Côte d’Ivoire

key figures
- Land area, thousands of km² 322
- Population, thousands (2007) 19 262
- GDP per capita, USD at constant 2000 prices (2007) 554
- Life expectancy (2007) 48.3
- Illiteracy rate (2007) 44.5
Côte d’Ivoire is still facing the consequences of the political crisis and its high points: the coup of 1999, the contested elections of 2000 won by current President Laurent Gbagbo, and the armed conflict of 2002 between the rebels and government forces. Beginning in September 2002, the conflict caused the flight of nearly 1.7 million people, the destruction of economic infrastructure and the breakdown of government administration. As it persisted, the crisis also brought a drastic fall in output, a substantial drop in employment and worsening security conditions.

In 2007, however, undeniable progress was made in re-establishing the country’s institutions. This progress results from implementation of the Ouagadougou Agreement, signed on 4 March 2007 by the main protagonists of the political crisis.

Côte d’Ivoire’s economy is recovering as the political situation returns to normal, but it remains highly vulnerable. The implementation of the Ouagadougou Agreement has calmed the political climate, leading to the signing of an economic-reform programme supported by emergency post-conflict assistance (EPCA) from the International Monetary Fund (IMF) on 3 August 2007, and to the adoption of plans to clear the country’s external debt arrears to the World Bank and the African Development Bank (AfDB) group. Satisfactory

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**Figure 1 - Real GDP Growth and Per Capita GDP**  
(USD at constant 2000 prices)

**Source:** IMF and local authorities’ data; estimates (e) and projections (p) based on authors’ calculations.

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implementation of the IMF-supported programme has been reflected in the continued recovery of the economy, as real GDP grew by 1.6 per cent in 2007, as compared to 0.9 per cent in 2006 and 1.2 per cent in 2005\(^1\). Consolidation of this growth in 2008 will depend on the renewed commitment of Côte d’Ivoire’s main development partners.

**Recent Economic Developments**

Agriculture employs 66 per cent of Côte d’Ivoire’s workforce and contributes 70 per cent of export revenue. Cash crops, mainly cocoa and coffee, account for nearly 50 per cent of agricultural value added. Apart from the drop in output of cocoa (-20.1 per cent), cotton (-16.3 per cent) and pineapples (-17.7 per cent), the export agricultural sectors performed well in 2007, under the combined effect of higher producer prices and extension of the area planted with coffee, rubber and cashews. Output of rubber and cashews is estimated to have increased by 7.5 per cent and 16.4 per cent respectively in 2007. This performance is also considered to be due to the gradual normalisation of the social and political situation, which makes it easier to market farm products from the centre and northwest of the country. The sugar industry should see higher growth, with its output rising from 152 900 tonnes to 165 000 tonnes. The measures taken by the government to prohibit sugar imports in 2005 and 2006 should help sector operators (Sucaf and Sucréivoire) to cope with massive fraudulent imports.

The banana and pineapple sectors are still in difficulty, mainly as a result of lower prices and competition from Latin American countries. The drop in producer prices has led growers to shift their focus to other food crops and rubber. As a result, production of bananas and pineapples declined between 2006 and 2007 by an estimated 17.7 per cent and 1.9 per cent, respectively. The signature of the Economic Partnership Agreement is also expected to affect the behaviour of banana producers. Production of cottonseed declined due to low rainfall, particularly in the north, constraints related to financing of the growing season and transport difficulties. Cottonseed production for the 2006/07 growing season is estimated at 145 648 tonnes, a decline of 122 183 tonnes (45.6 per cent) from the 267 831 tonnes produced in the 2005/06 season. As at the end of September 2007, production of crude palm oil had grown by 3.6 per cent to 251 910 tonnes, as against 243 104 tonnes during the same period in the previous year, owing to strong domestic demand and the re-establishment of trust between processors and growers.

The secondary sector is expected to record growth of 1.5 per cent in 2007, as the net result of contrary

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1. After two years of negative GDP growth (-1.4 per cent in 2002 and -1.6 per cent in 2003), Côte d’Ivoire returned to positive growth of 1.8 per cent in 2004, owing to the strong performance of extractive industries and the recovery in processing (petroleum products and tobacco).
movements of its components. Extractive industries should shrink by 19.9 per cent due to persistent difficulties related to the silting up of oil wells. Growth in the construction sector should reach 6.6 per cent owing to the start of a number of large projects, including construction of the Jacqueville bridge and the extension of the motorway in the north. Agro-food industries are expected to benefit from the rise in export-crop production and the expected recovery of domestic demand.

For the first nine months of 2007, gas production amounted to 40,555,001 MMBTU, or 1.147 billion m³, down 5.5 per cent from the same period in 2006. As in the case of oil, these output figures exceeded by 0.7 per cent the forecasts made at end-September 2007 (40,273,576 MMBTU). Gold production amounted to 1,059 kilograms for the period, up 14.5 per cent.

In the tertiary sector, sea traffic fell by 1.4 per cent in 2007 with respect to 2006, with about 13.88 million tonnes of goods traded. Air traffic increased on both the passenger (1.5 per cent) and freight (3.9 per cent) segments. The turnover index in the trade sector rose by 7.2 per cent over 2006, owing in particular to the gradual improvement in the business environment and increased receipts from export agriculture.

In terms of demand, growth in 2007 was primarily led by gross fixed capital formation and final consumption, estimated to have increased by 6.3 per cent and 2.7 per cent, respectively, compared to 2006. Public-sector gross fixed capital formation rose 4 per cent in 2007 year-on-year, as the disbursement of IMF funding boosted public investment. With the recovery in the manufacturing sector, private investment is estimated to have increased by 7.4 per cent, as against a fall of 4.9 per cent in 2006. The pick-up in consumption may be attributed to the increase in farmers' incomes stemming from favourable world commodity prices and to the recovery in agricultural production. Where external demand is concerned, exports increased only slightly (up 1.8 per cent), owing to the slowdown in crude oil extraction. Imports are estimated to have increased by 5.8 per cent in 2007 (versus 0.5 per cent in 2006), in line with the growth in economic activity and the increase in public investment spending.

### Macroeconomic Policies

In 2007, the transitional government’s programme focused on three priorities: promotion of peace, security and national reconciliation; reunification of the country; and economic revival and poverty reduction. These

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**Table 1 - Demand Composition**

<table>
<thead>
<tr>
<th></th>
<th>Percentage of GDP (current prices)</th>
<th>Percentage changes, volume</th>
<th>Contribution to real GDP growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999</td>
<td>2006</td>
<td>2007(e)</td>
</tr>
<tr>
<td><strong>Gross capital formation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td>4.2</td>
<td>3.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Private</td>
<td>8.9</td>
<td>6.7</td>
<td>7.4</td>
</tr>
<tr>
<td><strong>Consumption</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td>6.5</td>
<td>8.2</td>
<td>3.6</td>
</tr>
<tr>
<td>Private</td>
<td>72.2</td>
<td>71.7</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>External demand</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>40.4</td>
<td>51.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Imports</td>
<td>-32.2</td>
<td>-41.0</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>Real GDP growth</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: IMF data; estimates (e) and projections (p) based on authors’ calculations.

StatLink: [http://dx.doi.org/10.1787/320850166572](http://dx.doi.org/10.1787/320850166572)
priorities formed the subject of negotiations with the IMF over an EPCA programme, which was approved by the IMF Executive Board on 3 August 2007. The main challenges facing the programme are to reduce imbalances, resume structural reforms and create a business environment conducive to private-sector development.

**Fiscal Policy**

The overall fiscal balance improved from a deficit of 1.4 per cent of GDP in 2006 to a surplus of 0.3 per cent in 2007. The basic primary balance is estimated at 0.8 per cent of GDP in 2007, slightly under the target of 1 per cent laid down in the government programme agreed with the IMF. In 2007, the government focused on reduction of macroeconomic and financial imbalances, resumption of structural reforms and the creation of a favourable environment for the private sector.

Total public revenue is estimated at 20.8 per cent of GDP in 2007, up from 18.8 per cent in 2006. This improvement was due to several factors, including early tax collection (at the expense of a large tax break, however). The implementation of a system of standardised invoices to combat evasion of value added tax (VAT) and the expansion of the informal sector, as well as the rationalisation of the computerised customs clearance system also helped to boost tax receipts and offset the reduction in the tax rates on the industrial and commercial profits of large enterprises (from 35 per cent to 25 per cent) and of small and medium-sized enterprises (from 35 per cent to 27 per cent). In 2008, public revenue is forecast to be just under 20 per cent of GDP. Increasing it would require implementation of the plan to improve VAT collection, a substantial increase in oil and gas production, and better auditing and monitoring of oil revenue. In the oil sector, the protective margin of the national refining enterprise (Société Ivoirienne de Raffinage – SIR) will be reduced and pump prices raised slightly. The government is also expected to take advantage of progress in reunification to collect taxes throughout the country’s territory, enhance the capacity of the tax administration and broaden the tax base. To this end, the use of standardised invoices will become the general rule.

The budget objectives for 2007 and 2008 include expenditure for reconstruction, rehabilitation of economic infrastructure, the organisation of elections, payment of domestic arrears and settlement of a substantial part of the country’s multilateral debt. In 2007, public expenditure remained high (about 20.5 per cent of GDP) due to exceptional expenditures arising from the political crisis, which doubled between 2005 and 2006. These expenditures were made for implementation of the disarmament, demobilisation and reintegration programme, the redeployment of government bureaucracy, the organisation of elections and hiring in the social sectors throughout the country. The high level of spending may also be attributed to, amongst other things, the clean-up costs entailed by the discharge of toxic waste in Abidjan in August 2006. In addition, the cost of “front-line bonuses”, new recruits in the army and subsidies to the power and gas sectors proved higher than expected.

In view of the country’s considerable reconstruction needs, the government hopes to see a re-engagement of the international financial community in Côte d’Ivoire. To this end, it has allocated resources equivalent to nearly 2 per cent of GDP to clear part of its arrears with the World Bank and the AfDB. On 18 July 2007, the authorities held a conference of donors, who announced funding commitments that amply cover the post-crisis programme, including the emergency programme. The government gave a commitment for 2008 to step up its efforts to return to budget orthodoxy, i.e. to stop pre-spending the budget.

For the first time in eight years, the budget process returned to normal in 2007 with the adoption of the 2008 budget on 28 December 2007. The budget amounts to XOF 2 129.1 billion (CFA Francs BCEAO), up 8.6 per cent with respect to 2007. The bulk of the

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2. The basic primary balance is defined as the difference between total revenue (excluding grants) and non-interest expenditure (excluding expenditures for clean-up of toxic waste).
Côte d'Ivoire budget relates to the disarmament, social reintegration and community rehabilitation programme, the organisation of elections, redeployment of the machinery of government over the country's entire territory and building a new national army. Tax revenue for 2008 is projected to be XOF 1 576.2 billion, or 74 percent of the budget. The remaining 26 percent is to be met through other domestic resources, borrowing and external support. Public expenditure in 2008 is allocated as follows: 26.1 percent to servicing the public debt, 32 percent to personnel costs, 23.5 percent to operating expenditures, 16.6 percent to investment expenditures and 1.8 percent to subscriptions for supply of electricity, gas, water and telephone service.

As domestic resources do not suffice to cover the fiscal deficit, the latter has mainly been financed by accumulating external arrears – which amounted to 14 percent of GDP in 2004 and 21 percent in 2006 – and borrowing on the financial market of the West African Economic and Monetary Union (WAEMU). A bond issue of nearly XOF 225 billion was carried out in September 2007 to cover the costs of reconstruction and the payment of domestic and external (World Bank and AfDB) debt arrears.

Despite its difficult financial position, Côte d'Ivoire has managed to keep up to date with its current debt obligations to the World Bank and the AfDB since July 2007, and has formulated plans to clear its stock of arrears to those institutions. In addition, the government has reduced its outstanding arrears to domestic suppliers. As regards convergence within the WAEMU framework, Côte d'Ivoire satisfied two criteria – including one of the first importance – out of nine in 2006, namely those relating to inflation and the current external balance.

### Monetary Policy

Since Côte d'Ivoire is a member of WAEMU, its monetary and credit policy is in the hands of the Central Bank of West African States (CBWAS). The money supply in circulation grew by 10 percent in 2006. Increased demand for money, stemming from a reduction in net credit to the state and a pick-up in credit to the economy, led to a rise in the banking system’s net external assets. Credit to the economy increased only slightly between 2004 and 2005 (by about 1 percent). The central government’s continued accumulation of payment arrears contributed to the bankruptcy of several firms, however, and the proportion of non-performing loans rose from 22 percent in 2004 to 27 percent in 2005. Broad money is projected to increase by 4.8 percent in 2007, mainly as a result of a moderate rise in credit to the private sector (1.4 percent at end-September 2007), stronger growth in net credit to the government (about 6 percent at end-September 2007) and the rise in net foreign assets (10.5 percent over the same period). The improvement

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**Table 2 - Public Finances (percentage of GDP)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total revenue and grants</th>
<th>Tax revenue</th>
<th>Grants</th>
<th>Total expenditure and net lending</th>
<th>Current expenditure</th>
<th>Excluding interest</th>
<th>Wages and salaries</th>
<th>Interest</th>
<th>Capital expenditure</th>
<th>Primary balance</th>
<th>Overall balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>16.9</td>
<td>14.8</td>
<td>0.5</td>
<td>19.8</td>
<td>15.3</td>
<td>11.5</td>
<td>5.5</td>
<td>3.9</td>
<td>4.2</td>
<td>1.0</td>
<td>-2.8</td>
</tr>
<tr>
<td>2004</td>
<td>18.4</td>
<td>15.2</td>
<td>0.9</td>
<td>20.1</td>
<td>17.2</td>
<td>15.0</td>
<td>6.7</td>
<td>2.2</td>
<td>2.8</td>
<td>0.6</td>
<td>-1.7</td>
</tr>
<tr>
<td>2005</td>
<td>18.2</td>
<td>14.5</td>
<td>1.1</td>
<td>19.9</td>
<td>16.9</td>
<td>14.9</td>
<td>6.5</td>
<td>2.1</td>
<td>2.7</td>
<td>0.3</td>
<td>-1.4</td>
</tr>
<tr>
<td>2006</td>
<td>18.8</td>
<td>15.3</td>
<td>0.6</td>
<td>20.3</td>
<td>17.0</td>
<td>15.5</td>
<td>6.4</td>
<td>1.4</td>
<td>3.0</td>
<td>-1.4</td>
<td>0.3</td>
</tr>
<tr>
<td>2007</td>
<td>20.8</td>
<td>15.5</td>
<td>1.4</td>
<td>20.5</td>
<td>17.5</td>
<td>16.0</td>
<td>6.4</td>
<td>1.5</td>
<td>2.9</td>
<td>1.8</td>
<td>-1.5</td>
</tr>
<tr>
<td>2008</td>
<td>19.9</td>
<td>15.7</td>
<td>1.2</td>
<td>23.1</td>
<td>19.2</td>
<td>17.5</td>
<td>7.1</td>
<td>1.7</td>
<td>3.7</td>
<td>-1.5</td>
<td>-2.3</td>
</tr>
<tr>
<td>2009</td>
<td>20.1</td>
<td>16.1</td>
<td>1.0</td>
<td>24.5</td>
<td>19.9</td>
<td>17.8</td>
<td>7.1</td>
<td>2.1</td>
<td>4.4</td>
<td>-2.3</td>
<td>-4.4</td>
</tr>
</tbody>
</table>

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a. Only major items are reported.
Source: IMF and National Statistics Office data; estimates (e) and projections (p) based on authors’ calculations.

[StatLink](http://dx.doi.org/10.1787/321622442275)
in the net external asset position is primarily due to the Issuing Institute (+XOF 85.7 billion), in relation to increased repatriation of export receipts, the compensation payment made to the government after the discharge of toxic waste in Abidjan and assistance from the IMF for the EPCA programme (XOF 29.7 billion) and for new commitments contracted by the government (XOF 12.1 billion).

Bank branches located in the north, which had been closed since 2002, are gradually reopening for business. Non-performing loans fell from 26 per cent of total credit in 2004 to 20 per cent in 2006. The WAEMU banking commission is maintaining close surveillance on six banks out of 18. Four banks are not in compliance with the solvency ratio requirement. The micro-finance sector, which accounts for 6 per cent of financial business, was not able to expand owing to the persistence of the crisis, leading to negative equity for the entire sector. Efforts to reduce the share of loans in the portfolio of the Banque nationale d’investissement (BNI) continued, but the BNI is still not in compliance with the ratios for liquidity and credit to shareholders. The BNI’s share capital has not yet been opened to private investors.

## External Position

Côte d’Ivoire is the world’s leading cocoa exporter and in recent years has been earning export revenue from offshore oil production. In 2006, petroleum-product exports rose as a new well came on stream, increasing the surplus in current external transactions (excluding grants). Offshore production rose by over 53 per cent from 2005 to 2006 as new fields were discovered and put into production, but is expected to fall by about 21 per cent in 2007 due to the silting up of wells. The rise in oil exports did not entirely offset the negative effects of cocoa prices and the rise in the price of imported oil. It should be mentioned that in 2006, the output of the coffee and cocoa sector fell by nearly 16 per cent, while imports increased by about 18 per cent due to higher prices for petroleum products. In 2007, cocoa exports dipped slightly (0.02 per cent) in value. The balance of current transactions amounted to 4.3 per cent of GDP in 2007, versus 3.4 per cent in 2006.

In 2008, the current-account balance is projected to show a small deficit (-0.3 per cent of GDP) versus 4.3 per cent in 2007, owing to a larger-than-expected fall in exports of crude oil, petroleum products and cocoa. Imports should rise by nearly 8.3 per cent. Private capital inflows have slightly reduced the deficit on capital account, but the deficit remains sizeable because of the scarcity of external financing. The overall balance-of-payments deficit is estimated at 0.5 per cent of GDP in 2007, down from 2.5 per cent in 2006. It was financed by accumulating external arrears.

As of December 2006, total external debt (including arrears) amounted to 73.2 per cent of GDP. Payment arrears were 21 per cent of GDP (2.4 per cent for the AfDB group). In 2006, the ratios of total debt to GDP and to exports, in net present value terms, are estimated respectively at 85 per cent and 166 per cent. By way of comparison, the benchmarks of the Heavily Indebted Poor Countries (HIPC) Initiative are 50 per cent and

### Table 3 - Current Account (percentage of GDP)

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007(e)</th>
<th>2008(p)</th>
<th>2009(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade balance</td>
<td>-1.0</td>
<td>1.6</td>
<td>0.2</td>
<td>3.4</td>
<td>4.3</td>
<td>-0.3</td>
<td>-2.3</td>
</tr>
<tr>
<td>Exports of goods (f.o.b.)</td>
<td>15.1</td>
<td>17.0</td>
<td>15.0</td>
<td>18.0</td>
<td>18.0</td>
<td>13.0</td>
<td>10.2</td>
</tr>
<tr>
<td>Imports of goods (f.o.b.)</td>
<td>37.1</td>
<td>44.7</td>
<td>47.1</td>
<td>47.7</td>
<td>47.8</td>
<td>46.6</td>
<td>45.2</td>
</tr>
<tr>
<td>Services</td>
<td>22.0</td>
<td>27.7</td>
<td>32.1</td>
<td>29.7</td>
<td>29.8</td>
<td>33.6</td>
<td>35.1</td>
</tr>
<tr>
<td>Factor income</td>
<td>-6.9</td>
<td>-8.2</td>
<td>-7.9</td>
<td>-7.5</td>
<td>-7.2</td>
<td>-7.1</td>
<td>-6.8</td>
</tr>
<tr>
<td>Current transfers</td>
<td>-6.0</td>
<td>-4.2</td>
<td>-4.1</td>
<td>-6.1</td>
<td>-5.5</td>
<td>-5.3</td>
<td>4.9</td>
</tr>
</tbody>
</table>

Source: Central Bank data; estimates (e) and projections (p) based on authors’ calculations.

StatLink &nb http://dx.doi.org/10.1787/322578771341
In 2007, the ratios of net present value of external debt to GDP and to exports are estimated respectively at 64 per cent and 124 per cent, both of which exceed the benchmark levels for external-debt sustainability (30 per cent and 100 per cent). The share of bilateral creditors (including the Paris Club) represents 49.4 per cent of total outstanding external debt; that of multilateral debt, about 30.3 per cent. Domestic debt, which the government began to securitise in 2007, amounts to 13.5 per cent of GDP, including 7.9 per cent for arrears in 2005.

Côte d’Ivoire is a member of several sub-regional integration organisations, the most important being WAEMU and the Economic Community of West African States (ECOWAS). The persistence of the political crisis in Côte d’Ivoire – the leading economy in West Africa, accounting in 2001 for about 39 per cent of WAEMU’s GDP and 25 per cent of that of ECOWAS – has had a negative impact on the other countries in the sub-region, particularly landlocked countries such as Burkina Faso, Mali and Niger. In 2007, several years after the outbreak of the crisis, Côte d’Ivoire’s share in the GDP of WAEMU had shrunk to 34 per cent. The country is eligible for the HIPC Initiative, following the resumption of financial cooperation with its partners in 2002. The Paris Club had agreed to reschedule its debt of USD 2.26 billion, with immediate cancellation of USD 911 million, to reduce debt service on the debt of USD 2.26 billion to USD 750 million between 1 April 2002 and 31 December 2004. Debt relief at the HIPC decision point, initially scheduled for 2003, was estimated at USD 345.2 million. The crisis that broke out on 19 September 2002, however, upset the whole process, and the country has not yet reached the decision point. Subject to satisfactory implementation of the IMF programme, the conclusion of a Poverty Reduction and Growth Facility (PRGF) between 2008 and 2009, and the re-engagement of its development partners, including the AfDB and the World Bank, Côte d’Ivoire will receive debt relief under the HIPC Initiative and the Multilateral Debt Relief Initiative.

**Figure 3 - Stock of Total External Debt (percentage of GDP) and Debt Service (percentage of exports of goods and services)**

![Graph showing stock of total external debt and debt service as a percentage of GDP and exports from 2001 to 2009.](http://dx.doi.org/10.1787/31857748246)
Structural Issues

Recent Developments

In March 2002, the Ivorian government had concluded a PRGF with the IMF, but its implementation was suspended owing to the political crisis of September 2002. Since then, the authorities have continued the reforms – despite having no current programmes with the development community – with mixed results.

Where management of public finances is concerned, the government extended the devolution of fiscal management to 11 local authorities, within the framework of the integrated system for management of public finances (SIGFIP). A new public-procurement code was adopted in February 2005 and entered into force a year later, in April 2006. On the reform front, the tax authority has broadened the implementation of the standardised invoice, reduced delays in reimbursement of VAT credits and reduced the amount of outstanding credits via the new procedure introduced in 2006. Under the government’s customs reform plan for the 2001-06 period, control of trade flows in transit to and from neighbouring countries was improved and a new version of the customs information system (Sydam-World) introduced.

To improve management of public finances, the government also carried out a review of public expenditure and financial accountability in November 2007, with support from the AfDB and the World Bank.

Reform of the coffee and cocoa sector led to the abolition of the stabilisation fund and the creation of the following main bodies: the regulatory authority for the sector (Autorité de Régulation du Café et du Cacao – ARCC), the coffee and cocoa exchange (Bourse du Café et du Cacao – BCC), a regulatory fund (Fonds de Régulation et de Contrôle – FRC) and a sector development fund (Fonds de Développement et de Promotion de la Filière Café-Cacao – FDPCC). Apart from the ARCC, which has a completely unambiguous status as a state-owned enterprise, most of these bodies have legal forms that are not recognised by the Organisation for the Harmonisation of Business Law in Africa. This situation has not been conducive to transparency in the management of financial flows in the sector. Recommendations had been made to improve governance in the sector – by Côte d’Ivoire’s development partners, amongst others – such as suspending the taxes levied for purposes of investment by the FRC and FDPCC, gradually reducing the levies used to cover operating costs, provisionally suspending “bagging” taxes in order to verify how they are used, analysing the subsidy granted to processors, reviving the process of taking a census of producers in order to ensure transparent elections of their representatives, and publishing regular information on the collected taxes.

The government has begun to put these recommendations into practice. In 2007, for example, it published information on taxes levied since 2001, making it possible to observe the progress made in reducing them (down XOF 3 per kilogram of cocoa, i.e. only one-third of the planned reduction). The authorities also adopted regulatory measures aimed at rationalising and improving management of the sector’s resources. These measures include two executive orders dated 10 March 2006 creating a committee to assess and monitor projects and programmes in the coffee and cocoa sector, establishing and organising the FDPCC, and setting disbursement procedures for the “FDPCC-investment” and “prudential reserve” levies. Full information on how these funds are used is not available, however, to the detriment of transparency concerning the management of the sector. In the medium term, the major concern remains the establishment of a new institutional, regulatory and legal framework, which will require a thorough overhaul of the sector. Terms of reference have been drafted on the strategy for reviving the sector. The study should be completed by the first quarter of 2008.

In the financial sector, the banking system had virtually disappeared in the north of the country, where 50 bank branches had been closed. Since mid-2007, some of these banks have resumed their activity. The regional stock market (Bourse régionale des valeurs
mobilières – BRVM) stood up well to the 2002 political crisis, with trading volume rising by nearly 3 per cent from 2002 to 2006. The state’s share in the BNI’s total loan portfolio, however, fell from 83 per cent in 2001 to 60 per cent in 2006. The state’s debt to BNI (XOF 150.7 billion) has been consolidated and will be repaid in 14 half-yearly instalments. Execution of the consolidation agreement is going well. Another cause of concern is the persistent structural deficits and viability of the postal savings bank (Caisse d’épargne et des chèques postaux). The government has made no real progress in eliminating these structural deficits and has not developed a credible business plan to ensure the viability of this institution.

In the energy sector, the audits of SIR and the national oil enterprise (Société nationale d’opérations pétrolières en Côte d’Ivoire – Petroci), conducted with support from the World Bank, have been completed, while that of the national power enterprise (Compagnie ivoirienne d’électricité – CIE) is nearing completion. New oil and gas deposits have come on stream. In May 2006, the government announced that it would join the Extractive Industries Transparency Initiative. In the electricity sub-sector, it signed a protocol with CIE in March 2007 to clear cross-arrears. It also plans to introduce better financial and fiscal monitoring of energy production (oil, gas, electricity, refined products) and to establish an inter-ministerial technical committee for monitoring and reporting. Lastly, the government is to review oil taxes (both production and consumption) and the pump price adjustment mechanism. In the electricity sub-sector, it undertook not to accumulate further arrears for the purchase of electric power and gas, and to limit the gas subsidy granted by the state to XOF 30 billion.

In the coffee and cocoa sector, the government will continue its efforts to improve transparency and reduce the parafiscal levies allocated to the FRC, FDPCC and other bodies. As part of the implementation of its programme, development partners recommended that it should stop granting tax breaks for early payment and eliminate the export tax on coffee and cocoa. They also advised it to begin cleaning up accounts for advances to exporters as soon as possible. The authorities also plan to develop an overall strategy for the development of the sector before end-2008, on the basis of status reports and financial and operational audits of the sector. This strategy would involve revamping the institutional, legal and regulatory framework, with special emphasis on governance of the sector.

Technical and Vocational Skills Development

Côte d’Ivoire’s system of technical and vocational education and training (TVET) delivers several types of diplomas after two or three years of study: certificates of qualification, occupational certificates, vocational proficiency certificates, technician’s and advanced technician’s certificates, and the baccalaureate, or secondary-education diploma. The main trades concerned are cosmetology and beauty, construction, management, electricity and electronics, hotels and tourism, printing, computer science, quality and processing, soldering and fishing.

Since 1991, with the implementation of the human-resources development programme, Côte d’Ivoire has built an efficient system of vocational training. The core of the system is the vocational training development fund (Fonds de développement de la formation professionnelle – FDFP), which manages the apprenticeship tax (0.5 per cent of the total wage bill) and the additional tax for continuous vocational training (1.5 per cent), levied through compulsory contributions. The FDFP also administers any other funding earmarked for vocational training that is placed at its disposal. Its tasks relate to financing, monitoring and evaluation of in-service training plans and projects. The FDFP provides in-service training with the support of partners.

Like the general education system, technical education faces the problems of the uneven geographical distribution of schools, the great majority being located in the country’s two large cities, Abidjan and Bouaké. The vocational-training system has been experiencing difficulties in recent years. Owing to the crisis, the existing system has not been maintained, particularly in Bouaké. As a result, a number of training institutions are lacking in appropriate workstations and workshops.
for hands-on lessons. This situation has reduced the overall intake capacity of training institutions. The apprenticeship programme for youth has not achieved its targets owing in particular to the lack of funding and of engineering skills.

In 2006, there were 47,488 students enrolled in TVET schools and centres, 46.8 per cent of whom were female. Nearly 90 per cent of TVET institutions are in the private sector, which attests to the vitality of TVET in Côte d’Ivoire. Whereas in the past TVET was perceived as a last-resort solution, it is increasingly sought-after today. TVET institutions try to meet the needs of all social classes and operate in a number of sectors. Moreover, the increased female participation in these sectors is taken into account in technical and vocational training, and some institutions have accommodated the family obligations of some women instructors who have children by arranging their work schedules so that they come on duty later in the day.

Over the last 15 years, the technical education sub-sector (which together with vocational training makes up the TVET sector) has been attached to one supervisory ministry after another, a situation that has not been conducive to the formulation and follow-up of a serious policy of human-resources development. The Ministry of Technical Education and Vocational Training has gone through many changes: twice given the status of a full-fledged ministry; twice broken up, with its internal departments scattered amongst other ministries; restored to ministerial status in 1996, but stripped of the grandes écoles, which remained under the Higher Education Ministry, and with specialised training centres falling under the remit of other technical ministries; and so on. As a result of this instability and the diversity of decision-making centres, the ministry has lost its distinct identity, its coherence has been reduced and its internal and external efficiency has steadily declined. With the formation of the first government under the Second Republic, in October 2000, this ministry disappeared once again, with its competencies redistributed to the Ministries of Education, Youth, and Employment and Vocational training. The division of responsibility for the sector amongst these three ministries has in fact led to problems in co-ordinating tasks and activities and held back the design of a coherent, integrated sectoral policy. Since 2007, however, there has been a ministry specifically responsible for technical education and vocational training.

The government’s new strategy for technical education aims to broaden access to technical training at the senior secondary level. To this end, the authorities intend to raise the intake capacity of public technical education, taking into consideration the needs identified throughout the country, the cost of building and equipping schools, and the constraints on public finances.

In the vocational training sub-sector, the main proposals are as follows: in establishing training streams, to take into account the emergence of new trades and to consider all production sectors and branches (agricultural sector, informal sector, etc.), particularly those that have jobs to offer; to involve the productive sectors in designing programmes; to develop streams in trades that are truly in demand on the labour market; to include entrepreneurship in programmes, particularly for creating one’s own employment; and to extend vocational training through apprenticeship.

**Political Context**

The Ouagadougou Agreement signed on 4 March 2007 by the main protagonists in the political crisis – which broke out in December 1999 – is the fruit of direct dialogue amongst the parties. Before this agreement was reached, a number of initiatives, both internal and external, had been undertaken to resolve the crisis. The Ouagadougou Agreement, which is based on United Nations Security Council Resolution 1712, was implemented through the formation of a new government consisting of representatives of the main political forces directly involved in the crisis. Guillaume Soro, the secretary-general of Forces Nouvelles (the rebellion in the north), became Prime Minister. On 16 April 2007, the country initiated the dismantling of the “trust zone” under international control that had separated north from south since 2002. On
2 May 2007, the government held a seminar on the 4 March Agreement, chaired by the Prime Minister. The meeting allowed the new government to formulate an action plan for implementing a post-conflict programme. This action plan was submitted to a donor round table in order to elicit their intentions as regards funding the programme.

The holding of mobile public-identity hearings for people lacking birth certificates (audiences foraines), a preliminary step in providing identity documents to the population and hence in organising the presidential election, requires unswerving commitment from the protagonists of the crisis. Similarly, the political situation remains delicate and requires increased support from the international community.

Despite the recent progress in consolidating the peace process, there are serious problems of governance, both political and economic. Politically, the country’s institutions have been weakened by the decline in the democratic process since 1999. The rule of law, the fight against corruption, participation and accountability are not assured effectively. Similarly, security and peace of mind are not yet guaranteed for all citizens, owing in particular to the poor institutional and financial capacity of the state and deficiencies in the judicial system.

The reforms initiated to improve transparency in public finance management were not taken to completion. The implementation of SIGFIP revealed shortcomings due to excessive centralisation of operations, inadequate information-technology logistics and a shortage of trained staff to operate and administer the system. As half the country’s territory was inaccessible to the state in 2002, the quality of public services fell drastically in the north. This situation has made it difficult to assess progress towards the Millennium Development Goals and the poverty situation.

The lack of transparency is also seen in the management of the coffee and cocoa sector, particularly in the way parafiscal levies are collected and used, as well as in the functioning of the main governance bodies of the sector. In the energy sector, the main transparency problems identified relate to the reliability of physical, financial and tax flows in oil and gas production, and the accumulation of arrears for public purchases of electricity and gas. In the financial sector, the main governance problems relate to the fact that nearly half of all commercial banks are not in compliance with the prudential standards of the CBWAS, including the solvency ratio. The needed laws and regulations are on the books, but often are not enforced by the government or by the judiciary.

The disruption of public services, particularly in the areas of conflict (the north, centre and west of the country), was exacerbated by massive flight of government officials and employees to Abidjan. Lastly, the instability of public institutions has led to certain bureaucratic inefficiencies that cause problems in the co-ordination of economic management and planning, and in the execution of public investment.

Social Context and Human Resources Development

Côte d'Ivoire is ranked 164th out of 177 countries in the Human Development Index. The poverty rate in 2006 was estimated at 43.2 per cent in the report on poverty published in 2007, based on a poverty line of XOF 162 800 per capita in annual expenditure. Poverty is most severe in the rural savannah (54.6 per cent) and the eastern rural forest (46.6 per cent), followed by urban areas apart from Abidjan (33.8 per cent), the western rural forest (24.5 per cent) and Abidjan (11.1 per cent). It is particularly harsh in the northern savannah and in the rural forest.

Education-system development has been frustrated by the destruction of school infrastructure, the closure of some schools in areas occupied by the Forces Nouvelles and the fact that many teachers left their posts because of the lack of security. In addition, university staff and students were displaced to Abidjan, which contributed to the concentration of the secondary and tertiary student population in the economic capital and to a fall in education level. Furthermore, the quality of teaching has dropped sharply, particularly at the
primary level, owing to the lack of qualified teachers. The progress achieved under the human resources structural-adjustment programme was erased by the years of conflict, as the national primary-school enrolment rate fell from 79.5 per cent in 2001/02 to 54.4 per cent in 2004/05, a drop of 25 percentage points. As a result, the enrolment rate for this age group is now lower than it was 15 years ago. The enrolment rate for girls, which was inequitable to start with at 67.3 per cent in 2001/02, fell to 49.1 per cent in 2004/05 (about half of all girls attend school). The gross enrolment rate in secondary education is estimated at 30 per cent, and the illiteracy rate is 61.1 per cent on average amongst the poor, as against 44.4 per cent amongst the non-poor. According to domestic sources, illiteracy affects 63.2 per cent of women, and 73.6 per cent of poor women. Women also have less access to basic social services. In 2006, the government was able to hold examinations throughout the country, and the beginning of the 2007/08 school year went off normally.

The health situation is poor. As a result of the social and political crisis, some health facilities were destroyed and looted, a good many staff left the country, those who remained were concentrated in urban areas for the sake of security, and the quality of care declined owing to health workers’ lack of motivation. More than half of poor households (56.4 per cent) do not have access to drinking water and are exposed to water-borne diseases, but this rate is much higher in the northern rural savannah and the eastern rural forest. Côte d’Ivoire is characterised by a high fertility rate and early pregnancies. The total fertility rate is 4.5 children per woman, and the infant mortality rate rose from 89 per thousand in 1994 to 116.9 per thousand in 2007. Persistence of the crisis has aggravated this rate these past few years. HIV/AIDS infection and sexually transmitted diseases (STDs) are spreading rapidly. The HIV prevalence rate is 7 per cent. Treatment of STDs is inadequate. The reproductive health of young people is a matter for concern, characterised as it is by early sexual activity, unwanted pregnancies, HIV/AIDS and STDs, and complicated, clandestine abortions on a scale that is difficult to quantify. Traditional practices that are harmful to the health of women and girls – female circumcision, early marriage and the levirate – are widespread.

To tackle these problems, the government had initiated a health-development plan for the 1995-2005 period, which aimed to improve the population’s access to health services. It was unable to bring the plan to completion, however, owing to the stoppage of funding for several health projects and the partitioning of the country, which prevented implementation of the plan in the north. Improvement in the functioning of the health sector now depends on the redeployment of health personnel to the areas formerly under siege.