Côte d'Ivoire

2012

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Côte d’Ivoire

- With real GDP contracting by 5.9% in 2011, the economy of Côte D’Ivoire was hard hit by the negative effects of the post-electoral crisis. The substantial growth rates forecast (8.6% and 5.5% respectively, for 2012 and 2013) depend upon peace being consolidated and productive capacities being restored.
- Reaching these levels of growth means accelerating the reforms set out in the Extended Credit Facility (ECF) 2012-14 which aim to improve governance and the business environment and boost performance in the financial, energy and coffee-cocoa sectors, but also bringing to a successful outcome political dialogue on reunification and reconciliation.
- The mismatch between training and employment and the weakness of the job prospecting system comprise obstacles to the promotion of youth employment in Côte d’Ivoire and are hampering efforts to lift human development levels and reduce poverty.

Overview

The post-election crisis had a serious impact on the economic, social, security and humanitarian situation in Côte d’Ivoire, resulting in a pronounced fall in real GDP (-5.9%). A gradual recovery of the economy is expected in 2012 if the security situation continues to normalise, peace continues to be consolidated, the business environment improves and efforts to restore productive capacities are pursued and backed by incentives for the private sector. The economy’s recovery should lead to an 8.6% rise in real GDP in 2012, driven by significant demand for public sector investment and by buoyant conditions in the secondary and tertiary sectors. Growth should reach 5.5% in 2013.

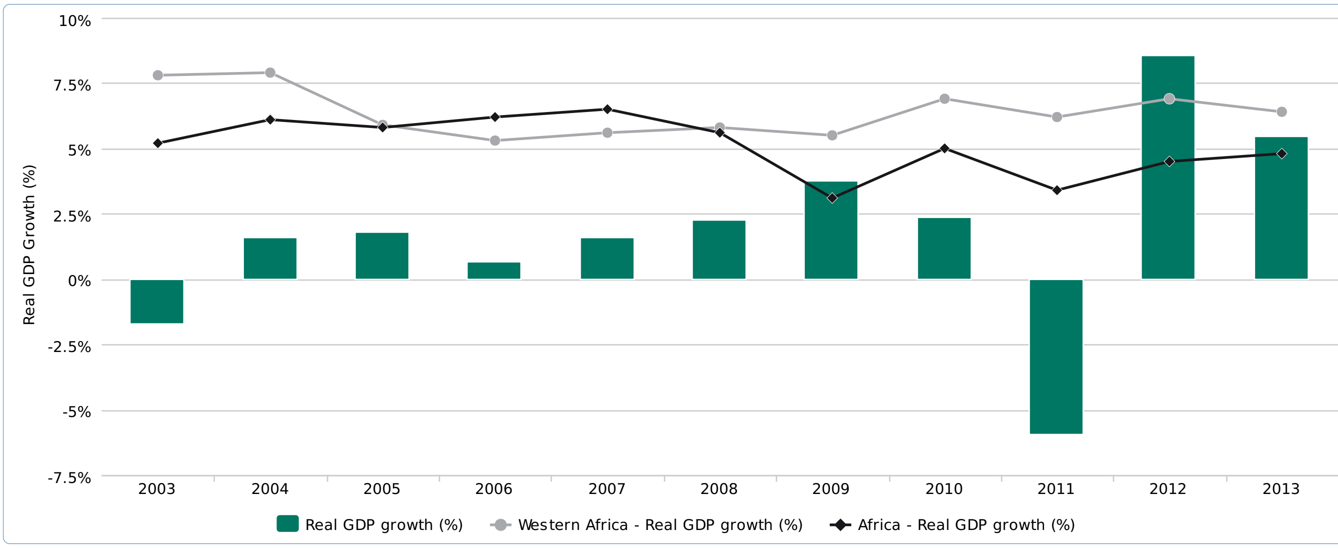
The overall budget deficit should increase to 2.8% of GDP, compared with 2.5% in 2011, due to maintenance of lower taxation of oil revenues and a rise in current expenditure. Inflation is projected at 3.6% in 2012 and 3.1% in 2013, compared with 4.9% in 2011, thanks to better market supply fluidity and the stabilisation of oil product prices. The surplus on the current account should reach 3.7% of GDP in 2012, versus 3% of GDP in 2011, despite a decline in the trade balance, thanks to a reduction in the service account deficit and and increases in factor income and current transfers.

In the medium term, overall macroeconomic policy will come under the 2012-14 economic and financial programme which is supported by the Extended Credit Facility (ECF) of the IMF. Its implementation should enable Côte d’Ivoire to reach the completion point of the Heavily Indebted Poor Countries (HIPC) initiative in 2012 and benefit from the Multilateral Debt Relief Initiative (MDRI). Attainment of macroeconomic goals depends upon the acceleration of reforms aimed at improving governance and the business environment, and better efficiency in the financial, energy and coffee-cocoa sectors.

On the political front, institutional normalisation, the strengthening of the democratic process and progress towards reunification and reconciliation attest to a newly restored social peace. Still, consolidating and maintaining this peace by reinforcing dialogue and improving the security environment pose major challenges for the country.

Efforts to boost youth employment face several obstacles, including a gap between training and employment opportunities and a poor employment prospecting system. The goals of the youth employment schemes implemented in Côte d’Ivoire have not been reached due to the decade-long crisis from which the country has been suffering. The AGEPE employment agency (Agence d’étude et de promotion de l’emploi) lacks resources to carry out its mission. Projects aimed at boosting youth employment through the development of labour intensive work opportunities and the provision of financial aid to help young people create businesses are being reactivated.

Figure 1: Real GDP growth (Western)



Figures for 2010 are estimates; for 2011 and later are projections.

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Table 1: Macroeconomic Indicators

	2010	2011	2012	2013
Real GDP growth	2.4	-5.9	8.6	5.5
Real GDP per capita growth	0.4	-8.1	6.4	5.5
CPI inflation	1.7	4.9	3.6	3.1
Budget balance % GDP	-2.3	-2.5	-2.8	-3.5
Current account % GDP	4.6	3	3.7	0.7

Figures for 2010 are estimates; for 2011 and later are projections.

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Recent Developments & Prospects

Table 2: GDP by Sector (percentage of GDP)

	2006	2011
Agriculture, forestry, fishing & hunting	25.3	31.2
Agriculture, livestock, forestry and fisheries	-	-
of which agriculture	-	-
Mining and quarrying	6	4.7
of which oil	-	-
Manufacturing	16.4	12.8
Electricity, gas and water	1.3	2.7
Electricity, water and sewerage	-	-
Construction	2.6	4.4
Wholesale and retail trade, hotels and restaurants	13.1	14.1
of which hotels and restaurants	-	-
Transport, storage and communication	8.1	3.9
Transport and storage, information and communication	-	-
Finance, real estate and business services	14.7	11
Financial intermediation, real estate services, business and other service activities	-	-
General government services	7.3	8.9
Public administration & defence; social security, education, health & social work	-	-
Public administration, education, health	-	-
Public administration, education, health & other social & personal services	-	-
Other community, social & personal service activities	-	-
Other services	5.2	6.2
Gross domestic product at basic prices / factor cost	100	100
Wholesale and retail trade, hotels and restaurants	-	-

Figures for 2010 are estimates; for 2011 and later are projections.

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The post-electoral crisis negatively affected the Ivorian economy. The GDP growth rate fell 5.9% in 2011 to finish 8.3 points down on 2010.

On the supply side, only the primary sector demonstrated its resilience through positive growth (1.7% versus 0.5% in 2010), thanks to a good performance in agricultural food production following excellent rainfall and the revival of food-production projects. Export agriculture (-0.5% versus +0.2% in 2010) suffered from the crisis, which resulted in: *(i)* the abandonment of plantations because of security problems; *(ii)* difficulties transporting produce; and *(iii)* damage to produce as a result of storage difficulties. The result was a collapse in the production of coffee (-74.4%), palm oil (-16.8%) and bananas (-9.8%). Cocoa production rose (3%), thanks to good rainfall. The extractive industries contracted as a result of lower oil and gas production. Oil production fell

15.5% from 14.56 million barrels in 2010 to 12.30 million in 2011 as wells were repeatedly shut down to allow work to be carried out. Natural gas production showed an 8.5% drop (1 524 million cubic metres in 2011 versus 1 665.8 million in 2010). This contraction was mitigated by a strong increase in gold production (10 142.9 kg in 2011 over 5 079.8 kg in 2010) following the restart of production at the new Tongon gold mine. In 2012, the primary sector should grow by 2.5%, thanks to buoyant conditions in the extractive industries and food processing. Gas and oil production should grow by 12.7% and 35%, respectively. With investments in the CI-27 gas field scheduled and the strong performance of the Tongon gold mine, extractive production will increase by 6.5%. In addition, changes to the hydrocarbon code and the terms of shared production contracts are expected in 2012. These should stimulate oil and gas exploration.

The poor performance of the secondary sector (-9.7% in 2011) can be explained by falls in construction activity (-20%) and in production of oil products (-16.5%) and food products (-10%). The drop in construction activity was primarily due to the cessation of work on large-scale public sector projects during the post-electoral crisis, while the fall in production of oil products was caused by a fall in output at the SIR (Société ivoirienne de raffinage) oil refinery as a result of difficulties obtaining crude oil. The food processing sector suffered substantial damage, notably from the looting of several production plants. In addition, the sector suffered input supply problems as a result of the embargo imposed by the European Union. By contrast, the energy sub-sector showed growth (4.7%), thanks to higher production of hydraulic electricity. It is expected that activity in the secondary sector will recover in 2012. Construction should expand by 31.3% under the impact of State-run social housing and public works programmes. Oil production is set to rise (18%), as is that of the food processing sector (11.1%), as domestic demand increases and export margins improve. Thus, production in the secondary sector should grow by 12.6% in 2012.

The shock in the tertiary sector was severe (-12.7% in 2011 versus +2.7% in 2010), following sharp falls in activity in such major sectors as: *(i)* transportation (-9.5% versus +0.8% in 2010) where land, air and sea transport were all affected; *(ii)* commerce (-9.4%) where demand contracted as a result of liquidity problems caused by bank closures and the suspension of transfers of funds as a result of European Union sanctions; and, *(iii)* telecommunications (-2% versus +5.5% in 2010) which was affected by the partial destruction of machinery, the suspension of text messaging and the closure of several companies during the crisis. An improvement is expected in 2012, driven by demand recovery which is expected to produce growth rates of 10.5% in transport, 9.5% in commerce and 5.5% in telecommunications.

All demand components declined under the effects of the crisis. The drop in final consumption (-9.2% in 2011) was due to the disruption of distribution networks, the closure of banks and a fall in incomes. The fall in investment, both public (-15%) and private (-20%) was due to the stoppage of large public works projects, to the wait-and-see attitude of private operators and company shutdowns. The country's economic isolation during the crisis and the decline in activity led to a fall in exports and imports (-2.6% and -11.8%, respectively). The fall in real GDP in 2011 was due to the contraction of investment (-2%) and final consumption (-7.1%). The external sector achieved a positive contribution of 3.2%. In 2012, final consumption should reach 7.5% due to increased spending and recruitment in the public service sector. Investment growth in 2012 (+12.9%) should be sustained by public spending (+20%) thanks to State-financed socio-economic infrastructure construction and a recovery in private investment (+9%) following the restoration of production capacity. Exports should increase 10%, driven by higher production in the oil product and food processing sectors, while imports should rise 9.3% under the impact of demand for equipment and intermediate goods.

Expected 8.6% GDP growth in 2012 will be led by increased supply in the secondary and tertiary sectors and by a rise in public spending. The consolidation of socioeconomic progress should result in growth of 5.5% in 2013. These forecasts depend, however, on improvements in security and the business environment, restoration of production capacity and the consolidation of peace. Delays in implementing reforms and possible external shocks remain risk factors.

Macroeconomic Policy

Fiscal Policy

Fiscal policy is being carried out as part of a process of economic normalisation and revival, supported by an aid programme backed by a Rapid Credit Facility (RCF) approved on 8 July 2011. The 2011 budget covered the period from 26 April to 31 December 2011. In the medium term, fiscal policy is being carried out within the framework of the extended credit facility (ECF) concluded with the IMF for 2012-14.

Budget revenues reached 19.4% of GDP in 2011, compared to19.7% in 2010. The reduction was due to a fall in grants. Despite the strong decline in activity during the first quarter of 2011 and tax relief granted as part of a temporary policy to support private sector recovery, the tax burden as a percentage of GDP was estimated at 17.2%, in line with the 17% norm for the Union Economique et Monetaire Ouest Africaine (UEMOA). This relative improvement was obtained thanks to a reorganisation of tax administration and a gradual return to fiscal normality from third quarter 2011 on. Public spending reached 21.9% of GDP in 2011 (22% in 2010), sustained by an increase in current expenditure (19.2% of GDP versus 18.6% in 2010) generated by action taken under the national reintegration and community rehabilitation programme, by the restoration of public administration in former rebel zones and by humanitarian and security measures. The rise in the wage bill (7.6% of GDP in 2011 versus 7.1% in 2010) is attributable to recruitment in the social sector and for the new armed forces. The ratio of wages to tax revenues (44.7% in 2011 versus 41.5% in 2010) exceeds the UEMOA norm (35%). Investment expenditure (2.7% of GDP in 2011) fell in relation to 2010 (3.1%) as a result of low execution of the component financed by external resources. Still, it was buoyed by implementation of the emergency presidential programme (programme présidentiel d'urgence), large-scale investment projects and the rehabilitation of socioeconomic infrastructure and administrative services.

The overall deficit (-2.5% of GDP versus -2.3% in 2010) was financed by external resources and the issue of public bonds. Budgetary execution in 2011 was broadly in line with the programme supported by the RCF.

In 2012, implementation of the budget should enable Cote d'Ivoire to reach the completion point of the HIPC Initiative. The benefits of restoration of the tax base, made possible by the establishment of standardised state revenue collection offices, might be attenuated, however, by an expected fall in oil production and maintenance of taxes on oil products at low levels. The underlying subsidies for fuel reached 1.1% of GDP in 2011, compared with 0.4% in 2010. Budget revenues (19.6% of GDP) should be thus below the level reached in 2010. Spending is expected to increase by 0.4% over 2010, due to a rise in current expenditure from 18.6% of GDP in 2010 to 19.3% in 2011. This development will aggravate the overall 2012 budget deficit (-2.8% of GDP versus -2.3% in 2010) which will be financed by debt relief and available multilateral concessional resources.

Table 3: Public Finances (percentage of GDP)

	2003	2006	2007	2008	2009	2010	2011	2012	2013
Total revenue and grants	17.4	17.8	19.4	20.7	19.5	19.7	19.4	19.6	19.7
Tax revenue	14.9	15	15.2	15.7	16.5	17	17	17.1	17.2
Oil revenue	-	-	-	-	-	-	-	-	-
Grants	0.5	0.2	0.6	1.7	0.6	0.5	0.2	0.3	0.3
Total expenditure and net lending (a)	18.9	18.2	20.4	21.3	21.1	22	21.9	22.4	23.2
Current expenditure	16.1	15.3	17.4	18	17.9	18.6	19.2	19.3	19.7
Excluding interest	13.4	13.8	15.7	16.2	16.3	16.9	17.2	17.5	18
Wages and salaries	6.8	6.5	6.7	6.8	6.8	7.1	7.6	7.5	7.5
Interest	2.7	1.5	1.8	1.8	1.5	1.7	2	1.8	1.7
Primary balance	1.2	1.1	0.8	1.2	0	-0.6	-0.5	-1	-1.8
Overall balance	-1.5	-0.4	-1	-0.6	-1.6	-2.3	-2.5	-2.8	-3.5

Figures for 2010 are estimates; for 2011 and later are projections.

Monetary Policy

The reopening of the national branch of the Central Bank of West African States (BCEAO) and credit institutions in April 2011 marked the resumption of the exercise of monetary policy. The estimated 2011 inflation rate of 4.9% (1.7% in 2010) is higher than the community norm (3%). The increase is primarily due to higher prices for food staples, resulting from ongoing racketeering following the post-electoral crisis and to difficulties in supplying the domestic market with food products. The strong rise in the price index observed during the first half of the year was checked by the adoption of a series of measures. These involved stabilising the prices of oil products and some food products (rice and sugar), lifting roadblocks to allow food to circulate more freely and gradually reestablishing distribution networks. These measures should be maintained in 2012, allowing for further improvement in the fluidity of market supplies and stabilisation of oil product prices. Inflation should reach 3.6% in 2012. Money supply is thought to have fallen 9.5% between the end of December 2010 and the end of December 2011 following the collapse in economic activity. Domestic credit rose by 0.7% due partly to a 5.7% decline in the government's net position and a rise in bank lending to the State and partly to a 1.2% reduction in lending to the economy. This latter reduction is attributable to the deterioration of the loan portfolios of the banks, particularly those of the smaller ones which suffered from pillaging during the crisis. Small and medium-sized enterprises (SMEs) had difficulty obtaining credit. Some banks were forced to seek support from partners in the form of guarantees for loans made to SMEs.

Economic Cooperation, Regional Integration & Trade

The current account surplus of 2010 (4.6% of GDP) contracted in 2011 (3% of GDP) despite an increase in the trade surplus (18.4% of GDP versus 17.4% in 2010). This was the result of worsening deficits in the services, factor revenue and current transfer accounts. The good performance of the trade account is due to the recovery in exports following the lifting of the embargo after the crisis and a relatively slight rise in imports. The current account surplus should go back up again in 2012 (3.7% of GDP), due to the reduction in the deficits in services, factor income and current transfers, and this despite a falling trade balance.

The trade aid and regional integration programme (PACIR) which was interrupted during the post-electoral crisis has been revived. Supported by a EUR 16 million fund, this triennial programme is one of the measures accompanying the Economic Partnership Agreement (EPA) with the EU. Its principal objective is to contribute towards strengthening the competitiveness of the Ivorian economy and to facilitate its integration in the region. Under the policy of temporary protection of some industrial products which is aimed at facilitating integration in the Economic Community of West African States (ECOWAS), a fifth tariff band of 35% was adopted to complement the four existing bands (0, 5, 10 and 20%). In terms of facilitating customs and trade, in 2011, the State suspended the registration tax on exports of cotton, cashews, shea butter and cola nuts in response to a poor outlook for these sectors. Cocoa exports benefited from measures by the authorities to lighten the burden of procedures and quality controls with a view to discharging stocks accumulated during the crisis (around 470 000 tonnes). In addition, since 25 October 2011, Côte d'Ivoire has once again become eligible for preferential trade terms under the United States' African Growth and Opportunity Act (AGOA).

Moreover, the crisis contributed to weakening the capabilities of the customs administration which was looted of its computer equipment. The revival and modernisation effort is, therefore, focusing on automating risk management and computerising records of commercial transactions between the port of Abidjian and border posts.

Table 4: Current Account (percentage of GDP)

	2003	2006	2007	2008	2009	2010	2011	2012	2013
Trade balance	18.6	17.9	13	14.3	18.7	17.4	18.4	17.6	14.6
Exports of goods (f.o.b.)	42.1	48.8	43.8	44.6	46.7	44.1	45.2	45.2	42.9
Imports of goods (f.o.b.)	23.5	30.9	30.8	30.4	28	26.6	26.8	27.6	28.3
Services	-8.1	-8	-7.8	-7	-6.9	-7.7	-8.3	-7.4	-7.6
Factor income	-4.8	-4.1	-4.1	-3.9	-3.9	-2.8	-4.3	-3.9	-3.8
Current transfers	-3.5	-3.1	-1.7	-1.4	-0.5	-2.3	-2.7	-2.6	-2.5
Current account balance	2.1	2.8	-0.7	1.9	7.4	4.6	3	3.7	0.7

Figures for 2010 are estimates; for 2011 and later are projections.

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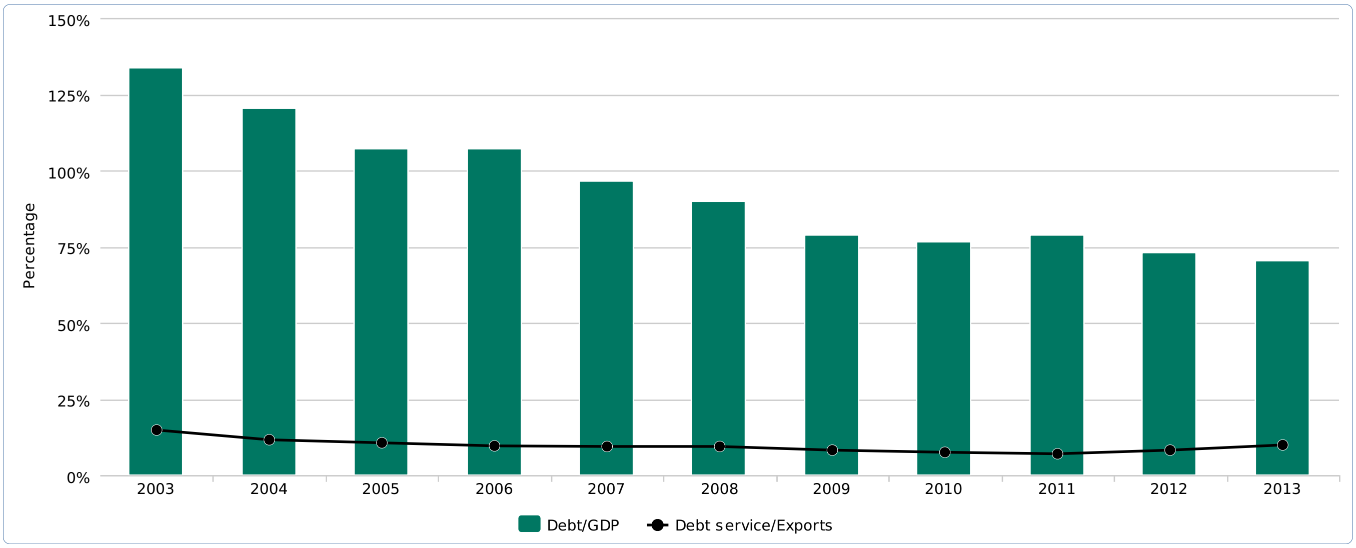
Debt Policy

The first two reviews of the 2009-11 triennial programme, which has been agreed with the IMF and is supported by an SDR 373.98 million ECF, have been approved. Implementation of the programme, which should lead to a substantial reduction of external debt, was interrupted by the crisis. An analysis of the sustainability of Ivorian debt carried out by the IMF concluded that the outlook for 2011 was worsening. This situation is attributable to the fact that debt relief measures, which had been expected between April 2011 and March 2012, were not implemented because no programme was concluded with the IMF. Still, since May 2011, the State has cleared its arrears and gradually restarted making debt servicing payments to some of its development partners. The stock of foreign public debt accounted for 53.8% of GDP in 2011 (50.6% in 2010) and that of domestic debt, which was largely held by investors on the regional financial market and the BCEAO (Banque Centrale des Etats de l'Afrique de l'Ouest), for 20.6% of GDP (15.8% in 2010).

On 15 November 2011, the Ivorian government signed an agreement with Paris Club creditors to reduce its public external debt. This agreement was concluded on so-called 'Cologne Terms' with a view to facilitating implementation of the interim phase of the HIPC Initiative. Exceptionally, creditors rescheduled repayment of maturities on short term and post cut-off debts over 10 years and repayments of arrears on those debts over eight years. They also agreed to defer all interest due on the amounts rescheduled. These measures are expected to reduce debt service payments (including arrears) due to Paris Club creditors between 1 July 2011 and 30 June 2014 by more than 78%, or USD 1 822 million, including USD 397 million in the form of cancellations. The country could attain the completion point of the HIPC Initiative in 2012 and benefit from the Multilateral Debt Relief Initiative (MDRI) and resources specifically for investments, notably under debt reduction and development contracts with France. In addition, in line with UEMOA community framework guidelines for public debt reduction and debt management policy, the State has decided to create a national public debt committee.

Figure 2: Stock of total external debt (percentage of GDP) and debt service (percentage of exports of goods and services)



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Economic & Political Governance

Private Sector

The difficulties experienced by companies attest to the damages suffered by the private sector. The partial destruction of production capacities led to the laying-off and dismissal of many workers. In addition to measures providing for the payment of compensation for damage suffered, the State offered a certain number of tax breaks to help the private sector. These including suspending payment of tax discs and transport permits in 2011, reducing the cost of trading licenses by 50% and measures to keep oil product prices stable.

Improvement of the business environment constitutes a major reform. According to the World Bank's *Doing Business* report, there was progress in reforms concerned with business creation and bankruptcy in 2011. In addition, the tax payment for national reconstruction was abolished. The regulatory environment was, nevertheless, unfavourable to business activity, according to the same report, with the country slipping six places in the 'paying taxes' category and two places in the 'protecting investors' category. Overall, in the general classification for "ease of doing business", Côte d'Ivoire was placed 167th of 183 countries after having been placed 170th place in the previous year. Adoption of a law on land registration in 2012 should make it easier to obtain land titles and improve security of ownership even though the country lost a place in the Doing Business rankings for efficiency in dealing with construction permits.

In terms of labour market regulation, recruitment has been liberalised in Côte d'Ivoire and companies can use private recruitment agencies or the state-run employment agency (AGEPE). Certain measures have also been taken, notably to dispense employers from the need to observe the legal procedures for economically motivated redundancy programmes. There remains a gap, however, between skills acquired and the needs of the employment market.

Financial Sector

Côte d'Ivoire's financial institutions operate in a harmonised regulatory framework. As such, legal and regulatory texts are implemented by UEMOA supervisory bodies. The Ivorian financial sector (23 banking institutions at the end of July 2011) suffered greatly from the crisis. The cost of risk rose substantially, loan portfolios deteriorated and the banking system became significantly less profitable. The banking system registered an 8% drop in healthy loans and a 44% rise in non-performing loans between the end of December 2010 and the end of June 2011. This development reveals the potential threats to the stability of the financial sector, which are linked primarily to the deterioration of the financial standing of several institutions, particularly those backed by public capital that remained open during the crisis. A number of restructuring measures are under way, including audits, the creation of governance structures and formulation of a State strategy for disengagement from the sector. Planned reforms in the financial sector include: *(i)* reinforcing the powers of the financial sector development committee; *(ii)* continuing efforts to deal with high portfolio deterioration rates in the decentralised financial sector via regular audits and tighter licensing procedures; and, *(iii)* strengthening the primary issuance market by the appointment of primary dealers. For its part, the insurance market has experienced remarkable growth, which has risen from 9% in 2009 to 13% in 2010. Still, major reform will be necessary to ensure that it is financially sustainable. Comprising 29 companies (18 'non-life' companies and 11 'life' companies), it accounts for more than 1 500 direct and indirect jobs. The Caisse Privée des Retraites (CNPS), which has been posting losses since 2004, is now XOF 110 billion in the red and its situation could deteriorate further. Reforms aimed at restoring financial equilibrium in the retirement branch of the CNPS focus on, amongst others: *(i)* increasing dues from 8 to 12% in 2012, then to 14% in 2013; *(ii)* revaluing pensions on the basis of the cost of living rather than nominal salaries; *(iii)* taking the 15 best earning years into the base calculation rather than 10; and, *(iv)* increasing the retirement age from 55 to 60 years.

Public Sector Management, Institutions & Reform

Implementation of reforms in the public finance and coffee-cocoa and energy sectors is one of the criteria for attaining the completion point of the HIPC initiative. A survey of public employees has been carried out which will enable wages to be better managed in future, thanks to the creation of a single new listing. The first budget implementation report was published at the end of September 2011, as the crisis impeded the drawing up of the December 2010 and June 2011 reports. The SIGFIP/ASTER interface to improve traceability and budgetary control has been affected by delay in the decentralisation process. In terms of *Transparency International*'s corruption perceptions index, Côte d'Ivoire was ranked 154th out of 182 countries in 2011, down from 146th in 2010. The country's position could improve, however, taking into account measures it has taken to draw up an ethics charter and code of conduct. In November 2011, Côte d'Ivoire ratified the United Nations Convention against Corruption.

As regards governance in the coffee-cocoa sector, for the 2010/11 harvest, the government has applied an advalorem tax of 22% of CIF prices as part of its tax and parafiscal measures. A reform initiative setting up a new legal and regulatory framework, as well as a new marketing mechanism, was adopted by the government on 2 November 2011. The new regulatory and stabilisation body, which has been given the name Coffee-Cocoa Council, is jointly administered by the State, professional bodies and banks. It uses an averaged forward purchasing system aimed at minimising fluctations on international markets and guaranteeing producer prices. Producers should benefit from a minimum fixed price of between 50 and 60% of the CIF price for the entire harvest and in all production zones. The coffee-cocoa sector remains hampered by several obstacles including poor phytosanitary treatment of ageing plantations and the loss of production to adjacent countries. The solutions adopted by the authorities focus on securing borders and implementing the ‘Quality, Quantity, Growth’ programme, including measures to combat coffee-cocoa diseases.

Efforts have been undertaken to modernise the energy sector. In terms of the electricity sub-sector, the Société de gestion du patrimoine du secteur de l’électricité (SOGEPE) and the Société d’opération ivoirienne d’électricité (SOPIE) were dissolved, and a new unified organisation (Énergies de Côte d'Ivoire) was created. These measures were taken as part of efforts to restore the financial sustainability of the sub-sector. As regards hydrocarbons, a review of the tariff structure based on market prices is under way and should be applied in July 2012.

Natural Resource Management & Environment

Côte d’Ivoire is a candidate country for the Extractive Industries Transparency Initiative (EITI), although it is not yet EITI compliant. An assessment of the validation report and of the report on 2008 and 2009 data by the EITI governing body should determine whether or not it complies with EITI criteria or not.

Before the crisis, good progress had been made in establishing clean water supplies and setting up an institutional and regulatory framework for the integrated management of water resources. The proportion of the population with access to a source of clean water was 36.4% in 1993, 46% in 1998, 51.2% in 2002 (61% in urban areas and 43.8% in rural ones) and 61% in 2008 (73% in urban areas, and 50% in rural ones), according to the Millennium Development Goals (MDG) monitoring report. However, the poorest people still have the greatest difficulty in getting access to clean water. Objective 7 of the MDG (environmental sustainability) is unlikely to be attained by 2015. Implementation of the national reforestation programme, which began in 2005 and aims at increasing forest cover to 20% (6 450 000 hectares) by 2015, has encountered delays. The country remains short of facilities for rainwater drainage, sewage collection and treatment, and household waste elimination and treatment, as well as suffering from a paucity of public toilets. However, encouraging efforts have been made by the authorities through sanitation programmes in the country’s cities. Also, since 9 February 2012, two decrees have been signed, one providing for the creation, organisation and operation of a national committee of the Global Environment Fund, and the other providing for a new classification system of national parks and natural reserves and the creation of a commission to this end.

Political Context

The post-electoral crisis resulted in massacres of people and serious violations of human rights. Escalation of the violence left more than 3 000 people dead, according to the Ivorian authorities, as well as thousands of wounded and large numbers of refugees in neighbouring countries, particularly Liberia and Ghana, Sparked by the refusal of ex-president Laurent Gbagbo to cede power following the victory of Alassane Ouattara in the presidential elections of 28 November 2010, the crisis was brought to an end by an intervention of UN and French forces which helped the pro-Ouattara forces take control of the country from 11 April 2011.

Alassane Ouattara was sworn in as president of the Republic on 21 May 2011. A government comprised of all the political parties – except Laurent Gbagbo’s Front Popular Ivoirien (FPI) – was formed. A Dialogue, Truth and Reconciliation Commission (CDVR) was created. The formation of a new integrated army and security force, including around 11 000 former combatants, marked the start of the reunification process. The organisation of peaceful legislative elections on 11 December 2011 confirmed the gradual institutional normalisation of the country, even though turn-out was law (36.5%). According to the independent electoral commission (CEI), President Outtara’s Rassemblement des Républicains (RDR), the democratic party of Côte d’Ivoire (PDCI) and its ally Henri Konan Bédié and other allied groups took 220 of 255 seats, with 127 and 77 seats for RDR and PDCI, respectively. The remaining 35 seats went to independents. However, the Constitutional Council ruled on nullification requests that had been referred to it. There were 110 complaints concerning 66 electoral wards. The results were confirmed in 55 wards, while those in 11 others were nullified and fresh elections organised. These elections were boycotted by the FPI which had set conditions for its participation, which included reform of the independent electoral commission and liberation of prisoners who were members of the previous government. At the end of November, Laurent Gbagbo was transferred to the International Criminal Court for alleged crimes against humanity.

If social peace appears to have been established, it must be consolidated in 2012, when the electoral cycle will be completed by municipal and regional elections. The pleas of President Ouattara for reconciliation and peace will need to be reinforced by dialogue with the FPI and its allies in the National Congress for Democratic Resistance (CNRD).

Social Context & Human Development

Building Human Resources

The government's professed wish in the report on the national education system completed in 2009 is to improve primary education for children. A study of primary cycle enrolment and completion rates reveals dysfunctions arising from several factors including poor infrastructure capacity, the social situation of parents and sociocultural constraints. The net primary enrolment rate was 56.1% in 2008 and the primary completion rate was 51.1%. Education has been badly affected by social disturbances since 2002. The attainment of MDG 2 (completing a primary education cycle) is unlikely. However, advances could be made. Recruitment in the education sector, and the free distribution of more than 2 million school kits in public primary schools was carried out in 2011. In addition, the country benefited from XOF 21.4 billion in financing from the Global Education Fund. These resources will support the development of primary and secondary teaching via specific activities set out in the Medium-Term Action Plan for the Education/Training Sector 2012-14. Since 12 September 2011, the country has been a member of the Global Partnership for Education.

According to the fourth monitoring report of the Declaration of Commitment on HIV/AIDS, Côte d'Ivoire remains one of the most affected countries in West Africa. HIV prevalence was estimated at 3.4% in 2010. Still, the effectiveness of a multisectoral approach in the fight against AIDS, the devolution and decentralisation of services and the monitoring and evaluation of national efforts have produced some positive results. The number of patients on antiretrovirals (ARV) grew from 2 473 in 2002 to 72 011 in 2009. The proportion of the population at an advanced stage of the disease with access to ARVs went from 21.3% in 2006 to 41.2% in 2009. These improvements have been facilitated by the free distribution of ARV treatment since 2008 and the decentralisation of medical care of people living with HIV/AIDS through an increase in the number of treatment sites. As regards the fight against malaria, use of impregnated mosquito nets increased from 3% of the population in 2006 to 14.8% in 2008. The free distribution of treated mosquito nets began in 2011.

The post-electoral crisis created an emergency sanitation situation, aggravated by the disruption of the health care system due to looting. Measures to restore health centres and hospitals, including the re-establishing of epidemiological monitoring have been taken. In addition, the public has benefited from temporary free care in public hospitals and health centres. This measure has been replaced by a new policy called targeted gratuity, which focuses on the most frequent illnesses among 0 to 5 year olds and pregnant women. The attainment of MDGs 4, 5 and 6 on the reduction of infant mortality, the improvement of maternal health and the fight against HIV/AIDS, malaria and other infectious diseases remains unlikely.

Poverty Reduction, Social Protection & Labour

The socio-political instability engendered by the 1999 coup d'état, the milito-political crisis of 2002 and post-electoral one of 2010/11 has increased poverty in Côte d'Ivoire. Per capita income has fallen by one-sixth over the past decade and half of the population lived below the poverty line in 2010. The government's primary objective is to bring the incidence of poverty from 48.9% in 2008 to its pre-1999 crisis level of 33.6% in 2013 and to 16% by 2015. It is highly unlikely that the MDG to end poverty will be reached. Côte d'Ivoire remains one of the countries with the lowest human development rating. It was ranked 170th out of 187 countries in 2011. Implementation of the poverty reduction strategy was interrupted by the post-electoral crisis. The updated PRSP that takes into account new priorities is integrated into the new 2012/15 National Development Plan (NDP). The medium-term expenditure framework in the ministries of education and health has also been included in the 2011 budget. Further, the authorities extended the application of the medium-term expenditure framework to six new ministries. Despite the reduction of budgetary margins, the State has focused its efforts on reinforcing the fight against poverty. Spending on the poor was estimated at 10% of GDP in 2011 versus 7.8% of GDP in 2010.

The social security policy in Côte d'Ivoire requires employers to grant professional risk insurance to employees and dependents. The social security insurance sector is composed of various organisations: *(i)* the State employee retirement fund (CGRAE) supported by the Public Workers Insurance Scheme (MUGEFCI) for public sector cover; *(ii)* the National Social Security Fund (CNPS) for private or voluntary coverage; and, *(iii)* military and national police funds for the defence and security forces. However, the implementation of social security policy through these organisations only covers around 10% of the active population (essentially workers in the modern sector). To compensate for this shortfall, organic laws providing for universal health insurance (AMU) have been voted. However, technical difficulties involved in setting up the project and the milito-political crisis have impeded their implementation. Since 2011, several studies have been started to prepare for the launch of the AMU project. In addition, reforms of the CNPS and the CGRAE are currently being finalised.

Gender Equality

Côte d’Ivoire has ratified several international conventions proclaiming the equality in dignity and rights of all human beings. These include, amongst others, the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW 1979) and the Solemn Declaration on Gender Equality in Africa adopted in 2004. A policy document on the equality of opportunity, equity and gender was adopted in 2009. The national strategy to combat gender-based violence and the revised family and persons code, were drawn up in 2010. The country has adopted the recommendations of the 2006/11 multi-year programme of work of the UN Commission on the Status of Women and Resolution 1325 of the UN Security Council. And yet, gender-based inequalities persist in such areas as: access to basic social services, employment, resources and factors of production, particularly land and credit, as well as in decision-making and participation in public and political life. Added to this is gender-based violence, which increased during the crisis. According to the 2011 human development report of the UN Development Programme (UNDP), Côte d'Ivoire has one of the highest gender inequality ratings in the world, putting it in 136th position among 146 countries assessed. Data from the Inter-Parliamentary Union on the presence of women in decision-making bodies shows that, in 2011, just 8.9% of members of parliament in Côte d’Ivoire were women, a percentage which put the country in 108th place out of 137 in the world rankings.

Thematic analysis: Promoting Youth Employment

In Côte d’Ivoire, the issue of youth employment occupies an important place by virtue of the particular circumstances affecting this portion of the population, namely high unemployment and a high proportion of short-term jobs. In fact, according to the 2008 survey of household living standards, unemployment is highest among young people, particularly in the 15-24 age bracket, is, with a rate of 24.2%. According to the social bulletin for the city of Abidjan, moreover, 68.4% of young people in work in 2006 were without an employment contract, while 12.7% had open-ended contracts and 3.4% had fixed-term contracts. Graduates face difficulties entering the workforce. The proportion of graduates seeking work in 2008 was particularly high among secondary school graduates (42.9%), well above that for holders of university degrees (8.4%) and two year DEUG university diplomas (7.9%) . Likewise, in technical and vocational training, the rate is particularly high for those with BTS post-baccalauréat technical qualifications (17%).

Several obstacles impede the integration of young people into the labour market. A crucial one is the mismatch between training and employment needs. This situation, attributable to an education sector that ignores the real needs of the national economy, has led to the development of training programmes offering no corresponding employment opportunities. The majority of young employment seekers lack solid qualifications in the fields of competence demanded by employers. In order to ensure the matching of training and employment, the State decided to reinforce collaboration between educational institutions and companies. To this effect, a partnership between industry and the Higher Education and Scientific Research Ministry was established in March 2007, with the creation of a joint committee presided over by the General Confederation of Companies of Côte d’Ivoire (CGECI). In addition, a framework partnership convention was signed in October 2009 between the Ministry of Technical Education and Vocational Training (METFP) and private sector enterprises. This collaboration has made it possible for the GCECI to participate in: *(i)* the strategic support programme for scientific research and the work of the governing bodies of the universities of Grand-Bassam and Lagunes, as well as that of the jury presiding over admissions to the National School of Administration; *(ii)* efforts to improve professional structures and draw up registers of professions and requisite professional qualifications; and, *(iii)* reform of vocational training which has led to a reduction in the number of training structures from 53 to 27. Another important barrier to progress is the low level of information about the labour market despite the liberalisation of recruitment in Côte d’Ivoire. This situation is primarily due to the absence of any real visibility for companies with regard to the developments within the education system in terms of training, certification and validation of diplomas. Lastly, several shortcomings have been identified in the job prospecting system. These include: *(i)* low inscription rates at the AGEPE (less than 10%); *(ii)* the lack of an unemployment benefits service; and, *(iii)* poor levels of assistance from recruitment agencies.

The employment programmes contained within the 1991 and 1995 national employment plans aim to reduce youth unemployment. However, the serious socio-political crisis experienced by Côte d'Ivoire resulted in the suspension of several programmes. Côte d'Ivoire's deteriorating country risk profile led to massive job losses among young people as a number of companies closed or relocalised. The post-crisis context has been marked by efforts to revitalise youth employment programmes. The most important are the Youth Training and Integration Programme (PFII), which is being implemented via a Service Platform (PFS), comprising the AGEFOP (national vocational training agency), the FDFP (vocational training development fund), the AGEPE and the FNS (national solidarity fund). This programme, which represented, an attempt by the State to respond to the deterioration in youth employment prospects as a result of the crisis, aims at getting 50 000 young people into work. The national civic service programme (PSCN) aimed to help 46 000 young people to integrate society and the professional sphere by teaching them civic values and familiarising them with a certain number of professions.

These programes have failed to meet their objectives. Under the PFII, around 2 000 young people have been trained in different fields. The PSCN was hampered by financial difficulties. In addition, according to the department of employment, the financing of these programmes was random and had limited geographical reach. The government's knowledge of the situation of young employment seekers is limited, moreover, by the inadequate capacities of the national employment observatory.

Several initiatives have been taken by the new authorities with the aim of improving employment prospects for young people in the post-crisis period and some are already being implemented. The ones which seem to offer the most promise in terms of job creation for young people involve temporary work on infrastructure construction and the provision of loans for starting new businesses. The first initiative is a pilot project to create jobs for youth and to develop skills through labour intensive projects (THIMO), as part of programmes to promote infrastructure investment, post-crisis reconstruction and labour intensive employment. It aims to provide work for 10 000 young people during the 2011-13 period and is being run by national the road management agency (AGEROUTE). The second initiative focuses on access to credit for entrepreneurs and comprises two programmes in 2011 and 2012. The first involves the provision of a bank guarantee for the financing of 290 youth projects with the aim of creating 3,000 direct jobs. The second aims to create 77,000 direct jobs by providing support for rehabilitation in 18 different professional sectors and bank guarantees to help young entrepreneurs seeking to set up businesses in sectors with promise.

Much hope has been placed in these youth employment projects set up by the new authorities. The different efforts made to get young people into work are already showing promise. However, these efforts will need to be pursued in association with the various stakeholders and with an unswerving political will to wipe out the negative effects on the employment prospects of young job seekers of ten years of crisis.