EXECUTIVE SUMMARY

2021 - 2030
RÉPUBLIQUE DE CÔTE D’IVOIRE

Sustaining High, Inclusive, and Resilient Growth Post COVID-19
A World Bank Group Input to the 2030 Development Strategy
This study was conducted following a request made by His Excellency President Alassane Ouattara, to Mr. Hafez Ghanem, Regional Vice President for Eastern and Southern Africa for the World Bank Group, (WBG), in 2019. It constitutes the first implementation in the country of the WB regional strategy to support Africa’s economic transformation. Consequently, this study integrates perspectives of the International Development Association’s new jobs and economic transformation program, which is based on the concept that the main driving force for more and better jobs is accelerating economic transformation.

The team led by Mr. Albert Zeufack, the World Bank’s Chief Economist for Africa, was entrusted with producing an analytical and technical contribution to the development of Côte d’Ivoire’s economic development strategy for 2030. This contribution was expected to synthesize the knowledge gathered by the various World Bank teams on Côte d’Ivoire and draw general conclusions. This report is based on original contributions from Chorching Goh (task team leader), Gerard Kambou, Delfin Go, Souleymane Coulibaly, Franck Adoho, Michel Welmond, Izak Atiyas, Jean-Michel Marchat, Volker Treichel, Vincent Palmade, Kaleb Girma Abreha, Amy Copley, Aletheia Donald, Catherine Defontaine, David Maleki, and Zainab Usman. Additional contributions were made by, Amina Coulibali, Andrea Coppola, Mark Dutz, Moussa Blimpo, Isabel Neto, Michel Rogy, Maria Kim, Taye Mengistae, Namita Datta, Raphael Beatrice Karlen, Rose-Claire Pakahomba, and Kenneth Omondi.

This study was informed by numerous discussions with members of the Ivorian government under the direction of the late Prime Minister Amadou Gon Coulibaly, whose observations during annual meetings of the World Bank and International Monetary Fund in Washington, DC, in October 2019, guided our work. The team would like to express its gratitude to Mr. Patrick Achi, Secretary General of the Presidency, Mrs. Kaba Niélé, Minister of Planning, Adama Coulibaly, Minister of the Economy and Finance, Jean Alain Clement, Economic Adviser to the President, and the entire Ivorian delegation to the World Bank and International Monetary Fund meetings held in Washington, DC, in April and October 2019. We thank them for their support, providing data, and all of their contributions and suggestions at the technical meetings held in Washington, DC, and Abidjan.

We also thank the government’s technical team, formed under the direction of Mr. Emmanuel Koffi Aboutou, Chief of Staff to the Prime Minister, and jointly coordinated by Karim Traoré, Special Advisor to the Prime Minister, and George Bolamo, Cabinet Director to the Secretary General of the Presidency. Their observations on the concept note during the drafting of this study helped point us in the right direction.

Finally, the team expresses its thanks to Mr. Hafez Ghanem (Vice President for Eastern and Southern Africa), Mr. Ousmane Diagana (Vice President for Western and Central Africa), and Mrs. Coralie Gevers (Country Director for Côte d’Ivoire), for their strategic support.
Côte d’Ivoire aspires to reach upper-middle-income status by 2030. Côte d’Ivoire is one of the fastest growing countries in the world. It is now the largest economy in the eight-member West Africa Economic and Monetary Union (WAEMU) that uses the CFA franc as a common currency. With a population of 25.2 million, Côte d’Ivoire’s per capita income in 2019 was almost US$1,700, 50 percent above the level in 2011 in real terms. This makes Côte d’Ivoire a lower-middle-income country whose strong performance, if sustained, could position it to join the group of upper-middle-income countries. A historical look at Côte d’Ivoire’s economic growth reveals three distinct periods. The period from independence to the global oil shock of 1978 during which growth averaged more than 5 percent; the period 1981–2011 when average growth was significantly below 5 percent, except for the years 1995–97, and the post-2011 crisis period when the economy returned to the high growth rates of the 1970s (figure 1).

The coronavirus (COVID-19) pandemic threatens to derail Côte d’Ivoire’s ambitions. Government, businesses, and citizens are taking drastic measures to stem the transmission of the disease and to contain its human toll. At the same time, they are also devising stimulus measures to reduce economic damage and revive private sector activity with support from foreign development financing. The short-term goal is to secure the significant gains made over the past decade.

The health and economic shocks due to the pandemic are expected to be temporary and government should not lose sight of long-term objectives. This note summarizes the underlying strategy and the principal recommendations advanced by the World Bank in Côte d’Ivoire: Sustaining High, Inclusive, and Resilient Growth Post–COVID-19. The document is the World Bank’s input to the country’s Development Strategy 2021–2030. This strategy will set the Côte d’Ivoire’s development agenda with the goal of resuming dynamic growth in the medium to long term.

**FIGURE 1. GDP growth over the past six decades, 1961–2019 (percent)**

![GDP growth over the past six decades, 1961–2019 (percent)](image)

Source: World Bank
Sustaining High, Inclusive, and Resilient Growth Post COVID-19

A decade of economic growth is driving the ambition for upper-middle-income status

Côte d’Ivoire has grown robustly since regaining political stability at the end of the 2011–12 post-electoral conflict. The economy has expanded by an average 8.6 percent per year since 2011 (figure 2), topping US$44.3 billion in 2019 (at current prices and exchange rates). Population growth has been between 2.2 and 2.6 percent per year over the past decade. Côte d’Ivoire’s economic performance in recent years was driven on the supply side by a recovery of government services, followed by industry and services, and on the demand side by a resurgence of domestic consumption and investment and net exports and by total factor productivity (TFP) growth.

Institutions, policy, and governance have improved. The World Bank’s Country Policy and Institutional Assessment (CPIA) rates the quality of a country’s economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions. Côte d’Ivoire’s CPIA score rose from 2.7 (on a scale of 1 to 6) in 2010 to 3.5 in 2018. Côte d’Ivoire’s overall ranking in the World Bank’s Doing Business Report improved from 170th of 183 countries in 2011 to 110th of 190 countries in 2020. In the 2020 rankings, the country was 18th among 41 low-income and lower-middle-income countries and 11th among all 48 countries in the Sub-Saharan Africa region. Côte d’Ivoire’s global rankings were even better on several specific Doing Business components—starting a business (29th), getting credit (48th), resolving insolvency (85th), and enforcing contracts (94th).

Côte d’Ivoire has also made gains in poverty reduction and social development. The poverty rate, which had been increasing for over three decades (from 10 percent of the population in 1985 to 48.9 percent in 2008 based on household surveys), reached 55.4 percent of the population in 2011, following a decade of civil and political unrest. Since then, thanks to efforts to narrow the economic gap and implement reforms, poverty decreased significantly, falling from 55 percent of the population in 2011 to 44 percent in 2015, and 39.4 percent in 2018. Nevertheless, the wealth generated in recent years is primarily centered in Abidjan: territorial inequalities, especially higher poverty rates in the northern and central regions of the country, continue to be a major concern. Furthermore, the results in terms of human

1 Due to different calculation methods and changes in the design of household surveys, the poverty rates for 1985–2008 cannot be compared with those for 2011–2018. The poverty rates for 2011 and 2015 were estimated using a similar methodology to that used for 2018. Previous notifications from Ivorian governmental authorities indicate slightly different poverty rates (46.3 percent in 2015 and 37.2 percent in 2018).
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Development do not fully reflect the strong gross domestic product (GDP) growth: Côte d’Ivoire lags in education and health compared with the regional average and that of lower-middle-income countries. Despite considerable public expenditure in education, the results for school enrollment and skills development fall below expectations.\(^2\) The 2019–20 Government Social Program (PSGouv), launched by the authorities, is aimed specifically at accelerating poverty reduction and making economic growth more inclusive through social actions that are aimed at vulnerable populations and focus on health, education, access to drinking water and electricity, as well as basic infrastructures.

During 2015–19, progress was also made toward shared prosperity. Consumption growth among households at the bottom of the income distribution was higher than among those at the top. Consumption grew 5.6 percent a year over 2015–18 for the bottom 40 percent of households and fell by 2.5 percent a year for the top 60 percent. The poor had better access to basic infrastructure, and their asset ownership grew over 2015–18. But while median consumption growth rose 2.5 percent nationally, it dropped among rural households at the bottom of the income distribution (–0.2 percent).

Access to electricity and clean water expanded, as investments in basic amenities benefited households across all income groups. In 2019, approximately 81 percent of Ivorian households had electricity, an increase of 20 percentage points from 2015. For households in the bottom 40 percent of the income distribution, access to electricity jumped 21 percentage points, up from 49.6 percent in 2015. Poor households have also gained better access to primary and secondary schools and to markets and roads. Access to clean water is almost universal, at above 90 percent in both urban and rural areas and across income groups. But disparities remain. A smaller percentage of rural than urban households have access to clean water, and the share of households without access to clean drinking water is higher among households in the bottom 40 percent.

Investments in health infrastructure have been pro-poor. Over 2015–18, the percentage of households within 5 kilometers of a health center increased greatly. Among the poorest households, access to health infrastructure rose 37 percentage points, up from 58 percent in 2015. But a gap of 10 percentage points remains in access to health infrastructure between the bottom 10 percent and the top 10 percent, suggesting further scope to improve equity.

Despite improvements, inequality remains high. While the consumption share of the richest 20 percent of the population dropped from 51 percent in 2015 to 43 percent in 2018, the share of the bottom 40 percent was 18 percent, just 3.5 percent higher than in 2015. And income inequality remains high in urban areas. In 2018, the top 20 percent of households in Abidjan accounted for 68 percent of consumption, while the poorest 10 percent accounted for just 1 percent. In secondary cities, the shares were 43 percent for the richest households and 6 percent for the poorest.

In the past four years, the National Development Plan 2016–2020 has guided efforts to consolidate pro-market reforms. Over the next 10 years, the government is aiming for an economic transformation that will sustain a 7 percent GDP growth rate per year, while rapidly reducing poverty.

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\(^2\) These conclusions are based on the most recent data available at the drafting of this report.
Confronting COVID-19

COVID-19 has hit the global economy as a huge negative shock. COVID-19 and the ensuing global economic recession will have a significant impact on Côte d’Ivoire, which is a net oil importer and exports principally agricultural commodities. Côte d’Ivoire closed its land, aviation, and maritime borders; banned events and gatherings of more than 50 people; shut down restaurants and recreational places; suspended offices and schools; and imposed social distancing rules. As a consequence, domestic economic activity has slowed dramatically and GDP growth is now expected to fall from 6.9 percent in 2019 to 2.7 percent in 2020 in a baseline scenario, with the fiscal deficit doubling to 5.3 percent of GDP and the current account remaining in deficit at 2.5 percent of GDP. Persistent economic disruption would likely drag GDP growth to zero percent in 2020 and worsen the fiscal deficit to 7.1 percent of GDP and the current account deficit to 3.9 percent of GDP.

The government introduced a CFA franc 500 billion (US$823 million) economic response package in late March, about 1.9 percent of 2019 GDP. The package includes CFA franc 150 billion for large firms, CFA franc 100 billion for small and medium-size enterprises (SMEs), CFA franc 100 billion for the informal sector, and CFA franc 170 billion for a solidarity fund for vulnerable population groups. Specific allocations are also planned for agriculture, some state-owned enterprises, public agencies to expand remote work arrangements, and imports of essential products. Overall, about 90 percent of the response package will have to be externally financed.

To help fill part of the financing gap, the International Monetary Fund (IMF) approved a disbursement to Côte d’Ivoire in mid-April of US$886.2 million. The amount of SDR 216.8 million (US$295.4 million, or 33.3 percent of Côte d’Ivoire’s quota) is to be drawn from the Rapid Credit Facility, and SDR 433.6 million (US$590.8 million, or 66.7 percent of quota), from the Rapid Financing Instrument. The support will help address the country’s urgent fiscal and balance of payments financing needs. The IMF package is expected to help catalyze additional financing from other development partners to preserve Côte d’Ivoire’s gains over the past decade.

Côte d’Ivoire is also applying for US$300 million in Emergency Response and Recovery Development Policy Financing from the World Bank. The objectives of the development policy operation would be to strengthen the crisis response framework for better health outcomes, support fiscal stabilization and rapid economic recovery, and mitigate the negative poverty and social impacts of the crisis.

Supported by external financing, Côte d’Ivoire could more strongly mount a response to save lives and protect livelihoods. This approach will require both relief and stimulus measures to keep the economy functioning. Policies should aim at strengthening health systems, extending income and in-kind support to formal and informal workers, and providing liquidity support to viable businesses, while maintaining the provision of public services.

In strengthening public health systems, the focus should be on improving the human and technical capabilities to respond to the COVID-19 crisis. A main priority is protecting health workers, equipping them with the necessary protective gear to avoid infection with the virus. Health authorities need to scale up testing of patients suspected to be infected and, as much as possible, implement surveillance testing including in rural areas. Social protection programs need to support workers, especially those in the informal sector. Cash transfers are commonly used in developing countries, including in Sub-Saharan Africa. Other measures implemented in the region include online payments, in-kind transfers (food and household items), social grants to the disabled and elderly, wage subsidies to prevent massive layoffs, and fee waivers for basic services including electricity tariffs and mobile money transactions.

Minimizing disruptions in critical food supply chains in the country will be vital. Government action to reduce international and domestic trade barriers and to ensure that food industry workers can work is critical. Funding for agriculture and agribusiness must be protected. Digital technology solutions and apps can help the food industry anticipate logistics problems, smooth temporary shortages, and prevent disruptions in supply chains. Early warning systems for food shortages and the associated emergency food provisioning systems will have to be adjusted to increase attention to vulnerable rural and urban areas.

Overall, the COVID-19 crisis is expected to be a temporary shock for Côte d’Ivoire’s economy. The longer-term impact will depend on the scale of the outbreak, the duration of confinement measures, and the adequacy of the authorities’ support for a fast recovery. Available data suggest that confinement measures in Abidjan have led to significantly lower traffic in public spaces, including in public transport facilities and retail areas. This will negatively affect private consumption and growth, but if the restrictions are relatively short-lived, consumption could bounce back. Government responses to stimulate recovery and to compensate for income losses for the more vulnerable segments of the population will be essential to restore growth and prevent social dislocation. Even as it intensifies its COVID-19 containment and economic recovery efforts, the government should not lose sight of the nation’s longer-term economic and social development agenda.
Resuming dynamic economic growth and social development

Continued productivity increases throughout the economy will help Côte d’Ivoire return to a post-pandemic, high-growth path. Factor accumulation—adding more workers and capital to the economy—has been an important driver of growth in the past. But reaching upper-middle-income level requires greater improvements in the efficiency by which these factors are used. TFP, a measure of economic efficiency and calculated as the ratio of aggregate output to aggregate inputs, was the main driver of GDP growth during 2012–14. The contribution of phenomenal TFP growth, during these three years, to GDP growth indicates that economic efficiency rose due to reforms to improve the investment climate and increasing infrastructure investment. However, by 2017, TFP growth contributed much less to GDP growth than did the growth of the capital stock and human capital.

Raising productivity requires higher levels of investment. Economic analysis suggests that investment will have to increase at an annual rate of 12 percent in real terms through 2030 (figure 3) to take the investment ratio to more than 26 percent of GDP. Achieving this target will require a significant increase in both private and public investment and a greater mobilization of financial resources including foreign savings and foreign direct investment. Policy reforms that improve the investment climate and the business environment, especially in sectors where the country has a comparative advantage (cashews, cotton, horticulture, rubber, and palm oil), will encourage private investment and its financing by domestic and foreign investors. Structural reforms to improve public investment management are also needed.

Stronger outward orientation and a more robust export performance can boost investment. Export growth will have to trend higher, averaging 10 percent annually, with the ratio of exports to GDP rising to 28 percent by 2030. Better integration into global value chains in regional and world markets encourages export growth. This will enable Côte d’Ivoire’s firms to better exploit economies of scale, which is critical considering the small size of the domestic economy. As exports expand, domestic industries that supply intermediate inputs to the export sector will benefit from increased demand for their products. Export growth will create additional demand for labor and various types of services. Higher import capacity facilitates access to high-technology goods.

Labor productivity will also have to rise from its current low level, both economywide and within sectors. Real output per worker in Côte d’Ivoire (as elsewhere in Sub-Saharan Africa) remains low, about 8.4 percent of the real output per worker in the United States in 2012–17. In comparison, real output per worker in East Asia’s high-growth economies was about 28 percent of the U.S. benchmark over the same period. More government spending on education and health will be necessary to finance higher levels of current expenditures, with an increasing share of budgetary resources devoted to education and health.

Achieving higher productivity will require three structural transformations. The World Bank report Côte d’Ivoire: Sustaining High, Inclusive, and Resilient Growth Post-COVID-19 identifies priorities and proposes concrete policies to raise productivity across Côte d’Ivoire’s economy. Required reforms address the principal sources of economic growth, the rising importance of technology, and the geographic distribution of economic activity. The sectoral transformation involves the reallocation of resources from less efficient to more efficient job-creating activities across farms and firms throughout the economy. Of key importance are diversification and specialization linked to international trade and participation in global value chains (GVCs). The digital transformation is innovation driven and involves the adoption, adaptation, and generation of new technologies. The spatial transformation entails the geographical reallocation of resources from lower productivity to high-productivity locations, including through regional and inland-coastal connectivity and improved urban-rural integration.

FIGURE 3. Forecast GDP growth and contributions of various factors, 2020–30 (percent and percentage points)

Source: World Bank staff estimations.
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The success of these economic transformations will depend on the quality of Côte d’Ivoire’s productive assets. Long-term economic growth is achieved by continuously expanding the stock and improving the quality of a country’s capital endowments. Private capital is embedded in firms and farms. Public capital encompasses the infrastructure that ensures mobility and the supply of essential services. And human capital depends on the skills and health of people. Identifying the priority reforms that will strengthen Côte d’Ivoire’s assets and promote the essential economic transformations provides a useful policy framework (table 1).

### TABLE 1. Raising productivity involves three economic transformations

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<th>SECTORAL TRANSFORMATION</th>
<th>DIGITAL TRANSFORMATION</th>
<th>SPATIAL TRANSFORMATION</th>
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| **PRIVATE CAPITAL:** Dynamic firms & farms | • Increase Competition in the Business Sector  
• Broaden Access to Finance  
• Deepen Integration into Global Value Chains | • Promote Competition among Digital Operators to Foster Innovation | • Raise Agricultural Productivity |
| **PUBLIC CAPITAL:** Efficient infrastructure | • Upgrade Transport Infrastructure and Operations  
• Improve Logistics Infrastructure and Performance | • Promote Development of a Regional Digital Infrastructure, especially through increased regulatory harmonization | • Invest in Infrastructure to Link Global and Regional Connector Cities  
• Protect Forests and Coastal Areas (green infrastructure) |
| **HUMAN CAPITAL:** Skilled and productive workers | • Raise the Quality of Education and Health Care  
• Empower Women with Better Human Capital and Economic Opportunities  
• Improve Youth Employability | • Develop the Skills for the Digital Economy  
• Ensure Affordability to Democratize Digital Services | • Bridge Education and Health Disparities between Rural and Urban Regions  
• Address Urban Pollution (to enhance health) |
Labor and other resources in Côte d’Ivoire have gradually moved from less to more productive activities in a transition process that needs to be accelerated. Services now represent the largest sector in the economy in value-added terms, but with insufficient improvements in productivity (value added per worker). Industry—manufacturing, mining, construction, and utilities—overtook agriculture in 2012, with manufacturing growing robustly in line with the aggregate economy. Productivity in industry is high and has been growing since 2012. Agriculture is the smallest and least productive sector.

The manufacturing sector presents opportunities for job and output growth. Manufacturing can create strong backward and forward linkages with the rest of the economy and serves as a conduit for international technology transfer and local knowledge spillovers. The robust generation of high-quality jobs will increasingly depend on export expansion. Most manufacturing products are highly tradable and benefit from economies of scale and scope. Moreover, manufacturing is better positioned than other sectors to exploit opportunities in international production networks, enabling product quality upgrading and value addition along global value chains.

The sectoral transformation will require both structural and policy reforms. These must be anchored on improving the investment climate, easing doing business regulations, and enforcing robust competition policies. Improving access to finance by firms and consumers, upgrading the quality of the transport and logistics infrastructure and services, and enhancing the skills, schooling and training, and health of the workforce will nurture private investment. And enhancing human capital and broadening the work opportunities for women and youth will solidify these gains.
**Private capital: Foster competition**

State-owned enterprises (SOEs) continue to operate in many parts of the economy where a strong role of the public sector is not necessary. Despite past divestiture, Côte d’Ivoire’s government still holds substantial interests in numerous firms. There are no laws or rules that offer preferential treatment to SOEs as private and public enterprises are supposed to compete under the same conditions. SOEs are subject to the same tax rules as private companies, although sometimes they are allowed arrears on electricity bills. While the country’s corporate governance of SOEs does not meet the standards of the Organisation for Economic Co-operation and Development (OECD), it is notable that the government has waged efforts to improve the governance code. Côte d’Ivoire has created a new category of public enterprises to align national legislation with WAEMU regulations. However, the presence of SOEs in certain industries can still lead to market distortions.

Côte d’Ivoire’s private economy is characterized by high levels of informality. According to the Côte d’Ivoire Enterprise Survey of 2016, some 70 percent of registered enterprises cited informality as a binding constraint to growth. Although informal output as a percentage of GDP declined across all regions over 1990–2017, Côte d’Ivoire remains similar to most countries in Sub-Saharan Africa (and Latin America). It has a high share of informal output in GDP that averaged around 34 percent over 2010–17. There are several ways to reduce the size of the informal sector, such as reducing the costs of entering the formal sector (reducing registration and start-up costs), reducing the ongoing costs of formality (for example, taxes), and greater enforcement of regulations. All policies have advantages and costs (notably fiscal), but limiting the cost of formality seems promising based on existing studies. Côte d’Ivoire places a singular emphasis on the registration criteria in defining informality, whether the definition of informality is made using the enterprise approach (the operating entity is not registered with the Government Social Security Office) or the labor approach (the employee is not registered with the Government Social Security Office). The authorities have made strides in making starting a business easier—one of 10 items on the Doing Business reform agenda (figure 4). The country’s international ranking on the ease of starting a business has improved dramatically, from 170th of 183 countries in 2012 to 29th of 190 countries in 2020. The high prevalence of informality despite these efforts suggests the need for more active measures. Currently the regime de l’impôt synthétique, or synthetic tax regime, creates incentives for enterprises to remain small. Simplifying the tax base applicable for small businesses would encourage them to register as formal businesses.

Although implementation of the competition law has improved, competition remains weak in several sectors. The transportation and telecommunications industries, for instance, are monopolies or oligopolies with high barriers to entry. Côte d’Ivoire could support efforts within WAEMU to delegate to national competition authorities the power to decide on anti-competitive practices that occur in national territories. Currently, the WAEMU Commission has the exclusive authority to investigate state aid, anti-competitive state practices, and anti-competitive practices with a cross-border effect. Before issuing a decision, the Commission must obtain a non-binding opinion issued by an advisory committee of two members appointed by each member state. The role of national competition agencies is limited to monitoring national markets to identify failures stemming from anti-competitive practices and to cooperate with the Commission during an investigation. National competition agencies can only conduct preliminary inquiries and perform market analyses subject to the Commission’s instructions; they assume a secondary role in the enforcement of WAEMU competition rules.

**FIGURE 4. Ease of Doing Business indexes, 2015 and 2020**

![Ease of Doing Business indexes, 2015 and 2020](image)


Note: The score varies from zero (poor) to hundred (best).
More than two-thirds of registered businesses consider poor access to credit a binding constraint to the growth of firms, according to the Côte d’Ivoire Enterprise Survey of 2016. Although the country has one of the bigger banking systems in the Economic Community of West African States (ECOWAS) with 30 banks, credit to the private sector remains low, at 27 percent of GDP in 2017. This compares to an average 47 percent in Sub-Saharan Africa and an average 44 percent in lower-middle-income countries. Access to credit is particularly limited for agriculture and for small firms, limiting their ability to invest and grow (Figure 5). Agriculture, which produces 24 percent of value added, receives only 11 percent of bank lending. Private banks are reluctant to lend to small farmers because they tend to be poorly capitalized, have unstable revenue, lack formal credit history, lack collateral including titles to land, and are at risk from adverse weather conditions. For SMEs, the credit gap was estimated at US$2.7 billion in 2017, about 8 percent of GDP.

**Broaden access to finance**

Agency banking could broaden financial inclusion and raise deposit mobilization. Financial inclusion and deposit mobilization are low in Côte d’Ivoire—only 22 percent of adults have an account at a financial institution and deposits comprise only 25 percent of GDP. Although Côte d’Ivoire recently introduced mobile money accounts, digital financial services remain limited, with almost half of mobile money accounts inactive and mobile money tariffs higher than in other Sub-Saharan African countries. Under an agency model, third-party retail networks, under valid agency contracts with banks, conduct transactions on behalf of banks, providing limited-scale financial services to customers—typically cash withdrawal and deposit, bills payment, funds transfer, balance inquiry, and document collection. Agents provide access to financial products and services at locations nearest the customer, breaking down certain barriers to financial inclusion such as accessibility and cost. Agency banking is practiced in Kenya, under supervision by the central bank, and has resulted in a major uptake of deposit and withdrawal transactions.

To develop the country’s capital markets, the monetary and fiscal authorities could activate the interbank market, develop the long end of the yield curve, and reduce segmentation in the sovereign debt market. Capital markets, which can provide long-term financing, are thin and capital market transaction costs are high in Côte d’Ivoire. The regional stock exchange recently created a department for SME financing, but the absence of a functional interbank market and the lack of a long segment in the yield curve constrains capital market development. Policy makers could set asset allocation rules for institutional investors, including pension funds and insurance companies, which could become buyers of the private sector’s corporate bonds and the government’s sovereign bonds. Together with the other WAEMU countries, Côte d’Ivoire should help strengthen the institutional capacity and technical expertise of the regional group’s financial regulators—the Central Bank of West African States, the Inter-African Conference on Insurance Markets, the Inter-African Conference on Social Welfare, and the Regional Council for Public Savings and Capital Markets.
Integrate into global value chains

Integration into GVCs promotes structural change through industrialization. Manufacturing in parts and components generates numerous benefits. It creates strong forward and backward linkages to the global economy, serves as a conduit for international technology transfer and local knowledge spillovers, boosts domestic demand, exploits economies of scale and scope, and generates employment. But compared with a group of structural and aspirational peers (Ghana, Senegal, Kenya, Morocco, Sri Lanka, and Vietnam), Côte d’Ivoire is least integrated into GVCs (figure 6). Backward linkages are especially weak in Côte d’Ivoire. These reflect a country’s imports of intermediates to produce its exports and are measured by the share of foreign value added in total exports. Forward linkages are somewhat stronger in Côte d’Ivoire. They reflect how much a country adds value to products that it ships to third countries where they are further processed and exported through the chain. Forward linkages are measured as the share of a country’s value-added in total exports used as intermediate inputs in the value-added exports of other countries. Forward integration is higher in Côte d’Ivoire than in its aspirational peers—Kenya, Morocco, Sri Lanka, and Vietnam. This indicates the predominance of upstream activities in the value chain, such as extraction of raw materials.

GVC participation varies across broad sectors of the economy. The manufacturing sector has a GVC participation rate of approximately 25 percent, with a backward linkage stronger than in agriculture. This indicates a relatively high reliance of manufacturing firms on imported inputs. In agriculture, the GVC participation rate is roughly 20 percent, with a strong forward linkage, reflecting the export of raw commodities.

The forward linkage is particularly high in mining, topping 82 percent or almost three times that of the country’s structural and aspirational peers. This also indicates the export of predominantly raw rather than processed minerals and materials. The country’s tradable services sector—wholesale trade, transport, telecommunications, finance, and business activities—also has stronger forward than backward linkage in GVCs. In manufacturing, the transport equipment and the electrical and machinery industries have relatively strong backward linkages, while the metals and the chemical and non-metal industries have relatively strong forward linkages. The food and beverages and the wood and paper industries are least integrated in GVCs. Western Europe remains Côte d’Ivoire’s main source of foreign value added and principal destination of manufacturing exports, although the region’s role as the country’s main GVC partner has declined in recent years. The importance of North America in Côte d’Ivoire’s GVC trade has also declined, while that of China and Sub-Saharan Africa has risen. The latter reflects growing intra-regional trade. The country’s GVC integration with China is particularly strong in backward linkages, indicating reliance on imported inputs from China.

GVC integration is associated with higher manufacturing employment and productivity. Established, larger, capital-intensive, and more productive firms are more likely to be integrated into GVCs through exporting, importing, or both. Moreover, GVC-integrated firms have larger workforces and hire more skilled workers. They also have higher labor productivity and pay higher wages, particularly for unskilled workers, than nonintegrated domestic-only firms. However, domestic-only firms provide more employment opportunities for unskilled workers.

Considering Côte d’Ivoire’s low GVC participation, there remains considerable potential for gains from integration and upgrading. Côte d’Ivoire will have to focus on the principal policy and institutional factors to bolster scale economies and complementarities that help expand production, greater processing, and higher-value exports. Therefore, the main policy entry points are promoting GVC integration and upgrading in favor of high-growth markets; facilitating the entry, survival, and growth of firms; boosting productivity through within-firm changes and reallocation between firms; improving absorptive capacity and strengthening sectoral linkages; and supporting the creation of inclusive and better jobs. These can be achieved through a mix of trade, investment, and competition policies as well as infrastructure and skill development.
Public capital: Upgrade transport infrastructure and operations

Côte d’Ivoire has one of the more developed transport sectors in West Africa and could emerge as a key transport hub in the region. The country’s major transport assets include a road network of 82,000 kilometers; a railway line of 1,238 kilometers between Abidjan and Ouagadougou, the capital of Burkina Faso; two international airports at Abidjan and Bouake and five domestic airports; and two international ports at Abidjan and San Pedro. The country was among the first in West Africa to use public-private partnerships (PPPs) effectively in the transport sector with the award of concessions for railway, airport, and bridge operations. Over the past five years, the government and the private sector have invested over US$2 billion to upgrade/rehabilitate the transport infrastructure, following more than a decade of underinvestment caused by the prolonged political crisis. The country’s transport infrastructure is also valuable to its landlocked neighbors, Burkina Faso, Mali, and Niger. The Abidjan-Ouagadougou corridor links Burkina Faso to Africa’s Atlantic coast and the Abidjan-Lagos coastal corridor connects Lagos, Accra, and Abidjan, serving an area with 35 million people.

Transport costs in Côte d’Ivoire are higher than in its regional peers. For example, the cost of transporting a container from the center of the country to the international port is US$1,390 in Côte d’Ivoire compared with US$875 in Ghana. Until rehabilitation began in 2011, the road network, which handles practically all internal freight, had been severely damaged by overloaded trucks. Most of these trucks are owned by small, informal, and inefficient operators. Throughput at the Abidjan Autonomous Port, which handles 80 percent of maritime traffic and functions as a transshipment hub, is only half of capacity, at 650,000 twenty-foot-equivalent units. Clearance of freight is five times slower than in leading ports in Asia. The Felix Houphouët-Boigny Airport, the third largest in West Africa with 1.8 million passengers in 2016, is saturated at peak periods.

The government can reduce transport costs by promoting “formalization” in the trucking industry, which is dominated by informal operators. It should encourage upgrading of the trucking fleet through scrappage schemes for older trucks (85 percent of trucks are more than 10 years old) and financing mechanisms for new trucks. The government should regulate the entry and exit of firms in the industry, impose weight and axle load requirements on vehicles, and support training of professional drivers. In rationalizing the trucking industry, the government should encourage the use of containers. Currently, only 20 percent of goods on inland transit along the Abidjan-Ouagadougou corridor are conveyed on containers, one of the lowest containerization rates in the world. The government could also create freight exchanges to eliminate unnecessary intermediaries and brokers, a move that would reduce transport costs along the Abidjan-Ouagadougou corridor by US$0.13 per kilometer.
Improve logistics performance

Improving the quality and reducing the cost of logistics in Côte d’Ivoire would boost economic efficiency. Côte d’Ivoire scored 3.08 (on a scale of 1 to 5) and ranked 50th of 160 countries on the World Bank’s Logistics Performance Index in 2018, behind Vietnam, which scored 3.27 and ranked 39th (figure 7). The quality of trade and transport-related logistics and the efficiency of the customs clearance process score particularly low (other components of the index are the ease of arranging competitively priced international shipments, the competence and quality of logistics services, the ability to track and trace consignments, and the timeliness of shipments reaching their destinations within the expected delivery time). The average processing time for export goods is 10 days, compared with two days in Vietnam. Given that Vietnam significantly improved its logistics performance between 2007 and 2017, it could provide valuable lessons for Côte d’Ivoire.

The lack of warehouses is a major infrastructure bottleneck. Notably, the country lacks temperature and humidity-controlled warehouses to preserve the quality of agricultural products prior to export or before reaching local consumers. Such warehouses would be particularly important because of the persistent inefficiencies in transportation and frequent delays at ports. Some 40-50 percent of crops are reportedly wasted—produce that could boost Côte d’Ivoire’s role in global agricultural value chains where the country has a comparative advantage. Even for less sensitive goods, the shortage of warehouse space is a problem. For instance, at ports it forces shippers to use the ports’ handling areas as stacking spaces. Automating customs cargo releases would improve operations and reduce costs at the Abidjan and San Pedro ports. Random checking of customs cargo is widely used in the United States and Europe. It could also reduce the need for road checkpoints in Côte d’Ivoire. There are 31 fixed and mobile checkpoints along the Abidjan-Ouagadougou corridor alone. Greater efficiency at ports, including through improved customs clearance procedures, will reduce dwell times for ships at ports and rotation time for trucks.

Toward a demographic dividend

Côte d’Ivoire is a country with a pre-demographic dividend due to its high fertility rate, declining mortality rate, and young age structure. Mortality rates have gradually declined. But the total fertility rate, while having also dropped, remains high with an average of 4.7 children per woman in 2017. Fertility rates vary between groups in Côte d’Ivoire. The 2016 Multiple Indicator Survey shows substantial regional variation in the rates, with the lowest in Abidjan (2.8) and the highest in the northwestern (6.7) and western (6.2) regions of the country. Fertility rates also vary according to wealth—2.7 in the richest quintile versus 6.7 in the poorest quintile—and by level of education—2.9 among women with secondary education and beyond and 5.5 among women with no formal education. With a slow decline in fertility and improving mortality rates, Côte d’Ivoire will continue to experience rapid population growth and the age structure will continue to be heavily biased in favor of young dependents (figure 2.16, in chapter 2 of the main report). It is estimated that by 2050 the population under 15 years of age will hardly decline, going from 41 to 34 percent (in the high-fertility variant), or from 41 to 31 percent (in the low-fertility variant). Even if fertility rates in Côte d’Ivoire immediately reach replacement levels, there will be several decades of residual population growth.

Note: The score varies from 1(worst) to 5 (best)
Human Capital: Raise the Quality of Education

Côte d’Ivoire ranks low on the World Bank’s Human Capital Index. The index measures the amount of human capital—the knowledge, skills, and health accumulated over life—that a child born today can expect to achieve by age 18, given the quality of education and health care in the country in which the person lives. Côte d’Ivoire scores poorly globally and among low- and lower-middle-income countries in the Sub-Saharan Africa region. With a score of 0.38 (on a scale of 0 to 1), Côte d’Ivoire ranks 158th among 174 countries globally, and 28th among 42 countries in the Sub-Saharan Africa region on the index.

Although school enrollment has increased at all levels in the past eight years, children in Côte d’Ivoire only manage to complete 8.1 years of schooling on average. The country ranks lower than its peers in the region, Ghana and Kenya, on school completion. Students in Côte d’Ivoire do not appear to be learning the “basics.” Côte d’Ivoire scores 373 (on a scale from 300 to 625) on the Programme for the Analysis of Education Systems. This test assesses reading and mathematics skills at the second and sixth grade levels for the Conference of the Ministers of Education of French-speaking countries. The levels of learning are also invariably low based on other test scores. Third-grade students score 24.1 of 100 in reading on the Early Grade Reading Assessment (EGRA) and 46.8 of 100 in mathematics on the Early Grade Mathematics Assessment (EGMA). The consequence of low years of average schooling and poor learning is low rates of adult literacy. In Côte d’Ivoire, only 59 percent of adults aged 24-59 are literate. Those ages 15-24 have a marginally higher literacy rate, at 68 percent, reflecting some progress in recent years. But the rate is low compared with Ghana, where it is 77 percent, and Kenya, where it is 78 percent.

The poor performance of students in basic reading and math calls for a national plan to address Côte d’Ivoire’s learning crisis. All children should be proficient in reading and mathematics before leaving primary school. Lower secondary education should focus on solidifying these competencies rather than simply selecting students for promotion to the next grade level. Improving the quality of education will require better teacher support services, improving school and classroom settings, ensuring a reliable supply of key inputs, particularly books, and establishing greater accountability for results. Moreover, schools should provide a safe and enabling environment for learning, an important requirement to provide access and to ensure success for girls. If the deficiencies in the system are not addressed, expanding enrollment alone will produce little learning improvement by students.

Vietnam provides a good example of how a country at a certain level of development can provide high quality education. Despite its relatively low level of economic development, Vietnamese students outperform students in OECD countries on average in the Programme for International Student Assessment (PISA). Recent analysis of Vietnam’s success identified five important contributing factors. First, Vietnam has always prioritized investment in primary and basic literacy education. Spending is also directed toward equity, which is an important factor contributing to Vietnam’s high and relatively equitable learning outcomes. Second, the government has implemented policies to attract and support qualified teachers through incentives and continuous professional development. Third, targeted public spending on preschool enabled the government to achieve universal preschool education for five-year-old children. Fourth, to increase access, the government has mobilized communities and the private sector in the provision of preschool education. Fifth, Vietnam has effectively benchmarked its student assessment system against international good practices and used assessment results to improve the system. For instance, in response to the PISA 2012 results, Vietnam changed the legal framework for large-scale exams to diversify testing methods, improve item quality, and pave the way for competency-based assessment.
**Spend more on health**

Child survival rates have improved in Côte d’Ivoire over the past decade, but the rates are uneven across income groups. Mortality rates for children under age one declined from 84 per 1,000 live births in 1995 to 60 in 2015, and from 125 to 96 for children under age five. About 91 percent of children born today in Côte d’Ivoire are now expected to live beyond age five years. However, these numbers vary across income groups, with the child survival rate at 93 percent for the richest 20 percent of households, but 88 percent for the poorest 20 percent. Although about 78 percent of five-year-old children experience healthy early years, stunting remains a serious problem in Côte d’Ivoire. Approximately two in 10 children are still at risk of having limited cognitive and physical development. The poorest two quintiles report the highest rates of stunting, 30 percent, compared with the richest two quintiles, 10 percent.

Adult survival is the most worrisome indicator in Côte d’Ivoire’s Human Capital Index. Only 60 percent of the young, age 15, today are expected to reach age 60. This places the country among the bottom performers in Sub-Saharan Africa, 36th among 39 low-income and lower-middle-income countries in the region. Infectious diseases are the principal cause of death. HIV/AIDS remains the main cause of death among adults, although the mortality rate has been cut by more than half, from 3.8 deaths per 1,000 in 2000 to 1.5 in 2016. Deaths from tuberculosis have also declined, from 1.0 per 1,000 in 2000 to 0.3 in 2016. The maternal mortality rate is inordinately high—617 per 100,000 live births, among the highest in the region (the average is 542 for Sub-Saharan Africa).

To address these problems, Côte d’Ivoire must accelerate the timeline for raising its health spending to international norms. The share of government budgetary spending on health was 4.5 percent in 2010–18, well below the national target of 15 percent. On a per capita basis, spending on health varied considerably, between US$63 and US$81, from year to year over 2010–17. The annual numbers were low compared with the average in lower-middle-income countries (US$111-US$138) and in Sub-Saharan Africa (US$113-US$134).

Households contributed the most to financing health services and although their payments have declined in recent years, they remain high. From 2010 to 2015, this share was well above the average for lower-middle-income countries and for countries in the region. Despite the government’s free health care scheme for selected conditions in children, pregnant women, and emergencies, patients continue to make large out-of-pocket payments. Patients continue to pay for services that are meant to be “free,” as well as for services that are not included in the government package.

**Empower women with better human capital and economic opportunities**

Women, who comprise over 40 percent of the workforce, fare worse than men in terms of earnings, productivity, and youth employment. Women in Côte d’Ivoire also face distinct challenges, including teen pregnancy (one-third report having a pregnancy by age 19) and maternal mortality (the third leading cause of death of those ages 15-29). All these factors alter women’s life trajectories and impede their participation in the labor market. The COVID-19 pandemic threatens to worsen the preexisting gender inequalities in human capital and economic outcomes.

Enhancing women’s human capital requires greater efforts to enroll and retain girls in school and to improve their sexual and reproductive health. Helping girls return to school is especially important following school closures due to COVID-19 since girls’ vulnerability to early pregnancy and dropping out of school can increase during times of crisis. Effective approaches in promoting girls’ education include reducing the direct and indirect costs of schooling, increasing transportation options or creating local schools, providing level-structured pedagogy, conveying information on opportunities for educated women and merit-based scholarships, ensuring improved water access, and creating safe spaces for girls to receive job and life skills training. On health services, measures should include free, basic maternal health care and sexual and reproductive health services, as well as free HIV treatment, especially targeting adolescents. Given that risks of gender-based violence can increase during times of crisis and economic stress, allocating additional funding for gender-based violence response service providers could help equip the health system to support survivors more effectively in the context of the COVID-19 pandemic.

Strengthening women’s property rights and boosting their access to financial services will improve economic opportunities for women. Some 11 percent of women own land individually and 29 percent own land jointly. Joint titling of land will promote more equal ownership of property and strengthen land tenure security. Separately, encouraging husbands to register farm contracts in their wife’s name could help women to better integrate into more valuable agricultural value chains. Historically, women have farmed less-valuable crops than men (food crops versus export crops), limiting their agricultural earnings relative to men. Women are also less likely than men to have a financial account at an institution than men, although the introduction of mobile money has encouraged female ownership of mobile money accounts. Decreasing the administrative hurdles to opening accounts can further encourage women’s access to finance. Moreover, boosting access to mobile money accounts for women during the COVID-19 pandemic could increase household financial resilience, especially among female-headed households.
Improve employability of the young

Young people lag in educational attainment and learning outcomes. Ages 15-29, the young comprise more than a quarter of the country’s population. The unemployment rate among youths is higher than other cohorts (figure 8). Lacking skills, many are underemployed or confined to marginal jobs and most are forced into the informal sector where labor productivity and earnings are low. It is hard to imagine how Côte d’Ivoire's ambitions for economic growth can be achieved if such a large share of the workforce in prime productive age cannot be better integrated into the national economy.

Skills building will improve youth employability. Measures to expand young people’s skills include second-chance education, vocational training, labor market counselling, employment exchange services, and business development services as part of labor-intensive public works programs. These support services could be offered under flexible course delivery and customized training arrangements. To be effective, skills training needs to be combined with life and employability skills instruction and on-the-job experience. Job interventions could address multiple constraints by combining more than one approach through integrated jobs programs.

Skills development could cover the young in agricultural and informal employment. This could be achieved by improving and expanding apprenticeship schemes for agricultural or related occupations. Existing education and training by informal providers should be identified and strengthened before developing new schemes. Educational bodies should recognize and certify skills acquired in non-formal learning and integrate non-formal schemes in their strategies. Additionally, some programs could include entrepreneurship training, although current schemes have not proven to be effective thus far. Experience from other countries suggests that the most effective entrepreneurship training combines “core” business administration skills (for example, accounting) with “soft” skills (for example, problem solving). It is important to screen candidates with latent or active entrepreneurial characteristics.

**FIGURE 8. Unemployment, by age group (percent)**

![Bar chart showing unemployment rates by age group](image-url)

Chômage par groupe d’âge

Total = 6.7%

Source: Christiaensen and Premand 2017.
Information and communications technologies (ICTs) have advanced rapidly and spread quickly in the past two decades, boosting economic growth, expanding job opportunities, and improving services delivery. The global digital economy, defined broadly, expanded at more than twice the rate of the overall economy in 15 years. Some estimates put its share of world GDP at 15.5 percent in 2016 or US$11.5 trillion. It could reach 25 percent of world GDP in less than a decade. Digital technologies—mobile phones, the internet, and other tools that collect, store, analyze, and share information digitally – promote development and yield economic dividends by reducing the information costs of economic and social transactions for individuals, firms, and governments. They foster innovation when transaction costs fall to zero, boost efficiency as activities and services become quicker and more convenient, and improve inclusion as access to services becomes more widely available.

Among Sub-Saharan African countries, Côte d’Ivoire ranks in the upper quartile of the distribution of the ICT Development Index and the Mobile Connectivity Index. These indexes have been compiled by the International Telecommunication Union (2017) and the GSM Association (2018). Globally, the country moved from 151st place in 2013 to 131st in 2017 on the ICT Development Index, a composite that measures sector readiness (infrastructure and access), intensity (level of use), and capability (reflecting skills). On the Mobile Connectivity Index, which measures performance against key enablers of mobile internet adoption, the country generally maintained its global position (122nd in 2018 from 121st in 2014). Progress in the ICT sector had been accompanied by the creation of new state institutions, notably the Ministry of Digital Economy and Post, and the passage of new laws, principally Ordonnance 2012-293. The latter amended the Telecommunications Law of 1995 and the Information Society Law, which adopted technology neutrality.
Private capital: Promote competition among digital operators

Côte d’Ivoire’s digital infrastructure remains deficient in many aspects and requires additional private investments. The country was late in issuing licenses for 3G technology, granting them only in 2012. The three mobile market operators launched 4G LTE commercial services in 2016. Although the largest operator reported coverage of 120 districts in around 70 cities and towns in 2019, overall coverage of territory remains low (figure 9). The deployment of 3G and 4G technology to rural areas is still limited compared with that of 2G. Coverage of the population is higher than coverage of the territory, with mobile voice services available to over 90 percent of the population, although mobile internet services are much less widely available. For example, 75 percent of the population has access to 3G and 55 percent of the population to 4G for the largest operator.

The competition authorities should ensure that the digital markets in Côte d’Ivoire remain competitive. Three firms operate mobile cellular services. The authorities need to keep these markets contestable, ensuring new entry and encouraging innovation. For this purpose, they will need to maintain a system of continuous evaluation of the digital markets and take corrective action when competition is lacking. The Telecommunications Regulatory Authority of Côte d’Ivoire revoked the licenses of the three smallest operators in March 2016 to free up valuable spectrum, reducing the market to three firms—Orange, MTM, and Moov. Coverage is still highly uneven across operators, limiting the ability of consumers to take advantage of the benefits of lower prices and better services that competition is supposed to deliver.

Digital financial services are rudimentary in the country and consist primarily of electronic money and mobile money accounts. Some 34 percent of the adult population held mobile money accounts in 2017, greater than the percentage with financial institution accounts (15 percent). Eight institutions are authorized to issue electronic money, the largest being associated with the mobile network operators, although banks and some microfinance institutions have launched their own digital finance products in partnership with money transfer operators. Potential growth areas for digital financial services in Côte d’Ivoire include international remittances, savings products and payment services in agriculture, and digital government payment and revenue collection.

Several measures could advance the next generation of private digital financial services. These include liberalization of the access USSD code for financial service value-added providers; the linking of the National Treasury to the Interbank Electronic Banking Group of the Economic and Monetary Union of West Africa (GIM-UEMO), which manages electronic payments among member institutions; activation of the automated module of the Automated Interbank Clearing System (SICA-UEMO), which processes and clears interbank transactions; and digitization of major government-to-person (G2P) programs. Related to the latter, the government could also accelerate the digitization of government services, including universal coverage of digital identities.

FIGURE 9. Mobile network coverage of territory, by operator and technology, 2019 (percent of territory)

Source: Autorité de Régulation des Télécommunications de Côte d’Ivoire (ARTCI).
To upgrade its digital infrastructure, Côte d’Ivoire might consider adopting a more regional rather than a purely national approach to ICT infrastructure investment. Côte d’Ivoire and its neighbors—for example, Mali, Senegal, or Ghana—should consider creating a subregional ICT market under the auspices of WAEMU and ECOWAS, especially in the area of wholesale bandwidth with interconnected backbones. Here, the notion of “public capital” refers to regional harmonization of national regulations and the strengthening of regulatory capabilities at the regional level. This could include pushing forward on the incomplete implementation of ECOWAS regional regulations, such as those on conditions for accessing landing stations for international submarine fiber optic cables and those on access to national and international bandwidth by landlocked countries, as well as those promoting international roaming agreements that reduce excessive charges when traveling in the region, not only for voice but for SMS and data traffic. Lower prices and wider use of internet in neighboring countries, including landlocked countries, would among others provide a significantly larger market for Côte d’Ivoire’s digital entrepreneurs. They could profitably generate and sell new products, including software applications, as well as spur the development of digital innovations in neighboring markets that in turn would have economywide benefits for all users in Côte d’Ivoire.

Public (institutional) capital: Promote regional digital infrastructure, especially through regulatory harmonization and regional regulation

A national strategy or regional initiative to build a better digital infrastructure must also address the lack of adequate technical skills for the digital economy. These skills are required at three levels: at the business level—the ability to identify how digital technologies can create new business opportunities and new business models; at the practitioner level—the coding and other advanced digital skills required of ICT professionals to develop applications and solutions; and at the user level—basic digital literacy of the general population and the ability to understand and use the internet and the digital tools of ICT. Côte d’Ivoire’s low scores on human capital in such measures as the Human Capital Index (figure 10) and the Global Innovation Index (a rank of 113th of 129 countries, behind Benin, which ranks 92nd) suggest that considerable effort is needed to cultivate the skills that the country needs for the digital economy.

Rapid population growth and the youth bulge present special opportunities and challenges for the country’s digital transformation. The population grew an average annual 2.7 percent in 2014–18 and over 40 percent of the population, 10.5 million of 25.2 million, are young, ages 0–14. Another 2.8 million takes the percentage of the population aged 0–19 to over 50 percent. Globally, children and youth are most likely to use the internet, and in Africa, some 20 percent of the young ages 15–24 report using the internet, compared with only 8 percent of adults, ages 45+.

Putting digital technology into the hands of the young requires treating digital literacy as a new educational foundation skill, akin to reading and writing. In Côte d’Ivoire, as elsewhere globally, giving children and the youth access to digital devices can be enough for them to learn the basic skills, but also the cognitive and socioemotional skills that computers cannot easily replicate. The first task remains impart a basic understanding of information technology and can influence career choices in the long run.

The education system must provide the skills needed in a digital economy to the large number of young people. Côte d’Ivoire’s young population will be a great asset, if youths can be equipped with the skills demanded in the new economy. The job skills needed are not only technical skills, but also the cognitive and socioemotional skills that computers cannot easily replicate. The first task remains improving headline educational outcomes—basic literacy and numeracy, school completion, and educational attainment. Beyond these obvious basics, curricula should weave digital skills development, including coding, into public and private education programs, both formal and informal. One precondition is that schools have access to technology, including affordable internet connections. Another is that teachers receive sufficient training to teach technical and “soft” skills. Upgrading education systems along these lines is no trivial matter and many such initiatives around the world have shown limited success. But if Côte d’Ivoire is to take full advantage of its young and dynamic population, there is no alternative to modernizing the education system.

To cultivate digital skills more widely, the government could train educators and community assistants to act as technopedagogues. Digital literacy is also important to the general population that requires basic digital skills that could be
delivered in mobile classrooms or training centers. These training programs could be modeled along the lines of the digital skills repository in the European PIX certification, the online public service for the assessment, development, and certification of digital skills. The government can also encourage the private sector to engage in various types of adult e-education. For this purpose, the government will have to strengthen support programs for startups that offer this service.

Côte d’Ivoire can also deliver, or encourage private organizations to deliver, digital skills training and support to youth outside the formal education system. These support services could be extended through vocational training institutes and youth training programs. The training could be delivered: (1) as part of telework arrangements that combine schooling with work; (2) in conjunction with commercial internet-based work opportunities, which are offered through online business and job outsourcing platforms; or (3) in collaboration with internet-enabled entrepreneurship initiatives. In Kenya, private organizations have introduced underprivileged youth from informal settlements to web design and other ICT skills (the NairoBits Trust’s ICT Training program), supported and mentored prospective ICT entrepreneurs (iHub’s Incubation and Acceleration programs) and designed special training for “geek girls” (the AkiraChix’s codeHive program).
Democratize digital services with affordability

Actual market penetration in mobile voice and data appears to be lower than the gross subscription data suggest. Because consumers in Africa typically use more than one SIM card to avoid large roaming fees, pinning down the precise number of unique mobile voice and data subscribers from the gross subscription data (131 per 100 inhabitants) is difficult. A rough estimate suggests that unique mobile voice subscribers make up only 51 percent of the population in Côte d’Ivoire, and only 28 percent subscribe to mobile data services. Many potential consumers are not using available mobile voice and data services because they cannot afford them. Prices of voice and data tariffs in Côte d’Ivoire have declined—from US$19 in 2014 to US$14 in 2017 for the mobile cellular basket, according to the International Telecommunication Union. But they remain high, both in nominal terms and relative to per capita income. Fixed broadband penetration is even lower. With a little more than 200,000 fixed lines, it reached only 4.4 percent of households Côte d’Ivoire in 2019, only a small change from 2.2 percent of households in 2010.

New technology should benefit poorer people even if they cannot afford direct access to digital tools. The goal should obviously be to enable access to mobile voice and data even to those with low incomes. But technology can also be deployed to make life easier for the unconnected. In addition to the economywide Identification for Development project, this may include such digital information programs as e-addresses and e-land registries. In addition, the government could support the production and adoption of useful apps, especially in agricultural value chains. This could include subsidizing the adoption of promising digital apps by low-income farmers. For example, insurance products could be linked to farmers mitigating risks by modifying their farming practices when adopting these digital solutions.
Spatial Transformation

The third major transition that will shape Côte d’Ivoire’s growth prospects is the continued shift from a more rural, agrarian economy to one where urban areas host the majority of people and economic activity. Growing cities have always been both a consequence and a major driver of industrialization. No country has ever made the transition from low- to middle- to high-income status without also experiencing high rates of urbanization. Density in well-managed cities yields productivity-enhancing benefits. Firms can more easily find workers and workers find more available jobs, experience and knowledge spreads more easily between businesses, and producers have easier access to a wide range of suppliers of inputs and consumers of their outputs. Different firms will require varying types of these agglomeration economies. Some will benefit most from being in the dominant city, for instance Abidjan, while others will do better in specialized smaller cities or even company towns. The result is a portfolio of cities across the country of various sizes and functions.

More than half of Côte d’Ivoire’s population now lives in cities. But, similar to many other African countries, urbanization has not yet brought the benefits seen in other parts of the world. If urbanization economies worked as the economic geography literature suggests, Côte d’Ivoire’s GNI per capita should be around US$2700, a third higher than it is today at US$1,700. Georgia, Guatemala, and Indonesia, each with comparable urban population rates, have higher gross national income (GNI) per capita at US$3,570, US$3,340, and US$3,580, respectively. Clearly, Côte d’Ivoire is not sufficiently taking advantage of its cities.

A successful spatial transformation requires better management of cities and of rural areas, as well as efficient linkages between them. As rural-to-urban migration continues, agricultural productivity needs to rise to maintain output for local consumption and export. An efficient transport network must enable interactions between cities and between towns and the countryside. Natural resources, including forests and coastal areas, need to be protected. And even though providing services in sparsely populated rural areas is more expensive, basic health and education should be available to all. This ensures that people do not leave the rural areas just to access public services, and if they do migrate, they will be better prepared to take advantage of urban opportunities.
Private capital: Improve agricultural productivity

Agriculture will remain a cornerstone of Côte d’Ivoire’s economy even as urban-based activities become more important. Agriculture accounts for 22 percent of GDP and 75 percent of exports. It provides the primary source of income and employment for 66 percent of all households, with farm households accounting for half the national population. Agriculture has close ties with manufacturing, wholesale and retail trade, transportation, and services, especially through nonagricultural self-employment and micro-enterprises in rural areas. Cotton, rubber, palm oil, and sugar (figure 11) are key to rural industry, while cocoa, coffee, cottonseed oil, oil-based soap and cosmetics, and textiles are important to urban industry. Productivity in agriculture is low, marked by inadequate value addition. The constraints to raising productivity in rural farms include limited access to knowledge, inputs and technology, weak extension services, transportation and storage losses, and poor plantation maintenance, especially for coffee, cocoa, and palm oil. These limitations are compounded by such structural factors as volatile market prices, poor sector governance, and deteriorating physical infrastructure. All these factors have contributed to the long-term stagnation of agricultural and rural productivity. Two priorities that touch on many of these issues and that need urgent policy reform are land security and the poor integration of small farms into more productive value chains.

Land titling reform will ensure secure land tenure and raise on-farm investment. Land is the principal productive asset of rural households in Côte d’Ivoire. Yet, the country’s land policies and institutions are constraining investment and productivity in agriculture. Insecure land rights constrain economic activity because of expropriation risk, which dampens incentives to invest, limits markets that would make land available to the most productive users, and restricts the use of land as collateral for credit. Experience elsewhere shows that land titling programs increase productive on-farm investments, including in soil conservation, resulting in higher yields and greater profits for farmers.

Small farms need to be better integrated in agricultural value chains. In Côte d’Ivoire, smallholders do not tend to participate in food export chains. Firms trading in agricultural commodities prefer working with fewer, larger, and more modern suppliers. Farms need to meet more demanding volume, reliability, and quality standards. In Côte d’Ivoire where small farms dominate the supply base, agricultural companies may have little option but to recruit small producers. More effective extension services, increased adoption of digital technologies, and better agricultural research and development could help small farms modernize and break into value chains.

FIGURE 11. Agricultural exports, 2000–17 (share of agricultural production, percent)

Source: Food and Agriculture Organization.
Public capital: Invest in infrastructure in global and regional connector cities

The government has historically tried to spread economic activities throughout the country, with the expectation that the economic poles will radiate activity. Internationally, such efforts have often failed to create sustainable economic structures in lagging areas. While it makes sense to support regions that have specific endowments or potential, a strategy that tries to prevent economic activities from clustering in areas where there is the largest market potential can hold back overall development and delay economic transformation. Economic growth is inherently uneven, and some areas are more suitable to rapid growth than others. What matters is to provide the conditions in which firms sort efficiently into places where they can generate the highest returns. For some that will be small cities, while others do best in the largest urban agglomerations. Good connective infrastructure—roads, rail, and ports—allow these firms to interact and goods to flow throughout the country.

An urbanization strategy can be structured around a typology of global-regional-domestic connector cities. This would recognize the varying comparative advantages of Côte d’Ivoire’s metropolis, regional cities, and towns (figure 12). Global connectors—Abidjan, San Pedro, and Yamoussoukro—generate the urbanization economies needed for innovation, increasing returns to scale, and global competitiveness. Greater Abidjan is home to 20 percent of the population and accounts for 90 percent of registered enterprises and 80 percent of formal employment. Abidjan also remains the site of national public administration. Yamoussoukro is the other political capital and has one of the best polytechnic engineering schools in francophone Africa. It provides a potential center for technology companies if the country is able to scale up its ICT infrastructure. The Port of San Pedro is the main export gateway for agricultural products and is to be connected by rail to the mineral heart of the west.

Côte d’Ivoire should address deficiencies in connections within its cities, which create wedges between workers and jobs and across cities, limiting market access and specialization. Residents make half of all trips within Abidjan on foot or bicycle and barely use public transport, which is underdeveloped for a metropolis of four million, is dominated by informal meter-taxis and inter-communal taxis, and has bus service that is concentrated on routes from suburban areas to city terminals. Mobility is worse for the poor and Abidjan loses on agglomeration benefits from a unified urban labor market. Regionally, cities are linked by a road network with four main axes radiating from Abidjan. But freight transport costs are among the highest globally, averaging US$0.35 per ton kilometer, with those between domestic and regional connector cities at US$0.47, domestic and global connector cities, US$0.39; regional and global connector cities, US$0.17; and within global connector cities, US$0.32.

Regional connectors link Côte d’Ivoire to the West African region through five corridors. Cities along these corridors benefit from localization economies and efficient regional trade and transport links. The northern corridor connects Abidjan with Ouagadougou through a road and rail link that passes through Bouaké, the country’s second largest city, Korhogo, the capital of the northern region with nearly 200,000 residents, and Ferkessédougou, a secondary city of 75,000. Eastward, the country is connected to Lagos, Nigeria, via a road running through Aboisso and Noe on the Ivorian side and through three capital cities in West Africa—Accra in Ghana, Lomé in Togo, and Cotonou in Benin. Another eastward connection to Ghana (through Kumassi and Tamale) runs through Adzope, Abengourou, and Bondoukou. Abidjan is connected to Nzerekore in Guinea with a road through Yamoussoukro, Daloa, and Man, each with more than 150,000 residents and located in a region devoted to agriculture, mining, and tourism. Another westward connection to Monrovia in Liberia goes through Grand Lahou, Sassandra, San Pédro, and Tabou along the Gulf of Guinea. Six secondary cities along the three regional corridors are the main regional connectors: Adzope and Abengourou (east corridor), Bouaké and Korhogo (north corridor), and Daloa and Man (west corridor).

The government needs to attract investments to strengthen connections along strategic corridors. On the Abidjan-Ouagadougou corridor, extending the highway to Bouaké and Korhogo would strengthen regional trade, raising volume from four big cities and opening links to the Sikasso-Bobodioulasso-Korhogo border region. On the Abidjan-Lagos corridor, the highway would allow access to five major cities—Abidjan, Accra, Lomé, Cotonou, and Lagos. An alternative eastward corridor through Adzope, Abengourou, Agnibilekro, and Bondoukou will connect with inland secondary cities in Ghana, Kumassi and Tamale. A third corridor to the west linking Abidjan to Nzerekore could be considered, with a highway connecting Yamoussoukro to Daloa and Man to facilitate domestic and regional trade.

Domestic connectors generate internal scale economies to unleash the agricultural potential of their regions. The list includes the following: in the hinterland of the metropolis, the secondary cities of Divo and Gagnoa in the Goh-Djiboua supra-region, Agboville and Dabou in Grands Ponts; in the center, the secondary cities of Bongouanou, Dououkro, Dimbokro, and Touroum in the Lacs supra-region, Bouaflé in Sassandra-Marahoue, Duekoue and Guiilo in Montagnes, and Soubre in Bas-Sassandra; and in the north, the secondary cities of Boua in the Zanzan supra-region, Katiola in Vallée
du Bandama, Boundiali in Savanes, Mankono, Seguela, and Touba in Woroba, and Odienné and Minignan in Denguele. Infrastructure investments should be guided by the overall urbanization strategy for Côte d’Ivoire. The main report *Côte d’Ivoire: Sustaining High, Inclusive, and Resilient Growth Post-COVID-19* and the World Bank’s *Diversified Urbanization: The Case of Côte d’Ivoire* provide detailed discussions of appropriate policy reforms. The principles are simple, even if implementation is complex. Public policy must provide the conditions for businesses to move and locate in cities, towns, or rural areas where they can be most productive. In fast-growing cities, that means creating the space for expansion, utility services, and other infrastructure to absorb growth. In areas that are less attractive for businesses, it means providing basic services that equip people to find opportunities locally or move to economically more dynamic places. To increase the chances for growth spillovers and facilitate trade, connective infrastructure that efficiently links the city system as well as neighboring countries is the second priority. Economic growth, however, has unintended consequences. A growth and urbanization strategy therefore also requires safeguards to protect the country’s “green infrastructure” or natural capital, in particular Côte d’Ivoire’s unique forests and its long coastline.

Large capital outlays are required to provide infrastructure and services, but municipal finances are inadequate for investment. Côte d’Ivoire must begin to reform its fiscal finance regime—the Decentralization Law of 2012 devolved functions and finances to local units but their revenues are inadequate to fulfill these responsibilities. Local finances are too limited for infrastructure development, devoted largely to operational expenses (82 percent) rather than capital expenditures (18 percent). Given that most developing economies, such as Côte d’Ivoire, would need to rely on foreign investment as an important source of investment financing for the foreseeable future, reforming its public finance institutions, and strengthening the Ivorian fiscal system, serve an important signal to attract foreign sources of capital. For instance, Côte d’Ivoire can consider consolidating the tax base, registering taxpayers, expanding street addressing, upgrading cadastral registers, and incentivizing transparency. Over the medium term, as the government continues to mobilize external investors, it can explore municipal borrowing schemes, amend and update legislation to allow municipalities to engage in PPPs, and investigate opportunities for land financing.

The government needs to leverage collaboration among regions, municipalities, and utilities to generate economies of scale in services. Basic infrastructure services—water, energy, sanitation, and solid waste management—should be provided for all residents, urban, and peri-urban. Investing in infrastructure will require that the authorities work together to prioritize needs and design sustainable financing models, including developing more serviced land, designing financially sustainable service delivery models, and improving mechanisms to increase cost recovery while expanding investment and service coverage. The government would want to expand, deepen, and institutionalize the mechanisms for inter-municipal collaboration.
Protect forest and coastal areas

Côte d’Ivoire’s forests and extensive coastline, like its agricultural land, should be considered natural capital that needs to be maintained and augmented. In many ways, these resources act like largely publicly owned “green infrastructure” that provides important ecological services. Forests and other natural resources are in decline, however, according to the World Bank’s Changing Wealth of Nations 2018 report. The report valued Côte d’Ivoire’s natural capital, excluding water resources and wildlife, at US$11,016 per capita in 2014, about a fourth of total per capita wealth (figure 13). This is 26 percent lower than in 1990. The country’s forests are especially diminished, covering less than 14 percent of territory in 2010, from 37 percent in 1990. The massive expansion of slash-and-burn agriculture, particularly for cocoa (the country is the world’s largest producer and exporter of cocoa) is a major cause of deforestation. The government seeks to reverse deforestation and forest degradation, aiming to stabilize forest cover to 20 percent of the territory by 2030. Zero-deforestation agriculture will require expanding the use of high-yield seeds, improving soil management, harnessing community participation, and most importantly, reducing the overall production of cocoa while raising productivity under sustainable cocoa production arrangements.

Coastal protection will become an increasingly important task for Côte d’Ivoire. The coastal zone is home to around 7.5 million, about 30 percent of the population. The ports handle more than 90 percent of foreign trade. More than two-thirds of the coastline, one of the longest in West Africa at 566 kilometers, is affected by erosion. The average coastal retreat is 1-2 meters per year. The effects of erosion are compounded by sea level rise, storm surges, pollution, destruction of mangroves, and overexploitation of aquatic resources. This threatens major ports, an international airport, and such industrial and commercial assets as refineries and hotels. Estimates in 2017 of the economic cost of destruction in the coastal area ranged from 2.9 percent of GDP due to flooding, to 4.9 percent of GDP due to overall environmental degradation (flooding, erosion, water, air, and waste). Priorities to address further escalation of these problems include the implementation of laws including Law 2017-378 to manage risks, collaboration with neighboring countries to implement the Master Plan for West Africa’s Coastal Zone, and implementation of coastal resiliency projects in five hotspots, Abidjan, Assinie, Grand-Bassam, Grand-Lahou, and San Pedro.
Human capital: Reduce rural-urban disparities

Basic service delivery across the country needs to improve so the spatial transition does not leave rural areas behind. There are significant disparities in educational attainment between rural and urban regions of the country. Gross enrollment rates at the primary level are extremely low at 7 percent in Tchologo, compared with 131 percent in Abidjan-2 (gross enrollment rates can be above 100 percent if children who are below or above the respective age cohort are attending that grade level). Gross enrollment rates at the lower secondary level are only 29 percent in Folon, but top 99 percent in Yamoussoukro. At the upper secondary level, gross enrollment rates are only 5 percent in Folon, but are upward of 62 percent in Yamoussoukro. Students in the poorest regions of the country complete two fewer years of schooling than those in the richest regions. There are also significant differences in learning outcomes between students in rural regions and urban regions. EGRA scores in rural areas were half those in urban areas, 18.4 versus 31.7. Differences in EMRA scores were less striking but nonetheless significant, 43.7 versus 51.8.

There are also significant differences between rural and urban areas in the availability and quality of health services. Nationwide, about 69 percent of the population lives within 5 kilometers of a health facility (against the World Health Organization standard of 100 percent). But the numbers differ widely between rural and urban regions of the country. In Worodougou and Bere, only 38 percent of the population reside less than 5 kilometers from a health facility, but in Abidjan-1, the proportion rises to 93 percent. Nationwide, some 17 percent of all health facilities have basic medical equipment, but, similarly, the pattern varies widely by region. Practically zero percent of health facilities in Hambol and LOH-Djiboua have access to basic medical equipment, compared with 53 percent in Abidjan-2. The availability and quality of health services determine the effectiveness of health care. The percentage of children with acute malnutrition who receive treatment and are healed is 32 percent nationwide. But in Worodougou and Bere the ratio is 23 percent, while in Abidjan-1 it is 46 percent.

Major investments are needed to reduce geographic inequities in the provision of education and health services. The northern and western regions of the country commonly lag the other regions on all three pillars of the Human Capital Index—survival, schooling, and health. The regions where services are the weakest and outcomes the poorest tend to be areas that are rural and remote and where disadvantaged populations reside. Residents travel lengthy distances to obtain services in dilapidated facilities, which are understaffed with the least-qualified providers and with scarce supplies. In these regions, the costs to the population of education and health care are highly regressive. The government needs to make major investments to upgrade facilities, adopt ambitious outcome targets, and employ accountability mechanisms to bring access to basic services in these rural and poor regions closer to those enjoyed in other parts of the country.

Address urban pollution

Urban air and water pollution exact large and increasing health and economic costs. Cities suffer from deficiencies in basic sanitation, solid waste management, and storm water infrastructure. Air pollution is linked to respiratory diseases, resulting in 6,417 years of life lost per 100,000. And water pollution causes diarrhea and cholera, resulting in 7,817 years of life lost per 100,000. Greening policies and measures will help address urban pollution, and more broadly, environmental degradation. In addition to increasing human welfare, upgrading basic infrastructure in Abidjan’s 144 precarious settlements, including protection of green and open spaces along the waterfront, will yield environmental benefits, including providing a vital buffer against risks from climate change. Furthermore, coordinated efforts at improving the urban public transport system will help address rising congestion and air pollution.
Côte d’Ivoire’s growth path toward upper-middle-income status by 2030 will be shaped by the pace of economic recovery from the COVID-19 pandemic. The pandemic is causing widespread economic disruption at an unprecedented scale and speed globally and much uncertainty remains about the extent and depth of its true impact. Under plausible assumptions, but purely for illustrative purposes (not to be taken as forecasts), Côte d’Ivoire’s GDP could fall by 3.3 percent over the first four quarters (relative to a no-COVID baseline) and 0.1 percent over the next four, under a quick-recovery scenario. In contrast, a slow-recovery scenario, in which vaccines and drugs would be introduced after eight quarters, would yield a more negative outcome, and GDP could contract by 4.8 percent over the first four quarters and 2.5 percent over the next four. Under these scenarios, private consumption, investment, and imports will tend to move together with GDP, with disruptions to global trade hitting exports. Public consumption will be relatively more stable, despite falling revenue, as the government launches countercyclical measures and ramps up spending on social safety nets (figure 14).

In the aftermath of the pandemic and over the medium to long term, a quick recovery can boost GDP growth to 6.6 percent annually in 2021-25 in the base case. The rebound would be headlined by investment and private consumption, while imports would also pick up. Thereafter, growth could accelerate to 9.2 percent annually in 2025-30 in a high case scenario. However, should the recovery be slow and weak, taking two years, GDP growth would moderate to 5 percent annually in 2021-25 in the low case. Investment and private consumption would weaken, as would imports. Thereafter, growth could strengthen to 6.5 percent annually in 2025-30 in the base case scenario. These scenarios, drawn from computable general equilibrium modeling of the economy, commonly indicate that Côte d’Ivoire would recover from the disruption and dislocation wrought by the crisis, albeit at different paces.

Evidently, the economy’s growth trajectory would be driven by investment and productivity gains, which are inextricably linked. The base case growth scenario, drawn pre-COVID-19, estimated that over-two-fifths of the 6.5 percent annual-average GDP growth projected over 2020-30 would be contributed by TFP. The high case growth projection of 9 percent yearly, 2020-30, would require a higher contribution from TFP, over half of GDP growth. Côte d’Ivoire would have to raise investment and improve productivity across all broad classes of capital—private capital, public capital, human capital, and social capital.
Private capital: Foster competition

Competition will be central to Côte d’Ivoire’s drive for investment, efficiency, and growth. Competition law and policy are implemented at the regional level by the WAEMU Commission, which retains the exclusive authority to investigate anti-competitive behavior by firms in member states. A delegation of this function to national competition authorities for anti-competitive behavior within states may strengthen the process. Competition drives economic growth, pressuring firms to increase their efficiency, ensuring that more productive firms increase their market share at the expense of the less productive firms (which may exit the market), and motivating firms to innovate to gain a cost advantage, to differentiate their products, or to bring new products to the market. In Côte d’Ivoire, a firm implementation of competition policy will be important across industries, including in telecommunications where efficiency and innovation will be vital to growing the digital economy.

For business enterprises to be competitive, the authorities must broaden and deepen reforms of the investment climate, business regulation, access to finance, and digital connectivity. Côte d’Ivoire must actively and aggressively encourage businesses to formalize. The formal registration of businesses will also encourage the formal listing of workers, taking workers into the ambit of labor laws and formal-economy labor norms. There are seven other areas of business regulation where the country scores lower than its composite in the Doing Business rankings and which can be progressively strengthened. Greater access to bank finance and to emerging digital financial services will support the growth of agricultural enterprises and micro, small, and medium-size enterprises, which are poorly served by the highly concentrated banking system but which are vital to economic activity (particularly in the rural areas where agricultural productivity lags) and to employment (micro enterprises provide over 85 percent of almost nine million jobs in the country).

And for the country to be competitive globally, Côte d’Ivoire must encourage firms to integrate internationally into GVCs. Liberalizing the country’s international trade and foreign investment regime will help increase participation in GVCs, which remains markedly low at 25 percent for manufacturing and 20 percent for agriculture. Reduced tariffs under the African Continental Free Trade Area and preferential trade agreements with other nations will facilitate imports of industrial parts and components, which are inputs to manufactured products exported to GVCs. Investment agreements, possibly governed by an industrial policy framework under the free trade area, will attract foreign direct investment to the country, including in agribusiness where Côte d’Ivoire aims to participate actively in agriculture and food GVCs.
Public capital: Focus on infrastructure

The infrastructure needs in the country are huge, headlined by requirements for transportation and logistics to support domestic activity and integration into GVCs. Côte d’Ivoire will need to upgrade its trucking fleet, which is dominated by old vehicles and small informal operators, as well as introduce containers, which are barely used. Temperature- and humidity-controlled warehouses are sorely lacking in an economy in which agriculture and food products are close to 60 percent of all exports. Transport costs for export-bound cargo are comparatively high, exacerbated as well by operational inefficiencies at international ports and along road networks.

Côte d’Ivoire is well advised to collaborate with neighboring countries to build a regional telecommunications infrastructure for the digital economy. A pilot under the auspices of WAEMU and ECOWAS may auction spectrum simultaneously and allow operators to serve a larger regional market where economies of scale may be exploited. The backbones will continue to be owned by the private sector, but the governments must also continue to assess market power in the fixed and mobile telecommunications industries and ensure that competition prevails. The operators must also strive to expand the coverage, including to rural areas, and to increase the affordability of mobile broadband.

Infrastructure to integrate rural and urban areas is equally vital to the economy. Development along global-regional-domestic connector cities will be a more viable strategy than one pinned on growth areas. To implement this strategy, the government will need to invest in transport connections along the Abidjan-Ouagadougou corridor, the Abidjan-Lagos corridor (or its eastward alternative), and the Abidjan-Nzerekore route to spur domestic and regional trade. Meanwhile, demand for within-city infrastructure will also be heavy to unify labor markets in Abidjan and in the other global connector cities, San Pedro and Yamoussoukro. Municipal financing is inadequate to fund these investments and Côte d’Ivoire should act to reform central government transfers, mobilize local government revenues, and explore municipal debt markets and municipal PPP arrangements.

Addressing the environmental risks posed by deforestation and coastal degradation will preserve Côte d’Ivoire’s (green) public capital, its basis for a more sustainable economy. The country’s forest cover is a much-diminished third of what it was three decades ago, and its long coastline is retreating at a rate of 1-2 meters per year. Urban areas suffer from air and water pollution, exacerbated by deficiencies in basic water, sanitation, and transport infrastructure. At these environmental degradation rates, the country’s natural capital is valued at a quarter less than it was three decades earlier.
Human capital: Reduce inequities and prioritize girls

Greater skills are prerequisites for widening and deepening the structural transformation of the economy out of informality; from farms to firms in urban areas; and from agriculture toward industry and services. Better skills are also needed for the outward orientation of the economy from the small domestic market toward regional and global value chains. And more sophisticated skills are needed for leveraging ICT technologies, solutions, and applications toward a digital economy.

Improving girls’ and women’s education, health, and access to economic assets is a priority. Women are disadvantaged in many aspects of the country’s economic and social life. Girls complete fewer years of schooling and report literacy rates that are significantly lower than those of boys. Girls are saddled with uneven domestic duties, early marriage and child-bearing, gender-based violence in schools, and parental preference for educating boys. Teenage girls suffer early pregnancy, and adult women, high maternal mortality. Only a tenth of women have an account at a financial institution and slightly over a tenth own land individually. But women comprise 40 percent of the workforce, ages 15-64. Currently, only half of women in the labor force work, compared with two-thirds of men; of women who do, they work four hours fewer than men.

Enhancing the education, health, and skills of the young will raise the productivity of the largest segment of the country’s workforce. The country enjoys a youth bulge, with the young ages 19 and under comprising 40 percent of the population, and 25 and under, 50 percent. Stunting rates of children are relatively high, impairing their physical and cognitive development. The number of years of schooling completed by the young is comparatively low, and their learning outcomes are even poorer as evidenced by their performance on international reading and math tests. Yet, the young in Côte d’Ivoire use the internet at two-and-a-half times the rate of adults. Improving learning by the young, starting with the basics of reading and mathematics, and including the use of digital devices and understanding of information concepts, will prepare them for a more productive life.

Education and health care resources and services are unevenly distributed across income groups and geographic locations in the country, requiring more equitable measures. The northern and western regions of the country, which are remote and rural, are relatively poorly served by education and health infrastructure and facilities, equipment and materials, and providers and staff. The government will need to invest more in social infrastructure and services in these areas to bridge the disparities in education and health outcomes between rural and urban regions, and between poor and rich communities.