revenues remained relatively stable in 2024 despite a decline in global oil prices. Government revenues equaled 23.7 percent of GDP in 2024, compared to 24.6 percent of GDP in 2023 (Figure 14). The decline in revenues was mainly due to lower oil prices. Global oil prices have been steadily declining since their peak close to USD100 in 2022, with a 9.5-percent drop observed in 2024, to about USD75. Tax revenue mobilization efforts resulted in a 4-percent increase in tax revenues in 2024, which only partially offset the 4-percent decline in oil revenues.

Most government revenues in 2024 came from tax revenues, but non-tax oil revenues remained significant at 25 percent of total revenue. In recent years, tax revenues have been increasing considerably, from 9.5 percent of GDP in 2021 to 16.1 percent in 2024. This increase, however, reflects the dependence on oil, given that oil tax revenues account for 66.3 percent of corporate income tax revenues (Figure 15). Measures to diversify revenue sources are urgent in the current context of declining oil prices and uncertainty in global markets.

To boost domestic revenues, the Government has stepped up digitalization efforts, but revenue collection remains constrained by large tax exemptions. In April 2024, Digitax, a new online platform was launched for filing and paying taxes, with mandatory digital filing progressively rolled out. Also, customs offices at the Northern border, the last ones that were not yet connected to the Sydonia World system,

17 2024 Government estimates for trade in services (General Directorate for the Economy and Fiscal Policy); World Bank. 2022. Gabon: Country Economic Memorandum; World Bank. 2025 (unpublished). Gabon Country Climate and Development Report.

18 World Bank. World Development Indicators database.

19 World Bank. Logistics Performance Index database.

20 World Bank. 2022. Gabon Economic Update.

21 WTO-World Bank. Service Trade Restrictions Index database.

Figure 14. Composition of fiscal revenue, CFAF millions

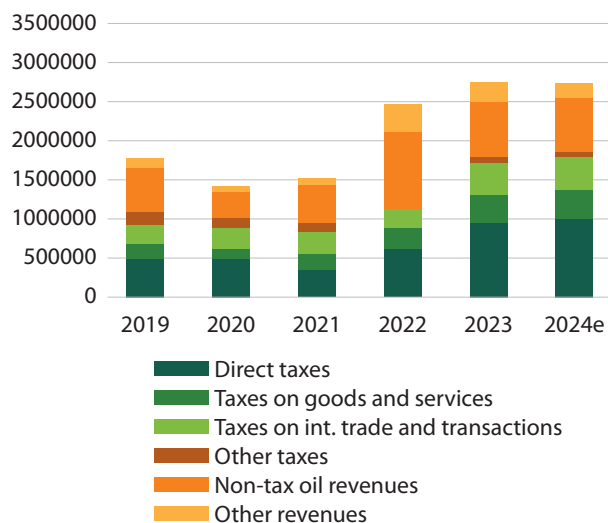
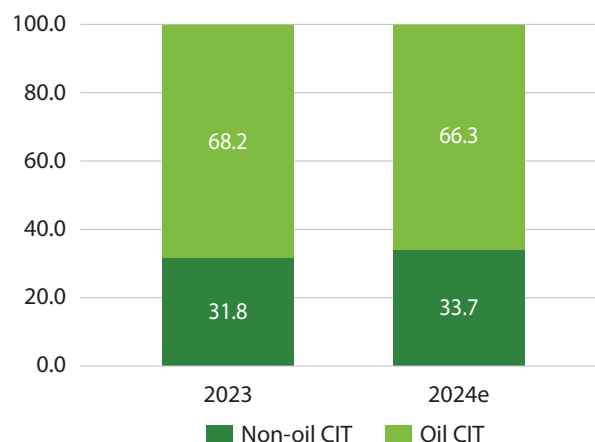


Figure 15. Shares of oil and non-oil sectors' contributions to the corporate income tax



Sources: Government of Gabon, World Bank staff calculations. Note: Note: 2024 numbers are estimates. 'Direct taxes' includes corporate income tax paid by oil firms. 'Non-tax oil revenues' includes state revenues from the oil sector, such as royalties and participations. 'Other taxes' includes revenues from fines and land area fees paid by forest concessionaires. 'Other revenues' includes grants and revenues from licenses, state participations in mining, forestry, and other sectors, and others.

were digitalized in December 2023. As a result, tax and customs revenue collection have significantly exceeded budget projections (Figure 16). While further increasing tax revenues remains important to sustain public finances, changes in tax rates require careful analysis due to social, distributional, and economic

consequences. An efficient and relatively fast way to increase revenues would be to further rationalize tax exemptions granted to companies. Given the complex political and economic context of the transition, the authorities continued to use tax exemptions to attract investment. Estimated losses associated with

Figure 16. Tax collection performance (tax revenues as a % of total government revenues)

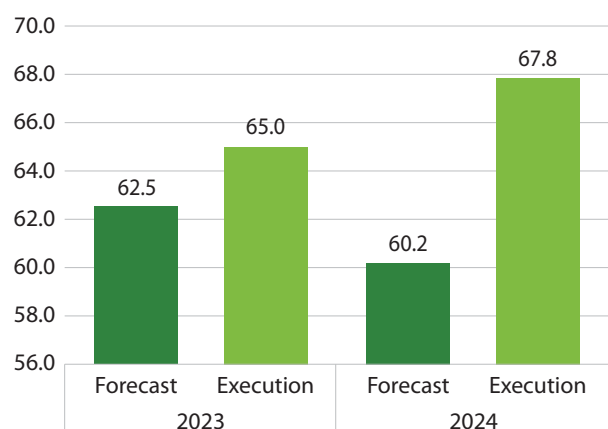
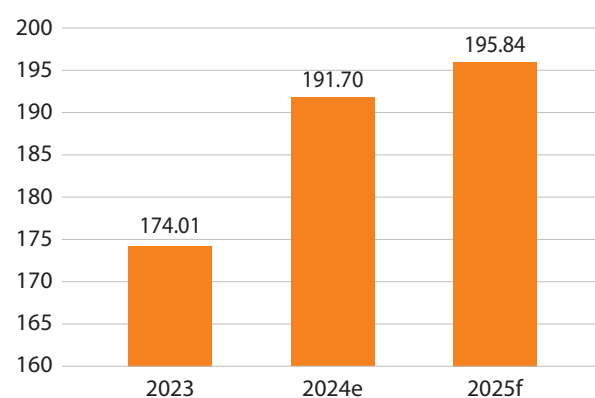


Figure 17. Evolution of tax expenditure, CFAF billions



Sources: Government of Gabon, World Bank staff calculations. Note: 2024 numbers are estimates.

tax incentives have increased to an estimated CFAF 192 billion of foregone revenues, equal to 1.5 percent of GDP in 2024 (Figure 17). Another challenge is to improve control and monitoring of tax expenditures, to avoid potential misuse or fraud behaviors that hinder tax collection goals.

Public spending increased significantly, by about 24 percent in 2024, mainly driven by a sharp rise in capital expenditures (+155 percent) and government transfers (+48 percent). In response to high social expectations resulting from the August 2023 coup d'état, the Government adopted several social measures and support for firms in 2024 and early 2025. School scholarships were reintroduced for secondary school and fuel subsidies was reinstated for industrial consumers and for the *Société d'Énergie et d'Eau du Gabon* (SEEG),²² the electricity company, which faces commercial and production challenges. Spending on subsidies and transfers increased from 2.8 percent of GDP in 2023 to 4.0 percent in 2024 (Figure 18). Capital expenditures increased significantly to 5.4 percent of GDP in 2024, compared to 2.2 percent of GDP in

2023, driven by large infrastructure projects launched by the authorities, such as a new administrative city, projected to enable rent savings of about CFAF 30 billion per year; expansion and rehabilitation of national and local roads; improvements in the railway and power and water networks; construction of schools, health clinics, and social housing; and modernization of military buildings.

Despite the lifting of the freeze on civil service hiring and the recruitment of 26,900 persons in the civil service, the wage bill remained relatively stable between 2023 and 2024. Spending on public sector salaries amounted to CFAF 782 billion, or 6.2 percent of GDP in 2024. The wage bill had a limited rise because many recruitments were administrative regularizations of staff already present in the civil service. In addition, the civil service audit launched in October 2024 allowed to identify and eliminate irregularities, helping contain the wage bill. Spending on goods and services, at 3.3 percent of GDP in 2024, increased in view of the national political dialogue in April 2024 and the constitutional referendum in November.

Figure 18. Composition of public expenditure, CFAF millions

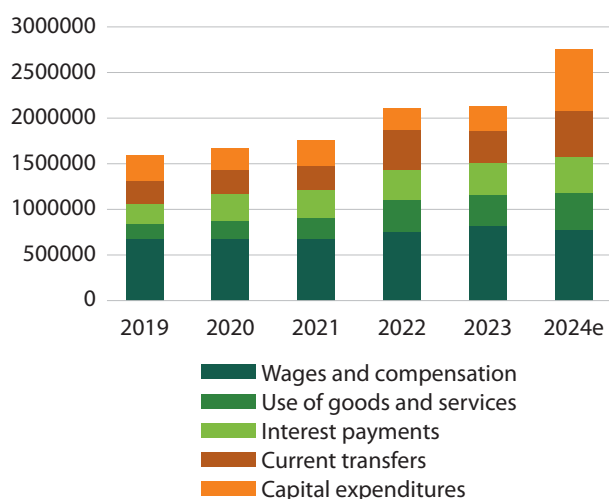
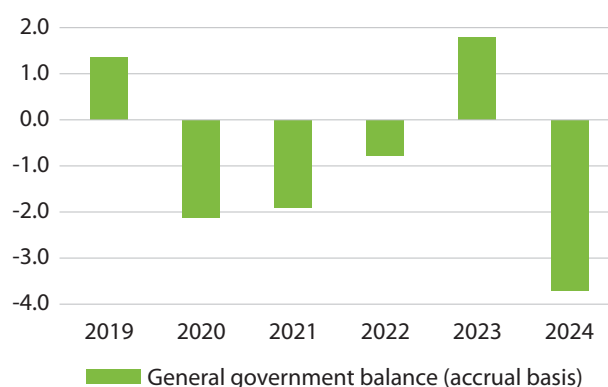


Figure 19. Evolution of the fiscal balance, percent of GDP



Sources: Government of Gabon, World Bank staff calculations.

²² Gabon has made several attempts to reform fossil fuel subsidies, but past efforts were hindered by the absence of compensatory measures such as targeted social protection programs. Fuel prices were liberalized in 2015, a price adjustment mechanism was introduced in 2016-2017, and subsidies were reinstated in 2021. From mid-2022 to mid-2024, fuel subsidies were removed for industrial consumption, after which they were reintroduced to all customers. A detailed analysis of this topic is available at: World Bank. 2023. Gabon Economic Update 2023.

In a context of declining oil revenues, the increase in tax and customs revenues thanks to tax and customs digitalization efforts was unable to cover the significant rise in public spending. As a consequence, the fiscal balance deteriorated sharply in 2024. Gabon recorded a fiscal deficit of -3.7 percent of GDP in 2024, compared to a fiscal surplus of 1.8 percent of GDP in 2023 (Figure 19). Meanwhile, the non-oil primary balance declined from -9.4 percent of non-oil GDP in 2023 to -15.9 percent in 2024, reflecting an important intensification of fiscal pressures.²³ In addition to challenges to contain spending and mobilize more revenues, other important challenges in fiscal policy include the lack of timely publication of key fiscal data, including of significant public investments.

To finance spending needs, the state had to rely on borrowing, resulting in an increase in public debt to 72.5 percent of GDP in 2024, up from 70.6 percent of GDP in 2023 (Figure 20). Gabon relied significantly on the regional financial market in 2024 to finance its growing fiscal deficit. However, this strategy faced challenges due to the downgrading of Gabon's sovereign credit rating in June 2024 by the rating agencies Fitch (from B- to CCC+) and Moody's (from Caa1 to Caa2), and the

increasing regional borrowing by CEMAC countries. The country was thus not able to mobilize all resources needed; out of the CFAF 727.8 billion sought on the regional market according to its debt strategy, Gabon was able to mobilize CFAF 664.3 billion, or 91.3 percent of the targeted amount. Similarly, Gabon was not able to mobilize new resources on the international financial market in 2024, compared to a forecast of CFAF 469.9 billion in the Revised Budget Law.²⁴ This under-performance created a financing gap and a build-up in external arrears, a long-term challenge aggravated by cash flow management issues. At end-2024, the stock of external arrears reached 1.8 percent of GDP, up from 0.5 percent of GDP at end-2022 (Figure 21).

The Central African Banking Commission's (COBAC) decision to increase the risk weight applied to banks for the acquisition of securities issued by the Gabonese Treasury also contributed to a build-up in arrears. On October 18, 2024, COBAC notified banks in CEMAC member states of the new risk weighting rates applicable to credit risk coverage on sovereign liabilities over 2024-2025. This weighting rate is calculated based on compliance with regional convergence and multilateral surveillance cri-

Figure 20. Evolution of public debt, percent of GDP

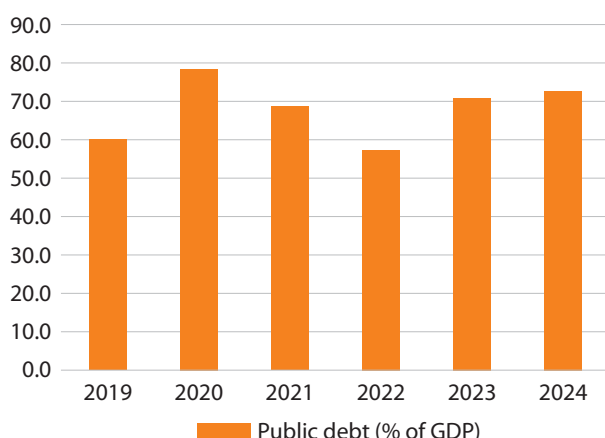
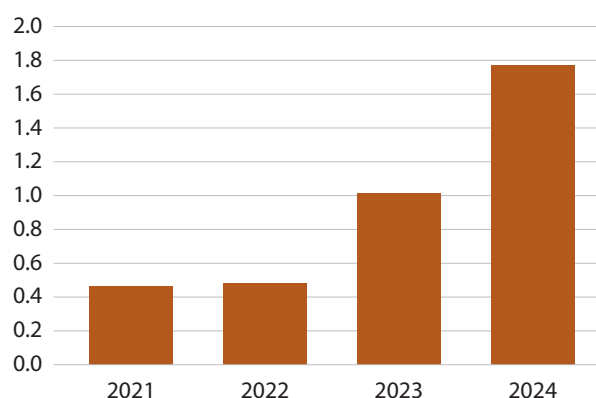


Figure 21. Stock of external debt arrears, percent of GDP



Sources: Government of Gabon, World Bank staff calculations.

²³ The non-oil primary balance refers to the difference between non-oil revenues and non-interest expenditures. Compared to the overall fiscal balance, it can be a better indication of the sustainability of a country's fiscal policy, since it does not take into account the effect of oil revenue fluctuations. A detailed discussion can be assessed at: Davis, J. Fedelino, A., Ossowski, R. 2003. Fiscal Policy Formulation and Implementation in Oil-Producing Countries. IMF. August.

²⁴ Government of Gabon. 2024 Revised Budget Law.

teria, namely a fiscal balance below -1.5 percent of GDP, a public debt below 70 percent of GDP, non-accumulation of external and domestic arrears, and an inflation rate below 3 percent (Table 2). Not having met these criteria in 2023, Gabon saw its risk weighting increase from 65 percent to 100 percent. Banks were less able to participate in bond issuances, which, to some extent, contributed to disrupting budget execution and accumulation of arrears. Impacts can continue if Gabon's request for a temporary exemption is not accepted by COBAC. At the same time, if implemented, this decision should reduce local banks' exposure to sovereign risk.

VII. Gabon has taken actions to more actively manage public debt, but still faces high public debt and debt servicing costs

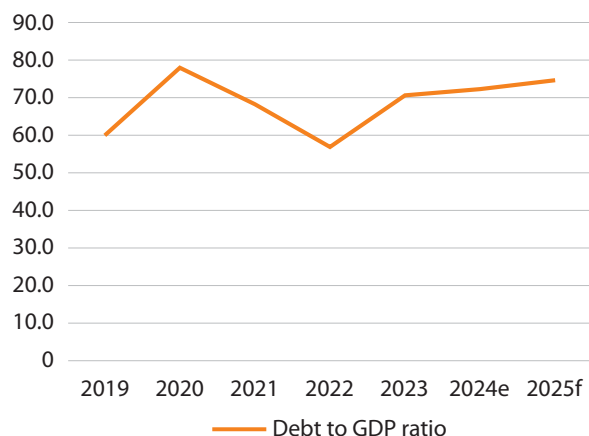
Gabon's public debt has been increasing since 2021, following an expansionary spending policy but also due to the additional debt components identified thanks to higher transparency since 2023. To respond to the COVID-19 pandemic and boost growth, the authorities pursued an expansionary fiscal policy, causing the debt ratio to increase from 59.8 percent of GDP in 2019 to 68.5 percent in 2021 (Figure 22). Debt continued to increase since 2022, mainly due to the inclusion of new debt com-

Table 2. Criteria and calculation of risk weights applied to banks' exposure to CEMAC Member States

Criteria	Relative weight
Budget balance as a percentage of nominal GDP (complied with/met if -1.5% or higher)	20%
Outstanding domestic and foreign debt-to-GDP (complied with/met if 70% or lower)	10%
Average annual inflation rate in % (complied with/met if 3% or lower)	5%
Accumulation of internal and external payment arrears in CFAF (complied with/met if = 0)	65%

Source: COBAC. For purposes of the CEMAC convergence criteria, the budget balance is defined as the overall fiscal balance minus 20 percent of oil revenues and 80 percent of the difference between oil revenues and their average relative to GDP over the previous three years.

Figure 22. Evolution of the debt-to-GDP ratio, percent

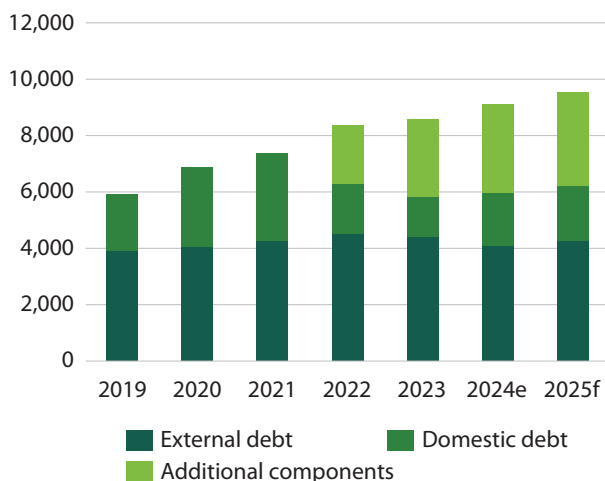


Sources: Government of Gabon, IMF, and World Bank staff calculations. Note: 2024 numbers are estimates and 2025 numbers are projections.

ponents, such as unpaid budgetary commitments, VAT and salary refund arrears, and stocks of Treasury bills. This inclusion was made possible by transparency efforts taken by the Transitional Authorities following the August 2023 coup d'état. The addition of these new debt components increased public debt between 2021 and 2024, bringing it to 72.5 percent of GDP in 2024, above the CEMAC's 70-percent convergence target. While domestic and external debt have been increasing, due to strong cash flow constraints, the higher accumulation of arrears to suppliers and other unpaid commitments has been contributing the most to an increase in public debt over recent years (Figure 23).

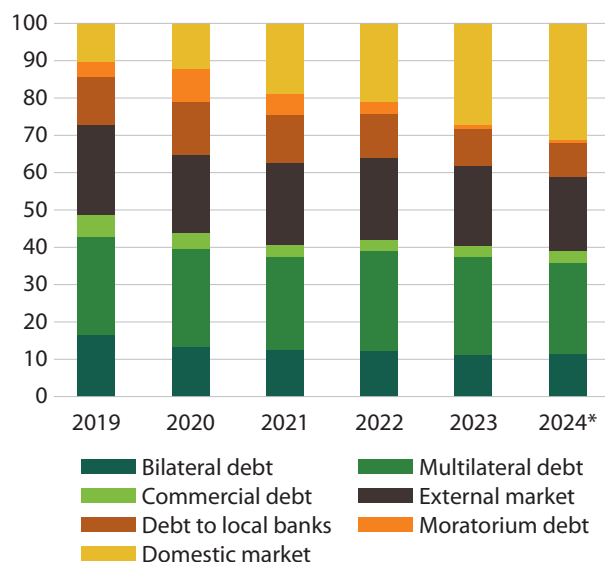
In 2024, Gabon's debt consisted mainly of loans from the regional and international financial markets, representing respectively 31.3 percent and 19.8 percent of total debt. Since 2019, debt owed to regional financial market investors has become more prominent, in line with the Government's strategy of relying more on the local market and reduce exchange rate risks (Figure 24). The share of debt owed to the regional market went from 10.3 percent of total debt in 2019 to 24 percent in 2024. This growing demand for regional financing has increased local banks' exposure to the state and the state's crowding out of credit to the rest of the economy. Holding 24.3 percent of total debt, multilateral creditors are Gabon's

Figure 23. Composition of public debt, CFAF millions



Sources: Government of Gabon, IMF, and World Bank staff calculations. Note: 2024 numbers are estimates and 2025 numbers are projections. Information on additional debt components was not available prior to 2022.

Figure 24. Distribution of public debt, percent of total debt



Sources: Government of Gabon, World Bank staff calculations. Note: 2024 numbers are based on the latest data available as of end-November 2024.

second largest creditor. Bilateral, local bank debt, and commercial debt accounted for 11.5 percent, 9.4 percent, and 2.9 percent of total debt in 2024, respectively. Thanks to audits of domestic debt conducted in recent years, the moratorium debt, which represents debt resulting from agreements signed with companies, mainly due to payment arrears for public works and provision of services, decreased from 4.4 percent of total debt in 2019 to 0.8 percent in 2024, as part of this debt was found to be irregular.

With close to 70 percent of total debt denominated in foreign currencies, mostly in US dollars, Gabon's public debt portfolio remains highly exposed to foreign exchange risks. This risk is increasing in the context of rising global uncertainty observed in April 2025, reflected by a sharp fluctuation in market prices. Fixed-interest rate debt represented 83 percent of the public debt portfolio, meaning that interest rate risks on Gabon's debt are relatively low. With respect to debt maturity, although the average maturity of the debt portfolio was 5.7 years in 2024, refinancing risks on domestic debt were high at end-2024. The average maturity of domestic debt stood at 2.1 years in 2024, compared to eight years for external debt (Table 3).

The sharp rise in interest rates in recent years, as part of global efforts to curb inflation, impacted developing countries' borrowing costs and forced them to adjust public debt management strategies. In view of these financing pressures, Gabon, like other developing countries, adopted various strategies to manage debt more effectively. To reduce foreign exchange risks weighting on debt, Gabon increased regional market borrowing, as its local market, shared within CEMAC, is denominated in local currency. In addition, to reduce the severe liquidity pressures weighing on the budget and ease the burden of debt service on public revenues, the authorities launched active public debt management operations. Gabon carried out an early buy-back of its Eurobond maturing in June 2025, through two transactions, in November 2024 and February 2025. On domestic debt, Gabon also undertook active debt management operations, mainly to address the continuous decline in the average maturity of domestic debt observed since 2020 (Table 4). In April 2025, Gabon reprofiled a large part of domestic debt, which involved issuing new securities and exchanging them with existing ones. This enabled it to extend

Table 3. Cost and risk profile of public debt at end-2024

Risks and costs		External debt	Domestic debt	Total debt
Average interest rate on public debt (%)		3.6	6.0	4.5
Refinancing risks	Average maturity (years)	8	2.1	5.7
	Percent of debt maturing within a year	10.4	29.4	17.9
Interest rate risks	Average time to refixing (years)	6.6	2.1	4.8
	Percent of debt to be refixed within a year	34.5	29.4	32.5
	Percent of debt at fixed interest rates	70.2	100	83
Exchange rate risks	Percent of debt at foreign currency	-	-	60.9
	Percent of debt at floating exchange rate	-	-	66.9

Source: Government of Gabon. Debt Strategy 2025-2027. Annex to the 2024 Budget Law. Note: the Government's debt strategy included domestic and external debt but did not include additional components identified in 2023, such as VAT refund and salary arrears, and unpaid budgetary commitments. Data as of early 2024, reflecting risks and costs prior to the early buyback of the June 2025 Eurobond and the domestic debt reprofiling operation in early 2025.

Table 4. Average maturity of Gabon's public debt portfolio

	2019	2020	2021	2022	2023	2024
External debt	6.4	7.6	7.8	6.2	5.5	8.0
Domestic debt	3.6	3.6	3.4	2.7	2.2	2.1
Total debt	5.7	6.2	6.3	4.9	4.2	5.7

Source: Government of Gabon.

repayment periods from about 2-3 years to about 6 years, reduce liquidity pressures, and access new financing (see Box 1).

Despite the recent debt management efforts undertaken by the country, debt service remains a considerable burden, claiming 42.6 percent of total government revenues in 2024. Debt servicing costs, including payments of interest and principal, have increased over recent years, up from 36.1 percent of total tax and oil revenues in 2019 (Figure 25). While this cost decreased in 2024 compared to 2023, debt service continues to weigh heavily on public finances, limiting the state's capacity to invest in urgent social and development needs, that are essential to achieving higher growth.

The high debt service costs were notably caused by tight global financing conditions and higher interest rates charged by Gabon's creditors, reflecting higher political and fiscal risks. On the one

hand, tight financing conditions have been imposed by central banks to curb inflation in advanced economies, attracting more capital and thus making it scarcer for Gabon and other developing countries. On the other hand, Gabon's debt service costs also increased due to the uncertain political context characterized by a military-led transition following the coup d'état of August 2023, and by the downgrading of the country's sovereign rating, which resulted in higher risk perceptions. This credit rating downgrade reflected the more uncertain political context and intensifying fiscal and financial pressures. In January 2025, Fitch further downgraded Gabon's sovereign rating from CCC+ to CCC, and Moody's sovereign rating remained at Caa2. Thus, during its Eurobond early buyback operation in February 2025, Gabon was charged a particularly high interest rate of 12.7 percent²⁵ (Box 2). In comparison, Gabon had not obtained an interest rate higher than 7 percent on various Eurobonds issuances since 2013, when market confidence was more solid.

25 As reported in the media (<https://www.africaintelligence.com/central-africa/2025/03/26/brice-clotaire-oligui-nguema-launches-a-vast-reprofiling-of-public-debt,110403168-art>).

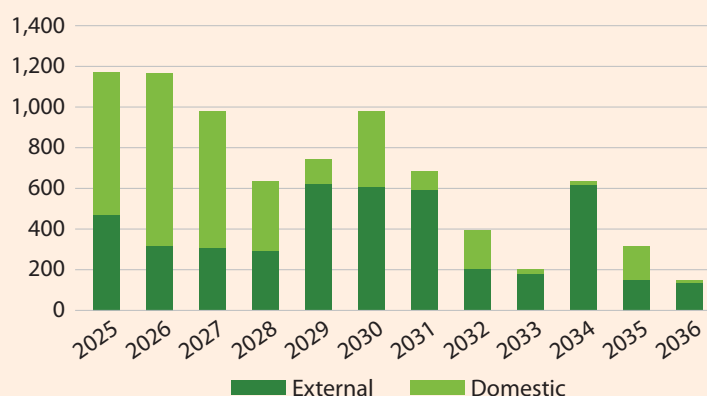
Box 1. Active public debt management operations launched by the Gabonese Authorities during the political transition

Reprofiling and securitization of domestic debt (“Mouele” Operation)

In March 2025, Gabon launched a vast reprofiling operation for its domestic debt, estimated at more than CFAF 1,400 billion (about USD2.4 billion), to reduce refinancing risks and increase room for maneuver in the medium term. This was in line with the authorities’ goals to manage debt more actively, to better prepare for the servicing costs of upcoming external debt maturities, in particular for bonds issued on the international market. This reprofiling operation was directly negotiated with local banks, involving ten financial institutions in the CEMAC region, led by BGFI Bank, a Gabonese bank. Named as Mouele project, this domestic debt reprofiling was carried out in a context where Gabon’s domestic debt repayment represents a high liquidity risk, particularly given the high cash flow pressures. Indeed, as of March 2025, 78 percent of the domestic debt, or CFAF 1,977 billion, would have to be repaid between 2025 and 2027 (Figure B1). Moreover, regional market borrowing costs are also high in CEMAC. Discounts are applied on securities issued by CEMAC states, with negative impacts for risk analyses, creating an unhealthy competition among states. Thus, interest rates paid by Gabon have been much higher over the past two years, in view of political risks in the context of the transition and elections. In addition, banks’ overexposure to public debt and the increasing state debt solicitation in the regional market, owing to the scarcity of external financing, meant that banks could not fully meet states’ financing needs. This has led to mixed results on the latest issuances in 2024 for Gabon and other countries.

The Mouele operation comprised three components. The first was a reprofiling of CFAF 592 billion in the securities market, involving existing securities. In February 2025, the outstanding domestic public debt amounted to CFAF 2,196 billion, out of which CFAF 1,741 billion consisted of securities issued on the CEMAC market with an average maturity of 2.3 years. Maturity periods were heavily concentrated over the next years (Figure B1). Carried out through voluntary bilateral exchanges with banks, this reprofiling increased the average maturity of Gabon’s domestic debt from 2.3 years to 6 years, reducing liquidity risks.

Figure B1. Redemption profile of the public debt portfolio at end-2024, CFAF billions



Source: Government of Gabon, Debt Strategy 2025.

The second component of the Mouele operation was a securitization of CFAF 473 billion of off-market bank claims at an interest rate of 6.99 percent. These bank claims were converted into a 9-year Treasury bond with a two-year grace period, improving banks’ liquidity and ability to participate in issuances, as the debt that was securitized was weighing on banks’ balance sheets, due to the low liquidity of the CEMAC secondary market. The BEAC cleared this operation and guaranteed the liquidity to all holders, and new securities are eligible for refinancing by the BEAC. Finally, the third component involved mobilizing CFAF 338 billion in new financial resources from banks, which converted new debt securities into Treasury bills, enabling Gabon to settle arrears with development partners and fund public investments.

Early buyback operations of the June 2025 Eurobond

On November 7, 2024, Gabon launched a first early buyback of USD290 million of its June 2025 Eurobond, which was originally of USD700 million, to reduce the risk of default due to the perceived heightened country

Box 1. Active public debt management operations launched by the Gabonese Authorities during the political transition (continued)

risk, which had led to high interest rates. In addition, high debt servicing costs due in 2025 exert strong pressure on liquidity, an issue exacerbated by the political context. This operation was financed by bonds issued on the regional market, with borrowing in CFA francs, via two domestic syndications, allowing Gabon to convert part of external debt into domestic debt. The loan was obtained at a 7-percent interest rate, for a buyback of debt initially issued at 6.95 percent.

On February 10, 2025, Gabon launched a second early repurchasing operation, for the remaining USD315 million of its June 2025 Eurobond. It involved a double transaction, with an early Eurobond redemption and a USD570 million bond issuance via a private placement. Foreign resources were mobilized from international investors specializing in emerging markets and frontier debt. This operation produced about USD202 million in foreign exchange resources for Gabon but came at a high cost. The yield required was 12.7 percent, one of the highest for emerging market borrowing, reflecting a perception of very high sovereign risk, in a context of high liquidity pressures and strong fiscal challenges.

These operations allowed Gabon more time to improve the sustainability of public finances, including potentially securing an IMF program and bringing in policies capable of reducing bond yields. Programs with the IMF often lead to facilities that help augment foreign exchange resources and contribute to countries' capacity to obtain support from other development partners.

The increase in Gabon's borrowing costs was also visible in the regional market, reflecting a higher risk perception over a one-year horizon. The interest rate on 3-month Treasury bills issued by Gabon increased from 3.06 percent in January 2019 to 6.73 percent in January 2025, while interest rates on one-year maturities rose from 7.32 percent to 7.6 percent

(Figure 26). Furthermore, while yields on government securities had fallen between January 2023 and February 2024, they rose again in January 2025. This recent rise in early 2025 can be attributed to the rating downgrading by Fitch in January and the acceleration of the transition calendar. Initially foreseen in August 2025, presidential elections were advanced to April,

Figure 25. Burden of debt service on public finances, percent of total fiscal revenues

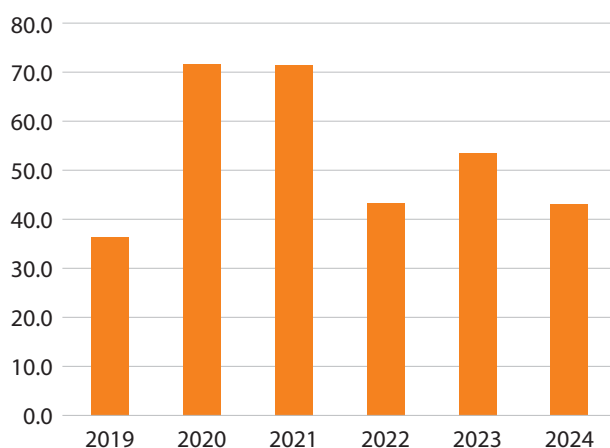
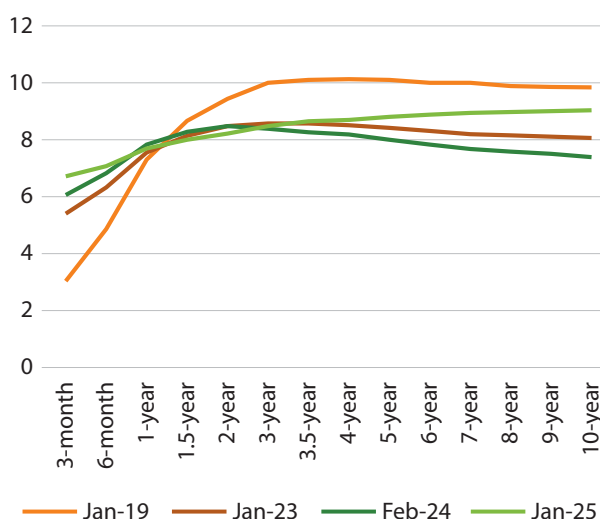


Figure 26. Evolution of the Gabonese government securities yield curve, percent



Sources: Government of Gabon; BEAC.

which provided reassurances on the advancement of the transition but caused a momentary rise in uncertainty during the election period.

To reduce the risk of debt distress and ensure public debt sustainability, it is essential to adopt an adequate and sustainable fiscal policy and improve the management of public finances.

Structural reforms are needed to increase domestic revenue mobilization, contain and improve the quality of public expenditure. Such measures would be key to strengthening the state's capacity to service debt. In a context where external financing is becoming scarcer, it is also important to improve debt management and debt data transparency, to preserve access to financial markets over the longer term.

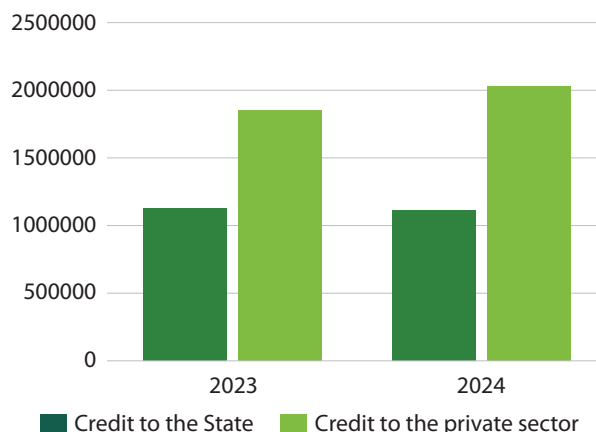
VIII. Firms face challenges to access financing whereas financing costs increased for the state

Credit to private firms increased in 2024, but Gabon's banking sector remained vulnerable to a relatively high share of non-performing loans.

The volume of credit distributed to the private sector increased in 2024 (+9.9 percent), reaching CFAF 2,028.1 billion, due to the higher public investment to fund large public works, particularly in roads and energy, which boosted domestic activity, especially for construction companies and related services. At the same time, claims held on the state fell slightly (-1.6 percent), standing at CFAF 1,108.1 billion in 2024 (Figure 27). However, at end-2024, the non-performing loan rate stood at 9.0 percent, up from 8.0 percent in the previous year. In comparison, in the CEMAC region, on average 16.2 percent of total loans were in default at end-2024.²⁶

Local banks' exposure to the state remains significant and the public sector is still crowding out private sector financing. Despite the increase in credit to the private sector, access to finance is considered one of the major obstacles to private sector development in Gabon.²⁷ Banks' interest in government securities derives from the perceived lower risk that the

Figure 27. Credit to the economy, CFAF millions



Source: BEAC.

state represents compared to a private borrower. This is also explained by the significant increase in interest rates on government securities issued by CEMAC countries, given the deterioration of their fiscal positions and the resulting increase in risk perceptions.

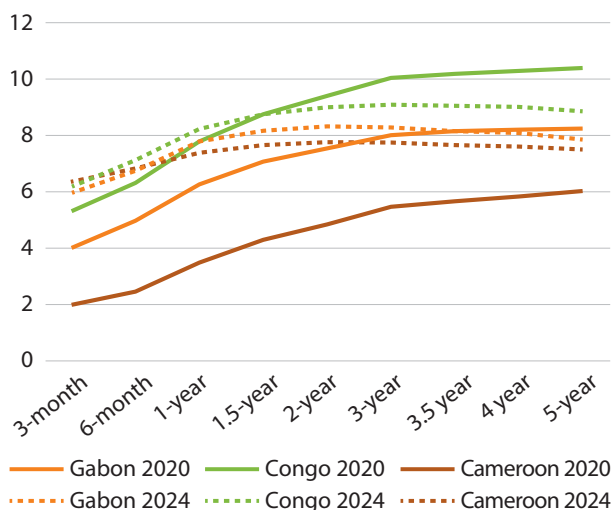
Even though domestic and international financial markets remained accessible to Gabon in 2024, financing costs increased significantly.

While Cameroon, Gabon and Congo were able to issue Treasury bills at an average interest rate of 3.82 percent for a three-month maturity and at an average interest rate at or lower than 5.9 percent for one-year maturities in April 2020, interest rates have increased in recent years. For these same maturities, the average interest rate requested by investors rose to 6.25 percent and 7.9 percent respectively in February 2024. This reflects the strong regional market financing demand by CEMAC member states due to growing financial difficulties, resulting in competition among states in 2024. For Gabon, the interest rate payable on 3-month maturities rose from 4.09 percent in April 2020 to 6.03 percent in February 2024, while, the interest rate on one-year maturities went up from 6.36 percent to 7.82 percent in the same period (Figure 28). Similarly, the spread on Eurobonds issued by Gabon has been in-

26 COBAC. 2025. *Analyse et risques du secteur bancaire de la CEMAC au 31 décembre 2024*; World Development Indicators database. In comparison, in 2021-2022, on average 11 percent of loans were non-performing in SSA (based on average for 26 countries with available data), and the global average was 6 percent (for 140 countries).

27 World Bank Enterprise Surveys database. In 2009, 30.4 percent of firms identified access to finance as a major constraint and 8.6 percent considered it as their biggest obstacle

Figure 28. CEMAC countries' yield curve in 2020 and 2024



Sources: BEAC, Bloomberg.

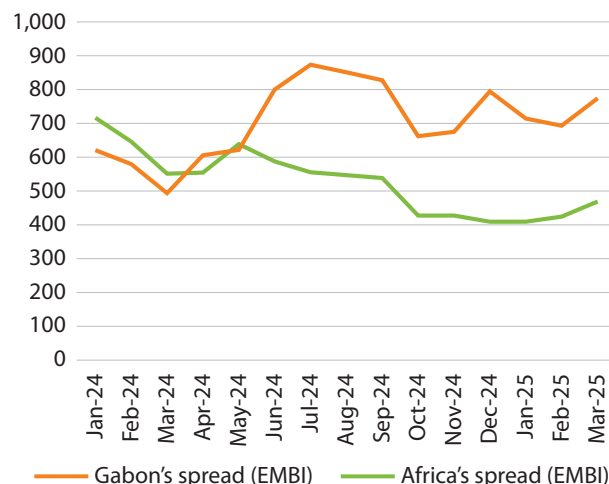
creasing, rising from 667 basis points in January 2024 to 833 basis points on March 28, 2025 (Figure 29).

IX. Gabon's growth outlook is exposed to a challenging and highly uncertain global environment

Global economic activity is expected to slow while growth in SSA is forecast to slightly increase in 2025

Global growth is projected to slow to 2.2 percent in 2025, down from an estimated 2.8 percent in 2024, amid rising trade uncertainty. Ongoing moderating inflation and easing monetary policy should support growth. However, heightened uncertainty in trade, fiscal, monetary, and regulatory policies are a key risk for the world. Countries imposing or facing higher tariffs could suffer direct losses, while others could experience collateral damage due to subdued demand from trading partners and imported inflation in a context of trade fragmentation, prompting central banks to maintain higher interest rates, affecting global consumption and investment. Moreover, the potential escalation of Russia's invasion of Ukraine or conflicts in the Middle East adds uncertainty, as the

Figure 29. Evolution of the spread on Gabon's and Africa's Eurobonds



world is witnessing the highest number of conflicts since World War II.²⁸

Despite global trade uncertainty and foreign aid reduction, growth in SSA is expected to increase in 2025, supported by easing financial conditions and further declines in inflation. SSA growth is expected to increase to 3.7 percent in 2025. A gradual easing of policy interest rates should improve private consumption and investment. However, high debt levels and borrowing costs would continue to constrain the fiscal space. In CEMAC, growth should slow down to 2.4 percent in 2025, reflecting lower projected oil prices and a decline in export demand from key trade partners, as Europe and China absorb around 60 percent of regional exports. Also, fiscal risks are increasing for CEMAC due to prospects of a sustained decline in oil prices, already observed in April 2025. Overall, SSA faces strong risks like persistently high risks of defaults due to weak fiscal positions and worsening security conditions, such as in Sudan, parts of the Sahel, DRC, and in regions within CAR and Cameroon.

Gabon's outlook is also expected to be impacted by an unstable global trade and financing environment

28 World Bank. 2025. Global Economic Prospects. January.

Gabon is projected to grow by about 2.4 percent over 2025 to 2027, mainly driven by non-oil commodities, as the oil sector is set to face a number of challenges. With the recent move from transition to elected government, political uncertainty should decline. The newly elected government took power in May 2025, and an elected parliament and constitutional court are expected by late 2025, completing the return to constitutional order. This could improve investor confidence, although strong fiscal consolidation policies are needed to attract more investments and provide reassurances that high fiscal and financing pressures and debt risks are addressed. A central issue is the potential decline in oil production, which as per Government projections could start in 2025 due to the natural maturing of existing oilfields. Other risks include lower global demand if global trade restrictions hinder growth in major markets such as China.

Over the coming years, Gabon's economy would be driven mainly by other commodities, thanks to expanding manganese, timber, palm oil and rubber industries. While major sectors such as manganese and wood were recently hindered by energy and transport issues, they are still expected to become more prominent growth drivers, thanks to the vast potential of Gabon's abundant resources. In

addition to well-established timber and manganese industries, the recent start of iron ore production at the Belinga deposit in 2024 and the expected start of exploitation at Baniaka in 2026, which are both among Africa's largest deposits, could boost mining activity (Figures 31 and 32). Overcoming obstacles to growth in non-oil sectors, with measures to improve business conditions, especially energy supply and transport capacity, would be key. Addressing local challenges becomes ever more urgent, to attenuate the effect of trade shocks and impacts on global growth that could compromise demand also for non-oil commodities.

Growth prospects are thus hindered by uncertainties in the oil sector, which are likely to cause a decrease in public spending, affecting overall demand. A stifled global demand should translate into lower oil prices at about USD60 over 2025-2027, a considerable drop from about USD80 in 2024 (Figure 30). A drop in both prices and production would have important consequences, as a reduced government demand would affect overall growth. Faced with intensifying fiscal pressures, the Government plans to cut capital expenditures over the coming years.²⁹ Public consumption should also be cut to accommodate public spending within a significantly constrained fiscal space.

Figure 30. Commodity price prospects, USD

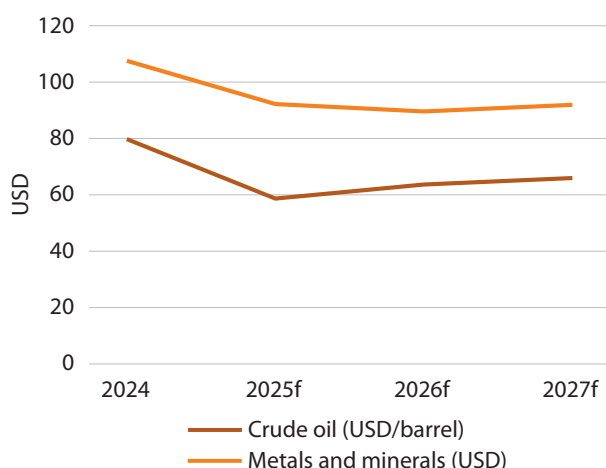
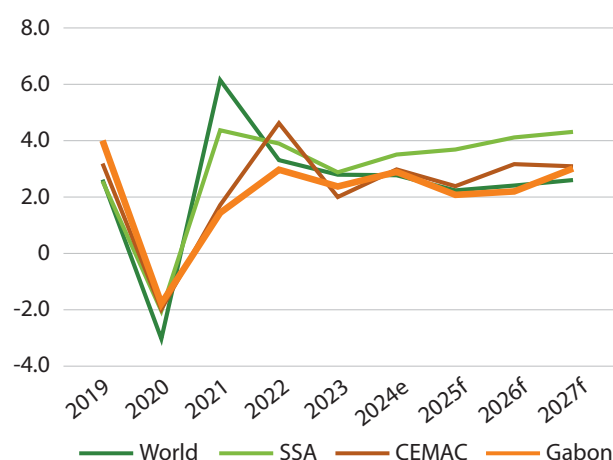


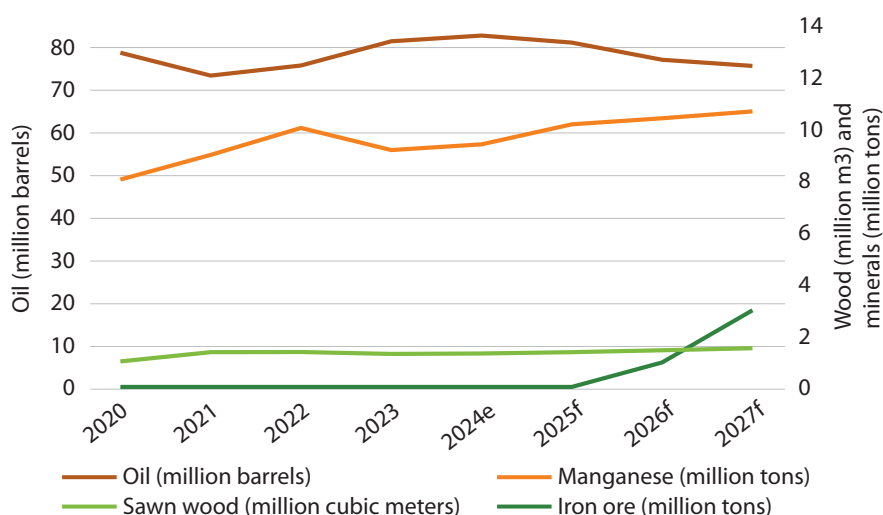
Figure 31. Global and regional growth prospects, percent



Source: World Bank staff calculations. Note: e = estimate; f = forecast. World Bank projections based on data as of April 2025. Prices for minerals are based on a basket of key metals and minerals.

29 Government of Gabon. 2024. *Programme d'Investissement Public 2024-2026*. Annex to the Revised Budget Law.

Figure 32. Commodity production in Gabon (2020–2027)



Sources: Government of Gabon, World Bank staff calculations. Note: e = estimate, f = forecast.

Gabon's trade position should remain strong thanks to the ramp-up of other commodity exports and to lower imports. Even if oil exports decrease in the coming years, mineral, wood, rubber and oil palm exports should help the country maintain trade surpluses. Also, lower public investment due to fiscal constraints would reduce imports, strengthening the external position (Table 5). Nevertheless, with exports concentrated on a few volatile commodities and markets, Gabon remains highly exposed to trade shocks, especially in the currently uncertain global context.

Consumer price levels should remain contained, but the indirect effects of imported inflation could be severe in case the world sees a resurging global inflation caused by trade wars or other shocks. Headline inflation should remain at about 2.3 percent over the coming years, thanks to a tight monetary policy and subsidies and price controls on essential goods. However, if sustained and dramatic trade restrictions are implemented in large economies, Gabon could be strongly affected by imported inflation. The social impacts could be severe due to its strong reliance on imports of basic food items, which are consumed by households across income levels. Also, rising trade restrictions can increase production costs throughout global value chains, indirectly affecting the country, especially firms that rely on foreign inputs.

The fiscal risks of a drop in oil revenues are high, requiring efforts to ensure a sustainable fiscal and debt path while attenuating social consequences of fiscal adjustments with targeted relief policies. Ongoing improvements in tax administration, such as digitalization of tax filing and invoices, should gradually improve tax collection, but Gabon's fiscal position would become increasingly challenging as oil revenues dwindle, especially as an expansionary spending policy has been adopted. Liquidity pressures already intensified in early 2025 and could be aggravated by tighter financing conditions, raising already high debt service costs. Other rigid recurrent expenditures are also high, such as the wage bill. High spending pressures and lower revenues would result in high fiscal deficits, at nearly 5 percent of GDP by 2025–2027, making it more difficult to contain public debt. In addition, the state has been increasing its participation in several sectors, bringing up fiscal risks. Fiscal risks are exacerbated by potentially high levels of off-budget operations and risks associated with state-owned entities, since transparency on their financing and debt situation remains limited (Box 2). In a context requiring cuts in public investments and public consumption, it would be essential to prioritize the most urgent, efficient, and productive public spending, from an economic and social point of view.

Box 2. SOE portfolio expansion and continued governance challenges

Since the launch of the political transition, Gabon's authorities have expanded the state's participation in the economy. Recently created SOEs and acquired companies include:

- **Oil:** acquisition, through the state-owned Gabon Oil Company (GOC), of two oil producers, Assala Energy, and Tullow Oil, announced in the media at, respectively, USD1.5 billion and USD300 million, plus the *Société de Maintenance Pétrolière* (SMP), a firm engaged in oilfield maintenance.
- **Wood:** acquisition of the *Société Nationale des Bois du Gabon* (SNBG), a wood producer, following a parliamentary inquiry revealing irregularities in its privatization by the previous regime.
- **Rubber:** acquisition of 35 percent of Agro Business Group, previously *Société d'investissement pour l'agriculture tropicale* (Siat-Gabon), a major rubber producer, announced in the media at CFAF 4 billion.
- **Air transport:** creation of Fly Gabon, a new SOE, which acquired 56 percent of Afrijet, a local airline.
- **Banking:** creation of the *Banque pour le Commerce et l'entrepreneuriat du Gabon* (BCEG) to finance SMEs.
- **Food retail:** transfer of 35 percent of participation in the major food retailer group CECA-GADIS to the state, an asset considered to have been previously unduly obtained from the state.
- **Construction:** creation of the *Société de Construction et de Restauration des Edifices Publics* (SOCOREP), in charge of construction of public buildings.

In making these investments, the government has sought to increase control over natural resources, especially oil, and pursue other development goals like improving domestic transportation, supporting SMEs, local food sourcing by retailers, and reducing living costs. Certain investments were not done directly by the government, such as oil firms' acquisitions by GOC, which were based on borrowing by the SOE, with the share of production-sharing contracts previously due to the private firms used to finance loan repayments. Similarly, control over Fly Gabon and CECA-GADIS was carried out by seizing assets reported to have been unduly acquired by private individuals in the previous regime. Still, the state might face increased fiscal risks coming from debt contracted by SOEs, especially if it is guaranteed by the state.

Overall, the stronger state presence in the economy entails significant fiscal risks, stemming from weak corporate governance and lack of transparency of SOE operations. The lack of transparency around recent SOE acquisition costs and financing mechanisms is a major obstacle to assessing the fiscal and debt situation. Fragmented financial and governance-related data on SOEs make it difficult to ensure effective performance monitoring, fiscal risk assessment, and accountability. Information on state guarantees on SOE debts is not easily available, and very few publish their financial statements and information on their performance. For instance, the country's sovereign wealth fund, the *Fonds Gabonais d'Investissements Stratégiques* (FGIS), only publishes general information about its activities and investments. To tackle these challenges, the government has recently undertaken reforms, establishing a Directorate General of Holdings (*Direction Générale des Participations*, DGPAR) in 2024 and launching a web-based Central Registry of State Holdings (*Fichier Unique des Participations*) in early 2025. An audit of Delta Synergie, a holding company set up by members of the previous regime with assets potentially unduly acquired, was also launched, but results are not yet known. An SOE governance law is being prepared to improve SOE oversight and transparency. It would be key to ensure a comprehensive monitoring, auditing, and publication of financial information on state participations, and institutionalize transparency requirements. Strengthening fiscal risk assessments presently included as an annex to the budget law with more detailed information on SOEs would also help improve fiscal risk analyses.

Additionally, the state's participation in markets can bring economic risks. The state's economic footprint is large in Gabon, with the public sector employing about 57 percent of the formal workforce.³⁰ SOEs can benefit from subsidies and preferential access to finance through state guarantees, distorting competitiveness and hindering the private sector, especially if SOEs and private firms compete, such as oil, wood, construction, and food retail. It is thus essential to better assess and improve SOE performance. Specific approaches and strategies can be adopted for natural monopoly and competitive sectors, such as by strengthening regulators' capacity and independence. Strong coordination of DGPAR and ministries is needed for an adequate oversight. It is key to ensure market rules and incentives, monitor SOE profits and consider options to reform or reduce participation in underperforming and loss-generating SOEs.³¹

30 Government of Gabon. 2023. *Tableau de Bord de l'Economie : Situation 2022 et Perspectives 2023-2024*. No. 53. October.

31 World Bank. 2023. *Businesses Of The State (BOS) and Private Sector Development: A Policy Toolkit for Practitioners*.

Table 5. Gabon's medium-term outlook: selected economic indicators

Selected macroeconomic indicators	2024e	2025f	2026f	2027f
Annual percentage change				
Real GDP	2.9	2.1	2.2	3.0
Oil sector	4.6	-2.1	-5.8	-2.0
Agriculture and forestry	-1.3	7.3	6.6	5.0
Mining and non-oil industry	-1.9	3.4	8.9	4.6
Services	5.0	1.5	0.4	2.9
Inflation	2.4	2.3	2.2	2.3
Percent of GDP				
Government revenues	23.7	24.3	23.0	22.4
Public expenditures	27.4	29.7	27.7	27.1
Fiscal balance	-3.7	-5.4	-4.7	-4.6
Public debt	72.5	80.2	82.6	86.1
Current account balance	30.7	17.9	22.4	24.0

Source: World Bank staff calculations. Note: e = estimate, f = forecast. Based on forecasts and data available as of April 2025.

Poverty levels should remain high over the coming years, due to the moderate growth outlook and the lack of jobs and social protection programs. As the economy continues to expand moderately, poverty should gradually decline. The share of Gabonese living on less than USD6.85 per day is projected to decrease from 2025 to 2027, from 37.8 to 35.8 percent. Yet, this means that about 970,000 people, or over a third of the population, would be affected by poverty in 2027.³² The capital-intensive oil and mining industries are key but are unable to produce enough jobs for Gabon's population, which grows by over two percent every year. High unemployment and income inequality reduce prospects for poverty reduction. And while the authorities have been expanding social measures, spending on social assistance remains low in Gabon. Social policies are largely focused on scholarships and healthcare subsidies. Cash transfer programs, which directly elevate vulnerable households' incomes, are nearly absent.

Gabon is expected to continue growing, but the highly uncertain global environment dims its outlook. Gabon's growth, trade, and fiscal outlook is vulnerable to shocks coming from the evolving global context. Countries face rising trade restrictions, trade wars, and multiple geopolitical tensions and regional

conflicts that can escalate quickly. Reduced growth in large economies can impact demand for Gabon's commodities. Together with a higher oil supply caused by an expected surge in US energy production, lower global demand for oil can also reduce prices, impacting Gabon's oil revenues and straining its fiscal position. Also, global inflationary surges could drive up living costs and reduce consumption, while tighter global financial conditions could slow down investment in extractive sectors and add to the current liquidity challenges. Gabon's borrowing capacity is already limited due to banks' high sovereign exposure, which was exacerbated by the COBAC's risk weight increase. Greater challenges in mobilizing financing could result in further accumulation of arrears or cuts in capital expenditures, affecting growth.

X. Key actions to help Gabon achieve stronger growth, create more jobs, and raise living conditions

As it navigates through a changing global situation, to minimize risks Gabon should accelerate reforms that can build a solid foundation for higher growth and job creation. While Gabon is an upper-middle income country, several social indicators are lower than in most countries of comparable income levels (Table

32 World Bank. 2025. Spring Meetings 2025 Macro and Poverty Outlook.

6). Social pressures and demand for better infrastructure and public services are high. Yet, meeting these demands can be challenging under a limited fiscal space. Important reforms are underway, and the authorities adopted a National Development Plan for the Transition (PNDT) setting a vision to create a more inclusive and diversified economy. Going forward, it will be key to accelerate reforms and ensure effective implementation. To address development needs while securing a viable fiscal path, Gabon should protect the economy and especially the most vulnerable while ensuring sustainable public finances through strong fiscal consolidation. This section looks at priority actions that could help Gabon achieve its development aspirations and tackle the main challenges facing the country.

Investing in infrastructure and the business climate is essential to create more solid conditions for growth. To attract more investment and enable investors and entrepreneurs to set up more firms, hire more workers, and expand their businesses, Gabon needs to address the issues preventing private sector growth. Firms need a reliable and accessible power supply and transportation, and the Government has been investing heavily in infrastructure, including new roads, airports, and power lines. But due to long-term underinvestment, important gaps remain, as illustrated by recent power cuts and weather-related railway and road disruptions. Reducing tariff costs would require strong regional coordination. Other barriers to trade, such as port delays, multiple inspections and complex regulatory requirements, could also be addressed to improve business conditions. Policies should focus on building better overall conditions for firms to grow, given the high fiscal cost and potential inefficiencies of targeted incentives. The fiscal implications of tax incentives and other support measures should be balanced against the intended impacts, to avoid revenue losses and misuse by beneficiaries.

Better health, education, and public services are central to improving well-being. Investing adequately and efficiently in social areas would help Gabon achieve social and economic goals, as firms need a healthy and skilled workforce. Expanding ac-

cess to public services was a priority of the transition, and major investments were made. Yet, challenges remain in healthcare, education, and skills. Despite investments done in schools and training centers, firms still face difficulties in finding adequately skilled workers, and gaps remain in healthcare and other public services. Gabon had only 0.5 physicians for every 1,000 people in 2022, three times less than the global average.³³ Frequent power cuts disrupt firms and households, and half of the population did not have access to basic sanitation in 2022.³⁴

To adequately fund public investments and services, Gabon needs to optimize and enhance the management of its public finances and align spending plans with fiscal capacity. The way a country manages its finances is central to achieving its goals. This is particularly true when it comes under strong fiscal constraints, as is the case of Gabon. A selective approach requires prioritizing spending based on a careful cost-benefit analysis, urgency, and alignment with national goals. It is equally important to spend in a more efficient way, by pursuing ongoing and planned reforms to improve the quality of public spending. Key reforms include the implementation of the public investment law and adopting new legislation to reinforce governance and transparency of state-owned entities and public procurement. Better managing the state's human resources would also improve spending quality, by pursuing ongoing actions to eliminate ghost workers and improve control over the wage bill. Furthermore, public spending should support a sustainable fiscal situation. Strong actions would be needed to set a firm macroeconomic path and avoid high fiscal deficits, which could put debt on an unsustainable path. On the revenue side, it is key to advance planned reforms such as digitalizing VAT invoices, ensuring compliance with property taxes by all properties, and rationalizing tax incentives. On the expenditure side, it would also be essential to reflect all central government spending in the budget and improve the targeting of spending policies.

Another crucial action is to ensure transparent resource revenue management, building on

33 World Bank. World Development Indicators database. The global average number of physicians per 1,000 people was 1.7 in 2020, whereas the Sub-Saharan African and the UMIC averages were, respectively, 0.2 and 2.2.

34 World Bank. World Development Indicators database. The global average share of the population using at least basic sanitation services was 81 percent in 2022. The average shares in SSA and UMIC were, respectively, 35 and 93 percent.

Gabon's recent Extractive Industries Transparency Initiative (EITI) membership validation. After being suspended in 2013, Gabon started a process to rejoin EITI in 2021. This concluded in March 2025, as Gabon validated its membership, published the validation report, and advanced on the disclosure of information on state contracts with oil and mining firms and on data quality.³⁵ Enhancements recommended by EITI, such as publishing full information on such contracts, including data on beneficial ownership and amendments, as well as other relevant information like audited SOE financial statements, would be greatly beneficial to advancing transparency and accountability of resource revenues. Advancing transparency is a national goal stated by the Government, which would enable Gabon to make the most optimal use of its rich

natural resources, improving control and visibility over much-needed public funds.³⁶

To achieve a more solid and sustainable development path, Gabon should balance its immediate priorities with reforms to improve the long-term management of natural wealth. The effects of policies on natural assets such as forest ecosystems need to be considered to avoid unsustainable development. Policies need to be well calibrated, so that resources can serve the Gabonese in the present and the future. The next chapter of this Economic Update discusses the contribution of natural, physical, and human capital wealth to Gabon, proposing actions to better manage, control, and benefit from this vast wealth.

Table 6. Structural development indicators in Gabon

Indicators	Value			Trend ⁽ⁱ⁾	Position in upper middle-income group (upper, middle, lower tercile) ⁽ⁱⁱ⁾
	2021	2022	2023		
PRIVATE SECTOR					
Foreign direct investment, net inflows (% of GDP)	7.9	5.4	5.9	Up	Upper tercile
Industry (incl. construction), value added (% of GDP)	50.91	57.35	52.9	Down	Upper tercile
Services, value added (% of GDP)	38.7	33.2	36.4	Up	Lower tercile
Agriculture, forestry, and fishing, value added (% of GDP)	6.0	5.6	5.8	Stable	Middle tercile
INFRASTRUCTURE					
Gross fixed capital formation (% of GDP)	17.5	16.0	18.1	Up	Lower tercile
Access to electricity (% of population) ^a	91.8	93.5	-	Up	Lower tercile
WB logistics Performance index (LPI) ^b Score: 0 to 5; Rank: Out of about 160 countries	Score: 2.2 Rank: 143 <i>In 2016</i>	Score: 2.1 Rank: 150 <i>In 2018</i>	Score: 2.4 Rank: 115 <i>In 2023</i>	Up	Lower tercile
HUMAN CAPITAL (EDUCATION)					
Government expenditure on education (% of GDP)	2.7	2.2	-	Down	Lower tercile
Output per hour worked (constant 2017 international \$ at PPP)	27.24	25.78	25.63	Down	Upper tercile
DIGITALIZATION					
Individuals using the Internet (% of population)	68.6	70.7	71.9	Up	Lower tercile
Secure Internet servers (per 1 million people)	40	28	43	Up	Lower tercile
CLIMATE CHANGE					
ND-gain index on climate vulnerability and readiness (higher is better)	42.5	43.0	43.0	Stable	Lower tercile

35 Information on contracts signed by the state with extractive industries started to be published by the Ministry of Economy and Participations in July 2024 (<https://economie.gouv.ga/publications-des-contrats/>).

36 EITI International Secretariat. Validation of Gabon (2024). Assessment of Progress in Implementing the 2019 EITI Standard.

Table 6. Structural development indicators in Gabon

Indicators	Value			Trend ⁽ⁱ⁾	Position in upper middle-income group (upper, middle, lower tercile) ⁽ⁱⁱ⁾
	2021	2022	2023		
EMPLOYMENT					
Employment in agriculture (% of total employment)	30.0	29.4	29.2	Stable	Upper tercile
Employment in industry (% of total employment)	15.8	15.8	15.7	Stable	Lower terciles
Employment in services (% of total employment)	54.2	54.8	55.1	Up	Middle tercile
Share of youth not in education, employment or training, total (% of youth population) ^c	29.2	29.1	29.2	Stable	Upper tercile
TRADE AND FOREIGN AID					
Net ODA received (% of GNI) ^d	0.37	0.58	0.70	Up	Middle tercile
Fuels and mining exports (% of GDP)	24.4	31.3	24.9	Down	
Total export (% of GDP)	45.4	53.8	54.7	Up	
Export to Asia (% of GDP)	28.9	32.2	34.0	Up	
Export to Europe (% of GDP)	9.2	13.3	12.3	Down	
Export to North America (% of GDP)	1.1	2.7	1.6	Down	
Export to Africa (% of GDP)	8.0	5.5	6.4	Up	
GOVERNANCE [Percentile rank among all countries (ranges from 0 (lowest) to 100 (highest) rank)]					
Voice and Accountability	23.2	24.2	24.0	Stable	Lower tercile
Political Stability and Absence of Violence/Terrorism	45.8	48.6	33.6	Down	Middle tercile
Government Effectiveness	20.0	26.4	23.1	Down	Lower tercile
Regulatory Quality	21.9	25.5	25.0	Down	Lower tercile
Rule of Law	24.8	23.1	20.8	Down	Lower tercile
Control of Corruption	21.0	16.5	17.9	Up	Lower tercile

Sources: World Development Indicators, International Labor Organization, World Trade Organization, Organization of Economic Complexity. (a) Access to electricity, spending on education, and the ND-gain index reported for 2021 and 2022 (2022 used to allocate each country into its tercile); (b) LPI reported for 2016, 2018, and 2023 (2023 used for tercile allocation); (c) Share of youth not in education has a different color code rule. When the value goes down it shows improvement (green), and when it goes up, it shows deterioration (red). Being in upper tercile means having higher share of youth in education, employment or training; (d) Net ODA reported for 2020, 2021, and 2022 (2022 used for tercile allocation).

Notes: (i) The table shows how the indicator evolved from 2021 to 2023, except for the ND-gain index and Logistics Performance Index. (ii) For each indicator, the country's position in its income group is based on 2023. The country can be in the upper tercile (countries with higher scores relative to the income group), middle tercile (average scores), or lower tercile (lower scores). Blank cells mean there was not enough data available to assess the trend or identify the tercile position.



Assessing the Value of Forest Ecosystem Services for Gabon's Economy

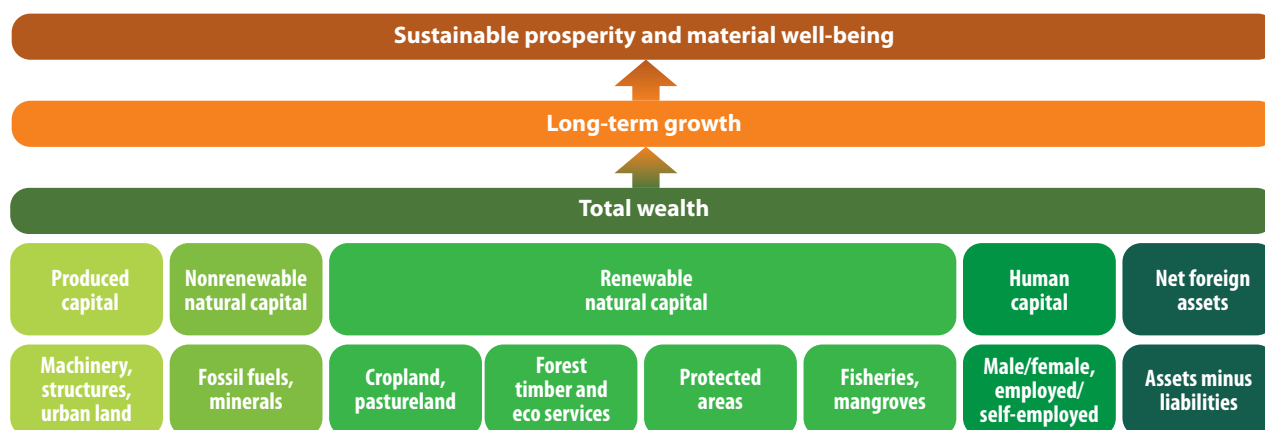
SECTION I. Introduction. Measuring national wealth – why does it matter?

Measures of a nation's wealth are an important complement to GDP, providing insights into the capital foundation for future growth and its sustainability. Gross domestic product (GDP) is a widely used indicator of economic performance that calculates the total value of goods and services produced in a country over a specific period. Complementing GDP with figures on national wealth offers a more comprehensive view of an economy's health. National wealth encompasses various assets, including natural resources, human capital, and produced capital. By considering both GDP and assessing the evolution of the level and composition of national wealth, policymakers can identify whether current economic practices are depleting resources or investing in

assets that will support future prosperity. This can help them design strategies that promote sustainable development, ensuring that growth does not come at the expense of environmental degradation or social inequity. This dual approach enables a more balanced assessment of an economy's future prospects, guiding investments in education, infrastructure, and environmental conservation to foster a resilient and equitable economic landscape.

The wealth of a nation can be classified into four categories: human capital, produced capital, natural capital, and financial capital (Figure 33). Human capital represents the skills, health, and education of the population, a key driver of productivity and long-term growth. Produced capital includes infrastructure, factories, and other durable goods that support economic activities. Natural capital includes nonrenewable assets such as hydrocarbons, metals,

Figure 33. Structure of wealth accounts



Source: World Bank, 2025.

and minerals, and renewable assets, which are naturally replenishing resources like forests, fisheries, other flora and fauna, and groundwater. Financial capital consist of net foreign assets, the difference between a country's external financial assets, such as foreign reserves, investments, and loans to other countries, and its external liabilities, such as foreign debt and investments made by foreigners.³⁷ Total and per capita real wealth increases when more workers join the labor force, when existing workers acquire new skills, when forests expand, or when new mineral deposits or hydrocarbon reserves are discovered. However, they will decline if fish stocks are overfished, machinery and infrastructure degrade, or if mining and fossil fuels reserve are depleted. By monitoring per capita trends in real GDP and real wealth, it is possible to assess whether a nation's GDP growth is achieved by growing or shrinking the economy's productive base.³⁸

In the course of a country's development the relative composition of its wealth typically changes.

Increases in produced and human capital are typically strongly associated with growth in production and income. In a virtuous cycle, these increases drive economic growth which in turn generates resources for investment in human and physical capital. The relationship between natural capital and economic growth is more complex, as while non-renewable

resources by their nature tend to decline as they are exploited, new discoveries and changes in asset values can result in significant fluctuations over time. Renewable natural can regenerate but also be at risk of overexploitation.

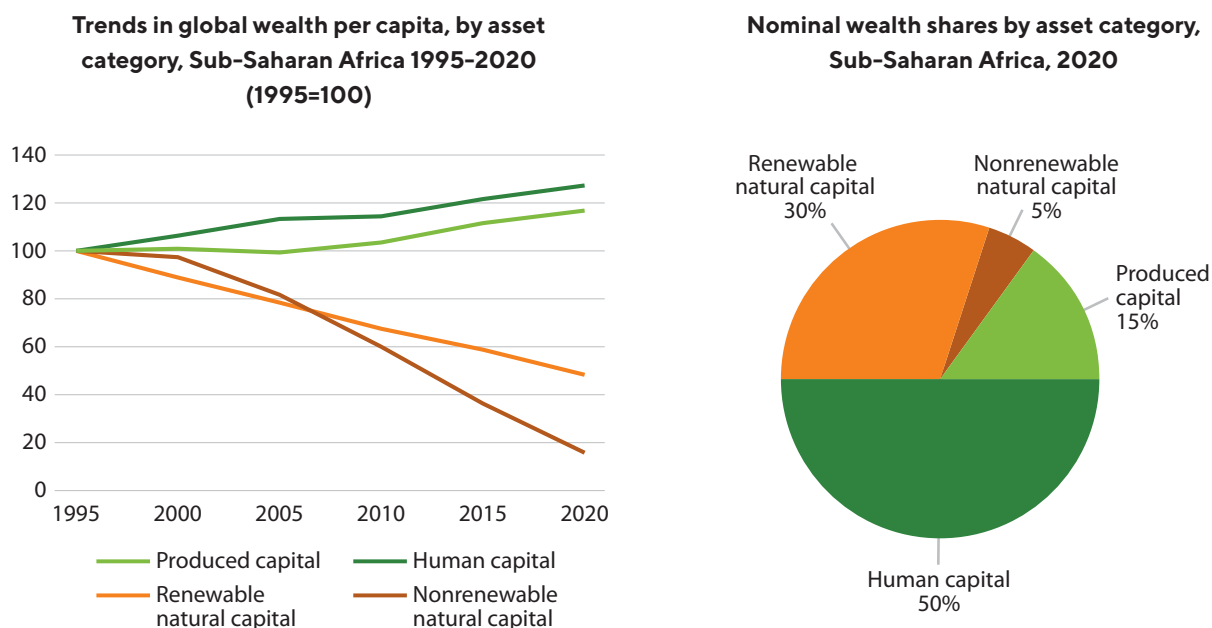
For Sub-Saharan Africa, such trends are reflected in significant growth in per-capita human and produced capital, while non-renewable capital per capita remained constant and renewable capital declined. The relative contribution of these categories to Sub-Saharan to total nominal wealth also changed significantly between 1995 and 2020 (Figure 34). While in 1995, human and renewable capital accounted for 44 percent and 27 percent of total wealth, respectively, by 2020 their share had further increased to 50 and 30 percent of total wealth. On the other hand, the share of non-renewable wealth only increased modestly from 4 to 5 percent during that period, while the contribution of produced capital declined sharply from 25 to 15 percent.

Sustaining long-term prosperity necessitates a comprehensive view of national wealth, one that considers natural capital alongside produced and human assets. Gabon's forests, embedded within the Congo Basin—the planet's largest remaining tropical forest carbon sink—provide ecosystem services

37 World Bank. (2024). *The Changing Wealth of Nations*. Washington DC: World Bank Group.

38 Ibid.

Figure 34. Evolution and composition of wealth in Sub-Saharan Africa



Source: CWON database.

that are critical to economic activity, food security, and climate resilience. These services encompass carbon sequestration, hydrological regulation, soil fertility, biodiversity preservation, and cultural heritage, underpinning local livelihoods and global environmental stability.³⁹ Yet, conventional macroeconomic indicators such as GDP undervalue these contributions, obscuring ecological depletion and distorting assessments of sustainability.⁴⁰ While the value of certain forest ecosystem services such as carbon retention cannot be directly added to GDP, it is important to also consider these values and their trends in policy making and in development planning, as they provide a broader picture of wealth sustainability. Without robust natural capital accounting, countries risk pursuing a growth trajectory that silently erodes their ecological foundation, jeopardizing future prosperity.⁴¹

While Gabon has achieved upper middle-income status, the largest component of its national wealth is natural capital, differently from most countries

with similar income levels. Higher income countries typically have the largest share in human capital, while natural capital may comprise the smallest share, even if per capita values may remain high. For instance, in 2020 the average share of human and physical capital combined was 33 percent of total nominal wealth in lower middle-income countries, 84 percent in upper middle-income countries and 97 percent in high income countries.⁴² A central development challenge for Gabon is therefore how to harness its natural capital wealth most effectively to drive higher rates of accumulation of human and produced capital, without degrading the stock of natural capital.

This chapter is organized into three main sections. Following this introduction, the second section provides an overview of the evolution and composition of Gabon's wealth, highlighting the critical role of natural capital—alongside produced and human capital—in shaping long-term development in Gabon. The third section examines in detail Gabon's forest related

39 UNEP TEEB 2010; Dasgupta 2021.

40 Stiglitz, Sen, and Fitoussi 2009; World Bank 2021.

41 Arrow et al. 2012; Lange, Wodon, and Carey 2018.

42 World Bank. 2024. CWON database.

wealth and services and offers insights into the economic value and ecological importance of the country's forest resources. The fourth section discusses policy options to sustainably build and expand national wealth. The goal is to inform strategies that strengthen produced and human capital, promote better management of forest ecosystems, and ensure an efficient use of natural resources, to foster a more inclusive and resilient economic growth path.

SECTION II. State and trends of Gabon's national wealth

Country context: How is national wealth evolving in Gabon?

Gabon's national wealth increased by 35 percent between 1995 and 2020 and is mainly comprised of natural capital. This report relies on the World Bank's Changing Wealth of Nations (CWON) database to describe how Gabon's wealth has evolved between 1995 and 2020. Gabon's total wealth increased by 1.40 percent per year on average, reaching nearly USD105 billion in 2020, up from USD77 billion in 1995 (in real chained 2019 USD⁴³ - Figure 35a). Natural resources account for 42 percent of the country's wealth, followed by human capital (31 percent) and produced capital (27 percent - Figure 35b). Between 1995 and 2020, the value of Gabon's renewable natural assets grew by a modest 2 percent, nonrenewable natural capital, by 39 percent, while produced capital increased by 85 percent and human capital by 207 percent (Figures 35b and 35c).

On a per capita basis, Gabon's wealth decreased by 34.7 percent from 1995 to 2020, indicating sustainability concerns over the evolving national wealth. Gabon's population grew by 4.3 percent on average in 1995-2020. Despite a growth in total wealth, on a per capita basis Gabon's wealth has been on a downward trend, decreasing by about 1.39 percent every year from 1995 to 2020. Over this period, Gabon's nearly 35-percent decline was high compared to most of the region, which is formed by countries that also had strong demographic growth: wealth per capita decreased by 8 percent in Congo, 11 percent Cameroon, and 29 percent in CAR. Due to mod-

est growth and limited economic participation, GDP per capita in constant U.S. dollars fell from USD8,515 in 1995 to USD6,542 in 2020, a -0.8 percent average annual growth. Thus, the decline in national wealth per capita in Gabon and other countries in the region reflects challenges in converting natural resources into produced and human capital, capable of sustaining growth and expanding wealth (Figure 35d).

The decline in per capita wealth observed in Gabon suggests challenges to translate natural wealth into physical and human capital. Gabon's population nearly doubled from 1995 to 2020, from 1.1 million to 2.3 million people. However, declining wealth per capita, along with a decrease in GDP per capita in recent decades, can reflect an erosion of both the country's long-term asset base and immediate economic output, as not enough growth in wealth is being produced to raise living standards. In other words, wealth per capita is being depleted over time, instead of being accumulated (Figure 36 - section 3 discusses how Adjusted Net Savings can be used to analyze the sustainability of savings and wealth accumulation). Gabon is among the few countries that have experienced both negative GDP growth and a decline in per capita wealth from 1995 to 2020. As Gabon was not able to fully seize the opportunity of its vast natural resources to diversify its assets and productive base, growth has been modest and volatile, mainly reflecting oil cycles. Policy challenges include redistributing and efficiently using oil revenues, expanding and maintaining infrastructure and leveraging the tourism potential of forests. Governance and public finance management challenges resulted in limited efficiency of public investments, inadequate logistic and trade infrastructure, undermining growth, private investment, and job creation.

Measuring the components of Gabon's wealth

Produced capital

Gabon's produced capital wealth nearly doubled between 1995 and 2020, in line with public investments in infrastructure and private investment in oil, manganese, and wood industries. The value of produced capital assets grew from about USD14 billion in 1995 to USD25 billion in 2020 (in real chained

43 For more details on the methodology and on the use of real chained USD to measure wealth, please consult the Annex.

Figure 35. National and per capita wealth evolution in Gabon



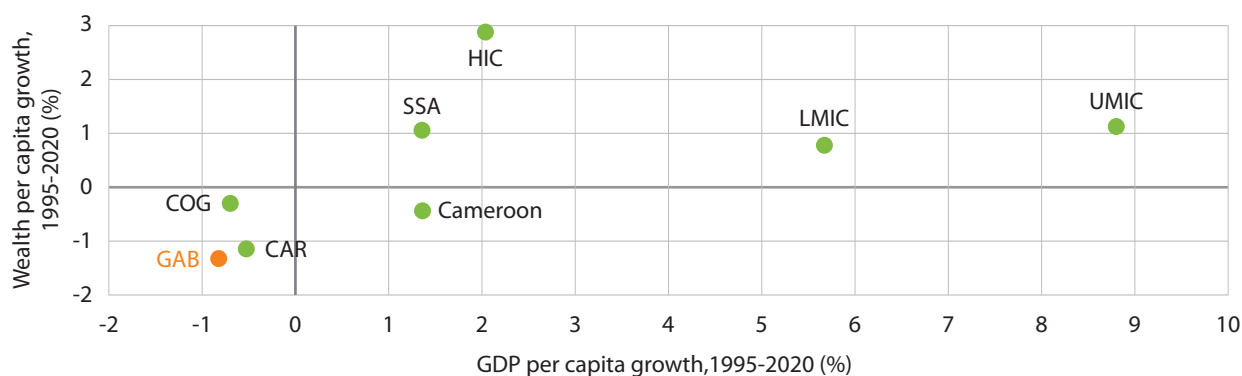
Source: CWON, 2024.

2019 USD), reflecting an expansion of infrastructure, machinery, and urban land. In line with the Emerging Gabon Strategic Plan (PSGE) and supported by an oil boom, since the 2010s significant public investments were made in road networks, ports, railway rehabilitation, and a new international airport in Port-Gentil. The road network was significantly expanded, with 672 km out of 1,800 km of paved roads built between 2009 and 2016. Investments were launched in railway rehabilitation and the main ports, Owendo and Port-Gentil, were modernized. Private investment, strongly fo-

cused on oil and other commodities, also contributed to an expansion in produced capital. For instance, the creation of special economic zones, particularly the Nkok zone, helped increase foreign direct investment in the timber processing and agro-industrial sectors. More recently, since 2023, investments on roads, energy, airports, and other infrastructure, have increased substantially.

However, Gabon's per capita produced capital declined, remaining below potential due to volatile

Figure 36. Cumulative GDP per capita growth vs. cumulative wealth per capita growth, 1995–2020



Sources: WDI and CWON, 2024.

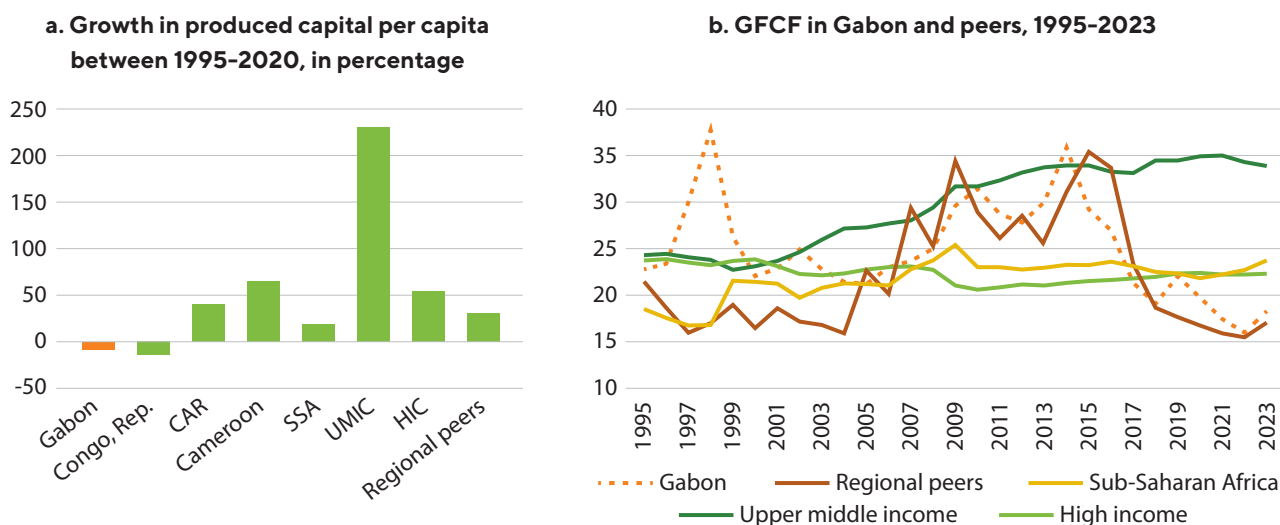
investments, which are closely linked to oil sector fluctuations. On a per capita basis, produced capital (public and private) declined by 10 percent from 1995 to 2020, or -0.42 percent per year. A first cause for this decline is that investments, both public and private, have been declining in line with the more difficult conditions experienced since the end of the oil boom that took place in the early 2000s. Total investment declined from 22.7 percent of GDP in 1995 to 19.9 percent in 2020, while peaking at 31.4 percent in 2010, during a strong boom in the oil sector. While private investment increased by 11.7 percent over the last two decades, much of it going to the oil sector, public investment significantly declined by 73.7 percent. The share of capital expenditure decreased steadily since 2010, from 36.6 percent of total spending in 2010 to 13.8 percent in 2020.

The collapse of oil prices in 2014 caused a sharp reduction in both fiscal space and public investment and also in private investment, reflecting an absence of countercyclical budgetary policies. Net FDI inflows declined sharply from 6.9 percent of GDP in 2014 to 0.3 percent in 2015.⁴⁴ In addition, public investment fluctuates sharply, with an average year-on-year variation of about 1.0 percentage points of GDP since 2010. Thus, in the absence of a countercyclical budgetary policy, investment serves as an adjustment variable to shocks, with cuts in spending compromising a sustained and timely project implementation.

Gabon continues to suffer from severe long-term structural gaps, affecting the quality and access of infrastructure and logistics and hindering private investment. Logistical gaps, along with other obstacles in the business environment, like access to finance, competition issues and regulatory hurdles, prevented the private sector from investing more in machinery, industries, and other built-up assets, contributing to the decline in per capita produced capital. Even if public investments were made in infrastructure, access to infrastructure remained unequal and costly. Gabon was ranked 134th out of 141 countries on transportation in the 2019 Global Competitiveness Index and was ranked 115th out of 139 countries on the 2023 World Bank's Logistics Performance Index (LPI).

Structural deficiencies in the organization and planning of public investment hinder the country's capacity to carry out efficient and productive investments, impacting infrastructure quality. Despite higher public investments being made over the early 2010s, the accumulation of the stock of public capital has not been sufficient, mainly due to governance challenges hindering efficiency. In 2019, a public investment management assessment (PIMA) was carried out to evaluate Gabon's framework and practices. It assessed institutions' strength and effectiveness in managing public investments, throughout three stages: planning, allocation, and implementation. The study highlighted that Gabon's institutional framework was close to the highest international

44 World Bank. World Development Indicators database.

Figure 37. Produced capital per capita and GFCF, Gabon, peers and regions


Sources: CWON 2024 and WDI. Note: Throughout this report, Gabon's regional peers are Cameroon, CAR, Congo and Equatorial Guinea. GFCF = Gross Fixed Capital Formation.

standards for fiscal objectives and rules, budget completeness and unity, and monitoring of public assets, thanks to Gabon's adherence to the CEMAC regulatory framework and use of objective-based budgeting. However, shortcomings in public investment planning affect resource allocation and project execution. In the absence of sufficiently coordinated planning, fund allocation during the budgetary programming of investment expenditure can be incomplete and subjective, resulting in insufficient and undermaintained infrastructure. Challenges in public investment performance thus contributed to the decline in produced capital per capita between 1995 and 2020. Gabon's public investment efficiency score was of 0.5 in the 2019 PIMA, below the averages in CEMAC (0.69) and SSA (0.80), indicating a 50-percent efficiency gap in public investment relating to infrastructure quality.⁴⁵

Human capital

Between 1995 and 2020, Gabon's human capital wealth increased by 207 percent, partially due to fast demographic growth, while improvements in education, health, and skills increased per capita human capital by 49 percent. In the Changing

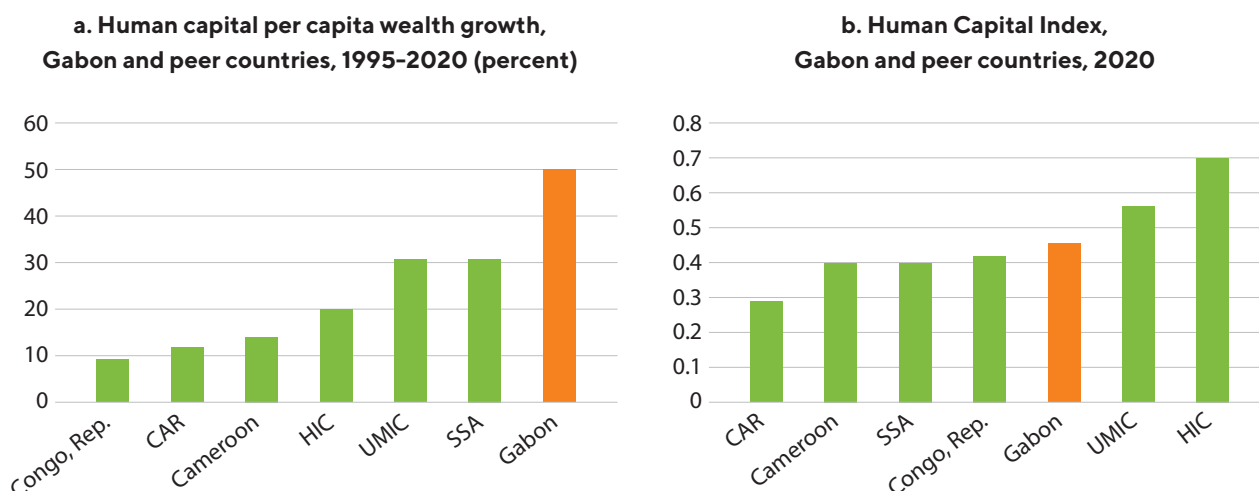
Wealth of Nations database, the value of human capital wealth is assessed based on the estimated value of future labor incomes, which can be generated by the current working population, given its longevity, education level and work experience.⁴⁶ It can be used to complement the Human Capital Index (HCI), which is based on health and education indicators, and aims at estimating the level of productivity that a child born today can expect to attain when reaching working age. Human capital wealth is a major asset for Gabon, estimated in the CWON database at USD35 billion in 2020, up from USD11 billion in 1995 (in real chained 2019 USD). In per capita terms, human capital wealth grew by 49 percent from 1995 to 2020, or 1.94 percent per year (Figure 38a). Gabon's human capital has experienced some notable improvements. Sectoral government plans were adopted for education and health in the 2010s, with initiatives that increased vaccine coverage and provided ample coverage of healthcare subsidies, which make up the bulk of spending on social assistance.⁴⁷ From the mid-1990s to 2020, literacy rates were raised from 72 percent to 89 percent for people aged 15 and older, and life expectancy at birth increased from 61 to 67 years.⁴⁸

45 IMF. 2019. Public Investment Management Assessment - Gabon. Fiscal Affairs Department.

46 Please consult the Annex for details on the methodology used to estimate human capital wealth.

47 World Bank. 2022. Gabon Country Economic Memorandum.

48 World Bank. World Development Indicators database.

Figure 38. Human capital wealth in Gabon and peer countries


Sources: CWON and World Bank HCI.

However, despite the significant accumulation of Gabon's human capital wealth, it remains below potential, hindered by deficiencies in education, healthcare, and training. Gabon's Human Capital Index (HCI) is lower than the averages for countries at similar income levels (Figure 38b), suggesting a potential for further human capital development. Even if human capital wealth has increased, the HCI indicates that gaps in schooling and health services still prevent the population from fully contributing to national wealth. For instance, school enrollment, average years of school attendance, and completion rates in Gabon are all below UMIC averages. Access to health services are also below what would be expected, with the number of physicians, nurses, and hospital beds per thousand people below UMIC averages. This translates into a considerable gap in life expectancy at birth, which is eight years less in Gabon than the UMIC average (Table 7).

While Gabon has improved educational outcomes, major challenges remain, like inadequate teacher quality and school infrastructure, low access to secondary and higher education, and labor skills mismatches. The average Gabonese has 8.2 years

of education, less than the SSA and UMIC averages, and repetition rates are among the world's highest, at 37 percent.⁴⁹ Education attainment rates are low for secondary and tertiary levels.⁵⁰ Furthermore, teacher quality and school infrastructure are major problems, despite ongoing public investments in schools. Only 12 percent of teachers meet required knowledge thresholds in language or math, 60 percent of schools had adequate supplies in essential learning materials like pens and pencils, and 73 percent of schools have computers and internet.⁵¹ Another challenge is the inadequacy of labor skills, contributing to high unemployment and underutilization of human capital, which coexists with unmet labor demand across different skills levels.⁵²

Overall, Gabon has better health outcomes than most of Sub-Saharan Africa, but health problems still prevent people from being sufficiently productive, as in other upper-middle income countries. Gabon outpaces SSA regional averages but falls consistently under UMIC averages across different health indicators (Table 7). Diseases such as malaria, respiratory infections, HIV, and diarrhea are a high burden, being leading causes of death among children under

49 International Labor Organization. 2019. State of Skills: Gabon.

50 World Bank. World Development Indicators database.

51 World Bank. 2025 (unpublished). Gabon Country Climate and Development Report (CCDR).

52 As discussed in chapter 1 of this Economic Update. International Labor Organization. 2019. State of Skills: Gabon.

Table 7. Health and education outcomes in Gabon and peer countries

Health and education indicators	Gabon	Gabon	SSA	UMIC	HIC
Education	2010	LY*	LY	LY	LY
Learning poverty (10 years old)		30.68	86.00	29.39	7.97
Learning performance scores		456.1	372.8	414.8	484.2
Primary completion rate		82.02	69.89	95.97	98.95
Lower secondary completion rate		51.88	45.59	89.94	93.77
School enrollment, primary (% gross)	130.2	99.95	98.30	101.64	100.03
School enrollment, secondary (% gross)		71.44	44.79	94.99	104.18
School enrollment, tertiary (% gross)		14.74	9.50	59.55	79.93
Expected years of school		8.26	8.31	11.85	13.16
Government expenditure on education, total (% of GDP)	3.08	2.21	3.51	3.74	4.80
Health and longevity					
Physicians per 1,000 people		0.5	0.2	2.2	3.6
Nurses and midwives per 1,000 people		2.2	1.2	3.6	9.8
Hospital beds per 1,000 people		2.0	1.2	3.7	5.4
Probability of survival to age 5		0.96	0.93	0.98	0.99
Survival rate from age 15–60		0.79	0.73	0.85	0.92
Maternal mortality rate (per 100,000 live births)		233	448	57	10
Life expectancy at birth	64.7	68.3	60.74	75.67	79.51
Current public and private health expenditure (% of GDP)	2.48	2.71	5.11	5.82	13.13
Human capital index (HCI)		0.46	0.40	0.56	0.70
Human capital wealth index (per capita)	125	150	131	131	120

Sources: WDI, UNESCO, UN, CWON. Note: LY stand for Latest Year, which is the last year the data is available for Gabon: Learning poverty (2019), primary and secondary completion (2023), All school enrollment rate (2023), government expenditure on education (2022), on health (2021), Human capital outcomes (2020), physicians and nurses per 1,000 people (2022), hospital beds per 1,000 people (2011), maternal mortality rate (2023), life expectancy (2023), Human capital wealth Index (2020). Human capital wealth Index (per capita): Year 1995=100.

five, along with premature birth. Non-communicable diseases such as cardiovascular diseases, diabetes, renal failure, and cancers are also on the rise. Water-borne diseases are widespread, due to lack of basic sanitation services, which reach only half of the population. For example, water-borne diseases such as dysentery attained 94 percent of people in 2019.

Despite the strong and rising social challenges, spending on both health and education seem insufficient to address these problems and are hindered by allocation and efficiency issues. Gabon spends less on health and education than its peers. To expand access to healthcare, the Government has recently been building health clinics. Yet, access to hospitals and clinics is unequal and concentrated in major cities. Allocation issues also hinder spending ef-

iciency. About 80 percent of health resources are devoted to curative care, which contributes less than 10 percent to improvements in health indicators. Certain policies compound these challenges, as spending on secondary and tertiary education tends to be regressive, benefiting mostly the wealthiest. Underspending at primary and lower-secondary levels, and vocational training institutions reduces both the quantity and quality of basic education services.⁵³

Nonrenewable natural capital

Gabon's nonrenewable natural capital, considering mostly oil, gas and gold reserves, was valued at USD31 billion in 2020 (in real chained 2019 USD), a 39-percent increase since 1995, largely driven by an increase in oil assets. The value of nonrenewable capital assets is highly dependent on factors

53 World Bank. 2018. Gabon Public Expenditure Review.

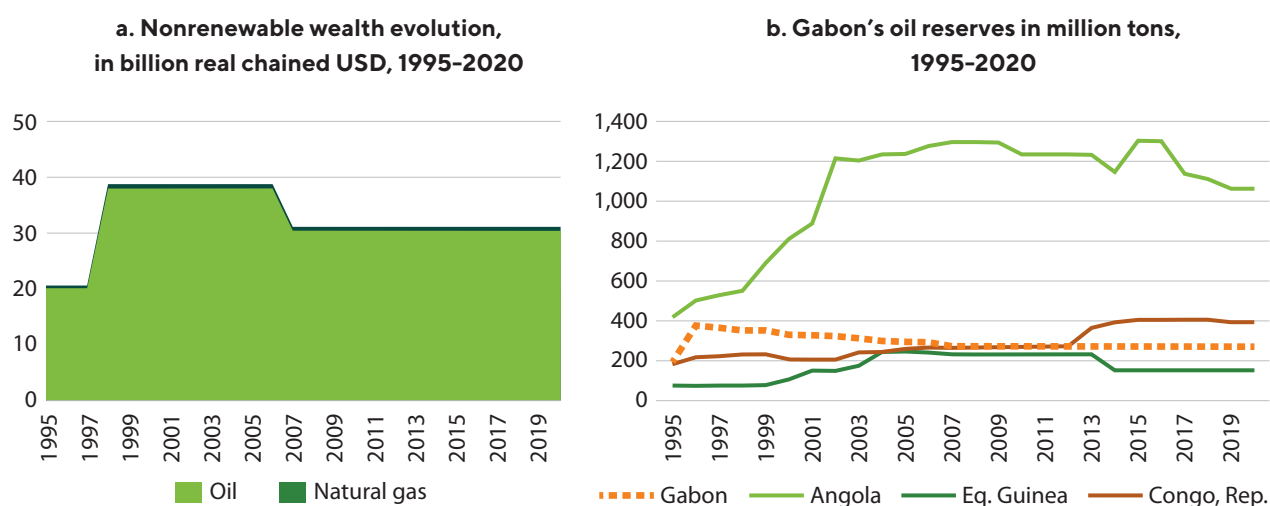
like commodity prices, technological advancements, and the discovery of new reserves. Gabon has experienced a strong increase in nonrenewable natural wealth, thanks to its vast hydrocarbon reserves. The CWON database includes data on oil (98 percent of nonrenewable natural wealth), gas (2 percent) and gold (0.1 percent). Hydrocarbon reserves peaked at around 380 million tons in the late 1990s, due to investments in oil exploration since discovery in the 1960s. However, due to the natural depletion of existing oilfields, oil wealth started to gradually decline since the late 1990s (Figures 39a and 39b). Gabon's hydrocarbon wealth per capita declined by 28 percent between 1995 and 2020, or -1.11 percent every year.⁵⁴

Efforts have been implemented to reduce reliance on oil, but the oil sector continues to play a critical role in Gabon's economy. The oil sector's contribution to GDP decreased from 39 percent in 1995 to 15 percent in 2020. Yet, oil remains central for Gabon, contributing to 24 percent of public revenues and 60 percent of exports in 2020. Challenges persist to diversify the economy and reduce vulnerability to oil, a finite resource with volatile prices. Fluctuations in global oil prices and demand can have profound

impacts on growth, fiscal and trade positions. The significant drop in oil prices observed in April 2020, following shifts in global trade policy, represent an important risk that exacerbates the expected decline in oil production in Gabon. Gas reserves play a smaller role, but efforts are ongoing to better utilize gas associated with oil production, reducing gas flaring and generating gas-based electricity and fuel.

Another key component of Gabon's natural wealth are its abundant mineral resources. Gabon's total wealth computed in the CWON database would be higher if all of its rich mineral resources, including manganese, iron ore, and gold, were added this database. Currently, when it comes to minerals, the database includes mostly gold reserves in Gabon, which declined from USD235 million in 1995 to USD43 million in 2020. Yet, other mining sectors are being developed, based on massive reserves. Manganese is already a large sector, as Gabon is the world's fourth largest producer in 2020, with 13 percent of global production.⁵⁵ Its reserves, estimated at 61,000 tons, amount to four percent of global reserves.⁵⁶ Gabon has recently launched iron ore exploitation at Belinga, one of the world's largest deposits, to be followed by

Figure 39. Nonrenewable natural capital in Gabon and peer countries



Sources: CWON 2024 and OPEC. Note: CWON data on manganese wealth is not available.

⁵⁴ Data on Gabon's mineral resources are not available in the World Bank's Changing Wealth of Nations database.

⁵⁵ United States Department of the Interior. 2024. U.S. Geological Survey. 2020 Minerals Yearbook. Manganese. September.

⁵⁶ African Minerals Development Center. Green Mineral Profile: Manganese. Accessible at: <https://www.africangreenminerals.com/minerals/manganese>.

a second major site, at Baniaka. Artisanal gold mining is also being promoted. As oil reserves may dwindle, minerals could contribute significantly to Gabon's natural capital, if properly managed.

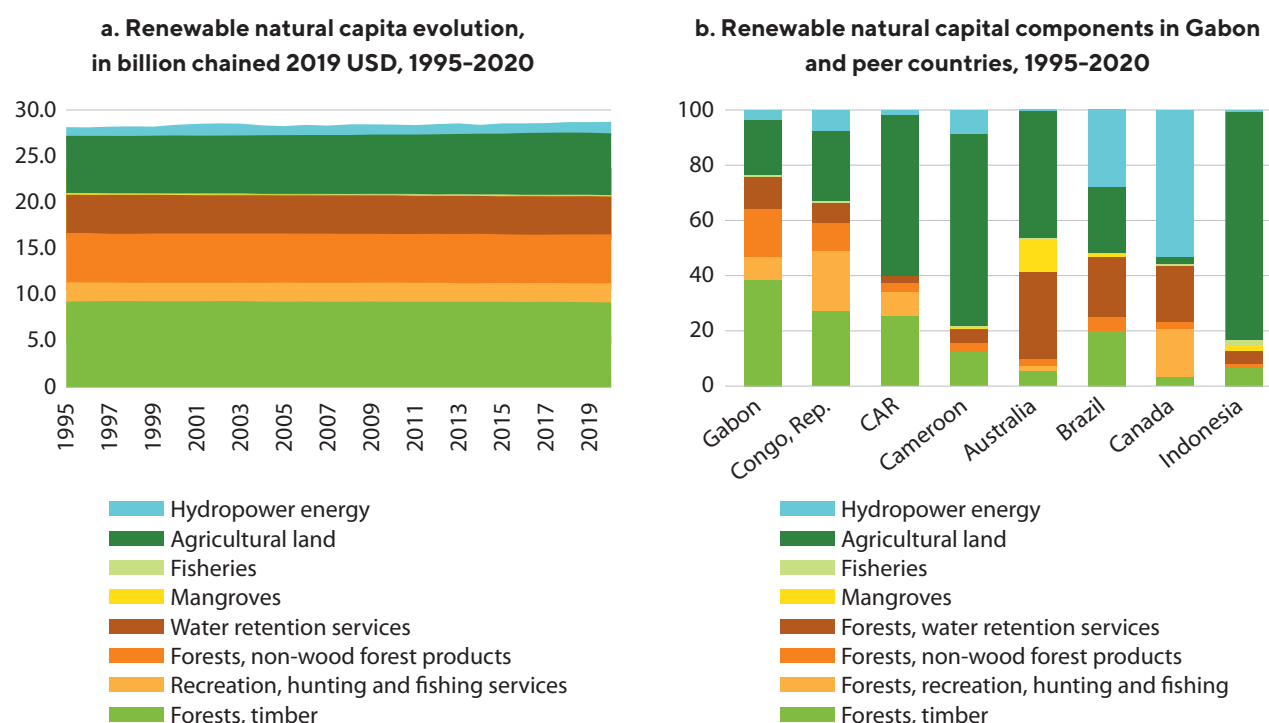
Renewable natural capital

Gabon's renewable natural capital remained stable from 1995 to 2020, with forests, agricultural land, and fish stocks accounting for USD29 billion in 2020 (in real chained 2019 USD). The CWON database assesses renewable capital wealth by estimating the value generated by key natural assets, such as hydropower systems, agricultural land, fisheries, and forests. Forest-based goods and services include timber, non-wood products, recreation, hunting and fishing, and water retention by forests. The value of carbon retention by forests is not included in the CWON database but is discussed in the next section of this chapter. Gabon benefits from vast endowments of renewable capital, with well-preserved forests, mangroves, rivers, and marine ecosystems, which hold extensive biodiversity. Forests formed the bulk of renewable natural capital (72 percent) in 2020, followed by agricultural land (23 percent), hydropower energy

(4 percent), and fisheries (0.3 percent). Forests' shares are higher in Gabon than in many other heavily forested countries, highlighting their crucial importance (Figure 40b). The main sources of forest wealth in 2020 were timber (44 percent), non-wood products (25 percent), water retention services (20 percent), recreation, hunting and fishing (10 percent), and mangroves (0.4 percent).

Strong conservation efforts allowed Gabon to increase the value of forests and most other renewable natural capital, but worrying trends indicate a depletion of fish reserves. Thanks to conservation and sustainable management efforts, the value of renewable natural capital increased by 2 percent from 1995 to 2020 (Figure 40a). The value of timber and other forest-based goods and services decreased only slightly, by 1 percent, in line with the low deforestation rate. At the same time, Gabon experienced increases in the values of agricultural land (+9 percent) and hydropower generation (+24 percent), due to investments implemented in line with the PSGE. However, fish stocks experienced a depletion, decreasing by 25 percent from 1995 to 2020, which can compromise

Figure 40. Renewable natural capital in Gabon and peer countries



Source: CWON 2024.

the authorities' goals to boost food security and jobs. Moreover, in per capita terms, renewable natural capital decreased by 51 percent over 1995–2020, equal to an annual decrease of 2.04 percent.

SECTION III. Gabon's forest ecosystem service accounts: Measuring the conditions and economic contributions of Gabonese forests

Gabon's immense forest wealth forms the ecological and economic bedrock of its development strategy yet remains chronically undervalued in fiscal planning and national accounts. With 23.6 million hectares of forests, over 90 percent of its territory, Gabon anchors the western flank of the Congo Basin, a global stronghold for carbon sequestration, biodiversity protection, and hydrological regulation.⁵⁷ Thanks to its extensive and well-preserved forests, Gabon is one of the world's few net carbon sinks, absorbing more carbon dioxide than all emissions produced in the country. Gabon's forests store billions of tons of carbon, help stabilize rainfall regimes, and

underpin the subsistence and income of rural populations, while also providing critical habitat for globally endangered species. Yet GDP and other conventional indicators neglect forests' important economic contributions, which could raise risks of overuse, underinvestment in conservation, and distortions in long-term development planning.⁵⁸

This section synthesizes Gabon's forest ecosystem service accounts for the 2000–2020 period.

Drawing on the System of Environmental-Economic Accounting – Ecosystem Accounting (SEEA-EA) framework,⁵⁹ this section analyzes transformations in forest extent, condition, biodiversity, service flows, and asset values. Gabon's unique status as a high forest, low deforestation country presents both an opportunity and a paradox: global public goods are preserved by the country but without adequate compensation from the international community. A robust ecosystem accounting could help bridge this gap by informing more equitable and sustainability-aligned fiscal frameworks and by ensuring preparedness and data availability to benefit from global climate financing mechanisms, which, while still incipient, have been

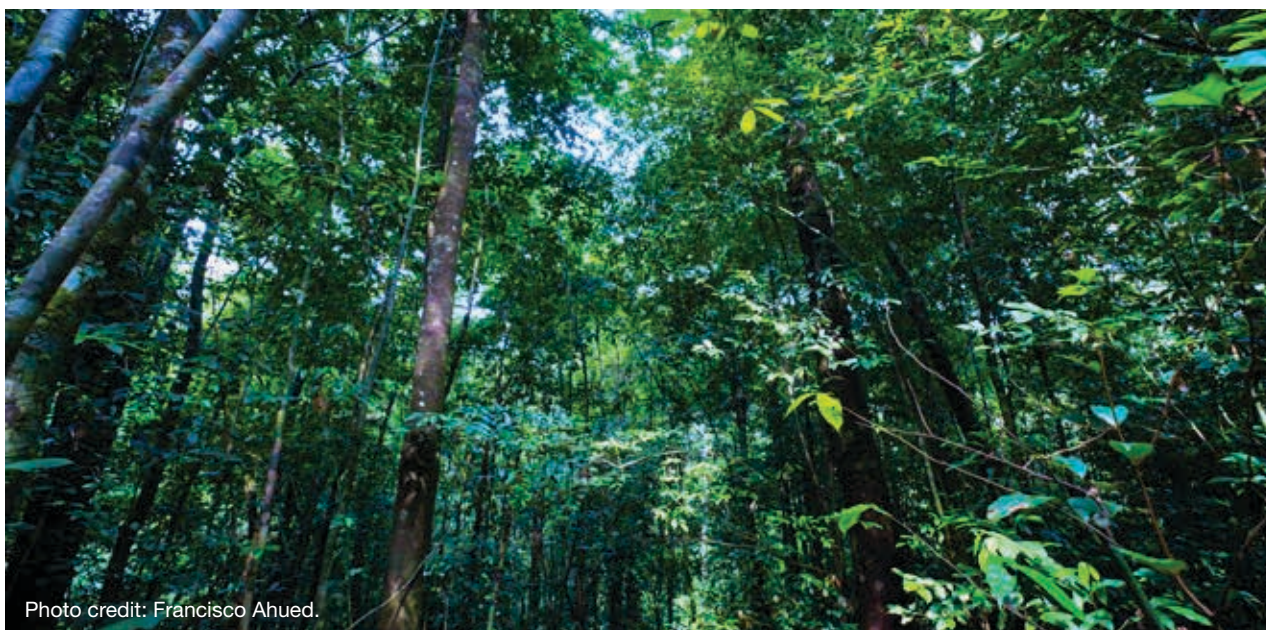


Photo credit: Francisco Ahued.

57 World Bank. 2025 (unpublished). Forest Ecosystem Accounts for Gabon 2000–2020 – Draft Report: December 2024.

58 Stiglitz, Sen, and Fitoussi 2009; Dasgupta 2021.

59 The data on forest ecosystems conditions, asset values, and economic contributions, that are presented and analyzed in this section, are based on a recent World Bank study assessing forest ecosystem accounts in Gabon, which provides details on the methodology and analytical approaches underlying the findings: World Bank. 2025 (unpublished). Forest Ecosystem Accounts for Gabon 2000–2020 – Draft Report: December 2024. Washington, DC: World Bank.

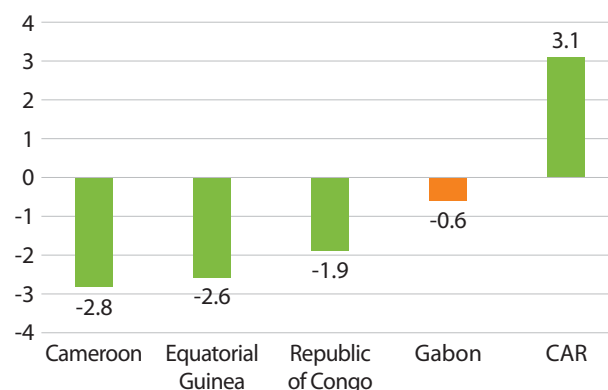
increasing. Detailed data on forest coverage, condition, trends, and forest services' values is produced at the provincial level, providing policy makers with spatially disaggregated information that could inform subnational policies and solutions to local challenges.

Backed by strong conservation policies, Gabon's forests remain well-preserved but face signs of growing pressures along transport and economic development corridors

Gabon has maintained an extraordinary forest cover, yet pressures from logging, agriculture, and infrastructure development are intensifying, especially along corridors. As of 2020, Gabon's ecosystems consisted mainly of lowland tropical forests, which made up about 84 percent of the territory. Other land types included savannahs (7 percent), swamp forests (4 percent), and other natural lands like mangroves, submontane forests, wetlands, and water systems (3 percent). Anthropogenic lands, such as forest farm mosaics, plantations, and urban areas, covered one percent of the territory.⁶⁰ Overall deforestation rates, at around 0.6 percent per year in 2000–2020, remained low in Gabon compared to most regional peers (Figure 41). In comparison, the average regional deforestation rate stood at 1.8 percent over this period.⁶¹ Yet, degradation was more pervasive in certain specific locations. Between 2000 and 2020, forest-farm mosaics and other human-modified systems such as plantations and built-up areas expanded by about 70 percent, with new roads and urban expansion fragmenting primary forests. Human-modified areas are small, having expanded from 0.7 percent of the territory in 2000 to 1.3 percent in 2020, about 335,650 hectares. The strongest increases in anthropogenic land uses were in plantations (+386 percent), croplands (+168 percent), and built-up areas (+57 percent). At the same time, Gabon lost 0.6 percent of its forests, from 90.8 percent of the territory in 2000 to 90.2 percent in 2020, or 23.7 million hectares (Figure 42).

Overall, forest conditions were still near pristine by 2020, with strong levels of tree height, canopy

Figure 41. Deforestation rate in Gabon and selected countries in the Congo Basin, percentage of forested area



Source: World Bank. 2025 (unpublished). Forest Ecosystem Accounts for Congo Basin countries.

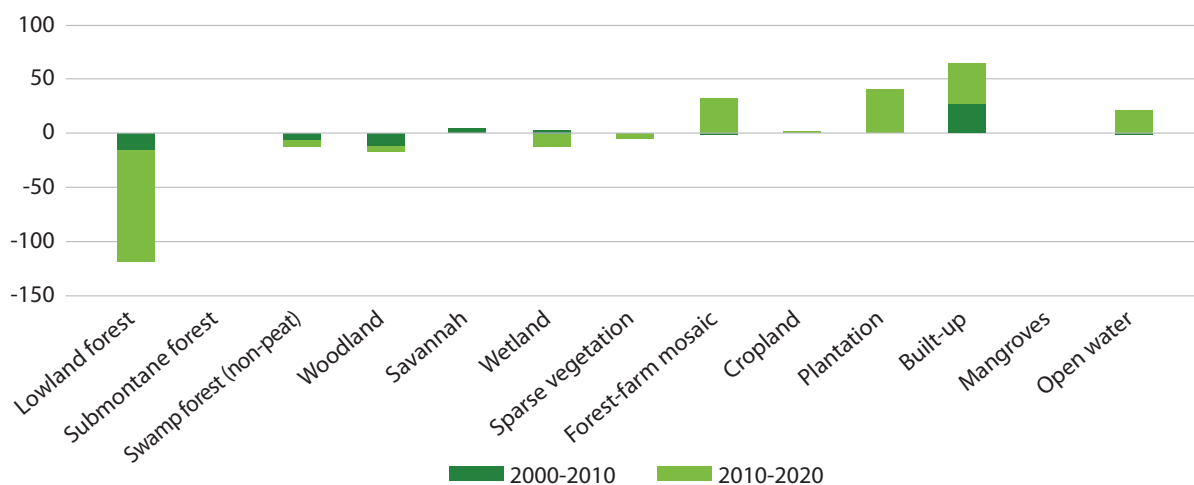
cover, forest connectivity, and landscape naturalness, even if lower conditions occur in specific locations. Over 80 percent of lowland forests, and 95 percent of submontane forests, was classified as pristine. Yet, areas around Libreville and along smaller towns, villages and roads tend to present lower conditions. Swamp forests near Port-Gentil and mangroves along the Atlantic coast still remain relatively intact but are vulnerable to coastal development and climate-induced salinization. Satellite-derived data show drops in canopy height and biomass density in logged concessions and peri-urban zones. Natural forest regrowth has not kept pace with degradation in some areas, suggesting potential shifts in ecological function and service delivery in those locations.

Logging concessions dominate Gabon's forest use landscape, with legal logging concentrated in lowland forests and illegal encroachments increasingly evident near transportation routes. Provinces such as Woleu-Ntem, Moyen-Ogooué, and Ngounié host extensive logging zones, many of which are sustainably managed (Figure 43). Over the years, Gabon has put in place strong policies to incentivize sustainable forestry, imposing certification requirements and adjusting taxes to the environmental impact of

⁶⁰ Please consult the Annex for a definition of forest ecosystems and other types of ecosystems in Gabon.

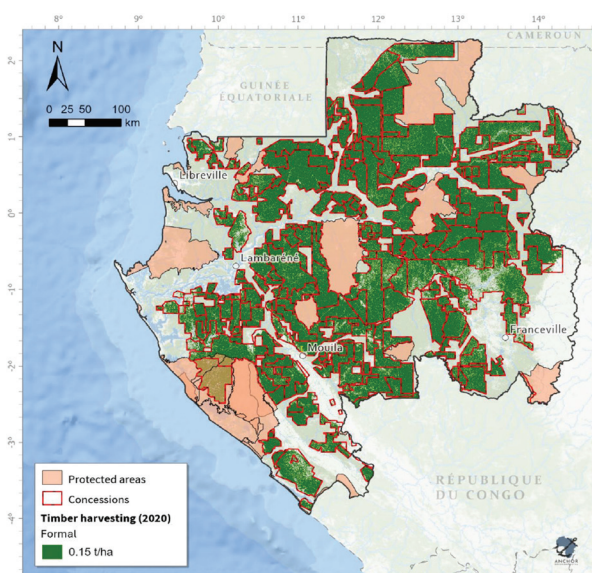
⁶¹ FAOSTAT.

Figure 42. Change in ecosystems' extent, in thousand hectares, between 2000, 2010 and 2020



Source: World Bank. 2025. Forest Ecosystem Accounts for Gabon 2000-2020.

Figure 43. Forest concessions and protected areas in Gabon, 2020



Source: World Bank. 2025. Forest Ecosystem Accounts for Gabon 2000-2020.

forestry. For example, land area fees are higher in forest concessions without certification.⁶² However, enforcement and compliance remain uneven, with challenges in monitoring capacity and a limited number

of forest agents overseeing vast territories. Mangrove deforestation, though minor in area, is locally severe in estuarine areas near Libreville, and linked to informal settlement expansion, which can pose important challenges due to mangroves' key value for flood defense.

Ecological pressure is concentrated along transport and economic corridors, such as roads and the Nkok special economic zone. These corridors exhibit heightened fragmentation, biodiversity loss, and carbon release. While localized, their impacts are amplified by challenges in land use coordination and limited cross-sectoral governance and spatial planning enforcement. For instance, despite the implementation of sustainable forest management policies, challenges remain in fighting illegal logging and enforcing urban planning. Building up infrastructure, including power systems, roads and public buildings and services, is critical to develop trade and economic activities. Yet, unplanned urbanization can cause not only environmental damages but can also have strong negative consequences for human health and for the economy, for instance, as urbanization expands into areas exposed to floods and landslides.

Gabon's forests retain globally significant biodiversity, but habitat degradation and species decline are accelerating in some areas. Gabon is endowed

62 World Bank. 2024. Gabon Economic Update.

with extremely rich biodiversity. As of 2020, forest ecosystems preserved an estimated 83 percent of their original biodiversity, down from 87 percent in 2000.⁶³ Biodiversity levels are still high, but face a mounting erosion, reflecting the effects of logging, poaching, and landscape fragmentation. Iconic species such as the western lowland gorilla, forest elephants, and the grey parrot face mounting threats despite strong legal protections and recent investments and plans to promote ecotourism. Human-wildlife conflicts are also a major challenge, involving difficulties in preventing elephants from destroying plantations and menacing rural populations. Tackling this issue is a key priority to ensure food security and protect farmers' incomes and lives.

Mangroves and swamp forests exhibit higher intactness but face mounting risks from both direct and indirect pressures. While being carbon-dense and biologically rich, in general these types of forest tend to receive less focus of protection efforts and suffer from weak baseline data and monitoring systems. Investments in biodiversity accounting, including species-based tracking and improved habitat condition metrics, are essential for an effective management of biodiversity, and could also contribute to access to international biodiversity financing options.

Economic services, drivers and trade-offs in forest use

The total value of forest ecosystem services in Gabon nearly doubled from CFAF22.6 trillion (USD39.4 billion) in 2000 to CFAF43.2 trillion (USD75.1 billion) in 2020. The Forest Ecosystem Accounts for Gabon study assessed the value of Gabon's forest ecosystem services, indicating that over 99 percent of the value of such services consisted in carbon retention, estimated at USD74.7 billion (Box 3). However, forest ecosystems also provide important economic value in the form of wood resources, bushmeat, wild plants, soil retention, and ecotourism. In addition, a deeper investigation of other important services could result in an increase in the value of services provided by Gabon's forests, such as forests' role in water preservation.

Thanks to diversification policies and sustainable forestry incentives, Gabon's timber sector generates significant revenues and employment, with timber extraction valued at USD157 million in 2020, even as its environmental impact is being lowered. Over time, development plans such as the Emerging Gabon Strategic Plan (PSGE) adopted in the 2010s, set



Photo credit: Francisco Ahued.

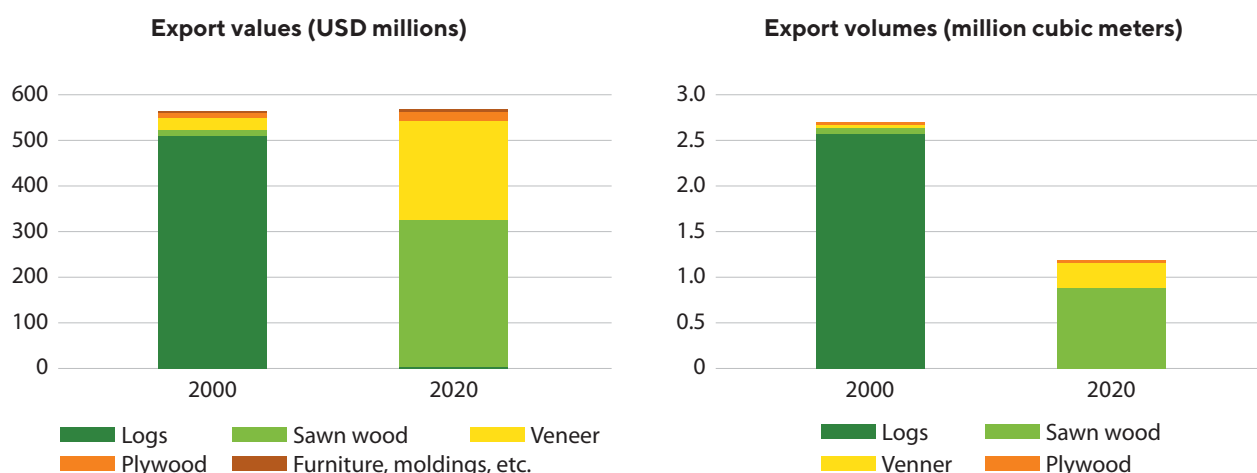
⁶³ Forest extent and condition are used as proxy for assessing biodiversity intactness in Gabon's landscapes over time. Comprehensive assessments of biodiversity metrics (such as species richness) at the Congo Basin scale are scarce, and no data with a suitable resolution and time series was available for use in the forest condition accounts.

out incentives for sustainable local wood processing, with a ban on log exports, promotion of environmental certifications in forest concessions, and creation of special economic zones. Supported by these policies, a local wood processing industry emerged, becoming the largest private sector employer. Wood product exports, dominated by the Okoumé species, were the third main export in 2024, after oil and manganese. Thus, while logging levels decreased over time, local value added increased. Formal timber extraction volumes decreased by 18 percent from 2000 to 2020, reaching 1.78 million tons per year in 2020, or CFAF91 billion (USD157 million – Table 8). Informal logging remains a challenge⁶⁴ but is assessed to be relatively small in Gabon, as evidenced by the small differences

in official data and data from the International Tropical Timber Organization. Between 2000 and 2020, wood exports decreased by 56 percent in volume, but their values were stable, thanks to the near elimination of log exports and substantial increase in exports of processed wood (Figure 44). Yet, most exports consist in primary processing goods, such as sawn wood, veneer, and plywood, indicating challenges to advance into higher processing levels, such as furniture.

In addition to commercial timber, wood resources are also used by local populations for construction poles and as a fuel source, valued at around USD16 million in 2020. While 90 percent of wood extraction was directed to the timber industry in 2020,

Figure 44. Export values and volumes, 2000 vs. 2020



Source: International Tropical Timber Organization. Data on secondary processed products' export volumes not available.

Table 8. Major drivers of forest use and degradation in Gabon

Driver	Forest Type Affected	Economic Return (2020)	Beneficiaries
Timber extraction	Lowland forests	CFAF 90.5 billion	Formal forestry sector
Fuelwood	Mainly lowland forests, swamp forests, mangroves	CFAF 9.4 billion	Local households
Poles	Mainly lowland forests, swamp forests, mangroves	CFAF 0.25 billion	Local households
Infrastructure expansion	Lowland, swamp forests	n/a	Households and firms
Agricultural expansion	Degraded lowland forests	n/a	Farmers

Source: World Bank. 2025. Forest Ecosystem Accounts for Gabon 2000-2020.

64 William F. Laurance, et al. 2006. Challenges for forest conservation in Gabon, Central Africa, Futures, Vol. 38, Issue 4.



other uses such as fuel and construction poles, have been increasing (Table 8). The use of wood to generate fuel made up nearly 10 percent of total timber resources, or nearly 200,000 tons in 2020 (equal to CFAF9 billion, or USD16 million). Access to clean cooking technologies is high in urban areas, but rural areas are lagging. In 2022, 96 percent of the urban homes had access to clean cooking tools, against 49 percent of rural homes.⁶⁵ As a result, wood extraction for fuel has declined in the more urbanized Estuaire province, while increasing in peri-urban locations in other provinces, with a total 93 percent increase in overall fuelwood between 2000 and 2020. Moreover, wood extraction for poles, which are used in household construction, also increased, by 96 percent. In 2020, pole harvesting reached 12,000 tons, about 1 percent of wood resources (CFAF0.25 billion, or USD436,000).

Gabon's forests are also an important provider of wild non-wood resources such as bushmeat, wild food plants, which, valued at about USD20 million in 2020, are significant for local economies. The total value of bushmeat and wild plant harvesting in 2020 was estimated at CFAF11 billion (USD20 million), mostly from bushmeat, estimated at 4,590 tons in 2020, a 56-percent decline since 2000. Bushmeat

hunting is concentrated in the northern province of Woleu-Ntem, and this decline could be associated with lower availability of wild animals or changes in consumption patterns. However, it could also be due to underestimation, as forest extent and conditions are used as proxies for non-wood resources. Meanwhile, wild fruit and vegetable harvesting in Gabon experienced substantial growth, increasing by 59 percent from 2000 to 2020, reaching 1,400 tons in 2020. Many forest plants play an important role in local nutrition, such as the nkumu and odika. Wild plant food harvesting is concentrated in northern and central areas, around major settlements like Libreville, Franceville, Mouila, and Oyem, and along major routes.

Carbon retention generates most of the value from Gabon's forests, at about USD75 billion in 2020, greatly surpassing all other ecosystem services, even if this value is largely not captured by the country. Gabonese forests are well-preserved, thanks to sustainable forestry policies, a high urbanization rate, and low population density. They are a crucial asset for climate change mitigation, absorbing vast quantities of carbon (carbon sequestration) and storing it in biomass and soils (carbon retention). Forests in Gabon stored an estimated 8 billion tons of carbon in 2020, equivalent to 29.8 billion tons of

65 World Bank. World Development Indicators database.

CO₂ (Table 9). Lowland forests hold 96 percent of this stock, but mangroves and swamp forests had the highest per-hectare carbon densities. On average, mangroves retained 607 tons of carbon per hectare in 2020, considerably higher than the 342 tons per hectare retained in lowland forests. Despite minor declines in forest extent and conditions, net carbon sequestration increased by about six percent over 2000-2020, due to tree growth. Carbon retention increased both in volumes and value (Table 9). In monetary terms, carbon retention services were valued at over CFAF 43 trillion (USD75 billion) in 2020 (Box 3). Due to the increase in carbon retention volumes by growing trees and the higher value of carbon retention services,

the value generated by carbon retention in Gabon increased by 91 percent from 2000 to 2020. This vast amount, over three times higher than Gabon's GDP, represents a massive economic loss. The country provides a significant service to the planet but international financing mechanisms remain limited and still unable to compensate it for these services (Box 3). While the global value of Gabon's forests has been widely discussed, local values are just as important. The Congo Basin forests help regulate precipitation and cool the regional climate in Gabon and its neighbors by 3-4 degrees Celsius.⁶⁶ This is critical to contain temperatures, benefiting livelihoods, crops, and rain patterns.⁶⁷

Box 3. Estimating the values of carbon retention services and forest assets

Carbon retention services: The report on Forest Ecosystem Accounts for Gabon estimates the value of carbon retention services using the social cost of carbon (SCC), a theoretical metric that quantifies, in monetary terms, the damages caused by the release of an additional ton of carbon dioxide (CO₂) into the atmosphere. These damages include adverse impacts on human health, agricultural productivity, increased flooding, wildfires, and sea level rise. A key challenge in assessing the values of carbon retention services is selecting an appropriate carbon price to quantify avoided climate damages. The report uses the SCC estimates from Nordhaus (2017), a widely recognized metric that quantifies the economic damages associated with carbon dioxide emissions. The following avoided global social cost of carbon were used (prices in 2024 USD): 2000: USD29 per tCO₂e; 2010: USD39 per tCO₂e; 2020: USD52.5 per tCO₂e. In Gabon, carbon retention services generated an estimated annual value of CFAF43 trillion (USD75 billion) in 2020.

While the SSC provides a valuable benchmark for estimating the global value of avoided climate damages, it remains a theoretical indicator, used primarily for policy analysis and cost-benefit assessments. In contrast, valuing carbon retention using market prices reflects the actual transaction recognized in carbon trading, offering countries a tangible pathway to generate income through carbon markets and initiatives like REDD+. Distinguishing between the two approaches is essential to setting realistic expectations of support that could be received by forest-rich countries like Gabon, in terms of building the institutional and technical capacity needed to access markets and benefit from emerging carbon market opportunities.

Forest assets: Forest ecosystem services yield annual benefits, derived from the asset stock. Gabon's ecosystem accounting distinguishes between service flows (e.g., tons of carbon retained, wood harvested per year) and asset values (the present value of these flows, based on flows to be generated over an asset's life). Using SEEA principles, a 100-year time horizon and a discount rate of 4.5 percent to calculate assets' net present value, Gabon's forest asset value in 2020 was estimated at CFAF 950 trillion (USD 1.6 trillion), mainly from carbon retention. The asset value of carbon retention services is estimated in terms of the climate change damages avoided, or "social cost of carbon (SCC)". The SCC is the discounted present value of the cumulative impact over time of one additional ton of carbon dioxide emitted into the atmosphere today over its residence time in the atmosphere. In Gabon the total forest ecosystem asset values almost doubled since 2000, reaching CFAF 498 trillion (USD824 billion), mainly thanks to higher prices and demand for carbon retention services. Yet, a minimal share of this value has been realized domestically, through support from CAFI and other agencies.

⁶⁶ Nogherotto, R., et al. 2013. Impact of Congo Basin deforestation on the African monsoon. *Atmos. Sci. Lett.*, 14.

⁶⁷ An analysis of climate-related shocks to Gabon's infrastructure, human and natural capital is presented in the upcoming Gabon Country Climate and Development Report (CCDR).

Box 3. Estimating the values of carbon retention services and forest assets (continued)

Gabon forest ecosystem asset values, 2020				
Ecosystem Type	Extent (ha)	Asset value (CFAF billion)	Value per ha (CFAF million/ha)	Net value change, 2000-2020 (%)
Lowland Forest	22,200,729	889,083	40,047	38%
Submontane Forest	120,787	4,497	37,229	38%
Swamp Forest	1,172,073	40,431	34,495	36%
Mangroves	191,777	13,584	70,831	36%
Forest-Farm Mosaics	100,962	1,967	19,478	98%
Total	23,786,328	949,560	40,416 (average)	38%

Source: World Bank. 2025. Forest Ecosystem Accounts for Gabon 2000-2020.

Table 9. Physical and monetary values of forest ecosystem services in Gabon

Monetary values of annual forest ecosystem service flows (in constant 2024 CFAF billion)

Service Type	2000	2010	2020
Wood	115	70	100
Wild resources	6	9	11
Sediment retention	53	69	105
Carbon retention	22,466	31,199	43,008
Tourism	20.2	16.4	12.7
Total	22,660	31,363	43,237

Physical estimates of annual forest ecosystem goods and services

Resource Type	2000	2010	2020
Wood (thousand tons/year)	2,265	1,546	1,990
Wild resources (thousand tons/year)	11	16	6
Sediment retention (million tons/year)	1,390	1,389	1,384
Carbon retention (million tons/year)	7,656	7,911	8,115
Ecosystem-based tourism (CFAF billion)	20.2	16.4	12.7

Source: World Bank. 2025. Forest Ecosystem Accounts for Gabon 2000-2020. Wood includes wood harvested for timber, fuel, and poles. Wild resources includes bushmeat and wild plant foods.

Soil and sediment retention, valued at USD183 million in 2020, are key for erosion control and water quality, but sediment retention capacity is decreasing. Forest ecosystems play a stabilizing role as vegetated areas trap sediments, reducing the effects of soil erosion on water systems. Trees anchor soil in their roots and their canopies and ground cover intercept and absorbs rainfall, reducing the risk of soil being washed away into rivers, lakes or reservoirs. This reduces costs associated with erosion, such as

dredging costs and the shortening of lifespans of reservoirs and other infrastructure, impacting hydropower and drinking water quality. Sedimentation in rivers can also exacerbate flooding and impact sewerage systems. In Gabon, sediment retention services were the second largest value provided by forest ecosystems, after carbon retention, valued at CFAF105 billion in 2020 (USD183 million). Yet, in physical terms, from 2000 to 2020 sediment retention remained stable (Table 9). Due to forest loss and degradation, the

amount of sediments exported to watercourses over that period was estimated to have increased by eight percent. Thus, by 2020, an estimated 721,500 tons of sediment reached water systems, which remained low compared to many countries in the region.

Finally, tourism activities are largely concentrated in coastal and central areas, particularly in protected national parks, but the value generated by tourism, at nearly USD22 million in 2020, has been declining. During the 2000-2020 period, the value of nature-based tourism, focused on forests and wildlife, is estimated to have declined from CFAF20.2 billion to CFAF12.7 billion in constant 2024 CFAF (USD22 million).⁶⁸ This is a worrying trend, considering how tourism can contribute to jobs, incomes, and forest conservation, and how this decline impacts the Government's plans to rely more strongly on tourism as a diversification strategy. It would be key to identify solutions to the causes for the underperforming tourism industry, which may include inadequate transport and accommodation infrastructure.

Links between Gabon's national wealth, forest services accounts, and macroeconomic indicators

An analysis of the relationship between national wealth, forest ecosystem services, GDP and GNI

provides insights into the sustainability of Gabon's long-term growth with respect to its wealth assets. Drawing on information from forest ecosystem services accounts and wealth accounts, this study analyses the values of (a) forest ecosystem services that are not captured in GDP and (b) adjusted estimates of GNI and savings that consider changes in a country's wealth.

Assessing the value of ecosystem services that are not captured in GDP

Timber, wildlife, and tourism services are captured by both GDP and forest ecosystem services accounting, but values reported may differ for a variety of reasons. GDP measures typically include some forest ecosystem services like timber, wildlife, and ecotourism, but methodological differences can impact results. The forest ecosystem accounts estimate resource rents (*percentage of gross output value*) rather than the national accounting approach of value added. Also, informal logging can impact estimates. For example, timber extraction in Gabon was estimated by forest ecosystem services accounts at USD134 million in real terms in 2020 (0.9 percent of GDP), comparing to USD214 million (1.4 percent of GDP) in the national accounts.

A share of sedimentation and carbon retention services indirectly impacts GDP in the form of in-



Photo credit: alamy.com

⁶⁸ Based on estimates from World Travel and Tourism Council on tourism's contribution to GDP. Adjustments were made to exclude other types such as business travel and visits to friends and family, and to determine the share of nature-based tourism. For more details on the methodology, please consult: World Bank. 2025. Forest Ecosystem Accounts for Gabon 2000-2020.

puts to the production of goods and services that are captured in GDP. For example, sedimentation retention services are important for hydropower generation while forests' climate regulation contributes to agricultural productivity. However, the value of these services for the domestic economy, at USD89 million, was a minimal share of the value created for the world. Carbon retention services generated a massive value, which mostly accrues to the rest of the world.

In 2020, the social cost of carbon retention services was valued at USD 57 billion in real terms, but the actual market value of carbon is likely to be significantly lower, due to limited demand, verification challenges, and the absence of a well-functioning market for carbon retention from standing forests. In comparison, Gabon's real GDP stood at USD15 billion in 2020, underlying the massive value generated by carbon retention. Yet, even if Gabon has made considerable progress, being recognized as a leader in climate policies, it will capture little of this value unless a proper mechanism for direct payments is set up, such as under REDD+ or a well-functioning Article 6 framework under the Paris Agreement.⁶⁹ Major challenges at the global level make it difficult to foresee meaningful evolutions in the near future. First, there is an important distinction between estimated values and market prices. The value of carbon retention services is estimated based on the social cost of carbon (the cost of climate change damages avoided thanks to carbon retention), so it is different from the market value obtained in global carbon markets, which can be much lower. Also, global carbon markets are underdeveloped, and there are limited buyer commitments and concerns about permanence,

additionality, and leakage.⁷⁰ In addition, some forest-rich countries face challenges in measuring, verifying, and selling carbon credits. This means that Gabon and other Congo Basin countries will keep providing the world with key carbon retention services for free, unless substantial global reforms and a much stronger cooperation and commitments are in place, aiming at achieving concrete results.

Adjusting gross national income and net national savings for changes in national wealth

Adjusting traditional macroeconomic indicators to account for changes in wealth due to depreciation, natural capital depletion, or human capital accumulation can provide a new perspective on the state of national wealth. In the 1990s, the World Bank introduced two indicators, adjusted net savings (ANS) and adjusted net national income (ANNI), to integrate environmental degradation and resource depletion into national accounts. ANS measures the true rate at which a country is saving for the future. It is estimated as gross national savings (or gross investment, given the savings-investment identity) minus depreciation of produced capital, depletion of subsoil assets (fossil fuels and minerals) and timber resources, and air pollution damages to human health, plus a credit for expenditures on education. ANNI, on the other hand, adjusts GNI by subtracting the depreciation of produced capital and natural capital depletion, offering a clearer picture of sustainable income (Table 10). While ANS focuses on savings and investments, ANNI looks at income flows and erosion of natural and physical assets. A negative ANS and ANNI signals that country is consuming more than it is investing or saving.

Table 10. Adjusted Net Savings (ANS) and Adjusted Net Income (ANNI) calculations

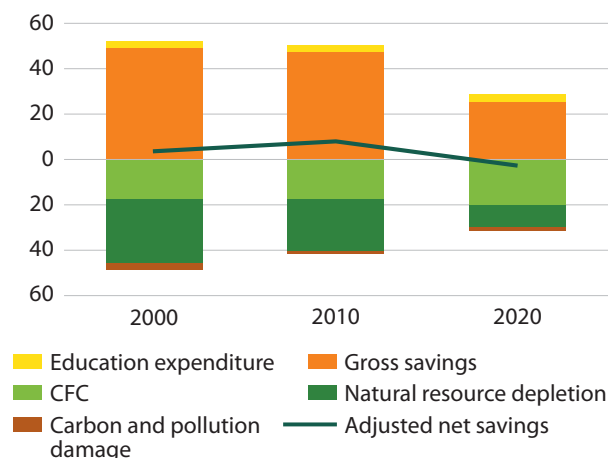
Gross National Income (GNI) (Deduct: Consumption of fixed capital) Net National Income (Deduct: Consumption of natural capital) Adjusted Net National Income (ANNI)	Gross National Savings (Deduct: Consumption of fixed capital) Net National Savings (Add: Expenditure on education) (Deduct: Natural resource depletion) (Deduct: pollution damage) Adjusted Net Savings (ANS)
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Sources: CWON and Gabon forest ecosystem services accounts report.

⁶⁹ World Bank. 2023. Article 6 of the Paris Agreement establishes the framework for countries to voluntarily cooperate in achieving their climate targets through carbon markets and non-market approaches, including trading emissions reductions.

⁷⁰ ERC Finance working group report (2023).

Figure 45. Adjusted Net Savings, percent of gross national savings



Source: Gabon forest ecosystem services accounts report.
CFC = Consumption of fixed capital.

In Gabon, adjusted net savings was positive in 2000 and 2010, but turned negative in 2020. When Gabon's GNI per capita is adjusted based on ANNI, it decreases to 70 percent of total GNI per capita, indicating that income generation came largely from consumption of oil and other natural resources. This difference is higher in Gabon comparing to the regional and UMIC averages. Furthermore, ANS was positive between 2000 and 2010 (4 percent and 9 percent, respectively), suggesting that during this period Gabon was accumulating savings, which can be attributed to the commodity boom experienced in the beginning of the century. However, ANS then shift to -3.0 percent in 2020, due to lower savings and increased cost of capital depreciation caused by lower investment following the oil price shocks (Figure 45). Institutional policies are thus needed to reduce budget cyclicality and allow the country to build fiscal buffers and stabilize investments, and also to promote a higher rate of savings and investment over the long term.

SECTION IV. Building a prosperous future: How can Gabon protect and expand its national wealth and make the most of forest ecosystem services?

Strong structural reforms are urgently needed to reverse the worrying trend of declining per capita wealth, setting Gabon on a higher development path. If current trends continue, Gabon would keep losing national wealth per person, disposing of fewer assets and resources to generate incomes for its people. To build a more sustainable national wealth, capable of improving well-being over time without depleting the country's wealth, Gabon needs more effective management of natural resources, and targeted and strategic investments in infrastructure, human capital and economic diversification. These are crucial to ensuring that both its assets base and GDP per capita can increase substantially over time.

Physical capital

To address the challenges preventing a stronger build-up of infrastructure, governance reforms are key for more efficient and effective public investments. As the country faces strong fiscal constraints, amid prospects of declining oil revenues, subdued global oil prices, and high rigid spending pressures



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from debt service and other sources, investing efficiently is crucial. Rising energy needs and inadequate transportation are among the top challenges to firms and households and constitute a Government priority. During the political transition in 2023-2025, public investments in infrastructure expanded considerably. A road fund, the *Fonds autonome national d'entretien et d'investissement routier* (FANEIR), is being planned to improve road maintenance. Going forward, reforms such as decrees implementing the new public investment law are key to achieve more transparency and efficiency, and improving project selection, prioritization and monitoring, agency coordination, and spending controls. Setting clear timelines, performance indicators, and accountability mechanisms can help ensure that projects are completed on time and within the budget. Integrating all public investments into the budget would also be essential for better internal controls, planning, and public oversight. Key actions include prioritizing spending categories and efforts to mobilize non-oil revenues, as discussed in chapter 1.

Also, to be sustainable and stable, investment should be aligned with national priorities and fiscal capacity and embedded in a countercyclical budgetary policy. Countercyclical policies are needed to minimize the impacts of economic downturns and oil price shocks, preventing abrupt cuts in infrastructure spending. Setting clear, realistic and credible fiscal rules, such as a target for the non-oil primary balance, can help decouple the budget from oil cycles. Rules need to be enforced in practice, such as fiscal targets and contributions to FGIS, the sovereign wealth fund, which should receive a share of oil revenues. This could protect public finances and help stabilize spending on public investment.

Meanwhile, better conditions are needed to stimulate private investment, which is crucial for growth. Most investment done in Gabon comes from the private sector, but reforms are needed to diversify investments into non-oil sectors, enabling firms to expand industries and participate more actively in infrastructure development. To foster private investment in produced capital, which would contribute to growth and jobs, reforms should focus on creating more enabling conditions for firms, improving access to energy and transportation, among other aspects in the business

climate like credit and labor skills, creating the right conditions for firms to set up and expand local processing activity. A strong private sector engagement can help identify and address key bottlenecks. Other policy options include reinforcing the legal framework for public-private partnerships to attract more private capital and reduce the fiscal burden of investments.

Human capital

To enable its people to fully contribute to growth, Gabon needs to increase, improve, and better target public spending on education and skills.

Recently, the Authorities have been expanding spending on education, reinstating scholarships for secondary schools based on students' performance, at an expected cost of CFAF83 billion, or 3 percent of total revenues.⁷¹ Also, close to 200 classrooms were reported to have been built during the transition, in 2023-2025. Yet, spending on health and education is lower in Gabon compared to its peers. To build a stronger human capital, the country needs to only to reinforce spending on key social areas, but also to improve tar-



Photo credit: alamy.com

⁷¹ Government of Gabon. 2025. Budget Law.

getting and allocation. It is key to redirect spending to primary education and teacher quality and make it less regressive and more aligned with job opportunities.⁷² Incentives and controls could be developed to attract and retain qualified teachers, making them available across the territory and providing more equitable access to quality education. Investments in school infrastructure are needed to ensure adequate facilities, especially for rural schools, of which 0.4 percent have functional toilets and 14.5 percent have electricity.⁷³ Furthermore, training centers are being built to improve labor skills, offering training on wood, ICT, construction, and other sectors. Expanding them and engaging with the private sector is crucial to align training with market needs.

Investing more and better in public health could help Gabon create a healthier and more productive labor force. Upon President Oligui Nguema's inauguration in May 2025, access to health services was cited as a key social expectation for the new Government, which aims at reforming the health system.⁷⁴ Health clinics are being built, and investments in digitalization to support health services are underway,⁷⁵ but access to health remains unequally distributed. In addition to increasing health spending, it would be critical to better target, allocate and align spending with the epidemiological profile and demographic distribution, for instance by targeting preventive care and primary healthcare facilities, and adopting innovative techniques such as performance-based payments.⁷⁶ Furthermore, investing in emergency preparedness is needed to enable the health system to respond to epidemics and other shocks.

Nonrenewable natural capital

Natural resources are a cornerstone of Gabon's wealth, but their sustainability is a concern, as over-reliance on nonrenewable resources can lead to economic volatility and environmental degradation. Changes in global demand, energy structure and

technologies can also leave countries with stranded assets (Box 4). But evolving global markets can also bring great opportunities for Gabon's mineral resources, like manganese, gold, and iron ore. However, as minimal amounts of manganese and other minerals are currently processed before exports, reforms should focus on improving conditions for local processing. There are also opportunities to tap into gas reserves to expand gas-based energy, reducing gas flaring and increasing the availability of affordable energy.⁷⁷

To manage and utilize extractive revenues more effectively, a strategic approach is necessary to ensure that resources contribute more to sustainable economic growth and diversification. Policies to enhance extractive revenues management, promote economic diversification, and ensure environmental sustainability can help avoid risks of a depletion or unsustainable exploitation. As Gabon was recently readmitted into the Extractive Industries Transparency Initiative (EITI) in early 2025, it will be key to implement EITI recommendations and ensure transparent management of natural resources. This includes fully publishing information on oil and mining contracts, including data on beneficial ownership and amendments. As done by other countries, Gabon could also include the forestry sector into its EITI engagement, currently limited to hydrocarbons and mining. It could also enforce data sharing for key state actors in extractives sectors, such as by publishing audited SOE financial statements.

Renewable natural capital

Renewable natural resources can be leveraged to diversify the Gabonese economy and help reduce the reliance on finite extractive sectors, yet policies need to carefully consider trade-offs involved in a country's development path. Gabon's natural resources are a major asset, that can be used to generate local industries. With prospects of declining oil

72 World Bank. 2018. Gabon Public Expenditure Review.

73 World Bank. 2025 (unpublished). Gabon Country Climate and Development Report (CCDR).

74 L'Union. Discours d'Investiture du Président de la République. May 3, 2025.

75 The World Bank's eGabon Project aims at improving timeliness and availability of information to support public health services delivery and management, with eHealth applications and services, and ICT services.

76 World Bank. 2018. Gabon Public Expenditure Review; World Bank. 2025 (unpublished). Gabon Country Climate and Development Report (CCDR).

77 Reform options on the gas sector are discussed in detail in the upcoming Gabon Country Climate and Development Report (CCDR).

Box 4. How can countries avoid being left with stranded assets in an evolving global environment?

Oil and gas are still expected to play a major role in the global economy over the coming decades. Yet, the sector is becoming more competitive, with new drilling technologies reducing extraction costs in the United States and other regions. Emerging efficiency standards, batteries, and infrastructure for electric vehicles create uncertainty in oil demand. Changes in policies, institutions, social norms, and technologies can cause a sustained reduction in global demand for fossil fuels, leaving countries unable to use natural resources or physical capital built to serve those industries. Research highlights the risk of stranded assets in fossil fuel-dependent countries, with changes limiting the economic role of these sectors and resulting in ‘unburnable carbon’. Cust and Manley (2018) assess the carbon wealth of nations and the risks posed by technological advances and climate policies, arguing that fossil fuel-rich countries risk losing the value of their underground wealth and may be adopting policies that increase their exposure to these risks.

A global low-carbon transition poses specific risks for oil-rich countries due to their reliance on narrow revenues and employment base. They are highly vulnerable to climate shocks but also highly exposed to global mitigation efforts, with a global decline in fossil fuel industries and related value chains impacting local development. If due to the aforementioned factors global hydrocarbon demand declines, there is a significant risk that CEMAC countries’ hydrocarbon related assets could see significant declines in their values, leaving them with important assets stranded. This includes natural resources in the ground but also physical capital, like power and transport infrastructure serving resource extraction or fuel-based power generation, and human capital, due to workers’ training and skills acquired in those sectors. At present, much of foreign and private investment in CEMAC currently goes into extractive sectors. An estimated 30 percent of private investment in Gabon was directed to the oil industry in 2024. Depending on an evolving and uncertain global scenario, investment in the hydrocarbon sector could further decline.

This adds urgency to diversification needs. To mitigate risks, investments should prioritize sectors that stimulate regional development, such as infrastructure for agricultural trade. Diversification should focus on broadening a country’s asset portfolio, including people and skills, agriculture and forestry, underground assets, and factories and infrastructure. Successful strategies must balance between managing carbon-intensive assets and transitioning to knowledge-intensive growth models based on broader asset types and supported by strong institutions. In countries like Gabon, strategies should adapt to different extractive sectors, leveraging the rising global demand for minerals needed for energy transition. Many of these are abundant, providing great opportunities if resources are well-managed.

Sources: Peszko, G, et al. 2020. *Diversification and Cooperation in a Decarbonizing World: Climate Strategies for Fossil Fuel-Dependent Countries*. Climate Change and Development. Washington, DC: World Bank; Cust, J., and D. Manley. 2018. “The Carbon Wealth of Nations: From Rents to Risks.” *The Changing Wealth of Nations 2018: Building a Sustainable Future*, edited by G. M. Lange, Q. Wodon, and K. Carey, 97–113. Washington, DC: World Bank.

wealth, policies to promote sustainable, productive, and high value-add activities based on renewable resources will be key to enable Gabon to make the most of its natural resources. As countries follow a development path, trade-offs can be necessary between development needs and potential impact on forests and other natural resources. The expansion of infrastructure, agriculture, and forestry are necessary for higher growth but would imply some level of reduction in natural capital. However, uncontrolled and unsustainable exploitation of natural capital can deplete assets, compromising future well-being. In order to minimize the environmental impact of growth, it would be important to seek a balanced approach between

natural, human, and physical capital. Policies should aim at promoting growth and improving living conditions without massively depleting natural resources, helping preserve and accumulate Gabon’s wealth for future generations.

To attenuate pressure on forests while promoting a robust and inclusive growth path, policies are needed to enhance local value added in key sectors relying on renewable capital. With the appropriate conditions and an improved institutional environment, the country could make the most of its vast potential in several sectors, such as timber, other forest-based products, agriculture and fisheries, but also

a strong forest-based economy, that could support eco-tourism, knowledge centers, and pharmaceutical industries.

On forestry, ongoing efforts to promote local value added, improve regulations and wood traceability should be accelerated. As mentioned, Gabon created a large local wood processing industry, adding value and jobs, but faces challenges to promote wood processing at higher levels. Initiatives underway to digitalize wood tracing and logging licensing could help advance transparency and sustainability. A broad ongoing reform plan in this area is a review of the forestry code, which provides an opportunity to embed stronger regulations, enforcement and control mechanisms, and incentives for sustainable development in forestry. For example, Gabon is the only country in CEMAC which has a bonus-malus system, incentivizing sustainable forestry with lower land area fees for certified forest concessions. As discussed in the previous Gabon Economic Update and upcoming CCDR, this bonus-malus approach and other climate-smart fiscal policies could be expanded to promote sustainable forestry, but also agriculture.⁷⁸

Increasing productivity in agriculture and agroforestry can help generate more jobs, incomes, and better food security, while minimizing environmental impacts. For Gabon's rural population, at about 10 percent of total population, agriculture is an important source of income. Its national development plan aims at using food production to boost food security and incomes. While this could generate important benefits, ensuring sustainable land use is key to avoid risks of tensions with forest preservation. Agricultural development should focus on boosting yields (through enhanced fertilizer-use and other techniques) and leveraging the forest through agroforestry (Box 5). Similarly, increased support to sustainable fisheries is needed to enable Gabon to achieve its goal of sustainably recreating its tuna processing industry. Also, a sustainable, socially fair, and human-centered approach to environmental conservation requires environmental policies to be aligned with the protection of

crops and farmers. Measures to reduce animal-human conflict could include wildlife corridors, early-warning systems, electric fences, acoustic and light-based deterrents, and insurance schemes to compensate farmers.⁷⁹

Gabon's unique cultural and natural heritage is an opportunity to develop ecotourism, which would require investments in infrastructure and marketing, and a strong support strategy. Gorillas and forest elephants are abundant in Gabon, which has been promoting ecotourism over the years. Having one of the richest biodiversity in Africa, Gabon could model itself on Costa Rica, or Rwanda, where a strong ecotourism sector focused on mountain gorillas generates important revenues for local communities (Box 6).⁸⁰ However, effectively realizing this opportunity



Photo credit: alamy.com

78 World Bank. 2024. Gabon Economic Update; World Bank. 2025 (unpublished). Gabon Country Climate and Development Report (CCDR).

79 Shaffer, L.J., Khadka, K.K., Van Den Hoek, J. and Naithani, K.J., 2019. Human-elephant conflict: A review of current management strategies and future directions. *Frontiers in Ecology and Evolution*, 6.

80 Maekawa, M., et al. 2013. Mountain gorilla tourism generating wealth and peace in post-conflict Rwanda. *Natural Resources Forum*, Vol. 37, No. 2.

Box 5. The third way – a strategic approach to agriculture in highly forested nations

Despite a common notion that densely forested countries face a choice of expanding agriculture or protecting forests, there is a third way, which aim at maximizing agricultural and forest ecosystem values.

Step 1: Close yield gaps. With fast growing populations and the need to diversify exports, countries need to ramp up food production. In Gabon, one in five people are undernourished, an issue exacerbated by high living costs, dependence on imported foods, and high trade costs. Across the Congo Basin, agricultural yields tend to be low, often far below what is achievable for a plot of land. Yields such as cassava, maize, yams, and bananas are stagnant or declining since the 1960s, and are lower than the SSA averages. For example, in 2023 Gabon produced 7.8 kilograms of bananas per hectare, about half of the average yield in SSA. Factors causing low yields include challenges in soil management practices, lack of fertilizer use, and selection of less suitable crops. Rather than increase output by expanding into virgin forests, improving agricultural productivity can help countries get more food with current agricultural land available and better preserve forests, benefiting from critical forest services for agriculture, such as nutrient cycling, rainfall regulation, climate regulation, and protection against extreme weather.

Step 2: Pursue agroforestry. In conjunction with productivity-enhancing policies, countries could explore options to foster agroforestry, where some forest cover is kept alongside crops or animal husbandry. Trees are a useful technology – they boost soil health, prevent wind and water erosion, shield against extreme temperatures that can stress crops and offer protection against natural hazards.⁸¹ Many of these services enhance yields and increase prices through certification labels.

Step 3: Monitoring and enforcement. Forests are a critical ecosystem that can drive new development models, leveraging high value-add opportunities in sustainable wood and agricultural production, as well as tourism and related services (e.g. a forest-based knowledge economy with educational centers, research hubs, etc.). To avoid an unsustainable use of forests, monitoring infrastructure that combines satellite-based measurement with on-ground enforcement, is necessary.

Source: FAO. FAOSTAT database.

requires investment in basic infrastructure such as tourist lodges, transportation, and public services; properly trained staff including English-speaking tour operators and security personnel; and navigation tools such as field guides, maps and trail networks.⁸² It also requires fixing important misconceptions,⁸³ as even if Gabon is stable, Central Africa can be perceived to be unstable as some countries experience armed conflicts. Finally, eco-tourism operators reported facing roadblocks related to public transport, immigration policies, and other challenges.⁸⁴ With its forests, biodiversity, mountains and beaches, Gabon can be

a comprehensive tourism destination if the right infrastructure is developed and policies are adopted to facilitate tourism and address misperceptions.

Gabon can also capitalize on its forests, biodiversity, local traditions and knowledge by establishing educational and research centers, enhancing local human capital and fostering a forest-based knowledge economy. These centers could focus on areas like ethno-botany, conservation, and genetics, ensuring that this knowledge benefits Gabon. The commercialization of forest plants into new drugs is

81 Mbow C, et al. 2014. Agroforestry solutions to address food security and climate change challenges in Africa. Current Opinion in Environmental Sustainability; Awazi NP, Tchamba NM. 2019. Enhancing agricultural sustainability and productivity under changing climate conditions through improved agroforestry practices in smallholder farming systems in sub-Saharan Africa. *African Journal of Agricultural Research*, 14(7); Jose S. 2009. Agroforestry for ecosystem services and environmental benefits: An overview. *Agroforestry Systems*, 76; Nair PKR, Garrity D. 2012. Agroforestry - The Future of Global Land Use. *Advances in Agroforestry*, 9(1).

82 E.D. Coates, A.J. Coates, *A Preliminary Feasibility Study for Ecotourism Development in Gabon*, Report to Wildlife Conservation Society, Bronx, NY, 2004.

83 William F. Laurance, et al. 2004. *Challenges for forest conservation in Gabon*, Central Africa, Futures, Volume 38, Issue 4.

84 BBC (7 February 2012). Gabon: Surfing hippos, lacking tourists. <https://www.bbc.com/news/world-africa-16686544>.

Box 6. Developing forest-based tourism: the case of Rwanda

Mountain gorilla tourism in post-conflict Rwanda has produced significant gains for local communities. Creative revenue sharing models ensured that different groups benefited from spillover effects creating local jobs in veterinary science, forest stewardship, security services, and conservation studies. Over time, the value of mountain gorilla tourism has increased, reflecting a gradual progression into high-end tourism, and serving as a testament to the unique comparative advantage that Rwanda has secured by being one of the few habitats in the world to offer this premium experience. Knowledge-sectors are also emerging with the creation of educational and research institutions based on mountain gorillas. Nature-based tourism is a major source of jobs, foreign exchange earnings, and incomes for Rwanda. The country had been attracting more than a million visitors per year from 2009-2019, and tourism earnings represent 20 percent of total exports. In 2019, tourism exports amounted to USD458 million, or 4.4 percent of GDP. The bulk of it, about 80 percent of leisure and business visitors in Rwanda, is centered on nature-based tourism, creating many jobs. For every USD1 million coming from nature-based tourism, an estimated 1,328 new jobs could be created. With an estimated population of 35,000 gorillas, comparing to about 350 gorillas in Rwanda, Gabon holds a strong potential for tourism, bringing incomes and jobs.

Sources: World Bank. 2023. Rwanda Economic Update: Making the Most of Nature Based Tourism in Rwanda; Maekawa, M. et al. 2013. Mountain gorilla tourism generating wealth and peace in post-conflict Rwanda. *Natural Resources Forum*, Vol. 37, No. 2.

an option value which is wholly unquantified due to the unknown market potential in undiscovered uses of forest products. Gabon's forests have shown promise in developing new drugs, as seen during the COVID-19 pandemic, when local plants helped Gabonese patients, spurring new research into their potential for medical use.⁸⁵

Gabon and other-densely forested countries need a sizable and well-functioning global financing system to be able to transform carbon retention services into tangible benefits. Estimating the value of carbon retention services is a first step, that allows policymakers, civil society, and the general public to quantify and target a necessary compensation from the international community. Gabon's status as a high forest, low deforestation country demands recognition through scaled-up international finance. But despite the recent growth of climate funds and other green financing initiatives, such a system is still lacking and progress remains uncertain, leaving Gabon unable to fully capture the value of its carbon services. It is thus crucial for the international community to put in place fair, concrete, and adequate means to reward, compensate, and support countries like Gabon for their efforts to preserve forests. If a better global financing

system is not created, countries will not be able to capture these values, increasing incentives for unsustainable uses and environmental degradation.

Achieving reliable revenues from ecological assets also requires robust legal frameworks, to enhance readiness to participate in carbon markets, enable credible carbon accounting and ensure that benefits reach forest communities. Important reforms are underway in Gabon, including the creation of a Green Economy Development Agency (AGADEV), a Sovereign Carbon Initiative, and a Sovereign Carbon Registry in January 2025. This initiative, based on the 'polluter pays' principle, requires air and maritime transport companies to report emissions and contribute to a fund, to be used for environmental preservation and sustainable development projects.⁸⁶ The country also has an ongoing collaboration with CAFI and other partners to enhance carbon market readiness. Enhanced technical support and capacity building need to be provided to strengthen institutions in Gabon and other Congo Basin countries, through stronger global coordination and efforts. When considering climate financing strategies, Gabon should weigh the social, environmental and economic benefits of climate financing against costs and uncer-

⁸⁵ Boukandou Mounanga, et al. 2024. Medicinal plants used in Gabon for prophylaxis and treatment against COVID-19-related symptoms: an ethnobotanical survey. *Frontiers in Pharmacology*, 15.

⁸⁶ Gabon Sovereign Carbon Initiative (<https://gabon-carbon-solutions.com/en/>).

tainties. Options to help it achieve a fairer and higher share of benefits from carbon retention services include engaging more strongly in global negotiations to develop fairer REDD+ mechanisms, stronger cooperation and financial support to tackle climate change,⁸⁷ and the use of nature-based sovereign financing tools such as sustainability-linked bonds.⁸⁸

At the national and subnational levels, Gabon's forest ecosystem accounts can be used to inform fiscal planning and economic policies. Producing and updating data on forest ecosystem services is a first step to improving decision-making by rendering it more evidence based. It provides policymakers and society as a whole with a broader, fuller picture of the wealth and services generated by forests. National wealth assessments, including key components such as forest ecosystem services, can inform development strategies, budget discussions, and broader dialogue with civil society, the private sector, and development partners. Forest ecosystem accounts can be used to design spatially differentiated policies to promote sustainable use of forests, that contributes to more local development and jobs while ensuring that resources remain durable. They can also inform reforms in subsidies and other types of support for agriculture and forestry, fiscal transfers, and national wealth assessments. Deeper analyses could also

shed light on other important issues for development, such as forests' contribution to water quality, and on economic aspects of forest preservation such as urban and rural productivity. Low labor productivity in urban sectors could be associated with stronger reliance on natural assets, for instance in peri-urban areas, increasing pressure on forests.

Ideally, a comprehensive development strategy should combine efforts to promote different sectors, making the most out of sustainable activities in agriculture, timber and forest products, and tourism. The national development plan (PNDT) identifies these sectors as having great potential for growth and jobs. It also advocates for strong climate policies, seeing climate financing as a potential opportunity to generate more revenues in the future. Yet, beyond sector promotion policies, Gabon's forestry-based firms need better operating conditions to thrive and contribute to income generation and wealth accumulation. In fact, the reforms and actions needed to achieve Gabon's aspirations are valid across sectors. From agriculture to wood to eco-tourism, firms need reliable infrastructure, logistics, skilled workers, and a business-friendly regulatory environment, to develop their activities. Focusing on key enabling reforms and building strong basic conditions for growth and job creation should remain a top priority (Table 11).



Photo credit: stock.adobe.com

⁸⁷ Article 6 of the Paris Agreement enables international cooperation to tackle climate change and to unlock financial support for developing countries. More information on the implementation status and updates on climate financing and cooperation under the Paris Agreement is provided by the United Nations Framework Convention on Climate Change.

⁸⁸ Climate financing options are discussed in the Gabon Country Climate and Development Report (CCDR).

Table 11. Policy options to build and preserve Gabon's national wealth

Policy Area	Action	Responsible Entities	Time Frame
Building sustainable public finances to sustain investment in human and physical capital	Mobilize more domestic revenues by digitalizing tax invoices, ensuring compliance with property taxes by all properties, and rationalizing tax incentives.	Ministry in charge of economy	Short to medium term
	Prioritize public spending, aligning it with fiscal space, and improve spending efficiency by implementing the new public investment law, reinforcing governance and transparency of state-owned entities and public procurement, and improving control over human resources.	Ministry in charge of economy; sectoral ministries	Short to medium term
	Set and enforce clear and credible targets for fiscal consolidation and for a countercyclical fiscal policy, in order to reduce fiscal, liquidity and debt pressures, while prioritizing targeted social measures to protect the most vulnerable.	Ministry in charge of economy; sectoral ministries	Short term
Integrating national wealth accounting in fiscal and development planning	Invest in national wealth accounting, including forest ecosystem services, to regularly produce and use data as evidence to support national, subnational, and sectoral development strategies, budget discussions, and public dialogue.	Ministries in charge of economy, planning, environment, forests, other sectoral ministries; Economic, Social and Environmental Council; National Climate Council; Green Economy Development Agency (AGADEV)	Medium term
Building a stronger human capital	Increase and better target spending on education, training, health, and social protection.	Ministries in charge of economy, health, education, social affairs	Short term
	Redirect spending to primary education and teacher quality and develop incentives and controls to attract and retain qualified teachers.	Ministry in charge of education and training	Short to medium term
	Invest in training and engage with the private sector to better align skills with market needs.	Ministry in charge of education and training	Short term
Investing in infrastructure	Strengthen physical capital by improving project selection, prioritization, and monitoring, and by focusing on key areas such as transportation and energy.	Ministries in charge of economy, planning, energy, transport, public works	Short to medium term
	Consider financing options such as public-private partnerships to alleviate fiscal costs and strengthen private sector participation in infrastructure expansion.	Ministries in charge of economy, planning, energy, transport, public works	Short to medium term
Managing nonrenewable natural capital	Build on Gabon's Extractive Industries Transparency Initiative (EITI) membership validation, adopting EITI recommendations to advance transparency and control over oil and mining revenues.	Ministries in charge of economy, oil, mining	Short to medium term
	Mitigate risks associated with stranded assets by prioritizing investments in sectors that stimulate regional development, such as infrastructure for agricultural trade.	Ministries in charge of economy, planning, transport, public works, agriculture	Short to medium term
Making the most of forest ecosystems and other renewable natural capital	Expand a bonus-malus approach and other fiscal policies to promote sustainable wood, agriculture, and agro-forestry, focusing on increasing local value added and jobs, while contributing to conservation goals.	Ministries in charge of economy, planning, forests, agriculture	Short term
	Advance digitalization of wood traceability and forestry permits, and other actions to improve transparency and controls in the wood sector.	Ministry in charge of forests	Short term

Table 11. Policy options to build and preserve Gabon's national wealth

Policy Area	Action	Responsible Entities	Time Frame
Making the most of forest ecosystems and other renewable natural capital	Promote ecotourism with investments in infrastructure, regulatory policies, promotional campaigns.	Ministries in charge of economy, planning, tourism	Short to medium term
	Promote knowledge centers to explore medicinal plants and other forest-based wealth sources.	Ministries in charge of economy, planning, forests, higher education	Short to medium term
	Improve agricultural productivity by enhancing soil management practices, increasing fertilizer use, and selecting suitable crops to sustainably boost yields.	Ministry in charge of agriculture	Short to medium term
	Improve carbon accounting and legal frameworks and pursue international advocacy for sizable, adequate global compensation mechanisms; consider climate financing options such as sustainability-linked bonds.	Ministries in charge of economy, planning, environment, forests; Green Economy Development Agency (AGADEV)	Short to medium term



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Annex

1. Data issues in estimating wealth in CEMAC

The World Bank follows internationally recognized valuation principles from the System of National Accounts (SNA) and the System of Environmental-Economic Accounting (SEEA) to evaluate all wealth components. However, estimating wealth requires reliable and complete data, which are not always available for many CEMAC countries.

To evaluate capital product stocks, the CWON follows the guidelines of the SNA and best international practices, such as those of OECD countries, by using the perpetual inventory method. This method requires data on investments, asset lifetime, and depreciation patterns. Data on capital stocks, compiled using this approach, are available for most countries through the Penn World Tables (PWT). However, to ensure accurate data, it is necessary to maintain a continuous record of the capital stock by adding new investments and subtracting depreciation at each period, which also requires regular censuses. This approach is not always consistently applied by statistical institutions in the CEMAC region.

CWON adopts the Net Present Value – Resource Rent Valuation Method (NPV-RVM)⁸⁹ approach to measure the value of a country's stock of fossil fuels, minerals, or metals based on the present value of expected rent flows until the resource is exhausted. Resource rent is calculated by subtracting extraction costs from the generated revenues. The nominal values of assets for non-renewable natural capital are estimated from various public databases, such as those from the IEA, the US Geological Survey, and the United Nations Statistical Division, as well as licensed sources like Rystad Energy and Wood Mackenzie. CEMAC countries have significant oil and gas reserves that are regularly evaluated by global energy companies and organizations, providing more reliable data. Established and ongoing investments in the energy sectors are often prioritized by governments. However, for minerals and metals, data are often incomplete, particularly

due to a lack of advanced exploration, limited mining infrastructure, and insufficient documentation on the informal or artisanal sector.

For the valuation of renewable natural capital, such as agricultural land, timber, marine fish stocks, and renewable energy, the same NPV-RVM approach used for non-renewable natural capital is applied, with one important difference: for non-renewable resources, the asset's lifetime is determined by the ratio of current production to current reserves, while for renewable resources, it is assumed to be 100 years. In a country with a high forest density like Cameroon, the difficulty often lies in estimating the revenues and costs of timber products, as well as agricultural land rental rates. This is further complicated by illegal log exports and the limited control of the state over the forestry sector. A major limitation of the CWON evaluation is the non-valuation of carbon retention services, which are particularly crucial for the forest in Cameroon, with its peatlands and carbon absorption capacity, offering a global service but not yet sufficiently compensated. This lack of valuation prevents full recognition of the ecological importance of Cameroon's forests and hinders the necessary funding for their preservation.

The CWON uses the lifetime income approach developed by Jorgenson and Fraumeni (1989, 1992a, 1992b) to estimate human capital wealth, which is generally the largest wealth asset across countries. According to this approach, human capital is estimated as the present value of the future labor income that could be generated over the lifetime of the women and men currently living in a country. The implementation of this approach requires data from various sources, including population by age and gender from the UN's World Population Prospects, employment and labor force participation data from the ILO, survival rates from the Global Burden of Disease Study, as well as education and earnings profiles from the UN and harmonized household and labor force surveys of the World Bank.

Source: CWON, 2024.

⁸⁹ The NPV-RVM approach calculates the present value of future resource rents to estimate the wealth derived from natural assets. <https://datacatalog.worldbank.org/int/search/dataset/0042066>.

2. Improving national wealth estimation: using Törnqvist volume index and real chained USD

Previous editions of CWON, prior to 2024, calculated wealth trends at constant prices using the GDP deflator, a common practice in national accounting. However, this method has limitations, as it considers only domestic production flows and excludes imported goods. For example, in oil-dependent economies such as Gabon or Congo, GDP deflators are influenced by oil prices but may not reflect the cost of imported consumer goods such as vehicles, machinery, or electronics. This creates distortions in analyzing real wealth trends and capturing the real purchasing power of national wealth.

To improve accuracy, CWON 2024 uses the Törnqvist volume index to measure changes in total wealth and its components. In this approach, the relative changes in the physical assets of a nation, such as the size of its fish stocks or the number of workers in the labor force, are weighted by their relative economic importance (as measured by their shares in nominal wealth). For instance, the volume of timber assets is measured in hectares, while the volume of oil assets is measured in barrels. Since these assets are expressed in different units, the Törnqvist index enables their combination by weighting each asset's change by its value share, removing unit constraints or difficulties in asset comparisons from calculations.

The index is chained to a base year (2019), and all values are expressed in 2019 chained U.S. dollars, removing inflation and price-related distortions. These chained values can't be directly compared with other indicators like GDP or investment, which are usually in constant dollars. However, CWON also reports nominal values of national wealth components in current USD, enabling comparisons with other macroeconomic indicators. This new methodology enhances the accuracy of wealth measurement, making it a valuable tool for assessing long-term economic sustainability.

3. Estimating the value of a country's human capital wealth

Different methods can be used to measure human capital. In the World Bank's Changing Wealth of

Nations database, a country's human capital is assessed using a monetary measure-based approach. In this approach, human capital wealth is estimated based on the present value of future earnings for its labor force, including employed workers and self-employed individuals. This estimation method thus assesses the future labor incomes to be generated by the current working population, thus viewing human capital as an asset that generates income streams over time. It takes into account factors such as population size and structure, lifespan, education attainment, and labor market experiences. The CWON data on human capital wealth complements the World Bank's Human Capital Index (HCI), which is an indicators-based approach to measuring human capital. The HCI measures the level of productivity that a child born today can expect to attain when reaching working age. It is based on key health (child and adult survival, child mortality, and stunting) and education (expected years of school and harmonized test scores) indicators. These different measures help provide a comparative picture of a country's human capital, which is a primary driver of sustainable growth and poverty reduction; increases in human capital are associated with higher earnings for individuals, increased national income, and stronger social cohesion.

Source: CWON 2024.

4. Forest and other ecosystems in Gabon

Forest ecosystems found in Gabon include:

- Lowland forests, which are forests in low altitude, commonly below 700m above sea level.
- Submontane forests, located in a transition zone between montane and lowland forests, typically starting from around 700-1100 m above sea level.
- Swamp forests, which are seasonally and permanently inundated forests that occur along rivers and poorly drained areas.
- Mangroves, which are coastal forests made up of salt-tolerant trees and shrubs.

Other natural ecosystems in Gabon are:

- Savannahs, a mix of scattered trees/shrubs and open grasslands with distinct wet and dry seasons.

- Wetlands, which are areas where land is saturated with water throughout the year or seasonally.

Anthropogenic ecosystems include:

- Forest farm mosaics, which are a mixture of secondary forest regrowth, active and fallow agricultural fields, home gardens and village plantations.
- Plantations, which are tree crops established by planting and/or seeding, typically monospecific stands with exotic species or intensively managed stands of indigenous species.
- Croplands, which are areas dominated by annual crops with little to no natural vegetation remaining.
- Built-up lands, which are dominated by built infrastructure, including roads. The remaining portion of the territory consists in open water, which are areas of water, such as lakes or rivers, where the water surface does not have significant vegetation.

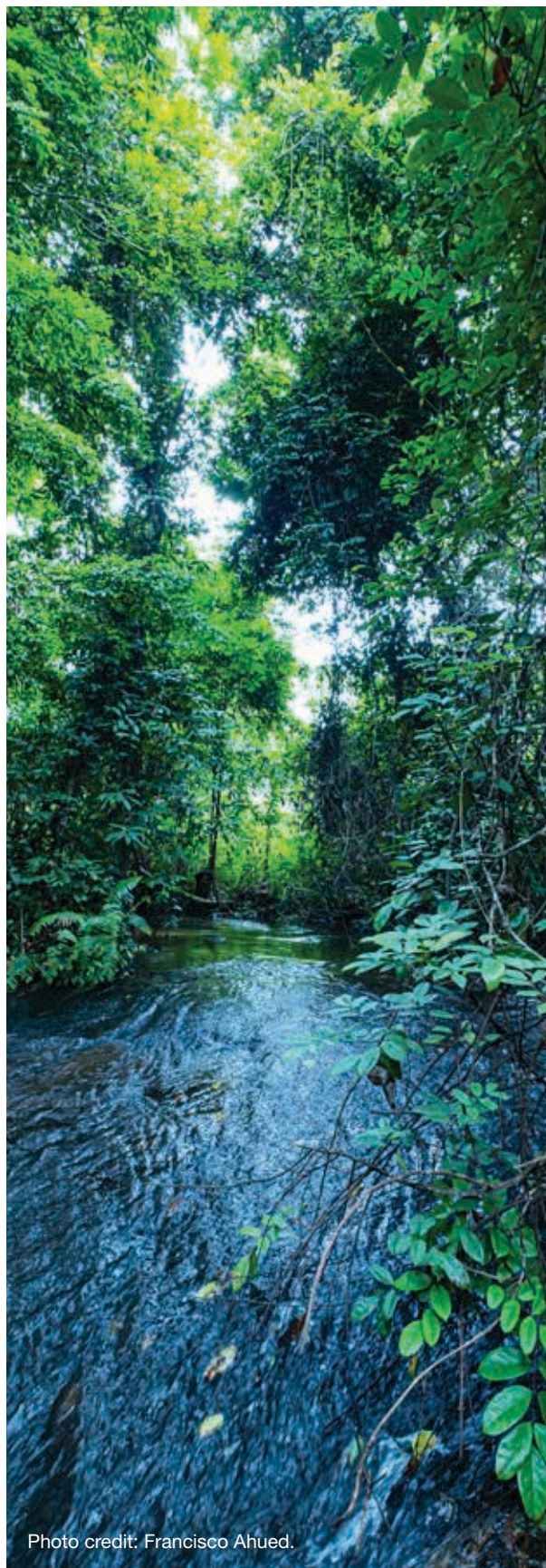


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