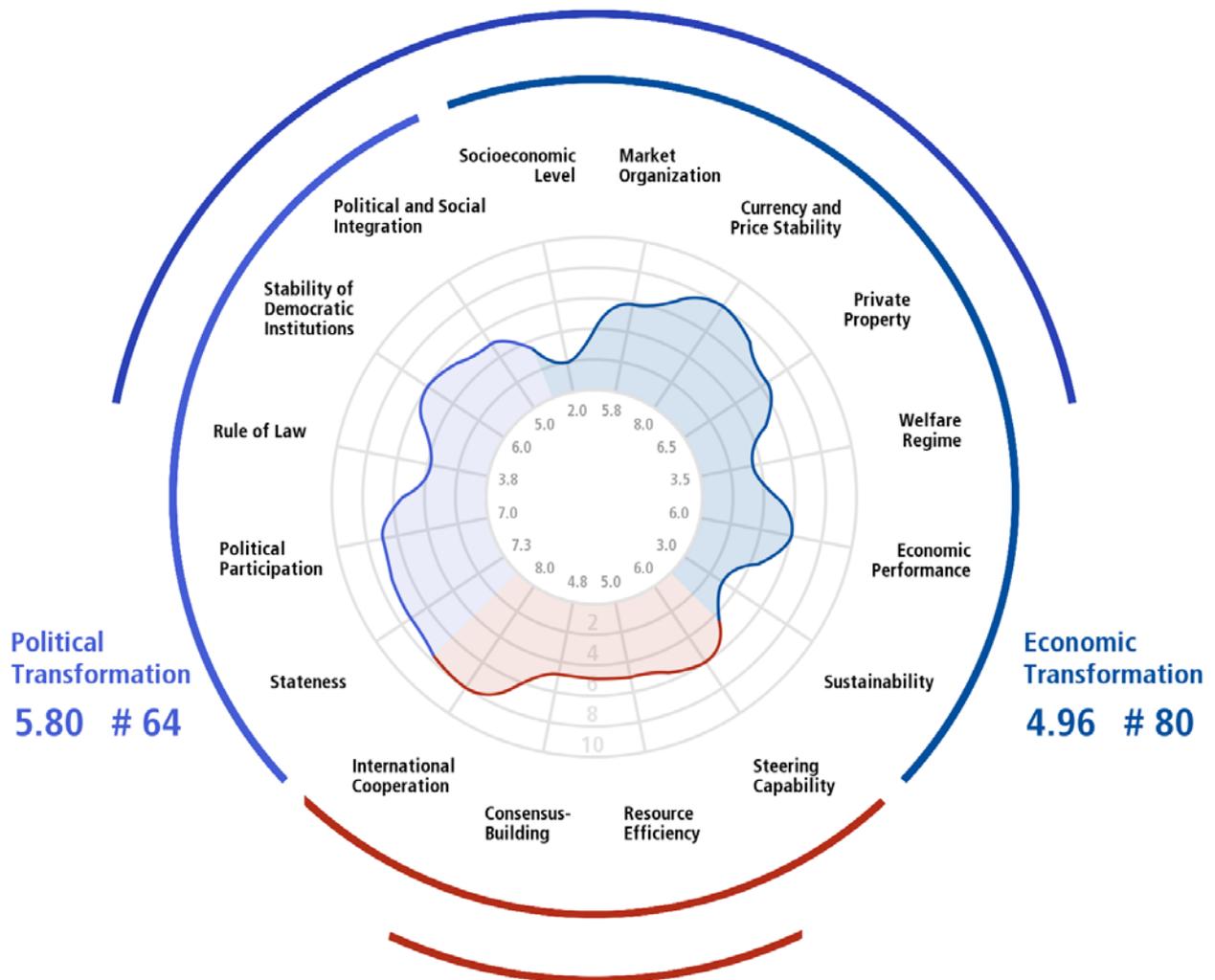


# Côte d'Ivoire

## Status Index

**5.38 # 69**

on 1-10 scale out of 129



## Governance Index

**5.54 # 46**

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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**Key Indicators**

|                          |        |      |                                |       |                      |        |
|--------------------------|--------|------|--------------------------------|-------|----------------------|--------|
| Population               | M      | 23.7 | HDI                            | 0.474 | GDP p.c., PPP \$     | 3720   |
| Pop. growth <sup>1</sup> | % p.a. | 2.5  | HDI rank of 188                | 171   | Gini Index           | 41.7   |
| Life expectancy          | years  | 53.1 | UN Education Index             | 0.437 | Poverty <sup>3</sup> | % 57.0 |
| Urban population         | %      | 54.9 | Gender inequality <sup>2</sup> | 0.672 | Aid per capita \$    | 28.3   |

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

## Executive Summary

In May 2011, Alassane Ouattara was inaugurated as Côte d'Ivoire's president. Although much has changed with Ouattara's accession to the presidency, and the president was reelected in 2015, democratic institutions still remain fragile in Côte d'Ivoire and lack substantial vertical and horizontal accountability. Both the 2010 and the 2015 elections did not represent the founding moment of a democratic transition. The 2010 elections plunged the country into deep chaos with the election's loser clinging to power and the international community acknowledging an elected government that had to be protected by U.N. peacekeepers. The winner of the election had to resort to violence to claim his office effectively, and the losers of the election eventually went into exile (or prison in The Hague and in the country) instead of contributing to a more stable national political configuration. The 2015 elections were rather a plebiscite for the incumbent president than a democratic competition, as the opposition was divided and weakened by the exile and imprisonment of many top leaders. The Front Populaire Ivoirien (FPI), led by Affi N'Guessan, has not decided yet whether to boycott the government and wait for the 2020 elections when Ouattara is not allowed to run again or to participate in the political process and defend the interests of its party and electorate, a strategy which has not been rewarded so far. As the contours of political community and citizenship remain contested, achieving political and social integration within Côte d'Ivoire is still the main challenge for peaceful transformation.

Some essentials of a market-friendly economic order were maintained even in the unstable and violent environment that characterized Côte d'Ivoire during the 2002 to 2010 period. In part because Ouattara is a former IMF official, macroeconomic reforms have been prioritized under the new administration. Overall macroeconomic performance further improved in the period under review. This was due to domestic reforms in the administration and key economic sectors and due to considerable public investment in infrastructure, education and health, but also to favorable contextual conditions, such as world prices for cash crops and the continued effects of the significant cancellation of external debt (HIPC). Much remains to be done in terms of poverty reduction, the modernization of physical infrastructure (especially roads and energy), the creation

of a sound financial sector, and the implementation of the newly instituted anti-corruption policies. While all objective indicators reveal a country with extreme low levels human development, and a whole generation of young people who were involved in militias rather than enrolled in school or university, the country's economic and political elites already discuss the prospects of their country as featuring among the world's "emergent" economies by 2020.

However, many observers remain skeptical as to the general trajectory of political transformation. The president runs a one-man-show, and a group of elder men continues to dominate politics without significant elite rejuvenation. Key structural reforms with regard to the distribution and access to land or the building up of a more professional security sector have only partially been tackled and unresolved underlying issues remain even though violent attacks were stopped.

Côte d'Ivoire has survived a nightmare, and has come out the other side with a sound economic foundation and potential that need to be protected and used. However, the country will need good managers not only to ensure macroeconomic essentials, but also to instill a more consensual style of policy-making and a more serious commitment to democratization and constitutional reform.

## History and Characteristics of Transformation

Political and economic transformation in Côte d'Ivoire 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 that was actively integrated into the world market was combined with a basically authoritarian mode of political regulation. Côte d'Ivoire's success as an exporter of cocoa (the top producer world-wide) 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 citizens working in the administration and business, and a large influx of immigrant workers from 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. Levels of popular dissent increased, and by the beginning of the 1990s, multiparty rule was introduced. Along with political liberalization came an attempt at economic reform headed by a technocratic team under then-Prime Minister Alassane Ouattara. He conducted an economic reform program in the face of significant resistance from within the ruling party, the Parti Démocratique de 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; however, 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, 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 traditional opposition party, the Front Populaire Ivoirien (FPI), boycotting the polls on the grounds that the electoral code excluded Ouattara from candidacy due to his "dubious" Ivorian nationality.

Bedié was eventually overthrown in a bloodless coup in December 1999, an event generally greeted with relief by the population, as well as by international donors (if less openly so) that had cut off financial support for the government following growing concerns over corruption. Initial hopes for a more thorough political democratization were soon disappointed when it became clear that coup leader General Robert Guei would stand in the 2000 elections and that opposition party FPI had joined the PDCI in a nationalist policy stance, leading again to the exclusion of Ouattara. A popular uprising thwarted the rigged election of October 2000, and General Guei was forced into hiding after losing the support of the army. Union activist Laurent Gbagbo was declared the winner over the protests of the RDR supporters.

The September 2002 coup attempt and the ensuing descent into civil war nevertheless took the country by surprise. The mutineers swiftly took control of the entire northern half of the country, often welcomed by a local population that had felt marginalized by the previous administrations. France eventually stepped up its military presence in Côte d'Ivoire, agreeing to police the ceasefire line following a truce agreement on October 19, 2002. The main political parties and rebel groups reached a first political settlement during negotiations in Marcoussis (France) in January 2003 but implementation of the terms of the peace accords, including disarmament, territorial reintegration and a menu of significant political reforms, was halting. A new peace agreement brokered by Burkina Faso President Blaise Compaoré in early 2007 allowed for a power-sharing government with rebel leader Guillaume Soro as prime minister.

This government eventually made the formal reunification of the country possible and cleared the way for presidential elections held in October to November 2010. However, hopes that this election would represent a first but decisive step toward solving the conflict were dashed. The results of the elections were contested, and both Gbagbo (declared elected by the Constitutional Court) and Ouattara (declared elected by the national electoral commission) declared themselves to be the winner. Following a major political stalemate, the conflict was eventually solved by the military victory of the rebel forces in conjunction with international (mainly U.N. and French) troops over loyalist forces. Ouattara finally took effective power in May 2011 and was re-elected in October 2015. Since then, with the help of the international community, the government has mainly concentrated on rebuilding the economy and rehabilitating infrastructure while the professionalization of the armed forces, reconciliation and political integration have stalled.

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

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

The elections of 2010 and the ousting of Gbagbo's government in April 2011 marked the definite end to the country's territorial division into an official government zone in the south and a rebel-held zone in the north. Since 2011 President Ouattara and his government have strived for normalization and the extension of state authority throughout the whole territory which was completed in 2013. Some problems remain, primarily in the form of the continuing weak control of territory in two provinces along the border with Liberia where returning refugees and militias represent a threat to the state monopoly. Also in the northeast of the country, there is an old conflict between farmers (Lobi ethnic group) and transhumant pastoralists (Pheul ethnic group), which is also a threat for the state's monopoly on the use of force.

Citizenship rights are among the root causes of the ongoing conflict. For many years significant aspects of citizenship (if not citizenship itself) have been withheld from the "northerners" as well as from migrant workers who have lived for decades in Côte d'Ivoire. Fueled by politicians, the nationalistic concept of Ivoirité encouraged southerners who were primarily Christian or Animist (a traditional African religion) to regard themselves as true Ivoirians, while Muslim northerners (whether of Ivorian nationality or not) were made the target of xenophobic sentiments and actions. The electoral victory of a northerner has not solved the problem outright, as the underlying constitutional and legal questions of citizenship rights have not yet been fully addressed. A new law enacted in 2014 allowed several thousand first generation immigrants to claim citizenship and the constitutional revision of 2016 weakened the ivoirité provisions in the electoral provisions. The FPI supporters, many of which continue to boycott political participation, however, still perceive ivoirité (and its citizenship implications) as a sound policy and question the legitimacy of the current "nation-state."

Question  
Score

Monopoly on the  
use of force

8



State identity

6



The separation of religion and state is guaranteed by the secular constitution, and religious extremists command no political influence. Conflicts between the various ethnic groups and immigrant groups gained religious overtones over the course of the last decade. However, political discrimination (and violence) has related to ethno-cultural stereotypes and linguistic cleavages, and targeted all northerners regardless of religious affiliation (although most Muslims live in the northern part of Côte d'Ivoire). While some people in the Gbagbo administration unsuccessfully tried to portray northern rebels as Islamist extremists in the early 2000s, theological disputes were never a dominant feature of the north-south divide. The attacks on a tourist hotel in Grand Bassam on March 16, 2016, were organized and perpetrated by foreign nationals.

After the coming to power of Ouattara (a Muslim) there are some accusations that Muslims are preferred over Christians (although some leading figures in the government are Christians).

However, the population in general is very religious and politicians are well advised to portray themselves as devout Christians and Muslims.

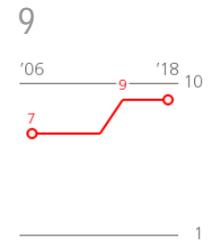
After years of de facto partition and the establishment of parallel administrations in the north (2002-2010), Côte d'Ivoire now has a single administrative apparatus throughout the country which provides all basic public services. The efficiency of this state apparatus (especially justice sector, police) is still hampered by corruption, a lack of resources and the legacy of party-political and military intervention in the government.

The physical infrastructure used to be way above the regional, sub-Saharan standard but the years of neglect during the crises have not improved roads and other parts of infrastructure. However, now, access to water (82% in 2015) and sanitation (23% in 2015) are at least relatively favorable compared to the previous years or compared to neighboring countries like Liberia or Guinea.

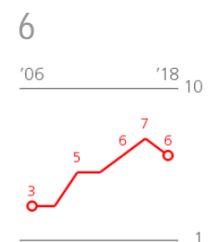
## 2 | Political Participation

After a decade without elections and a heavily disputed presidential election in 2010, the country is now governed by an elected President (2015) and elected members of parliament (2016). All political actors today accept elections as the main mechanism for access to political office and there are few complaints about irregularities. As there is limited political competition (with the Gbagbo-wing of FPI boycotting), the latest election cycle has, however, not really been a test whether the political elite and the electoral administration would maintain the good quality of electoral governance in a more open electoral race.

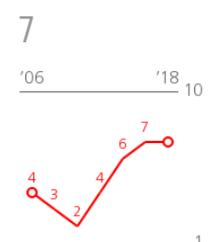
No interference of religious dogmas



Basic administration



Free and fair elections



According to the U.S. State Department, all elections in the period under review were peaceful and considered inclusive and transparent and including the registration process, campaigning and counting. International and domestic observers also judged the elections to be free and fair.

However, the referendum and the 2016 legislative elections were characterized by the overall low participation of Ivorians. This is explained by a rather high abstention but also by an electoral list deemed still incomplete in view of Ivorian demographic dynamism.

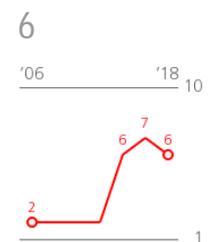
The significant abstention is partly due to the overall disinterest in political life. It is particularly high in the regions that traditionally supported Laurent Gbagbo, nevertheless where the call for boycott by some opposition activists finds a certain echo.

Generally, elections have been free and fair.

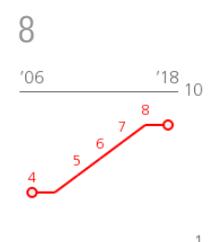
In principle, the Ouattara government is capable of effectively governing the country. The strongest veto players continue to come from within the security apparatus, where former rebel commanders and militia members who played a major role in the military victory over Gbagbo have maintained control within the new security apparatus. The effective power wielded by these veto players can be seen in the stalling of the reconciliation agenda and in the lack of judicial procedures against war crimes committed by loyalist security personnel. Concerns about the security situation emerged in January when some elements of the army, demanding better pay and working conditions, mutinied against the government. Dissatisfied soldiers, predominantly former rebels integrated into the national army, took control of the second-largest city, Bouaké. Despite the mutiny, the situation was relatively calm and no violence was reported. Another protest by soldiers erupted the same month in several other cities that day, including in the capital, Yamoussoukro, where at least two soldiers were reportedly killed during the unrest. Constitutional reforms in 2016 excluded Guillaume Soro, former rebel leader, from becoming the automatic successor to President Ouattara in the case of death or illness. This was generally interpreted as a successful attempt by Ouattara to limit the political influence of former rebels in government.

The law provides for freedom of assembly and association, which is generally respected. The U.S. State Department reports that the law requires groups that wish to hold demonstrations or rallies in stadiums or other enclosed spaces to submit a written notice to the Ministry of Interior three days before the proposed event. Numerous opposition political groups reported denials of their requests to hold political meetings and alleged inconsistent standards for granting public assembly permission. In some instances, public officials stated they could not provide for the safety of opposition groups attempting to organize both public and private meetings.

Effective power to govern



Association / assembly rights

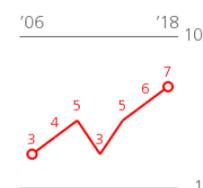


The freedom of civil society groups and opposition parties to operate was largely constrained between 2002 and 2011 due to repressive policy measures (including prohibitions on public demonstrations for extended periods) and the activities of youth activist groups in the south, as well as a general absence of the rule of law in the north. Since 2011, things have improved strongly, with few problems remaining in the Liberia border region where independent societal activities are hampered by a lack of security. Union activity has continued to be strong throughout.

The many years of political instability and territorial division have made access to balanced information very difficult. Although the situation has changed since 2011, opposition media remain subject to threats and pressures from the government, especially during electoral campaigns. The constitutional provisions for freedom of expression are thus only partially respected in practice, and journalists remain vulnerable to physical and other abuse by police. The public media remains firmly under the control of the incumbent government, but there is an abundance of private media which openly criticize the government. The National Communication Council continues to lean harder on opposition newspapers than on pro-government ones, but journalists are no longer subjected to outright abuses. Côte d'Ivoire was ranked 86 out of 180 countries in the Reporters without Borders 2016 Press Freedom Index, and was categorized as “partly free” (with a score of 51) in Freedom House’s Freedom of the Press Index 2016.

Freedom of expression

7



### 3 | Rule of Law

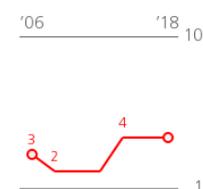
Côte d'Ivoire has a long history of complete presidential control of the political process. Political liberalization during the 1990s did not lead to any meaningful political empowerment of the parliament. The victory of opposition candidates in both the presidential elections in 2000 and 2010 did not significantly change the logic of governance, as presidents Gbagbo and Ouattara both shifted decision-making processes to a narrow group of collaborators, marginalizing ministers from allied parties such as the PDCI.

The most recent parliamentary elections (December 2016) reestablished a fully legitimate parliament, but the meager representation of the opposition reduced the possibility that parliament will become an effective institution of governmental oversight within the current legislative term (2016-2021).

The elections could thus not reverse the structural annihilation of parliamentary oversight, a situation initially justified by the emergency situation in which the Ivorian state found itself in the post-2002 period. The president has repeatedly claimed that he wants to establish an accountable government, but whether state actors are subjected to law is a matter of debate. The strongest effective check on

Separation of powers

4



government likely remains the extra-constitutional veto players in the security apparatus.

The judiciary can only insufficiently balance the hegemony of the executive.

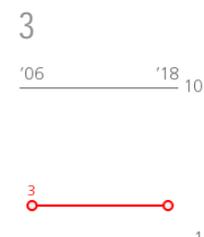
Formally, the judiciary is institutionally distinct, but its decisions and doctrine have always been subordinated to the government of the day. Both the constitutional and the regular branch are vulnerable to executive intervention, lack adequate resources and are riddled with corruption. Prior to the civil war, a series of major judicial reforms were announced (installation of a Supreme Court of Appeal and of an Audit Office), but only the Court of Audit has been implemented yet. This new institution suffers from the lack of political will to fully implement its mandate. The independence of the Constitutional Court was decisively compromised by its controversial position in the electoral crisis of November 2010. The judiciary's lack of independence has been confirmed by the legal treatment of war crimes. While several hundred officials of the Gbagbo administration had been put on trial and finally convicted by the end of 2014, only a few cases were opened which accused former pro-Ouattara militias, with none leading to convictions by the end of 2016, although the involvement of pro-Ouattara forces in criminal acts had been demonstrated by a U.N.-led expert mission in 2011.

There is a long tradition of financial malpractices in the country, encouraged by the absence of auditing, and each new government implicated in a number of new scandals. The fight against corruption has not been the main priority of the government that took power in 2011. In the current environment, corrupt officeholders do not face any significant adverse publicity from civil society, the media or opposition parties, and are generally not subject to legal prosecution.

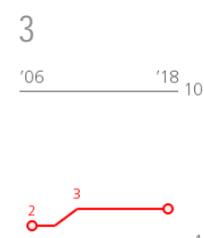
At times, officeholders and high-ranking officials attract adverse publicity but are only sometimes prosecuted. In May 2016, the government fired the director and deputy director of the Cotton and Cashew Council following an audit. The U.S. State Department however finds that high-ranking officials can mostly count on impunity. It is more likely that petty corruption is prosecuted. In September 2015, the Ministry of Public Service declared it had identified more than 2,000 workers who had not passed the necessary entry examinations, and who thus most likely had bribed their way into the position.

After the outbreak of civil war in 2002, most civil liberties existed only in theory, in part because of the prolonged lack of a nationwide monopoly on the use of force, but also because of the lack of political will and judicial control. In the run-up to the presidential elections and in the unrest following the second round of polling, more than 3,000 people were killed by security forces or militia groups. Although the situation has been normalized since May 2011, the lack of control over the security sector still leads to numerous human rights abuses in all parts of the country, including gender-specific rights violations in the period under investigation. The

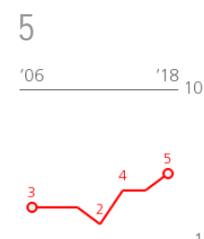
Independent  
judiciary



Prosecution of  
office abuse



Civil rights



U.N. Human Rights Commission cited the following inter alia: cases of torture, extrajudicial executions, cases of disappearance and lack of police investigation and judicial prosecution; insufficient protection of LGBT and albinos against discrimination; and insufficient enforcement of legal provisions to suppress female genital mutilation. With very few exceptions, the perpetrators of mass murder and serious violations of human rights committed since the first coup in 1999 have not yet been brought to justice and some of them continue to pursue their career in the army.

According to a report by the United Nations Operation in Côte d'Ivoire's (UNOCI) Human Rights Division in July 2016, 7% of alleged perpetrators of rape were state agents, particularly members of the armed forces and teachers. According to Amnesty International, police raped one student and sexually abused another during university protests in April 2016. The government did not take action against the accused and even denied the allegations.

In September 2012, the government introduced a law to strengthen the national Human Rights Commission (CNDH-CI), providing for representation by civil society organizations (a step considered insufficient by the relevant U.N. body). The CNDH still suffers from a lack of financial resources, human capacity, but also from political will to fully implement its mandate.

#### 4 | Stability of Democratic Institutions

With the 2010 and 2015 presidential elections, the 2011 and 2016 parliamentary ballots, and the local and regional elections in 2013, the country has a democratically-elected government at all tiers of government (although competencies of local governments remain very limited).

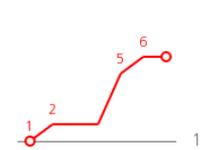
The constitution provides for a democratic regime, and no elite actor questions the legitimacy of democratic institutions per se. The extent to which the behavior of elites is primarily shaped by these institutions can nevertheless be questioned. Given the dominance of the presidency, relatively little friction exists; however, this reduces the functional quality of other institutions such as parliament and more broadly speaking, horizontal and vertical accountability.

Democracy has clearly become “the only game in town,” but all elite actors stick to a narrow and legalistic interpretation of democracy as majority rule that may in fact have discredited democracy in the eyes of large segments of the population. After Ouattara's victory, Gbagbo's allies decided to boycott the parliamentary elections and some continue to do so. Some members of civil society and the political opposition had called for a boycott of the new referendum, arguing the drafting process was not inclusive and that voters were not properly informed about all the proposed changes. Nevertheless, President Ouattara formally signed the new

Performance of democratic institutions

6

'06 '18 10



Commitment to democratic institutions

6

constitution into law on 8 November. President Ouattara has no record of being a committed democrat, and the northern military officers who took arms against Gbagbo's elected government in 2002 and are now the leading figures in the military apparatus can hardly be considered supportive of democratic institutions, however willing one might be to accept their moral case for fairer treatment of northern populations.

Whether elite actors truly accept democratic institutions (including rule of law) will become clearer only at the end of the current presidential term when Ouattara is not allowed to stand again and a more open competition is likely to emerge.

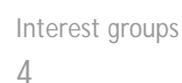
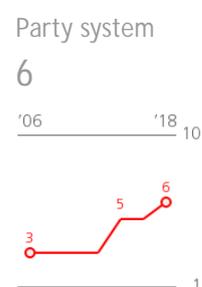
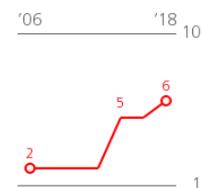
## 5 | Political and Social Integration

The Ivorian party system is characterized by relatively low fragmentation and is stable (i.e., low voter volatility), partly due to regional and ethnic voting. Three political parties have dominated Ivorian political life since the mid-1990s: the FPI, the RDR and the PDCI. Their party leaders continued to dominate political life through 2016, although the FPI has been paralyzed by the removal of its leader Gbagbo, who faces charges at the International Criminal Court in The Hague.

Both the FPI and the PDCI have a very long tradition of political participation, and used to be strongly rooted in society. To an extent, violent conflict has frozen the party system, hindering new parties from emerging. Although the New Forces rebel movement today participates in government, and former rebel leader Soro became Ouattara's prime minister following the 2010 elections (now speaker of parliament), the movement did not transform itself into a political party but has merged with the RDR.

In the highly polarized and violent political competition that characterized the country after 2002, formal political party structures had little space to organize, and consequently had no meaningful role in aggregating and moderating social interests. While RDR and PDCI have consolidated themselves as ruling parties, the decision of one FPI wing to return to the political process was not rewarded by voters. But no other party has managed to fill this part of the political spectrum, and due to FPI's uncertain future and position, the whole party system remains somehow unbalanced and unevenly institutionalized. Parties are also substantially personalized and thus clientelistic.

Many interest groups, from cocoa planters' associations to student unions, continued to exist even throughout the last decade of violent conflict. However, they cooperate only rarely (numerous additional planters' associations have emerged since 2005), and have no or even a negative influence on political processes. The country lacks a tradition of constructive relationships between the state and interest groups (with the exception of the economically important export sectors)



Important social interests remain underrepresented, especially in the case of religious and ethnically cross-cutting interest groups that were much more active in the 1990s. Civil society, although formally represented in the reconciliation and reparation committees of the government, has not managed to push the government toward a more substantive policy of reconciliation. Trade unions in the public sector remain quite strong and mobilized heavily in the second half of 2016 against a new retirement scheme (introduced in 2013, but whose effects were felt only in 2016).

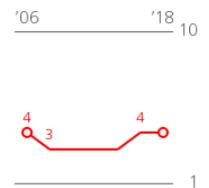
Results of both Afrobarometer rounds held in Côte d'Ivoire show an overall positive assessment of democracy as the preferred regime type (83%) and a strong support for free and fair elections (85%), as well as a strong support for multi-party rule (79%). Côte d'Ivoire has one of the highest “demand” for democracy throughout the whole African continent. No data on the actual performance of democratic institutions or trust in the government, however, was collected. Ivoirians are also very clear about their refusal of military rule.

The survey results, however, have to be interpreted within a tradition of democracy which amounted to benign authoritarian rule (*houphouetisme*) or to exclusionary varieties of nationalism (as exemplified by the FPI and Gbagbo).

Voter turnout rate was very high in the 2010 elections (over 80%). This should not be taken as a conclusive sign of approval of democratic elections per se, but rather as a sign of the elections' de facto political relevance and the extent of political mobilization. In fact, the turnout in the 2015 presidential elections came down to 54.6%. The turnout rate in the legislative elections of December 2016 was 34%.

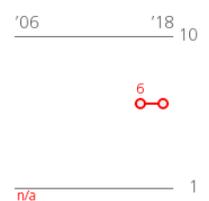
The lack of trust within the ethnically mixed neighborhoods in many parts of the country (which also pits indigenous and migrant populations against each other) has been identified since the 1990s as a major root cause of social conflict. Civil war and evictions of migrant workers have aggravated the problem. Violent clashes have stopped since 2011, both between migrant workers from Mali or Burkina Faso and some ethnic groups and between Baoule and Bete groups, as well as more recently in the western part of the country between various ethnic groups. In the northeast of the country, there is a persistent long-term violent conflict between farmers (Lobi ethnic group) and transhumant pastoralists (Pheul ethnic group).

Although many local peacebuilding activities have been implemented, often with the help of external funding, and many reports indicate stronger capacities for peace within local communities, there is little indication of generalized social capital (i.e., beyond bonding) that cuts across ethnic and other identity groups within the Ivorian social fabric. Survey data show nevertheless that more than half of the population does not see any problem living with people of different ethnic or religious background. There are many voluntary and autonomous civic and other social associations, but they lack funding and have other organizational shortcomings.



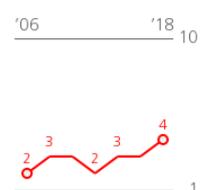
Approval of democracy

6



Social capital

4



## II. Economic Transformation

### 6 | Level of Socioeconomic Development

While Ivorians themselves tend to consider their country as the economic powerhouse of francophone West Africa, according to empirical evidence the country is one of the world's poorest developing countries (ranked 172 of 188 countries on the Human Development Index 2015), Côte d'Ivoire exhibits social marginalization that is massive quantitatively and qualitatively, and is clearly structurally ingrained. Almost all relevant indicators point to severe problems, although violent conflict has made collection of valid data difficult or impossible over the last 15 years. For instance, data on income inequality (producing a Gini coefficient of 0.43) still refer to 2008. According to World Bank data, the percentage of people living under the poverty line of \$2 per day increased during the phase of civil war and instability continuously to 59% of the population before going down to 46% in 2015. Gender inequality is a severe problem, and the country has one of the world's worst ratings in the United Nations' Gender Inequality Index (and the worst among predominantly non-Muslim countries).

The civil war led to a growing informalization of economic activities as well as to growing socioeconomic disparities between north and south. Although some socioeconomic problems have clearly been linked to the violent conflict and its consequences (i.e., the lack of administrative structures, and the precarious functioning of education and health facilities in the north for a couple of years), many barriers, particularly in the education sector, are structurally ingrained.

Question  
Score

Socioeconomic  
barriers

2

'06 '18 10

2 1

| Economic indicators |      | 2013    | 2014    | 2015    | 2016           |
|---------------------|------|---------|---------|---------|----------------|
| GDP                 | \$ M | 31273.0 | 35372.6 | 32828.5 | <b>36164.6</b> |
| GDP growth          | %    | 8.9     | 8.8     | 9.2     | <b>8.8</b>     |
| Inflation (CPI)     | %    | 2.6     | 0.5     | 1.2     | <b>0.7</b>     |
| Unemployment        | %    | 9.4     | 9.4     | 9.3     | <b>9.3</b>     |

| Economic indicators       |          | 2013   | 2014   | 2015    | 2016           |
|---------------------------|----------|--------|--------|---------|----------------|
| Foreign direct investment | % of GDP | 1.3    | 1.2    | 1.5     | <b>1.3</b>     |
| Export growth             | %        | 5.7    | -6.3   | 8.6     | <b>-5.9</b>    |
| Import growth             | %        | 5.8    | -12.1  | 16.5    | <b>1.0</b>     |
| Current account balance   | \$ M     | -632.7 | -      | -       | -              |
| Public debt               | % of GDP | 43.4   | 44.8   | 47.8    | <b>47.8</b>    |
| External debt             | \$ M     | 9839.9 | 9778.0 | 11363.0 | <b>11344.1</b> |
| Total debt service        | \$ M     | 1053.1 | 1002.7 | 808.1   | <b>1549.2</b>  |
| Net lending/borrowing     | % of GDP | -2.3   | -1.9   | -       | -              |
| Tax revenue               | % of GDP | 14.5   | 14.0   | -       | -              |
| Government consumption    | % of GDP | 12.7   | 12.3   | 14.3    | <b>14.2</b>    |
| Public education spending | % of GDP | 4.7    | 4.7    | 5.0     | -              |
| Public health spending    | % of GDP | 1.8    | 1.7    | -       | -              |
| R&D expenditure           | % of GDP | -      | -      | -       | -              |
| Military expenditure      | % of GDP | 1.4    | 1.5    | 1.7     | <b>1.2</b>     |

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

Although the country used to be hailed as capitalist model in Africa, the institutional setting for free markets and competition has never been sufficiently developed. This is particularly true in the vital cocoa sector, where uncertainty over economic fundamentals and regulation has persisted until recently. During the last years Côte d'Ivoire has, however, made progress in various areas, such as price regulation in the cocoa sector. The government continues to guarantee a minimum “farmgate” price to cocoa farmers and is also regulating many other prices.

The harmonization and more transparent regulation of private investments earned the country a much better score on the Heritage Foundation's 2016 Index of Economic Freedom. For the first time in two decades, Côte d'Ivoire is considered “moderately free” and is now ranked 90 out of 178 countries (10 in the Sub-Saharan ranking) with business, investment, monetary and trade freedoms being particularly successful.

Market-based competition

6

'06 '18 10



1

Throughout the decade dominated by military and political conflict, the informal sector gained increasing importance, with the incidence of smuggling and other illicit activities rising. With the joint efforts of the government and donor community this trend could be stopped.

The formation of monopolies and oligopolies has been the object of a new law which was enacted in December 2013. It is based on community policy norms agreed upon in the West African Economic and Monetary Union (UEMOA), the Francophone regional monetary and economic integration scheme, back in 2002. The legislation also led to the establishment of a commission to register and sanction monopolistic practices. The new legal framework has not, however, raised political interest in the issue, and the practical relevance of the commission, which took office in July 2014, for regulation remained unclear.

The lack of effective competition is clear in several sectors of the economy, particularly in the markets for fixed telephone, internet services, water and electricity distribution, and port services, where foreign-owned companies hold de facto monopolies.

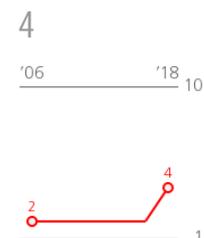
Rather surprisingly and in a context of a price hike for electricity, President Ouattara announced during the May 1st celebrations in 2016 an end to the monopoly of water and electricity provision as this would lead to a lowering of prices. It remained, however, unclear to local observers, how these monopolies could be ended in the short term as the state has contractual obligations over long periods of time.

Côte d'Ivoire used to be a regional hub, and has again started to attract considerable trade (and investment). Cocoa and coffee trade are to a large extent run by multinational companies. As the world's biggest producer of cocoa, the country's economy is strongly integrated into the world economy.

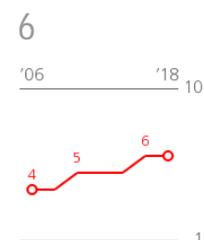
Foreign trade follows nondiscriminatory principles (as provided for in the West African Economic and Monetary Union (UEMOA) and Economic Community of West African States (ECOWAS) regional programs), but domestic rules, administrative barriers and informal interventions by officeholders still constrain the liberalization of the foreign trade regime in practice. The UEMOA Commission has exclusive authority over the common trade policy of its members vis-à-vis third states. Since the late 1990s trade policies have been substantially harmonized by the commission, resulting in a common trade policy in fields such as customs taxation at the border (Common External Tariff in force since January 1, 2000), bank domiciliation of trade transactions and rules of origin.

In 2012, the first WTO trade policy review in 17 years was conducted. It made clear that Côte d'Ivoire has to further simplify its tax system and bring its bound and applied rates in conformity with WTO provisions (in the WTO, the UEMOA member states have individually bound their customs duties and other duties and taxes), as

#### Anti-monopoly policy



#### Liberalization of foreign trade



well as to refrain from minimum import prizes and quantitative restrictions. Côte d'Ivoire was one of the first African countries to ratify the WTO trade facilitation agreement in December 2015.

Côte d'Ivoire also signed an interim Economic Partnership Agreement (EPA) with the EU in 2008 (remains unclear by early 2017 whether ECOWAS will sign the joint EPA); and since 2011 has (again) become eligible for the U.S. government's African Growth and Opportunity Act (AGOA).

The banking sector survived the politico-military conflict relatively well, but suffered from the increase in government arrears owed to the private sector (most of which were cleared since then) and the temporary closure of banks in the north and west. 26 banks manage about 80% of the financial sector assets. Ten foreign-owned banks dominate the banking sector, followed by seven subsidiaries of regional banking groups and five locally owned private banks.

A legal framework for the banking system and capital market is in place. The modernization and restructuring of the financial sector remains one of the top priorities of the government. The contribution of capital markets and non-bank financial institutions to private sector funding remains limited owing to their size and insufficient development. The West African Regional Stock Exchange (BRVM) is located in Abidjan with 42 listed companies as of 2016 (the bulk of which is Ivorian). The BRVM has grown somewhat in size in the context of strong economic growth, but has yet to become a major source of funding for private sector activity.

According to BCEAO figures, the average bank capital adequacy ratio fell to 8.3% at end of 2015, only slightly above the UEMOA norm of 8%, as credit grew without a compensating increase in capital buffers. Most banks respect liquidity ratios, with public banks' liquidity ratios having deteriorated more in relative terms.

Public banks, the financially weakest segment of the financial sector, are undergoing restructuring. The minority public sector stakes in two smaller banks were sold. The authorities successfully liquidated the public agricultural bank, two other public banks are slated for privatization. The authorities intend to retain two public banks, which either play a significant role in the rural areas or provide credit to sectors where private banks do not have large presence.

In 2014, the African Development Bank returned its headquarters to Abidjan from Tunis, where it had moved in 2003.

#### Banking system

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1

## 8 | Currency and Price Stability

As a member of the CFA franc monetary zone, Côte d'Ivoire cannot pursue an independent policy regarding currency and foreign-exchange rates. The currency is pegged to the euro (formerly the French franc), and the Central Bank of West African States (Banque Centrale des Etats de l'Afrique de l'Ouest, BCEAO) is fully independent with priority given to targeting inflation.

With some exceptions, such as a spurt of inflation after the CFA franc was devalued in 1994 (and a temporary peak of 6.3% in 2008 due to the surge in international food prices), this has led to relatively low inflation rates (between 1.0% and 5% throughout the last decade; 1.2% in 2015). Even the political unrest produced no discernible increase in the inflation rate.

As the country tended in the past to fall quickly into domestic and external payment arrears, fiscal policy used to be the main source of disagreement with the IMF. Programs were negotiated, suspended and resumed after 1999. After 2002, the country lapsed in its performance commitments, and programs suspended with the outbreak of civil war in September 2002 were resumed only in 2009. Despite some ongoing fiscal slippage and extra-budgetary expenditure, the IMF awarded the country a poverty reduction and growth facility (PRGF) in March 2009, and was quite optimistic about future prospects.

After the arrival of former top IMF official Alassane Ouattara at the helm of the state in April 2011, relations with the Bretton Woods institutions improved. The government completed its responsibilities under the Highly Indebted Poor Countries (HIPC) initiative in July 2012, allowing it to write off large amounts of multilateral and bilateral debt. Since 2013, there has been a slight upward trend in the debt-to-GDP ratio (public debt 48.9% of GDP in 2015).

The Bretton Woods institutions continue to be quite optimistic concerning public financial management and the consolidation of sound macroeconomic policies, a fact reflected in the relevant indicators. The IMF nevertheless reminded the government in June 2016 of the need to continue with a prudent fiscal policy. Notwithstanding the ambitious public investment, inter alia in education and health policies, government consumption has remained modest from a comparative perspective (14.9% of GDP in 2015).

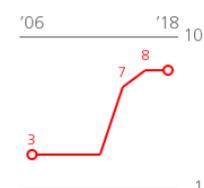
Anti-inflation /  
forex policy

8



Macrostability

8



## 9 | Private Property

Property rights in Côte d'Ivoire are adequately defined but cannot be considered satisfactorily safeguarded by law. According to the World Bank, the country has made enormous progress with regard to the protection of property rights and the acquisition of property. This is partly due to the implementation of a 2011 law which reformed the cadaster and facilitates the registration and protection of land titles.

The biggest problem with property rights remains land tenure, especially the ability of (second-generation) immigrants to secure property rights to the land they farm, as the relevant legislation of 1998 has not yet been properly enforced (the deadline to claim land according to the new legal procedures was extended again until 2019).

Private companies represent the backbone of the economy (accounting for 85% of GNP). The government encourages foreign investment, including in the privatization of state-owned and public firms, although in most cases the state reserves an equity stake in the new company.

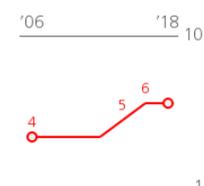
Entrepreneur associations continue to complain about high domestic production costs, especially related to electricity, poor transportation infrastructure and the banking sector.

The IMF has over the years repeatedly expressed concern about the poor operating environment for business, but now the country has strongly improved its previously miserable standing in the World Bank's Doing Business Index. Starting a business no longer requires an average of 32 days and 10 procedures (as in the previous BTI report) but only seven days and four procedures. This is due to a rationalization of administrative procedures, a new investment code and a concentration of competencies in one single authority (Guichet unique de formalité d'entreprises). Other aspects of business activity, such as getting access to credit, dealing with construction permits or paying taxes, remain much more problematic. In 2014, the Government established a specific Commercial Court to speed up business rulings; it also approved new investment and mining codes which are business-oriented and grant important incentives to private investors, and adopted an electricity code, which includes an appropriate framework for the management of physical and financial flows in the electricity sector.

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. In November 2011, the government created a new state-regulated cocoa and cashew marketing mechanism, which entered into force during the 2012 to 2013 cocoa harvest and is considered to have contributed to the record harvests in the following years.

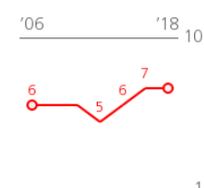
Property rights

6



Private enterprise

7



In 2014, the Government proposed a program to privatize a quarter of public enterprises, including approximately 15 public or semi-public enterprises, banks and the sugar company Sucrivoire (as a subsidiary of SIFCA) by the end of 2015, but the process has been slow to take hold, except in the banking sector.

## 10 | Welfare Regime

The government has committed itself to poverty alleviation, but the country still suffers from years of political instability. The last PRGF was concluded in 2009, but IMF and World Bank have continued to support the National Development Plan (PND, 2012-2015, 2016-2020).

Employees in the public sector continue to have access to a well-developed social security system, but only a small part of the population belongs to this category. Social services have deteriorated owing to a lack of funding, a fact confirmed by the latest data on life expectancy, which have fallen to a historic low of 51.6 years (one of the absolute lowest values worldwide). The large informal sector contributes to poverty reduction, albeit to an unknown extent. Public expenditure for health stood at 1.7% of GDP in 2014, but the government has invested a lot in free public education and the public health system over the last years, including in theory unlimited free health services to pregnant women and children up to the age of five.

Following the elaboration of a national Strategy of Social Protection in 2013, the government launched the Couverture Maladie Universelle (CMU) in December 2014, a fee-based public-supported health insurance scheme which still needed to be fully implemented by the end of 2016.

Women lack adequate access to public office and to educational institutions, as shown by the low percentage of women in parliament (11.9% in the parliament elected in December 2016) and a significantly lower female literacy rate of 32.7% (in contrast to 53.3% for men; 43% combined). Female enrollment in the education system faces still many challenges, although the situation has improved over the last three years (the ratio of female to male enrollment at the primary level is 0.9%, and 0.7% at the secondary level). Women also form only 38% of the labor force. The U.N. has also repeatedly pointed out that the government does not enforce the legal prohibition of FGM which is still a prevalent practice in some rural areas.

While equality of opportunity is protected by the constitution and other legal norms, people from the north have faced discrimination in the education system and the job market since the mid-1990s. With a northerner now holding the presidency since 2011, this discrimination has stopped but the effects of previous marginalization are still felt. Other minorities, such as albino and people with LGBT sexual orientation, face discrimination and lack legal protection.

Social safety nets



Equal opportunity



## 11 | Economic Performance

The severe political-military crisis of the last fifteen years, the civil war and the division of the country after 2002 plunged Côte d'Ivoire into a severe economic crisis with negative growth rates. However, a sound structural base prevented the economy from collapsing altogether despite the disruption to infrastructure and the business environment. High cocoa prices and oil exploration in the Gulf of Guinea, sectors which remained largely untouched by the conflict, triggered economic growth even during the era of President Gbagbo. The year 2009 saw real growth in per capita income for the first time since 1998, and following negative growth in the civil-war-torn year of 2011, most macroeconomic indicators today show very positive prospects. According to the African Economic Outlook, the country's growth rate stood at 8.4% in 2015 (with an estimated rate of 8.2% for 2016).

The debt situation has been relaxed, as a significant amount of external public debt was written off following the completion of the HIPC program. The government announced a success in its efforts to bring down unemployment by the end of 2015 to 7%. The official unemployment rate (2014) stood at 4% but should be treated with caution (mainly because of the relative importance of the informal sector).

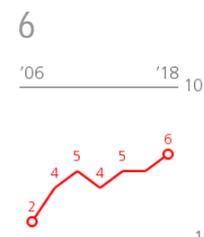
Overall potential for further economic growth is perceived to be strong (not least by the government which claims Côte d'Ivoire to be an emerging economy by 2020), for example by strengthening the tax base and further attracting FDI (continuously increasing since 2012). The economic prospects, however, heavily depend on the Ouattara government's ability to further guarantee political stability.

## 12 | Sustainability

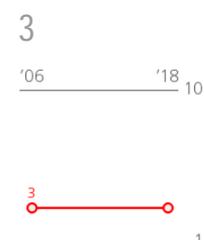
Ecologically compatible growth receives only sporadic consideration, and the country has only a rudimentary framework for environmental policy (notwithstanding the increased emphasis on sustainable development). There is quite limited public awareness for environmental concerns as well. The country was ranked 127 out of 180 countries on the Environmental Performance Index 2016, with a score of 59.9.

The country still depends on commodity exports, but the fiscal squeeze passed on to producers for decades has led them to use extensive cultivation methods, and the stock of virgin forest has been completely destroyed despite the existence of strict regulations restricting commercial logging and agricultural encroachment since the 1990s. The lax and irresponsible handling of ecological issues was revealed by a serious toxic waste disaster in late August 2006.

Output strength



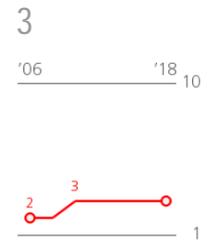
Environmental policy



In terms of educational infrastructure, Côte d'Ivoire has a very poor record. Since independence, the country has put more emphasis on importing skilled people than on developing its own training capacities. Expenditure on education was never low, and averaged about 4.6% of GDP over the last decade and stood at 4.7% in 2014. Although the government has made basic education one of its top priorities since 2012, the quality of education continues to be rather poor, as shown by a very low overall literacy rate of 43%. Gross enrollment in the tertiary sector increased to 8.7% in 2015, but still remained comparatively low. There is also substantial gender inequality in education, shown by much lower illiteracy among women and lower enrollment rates in all sectors (see also in equal opportunity).

The state does not invest in research and development. The universities have been victims of the political-military crisis, and there is very little space and capacity for research.

Education policy /  
R&D



## Governance

### I. Level of Difficulty

It is quite difficult to distinguish between constraints that are structural and those that are man-made and result from the political leadership's actions (especially as the same men have been governing the country for the last 30 years).

In 2011 the Ouattara government inherited an already impoverished country with low human development, a shrinking educated labor force, a highly polarized political process and violent social conflicts. The division of the country which lasted over eight years created a terrifically difficult governance legacy. At the same time, Côte d'Ivoire had the most developed economic infrastructure in francophone West Africa before the civil war, and the fact that production in the cocoa sector increased in comparison to the pre-2002 period shows that the country is still benefiting from favorable climatic, geographical and structural conditions. The country also has only started to exploit its mineral resources such as oil and gas.

Traditions of civil society hardly exist, and have weakened further over the course of the protracted civil conflict. The landscape of voluntary organizations is concentrated within the economic sector, in which independent planter associations have existed since colonial times. However, these activities generally lack a component of civic or public engagement.

The climate of intimidation and the militarization of public life following the 1999 coup d'état effectively crushed the potential for stronger civic participation in public life. Elements of civil society such as student unions themselves became drivers of polarization and confrontation. The persistence of insecurity caused by militia attacks along the border with Liberia and the lack of a serious reconciliation policy of the government has not helped to overcome the climate of mistrust and repression.

With the end of the war in 2011, the framework conditions for civil society activism improved, but the number of active civic associations remains quite low.

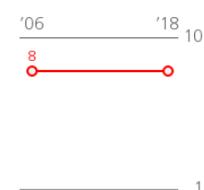
Structural  
constraints

7



Civil society  
traditions

8



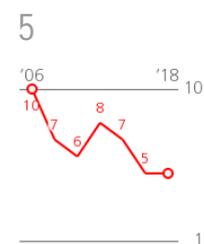
There are more than 50 different ethnic groups in Côte d'Ivoire. After years of social harmony and the promotion of migrant work by citizens of neighboring countries on the part of late President Houphouët-Boigny, successor governments have exploited ethnic resentments to their narrow political advantage.

Ultimately, the country plunged into a violent conflict with an overt ethnic dimension. Although open military conflict was halted in late 2004, violence between communities continued to occur, especially in the villages of the western cocoa belt. Following the electoral crisis and the establishment of two parallel governments in December 2010, the country entered a new phase of violence that ended only with the military occupation of Abidjan in April 2011 by rebels and international military forces. Renewed military attacks by FPI loyalists mainly in 2012 and in a more sporadic fashion until mid-2013 proved that the society is far from pacified.

While open violence has stopped (except for some isolated incidents along the border with Liberia and recurrent inter-communal clashes in the northeast between Fulani herders (allogeneic) and Lobi (indigenous) farmers), Côte d'Ivoire remains a divided society where one segment of the population tried to use its political dominance to establish a populist-nationalistic regime based on the idea of citizenship restricted to southerners and Christians. When Gbagbo's regime was defeated, his party and supporters were imprisoned or fled to neighboring countries. Many have returned and are partly reincorporated into the political process, but the division of the political elite remains as marked as ever, as the new government makes no attempts to be more inclusive than their predecessors.

At the level of the population, ethnic and religious conflict is perceived to be less strong and there is little open political mobilization along ethnic lines.

Conflict intensity



## II. Governance Performance

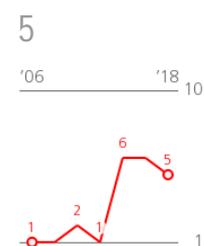
### 14 | Steering Capability

The Ouattara government has concentrated on economic reform and social policies and a broader strategy which represents a fair balance of promoting private investment, tackling the reorganization of key sectors, and focusing at the same time on long-neglected priorities of education and basic health services. Overall, the government has developed quite a coherent agenda hailed by donor agencies.

With regard to the long-standing conflict issues which caused the political polarization and violent conflict, citizenship and land, two laws were drafted and approved in 2013. This allowed several thousand second-generation immigrants to gain citizenship. But the constitutional reform confirmed in a popular referendum in

Question  
Score

Prioritization



2016 was a disappointment as it was limited to defending and entrenching the interests of the president and the ruling party and was clearly dictated by short-term benefits rather than long-term strategic priorities.

The government has also failed to make any significant progress in fully restructuring and modernizing the security apparatus. The mutiny in January 2017, initiated by former rebels now integrated into the army, revealed both ongoing conflicts within the army as well as the capacity of soldiers to disrupt the political process and to question civilian supremacy.

The government has managed to implement most of its reform agenda, tackling reorganization of key sectors, and setting a priority on large infrastructure projects (roads, electricity), education and health. Other, more structurally oriented reforms regarding the reorganization of the security apparatus, judicial reform, or decentralization have been much less thoroughly implemented (or not even seriously initiated), both due to the technical complexity of the issues, but also to the political resistance of key actors within government.

However, the mutiny in the security forces in January 2017 illustrates some of the problems in implementing reforms. Security sector reform includes coping with past atrocities, but also with more profane issues. The soldiers were seeking raises, bonuses and shorter tenures of military service, among other issues, parts of which were promised in order to end the revolt.

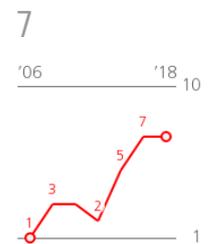
With the exception of the key political themes such as security reform or reconciliation, it would be difficult to clearly identify reform drivers and status quo defenders within the executive. The broader economic reform agenda has no clear opponents within the cabinet.

The very notion of policy learning assumes a relatively strong coherence to policy-making, a condition which generally seems to have been restricted to the management of macroeconomic policies. However, in this area, the finance minister has established good relations with international financial institutions, particularly through the improvement of national fiscal management.

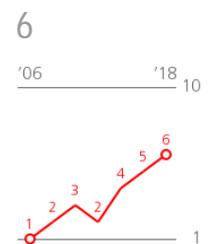
The reform of the cocoa, cotton, and cashew sectors, ongoing since 2011, is perhaps a more direct example of policy learning, as evaluation of prior reforms has led to a reassessment of the state's role in managing the cocoa market and price regulation.

In other sectors, governmental action continues to be more a matter of seamanship than of navigation – that is, of staying afloat rather than going somewhere, to use terms coined by Jackson and Rosberg. The state still lacks institutionalized mechanisms for facilitating innovation in policy-making.

#### Implementation



#### Policy learning



Again, the reaction to the soldier mutiny in Bouaké and other cities at the beginning of 2017 shows a relatively fast reaction when the government promised higher pay. Such policies however often lack a more long-term and preemptive perspective.

## 15 | Resource Efficiency

It is difficult to assess the efficiency in using available resources, partly because the availability of human resources has shrunk over the last decades and the government faces problems identifying qualified personnel to join the public service. The government conducted a general census of public servants in 2012 and initiated a new and more comprehensive management system for the public service. Among top governmental officials, there is relatively little turnover.

Budget policies have further improved, as highlighted by the IMF, and there is more transparency. There are no independent audits of the cocoa and oil sector. The government was admitted in 2013 to the Extractive Industries Transparency Initiative (EITI) process and has now been reporting on a regular basis.

Decentralization is not a priority of the current government, but the country has a very weak tradition of decentralized governance. The establishment of universally valid national rules and policies was of higher importance given the many years of violent conflict and de facto territorial partition.

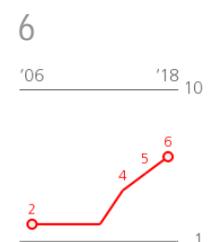
Looking at the various administrative reforms which ended the high fragmentation in various policy sectors the government has apparently managed to adopt a more centralized style of policy coordination which might also reflect the strong personalization within the presidential system of Ouattara and his growing capacity to marginalize competing networks.

Some major challenges in terms of managing competing objectives, however, remain. These do not result from conflict between different departments but rather reflect the continuing influence of veto actors (mainly former rebel commanders).

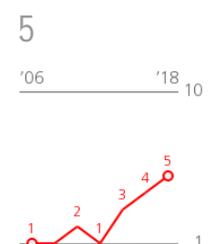
The government has set all its priorities on economic recovery assuming that this will increase legitimacy, mitigate land conflicts and make people forget the legacy of ethnic polarization and violence.

At the same time, the neglect of more substantial reforms in the security sector and the apparent lack of interest in a more comprehensive understanding of transitional justice puts the economic recovery and the gains in terms of human development at permanent risk.

Efficient use of assets



Policy coordination



The severe economic downturn during the many years of political-military conflict led to higher levels of generalized corruption (i.e., petty and bureaucratic) and venality at all levels of public administration, especially in the case of judicial proceedings, contract awards, and customs and tax issues. The highly publicized corruption-related arrests of top managers within the cocoa sector or of public officials in the context of the toxic waste scandal certainly did not result from any systematic anti-corruption policies. In some of these cases the state was even unable to present sufficient evidence, and the accused had to be released without charge.

It seems that the fight against corruption features more prominently on the agenda of the Ouattara government. The president, previously the only person obliged by law to declare his interests and assets, forced his ministers to sign an anti-corruption oath, but was soon accused of hiring his own close family members to top positions in the government. In 2014, a presidential decree extended the declaration of assets to all top politicians at national level (including MPs) as well as district governors and mayors and top managers of public companies and institutions (declarations remain confidential; approx. 4,600 persons is concerned).

A National Plan on Good Governance and the Fight Against Corruption was launched in 2013 together with a new institution, the High Authority for Good Governance (HABG, operating since 2014). The government had also planned to create a Special Tribunal for the Fight Against Corruption, a plan not implemented yet. The institutions meant to oversee the utilization of public funds (Inspecteur General des Finances, Cour des Comptes) are understaffed and thus not effective in preventing abuse and corruption.

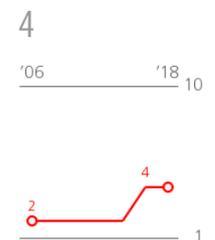
By law, political parties are supposed to report their finances annually to the Cour des Comptes, but the reports' publication (as provided by the law) is not enforced. According to this 2004 law, political parties cannot accept donations from foreign sources and the use of public resources for electoral campaign is prohibited.

The effectiveness of Ouattara's anti-corruption policies and institutions remains to be seen. The HABG is involved in official investigations and publishes annual reports about its activities in the field of prevention, awareness-raising and investigation. It is, however, not a judicial body which could effectively sanction corrupt practices. So far there is still a notable lack of action against former rebel leaders who accumulated wealth during the military occupation of the north.

## 16 | Consensus-Building

The current political leadership aims at democratic and economic transformation, but this agenda does not reflect a broad political consensus. The Gbagbo government was certainly neither anti-democratic in its ideology nor anti-market in its policies; however, much of the Ivoirité (nationalism) debate started from the conflict between different notions of democracy – that is, a narrow and exclusionary notion based on

Anti-corruption  
policy



Consensus on goals

6

descent, the rights of autochthonous Ivorians and the majoritarian principle, versus a more tolerant and inclusionary notion of citizenship. The positions of at least part of the FPI and Gbagbo loyalists is still based on this narrow understanding, driven by the idea that Ouattara is not Ivorian and the state has thus been captured by foreigners. The Ouattara side, however, has now largely continued the legacy of interpreting democracy in purely majoritarian terms, although not based on ethnicity.

The Ouattara government is considered to be a staunch defender of a liberal economy, but its actions thus far have been quite mainstream and have strengthened state intervention, for example in the cocoa sector, the large infrastructure investment projects, or the strong promotion of public health and basic public education. The opposition has not been vocal on economic policies, and there is quite a large consensus on economic development and the strategies to move forward.

Although democracy as a long-term objective is not contested and the Ouattara government shows at least a partial reform agenda, there are still a number of actors in Côte d'Ivoire which challenge the supremacy of elected office holders. It still remains unclear to what extent military actors accept civilian supremacy. Some armed units of the national army left the barracks in November 2014, and again in January 2017, and blocked streets to force the government to accept their corporatist demands.

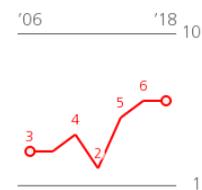
The FPI as the main (and only) opposition party continues to be largely paralyzed by power struggles between two opposing wings. Those leaders that returned to Côte d'Ivoire or were allowed to leave prison have reintegrated into the political process and run in elections (although without success). A group around former President Gbagbo continues to deny the Ouattara's legitimacy and boycotts elections. This group has no veto power, but hampers the building of a broader political consensus.

Both the former Gbagbo government and the present Ouattara government have done little to depolarize existing cleavages. Côte d'Ivoire comes close to a textbook example of the violent politicization of ethnicity.

Between 2001 and 2006, people were harassed or killed due to ethnic and linguistic affiliation by death squads that were tolerated or even armed by the government. The subsequent drop in levels of killings and ethnic violence was primarily related to the massive international military presence in the country, rather than to any change in the character of political management by Ivorian actors. The political-military division of the country, although formally ended in 2009, was a physical manifestation of sociocultural cleavages.

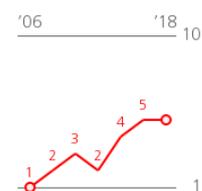
The post-electoral crisis of late 2010 and early 2011 saw a new wave of ethnically motivated killings, with both sides (and their allied militias) involved.

The current administration of President Ouattara cannot be accused of systematically fueling ethnic tensions. However, it has done little if anything to depolarize



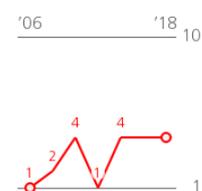
Anti-democratic actors

5



Cleavage / conflict management

4



cleavages. Ethnic cleavages remain salient in most parts of the country. The electoral cycle 2015 to 2016 has been quite peaceful and did not lead to a new outbreak of violence, but few local observers think the government is concerned with a broader societal consensus.

The already quite limited participation by civil society in the political process was weakened by the many years of political polarization, territorial partition and violent warfare.

Civil society actors did become more strongly involved in some sectors, such as the electoral process, especially in the function of electoral observation. However, they have been unable to fight the growing political polarization or find a role in the fight against corruption. The current government, if not directly pushed from outside (as in the case of the National Human Rights Commission), does not proactively involve civil society actors or engage with intellectuals, scientist and journalists.

Soon after his accession to power, President Ouattara government created a National Reconciliation Commission chaired by former PDCI Prime Minister Charles Konan Banny. However, this commission faced many challenges. It lacked an autonomous budget and sufficient resources to accomplish its role; moreover, all decisions and sanctions ultimately had to be made by the president of the republic. The commission ended its work in December 2014 among much criticism from the public and without any sanctions having been enacted. It organized the hearing of several thousand witnesses and victims across the national territory, but even the hearings in Abidjan remained closed to the public.

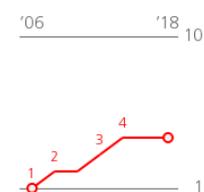
A fund was established to provide financial restitution to victims, but the press was quick to point out that the work of the commission had consumed more money than what is now made available to the victims. While the restitution has started, victims have complained about the small sums made available and the governments' assumption to have thereby successfully completed "reconciliation."

In 2015, two newly created or revamped governmental bodies, the National Commission for the Reconciliation and Compensation of Victims (CONARIV) and the National Program for Social Cohesion, launched processes to identify victims of past violence and begin providing reparations. But the work of these institutions has at times suffered from blurred roles and responsibilities and a lack of communication between the two.

Reconciliation at the national level was not helped by the legal action taken against former President Laurent Gbagbo and former militia leader Charles Blé Goudé at the International Criminal Court in The Hague. In December 2014, the trial against 80 former FPI politicians, including Simone Gbagbo, the former President's wife, started in Abidjan. While many FPI cadres have been condemned for war crimes, and

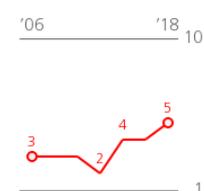
Civil society participation

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Reconciliation

5



have been imprisoned for up to 20 years, not a single former rebel leader has faced legal action.

The general perception in Côte d'Ivoire is that the Ouattara government lacks serious commitment, and the idea of national reconciliation has thus already been severely compromised.

## 17 | International Cooperation

Côte d'Ivoire's politics remains internationalized even after the end of the violent conflict with French military forces and the U.N. peacekeeping mission (UNOCI) still present on the ground.

Relations with donors, strained since the late 1990s, have strongly improved since Ouattara took over the presidency. In the past, donor funds had been suspended for prolonged periods of time owing to concerns about corruption and political instability. However, relations with international financial institutions have been formally resumed since 2011, and the country's HIPC program was completed in 2012.

International funding contributes toward reaching the objectives set by the government in the National Development Strategy (PND 2016-2020), although donor inputs are not specified there. As Côte d'Ivoire aspires to become an "emergent economy" by 2020, the National Development Strategy does not rely heavily on concessional development loans.

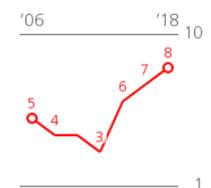
The current president is well aware that international assistance was essential in securing his access to office, and that the country's stability will depend on the government's capacity to regain international trust and reputation. This does not exclude the possibility of inconsistent policy-making or cases of rent-seeking within the administration.

President Ouattara is considered a credible and reliable partner by the international community, but the same is not necessarily true for all members of his government and administration. Some of the ministers as well as the speaker of parliament are former rebel commanders. International trust in the economic reform program is certainly much greater than in the capacity of the government to further democratize the political system or to strive for reconciliation and consensus.

The country's relationship with France has gone through various stages. The former colonial power remains Côte d'Ivoire's main trading partner, foreign investor and bilateral donor, and maintains a permanent military base in Abidjan. The French community has shrunk from more than 20,000 to around 8,000 people, but French-controlled business still accounts for a considerable share of the country's tax base. The current government is in good terms with France, and given the instability in the

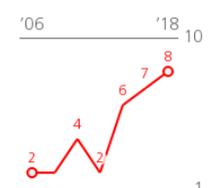
Effective use of support

8



Credibility

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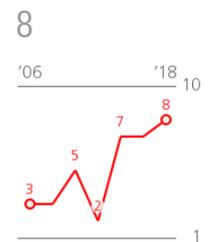
region, and the demise of long-term French ally Blaise Compaoré in Burkina Faso, Côte d'Ivoire's strategic importance for Western powers and France is likely to increase even more.

In terms of international legal obligations, the government has made some effort to comply with the requirements of reporting to the various human rights protocols which the country had signed and ratified in the past. It has ratified the new WTO Trade Facilitation Agreement (was never actively involved in dispute settlement), and supports the ICC.

Regional arrangements such as the Union Economique et Monetaire Ouest Africaine (UEMOA) and the Economic Community of West African States (ECOWAS) play a prominent role in Ivorian politics. Both regional organizations were quite influential in bringing the Gbagbo government down, and Gbagbo's nationalist policies had worried leaders in the Sahel countries with large immigrant communities in Côte d'Ivoire (though his anti-French stance won him friends in neighboring Ghana). After the 2010 elections, regional actors were heavily involved in helping to find a solution to the election and succession crisis. ECOWAS and the African Union both suspended Côte d'Ivoire's membership, seeking to put pressure on Gbagbo. The then-incumbent president also saw his government stripped of its drawing rights in the BCEAO. While ECOWAS had little military leverage, its diplomatic action against Gbagbo decisively legitimated the international military action against his government.

ECOWAS welcomed Ouattara's victory, even naming him ECOWAS chairman in his first year of office. Since that time, Ouattara has tried to play an active and constructive role in regional politics and to have good relationships with all neighboring countries. Ouattara was instrumental in pushing for ECOWAS military intervention in Mali. Côte d'Ivoire welcomed the deposed leader of Burkina Faso, Blaise Compaoré, when he fled his country on 31 October 2014 and Compaoré has stayed there since. Relations with Ghana and Liberia were temporarily strained due to the apparently tolerated presence of former top FPI officials in these countries and the continued influx of militias (in the case of Liberia), but since 2014 bilateral relations have greatly improved. Ghana and Côte d'Ivoire also asked the International Tribunal for the Law of the Sea to clarify a maritime border dispute around oil deposits in the Atlantic Ocean (in 2015 Ghana was ordered to stop further drillings in the disputed area).

Regional cooperation



## Strategic Outlook

Prospects for a peaceful transformation toward democracy and a functioning market economy in Côte d'Ivoire have further improved over the last two years. However, the main elite actors remain unchanged, meaning a cast of figures who have shown little sympathy toward de-escalating conflicts or a development-oriented mode of governance for over more than a decade. The elections alone certainly have not changed the mind-set of these elites. External actors have imposed a political solution which might have reflected the majority of preferences within the country, but this was achieved only by force and through the assistance of outsiders.

The Ouattara government has earned some credibility within the international community, but still lacks the domestic legitimacy needed to initiate more sustainable management of the country's various structural conflicts. Strong economic growth is more reflective of the misery from which the country was emerging in 2010 than a promising structural transformation of the economy, which is still dependent on the resilience of the cocoa and petroleum sectors. In order to move toward sustained economic growth, the government has to further invest in education and promote industrialization. Societal actors have not been able to propose alternative means of conflict transformation, and civil society has been a victim of the prevailing political polarization.

The electoral cycle of 2015 to 2016 consolidated the rule of President Ouattara and the alliance of RDR and PDCI. The opposition remains divided and weak, and while the country remained peaceful, the political system continues to be marked by a lack of strong horizontal and vertical accountability which does not bode well for the strengthening of democratic rule. A large quantity of small arms continues to circulate, and many local observers claim that only the 2020 elections (presumably without Ouattara who will have completed his two terms) will show whether the political elites can organize an open political competition without use of violence.

The positive momentum should be used by the international community to strengthen reform constituencies in the country further. The visible attempts by the president to create a more transparent and enlightened form of governance should be supported. It will take time and require lasting stability to reverse the clientelistic tendencies in the economy, especially in the export sector. Significant amounts of state income have been channeled into parallel budgets and have financed militias, both under Gbagbo and in the rebel-held zones in the north. More worrying, the former rebel leaders who now serve in the national army, continue to exert a lot of influence within the security apparatus and part of the government. A functioning market economy will not emerge overnight, but the country is certainly much better managed than in the first decade of the 2000s.

Côte d'Ivoire had no experience with democratic institutions, and the contested elections of 2010 and post-electoral violence have not helped in transforming the country's citizens into committed democrats. Paul Collier has cited Côte d'Ivoire as a prime example of how democratization will fail in such unfavorable circumstances. Recent developments might yet prove him wrong, but the final verdict remains very much open.