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Statement by Mr. Guerra and Ms. Arevalo Arroyo on Côte d'Ivoire
(Preliminary)
Executive Board Meeting
July 21, 2021

We thank staff for the comprehensive set of reports and Mr. Andrianarivelo and Mr. Alle for their helpful Buff statement. Cote d'Ivoire was no exception to the significant impact of the COVID-19 pandemic on its economic activity. However, the country's policy track record and adequate performance under the ECF/EFF arrangement have contributed to consolidating macroeconomic stability. In addition, the authorities' swift response helped the country weather the pandemic and confront its effects. While growth prospects are encouraging, downside risks could slow down the recovery in light of new waves of the virus and future developments related to the security situation. Going forward, to further support growth it will be key to enhance domestic revenue mobilization, improve the business environment and rekindle the structural reform agenda.

A balance between short-term fiscal needs and medium-term sustainability is key to preserving market confidence and macroeconomic stability. While temporary needs have increased and a more gradual consolidation path is being considered by the authorities, we agree with staff that efforts should be made to contain the increase in the fiscal deficit compared to the approved budget. Moreover, we also consider that the return to the WAEMU fiscal deficit target of 3 percent of GDP by 2023 seems feasible and remains appropriate. Going forward, boosting domestic revenue mobilization is crucial to sustainably finance public goods to underpin the structural transformation, improve its capacity to borrow and to absorb shocks. In this regard, we are encouraged by the authorities' plans to rationalize tax expenditures, broaden the tax base, and strengthen tax administration with the scope to make it more digital.

We take note that Cote d'Ivoire's risk of debt distress remains moderate but with limited space to absorb shocks. Against this background, while enhancing revenue mobilization will be helpful, the implementation of a prudent debt strategy is warranted, more so in light of the increasing share of commercial debt.

We take note that the financial sector is broadly sound but agree that close monitoring and supervision are needed as the full effects of the pandemic might not have materialized yet. We take positive note of the authorities' improvement in the financial situation of public banks and efforts should be maintained to address vulnerabilities and complete the restructuring in order to preserve financial stability. We look forward to the forthcoming FSAP for the WAEMU.

The design and implementation of the National Development Plan (NDP) for 2021-25 will contribute to fostering structural transformation and secure sustainable, strong and inclusive growth. We welcome the authorities' ambitious plan, as noted in the Buff statement, articulated around six pillars which include enhancing revenue mobilization, improving the business environment, and enhancing governance to foster private sector involvement. In order to achieve its objectives, the reform agenda will need to be clearly defined and effectively implemented to support growth, while preserving macroeconomic stability and debt sustainability. In this regard, it will be important to consider the budgetary implications of the plan and make them compatible with the medium-term fiscal objectives.