Côte d'Ivoire

Recent macroeconomic and financial developments

Real GDP rose 1.8% in Côte d'Ivoire in 2020, well below its 6.4 growth in 2019, as the effects of COVID–19 disrupted most sectors of the country's economy. Weakened global demand hit Côte d'Ivoire's export sectors hard: export agriculture (which contracted by 2.2%), agro-food industries (–1.3%), forestry (–16.5%), mining (–4.8%), petroleum products (–26.9%), and transport (–1.8%). Inflation rose from 0.8% in 2019 to 1.8% in 2020, on the back of higher food and transport prices in a country that suffers one of the highest COVID–19 infection rates in West Africa. Financing extra health spending and economic support led to a doubling of the budget deficit from 2.3% of GDP in 2019 to 5.5% of GDP in 2020, mainly financed by loans, projects and programs, and borrowing from the regional financial market. The current account deficit has nearly doubled from 1.9% of GDP in 2019 to 3.5% in 2020 due to rising imports and falling exports.

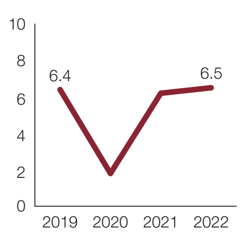
Outlook and risks

The 2021–22 outlook will be conditioned by the global control of the COVID–19 pandemic by the second half of 2021 and the implementation of the National Development Plan (PND) 2021–25, which aims to maintain a stable sociopolitical environment and increase the mobilization of domestic resources. The Ivorian economy should rebound strongly with real GDP growing 6.2% in 2021 and 6.5% in 2022, driven mainly by agriculture, construction, petroleum products, transport and trade, investment, and consumption. At the same time, inflation is expected to ease to 1.4% in 2021 and tick up to 1.6% in 2022. The budget deficit is expected to be reduced to 4.3% of GDP in 2021, then to 3.3% of GDP in 2022, under the effect of the economic recovery. The current account deficit is expected to narrow slightly to 3.3% of GDP in 2021 and to 2.9% in 2022 as exports pick up. The main risk factors to this optimistic scenario are a continuation of the pandemic into the second half of 2021, the deterioration in the internal sociopolitical situation and in the prices of the country's main export products, and a poor mobilization of internal and external resources.

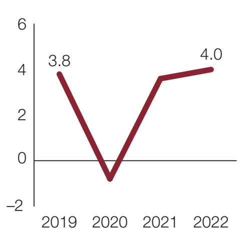
Financing issues and options

The stock of total public debt increased by an average of 14% per year between 2015 and 2019, in line with the financing needs of the public investment program of the PND 2016–20. Outstanding public debt, which was 37.9% of GDP at the end of 2019, is expected to grow to 41.7% of GDP in 2020 and stabilize at an average of 42.5% of GDP during 2021–22, well below the 70% threshold set by the West African Economic and Monetary Union. In 2019, 65.7% of public debt was external —half of it consisted of $1 billion in eurobonds issued in April 2020, and a quarter of it is owed to multilateral institutions. Slightly less than 20% is bilateral, with the rest commercial. The risk of overindebtedness appears moderate over 2020–40, both for external debt and for total public debt. The capacity to cope with large external shocks, however, remains limited. With little access to concessional resources, the authorities should favor semiconcessional financing over commercial financing, while strengthening domestic resource mobilization efforts by broadening the tax base.

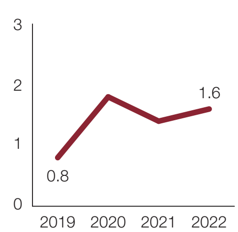
Real GDP growth (%)



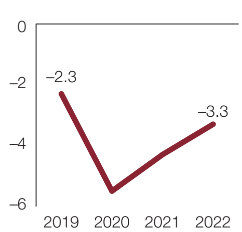
Real GDP per capita growth (%)



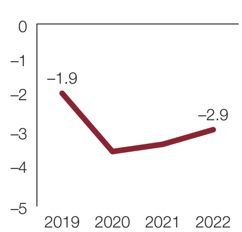
CPI inflation (%)



Budget balance (% of GDP)



Current account (% of GDP)



Source: Data are as of December 2020 and are from domestic authorities; figures for 2020 are estimates and figures for 2021 and 2022 are projections by the African Economic Outlook team.