



United Nations
Economic Commission for Africa

Socioeconomic Development in North Africa: Subregional Profile 2024–2026

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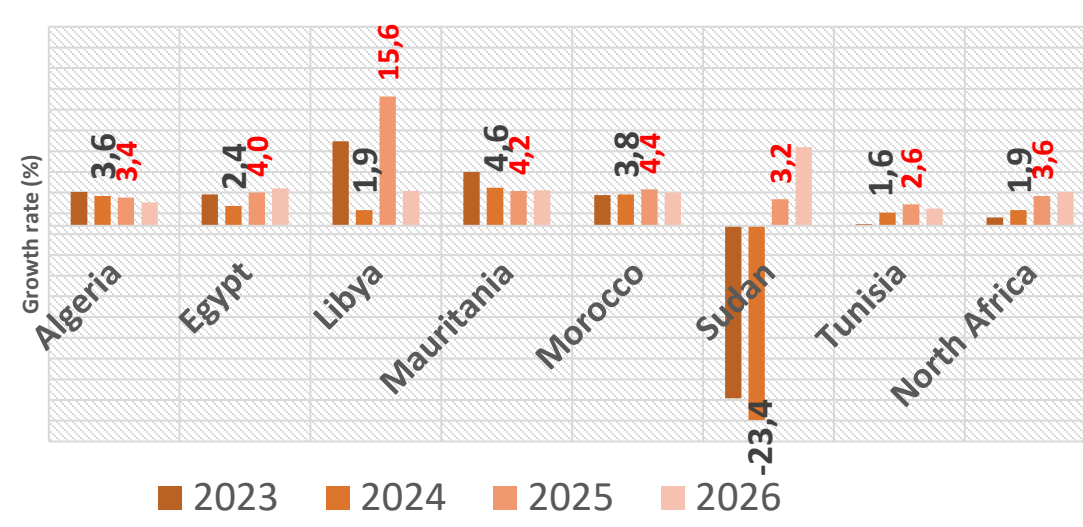
Labour Market & Social Development

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Country and Regional Policy Priorities and Recommendations

Growth Overview & Outlook

Real GDP Growth in North Africa , 2023-2026 (Updated data)



01

In 2025, regional growth is expected to strengthen, but momentum will remain uneven and highly dependent on reforms and geopolitical stability.

02

North Africa GDP: 1.9% in 2024 → 3.6% expected in 2025 → 4.1% in 2026

Source: National statistics and World Economic Outlookn October 2025 (IMF)

03

Diverging country performances (2025 outlook) :

Algeria, Egypt: Moderate, reform-led growth amid fiscal and structural constraints.

Libya: Sharp rebound (15.6%) driven by oil recovery; risks from political instability.

Mauritania, Morocco: Solid gains from mining, agriculture, and energy .

Sudan: Fragile recovery (3.2%)

Tunisia: Weak growth constrained by fiscal stress and slow reforms.

04

In 2026, North Africa's growth is set to strengthen, driven by macroeconomic stability, sectoral diversification, and ongoing reforms. However, conflict risks and climate shocks could slow momentum.

Sectoral Challenges & Drivers

Low-value

manufacturing persists in much of the region, constraining job creation



Non-oil & emerging sectors driving moderate recovery.



Climate-vulnerable agriculture limits productivity & rural employment



Hydrocarbon dependency remains a vulnerability in **Algeria & Libya**



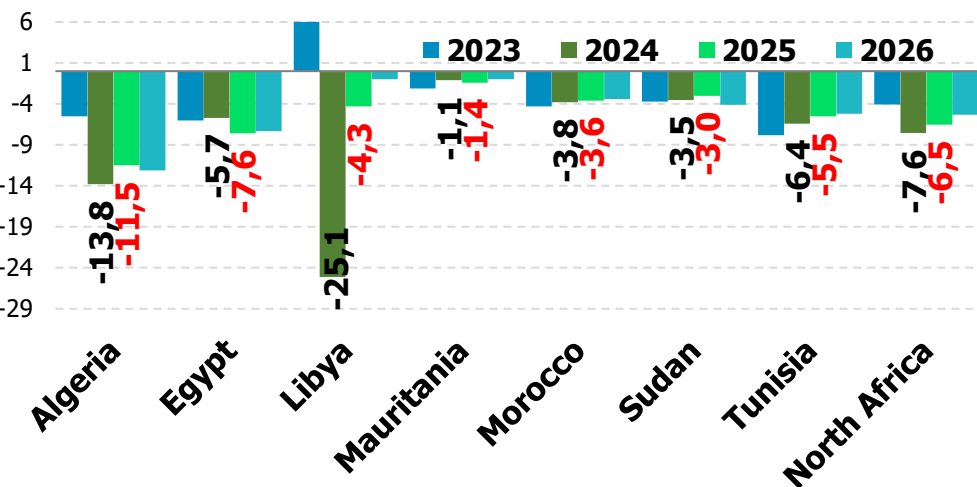
Public-spending-led growth is **unsustainable without diversification**



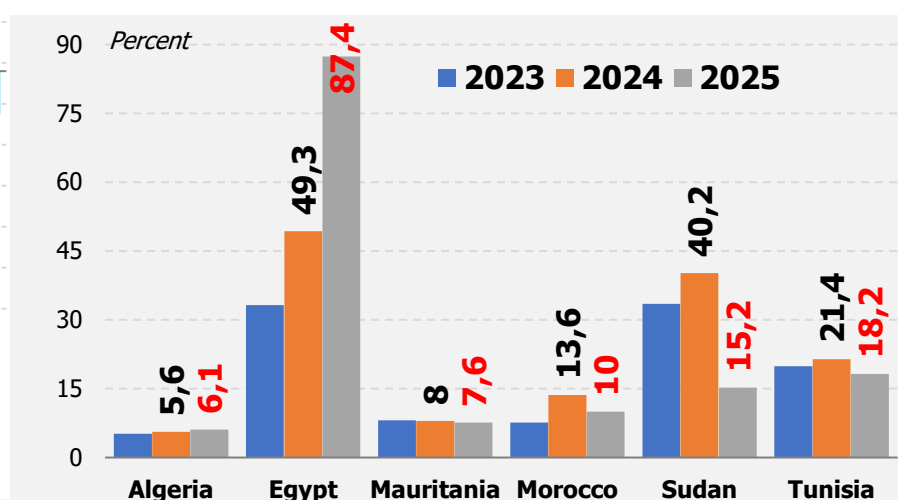
**Challenges
&
Drivers**

Fiscal Position & Debt Sustainability

Fiscal balance in North Africa, 2023-2026 (updated data)



Debt Service in North Africa (% of exports), 2023-2025



Source: National statistics and IMF, October 2025

01 North Africa fiscal deficit: **7.6% (2024) → 6.5% (2025)** (still above pre-crisis levels) **& high risks.**

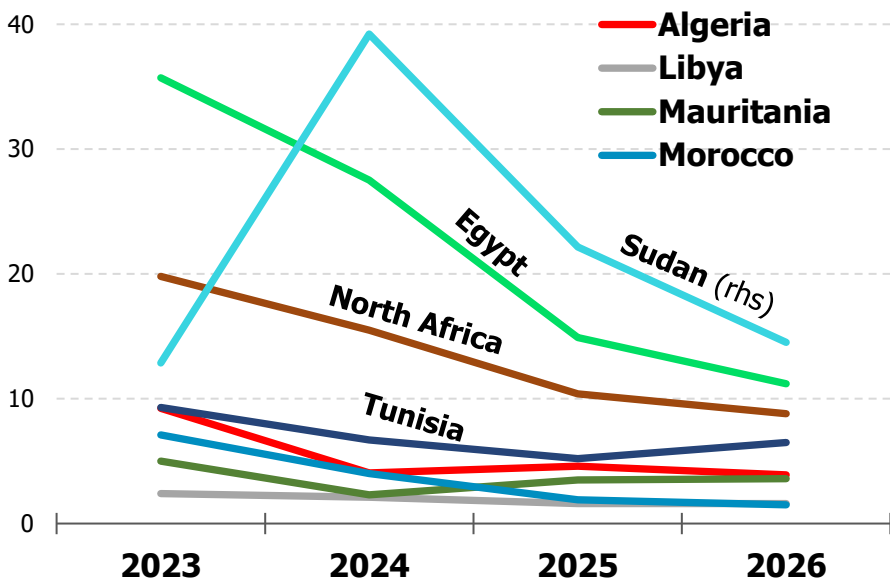
02

- **Algeria & Egypt:** High deficits and growing debt service burdens
- **Egypt:** debt service expected to consume **87% of export revenue in 2025**
- **Tunisia:** constrained access to financing; high rollover risk.
- **More favorable trajectory in Libya, Morocco,** supported by stronger fiscal balances
- Mauritania deficit slightly reflecting gas project investments.
- Subsidy pressures, high interest payments, and limited fiscal space continue to hinder debt sustainability across most economies.

Inflation & Monetary Policy

Inflation dynamics in North Africa, 2023-26 (updated data)

Policy Interest rates in North Africa, 2020-24



	2020	2021	2022	2023	2024
Algeria	3.00	3.00	3.00	3.00	3.00
Egypt	8.25	8.25	16.25	19.25	27.25
Mauritania	5.00	5.00	7.00	7.00	8.00
Morocco	1.50	1.50	2.50	3.00	2.50
Sudan	30.60	28.20	41.78	-	-
Tunisia	6.25	6.20	7.25	8.00	8.00

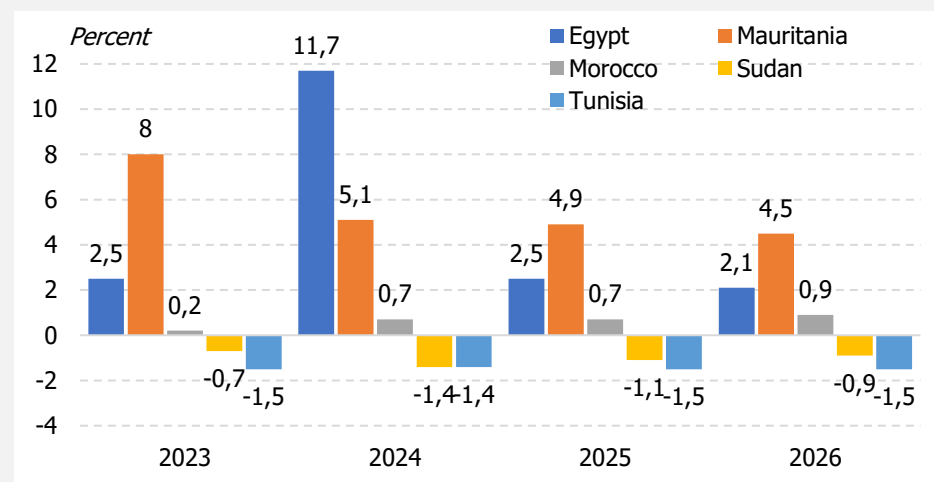
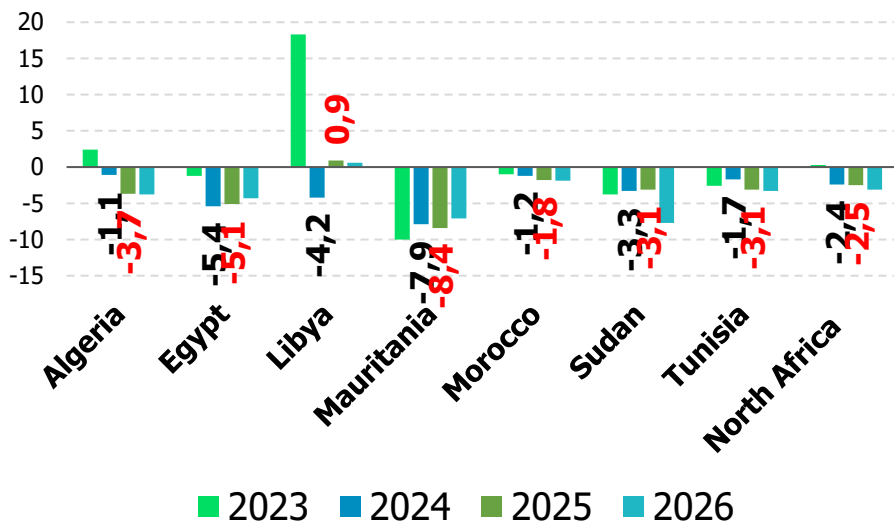
Source: National statistics and IMF, October 2025

- **Regional inflation:** 15.5% in 2024 → 10.4% expected in 2025
- Shift from crisis driven tightening to cautious normalization
- **Policy stance:** Tunisia maintains tight policy; Egypt, Algeria, and Mauritania cautiously easing
- **Sudan** remains an outlier with hyperinflation
- **Outlook:** Regional Inflation expected to converge toward single digit by 2026 if stability and reforms hold

External Sector & Current Accounts

Current account balances % of GDP, 2023-26(updated

Net foreign Direct investments inflow (%GDP), 2023-2026



Source: National statistics

➤ Current account: **0.3% surplus (2023) → -2.4% (2024) → -2.5% (2025)**

Drivers:

- Lower hydrocarbon export revenues
- Rising import demand
- **Egypt, Mauritania & Tunisia** maintain large external imbalances
- Mauritania fiscal deficit is expected to widen driven by large capital imports for gas infrastructure
- Tight global financing conditions continue to limit access to affordable external financing
- Libya expected surplus recovery in 2025 — but highly volatile
- Resilience in **Morocco** supported by tourism, remittances and diversified exports

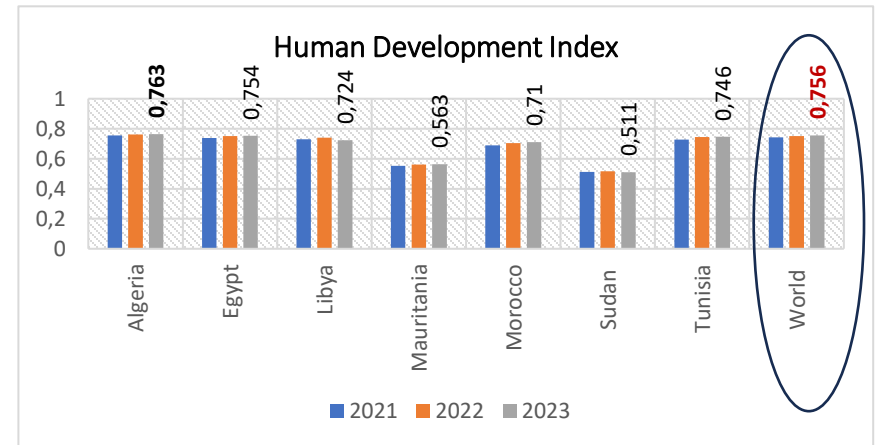
Social Development & Labour Markets

Employment rate in North African countries

(Percentage of working-age population, 15 years and older)

	2023	2024	2025	2026
Algeria	37.1	36.7	36.6	36.5
Egypt	40.4	40.4	41.0	41.6
Morocco	39.7	39.7	39.9	40.0
Sudan	37.7	37.7	37.7	37.7
Tunisia	38.5	38.8	39.9	39.0

Source: National statistics



- **Labour market absorption remains weak**, with employment-to-population ratios far below the global benchmark of 57.9% (2025).
- **Egypt, Tunisia, and Morocco show modest improvements** supported by job creation in construction, manufacturing, and services.
- Persistent **informality**, especially in **Algeria & Sudan**
- **Sudan's labour market remains frozen at 37.7%** due to ongoing conflict and institutional breakdown
- **Multidimensional poverty remains widespread in Mauritania and Sudan**, where limited access to health, education, and infrastructure continues to hinder progress.

Country and Regional Policy Priorities and Recommendations

Shared reform priorities

- **Diversify economies beyond hydrocarbons and low-value sectors**
- Boost productivity and competitiveness in manufacturing, renewables, and agribusiness
- Strengthen fiscal sustainability through better taxes and targeted spending
- Expand social protection and invest in skills and human capital
- Build climate resilience through water management, renewable energy, and climate-smart infrastructure

Regional cooperation

- ✓ Accelerate AfCFTA implementation and cross-border infrastructure
- ✓ Promote trade and investment integration to boost exports and regional value chains
- ✓ Coordinate macroeconomic and monetary policy to stabilize the region
- ✓ Leverage regional climate finance and carbon markets for green transition

Country focus examples

- ❖ **Algeria:** Diversify economy, expand renewables, improve investment climate
- ❖ **Egypt:** Stabilize FX, boost exports, streamline spending, uphold policy credibility,
- ❖ **Libya:** Strengthen oil governance, enhance transparency, rebuild infrastructure
- ❖ **Mauritania:** Advance gas projects, manage natural resources, attract investors
- ❖ **Morocco:** Expand social protection, improve water use, promote digital transformation & PPPs
- ❖ **Sudan:** Restore stability, rebuild institutions, revive trade & productive sectors
- ❖ **Tunisia:** Reform SOEs, ensure debt sustainability, support private sector



THANK YOU!

Ideas
to
Action