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Wayfinding in troubled waters

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Semestrial Panoramas are special issues of the **MacroDev** series written by analysts from the Agence Française de Développement (AFD, French Development Agency). They present a synthesis of macroeconomic and socioeconomic analyses of emerging and developing countries (EDCs). A thematic section accompanies the country focus and sheds light on the economic and structural issues of developing countries.

List of authors

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Contents

Editorial

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Make Uncertainty Great Again

Following the re-election of Donald Trump, it did not take long for the economic press and his opponents to paraphrase his slogan “Make America Great Again”, especially to highlight the deep uncertainty in which his administration’s decisions have plunged the world economy.

The Trump administration is focused on the trade deficit, which it considers a result of a “de-industrialization”,[1] symptomatic of the decline of the USA. It has perhaps wrongly privileged tariffs over more structural drivers (these could have been the reduction of the fiscal deficit, negotiations on exchange parity with the yuan, and agreements with China on technology transfers and intellectual property), which would have been more difficult to implement and explain to an electorate expecting quick wins.

China, the primary target of the Trump administration, also quickly demonstrated that it had the means to retaliate, especially concerning critical and strategic minerals, for which it largely dominates global supplies. The financial markets and certain economic actors have joined the wave of protest to force the administration to back down, albeit temporarily, over the tariff issue.

Through their magnitude and volatility, the announcements of the Trump administration’s first 100 days have started to destabilize the world economy, despite the fact that their application has been temporarily limited. Indeed, in addition to tariffs, the decisions on the budget (announcing persistently high deficits, a reduction in domestic taxation and a rollback of social safety nets), legal matters, migration and foreign policy, some unexpected, constitute a sharp break which has considerably increased the level of uncertainty in the economic, financial and geopolitical spheres.

For the most vulnerable countries and the least integrated into world trade, the first consequence, which will most likely have a more rapid and stronger effect than for the tariffs, will be a heavier debt burden due to the sharp increase in risk premiums for all borrowers, both sovereign and private players.

Furthermore, this great uncertainty could result in a slowdown in economic activity. Economic agents could defer their consumption and investment decisions, even before the tariffs have an effect on trade flows (the latter tended rather to accelerate at the beginning of the year in the hope of avoiding the new tariff barriers).

In short, market uncertainty, as measured by the VIX Index, has recently reached a level that was only exceeded during the health crisis of 2020 and the financial crisis of 2008.

[1] In reality, between 2000 and 2021, the share of the secondary sector fell from 22% to 18% of U.S. GDP, which increased by 63% over the same period. The added value of the domestic industry rose by 28% over the period, while secondary employment remained stable at around 19% (source: Statista).

This combination of higher financing costs and downward-oriented growth is likely to profoundly unbalance sovereign debt and markets, which are at historically high levels.

For the most fragile countries, these challenges come on top of the drastic reduction of Official Development Assistance (ODA), primarily by the U.S., but also Europe and Japan. For some of these countries, often in Latin America, the sustainability of revenues from the diaspora is also threatened, by both the draft budget and the anti-immigration measures of the Trump administration.

In this stressed environment, where the role of the U.S. dollar (USD) as a safe haven and, more broadly, world order and multilateralism are being challenged, the geopolitical situation may well trigger a new global crisis, sparked by the escalation of a regional conflict or the disruption of financial markets (for bonds and shares) and/or commodity markets.

International economy

Wayfinding in troubled waters

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A level of uncertainty detrimental to growth through several channels

The decisions taken by the U.S. administration since the beginning of the year have considerably increased the level of uncertainty and seriously affect global growth prospects. The latter have been revised downwards practically all over the world in the latest edition of the World Economic Outlook (WEO) of the International Monetary Fund (IMF). Furthermore, the volatile nature of these decisions makes these forecasts particularly uncertain. Overall, the growth prospects for 2025 for advanced economies, as well as emerging and developing countries (EDCs), have been reduced by around half a percentage point, to 1.4% and 3.7%, respectively. Average global growth is projected at less than 2.8%, the lowest level since 2020. The Middle East is the most affected region due to the downward trend for oil prices. While the regionalization of the Arab-Israeli conflict and an escalation between Israel and Iran could counteract this downward outlook for oil prices, a regional conflagration would also be damaging for regional and global growth.

Table 1 – World growth projections

	2024		2025		2026	
	WEO Oct. 2024	**WEO April 2025**	WEO Oct. 2024	**WEO April 2025**	WEO Oct. 2024	**WEO April 2025**
World	3.2	**3.3**	3.2	**2.8**	3.3	**3.0**
Advanced economies	1.8	**1.8**	1.8	**1.4**	1.8	**1.5**
USA	2.8	**2.8**	2.2	**1.8**	2.0	**1.7**
Euro area	0.8	**0.9**	1.2	**0.8**	1.5	**1.2**
Emerging and developing countries	4.2	**4.3**	4.2	**3.7**	4.2	**3.9**
Asia	5.3	**5.3**	5.0	**4.5**	4.9	**4.6**
China	4.8	**5.0**	4.5	**4.0**	4.1	**4.0**
India	7.0	**6.5**	6.5	**6.2**	6.5	**6.3**
Latin America	2.1	**2.4**	2.5	**2.0**	2.7	**2.4**
Brazil	3.0	**3.4**	2.2	**2.0**	2.3	**2.0**
Mexico	1.5	**1.5**	1.3	**-0.3**	2.0	**1.4**
Colombia	1.6	**1.7**	2.5	**2.4**	2.8	**2.6**
Middle East. North Africa and Central Asia	2.4	**2.4**	3.9	**3.0**	4.2	**3.5**
Turkey	3.0	**3.2**	2.7	**2.7**	3.2	**3.2**
Morocco	2.8	**3.2**	3.6	**3.9**	3.4	**3.7**
Egypt	2.7	**2.4**	4.1	**3.8**	5.1	**4.3**
Sub-Saharan Africa	3.6	**4.0**	4.2	**3.8**	4.4	**4.2**
Nigeria	2.9	**3.4**	3.2	**3.0**	3.0	**2.7**
South Africa	1.1	**0.6**	1.5	**1.0**	1.5	**1.3**
Kenya	5.0	**4.5**	5.0	**4.8**	5.0	**4.9**

Source: IMF, *World Economic Outlook,* April 2025 and October 2024.

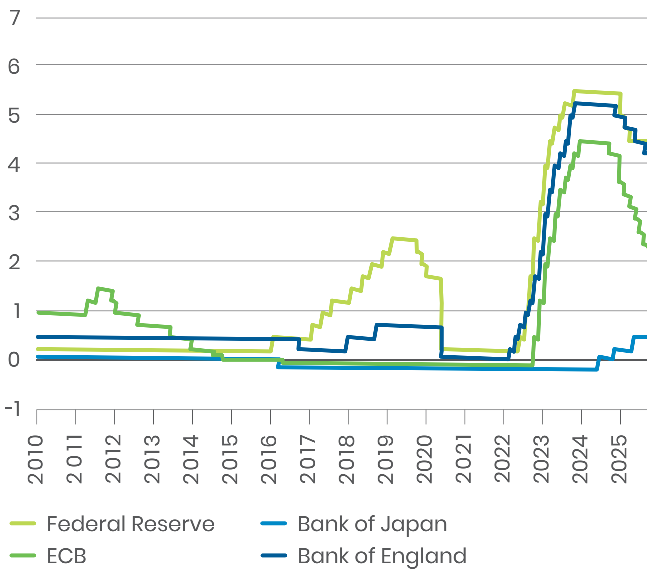
Two channels – financial markets and the real economy – convey the uncertainty arising from the announcements made by the U.S. administration by influencing multiple variables, with both direct and indirect effects. In terms of the real economy, the prospect of sluggish world trade affects business confidence, while political and social uncertainties affect household confidence and demand. In anticipation of the ultimate effect on exports, there has already been a decline in domestic demand and investment. All the growth components of countries integrated downstream in global value chains are thus showing declines. This slowdown in growth, anticipated by the markets, also affects commodity prices, including energy prices. This then impacts the countries most upstream in these value chains, through their sources of foreign exchange and their fiscal resources.

On the market side, the uncertainty has driven up risk premiums, particularly affecting long-term interest rates (and therefore the cost of debt, whether public or private). Monetary rates, on which Central Banks can intervene, are maintained at relatively high levels in the U.S., where inflation could be further fueled by the administration's budget, trade and migration policies. This monetary prudence by the U.S. could in turn slow the momentum of economies (often emerging), which would be adversely affected by a sudden outflow of dollars.[2]

Despite the fact that inflation has been kept under control, monetary rates continue to be monitored, while long-term bond rates could increase.

On initial examination, the latest U.S. decisions on reciprocal global tariffs (90-day suspension announced on 9 April aligning the rate at 10%) and the tariffs on China (bilateral rate confirmed on 10 June at 30%) have raised the weighted average rate applied by the U.S. to between 13% and 17% depending on the sources.[3] This is the highest level since 1932 (20%). In addition to the impact on growth, this could have a temporary inflationary effect (base effect), *a priori* only in the U.S., where inflation is expected to remain at 3% in 2025, as in 2024, rather than the slowdown initially forecast.

Graph 1 – Key interest rates of a selection of the main Central Banks



Source: Federal Reserve, Bank of Japan, BCE, Bank of England.

The other global hotbeds of inflation are relatively under control and the slowdown in the economy should have a more weakening effect, in particular through commodity prices which would be eased by lower global growth. However, this scenario of moderation in commodity prices depends on whether or not the resumption of the conflict in the Middle East has a long-term effect on gas and oil availability and transportation. In April 2025, the IMF forecast inflation at 2.5%[4] in advanced economies in 2025 and at 5.5% in EDCs (for 2026, 2.2% and 4.6%, respectively). But in some cases, volatility on foreign exchange markets could generate imported inflation, which would hinder this slowdown in some regions. This could affect countries whose foreign exchange flows depend on gas and oil exports. The IMF has in particular revised up its inflation forecasts for Sub-Saharan Africa (SSA) in 2025, notably for Nigeria.

The risk of inflation in the U.S. limits the margins of maneuver of the Federal Reserve, which would only be able to cut interest rates once or twice (each 0.25%) between now and the end of the year. The European Central Bank (ECB) is expected to continue with its rate cuts this year (after already having done

[2] The current uncertainties have undermined the safe-haven status of the dollar, but without it being lost. It is for this reason that the outflows, even at a lower level, would most likely continue to occur in the event of divergent monetary policies.

[3] 13% according to Fitch, about 15% according to Oxford Economics and 17% according to EIU. This depends in particular on the components used for the basket.

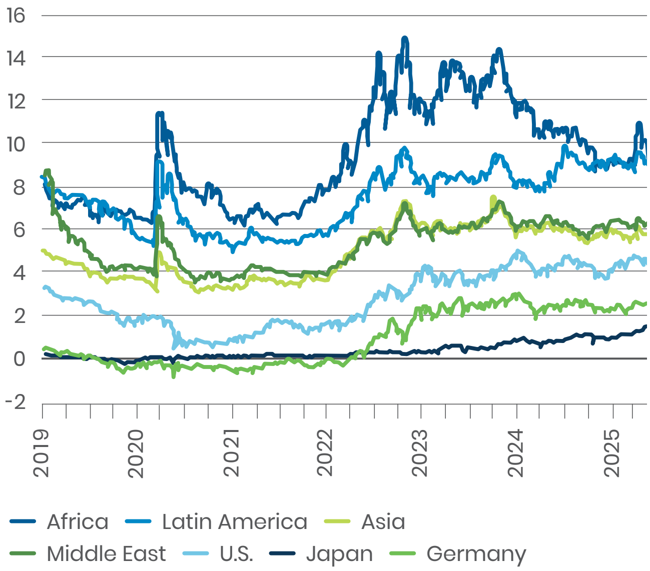
[4] Consumer Price Index (CPI).

so four times in the first six months of the year). This divergence in monetary policy could also widen between the U.S. and EDCs seeking to stimulate their growth in the absence of inflation. Following the depreciation of the dollar since early February, this scenario could contribute to stabilizing it, but also to further weakening the currencies of economies that considerably decorrelate their monetary policy from the U.S. policy.

It is also likely that the U.S. fiscal policy will lead to a deterioration of long-term financing conditions for emerging economies. Indeed, despite the announced budget cuts and the anticipated tariff revenues (difficult to estimate in both cases), the election promises concerning tax cuts would maintain the U.S. deficit at a minimum of 6.2% of GDP, bearing in mind that public debt exceeded 120% of GDP in 2024. In addition, the tightening of the State's long-term financing conditions over the last five years has recently suffered from the increased volatility of Treasury bonds following President Trump's budget and trade announcements.

Overall, while bond rates have not yet risen significantly since Donald Trump came to power, despite these episodes of volatility and these prospects of increased financing requirements, two other factors could accelerate the increase seen in recent years. Firstly, although foreign subscribers only hold about a quarter of U.S. debt, they no longer consider these bonds as risk-free, in particular due to the unpredictability of the administration, which can undermine investor confidence. The U.S. deficit is also structurally increasing. Secondly, at a more localized and less systemic level, Japanese investors – the largest foreign holders of U.S. debt, ahead of British and Chinese investors – are faced with a domestic market with rising rates, which is likely to limit their appetite for U.S. assets. Overall, it is estimated that about 10% of sovereign debt is held in Asia.[5] U.S. 30-year bond rates had already briefly risen above 5% at the end of May, for the first time since November 2023.

Graph 2 – Yield-to-maturity by region and 10-year benchmark sovereign bond rates



Source: JP Morgan, Macrobond.

Finally, beyond upside risks on assets (up to now) considered risk-free, namely U.S. Treasury bonds, the question will arise of the additional risk premium – the spread – payable by higher-risk borrowers, such as sovereign borrowers in EDCs. Up until now, the increase in the risk-free rate had also led to an increase in this risk premium due to its crowding-out effect – "flight to quality".

Sluggish growth and the risk of rising long-term rates: a potential scissors effect for both States and markets?

In addition to the risks affecting growth, this prospect of an increase in financing rates is also a second source of increased risk for the global economy and its financing, again through two channels: the sustainability of sovereign debt and market stability.

The former could suffer from a scissors effect. Indeed, the decline in growth and the potential increase in interest rates could combine and reduce

[5] Albert, Eric and Marc Angrand (2025), "U.S. debt: The rest of the world's bargaining tool against Donald Trump", *Le Monde*, 13 May 2025.

debt-reduction capacity, which would thus largely depend on fiscal discipline. Indeed, for the record, when the debt path is measured:

$$\Delta d_t = \frac{(r_t - g_t)}{(1 + g_t)} * d_{t-1} - pb_t$$

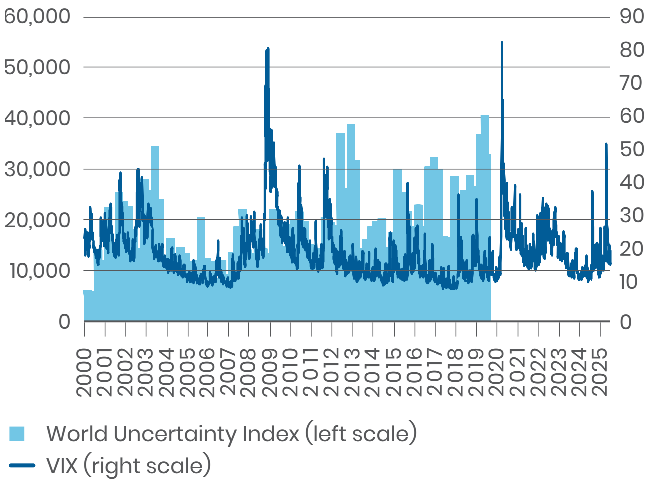
Where:

- $\Delta d(t)$ = variation in the public debt-to-GDP ratio
- r = real interest rate borne by public debt
- g = real GDP growth
- $d(t-1)$ = debt-to-GDP ratio for the previous period
- pb = primary balance-to-GDP ratio

(a surplus will give a positive ratio, a deficit will give a negative ratio)

In the current context, $(r - g)$ increases for most economies, leaving only the primary budget surplus as a debt-stabilizing primary balance ratio.

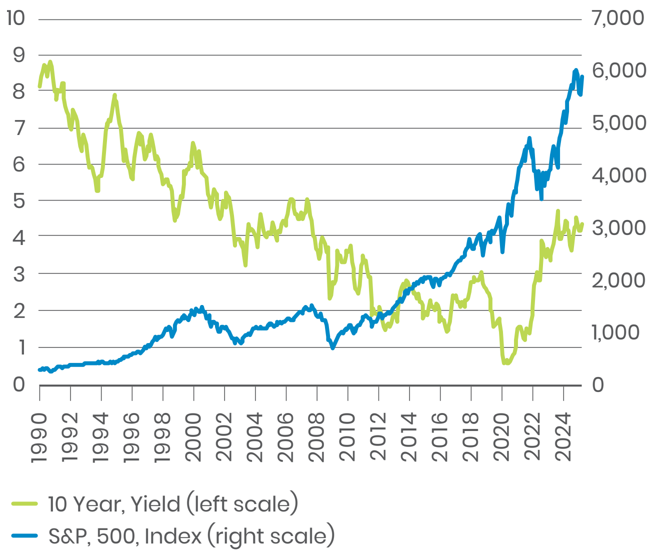
Graph 3 – Sharp increase in market volatility and uncertainty



Source: Chicago Board Options Exchange, Economic Policy Uncertainty.

The second channel affects markets. There has been a sharp increase in their volatility, reaching record levels since the Covid-19 crisis, as a result of the Trump administration's announcements. Yet markets continue to value assets at levels that are structurally very high, despite the potential increase in long-term rates and the threats to growth. But the rise in the cost of financing increases the discount rates for future cash flows, while the slowdown in economic growth affects the latter. When the drivers of productivity (and of higher profits for companies) cannot offset this second scissors effect, any volatility shock can lead to a sudden adjustment in asset valuation. In this context where liquidity will become a key factor of market stability, the rise in long-term interest rates in Japan is also bad news: after decades of very inexpensive financing, it could remove part of the financings that once supplied world bond markets, seeking yields that the domestic market was not offering.

Graph 4 – Rate hikes have not weakened stock market valuations

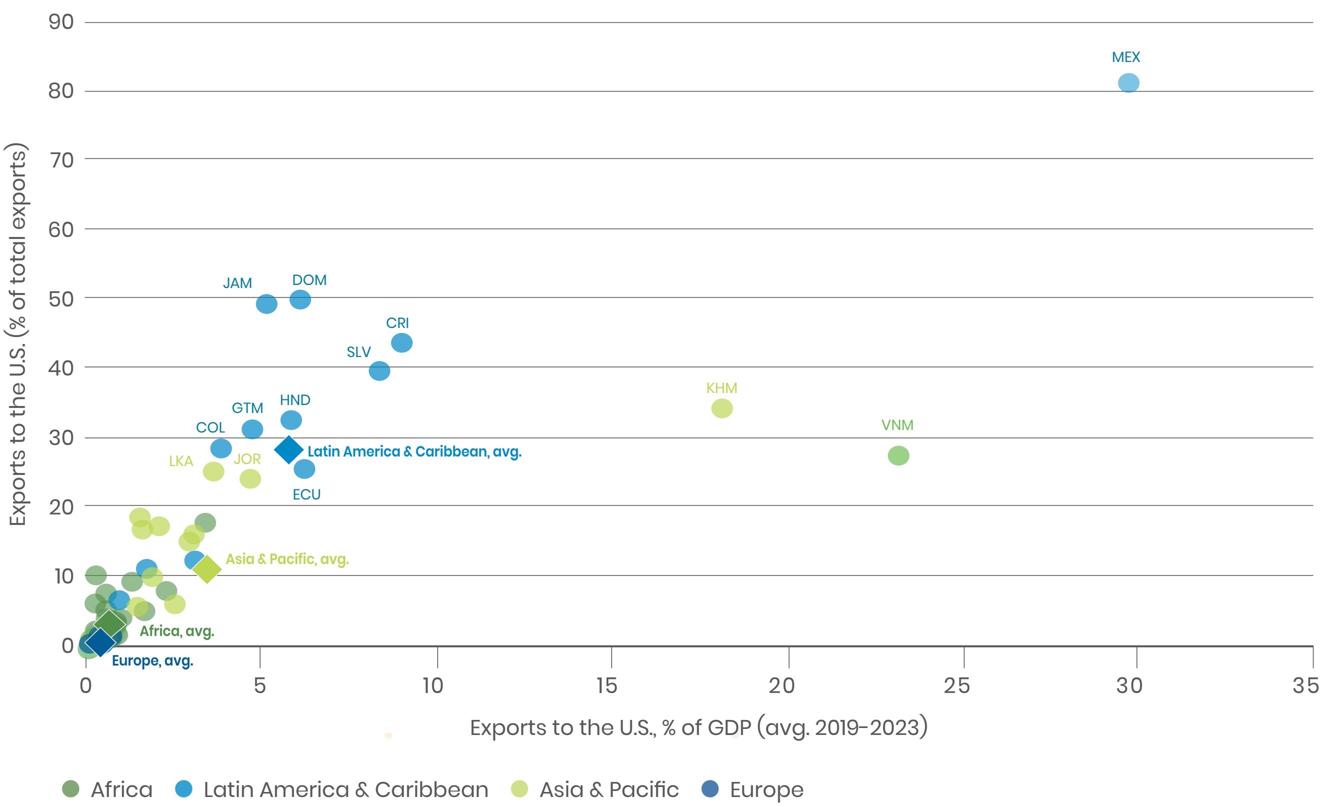


Source: U.S. Department of Treasury, S&P Global.

Variable-geometry tariffs, the sudden end to development assistance, the possible taxation of diaspora remittances: the other ingredients of the MUGA cocktail

Ultimately, the tariffs announced on Liberation Day on 2 April, then rapidly, but temporarily, scaled down, should have more limited direct effects on countries that export to the U.S. and are unlikely to be the main risk factor, in any case, at their present level. Even if they are increased again, they are only likely to pose a material risk for certain countries, such as Vietnam (overall, almost 90% of its economic model depends on exports) and Cambodia, for which exports to the U.S. accounted for about 20% of GDP between 2019 and 2023. Furthermore, the sectoral measures (steel, aluminum, automotive) could have an impact on traditional partners, such as Mexico (about 25 to 30% of GDP), for which the terms of the renegotiation of the North American Free Trade Agreement over the next 12 months will be decisive in safeguarding its geoeconomic rent in relation to the U.S. market. Conversely, China, the primary target of the U.S. administration, but whose exports to the U.S. only account for about 15% of its total exports, or about 3% of its GDP, would, of course, be affected, but not significantly. Graph 5 shows the position of various EDCs in terms of the exposure of their GDP and their exports to the U.S. market.

Graph 5 – Exposure of EDCs to the U.S. through trade

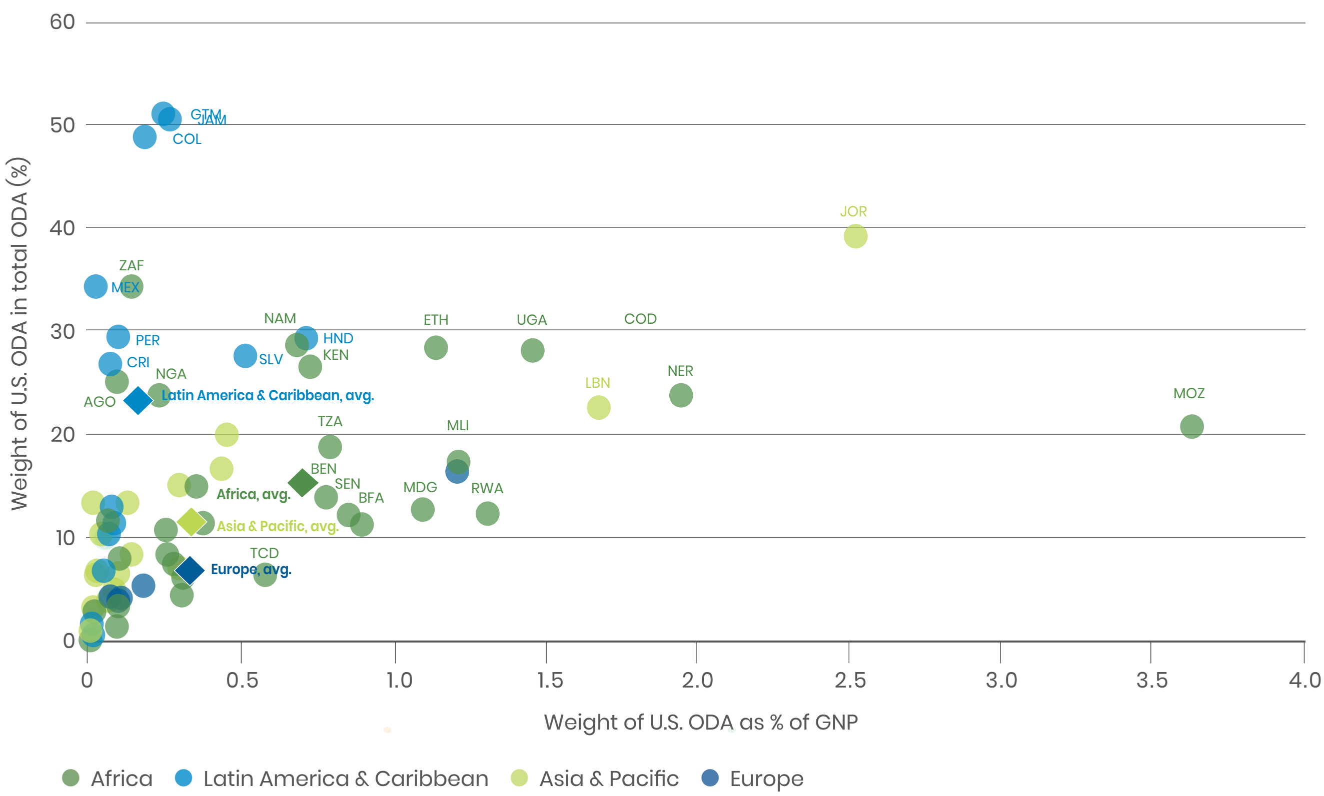


Source: IMF, World Bank, AFD calculations.

African countries, in view of the structure of their exports to the U.S. (often less than 0.5% of their GDP, with the exception of 13 of them),[6] should be less directly affected by the issue of U.S. tariffs, per se, than by the slowdown in global growth and its effects on commodity prices. Indeed, despite the agreements of the African Growth Opportunity Act (AGOA) which came into force in 2000, the share of the U.S. in African exports fell from more than 14% to about 4% between 2000 and 2023. Lesotho, Madagascar and Mauritius are primarily exposed through their textile industries, while South Africa is mainly exposed through its automotive industry.

The debt reduction paths already mentioned above will be all the more difficult for a number of EDCs because the sharp reduction in U.S. aid could have short-term effects on public spending, in particular on health, and a longer-term effect on the productivity of the working age population. Besides conflict zones, which are often highly dependent on U.S. and international action, the Democratic Republic of the Congo, Jordan and Mozambique are countries where the amount of Official Development Assistance and the share of U.S. ODA in total ODA could have some impact, in a context where other countries (Germany, UK, France, Japan – due to the parity of the yen) are also reducing the amount of their ODA.

Graph 6 – Exposure of EDCs to the U.S. through ODA

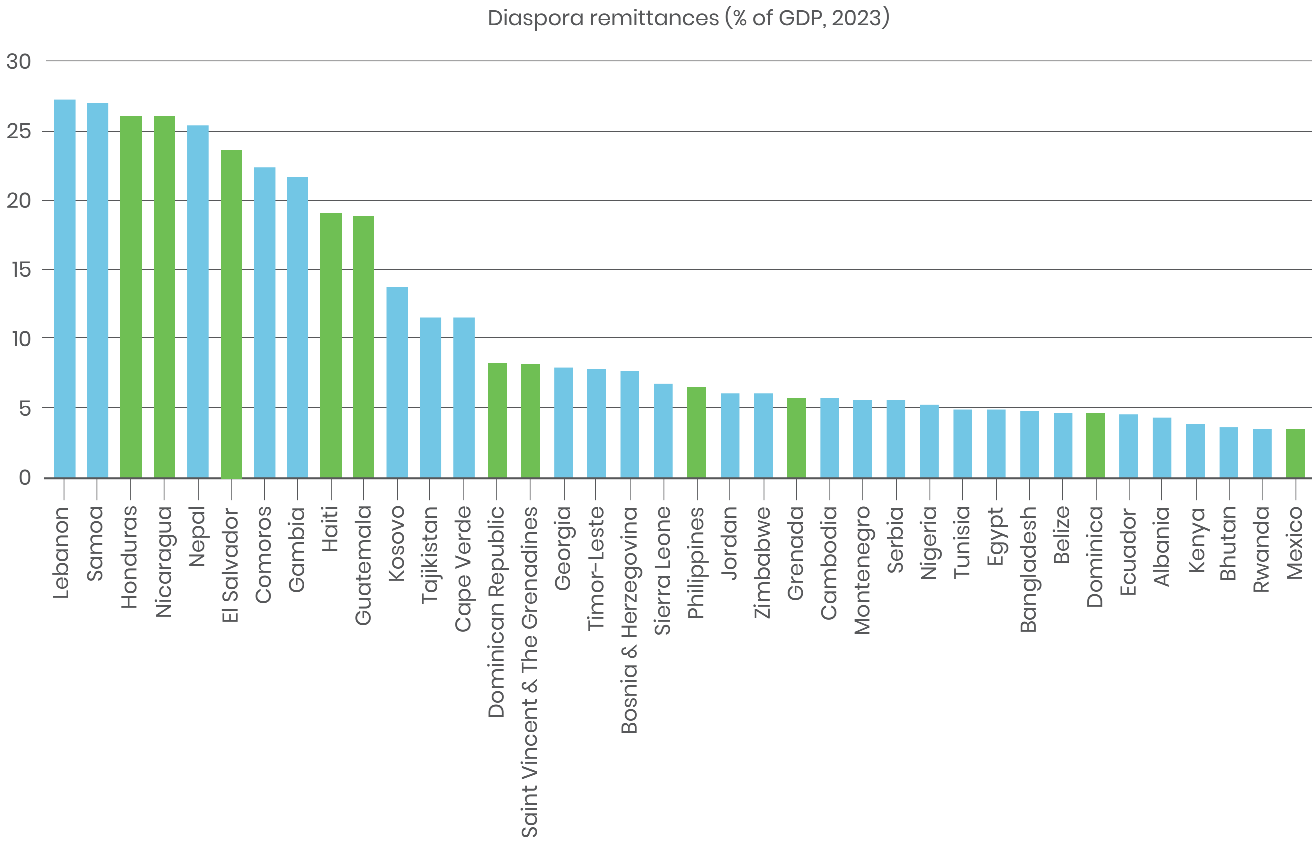


Source: CGDev, AFD calculations.

[6] According to EIU, only Lesotho, Madagascar, Botswana, South Africa, Mauritius, Togo, Namibia, Côte d'Ivoire, Mozambique, Kenya, Eswatini, Ghana and the Seychelles rely on exports to the U.S. for more than 0.5% of their GDP.

A final element could have a negative effect on some EDCs: the dependence on revenues from diasporas living in the U.S. It is especially Latin American countries that could suffer from the administration's measures, which would dry up flows (through deportations and/or the stop to inward migration), or affect them through the taxation mechanism already mentioned. The most vulnerable Central American countries would be particularly exposed.

Graph 7 – Overview of the most dependent countries on diaspora remittances



Note on Graph 7: In green, countries whose remittances are primarily from the U.S.
Source: IMF (BOPS, WEO), AFD calculations.

Country focus

China
Sri Lanka
Vietnam
Iraq
Angola
Ethiopia
Bolivia
Colombia
Peru

China: Moving forward with firm steps, despite the doubts

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The 90-day truce declared on 12 May by the U.S. and China does not herald the end of the trade, technological and even monetary war between the world's largest economic power and the world's leading industrial and exporting power. Their mutual dependence is a priori more difficult for the U.S. to substitute, and the Chinese authorities' unwavering determination is based on a long-term vision that aims to make China the world's largest economic power by 2049, to mark the centenary of the People's Republic. Yet this perception, which is consistent with the principle "Move forward with firm steps" cannot mask the structural vulnerabilities of an economic model that is struggling to achieve reform.

Between the hope of a "super deal" between the U.S. and China and concerns over the risk of an escalation in the geopolitical and military spheres, the clash of values and standards is becoming more acute and shaping a new world geoeconomic order.

Mirror economies, smoke and mirrors

Economic relations between the U.S. and China sum up the main global macroeconomic imbalances in a zero-sum accounting game. This is illustrated by the net external positions of the two countries: -$26.23 trillion in 2024 for the U.S., the world's largest debtor nation, +$3.3 trillion for China, the world's third largest net creditor after Germany and Japan.

China has been aware of its excessive exposure to U.S. Treasuries since the financial crisis of 2008. Its holdings stood at $1.3 trillion in 2011, but it has been reducing them, and in early 2025 they stood at $761 billion. This still significant amount in absolute terms does, however, only amount to 2% of U.S. public debt, only 22% of which is held by non-residents.

In 2024, despite the loss of market share in the U.S. since Donald Trump's first tenure (14% vs 22% in 2018), the U.S. market (still) absorbed 14.6% of Chinese exports (or 2.9% of GDP), excluding "indirect" exports transiting through third countries, such as Vietnam. In 2024, the U.S. bilateral trade deficit for goods increased by 6% year-on-year to $360 billion, or 28% of the total deficit (IMF DOTS).

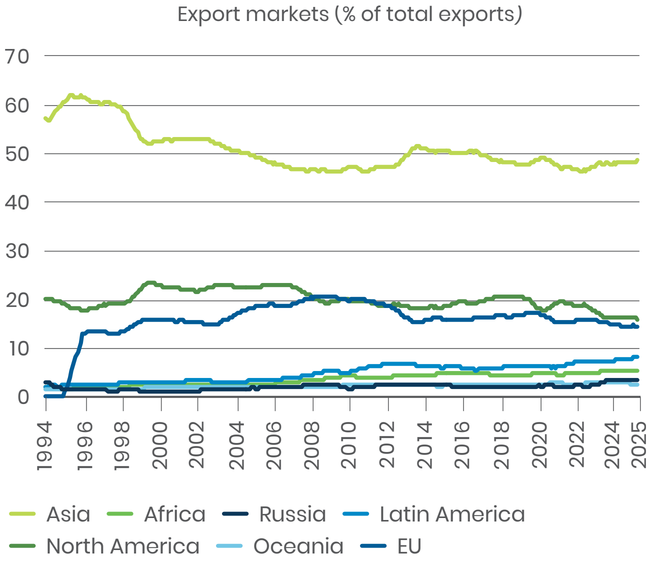
These imbalances may last, if sufficient confidence in the international economic and financial order maintains the allocation of global savings to U.S. assets. They may also gradually be brought under control through cooperative adjustments, or uncoordinated but converging developments in economic models and society, in particular between the two systemic powers.

However, the Trump administration's plan is undermining confidence in the world order in place since 1945. On the one hand, it advocates for a relocation of investments and reindustrialization to support employment and the country's strategic autonomy, through tariffs, or even a depreciation of the dollar. On the other hand, these objectives and policies are a priori rather contradictory, with the hegemony of the dollar maintained as the international reserve currency and the preservation of the consumerist model. The mini-bond market crash of 9 April partly accounts for the moratorium on the global reciprocal tariffs introduced a week earlier. Similarly, U.S. dependence on Chinese imports, which will be difficult to substitute in the short term in certain sectors (electronics, telecoms), accounts for the 90-day reduction of bilateral tariffs from 145% to 30% by the U.S. and from 125% to 10% by China.

In this context, China stands convinced of its industrial and exporting power, deploying a strategy based on the triad of retaliation-adaptation-diversification. The increase in external constraints could force it to attempt the difficult rebalancing of its export-led growth model towards consumption, in a context of over-saving exacerbated by the prevailing post-pandemic gloom. However, the real estate crisis, deflation, high debt levels (companies and local authorities), the structural slowdown in economic growth, and the demographic decline raise the specter of an "early Japanification". The similarities with Japan's trajectory may even increase through a possible new agreement on the parity of currency, like the Plaza Accord in 1985.

The two global systemic powers are, each in their own way, ultimately violating the rules of fair competition and international trade. The U.S. (still) enjoys the exorbitant privilege of the dollar and its counterpart – the extraterritoriality of U.S. law. China maintains its global market share (14% overall and 22% for manufactured goods) by subsidizing its strategic sectors and applying a form of dumping. These practices enable it to export its surplus capacity, assisted by a "competitive" renminbi, considered largely undervalued by the U.S. authorities, in contrast to the analyses of the IMF (Article IV, August 2024).

Graph 8 – Diversification of Chinese export markets



Source: China General Administration of Customs (GAC), AFD calculations.

Technological race and quest for strategic autonomy

Over the last four decades, relations between the U.S. and China have moved from cooperation to "coopetition". Since 2018, partly as a result of Donald Trump's two tenures, they have drifted towards confrontation, as China has made a marked shift from its status as a manufacturing workshop for low-added-value goods to a direct competitor for innovative technological, green and high-added-value goods and services.

China's attractiveness to foreign investors was a key factor in its "first industrial revolution" from 1980 to 2000. This especially involved the creation of Special Economic Zones (Free Zones) and technology transfers. This has been replaced by an almost Schumpeterian economy of innovation. This "second industrial revolution" has been backed up by objectives of "sinicizing" value chains, technological independence, as well as energy and food self-sufficiency.

In 2020, Chinese manufactured goods generated more than a third of added value in global trade in manufactured goods (OECD, TiVA 2023). In 2022, 56% of the industrial robots installed around the world were in China and 45% of global patents were filed by China between 2019 and 2023 (WIPO). While the U.S. maintains its leadership in the field of start-ups, China has 340 unicorns (Hurun Global Unicorn Index 2024), of which more than a quarter are involved in the sectors of artificial intelligence (including DeepSeek) and semi-conductors.

A traditional market maker for raw materials, China has gained a dominant position in critical and strategic metals, especially as a processor, with total command over the value chain. This gives it considerable market and negotiating power, which it uses by imposing restrictions and controls on the export of these crucial metals for sectors including semiconductors, telecoms, electric vehicles and the defense industry. Almost like a symbol, the rare earth elements mined in the U.S. are refined in China, and U.S. foreign direct investment (FDI) in China accounts for substantial installed production capacity in the sector of electric vehicles and batteries (firstly Tesla).

China likely to be the net beneficiary of the global systemic reconfiguration in the medium and long term

In this tug-of-war between Washington and Beijing, time is on the side of Beijing. The Chinese regime has demonstrated its ability to have a long-term vision and has managed to adapt its "social market economy" model to ensure its perpetuation.

In its relations with the world, China pursues its age-old apparent reserve strategy and its narrative of an open and free-trading country, seeking global unity, positioning itself in favor of a multipolar order and as a counter-power to the U.S. In its soft power strategy, embodied by the BRICS+ club[7] and the Belt & Road Initiative, China has diversified its export markets and its international financial assets, and has invested heavily in Asia, Latin America and Africa.

Alongside the growing aversion among international investors towards the Chinese market in their strategies of derisking-decoupling, Chinese companies could continue to move into international markets, by investing abroad to circumvent the protectionist barriers, in particular in access to the European market.

[7] Initially: Brazil, Russia, India and China. Since 2011: South Africa and since 2024: Iran, Egypt, United Arab Emirates, Ethiopia. Finally, since the beginning of 2025: Indonesia.

Although the United States of Donald Trump intends to exert its influence on the multilateral mechanisms for financial stability (IMF) and development finance (World Bank), its withdrawal from a number of multilateral institutions could be an opportunity for China to strengthen its influence by presenting itself as a reasoned actor and the principal defender of emerging and developing countries, free trade, and international aid.

[7] Initially: Brazil, Russia, India and China. Since 2011: South Africa and since 2024: Iran, Egypt, United Arab Emirates, Ethiopia. Finally, since the beginning of 2025: Indonesia.

Sri Lanka: Will international tensions undermine economic recovery?

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Since 2019, Sri Lanka has been experiencing the most severe economic crisis in its post-independence history. It came to a head in the spring of 2022 when the government announced that it was defaulting on its external public debt. However, there has since been an encouraging upturn in economic activity: inflation is under control, the rupee has appreciated, foreign exchange reserves are being rebuilt and economic growth reached 5.0% in 2024, well above expectations. But the crisis appears to have left deep after-effects. The momentum of recovery remains fragile and is likely to change rapidly in the event of a shock. In addition to the risk of a "classic" shock, related to the structural vulnerabilities of the country (such as extreme climate events, a decline in international tourism, a rise in commodity prices etc.), in recent months, the risk has also emerged of a shock associated with an increasingly tense international situation.

After experiencing 25 years of rapid development, with a threefold increase in per capita GDP, since 2019, Sri Lanka has been faced with the most severe economic crisis in its post-independence history. It was triggered by a succession of shocks, coupled with a chaotic management of the economy by the Rajapaksa clan in power. It came to a head in April 2022 when the country was forced to announce the first sovereign default in its history. To revive economic activity, in March 2023, the authorities reached an agreement with the IMF for a financing program amounting to around $3 billion, in return for a comprehensive reform program to address the crisis and remedy a series of structural failures of the economy. The measures implemented have thus mainly focused on fiscal consolidation and the stability of prices and the financial system, the replenishment of foreign exchange reserves, and the fight against corruption. At the same time, discussions have been initiated with the country's main creditors with a view to restructuring public debt, and significant progress has been achieved in recent months.

An encouraging upturn in economic activity…

The efforts for more than three years now are bearing fruit. After reaching more than 70% year-on-year in the summer of 2022, the inflation rate has fallen significantly. It has generally remained below 5% over the last two years and the main shortfalls have been addressed. The rupee has appreciated by more than 20% since the agreement with the IMF, after having depreciated by 45% in 2022. Similarly, foreign exchange reserves are gradually being rebuilt, representing the equivalent of more than 4 months of imports of goods and services at the end of March 2025. Most importantly, economic growth has returned to positive territory since the third quarter of 2023, after several years of deep recession. It thus reached 5.0% in 2024, a high level and well above the projections of the IMF, which still anticipated only 2.0% in June 2024.

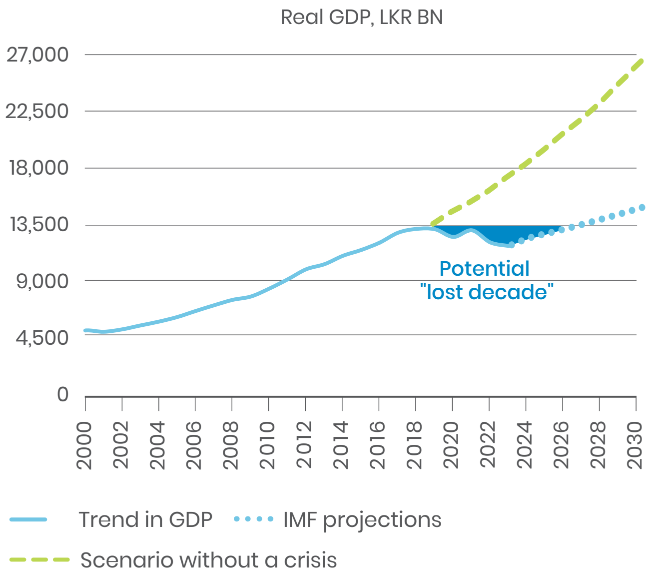
In September 2024, the election as President of the left-wing candidate Anura Kumara Dissanayaka initially raised fears over the country's ability to continue its recovery. However, these fears have now been largely dispelled. Indeed, President Dissanayaka was initially critical, but rapidly pledged to respect the objectives of the IMF program. The budget presented in March 2025, while containing a series of expansionary measures, thus targets a primary budget surplus of 2.3% of GDP, in line with the target of the IMF program. In this context, the four program reviews conducted by the IMF teams concluded with highly positive communiqués, including for the two from after the presidential election. More broadly, the pragmatism of the new authorities in terms of economic policy and their efforts to tackle corruption are strongly emphasized. In addition, the presidential coalition achieved a landslide victory in the parliamentary elections of November 2024 and the local elections of May 2025.

... but fragile dynamics, which may be adversely affected by the deterioration of the international situation

While the upturn in the Sri Lankan economy is encouraging, it remains fragile, and there are still deep after-effects from the crisis. On the social front, the crisis has wiped out 15 years of progress in the fight against poverty. The share of the population living on less than $3.65 per day in PPP[8] thus reached a peak at 27% at the end of 2023. While this figure fell slightly in 2024 (to 25%), it remains more than double the pre-crisis level (11% in 2019). Its normalization will be extremely slow according to the World Bank, which anticipates a poverty rate of 21% by 2027. Similarly, the World Food Programme estimates that 16% of Sri Lankans were still in a situation of moderate or chronic food insecurity at the end of 2024. However, this figure has fallen significantly since the peak of the crisis (28% in mid-2022). Consequently, the emigration of Sri Lankan workers has accelerated in recent years, mainly to Gulf countries. The authorities estimate that approximately 300,000 people left the country each year in 2022, 2023 and 2024, against an average of 218,000 over the previous decade. On the macroeconomic front, the IMF's projections estimate that the country will only return to its pre-crisis level of real GDP (in 2018) by 2027, which is equivalent to ten years of zero growth, raising the fear of a "lost decade". Furthermore, due to the economic slowdown in recent years, the level of real GDP at the end of 2024 still remains at about 30% below the level it would have theoretically reached if the country had continued on the average growth path seen between 2010 and 2018 (see Graph 9).

In this context, the momentum of the upturn in economic activity remains fragile and could rapidly be adversely affected in the event of a shock, such as an extreme climate event, a fall in international tourism, or an increase in commodity prices. Beyond these "classic" shocks related to the structural vulnerabilities of the economy, there is an increasingly important risk associated with the deterioration of the international situation, notably through the trade channel. Indeed, more than a quarter of Sri Lankan exports of goods go to the U.S., mainly textiles and, to a lesser extent, tires and tea. This windfall amounts to about $3 billion a year (or 3.6% of GDP on average between 2019 and 2023). It is instrumental in rebalancing the external accounts and rebuilding foreign exchange reserves. However, in April 2025, during "Liberation Day", the U.S. authorities announced a 44% tariff on Sri Lankan imports (since suspended). This was the sixth highest rate announced. In view of the low level of U.S. aid flows to Sri Lanka[9] (0.13 % of GDP in 2023) and flows from the Sri Lankan diaspora based in the U.S. (0.25% of GDP in 2019), their potential reduction would have a lower impact on the recovery in the economy. More indirectly, an escalation of geopolitical tensions could affect Sri Lanka through a multitude of other channels, mainly a rise in global interest rates, an increase in commodity prices, and a reduction in the financing capacity of international financial institutions. In addition, the geostrategic position of Sri Lanka, a small island State with a population of 22 million located at the crossroads of the areas of influence of India, China and the U.S., is obviously a vulnerability in an increasingly deteriorated international environment. However, this could turn into an opportunity if the country manages to take advantage of such a power struggle.

Graph 9 – The rebound in Sri Lanka's economic activity is encouraging, but remains fragile



Source: IMF.

[8] Relevant threshold for lower-middle-income countries (LMICs) like Sri Lanka.

[9] The United States Agency for International Development (USAID) was shut down in early 2025.

Vietnam: Will stability be jeopardized by U.S. trade policy?

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In 2024, Vietnam confirmed its political continuity and maintained its strong economic momentum. But 2025 could disrupt this overall stability. As Vietnam has the third largest trade surplus with the U.S. and is accused of serving as a platform for "hidden" Chinese re-exports, it could be subject to high U.S. tariffs (announced at 46% in early April, but pending). This would have adverse consequences on growth and external balances (likely decline in exports and possibly foreign exchange reserves). In this context, the authorities are doing their utmost to limit the damage, but will need to continue to perform a balancing act to meet U.S. demands while respecting the historical ties with China.

A setting worthy of an international forum and a parade of distinguished figures: the Vietnamese Prime Minister in person, the U.S. Ambassador to Vietnam, Eric Trump, one of the U.S. President's sons, and his wife Lara. On 21 May, the residents of Hung Yen, in northern Vietnam, witnessed the groundbreaking ceremony for the construction of a luxury tourist complex (including a hotel, villas and a golf course) of the Trump Organization. According to The New York Times, it took just three months between the submission of the planning application for the project and the ceremony, whereas the process generally takes at least two years[10]. If Vietnam has rolled out the red carpet in this way for the Trump family it is out of its usual pragmatism. At the center of Hanoi's concerns: the tariff negotiations announced by President Trump in early April. While they have been suspended for the time being, the effective implementation of these trade taxes scheduled for early July, in addition to the anti-dumping duties already announced for steel, could disrupt the Vietnamese economic model and undermine its dynamism, which continued in 2024.

Political continuity, economic dynamism

2024 was marked by overall stability, despite a major political change. The succession of the General Secretary of the Communist Party of Vietnam (CPV) in the summer of 2024 (To Lam replaced Nguyen Phu Trong, who died in July) was generally trouble-free. Vietnam's leaders continue to prioritize political stability, aware that it is a cornerstone of investment, in particular foreign investment, and growth. The latter rebounded strongly in 2024, estimated at 7.1% (after 5% in 2023), driven by manufacturing exports (primarily electronics and textiles), which also support a further current account surplus (approximately 6% of GDP on average between 2023 and 2024). Inflation (year-on-year) remains under control at around 3% (3.4% on average in 2024, 3.1% in April 2025), and sovereign risk remains generally contained thanks to a public debt that is moderate (about 35% of GDP) and sustainable (the interest-to-revenue ratio has averaged 6% since 2020). Another constant is less positive: persistent issues in the banking sector have continued since the turbulence of 2022-2023 (start of bank runs, dry-up of inter-bank liquidity related to the payment difficulties of large real estate groups). Several banks remain undercapitalized, the provisioning rate for non-performing loans (NPLs) is still insufficient (net NPLs could wipe out 14% of the capital of banks according to data as of mid-2024), and there is a high liquidity risk, with short-term deposits financing more than 80% of long-term loans. However, tensions would appear to be gradually easing as a result of the various interventions by the authorities, including pushing forward with banking consolidation, which is gathering pace (four mergers since the end of 2024).

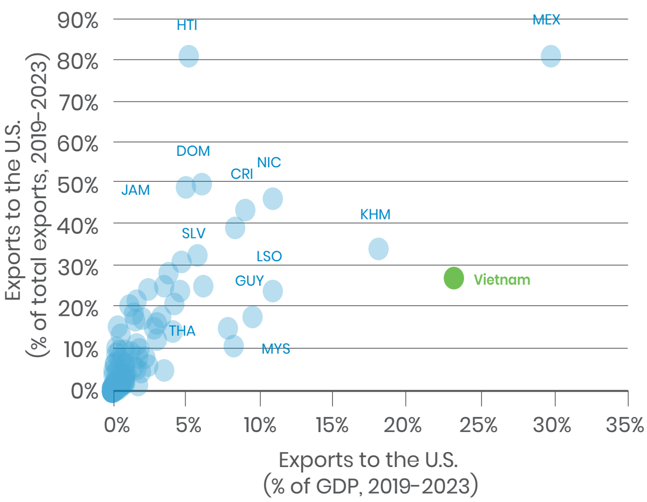
U.S. trade measures, the great leap into the unknown?

However, these dynamics could change dramatically in 2025 and beyond. As is the case for many countries, the great unknown now concerns U.S. trade policy. As Vietnam has the third largest trade surplus with the U.S. (after China and Mexico) and is largely integrated into Chinese value chains (growing

[10] Pedroletti, Brice (2025), "The Trump family's lucrative deals in Vietnam", *Le Monde*, 5 June 2025.
https://www.lemonde.fr/en/international/article/2025/06/05/the-trump-family-s-lucrative-deals-in-vietnam_6742048_4.html.
Cave, Damian (2025), "Why Vietnam Ignored Its Own Laws to Fast-Track a Trump Family Golf Complex", *The New York Times*, 25 May 2025.
https://www.nytimes.com/2025/05/25/world/asia/trump-vietnam-golf-project.html.

share of Chinese intermediate products in Vietnam's exports), it may be subject to almost punitive tariffs since President Trump's announcements in early April 2025: 46%, the fifth highest among the countries targeted.

Graph 10 – Vietnam is highly exposed to the U.S.



Source: IMF (BOPS), AFD calculations.

While this rate is still under negotiation, Vietnam has reason for concern: 30% of its exports, or almost 25% of its GDP, go to the U.S.,[11], and are therefore exposed to U.S. trade measures. Vietnam, which was one of the main beneficiaries of the trade war launched by Donald Trump against China during his first tenure (2017-2021), is now accused of serving as a platform for Chinese re-exports, with little or no value added when they transit through Vietnam.

Vietnamese exports would, of course, be adversely affected by the tariffs and, more generally, the global slowdown related to the uncertainties caused by U.S. trade policy, which in turn affects investment. The IMF thus lowered its growth forecasts between October 2024 and April 2025 from 6.1% to 4.6% on average for 2025-2026, far short of the authorities' target of 8%. The current account is expected to remain broadly in line with forecasts, as in 2025 exports could benefit from frontloaded demand ahead of the new tariffs, and a market reorientation in the longer term. However, a significant reduction in current account surpluses would be a major shock in terms of external liquidity. Despite regular current and financial account surpluses, the size of the "errors and omissions" item (about 3% of GDP since 2010, against about 6% in 2024) reflects statistical deficiencies and dollars outflows by residents outside of the formal financial system, both of which constrain foreign exchange reserves accumulation. At less than 2.5 months of imports in early 2025, they remain fragile, especially to ensure the partial peg to the U.S. dollar.

In this context, we understand the importance for Hanoi of preserving its relationship with the U.S. In response to the tariff announcement, the Vietnamese authorities have announced a package of measures: reduction of Vietnamese tariffs on imports from the U.S. to zero, increase in the procurement of U.S. products (planes, oil, and possibly a nuclear power plant) and fight against the transshipment of Chinese goods *via* Vietnam. It remains to be seen whether this will be sufficient to bring down the tariffs to a more moderate level, at around the current temporary rate (10%). In early June 2025, U.S. negotiators were continuing to put pressure on their Vietnamese counterparts to reduce reliance on China – the real target of the ongoing trade war. While Vietnam likes to reaffirm its sovereignty at will, it cannot alienate its Chinese neighbor for historical, ideological and, of course, economic reasons. Hanoi will thus need to use all the levers of its "bamboo diplomacy" to maintain its balancing act between Beijing and Washington, and ensure its medium-term stability.

[11] Vietnam exports a relatively wide range of products to the U.S.: machines and equipment, furniture, textiles and, especially, electronic products, including smartphones, with a U.S. market share of more than 20%.

Iraq: Stabilization hangs on global and regional uncertainties

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Despite persistent vulnerabilities, several positive signals suggest that Iraq has set positive dynamics in motion. As the country has so far been relatively sheltered from the spillover from the regional conflicts and benefits from political and security stabilization, it is starting to lay the foundations for economic diversification. However, there are three major threats to the prospects for the country's recovery, and they are potentially likely to increase between now and the end of 2025: developments in world oil prices, the geopolitical and regional environment, and the upcoming elections in the autumn.

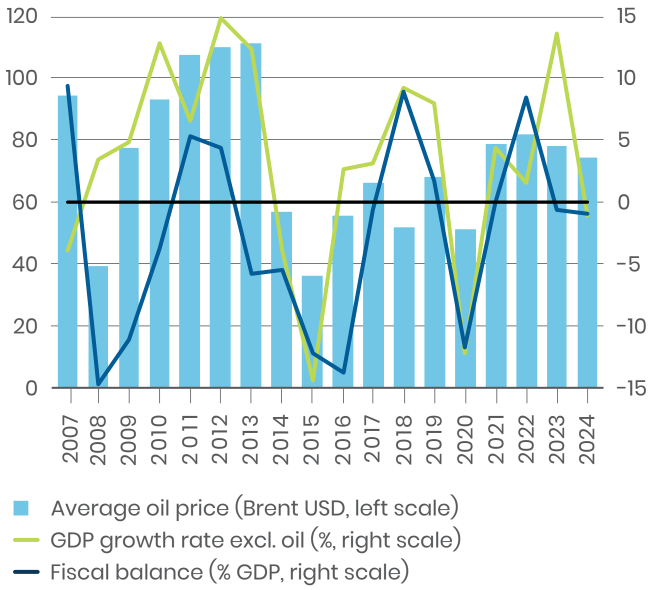
Iraq is at a crossroads. The last two years have opened the way for the de-escalation of internal conflicts and political stabilization. This political and security normalization is indispensable for creating an environment enabling the necessary steps to be taken over time for the country's reconstruction and economic diversification. Several projects are underway, including the Development Road, which aims to strengthen the country's infrastructure, and industrial development projects co-financed by the Development Fund for Iraq.

However, there are several obstacles on this path which could jeopardize this trend between now and the end of 2025. A first concern is developments in oil prices in the coming months and years, while oil revenues remain key to the country's socio-economic stability. A second concern is developments in regional conflicts and the stance the U.S. will take over the Iranian issue. Finally, the elections in the autumn of 2025 will be a major test for Iraq's political balances, which remain fragile.

Socio-economic stability hangs on oil prices

The Iraqi economic model is one of the most dependent on hydrocarbons in the world. In recent years, on average, oil has accounted for as much as 55% of GDP, 95% of government revenue, and 99% of exports of goods. The economy remains uncompetitive, poorly diversified and unproductive, hindered until recently by the security situation and political instability, a deteriorated business climate, and the destruction of a significant amount of physical infrastructure. The average annual GDP growth rate stood at 4% between 2010 and 2024, but at only 0.9% for non-oil GDP.

Graph 11 – Oil, key to Iraqi macroeconomic balances



Source: IMF.

Developments in oil production and oil prices on international markets are therefore crucial to the country's economic stability and public finances. Yet government resources are essential to support investment for the country's reconstruction and the diversification of the economy, and also to maintain social balances. Indeed, almost 45% of the working population is employed by the State, which de facto plays a role in the redistribution of oil revenues and socio-economic stabilization. In a context of high population growth (2.3%) and limited employment opportunities in the private sector, in 2023, the government introduced a three-year expansionary budget which aims to further increase the number of employees in the public sector. There has thus been a significant increase in public spending since mid-2023. The IMF estimates that the fiscal breakeven price of oil will need to reach between $80 and $85. In addition, oil production and exports have stagnated since the peak of 2022, which puts pressure on budgetary revenue.

The new international situation (slowdown in growth, trade fragmentation, increase in U.S. hydrocarbon production) suggests that the recent fall in oil prices may continue. In the event of a lasting oil price shock, the Iraqi economic model would automatically suffer. A lasting price shock would undermine macroeconomic balances (growth, twin deficits, pressure on foreign exchange reserves), compromise the government's ability to continue efforts towards reconstruction and diversification, and put pressure on the social contract.

The lingering threat of the conflictual and uncertain regional environment

Furthermore, the prospects for Iraq hang on developments in regional tensions and conflicts. In the wake of the regional conflicts, the weakening of the pro-Iranian axis (losses by the Lebanese Hezbollah and Yemeni Houthis, fall of Bashar al-Assad in Syria) could affect Iraq's stability, especially since the escalation of the Iran-Israel war in mid-June 2025. Indeed, Tehran provides crucial support to the current government coalition, as well as to the Shiite militias, which have been fully institutionalized and politicized since the end of the war against the Islamic State. The Iraqi militias are among the last potential regional relays for the Iranian axis and could be mobilized in the context of the conflict with Israel, or in the event of U.S. involvement. While this is not the militias' strategy at this point in time, due to the disastrous effects that retaliation would have for the whole of Iraq, it is a risk which cannot be ruled out entirely.

In addition, until recently, Iraq benefited from U.S. derogations on imports of electricity and gas from Iran, which account for almost a third of Iraq's power generation. As part of its strategy to put pressure on Iran, in March 2025, the Trump administration suspended the derogation on electricity imports. A suspension of the derogation on gas imports would seriously affect the Iraqi economy and society as summer approaches, a period traditionally marked by peak consumption and a resurgence of social protests. Developments in the conflict between Iran and Israel, or U.S. involvement, could potentially have serious repercussions for Iraq's political, security and economic stabilization process.

The elections in the autumn of 2025, the moment of truth for Iraq's domestic political game

A final major uncertainty for Iraq's prospects is the upcoming general elections, which will be held in the autumn of 2025. Iraqi democracy is still relatively young and each election redefines the political balance. For example, the elections of 2021 led to a major institutional crisis, resulting in a power vacuum that lasted nearly a year. Prime Minister al-Soudani has strengthened his authority since 2022. He has so far managed to reconcile the opposing forces in place, both domestic (popular protests, militias) and foreign (balanced relations with Tehran and Washington).

However, the outcome of the autumn elections is highly uncertain at this stage. This is also the case for the positions that the two sponsors of Iraq will take, which are essential for the formation of a government. But a new political crisis would be highly damaging for the Iraqi economy. Indeed, it would put a stop to the government's projects and reforms and would hinder domestic and foreign investment. This would have an adverse effect on the economic diversification path, which is the only way to reduce the country's exposure to exogeneous shocks and create sufficient employment.

Angola: Trump 2.0, a monkey wrench in a jammed machine

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While Angola, the second largest oil producer in Africa, was on a positive but fragile recovery trend following the exogenous crises of 2020-2022, President Trump's volatile policies risk derailing its trajectory. Beyond the risk of being subject to a 32% tariff, the direct and indirect effects of U.S. and OPEC+ policies on the oil industry add to the structural challenges of the Angolan economy and may exacerbate the fiscal slippage seen since the end of 2023. While the risk of public debt distress remains high, this combination of obstacles threatens to plunge the country into another difficult period.

Between 2020 and 2022, Angola weathered the successive shocks with difficulty. The build-up of macroeconomic imbalances came to a head in 2020. Oil prices plummeted, the economy shrank (-4%) for the fifth consecutive year, public debt peaked at 119% of GDP, the kwanza depreciated by 24%, and Angola lost access to international markets. The government avoided a liquidity crisis through proactive reprofiling operations for its debt with Chinese creditors and the G20/Paris Club Debt Service Suspension Initiative.

Since 2021, the country has been experiencing positive dynamics, as a result of the upturn in oil prices in 2021-2022 and, especially, strong performance in non-oil sectors. It has thus returned to positive growth, averaging 2.9% between 2021 and 2024. It has also entered a period of fiscal consolidation and has seen a general improvement in its macroeconomic aggregates. While there were already concerns about fiscal slippage in 2024, Donald Trump's return to the White House in early 2025 considerably complicates the country's prospects for recovery.

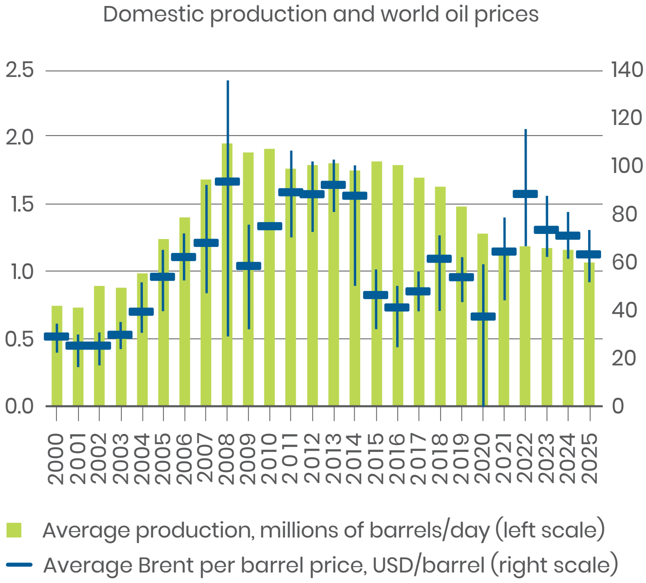
Black gold, central to the structural challenges of the Angolan economic model

The oil industry accounts for 25% of GDP, generates 60% of government revenue, and represents 95% of Angola's exports, one of the highest levels of dependency in the world. Its highly volatile macro-fiscal performance, its socio-economic dynamics, and its development trajectory thus still mainly depend on national oil production and world oil prices.

But tensions and volatility can be seen on both aspects. Since the peak of 2010 at around 1.9 million barrels per day on average, Angola's oil production has gradually fallen, reaching 1.1 million barrels per day in January 2025, down by around 45%. This reflects a chronic lack of investment in aging oil infrastructure and the gradual depletion of historical oil fields. This trend is expected to continue in 2025, as new maintenance operations are affecting production. Similarly, since 2014, the long-term price of oil has trended downward. It averaged $93/barrel in 2014 and had fallen to an average of $67/barrel in the first half of 2025, below the indicative price of $70/barrel assumed for the preparation of the budget. This downward trend in oil prices is in part due to the surge in U.S. shale oil production in the 2010s.

These trends are likely to continue or even worsen. Investment in oil infrastructure is constrained by the withdrawal of foreign investors: FDI inflows have been lower than outflows since 2017. Similarly, the negative supply-demand trends resulting from the low-carbon transition are likely to affect the attractiveness of the industry and oil prices. The International Energy Agency estimates that they could fall to $25/barrel by 2050 in a "net zero" scenario. Beyond Angola's production capacity and the trend in world prices, the depletion of oil reserves jeopardizes the long-term sustainability of the Angolan model. Estimated at about nine billion barrels, Angola's oil reserves could be depleted by 2050 if current production is maintained and if no new deposits are discovered.

Graph 12 – Downward trend in the performance of the oil industry



Note on Graph 12: The blue vertical lines show the maximum and minimum price differentials in the year.

Source: Energy Information Administration, Macrobond, AFD calculations.

The Trump government's announcements complicate the equation

At first glance, Angola appears to be highly exposed to the direct effects of the "Liberation Day" tariffs announced in April. Indeed, the rate applied until early July is 10%, but the reciprocal rate calculated by the White House is 32% for Angola, one of the highest in Africa. However, several factors should significantly mitigate the effects: exports to the U.S. account for less than 3% of the country's exports and 75% of them are composed of oil, which is seemingly among the products exempt from tariffs. In reality, it is the indirect effects of President Trump's policies that pose the greatest risk in the short term. The high degree of uncertainty and weaker growth prospects around the world affect oil prices. In early April 2025, they stood at over \$70/barrel and had fallen to \$60/barrel at the end of May, down 15%. If Donald Trump tightens his policies, or if there is heightened uncertainty, a further decrease cannot be ruled out, most likely resulting in a general deterioration in Angola's macroeconomic indicators.

In the medium and long-term, the U.S. retreat from its low-carbon transition commitments and the support shown for oil drilling herald a new period of deregulation and increased public investment in U.S. fossil fuels. An increase in U.S. oil production, while OPEC+ has recently increased its quotas, could generate a further supply shock and put additional pressure on world prices, although the Middle East conflict is putting upward pressure in the short term.

In this context, the country's fiscal path raises questions

Cracks appeared in the fiscal path at the end of 2023, with a gradual slippage of public accounts. In October 2024, the IMF projected that the economic recovery and the authorities' consolidation efforts would generate a fiscal surplus of 1.6% of GDP in 2024. However, an increase in investment spending, delays in the removal of energy subsidies, and lower than expected revenues place a strain on public finances. In the end, the government balance stood at -1% of GDP in 2024 and could gradually decline further to -3.3% of GDP by 2026, according to the IMF.

The current macro-fiscal projections still suggest that there will be a slight reduction in public debt from 63% of GDP in 2024 to 57% of GDP in 2030. However, the risk of debt distress remains high: the interest expense absorbs between 25 and 30% of government revenue and the prohibitive sovereign spreads – at over 800 basis points – de facto prevent access to international markets. The high volatility of the kwanza (-42% since January 2022) poses major foreign exchange risks given that about 80% of the debt is in foreign currency.

For the time being, public debt sustainability is maintained, but will only remain so if the fiscal slippage is contained and if there is no further deterioration in external conditions. The authorities are currently implementing fiscal consolidation measures which should limit the public deficit, at the expense of a reduction in public investment. A further shock for the oil industry and/or tighter financing conditions, in a context of concern over U.S. bond rates could result in renewed liquidity tensions. These aspects raise concern, while the country faces substantial Eurobond repayments of about \$1 billion at the end of 2025, followed by \$3.5 billion in 2028-2029.

In the longer term, the urgent need to shift the economy towards a more diversified, more resilient and lower carbon model is ever more salient.

Ethiopia: An economic shift

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Since 2018, the Ethiopian economy has been affected by a series of external and domestic shocks, with an adverse effect on its growth rate and its financial and external balances. To restore the economic situation, the authorities, supported by a program with the IMF concluded in July 2024, have engaged in several major reforms, including the introduction of a floating exchange rate regime which aims to contribute to rebuilding the country's international reserves. In addition, the process for restructuring public debt, which has been in a situation of distress since 2023, is currently being finalized with official creditors and will continue with bond creditors. International tensions and the related uncertainties are a downside risk, but are unlikely to reverse the ongoing economic momentum.

While Ethiopia's average annual growth rate stood at 10.3% between 2004 and 2019, ranking it among the world's most dynamic economies, the country was subsequently affected by a series of external shocks (Covid-19, war in Ukraine) and domestic shocks (droughts, Tigray conflict) which had negative effects on the growth rate and financial balances.

From 2020 onwards, the country faced strong pressures on its external balances, leading to a considerable erosion of its foreign exchange reserves (to less than $1 billion in 2023, or less than one month of imports coverage). This external liquidity shortage, faced with substantial debt repayments, prompted the country to request a restructuring of its external debt from its official creditors. It subsequently defaulted on its Eurobond in December 2023.

Restoring economic balances

To restore economic balances and benefit from international financing, the authorities concluded a $3.4 billion program with the IMF in July 2024, and committed to implement a reform program. These reforms are set out in the government's Homegrown Economic Reform Agenda 2.0 and aim to modernize the macroeconomic policy framework (including the introduction of a floating exchange rate regime and public enterprise reform) in order to lay the foundations for private sector-driven growth.

Several measures aim to rebalance the external accounts and public accounts. Firstly, the introduction of the floating exchange rate regime, announced on 29 July 2024, resulted in a rapid depreciation of the birr (-40% in one week), thus containing the parallel foreign exchange market which had previously been created. The spread between the official exchange rate and the exchange rate on the parallel market has been reduced, but has periodically increased again in recent months. This is being monitored by the authorities.

Secondly, to create fiscal space for priority public spending and reduce debt vulnerabilities, the authorities aim to strengthen public enterprises and increase the mobilization of tax revenues. Since 2017, government revenue (excluding grants) has declined and reached its lowest level at 7.5% of GDP in 2023-2024 (against 18.1% of GDP on average in Sub-Saharan Africa). The authorities have thus set out to implement tax reforms in order to increase revenue by 4 GDP points by 2027-2028.

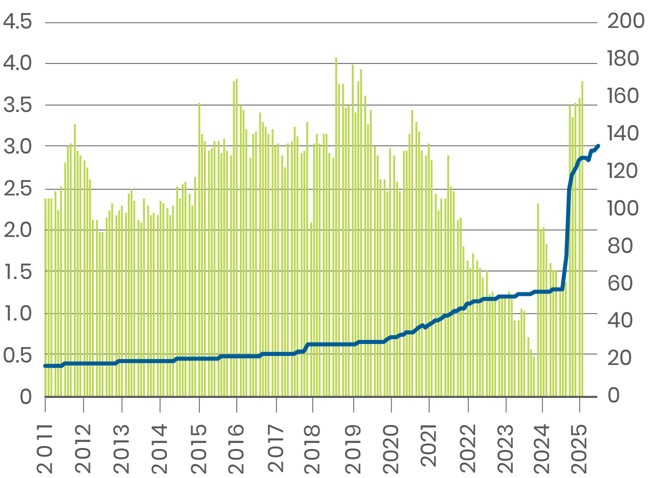
Furthermore, the debt service moratorium granted by official bilateral creditors for 2023 and 2024 has contributed to limiting foreign exchange requirements. In addition, the resumption of international financing has supported the accumulation of foreign exchange reserves, which reached $3.6 billion at end-March 2025, or a coverage of 1.6 months of imports, their highest level for 5 years, but still below a level considered adequate.

At the same time, the Central Bank (National Bank of Ethiopia [NBE]) adopted major reforms in 2024 to modernize the monetary policy and anchor inflation expectations:

- Establishment of a monetary framework based on interest rates with the introduction of a key rate, set at 15%;
- Elimination of financing of the public deficit by the Central Bank.

At the end of March 2025, despite the sharp depreciation of the currency and as a result of subsidies on the prices of various products, inflationary pressures were declining, with a rate at 13.6%. In addition, to mitigate the effect of the reforms on vulnerable households (such as the inflationary effects of the floating exchange rate regime), the authorities have announced additional social protection expenditure and temporary subsidies (for a total cost of 1.5% of GDP).

Graph 13 – Ongoing consolidation of external liquidity following a sharp drop



Source: IMF.

Progresses in debt restructuring

Due to the tensions it was facing, Ethiopia requested a restructuring of its debt under the Common Framework, including Paris Club creditors and China. For the discussions to move forward, the conclusion of a program with the IMF was requested, which was only completed in July 2024. In the meantime, the creditors granted a suspension of the debt service for 2023 and 2024. In March 2025, an agreement in principle was reached for the restructuring of $8.4 billion of debt towards its official creditors. This restructuring should enable the country to reduce its debt service by $2.5 billion over the next three years. The discussions will continue between Ethiopia and its bond creditors, with a view to the restructuring of the Eurobond for which the repayment of the principal was initially scheduled for the end 2024. According to the IMF, this restructuring, along with the improvement in the economic balances, should enable the country to return to a risk of debt distress assessed as moderate by 2027-2028.

Risks related to developments in the international environment

In 2024, growth rose to 8.1% and the IMF forecasts it at 6.6% in 2025. This forecast, as well as the economic shift initiated by the country, depend on developments in the international environment. A deterioration constitutes a downward risk for Ethiopia.

Firstly, the country is affected by the discontinuation of a substantial proportion of USAID funding, of which it was one of the primary beneficiaries in Africa ($1.8 billion in 2023, or 1.1% of Ethiopian GDP). However, USAID funding was mainly directed towards the social and food sectors, which are among the areas relatively safeguarded. The Center for Global Development (CGDEV)[12] estimates that the announced cuts would amount to 30% of the funding planned by USAID for 2024 and 2025 (meaning a reduction of $387 million). However, this discontinuation could have an adverse effect on the humanitarian and social situation.

In terms of foreign trade, the U.S. is the main destination in the world for Ethiopian exports (12.6% of exports, mainly agricultural products), closely followed by China (10.4% of exports). A 10% tariff on Ethiopian imports to the U.S. could affect the dynamism of exports to this country. However, it should be noted that in 2022, Ethiopia had already lost its status as a beneficiary of the African Growth and Opportunity Act, which enabled it to benefit from a zero tariff on a large number of products. It has since been subject to an average rate of over 5%. The increase to 10% is therefore a relatively lower shock compared to other countries in the region.

In addition, two of Ethiopia's main export products are currently benefiting from a significant upward trend in their international prices, which contributes to increased export revenues. The prices of coffee and gold (the first and fifth main export products in 2023, respectively) increased by over 45% between June 2024 and June 2025. Faced with international uncertainty, demand for gold is particularly high due to its safe-haven status.

[12] Sandefur, Justin and Charles Kenny (202), "USAID Cuts: New Estimates at the Country Level", Blog Post, Center for Global Development, 26 March 2025. https://www.cgdev.org/blog/usaid-cuts-new-estimates-country-level.

Bolivia: A struggling economy

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On the eve of the general elections, Bolivia is plunged into a serious economic crisis. Since 2023, foreign exchange reserves have collapsed and the government is no longer able to supply the country with fuel, whose subsidies place a burden on public accounts. There are an increasing number of shortages and the inflation rate, fueled by recourse to monetary financing for a record government deficit, has reached a level not seen for almost 20 years. Public discontent is becoming increasingly apparent and the president, disowned and unpopular, has decided not to seek re-election. Whatever the future team at the head of the State, it will have little time to react and take the necessary measures to prevent the country from defaulting, the first being the devaluation of the boliviano.

"We are starting a new phase in our history." Five years after the inaugural address of President Luis Arce, Bolivia has seen its situation deteriorate under the combined effect of political, health, economic and climate crises, among others. This new phase, 20 years after the victory of the Movement Toward Socialism (MAS), may be the last for the party, which has been weakened by divisions between supporters of the former President, Evo Morales, and those of Luis Arce, and the economic policy choices which have put the country in a dire situation.

A shortage of foreign exchange and consumer goods

Since 2023, Bolivia has been faced with a serious external liquidity crisis. International reserves, excluding gold and the IMF's Special Drawing Rights (SDR), fell from $13.6 billion at the end of 2014 to $54 million in March 2025, representing just a few days of imports. To address the scarcity of foreign currency, the Central Bank is rationing its circulation and allocating it to government operations (mainly for the payment of the external debt service). Economic actors are bearing the brunt of the capital controls and are forced to purchase their foreign currency on the parallel market at very high prices. Prices are skyrocketing and shortages are appearing, demonstrated by the long queues of vehicles at gas stations and queues in front of shops to buy essential goods, which have become scarce and expensive, such as rice, flour and oil.

In the run-up to the presidential elections on 17 August, public discontent is increasing. In several regions, recurrent protests block roads, which further destabilizes trade.

Economic model needs to be overhauled

This crisis is the symptom of a growth model that no longer works. Based on the exploitation and export of hydrocarbon resources (mainly gas), and mineral and agricultural products, by nationalized companies, this model benefited the Bolivian economy until the reversal of the terms of trade in 2014, marking the end of the "commodity supercycle" which started in 2000. Growth subsequently slowed and with it, exports. The trade balance for goods has turned into deficit and international reserves have started to shrink.

The country briefly benefited from an upturn in prices in 2021 and 2022, but the constraints of the gas sector, in which the country underinvested during the years of prosperity, resulted in a sharp drop in production in 2023. This contributed to a further trade deficit in 2024, with export revenues falling by 17% in one year. Remittances from Bolivian expatriates also fell by 20% in 2024, and the current account balance returned to the deficit trend seen between 2015 and 2019. It now stands at -4.3% of GDP and is set to remain negative in the future.

The financial account of the balance of payments is also in deficit: following the massive capital outflows in 2019 and 2020, foreign direct investment and portfolio investment, traditionally low due to the deteriorated business climate, are not returning. In addition, for the tenth consecutive year, foreign exchange reserves are being put to use to cover the external financing requirement. The latter is increasing, as the annual amortization of the external debt is higher than the foreign exchange reserves available. The country has so far opted to meet its debt payments, but the Eurobond repayments due in early 2026 illustrate the urgent need for the country to access international financing.

The country is presently unable to access international financial markets, with the risk premium (sovereign spread) close to 2,000 basis points since the end of 2023. It could benefit from concessional financing from multilateral donors, but either ideologically refuses to call on support from the IMF, or faces obstruction from political opponents for parliament approval of financing from development partners.

Runaway public deficits inflate debt

As a result of the slump in extractive production, government revenue has stagnated at below 30% of GDP, while public spending has remained 10 points higher, fueled in particular by the hydrocarbon subsidy policy. The total deficit now exceeds 10% of GDP.

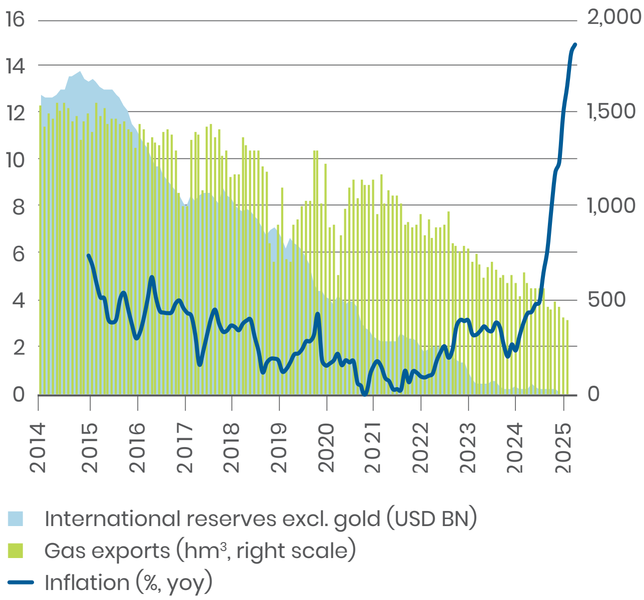
The government is no longer able to finance its external deficits and has turned to the domestic market by issuing bonds purchased by the national pension fund. But this remains insufficient, and the authorities are increasingly turning to the Central Bank to monetize this deficit. As a result, the debt ratio is close to 100% of GDP and inflation reached 15% year-on-year in April 2025, fueled by the increase in the money supply, as well as supply disruptions and the high cost of the dollar on the parallel market, which pushes up the cost of imports.

Exchange rate regime discredited and unsustainable

Indeed, this external liquidity crisis is fueled by the fixed exchange rate regime with the U.S. dollar introduced in 2009. The rate of 6.96 bolivianos for 1 dollar has remained unchanged since 2011.

In view of the external imbalances, the overvaluation of the boliviano is no longer sustainable. In addition, the official exchange rate regime has lost its credibility and a parallel market has emerged on which the dollar was sold at twice the price at the end of May.[13] Maintaining it without changing its parity will send the country into a balance of payments crisis.

Graph 14 – The decline in gas exports is bringing down FX reserves while inflation is skyrocketing



Source: *Instituto Nacional de Estadistica de Bolivia*, JODI, IMF.

Faced with this unsustainable situation, for two years now, the IMF has been warning about the urgent need to intervene on the policy mix to restore macroeconomic stability and avoid a multi-dimensional economic crisis. But while the solutions are limited, in particular due to the tight political situation (the President lost half of his majority in the National Congress when the MAS split and with the upcoming presidential elections), the authorities are dragging their feet. The new team will have few choices to avoid defaulting and will need to take unpopular urgent measures: devaluation and/or change of the monetary regime; fiscal consolidation putting an end to subsidies and tackling the payroll (more than a third of current expenditure and 14% of GDP, the highest level in the region); monetary tightening to curb inflation. It will also be difficult for it to do without an IMF program. This would catalyze funds from other donors, which the country is sorely lacking.

[13] According to EIU and Oxford Economics.

Colombia: Fiscal credibility at stake

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The coalition that brought Gustavo Petro to power three years ago broke up a year later, making it virtually impossible for him to implement the major reforms he had promised. President Petro thus faces public discontent, which is exacerbated by the return of violence, pointing to the failure of his "Total Peace" strategy with armed groups. With one year to go before the presidential election, the Colombian government has little leeway to address the widening fiscal deficit and the consequences of the arrival in power of Donald Trump. While oil exports are expected to be exempted from tariffs, they are not immune to the fall in prices and the global slowdown. Furthermore, diaspora remittances, which are the second main source of foreign exchange after oil, could be seriously affected by the decline in U.S. growth and the tax on remittances. There could be major effects on the most vulnerable households, public accounts, and Colombia's external position.

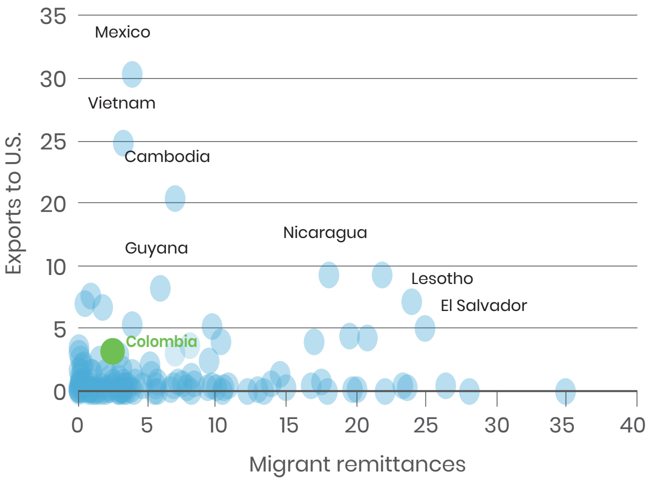
The broad coalition that had led to the historical election of a left-wing President in Colombia, Gustavo Petro, in 2022 only lasted a year. In May 2023, divisions appeared in the alliance, in particular over the health reform, led by a minister considered too radical and closed to dialogue, in the midst of a corruption scandal involving members of the President's family. For example, the center parties that had supported the coalition questioned the centralization of the health system and the viability of solutions to replace all or some of the private operators. It has since become difficult for President Petro to implement the promised reforms. Colombia is thus faced with a certain inertia, which is causing public discontent. At the end of May 2025, a segment of the population reaffirmed their support for the reforms for which they had voted three years ago. Furthermore, the political crisis has heightened since mid-2024, in particular over the issue of the budget, with resignations by ministers, both spontaneous and called for by President Petro himself. The next presidential election is scheduled for 31 May 2026. It is in this context of strong internal political and social tensions that the government firstly needs to address a fiscal deficit in 2025 that is continuously slipping and, secondly, the economic effects of the decisions of the Trump administration.

Aid, trade and remittances from the U.S.: a losing trifecta?

In May 2025, a 10% tariff on products, excluding oil, was imposed on Colombia, with the likelihood of a 3.5% tax on remittances from the U.S.

On the first issue, the tariffs can only increase compared to the average effective rate of 0.7% in 2023, a result of the Trade Promotion Agreement signed by the two countries in 2012. However, Colombia is expected to be relatively unaffected: exports to the U.S. only accounted for 3.8% of GDP on average between 2019 and 2023, half the global average (7.5%). Furthermore, oil, which is exempt from tariffs, accounts for 40% of exports. Broadly speaking, Colombia's low level of trade openness (38% of GDP, against 84% for Mexico, for example) comparatively reduces its exposure to changes in tariffs. However, oil is not protected from the fall in prices anticipated by the IMF between 2025 and 2026 (from $66.94 to $62.38/barrel), or weaker global growth (the IMF has downgraded its projections from 3.3% for 2025 and 2026 to 2.8% and 3%, respectively). This is also likely to affect investment, while the private and public investment rate in Colombia only represents 17% of GDP (less than the average for emerging countries of 34% of GDP). Investors may also be reluctant due to the upsurge in violence in the north of the country. In this respect, the reduction of U.S. Official Development Assistance (0.18% of Colombian GNP and 48% of the total aid received by the country) will affect peacebuilding and post-conflict spending in drug trafficking areas.

Graph 15 – Weight of exports to the U.S. and remittances in Colombian GDP (%)



Note for Graph 15: The other countries indicated are those for which the two indicators are above the global average (7.52% for the weight of exports to the U.S. in GDP and 2.30% for the weight of remittances). For Colombia, the values are 3.8% and 2.6%.

Source: IMF and World Bank, average values for 2019-2023.

On the second issue, if the tax on remittances from the U.S. is introduced, it is likely to have a greater impact on the Colombian economy. According to Banco de la República, Colombia's Central Bank, the latter have increased by an annual average of 10% since 2015 and reached a record level of $11.85 billion in 2024 (2.8% of GDP), more than for FDI. Yet 45% of Colombians living abroad are in the U.S. (20% are in an irregular situation and face expulsion). Beyond the effects on the balance of payments, a reduction in remittances due to this tax, but also the anticipated slowdown in the U.S. economy (whose growth is expected to be limited to 1.8% in 2025, against an initially anticipated 2.7%), could affect the poorest households. This would reduce growth and lead to social issues. Indeed, the number of people benefiting from remittances doubled between 2016 and 2024 (from 1 million to 2.1 million people), for an average amount of $484 per month.

The riskiest challenge: rebalancing public accounts in the midst of a political crisis and with one year to go before the presidential election

In the case of Colombia, the highest risk for the coming year is domestic uncertainty.

Despite a fiscal rule that defines a target for the overall structural deficit every year (depending on the macroeconomic cycle and oil prices), as well as a target for public debt of 55% of GDP, the deficits systematically remain higher than expected, and the debt ratio is increasing. 2024 was particularly difficult, with a slippage of the deficit of the central and general governments at 6.7% and 4.7% of GDP, respectively, against 4.2% and 3.2% of GDP in 2023, despite the $4.6 billion freeze on spending in June 2024. The Minister of Finance was replaced in December after being involved in scandals, and his successor resigned in March. For 2025 and 2026, there are major risks of slippage: the 2025 budget, rejected by the Congress due to expenditure not covered amounting to 0.6% of GDP, was finally promulgated by decree, against the opinion of the Autonomous Committee for the Fiscal Rule (CARF). The latter finds that the revenue projections resulting from the reforms of the National Tax and Customs Directorate (*Dirección de Impuestos y Aduanas Nacionales*, the collection agency) are overly optimistic. The contribution of oil to government revenue, generally around 10%, will be lower in 2025 (5.5%) due to the above-mentioned difficulties. A deterioration in the public deficit, combined with the depreciation of the peso (-12% in 2024) if exports and investment stagnate, could further increase the debt ratio.

Finally, on 13 June 2025, and again against the opinion of the CARF, which considers that the special conditions are not fulfilled, the government indicated that it was suspending the fiscal rule for three years. For 2025-2027, it projects the levels of deficit at 7.1%, 6.2% and 4.9% of GDP, respectively, and the levels of debt at 61.3%, 63% and 63.8% of GDP. There is a major risk of a slippage in public accounts, in a tense social and international context. This could also influence the presidential election, as analysts indicate that companies and investors are already on hold pending the "return to post-Petro fiscal orthodoxy".

Peru: Caught in the middle of the conflict between the U.S. and China

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Peru's development model is largely based on the exploitation of substantial mineral resources. Since the mid-1990s, the country has been implementing economic and financial policies that have transformed the economy, generated strong growth, increased the standard of living, and established sound economic and financial fundamentals. This has earned it an investment grade rating from rating agencies. The political turmoil, which had previously not affected the economic dynamics, is beginning to impact macro-fiscal management. In addition, Peru is caught in the middle of the conflict between the U.S. and China, both in the short term, over access to minerals, and in the medium term, over China's access to the South American market.

The Peruvian economy has been transformed over the last three decades, with the growing importance of the mining industry, which has greatly benefited from a productive investment cycle. The country is among the world's leading producers of gold, lead, tin, copper, silver and zinc. The substantial reserves of minerals essential to the energy transition ensure that its prospects are favorable. The multi-metal structure of the mining industry and the relative diversification of the economy (agriculture, fisheries, tourism, textiles, steel) ensure a certain degree of resilience, although economic activity remains exposed to external shocks, given the country's trade openness (over 50% of GDP since the 2010s, against 30% of GDP in the 1990s).

Sound economic fundamentals

Since the mid-1990s, the authorities have been conducting orthodox economic and financial policies which, coupled with opportunities in the mining industry, have resulted in a particularly robust macroeconomic framework: growth performance, up until the pre-Covid period, much stronger than the average for Latin American countries; a public debt ratio (about 30% of GDP) among the lowest in the world; very comfortable foreign exchange reserves (27% of GDP) covering over a year of imports of goods and services.

The Central Bank (*Banco Central de Reserva del Perú* [BCRP]) is recognized for its independence and the credibility of its monetary and financial stability policies. Its strong and prompt response to the inflationary pressures generated by Russia's aggression in Ukraine rapidly brought inflation back to its target rate (below 2% since May 2024).

The banking sector has sound financial health check ratios (solvency, credit quality, provisioning, profitability), within an appropriate regulatory framework, although the relatively high level of dollarization is a point requiring attention. In addition, the system provides strong protection for foreign investors, with no significant restrictions on capital transfers.

In this favorable context, in May 2024, the authorities did not consider it necessary to renew the Flexible Credit Line (not mobilized) concluded with the IMF in May 2020.

These factors are reflected in the assessment by international markets of Peru's sovereign risk through various indicators, such as the particularly low spread (150 basis points at the end of May) between the bonds in USD of Peru and the U.S., and the investment grade rating of the three rating agencies. However, the specific ratings of each agency (Baa1 for Moody's, BBB for Fitch, BBB- for S&P) reflect different approaches to the way in which the country's political vulnerabilities can affect its economy.

Political vulnerabilities affect macroeconomic management

Peru has been affected by high political and institutional instability for several years. The presidential office is strongly challenged, between accusations of corruption and attempted coups. The executive (presidency and government) is under growing pressure from a highly fragmented Congress. The upcoming general elections in April 2026 are deepening divisions. Public confidence in the political system (executive and Congress) has fallen to a very low level (below 5%), due to its failure to address issues such as security and the environment. The deterioration of the security situation is increasingly affecting macroeconomic prospects.

The customary assumption that there is a strong separation between politics and economy is starting to weaken. The country was in recession in 2023 in a context of social unrest: impeachment of President Castillo for an attempted coup, popular protests resulting in more than 60 deaths and causing more than $500 million of direct economic losses. Despite the upturn in economic activity in 2024 (+3.3%), medium-term growth potential is stalled at 2.5% (IMF), a limited performance in view of the country's factor endowments.

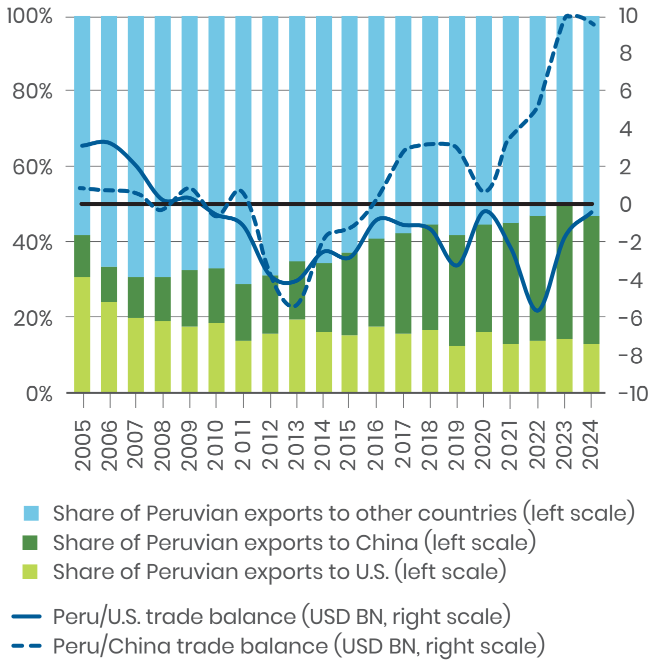
Furthermore, the government has failed to comply with the fiscal rules for the last two years (deficit of -2.8% of GDP in 2023 and -3.6% in 2024), and will most probably be unable to do so again in 2025 in the pre-election context (-2.5% of GDP projected by the IMF). The controlled level of the deficits does not affect the public debt path, but the failure to respect self-defined rules poses questions. Finally, the low level of government revenue (about 15% of GDP) in relation to the level of development limits the ability to implement ambitious public policies to address the challenges facing the country.

Maintain a fragile balance between U.S. and Chinese partners

Peru is in an ambivalent situation between the U.S. and China. These two countries alone absorb almost half of Peruvian exports, compared to just over a quarter at the beginning of the 2010s.

Trade relations with the U.S. have narrowed and Peru has a trade deficit, meaning that it has limited exposure (10%) to the retaliatory tariffs of the Trump administration. Conversely, there are growing trade relations with China. Exports to China, 85% composed of minerals, account for a third of Peruvian exports. Peru's surplus with China (about $10 billion) accounts for half of its total trade surplus.

Graph 16 – More trade stakes with China than with the U.S.



Source: ITC (Trade Map), AFD calculations.

In terms of foreign investment, the relative positioning of Peru towards China and the U.S. is more ambiguous. With 10% of the FDI stock, the U.S. is the fourth largest investor, still ahead of China, which ranks eighth, with 4.5% of the stock. But recent dynamics are more favorable for China: its stock increased by a factor of 4.6 between 2018 and 2022, while the U.S. stock remained stable over the same period. China has invested heavily, in particular in the Port of Chancay, which is 60% owned by a Chinese company. The initial investment of $1.3 billion enabled the commissioning of the port in November 2024. The investment planned for the next decade ($2.2 billion) will make it a real regional hub for trade with Asia, provided, however, that supporting investments are made for access to the port.

In a context of growing tensions between the major powers countries over access to minerals, Peru could thus rapidly find itself at the center of the rivalry between the U.S. and China.

List of acronyms and abbreviations

AGOA African Growth Opportunity Act

BCRP *Banco Central de Reserva del Perú*

CARF Autonomous Committee for the Fiscal Rule

CGDEV Center for Global Development

CPI Consumer Price Index

CPV Communist Party of Vietnam

EDCs Emerging and Developing Countries

ECB European Central Bank

FDI Foreign direct investment

IMF International Monetary Fund

LMICs Lower-middle-income countries

NBE National Bank of Ethiopia

NPL Non-performing loan

ODA Official Development Assistance

SDR Special Drawing Rights

SSA Sub-Saharan Africa

USAID U.S. Agency for International Development

USD U.S. dollar

WEO World Economic Outlook

List of figures

Correspondence list for ISO codes

ISO-3 code	Country
AFG	Afghanistan
AGO	Angola
ALB	Albania
ARG	Argentina
ARM	Armenia
ATG	Antigua and Barbuda
AZE	Azerbaijan
BDI	Burundi
BEN	Benin
BFA	Burkina Faso
BGD	Bangladesh
BHS	Bahamas
BIH	Bosnia
BLR	Belarus
BLZ	Belize
BOL	Bolivia
BRA	Brazil
BRB	Barbados
BTN	Bhutan
BWA	Botswana
CAF	Central African Republic
CHN	Chile
CHN	China
CIV	Côte d'Ivoire
CMR	Cameroon
COD	Democratic Republic of the Congo
COG	Congo
COK	Cook Islands
COL	Colombia
COM	Comoros
CPV	Cape Verde
CRI	Costa Rica
CUW	Cuba
DJI	Djibouti
DMA	Dominica

ISO-3 code	Country
DOM	Dominican Republic
DZA	Algeria
ECU	Ecuador
EGY	Egypt
ERI	Eritrea
ETH	Ethiopia
FJI	Fiji
FSM	Micronesia
GAB	Gabon
GEO	Georgia
GHA	Ghana
GIN	Guinea
GMB	Gambia
GNB	Guinea-Bissau
GNQ	Equatorial Guinea
GRD	Granada
GTM	Guatemala
GUY	Guyana
HND	Honduras
HTI	Haiti
IDN	Indonesia
IND	India
IRN	Iran
IRQ	Iraq
JAM	Jamaica
JOR	Jordan
KAZ	Kazakhstan
KEN	Kenya
KGZ	Kyrgyzstan
KHM	Cambodia
KIR	Kiribati
KSV	Kosovo
LAO	Laos
LBN	Lebanon
LBR	Liberia

Correspondence list for ISO codes

ISO-3 code	Country
LBY	Libya
LCA	Saint Lucia
LKA	Sri Lanka
LSO	Lesotho
MAR	Morocco
MDA	Moldova
MDG	Madagascar
MDV	Maldives
MEX	Mexico
MHL	Marshall Islands
MKD	North Macedonia
MLI	Mali
MMR	Myanmar
MNE	Montenegro
MNG	Mongolia
MOZ	Mozambique
MRT	Mauritania
MUS	Mauritius
MWI	Malawi
MYS	Malaysia
NAM	Namibia
NER	Niger
NGA	Nigeria
NIC	Nicaragua
NPL	Nepal
NRU	Nauru
PAK	Pakistan
PAN	Panama
PER	Peru
PHL	Philippines
PLW	Palau
PNG	Papua New Guinea
PRY	Paraguay
PSE	Palestine
RWA	Rwanda
SDN	Sudan
SEN	Senegal

ISO-3 code	Country
SGP	Singapore
SLB	Solomon Islands
SLE	Sierra Leone
SLV	El Salvador
SOM	Somalia
SRB	Serbia
SSD	South Sudan
STP	Sao Tomé and Principe
SUR	Suriname
SWZ	Eswatini
SYC	Seychelles
SYR	Syria
TCD	Chad
TGO	Togo
THA	Thailand
TJK	Tajikistan
TLS	Timor-Leste
TON	Tonga
TTO	Trinidad and Tobago
TUN	Tunisia
TUR	Turkey
TUV	Tuvalu
TZA	Tanzania
UGA	Uganda
UKR	Ukraine
URY	Uruguay
UZB	Uzbekistan
VCT	Saint Vincent and the Grenadines
VEN	Venezuela
VNM	Vietnam
VUT	Vanuatu
WSM	Samoa
YEM	Yemen
ZAF	South Africa
ZMB	Zambia
ZWE	Zimbabwe

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