



Investment Climate Update: Côte d'Ivoire

December 2012 | Vol 2, No 4



FAST FACTS:

- Côte d'Ivoire has the second-largest economy in West Africa.
- Traffic at the Port of Abidjan, Côte d'Ivoire's main port, jumped 87% in the first half of 2012.
- A 60 billion CFA franc (120 million U.S. dollars) 5-year bond launched by Côte d'Ivoire in August 2012 to raise funds for infrastructure projects was oversubscribed by 46%.
- Côte d'Ivoire exports coffee, palm oil, cotton, and rubber, among other products making it the fourth largest exporter of goods in sub-Saharan Africa behind South Africa, Nigeria, and Angola.

Official Launch of the U.S.-Côte d'Ivoire Business Council

The U.S. Chamber of Commerce has joined with its Ivorian counterpart, APEX-CI, to establish the U.S.-Côte d'Ivoire Business Council. The council will serve as the premiere organization in Washington, D.C., dedicated to the broad advancement of U.S. commercial engagement with Côte d'Ivoire. The founding members of the U.S. section of the council are Cargill, Chevron, Citi, FedEx, and GE.

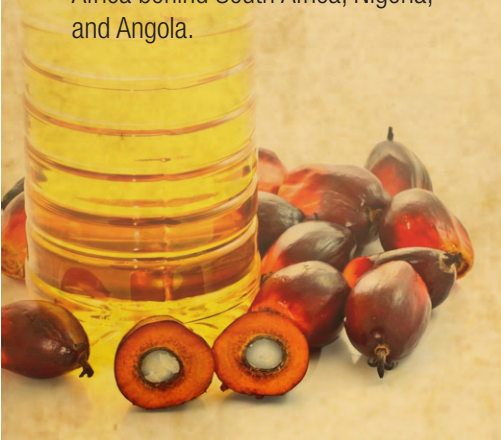


The Council was officially launched in New York City on September 24, 2012, with The Honorable Daniel Kablan Duncan, State Minister of Foreign Affairs for Côte d'Ivoire, and other members of the Ivorian business and diplomatic communities in attendance.

"As a business leader in both the U.S. and Côte d'Ivoire, we have seen firsthand how investment, knowledge sharing, and international trade can improve livelihoods and stimulate economic growth," says Greg Page, Cargill chairman and CEO. "The council provides a forum to encourage long-term trade and investment that can support Côte d'Ivoire's continuing progress toward delivering greater prosperity for its people." ★

INSIDE:

\$20 Billion Development Plan	2
Government Efforts to Ease Investment	3
Path to Recovery and Prosperity	3
Security on the Ground	4
About ABI	4



Investment Côte Climate Update: d'Ivoire

\$20 Billion Development Plan

Côte d'Ivoire's Plan National de Développement (PND) was launched in 2011 in the wake of the 2010 postelection violence to outline the government's development priorities. The plan, which spans the period from 2011 to 2015, focuses on four crucial pillars: energy and industry development, infrastructure and transport, agriculture, and health and education.

The government intends to primarily use public sector funds to finance the health and education pillars, while relying on public-private partnerships (PPPs) and private sector funding to grow the infrastructure and energy/industry sectors.

• ENERGY AND INDUSTRY:

The Ivorian government has identified an estimated \$27 billion worth of investment opportunities in 170 projects in energy and mining. Côte d'Ivoire aims to become an energy hub for the region by developing its energy infrastructure, including hydroelectric and solar. The country is also seeking investment in oil and gas, particularly to build a distribution pipeline that can supply the region.



• INFRASTRUCTURE AND TRANSPORT:

Côte d'Ivoire intends to leverage public funds to construct basic infrastructure. Beyond this, the government is seeking private investments to develop road networks, railways, bridges, airfields, and ports. The country's first public-private partnership since the civil war involves the financing, design, construction, and operation of the Henri Konan Bédié Toll Bridge and access roads, which indicates the government's willingness to partner with outside investors.

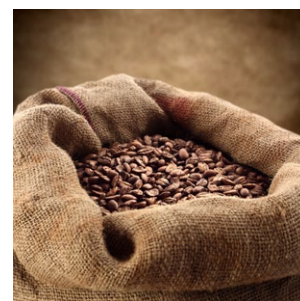


The project is a partnership with the Multilateral Investment Guarantee Agency (MIGA), the political risk insurance arm of the World Bank Group, and will be implemented under a 30-year build-operate-transfer concession agreement.

• AGRICULTURE:

The Ministry of Agriculture plans to invest \$3.9 billion on farming through 2015 to improve crop yields for the cocoa sector, with the goal of becoming a regional rice exporter in four years.

The sector development strategy aims to increase the supply of agricultural products for domestic consumption and exports, improve productivity, and increase food security. Agro-processing is a particular area of focus—one of PND's goals is to achieve a 50% processing rate of the country's raw materials. To accomplish this, in part, the government has planned four agro-processing blocks designated for vegetable processing.



• HEALTH AND EDUCATION:

In the PND, the Ivorian government has committed to improving and building the infrastructure needed to effectively deliver basic social services—specifically renovating schools, universities, clinics, and hospitals. This suggests that there may be opportunities available for construction and renovation firms.



Overall, the PND offers investors a chance in the medium term to take advantage of Côte d'Ivoire's rapid growth through the PND's goal of attracting at least \$13 billion in private funding between 2011 and 2015 to achieve the government's objectives. ★

Investment Côte Climate Update: d'Ivoire

Government Efforts to Ease Investment



The Ivorian government has also actively encouraged foreign investment in a number of ways—such as facilitating mergers, acquisitions, joint ventures, takeovers, or startups. It has also indicated an interest in doubling foreign investment in the country over the next several years. As a result, there are no significant limits on foreign investment, and the government engages equally with both foreign-owned and national firms.

Côte d'Ivoire's investment promotion center, Centre des Promotion des Investissements en Côte d'Ivoire (CEPICI), also continues to improve the information and assistance available to foreign investors and entrepreneurs looking to do business in the country. In addition, CEPICI features a public-private liaison program and maintains a file of local and national projects seeking foreign investment.

“The first decisions from the [Alassane] Ouattara government were good for business in terms of controlling the administration and giving the private sector some air to breathe, in terms of tax breaks,” according to Jean-Louis Billon, chairman and CEO of Sifca Group, an agro-industrial firm part owned by Singapore's Olam International and Wilmar International.

Overall, the investment climate in Côte d'Ivoire has significantly recovered from the period of conflict. With greater collaborative governance and strategic investment, it is likely to continue improving. ★

SOURCES:

<http://news.abidjan.net/h/439270.html>
<http://www.reuters.com/article/2012/09/12/africa-factors-idUSL5E8KC0W920120912>
<http://news.abidjan.net/h/440706.html>
<http://af.reuters.com/article/energyOilNews/idAFL5E8KCLTZ20120912>
<http://www.imf.org/external/country/civ/index.htm>
http://www.gouv.ci/doc/1334947688Seminaire_Fmi.pdf
<http://feeds.reuters.com/~r/reuters/AfricaIvoryCoastNews/~3/pjO0RL7knk0/idAFL5E8KAKD620120911>
<http://af.reuters.com/article/investingNews/idAFJOE86J02E20120720?sp=true>
<http://www.worldbank.org/en/news/2012/09/05/transcript-world-bank-group-president-dr-jim-yong-kim>
<http://www.state.gov/e/eb/rls/othr/ics/2012/191133.htm>
<http://allafrica.com/stories/201210051784.html>
 The Economic Intelligence Unit Report: Ivory Coast. August 2012, The Economist Intelligence Unit Limited 2012.

Path to Recovery and Prosperity



Two years following the postelection conflict and a decade of unrest that stymied the nation's social and economic development, stability and prosperity are gradually returning to Côte d'Ivoire. The economic indicators are promising, and the national economy is showing resilience after the shocks suffered from the postelectoral crisis, which caused a 5.8% decline in the real gross domestic product for 2011. Governance in volatile areas has improved, thousands of displaced persons have been able to return home, and the vast majority of businesses have resumed normal operations.

In July of this year, the Ivorian government announced plans to spend more than \$20 billion on a postwar development program aimed at boosting growth and reversing years of economic decline. The national development program targets investments in projects in sectors such as agriculture, security, infrastructure and transport, energy production, health, and education, with the goal of achieving double-digit growth by 2020. ★



Investment Côte Climate Update: d'Ivoire

Security on the Ground

Since President Ouattara officially assumed office in May 2011, Côte d'Ivoire's political stability has improved, as seen by the country's successful execution of free and fair legislative elections in November 2011, the return of thousands of displaced persons, and the renewal of operations for both domestic and foreign investors.

While there have been many improvements in the post-civil war security situation in Côte d'Ivoire, some challenges remain. Key security concerns include minor outbreaks of violence in various parts of the country and regional border security issues and, on a lesser scale, implications of the reintegration and disarmament of former combatants and the resolution of humanitarian concerns.

In August 2012, rebels staged attacks on military and police offices in Abidjan, which left 11 people dead. Furthermore, there have been incidents reported along the Ivoirian-Ghanaian border in September of this year. These attacks have largely targeted local residents, not foreign investors or individuals, and unidentified armed "assailants" are likely to be the cause of violence in both circumstances. Gunmen also attacked power stations in Abidjan, the first to target high-profile infrastructure, but there was little damage reported. Other regional leaders, including Liberian President Ellen Johnson-Sirleaf, have raised concerns about the security of its border with Côte d'Ivoire. Thus this issue has garnered the attention of the Economic Community of West African States (ECOWAS) as well.

In response to these events, the government has strengthened its police and military presence in specified areas. The Ghana-Côte d'Ivoire border was closed to deter rebel incursions following a U.N. report that former President Laurent Gbagbo's supporters had established a base in the neighboring country—allegations that Ghana denies. The border closings have some impact on local trade and regional revenue-generating activities—particularly those involving the transportation industry—but have not seemed to significantly hindered trade in the area.

While some challenges remain, they do not pose an immediate threat to American investors, and it is likely that the security situation will continue to improve with time. Additionally, the next presidential election in Côte d'Ivoire is not expected until 2015, giving the new administration time to continue implementing its plan to restore peace and stability. ★

Sources:

<http://www.voanews.com/content/ivory-coast-political-tensions-climb-amid-violence/1499562.html>
<http://allafrica.com/stories/201209121169.html>
<http://allafrica.com/stories/201209171086.html>
<http://www.dailyguideghana.com/?p=61669>
<http://www.crisisgroup.org/en/publication-type/crisiswatch/crisiswatch-database.aspx?CountryIDs={ACB2D1F7-8CB1-432E-ABFB-76436AE72921}#results>
<http://reliefweb.int/sites/reliefweb.int/files/resources/09.30.12%20-%20USAID-DCHA%20C%C3%B4te%20d%27Ivoire%20Complex%20Emergency%20Fact%20Sheet%20%231.pdf>
<http://www.voanews.com/content/un-africa-ivory-coast-peacekeeping/1447408.html>
http://www.africanstandardnews.org/index.php?option=com_content&view=article&id=216%3Abenjamin-tengbeh-abidjam-ivory-coast&catid=3%3Anewsflash&Itemid=83
http://sundaytrust.com.ng/index.php?option=com_content&view=article&id=7836:ecowas-presidents-meet-over-security-situation-in-ivory-coast-liberia&catid=41:latest-news&Itemid=26
<http://www.engineeringnews.co.za/article/imf-raises-growth-forecast-for-cte-divoire-to-86-in-2012-2012-10-03>
<http://allafrica.com/stories/201210051784.html>

ABOUT ABI

The Africa Business Initiative (ABI) is an advocacy-driven initiative focused on market access and trade facilitation, financing, and engagement with the governments of the United States and African nations.

ABI engages the U.S. business community on legislative policies that foster foreign direct investment in Africa. It provides tailored guidance to American companies about doing business in African nations and introduces U.S. companies to the continent's vast economic opportunities.

Under ABI's leadership, working groups made up of U.S. corporate representatives engage key members of Congress, the administration, and foreign governments in strategic dialogues to promote private sector engagement. The established working groups include the Ghana Working Group and the Banking and Finance Working Group. ★

» To learn more about ABI, visit www.uschamber.com/international/africa. Contact ABI staff at abi@uschamber.com.



AFRICA BUSINESS INITIATIVE
U.S. CHAMBER OF COMMERCE