

## AFRICA RISK CONSULTING

### Côte d'Ivoire Monthly Briefing February 2022

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#### Côte d'Ivoire Summary 17 February 2022

*The International Monetary Fund (IMF) forecasts that Côte d'Ivoire's economy will see 6%-6.5% growth over the next five years, returning to its pre-Covid-19 economic growth trajectory. Civic action group Convention de la Société Civile Ivoirienne (CSCI) raises concerns about rising public debt, which it estimates stood at 17.676 billion FCFA (\$30.3 billion) by the end of March 2021, equivalent to 58% of gross domestic product (GDP). Côte d'Ivoire, the world's largest producer and exporter of cashew nut, has set a production target of over 1 million tonnes for 2022 and committed to significantly increasing its ratio of locally transformed cashew nuts to 17% in the same time frame. Côte d'Ivoire has administered over 9 million Covid-19 vaccines to its population of 26 million, while Covid-19 infections have seen a significant decline since the onset of fourth wave at the end of December.*

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#### IMF projects 6%-6.5% medium term growth for Côte d'Ivoire ...

The **International Monetary Fund (IMF)** says **Côte d'Ivoire's** economy is on track to replicate the growth trajectory it experienced before its disruption by the **Covid-19** pandemic.<sup>1</sup> An IMF staff team led by **Luca Antonio Ricci** conducted a virtual visit from 25 January to 3 February, with the aim of assessing recent economic developments in Côte d'Ivoire and discussing its economic outlook prospects.<sup>2</sup> In a press release issued on 4 February, Ricci noted that despite the spread of the Omicron variant, the spike in new Covid-19 cases was short-lived, allowing authorities to avoid "the introduction of disruptive containment measures".<sup>3</sup> The IMF noted that Côte d'Ivoire has made progress on the vaccination front, having administered more than 8 million doses by the end of January with plans to administer another 5 million doses before the end of February.

The IMF acknowledged the resilience of the Ivorian economy, despite the disruption caused by the pandemic.<sup>4</sup> Economic growth is expected to remain robust in the medium term, with 6.2% growth in 2021 and 6%-6.5% over the next five years. The medium-term outlook is premised on the benefits that will accrue from the reforms outlined in the **Plan National de Développement (PND)** (national development plan) as well as the recent discovery of oil and gas deposits (see *ARC Briefing Côte d'Ivoire Sep 2021*), which Ivorian authorities hope will be commercially exploitable by 2023.<sup>5</sup>

Despite these optimistic projections, Côte d'Ivoire faces several risks to its economy. Food price inflation remains a concern, as well as the spill-over effect of terrorist activity in the **Sahel** and political uncertainty ahead of the 2025 presidential election.<sup>6</sup> Exogenous risks include the possible discovery of other Covid-19 variants, global supply chain disruption, international geopolitical tensions and the tightening of global financial market conditions, which negatively impact access to capital for emerging economies.<sup>7</sup> Nevertheless, the IMF and Ivorian authorities agree that optimising domestic revenue mobilisation is a priority, to ensure the availability of greater funds for social spending and to support strong and inclusive growth.<sup>8</sup> Ivorian government representatives and the

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<sup>1</sup> IMF, 4 Feb 2022

<sup>2</sup> IMF, 4 Feb 2022

<sup>3</sup> IMF, 4 Feb 2022

<sup>4</sup> IMF, 4 Feb 2022

<sup>5</sup> ARC Côte d'Ivoire analyst

<sup>6</sup> ARC Côte d'Ivoire analyst

<sup>7</sup> IMF, 4 Feb 2022

<sup>8</sup> IMF, 4 Feb 2022

IMF also agreed on the importance of preserving macroeconomic and debt sustainability and enhancing macroeconomic resilience.<sup>9</sup>

Côte d'Ivoire has largely weathered the economic uncertainty caused by the Covid-19 pandemic. Although economic growth stood at 2% in 2020, it has since reached pre-pandemic levels. Increased commercial agriculture activity, particularly in the domains of cashew nut, cocoa, coffee, cotton and oil production, have contributed to growth.<sup>10</sup> Activity in the hydrocarbons and mining industry and the execution of large-scale public infrastructure projects will also help Côte d'Ivoire to achieve growth targets.<sup>11</sup> With government statistics reporting a poverty rate of 37.2% in 2020, the government will need to ensure that economic activity and growth is felt by all segments of Ivorian society.<sup>12</sup>

### ... as government downplays concerns about rising public debt

Civic action group **Convention de la Société Civile Ivoirienne (CSCI)** has voiced concern over Côte d'Ivoire's rising public debt. At a workshop held on 31 January, CSCI claimed that the country's public debt stood at 17,676 billion FCFA (\$30.3 billion) by the end of March 2021, equivalent to 58% of gross domestic product (GDP).<sup>13</sup> While this is below the 70% threshold set by the **West African Economic and Monetary Union (WAEMU)**, Ivorian economist and statistician **Guillaume Andinga** raised concerns about debt sustainability.<sup>14</sup> Andinga noted that after Côte d'Ivoire was granted debt cancellation in 2012, its debt ratio fell from 67% to 18%. However, by 2017 its debt ratio was estimated to have risen to 40%, and increased again by 26% between 2019 and 2020.

Economy and finance ministry representative **Armand Benié** refuted the CSCI's claims that the current level of public debt is unsustainable, stating that a viable debt management strategy is in place.<sup>15</sup> Benié admitted that the state has increased borrowing as a result of Covid-19 but said it would be used to finance government priority activities, including the fight against poverty, through the execution of the **PSGouv2** programme, securing borders, and preparations for the 2023 **African Cup of Nations (AFCON)** football tournament, which Côte d'Ivoire will host in June 2023.

**Cour des Comptes** (auditors court) president **Kanvaly Diomandé** has similarly refuted accusations about Côte d'Ivoire's increasing debt.<sup>16</sup> During the **Association des Institutions Supérieures de Contrôle ayant en Commun le Français (AISCCUF)** (Association of Francophone Supreme Audit Institutions) general assembly on 1 February, Diomandé reassured the public that there was "*no red flag at this stage*" in relation to the country's debt. Diomandé said Côte d'Ivoire's debt was 47% of GDP and therefore far lower than the WAEMU debt ceiling figure.<sup>17</sup> However, Diomandé admitted the court is monitoring the debt situation, which the IMF describes as at moderate risk, according to a July 2021 assessment.<sup>18</sup> Amongst its responsibilities, the auditor's court controls the use of public funds.<sup>19</sup>

### Côte d'Ivoire sets 1 million tonne cashew nut production target for 2022

Côte d'Ivoire, the world's largest producer and exporter of cashew nut, has set a production target of 1.04 million tonnes for 2022 and committed to significantly increase the ratio of locally transformed cashew nuts.<sup>20</sup> The **Conseil du Coton et de l'Anacarde (CCA)** (cotton and cashew nut council)

<sup>9</sup> IMF, 4 Feb 2022

<sup>10</sup> Sika Finance, 7 Feb 2022

<sup>11</sup> ARC Côte d'Ivoire analyst

<sup>12</sup> The Africa Report, Jan-Mar 2022

<sup>13</sup> APA, 31 Jan 2022

<sup>14</sup> APA, 31 Jan 2022

<sup>15</sup> APA, 31 Jan 2022

<sup>16</sup> Financial Afrik, 2 Feb 2022

<sup>17</sup> Abidjan.net, 2 Feb 2022

<sup>18</sup> Abidjan.net, 2 Feb 2022

<sup>19</sup> L'Infodrome.com, 2 Feb 2022

<sup>20</sup> ARC Côte d'Ivoire analyst

launched its 2022 cashew nut marketing campaign on 11 February, with CCA chairperson **Hyacinthe Ouattara** and CCA director general **Adama Coulibaly** in attendance.<sup>21</sup>

The cashew nut sector is one of Côte d'Ivoire's most important economic domains. Agriculture and rural development minister **Kobenan Kouassi Adjoumani** suggests that it contributes to 8%-9% of GDP, employing approximately 250,000 people who are members of 20 cooperatives.<sup>22</sup> According to the CCA, Côte d'Ivoire produced 968,676 tonnes of cashew nut in 2021<sup>23</sup> compared to 878,400 tonnes in 2020 and 634,631 tonnes in 2019<sup>24</sup> (see *ARC Briefing Côte d'Ivoire July 2021*), while it exported 805,748 tonnes of cashew nut in 2021.<sup>25</sup> Côte d'Ivoire processed 136,854 tonnes of cashew nut in 2021,<sup>26</sup> making it the third highest cashew processing country in the world, surpassing **Brazil** but behind **India** and **Vietnam**.<sup>27</sup> In 2021, 339 billion FCFA (\$597.2m) in income was distributed in the sector, compared to 297 billion FCFA (\$514.4m) in 2020.<sup>28</sup>

Improving cashew nut processing has been a primary concern for the Ivorian government and CCA, which has set a processing target of 180,000 tonnes or 17% of output to be locally transformed in 2022<sup>29</sup> and 50% by 2025.<sup>30</sup> Adjoumani noted on 10 February that Côte d'Ivoire needs to address the fact that it only transforms 10% of its cashew nut output despite producing 20% of its global supply.<sup>31</sup> According to agricultural market information service analyst **N'Kalo Pierre Ricou**, Côte d'Ivoire loses 20%-25% of potential added value revenue by exporting cashew nut in its unprocessed form.<sup>32</sup> Ricou suggests that the transformation of 70,000 tonnes of cashew nut would provide an estimated 7,000 jobs.<sup>33</sup>

The Ivorian government and CCA have taken several steps to address this situation.<sup>34</sup> Coulibaly said the CCA has provided a 5.2 billion FCFA (\$9.4m) guarantee enabling local producers to raise 15,860 billion FCFA (\$27.4m) to purchase processing inputs, while 28 billion FCFA (\$48.4m) in subsidies have been disbursed.<sup>35</sup> The government has also exempted local firms from tax on processing equipment.<sup>36</sup> In further support of cashew transformation activity, the government has pledged to establish agro-industrial zones in the localities of **Bondoukou**, **Korhogo**, **Séguéla** and **Yamoussoukro**, which will process 20,000 tonnes of cashew nuts annually.<sup>37</sup> A cashew nut shell recovery plant will also be established in Yamoussoukro to process waste from the transformation of cashew nuts. Agriculture minister Adjoumani said the government will create more opportunities to add value for the benefit of farmers and producers.<sup>38</sup>

Côte d'Ivoire is also set to derive support from international stakeholders to achieve its cashew nut processing objectives. The **United States Department of Agriculture (USDA)**-funded "*Prosper Cashew*" initiative was launched on 10 February.<sup>39</sup> Prosper Cashew is a five-year \$27.5m programme, which will be coordinated by US-based **TecknoServe**. The programme aims to serve as a catalyst for

<sup>21</sup> APA, 12 Feb 2022

<sup>22</sup> Abidjan.net, 14 Feb 2022

<sup>23</sup> APA, 12 Feb 2022

<sup>24</sup> Sika Finance, 22 Feb 2021

<sup>25</sup> APA, 12 Feb 2022

<sup>26</sup> APA, 12 Feb 2022

<sup>27</sup> RFI, 10 Feb 2022

<sup>28</sup> APA, 12 Feb 2022

<sup>29</sup> APA, 12 Feb 2022

<sup>30</sup> Sika Finance, 12 Feb 2022

<sup>31</sup> Sika Finance, 12 Feb 2022

<sup>32</sup> RFI, 10 Feb 2022

<sup>33</sup> RFI, 10 Feb 2022

<sup>34</sup> ARC Côte d'Ivoire analyst

<sup>35</sup> APA, 12 Feb 2022

<sup>36</sup> APA, 12 Feb 2022

<sup>37</sup> Sika Finance, 12 Feb 2022

<sup>38</sup> Sika Finance, 12 Feb 2022

<sup>39</sup> Sika Finance, 12 Feb 2022

the development of Côte d'Ivoire's cashew nut sector by providing technical assistance and improving access to finance and markets for cashew nut farmers in Côte d'Ivoire.<sup>40</sup>

While Ivorian authorities have committed to increase local cashew nut processing, further steps are necessary to ensure the involvement of local producers. The **Groupement des Industriels de Cajou (GCI)** (collective of cashew nut industrialists) has highlighted that only a handful of Ivorian-owned companies are involved in cashew nut transformation activities and this prevents them from generating optimal revenue from the domain.<sup>41</sup> In November, CGI complained about competition from foreign firms and **Asian** countries,<sup>42</sup> which has led to 80% of Ivorian businesses participating in processing operations closing their factories or faced with financial difficulties.<sup>43</sup> The CGI has called on Ivorian authorities to improve access to transformation equipment, funding and provide producers with skills development.<sup>44</sup>

### Côte d'Ivoire surpasses 9 million Covid-19 vaccines administered

Côte d'Ivoire has seen a significant drop in Covid-19 cases since the fourth wave of infections that hit the country towards the end of December.<sup>45</sup> The IMF noted on 4 February that the health ministry's vaccination campaign has protected the country from severe impact by the fourth wave of infections.<sup>46</sup> As of 14 February, Côte d'Ivoire had registered 81,213 Covid-19 cases, 79,003 recoveries and 791 Covid-19-related deaths in its population of roughly 26 million.<sup>47</sup>

The ministry reports that Côte d'Ivoire has administered over 9,273,448 Covid-19 vaccines as of 14 February since beginning its national vaccination rollout on 1 March 2021.<sup>48</sup> The government has set a target to vaccinate 70% of the population by the end of 2022.<sup>49</sup> Sufficient supply of vaccines is key to attaining this goal; the **United States** donated 1,737,450 doses of its **Pfizer** Covid-19 vaccine to Côte d'Ivoire on 26 January.<sup>50</sup>

Ivorian health authorities have initiated compulsory Covid-19 tests for travellers arriving at the country's airport and mask wearing remains compulsory. However, there are no major restrictive measures in place such as vaccine passports.

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<sup>40</sup> Sika Finance, 12 Feb 2022

<sup>41</sup> Abidjan.net, 14 Feb 2022

<sup>42</sup> RFI, 26 Nov 2021

<sup>43</sup> Abidjan.net, 14 Feb 2022

<sup>44</sup> RFI, 26 Nov 2021

<sup>45</sup> ARC Côte d'Ivoire analyst

<sup>46</sup> IMF, 4 Feb 2022

<sup>47</sup> AIP, 15 Feb 2022

<sup>48</sup> AIP, 15 Feb 2022

<sup>49</sup> AIP, 14 Jan 2022

<sup>50</sup> Abidjan.net, 27 Jan 2022

## Planner

16-18 Feb 2022 **Abidjan (Côte d'Ivoire)** 7th World Cashew Convention (WCC)

Mar 2022 **Dakar (Senegal)** 9th World Water Forum

2023 **(Côte d'Ivoire)** Local elections

2025 **(Côte d'Ivoire)** Presidential elections

## Chronology

15 Feb 2022 **Abidjan (Côte d'Ivoire)** *Sika Finance*. Côte d'Ivoire has raised 30 billion FCFA (\$51.9m) through a treasury bill issue on the **West African Economic and Monetary Union (WAEMU)** regional financial market;

14 Feb 2022 **Abidjan (Côte d'Ivoire)** *Koaci.com*. The **United Nations High Commissioner for Refugees (UNHCR)** and **Ghana Refugee Board (GRB)** announce that Ivorian refugees resident in **Ghana** will lose their refugee status on 30 June and will no longer be under the care of the UNHCR;

14 Feb 2022 **Abidjan (Côte d'Ivoire)** *Sika Finance*. The **Agence Française de Développement (AFD)** (French Development Agency) has launched a call for tenders for the construction of Côte d'Ivoire's first floating solar plant;

14 Feb 2022 **Abidjan (Côte d'Ivoire)** *Agence Ecofin*. France-based **Amethis**, a private equity firm and partner member of **Edmond de Rothschild Private Equity**, says it has finalised an investment of €23m (\$26m) for the benefit of Ivorian industrial group **Société Ivoirienne de Béton Manufacturé (SIBM)**;

14 Feb 2022 **Abidjan (Côte d'Ivoire)** *Abidjan.net*. Interior and security minister **Vagondo Diomandé** chairs the resumed fifth phase of the government-coordinated political dialogue with the opposition and civil society;

13 Feb 2022 **Abidjan (Côte d'Ivoire)** *Abidjan.net*. Economy and finance minister **Adama Coulibaly** states that the private sector will finance 74% of the **Plan National de Développement (PND)** (national development plan), equivalent to 43,000 billion FCFA (\$74.2 billion);

12 Feb 2022 **Abidjan (Côte d'Ivoire)** *APA*. Côte d'Ivoire has officially launched its cashew nut marketing campaign for 2022, setting a production target of 1.04 million tonnes compared to output of 968,676 tonnes recorded in 2021;

10 Feb 2022 **Abidjan (Côte d'Ivoire)** *Koaci.com*. The **International Criminal Court (ICC)** rejects former Ivorian minister **Charles Blé Goudé's** request to be paid 780m FCFA (\$1.3m) in compensation for eight years of wrongful imprisonment by the ICC;

10 Feb 2022 **Abidjan (Côte d'Ivoire)** *Koaci.com*. The tourism ministry reports that the "*Sublime Côte d'Ivoire*", which was launched in 2018 to promote the Ivorian tourism sector, has injected 107 billion FCFA (\$185.5m) in the domain, assisted 460 businesses and created 18,636 direct and indirect jobs;

8 Feb 2022 **Abidjan (Côte d'Ivoire)** *Sika Finance*. Côte d'Ivoire raises 60 billion FCFA (\$103.5m) through a treasury bond issue on the **West African Economic and Monetary Union (WAEMU)** regional financial market;

8 Feb 2022 **Abidjan (Côte d'Ivoire)** *Agence Ecofin*. **United States Command for Africa (US Africom)** announces that 400 soldiers from 10 countries will meet in Côte d'Ivoire for an annual military exercise from 15-28 February;

6 Feb 2022 **Abidjan (Côte d'Ivoire)** *Koaci.com*. Former president **Laurent Gbagbo** announces he will undertake a national political tour, following his recovery from **Covid-19**;

6 Feb 2022 **Abidjan (Côte d'Ivoire)** *Abidjan.net*. The **International Monetary Fund (IMF)** projects that Côte d'Ivoire will generate 6-6.5% economic growth over the next five years;

4 Feb 2022 **Abidjan (Côte d'Ivoire)** *Sika Finance*. **Italy-based SB Inpienti** will build an 18 billion FCFA (\$31.3m) ultra-modern slaughterhouse in the locality of **Dabou**, east of Abidjan;

4 Feb 2022 **Abidjan (Côte d'Ivoire)** *Abidjan.net*. Government announces that it distributed 41.7 billion FCFA (\$72.5m) to small and medium enterprises (SMEs), informal sector actors, vulnerable households and retrenched workers during the 2021 financial year;

4 Feb 2022 **Abidjan (Côte d'Ivoire)** *Koaci.com*. Minister and presidential special adviser in charge of political affairs **Ibrahima Cissé Bacongo** declares he is against presidential term limits, raising concerns that supporters of President **Alassane Ouattara** may try to advise him to run for a fourth presidential term in 2025;

3 Feb 2022 **Abidjan (Côte d'Ivoire)** *Koaci.com*. Energy, mines and petroleum minister **Thomas Camara** says further steps will be taken to privatise the country's gas industry;

3 Feb 2022 **Abidjan (Côte d'Ivoire)** *Abidjan.net*. State communications service says Côte d'Ivoire's power production capacity currently amounts to more than 2,229 MW, with Côte d'Ivoire aiming to have installed electrical capacity of 4,000 MW by 2030;

3 Feb 2022 **Abidjan (Côte d'Ivoire)** *Sika Finance*. The **Agence Française de Développement (AFD)** (French Development Agency) will finance the construction of a 20 billion FCFA (\$34.8m) modern wholesale and retail market in Abidjan's most populated commune, **Yopougon**;

2 Feb 2022 **Abidjan (Côte d'Ivoire)** *Financial Afrik*. **Cour des Comptes** (Court of Auditors) president **Kanvaly Diomandé** refutes allegations that Côte d'Ivoire's public debt is spiralling out of control, public debt, estimated at 17.676 billion FCFA (\$30.3 billion) at the end of March 2021, equivalent to 58% of gross domestic product (GDP);

2 Feb 2022 **Abidjan (Côte d'Ivoire)** *RFI*. President **Alassane Ouattara** says during a council of ministers' session that a series of audits targeting public companies has revealed "*significant irregularities*" and that he wants to improve the management of public affairs, without threatening to undertake punitive measures;

2 Feb 2022 **Abidjan (Côte d'Ivoire)** *AIP*. **African Development Bank (AfDB)** has granted Côte d'Ivoire a \$14.2m loan to strengthen business competitiveness;

2 Feb 2022 **Abidjan (Côte d'Ivoire)** *Lejocos*. Côte d'Ivoire has raised 38.5 billion FCFA (\$66.1m) through a treasury bill issue on the **West African Economic and Monetary Union (WAEMU)** regional financial market;

1 Feb 2022 **Abidjan (Côte d'Ivoire)** *AIP*. **Adama Bictogo** is appointed interim president of the **Assemblée Nationale** (National Assembly), replacing **Amadou Soumahoro**, who is currently seeking medical treatment outside the country;

31 Jan 2022 **Abidjan (Côte d'Ivoire)** *APA*. Civic action group **Convention de la Société Civile Ivoirienne (CSCI)** expresses concern over Côte d'Ivoire's public debt, estimated at 17.676 billion FCFA (\$30.3 billion) at the end of March 2021, equivalent to 58% of gross domestic product (GDP);

28 Jan 2022 **Abidjan (Côte d'Ivoire)** *Abidjan.net*. **United States-funded Millennium Challenge Account Côte d'Ivoire (MCA)** managing director **Florence Rajan** says the MCA will provide 308.3 billion FCFA (\$529.1m) to Côte d'Ivoire from 2020-2025 for the second phase of the programme;

28 Jan 2022 **Abidjan (Côte d'Ivoire)** *AIP*. The **Association Professionnelle des Transformateurs Industriels du Cajou (APROTIC)** (professional association of industrial cashew processors) has set a target to increase local processing of cashew nuts from the current figure of 14% to 50% of produce by 2025;

27 Jan 2022 **Abidjan (Côte d'Ivoire)** *Abidjan.net*. **Direction Générale des Impôts (DGI)** (general tax directorate) director general **Abou Sié Ouattara** reports the DGI collected 2.819 billion FCFA (\$4.8 billion) in tax revenue in 2021 against the expected figure of 2.701 billion FCFA (\$4.6 billion) and aims to collect 3.107 billion FCFA (\$5.3 billion) in tax revenue in 2022;

26 Jan 2022 **Abidjan (Côte d'Ivoire)** *Abidjan.net*. **Agence Emploi Jeunes (AEJ)** (youth employment agency) reports it invested 21 billion FCFA (\$36m) in 2021 on programmes that benefitted 82,000 youths;

26 Jan 2022 **Abidjan (Côte d'Ivoire)** *APA*. President **Alassane Ouattara** denounces poor management practices at state-owned enterprises;

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