

## Côte d'Ivoire

<b>Status Index</b> 4.1 (Democracy: 2.0 / Market economy: 2.1):		<b>Management Index</b> 2.4	
<b>System of government</b>	Presidential democracy	<b>Population</b>	16.1 mill.
<b>Voter turnout</b>	37.4 <sup>b</sup>	<b>GDP p. c. (\$, PPP)</b>	1,490
<b>Women in Parliament</b>	8.5 % (2003)	<b>Unemployment rate</b>	4.6 % (1998) <sup>c</sup>
<b>Population growth<sup>a</sup></b>	3.3 %	<b>HDI</b>	0.396
<b>Largest ethnic minority</b>	26.2 %	<b>UN Education Index</b>	0.46
		<b>Gini Index</b>	36.7 (1995)
<p>Data for 2001 – if not indicated otherwise. <sup>a</sup> Annual growth between 1975 and 2001. <sup>b</sup> Presidential elections 2000. <sup>c</sup> The number refers to figures from the National Bureau of Statistics, which the government itself described as not very definitive. Source: UN Human Development Report 2003.</p>			

### 1. Introduction

During the evaluation period Côte d'Ivoire erupted in a maelstrom of violence and social and economic decline, which Ivorians themselves, and most observers, would have thought impossible at the beginning of the evaluation period in 1998. In the military coup of 1999, the failed pact and equally failed founding elections in 2000, and in the emergence of a government that does not have clear legitimacy and survived several coup attempts but had to forfeit its monopoly on the use of force and military sovereignty over large portions of the country – in all these events, the unsoundness of the previous model of political, societal, and economic management, as well as the frailty and mismanagement of all previous attempts at reform, manifested themselves.

Although the necessity of a radical transformation in all areas, especially politics, can hardly be denied at this point, the first step is to secure the future of the state, before specific barriers to transformation can be understood and tackled as management problems.

### 2. History and characteristics of transformation

The processes of economic and political transformation have always been separate from one another in Côte d'Ivoire. The foundation for an economically liberal development model with active integration into the world market was laid immediately after independence in 1960 by the country's founder and long-time president Félix Houphouët-Boigny. The authoritarian political regime, which was considered a model of a politically stable and economically successful African

nation, particularly in the 1970s and far into the 1980s, first began to be challenged in the early 1990s. Few were surprised when the former single party and its long-time president were able to maintain their positions in the first free, but unfair, elections in 1990.

Following Houphouët-Boigny's death in 1993, his successor Henri Konan Bedié attempted to pursue a policy of an "enlightened dictatorship." For want of Houphouët-Boigny's aura and abilities, his power base narrowed increasingly. After he stirred up the primarily Muslim population of the north against him with his policy of *ivoirité* starting in 1995, the economic elite also began to rebel when unbridled corruption at the center of power put the good relations with the donor community on the line.

The military coup at the end of 1999 was supposed to be a turning point. All hopes for radical democratization, initially fed by a broad government of national unity, vanished over the course of 2000. Despite the fact that long-time opposition politician Laurent Gbagbo finally won the election—although not until after a national uprising prevented the intended falsification of the election results—the exclusion of numerous rivals from the elections left him without the necessary legitimacy to command domestic and international confidence again. The difficult consolidation of the new leadership, accompanied by a process of national reconciliation, did not succeed. A failed coup attempt in September 2002 led to a civil war and the military occupation of parts of the country by various rebel armies.

The central economic contextual requirements were set following independence: Massive promotion of a smallholder export sector with prices regulated by the state—but with private systems for acquisition, transport, and trade—coexisted with a simultaneous liberal external trade regime, fostered by the fixed exchange-rate relationship in the CFA franc zone. Export revenues were used in a targeted fashion for social and economic modernization, until prices for the most important export goods started falling in the early 1980s. External attempts at structural transformation were initially turned away, and then were accepted grudgingly. It was not until the late 1990s that Bedié's regime, further weakened by domestic policy, felt impelled to dissolve the CAISTAB cocoa stabilization fund. Because the international financial institutions initially focused on the continuation of the smallholder agrarian export strategy for reasons of macroeconomic stabilization, there was no internal or external drive to transform the existing structures, which are somewhat inimical to development.

### **3. Examination of criteria for democracy and a market economy**

#### **3.1 Democracy**

Côte d'Ivoire has suffered serious setbacks in most evaluated areas because of the military coup and especially the civil war. Transformational shortcomings exist in all sub-areas of the political regime, in particular in the state monopoly on the use of force, monitoring of executive power, and maintaining an efficient administrative system.

##### **3.1.1 Political organization**

(1) *Stateness*: Until September of 2002, the state monopoly on the use of force was achieved in principle across the country. With the subsequent occupation of large parts of the country's territory by competing rebel groups, however, the central government now controls only 40 % of the country, the economically significant and densely populated southern part. Initially no anarchy existed in most occupied areas, because the rebels were tightly organized.

The main cause of the domestic policy aggravation was the politicization of questions regarding civil rights for the approximately five million foreigners living in the country and the populace in the northern regions that is related to them ethnically. Initially, individual rights such as land ownership were not recognized; since then, there have been problems ranging from renewing passports to protecting life and limb in pogroms, in some of which the constabulary and the police appear to have been involved.

Although the north-south conflict line, which is integral to the current conflicts, also runs between primarily Muslim and primarily Christian segments of the population, religion is not at all significant in this conflict. The various religious communities have never really had a formal role in the political process. The basic infrastructure of a state was present throughout the entire national territory until civil war broke out. Its operations, however, were somewhat inefficient, and political control over the army and the police has not existed completely since the coup in 1999, so that core state tasks, such as ensuring law and order, have been achieved only in part.

(2) *Political participation*: Since the new constitution took effect in 2000, the principle of the universal right to vote has been achieved. Candidacy regulations continue to discriminate against the people from the north, however, with obvious consequences for the elected officeholders. In contrast to its predecessors, the government in office since 2000 is making a serious effort to maintain democratic mores. However, its effective power to govern over the security sector—police, military, and constabulary—has been limited from the beginning.

Conflicts between the various security forces, which are under the control of diverse ministries and whose equipment and pay varies, have been intensifying more and more since then. Private and state media are sporadically influenced by the government, in a media landscape that is generally poorly developed. Until the outbreak of civil war, political and civic organizations, including numerous advocacy groups and unions, could act relatively freely. The current head of state is a long-time opposition politician.

(3) *Rule of law*: The parliament plays a weak role in the strong presidential regime. Ever since independence the head of state has been able to rely on majorities large enough to change the constitution, though since 2000 this majority has been provided only by the FPI-PDCI coalition. As in all of francophone Africa, traditions supporting a politically independent judiciary are almost completely lacking. The division of powers exists on paper, and there is an institutionally separate judiciary, but the dominance of the executive branch is not challenged, in part due to functional flaws.

The constitutional jurisdiction is rudimentary at best, and discredited itself completely with its actions during the authorization of presidential candidates in 2000. Until 1999, members of the political elite could use their positions at their own discretion for private profiteering; the creeping collapse of state leadership since 2000 has led to a situation where even a well-disposed government can hardly make any fundamental changes in this respect. Although civil rights are guaranteed on paper, the government can no longer ensure them, even in the areas of the country that it still controls. Members of northern ethnic groups have already been subject to state intimidation and everyday gang and mob violence.

### **3.1.2 Political patterns of behavior and attitudes**

(1) *Institutional stability*: Since the present government took office in November 2000, the democratic institutions have been barely functional; democratic competition, however, is accepted in principle by the political elite and probably also by large segments of the populace. The military coups were based on corporatist concerns and the discrimination against and marginalization of the northern people; they were not directed against the principle of democratic and civilian rule.

Of course it is true that President Laurent Gbagbo's window of opportunity to negotiate after the outbreak of the civil war in September 2002 was limited by military interests. This was revealed after the Marcoussis peace agreement in January 2003 when the army leadership refused a unified takeover of the Department of the Interior and the Department of Defense—both of the departments responsible for defense—by rebel leaders, thereby sabotaging the implementation of the agreement. It is often surmised that Gbagbo merely used

the military as an excuse to cancel his formal agreement, but this cannot be proven.

(2) *Political and social integration*: Stable organizational patterns of political representation exist in only rudimentary form, although a moderately fragmented, albeit very polarized, party system with three major parties has emerged since the mid-1990s. The parties are, however, generally very weakly anchored in society. The system of interest groups was organized corporatistically in the single-party state until the 1990s and could not absorb the locally available social capital of neo-traditional informal groups. Civic society has become very diversified in a pluralistic context, but it remains concentrated in the cities and is completely caught up in the growing societal polarization.

Pogrom-like riots and a mass exodus from the areas with immigrant populations attest to the complete collapse of the inter-ethnic trust that had supposedly built up over several decades. Credible national interest groups no longer exist. The people's attitude patterns have never been systematically imposed, but the people's approval of democracy has fallen, without a doubt, because of the greatly increasing public insecurity in recent years that culminated in military rule and civil war.

## **3.2 Market economy**

The transformation of the Ivorian economic system has been stalled. Although the important cocoa and coffee sectors have been partially liberalized, financial-market and public-sector reform has stagnated. The political instability since 1999 has allowed necessary economic reform measures to be pushed into the background.

### **3.2.1 Level of socioeconomic development**

The level of socio-economic development in Côte d'Ivoire is at an all-time low. Despite a per-capita income that continues to be relatively high, the country ranks as one of the most poorly developed states according to key HDI and GDI indicators. The development prospects of large segments of the population are structurally extremely limited by poverty and a lack of educational opportunities. As is generally the case in sub-Saharan Africa, income distribution is not characterized by extreme imbalances.

### **3.2.2 Market structures and competition**

Historically, the fundamentals of free-market competition have never been completely established. Under pressure from the international financial

institutions, the markets for the two strategically important main export goods of cocoa and coffee, which were previously strongly regulated by the government, have been liberalized. Not much has changed in the informal influence of government circles and the powerful influence of individual, mostly foreign, conglomerates and wholesale buyers. There are no regulations against creating a monopoly or oligopoly, nor are they prevented. International corporations have benefited since independence from a liberal foreign-trade regime, favorable investment conditions, and the CFA franc, which is fixed to the French franc. The banking and finance sector is not controlled directly by the state, but it continues to be subject to strong political influence.

### **3.2.3 Stability of currency and prices**

Control of inflation is considered in principle to be a building block of the economic system, but it plays second fiddle to other goals, both institutionally and politically. The recently low inflation rate has not made advancement in this area appear to be a top priority. In addition, the institutional conditions for a systematic state stability policy are lacking. The exchange rate for the CFA franc has been fixed to the French franc since independence, and is now fixed to the euro. Nothing has ever been done about this key decision. After Côte d'Ivoire, for reasons of domestic policy, fought for a long time against the devaluation of the CFA franc sought by the IMF and France, the country's economy, which depends strongly on exports, proved to be the main beneficiary of the 50 % devaluation that took place in January 1994.

### **3.2.4 Private property**

Property rights are guaranteed traditionally, and private enterprises are generally seen as the main support of economic production and are legally protected accordingly. The country's long-time head of state was always proud of that fact that he was also the largest private entrepreneur and landowner. The still- numerous state-owned and para-state-owned businesses have been privatized for the most part in recent years. In the process, however, no legal action was taken against the creation of oligopolies and the control of strategic economic sectors by influential political heavyweights.

A consistent new definition of the relationship between a framework set up by the state and support for private initiatives has still not been made. Currently, attempts are being made through various compulsory taxes to arrest the dramatic decline in state revenues. Some problems having to do with land ownership rights, as well as the new rights and laws, could be mentioned here, because land ownership rights are a central conflict factor.

### 3.2.5 Welfare regime

State-organized social networks have always benefited only those employed in public services; in this area, the networks were relatively well developed, particularly in comparison to other places in the region. The majority of the populace, which is employed in agricultural export and subsistence production, still benefits from the formerly well functioning health system, but is otherwise dependent on protection from informal family networks and patronage networks.

The government did not take responsibility for its duty to fight poverty until rather late—highways were still being built through the tropical forest in the late 1970s—and it is now being tackled with international aid programs. The civil war and political unrest came out of the context of rapidly growing mass poverty and youth unemployment, and the social impoverishment that goes along with it. Despite great ethnic heterogeneity, there was originally no discrimination in access to higher education and public services. With the *ivoirité* policy, the ethnicities from the northern part of the country are now blatantly discriminated against in employment and the education sector.

### 3.2.6 Strength of the economy

The Ivorian economy returned to the basics during the evaluation period. Although the World Bank still had hope for the country after the devaluation of the CFA franc, and considered it a potential emerging-market economy with its growth rates of up to 7 %, economic growth fell to 2.8 % in 1999. In the year of military rule it fell to -2.3 %, finally landing at -0.9 % in 2001. The general thinking is that Côte d'Ivoire did not take advantage of its opportunity to make necessary structural reforms when the world economy was favorable for such change. Diversification of production and manufacturing depth are poorly developed, despite industry's 20 % share of GDP and relatively good infrastructure. In addition, external debt is high.

A renewed fall in the world prices for cocoa and coffee after 1999 and a decline in foreign investment and development loans in the wake of the coup further aggravated the macroeconomic situation. In the context of the military rule and civil war, parts of the economic sector slid into informality, and macroeconomic indicators should therefore be taken with a grain of salt, even more so than previously.

### 3.2.7 Sustainability

Environmental sustainability definitely takes a back seat to the pursuit of growth and is not institutionally anchored. Côte d'Ivoire's not very productive but extremely extensive smallholder agricultural production has almost completely

destroyed the country's tropical rain forest—in the 1980s Côte d'Ivoire had the highest deforestation rate in the world. Fluctuations in the world prices for cocoa and coffee and the changing structure of international competition with the arrival of up-and-coming producers such as Indonesia and soon Vietnam continue not to be anticipated institutionally. Although there is a traditional bias in the promotion of a university education, especially to the detriment of elementary education, this does not extend to vocational education, not to mention research and development.

#### 4. Trend

(1) *Democracy*: The hopeful start to the evaluation period was short-lived. State identity, political participation, and rule of law have deteriorated notably and steadily in the last three years. The civil war and the virtual division of the country into four different areas controlled by different political and military movements—the government and three others—challenges the future of the Ivorian nation itself in its current territorial form.

Development between 1998 and 2000 was characterized by improvements in certain areas, especially voter participation, with a much fairer and freer election regime in 2000, inclusive local elections with the involvement of all parties in 2001, and the establishment of an election commission that is independent of governmental influence. Now, however, in light of the widespread erosion of the state's monopoly on the use of force, even in the 40 % of the country controlled by the government, one can speak only of a massive regression. Political parties and societal actors have shown themselves to be completely ineffective in maintaining and consolidating previous achievements. The long-time opposition and now ruling party FPI has troops of youths marching about, and the party newspaper agitating. A political culture supportive of democracy is even less in evidence now than it was at the beginning of the evaluation period.

(2) *Market economy*: The fundamental development indicators show a minimal improvement of the low level of development during the period. The data refers, however, to the time before the coup. The clear revival of the economy following the 1994 devaluation did not effectively reduce poverty on a large scale against the background of a high burden of debt, and great potential for social tension remains.

**Table: Development of socioeconomic indicators of modernization**

	HDI	GDI	GDP Index	UN Education Index	Political representation of women <sup>a</sup>	GDP per capita (\$, PPP)
1998	0.420	0.401	0.46	0.43	8.0	1,598
2000	0.428	0.411	0.47	0.44	8.5	1,630

<sup>a</sup> Percentage of women delegates in parliament after the 1995 and 2000 parliamentary elections.  
Sources: Human Development Report 1999, 2000, and 2002.

The institutional framework conditions for market economy activity have hardly improved. Macroeconomic development worsened seriously and recurrently, and a combination of low export prices, the absence of foreign direct investment, a decline in private consumption, and the suspension of cash inflows from bilateral and multilateral donors in the wake of the coup contributed to this. The liberalization and privatization policy initiated by outsiders has thus far not been reflected significantly in the macroeconomic framework data.

**Table: Development of macroeconomic fundamentals (1997-2001)**

	1997	1998	1999	2000	2001
Growth of GDP in %	6.0	5.8	1.6	-2.3	-0.9
Exports in billion \$	4,451.2	4,606.5	4,661.4	3,972.9	3,848.8
Imports in billion \$	-2,658.4	-2,886.5	-2,766.1	-2,175.5	-2,338.0
Inflation in % (CPI)	4.0	4.7	0.8	2.4	4.3
Budget deficit as % of GDP	-	-	-	3.2	-
Current account balance in billion \$	-	-	-0.3	-0.9	-1.2

Sources: Various volumes of the Economist Intelligence Unit, Country Report Côte d'Ivoire.

## **5. Transformation management**

### **5.1 Level of difficulty**

The transformation management faced particular challenges in Côte d'Ivoire. Although the country remains a middle-income country thanks to its revenues from exporting cocoa and coffee, it lacks other development potential. Massive poverty in rural areas, high levels of unemployment, a lack of professional entrepreneurship, a low level of education, massive ethnic and social conflicts, weak civic traditions, non-functioning rule of law, and a stodgy, anti-reform, centralized administration prone to corruption that worked even less under the present political and military framework conditions are difficult burdens to bear.

In addition, there is the factor that during the coup a small political and ethnic elite was removed from power, which had held the country's fate in its hands since it gained independence. Every new government lacks practical experience of managing complex economic and political decisions, as has been proven since 2000. The favorable economic conditions in the mid-1990s and the devaluation of the CFA franc were in no way taken advantage of.

### **5.2 Reliable pursuit of goals**

The takeover of the government by the long-time opposition challenged the economic strategy of close collaboration with international financial institutions and France to some degree. The sought-after diversification of the Ivorian foreign (economic) policy was seen as an affront by the French, because Côte d'Ivoire wanted to restructure its traditional relationship with the former colonial power and make France one partner among many. The change threatened the interests of French companies, especially in the telecom, power and water sectors. Along with structural adjustments came the drawing up of the Poverty Reduction Strategy Paper (PRSP) with the World Bank, but so far no real strategic direction is recognizable.

For obvious reasons, there is also a short supply of civilians working on the PRSP decision process. Some promises made by the government, such as free elementary education, have not yet been put into practice. In the political realm, the focus now is on survival, in the physical sense as well—the Secretary of the Interior was killed in the coup attempt on September 19, 2002. Against this background, all political steps must take into account the expectations of the international donor community and political and military necessities.

A societal reform policy has been intended since the government began—it is a socialist party after all, which stood up for resolute regional integration—but it has not been addressed effectively. Although fundamental physical threats do not come directly from the government, it has either little power or little desire to do

anything about them. Among the populace, only the core supporters of the FPI have a high level of confidence about the perpetual marginalization of the rest of the populace. In places where there is a lack of physical security, the rule of law is also missing.

### 5.3 Effective use of resources

The use of available human and organizational resources for the transformation policy cannot be estimated, at least when rigorous indicators are consulted, in any case not for the last couple of years. It cannot be denied that the government has made some effort to use resources efficiently, but it did fail in trying to implement the reform policy.

Not much is left of the flamboyant public investment programs of the Bedié era (*les 12 éléphants de la Côte d'Ivoire*) other than the new airport in Abidjan; however, this can be attributed not only to the poor use of available resources, but also to the dwindling resources themselves. The collapse of the rule of law and the unchecked highway robbery committed by the poorly paid police officers already made it clear before the outbreak of the civil war that even the government cannot provide minimal public services.

The waste of public resources through corruption and patronage is not being combated effectively. It is true that the government's political base was thin from the start, and perhaps it did not have any other choice but to use some of its resources to extend and secure its power base. Although it could not fall back on existing cultural traditions in doing so, it could fall back on a tradition of interethnic peace under the regency of Houphouët-Boigny. It did not make use of this resource; rather, it continued with Bedié's narrow-minded *ivoirité* policy, with a result long predicted by expert observers, although they may not have foreseen its extent.

### 5.4 Governance capability

Côte d'Ivoire's aborted political and economic transformation can serve as a perfect example of contexts in which the leading political actors lack both flexibility and the ability to learn. This does not represent a moral or personal failure of individual transformation managers, but rather has to do with the very limited room for movement in which the actors are operating. In an African context, where even candidates who had no chance of winning cry election fraud, no politician has ever publicly admitted to a mistake, and Côte d'Ivoire's framework conditions, which are unfavorable in every respect, do not constitute fertile ground for this.

It may be a sensible indicator to assume that organizational capability is strictly limited and requires, for example, external alliances in order to be able to stand up against numerous internal societal and cultural barriers. A lack of expert economic knowledge, both in terms of global interrelations and microeconomics, has limited the action of the PDCI elite since Houphouët-Boigny's obstruction of the world cocoa market. Allocative efforts are usually directed toward fair ethnic distribution or patronage-based preferences, while the "wise" reform policy oriented toward the common good is being followed by the international donor community.

### 5.5 Consensus-building

Although the goals of democracy and a market economy have been clung to efficiently for years, fundamental conflicts exist about the exact meaning of both concepts. *Démocratie apaisée*, conflict-free democracy, was the slogan with which the PDCI regime criminalized the opposition for years, until the opposition felt that "criminality" was the only option, for example, in the form of "active," that is to say, violent, boycotts of elections. A peaceful and legal change in government did not take place, nor did a "pact," although things were on the right path in spring 2000.

Dubious constitutional amendments were pushed through parliament in the name of the democratic majority rule of supermajorities. There are no significant actors who are principally directed against democracy, not even the soldiers involved in the coup, with the exception of the latest rebel movement, which was recruited from among the Liberian civil war soldiers. In practice, however, all of those in the elite have extreme difficulty accepting democratic rules if they do not emerge as the winner, and their boycott mindset in turn weakens the legitimacy of the democratic regime.

The situation is similar for the market economy. For years Côte d'Ivoire was scorned by some and acclaimed by others for being a model capitalist country; the market-economy system is not challenged by small planters nor by Lebanese middlemen or the political opposition, at least not any longer. In reality, everyone has faith in the state and privatization is supported only by those members of the elite who are taking the biggest piece of the pie for themselves. No one feels born to be an entrepreneur, and everyone dreams of a job in the public sector.

As if there were not evidence enough, the civil war is proof of the complete failure of the government's management of the ethnic and societal lines of conflict and its failure to mobilize civil solidarity within the populace. Because of the relatively "enlightened" character of Houphouët-Boigny's civilian single-party rule, little injustice was done, and all parties want to distinguish themselves as the true successor of the country's great founder.

## 5.6 International cooperation

Côte d'Ivoire has always maintained good relations with the donor nations. Because of exorbitant indebtedness, it has enjoyed numerous debt conversions, both private and public, and structural adjustments since the 1980s. The EU's suspension of loans in September 1999 because of massive corruption in the Ministry of Health, and difficulties with the IMF and the World Bank since the mid-1990s culminated in the suspension of international program aid in the wake of the 1999 coup.

The country's great external dependence forced the military government and Gbagbo's government to work with bilateral and international donors. As for the economy, Côte d'Ivoire was also very eager to fulfill the comprehensive conditions that were set as the final step in connection with the World Bank's Poverty Reduction Strategy Paper. International faith in the reliability of the Ivorian government must be restored first, however. The military conflicts have been fatal in this regard, as they started just as the government was winning back a large part of its international credibility.

Côte d'Ivoire can look back at a long tradition of close cooperation with regional organizations. The long-time Secretary of State Amara Essy is currently the General Secretary of the African Union. Côte d'Ivoire always played a key role in ECOWAS, although purely francophone bodies, such as UEMOA and *Conseil de l'Entente*, are favored. With the military incidents and the political conflicts in the run-up to the 2000 elections, Côte d'Ivoire has now gone from being a protagonist and a country that pulled the strings to a subject of regional policy and peace-making efforts.

## 6. Overall evaluation

The overall evaluation of the Ivorian path to democracy and a market economy depends on the chosen time period. If this report had been written a year ago, the current status and evolution would have to have been evaluated differently.

(1) From the point of view at the end of the evaluation period, the initial conditions of the transformation appear to be much less favorable than all the apologists of the Ivorian economic miracle tended to claim. The model of an extensive agrarian export strategy soon reached its environmental limit, as the country attained the highest deforestation rate in the world, and also reached an administrative-political limit, as cooptation in the government sector cannot be expanded arbitrarily. Hyper-stability functioned as part of the model that was tailor-made for Houphouët-Boigny in the world of the 1960s and 1970s.

The president, who was obstinate in his old age, prevented change of any kind, whether economic or political. No one could fill his enormous shoes, especially when tackling the challenge of a multiple transformation. Necessary tasks included a departure from the planter economy, establishment of democratic rule of law, a solution for the numerous social conflicts brought about by the relatively high population growth, probably the highest rate of AIDS infection in West Africa—estimated at 10.8 % for adults in 1999, according to the UN—massive immigration from Sahel states, rapidly growing rural poverty, and social impoverishment in the cities resulting from the demise of the welfare state.

(2) The economic transformation, for example through industrialization, failed, just as the political one did. The political system today is democratic according to formal criteria and the constitution is exemplary in many aspects, but the newly created rules and institutions lack legitimacy, and therefore also lack the power to be effective.

The collapse of government rule is an indicator that between January 2000 and September 2002 the political and economic actors did not succeed in building a consensus regarding the transformation tasks ahead, especially the political and societal ones. These tasks took second place to personal disputes. The formal institutions of a market economy are stronger today in many ways, but they have no “social face.” In addition, many areas are still in need of more or less complete reform, such as finance or efforts to fight corruption.

(3) The conclusion regarding the relative managerial achievements is sobering. In general, the Ivorian elite, including all parties, has unfortunately proven its inability to manage a crisis effectively, no matter how much they try to blame external scapegoats. Within Abidjan’s donor circles a rumor circulated for months that the country’s political and economic elite clandestinely welcomed the military conflict as an effective tool for driving up the world price of cocoa. If that is true, it is just another miscalculation, because the main beneficiaries of the war are East Asian cocoa producers. As in other cases, the blessing of an export economy based on a valuable raw material has also turned out to be a curse, or at least a major impediment to transformation, because the managers themselves are too big a part of the revenue economy to have an incentive to abolish the system.

## 7. Outlook

Côte d’Ivoire could potentially lose its position as the most economically important country in francophone Africa by far—it accounted for 50 % of the GDP and the cash flow in the UEMOA in the mid-1990s—even if a quick solution is found to the political and military conflict. The haughtiness of the Ivorian elite (*La Côte d’Ivoire c’est la Côte d’Ivoire*) seems to show that this is still not clear to them. Because of its good infrastructure, many foreign companies

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chose Côte d'Ivoire as their base for serving and supplying the entire West African market, and the ports of Lomé and even of Cotonou are now booming.

New and additional barriers to transformation, such as post-conflict reconstruction, have sprung up because of the military conflict, and the social and ethnic dividing lines are being exacerbated more and more all the time; the military, until 1999 a non-actor, has suddenly become the key actor on all sides. The rest of the world, including countries within and outside Africa, thus far appears to be relatively powerless to remove the internal barriers to transformation, although some countries are perhaps not completely uninterested in redrawing the borders of Côte d'Ivoire or in the success of the democratic process.

Initially, one must certainly wait to see if political and military peace can be achieved, and if consensual and sustainable institutional rules can be found that allow a return to normality. If this does not occur in the foreseeable future, then the worst-case scenario of a decline into total national disintegration, warlordism, and a typical war economy with locally controlled exploitation of resources and precarious territorial control can no longer be discounted.