



2022 Global Meeting of the Emerging Markets Forum

Navigating in a Fast Moving and Turbulent World

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Keynote Speech by HE. Mr. **Alassane Ouattara**, President of The Republic of Côte d'Ivoire

FUTURE PROSPECTS OF AFRICA

May 16th, 2022

Mr. François Villeroy, Governor of the Bank of France,
Sir Haruhiko Kuroda, Governor of the Central Bank of Japan,
Mr. Michel Camdessus, Former Managing Director of the International monetary
Fund,
Mr. Enrique Iglesias, Former President of the Inter American Bank,
Ministers,
Honorable guests,
Ladies and Gentlemen,

It is with honor and great pleasure that I participate once again in the Emerging Markets Forum in this venerable institution: the Banque de France, led by Governor François Villeroy de Galhau, whom I thank for his hospitality. I warmly thank my dear friend, Michel Camdessus, for his kind invitation, and Harinder Kholi the founding Director and Chief Executive of the Emerging Markets Forum.

I would also like to greet my fellow Forum Co-Presidents and the prominent researchers, eminent leaders and guests with us here today.

I would like to take this opportunity to congratulate the 20 world class authors for the launch of their new book, *Envisioning 2060: Opportunities and risks for Emerging markets*. A title indicative of the ambitions of this work bound to become a reference in influential circles.

The chapter on the "Future Prospects of Africa" was my favorite. I was especially satisfied that a number of the recommendations put forth have already been captured in our new 2030 economic agenda for Côte d'Ivoire.

Ladies and Gentlemen,

Since 2020, the world has entered an era of political and economic turmoil. Consecutive shocks linked to COVID or Ukraine, have undermined the world order.

In 2020, Sub-Saharan Africa experienced its most significant economic underperformance in decades, due to COVID. Its economic growth rate was -1.9% according to the IMF's 2021 regional economic outlook report, versus 3.6% initially planned. Social indicators were severely affected. Thus, I agree with the recommendation made in *Envisioning 2060* that Sub-Saharan countries need to continue improving the efficiency of their health systems, while becoming more autonomous in providing quality health services for all.

Moreover, lower growth and higher inflation have exacerbated countries' debt vulnerabilities, particularly as interest rates have risen in response to inflationary pressures.

This context poses a complex set of challenges for policymakers. Many Sub-Saharan countries face stark trade-offs but alleviating the impact on the poor should remain the priority.

Ladies and Gentlemen,

The COVID crisis uncovered the vulnerability of the globalized world as we knew it, leading to disruptions in the supply of products as essential as masks, ventilators, and drugs. The value chains that have traditionally lowered production

costs were weakened. This phenomenon was aggravated due to freight issues, but also to suboptimal allocations on crucial goods such as vaccines among countries.

The war in Ukraine created further concerns as supply issues became more acute.

These events will lead governments and corporates to reevaluate their dependencies on global networks and accelerate localization of their operations. As countries and regions pull further inwards, food security will undoubtedly be endangered, particularly for already vulnerable nations.

In mid-April 2022, the WHO has alerted the world to that effect, calling for a risk of deglobalization with the advent of two economic blocs, one being centered around China, the other around the US.

Looking forward, emerging economies should focus on policies aimed at pre-empting shortages. They should embark on this push for localization, particularly as it relates to production and transformation of the most consumed goods.

Ladies and Gentlemen,

As cycles will have it, a potential deglobalization trend would be inherently inflationary. We are already seeing evidence of it with the EU, UK, and Canada all reaching 5% inflation, and the US inflation rising to 8.5% in March 2022, the highest since 1981.

Supporting recovery and containing inflationary pressures while simultaneously pursuing efforts towards fiscal consolidation is a difficult balance to strike, particularly as. Many African countries have limited fiscal policy space to mitigate the impact of negative shocks on their economies. Interestingly in 2020, OECD countries, including the US, Japan and Italy showed budgetary deficits of 14.5%, 9%, and 9.6%, respectively. In 2021, both France and the UK's deficit stood at 8%. These overall levels are much larger than those of Sub-Saharan African countries, especially those exhibited by West African Economic and Monetary Union countries.

I will let you draw your own conclusion on this incongruity, but adequate external support should be made available, when appropriate. I particularly appreciated the speed with which the new allocation of Special Drawing Rights equivalent to 650 billion US dollars was adopted. Likewise, the IMF new strategy for the Fragile and Conflict-Affected States, and the Resilience and Sustainability Trust were welcome. I also want to acknowledge the dexterity of the World Bank, in helping provide cash transfers to the less fortunate.

For example, Côte d'Ivoire has weathered the COVID pandemic well, thanks to swift and well-designed policy responses supported by the World Bank and the IMF. After slowing to a positive economic rate of growth of 2% in 2020, economic growth in Cote d'Ivoire was estimated at 7.4% in 2021. As of March 2022, the pandemic remained under control. Côte d'Ivoire had administered 13 million vaccine doses and boasted a 99% recovery rate coupled with a COVID test positivity rate below 1%.

But more can be done. The international community must double its efforts to provide each country with equitable access to the tools needed to finance themselves. Facing inwards, it must continue to assist countries with domestic resource mobilization efforts, which are becoming increasingly important.

Besides, security expenditures must be fully considered in assessing fiscal consolidation measures and external financing needs.

The international community should reconsider its fiscal policy recommendations on cutting food and fuel subsidies. Lifting such support would be socially and politically damaging. Countries should be supported in scaling up their efforts to address food security challenges, and in reforming their agriculture and agrobusiness sectors.///

With financial conditions tightening, frontier and emerging countries' ability to tap international capital markets has narrowed. I want to emphasize that in the current context of federal banks hiking rates, there will inevitably be less appetite for instruments such as our emerging economies' Eurobonds. It will therefore become harder for us to finance ourselves.

We need to accelerate the debt resolution agenda, by swiftly restructuring outstanding amounts and implementing the G20 Common Framework.

The international community has a critical role to play in helping African countries access a wider range of financing instruments. To this end, I want to reiterate the 15th July 2021 Abidjan declaration's call to larger volumes of financial resources, on favorable terms. The international community should also help support the vital role being played by regional development banks, in advancing regional integration and expanding sources of growth.

Ladies and Gentlemen,

We must continue to think long-term. Despite difficult short-term tradeoffs, countries should continue to undertake major structural changes. In particular, they should make further inroads into energy transition. We owe it to our children and our grandchildren. There is no time to waste if we want to save our planet. As we speak, Côte d'Ivoire is hosting the 15TH United Nations Conference to Combat Desertification. I look forward to the adoption of an ambitious, pragmatic, and balanced Post-2020 Global Biodiversity Framework to curb and reverse global biodiversity loss.

The G24 Communiqué of 19th April 2022 is relevant. It states that financing for climate action has fallen far short of what is needed. Developed countries should urgently deliver on their annual \$100 billion climate finance pledge to support developing countries, particularly in Sub-Saharan Africa. Going forward, COP27 should aim for an accelerated climate finance agenda, a process to track progress in fulfilling financial commitments, and ways to bridge financing gaps. Concessional and adaptation finance should substantially increase, and climate financing for loss and damage should be mainstreamed. Alternative financing instruments should also be explored.

Ladies and Gentlemen,

I would like to conclude by sharing a very prescient piece on globalization issued by the IMF staff in March 2001 when Michel Camdessus was the IMF Managing Director. I quote: "*Globalization—the process through which an increasingly free flow of ideas, people, goods, services, and capital leads to the integration of economies and societies—is often viewed as an irreversible force. Globalization represents a political choice in favor of international economic integration, which for the most part has gone hand-in-hand with the consolidation of democracy.*"

Twenty years later, Kristalina Georgieva, current IMF Managing Director, declared last month that: *"These double crises—pandemic and war—and our ability to deal with them, are further complicated by another growing risk: fragmentation of the world economy into geopolitical blocs—with different trade and technology standards, payment systems, and reserve currencies. The actions we take now, together, will determine our future in fundamental ways. It reminds me of Bretton Woods in 1944 when, in the dark shadow of war, leaders came together to envision a brighter world. It was a moment of unprecedented courage and cooperation. We need that spirit today, as we face bigger challenges and more difficult choices."*

Ladies and Gentlemen,

We must keep our spirits up in these difficult times. We must also work together and work harder to continue forging consensus through dialogue and exchange of ideas. International and regional organizations have a special role to play in this crucial moment in history, as do civil society and think tanks. Let's persevere!

I wish you all an excellent Forum. Thank you.