

2020



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## Bloomfield Intelligence Department



# COTE D'IVOIRE COUNTRY RISK 2020

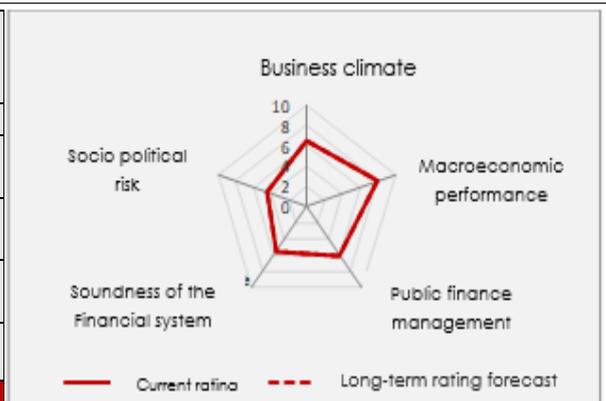
The Bloomfield Intelligence department is responsible for producing the information necessary for making investment decisions. It is responsible for analyzing the elements allowing Bloomfield Investment Corporation to take a position on the risk inherent to a financial product, a sector of activity or a geographical area. The department's analyzes are intended to support the decisions made by the rating agency's subscribing customers. The goal of this study is to highlight the constituent elements of investment risk in Côte d'Ivoire, following the methodology of the rating agency on country risk.



## Country risk assessment sheet

### Côte d'Ivoire Country risk – 2020

| Parameters                        | Current ratings | Previous ratings | Short-term Outlook | Long-term Outlook | Long-term rating forecast |
|-----------------------------------|-----------------|------------------|--------------------|-------------------|---------------------------|
| Business Climate                  | 6,5             | 6,5              | Negative           | Negative          | 6                         |
| Macroeconomic performance         | 7               | 8                | Negative           | Negative          | 6,5                       |
| Public finance management         | 6               | 6                | Negative           | Stable            | 6                         |
| Soundness of the financial system | 5,5             | 5,5              | Stable             | Negative          | 5                         |
| Sociopolitical risk               | 3,5             | 4,5              | Negative           | Negative          | 3                         |
| <b>Global rating</b>              | <b>5,7</b>      | <b>6,1</b>       | <b>Negative</b>    | <b>Negative</b>   | <b>5,3</b>                |



**Business environment:** The business environment in Côte d'Ivoire has benefited from the continuation of the reforms carried out by the Government, in particular the payment of taxes through the establishment of an electronic deposit and payment system, the introduction of a new code public contracts. Such a dynamic positively impacts the performance of the Ivorian private sector, which bodes well for the country's economy. However, the current socio-political situation is expected to upset this environment in addition to the negative impact of the health crisis.

**Macroeconomic performance:** Since 2012, the Ivorian economy's growth rate has been among the highest in the world. A dynamism that reflects the country's resilience to the various national and international shocks it faces. However, the persistence of social tensions and the Covid-19 pandemic will have a significant impact on the economy and could weaken the private sector, thus limiting its recovery.

**Public finance management:** In 2019, the management of public finances was characterized by an improvement in the budget deficit. The will of the Ivorian authorities to maintain the budget deficit at 3% will be severely constrained for fiscal year 2020,

due to the persistence of the health crisis and its consequences on the state budget.

**Soundness of the financial system:** Faced with the health crisis, the CBWAS is proactive in allowing banks to continue to operate. On the other hand, it would be difficult to rule out the hypothesis of defaults by companies and particularly SMEs, which would negatively impact banks' balance sheets. In addition, the Regional Stock Exchange suffered from the decline in the equity market in 2019. This downward trend in the market that began in 2016 is expected to continue again in 2020 with the Covid-19.

**Sociopolitical risk:** The outgoing President's 3rd term, the exclusion of politicians from the electoral roll and the alleged failings of the Independent Electoral Commission have mainly exacerbated political tensions in the run-up to the presidential election. This situation, which has already led to loss of life and material damage, could lead to a major conflict like the post-election crisis that Côte d'Ivoire experienced in 2011.

## Summary

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## PRESENTATION OF THE STUDY

This study is Côte d'Ivoire country risk assessment, notably through the analysis of economic performance, public finances, the financial system and socio-political risk.

Although *Bloomfield Investment Corporation's* sovereign financial rating methodology and country risk assessment methodology have similarities, this study is by no means an assessment of government credit quality. The purpose of the Bloomfield Intelligence department of the rating agency, through this study, is to establish a mapping of the country risk of Côte d'Ivoire, highlighting its strengths, opportunities and weaknesses in order to shed light on the better investment decisions and development policies.

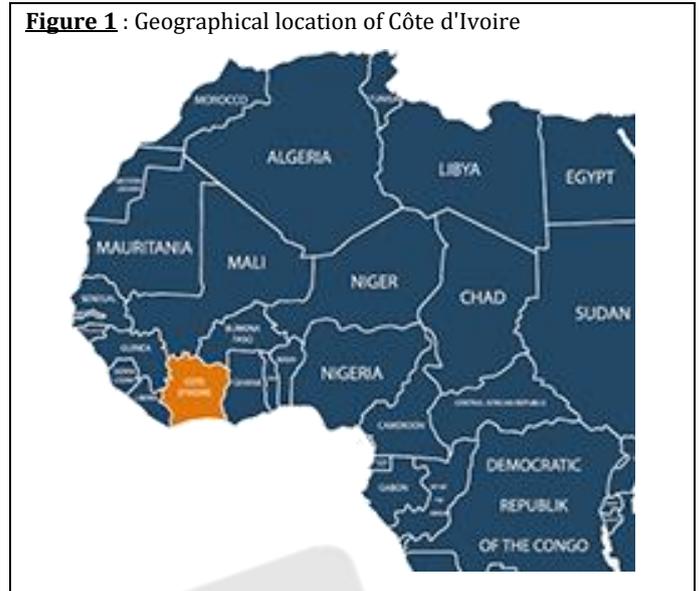
**Côte d'Ivoire** is the largest economy in the West African Economic and Monetary Union (WAEMU). Covering an area of 322,462 km<sup>2</sup>, it has the appearance of a quadrilateral limited to the north by Burkina Faso and Mali, to the west by Guinea and Liberia, to the east by Ghana and to the south by The Atlantic Ocean. In 2014, the National Institute of Statistics (INS) estimated its population at 22.7 million inhabitants, unevenly distributed across the country. The Autonomous District of Abidjan, the economic capital, is home to around 20.8% of the population.

Its climate, relatively hot and humid, has mixed characteristics between the equatorial and tropical climate, favorable to agricultural activity. Its relief is low; it is made up of plains and plateaus and a mountainous region rich in natural resources.

The coastline of the Ivory Coast stretches over 520 km and offers it an opening onto the Gulf of Guinea and the Atlantic Ocean. With 44% of UEMOA's exports (of goods) in 2018, it stands out as the main facilitator of foreign trade in the sub-region. With two seaports, Côte d'Ivoire is also establishing itself as a transit platform for several landlocked

countries in the sub-region, notably Burkina Faso, Mali and Niger.

**Figure 1** : Geographical location of Côte d'Ivoire

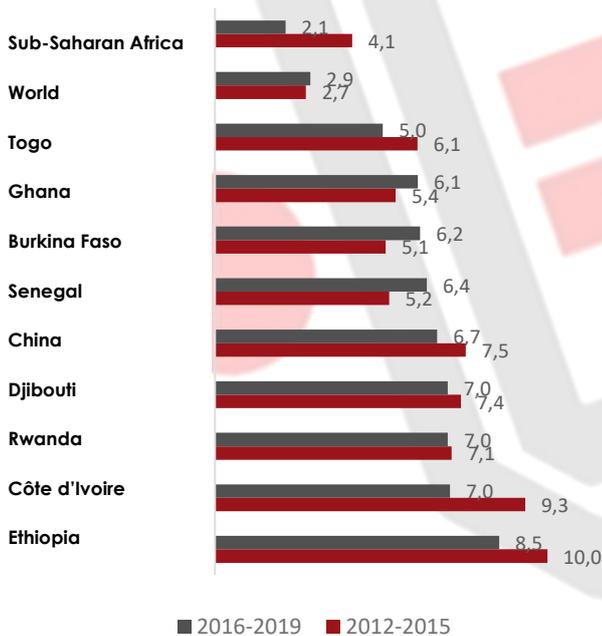


## ECONOMIC ENVIRONMENT

### Economic Growth

The Ivorian economy has remained among the most dynamic economies in the world over the past decade. After the catching up observed between 2012 and 2015 following the post-election crisis, the economy continued to grow at a significant level, despite the various shocks that occurred both nationally and internationally. Economic growth stands at 6.9% in 2019 and 6.8% in 2018. This level of growth would place Côte d'Ivoire in the 5th rank of the best performing economies on the African continent.

**Graph 1: Average growth rate (%) over the 2012-2015 and 2016-2019 periods**



\* 2012 and 2013 data Not available

Source: World Bank

This increase was driven mainly by the tertiary sector with a contribution to growth of 2.9 percentage points (compared to 2.7 points in 2018). The contributions of other sectors stand at 0.6 points for the primary sector and 2.2 points for the secondary sector. The structure of the Ivorian economy remains dominated by the tertiary sector, which constitutes 42.9% in 2019.

**Table 1: Evolution of the growth rate in percentage (%)**

|                  | 2016       | 2017       | 2018       | 2019       |
|------------------|------------|------------|------------|------------|
| Primary sector   | -4         | 3,3        | 5,3        | 3,6        |
| Secondary sector | 5,3        | 15,4       | 10,7       | 10,4       |
| Tertiary sector  | 11,8       | 5,5        | 1,2        | 6,6        |
| duties and taxes | 1,9        | 20,3       | 6,7        | 8,4        |
| <b>GDP</b>       | <b>7,2</b> | <b>7,4</b> | <b>6,8</b> | <b>6,9</b> |

Source : MEF / DGE / DPPSE / NSI

#### • Primary sector

The primary sector has benefited from the implementation of numerous programs and support to the agricultural world, in particular the National Agricultural Investment Plan (PNIA 2) which started in 2018 and the Food Production and Food Security Support Program (PAPV-SA). In addition to these programs, there are other actions by development partners and relatively favorable climatic conditions. Thus, the sector generally recorded an increase in production in 2019, both of food products and of main export products with the exception of coffee and cashew nuts.

Regarding food products, it should be noted the increase in the production of cereals, particularly paddy rice (+ 10.1%), maize (+ 4.5%), millet (+ 3.8%), sorghum (+ 3.8%) and fonio (+ 3.0%). Tuber production was up in particular, cassava (+ 4.8%), plantain (+ 3.8%), yams (+ 0.8%), sweet potatoes (+ 3.0%) and taro (+ 3.0%).

With regard to main export products, the following performances were recorded: pineapple (+ 1.2%), cocoa (+ 5.8%), palm oil (+ 4.2%), banana (+ 7.5%), seed cotton (+ 24.7%) and rubber (+ 36.2%).

The cashew sector is marked by the drop in production, marketing difficulties linked to the drop in the price of kernels on the international market (around 35% between December 2018 and December 2019), making it difficult to comply with the floor price to the producer fixed at 375 FCFA / Kg. Added to this are the illicit outflows of production to neighboring countries. Coffee production also contracted (-24.2%) after a record

performance recorded in 2018, due to the aging of the orchard.

**Table 2:** Evolution of the production of the main export products in tons

|                | 2018         | 2019         | Evol   |
|----------------|--------------|--------------|--------|
| Cocoa          | 2 113 188,70 | 2 235 043,10 | 5,8%   |
| Coffee         | 123 618,30   | 94 1714,4    | -24,0% |
| Cashew nut     | 761 317,00   | 634 631      | -16,6% |
| Pineapple      | 48 502,60    | 49 071,1     | 1,2%   |
| Banana         | 464 685,60   | 499 575,6    | 7,5%   |
| Crude palm oil | 513 875      | 535 365      | 4,2%   |
| Rubber         | 624 136,00   | 850 000      | 36,2%  |
| Wood (m3)      | 1 260 015,90 | 1 535 866,00 | 21,9%  |
| Sugar          | 186 647,20   | 190 576,10   | 2,1%   |
| Seed cotton    | 386 989,80   | 482 426,70   | 24,7%  |

Source : DPPSE

### **Highlights in the agricultural sector in 2019**

- **Cocoa:** the guaranteed price at the farm gate has been set at 825 FCFA / kg, up 10% compared to the main 2018-2019 season; the course ended 2019 up 2% on an annual average.
- **Cashew nut :** the reduction of the Single Exit Duty (SED) from 10% to 7% and the exemption from customs duties and VAT on some production equipment over 5 years <sup>2</sup>.
- **Pineapple:** the development of a new variety of superior quality; better organization and promotion of transformation within the context of the Industrial Sector Competitiveness Strengthening Support Project (PARCSI) financed by the African Development Bank (AfDB).
- **Banana:** increasing investments as part of the execution of the government strategy for improving the competitiveness of the sector and the continued implementation of the "Banana Support Measures" (MAB) program; the end of program assistance (MAB) on December 31, 2019.
- **Natural rubber:** the entry into production of new plantations; the implementation of fiscal and non-fiscal incentive measures for operators operating in the rubber processing sector, in particular tax credits to increase machining capacities; the price gained 5% due to the drop in world

production. This decrease follows the new epidemic of leaf fall disease in South Sumatra, Indonesia.

- **Palm oil:** the price contracted by 6% as a result of the slowdown in global demand for oilseeds, evidenced by low prices for soybean oil, the main competitor.
- **Seed cotton,** the industrial zoning started in 2016 is fully operational; the price contracted by 15%.
- **Coffee,** the price contracted by 13%.

### • **Secondary sector**

The secondary sector was mainly driven in 2019 by the good performance of industrial activity as a whole.

The construction sector continues to benefit from the performance of major infrastructure projects, as reflected by the increase in imported volumes of clinker. Among the main major projects are :

- i) Construction of the Ivorian-Japanese Friendship interchange;
- ii) The widening of Boulevard de Marseille;
- iii) The rehabilitation of the Félix Houphouët-Boigny bridge;
- iv) Construction of the "Yamoussoukro-Tiébissou" section of the northern motorway;
- v) The project to safeguard and develop Cocody Bay and the Ebrié lagoon;
- vi) Construction of the Olympic stadium in Ebimpé;
- vii) Development of the seashore in the town of Port-Bouët.

The extractive sector recorded a very good performance in 2019 as reflected in the following positive developments:

- Oil production increased by 12% driven by investments to improve yield;
- Gas production, after a downward trend observed in recent years, is on the rise again (+ 7%) due to the increased use of gas by industrial production units and by the production of electricity from thermal sources;
- Gold production increased by 33%;

<sup>2</sup> Council of Ministers of 07-03-2019

- Manganese production improved by 48.1%.

Unlike other extractive products, diamonds recorded a drop in production (-29.7%) due to the stoppage of production in Quarter 3 of 2019.

**Table 3 :** Ivorian exports in 2018 and 2019 in value (millions of FCFA) and in volume (tons)

| VALUE                             | 2018       | 2019       |
|-----------------------------------|------------|------------|
| Primary products                  | 4 144 512  | 4 836 348  |
| Processed products                | 2 402 696  | 2 511 782  |
| Cocoa                             | 730 130    | 804 384    |
| Coffee                            | 38 416     | 38 135     |
| Palm oil                          | 104 816    | 118 095    |
| Oil products                      | 650 349    | 722 985    |
| Total excluding exceptional goods | 10 332 028 | 11 668 445 |
| VOLUME                            | 2018       | 2019       |
| Primary products                  | 6 671 434  | 8 660 496  |
| Processed products                | 3 660 594  | 4 153 470  |
| Cocoa                             | 458 068    | 482 737    |
| Coffee                            | 5 459      | 5 812      |
| Palm oil                          | 226 610    | 281 227    |
| Oil products                      | 1 597 627  | 1 910 600  |
| Total excluding exceptional goods | 10 332 028 | 11 668 445 |

Source : DPPSE

The increase in exports in volume of manufactured products (+ 13.5%) and primary processing products (+ 4.2%), as well as the increase in imports in volume of chemical products (+ 20.1%) and mechanical machines (+ 10.4%) reflect the positive dynamics of manufacturing industries.

### • Tertiary sector

The tertiary sector showed favorable development in almost all of its components, except the telecommunications sub-sector, whose turnover (excluding Orange Money) contracted due to numerous promotional offers. Maritime transport, like air transport, recorded an increase in its main performance indicators, driven by many investments made.

### Highlights in the tertiary sector

- The widening and deepening of the Vridi canal, as well as the finalization of works on the second container terminal of the Autonomous Port of Abidjan (APA);

- Commercial actions undertaken by the Port of San Pedro (SPAP) in order to capture new products with high potential (fertilizers, nickel and manganese);
- The continuation and launch of several SPAP extension and modernization projects are underway, including the construction of a multipurpose industrial terminal and a cold room for the exploitation of seafood.

### Outlooks

Côte d'Ivoire has a relatively diversified economy which could be better developed for the sustainability of growth over the medium and long term. All other things being equal, a rapid control of Covid-19 would maintain a positive outlook for the Ivorian economy in view of its potential. However, the evolution of the situation reveals scenarios<sup>3</sup> with growth rates of less than 4% against a rate of 7.2% in a normal situation:

1. The first "optimistic" scenario foresees that the various measures taken by the Government as well as the international community will make it possible to control the pandemic by the end of June 2020 at the latest, the growth rate would stand at 3.6%;
2. The second "median" scenario holds that the efforts undertaken will lead to the crisis being brought under control by the end of September 2020, which would lead to GDP growth of 1.6%;
3. The third "Pessimistic" scenario is based on an assumption of control of Covid-19, at the end of December 2020, leading to a GDP growth rate of around 0.8% in 2020.

**Table 4 :** Growth rate according to the Scenarios considered in relation to the impact of Covid-19 on the Ivorian economy

| Scenarios   | GDP growth rate |
|-------------|-----------------|
| Reference   | 7,20%           |
| Optimistic  | 3,60%           |
| Moderate    | 1,60%           |
| Pessimistic | 0,80%           |

Source : MEF/DGE

As of August 31, the pandemic does not seem to be fully under control, which should lead to the third

<sup>3</sup> These scenarios were presented by the Minister of Economy and Finance in the senate

scenario. Added to this is a political crisis which could further negatively impact the second half of the year.

## The potential impact of the Coronavirus on the economy of Côte d'Ivoire

On March 11, 2020, the World Health Organization declared the epidemic due to the coronavirus to be considered a pandemic. Initially, which began in China, the epidemic<sup>4</sup> quickly spread to several countries on all continents. The development of such an epidemic is not a first in China. However, the consequences will have a significant economic impact due to the current economic weight of the Chinese economy and its central place in the economic value chain. Added to this is the rapid spread of the virus out of Chinese soil.

The consequences are already observable:

1. Many conferences / sporting events have been canceled;
2. The world's major stock markets have suffered losses from their highest level;
3. Raw materials' prices experienced declines.

The main sectors that should be directly affected by this episode are:

- Tourism;
- The automobile ;
- Air transport: many airlines have already closed some routes or reduced their traffic;
- Raw materials; China is a major, if not the world's largest importer of many raw materials.

The impact on the Ivorian economy will be both direct and indirect. However, its importance will strongly depend on the duration of the pandemic.

### Indirect impacts

The main channels through which the Covid-19 could impact the Ivorian economy are mainly foreign trade, migrant transfers and Foreign Direct Investments (FDI). It is true that Côte d'Ivoire's exports to China follow a positive trend, but overall they remain marginal (less than 2%). However, the

first destination for Ivorian exports being Europe with 42.3% in 2018, the slowdown in European economies due to lockdown or quarantine would negatively impact exports.

**Table 5 :** Geographical distribution of exports in millions of CFA francs in 2018

| EXPORTS                | VALUE     | RELATIVE SHARE |
|------------------------|-----------|----------------|
| <b>EUROP</b>           | 2 773 220 | 42%            |
| <b>EUROPEAN UNION</b>  | 2 429 431 | 37%            |
| <b>France</b>          | 380 194   | 6%             |
| <b>Germany</b>         | 417 282   | 6%             |
| <b>Netherlands</b>     | 747 950   | 11%            |
| <b>AFRICA</b>          | 1 537 577 | 23%            |
| <b>AMERICA</b>         | 839 673   | 13%            |
| <b>ASIA</b>            | 1 303 423 | 20%            |
| <b>China</b>           | 98 661    | 2%             |
| <b>India</b>           | 288 830   | 4%             |
| <b>Other countries</b> | 98 702    | 2%             |
| <b>TOTAL</b>           | 6 552 597 | 100%           |

Source : DPPSE

Regarding imports, China being the leading supplier of Côte d'Ivoire, particularly intermediate goods, some sectors could be severely weakened, especially the industrial and construction sector.

**Table 6 :** Geographical distribution of imports in millions of CFA francs in 2018

| IMPORTS                | VALUE     | RELATIVE SHARE |
|------------------------|-----------|----------------|
| <b>EUROP</b>           | 2 042 484 | 34,5%          |
| <b>EUROPEAN UNION</b>  | 1 760 019 | 29,8%          |
| <b>EUROZONE</b>        | 1 548 962 | 26,2%          |
| <b>France</b>          | 624 343   | 10,6%          |
| <b>AFRICA</b>          | 1 391 302 | 23,5%          |
| <b>AMERICA</b>         | 471 210   | 8,0%           |
| <b>ASIA</b>            | 1 951 786 | 33,0%          |
| <b>China</b>           | 911 865   | 15,4%          |
| <b>Japan</b>           | 117 537   | 2,0%           |
| <b>India</b>           | 268 936   | 4,5%           |
| <b>Thailand</b>        | 140 903   | 2,4%           |
| <b>Other countries</b> | 56 361    | 1,0%           |
| <b>TOTAL*</b>          | 5 913 140 |                |

\* Excluding exceptional goods

Source : DPPSE

With regard to the transfers of migrants, even if the inflows to Côte d'Ivoire expressed as a percentage of GDP are lower than those of other countries in the WAEMU zone, the fact remains that a decrease is anticipated. This is believed to be the result of

<sup>4</sup> The epidemics was declared pandemics on March /11/2020 by World Health Organization

declining wages and employment for migrant workers.

Côte d'Ivoire has recorded a continuous increase in inward FDI due to actions taken by public authorities to strengthen the economic attractiveness of the country. However, the uncertainties linked to the health crisis coupled with the contraction in demand, both global and national, could negatively influence investment decisions.

### **Direct impacts**

At the national level, the measures taken by the Government to limit the spread of the virus, in particular the restriction of groupings, the closure of recreational spaces (nightclub, cinema, venues), will have an impact on the economic activity. Thus, the main sectors that could be directly affected are: transport, tourism, hotels and restaurants, and all cultural and event industries. In addition to these sectors, there are sectors which have a high exposure to international trade.

With regard to companies, due to the uncertainty associated with the development of the health crisis, investment spending should be frozen over the medium term in a context that was already marked by the holding of presidential elections in 2020. Jobs will be lost in sectors mainly exposed to the health crisis. According to a survey carried out by the General Confederation of Companies of Côte d'Ivoire (CGECI):

- Almost all (98%) of the companies surveyed have been impacted by the Covid-19 pandemic;
- 84% of companies experience a decrease in turnover;
- Nearly 8 out of 9 companies, or 87%, saw their activity reduced or suspended;
- More than 50% of companies are expected not able to survive beyond 3 months in the event of the continuity of Covid-19;
- 70% experienced a decrease in their cash flow.

Public finances will be impacted on the one hand at the level of resources both by the contraction of economic activity on the national territory and by the weakness of international trade. On the other hand, budgetary expenditure will have to take into account unforeseen events in the health sector.

In addition, the International Monetary Fund has revised downward the economic growth forecast for Côte d'Ivoire for the year 2020. It is now expected at 1.8%, mainly due to the persistence of the health crisis beyond the first half of the year. For 2021, the growth rate is expected at 6.2% driven by agriculture, construction, and telecommunications on the supply side, and by final consumption and investment on the demand side.

### **The authorities' response plan against Covid-19**

In order to mitigate the harmful effects of the crisis, the State has drawn up a support plan for businesses and populations amounting to 1.7 trillion CFA francs. The main measures taken boil down in particular to:

#### ***Economically:***

- A three (3) month moratorium on the payment of taxes, duties and similar payments due to the State on the one hand, and flat-rate taxes for small traders and artisans on the other hand;
- A private sector support fund worth 250 billion CFA francs;
- A support fund for informal sector businesses amounting to 100 billion CFA francs;
- A support fund for the main sectors of the economy to the tune of 250 billion CFA francs;
- A support fund of 50 billion CFA francs for food, market gardening and fruit production.

#### ***On the social and humanitarian level:***

- A solidarity fund for an amount of 170 billion CFA francs;
- Support for electricity and water bills payable in April and May 2020 for around 1 million disadvantaged individuals.

The effectiveness of these different plans will depend on the transparency and good management of the various resources collected.

In addition, the support measures which were spread over a period of 3 months, that is to say until July, were not renewed in the context of the persistence of the health crisis. This situation could constrain the activity of the private sector. Assessment is required.

### Situation at the end of June 2020 according to the economic report of the DPPSE

**Table 7: Productions of main agricultural products (in tons)**

|                | 6 months 2019 | months 2020 | Var  |
|----------------|---------------|-------------|------|
| Cocoa          | 988 514,20    | 865 431,40  | -12% |
| Coffee         | 92 839,80     | 82 694,40   | -11% |
| Cashew nut     | 572 931,00    | 649 145,00  | 13%  |
| Pineapple      | 23 130,70     | 26 208,60   | 13%  |
| Banana dessert | 228 320,90    | 278 648,90  | 22%  |
| Seed cotton    | 360 073,50    | 368 026,10  | 2%   |
| Sugar          | 113 693,90    | 115 335,00  | 1%   |
| Logs timbers   | 744 865,50    | 621 656,10  | -17% |

Sources: MEF / DGE / DPPSE

The performance of the primary sector over the first half of the year was mixed, with cashew, pineapple, dessert banana, cotton and sugar production on the rise; while the productions of cocoa, coffee and wood are in decline.

The impact of the pandemic on the **primary sector** was reflected in: the cancellation of some export contracts, difficulties in supplying inputs, layoffs and increased production costs due to expenditure generated for compliance with barrier measures.

**Table 8: Change in the industrial production index over the first 4 months of 2020 compared to the same period in 2019**

|   | Change First 4 months 2020 |
|---|----------------------------|
| Overall index   | 0,2%                       |
| Extractive industries   | 0,0%                       |
| Agrifoods industries  | -5,2%                      |
| Electricity, gas and water production and distribution industries     | 4,2%                       |
| Electricity and gas production and distribution                       | 4,9%                       |
| Ensemble hors extraction  | 0,3%                       |
| Manufacturing sector  | -0,2%                      |
| Leading indicator of the construction industry (Consumption approach) | 3,2%                       |

Source: MEF / DGE / DPPSE

The secondary sector has been marked by the negative impact of the pandemic, particularly in industrial activity as well as in construction. The rate of growth of industrial activity slowed to 0.2% at the end of April from 3.7% at the end of March. The growth rate of the leading construction indicator decelerates on average over the first four months of

2020, and stands at 3.2% at the end of April 2020 against 13.4% at the end of March.

The impact of Covid-19 appears to be more significant on the tertiary sector. The Retail Trade Turnover index contracted 5.4% at the end of June compared to the same period in 2019; the overall freight traffic at the Autonomous Port of Abidjan fell by 7.1% at the end of May 2020 compared to May 2019; the number of commercial passengers fell by 57.3% at the end of June 2020 compared to the same period in 2019.

### Leakage of agricultural raw materials production, a significant challenge

Côte d'Ivoire based its economy on agriculture upon gaining independence in 1960. Today, nearly 60 years later, the country is the world's leading producer of cocoa and cashew nuts and the agricultural sector represents more than 20% on average of Ivorian GDP between 2013 and 2017. In addition, the sector provides nearly half of the country's export earnings (49% in 2018).

However, several constraints affect this important source of wealth, including the leakage of the production of agricultural raw materials.

Indeed, Côte d'Ivoire has been facing for several years an illicit export of its cash crops to its neighboring countries, in particular Ghana. One of the crops most affected by this practice is cashew nut, the marketed quantity of which declined between 2018 and 2019: at the end of 2019, cashew exports stood at 574,000 tons against 642,000 tons over the same period of the previous year, i.e. a decline of 10.6%. The Cotton and Cashew Council (CCC) explains the illicit sale of foodstuffs by the fact that Ghana offers a higher price to producers compared to Côte d'Ivoire. For the 2019 campaign, Ghana charged a price of 500 FCFA against 375 FCFA for Côte d'Ivoire.

In view of the importance of agriculture in the economy and the damage caused by such trafficking (reduction in cashew exports, financial losses for the State, etc.), several solutions have been implemented by the Ivorian authorities ranging from financial penalties to imprisonment. Thus,

"Anyone who would buy, sell, store, sell or distribute outside national borders, especially coffee, cocoa, cotton, cashew nuts and natural rubber without agreement, risks a prison sentence of up to 10 years and a fine of up to 50 million CFA francs", the Government spokesperson underlined in May 2018.

All the solutions implemented by the State of Côte d'Ivoire could certainly deter traffickers and gradually reduce the illegal sale of agricultural products to neighboring countries. However, the sustainable solution to totally eradicate the phenomenon would be an effective harmonization of the prices of agricultural raw materials between the different countries.

## Two catalyst sectors for the Ivorian economy

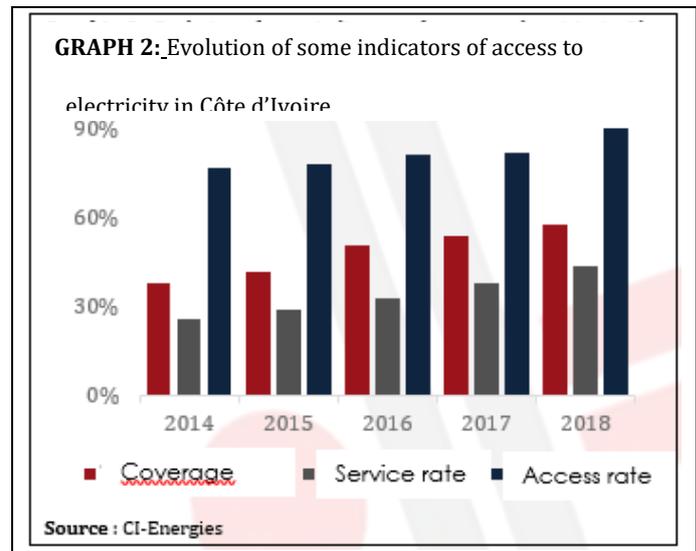
The development of the sectors presented below can have significant and structuring impacts on the entire Ivorian economy in the medium and long term because of their cross-cutting nature.

### The Energy sector

This sector has benefited from numerous investments (approximately 1,166.36 billion CFA francs mobilized from technical and financial partners between 2011 and 2018) to remedy the deficiencies and make up for the backlog in terms of investments. These investments have also helped to strengthen access to electricity for Ivorian populations, particularly rural and low-income populations<sup>5</sup>. Significant progress has thus been made:

- Electricity production increased from 8151,8 GWH in 2014 to 10 514,4 GWH in 2019;
- The rate of access to electricity rose from 77% in 2014 to 90% in 2018, it should be 92% in 2019;
- The service rate increased from 26% in 2014 to 48% in 2019;

- The coverage rate increased from 38% in 2014 to 58% in 2018, it should be 68% in 2019.



Côte d'Ivoire exports around 11% of gross national electricity production to six ECOWAS countries (Ghana, Togo, Benin, Burkina Faso, Mali and Liberia). Liberia, which already benefited from a low-voltage electricity supply, will see its supply reinforced with additional high-voltage supplies, thanks to the commissioning of a 225 kV line in 2020. Sierra Leone and la Guinea should also benefit from Ivorian electricity exports after the commissioning of the 225 kV Côte d'Ivoire-Liberia-Sierra-Leone-Guinea interconnection power line, scheduled for 2020-2021.

The Ivorian electricity production capacity, which should stand at 4,178MW in 2030, will capitalize on the continuation of investment; in 2019 it was 2,229 MW. The Ivorian state aims at achieving mix in this context in order to limit any dependence, by devoting a growing share to renewable energy. Renewable will therefore be driven by the construction of biomass<sup>6</sup> thermal power plants and solar power plants. The State of Côte d'Ivoire benefits from development partners including the German Development Bank (KfW) which has allocated € 6 million in funding<sup>7</sup> to improve its ability to attract private investment in this sector.

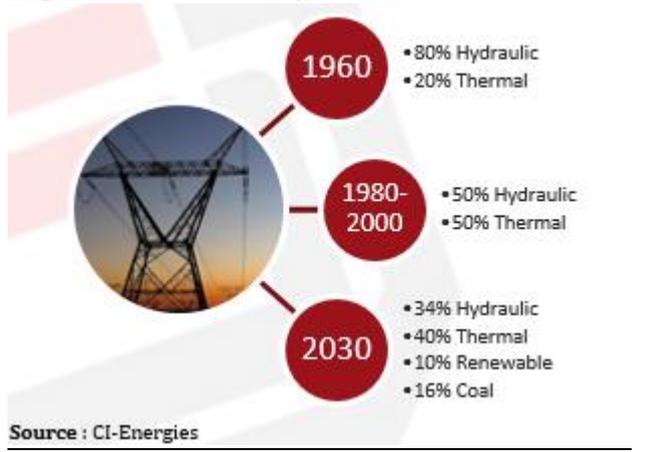
<sup>5</sup> Electricity For All Program

<sup>6</sup> In Aboisso and Korhogo

<sup>7</sup> The funds will be used to increase the country's share in the capital of the African Trade Insurance Agency (ACA). The organization supported by the World Bank facilitates investment and trade on the continent by

reducing transaction costs through better access to tools such as credit insurance, political risk insurance, guarantee against insolvency or the protection of foreign direct investment

**Graph 2 :** Evolution of the energy mix from 1960 to 2030



The development of this sector will help support the country's industrialization policy while allowing the entire Ivorian population to benefit from the benefits of electricity.

## ICT

Côte d'Ivoire has made significant progress in this sector in terms of internet accessibility<sup>8</sup>, digitization and the adoption of ICT in interactions between the administration and citizens<sup>9</sup>. These advances, although significant, deserve to be strengthened so that the country capitalizes on the possibilities offered to it through this sector in terms of creation of services, productivity gains, job creation, improvement of the quality of life and hence poverty reduction.

The consumption habits of the populations have been modified with the appropriation of digital, particularly in urban areas, as evidenced by the development of e-commerce and online service platforms ("Yango", "Ivoire Taxi" and "Digitrans"<sup>10</sup> in the transport sector; "Oranet" and "Léo" at bank level; "Momo" and "Orange Money" in the telecommunications sector; "Umed"<sup>11</sup> in the health sector, etc).

The Ivorian Government, through the Ministry of the Digital Economy and Post, has set itself the ambition of developing ICTs with a view to having a lasting impact on the country's economic growth. The

<sup>8</sup> Thanks to the deployment of optical fiber throughout the national territory, the percentage of individuals connecting to the internet is 46.8% of the population in 2018 against 2.7% in 2010 according to the International Telecommunications Union

Ministry of Modernization of Administration and Public Service Innovation is part of this dynamic. To this end, several programs have been initiated. These are among others:

- **The "eGOUV" Electronic Governance program** which integrates ICT into the administrative management of state structures with the aim of providing more efficient public services, encouraging citizen participation in the decision-making process and making government more accessible, transparent and efficient. Ultimately, it also aims to strengthen public-private partnership through the use of ICT.
- **The "eSanté" project**, which makes it possible to integrate ICT into the daily lives of health actors by setting up an interconnection of health establishments, high-speed Internet connections, multimedia rooms, videoconferencing and television. teaching, the deployment of an online electronic record called "patient" and databases accessible online, etc.
- **The "eAgriculture" project** which sets up a modern technological infrastructure with a view to making the Ivorian agricultural sector more efficient, competitive (cost and quality ratio) and profitable in the long term at the national, sub-regional and international level. Its vocation is to develop, modernize and enable good governance of the agricultural sector by means of ICT. The project will offer information and advisory services (weather forecast, information on foodstuffs, etc.); financial services (microcredit, insurance, etc.); field data collection and statistical analysis services (monitoring and data collection, data access and analysis, etc.); supply chain management services (food storage, networking between producers and input suppliers, etc.).
- The **"eEducation"** project promotes the popularization of ICT among pupils, students, teachers and partners of the national education system. It also improves governance and general

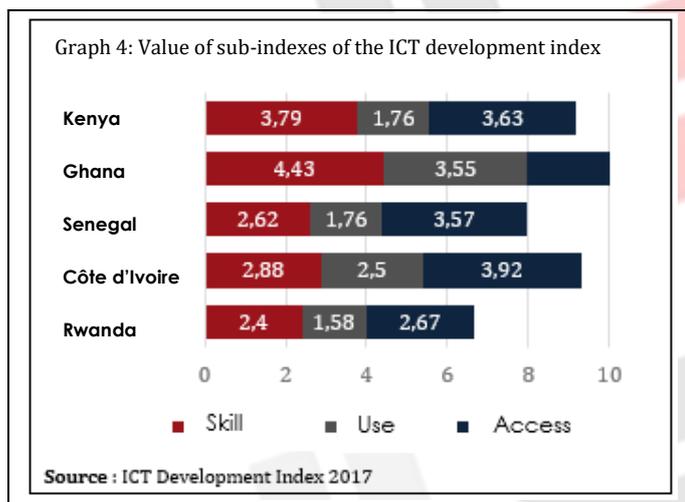
<sup>9</sup> Citizen's portal Milie / [servicepublic.gouv.ci/](http://servicepublic.gouv.ci/)

<sup>10</sup> Carpool app

<sup>11</sup> Service providing professional doctors for a home consultation

administration of the education system through ICT. In its realization, several sites of different Ministries have benefited from several advantages including an Internet connection, an interconnection by optical fibers, the arrangement of multimedia rooms with PC and interactive whiteboard, the supply of digital management applications for establishments and the computer and technical equipment for the administration of schools.

For the moment, some of these initiatives are not fully completed or are in their early stages. The Ivorian authorities could do better, like those in Kenya, Senegal and Rwanda, whose political will is quite marked. However, the challenges will remain relatively similar to those facing these countries, including the level of technology adoption, the availability of technical skills, the cost of access to equipment as well as the cost of internet access.



The continuing health crisis has shown the importance of the ICT<sup>12</sup> sector in terms of adaptation and continuity tools for the private sector in particular. Indeed, companies that have given strategic importance to the digitalization of their operations have better absorbed the shock.

## The results of the NDP 2016-2020

The ambition of the Ivorian authorities is to make Côte d'Ivoire an "industrial power, united in its cultural diversity, democratic and open to the world". To do this, the second phase of the National

Development Program (NDP), initiated over the period 2016-2020, aims to achieve the emergence of Côte d'Ivoire by 2020 through the implementation of five strategic thrusts, which are:

- Strategic thrust 1: Strengthening the quality of institutions and governance;
- Strategic thrust 2: Acceleration of the development of human capital and social well-being;
- Strategic thrust 3: Acceleration of the structural transformation of the economy through industrialization;
- Strategic thrust 4: Development of infrastructures harmoniously distributed over the national territory and preservation of the environment;
- Strategic thrust 5: Strengthening regional integration and international cooperation.

**Table 9:** Evolution of some key NDP indicators

|  | Targ. in 2018              | Achievements                     |
|--|----------------------------|----------------------------------|
| Corruption Perception Index                    | Among the top 80 countries | 105th with a score of 35 in 2018 |
| World Bank CPIA Governance Index               | 4                          | 3.5                              |
| Real GDP Growth Rate                           | 8.80%                      | 7.4%                             |
| Security index                                 | 1.5                        | 1.3                              |
| HDI  | 0.55                       | 0.516                            |
| Life expectancy at birth                       | 56years                    | 57.4 years in 2017               |
| Child mortality rate                           | 62 per 1000                | 64.2 per 1,000 in 2017           |
| Gross enrollment rate                          | 101.60%                    | 100.6%                           |
| Girl / boy parity index                        | 1                          | 0.987                            |
| Doing Business                                 | Among the top 50           | 122nd                            |
| Contribution of agriculture to GDP             |                            | 19,8%                            |
| Coverage rate of fishery resource requirements | 52,10%                     | 24%                              |
| Contribution of industry to GDP                |                            | 25,2%                            |
| Cocoa processing rate                          |                            | 33%                              |
| National electricity coverage rate             | 64%                        | 0,5623                           |
| Linear of paved roads constructed              |                            | 6815,5km                         |

<sup>12</sup> The ICT Development Index is a composite index that combines 14 indicators divided into three major sub-sectors namely Access to ICT,

Use of ICT, and ICT-related Skills. The closer the value of the sub-index, the better the situation.

|   |           |           |
|---|-----------|-----------|
| Level of the population with access to a source of drinking water         | 85,00%    | 84%       |
| Proportion of the population with access to a basic sanitation system     | 82%       | 81%       |
| Urbanization rate   | 52,10%    | 51,6%     |
| CO2 emission rate   | 0,1281 kg | 0,1482 kg |
| Diplomatic coverage rate  | 80%       | 71,13%    |
| <b>Sources :</b> Ministry of Planning and Development / UNDP / World Bank |           |           |

While the implementation phase of the 2016-2020 NDP draws to its end, the results of the actions implemented by the Ivorian authorities are mixed at the end of 2018<sup>13</sup>. As the table above indicates, the government has certainly made enormous efforts to achieve the various goals, however many challenges remain.

### Achievements

At the end of 2018, the main achievements of the 2016-2020 NDP are as follows:

- The continuation of the process of national reconciliation and social cohesion;
- Improving the Ivorian security index, the national coverage rate in electricity and drinking water, which help improve the living conditions of the populations;
- The strengthening of governance within the country visible through the improvement in the score obtained by Côte d'Ivoire in the Mo Ibrahim index between 2015 and 2018;
- Strengthening of the position of Côte d'Ivoire at regional and sub-regional level with, among other things, the installation of ten (10) regional committees to fight illegal immigration, validation of a draft national management policy of the diaspora and involvement in the implementation of community policies, reforms, projects and programs;

- The increase in international cooperation thanks in particular to the participation of Côte d'Ivoire in the activities of the UN Security Council, the acquisition of the new Chancellery of Côte d'Ivoire in Lisbon (Portugal);
- The increase in pro-poor spending over the period from 2015 to 2018;
- Construction and / or rehabilitation of social and economic infrastructure;
- Maintaining strong economic growth despite the presence of social unrest and economic shocks.

### The challenges to be met

Achieving the various purposes of the 2016-2020 NDP is constrained at several levels. These include:

1. The low mobilization of the resources necessary for the implementation of actions, particularly in terms of property tax and VAT;
2. The delay in adopting reference documents, study results and legislative and regulatory texts (law, ordinance, decree and CCM), prior to the operationalization of certain activities whose implementation depends on it
3. The slow pace of the industrialization process in view of the low level of processing of agricultural products;
4. The weakness of social indicators such as the Human Development Index which further weakens the move to the industrialization of the country,
5. Difficulties in collecting data from the supervising structures;
6. Under exploitation of mineral resources;
7. The low allocation for planning,
8. Programming, monitoring and assessment of NDP actions (organization of workshops, data collection, field missions, etc.);
9. Slowness in public procurement procedures for co-financed projects, due to the obligation to validate each stage by the donor;
10. The gap between the priorities defined and the budgetary and financial resources allocated.

<sup>13</sup> To reach the stage of emergence, the CI authorities have set themselves mid-term goals for the achievement

of the 2016-2020 NDP. This is why our comparisons are made in relation to the year 2018.

As a result, most of the government's goals have not been fully achieved. In addition, the major challenges to be taken up both at the social and industrial level and the slow pace of achievement of the various missions, could suggest that the stage of emergence so proclaimed by the Ivorian authorities could take much longer than expected to be achieved.

To remedy this, it is necessary to strengthen cooperation between the various stakeholders in the country's development, not only for better collection of budget resources and the optimization of the time required to carry out each stage, but also for the monitoring of activities implemented.

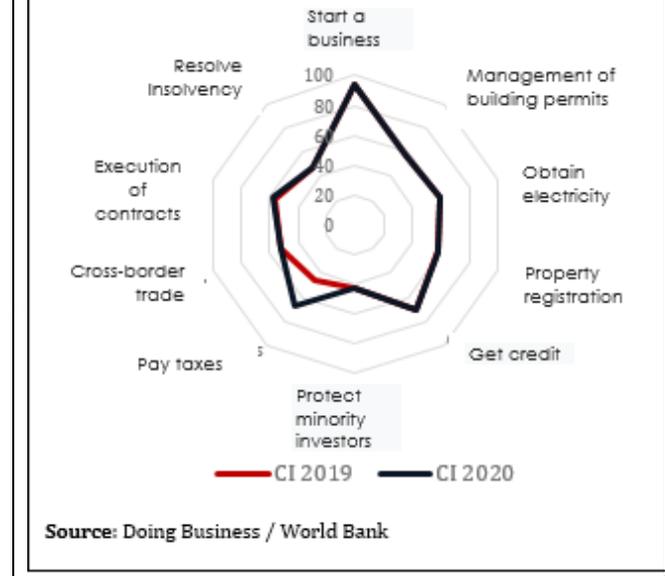
## **BUSINESS CLIMATE AND PRIVATE SECTOR**

### **Côte d'Ivoire, an attractive destination for investments**

Côte d'Ivoire is ranked 110th in the World Bank's Doing Business 2020 ranking with a score of 60.7 points out of 100. The score obtained by the country is up 2.4 points compared to that of the previous year, mainly thanks to the reforms implemented by the Ivorian authorities in the context of the payment of taxes and the execution of contracts.

Indeed, Côte d'Ivoire has facilitated the payment of taxes through the establishment of an electronic deposit and payment system on the one hand, and by the introduction of an online case management system to process cash refunds of value added tax, on the other hand. Regarding contracts, their execution has been simplified as Côte d'Ivoire publishes reports on the performance of commercial courts and the progress of cases.

**Graph 5:** Comparison of scores of Doing Business indicators of Côte d'Ivoire

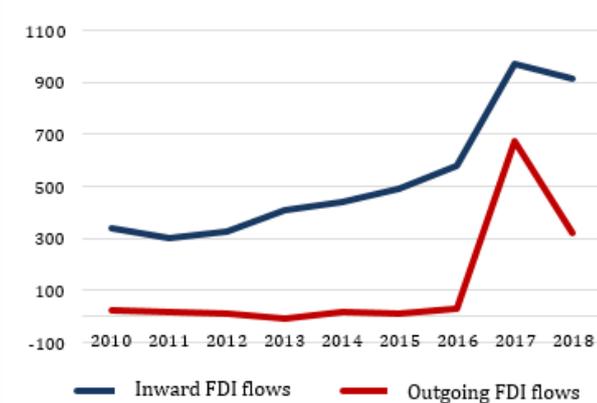


In sub-Saharan Africa, Côte d'Ivoire occupies 11th place out of 48 countries, ahead of Ghana and Senegal.

The improvement in the Ivorian business climate is visible in terms of inbound investments in the country, but also in the private sector, whose performance has generally improved during 2019.

According to the 2019 report of the United Nations Conference on Trade and Development (UNCTAD), inward FDI flows to Côte d'Ivoire amounted to US \$ 913 million in 2018 against US \$ 577 million in 2016, an increase of 58.2%. This is the highest value of inward FDI in the UEMOA zone in 2018. However, despite this record, the share of inward FDI only represented 2.1% of Ivorian GDP during the same year.

**Graph 6:** Evolution of CI's FDI flows from 2010 to 2018 (millions of US dollars)



Source : CNUCED

## A dynamic private sector in 2019

The Bloomfield Private Index (BPI) measures the economic health of the private sector. The purpose of this index is to improve the visibility of the performance of companies operating in Côte d'Ivoire. It is drawn up monthly and makes it possible to assess the development dynamics of the private sector. In addition, it makes it possible to capture the main surrounding factors that can affect the performance of the players.

At the end of 2019, the overall performance of the Ivorian private sector can be considered satisfactory. Indeed, the BPI is worth on average 50.07 over the whole period (above the reference level which is 50). This suggests that the private sector has maintained its growth momentum (as the index was also above 50 in 2018, or 50.84).

In addition, it should be noted that difficult access to financing and late payment of invoices by customers are the main constraints noted by companies during 2019.

**Table 10:** Monthly evolution of PIB and Activity and Environment sub-indices in 2019

| Period  | PIB   | Activity index | Environment Index |
|---------|-------|----------------|-------------------|
| Jan.    | 46,81 | 47,79          | 41,25             |
| Feb.    | 43,6  | 44,02          | 41,2              |
| March   | 48,26 | 49,47          | 41,42             |
| Apr.    | 53,58 | 55,72          | 41,47             |
| May     | 56,27 | 58,88          | 41,51             |
| June    | 44,1  | 44,58          | 41,37             |
| Jul.    | 50,51 | 52,14          | 41,24             |
| August  | 41,18 | 41,16          | 41,3              |
| Seven.  | 52,43 | 54,41          | 41,2              |
| Oct.    | 60,65 | 64,06          | 41,3              |
| Nov.    | 50,15 | 51,61          | 41,85             |
| Dec.    | 53,31 | 55,32          | 41,94             |
| Average | 50,07 | 51,60          | 41,42             |

Source : Bloomfield Investment Corporation

This appreciable performance of the private sector is attributable to an overall increase and sustained production over the period, with a slight improvement in the business environment. This is perceptible through the Activity sub-index which averages 51.60 (above 50) and the Environment sub-index which is on average 41.42 (i.e. +1.01 compared to 2018).

## PUBLIC FINANCES

### Public contracts

Côte d'Ivoire adopted a new public contracts code in July 2019. This code aims, according to the Government, to remedy the shortcomings and gaps in the Ivorian public contracts system. The main innovations focused on the renewal of the institutional framework, the reorganization of the typologies of public contracts to which must be added the dematerialization of public procurement operations. These innovations should help reduce over-the-counter contracts and significantly improve transparency through the separation of the functions of award, control and regulation of public contracts. In addition, the new code should improve the contracts quota in favor of SMEs, going from 20% to 30%.

**Box 1 : Some innovations of the new public contracts code**
*At the level of the institutional framework*

The Administrative Conciliation Commission (CAC) has been abolished, its missions and powers have been transferred to the National Authority for the Regulation of Public Contracts

Two new entities have been introduced, the Person responsible for public contracts and the Commission for the opening and the adjudication of tenders.

*In terms of contract typology*

The scope of the new code is now broadened to new types of contracts and new procedures for their award, in particular:

- Framework agreements;
- GENIS contracts;
- Turnkey contracts;
- Design and production contracts;
- Public contracts with installments;
- Innovation contracts.

For 2019, there was an increase in the volume of public contracts award. Approved contracts numbered 5,271 this year compared to 4,835 in 2018, i.e. an increase of 9%. The amount of approved contracts amounted in 2019 to 1331.8 billion CFA francs against 1189.7 billion CFA francs in 2018, i.e. a surplus of 11.9%.

While competitive procedures, including open tenders and restricted tenders have increased in value, their share of the overall amount has declined. Indeed, they amounted to 973.5 billion CFA francs (73.1% of approved contracts) against 951.8 billion CFA francs in 2018 (80% of approved contracts).

Globally, the amounts of non-competitive procedures are up 6.6% in 2019 compared to 2018. However, the OTC contracts item has decreased to 22.8 billion CFA francs. In fact, over-the-counter contracts amounted to 98.6 billion CFA francs, i.e. 7.4% of the amount of contracts approved in 2019 against 121.3 billion in 2018.

It is also observed that the share of Small and Medium-sized Enterprises (SMEs) in the award of contracts increased from 19.1% in 2018 to 40.2% in 2019, i.e. a gain of 21.1 percentage points attributable to the Government's consistency in its desire to improve SMEs' access to public contracts,

through the establishment of simplified procedures and the easing of the conditions for participating in calls for tenders.

As for the average procurement time, it fell from 97.3 days in 2018 to 95.4 days in 2019, a decrease of 1.9 days.

The "e-Marchepublics" platform for the dematerialization of public procurement procedures, has enabled the processing of 452 tender files at the end of December 2019 since its start in July 2018.

A new code, adopted in July 2019, should improve prospects for increased transparency.

**Budget execution in 2019**

- **Budget resources**

In 2019, the mobilization of budget resources reached 6171.3 billion CFA francs for a forecast of 6367.3 billion CFA francs, i.e. an achievement rate of 96.9%. This negative gap of CFAF 196 billion CFA francs is mainly due to:

- A shortfall in taxes on salaries and wages amounting to 43.8 billion CFA francs due to a slowdown in the pace of compensation operations and the low growth of jobs created;
- A lower than expected collection of added value tax (VAT) to the tune of 23.7 billion CFA francs compared to the goals, attributable to a higher level of reimbursement of VAT credits;
- A decrease (-10.1 billion CFA francs) in the special tax on telephone consumption due to the combined effect of a lack of effective control of telecommunications flows and electronic invoicing on the one hand, and of the impact of the separation of money transfer business and phone on the other hand;
- A loss of 12.5 billion CFA francs in the ICP tax excluding oil and gas attributable to the drop in tax results in several sectors, in particular finance following the liquidation of SAF Cacao, telecommunications, and mines in connection with the closure of the Songon mine;
- A shortfall in taxes on goods amounting to 26.2 billion CFA francs due to a low level of import of goods compared to the expected purpose;

- Insufficient collection of taxes on income from movable capital to the tune of 22.3 billion CFA francs, due in particular to the drop in tax revenues of the previous year.

The poor performance of the above-mentioned recoveries was however mitigated in particular by:

- A more favorable trend in taxes on petroleum products (+34.0 billion CFA francs) attributable to a greater removal of crude oil;
- An increase in export earnings (+22.8 billion FCFA), which is explained by a level of excess volume exported of cocoa;
- A surplus of non-tax revenue of 13.6 billion CFA francs.

Total revenue (tax and non-tax) thus stood at 3,743.2 billion CFA francs, i.e. 59.4% of budget resources in 2019 against 56.8% in 2018, i.e. an increase of 2.6%.

**Table 11:** Evolution of budget resources (in billions of CFA francs)

| Year                                      | 2018           | 2019          |               |
|---|----------------|---------------|---------------|
|   | Achiev.        | Goals         | Achiev.       |
| Budget resources                          | 6083,4         | 6367,2        | 6171,4        |
| Total revenue                             | <b>3457,4</b>  | <b>3827,3</b> | <b>3743,2</b> |
| Tax revenues                              | 3302,7         | 3699,2        | 3601,5        |
| Non-tax revenue                           | 154,7          | 128,1         | 141,7         |
| Borrowings on money and financial markets | <b>1581,42</b> | <b>1371,5</b> | <b>1486,6</b> |
| Bonds                                     | 407,5          | 359,6         | 522,1         |
| Treasury bills and bonds                  | 58,8           | 512           | 460,4         |
| Eurobonds                                 | 1115,1         | 500           | 504,1         |
| Budget support                            | <b>387,9</b>   | <b>432,5</b>  | <b>419,7</b>  |
| IMF                                       | 154,4          | 152,5         | 157           |
| Germany                                   | -              | -             | 39,5          |
| World Bank                                | 56,7           | 55            | 0             |
| AFD (C2D)                                 | 147,6          | 146,7         | 147,6         |
| AfDB                                      | -              | 0             | 49,1          |
| EU  | 18             | 21            | 8,8           |
| Spanish Government (C2D)                  | 11             | 11,1          | 11,1          |
| External funding (projects)               | <b>656,7</b>   | <b>735,9</b>  | <b>521,9</b>  |
| Donation-Projects                         | 87,4           | 143,9         | 107,4         |
| Project loans                             | 569,3          | 592           | 414,5         |

Source : Ministry of Budget and State Portfolio

In terms of issues of government securities on the money and financial markets, the resources mobilized reached 1,486.6 billion CFA francs, or 23.6% of budget resources. Thus in 2019, issues of government securities on the money and financial markets were slightly down (5.99%) compared to 2018 (1,581.4 billion).

Budget support (6.7% of budget resources) increased to reach 419.7 billion CFA francs, an increase of 8.2% compared to 2018. This function was mainly financed by the International Monetary Fund in amount of 157.0 billion CFA francs or 37.4%; AFD contributed 147.6 billion CFA francs, or 35.6%; Germany contributed 39.5 billion CFA francs, or 9.4%, and the AfDB contributed 49.1

billion CFA francs, or 11.7%. Budget support therefore represents 3.5% of budget resources.

External financing (project donation and project loans) attracted 521.9 billion CFA francs in 2019 to represent 8.3% of budget resources. It is down by 134.8 billion CFA francs compared to fiscal year 2018 in connection with a decline in project loans (-27.2%) and despite a bond in project donation (+22.9%).

In total, budget resources have continued to increase to achieve a growth of 1.4% or 88 billion CFA francs more, compared to their level in 2018.

- **Budget expenditures**

Budget expenditure stood at 6153 billion CFA francs, i.e. an execution rate of 97.8%, up 4.7% compared to its 2018 level. This surplus is driven in particular by expenditure due to the service of the debt (222.1 billion, or 14.4%), to ordinary expenditure (107.3 billion, or 3.9%) and to security and election expenditures (22.1 billion, or 67.8%)

The public debt service amounted in 2019 to 1,769.3 billion CFA francs, or 28.8% of the budget expenditure. This increase of 14.4% compared to the previous year, is mainly due to an increase in reimbursements both domestically (+109.4 billion CFA francs) and externally (+112.7 billion CFA francs) compared to the year 2018.

Ordinary expenditure reached 2,847.6 billion CFA francs, or 42.2% of budget expenditure in 2019. They are up by 107.3 billion CFA francs. This increase of 3.9% compared to 2018 is mainly due to an increase in staff costs (+ 5%), an increase in subsidies and transfers (6.8%).

**Table 12:** Evolution of budget expenditure in billions of CFA francs

| Year                           | 2018    | 2019   |         |
|--------------------------------|---------|--------|---------|
|                                | Achiev. | Goal   | Achiev. |
| Budget expenditure             | 5879    | 6266,5 | 6153    |
| Public debt service            | 1547,2  | 1781,1 | 1 769,3 |
| Domestic Debt                  | 937     | 1029,3 | 1046,4  |
| External Debt                  | 610,2   | 751,9  | 722,9   |
| Ordinary Expenses              | 2 740,3 | 2870,2 | 2847,6  |
| Staff                          | 1 621,8 | 1720,8 | 1 703,0 |
| Subscription                   | 86,4    | 104,1  | 88,1    |
| Subsidies and transfers        | 403,7   | 420 ;2 | 431,1   |
| Other operating expenses       | 628,4   | 625,1  | 625,3   |
| Security and election spending | 32,6    | 36,2   | 54,7    |
| Investment expenditure         | 1 558,9 | 1578,9 | 1 481,5 |
| Domestic financing             | 902,2   | 843,0  | 959,5   |
| External funding               | 656,7   | 735,9  | 521,9   |

**Source :** Ministry of Budget and State Portfolio

Security and election expenditure stood at 54.7 billion CFA francs, or 0.9% of budget expenditure in 2019. These expenditures jumped 22.2 billion CFA francs, or 67.8% compared to 2018.

Investment expenditure amounted to 1,481.5 billion CFA francs, or 24.1% of budget expenditure in 2019. Compared to 2018, they declined by 77.4 billion CFA francs, a decline of 4.97% in relationship with a decrease in external financing (-20.5%). The downward trend in investment expenditures from domestic resources (-16.6% in 2017 and -2.2% in 2018) reversed in 2019 to an increase of 6.4%.

An analysis of the consumption rates of investment credits (excluding security and election expenditure) of the ministries and institutions, it appears that 20.5% of them have execution rates lower than 50%, 18.2% experienced an execution rate between 50% and 75% and 81.8% of them experienced execution rates above 75%

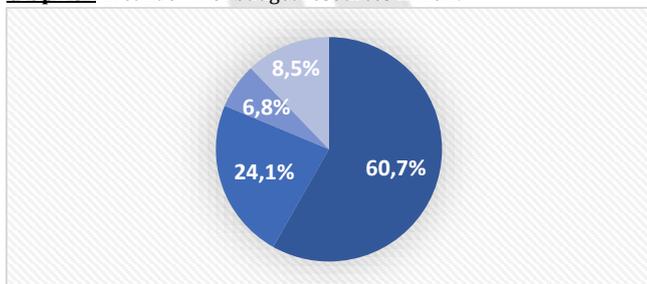
In 2019, public financial management was characterized by an improvement in the budget balance in relation to delays in processing civil servants' files. The budget deficit thus reached 785.5 billion CFA francs, or 3% of GDP against 4% in 2018.

## The 2020 budget

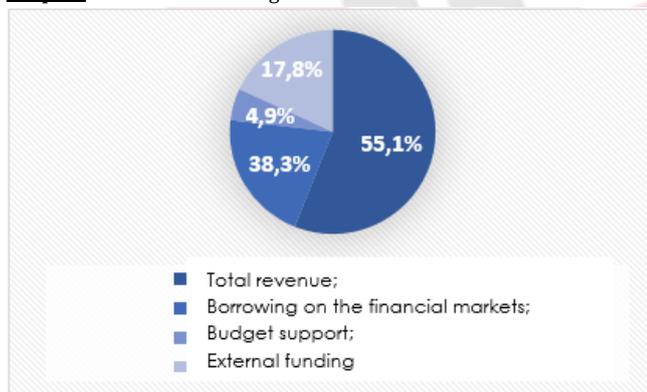
In 2020, public finance management was developed in terms of medium-term programmatic budgeting, with results targets that would then be assessed against a reference framework. This perspective materializes the effective implementation of the reforms in public finance management initiated by WAEMU.

In this new context, the 2020 budget was designed around the main thrusts of the National Development Plan 2016-2020. It stands at 8,061 billion CFA francs against 6,304.4 billion CFA francs achieved in 2019, an increase of 27.9%.

**Graph 3 :** Breakdown of budget resources in 2019



**Graph 4 :** Breakdown of budget resources in 2020



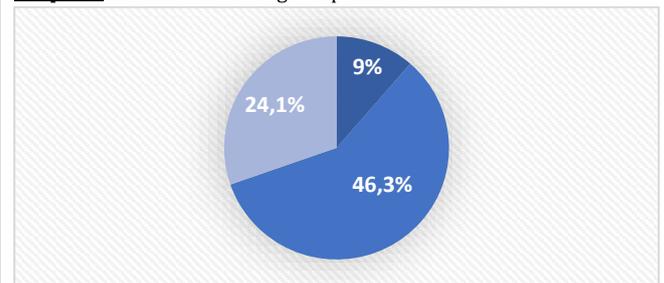
Source: Ministry of Budget and State Portfolio

Total revenue (tax and non-tax excluding grants) amounted to 4,019.79 billion CFA francs in 2020 against 3,743.2 billion CFA francs in 2019 (excluding special accounts), an increase of 276.6 billion CFA francs.

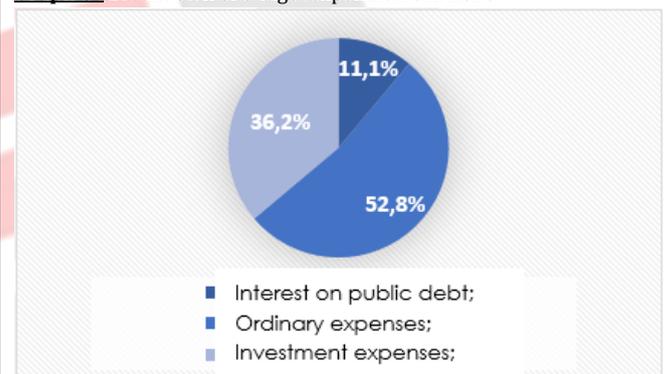
Thus, some functions of budget resources saw their share decline in 2020. These are in particular total revenue (going from 60.7% in 2019 to 55.1% in 2020) and budgetary support (going from 6.8% in 2019 to 4.9% in 2020). However, the share of borrowing on financial markets and that of external financing should increase by 14.2% and 9.3% respectively.

In 2020, budget expenditures are forecast to be 5,807.2 billion CFA francs against 6,153 billion CFA francs in 2019, i.e. a decrease of 5.6%. The financial charges of the public debt are forecast at 643 billion CFA francs against 556.5 billion CFA francs achieved in 2019, an increase of 2%. Recurrent and capital expenditure are also forecast to increase by 6.5% and 12.1% respectively. The budget balance was forecast at 3%.

**Graph 5 :** Breakdown of budget expenditures in 2019



**Graph 6 :** Breakdown of budget expenditure in 2020



Source: Ministry of Budget and State Portfolio

## The 2020 tax schedule

The principle of consensus before the adoption of the 2019 tax annex confirmed the Government's willingness to support the private sector, especially the construction, real estate, agriculture and SMEs sectors.

This annex provides, among other things:

- For SMEs, exemption from the contribution of licenses over a period of five (5) and a reduction of 25% of the property tax due for two years on newly acquired buildings for operating purposes;
- The extension of the deductibility of the value added tax to diesel fuel, oils and greases used in handling equipment in the construction sector.

The 2020 tax annex shows the consistency of the tax administration in its efforts to promote the country's economic attractiveness.

The entire tax policy has been formalized around several essential measures including support for the private sector, strengthening of state resources, rationalization of the tax system and finally technical and strategic measures.

The tax measures taken by the Government can be quantified as follows:

- 20% of all measures taken relate to an increase in the tax burden on taxpayers (tax on tobacco, fines, Single Right of Exit on cola, taxes on VOD).
- 38% relates to new exemptions or measures in favor of SMEs (tax credits for hiring on fixed-term contracts, donations to R&D companies in innovation, IF and BTT in agricultural product processing activities);
- 10% is an increase in tobacco tax, fines, taxes on money transfers and the continuation of the SET tax;
- 7% concerns taxes (Minimum Fixed Tax and GIR);
- 34% aims to rationalize, rearrange and modernize the tax system.

### Public debt analysis

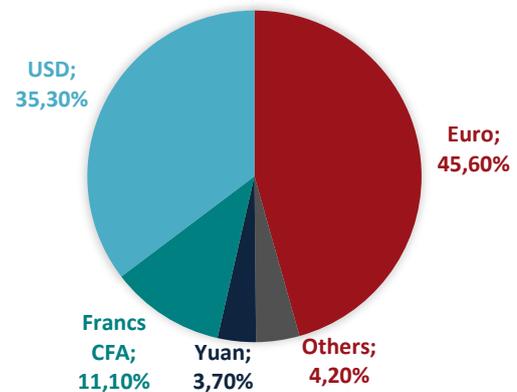
The stock of public debt at the end of December 2019 stood at 13,300.2 billion CFA francs, a ratio of 38.6% of GDP, below the community threshold (70%).

Domestic debt represents 33.3% of the stock of public debt. The outstanding debt mobilized by syndication (55.9%) is greater than that contracted by auction (29.1%). External debt represents 66.7% of total public debt at the end of December 2019.

The currency risk is not negligible insofar as 67.3% of total public debt is denominated in foreign currency, i.e. 80.9% of external debt. The dominant currencies are mainly the euro (45.6%) and the US dollar (35.34%). However, it is noted a downward trend in the debt denominated in US dollars (48% at end December 2018 and 58.5% at end December 2017) in favor of the euro (31.3% at end December 2018 and 16% at the end of December 2017), thanks

to the issue of Eurobonds. This strategy, if it is continued over the long term, will thus mitigate the risk.

**Graph 7:** External debt by currency as of December 31, 2019



Source: Department of Public Debt and Donations

The public debt service amounted to 2,764.6 billion CFA francs at the end of December 2019, i.e. 49.1% of tax revenue, against 46.8% for the same period in 2018. This share is relatively high and could constitute a real constraint in the absence of a strengthening of fiscal resources.

### The impact of Covid-19 on the 2020 budget execution

Given the global scale of the Covid-19 pandemic and its repercussions, a comprehensive response requires sufficient public funding. Redefining the priorities of public expenditures to support the economy and the health system calls for effective government action in an environment marked by a contraction in fiscal resources linked to the decline in economic activity. The convergence criteria of the WEAMU zone have also been suspended by the heads of state in order to allow member countries to have room for maneuver in the fight against the pandemic.

At the writing of this report, the Ivorian government has not yet published an amending finance law that would take into account the various adjustments necessary to deal with the situation (see the authorities' response plan against Covid-19).

It should be noted that Côte d'Ivoire, as part of its response plan to the health crisis, benefited both

from private sector donations and from donor facilities, including US \$ 886.2 million from IMF.

Côte d'Ivoire has been able to mobilize 535 billion CFA francs on the regional market through the issuance of Covid-19 bonds<sup>14</sup>.

At the end of June 2020, the public finance situation revealed a good level of revenue collection (an increase of 100 billion FCFA) and an under-consumption of total expenditure and net loans (544.9 billion CFA francs) compared to the goals of the economic and financial program. This situation could be explained by:

- The great caution observed when determining revenue targets, due to uncertainties about the extent of the Covid-19 pandemic;
- Spontaneous payments by taxpayers over the period under review for VAT;
- Unexpected payments of the ICB tax, despite the three (3) month period granted to companies having cash flow difficulties due to Covid-19, for the payment of the second third of this tax.

**Table 8 :** Evolution of revenue compared to targets at the end of June 2020 in billions of CFA francs

|                             | Achiev. June 2019 | Goal. June 2020 | Achiev. June 2020 | Achiev rate. | Change 2019/2020 |
|-----------------------------|-------------------|-----------------|-------------------|--------------|------------------|
| Total revenue and donations | 2574,2            | 2320,5          | 2375,1            | 102%         | -7,7%            |
| Total revenue               | 2443,3            | 2155,4          | 2283,2            | 106%         | -6,6%            |
| Tax revenues                | 2111,3            | 1864,3          | 1975,9            | 106%         | -6,4%            |
| Non-tax revenue             | 331,9             | 291,1           | 307,3             | 106%         | -7,4%            |
| Donations                   | 130,9             | 165,1           | 91,9              | 56%          | -29,8%           |

**Table 9 :** Evolution of expenditure compared to goals at the end of June 2020 in billions of CFA francs

|                                  | Achiev. June 2019 | Goal. June 2020 | Achiev. June 2020 | Achiev rate. 2020 | Change 2019/2020 |
|----------------------------------|-------------------|-----------------|-------------------|-------------------|------------------|
| Total expenditures and net loans | 2937,8            | 3745,5          | 3200,6            | 85%               | 8,9%             |
| Operational costs                | 844,4             | 693,1           | 490,7             | 71%               | -41,9%           |
| Staff                            | 547,4             | 881,8           | 892,2             | 101%              | 63,0%            |
| Interest on public debt          | 311,2             | 319,8           | 315,8             | 99%               | 1,5%             |
| Investment expenditure           | 764,2             | 800,3           | 792,3             | 99%               | 3,7%             |

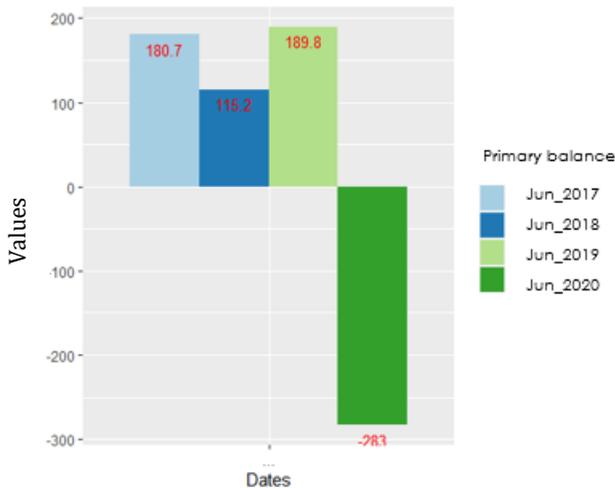
Source : DGE

However, the primary balance in the first half of 2020 showed a deficit contrary to what was observed between 2017 and 2019 at the same period. This situation reflects the combined effects of the economic slowdown on a global level as well as the negative impact due to the Covid-19 pandemic on the Ivorian economy. Indeed, revenues are down 7.7% compared to their level at the end of June 2019, while expenditures<sup>15</sup> have increased by 8.9%. This development augurs well for an increase in the budget deficit at the end of 2020.

<sup>14</sup> The WAMU Title Agency is responsible for supporting member states in mobilizing the necessary funding on the capital markets to finance their economic development policies.

<sup>15</sup> Interest on the public debt increased slightly (+ 1%).

**Graph 11:** Evolution of the basic primary balance in June 2017 and June 2020 in billions of CFA francs



Source: DPPSE

## MONETARY AND FINANCIAL SYSTEM

The monetary policy of Côte d'Ivoire, like that of its peers in the West African Monetary Union (WAMU), obeys the rules established by the Central Bank of West African States (BCEAO). The BCEAO is responsible for monetary policy, the stability of the banking and financial system, the supervision and security of payment systems, the exchange rate policy under the conditions set by the Council of Ministers and the management of official foreign exchange reserves. The regulatory body for the banking system is the BCEAO Banking Commission.

The Economic and Monetary Union of West African States has a regional stock market, the BRVM (Regional Stock Exchange), regulated by the Regional Council for Public Savings and Financial Markets (CREPMF).

### An adjusted monetary policy against the health crisis

The Monetary Policy Committee maintained the minimum bid interest rate at 2.5% and its marginal lending window interest rate at 4.5% in effect from March 2017 until the Committee meeting. Ordinary monetary policy of the WAEMU Council of Ministers in June 2020 in a context of global health crisis.

Indeed, the Central Bank has decided to lower its key rates<sup>16</sup> by 50 basis points in order to strengthen the resilience of the economies of the zone and to support the States' recovery plan. The minimum reserve coefficient applicable to Union banks has remained fixed at 3.0% since March 2017.

### The ECO, a new paradigm with obstacles

In 2019, the eco was announced in Nigeria in June while in Côte d'Ivoire, the announcement of the same single currency was subject of a joint conference of the Ivorian and French presidents, six (6) months later. The achievement of a new paradigm in the monetary landscape of ECOWAS (15 countries) seems not to achieve consensus.

If the two announcements coincide in terms of the denomination of the regional currency, the convergence criteria and the federal management system, it is however necessary to note points of divergence which could, beyond the compromises of macroeconomic and budgetary policies, postpone the implementation of the single currency.

- *Struggle for influence within the future federal system*

The flexibility of the eco and the federal management system of the regional currency desired by several countries, pave the way for a strengthened hegemony of Nigeria (70% of ECOWAS GDP) over the rest of the zone. Nigeria, whose private sector is widely visible in ECOWAS countries, is consolidating its leadership position with the support of other English-speaking countries, notably Gambia, Liberia and Sierra Leone.

In Abidjan, however, the eco, announced by the Ivorian President on behalf of his peers in WAEMU, is rather pegged to euro and remains guaranteed by France and initially limited to the eight WAEMU countries.

This posture seems essential to the WAEMU group for two fundamental reasons: to impose a block entry into the federal system and to obtain a progressive evolution of the exchange rate of the

<sup>16</sup> This decision came into effect on June 24, 2020

single currency according to the interests of the West African Monetary Union.

Indeed, the WAMU countries intend to weigh in the new economic landscape of ECOWAS as one country, with BCEAO within the new federal system. Depending on the structure of their foreign trade, of which the euro zone is a leading partner, the WAMU countries intend to progress gradually towards a flexible exchange rate which would eventually consider a currency basket such as the dollar and the euro.

In this context, everything suggests that the eco is a simple reform of the CFA Franc, now rid of certain long criticized requirements, in particular the transfer of part of the foreign exchange reserves to the French treasury and the French representation on the staff of BCEAO.

- **Persistent structural handicaps**

Beyond the influence game, the advent of the eco is mainly based on a prerequisite of meeting convergence criteria including a budget deficit below 3% of GDP, an inflation rate of 10%, and a stock of debt below 70% of GDP. According to the 2018 ECOWAS Convergence Report, no country has met all the convergence criteria this year against three (3) in 2017. This lack of sustainability of the economic performance of States, and mainly the need for a long period of the English-speaking countries to adhere to the convergence criteria necessary for the success of the common currency, seem to constitute a major obstacle.

In addition to this weakness relating to compliance with the convergence criteria, there are many obstacles, mainly the vulnerability of the region's economies to external shocks, the non-respect of the foundations of the community, in particular the free movement of people and goods and quite different economic structures<sup>17</sup>.

In such a context of deadlock, the political will of the various states will have to be strong and focus on concrete actions to stimulate regional integration. The onset of the health crisis could be a catalyst in

this process, allowing countries to rethink their development strategy.

### Low inflation

The inflation rate in Côte d'Ivoire remains low in 2019, in line with the community standard of 3%. However, it is marked by a slight increase (0.4 point) compared to its 2018 level to reach 0.8%.

The good distribution of rainfall, positively impacting the supply of food products markets and the efforts of the Government in the fight against the high cost of living, have helped to keep the general level of consumer prices below the level of convergence (3%) recommended for all WAEMU countries.

The most significant price increases recorded regard in particular: "Food products" (+ 1.4%), "Education" (+ 1.6%), the "communication" function (+ 1.2%) and the "effective rents" function (+ 1.4%).

**Table 13:** Consumer price indexes by product branch

| Products by function   | Change (%)<br>2019/2018 |
|--|-------------------------|
| Foodstuffs   | 1,4                     |
| Clothing items<br>and shoes                                      | 1,0                     |
| Housing, water, gas,<br>electricity<br>and other fuels           | 0,2                     |
| Furniture, household<br>items<br>and routine rent<br>maintenance | 0,5                     |
| Health   | 0,3                     |
| Transportation   | 0,6                     |
| Communication  | 1,2                     |
| Leisure and culture  | 0,4                     |
|  | 1,6                     |
|  | 0,1                     |
|  | 0,8                     |

Source : NSI

### A gloomy regional stock market

In 2019, the regional stock exchange had a difficult year. Its main indexes fell compared to 2018 but to a lesser extent in relation to the gains of the last two

<sup>17</sup> Nigeria has repeatedly closed its border with its ECOWAS neighbors under the pretext of fighting illegal trade

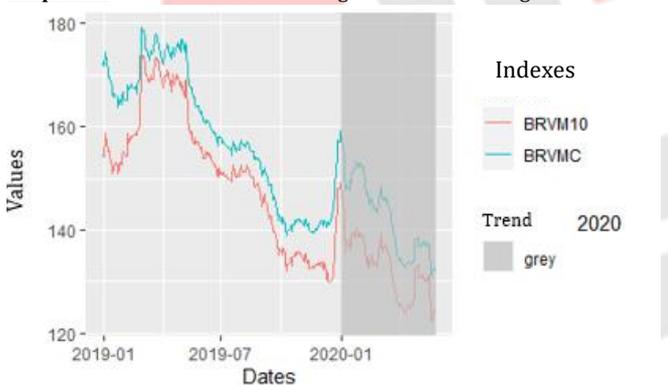
weeks of the year. Indeed, the BRVM 10 and the BRVM Composite respectively lost 3.40% (against a decrease of 29.72% in 2018) and 7.55% (against a decline of 29.1% in 2018).

The Regional Stock Exchange has thus suffered from the decline in the equity market, in connection with the low retention of shares by holders of securities, who have become relatively cautious about:

- The lack of visibility on the performance of some companies due to the scarcity of reliable information on the balance sheets of some listed companies;
- Mixed infra-annual results.

This downward market trend that began in 2016 was however attenuated by the good momentum of the bond market, which gained 23.4% in 2019 to represent 47% of the overall market capitalization (compared to 17% in 2015), i.e. an increase of 30%. % in four years. This momentum appears to have been hampered (see graph 11 below) by the negative impact of lockdown measures due to the spread of Covid-19.

**Graph 10:** Evolution of the main Regional Stock Exchange indexes



Source: Regional Stock Exchange

The downward trend is expected to persist in 2020 in a context marked by the health crisis. As of June 31, 2020, the BRVM 10 index is 126.10 (-14.1% compared to January 2, 2020) and the BRVM Composite index is 135.86 (-13.7%).

## A banking sector to the test

According to the Directorate of Forecasts, Policies and Economic Statistics (DPPSE), it emerges from banking activity over the twelve months of 2019, that the cumulative amount of new ordinary loans

has fallen by 1, 68% to stand at 5,275.2 billion CFA francs, i.e. a drop of 90.2 billion CFA francs compared to 2018. The debtors who recorded the greatest credit losses are “Individual companies” (-278, 5 billion CFA francs) and “the State and similar organizations” (-103.3 billion CFA francs). The debtors who recorded the most significant increases in loans are “individuals” (+302.1 billion CFA francs) and “companies and EPICs” (+188.2 billion CFA francs). Deposits increased by 6.5% to stand at 2,050.0 billion CFA francs.

At the level of applied rates, the average interest rate on new loan placements was 6.4%, an increase of 0.1 percentage point compared to its 2018 level.

The analysis of loans to productive sectors declared to the credit bureau reveals at the end of December 2019, a concentration of short-term loans (67%) and on the “Wholesale and retail trade, Restaurants, Hotels” sectors (30%), “Manufacturing industries” (20%), “Transport, Warehouses and Communications” (13%) and “Electricity, Gas, Water” (9%).

- ***The question of financing SMEs / SMIs by banks remains***

Before the health crisis, some financial institutions had developed a strategy to increase the loans granted to SMEs / SMIs. However, the overall reduction in economic activity resulting from the pandemic further increases the willingness of banks to minimize risk. This cautious situation should constrain the implementation of their action plan in favor of SMEs / SMIs during and after the crisis.

**Box 2: BCEAO press release**

“... By decision of March 21, 2020, the Central Bank invited credit institutions to grant companies that so request a deferral of their loans, for a period of 3 months renewable once without interest charge, no fees or late fees. For affected companies that have not obtained an agreement with their partner banks for the postponement of their commitments, the BCEAO has set up a monitoring and facilitation mechanism called "Covid-19 system". This mechanism aims to strengthen the dialogue between companies and their banking partners and to re-establish, if necessary, a relationship of trust, based on a common approach to finding solutions ...”

In such a context, the Central Bank of West African States (BCEAO) has been proactive in taking numerous measures aiming at:

- Increasing the liquidity available to banks in order to promote their support to the private sector;
- Improve the use of electronic payment methods;
- Postpone the due dates of credit institutions affected by the Covid-19 pandemic.

However, doubts remain about the willingness of banks to support SMEs / SMIs.

First, the concentration of banks' outstanding loans in certain highly exposed sectors will lead them to be more cautious. This situation could lead to a strong selectivity in the support of companies in general and SMEs / SMIs in particular.

Secondly, the duration of the health crisis and the assumptions about the holding of the presidential election in October 2020 or its postponement until 2021, reinforce the uncertainty linked to the investments to be made by the majority of private sector actors. Banks in this context will be more reluctant.

In addition, the refinancing window set up by the BCEAO for SMEs does not seem to be used optimally for the moment.

A dialogue between SMEs, the banking sector and the State is necessary in order to allow these companies to have liquidity to maintain their

activity. The arrangements made by the BCEAO should help facilitate this process. However, it is clear that SMEs will not all be ranked at the same level because of the legibility of their activities and their history which will define a certain quality.

- ***The banking sector will not be spared by the health crisis***

The Ivorian banking sector has succeeded in ensuring the continuity of its operations in the context of the current health crisis. The necessary adjustments were made, in particular at the organizational and operational levels in terms of customer relations. To this must be added the measures taken to adjust the information system to the various provisions for deferrals authorized by the Central Bank. The financial results linked to the performance of the private sector is thought to decline for most of the banks operating in Côte d'Ivoire, due to the charges induced by the crisis (purchases of masks, gels, tools for teleworking, etc.) as well as potential customer payment defaults. The persistence of the crisis could further weaken less resilient banks in the context of the implementation of Bale 2 and 3.

## **SOCIO-POLITICAL RISK**

### **A regional security risk present**

The security risk in West Africa remains, even if it has remained limited in some countries of the zone in recent years. In addition, the intensification of the frequency of attacks in Burkina Faso, Mali and Niger in 2019, leading to numerous losses of human life (civilians and soldiers) and significant displacements of populations, is likely to arouse increased vigilance.

In fact, 4,000 deaths were counted<sup>18</sup> in 2019 against 770 in 2016, and the number of displaced persons has increased tenfold to reach half a million in addition to the 25,000 refugees. The terrorist attack in June 2020 in Kafolo in Côte d'Ivoire and the frequency of terrorist attacks in Burkina Faso and

<sup>18</sup> Report of the Secretary General: Activities of the United Nations Office for West Africa and the Sahel

Mali during the first half of 2020 are likely to increase the level of risk.

It should be noted that the impact of the G5 Sahel on the field is still insignificant, particularly in connection with financial problems. On December 21, 2019, a 2020-2024 action plan for a budget of \$ 1 billion was adopted by the ECOWAS Conference for the eradication of terrorism in the region. Although laudable, this plan raises the question of the mobilization of resources for States whose development challenges remain important.

In addition, the sharing of information, the intensification of collaboration, the appropriate responses to the development aspirations of the populations, particularly the most vulnerable, will be key factors in the fight against terrorism in the region.

### **A still tense political environment**

The Ivorian political environment is marked by a rise in tensions in the run-up to the October 31 presidential election in relation to:

- The overturning in the outgoing President's decision not to stand for this election after the death of the former nominee of the ruling party, the Rassemblement des Houphouëtistes pour la Démocratie et la Paix (RHDP);
- The exclusion from the electoral list of the former Head of State<sup>19</sup>, Laurent Gbagbo, as well as the former President of the National Assembly, Guillaume Soro;
- Complaints made by the opposition about alleged failures by the Electoral Commission, which call into question its independence.

These tensions resulted in splintered demonstrations across the country, which were repressed; as well as a resurgence of community conflicts.

This situation is likely to reinforce the uncertainty about the electoral process, and hence on the stability of the country for the last quarter of 2020. The consequences will be disastrous in view of the

gains made over the last ten years after the post-election crisis of 2011.

On March 17, 2020, the two chambers of Parliament adopted the draft revision of the Constitution with 246 votes for "yes" and 2 for "no" out of a total of 248 parliamentarians present. Throughout the process, opposition parliamentary groups have voiced their objection to this constitutional review, boycotting the votes. This constitution on the principle of its continuity also fuels the opposition's dispute over the possibility of the outgoing President's candidacy for a new term.

#### ***Box 3: Constitutional reform***

The constitutional revision of March 2010 was structured around three major reforms: the executive power, the judiciary and the legislative power. It concerns articles 55, 56, 57, 59, 62, 74, 78, 79, 90, 94, 101, 109, 134, 143, 144, 146 to 151, 160, 177, 181, 182, as well as chapter IV of Title IX of Law No. 2016-886 of November 08, 2016.

***The reform relating to executive power*** is linked to the status of the Vice-President. It is proposed that the Vice-President of the Republic be appointed with the consent of the parliament, through the amendment of article 55 of the Constitution. The modification of this article leads to the modification of articles 56, 57, 59, 62, 78 and 79.

***As for the reform concerning the legislative power***, it relates to parliamentary continuity, it is brought about by the modification of article 90 of the Constitution, which deals with the expiry of the powers of the chambers of parliament and the election of parliamentarians. It is proposed that Parliament remain in office until the parliamentary elections are organized.

***The reform of the judiciary*** relates to the organization of the judiciary. It establishes the Court of Cassation and the Council of State as Institutions of the Republic in the same way as the Court of Auditors. The modifications concerned Articles 143, 144, 146 and Chapter IV of Title IX. On the strength of this, the Court of Cassation, the Council of State and the Court of Auditors become the three judicial institutions representing the judiciary.

### **The achievements of the PS-Gouv at the end of 2019**

The government's Social Program (Ps-Gouv), adopted in December 2018 by the President of the Republic of Côte d'Ivoire, supports the NDP with a view to accelerating the country's progress towards reducing poverty and inequalities. More specifically, this program aims to improve the living conditions of the populations by providing efficient health

<sup>19</sup> He is also having difficulty obtaining an Ivorian passport.

services, by improving the employability of young people without distinction of gender, and by facilitating access to services such as housing, drinking water, electricity and transport. At the end of 2019, the achievements of the Ps-Gouv are presented below.

### **Health / social protection**

- Strengthening of the targeted free health care program (543,677 delivery kits distributed, care for victims of road accidents during the first 48 hours, etc.)
- Strengthening of the expanded immunization program (94% coverage rate for the 3rd dose of the pentavalent vaccine for children aged 0 to 11 months, 92% health coverage rate for measles, etc.);
- Gradual operationalization of CMU (82,530 beneficiaries treated; 96,137 consultations carried out in 499 centers and 117 localities, etc.);
- Direct monetary transfers (144,000 FCFA per household per year) to underprivileged populations.

### **Education**

- Recruitment of 10,300 teachers;
- Acquisition of 186,000 table-benches
- Construction of 3,077 classrooms in preschool and primary, 35 middle and high schools, 636 latrines-schools in rural areas.

### **Access to basic necessities**

- 20% reduction in the electricity tariff for 1,008,853 households;
- Connection of 203,018 households to electricity at 1,000 FCFA instead of 150,000 FCFA;
- Establishment of living conditions for the 870 housing units located in Bingerville;
- Connection to water and electricity from the ADO city in Yopougon;
- Electrification of 919 villages.

### **Employment / empowerment of youth and women**

- Support for entrepreneurship (34,399 opportunities created);

- 17,391 young people taken into account in the context of skills development;
- Internship for 15,159 young people;
- Labor intensive work (6,550 young people involved);
- Empowerment of women (775 grants awarded for the establishment of income-generating activities; 362,471 people sensitized on sexual and reproductive health, etc.).

### **Rural well-being**

- Reshaping of 18,434 kilometers of rural tracks, corresponding to 1,346 completed routes;
- Access to drinking water in rural areas (2,665 pumps repaired / replaced out of a target of 3,000).

At the end of its first year of operation, the PS-Gouv shows a financial execution rate of 89.9%. While some of the PS-Gouv's targets have not yet been achieved, the results already achieved remain commendable. Continued efforts by the government are required to achieve the desired performance.

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