

Ivory Coast aims to entice investors with 'new vibe' of stability and growth

After years of political turmoil, Ivory Coast's budget minister hopes booming economy and improved infrastructure will create climate to attract investment

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As many economies in Africa wrestle with the consequences of a slowdown in China and depreciating currencies, Ivory Coast has bucked the trend. The country is enjoying strong growth and focusing on infrastructure projects, job creation, and improving its business climate to win back investors after years of political paralysis.

Leading the economic charge is former Goldman Sachs trader Abdourahmane Cissé, the 34-year-old budget minister, who says the world's top cocoa producer is strong enough to weather external shocks, while stability is almost guaranteed.

Ivory Coast has been frozen in political stasis since rebels seized the north in 2002, causing the effective division of the former French colony and years of tensions, culminating in a four-month civil war that killed about 3,000 people in early 2011 after former president Laurent Gbagbo refused to accept defeat at the ballot box.

Gbagbo and youth leader Charles Blé Goudé are now on trial at the international criminal court for crimes against humanity. The short-lived conflict ended when Alassane Ouattara took office after a military intervention by France. Ouattara was re-elected by a landslide last year and, despite some fears of unrest, the poll was peaceful and seemed to confirm a return to stability.

The economy is booming - growth is estimated at 9% for 2015 - and foreign money can be seen in the new malls and hotels springing up in the economic capital, Abidjan. Ouattara, a former official at the International Monetary Fund (IMF), has spent billions of dollars rebuilding roads and railways.

"There is a new vibe, you have a middle class that is gradually emerging ... We have invested a lot in infrastructure," says Cissé during a trip to London. He added that a return to violence was simply not an option. "Ivorians know what the price of peace is. They went through big issues when we had the trouble in 2010. No one wants to go there again ... Every Ivorian wants their kids to go to school.

"Because I come from the private sector, I always look at downside-upside risk. I used to be a trader so risk is part of my DNA. Since 2011, the president has wanted to put a strong focus on a diversified economy. Our economy now is really diversified." He pointed out that the service sector now accounts for about a third of the economy.

One concern for observers, however, has been the ratio of debt to gross domestic product, which stands at about 40%. Because some of that debt is in dollars, repayment costs are rising - a problem experienced by several African countries. Cissé says his government has factored this in.

“We know exactly what it is in our books and we manage it on a daily basis,” he says, noting that the stated level of concern for the West African Economic and Monetary Union is 70%.

“We are at 40%. We still have room, but we don’t want to go to 70% and that is why we are putting a strong emphasis on domestic revenues because if we make sure that we mobilise our resources internally, it gives us a bit more leverage to finance our economy,” says Cissé.

After visiting Abidjan in February, Mitsuhiro Furusawa, the IMF’s deputy managing director, said that to maintain growth Ivory Coast must reform the business environment and boost private sector investment. “Although declining ... poverty, inequality and unemployment remain high and significant regional disparities still exist,” he cautioned, urging the government to mobilise revenues and maintain a disciplined fiscal policy, partly to counter external shocks and contain the increase in public debt.

Cissé said the government plans to spend \$60bn (£42.5bn) on infrastructure between 2016 and 2020, with the private sector funding 68%.

Another priority is creating productive jobs for young people. In a report last December, the World Bank warned robust growth was not leading to a significant decline in the poverty rate or higher incomes for people living below the poverty line. The bank’s economists recommended boosting productivity in self-employment, wage employment and agricultural employment.

As a first step, says Cissé, the government wants to focus on education. “Yes, you have to create jobs, but we also want value-added jobs. We want to have young people who, when they leave university, have the right skills to be employable ... We invest 22% of the budget into education to make sure we have trained people who are ready for the market,” he says.

The government has also reduced the cost of creating companies by more than 70% - Cissé said you could now create a company for less than \$30 - and introduced a two-year tax break to help new firms. The government has also said 20% of public tenders should go to small and medium-sized enterprises. The quota is not compulsory, but that will be reviewed at the end of the year.

The process of applying for public tenders has also been streamlined and the government is providing tax incentives for companies that hire students straight out of school and for a minimum of 12 months. “The president understands that we have a population of mainly young people and we need to make sure this becomes an asset rather than a liability,” Cissé said.

Key to attracting private investors is the business environment. Ivory Coast ranked 46th out of 189 countries for ease of starting a business in the World Bank’s annual Doing Business report, but stood at 142nd for ease of doing business.

The budget minister sees opportunities in natural resources, such as oil and gold, after years of underinvestment. “These are potential revenues for the future because we will continue to invest ... and when the price goes a bit higher, I’m likely to collect a lot more money to finance the economy,” he says.

“There is an appetite [for investment] ... We want to position ourselves as a place where there is stability, the business environment is attractive, and where you can do business and close your eyes, like you do in other countries, and have an interesting return.”

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