

BTI 2012 | Côte d'Ivoire Country Report

Status Index	1-10	3.31	# 121 of 128	
Political Transformation	1-10	2.98	# 118 of 128	➔
Economic Transformation	1-10	3.64	# 114 of 128	➔
Management Index	1-10	1.84	# 124 of 128	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

More on the BTI at <http://www.bti-project.org>

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Key Indicators

Population	mn.	19.7	HDI	0.400	GDP p.c.	\$	1899
Pop. growth ¹	% p.a.	2.0	HDI rank of 187	170	Gini Index		41.5
Life expectancy	years	54	UN Education Index	0.304	Poverty ³	%	46.3
Urban population	%	50.1	Gender inequality ²	0.655	Aid per capita	\$	112.3

Sources: The World Bank, World Development Indicators 2011 | UNDP, Human Development Report 2011. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

Côte d'Ivoire does not meet the minimum criteria for democracy. The country's civil war and its subsequent political division have since negated the limited progress made during the 1990s in political participation and the establishment of the rule of law. The presidential elections in late 2010 plunged the country into even deeper chaos as the loser of the election clung to power, while the international community acknowledged that the elected government and citizens had to be supported by United Nations peacekeepers. As the shape of the political landscape and citizenship in general remains contested, the political and social integration of Côte d'Ivoire has reached a historic low.

Some sense of economic order has been maintained despite the country's general instability. Overall, macroeconomic performance slightly recovered in the period under review, mainly due to the cocoa and oil industries. The division of the country, although formally completed in January 2009, has led to a weakening of traditional markets and the birth of more informal economies in both parts of the country.

As violent conflicts resumed and the country was ruled by two partly competing, partly overlapping, de facto regimes, political elites have struggled to maintain stability and to ensure the continued functioning of the cocoa and oil industries. The establishment of a seemingly stable power-sharing government in Abidjan with former rebel leader Guillaume Soro as prime minister was seen as a sign of hope, especially as the government was considered in its decision-making as more pragmatic and also more consensual. This government, however, neither inspired trust within the political elite nor, as became evident in late 2010, offered a departure from violence as an exit option, a strategy to which all political parties still held in case the elections did not work in their favor. Under these circumstances, structural economic reform was neither realistic nor a government priority (notwithstanding negotiations with international donors over reforms).

In sum, Côte d'Ivoire could represent a case of how a country with a sound economic basis and much potential should not be managed, as well as a country where considerable responsibility for its failures resides with the political elite. The not very obvious but possibly only available solution to the political stalemate in early 2011 would be the establishment of a minimum of consensus, commitment and steering capacity among Ivorian political actors.

History and Characteristics of Transformation

Political and economic transformation have followed different paths: After independence in August 1960, the country's first president, Félix Houphouët-Boigny, came to dominate the country's political life and economic decision-making, and in the 1960s and 1970s presided over Côte d'Ivoire's emergence as one of Africa's few stable and economically successful countries. A broadly liberal economic system with active integration into the world market was combined with a basically authoritarian mode of political regulation. Côte d'Ivoire's success as an exporter of cocoa (as the world's top producer) and coffee was a major factor in its stability, as these exports quickly enabled the country to achieve an enviable level of prosperity and social development. There was both an increased presence of French people working in the administration and in business, and a large influx of immigrant workers from the neighboring Sahel countries, including Burkina Faso, Mali and Guinea, mainly for seasonal work on the cocoa and coffee plantations.

When commodity prices fell in the 1980s, Côte d'Ivoire began to face serious economic and social problems. The established model of political and economic regulation, which denied political participation but guaranteed social advancement for elites and fixed producer prices for planters, had become unsustainable. Popular dissent increased and by the beginning of the 1990s, multiparty rule was introduced. Along with political liberalization came an attempt of economic reform headed by a technocratic team under Prime Minister Alassane Ouattara. He conducted an economic reform program in the face of significant resistance within the ruling party, the Parti Démocratique de la Côte d'Ivoire (PDCI), particularly from the president of the National Assembly, Henri Konan Bedié.

Upon Houphouët-Boigny's death in December 1993, both Ouattara and Bedié vied for the succession, which Bedié eventually won by invoking a constitutional provision transferring interim power to the president of parliament in the event of the president's death. Bedié subsequently consolidated his own power by sidelining those sympathetic to Ouattara. A pro-Ouattara party, the Rassemblement des Républicains (RDR), broke away from the PDCI. The 1995 presidential elections saw the victory of Bedié with both RDR and the other "historical" opposition party, Front Populaire Ivoirien (FPI), boycotting the polls on the grounds that the electoral code excluded Ouattara from standing due to his "dubious" Ivorian nationality.

Support for President Bedié, who initially benefited from the positive effects of the CFA franc devaluation in January 1994, waned rapidly after 1998 due to a growing economic recession and a lack of structural reforms as well as the rise in radical political nationalism intended to systematically disenfranchise Ouattara and his northern supporters. President Bedié was eventually overthrown in a bloodless coup in December 1999 which was generally greeted with relief by the population, and also, albeit less openly, by international donors who had stopped financial support for the government on growing concerns over fraud and corruption. Initial hopes of a more thorough political democratization were soon disappointed when it became clear that the coup leader General Robert Guei would stand in the 2000 elections; the “eternal” opposition party FPI then joined the PDCI in their nationalist policy stance, which led anew to the exclusion of Ouattara. A popular uprising thwarted the rigged election of October 2000, forcing General Guei, after losing the support of the army, into hiding. Laurent Gbagbo was declared the winner against the protests of RDR supporters. Clashes between RDR militants and FPI supporters turned violent with many civilian northerners (i.e., pro-RDR) as victims. Despite substantial misgivings, France and the international community eventually endorsed Gbagbo’s election.

Developments in 2001 seemed to presage an easing of tensions starting with local elections and a forum of national reconciliation held in Abidjan between the four main political leaders, Gbagbo, Bedié, Ouattara and Guei, in late 2001. A government of national unity, including the RDR among others, was established in August 2002. The September 2002 coup attempt and the ensuing descent into civil war took the country thus by surprise. The mutineers swiftly took control of the entire northern half of the country, a move welcomed by the local population who felt marginalized by the nationalist policies of the Guei and Gbagbo administrations. In response to the growing prospect of a civil war, the French government stepped up its military presence in Côte d’Ivoire, agreeing to police the ceasefire line following the agreement of a truce on 19 October 2002. The main political parties and rebel groups reached a political settlement during negotiations in Marcoussis, France, in January 2003. In March 2003 a national reconciliation government took office, which included both the parties of the governing coalition, the PDCI, the RDR and representatives of the armed rebel groups, known as the “New Forces.” Ongoing political conflicts hampered the government’s ability to function and led component parties to withdraw for periods of time. Implementation of the peace accords, including disarmament, territorial reintegration and a menu of significant political reforms, were halting. A new peace agreement, brokered by Burkina Faso’s President Blaise Compaoré in early 2007, allowed for a power-sharing government with former rebel leader Soro as prime minister. This government eventually made the formal reunification of the country possible and led the way to presidential elections, eventually held in October-November 2010. All hopes that this election would represent a first but decisive step toward solving the conflict were soon dashed.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 10 (best) to 1 (worst).

Transformation Status

I. Political Transformation

1 | Stateness

The presidential elections of October-November 2010 were supposed to bring an end to the territorial division of an official government zone in the south and a rebel New Forces-held zone in the north (which occurred in the wake of the failed coup of September 2002). The installation of a new transitional government with the March 2007 peace accord allowed for an incremental process of reunification. The state's monopoly on the use of force is, however, still only partially established in the northern part of the country. Many former commanders of the rebel forces maintain their lucrative zones of influence and state governors are still powerless in the face of the rebel's military influence and the incomplete cantonment of former combatants. Demobilization of combatants and their integration into the national army has been terribly slow.

Citizenship rights is one important among several root causes of the current political-military conflict. Significant aspects of citizenship (if not citizenship tout court) were withheld from "northerners" as well as from migrant workers who lived in Côte d'Ivoire over the past few decades. Fuelled by politicians, the nationalistic concept of "Ivoirité" encouraged southerners, who are, in the main, Christian or animist, to regard themselves as "true Ivorians" and whipped up xenophobic sentiment and action against northerners (whether they were of Ivorian nationality or not). Since the 2007 Ouagadougou peace accord and with the help of the international community, an identification exercise (forensic audits) by mobile legal teams was launched and eventually the parties in conflict were made to agree on an electoral roll for the 2010 elections. The general question of citizenship rights, which also refers to economic rights, is nevertheless far from being resolved. Recent events clearly demonstrate that the election winner Alassane Ouattara is still not perceived as Ivorian by Laurent Gbagbo's southern supporters.

Question
Score

Monopoly on the
use of force

2

State identity

2

The separation of church and state is guaranteed by the French-style secular constitution, and religious extremists command little political influence. Conflicts among the different ethnic groups and immigrant groups have lately gained religious overtones. However, political discrimination (and violence) is related to ethnocultural stereotypes and linguistic cleavages and targets all northerners, independent of their religious affiliation (although most Muslims live in the northern part of Côte d'Ivoire).

No interference of religious dogmas

7

Since 2009, substantial progress has been achieved in restoring state administration throughout the country. Civil servants have been successively redeployed to the north, although their operational capacity and full authority remains limited. While many schools and hospitals have reopened, law enforcement, courts and correctional institutions were still not functional in the north. In many instances rebel New Forces commanders still control tax collection and often local administration functions as well.

Basic administration

5

2 | Political Participation

Universal suffrage, the right to campaign for office and the right to elections are in principle assured. The October 2000 elections that installed the current Gbagbo-FPI government was marred by irregularities. Since then no elections were until October 2010; the various governments in power since early 2003 have been established by international agreements. Although Gbagbo's constitutional term as president ended October 2005, new elections were repeatedly postponed. With considerable logistical support from United Nations organizations, new presidential elections were organized in late 2010. The electoral management bodies worked professionally yet tried to avoid political interference. As the incumbent president did not comply with the established rules, management bodies could not allow the elected government to be formed. This task has now been left to regional and international policymakers.

Free and fair elections

4

Until the October 2010 elections, there was no democratically elected government; instead, the government was legitimized through international negotiations. The effective capacity of this transitional government to govern was limited by the tenuous control of New Forces leader Soro over various former rebel commanders in the north and the unclear role of militias in the south which, however, seemed to remain under the control of President Gbagbo and his supporters. The situation after the presidential elections was different, as the newly elected president was hindered not only by the incumbent president but also by the army leadership from assuming office. His rule was de facto restricted to an international hotel in Abidjan.

Effective power to govern

2

The freedom of civil society groups and opposition parties to operate has been largely constrained since the 2002 coup attempt, both due to repressive policy measures (prohibition of public demonstrations for extended periods) and the activities of youth activist groups (“young patriots”) in the south, and a general lack of the rule of law in the north. When the Soro government came to power in mid-2007, the situation improved gradually yet mainly in the south.

Association /
assembly rights
6

In the run-up to the elections of 2010, assembly rights were maintained yet supervised by the United Nations. Union activity has continued without disruption.

The country’s political division and subsequent instability has made access to balanced information very difficult. National and international media remain subject to threats and pressure from both the government and rebel forces. Constitutional provisions for freedom of expression are rarely respected in practice and journalists remain vulnerable to physical and other abuse by police. There were fewer reports of harassment and violence against journalists in 2009 and 2010 than in previous years. However, during and after the elections, there were instances of widespread defamation, and thus there has in effect been a substantial decrease in freedom of expression particularly after the contested elections and subsequent violence. Côte d’Ivoire ranks 146th out of 196 countries (“not free”) in the Global Press Freedom Survey 2010 by Freedom House.

Freedom of
expression
3

3 | Rule of Law

Côte d’Ivoire has a long history of complete presidential control of the political process. Political liberalization during the 1990s did not lead to any meaningful political empowerment of parliament. The installment of a former opposition party in power has not significantly modified the power balance, as incumbent President Gbagbo simply shifted government decision-making to a close group of consultants, including his own wife, Simone. Even opposition party ministers who took part in various national unity governments since 2003 cannot control their senior civil servants or heads of state agencies in their remit, most of whom they have inherited from their predecessors or were appointed without consultation by the president. The establishment in 2007 of a power-sharing government worked to weaken presidential omnipotence by establishing a strong prime minister, but neglected to establish separation of powers. The structural annihilation of parliamentary oversight has been officially justified since 2002 by the country’s prolonged state of emergency.

Separation of
powers
2

The 2010 presidential elections did not change this overall picture; new parliamentary elections have been postponed to a later date.

Formally, the judiciary is institutionally distinct but its decisions and doctrines have always been subordinated to the current government. Both the constitutional and the regular judiciary branch are vulnerable to executive intervention, lack adequate resources (especially outside Abidjan) and are riddled with corruption. Prior to the civil war, a series of major judicial reforms were announced (installation of a Council of State, a Supreme Court of Appeal and of an Audit Office) but have yet to be implemented.

Independent
judiciary
3

The independence of the Constitutional Court was severely questioned by the behavior of its president in the electoral crisis of November 2010.

Financial malpractice plagued previous government administrations, and the transitional government, encouraged by the absence of auditing, was implicated in a number of new scandals. In the current context, corrupt officeholders do not face adverse publicity from civil society, in the media or from opposition parties, nor prosecution under the law. The sacking of 25 top managers in the cocoa sector (among them a former election campaign manager of President Gbagbo and a trade union leader) and their arrest in June 2008 on massive corruption charges does not alter this general assessment. While the trial was suspended amid the country's political upheaval, 22 out of the 25 accused were released in January 2010.

Prosecution of
office abuse
3

Since the outbreak of civil war in 2002, most civil liberties are not secure, not only because of the state's inability to centralize the use of force but also from a lack of political will and judicial control. In the run-up to the presidential elections and in the unrest following the second round, more than 300 persons were killed by security forces or militia groups. Human rights abuses occur, including gender-specific rights violations, in all parts of the country. The perpetrators of mass murder and other serious violations of human rights committed since the first coup in 1999 have not been yet brought to justice. The United Nations Security Council enacted formal sanctions against certain individuals (two militia leaders from the south, and one from the north) in February 2006, which are still in force.

Civil rights
2

4 | Stability of Democratic Institutions

A transitional government was the product of international negotiations and not of popular will. Parliamentarians elected in 2000 continue to sit in parliament but have no control over legislative activity or governmental activities. At the end of 2010, the country maintained two parallel governments which both claimed to have democratic legitimacy. Even though the constitution provides for a democratic regime, and one could argue that the elections were instrumental in establishing a new government, these democratic institutions can hardly be said to work at all.

Performance of
democratic
institutions
2

Most elite actors have shown little interest in reviving the democratic process. This is certainly the case of the incumbent president and his party, which have postponed elections for many years and have hindered the successful completion of a democratic change of power. They have defended a narrow and legalistic interpretation of democratic rule that may have actually brought democracy into thorough discredit with large segments of the population. The political opposition to Gbagbo claims to guarantee a return to democratic rule, but neither Bedié nor Ouattara had ever shown particular respect for democracy when they were in power. Northern military officers who fought against Gbagbo's elected government in 2002 cannot be considered as supportive of democratic institutions however willing one might be in accepting their moral case for the fairer treatment of northern populations.

Commitment to
democratic
institutions
2

5 | Political and Social Integration

Three political parties have dominated political life since the mid-1990s: the Front Populaire Ivoirien (FPI), the Rassemblement des Républicains (RDR) and the Parti Démocratique de la Côte d'Ivoire (PDCI). Leaders of these parties still dominate political life as of 2010. Both the FPI and the PDCI have a long tradition of political participation and used to be strongly rooted in society. To an extent, violent conflict has stymied the party system and prevented the formation of new parties. Although the rebel New Forces participate in government, they have yet to transform into a political party, despite former rebel leader Soro becoming Ouattara's prime minister following the 2010 elections. Amid the highly polarized and violent political atmosphere since 2002 political parties have had limited opportunities to organize and consequently have not had any meaningful role in forming or moderating social interests.

Party system
3

While interest groups exist (cocoa planters' associations and student unions, as two examples) they seldom cooperate (many new cocoa planters' associations have been formed since 2005) and have no or even negative influence on the political process. Important social interests remain underrepresented (especially religious and ethnically cross-cutting interest groups that were much more active in the 1990s). The creation of a loosely coordinated civil society body (Convention de la Société Civile Ivoirienne, CSCCI) in 2005 was enthusiastically welcomed but still did not help to manage the election crises or general rebel demobilization.

Interest groups
3

While no reliable survey data exist, support for democracy has always been moderate, as the tradition of benign authoritarian rule (l'houphouëtisme) or exclusionary varieties of nationalism (FPI and Gbagbo) are more characteristic of Ivorian political culture.

Approval of
democracy
n/a

On the other hand, voter turnout was very high at over 80% of the electorate in the 2010 elections. This is, however, not a conclusive sign of the approval of democratic elections per se, but rather a sign of the de facto political relevance of the elections and the extent of political mobilization.

The lack of trust within ethnically mixed neighborhoods (also the practice of setting indigenous and migrant populations against each other) has been identified since the 1990s as a major root cause of social conflict. Civil war and mass evictions of migrant workers have aggravated the problem. Violent clashes continue, among migrant workers from Mali or Burkina Faso and Ivorians supporting Gbagbo's regime and between Baoule and Bete ethnic groups in the cocoa belt. Although many local peace-building activities (often through external funding) have been implemented, there is little indication of generalized (i.e., not only bonding) social capital within the social fabric of Côte d'Ivoire.

Social capital
2

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

As one of the world's least developed countries (ranked 149th of 169 on the Human Development Index 2010), Côte d'Ivoire exhibits social marginalization that is quantitatively and qualitatively extensive and structurally ingrained. Almost all relevant indicators point to severe problems, although violent conflict has made collection of valid data difficult or impossible. Life expectancy is 58.4 years (2010). According to World Bank data, the percentage of people living under a poverty line of \$1.25 per day has increased to 49% of the population (2008). The civil war has led to more informal economic activities and to growing socioeconomic disparities between the north and south. Although some socioeconomic problems have been clearly linked to the civil war and its consequences (i.e., a lack of administrative structures in the north) many barriers are structurally ingrained.

Socioeconomic
barriers
2

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	19795.7	23414.0	23041.8	22780.3
GDP growth	%	1.7	2.3	3.8	3.0
Inflation (CPI)	%	1.9	6.3	1.0	1.7
Unemployment	%	-	-	-	-

Economic indicators		2007	2008	2009	2010
Foreign direct investment	% of GDP	2.2	1.9	1.7	1.8
Export growth	%	-7.5	-8.1	9.3	-0.5
Import growth	%	3.8	-5.4	11.0	7.6
Current account balance	\$ mn.	-139.0	451.6	1670.2	-
Public debt	% of GDP	75.6	75.3	67.0	67.2
External debt	\$ mn.	13865.2	12567.8	11701.6	11429.7
Total debt service	\$ mn.	429.1	1049.5	1106.9	382.6
Cash surplus or deficit	% of GDP	-0.7	-0.3	0.9	-
Tax revenue	% of GDP	15.5	15.6	16.6	-
Government consumption	% of GDP	8.7	8.6	8.7	8.6
Public expnd. on edu.	% of GDP	4.4	4.6	-	-
Public expnd. on health	% of GDP	5.4	5.4	5.1	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.5	1.5	-	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

7 | Organization of the Market and Competition

Although Côte d'Ivoire used to be hailed as a model of capitalism in Africa, the institutional setting for free markets or competition has never been sufficient, especially in the vital cocoa sector where uncertainty over both economic fundamentals and regulations persists a decade after the disbanding of the central agricultural marketing board with its marketing monopoly. Côte d'Ivoire ranks 122nd out of 179 countries ("mostly unfree") on the 2011 Index of Economic Freedom. In the context of military and political conflict, the informal economic sector has gained in importance, with the increase of smuggling and other illicit activities. Donors have made considerable investments toward creating a more nurturing environment for small and medium-sized enterprises.

Monopolies and oligopolies are neither regulated consistently nor considered a policy issue of major importance, and even less so since 2002. In several sectors such as electricity, water, and transport, foreign-owned companies hold de facto monopolies. The inefficiency of the Ivorian Electric Company (Compagnie

Market-based
competition

4

Anti-monopoly
policy

2

Ivoirienne d'Electricité) and a lack of new investments over the last decade have led to the first power cuts in recent history in early 2010.

Conflict has seriously affected the free circulation of goods and services over the last decade. The reestablishment of a national customs service was still not finished at the end of 2010. Côte d'Ivoire used to be a regional hub, and will certainly again attract much trade (and investment) once political stability is regained. Foreign trade follows non-discrimination principles (as provided for in the West African Economic and Monetary Union (WAEMU) and ECOWAS regional schemes), but numerous rules, barriers and informal intervention by officeholders constrain the actual liberalization of foreign trade. Since 1995, no WTO Trade Policy Review has been conducted.

Liberalization of
foreign trade
5

The cocoa and coffee trade is to a large extent run by multinational companies, and as still the world's largest producer of cocoa, the country's economy is, against all odds, strongly integrated into the world economy.

Alassane Ouattara, the president-elect of Côte d'Ivoire, called for a ban on cocoa exports in an attempt to starve incumbent President Laurent Gbagbo of funds as he refused to give up office. The suggested ban inspired a rise in the price of the country's cash crop.

The banking sector has survived the politico-military conflict relatively well, but has suffered from the increase in government arrears to the private sector and from the temporary closure of banks in the north and west. A legal framework for the banking system and capital markets exists; the West African regional stock exchange (Bourse Régionale des Valeurs Mobilières, BRVM) is located in Abidjan and lists 39 companies (2010), having continued with its activities throughout the crisis.

Banking system
5

The "BCEAO crisis" of early 2011 led to a closure of all Central Bank of the West African States (BCEAO) branches in Côte d'Ivoire. The BVRM also suspended all trading in Abidjan after troops supporting incumbent president Gbagbo seized the building in February 2011.

The banking system has been threatened as seven major international commercial banks have suspended operations and other banks have been overwhelmed by customers trying to withdraw savings. The closures stem from insecurity following the closure of the BCEAO and an international sanctions effort to squeeze Gbagbo of funds and force him to stand down after U.N.-certified results of the 28 November 2010 vote showed his rival Ouattara as the winner. Gbagbo's government decreed that major banks such as the Ivorian branches of Societe Generale and BNP Paribas that suspended their operations would be nationalized.

8 | Currency and Price Stability

As a member of the CFA-franc monetary union, Côte d'Ivoire cannot pursue an independent policy on currency and foreign-exchange rates. The currency is pegged to the euro (formerly pegged to the French franc), and the BCEAO is fully independent and targets inflation as its main priority. With some exceptions, such as a spurt of inflation after the CFA franc was devalued in 1994 (at a temporary peak of 6.3% in 2008 amid a surge in international food prices), this has led to relatively low inflation. Inflation was between 1% and 4.3% throughout the last decade and, according to Economist Intelligence Unit estimates, 0.9% and 1.1% in 2009 and 2010. Despite the political unrest following the presidential election, there was no discernible increase in the inflation rate.

Anti-inflation /
forex policy
9

As the country has tended to quickly accumulate both domestic and external payment arrears, fiscal policy used to be the main source of disagreement with the IMF. Programs have been negotiated, suspended and resumed since 1999. Since 2002 the country has lapsed in its performance commitments and programs suspended with the outbreak of civil war in September 2002 were only resumed in 2009. Despite some fiscal shortfalls and extra-budgetary expenditures, the IMF awarded a PRGF in March 2009 and was quite optimistic about further prospects. The government was also optimistic about reaching the completion point under the HIPC initiative, which would allow the write-off of large multilateral and bilateral debt.

Macrostability
3

Various World Bank reports have raised concerns about public financial management although capacities have been strengthened over recent years. Since the disputed elections, the fiscal situation has been thrown into chaos. Donors have suspended payments; the rival government(s) has stopped honoring interest payments; the BCEAO has cut off Gbagbo's access to state accounts.

9 | Private Property

Property rights are adequately defined but cannot be considered satisfactorily safeguarded by law (certainly not in the north). The main problem with property rights is land tenure and especially the rights of immigrants to secure property rights on the land they farm.

Property rights
4

Private companies represent the backbone of the economy, but there are still some important state companies and strong market concentrations.

Private enterprise
5

The IMF has been increasingly concerned about the poor business operating environment. Côte d'Ivoire occupied a miserable 168th out of 183 countries listed in the Doing Business Index 2010.

The establishment of a privately run price stabilization system for the cocoa sector in the wake of the liberalization of prices by the government in 1999 has led to unsatisfactory results. With world cocoa prices at a 33-year high in 2010, most farmers did not benefit and increased profits were absorbed by middlemen and exporters with ties to the government. Most observers expected the creation of a new state-controlled cocoa marketing body following the establishment of a democratically elected government.

10 | Welfare Regime

The government has committed itself to alleviate poverty, but this has been undermined by political instability and the de facto division of the country since 2002. Negotiations concerning a PRSP, originally expected in 2002, were suspended over many years, but a PRGF was eventually concluded in 2009. The World Bank presented in October 2010 a new interim PRSP, the execution of which was linked, however, to the successful outcome of the presidential elections. Social services have deteriorated amid a lack of funding, confirmed by the latest UNDP indices for education (54.6% literacy) and life expectancy (58.4 years). The large informal economic sector contributes to poverty reduction, albeit to an unknown extent. Public expenditure for health stood at 1.0% of GDP, the second lowest value across sub-Saharan Africa.

Social safety nets
2

Women lack adequate access to public office and to educational institutions, as shown by the low percentage of women in parliament and a significantly low female literacy rate of 44.3% (64.2% for men). Female enrollment in the educational system is among the lowest worldwide (ratio of female enrollment at the primary level is 79.4%, and at the secondary level, 55.1%). While equality of opportunity is protected by the constitution and by other legal norms, since the mid-1990s people from the north have been discriminated against in the education system and in the job market.

Equal opportunity
2

11 | Economic Performance

The political-military standoff since 1999, the civil war and 2002 division of the country have all contributed to a severe economic crisis and subsequent negative growth rates. It has to be stressed that the economy managed to not collapse, despite infrastructure problems and business disruption. But the country's modest macroeconomic growth so far can be contributed to cocoa-growing areas (and

Output strength
4

cocoa's extraordinarily high world price) and especially oil exploration in the Gulf of Guinea, efforts which have been largely unaffected by the ongoing conflict. Inflation is low and growth rates in 2009 and 2010 stood at 4.2% and 3.6% respectively, according to Economist Intelligence Unit estimates. In 2009 there was real growth of per capita income for the first time since 1998. Employment has fallen in both the north and south and outstanding debts cannot be rescheduled or written off before the completion point is reached (HIPC status). The overall potential for further growth is seen to be strong but still heavily dependent on the settlement of the conflict between incumbent President Gbagbo and election-winner Ouattara and the severity of economic sanctions.

Until October 2010 all donors had agreed upon a relatively optimistic assessment, always arguing that further developments would depend on the outcome of elections. If we take into account the situation since November 2010, however, the picture is quite bleak.

12 | Sustainability

Environmentally sustainable growth receives only sporadic consideration and has only a rudimentary framework (Environmental Performance Index score 54.3, rank 102). The country depends more than ever on commodity exports, but the fiscal squeeze being passed on producers is leading them to use extensive and extreme cultivation methods; for example, most virgin forest has been completely destroyed despite strict regulations established in the 1990s restricting commercial logging and agricultural encroachment. The lax and irresponsible handling of environmental issues was revealed by a toxic waste disaster in late August 2006. In the north, environmental regulations have not been enforced since 2002.

Côte d'Ivoire has a poor record in supporting educational infrastructure. The country has since independence put more emphasis on importing skilled people than on developing and training its own. Expenditure for education stood at around 4.6% over the last decade (and also in 2008, the last year when data was available). The quality of education seems, however, rather poor, as shown by a low enrollment rate (74.5%) and a still very low literacy rate of 54.6% (both figures for 2010). For over six years students in the north have lacked proper schooling, with probably catastrophic consequences in the mid- to long-term.

Environmental
policy
3

Education policy /
R&D
3

Transformation Management

I. Level of Difficulty

It is difficult to distinguish between constraints that are structural and those that are man-made and result from actions of the current political leadership. The current government inherited an already impoverished country, a highly polarized political process and violent conflict as the norm. The country's division has been a terrific obstacle to governance. Côte d'Ivoire previously had the most developed economic infrastructure in West Africa and the fact that production in the cocoa sector could be increased in comparison to pre-2002 levels shows that the country can and still does benefit from its favorable climatic, geographical and structural conditions. There are also still unexploited further mineral resources (such as oil and gas).

Structural
constraints
8

Traditions of civil society are few and have further been weakened throughout the civil conflict. The landscape of voluntary organizations concentrates on the economic sector where independent planter associations have existed since colonial times. These activities lack, however, a component of civic or public engagement. The climate of intimidation and the militarization of public life since the coup d'état of 1999 have crushed much of the potential for civic participation in public life.

Civil society
traditions
8

There are more than 50 different ethnic groups in Côte d'Ivoire. After years of social harmony and the promotion of migrant work from neighboring countries by the late President Houphouët-Boigny, successor governments have fully exploited ethnic resentments to their narrow political advantage. The country thus plunged into violent conflict with overt ethnic dimensions. Although the open military conflict was halted in late 2004, inter-community violence continued to occur, especially in the villages of the western cocoa belt.

Conflict intensity
8

Following the electoral crisis and the establishment of two parallel governments in December 2010, the country is verging on new violent ethnic conflict.

II. Management Performance

14 | Steering Capability

The Ouagadougou peace agreement (March 2007) set a reduced number of clear priorities for the period until the presidential elections, including the demobilization of various armed forces and the preparation of an acceptable electoral list. In addition the government was supposed to restart cooperation with donors, especially assuring the execution of the PRGF, with the goal of putting the economy back on track. While both the Gbagbo government and former rebels previously showed an impressive capability in doing everything possible to avoid a smooth transformation, things somehow changed; although the sincerity of the actors in pursuing these objectives remains unclear. There is a lot of speculation about the presidency spending considerable sums of money off budget (especially from cocoa and oil) to equip and train the army. The former rebels have resisted effective demobilization over the years and have maintained their grip on the north without any international recognition or formalized economic system. The economy has recovered despite, and not because of, governmental action.

The electoral conflict clearly reveals the total lack of steering capability of both incumbent President Gbagbo and President-elect Ouattara.

Economic policy has focused simply on keeping the main functions of government operating and on collecting sufficient revenue to pay civil service wages. The government has tried to boost revenue by any and all means, thereby neglecting structural and qualitative reforms such as judicial reform, reorganization of the cocoa and coffee market and forgoing investment in basic health care, primary education, roads and rural electrification in accordance with the PRSP. Further democratization is clearly not on the agenda, as was shown after the election. Unpopular measures such as the incremental scrapping of fuel subsidies since 2008 were reversed only days later after massive transport strikes.

The successful organization of relatively fair elections in 2010 was an achievement of the international community and of dedicated leaders from civil society and political parties.

The very notion of policy learning assumes a minimum of coherent policy-making, which seems to have been restricted to the management of macroeconomic policies under the finance minister who established good relations with IFIs by improving fiscal management.

Question
Score

Prioritization
1

Implementation
2

Policy learning
2

The whole electoral crisis can be seen as a grandiose example of policy learning by the incumbent president, but such “learning” obviously does not correspond with the normative framework of this survey.

15 | Resource Efficiency

In the country's current political context, it is difficult to determine the government's efficient use of assets. We lack reliable information on how resources are spent within the context of an unrealistic and opaque budget (as criticized by IMF) and without an independent audit of the cocoa and oil sector. There are few doubts that the political elites (both in the north and the south) have consumed most state resources themselves to a large extent over recent years.

Efficient use of assets

2

There is no indication to assume that the government has been able to seriously coordinate conflicting objectives or interests. The “Ouagadougou formula” consisted of an individual veto from both President Gbagbo and Prime Minister Soro over all policy decisions, so there was effectively a minimum of coordination between these two men. The country's toxic waste scandal or the corruption case against top managers from the cocoa sector revealed both the chaotic state of affairs and the general lack of a coherent policy response.

Policy coordination

1

The severe economic downturn since the military conflict erupted in 2002 seems to have led to higher levels of generalized corruption and venality at all levels of public administration in the south, especially in judicial proceedings, contract awards, customs and tax issues. The highly publicized arrest of managers from the cocoa sector did not result from any systematic anti-corruption policies. It is telling that the state was unable to present sufficient evidence, and the managers were temporarily released in January 2011 after more than two years in prison without any charges brought against them, while the legal process was repeatedly postponed.

Anti-corruption policy

2

Similarly, two heads of the then ruling party, FPI, accused each other of corruption in 2009, but an investigation led by President Gbagbo did not find any evidence to support the accusations.

16 | Consensus-Building

The country's political leadership does not hold democratic and economic transformation as a goal. The main political actors struggled to implement the minimum consensus on reforms reached at Ouagadougou, but the elections showed that this consensus was hollow. There is no fundamental conflict among the most relevant actors regarding the goal of a market-based economy; however, the political and military crisis since 1999 has made political survival the top priority

Consensus on goals

2

and allowed military leaders to fill their pockets in the meantime. Much of the “Ivoirité” debate stemmed from different notions of democracy, for example, a narrow and exclusionary definition based on family lines, the rights of native Ivoirians and the majority principle, versus a more tolerant and inclusionary notion of citizenship.

There are plenty of anti-democratic actors in Côte d'Ivoire, both within and outside the government. Many of these actors have benefited from the continued state of affairs, that is, an unelected government that still maintains direct access to the country's economic resources. These anti-democratic actors have full control over the “reform process,” which is in this case the normalization of the political process through the holding of acceptably fair and free elections.

Anti-democratic
actors

2

It certainly makes sense to see Alassane Ouattara as the winner of the 2010 presidential election, but whether he is indeed a reformer remains to be seen.

Both the Gbagbo government and the northern New Forces have done little to mend ethnic cleavages, and Côte d'Ivoire could be seen as a textbook example of ethnic politicization taken to its violent extreme. Between 2001 and 2006, death squads harassed or killed based on ethnic and linguistic affiliation, violence that was tolerated or even underhandedly promoted by government circles. The apparent drop in the number of killings and of instances of ethnic violence has to do with the massive international military presence in the country and not with any change in local political management. Ethnic cleavages remain salient in most parts of the country, and there are still internally displaced refugees; the political-military division of the country, although formally ended in late 2008, is the physical manifestation of socio-cultural cleavages.

Cleavage /
conflict
management

1

Faced with electoral defeat, incumbent President Gbagbo has used state media and his militia to clearly exacerbate ethnic and social cleavages.

The already very limited participation of civil society in the political process was weakened by the Ouagadougou peace process, which consisted of the marginalization of external actors, traditional political parties and civil society actors to the benefit of the tandem power holders President Gbagbo and Prime Minister Soro.

Civil society
participation

3

Civil society actors were more strongly involved in the electoral process, especially in electoral observation. They have, however, been unable to fight growing political polarization.

Economic associations still try to influence policy-making in the cocoa sector but without any meaningful impact.

In the period under review, conflict parties continue to commit acts of injustice and murder is still rife. The establishment of a stable political dispensation is a necessary condition to initiate, again, a process of reconciliation which started initially between 2000 and 2002 when the civil war first broke out. The electoral campaign appeared to represent a tepid reconciliation of leaders (for example, during a television debate between Gbagbo and Ouattara), but elections are seldom a good time to bring about reconciliation.

Reconciliation
2

17 | International Cooperation

Côte d'Ivoire's political crisis remains internationalized with the presence of French military forces (Operation Unicorn) and the deployment of the U.N. peacekeeping mission (United Nations Operation in Côte d'Ivoire, UNOCI) both covered by mandates from the U.N. Security Council. Relations with donors have been strained since the late 1990s, but particularly so since 2002.

Effective use of
support
3

Given the past history of relations between donors and Côte d'Ivoire, which has seen funds suspended for prolonged periods of time over corruption concerns, the unwillingness of donors to offer substantial support until a political agreement seems well-established is understandable. The current power-sharing government has certainly improved relations with donors and formal resumption of IFI lending occurred in July-August 2007.

The government was very clever in using the international support for elections by organizing the most expensive election campaign ever experienced on African soil, as well as by engineering a rapprochement with the IMF to obtain a write-off of outstanding debts.

President Gbagbo knew very well, however, that his desperate constitutional coup was going to compromise all these previous efforts.

The Gbagbo presidency has certainly lost its international reputation as a credible partner with international organizations, bilateral donors and regional partners.

Credibility
2

It is true that the transitional Soro government established some credibility which helped to re-establish a connection to the World Bank and the IMF in April 2006.

The country's relationship with France has gone through various stages. The former colonial power remains a main trading partner, foreign investor and bilateral donor and maintains a permanent military base in Abidjan. The French community has shrunk to around 8,000 residents, but French-controlled business still accounts for a considerable share of the country's tax base. At various times since 2002, President Gbagbo has threatened French residents directly or indirectly, and the French government has declared that it would pull its troops if asked to do so. French

businesses however can't possibly rely any longer on the capacity of local government to protect business interests.

The Gbagbo government has had difficulty building trust with its neighbors. The endorsement of the nationalist "Ivoirité" policy worried leaders of the Sahel countries with large immigrant communities in Côte d'Ivoire. Relations have been most strained with Burkina Faso, the government of which was openly accused of meddling in domestic affairs and fomenting the violent rebellion of the rebel New Forces. It rather came as a surprise when Burkina Faso President Blaise Compaoré successfully brokered a peace deal between rebel leader Soro and President Gbagbo in early 2007 and re-established himself as main regional mediator.

Since the elections, regional actors have been heavily involved in finding a solution to the election and succession crisis. ECOWAS and the AU suspended Côte d'Ivoire to put pressure on Gbagbo. The incumbent president also saw his government stripped of its drawing rights in the BCEAO. Gbagbo welcomed mediators to Abidjan, but otherwise ignored all decisions by these organizations.

Regional
cooperation
2

Strategic Outlook

Prospects for a peaceful transformation toward democracy and a functioning market economy remain uncertain. The political elite have shown little willingness to end the conflicts and further a development-oriented mode of governance, and recent elections have certainly not changed this scenario. Without a credible and legitimate government, addressing the various structural conflicts is not possible. The country's economic outlook remains precarious and overly dependent on the resilience of the cocoa and oil sectors, even if international financial institutions and the donor community decide to again cooperate with the government. Social actors have not been able to propose solutions to the conflict and civil society continues to be a victim of political polarization.

At the time of writing, there were few if any optimistic scenarios left for the future of the country.

In a first possible scenario, the concerted efforts of the international community and regional leaders would lead to the growing isolation and the final defeat of incumbent President Gbagbo, most likely via military action by disloyal elements (ECOWAS military intervention is considered unlikely). Installing Alassane Ouattara in office will not solve the overall problem, however, as many southerners who support Gbagbo will not accept Ouattara, and the incumbent regime has for years mobilized local and violent militias which will make life difficult and certainly dangerous for any new government, not to mention for migrant workers and foreigners. From an economic perspective, this scenario is the brightest one, with Ouattara certainly capable of re-establishing ties with donors and pursuing macroeconomic reforms. After the capture and defeat of Gbagbo in early April 2011 (after the period under investigation ended) this scenario too seems the most likely.

According to a second possible scenario, violent conflict escalates beyond what has been seen since the elections and despite the capture of Gbagbo. Political leaders on both sides are unable to control their militias. The decisive intervention of the United Nations may prevent the situation from escalating again to a full war, but the political and physical division of the country will continue. External actors remain powerless in imposing an alternative political dispensation on Ivorian actors who have sufficient access to resources to pursue their violent strategies.