Ethiopia

QUARTERLY ECONOMIC PROFILE

January 2024

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Key Highlights

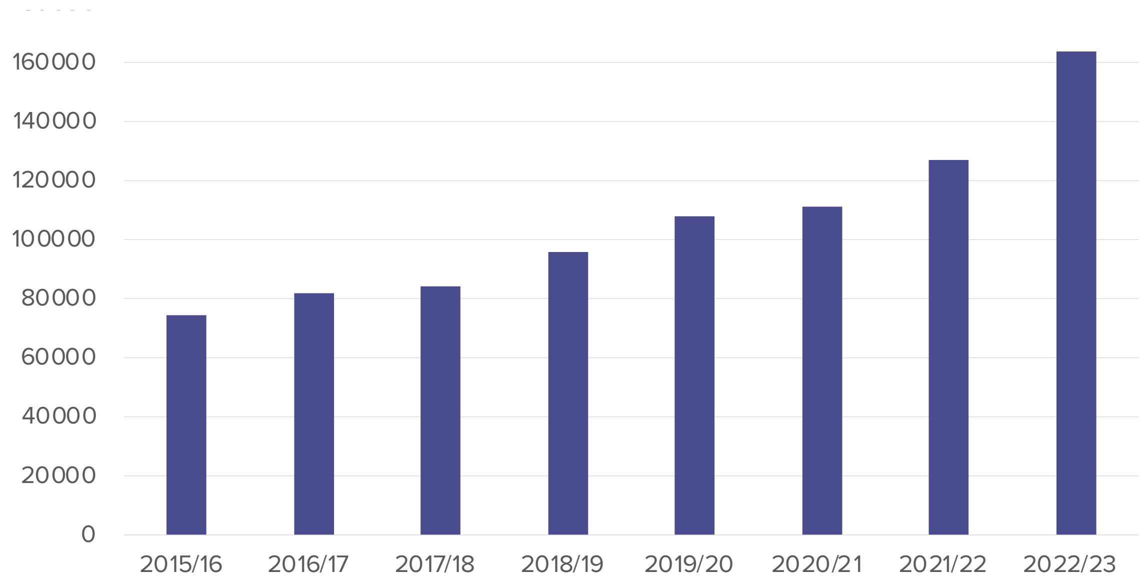
- **Overall:** As Ethiopia enters 2024, the macroeconomic and socioeconomic situation remain challenging. Growth has rebounded after the multiple shocks in recent years. But there is pressure across all macroeconomic indicators. Inflation remains high, reserves remain low, and the twin fiscal and current account deficits are persistent. To address a significant external financing gap, the Government of Ethiopia is in ongoing discussions with the IMF on a possible USD 3 billion loan in 2024. Discussions center on the appropriate exchange rate parity. On January 1, a MOU was signed between Ethiopia and Somaliland in relation to potential port access for Ethiopia. The recent EU Directive restricting coffee exports to the EU from deforested areas by December 2024 has posed a challenge for Ethiopia.
- **Economic Growth:** Ethiopia's economy grew by 7.2 percent in 2023 according to the Government figures, while the IMF estimated the economy grew by 6.1 percent. Services sector remains resilient, while manufacturing continues to be weak. Independent estimates show that Ethiopia's economy grew as low as 4.5 percent in 2023.
- **Forex and currency:** Foreign reserves have fallen to less than USD 1 billion, covering less than 2 weeks of imports (NBE, September 2023). The Birr remains overvalued. Data from January 2024 show the Birr is trading at 110 birr/USD on the parallel market and 56 Birr/USD at the official rate.
- **Fiscal:** The fiscal deficit/GDP ratio has reduced to 2.9 percent against 3.6 percent in the preceding fiscal year. Grants continue to face a secular decline. The Government has announced a USD 20 billion need for reconstruction funds.
- **Monetary:** Direct advances from the NBE and issuance of T-bills continue to play a key role in deficit financing. Money supply annually increased by 26.6 percent in June 2023 but showed slower growth of 6.4 percent from July to December 2023.
- **Inflation:** Inflation in Ethiopia remains stubbornly high. There has been a slight slowdown in headline inflation at 28.7 percent in December 2023 in contrast to 34.2 percent in March 2023.
- **Balance of Payments:** The current account deficit was USD 5.7 billion or 3.5 percent of GDP in 2023 compared to 4.2 percent of GDP in 2022. The overall balance of payment deficit in 2023 was USD 752 million and USD 2.1 billion in 2022.
- **Debt:** Ethiopia faces a significant debt overhang and a USD 1 billion debt repayment on the Eurobond. Ethiopia became Africa's third defaulter after it failed to make a USD 33 million "coupon" payment on its Eurobond. The Government has applied for debt restructuring with the G20 Common Framework (CF) in January 2021. In December, 2023, Fitch Ratings downgraded the country's credit rating to "C" and the Eurobond to "restricted default" after a grace period expired for a payment originally due on December 11, 2023.
- **Social:** Defense and debt servicing continued to eclipse social spending. Due to low external financing, there has been a reduction in poverty-related current expenditure and an erosion in the social safety net program. According to the World Food Program, more than 20 million people across Ethiopia will need food aid in 2024. For the 2024 budget, UNICEF estimates that around 33 per cent of the federal budget is allocated to pro-poor sectors (namely education, health, road construction, water and energy, and agriculture), which represents a significant decline from 59 per cent in 2020.

Economic Growth

Ethiopia has been facing major macroeconomic instability, including overvalued currency, growing import bills, high level of inflation and depleted foreign exchange reserves. Twin deficits, fiscal and current account, have been widening, especially in the aftermath of the northern Ethiopia conflict. The crises in Ukraine and Gaza have put pressure on import prices and export gains. The recent tensions in the Horn of Africa leading to a 50 percent decline in Suez Canal traffic is starting to adversely affect Ethiopia. The Government has had compressed fiscal space, and defense and debt servicing have eclipsed social expenditures in the budget.

Despite the above major challenges, the economy is showing some degree of resilience and has been achieving economic growth for the last few years. The nominal GDP has continued to increase, in part due to the high rate of inflation (Figure 1). The nominal GDP at the current market price for 2023 is estimated at Birr 8.7 trillion (equivalent to USD 163 billion). This is a 41.7 percent increase over the previous year. With continued inflation and anticipated depreciation of the Birr, the nominal GDP will continue to increase in 2024.

Figure 1: Nominal GDP in Million USD

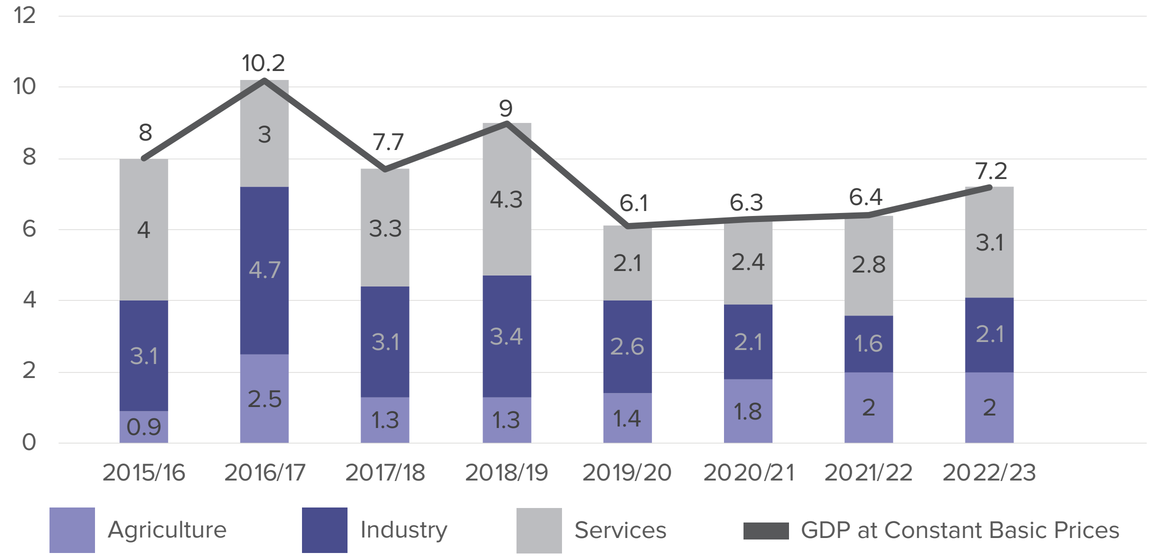


Source: MPD

Real GDP growth has slowed down from an average growth rate of 9 percent between 2000 and 2017 to 6.5 percent between 2020 and 2023. In 2023, the country has achieved a 7.2 percent real GDP growth rate, which is above the 3.3 percent of sub-Saharan African economies' average (Figure 2). However, other estimates from the IMF and independent economists find that GDP growth has been slower than official estimates. AfDB and IMF have projected the GDP growth rate of the country in

2024 to be 6.2 percent, which will be driven by industry, private consumption, and investment due to peace dividend, rebounding tourism, and liberalization.

Figure 2: Real GDP Growth (%)



Source: Constructed based on GDP data from MPD

Most of the real GDP growth rate in recent years is attributed to the services sector. During 2023, 3.1 percent of the 7.2 percent GDP growth rate is accounted by the service sector, while 2.1 percent and 2 percent are from the industry and agriculture sectors, respectively. On the other hand, the real annual growth rate of agriculture, industry, and services in 2023 are 6.3 percent, 6.9 percent, and 7.9 percent, respectively.

Agriculture. Agriculture performance is a mixed story. Most of the growth is attributed to a 7 percent jump in crop output and 4.4 percent growth in the livestock sector. Wheat production has increased significantly. However, the conflict, drought, and a lack of inputs (including fertilizer) have challenged farmers in the Amhara region, according to the Amhara regional agriculture bureau. Independent estimates are that 3 million people are facing food scarcity in Tigray. Moreover, according to OCHA, there are around 4 million individuals living in drought-affected areas who require immediate food assistance.

Manufacturing. According to UNDP (2023)[1], the manufacturing sector has not contributed significantly to the economy and employment. Its share of overall GDP is only 4.6 percent in 2023. The sector has faced several recent challenges, including the deterioration of the security situation across the country, macroeconomic pressure, and other exogenous shocks. Many firms have exited the country due to security considerations, AGOA suspension, and foreign exchange constraints. A combination of an overvalued currency, high logistics costs, and poor access to finance have constrained the sector.

Services. The service sector has been experiencing rapid growth for the past few years. According to MoPD for the year 2023, the service sector has grown by 7.9 percent, partly due to the transport sector (12 percent) and the communication sector (10.3 percent). Air transport has shown significant improvement during this fiscal year. The hotel and restaurant, wholesale and retail, and financial sectors have also shown noteworthy growth in 2023. The service sector is expected to maintain its momentum in the upcoming years.

1 UNDP (2023) "Can Ethiopia Become a Manufacturing Powerhouse?" Working Paper Series No. 4

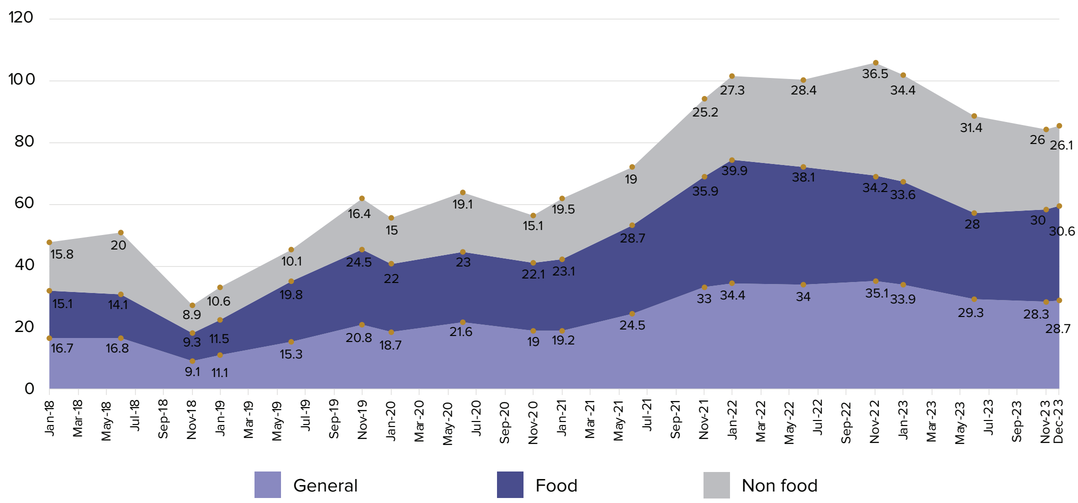
Inflation

Inflation in Ethiopia remains high. Year-on-year headline inflation stood at 28.7 percent in December 2023 indicating slow abatement compared to 35.1 percent in November 2022 and 34.2 percent in March 2023. Food inflation, which accounts for 53.5 percent of the CPI weight, is the major driver of the general price level. Food and non-food inflation rates stood at 30.6 percent and 26.1 percent in December 2023 in contrast to 35.1 percent and 36.5 percent, respectively in November 2022. As depicted in Fig 3 below, between 2018 and 2023 inflation rates have been rising.

Ethiopia has been experiencing among the highest inflation rates globally. Due to the supply shocks, the global average inflation rate has gone up from 4.7 percent in 2021 to 7.4 percent in 2022 and slowed to 6.9 percent in 2023, while the Sub Saharan African average inflation went up from 4.3 percent in 2021 to 9.4 percent in 2022. Ethiopia has experienced the highest inflation compared to its peers in East Africa such as Kenya 6.8 percent, Rwanda 6.4 percent and Uganda 4.6 percent in November 2023.

The key drivers of inflation in Ethiopia include pursuing accommodative and expansionary monetary policy, imported inflation, depreciation of the local currency, domestic trading system and supply side issues among others. There have been measures taken by government to reduce inflation such as introducing Sunday markets in view of directly connecting farmers and consumers, subsidies to essential consumables and others, but these measures remain ineffective.

Figure 3: Inflation Rate January 2018 – December 2023 (%)

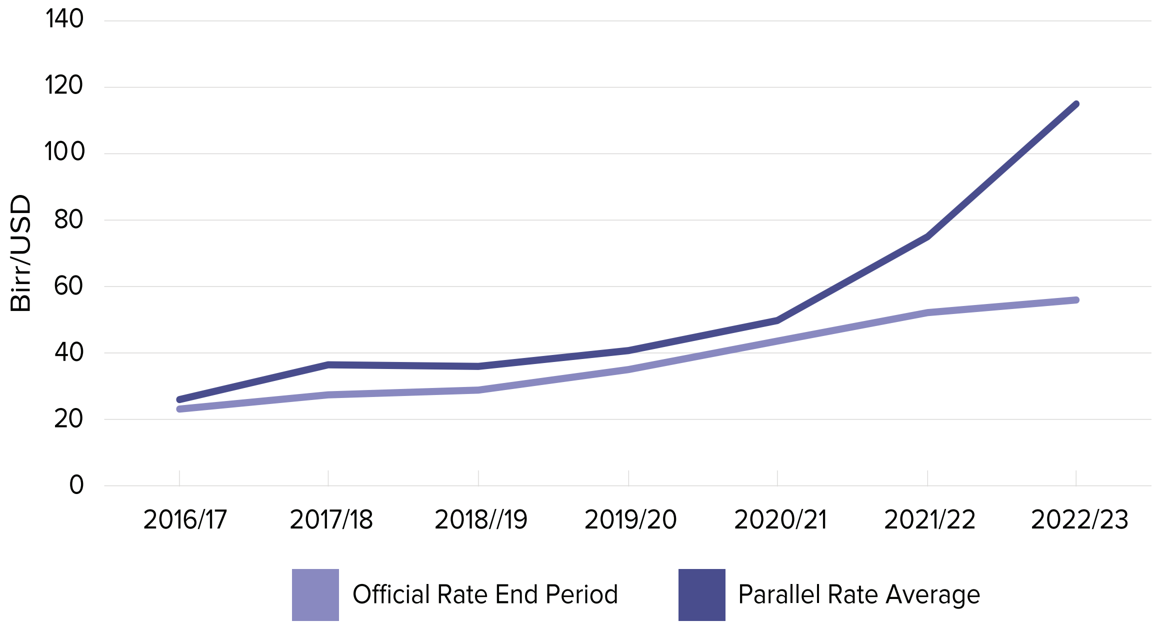


Source: Constructed based on data from CSA

Exchange rate developments

Ethiopia's foreign exchange market continues to be volatile, with some degree of loss of confidence. The birr remains strongly overvalued. Data from January 2024 indicates that the birr is trading at 110 Birr/USD on the parallel market while the official rate is 56 Birr/USD (Figure 4). There is a shortage of foreign exchange in the country, deterring businesses and investors. With the public investment driven growth approach adopted for the past two decades, the limits are being reached, as shown by the significant parallel market premium of more than 100 percent. The parallel premium is driven by increased demand for foreign exchange for import spending and declined confidence in Ethiopian economy.

Figure 4: Official and Parallel Exchange Rates (USD/Birr)



Source: NBE

Some parts of the economy are already using the black-market rate. It is mainly the imports of fertilizer, fuel, and edible oils that is using the official rate. An interesting journalistic analysis shows that in 2023 Hawala firms have been offering 105 birr per U.S. dollar. It is important to note that hawala companies with established relationships with regional commercial banks are transferring remittances from the diaspora to Ethiopia using the parallel market rate, which is twice the official exchange rate. [2]

A potential devaluation of the currency could have several important impacts. First, it can correct the underlying distortion. Second, it could help to support exports and constrain imports. Third, there will be more fiscal space for the government in local currency terms. However, devaluation can have a pass-through effect on inflation and will have to be accompanied by potential subsidies and tight monetary and fiscal policy stance to shelter the impact on vulnerable population.

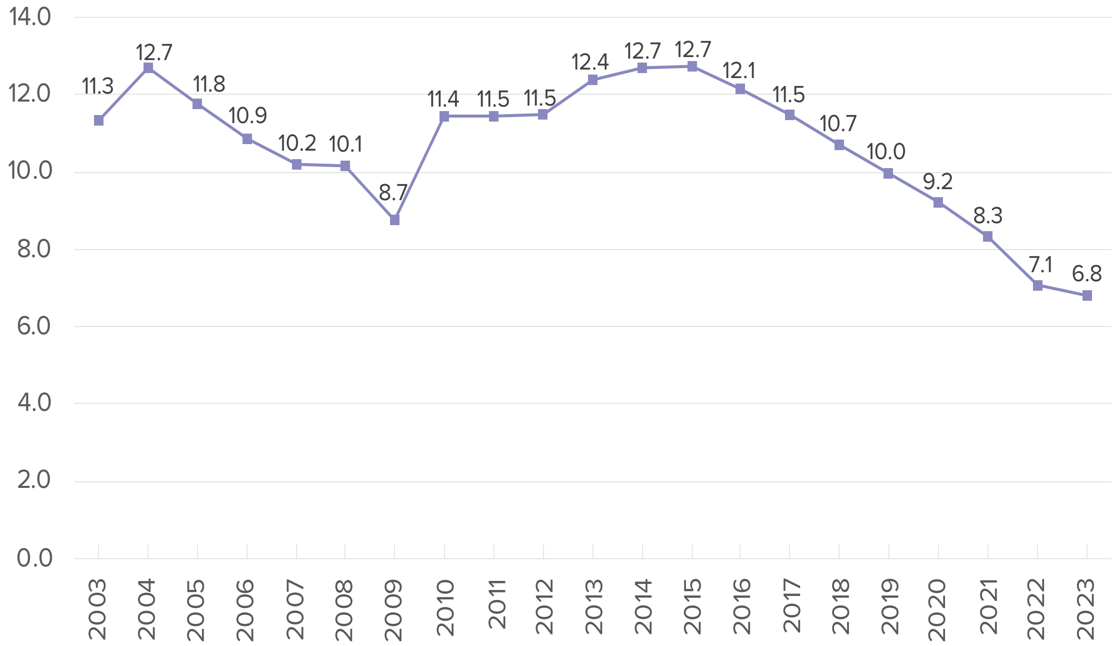
2 The Reporter (2023), Banks complicit as "rubber stamps" for illegal hawala 105 birr Rate, May 20, 2023

Government Finance

In 2023, Ethiopia has started to undergo some fiscal consolidation in the aftermath of the shocks. In 2022 the Government had incurred spending for both debt servicing and defense. The fiscal deficit/ GDP ratio has fallen from 3.6 percent in 2022 to 2.9 percent in 2023 as both revenues and expenditures were cut in real terms.

According to provisional fiscal performance data from MoF, in 2023 total government revenue reached Birr 685 billion or 7.9 percent of GDP posting 37.3 percent annual growth. Tax revenue was Birr 593 billion, 86.6 percent of revenue and 6.8 percent of GDP (Figure 5). While indirect tax accounted for 55.5 percent, direct tax was 44.5 percent. Grants slightly increased to Birr 32 billion compared to Birr 26 billion in the preceding year. Tax collection has annually increased by 35 percent but tax to GDP ratio of 6.8 percent is a decline compared to 7.1 percent last year, in part due to an increase in nominal GDP which grew by 41.7 percent.

Figure 5: Tax Revenue to GDP (%)



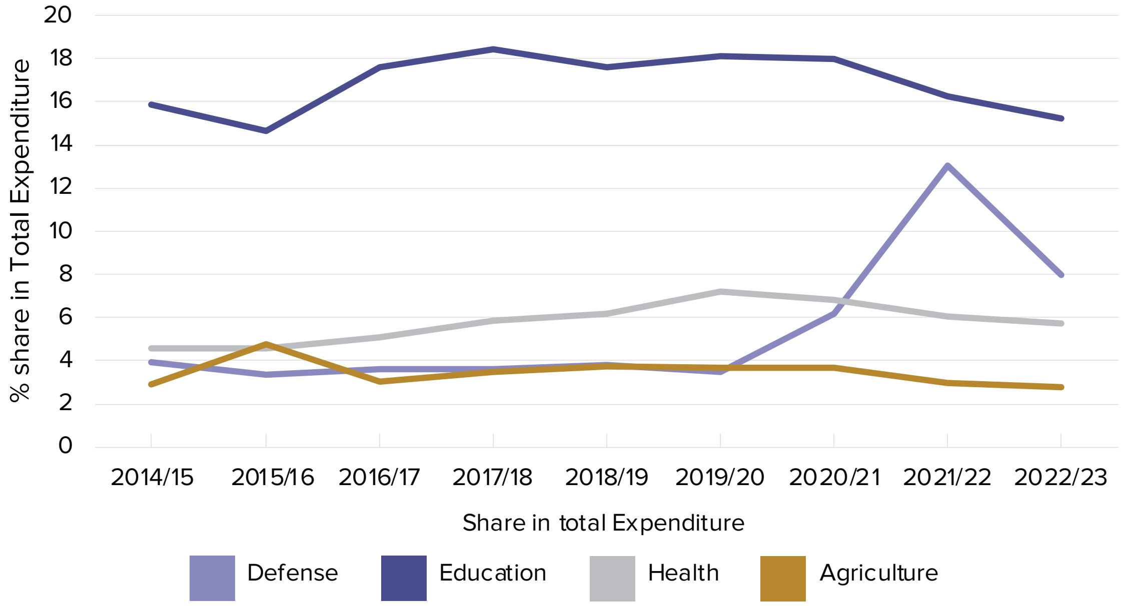
Source: Constructed based on data from MoF

One significant contributor to the fall in the fiscal deficit in 2023 has been an adjustment of expenditure in real terms. Current expenditure as a percent of GDP went down significantly in 2023 compared to 2022. This has been the case for both recurrent and investment spending. As a percent of GDP, defense spending has been reported to have declined by about ¾ percentage points, falling also in nominal terms. Other categories of spending have witnessed significant declines in real terms.

In 2023, total government expenditure reached Birr 939 billion or 10.8 percent of GDP (of which 6.7 percent was recurrent and 4.1 percent capital expenditure). Defense expenditure and debt service payments totaled Birr 161 billion. Hence the budget deficit reached Birr 221 billion, which was financed from domestic borrowing through borrowing from NBE and Treasure bills.

Non-defense current expenditure grew by 10 percent in nominal terms, which is close to the budget, but it fell short of nominal GDP growth of 41.7 percent and inflation of above 30 percent. Government has also been reducing the fuel subsidy since July 2022. Retail fuel prices have increased more than 100 percent in the past two years. However, in recent years, there has been a decline in poverty-related and social expenditure (Figure 6). There has been an absolute decline in spending in education, health, and agriculture. This will have negative effects on the achievement in human development and SDG's.

Figure 6: Poverty- Reducing and Social Expenditure (percent of total spending)



Source: Constructed based on data from MoF

Debt

The stock of Ethiopia's public sector debt stood at USD 63.2 billion or 38.7 percent of GDP at the end of September 2023 comprising USD 27.7 billion external debt and USD 35.5 billion domestic debt. These are below the debt sustainability requirement for low - income countries which are 40 percent for external debt and 55 percent for total public sector debt.

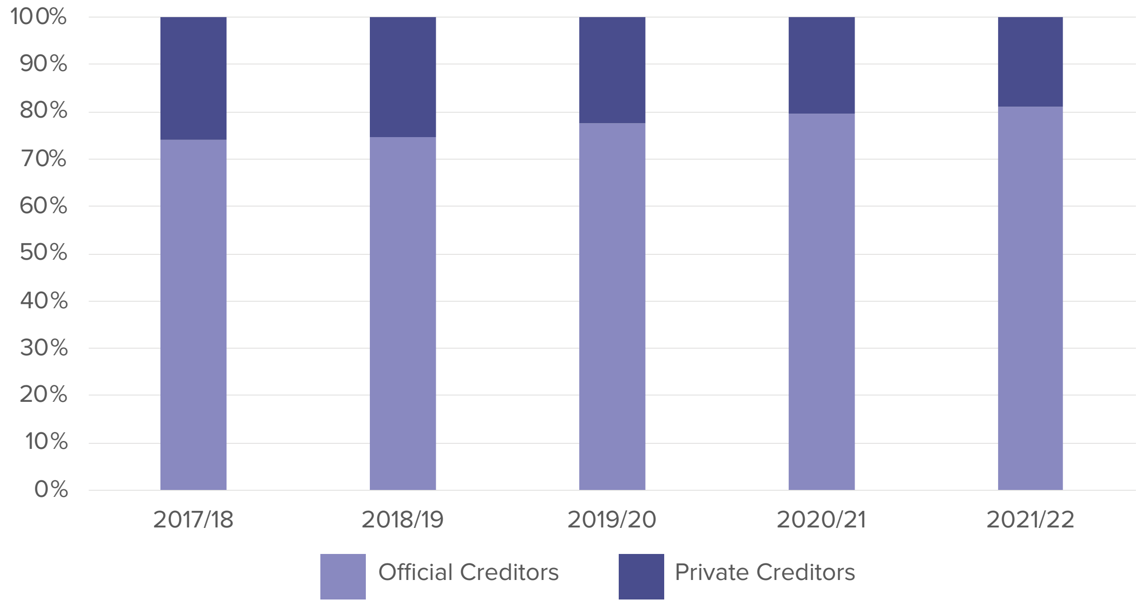
A Eurobond of USD 1 billion is scheduled to mature in December 2024, posing challenges for Ethiopia's liquidity management. The country defaulted USD 33 million coupon payment to the Eurobond in December 2023; dubbed as restricted default (RD). It became the latest emerging market to default on debt in the aftermath of the pandemic. Government argues that they have agreed with all the creditors for interim debt payment suspension for two years. Ethiopia's agreement with its bilateral creditors (excluding China) to suspend debt payments until 2025 can be voided if the country does not obtain an IMF program by March 31, 2024. Government has requested Eurobond holders four years grace period and four years maturity extension.

Ethiopia is facing growing liquidity challenges in servicing and paying for external debts. On the external debt side, there is an immediate liquidity risk embedded in the existing indicators. External debt servicing to export ratio has reached 22 percent which is above the IMF recommended ceiling of 15 percent.

At the end of September 2023, about 70 percent (USD 19.4 billion) of the debt stock is owed by the central government. External debt is USD 27.7 billion or 43.8 percent of the total debt stock of which: 54.4 percent is from official multilateral, 24.4 percent from non- Paris Club bilateral creditors, and 2.9 from Paris Club while the remaining 18.2 from private creditors (Figure 7). Ethiopia recently pays above USD 2 billion yearly on debt servicing. [3]

In 2023, Ethiopia agreed in principle with sovereign creditors including China to suspend debt payments and restructure its USD 1 billion Eurobond, but it has been difficult to find a formula for equal treatment between creditors. In December 2023, Fitch, an international ratings agency, downgraded Ethiopia's ratings to "C" due to the lack of external financing to meet substantial external financing gaps. Ongoing negotiations on an IMF program will help avoid further default.

Figure 7 External Debt Decomposition (percent)



Source: MOF

3 MOF (2023), September

Monetary and Banking Sector

Monetary policy has continued to be accommodative in 2023. Broadly defined money supply has reached Birr 2.2 trillion at the end of June 2023 indicating 26.6 percent annual growth. Given that there has been decline in net foreign assets of the banking system during the year, domestic credit expansion (credit from the central bank, including T bills and bank advances, and commercial banks) has been the main driver of money growth which annually grew by 26.6 percent. Monetization of the deficit or government borrowing from the central bank has been significant contributor to the money supply growth which annually grew by 59.8 percent contributing to inflationary pressure. From July to December 2023, Government borrowed Birr 54 billion in Treasury bills and direct advances.

In August 2023, the central bank announced new monetary policy measures to control inflation. The Central Bank has increased its emergency lending rate to commercial banks by two percentage points to 18 percent. Moreover, it has decided to limit credit growth and constrain the money supply in the economy. Such a move would ensure a transition from a looser to a tighter monetary policy stance to combat runaway inflation.

Ethiopia's banking industry comprises one state owned commercial bank, one development bank, and twenty-nine private commercial banks. As of June 30, 2023, the total assets of the commercial banks amounted Birr 2.8 trillion which increased to 2.93 trillion as of November 30, 2023. CBE has a share of 49.3 percent.

Deposit mobilization remained the strategic priority of all commercial banks, which reached around Birr 2.2 trillion (November 2023) from Birr 2.16 trillion (June 2023). CBE's market share in total deposit was about 50 percent in the previous year same period, but dropped to 48.7 percent as of November 2023. Of the incremental deposit during the five months of the current fiscal year, CBE accounted for 48.5 percent.

Total outstanding loans and advances of the banking industry reached Birr 2.1 trillion, which increased by 1.5% from June 2023. CBE has 49.3% share from the industry. Capital of commercial banks stood at Birr 237 billion (November 2023) which was Birr 215.7 billion. The share of CBE was 26.4 percent. During November 2023, both average saving and average lending rates remained similar to the June 2023 with a maximum lending rate of 22 percent. On the other hand, both real savings and the real lending rate showed a slight increase.

One recent development is measures to liberalize the banking sector. Ethiopia is set to issue licenses to let foreign banks operate in the country, a key step ahead of the planned launch later in 2024 of the securities exchange.

Global Environment and Trade

Overall, the international economic environment is characterized by global slowdown and tight financial conditions. According to IMF[4], global growth is forecast to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. The projections remain below the historical (2000–19) average of 3.8 percent, and the forecast for 2024 is down by 0.1 percentage points from July 2023. The economic slowdown affects the growth rate of GDP and the current account balance of developing countries primarily through the prices of major import and export goods. For instance, the prices of oil, fertilizers, and coffee in the global market have a significant impact on Ethiopia's current account balance.

The price of oil will remain stagnant or potentially decrease in the year 2024. This is due to several factors, such as a slowing down of major global economies, lower than anticipated demand from China, a decline in US manufacturing activity, and an increase in oil production within the US. Most estimates placing the average cost per barrel between USD 70 and USD 95. Therefore, it is reasonable to assume that Ethiopia should not expect to pay more for oil per barrel in 2024.

There is conflicting information on global coffee prices. According to the Ethiopian Coffee Authority's report from 2023, there has been a decline in the international price of coffee due to a fall in demand in export destination countries. This has led to underperformance in Ethiopian coffee exports. However, there has been a recent slight increase (2 percent) in the price of coffee, with arabica coffee stabilizing around $1.80 per pound. Although global production has increased, it has been offset by disruptions in shipping through the Red Sea, which have caused shipping costs to surge by 150 percent for European roasters. The recent increase in conflict, especially shipping costs and insurance rates, can have an adverse impact on Ethiopian trade.

Table 1 shows Ethiopia's overall balance of payments over the last three years. In 2024, Ethiopia has registered an overall balance of payment of USD 943.3 million deficit during the first quarter of 2024 (Figure 8). This is attributed to both the decline in the capital account and an increase in the current account deficit.

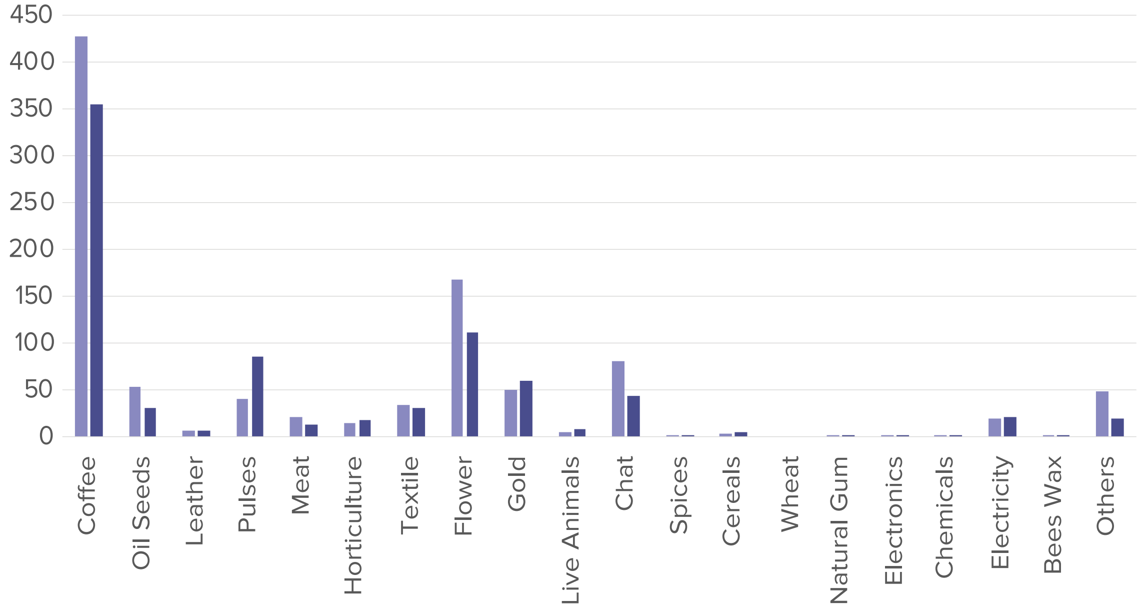
Figure 8: Ethiopia Trade Balance (USD millions)

Source: Constructed based on data from NBE

Major exports of the country in the past two years were coffee, flowers, gold, and pulses (Figure 9). However, except for pulses, the export earnings from most commodities have decreased when compared to the same quarter of 2023. Key imports are fuel, consumer goods, and capital goods. Both exports and imports have generally decreased, but the decline in imports has been greater than the decline in exports (Figure 10). Therefore, the current account deficit has widened in the first quarter of 2024 when compared to same quarter in 2023.

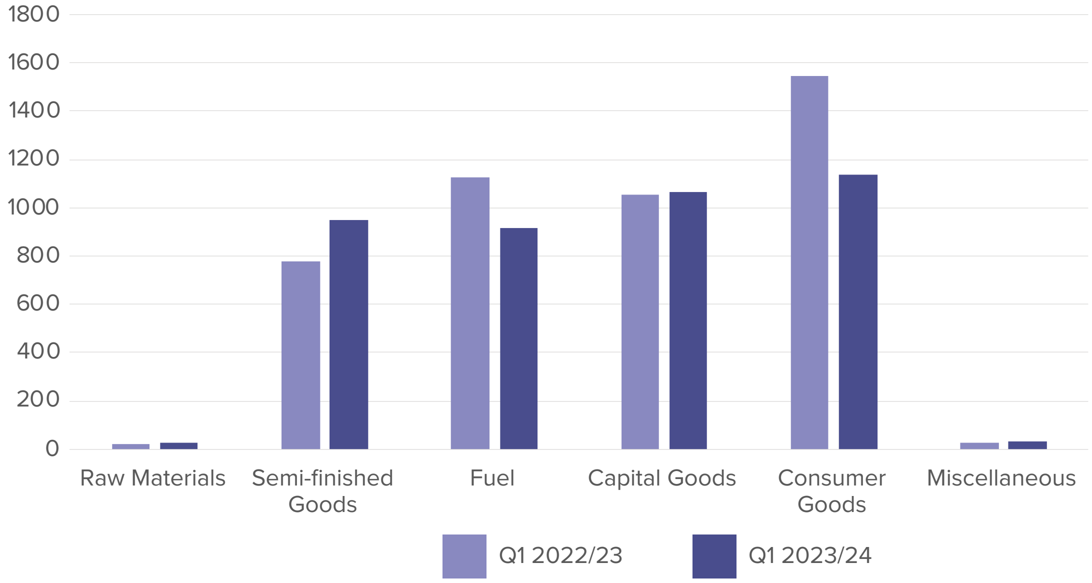
4 IMF (2023), World Economic Outlook, October

Figure 9: Export Commodities and Values (USD millions



Source: Constructed based on data from NBE

Figure 10: Import Commodities and Values (USD millions)



Source: Constructed based on data from NBE

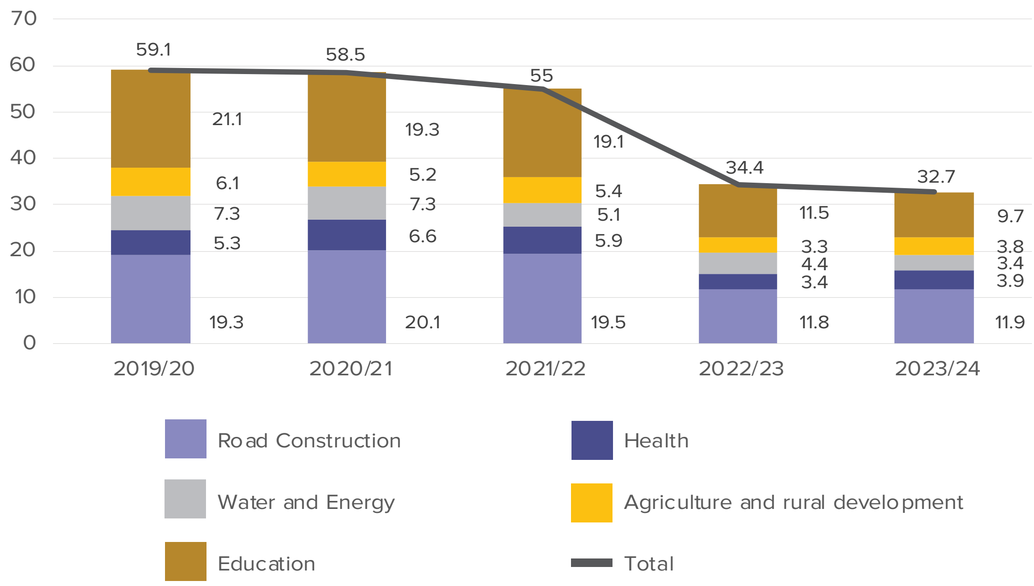
According to official data, FDI in 2023 was USD 3.4. billion. Most foreign investment comes from many countries, including Saudi Arabia, China, and India, is oriented towards mining, real estate, manufacturing and renewable energy. A recent report from Ernest and Young shows that FDI numbers may be overstated. [5] According to the analysis, amidst global economic shifts and domestic instability, Ethiopia recorded a notable decline in FDI in 2022, securing just six projects with a combined value of USD 600 million, a stark decrease from its pre-pandemic growth rates. One challenge has been to find an appropriate metric for FDI linked to project implementation rather than project approval.

5 Ernst and Young (2023), A Pivot to Growth, EY Attractiveness, Africa, November, 2023

Human Development and Poverty

Fiscal and Safety Nets. Defense and debt servicing continued to eclipse social spending. Due to low external financing, there has been an erosion in the social safety net program. The PSNP, one of the largest safety net programs in Africa, remains significantly underfunded. It has had to reduce some of its engagements and has been unable to support former beneficiaries from Tigray and Amhara. For the 2024 budget, UNICEF estimates that around 33 per cent of the federal budget is allocated to pro-poor sectors (namely education, health, road construction, water and energy, and agriculture), which represents a significant decline from 59 per cent in 2020.[6] There has been a net decline in the budget allocations for the social sectors in the last few years (Figure 11).

Figure 11: Decomposition of Sectoral Budget Allocations (percent)



Source: MOF, UNICEF

Poverty. The combination of shocks has had an adverse impact on poverty. It has reversed previous trends in poverty reduction. It is important to look at two phases. First, prior to 2020, the national poverty rate decreased from 23.5 percent in 2016 to an estimated 19 percent in 2020. In 2016, the national poverty level was disaggregated into between 14.8 percent for urban and 25.6 percent for rural.

However, starting in late 2020, the shocks have had an impact on consumption patterns and the overall incidence of poverty. While there is no official survey data since 2020, there is anecdotal and empirical evidence of a worsening poverty situation. Most important, the post-2020 rising inflation has had a negative impact on household purchasing power. Recent simulation analysis by the UNDP[7] indicates the poverty has risen in Ethiopia due to the shocks and the rising cost of living, especially for food. Rising poverty has impacted urban and war-affected areas the most, with significant variations among regions.

The simulations show that rates of poverty (headcount ratio) have increased in all regions compared to 2016.[8] In Tigray, for example, poverty may have increased from 27 percent in 2016 to 45 percent in 2022, a likely underestimation, given the level of disruption and damage in this region. Equally, Amhara and Afar regions could have seen their headcount poverty rate rise to 30 percent significantly above the national average, from 26.1 percent and 23.6 percent, respectively, in the pre-conflict period. UNDP's analysis also reveals that there has been an exacerbation of poverty in Addis Ababa and Dire Dawa,

6 UNICEF (2024), HIghlights of the 2023/2024 Federal Government Budget Proclamation

7 UNDP (2022) Crisis, Resilience, and Opportunity: Poverty, Human Development, and the Macroeconomy in Ethiopia, 2020-2023

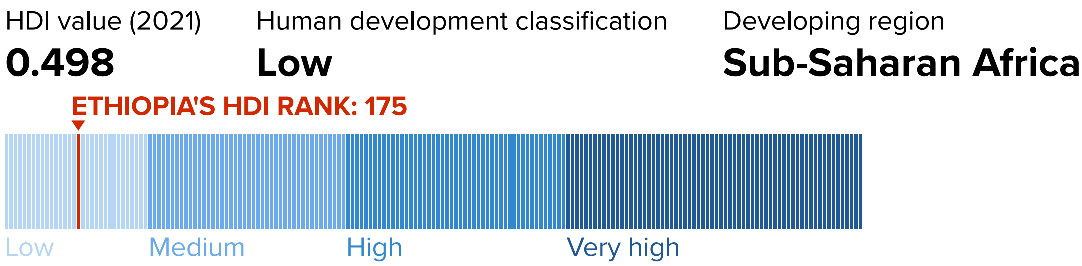
8 The simulations are not actuals but based on projections using 2016 household consumption expenditure survey and should be taken as indicative not absolute. However, these numbers may be undercounting the scale of downside effects.

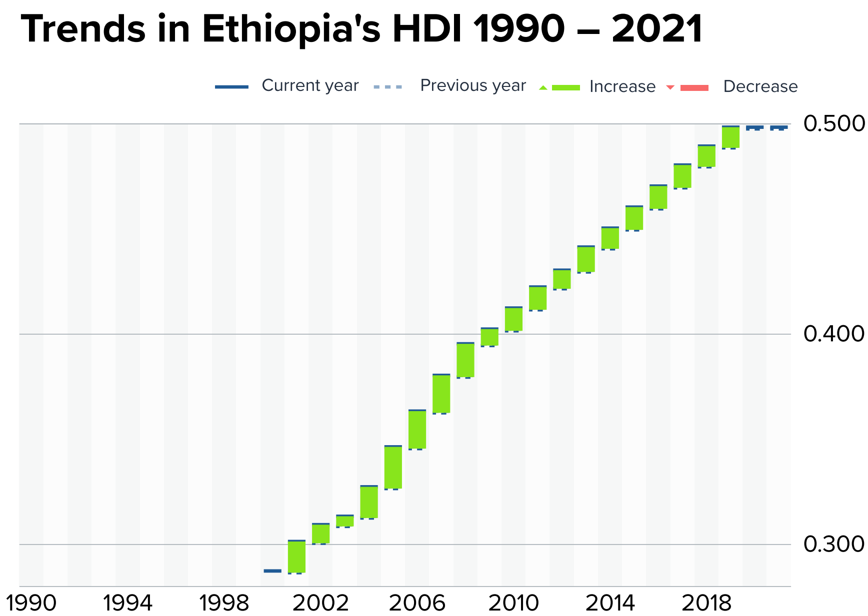
urban areas that are net buyers of food. The results show that the headcount ratios for Addis Ababa and Dire Dawa in 2022 might reach as high as 24 percent and 23 percent, respectively, compared to 17.8 percent and 15.4 percent in 2016. Increases in poverty are translating into difficult access to food. Ethiopia continues to have surplus and deficit areas for food. According to the World Food Program, more than 20 million people across Ethiopia will need food aid in 2024. This amplifies shocks.

Human Development. The overall HDI in Ethiopia has had a mixed trajectory in the last ten years. On the positive side, life expectancy increased by about ten years to 67.9 years by 2020, and the infant mortality rate halved to 34.6/1000 live births by 2021. However, the country still faces challenging indicators and is delayed in achieving SDG success. The country is still ranked 175th with an HDI index of 0.498. The latest Global UNDP Human Development Report shows that Ethiopia's HDI was 0.498 during 2021-22, which translates into low human development (Figure 12).

The concerning aspects are that Ethiopia's HDI has flatlined recently and the rate of change has not improved over the past few years although still positive. Most importantly, it is possible that the human development impact of shocks – especially those that are internal to the country plus the war in Ukraine, as detailed below – have not yet fed through fully into the data. This means vigilance about downside risks to the HDI in 2024-26.

Figure 12: Human Development Index: 1990-2022





Source: UNDP Human Development Report

Gender

Ethiopia is one of the countries with an immense level of gender inequality. The gender inequality index of the country is 0.157 which makes the country to be 125th out of 175 countries in 2019. Gender imbalances remain key factors impeding sustained progress towards the SDGs. The country has made substantial progress in reducing maternal mortality, narrowing gender disparity in primary education, and increasing women's representation in the national parliament and Federal Cabinet. Despite these signs of progress, Ethiopia scores 0.846 on the Gender Development Index, one of the lowest in the world, and stands at 117 of 129 countries in the Sustainable Development Goals Gender Index.

Peace and security

In 2023 and 2024, there have been several developments. First, the implementation of the peace agreement in the north has led to end of active conflict in Tigray. Second, there is the persistence of armed conflict in parts of the Amhara region. Third, there is conflict in the Oromia region that has not been resolved, despite multiple peace talks and initiatives. Fourth, much of the country has remained relatively calm. Fifth, much of the conflict is related to political violence, ethnic tensions, and long-term grievances.

Medium Term Risks (2024-2026)

Ethiopia's economic growth is exposed to significant domestic and global headwinds. Most important, it will have to find adequate financing in the medium-term to address the current account imbalances, especially between imports and exports. It will have to address the growing black-market premium for the birr, and it should find a solution to the USD 1 billion Eurobond payment in December, 2024. A potential IMF program will address the financing shortfalls. Entrenched inflation, ongoing internal conflict, climate shocks, geopolitical tensions, a slowdown in global economy, lack of fiscal space, and a difficult debt situation, are the challenges to the economic outlook during 2024-2026.

Table 1: Balance of Payments (USD billions)

	2021	2022	2023
Current account deficit (% of GDP)	-2.9	-4.2	-3.5
Current Account			
Exports	3.6	4.1	3.6
Imports	14.3	18.1	17.1
Fuel	1.9	3.5	4.0
Cereals	1.3	2.2	1.4
Net services	0.3	0.6	1
Private transfers	6.1	7.5	6.8
Official transfers	1.4	1.1	1.1
Capital Account			
Other investment	-0.7	-0.6	-0.4
Foreign direct investment	3.9	3.3	3.4
Overall balance of payments	0.3	-2.1	-0.7

Source: UNDP based on Government data

Selected Socio-Economic Indicators

Human Development Index (HDI), 2019	0.498
Poverty headcount ratio, 2016	National: 23.5% Urban: 14.8% in Rural: 25.6% a
Gender disparity, 2016	Primary Education: 0.91 Secondary Education: 0.93
Child Mortality, 2016	67/1000 live births
Maternal Mortality, 2016	412/100,000 live births
Proportion of population with access to safe drinking water source, 2016	65%
Life Expectancy at Birth, 2021	65 years
Unemployment, 2021	Urban: 17.9% Rural: 5.2% National: 8%

UNDP

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