

BTI 2010 | Côte d'Ivoire Country Report

Status Index	1-10	3.53	# 115 of 128	
Democracy	1-10	3.20	# 116 of 128	➔
Market Economy	1-10	3.86	# 109 of 128	➔
Management Index	1-10	2.91	# 116 of 128	

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

This report is part of the Transformation Index (BTI) 2010. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	20.1	HDI	0.48	GDP p.c.	\$	1618
Pop. growth	% p.a.	2.3	HDI rank of 182	163	Gini Index		48.4
Life expectancy	years	57	UN Education Index	0.45	Poverty ²	%	46.8
Urban population	%	48.1	Gender equality ¹	-	Aid per capita	\$	8.6

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

Executive Summary

Côte d'Ivoire does not meet the minimum criteria for democracy. Due to the civil war and the subsequent division of the country, the limited progress made during the 1990s with regard to political participation and the establishment of rule of law has been reversed. Although a peace accord has been signed and the holding of presidential elections in 2009 or 2010 has become a realistic scenario, most questions that caused the conflict remain unsettled. As the contours of political community and citizenship remain contested, the political and social integration of Cote d'Ivoire has reached a historic low.

Some essentials of a market-friendly economic order have been maintained even in the recent years' unstable and violent context. Overall macroeconomic performance recovered slightly in the period under investigation, mainly due to the cocoa sector and oil exploration. The division of the country, although formally ended in January 2009, has led to a growing informalization of economic structures in both parts of the country.

Following the relapse into violent conflict and the establishment of two partly competing, partly overlapping de facto regimes, political elites have struggled to maintain a basic stability in their rule, and to guarantee the operations of the cocoa and oil sector. The establishment of a seemingly stable power-sharing government in Abidjan with rebel leader Guillaume Soro as prime minister is a sign of hope, especially with regard to its pragmatic but also apparently consensual style of decision-making. However, this government is neither an indicator of growing trust among the main elite actors, nor a point of no return. Violent strategies are still viewed as options for all parties if elections do not bring the intended outcome. Under these circumstances, structural economic reform is neither a realistic prospect nor a priority of the government (notwithstanding negotiations with international donors over these reforms). The main challenge is to reunite the country by organizing transparent and credible elections.

History and Characteristics of Transformation

The processes of political and economic transformation have followed different paths. After independence in August 1960, the country's first president, Félix Houphouët-Boigny, came to dominate the country's political life and economic decision-making, and in the 1960s and 1970s presided over Côte d'Ivoire's emergence as one of Africa's few stable and economically successful countries. A broadly liberal economic system with active integration into the world market was combined with a basically authoritarian mode of political regulation. Côte d'Ivoire's success as an exporter of cocoa (of which it is 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 people working in the administration and business, and a large influx of immigrant workers from neighboring Sahel countries 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 citizens 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 Prime Minister Alassane Ouattara. He conducted an economic reform program in the face of significant resistance from within the ruling Democratic Party of Côte d'Ivoire (Parti Démocratique de la Côte d'Ivoire, PDCI), particularly from the president of the National Assembly, Henri Konan Bedié.

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

Support for President Bedié, who initially benefited from the positive effects of the Central African CFA franc devaluation in January 1994, waned rapidly after 1998 due to growing economic recession and a lack of structural reforms, and because of a radical political nationalism intended to systematically disenfranchise Ouattara and his northern supporters. President Bedié was eventually overthrown in a bloodless coup in December 1999, which was

generally greeted with relief by the population, and – less openly – by international donors which had stopped financial support for the government owing to growing concerns about fraud and corruption. Initial hopes for a more thorough political democratization were soon disappointed when it became clear that the coup leader General Robert Guei would stand in the 2000 elections, and the FPI joined the PDCI in their nationalist policy stance leading anew 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. Laurent Gbagbo was declared the winner, over the protests of the RDR supporters. Clashes between RDR militants and FPI supporters subsequently turned violent, with many civilian northerners (i.e., pro-RDR) as victims. Despite substantial misgivings, France and the international community eventually endorsed Gbagbo's election.

Developments in 2001 seemed to presage an easing of tension, starting with local elections and a national reconciliation forum involving the four main leaders Gbagbo, Bedié, Ouattara, and Guei held in Abidjan in late 2001. The forum's non-binding recommendations offered a consensual framework (including modifications to the constitution, new immigration and land ownership laws, and the awarding of a nationality certificate to Ouattara) and a rise in world cocoa prices seemed to indicate an economic revival. A national unity government that included the RDR was established in August 2002. The September 2002 coup attempt and the ensuing descent into civil war thus took the country by surprise. The rebels swiftly took control of the entire northern half of the country, often welcomed by a local populace that felt marginalized by the nationalist policies of the Guei and Gbagbo administrations. In response to the growing threat of civil war, the French government stepped up its military presence in Côte d'Ivoire, agreeing to police the ceasefire line following the truce agreement on 19 October 2002. The main political parties and rebel groups reached a political settlement during negotiations in Marcoussis (France) in January 2003. In March 2003 a national reconciliation government took office, which included the parties of the governing coalition, the RDR and representatives of the armed rebel groups, known as the New Forces (Forces Nouvelles, FN). However, ongoing political conflicts have hampered the government's ability to function, and have led individual parties in the government to withdraw for periods of time. Implementation of the peace accords, including disarmament, territorial reintegration and a menu of significant political reforms, has been halting. A new peace agreement, brokered by Burkina Faso's President Blaise Compaoré in early 2007 allowed for a power-sharing government with rebel leader Soro as prime minister. By the beginning of 2009, presidential elections due since 2005 had yet to be held, but the division of the country into two zones of influence had been formally ended.

Transformation Status

I. Democracy

1 | Stateness

Although Côte d'Ivoire has had a central government since the March 2007 peace accord, the country is still marked by the territorial division into an official government zone in the south and a rebel-held zone in the north (which occurred in the wake of the failed coup d'état of September 2002). The green line was officially dissolved in the latter half of 2008 and the territorial integrity of Côte d'Ivoire thus restored. However, the state's monopoly on the use of force has only partially been reestablished in the northern part of the country. Many former rebel commanders maintain their lucrative zones of influence and state governors are largely powerless in the face of these groups' military influence, and the incomplete cantonment of former combatants. Demobilization of combatants and their integration into the national army has been terribly slow.

Monopoly on the use of force

Citizenship rights are among the root causes of the current political-military conflict. Significant aspects of citizenship (if not citizenship itself) are withheld from "northerners" as well as from migrant workers who have lived in the country for decades. Fuelled by politicians, the nationalistic concept of ivoirité encouraged southerners, who are primarily Christian or animist, to regard themselves as "true Ivorians." This helped trigger xenophobic sentiments and actions against Muslim northerners (whether of Ivorian nationality or not). In many cases citizenship documents were destroyed by police officers. The 2007 Ouagadougou peace accord ignored the root causes of conflict, but decided to postpone the issue by accepting the 2000 electoral roll as a relevant document in issuing voters' cards. An additional identification exercise (forensic audits) by mobile legal teams was launched that would allow Ivorians not on the lists to properly establish citizenship rights. This identification exercise ended on 15 September 2008, with an estimated 750,000 additional judgments in lieu of birth certificates. On this basis, the voter registration process was launched the same day. The general question of citizenship rights, which also refers to economic rights, is nevertheless far from being resolved.

State identity

The separation of church and state is guaranteed by the French-style secular constitution, and religious extremists command little political influence. Conflicts among the different ethnic groups and immigrant groups have some religious overtones. However, political discrimination (and violence) is related to ethno-cultural stereotypes and linguistic cleavages, and targets all northerners for the most part regardless of their religious affiliation (although most Muslims live in the northern part of the country). President Gbagbo, often portrayed as an evangelical extremist, recently “unofficially” married a second wife, a prominent Muslim journalist, thus proving wrong all speculation that he was a Christian fundamentalist.

No interference of religious dogmas

Since 2007, substantial progress has been achieved in restoring state administration throughout the country. During 2008, civil servants were successively redeployed to the north, although their operational capacity and full authority remained limited. While many schools and hospitals reopened and around 96% (a total of 23,000 public servants) were returned to northern Côte d'Ivoire by 15 January 2009, law enforcement, justice, and corrections institutions were still not functional in the north. The New Force commanders still controlled tax collection and in many instances, local administration.

Basic administration

2 | Political Participation

Universal suffrage, the right to campaign for office and democratic elections are assured de jure but not de facto. The conduct of the October 2000 elections that installed the current Gbagbo-FPI government was marred by irregularities. No elections have been held since then, and the various governments that have held power since early 2003 have been established by means of international agreements. Although Gbagbo's constitutional term as president technically ended in October 2005, new elections have been postponed again and again. With substantial logistical support from U.N. bodies, new presidential elections are currently being prepared. There is much hope for a professional, organized balloting procedure, but it remains unclear whether and when elections will indeed be held, and whether the political actors will comply with the rules.

Free and fair elections

There is currently no democratically elected government. The government owes what legitimacy it possesses to its origin in international negotiations. The effective capacity of this transitional government to govern is limited by the tenuous control of New Forces leader Guillaume Soro over the various rebel commanders in the north and the unclear role of militias in the south which, however, seem to remain under the control of the president and his entourage. The peace agreement of 2007 stripped international bodies such as the United Nations of their de facto veto powers over the electoral and demobilization process, laying full responsibility on the shoulders of the tandem Gbagbo-Soro government.

Effective power to govern

The freedom of civil society groups and opposition parties to operate has been largely constrained since the 2002 coup attempt, both due to repressive policy measures (prohibition of public demonstrations for extended periods) and the activities of youth activist groups (“young patriots”) in the south, and a general lack of rule of law in the north. Since the installation of the Soro government in mid-2007, things have gradually improved, though mainly in the south. Although opposition parties have been sidelined within the government, they have not been hindered from holding meetings or preparing for the elections, and are prominently represented on the Electoral Commission. Union activity has continued. Many sections of the public administration regularly go on strike (as for example in July 2008, against the scrapping of fuel subsidies).

Association /
assembly rights

Political instability and the country’s division have made gaining access to balanced information very difficult, and national and international media remain subject to threats and pressures from both the government and the rebel forces. The constitutional provisions for freedom of expression are thus rarely respected in practice, and journalists remain vulnerable to physical and other abuse by police. The control of the state-run broadcasting system and the government-run newspaper *Fraternité Matin* (FratMat) has been a major bone of contention between the different parties ever since 2002. However, in January 2008, President Gbagbo agreed to appoint neutral parties to the chief executive positions at Radiodiffusion-Télévision Ivoirienne (RTI) and FratMat, and the media environment has slightly improved. Freedom House ranked Côte d’Ivoire 144th out of 195 countries (“not free,” with a score of 66) in its Global Press Freedom Survey 2008.

Freedom of
expression

3 | Rule of Law

Côte d’Ivoire has a long history of complete presidential control of the political process. Political liberalization during the 1990s did not lead to any meaningful political empowerment of parliament. A former opposition party’s attainment of power has not significantly modified the power balance, as the president has shifted the focus of the decision-making process to a narrow group of consultants that includes his own wife Simone. Even the opposition party ministers who entered the various governments of national unity after 2003 have lacked control over senior civil servants and heads of state agencies in their remit, most of who were inherited from the ministers’ predecessors or appointed by the president against the new ministers’ wishes. The 2007 establishment of a power-sharing government weakened presidential power somewhat through the installation of a strong prime minister, but did not create any true separation of powers. The structural annihilation of parliamentary oversight has officially been justified by the emergency situation that has defined the Ivorian state since 2002.

Separation of
powers

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 (especially outside Abidjan) and are riddled with corruption. Prior to the civil war, a series of major judicial reforms were announced (including installation of a Council of State, a Supreme Court of Appeal and an Audit Office) but have yet to be implemented. The Cour d'Assises, the major Criminal Court, heard its first cases in September 2008, six years after the start of civil war in 2002.

Independent
judiciary

Financial malpractice plagued previous administrations, and the current government, encouraged by the absence of auditing, has been implicated in a number of new scandals. In the current context, corrupt office-holders do not face adverse publicity from civil society, the media and opposition parties, or prosecution under the law. The sacking of 23 top managers in the cocoa sector (among them a former Gbagbo election campaign manger and a trade union leader) and their arrest due to massive corruption charges in June 2008 does not alter this general assessment.

Prosecution of
office abuse

Since the outbreak of civil war in 2002, most civil liberties have existed only on paper, not only because of the prolonged lack of a nationwide monopoly on the use of force, but also because of a lack of political will and judicial control. Although the indiscriminate killings by security forces and allied militia (and by the rebels in their territories) which marked the period between 2002 and 2004 have ended, human rights abuses continue in all parts of the country. The perpetrators of mass murder and serious human rights violations committed since the first coup in 1999 have not been brought to justice. In February 2006, the U.N. Security Council enacted formal sanctions against three individuals (two militia leaders from the south, and one from the north), which are still in force.

Civil rights

4 | Stability of Democratic Institutions

Since the end of the constitutional term in October 2005, the remaining institutions have lost their democratic legitimacy. Parliamentarians elected in 2000 continue to sit in parliament, but have no control over legislative activity or governmental activities. Government is the product of international negotiations, not of popular will. There is certainly a potential for further democratization (i.e., the constitution provides for a democratic regime) but everything depends on the quality and the outcome of the forthcoming elections.

Performance of
democratic
institutions

Most elite actors have shown little interest in reviving democracy. This is certainly true of the president and his party, which would have a difficult time in a truly competitive setting. The FPI and Gbagbo have defended a narrow and legalistic interpretation of democratic rule that may in fact have brought democracy into discredit with large segments of the population. The political opposition to Gbagbo claims to guarantee a return to democratic rule, but neither Bedié nor Ouattara ever showed a particular respect for democracy when they actually ruled the country. The northern military officers who took arms against Gbagbo's elected government in 2002 can hardly be considered to be supportive of democratic institutions, no matter how strong their moral case for a fairer treatment of northern populations.

Commitment to democratic institutions

5 | Political and Social Integration

Three political parties have dominated political life since the mid-1990s: the FPI, the RDR, and the PDCI. As there has never been any regular and fair democratic election with all three parties participating, it is difficult to assess the relationship between parties and voters. At various moments of crisis during recent years, all three parties have participated in governments of national unity, indicating some capacity and willingness for cooperation. Both the FPI and the PDCI have a long tradition of political participation and used to be strongly rooted in society. To an extent, violent conflict has frozen the party system and hindered new parties from emerging. Although the New Forces participate in government, they have yet to transform themselves into a political party, and it remains to be seen how they will relate to the main political party of the north, the RDR, in any future election. In the highly polarized and violent political competition that has taken place since 2002, the formal political party structures had little space for organization, and consequently lacked a meaningful role in aggregating and moderating social interests.

Party system

Many interest groups still exist (cocoa planters' associations or the student unions, for example), but they cooperate minimally if at all (numerous additional planters' associations have emerged since 2005) and have no influence or even a "negative" influence over political processes. Important social interests remain underrepresented (especially religious and ethnically cross-cutting interest groups that were much more active in the first half of the 1990s). The creation of a loosely coordinated Convention de la Société Civile Ivoirienne (CSCI) in 2005 was welcomed by external actors but did not bolster civil society's capacity to influence the preparation of elections or the demobilization exercises.

Interest groups

No reliable survey data exist, but consent to democracy has always been moderate. Traditions of benign authoritarian rule (houphouetisme) or exclusionary varieties of nationalism (FPI and Gbagbo) are more characteristic of Ivorian political culture.

Consent to democratic norms

The lack of trust within the ethnically mixed neighborhoods in many parts of the country (which also sets indigenous and migrant populations against each other) has been identified since the 1990s as a major root cause of social conflict. Civil war and mass evictions of migrant workers have aggravated the problem. Violent clashes continue to occur, especially in areas where migrant workers have returned from Mali or Burkina Faso. Although many local peace-building activities have been implemented, often through external funding, we have little indication of a generalized (i.e., not only bonding) social capital within Côte d'Ivoire's social fabric.

Associational
activities

II. Market Economy

6 | Level of Socioeconomic Development

As one of the world's least developed countries (ranked 166th of 177 on the Human Development Index 2007/08, drawing on 2005 data), Côte d'Ivoire exhibits social marginalization that is quantitatively and qualitatively extensive and structurally ingrained. Almost all relevant indicators point to severe problems, although violent conflict has made collection of valid data difficult or impossible. Average life expectancy has gone down to 48.1 years (2006), which is lower than achieved by traditionally poor Sahelian states such as Mali or Niger achieve. According to data from the World Food Program, the poverty rate increased from 38.4% to 48.8% in the period between 2001 and 2006. The civil war has led to a growing informalization of economic activities (including large cocoa and diamond exports from the rebel-held zones). Although some socioeconomic problems were at one time clearly linked to the violent conflict and its consequences (i.e., a lack of administrative structures in the north) many barriers are structurally ingrained. At the end of 2008, the Côte d'Ivoire lacked the socioeconomic prerequisites for adequate freedom of choice.

Socioeconomic
barriers

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	15481.1	16363.4	17367.3	19795.7
Growth of GDP	%	1.8	1.3	0.7	1.7
Inflation (CPI)	%	1.4	3.9	2.5	1.9
Unemployment	%	-	-	-	-

		2004	2005	2006	2007
Foreign direct investment	% of GDP	1.8	1.9	1.8	2.2
Export growth	%	11.7	2.6	-0.1	-9.9
Import growth	%	11.7	7.6	3.2	1.3
Current account balance	\$ mn.	240.9	39.7	479.0	-146.0
Public debt	\$ mn.	11091.5	9973.1	10828.3	11651.3
External debt	\$ mn.	13228.8	11954.9	12823.2	13938.1
Total debt service	% of GNI	2.7	2.0	1.6	2.3
Cash surplus or deficit	% of GDP	-1.7	-1.5	-1.4	-0.8
Tax Revenue	% of GDP	15.2	14.5	15.0	15.5
Government consumption	% of GDP	8.3	8.3	8.3	8.4
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	1.1	0.8	0.9	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.6	1.5	1.5	1.6

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security.

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 sufficient, especially in the vital cocoa sector where uncertainty over economic fundamentals, management and regulatory institutions persists 10 years after the disbanding of the central agricultural marketing board, which once held a marketing monopoly. Côte d'Ivoire ranks 119th out of 179 countries ("mostly unfree") on the 2009 Index of Economic Freedom. In the context of military and political conflict the informal sector has increasingly gained in importance, with smuggling and other illicit activities on the rise.

Market-based
competition

The formation of monopolies and oligopolies is neither regulated consistently nor a policy issue of major importance, and even less so since the beginning of the civil war in 2002. No change has been recorded since the 2007 peace agreement. In several infrastructure service sectors such as electricity, water, and transport, foreign-owned companies hold de facto monopolies.

Anti-monopoly
policy

Military conflict has seriously affected the free circulation of goods and services, and it remains to be seen whether the full reestablishment of a national customs service will lead to a recovery of the once-lucrative regional trade. Foreign trade follows principles of non-discrimination (as provided for in the Economic Community of West African States (ECOWAS) regional scheme), but numerous rules, barriers and informal intervention by officeholders constrain the actual liberalization of foreign trade. Trade in cocoa and coffee is to a large extent run by multinational companies. Liberalization of foreign trade has advanced in terms of removing barriers to the flow of capital and external investments, especially since foreign investment has largely dried up since 2002.

Liberalization of
foreign trade

Already in August 2002, a few weeks before the onset of civil war, an IMF review expressed grave concerns about Côte d'Ivoire's financial sector, and particularly the quality of its loan portfolio. Some private banks have been hard hit by the crisis, with up to 50% of loans classified as non-performing. The largest commercial banks, however, all have a foreign ownership stake. The banking sector has survived the politico-military crisis relatively well, but has suffered from the increase in government arrears to the private sector and the closure of banks in the north and west, although some of these branches have reopened since late 2008. The legal framework for the banking system and capital market exists; the regional stock exchange (BRVM) is located in Abidjan with 45 companies listed, the crisis having reduced Côte d'Ivoire's domination of the exchange (from 73% of market capitalization in 2001 to 59% in 2002).

Banking system

8 | Currency and Price Stability

As a member of the CFA franc monetary union, Côte d'Ivoire cannot pursue an independent policy in terms of currency and foreign exchange rates. The currency is pegged to the euro (formerly to 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 some exceptions, such as a spurt of inflation after the CFA franc was devalued in 1994 (and a temporary peak of around 9% in 2008 due to the surge in international food prices), this has led to relatively low inflation. Despite the political unrest, no discernible increase in the inflation rate has occurred since 2002.

Anti-inflation /
forex policy

As a result of the pegged exchange-rate regime, the government has to rely on fiscal policy as the main instrument for financial stabilization. As the country has tended to quickly accumulate both domestic and external payment arrears, fiscal policy has been the main source of disagreement with the IMF. Programs have been negotiated, suspended and resumed since 1999, a PRGF was supposed to run from 2002 to 2005. Since 2002 the country has lapsed in its performance commitments, and the programs suspended with the outbreak of civil war in September 2002 have not been resumed. Various World Bank reports have raised concerns about the quality of the government's financial planning. Despite some ongoing fiscal slippages and extra-budgetary expenditure, the IMF was expected to award the country a PRGF in the first half of 2009.

Macrostability

9 | Private Property

Property rights are adequately defined but cannot be considered satisfactorily safeguarded by law (and certainly not in the north). The main actual problem with property rights is land tenure, and especially the rights of immigrants to secure property rights to the land they farm. The Heritage Foundation assesses property rights as poorly protected, mainly due to the judicial deficiencies noted above.

Property rights

Private companies represent the backbone of the economy, but there are still some important state companies, and strong market concentrations. Several privatization schemes have been on the agenda since the 1990s, for example the state oil refinery Société Ivoirienne de Raffinage (SIR). 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: There is now a myriad of different marketing organizations with overlapping responsibilities all of which are under the control of powerful cocoa planters with ties to the government.

Private enterprise

10 | Welfare Regime

The government has committed itself to poverty alleviation, but this has been undermined by political instability and the outbreak of civil war. Negotiations concerning a poverty reduction strategy paper (PRSP), originally expected in 2002, have been suspended, but it seems likely that the PRGF will be concluded in 2009. Social services have deteriorated owing to a lack of funding, a situation confirmed by the latest UNDP indices for education (48.7% literacy) and average life expectancy (45.9 years). The large informal sector contributes to poverty reduction, albeit to an unknown extent. Public expenditure for health stood at 0.9% of GDP, the third-lowest value across sub-Saharan Africa.

Social safety nets

Even before 2002 the quality of teaching had deteriorated, leading to low completion and pass rates. Women lack adequate access to public office and to educational institutions, as shown by the low percentage of women in parliament and the country's poor Gender Development Index (GDI) rating. Côte d'Ivoire was ranked 166th out of 177 in the 2007 – 2008 GDI, and 166th out of 177 on the U.N. Education Index (2007 – 2008). People from the north have faced discrimination in the education system and the job market since the mid-1990s.

Equal opportunity

11 | Economic Performance

The severe political and military crisis since 1999, the civil war, and the division of the country since 2002 has plunged the country into a severe economic crisis. It has to be stressed that the economy did not collapse, despite the disruption to infrastructure and the business environment. But several once-important sectors have been deeply damaged, corruption is growing and the modest macroeconomic growth rates (1.6% and 2.8% respectively in 2007 and 2008) are owed almost entirely to the cocoa-growing areas of the country and the oil exploration in the Gulf of Guinea, both sectors that have been largely untouched by the conflict. Employment rates have gone down in both parts of the country, and outstanding debts have grown (HIPC status was not available before the agreement of a PRGF with the IMF). Overall potential for further economic growth is perceived to be strong once the political conflicts can be successfully managed.

Output strength

12 | Sustainability

Ecologically compatible growth receives only sporadic consideration and has only a rudimentary framework. The country depends more than ever on commodity exports, but the fiscal squeeze being passed on to producers is leading them to use methods of extensive cultivation; the stock of virgin forest has been completely destroyed despite strict regulations restricting commercial logging and agricultural encroachment that have been in place since the 1990s. The lax and irresponsible handling of ecological issues was revealed by a toxic waste dumping disaster in late August 2006. An additional 300,000 hectares of forest are disappearing annually.

Environmental policy

Côte d'Ivoire has a poor record in terms of educational infrastructure. Since independence, the country has put more emphasis on importing skilled people than on developing its own training capacities. Expenditure for education stood at around 4.6% over the 2002 – 2005 period. School enrollment in 2005 stood at 56% of eligible youths, and the illiteracy rate at 49%. For over six years, students in the northern part of the country have lacked proper school teaching, with probably catastrophic consequences in the mid- and long term. By early 2009, many teachers still had not returned to their workplaces in northern Côte d'Ivoire.

Education policy / R&D

Transformation Management

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 current political leadership's actions. The current government inherited an already impoverished country with a highly polarized political process and violent social conflicts. The division of the country has been a terrific obstacle to governance. At one time Côte d'Ivoire had the most developed economic infrastructure in West Africa, and the fact that production in the cocoa sector could be increased in comparison to pre-2002 times shows that the country is still benefiting from favorable climatic, geographical and structural conditions. There are also mineral resources, including oil and gas, that remain unexploited.

Structural
constraints

What slender civil society traditions exist have been successively weakened by the years of civil war. The landscape of voluntary organizations is concentrating on the economic sector where independent planter associations existed since colonial times. These activities lack, however, a component of civic or public engagement. The climate of intimidation and the militarization of public life since the coup d'état of 1999 have crushed the potential for civic participation in public life.

Civil society
traditions

There are more than 50 different ethnic groups in Côte d'Ivoire. After years of social harmony and the promotion of migrant work from the neighboring countries by the late President Houphouët-Boigny, successor governments have fully exploited ethnic resentment to their narrow political advantage. The country plunged into a violent conflict with an overt ethnic dimension. Although open military conflict has been avoided since late 2004, intercommunal violence still occurs, especially in the villages of the western cocoa belt. It remains to be seen whether conflict has in fact been settled, or has only been frozen until the presidential elections.

Conflict intensity

II. Management Performance

14 | Steering Capability

The Ouagadougou peace agreement (signed in March 2007) set a relatively small number of clear priorities for the period until the presidential elections, including the demobilization of various armed forces and preparation of an acceptable electoral list. In addition, the government was supposed to restart cooperation with donors, focusing in particular on the execution of the PRGF, and on putting the economy back on track. While both the Gbagbo government and the rebels had previously showed an impressive capability to do everything possible to avoid a smooth transformation, things have since changed, even if the actors' sincerity in pursuing these objectives remains unclear. There remains considerable speculation that the presidency has spent considerable sums off budget (especially from cocoa and oil revenues) in order to equip and train the army. The rebels have resisted effective demobilization over the course of several years, and have maintained their grip on the northern part of the country without any international recognition or formalized economic system. The economy has returned to slow growth rates despite and not because of governmental action.

Prioritization

Economic policy has focused simply on keeping the main functions of government operating, and on raising sufficient revenue to pay the civil service wage bill. The government has tried to boost revenue by all available means (including squeezing the cocoa producers; according to World Bank figures from 2008, Ivorian planters get only 40% of world market prices, in comparison to 65% in Ghana or 85% in Nigeria) thereby neglecting structural and qualitative reforms such as judicial reform, privatization, reorganization of the cocoa and coffee marketing structures, and investments in basic health, primary education, roads and rural electrification in accordance with the PRSP. Further democratization is not on the agenda. Unpopular measures such as the scrapping of fuel subsidies in July 2008 are reversed only days later, after massive strikes in the public sector.

Implementation

Although there is much rhetoric about elections and peaceful change, the political leadership seems to insist in a number of areas on an obviously mistaken and harmful policy, mainly to stay in power and further the individual economic interests of those in power. Prime Minister Soro and his team have tried to assume a more neutral stance toward political actors in the preparation of the elections, but we can hardly interpret this as policy learning.

Policy learning

15 | Resource Efficiency

It is difficult to assess this issue in the current political context of the Côte d'Ivoire, as no reliable information on how resources are spent is available. The budget is unrealistic and non-transparent budget (as criticized by the IMF), and there have been no independent audits of the cocoa and oil sectors. However, there are few doubts that the elites (both in the north and south) have to a large extent consumed most state resources themselves over the last several years.

Efficient use of assets

There is no indication that the government is able to coordinate conflicting objectives and interests seriously. The power-sharing agreement of the Ouagadougou peace accord is to some extent the reason for this. The "Ouagadougou formula" has given both Gbagbo and Soro individual vetoes over all policy decisions, so there is either a minimum of coordination among these two men, or blockade. The toxic waste scandal revealed both the chaotic state of affairs and the lack of coherent policy response. In the end it was the president who insisted both on reinstalling the top civil servants fired by the prime minister and who agreed on a dubious compensation payment by the culpable British-Greek company, without any wider consultation with the government or the concerned civil parties, who were seeking legal compensation.

Policy coordination

The severe economic downturn since the military conflict erupted in 2002 seems to have led to higher levels of generalized corruption and venality at all levels of public administration in the south, especially in the case of judicial proceedings, contract awards, customs and tax issues. The highly publicized arrest of 23 top managers from the cocoa sector (see above) did not result from any systematic anti-corruption policies. According to international assessments by groups such as the World Bank and the Economist Intelligence Unit, corruption is increasing and rampant at all levels.

Anti-corruption policy

16 | Consensus-Building

There are serious doubts whether the current political leadership really aims at democratic and economic transformation. The main political actors have struggled to implement the minimum consensus on reforms reached at Ouagadougou. While there is no fundamental conflict among most relevant actors regarding the goal of a market-based economy, the political and military crisis since 1999 has made state survival the top priority, and has allowed military leaders to fill their pockets. The official commitment of both the New Forces and the Gbagbo presidency to a democratic and peaceful transformation and to the holding of free and fair elections has become increasingly hollow. Much of the debate over the notion of *ivoirité* started from the conflict around different notions of democracy: a narrow and exclusionary one, based on descent, the rights of autochthonous Ivoirians and the majority principle, versus a more tolerant and inclusionary notion of citizenship.

Consensus on goals

In the period under review, the outstanding question was whether anti-democratic actors could co-opt the reformers, rather than vice versa. There are numerous anti-democratic actors, both within and outside the government. Many of these actors benefit from the continued state of affairs, in which an unelected government has direct access to the country's economic resources. These actors have full control over what reform process exists – in this case the normalization of the political process through the holding of acceptable elections.

Anti-democratic
veto actors

Neither the Gbagbo government nor the northern New Forces have done much to minimize existing cleavages. Côte d'Ivoire comes close to a textbook example of violent politicization of ethnicity. Between 2001 and well into 2006 people were harassed or killed due to ethnic and linguistic affiliation by death squads, which were tolerated or even (underhandedly) promoted and armed by government circles. The apparent drop in the incidence of killings and ethnic violence has more to do with massive international military presence in the country than with any change in political management by Ivorian actors. The forensic audits in the countryside which allowed an objective evaluation of citizenship rights were repeatedly and violently stopped by the Young Patriots militia, which is close to the presidency. Ethnic cleavages remain salient in most parts of the country, and there are still internally displaced refugees; the political-military division of the country, although formally ended in late 2008, is the physical manifestation of socio-cultural cleavages.

Cleavage /
conflict
management

The already very limited participation of civil society in the political process was further weakened by the Ouagadougou peace process, which consisted in the marginalization of external actors, traditional political parties and civil society actors to the benefit of the tandem Gbagbo-Soro government. Economic associations still try to influence policy-making in the cocoa sector, but without any meaningful impact.

Civil society
participation

In the period under review, acts of injustice and killings continued to be committed by the parties to the ongoing conflict (e.g., by “zone commanders” in the north who are only tenuously if at all controlled by the rebel leaders in Abidjan), although the levels of violence have decreased slightly. At best, a reconciliation process is about to start, but there is no very active role by the current government. The establishment of a stable political climate is a necessary condition to restart the process of reconciliation that was underway in 2000 and 2002, but was interrupted by the outbreak of civil war.

Reconciliation

17 | International Cooperation

Côte d'Ivoire's political crisis remains internationalized, with the presence of French military forces (Operation Licorne) and the deployment of a U.N. peacekeeping mission (UNOCI) both covered by mandates from the Security Council. In November 2004, the U.N. Security Council imposed an immediate arms embargo and threatened to implement other measures such as travel bans and financial sanctions, followed by personal sanctions against three militia leaders in January 2006 (which were reconfirmed in October 2008). Relations with donors have been strained since the late 1990s, but particularly so since 2002.

Effective use of support

Given the past history of relations between donors and Côte d'Ivoire, which has seen funds suspended for prolonged periods of time owing to concerns about corruption, the unwillingness of donors to offer substantial support until a political agreement seems well established is understandable. The current power-sharing government has improved relations with donors, and formal resumption of IFI lending occurred in July and August 2007. The World Bank announced a grant of \$120 million for the country's post-conflict recovery program in July 2007. One month later, the IMF approved emergency post-conflict assistance (EPCA).

During the crisis, the Gbagbo presidency certainly lost its international reputation as credible partner with international organizations, bilateral donors, and regional partners. It will be difficult to restore this credibility. The African Development Bank moved its headquarters from Abidjan to Tunis in early 2003. The United Nations and the African Union have grown weary of leaders' apparent unwillingness to implement the Marcoussis Accord (2003), and the international community has rapidly been losing patience with Mr. Gbagbo's government, especially since the renewed attacks of November 2004. The appointment of former Central Bank of West African States Governor Konan Banny was a clever move, as his personal credibility has already helped in reestablishing channels of communication with the Bretton Woods institutions in April 2006.

Credibility

The 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 to around 8,000 people but French-controlled business still accounts for a considerable share of the country's tax base. At various times since 2002 President Gbagbo has threatened French residents directly or indirectly, and the French government has declared it would pull out its troops if asked to do so. French business can no longer rely on the capacity of government to protect its interests.

The Gbagbo government has had difficulties building trust with its neighbors. The endorsement of the nationalist ivoirité policy worried leaders of the Sahel countries with large immigrant communities in Côte d'Ivoire. Relations have been strained with Burkina Faso, whose government was openly accused of meddling in domestic affairs and fomenting the violent rebellion of the New Forces. Likewise, regional attempts at conflict management failed, and it took the involvement of France and several influential African heads of state to bring the Ivorian parties to a round table in Marcoussis in early 2003. Gbagbo has repeatedly boycotted summits of both the African Union and the Economic Community of West African States (ECOWAS). It came as rather a surprise when Burkina Faso President Compaoré successfully brokered the peace deal between rebel leader Soro and Gbagbo in early 2007 and reestablished himself as main regional mediator. Since that time, relations with Burkina Faso have vastly improved. Although Côte d'Ivoire officially restarted dialogue with the countries of the River Mano Union (Guinea, Liberia, Sierra Leone), regional cooperation remains weak.

Regional
cooperation

Strategic Outlook

Prospects for a peaceful transformation toward democracy and a functioning market economy remain uncertain. The main elite actors have shown limited willingness to deescalate conflicts or to initiate a development-oriented mode of governance, and the elections will not change this constellation no matter who wins. In the absence of credible elections, serious management of the various structural conflicts cannot be expected. The economic outlook remains precarious, and overly dependent on the resilience of the cocoa and petroleum sectors, even if the international financial institutions and the donor community have slowly started to cooperate with the government. Domestic societal actors have not been able to propose alternative ways of conflict transformation, and civil society has been a victim of political polarization.

There are three scenarios for the near future, all of which assume that presidential elections are indeed held in 2009 or 2010.

In the first, no candidate is able to secure an absolute majority of votes in the first round of voting, which leads to coalition-building. The electoral results from a second round of votes (if competitive, most likely won by an opposition candidate) is accepted by all stakeholders. The new president tackles the many difficult political and economic reforms and is serious about poverty reduction and reconciliation.

A second scenario sees President Gbagbo winning the election in a procedurally acceptable way. The integration of the New Forces into the army is accomplished. The president assumes a conciliatory tone after the elections, but there is no reason for him to consider a reform of land tenure or the security apparatus. Due to growing rents from the export of oil, gold, and diamonds the tendency toward an authoritarian mode of governance increases.

In a third possible scenario, the elections fail to produce a legitimate government. The political leaders on both sides are unable to control their militias. The decisive intervention of the United Nations prevents the situation from escalating again to full war, but the division of the country continues. Development cooperation again comes to a halt, with disastrous consequences for human development in the country. External actors remain powerless to imposing an alternative political dispensation on the Ivorian actors, who have sufficient access to resources to pursue their violent strategies.

At the time of writing, the hopes for a non-catastrophic scenario seem justified, especially with regard to the decisive actions of Prime Minister Guillaume Soro. The international community should thus sustain pressure on the Ivorian actors (and support the mediation of Blaise Compaoré) to finally hold acceptable elections.