Côte d'Ivoire

Recent macroeconomic and financial developments

After a slowdown in 2020 associated with COVID-19, the economy is once again strengthening with 6% GDP growth in 2021, led on the supply side by agricultural exports, extractive and manufacturing industries, buildings and public works, transport, and commerce and on the demand side by investment and consumption. Inflation climbed from 2.4% in 2020 to 4.2% in 2021, caused by increases in prices of food products, owing to an insufficient local production. Credit to the economy recorded a 12.5% rise from 2020 to 2021, stimulated by measures to support the banking system.

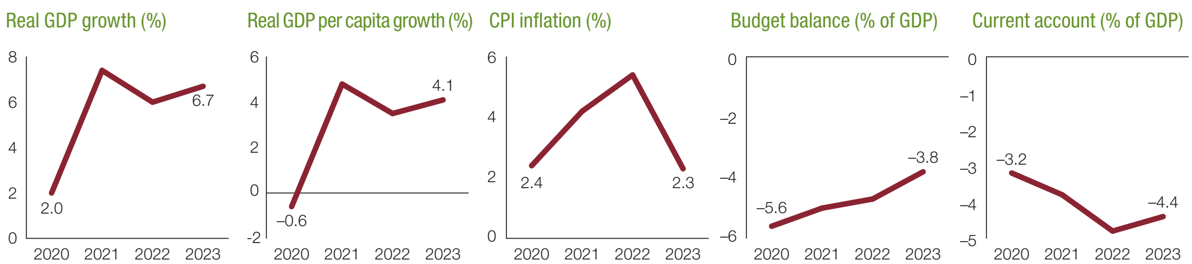
The budget deficit is estimated at 5.0% of GDP in 2021, down from 5.6% in 2020, linked to an improved mobilization of tax and nontax revenues. It is financed by project and program loans, the regional financial market, and other foreign currency financing. The $925.6 million received from the SDR allocation was used to finance the budget deficit. Public debt, which shows a moderate risk of debt distress, is expected to have climbed to 51.4% of GDP in 2021, arising from the increase in COVID-19-related spending. The current account deficit is expected to have widened from 3.2% in 2020 to 3.8% of GDP in 2021, due to lower services and primary sector revenues. The COVID-19 pandemic exacerbated poverty in 2021, with 20.2% of the population living on less than $1.90 per day, up from 18.3% in 2020, according to the United Nations Sustainable Development Goals Report 2021.

Outlook and risks

The outlook for 2022–23 could be negatively impacted by the Russia–Ukraine conflict. However, it will benefit from investments and reforms in the Côte d'Ivoire 2030 Strategic Plan and the National Development Plan 2021–2025 (NDP), and from a more stable sociopolitical environment. Accordingly, growth should slow to 6.0% in 2022 before rebounding to 6.7% in 2023, driven essentially by agriculture, industrial activity, buildings and public works, transport, commerce, telecommunications, as well as investment and consumption. Inflation should increase to 5.4% in 2022, owing to inflationary tension generated by the Russia–Ukraine conflict, and will then be contained at 2.3% in 2023. The budget deficit should be progressively contained at 4.7% of GDP in 2022, then at 3.8% of GDP in 2023, with stronger tax reforms. The deficit on the current account is forecast to degrade to 4.8% of GDP in 2022 and to 4.4% in 2023, owing to the deterioration of terms of exchange. Public debt is projected to be maintained at an average of 51.6% of GDP over 2022–23. However, the prolongation of the Russia–Ukraine conflict, a new outbreak of the pandemic, a decline in agricultural commodity prices, and weak resource mobilization could jeopardize this outlook.

Climate change issues and policy options

Côte d'Ivoire is 130 on the 2021 GCRI. More than two-thirds of its coastline is affected by coastal erosion. Its economy is dependent on climate-sensitive sectors—agriculture, livestock, aquaculture, and energy. In July 2018, the World Bank evaluated the losses to GDP associated with climate change at between $681 million and $1.4 billion in constant 2017 $ between now and 2040. To counter the threat, the government is conducting several programs. During COP26, it committed to reduce its GHGs by 30.4% between then and 2030 (versus an initial target of 28.2% in 2015). The financing of the updated NDC, at a cost of about $22 billion, requires resources from climate funds and the private sector, because the government allocates only an average of $400 billion a year to environmental protection. To reinforce resilience and accompany the energy transition, the NDP 2021–2025 aims to increase contributions to RE in the energy mix from 39.5% to 42% between 2019 and 2025, accelerate development of the low-carbon strategy, and reduce damages and losses linked to natural disasters.



Source: Data are as of April 2022 and are from domestic authorities; figures for 2021 are estimates and figures for 2022 and 2023 are projections by the African Economic Outlook team.