CÔTE D'IVOIRE

Table 1	2021
Population, million	27.1
GDP, current US$ billion	70.0
GDP per capita, current US$	2589.0
International poverty rate ($2.15)[a]	11.4
Lower middle-income poverty rate ($3.65)[a]	39.6
Upper middle-income poverty rate ($6.85)[a]	75.4
Gini index[a]	37.2
School enrollment, primary (% gross)[b]	100.5
Life expectancy at birth, years[b]	58.1
Total GHG emissions (mtCO2e)	52.5

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2017 PPPs.
b/ Most recent WDI value (2020).

The consequences of the war in Ukraine are expected to slow the recovery in 2022, to 5.7 percent growth (3.1 percent per capita), while increasing external and fiscal financing needs. Inflation should reach 5.5 percent in 2022 from 4.2 percent in 2021, threatening gains in poverty reduction. The government responded with price caps and a wage bill increase that increased fiscal spending and highlighted the need for domestic revenue mobilization.

Key conditions and challenges

Côte d'Ivoire has been one of the fastest-growing economies in SSA for almost a decade - with real GDP growth averaging 8.2 percent over 2012–19 (5.7 percent in per capita terms). Political stability, sound macroeconomic policies and new sources of growth (in services and industry) have sustained high growth rates. Over 2011-19, the poverty rate declined from 55 to 39.5 percent, along with inequality, as measured by the Gini coefficient, from 0.38 to 0.35. Sound fiscal policy up to 2019 also enabled counter-cyclical measures to contain the recent external shocks, achieving 2 and 7 percent real GDP growth in 2020 and 2021.

Renewing its objective of doubling GDP per capita by 2030 in the National Development Plan (NDP) 2021-2025 requires addressing bottlenecks to enable structural transformation and sustain inclusive growth. Productivity growth has remained flat since 2017, and the pandemic also slowed progress toward poverty reduction. Leveraging private investment, greater capital deepening, reducing allocative inefficiencies, improving human capital and governance, increasing resilience to climate risks are important.

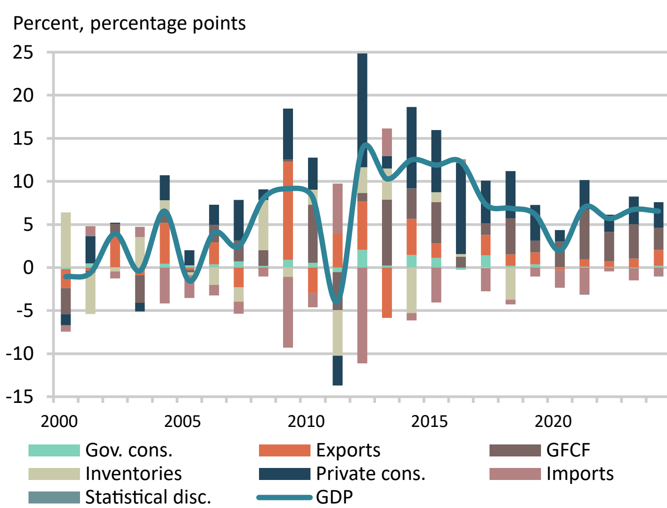
Downside risks predominate in the short term. The war in Ukraine increases commodity price volatility, which can depress external balances and energy and food inflation. Tightening global financial markets as advanced countries raise interest rates could increase debt vulnerabilities. Heightened regional insecurity and climate-related factors could also dampen the outlook. In the medium term, the rollout of the NDP will depend on adequate financing, premised on greater domestic revenue mobilization and private investments.

Recent developments

In 2021, the economy recovered strongly aided by fiscal and monetary policy and less disruptive containment measures. Real GDP growth is estimated at 7 percent in 2021 (4 percent in per capita terms), driven by domestic demand, despite inflation reaching a 10-year high of 4.2 percent at year-end driven by higher food prices because of adverse weather and COVID-19 supply disruptions. The fiscal deficit declined by 0.5 ppt to 5.1 percent of GDP mostly owing to strong revenue collection (+0.7 percent of GDP) as authorities have maintained high levels of public investment. PPG debt reached 52.1 percent of GDP.

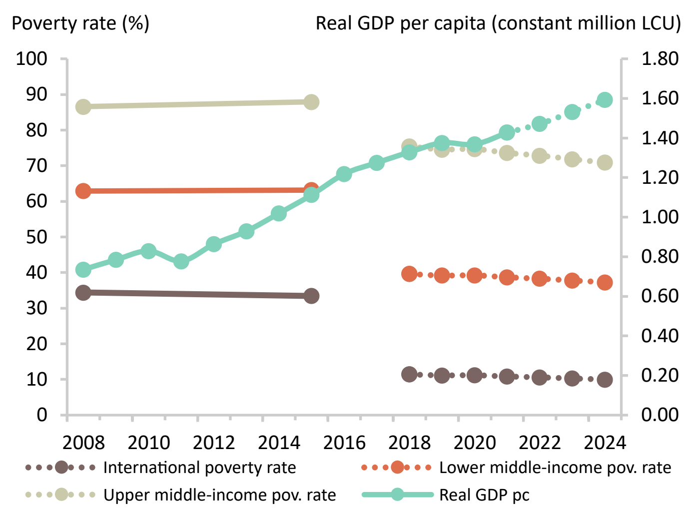
Against that backdrop, the negative terms of trade shock and deceleration in global demand from the war in Ukraine will impact economic recovery and increase fiscal pressures in 2022. Quarterly GDP growth reached 6.2 percent (y/y) in Q1. Over the first half, industrial output grew by 12.4 percent (y/y) led by mining, manufacturing, and energy sectors; but the retail and telecom business indices already suffered from a deceleration in consumption. Inflation continued to increase

FIGURE 1 Côte d'Ivoire / Real GDP growth and contributions to real GDP growth



Source: World Bank.

FIGURE 2 Côte d'Ivoire / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

despite measures to contain it, reaching 5.4 percent in July (y/y), with core inflation at 4.4 percent. Higher import prices also widened the CAD, exerting external financing pressures. The fiscal stance should deteriorate, with the deficit expected at 5.7 percent of GDP, due to greater infrastructure spending and interest payments, and a slowdown in revenue as the government uses the proceeds of the excises on fuel to offset price increases via subsidies. The overall fiscal package to contain prices amounted to 0.9 percent of GDP at end-July. A five-year civil servant wage reform – to mitigate the erosion of purchasing power - concluded in August 2022 should increase the wage bill by 0.2 percent of GDP in 2022.

Monetary and exchange rate policies are managed by the BCEAO. Its reserves declined to 5.2 months of imports in June 2022, from 5.5 months in 2021, due to higher energy prices and food imports caused by the war in Ukraine. To counter inflation pressures, the BCEAO raised rates for liquidity calls (2 to 2.5 percent) and the marginal lending window (4 to 4.5 percent) in June and September 2022.

Extreme poverty incidence measured against the US$2.15 a day per capita (2017 PPP) international poverty line should decline from 10.8 percent in 2021 to 10.6 percent in 2022, and below its pre-COVID level of 11.2 percent. The expansion of services and industry, which respectively employ 42.7 and 13 percent of the labor force, contributed to poverty reduction.

Outlook

Despite the headwinds, the economy should be resilient in the short-term and continue expanding at a steady pace over the medium term with growth averaging 6.4 percent over 2022-2024, driven by domestic demand, continued high public investment and increasingly greater private investments in the context of the NDP and reforms to improve the business environment. Trade flows with Ukraine and Russia are small and a progressive easing of global commodity prices should support the deceleration of inflation starting 2023. The CAD should narrow but remain higher than pre-COVID levels due to expected increase in import volumes and prices.

The authorities remain committed to sound macroeconomic management and the fiscal deficit should gradually converge towards the regional target of 3 percent by 2025 – despite an expected permanent wage bill increase of 0.4 percent of GDP until 2027 -, supporting a gradual decline in the debt-to-GDP-ratio.

However, financing conditions will remain tight. Tighter monetary policy in advanced economies will trigger higher financing costs of external and domestic debt, increasing debt vulnerabilities due to rollover risks in the short-term. Sustained domestic revenue mobilization, efficient public spending, prudent borrowing, and active debt management remain crucial to ensure macroeconomic stability.

Poverty reduction should continue despite negative headwinds thanks to mitigation policies that have kept fuel and food prices lower than in other countries in the region and expected wage bill increase. In medium term, poverty alleviation should continue, with extreme poverty (US$2.15 2017PPP) expected to fall to 9.99 percent by 2024, benefiting from the recovery and the rollout of the new social development plan.

TABLE 2 Côte d'Ivoire / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2019	2020	2021	2022e	2023f	2024f
Real GDP growth, at constant market prices	6.2	2.0	7.0	5.7	6.8	6.6
Private Consumption	6.0	1.9	5.0	3.0	4.9	4.7
Government Consumption	4.1	0.3	1.3	0.8	-0.8	2.6
Gross Fixed Capital Investment	5.5	12.2	21.3	11.1	12.3	7.6
Exports, Goods and Services	5.7	-1.3	3.7	2.9	4.7	8.6
Imports, Goods and Services	4.4	8.8	12.7	1.7	5.7	4.1
Real GDP growth, at constant factor prices	6.3	2.0	7.0	5.7	6.8	6.6
Agriculture	5.3	2.7	1.9	0.7	2.8	3.0
Industry	11.5	1.6	6.2	6.7	10.0	10.8
Services	4.7	1.9	8.7	6.7	6.6	5.8
Inflation (Consumer Price Index)	0.8	2.4	4.2	5.5	3.5	3.0
Current Account Balance (% of GDP)	-2.3	-3.2	-3.8	-5.6	-4.8	-4.1
Net Foreign Direct Investment Inflow (% of GDP)	1.3	1.1	1.4	1.3	1.3	1.5
Fiscal Balance (% of GDP)	-2.3	-5.6	-5.1	-5.7	-4.8	-3.9
Debt (% of GDP)	38.8	47.6	52.1	53.2	52.7	51.3
Primary Balance (% of GDP)	-0.8	-3.7	-3.0	-3.4	-2.3	-1.5
International poverty rate ($2.15 in 2017 PPP)[a,b]	11.2	11.2	10.8	10.6	10.3	10.0
Lower middle-income poverty rate ($3.65 in 2017 PPP)[a,b]	39.2	39.3	38.7	38.3	37.8	37.3
Upper middle-income poverty rate ($6.85 in 2017 PPP)[a,b]	74.5	74.7	73.6	72.8	71.8	70.9
GHG emissions growth (mtCO2e)	1.5	0.6	1.5	1.1	1.1	0.9
Energy related GHG emissions (% of total)	23.9	23.8	24.3	24.6	24.8	24.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Poverty lines are expressed in 2017 PPP, resulting in changes from earlier editions that used 2011 PPP. See pip.worldbank.org.
a/ Calculations based on 2015-ENV and 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.
b/ Projection using point to point elasticity at regional level with pass-through = 1 based on GDP per capita in constant LCU.