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Economic Transformation and Productivity in Côte d’Ivoire (2024–2025)

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Executive Summary

Côte d'Ivoire stands out as one of Sub-Saharan Africa's fastest-growing economies over the past decade. As the largest economy in the West African Economic and Monetary Union (WAEMU) and the world's top exporter of cocoa and raw cashew nuts, as well as a net oil exporter, the country has leveraged its natural endowments to achieve robust GDP growth averaging about **6.5%** in 2021–2023. This growth has been driven by dynamic public and private investment and strong consumer demand, even amid global disruptions. Macroeconomic stability underpins this performance: inflation has been brought down toward **3%** by end-2024 through prudent monetary policy and the CFA franc's euro peg, and fiscal reforms have reduced deficits and stabilized debt levels. Investor confidence is evident in recent sovereign credit rating upgrades and successful Eurobond issuances, reflecting Côte d'Ivoire's emergence as a regional anchor of growth and stability.

Despite these gains, Côte d'Ivoire faces the critical task of transforming its growth into broad-based prosperity. Structural challenges persist – **productivity** growth has slowed since the mid-2010s, a large share of the workforce remains in low-productivity informal activities, and **capital** is not yet utilized to its full potential across all sectors. The economy's structure is still weighted toward **raw commodity exports** (with around 70% of cocoa beans exported unprocessed) and an **urban concentration** of activity (about 80% of economic activity occurs in Abidjan). These patterns signal underutilized potential in both value addition and geographic inclusiveness. The government's ambitious **National Development Plan 2021–2025 (PND)** – a CFAF 59 trillion (~$100 billion) program – aims to accelerate structural transformation, invest in infrastructure and human capital, and halve poverty by 2030. Realizing these goals will require deepening reforms to boost productivity, improve labor and capital efficiency, and foster innovation.

This report provides an in-depth, data-driven analysis of Côte d'Ivoire's economic performance and prospects, with a focus on **productivity dynamics, capital utilization, labor efficiency,** and the overall **macroeconomic environment.** It identifies strategic areas where Côte d'Ivoire holds comparative advantages or untapped capacity – from agribusiness and manufacturing to energy and human capital – and outlines high-impact strategies to unlock this potential. The findings are intended to guide investors in identifying priority sectors and to inform policymakers on key reforms needed to sustain Côte d'Ivoire's economic renaissance. The report is organized into sections covering the country's economic context, output structure and resource allocation, efficiency of labor and capital, the role of public policy and investment, human capital and innovation, and finally actionable recommendations.

Côte d'Ivoire's Economic Context

Côte d'Ivoire has achieved a remarkable turnaround since the end of its civil conflict in 2011. Political stability and reconciliation efforts paved the way for an economic boom, often dubbed the **"second Ivorian miracle."** Real GDP expanded at an average 8.2% annually from 2012 to 2019, one of the most rapid sustained growth rates in Africa. Even during the COVID-19 shock, Côte d'Ivoire managed to maintain positive growth (+2% in 2020) and quickly rebounded to **strong 6–7%** growth in subsequent years. Today the country is the **largest economy in WAEMU,** accounting for roughly 40% of the zone's GDP, and serves as a regional hub attracting workers and capital from neighboring countries. Its economic output is underpinned by **agriculture, extractives,** and a growing **manufacturing** base: Côte d'Ivoire is the world's leading cocoa producer and a major cashew exporter, has a significant offshore oil and gas industry, and hosts diversified industries from processing to textiles.

Recent history and projections	2022	2023	2024e	2025f	2026f	2027f
Real GDP growth, at constant market prices	6.4	6.5	6.0	5.8	6.1	6.4
Private consumption	4.6	5.5	6.3	6.0	5.5	5.7
Government consumption	4.0	3.9	3.1	2.3	-0.4	-1.4
Gross fixed capital investment	13.2	8.5	10.5	7.0	10.9	10.5
Exports, goods and services	11.9	4.8	0.2	3.9	7.5	9.1
Imports, goods and services	21.1	7.7	4.0	4.0	8.4	8.9
Real GDP growth, at constant factor prices	6.1	6.4	6.0	5.8	6.1	6.4
Agriculture	5.9	-2.1	3.5	5.1	2.0	3.2
Industry	12.0	18.5	2.8	6.5	7.0	10.7
Services	3.7	3.8	8.4	5.7	6.9	5.2
Employment rate (% of working-age population, 15 years+)	63.7	63.7	63.7	63.7	63.7	61.8
Inflation (consumer price index)	5.2	4.4	3.5	3.0	2.6	2.3
Current account balance (% of GDP)	-7.6	-8.2	-4.5	-4.1	-3.9	-4.0
Net foreign direct investment inflow (% of GDP)	2.0	2.5	3.8	3.7	3.2	3.0
Fiscal balance (% of GDP)	-6.7	-5.2	-4.0	-3.0	-3.0	-3.0
Revenues (% of GDP)	15.1	16.1	16.5	17.1	17.4	18.1
Debt (% of GDP)	57.3	58.5	59.6	58.6	57.1	55.8
Primary balance (% of GDP)	-4.6	-2.7	-1.3	-0.3	-0.4	-0.4
International poverty rate ($2.15 in 2017 PPP)[1,2]	9.2	10.5	8.8	7.2	6.8	7.0
Lower middle-income poverty rate ($3.65 in 2017 PPP)[1,2]	37.4	38.9	37.1	34.0	33.0	32.6
Upper middle-income poverty rate ($6.85 in 2017 PPP)[1,2]	76.0	76.3	76.1	74.7	73.7	72.7
GHG emissions growth (mtCO2e)	1.7	0.4	0.2	0.3	0.8	1.0

Source: World Bank, Poverty and Economic Policy Global Departments. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise.
1/ Calculations based on 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2024. Forecasts are from 2025 to 2027.
2/ Projections using microsimulation methodology.

Exhibit 1: *Macroeconomic Indicators (2024) – Real GDP growth ~6.0%; Inflation ~3.5%; Fiscal deficit ~5.2% of GDP; Public debt ~60% of GDP; Current account deficit ~5–8% of GDP; Population 31.9 million.*

Macroeconomic management has generally been sound. Inflation spiked in 2022 due to global commodity pressures but has since **declined to 4.4% in 2023** and roughly 3% by **late 2024**, within the WAEMU target range. This price stability is largely attributed to the CFA franc's peg to the euro and disciplined monetary policy by the **Central Bank of West African States (BCEAO).** The fixed exchange rate regime provides a stable nominal anchor, bolstering investor confidence in the currency. On the fiscal side, authorities have pursued consolidation: the budget deficit was trimmed from **6.8% of GDP in 2022 to 5.2% in 2023,** and public debt stabilized at about **56–57% of GDP.**

Côte d'Ivoire has comfortably accessed international capital markets – being the first African sovereign to return to Eurobond issuance post-2021 – allowing it to refinance expensive debt and fund development projects. External balances, while in deficit, are expected to improve; after current account gaps of ~8% of GDP in 2022–2023, higher export revenues from cocoa and the new Baleine oil field should narrow the deficit to an estimated **5.4% in 2024** and **1.3% in 2025.** International reserves have risen with these capital inflows, though regional reserve coverage remains somewhat low (~2.7 months of imports at end-2024).

The economic growth drivers are broadening. Notably, in **2023** a severe weather-induced drop of **-22.7%** in cocoa output did not derail the economy – GDP still grew **6.5%** that year, buoyed by **food crop agriculture, construction, public works, manufacturing, extractive industries, trade, and transport.** Strong domestic consumption and investment have offset external shocks. High global cocoa prices have actually boosted incomes for farmers and exporters, partially compensating for volume shortfalls. Meanwhile, sectors like gold mining and oil are expanding (the Baleine offshore oil field is estimated to hold 2.5 billion barrels of oil plus gas), which will further diversify growth. **Private investment** is robust and confidence high, thanks to an improved business climate and government reforms in infrastructure, legal frameworks, and services. For instance, Côte d'Ivoire has steadily improved its Doing Business indicators and attracted foreign direct investments into agribusiness and energy.

Poverty and unemployment remain pressing concerns behind the headline figures. The national poverty rate has modestly declined from **39.4% in 2018 to 37.5% in 2021**, but over a third of Ivorians still live below the poverty line despite a decade of high growth – indicating that the fruits of growth are unevenly distributed. Job creation has struggled to keep pace with the burgeoning labor force. Official unemployment is low (around 4–5% in recent years, including **4.9% for youth** in 2023) but this statistic belies widespread underemployment and informality. Most Ivorians cannot afford outright joblessness and thus engage in subsistence farming or informal trading, sectors where incomes are low. Indeed, high and persistent **informality** is cited as a structural impediment to more inclusive growth and a broader tax base. The challenge for policymakers is to convert high growth into **high-quality jobs** and income gains across society. The government has launched social programs (2022–24) and a special youth employment program (2023–25) to make growth more inclusive, but deeper economic transformation is required to substantially reduce poverty.

The **outlook** for Côte d'Ivoire remains very favorable. Barring shocks, real GDP is projected to expand by roughly **6–7% annually in 2024 and 2025** – a pace that exceeds regional averages and, if sustained, puts Côte d'Ivoire on track toward upper-middle-income status over the medium term. This optimism rests on expected increases in cocoa production (assuming weather normalization) and continued high investment in infrastructure and agro-industrial value chains. Declining inflation, improving terms of trade, and ongoing structural reforms further support the positive outlook. Nonetheless, there are risks to monitor: security threats in the northern border regions (spillovers from Sahel conflicts) could disrupt activity, and external risks such as tighter global financial conditions or climate shocks (droughts, floods) could pose challenges. Presidential elections due in late 2025 introduce some political uncertainty, although thus far the political climate has been stable and the government remains reform-minded. Overall, Côte d'Ivoire's macroeconomic environment in 2024–2025 is one of **high growth with improving stability,** offering a solid foundation upon which to build greater productivity and efficiency through strategic investments and policies.

National Output and Resource Allocation

The structure of Côte d'Ivoire's economy is gradually evolving, but certain imbalances in output and resource allocation persist. In terms of **sectoral composition**, the country's GDP is dominated by the **services sector,** followed by industry and agriculture. As of 2022, services accounted for approximately **53.9% of GDP,** industry about **22.0%,** and agriculture around **16.8%.** Over the past two decades, there has been a slow structural shift: the share of industry in GDP has risen (up from ~16% in 2000 to 22% in 2022), reflecting growth in manufacturing and construction, while agriculture's share has modestly declined (from ~19% in 2000 to ~17% in 2022). The services sector remains the largest, though its share has slightly fallen from about 60% in 2000 to 54% in 2022 as industry expanded. This indicates a partial transformation towards a more industrialized economy. However, **output gains in manufacturing have been limited – in fact, the share of manufacturing within GDP has decreased in recent years**, suggesting that much of the growth in "industry" is coming from construction and extractives rather than diversified manufacturing output.

Crucially, the allocation of **labor** across sectors is highly skewed relative to output, underscoring large productivity differentials. Agriculture engages an outsized portion of the workforce: roughly **40% of employed workers** were in agriculture as of 2019, even though farming contributes only about 16–17% of GDP. By contrast, industry (including manufacturing, mining, utilities, construction) accounts for over 22% of GDP but barely 13% of employment. The services sector makes up around 47% of employment, roughly in line with its 54% GDP contribution.

Table 1 illustrates the mismatch between where people work and where economic value is produced:

Table 1: Sectoral Share of GDP vs. Share of Employment in Côte d'Ivoire

Sector	Share of GDP (2022)	Share of Employment (2019)
Agriculture	16.8%	40.2%
Industry	22.0%	12.9%
Services	53.9%	47.0%

The above figures highlight a classic development challenge – **labor productivity** in agriculture is far lower than in other sectors. A very large segment of Ivorians are engaged in subsistence farming or small-scale agri-businesses that collectively generate a relatively small portion of GDP. In contrast, sectors like mining or finance employ relatively few people but have high output per worker. This gap indicates significant potential to raise overall productivity by reallocating labor to more productive activities. In the last decade, some reallocation has occurred: the share of employment in agriculture fell from about **60% in 2008 to 48% by 2018,** as many workers, especially youth, migrated to cities and entered service trades. However, **most of the labor leaving agriculture moved into low-productivity informal services (such as petty commerce)** rather than into higher-productivity industry or modern services. In other words, the economy has not yet seen a dramatic shift of labor into manufacturing or high-value services; the structural change in employment has so far been **"farm to informal urban work"**. Meanwhile, the structure of output has changed only slowly – agriculture still remains large in output terms and manufacturing's weight has even declined slightly. This indicates that the **efficiency gains from labor reallocation** have been limited, as many new urban jobs are only marginally more productive than farming.

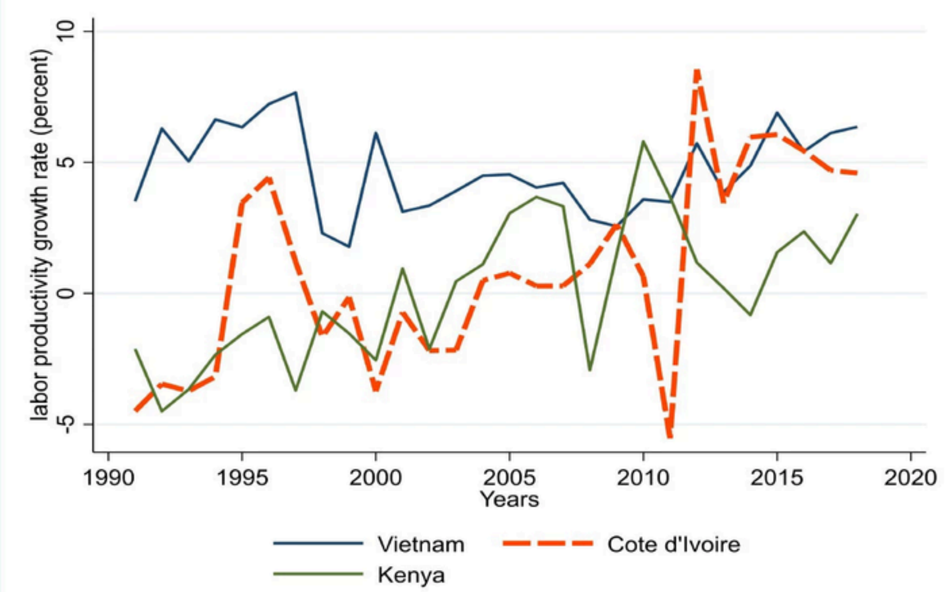
Resource allocation issues are also evident in **capital utilization** across sectors and regions. A striking spatial imbalance is that roughly **80% of economic activity is concentrated in the commercial capital, Abidjan.** This coastal metropolis of ~5 million people dominates Côte d'Ivoire's formal economy (finance, port activities, manufacturing zones, etc.), whereas vast areas of the interior remain underdeveloped. The heavy concentration in Abidjan suggests underutilized economic potential **beyond the capital,** whether in secondary cities or rural areas. For instance, regions in the north and west, which are suitable for agriculture and agro-processing, have seen less investment and industrial activity compared to Abidjan. Better **geographic allocation of investment** – through developing infrastructure and industries in other cities and agricultural zones – could unlock growth in those regions and reduce over-reliance on Abidjan. The government recognizes this and has initiated programs to develop growth poles in inland regions (e.g. agro-industrial parks), but results are still nascent.

Another aspect of resource allocation is how national output is spent or invested. Côte d'Ivoire has maintained a high rate of **capital formation,** reflecting its focus on rebuilding and upgrading infrastructure after the civil war. Gross fixed capital formation stands at an estimated **25–28% of GDP in recent years,** well above the average for lower-middle-income countries. This investment rate – financed by both public investment (roads, bridges, power plants) and private investment (factories, real estate) – has been a key driver of growth. The positive side is that capital (financial and physical) is being channeled into expanding productive capacity. Indeed, major projects under the PND 2021–2025 include highways, ports, energy infrastructure, and urban transport (e.g. Abidjan's new metro system), which should alleviate bottlenecks and improve the efficiency of resource use in the long run. However, to maximize returns on this capital, **efficient utilization is essential.** There have been concerns historically about projects facing delays or cost overruns, and about ensuring investments are allocated to high-impact areas (education, healthcare, rural roads) as well as prestige infrastructure. The government's challenge is to maintain a high investment rate **while improving the quality and efficiency of investment spending.**

In summary, Côte d'Ivoire's national output structure is in transition but still marked by **mismatches:** too many workers in low-output activities and too much economic activity concentrated in one city. Addressing these will require policies to facilitate movement of labor into higher-productivity sectors (e.g. manufacturing, formal services) and to spread economic opportunities across regions. The next section delves into how efficiently the country is currently using its labor and capital inputs – i.e., the state of productivity and capital utilization – which is critical for informing these structural shifts.

Labor and Capital Efficiency

Economic growth in Côte d'Ivoire has been underpinned in part by improvements in **factor productivity** since 2012, but those gains have begun to taper off, highlighting the need for renewed efficiency enhancements. In the immediate post-crisis period (2012–2015), **total factor productivity (TFP)** – the efficiency with which labor and capital are used together – became a major growth driver. During **2012–2018, TFP growth contributed an estimated 3.7 percentage points to annual GDP growth,** a dramatic turnaround from the previous decade (2000s) when TFP contribution was slightly negative. This surge in productivity reflected the rebound effect of better utilization of existing capacity after the disruptions of conflict: idle factories restarted, workers became more productive in a stable environment, and reforms improved capacity use. Likewise, **labor productivity** (output per worker) grew faster in Côte d'Ivoire after 2012 than in many regional peers, thanks to the rapid growth of output combined with modest employment growth. However, these productivity gains **lost momentum after 2015.** By the late 2010s, labor productivity growth had decelerated and remains below the peak levels the country enjoyed back in the 1970s (when a previous economic boom had elevated productivity before decades of stagnation). In short, the easy efficiency gains from post-crisis recovery have been exhausted, and further improvements will require deeper structural changes.



Source: World Bank Authors' calculations using data from Dieppe (2020)

Labor productivity growth trend in Côte d'Ivoire (dashed red line) compared to peers like Vietnam (solid blue) and Kenya (green). Côte d'Ivoire saw a sharp post-2012 productivity rebound that has since moderated.

As shown above, Côte d'Ivoire's labor productivity growth spiked to very high rates in the early 2010s (as the economy recovered from civil strife) – even surpassing some high-performing countries – but then slowed notably after 2015. This pattern indicates that **initial catch-up gains have been realized**, and further progress will depend on tackling structural inefficiencies.

One key issue is **allocative efficiency:** evidence suggests that productivity gains in recent years have mostly come from **improvements within sectors and existing firms** (intra-sectoral gains) rather than by shifting resources from less productive sectors/firms to more productive ones. In an efficient economy, one would expect labor and capital to move toward more productive uses (for example, workers leaving low-yield farms for higher-value factory or service jobs, or investment flowing to the most efficient companies).

In Côte d'Ivoire, such reallocation has been limited – many workers leaving agriculture ended up in only marginally more productive informal jobs, and many less productive firms have survived due to various frictions. **Allocative inefficiencies** – such as skills mismatch, informational barriers, or an uneven playing field in markets – may be preventing resources from flowing to their best uses. For instance, if vibrant new businesses struggle to gain market share against entrenched incumbents, or if credit is not available to productive small firms, the economy as a whole forgoes potential productivity gains.

A major impediment to efficiency is the **high level of informality** in the labor force. The informal sector (small unregistered businesses, street vendors, family farms, etc.) accounts for the majority of employment and a significant portion of output in Côte d'Ivoire. These informal activities typically have low productivity due to limited capital, technology, and access to markets. The IMF notes that **persistent informality** is a barrier to achieving higher inclusive growth and limits the tax revenue base. Workers in informality often lack training and operate with outdated methods, which drags on overall labor efficiency. Reducing informality by creating more formal job opportunities and simplifying the transition for informal firms to formal status could boost productivity and wages. Additionally, **gender gaps** in the workforce point to underutilized human capital – women often have less access to education and productive assets (like land or credit), and as a result female-managed farms and enterprises tend to be less productive on average. Bridging these gaps would improve aggregate labor efficiency.

On the **capital** side, Côte d'Ivoire has significantly improved its capacity utilization and returns to capital since the crisis years. Industrial **capacity utilization** – the degree to which installed productive capacity is actually used – has risen markedly. During the turmoil around 2010–2011, many factories and mines lay idle, and capacity use fell to around 50% at its low. In the ensuing decade, as stability returned and demand grew, capacity utilization climbed steadily.

By late 2024, capacity utilization in industry reached roughly **80%**, indicating that most factories are now operating near their effective production potential. This is a healthy sign that existing capital stock is being put to work. High utilization contributed to the strong growth of the 2012–2019 period – essentially, Côte d'Ivoire was able to produce much more without immediately needing proportional new investment, simply by using idle plant and equipment. However, with utilization now around 80% or higher in many sectors, further growth will require **new capital investment or efficiency innovations** (since there is less slack to take up). In fact, the country experienced moments of very high utilization (close to 98% in early 2022) which can strain the system and create bottlenecks. For example, if power plants and transport networks run near full capacity, any surge in demand can cause shortages or price spikes. The lesson is that **Côte d'Ivoire must continue investing in expanding capacity** (which it is doing via its infrastructure plan) and improve technologies to raise the productivity of both new and existing capital.

While aggregate indicators of capital efficiency have improved, there is room to raise the **productivity of capital** further. One way economists gauge this is by the **Incremental Capital-Output Ratio (ICOR)** – how many units of investment are needed to generate one unit of extra output. Côte d'Ivoire's ICOR has been relatively favorable in the post-crisis period, meaning investments have translated into growth effectively (thanks to complementary reforms and a young workforce). But as the economy matures, without reforms, returns on investment could diminish. Streamlining project execution, enhancing maintenance of infrastructure, and ensuring capital is allocated to high-return sectors (like agro-processing or export industries) will help maintain strong output gains per unit of capital. Additionally, adopting new technologies (automation, digital tools) can make both labor and capital more productive. For instance, introducing modern irrigation and mechanized equipment in agriculture would let a smaller labor force produce more, and deploying digitization in manufacturing can increase throughput with the same machinery.

The **efficiency gap between sectors** is stark. In agriculture, Côte d'Ivoire's predominant farming model is **labor-intensive and low-input,** which is not efficient. Many farmers have limited machinery, use little fertilizer, and rely on rain-fed methods. As a result, yield per worker is low. Studies have found that labor productivity in non-agricultural jobs (especially formal urban jobs) is many times higher than in agriculture; even within farming, the more efficient households are **10 times as productive** as the least productive ones. This huge dispersion suggests enormous potential gains if best practices and better resources (credit, tools, training) are extended to the average farmer. Conversely, sectors like finance or telecommunications operate with much higher capital per worker and skills, yielding high output per head. Bridging this divide by improving **agricultural productivity** (discussed more in a later section) is central to raising overall labor efficiency and incomes, since nearly half the workforce is still on the farm. Market structure and competition also affect efficiency. A competitive business environment forces firms to innovate and use resources efficiently. In Côte d'Ivoire, certain industries are characterized by oligopolies or dominant players, which can lead to complacency and lower productivity.

Surveys indicate that **competition is perceived as relatively weak in Ivorian markets**, and the country ranked only 106th of 140 in terms of market dominance (with more monopolistic market structures). When a few firms hold large market shares, there may be less pressure to optimize production or reduce costs, and smaller innovative firms can be shut out. Strengthening competition policy – for instance, through enforcing anti-trust rules or easing entry barriers for new firms – could improve allocative efficiency by allowing more dynamic firms to thrive and forcing incumbents to improve. The government has identified sectors like telecommunications and transport, where reducing costs and increasing competition could have a big payoff for the economy's overall efficiency.

In conclusion, **labor and capital efficiency in Côte d'Ivoire have improved from a decade ago but are not yet at their full potential.** The country capitalized on a post-conflict rebound to boost productivity and utilization, but sustaining high growth now demands structural measures: reducing informality, upgrading skills, spreading technology, and fostering competition. Each of these will help workers produce more output per hour and help capital investments yield higher returns. The next section discusses how public policy and investment initiatives are addressing (or could address) these needs, and the role of government in steering the economy toward higher productivity paths.

The Role of Public Policy and Investment

Côte d'Ivoire's government has played an active role in driving economic recovery and setting the stage for long-term development. **Public policy** and **public investment** have been geared toward creating an enabling environment for growth, rebuilding infrastructure, and encouraging diversification. The current blueprint for these efforts is the **National Development Plan (PND) 2021–2025**, which outlines an ambitious agenda to accelerate structural transformation. This plan, backed by approximately **$100 billion** in planned investments (about half from the public sector, half from private partners), targets improvements in infrastructure, industrialization, human capital, and governance. Key goals include modernizing agriculture, developing value chains, expanding access to electricity and clean water, improving education and healthcare services, and strengthening social protection and employment opportunities. The PND effectively serves as a roadmap for channeling resources into sectors deemed crucial for moving Côte d'Ivoire up the value chain and achieving emerging-economy status.

Public investment in infrastructure has been especially notable. After years of under-investment during the conflict, the government ramped up development spending on roads, bridges, ports, and power plants. For example, the authorities have allocated about **$20 billion specifically to energy and electricity infrastructure** as part of the PND. This includes projects to increase power generation capacity from roughly 2.5 GW in 2020 to 3.5 GW by 2025 (through new gas-fired plants and West Africa's largest solar plant inaugurated in 2024). Investments are also being made to reinforce the national grid and regional interconnections, as Côte d'Ivoire aims to remain an electricity exporter in West Africa. In transportation, major highway projects are connecting Abidjan with other cities and neighboring countries, a new container terminal has expanded Abidjan's port capacity, and upgrades to secondary ports and airports are ongoing. The government's rationale is that better infrastructure will **reduce the cost of doing business**, spur private investment (for instance, manufacturers need reliable power and logistics), and integrate domestic markets (linking farmers to cities). Indeed, improvements in roads and electricity have already had positive effects on productivity by reducing outages and travel times. Alongside hard infrastructure, public policy reforms have targeted the business climate and governance. Côte d'Ivoire significantly improved in the World Bank's former Doing Business rankings, reflecting reforms such as simplifying business registration, modernizing the credit registry, and streamlining customs procedures.

The government has also launched e-government services to increase efficiency and transparency. Reforms in the cocoa and cashew sectors – the backbone of the economy – are geared toward stabilizing incomes for producers and encouraging local processing. For instance, the state has offered tax incentives and financing facilitation to cashew processors, resulting in Côte d'Ivoire becoming a leader in cashew processing in Africa (with over **330,000 tons** of cashews now locally processed and exported as kernels and other products). This is a policy success that moves the country up the value chain from raw exports toward agro-industry. In cocoa, the government introduced a minimum farmer price and is in discussions to obtain better terms from international buyers; it also aims to increase domestic cocoa grinding (currently about 30% of production) by attracting investment in processing facilities. These steps highlight how **targeted policies can leverage the country's comparative advantages** (like being a top grower of cocoa/cashew) to capture more value domestically.

Fiscal policy has been managed prudently to support these investments without jeopardizing stability. Domestic revenue mobilization has improved – tax revenue has inched up to around **16.5% of GDP in 2024** (from lower levels in the past) as the government broadened the tax base and improved collection. While this tax-to-GDP ratio is still relatively low, ongoing reforms in tax administration and efforts to formalize businesses are expected to raise it further. On the expenditure side, the state has kept recurrent spending in check to prioritize capital expenditures. The overall fiscal deficit, as noted, is on a downward path to meet the WAEMU convergence criterion of 3% of GDP by 2025. Importantly, the government has taken steps to **manage public debt** sustainably. It secured an IMF Extended Credit Facility/Extended Fund Facility program in 2023 to anchor fiscal discipline, benefiting from concessional financing and technical support. Côte d'Ivoire also proactively managed its debt profile by refinancing high-interest loans – a late-2024 debt swap replaced some costly commercial debt with longer-term, cheaper funds, which will significantly cut debt servicing costs from 2025.

According to the IMF, the country's debt remains at a **moderate risk of distress**, meaning it is sustainable if current policies continue. By keeping debt manageable, the government can maintain fiscal space for development projects and social programs.

Public institutions and policy initiatives are also focusing on inclusive growth and human development (discussed more in the next section). The introduction of a Universal Health Coverage (UHC) scheme – with about 60% of the population enrolled as of early 2024 – is a major social policy aimed at improving health outcomes and productivity of the workforce. The government is investing in education, with spending on education around **3.4% of GDP in 2023** and plans to build numerous schools and vocational training centers under the current development plan. Public policy has recognized that without a healthier, more skilled workforce, economic gains cannot be sustained.

In terms of enabling private sector–led growth, authorities have been working on **regulatory reforms** in key enabling sectors. For example, in telecommunications, they reduced mobile termination rates by nearly 70% in 2020, which lowers costs for consumers and businesses using telecom services. This is expected to spur competition among operators and facilitate growth of digital services (like fintech, which relies on affordable USSD/SMS and data access). In the transport sector, the government established a **new Regulatory Authority for Inland Transport (ARTI)** to professionalize and open up the freight transport market. Traditionally, trucking and transport in Côte d'Ivoire (as in much of West Africa) have been plagued by informal cartels and inefficient allocation of loads, raising logistics costs. ARTI is meant to enforce rules that regularize freight allocation and allow more efficient transport firms to compete, thus reducing one of the key production costs for businesses (since virtually all goods require transport). If successfully empowered, such a regulator can break monopolistic practices in trucking and improve supply-chain efficiency for agriculture and industry alike. These examples illustrate how **policy and regulatory actions** can directly tackle the bottlenecks identified in the productivity analysis – high telecom costs and expensive logistics were noted as constraints, and government reforms are addressing them.

Another critical area of public policy is **financial sector development and access to credit.** The government, alongside regional authorities (BCEAO), has been promoting financial inclusion. There have been initiatives to expand microfinance and mobile banking services deep into rural areas. Côte d'Ivoire is a leader in mobile money usage in the WAEMU region, which helps bring more of the informal transactions into formal channels.

The state-owned agriculture development bank and funds provide credit lines and guarantees to farmers and SMEs, recognizing that lack of financing hampers productivity improvements (e.g., farmers can't buy fertilizers or SMEs can't invest in better equipment). Continued reforms in banking and microfinance regulations aim to increase lending to the private sector (credit to the economy grew by over 16% in 2023) while keeping non-performing loans in check (NPLs actually fell by 7% in 2023). This indicates a strengthening financial system that can more effectively intermediate savings into productive investment – a vital role of policy in capital utilization.

Despite these positive steps, there are areas where public policy could further enhance its impact. **Bureaucratic efficiency and governance** need ongoing improvement; investors still cite administrative hurdles and corruption as concerns. The government has acknowledged this by digitizing many processes and setting up special commercial courts, but consistent enforcement is key. Additionally, **active labor market policies** (such as job training programs aligned with industry needs) have room to expand, which would help tackle the skills mismatch issue affecting productivity. Public policy could also do more to support innovation – for example, through research and development (R&D) funding or incentives for technology adoption in firms. Current R&D spending is low and there is no dedicated innovation agency, so establishing these could foster longer-term productivity gains.

In sum, public policy and public investment in Côte d'Ivoire have been strongly oriented towards creating the preconditions for a more productive economy: rebuilding infrastructure, maintaining stability, and initiating key reforms. The **state's investments** in energy and transport are relieving critical capacity constraints, and policy reforms in agriculture, telecom, and transport are lowering input costs and encouraging value addition. Going forward, **consistent implementation** of these policies will be crucial, as will addressing remaining gaps such as strengthening competition, improving governance, and investing in people. The next section will delve into the human capital and innovation aspects – essentially, how the country is developing its workforce and innovative capacity, which are essential for sustaining growth once the effect of physical capital investment starts to level off.

Human Capital and Innovation

Human capital – the education, skills, and health of the workforce – is a cornerstone of Côte d'Ivoire's long-term economic development. After the turmoil of the 2000s, the country has been rebuilding its human capital base, but significant challenges remain. As of 2025, Côte d'Ivoire is a **young country** with a median age around 19 and a rapidly growing labor force. This "youth bulge" presents an opportunity for a **demographic dividend,** but only if the young population is well-educated and productively employed. Currently, gaps in education and skills are constraining labor productivity and the ability to innovate.

Education levels in Côte d'Ivoire have improved over the last decade but still lag behind many peers. Primary school enrollment is now high (most children attend primary school), and the government has made primary education free and compulsory. However, secondary school completion rates are lower, especially for girls and in rural areas. Literacy among young adults is better than among the older generation, yet overall literacy is estimated to be around 47%–50%. There is a sharp rural-urban divide: **education levels are significantly lower in rural areas,** which affects the productivity of the large farming population. Many farmers have only basic education or are illiterate, limiting their ability to adopt improved farming techniques or manage the increasing complexity of agricultural markets (for example, understanding weather information, fertilizer usage, or price trends). This contributes to the inefficiency noted earlier in the agriculture sector. The government has recognized this and is investing in rural education programs and agricultural extension services to impart better knowledge to farmers.

Public spending on education is roughly **3.4% of GDP** (2023), which is on the low side compared to the average for Sub-Saharan Africa. In 2017, spending was higher (~5% of GDP), but as GDP grew, the relative spending has fallen somewhat; there is an intention to raise it again, with an emphasis on both expanding access and improving quality. Notably, **technical and vocational education** has been identified as a priority. The industrial and service sectors often complain of a shortage of skilled technicians, electricians, machinists, and other mid-level skills that vocational schools typically produce. Under the PND, new vocational training centers are being opened with updated curricula to match industry needs (sometimes in partnership with private companies). This is critical for improving labor efficiency – having workers who can operate advanced machinery or maintain infrastructure reduces downtime and boosts productivity.

In terms of **health,** Côte d'Ivoire has made strides since 2010. Life expectancy has risen to about 60 years (from a low in the mid-50s during the crisis years). The introduction of **Universal Health Coverage (UHC)** in recent years is a game-changer: as of early 2024, about **18 million people (60% of the population)** are enrolled in the basic UHC program, which provides access to essential health services. Over 3,500 health facilities and pharmacies are involved in delivering care under this scheme. While funding and effective implementation of UHC are still challenges, this initiative should improve population health outcomes over time, translating into a healthier, more productive workforce. Better health means fewer workdays lost to illness and more cognitive development for children (as health and nutrition in early years strongly affect educational attainment). However, Côte d'Ivoire still faces health issues such as malaria prevalence, maternal mortality, and recently, the need to manage the COVID-19 aftermath – all of which require sustained public health efforts.

Innovation and technology adoption are areas where Côte d'Ivoire has both strengths and weaknesses. On one hand, the country has embraced certain technologies rapidly: mobile phone penetration is high (there are more mobile subscriptions than people, and mobile internet usage is growing quickly), and mobile banking is ubiquitous. The private sector, especially in Abidjan, has a dynamic culture of entrepreneurship – seen in the rise of fintech startups, agritech solutions, and creative industries. On the other hand, formal innovation indicators suggest Côte d'Ivoire is still catching up. In the **Global Innovation Index 2024,** Côte d'Ivoire ranks **112th out of 133 economies,** which is low even within its lower-middle-income peer group. The country performs below expectations for its level of development in innovation outputs and inputs. R&D expenditure is minimal (there are few research institutions with significant funding), and university-industry collaboration in research is weak. Patent filings or high-tech exports are very limited. This indicates that while Ivorians are entrepreneurial, the formal innovation ecosystem – involving research, advanced skills, and high-tech manufacturing – is underdeveloped.

However, it's worth noting that **labor productivity growth** itself has been an area of relative strength in recent years, as highlighted by global indices (Côte d'Ivoire's improvement in productivity was among the faster in Africa post-2012). The government is trying to harness this by fostering innovation in key sectors. For example, in agriculture, there is increased interest in **agritech,** such as using drones for crop monitoring or mobile apps for farmers to get information.

The National Agency for Rural Development (ANADER) is experimenting with digital platforms to disseminate best practices to farmers. In energy, the push towards solar power (with West Africa's largest solar plant inaugurated in 2024) shows openness to innovation in renewable technology. Additionally, Côte d'Ivoire is investing in technology infrastructure like fiber-optic networks to improve internet connectivity, which will be crucial for the digital economy and innovation in services.

Human capital challenges also intersect with gender and inclusion. Women in Côte d'Ivoire have historically had less access to education – the literacy rate for women lags men by a significant margin. Women are also heavily involved in agriculture (particularly in food crops and small trading) but often as informal labor with limited rights. Female-headed households in farming are noted to be less productive on average than male-headed ones, not because of lower effort, but because **women farmers have less access to inputs, land tenure security, and finance.** The government and various NGOs have programs aiming to empower women – for instance, by formalizing women's cooperatives, improving land inheritance laws, and providing microcredit targeted at women. These efforts, if scaled up, could substantially raise the productive capacity of a large segment of the population that is currently underutilized.

The **urban workforce** in Abidjan and other cities is relatively more skilled, and a budding tech/startup scene is emerging. Abidjan hosts tech hubs and incubators (like Jokkolabs, Orange Fab, etc.) where young Ivorian entrepreneurs develop apps and digital services. The banking sector's modernization has also spurred innovation in financial products. Yet, many of these startups face hurdles such as limited venture capital, difficulty in scaling up, and a nascent innovation policy framework. Policymakers could facilitate innovation by, for example, establishing innovation funds, offering tax incentives for R&D, or creating special economic zones focusing on technology and research.

In summary, **human capital and innovation** are the dual engines that Côte d'Ivoire must accelerate to sustain its economic momentum. While physical capital investments build the foundation, it is the **skills and creativity of the people** that will drive future productivity gains. Côte d'Ivoire has a young, growing workforce and demonstrated entrepreneurial energy, but it needs to nurture this with better education (especially technical skills), improved health, and a stronger innovation ecosystem. The combination of government initiatives (UHC, vocational training, etc.) and private sector dynamism (startups, adoption of new tech) is gradually improving the situation.

Still, the country's rankings and indicators show a gap to close. Bridging that gap will involve policy focus on education quality, digital infrastructure, R&D, and inclusivity. The final section of this report provides actionable recommendations, building on the analysis above, to capitalize on Côte d'Ivoire's strengths and address its weaknesses, thereby guiding both investors and policymakers toward the most impactful strategies.

Actionable Recommendations for Investors and Policymakers

Building on the analysis of Côte d'Ivoire's economic performance and potential, the following high-impact strategies and priority areas are recommended to accelerate productivity-driven growth and make the most of underutilized opportunities. These recommendations are targeted at both **policymakers** (to enact reforms and investments) and **investors** (to identify promising sectors and projects):

- **Accelerate Agricultural Transformation and Value Addition:** Leverage Côte d'Ivoire's comparative advantage in agriculture by moving up the value chain. This means investing in **agro-processing facilities** for crops like cocoa, cashew, coffee, cotton, rubber, and oil palm. Currently, a large portion of output is exported raw (e.g., ~70% of cocoa beans are shipped unprocessed), representing missed value-add. By expanding local **processing capacity** – such as cocoa grinding, chocolate manufacturing, cashew roasting, fruit juicing, etc. – Côte d'Ivoire can significantly increase export value and create agro-industrial jobs. Investors should explore agribusiness parks and processing plants, while policymakers can incentivize these through tax breaks, easier access to finance, and stable farm-gate pricing. Successful examples like the growth of the domestic cashew processing industry (now exporting 330,000+ tons of processed cashew products) should be replicated across other crops. Additionally, promoting **mechanization and modern inputs** in farming will raise yields: initiatives to provide tractors, irrigation, high-yield seeds, and fertilizer (possibly via public-private partnerships or subsidy programs targeting smallholders) could dramatically improve labor productivity on farms. This will free rural labor for higher-value tasks (or other sectors) and increase rural incomes.

- **Invest in Infrastructure and Energy for Enhanced Capacity:** Continue the strong push in infrastructure development, focusing on projects that unlock bottlenecks and reduce business costs. Priority should be on **transportation networks** (completing highway corridors linking secondary cities and neighboring countries, improving feeder roads in farming areas, and upgrading rail links) and on energy infrastructure (new power generation to meet industrial demand, extension of the electric grid, and renewable energy projects to diversify sources). Investors have opportunities in the government's $20B energy investment program, including solar and gas power plant projects, and in transport/logistics (port expansions, trucking and logistics services modernization). Policymakers should ensure timely execution of major projects like the Abidjan Metro, and maintenance of existing infrastructure to prolong its life. **Efficient logistics and reliable electricity** will directly improve capital utilization – for example, reducing transport delays boosts capacity use of factories, and steady power prevents downtime. Moreover, expanding infrastructure to **underserved regions** will encourage industries to spread beyond Abidjan, tapping into underutilized regional labor and resources. Public-private partnership (PPP) models can be used to fund roads, bridges, and power plants, sharing risk and attracting private capital into infrastructure. Investors should look at PPP tenders in roads and energy as stable, long-term opportunities supported by government guarantees.

- **Enhance the Business Climate and Competition:** While Côte d'Ivoire has reformed much in recent years, further improvement in the business environment will pay dividends in productivity and investment attraction. Policymakers should streamline regulations to **reduce red tape** – for instance, simplifying tax procedures, speeding up construction permits, and strengthening contract enforcement in courts. Anti-corruption measures and greater transparency in government procurement will also boost investor confidence. Crucially, fostering **competition** in key sectors can lead to lower input costs and innovation. The telecom sector reform (cutting mobile termination rates) is a good start; this needs to be followed by vigilant regulation to prevent oligopolistic pricing. Similarly, in transport, fully empower the new regulator (ARTI) to break up cartel-like practices in trucking – over time this will reduce freight costs for businesses. Investors can support competition by entering markets that have been traditionally dominated by a few players; for example, investing in logistics, telecom, or cement production could be lucrative if inefficiencies exist among incumbents. The government can encourage this by removing unnecessary licenses or exclusivity and perhaps offering incentives for new entrants in sectors deemed non-competitive. A more competitive marketplace will allocate resources more efficiently, as productive firms gain market share and less efficient ones improve or exit, thus raising overall productivity.

- **Boost Human Capital through Education and Training:** To sustain growth, Côte d'Ivoire must nurture a skilled workforce. It is recommended that the government **increase investment in education and training** – aiming to gradually raise education spending closer to 5% of GDP (from ~3.4% currently) and ensure those funds are used effectively. Priority areas include expanding **secondary school access,** especially for girls (through scholarship programs or conditional cash transfers to keep girls in school), and massively scaling up **technical and vocational education.** Align vocational training curricula with the needs of industries like manufacturing, construction, ICT, and agribusiness. This could involve partnerships where companies help design programs or offer apprenticeships to students. Investors in the manufacturing and industrial sectors are encouraged to engage with these training programs to build a pipeline of skilled labor. Additionally, continuing to improve **health outcomes** via the UHC program will support human capital – a healthier workforce is more productive. Policymakers should ensure the health insurance scheme is financially sustainable and covers preventive care (e.g. vaccinations, maternal health) that yields long-term economic benefits. Donors and impact investors could consider funding healthcare and education projects (for instance, building clinics or schools in underserved areas), as these have both social impact and economic payoff by strengthening the country's human capital foundation.

- **Foster Innovation and Technological Adoption:** To move up the value chain, Côte d'Ivoire should create a more enabling environment for innovation. Policymakers can establish an **Innovation Fund or Agency** that provides grants or seed funding to startups and research projects in strategic areas (such as agricultural technology, fintech, renewable energy tech, and manufacturing processes). Strengthening intellectual property rights and offering tax incentives for companies that invest in R&D or training will encourage the private sector to innovate. Given the country's low ranking on the Global Innovation Index, concerted efforts are needed to improve innovation inputs – for example, by supporting collaboration between universities and industry, and investing in science and engineering faculties at Ivorian universities. The government could also set up **special economic zones (SEZs)** or tech parks with R&D facilities and incubators to attract foreign technology companies and nurture local startups. Investors looking at West Africa's tech scene should not overlook Abidjan – there is rising consumer demand for digital services and a pool of young tech talent.

Venture capital and angel investors can find opportunities in Ivorian fintech (digital payments, lending), agri-tech (farmer platforms, supply chain tech), and creative industries (media, fashion) which are all growing. One immediate recommendation is to improve access to finance for startups: perhaps through public-backed venture funds or easing regulations for venture capital. By bolstering the innovation ecosystem now, Côte d'Ivoire can create new growth drivers in the future (beyond commodities), such as a vibrant ICT sector or high-value manufacturing (e.g., agro-machinery, processed foods, chemicals, etc.) led by local innovation.

- **Diversify and Deepen Industrial Base:** Policymakers should identify and promote a few priority industrial sectors where Côte d'Ivoire has a latent comparative advantage or strong domestic demand. Possibilities include **light manufacturing** (such as food processing, textiles/garments, packaging materials), building materials (to support the construction boom), **chemicals and fertilizers** (leveraging gas resources for petrochemicals or local fertilizer production for agriculture), and **downstream oil & mining activities** (like refining petroleum domestically, or jewelry and metal fabrication from gold). Special incentives and industrial zones could be dedicated to these sectors to attract both domestic and foreign investors. For example, developing a **petrochemical zone** around the new oil/gas fields could encourage investments in fertilizer or plastics production, reducing imports and creating skilled jobs. Similarly, a textile/garment hub could take advantage of the cotton grown in the region and trade preferences (like AGOA for exports to the US). Investors from Asia and the Middle East have shown interest in African manufacturing as costs rise in their home countries – Côte d'Ivoire, with its stable power supply and port access, can position itself as a West African manufacturing hub. Achieving this will require continued improvements in electricity, transport, and labor skills (addressed in earlier recommendations), as well as active investment promotion by agencies like CEPICI (the investment promotion center). The government may also consider **public-private partnership in industrial projects,** for instance co-investing in a large fertilizer plant or an automobile assembly facility, to jump-start those industries which the private sector may find too capital-intensive to initiate alone.
- **Strengthen Governance and Institutions:** Finally, cross-cutting institutional quality is vital. Côte d'Ivoire should continue strengthening rule of law, property rights, and public institution effectiveness. For policymakers, this means reinforcing anti-corruption bodies, ensuring fair enforcement of laws, and maintaining political stability and security (especially as elections approach in 2025). A stable and transparent environment is the bedrock upon which all the above economic initiatives can flourish.

Investors are more likely to commit long-term capital if they see predictability in policy and respect for contracts. Thus, as an actionable step, the government can deepen its **public financial management reforms** to ensure budgets are credible and funds reach intended projects (this improves trust that taxes are well-used). Judicial reforms to speed up dispute resolution and protect investors in case of insolvency are also recommended; commercial courts have been set up – they should be strengthened and expanded. Additionally, given regional security concerns, allocating sufficient resources to maintain peace in border areas and cooperating on regional security will safeguard the economic gains. The aim should be to solidify Côte d'Ivoire's reputation as a **secure, well-governed destination for investment in the region.**

Each of these recommendations reinforces the others: improving human capital feeds into better industrial productivity; infrastructure enables diversification; value-add in agriculture creates jobs and reduces poverty; and good governance underpins everything. **Investors** will find the most success if they align their strategies with these priority areas – for example, investing in agribusiness, infrastructure, education, or manufacturing where policy support is growing. **Policymakers,** on their part, should maintain the reform momentum – deepening the positive changes that have made Côte d'Ivoire an economic success story in West Africa, and boldly addressing the remaining gaps in productivity and inclusion. By focusing on these strategic actions, Côte d'Ivoire can fully harness its underutilized potential, sustain high growth, and achieve its vision of becoming an emerging economy with widely shared prosperity by 2030.

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