

Côte d'Ivoire

Since the presidential election of 28 November 2010, Côte d'Ivoire has been faced with a grave post-electoral political crisis which has significantly weakened and disrupted economic activity.

Its performance has been affected but it has the necessary resources to turn the economy around once a climate of peace has been established.

Despite its current difficulties, Côte d'Ivoire remains a key country in the West African Economic and Monetary Union (WAEMU) and continues to open its borders to new Asian trading partners.

The political impasse in Côte d'Ivoire following the second round of the presidential elections on 28 November 2010 turned into an armed conflict between the defence and security forces led by the outgoing president Laurent Gbagbo and the republican forces loyal to Alassane Ouattara, the elected president recognised by the international community. After several days of heavy fighting, the pro-Ouattara forces arrested Gbagbo and several of his aides while they were in the bunker of the presidential palace. The escalation of the violence and the use of heavy weaponry have increased the civilian death toll to more than 900 according to the United Nations (UN), with thousands more injured and massive numbers of Ivorian refugees, especially in neighbouring Liberia and Ghana.

This post-electoral crisis and the sanctions imposed by the international community have had a strong impact on the economy, leaving the country cash-strapped. Nearly all the financial institutions and private firms have had to cease operations due to the insecurity and the suspension of the clearing system by the Central Bank of West African States (BCEAO).

With this economic paralysis, the forecast for 2011 is for a strong fall of 7.3% in real gross domestic product (GDP) growth, as is made evident in the table below. Nevertheless, a gradual recovery is expected in 2012 (+5.9%) based on the hypothesis of the security situation returning to normal in the second half of 2011, the sanctions being lifted and international co-operation being resumed. Also, the commitment of development partners to support the Ivorian authorities in their efforts for reconciliation and reconstruction will enable trust to be restored, thus fostering private-sector development.

The political crisis has made the already precarious humanitarian situation worse. By March 2011, around a million Ivorians had been forced out of their homes, while more than 79 000 more had fled mainly to the Ghanaian border, but also to the Liberian border. The lack of drinking water and sanitation in some urban areas, especially in Abidjan, could increase the spread of water-borne diseases. There are enormous risks in terms of Côte d'Ivoire's progress in achieving the Millennium Development Goals (MDGs) by 2015. It is feared that many of the population will fall into poverty, with the level of poverty standing at 48.9% of the population in 2008.

Côte d'Ivoire's medium-term economic and social outlook largely depends upon peace being restored and emergency reconstruction programmes being implemented. Despite the socio-political crisis of the last ten years, Côte d'Ivoire's economic partnerships with emerging countries have markedly increased, particularly those with Asian countries, including, notably, China, Korea, India, Singapore, Thailand, Brunei Darrusalam, Indonesia and Malaysia. Asia is Côte d'Ivoire's third largest trading partner (12.5%), after Europe (44.0%) and Africa (29.0%). China, which is the country's leading Asian partner, still represents a modest share (3.2%) of the economy compared with its wider performance in Africa.

Table 1: Macroeconomic indicators

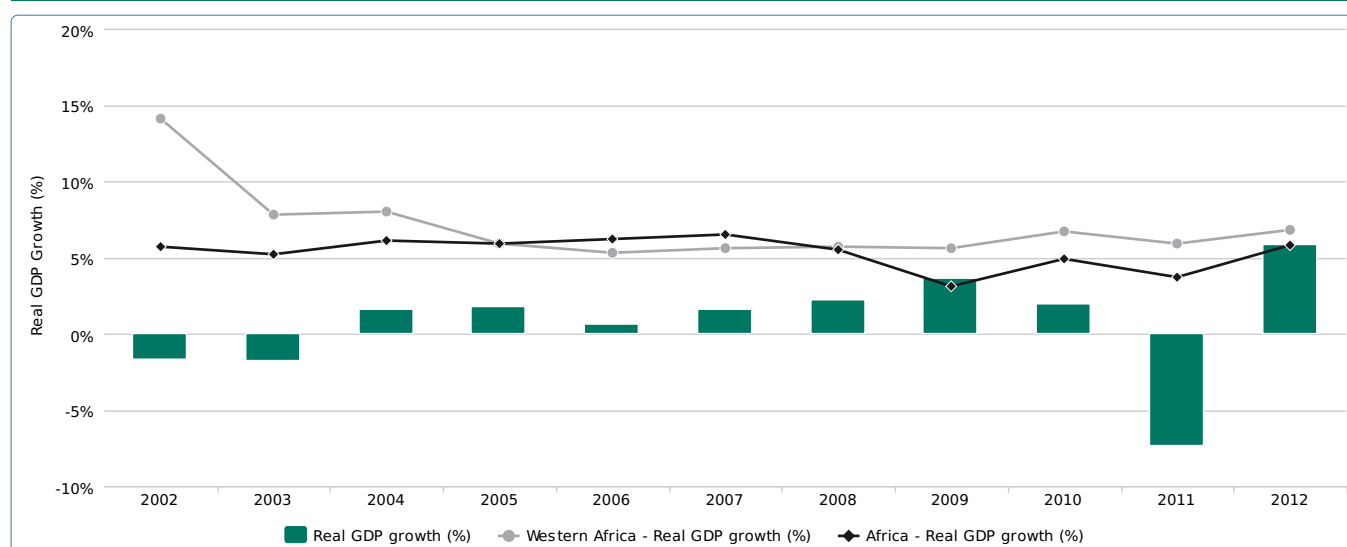
	2009	2010	2011	2012
Real GDP growth	3.7	2	-7.3	5.9
CPI inflation	4.7	2.7	6.3	3.3
Budget balance % GDP	-1.6	-2.5	-1.9	-3.4
Current account % GDP	7.2	5.9	5.2	4.2

Source: National authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

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Figure 1: Real GDP growth (W)



Source: IMF and local authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

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