CÔTE D'IVOIRE

Table 1	2019
Population, million	25.5
GDP, current US$ billion	60.2
GDP per capita, current US$	2359.8
International poverty rate ($1.9)[a]	29.8
Lower middle-income poverty rate ($3.2)[a]	59.1
Upper middle-income poverty rate ($5.5)[a]	83.2
Gini index[a]	41.5
School enrollment, primary (% gross)[b]	99.8
Life expectancy at birth, years[b]	57.4

Source: WDI, Macro Poverty Outlook, and official data.
Notes:
(a) Most recent value (2015), 2011 PPPs.
(b) Most recent WDI value (2018).

Growth remained strong at 6.9 percent in 2019, supported by private investment and services. Since early 2020, the COVID-19 pandemic has negatively affected economic performance through disruptions in trade and production capacity, as well as reduced foreign financing flows. As a result, fiscal and external balances will deteriorate. Poverty may temporarily rise in 2020. Downside risks predominate, including more severe COVID-19 effects, political uncertainty from the presidential elections, a decline in agricultural commodity prices, and security vulnerabilities.

Recent developments

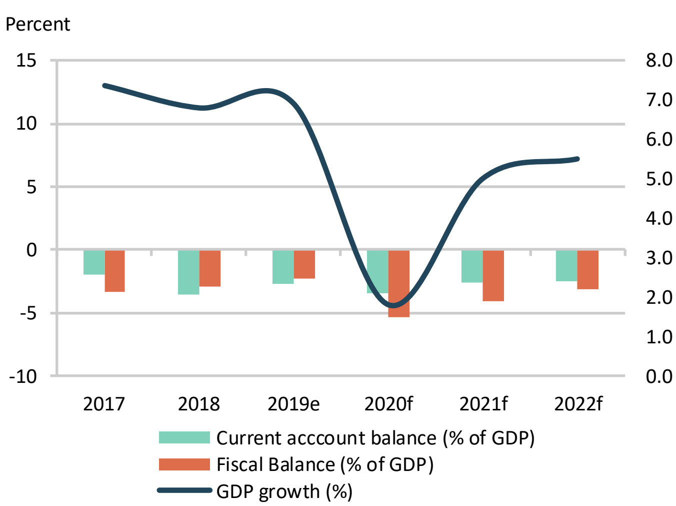
Economic growth remained strong at 6.9 percent in 2019 (4.2 percent in per capita terms). On the supply-side, growth was driven by services, notably telecommunication, trade, and transport services. On the demand side, investment and private consumption contributed to the dynamism of the economy. Private investments in housing supported the construction sector while agro-processing boosted manufacturing activities. In early 2020, activity decelerated due to COVID-19, reflecting lower private consumption and investment as uncertainty affected confidence and confinement measures reduced demand.

The current account deficit narrowed from 3.5 percent of GDP in 2018 to 2.7 percent in 2019, reflecting higher export volumes and improved terms of trade. Higher cocoa prices and strong petroleum product exports contributed to the trade balance. The current account deficit was financed through a combination of Foreign Direct Investment, concessional borrowing, and regional bond issuances. In early 2020, the external sector was affected by lower global demand, which resulted in a 3.5 and 16 percent decline in exports for industrial agriculture and manufacturing products, respectively. Imports contracted by 5.3 percent due to the deceleration of domestic consumption.

The fiscal deficit decreased from 2.9 percent in 2018 to 2.3 percent of GDP in 2019. This was mainly due to a reduction of expenditures which declined from 17.8 percent of GDP in 2018 to 17.3 percent of GDP in 2019. The government policy to limit recruitment in the public sector (except in education and health) helped to lower the wage bill while the under-execution of foreign-financed projects reduced capital expenditure. Tax revenues improved slightly from 12.1 percent of GDP in 2018 to 12.2 percent of GDP in 2019. The improvement was supported by enhanced digitalization of the tax management system, which boosted VAT collection. In Q1-2020, tax revenue declined by 0.2 percent due to COVID-19 mitigation measures. These included tax relief for affected sectors and fast-track customs procedures for essential and medical goods. While the government response plan led to a 1.5 percent of GDP increase in expenditure. The risk of overall and external debt distress remains moderate, with public debt standing at 37.8 percent in 2019.

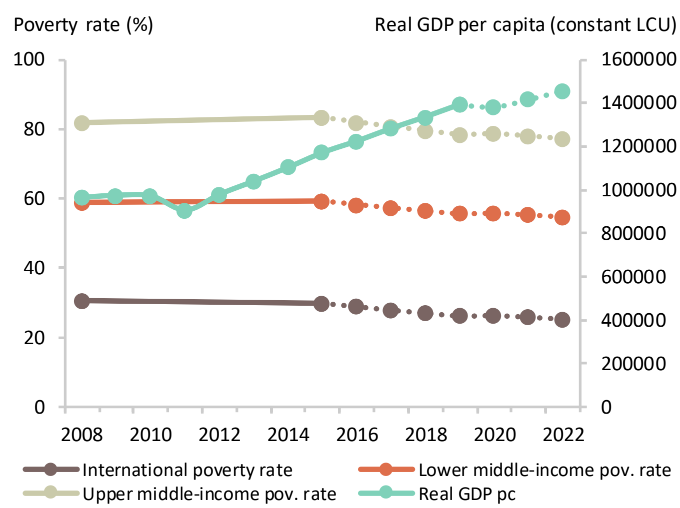
Côte d'Ivoire's monetary and exchange rate policies are managed by the Central Bank of West African States (BCEAO), which maintains a fixed peg between the CFA Franc and the Euro. Its reserves reached 5.4 months of imports in 2019, driven by fiscal consolidation in member states and higher net capital inflows. To support the regional economy and COVID-19 related extra spending, the BCEAO has implemented a set of monetary and macroprudential measures since March 2020. These include lowering its policy rate to a fixed 2.5 percent and extended refinancing operations of the 3-month "Covid-19 T-Bills" at 2.5 percent for limited amounts.

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.

The poverty rate slightly increased to an estimated 26.3 percent (international poverty line US$1.90 PPP) in 2020, from an estimated 26.2 percent in 2019. The containment and prevention measures adopted by the government in the wake of the COVID-19, have resulted in income loss for households especially in urban areas. Compared to 2019, 70 percent of informal business owners have recorded a reduction in working hours and a decrease of their turnover.

Outlook

Growth is projected to decline to 1.8 percent in 2020. On the external front, the global recession is projected to reduce demand for exports and negatively affect remittances and tourism. On the domestic front, private consumption is expected to decline as containment measures hit services and household's income. However, by end-May 2020, cashew and cocoa prices were rising again, demand from external markets was recovering and activities were also normalizing following deconfinement. In 2021, as the COVID-19 crisis dissipates, a gradual recovery is expected, driven by a rebound across all sectors. Private consumption and investment should pick up as uncertainty declines, while the government' support to SMEs and the private sector continues, and some FDI returns. Inflation is likely to increase to 1.6 percent in the medium term but remains well below WAEMU's target.

The current account deficit is expected to deteriorate to 3.5 percent of GDP in 2020 but will gradually improve from 2021 onward. In the medium run, the trade balance would benefit from higher exports of transformed primary products and new mining products, and lower imports as growth remains low. WAEMU reserves will drop to about 4.5 months of imports in 2020 as member countries are hit by the COVID-19 crisis.

In 2020, the fiscal deficit is expected to reach 5.3 percent of GDP. As economic activity decelerates, and fiscal relief measures create further revenue shortfalls, fiscal revenue will decrease. At the same time, current expenditure should increase from 12.9 percent of GDP in 2019 to 15.3 percent of GDP in 2020 owing to higher COVID-19-related spending. In the medium terms, spending pressures are projected to ease thanks to economic recovering and fiscal consolidation efforts.

The poverty rate is projected to fall from 27.0 percent in 2018 to 25.8 percent in 2021, based on solid GDP per capita growth (2.4 percent in 2021). Adverse weather conditions observed in August, could curb main crops production including cocoa and cashew. The compounded effect of the coronavirus pandemic and the below average rainfalls recorded could be unfavorable to small cocoa farmers revenue.

Risks and challenges

The outlook is subject to downside risks, mostly arising from the COVID-19 pandemic, potential disruptions around the 2020 presidential elections, and external and security vulnerabilities. A potential second wave of the COVID-19 could have heavy toll on firms, workers and households. Greater political uncertainty as well as security tensions may negatively impact investor confidence. The resulting fiscal pressures will also challenge Côte d'Ivoire's ability to sustain inclusive growth while pursuing a gradual fiscal consolidation. Finally, vulnerability to external shocks including a decline in cocoa prices could also squeeze fiscal revenues and economic growth.

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

	2017	2018	2019	2020 e	2021 f	2022 f
Real GDP growth, at constant market prices	7.4	6.8	6.9	1.8	5.0	5.5
Private Consumption	7.3	8.0	6.0	1.9	3.0	3.0
Government Consumption	16.3	1.9	4.1	4.5	4.3	3.7
Gross Fixed Capital Investment	5.8	18.2	8.3	4.6	7.2	9.1
Exports, Goods and Services	10.0	5.6	5.7	-4.6	4.6	4.8
Imports, Goods and Services	11.2	2.2	4.4	-0.2	1.5	1.4
Real GDP growth, at constant factor prices	7.4	6.8	6.9	1.8	5.0	5.5
Agriculture	3.3	5.3	1.4	0.7	1.8	1.9
Industry	15.4	10.7	10.1	4.0	5.0	7.0
Services	6.0	5.9	7.2	1.3	5.7	5.8
Inflation (Consumer Price Index)	0.7	0.4	0.8	1.2	1.4	1.6
Current Account Balance (% of GDP)	-2.0	-3.5	-2.7	-3.4	-2.6	-2.5
Net Foreign Direct Investment (% of GDP)	1.4	1.2	1.0	0.2	1.4	1.6
Fiscal Balance (% of GDP)	-3.3	-2.9	-2.3	-5.3	-4.1	-3.1
Debt (% of GDP)	36.8	39.7	37.8	40.8	41.4	41.1
Primary Balance (% of GDP)	-2.1	-1.6	-0.8	-3.2	-2.6	-1.7
International poverty rate ($1.9 in 2011 PPP)[a,b]	27.9	27.0	26.2	26.3	25.8	25.3
Lower middle-income poverty rate ($3.2 in 2011 PPP)[a,b]	57.3	56.5	55.7	55.8	55.4	54.8
Upper middle-income poverty rate ($5.5 in 2011 PPP)[a,b]	80.7	79.6	78.4	78.6	78.0	77.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.
Notes: e = estimate. f = forecast.

(a) Calculations based on 2008-ENV and 2015-ENV.Actual data: 2015. Nowcast: 2016-2019. Forecast are from 2020 to 2022.
(b) Projection using point to point elasticity at regional level with pass-through = 1based on GDP per capita in constant LCU.