Côte d’Ivoire
INFRASTRUCTURE
PUBLIC-PRIVATE
PARTNERSHIPS
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ACRONYMS AND ABBREVIATIONS

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ADOA Additionality and Development Outcomes Assessment (AfDB)
AfDB African Development Bank
AIMM Anticipated Impact Measurement and Monitoring
BLT Build, lease and transfer
BOAD West African Development Bank
BOO Build, own and operate
BOOT Build, own, operate, transfer
BOT Build, operate and transfer
BROT Build, rehabilitate, operate and transfer
CLSG Côte d’Ivoire-Liberia-Sierra Leone-Guinea
CNP PPP Comité National de Pilotage des Public-Private Partnerships (National Steering Committee—PPP Unit)
CO₂ Carbon dioxide
COVID-19 Coronavirus disease 2019
CPI Consumer price index
DEG German Investment and Development Corporation
DFIs Development Finance Institutions
ECAs Export Credit Agencies
ECOWAS Economic Community of West African States
EIB European Investment Bank
FMO Dutch Entrepreneurial Development Bank
GDP Gross domestic product
GoCt Government of Côte d’Ivoire
HPP Hydropower plant
IFC International Finance Corporation
IGE General Inspection of Finance
IMF International Monetary Fund
MIGA Multilateral Investment Guarantee Agency (World Bank)
PND National Development Plan
PPI Private participation in infrastructure
PPIAF Public-Private Infrastructure Advisory Facility
PPPs Public-private partnerships
RLT Rehabilitate, lease or rent, and transfer
ROT Rehabilitate, operate and transfer
UNECA Economic Commission for Africa
UNECE Economic Commission for Europe
WAEMU West African Economic and Monetary Union
1. INTRODUCTION

This diagnostic study gives an overview of public-private partnerships (PPPs) in infrastructure projects in Côte d’Ivoire—and their types, difficulties, opportunities, and risk mitigation. It gathers data from various infrastructure sectors to determine why some infrastructure sectors do better under PPPs than others. It also looks at policy and institutional support for public-private partnerships—at regulatory reviews in different infrastructure sectors, at validating frameworks, at establishing the PPP Units, at adopting PPP guidelines, legal and institutional arrangements, and at whether the business environment is conducive. And it investigates why Africa’s high-impact infrastructure sectors, such as agriculture, have so few PPPs and so many management and governance difficulties.

Other issues include resource mobilisation and PPP financing—project pipelines financed through PPPs, resource mobilisation strategies and identification of international partners, and greater availability of local financing for PPPs. Because a focus is on People-First PPPs, the inclusivity of PPPs is examined on various levels, including whether they enable broad participation of women, youth, and national private sector participants in project pipelines. In PPP initiatives, the lines between what is private and what is public are frequently blurred. For example, services the government must provide as a “public benefit” may compete with private sector activities.

This study is mainly a desktop review of reports from the African Development Bank (AfDB), the World Bank, and the Public-Private Infrastructure Advisory Facility (PPIAF), the website of the PPP Unit of Côte d’Ivoire (CNP PPP) and interviews and consultations with critical stakeholders including some officials in Côte d’Ivoire.

2. GENERAL BACKGROUND

Since 2011, Côte d’Ivoire has had rapid growth (an average of 7 per cent yearly GDP growth over the last 10 years) and is one of the world’s fastest-growing economies. It has made progress in lowering poverty and inequality, keeping inflation stable, maintaining a reasonable level of debt and increasing access to foreign capital markets.

2.1 Macroeconomic and other data

The Covid-19 pandemic hit most areas of the economy, including export agriculture (down 2.2 per cent), agro-food industries (down 1.3 per cent), forestry (down 16.5 per cent), mining (down 4.8 per cent), petroleum products (down 26.9 per cent), and transportation (down 1.8 per cent). Real GDP increased by 2.0 per cent in 2020, down from 6.23 per cent in 2019 (table 1). Monetary policies, expansionary fiscal policies, and supply chain disruptions increased inflation from 0.8 per cent in 2019 to 2.4 per cent in 2020 and 3 per cent in 2021. Due to increased imports and shrinking exports, the current account deficit nearly doubled from 2 per cent of GDP in 2019 to 3.8 per cent in 2021. Despite such issues, it has been the second most resilient economy in the subregion, with outstanding growth.

Between 2015 and 2019, public debt increased by an average of 14 per cent a year, in line with the public investment program of the National Development Plan (PND) 2016–2020. The outstanding state debt, 38.8 per cent of GDP at the end of 2019, continued to rise, reaching 50.2 per cent of GDP in 2021, still considerably below the West African Economic and Monetary Union (WAEMU) 70 per cent requirement. Over-indebtedness looks to be a low danger in 2020–40, both in terms of external and total governmental debt. However, the ability to deal with large external shocks is still limited. So, the government should prioritise semi-concessional finance over commercial financing while bolstering domestic resource mobilisation efforts by expanding the tax base.

The economy has begun to recover strongly, with real GDP growth of 6.0 per cent in 2021 and 6.5 per cent projected for 2022. But the terrorist danger in the north might erode investor confidence and impede service sector growth. The slowdowns in economic activity could reduce tax revenues, and strengthening the national security monitoring system could increase military spending. Fitch upgraded Côte d’Ivoire’s credit rating to BB− with a Positive Outlook, citing the prospects for a faster and more robust economic recovery thanks to the authorities’
continuing commitment and adherence to fiscal prudence and reforms, which would gradually reverse temporary budget balance deteriorations and stabilise government debt.

2.2 Business climate

Côte d’Ivoire placed 106th out of 180 countries on the Corruption Perception Index (CPI) in 2021, with a score of 36 (table 2). The government stated focuses is to combat corruption, but no tangible steps have been disclosed yet. In 2021, Côte d’Ivoire’s business freedom score was 61.6, ranking it the 76th most liberal country, residing towards the lower end of the “moderately free” category. But its overall score has slipped with declines in judicial effectiveness and fiscal health surpassing pro-business changes.

2.3 Climate change

Côte d’Ivoire is ranked 147th out of 178 countries on its vulnerability to climate change. Many issues—including deforestation, water reserve depletion, and coastline erosion—have affected agriculture, food security, and the economy. Côte d’Ivoire has pledged to make combating climate change a top priority and has a strategy to reduce greenhouse gas emissions by at least 28 per cent and reach 45 per cent renewable energy by 2030.

3. PUBLIC-PRIVATE PARTNERSHIPS EXPERIENCE

There is no single authoritative definition of public-private partnership (PPP), and the privatisation of public services is described in many terms and acronyms. This report defines PPPs as risk-sharing relationships in which a legal contract assigns public service delivery responsibilities to a private entity. The PPP contract divides the risks and rewards of providing public services between private entities and public owners or sponsors. In other words, the private entity’s compensation can vary depending on performance. It is essential to distinguish between PPPs and other forms of private participation in infrastructure (PPI) (box 1).

Since the early 1990s, PPPs in infrastructure have experienced waves of enthusiasm, disenchantment, and consolidation. The World Bank’s structural adjustment policies fuelled the rise of private participation in infrastructure service delivery in the late 1980s. An extended period of decline in all PPPs followed the 1997 Asian financial crisis, showing that the private sector could not always be expected to take on and mitigate all commercial risks associated with essential service provision. PPPs began to recover in 2004 as mechanisms were developed to reduce private partner risks or better transfer risks to public partners through capital grants, subsidies and political risk insurance. The global financial crisis, beginning in 2007, had a much more significant impact on Africa’s PPPs. And Covid-19 has exacerbated PPP issues in low-income countries, where sovereign debt levels were already near crisis levels.

PPPs have a long history in Côte d’Ivoire, with the first PPP for water infrastructure in 1959. More than 63 PPPs in various sectors since have been negotiated and implemented, with many more planned (table 3). Until 2018, the legal regime and institutional framework for PPPs in Côte d’Ivoire were set by documents adopted by the government in 2012 and 2014. Before 2012, the public procurement code, which authorises the delegation of services to the private sector, was used to contract private service providers for PPP projects.

The government’s goals for PPPs have been to reduce capital and operating expenditures, increase operational efficiencies in strategic sectors, raise additional funds for underfunded
sectors and improve public access to essential social services. Of the infrastructure PPP projects, 22 are signed and operational, 6 signed and under construction, 4 at financing close stage 1 with a scope of work change after signature, and 1 terminated after signature (table 3).

Most PPPs are in transportation (16), followed by energy (15) and water (3). Many were obtained through direct agreements or unsolicited approaches, possibly raising red flags. But many PPP initiatives have been an enormous success.

- The Henri-Konan-Bédié Bridge is the first toll bridge erected under a concession contract between the Government of Côte d’Ivoire (GoCI) and SOCPRII. According to a 2013 impact study, it increased the number of journeys, saved 62,380 hours per work day and reduced CO2 emissions by 19,000 tons annually.
- Affermage followed the privatisation of the power utility in the electricity sector by CIE, a subsidiary of the French SAUR group of Bouygues. The number of connections expanded sevenfold to 2,900,000 customers in 2020. The average time between cuts has declined, and CIE revenues increased sevenfold to 637 billion CFA francs in 2020.
- The Azito power project for the construction and operation of a 288 MW thermal plant was finished on schedule and without cost overruns. The company has been profitable since it began operation and is current with all lenders. The technical parameters—guaranteed power, availability, and fuel use—are better than the concession agreement, and SO2 and NOx emissions are below the World Bank’s basic levels. Enhancing regional integration by bringing power to Benin, Burkina Faso, Ghana, and Togo, the project has reduced fuel oil imports while contributing regular tax payments to the government budget.
- The affermage successes in the electricity and water sectors are due to the early selection of a successful and competent private operator, which increased operational efficiency and service quality, allowing the sectors to become financially sustainable. Another factor for affermage success in Côte

### A TYPOLOGY OF PPPS AND OTHER PPI PROJECTS

**PPP types**

1. **Brownfield concession**—a private entity takes over the management of an existing government-owned enterprise and assumes the significant risk for investments needed to extend, complete, or rehabilitate the enterprise facilities.
   - Rehabilitate, operate and transfer (ROT).
   - Rehabilitate, lease or rent, and transfer (RLT).
   - Build, rehabilitate, operate and transfer (BROT).

2. **Greenfield concession**—a private entity builds and operates a new facility for a period and under conditions specified in a contract
   - Build, lease and transfer (BLT).
   - Build, operate and transfer (BOT).
   - Build, own and operate (BOO).

**Management and lease contracts**—A private entity manages a government-owned facility for a period and under conditions specified in a contract, but the government retains responsibility for investments.

**Other types of private participation in infrastructure (PPI)**

1. **Divestiture**—transfer of equity ownership from government to a private entity via an asset sale, public offering, or mass privatization programme.
   - Complete—the entire enterprise or facility is sold; the government retains no interest.
   - Partial—via partial share sale; the government maintains an ownership share.

2. **Merchant**—a private sponsor builds a new facility at its own risk in a liberalized market, with no revenue guarantees provided by the government.

Source: Adapted from World Bank 2020b.
### TABLE 3  PPP projects in infrastructure

<table>
<thead>
<tr>
<th>PPP name</th>
<th>Year</th>
<th>Sector</th>
<th>Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water distribution</td>
<td>1959</td>
<td>Water</td>
<td>Affermage</td>
<td>Operational</td>
</tr>
<tr>
<td>Urban water distribution</td>
<td>1987</td>
<td>Water</td>
<td>Affermage</td>
<td>Operational</td>
</tr>
<tr>
<td>Electricity distribution and commercialisation</td>
<td>1990</td>
<td>Electricity</td>
<td>Affermage</td>
<td>Operational</td>
</tr>
<tr>
<td>CIPREL independent power producer</td>
<td>1994</td>
<td>Electricity</td>
<td>BOOT</td>
<td>Operational</td>
</tr>
<tr>
<td>Operation of railway RCI–Burkina Faso</td>
<td>1995</td>
<td>Transport</td>
<td>Operation concession</td>
<td>Operational</td>
</tr>
<tr>
<td>Airport concession</td>
<td>1996</td>
<td>Transport</td>
<td>Concession</td>
<td>Operational</td>
</tr>
<tr>
<td>Azito independent power producer</td>
<td>1997</td>
<td>Electricity</td>
<td>BOOT</td>
<td>Operational</td>
</tr>
<tr>
<td>Toll bridge HKB</td>
<td>1997</td>
<td>Transport</td>
<td>Concession</td>
<td>Operational</td>
</tr>
<tr>
<td>Operation of sanitation services of Abidjan</td>
<td>1999</td>
<td>Water</td>
<td>Affermage</td>
<td>Operational</td>
</tr>
<tr>
<td>Container Terminal Abidjan Port</td>
<td>2004</td>
<td>Transport</td>
<td>Concession</td>
<td>Operational</td>
</tr>
<tr>
<td>Abidjan Port Ro-ro Terminal</td>
<td>2005</td>
<td>Transport</td>
<td>Operation concession</td>
<td>Operational</td>
</tr>
<tr>
<td>Extension container terminal San Pedro</td>
<td>2008</td>
<td>Transport</td>
<td>Concession</td>
<td>Operational</td>
</tr>
<tr>
<td>Abidjan Port mineral terminal</td>
<td>2008</td>
<td>Transport</td>
<td>Operation concession</td>
<td>Operational</td>
</tr>
<tr>
<td>Aerocite</td>
<td>2009</td>
<td>Transport</td>
<td>Operaitonal</td>
<td>Ongoing financing closing</td>
</tr>
<tr>
<td>Aggreko</td>
<td>2010</td>
<td>Electricity</td>
<td>Leasing</td>
<td>Operational</td>
</tr>
<tr>
<td>Abidjan Port Extension of the Fruit terminal</td>
<td>2011</td>
<td>Transport</td>
<td>BOOT</td>
<td>Operational</td>
</tr>
<tr>
<td>Expansion of Phase IV of CIPREL in combined cycle</td>
<td>2012</td>
<td>Electricity</td>
<td>BOOT</td>
<td>Operational</td>
</tr>
<tr>
<td>Abidjan Port second container terminal</td>
<td>2013</td>
<td>Transport</td>
<td>Concession</td>
<td>Operational</td>
</tr>
<tr>
<td>Abidjan international bus station</td>
<td>2013</td>
<td>Transport</td>
<td>BOT</td>
<td>Cancelled after signature</td>
</tr>
<tr>
<td>Singrobo Ahouaty hydropower plant</td>
<td>2013</td>
<td>Electricity</td>
<td>BOOT</td>
<td>Under construction</td>
</tr>
<tr>
<td>Star Energie 372 MW power plant</td>
<td>2013</td>
<td>Electricity</td>
<td>BOOT</td>
<td>Signed, but the scope of work changed</td>
</tr>
<tr>
<td>Coal power plant in San Pedro</td>
<td>2013</td>
<td>Electricity</td>
<td>BOOT</td>
<td>Ongoing financing closing</td>
</tr>
<tr>
<td>Abidjan-Ouaga railway rehabilitation</td>
<td>2014</td>
<td>Transport</td>
<td>ROOT</td>
<td>Operational</td>
</tr>
<tr>
<td>Abidjan metro concession</td>
<td>2015</td>
<td>Transport</td>
<td>BOOT</td>
<td>Ongoing financing closing</td>
</tr>
<tr>
<td>Boat transportation</td>
<td>2015</td>
<td>Transport</td>
<td>BOT</td>
<td>Operational</td>
</tr>
<tr>
<td>Boat transportation</td>
<td>2016</td>
<td>Transport</td>
<td>BOT</td>
<td>Operational</td>
</tr>
<tr>
<td>Korhogo solar 25 MW plant</td>
<td>2016</td>
<td>Electricity</td>
<td>BOOT</td>
<td>Ongoing financing closing</td>
</tr>
<tr>
<td>Modernisation and extension of mineral terminal 1</td>
<td>2018</td>
<td>Transport</td>
<td>BOOT</td>
<td>Operational</td>
</tr>
<tr>
<td>Galilea solar concession</td>
<td>2018</td>
<td>Electricity</td>
<td>BOOT</td>
<td>Under construction</td>
</tr>
<tr>
<td>Atinkou power plant</td>
<td>2018</td>
<td>Electricity</td>
<td>BOOT</td>
<td>Under construction</td>
</tr>
<tr>
<td>Azito IV Combined cycle</td>
<td>2019</td>
<td>Electricity</td>
<td>BOOT</td>
<td>Under construction</td>
</tr>
<tr>
<td>Biovea concession</td>
<td>2019</td>
<td>Electricity</td>
<td>BOOT</td>
<td>Under construction</td>
</tr>
<tr>
<td>Powership concession</td>
<td>2022</td>
<td>Electricity</td>
<td>Leasing</td>
<td>Under construction</td>
</tr>
</tbody>
</table>

Note: The Azito BOOT includes the plant’s expansion at the beginning of phase 2. The Ciprel BOOT includes the plant’s construction in three successive phases.
d’Ivoire was having cash flow mechanisms based on taxes on sector earnings pay for the investments required for the sectors’ survival.

- The concession with Générale d’Afrique to create the Abidjan international bus station, discontinued because the promoter could not finance the project and conduct the works, could be characterised as a failure.

The government used affermage in privatisation of existing state companies in the power and water sectors. The following projects, practically greenfield projects in the infrastructure sectors, were implemented through other forms of PPP, like BOOT. The government prefers to give full responsibility to the private operators in design, financing, ownership, and operation.

The successful projects have been the subject of competitive bidding, following which experienced operators have been selected. But some operators could not honour their commitments, as with the Abidjan international bus station. So, rigorous selection criteria must be applied in all tenders to select operators that will guarantee implementation. The success of the first PPP, particularly in the power sector, paved the way for the successful implementation of the following projects.

4. STAKEHOLDER SUPPORT AND OWNERSHIP

The PPP model is supported at the highest levels of government, which has made it clear that it wants a private-sector-led economy. Private-led projects are to account for 74 per cent of new National Development Plan (PND) investments ($107 billion) in that period. The PND includes government-selected PPP projects that should account for more than 30 per cent of total investments between 2021 and 2025. To emphasise the importance of PPP, the government has placed the PPP Unit under the Prime Minister’s authority. This improves stakeholder cooperation, avoids conflicts of interest and eases access to key decision-makers.

The government frequently interacts with the private sector in developing PPPs through the PPP Unit, and the private sector has a good understanding of PPPs. But the private sector is hesitant to share a significant percentage of the risks connected with such projects, so the risk distribution between the parties is typically lopsided, with the government bearing a larger share.

PPPs tend to increase the quality of service to end-users compared to earlier public-sector-led alternatives (electricity, telecom, transport). But end-users occasionally complain about regulators or the government’s lack of oversight of private operators’ operations, and service costs might be expensive in relation to household income.

Because they have more PPPs, the transportation and energy sectors are more supportive of PPPs. The local industry recognises the possibility of gaining entry to new areas previously unavailable to government-owned firms or enjoying a higher service quality. On the other hand, the domestic industry frequently complains about non-competitive bidding for various concessions and wants the authorities to promote transparency by publicising procurement contracts, beneficial ownership, and related audits. There is no reported opposition to any PPP contract awards, and we are unaware of any opposition to PPP from specific stakeholder groups. The table below shows the relationships between the partners involved in the PPP ecosystem in Côte d’Ivoire.
5. LEGAL AND REGULATORY FRAMEWORK

Côte d’Ivoire has no legislation governing the PPPs. The legal system and institutional framework for PPPs are governed by two statutory instruments adopted in 2012 and revised in 2014 and again in 2018:

- Decree 2018-358 of March 29, on PPP contracts (the PPP Decree).
- Decree 2018-359 on the powers, organisation and functioning of the National Steering Committee managing (CNP-PPP), which is the PPP Unit.


As defined in Decree 2018-358, any public legal person may enter a partnership contract with an operator to execute a project that falls within the scope of this decree as the Contracting Authority. Article 3 of the same decree refers to contracts formed by the government or local governments in the public and private sectors to achieve the following objectives:

- PPP contracts cover the design, construction, transformation, rehabilitation, financing, operation, service, maintenance, and management of infrastructure, public infrastructure, buildings, equipment, or intangible property, as well as the creation or operation of public or private domains.
- The parties to the PPPs can be a state company, a company with a majority of public financial participation, a private person acting on behalf of the state, a public person or a state company, or a private person when the contract has financial support, or a guarantee from the state, a public person or a state company; or a private person when the contract has financial support, or a guarantee from the state, a public person or a state company.

The broad definition of PPPs leaves a lot of room for interpretation by government officials, industry, and other stakeholders as to what qualifies as a PPP and what can be created successfully under a PPP contract. (The PPP order makes no explicit climate change aims.)

Unsolicited bids are allowed under the PPP order if they are not for a project evaluated or planned by the Contracting Authority. Its implementation approach has to comply with the competition concept and adhere to a charter that the PPP Unit will verify.

According to the PPP decree, the PPP contracts may be entered into for all economic, social, and cultural activities, both commercial and non-commercial, between the Contracting Authority and legal entities controlled by private or public law. There is no indication in the applicable legislation that any sector is outside the scope of the PPP Unit, but the PPP Unit does not have authority over PPP projects in the power sector. Decree 2014-291, dated May 21, 2014, governs concessions in the electricity sector. The key reason is that the Ministry of Energy developed adequate capacity to lead its PPP initiatives due to several successful projects before the PPP Unit was formed in 2012.

PPP ownership is a little hazy, and government engagement or policy is not always apparent in some areas. For example, the government is constructing some officially supported electricity projects while encouraging private sector development. Indeed,

### TABLE 4 PPP stakeholder relationships

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Primary concerns</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government/ministries</td>
<td>Grant concessions, audit the projects, and provide subsidies to or take stakes in the project company</td>
<td>Intervene directly through the ministries or indirectly through regulators to safeguard the interest of both the users and the private investors</td>
</tr>
<tr>
<td>Local private sector industries</td>
<td>Get concession, subcontract construction and operation from the project company, pay for services and benefit from better service from the project</td>
<td>Have good understanding of the PPP concept, see an opportunity to get better service quality and gain some concessions, but difficult for local enterprises due to the size of the PPP project and suspicion of non-transparency</td>
</tr>
<tr>
<td>Consumers/users</td>
<td>Pay for services and benefit from a better service from the project</td>
<td>Difficult for citizens to understand, but see an opportunity to get better quality service. Complain about the cost of services</td>
</tr>
<tr>
<td>PPP project company</td>
<td>Get concession, provide equity, construct and operate the asset, collect revenues from users and pay taxes to the government</td>
<td>Have good understanding of the PPP concept, but difficult for local banks to intervene due to the long tenor and amount of financing for infrastructure projects</td>
</tr>
<tr>
<td>Financiers</td>
<td>Provide equity or debt financing to the project company</td>
<td></td>
</tr>
</tbody>
</table>
the Soubre hydropower plant is publicly funded and controlled in the electricity sector, and the Singrobo hydropower plant is privately funded and managed. For maritime transport, the public business SOTRA boats coexist with privately-held equivalent service providers STL and CITRANS, creating a similar dilemma. More consistency in government interventions is required.\textsuperscript{3}

The regulation also explains how PPP projects are chosen and each stakeholder’s role. The following is the approval procedure:

**Phase 1: Project identification and selection**

The procedure begins with identifying projects based on brief feasibility studies approved by the PPP Unit, followed by PPP project registration in the National Development Plan and acknowledgement in the state budget. However, many projects in the PPP portfolio are chosen without feasibility studies, and the decision to construct a project through a PPP is not always transparent.\textsuperscript{4} Construction can be decided before the prefeasibility study results are in, making it impossible for the administration to evaluate the project on its merits.

**Phase 2: Project preparation**

Preliminary studies are conducted on projects identified as PPPs. An annual conference is held to assess all projects submitted by technical ministries and other public organisations to choose them for inclusion in the PPP Unit’s official list of PPP projects. While the PPP Decree stipulates that each PPP project be evaluated, it is silent on the various methodologies and criteria used. It merely stipulates that the technical and financial aspects of the PPP project’s economic and social development impact should be considered. Value for money is not assessed systematically.

Project preparation needs improvement with specific criteria and methodologies to assess the PPP projects. Poorly prepared projects increase the risk of failure since the private sector is not well informed because of fair assessments of some crucial dimensions of the projects (social, technical, financial, risk assessment and environmental aspects). Therefore, it may take time to get more information on the project, and if implemented, the project may lead to some renegotiation or in some cases cancellation. Poorly prepared projects may also lead the government to have a higher financial obligation that could be avoided if the projects were well prepared with PPP options suitable for the risks identified.

For each PPP project, there should be explicit preparatory guidelines and precise evaluation techniques. The PPP Unit should propose and apply guidelines for project identification, selection and preparation to all projects.

**Phase 3: Selection of the private contractor**

According to the tendering procedures, the public procurement code applies to PPP contracts. While the PPP decree states that the preferred way to solicit and award a PPP contract is after a call for tenders, there has been an increase in unsolicited offers and direct negotiation technique in recent years. Tender paper-work is not continuously published online, and there is sometimes a lack of openness in awarding PPP contracts. The impacts of direct negotiation on the implemented PPP projects are not known, and it is too early to see the consequences of such procurement methods. Creating and adhering to defined procurement standards for PPP projects is thus essential.

**Phase 4: Contract negotiation**

Following the selection of the private sponsor, a negotiation committee is formed including officials from the technical ministry, Ministry of Budget, Ministry of Finance and the PPP Unit.
Phase 5: Contract follow up

The Technical Minister, with the help of the PPP Unit, appoints a new committee to oversee the project’s implementation until the conclusion of the contract period. The process is adaptable and reflects the wide range of circumstances in evaluating and contracting PPPs today. There is no standard PPP contract, and the contracts are not available online. The PPP decree, by contrast, lists several key provisions that should be included in every PPP contract. These provisions include the contract’s subject, the contractor’s remuneration and method of calculation, the contract’s duration and the fate of the infrastructure if the contract is terminated early, the performance targets, the conditions of contract review, amendment and termination of contract and risk transfer, and the designation of the entities in charge. The contract is silent about refinancing. Because it is common for long-term funding to be refinanced on more practical terms, a PPP contract must cover the issue of refinancing.

The existing PPP framework makes it easier to put PPP projects into action. However, the government must improve the legal and institutional conditions for PPP implementation and move towards a long-term legal framework for PPPs through legislation.

6. INSTITUTIONAL CAPACITY

The government established the PPP Unit, the National Steering Committee on PPPs, in 2012 as the decision-making, validation, and counselling body. With the approval of two new decrees in 2018, the institutional framework for PPP was reformed.

The Committee now has three organs under the Prime Minister’s authority:

- The supervisory committee comprises the president of the PPP Unit and representatives from the project’s central ministries. It establishes the general objectives of the CNP PPP’s activities and guarantees that they are followed.
- The president is responsible for the overall management and conduct of the operational activities.
- The operational unit comprises a general secretariat and a support unit in charge of legal and financial PPP contract structuring.

The Committee’s mission is to promote the growth of PPPs in Côte d’Ivoire, assist contracting authorities at each level of the PPP process, and manage the PPP research fund. Institutions in the PPP landscape, in addition to the PPP Unit, include:

- The Technical Ministries are the initiators and contracting authorities for any PPP project. They are supported by the sectoral operators such as Ageroute in the road subsector and the Autonomous Ports of Abidjan and San Pedro in the maritime transport sector.
- The Investment Promotion Centre.
- The Ministry in charge of Finances signs any PPP contract on behalf of the government.
- The Ministry in charge of the budget assesses the PPP merits and follows up on the fiscal impacts on the government.

In theory, the PPP Unit provides advice on all areas of PPP projects (choice, planning, and implementation) and assesses the work of other stakeholders. The PPP Unit has a methodological guide or toolbox for preparing and conducting PPP processes. For each critical stage in the delivery of PPP projects—identification and preliminary analysis, preparation and completion of the transaction, financial close-out, execution, monitoring and evaluation, contract review—the guide includes methodologies, standard documents, procedural guides and recommendations, and standard financial models for a rigorous analytical process. But the PPP Unit’s role is sometimes limited in practice, since it does not intervene in all elements of PPP projects. Standard documentation is not provided for each phase of the PPP process, and no documents are made available online.

The Committee’s medium to long-term strategic planning for PPPs has not yet been completed, and if it has, it has not been made public. The PPP Unit has a high turnover rate and is understaffed, with only 10 full-time employees. It frequently uses external transaction advisors and consultants to conduct its tasks. Similar resource restrictions challenge the technical ministries, including a lack of competence and experience in PPP development.

The PPP preparatory fund indicated in Decree 2018-359 has yet to be established. The studies are currently sponsored by the PPP Unit’s budget, to be reimbursed later by the project’s private sector partner. The government could use technical assistance funding from the development finance institutions (DFIs). But their mobilisation procedures and timeliness can take time and not always correspond to the government’s approaches and goals. Even so, the government quickly received DFI funding to help strengthen the capacity of public actors involved in PPPs, including the PPP Unit.

A shortage of project preparation money could explain the inclination to accept unsolicited proposals from private sponsors in recent years. The current institutional setup is insufficient. A developing country with limited capability, such as Côte d’Ivoire, should concentrate all the skills required for PPP in one institution and provide all the necessary financial resources to conduct the research. As in France, the country might establish a PPP Observatory to retain expertise and share lessons from previous programmes.
7. FUNDING AND FISCAL RISK MANAGEMENT

A PPP receives funds from the government in many ways, and the government gets involved with grants, subsidies, debt, equity, and other direct financial support. But no document provides clear criteria or directions for employing the available instruments on a case-by-case basis.

These instruments subject the government to two types of financial commitments: direct commitments that result in predictable flows, and contingent commitments that are contingent on an unpredictable event. Capital subsidies are most common, such as viability-gap payments; availability payments; volume-based payments for services, such as shadow tolls or subsidies; tax incentives; payments related to government risks, such as revenue, exchange rate, and interest-rate guarantees; payments related to regulatory risks, early termination, and extraordinary events; and payments arising from debt guarantees. Renegotiations, disagreements, and implicit promises can cost a lot of money, especially for financially challenged enterprises.

The Ministry of Finance and the Ministry of Budget engage in the PPP project life from the beginning to examine the financial expenses to the government and to control the financial risk of PPP projects. The Council of Ministers should approve any PPP after being validated by the regulatory authorities before implementation. On behalf of the government, the Technical Minister and the Minister of Finance sign all PPP contracts.

Under IMF guidance, the government has had a structure to manage the financial risk associated with PPP projects since 2018. All PPP contracts include an annual budget risk assessment, which is made public.

The findings of a recent budget risk evaluation of PPP contracts, completed in July 2021, are reassuring: the budgetary risk associated with existing PPP contracts is modest. But given the increased use of PPP in the coming years, it is proposed, as part of executing the PND 2021-2025, that the government should set an annual ceiling on direct and contingent liabilities related to PPP projects.

8. ACCESS TO FINANCE

PPP projects are often financed using a combination of equity and debt using Project Finance. Private equity funds in the West African region—such as the Africa Finance Corporation and AF-RICA50, and several multilateral finance institutions (IFC, Private Sector Window AfDB, EIB)—can contribute equity through mezzanine financing. Multilaterals, DFIs (FMO, DEG, Proparco), and the West African Development Bank (BOAD) supply debt in hard currencies with long tenors (more than 10 years), while BOAD and some local commercial banks provide debt in local currency. Export credit agencies also provide funds to help enterprises participate in their respective countries. Because their resources are limited in amount and tenor, and their pricing is less competitive, local banks are not highly involved in financing PPP projects.

Credit enhancements are available through MIGA Political Risk Insurance, the World Bank’s Partial Risk Guarantee, the Partial Credit Guarantee, and some DFI hedging instruments.\(^8\) When the same DFIs and institutions fund all PPP projects in a country, the country may be subject to the DFI single obligor country and sector limits. As a result, Côte d’Ivoire needs to diversify its PPP financing sources.

The government can issue infrastructure bonds in local currency to avoid exchange risks in PPP projects (but the domestic bond market is not yet developed). The government intends to expand the domestic bond market in the short and medium term by enticing international asset managers to engage in the regional bond market, which WAEMU banks currently dominate.

Côte d’Ivoire could review how Brazil and India developed the market for infrastructure bonds denominated in local currency to match the currency of revenues from the projects, especially in sectors such as transportation, water, and telecom where users pay in local currency. The government could set up a guarantee fund to assure guarantee recipients that sufficient money will be available without delay to address any liabilities the government might incur. It could also consider setting up a sovereign wealth fund to invest in infrastructure PPP projects to facilitate their financing.
9. TRANSPARENCY AND DISCLOSURE

Two institutions oversee audits of government services and projects. The Court of Accounts is the highest in charge of overseeing public finances and plays a critical role in ensuring that the state is well-managed, transparent and accountable. It has yet to audit a PPP project. The General Inspectorate of Finance, a financial and economic governance structure, can execute internal audit engagements of projects funded or co-financed by the World Bank and other technical and financial partners and its traditional inspection duties of public services. It has not yet audited the PPP projects.

PPP projects are subject to periodic audits by contracting authorities following Article 27 of the PPP Decree. They may need the PPP Unit’s assistance to complete these audits. In addition to the regulation, all PPP contracts stipulate that the projects be audited regularly. External consultants conduct the audits, covering PPP projects’ legal, operational, and financial elements.

In practice, audits are conducted only when serious issues are detected and renegotiation is required. The audit results are not made public, so the decree should establish the audit frequency, which should be made public.

The government should thus adopt the best practice of doing regular audits of PPP projects since not doing them may alter the quality of construction and delay or stop the projects. And if the operating projects are not regularly audited, that could alter the quality of service and lead to renegotiation, which could increase the cost of service to customers and the financial support required from the government.

10. PEOPLE-FIRST PUBLIC-PRIVATE PARTNERSHIPS

The People-First PPPs aim to provide excellent value for money and routine public services. Their development impact is a top priority of the International Finance Institution initiatives. And the IFC’s Anticipated Impact Measurement and Monitoring (AIMM) system and the AfDB’s Additionality and Development Outcomes Assessment (ADOA) framework must be used in all projects that they sponsor. When it comes to the environment, most PPP projects adhere to the IFC’s Performance Standards and the AfDB’s Integrated Safeguards System.

The People-First requirements for each PPP contract should thus be included in the PPP Decree or statute. As a result, before adopting their rules for PPP projects in Côte d’Ivoire, the government could consult with the United Nations Economic Commission for Africa (UNECE).

11. REGIONAL PUBLIC-PRIVATE PARTNERSHIPS

Côte d’Ivoire is a participant in 14 regional projects within ECOWAS. Some have already been completed with public funds (the Soubre hydropower plant, the Côte d’Ivoire-Liberia-Sierra Leone-Guinea interconnection and the Côte d’Ivoire-Mali interconnection, for example). It also participates in seven regional projects under the Programme for Infrastructure Development in Africa and 11 under WAEMU regional economic programmes projects.

Despite this participation, it has made no explicit effort to promote regional PPP ventures. This could be due to the difficulty of coordinating national governments with the private sector or with sectoral strategies that are sometimes incompatible. Internally, there may be a lack of people resources and coordinating capabilities.

Regional PPP projects are unfamiliar territory for the PPP Unit, which nonetheless has been linked to WAEMU’s adoption of the PPP framework strategy, execution, and the draft directive on PPPs’ legal and institutional framework.

The PPP Unit is currently working on a regional PPP project (the dry port of Ferkessedougou). The Abidjan international bus terminal (part of the ECOWAS CPD) was given to a concessionaire in 2013, but the contract was revoked after the concessionaire could not start the work. The unsuccessful SITARAIL concession with Bollore, established before creating the PPP Unit in 2012, is the other regional PPP initiative already realised.

Given the significant benefits that successful regional PPPs can bring to the country, the government should host and staff a “project institution” that would be officially responsible for managing the development of specific regional PPP projects on behalf of participating governments.
<table>
<thead>
<tr>
<th>Project</th>
<th>Sector</th>
<th>WAEMU</th>
<th>ECOWAS</th>
<th>NEPAD/PIDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abatta thermal plant</td>
<td>Energy</td>
<td>PER II</td>
<td></td>
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<tr>
<td>Road Bouna Doropo–Burkina border</td>
<td>Transport</td>
<td>PER I</td>
<td>CDP</td>
<td></td>
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<tr>
<td>Road Tingrela–Boundiali–Mali</td>
<td>Transport</td>
<td>PER I</td>
<td>CDP</td>
<td></td>
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<tr>
<td>Road Guinea–Sirana–Odienne–Boundiali</td>
<td>Transport</td>
<td>PER I</td>
<td>CDP</td>
<td></td>
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<tr>
<td>Road Katiola–Ferke–Ouagolo</td>
<td>Transport</td>
<td>PER II</td>
<td></td>
<td></td>
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<tr>
<td>Highway Yamoussoukro–Bouake–Zegoua–Sikasso</td>
<td>Transport</td>
<td>PER II</td>
<td></td>
<td></td>
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<tr>
<td>Road Man–Odienne–Mali border–Bougouni–Manankoro</td>
<td>Transport</td>
<td>PER I</td>
<td>CDP</td>
<td></td>
</tr>
<tr>
<td>Construction railways Ouangolodougou–Nielle–Sikasso</td>
<td>Transport</td>
<td>PER II</td>
<td></td>
<td>PIDA PAP II</td>
</tr>
<tr>
<td>Rehabilitation railways Abidjan–Ouagadougou–Kaya–Niamey–Cotonou–Lomé</td>
<td>Transport</td>
<td>PER II</td>
<td>CDP</td>
<td>PIDA PAP II</td>
</tr>
<tr>
<td>Dry port of Ferkessedougou</td>
<td>Transport</td>
<td>PER II</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Modernisation of coastal corridor</td>
<td>Transport</td>
<td>CDP</td>
<td></td>
<td>PIDA PAP II</td>
</tr>
<tr>
<td>Multipurpose dam of Nioumbel</td>
<td>Water</td>
<td>CDP</td>
<td>PIDA PAP II</td>
<td></td>
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<tr>
<td>Dakar–Praia–Abidjan shipping and maritime service</td>
<td>Transport</td>
<td>CDP</td>
<td>PIDA PAP II</td>
<td></td>
</tr>
<tr>
<td>Construction of the Abidjan bus terminal</td>
<td>Transport</td>
<td>CDP</td>
<td>PIDA PAP II</td>
<td></td>
</tr>
<tr>
<td>Construction of a technological park</td>
<td>Telecom</td>
<td>CDP</td>
<td>PIDA PAP II</td>
<td></td>
</tr>
<tr>
<td>Hydroelectric plants of Louga 1 and 2</td>
<td>Energy</td>
<td>CDP</td>
<td>PIDA PAP II</td>
<td></td>
</tr>
<tr>
<td>Interconnection Côte d’Ivoire–Liberia–Sierra Leone–Guinea</td>
<td>Energy</td>
<td>CDP</td>
<td></td>
<td>PIDA PAP II</td>
</tr>
<tr>
<td>Hydroelectric plant of Soubre</td>
<td>Energy</td>
<td>CDP</td>
<td></td>
<td>PIDA PAP II</td>
</tr>
<tr>
<td>Interconnection Côte d’Ivoire–Mali</td>
<td>Energy</td>
<td>PER II</td>
<td>CDP</td>
<td></td>
</tr>
<tr>
<td>Abidjan–Lagos corridor highway</td>
<td>Transport</td>
<td>CDP</td>
<td>PIDA PAP II</td>
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<tr>
<td>Implementation of a regional internet exchange point</td>
<td>Telecom</td>
<td>CDP</td>
<td>PIDA PAP II</td>
<td></td>
</tr>
<tr>
<td>Road Abidjan–Ouagadougou</td>
<td>Transport</td>
<td>CDP</td>
<td>PIDA PAP II</td>
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</table>
## 12. READINESS SCORECARD SUMMARY

<table>
<thead>
<tr>
<th>THEMES</th>
<th>READINESS QUESTIONS</th>
<th>YES</th>
<th>NO</th>
<th>PRIORITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>General background environment</td>
<td>Do the economic fundamentals and business climate in the country facilitate successful PPPs?</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>PPP experience</td>
<td>Does the government have any successful experience implementing PPPs?</td>
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<tr>
<td>Stakeholder support and ownership</td>
<td>Is there general support for PPPs from government, the general public and other key stakeholders?</td>
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<tr>
<td>PPP legal and regulatory framework</td>
<td>Does the existing framework facilitate successful PPPs? Are there improvements that need to be made to the framework through amendments in existing legislation/regulations/rules, or through new/additional legislation or adequate guidelines?</td>
<td></td>
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<tr>
<td>PPP institutional capacity</td>
<td>Is there a second tier of PPP-related institutions and processes, which facilitates the implementation of the law, regulations, rules and policies?</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Funding and fiscal risk management</td>
<td>Does the government provide funding support to PPPs in the form of debt, equity, grants or guarantees? Does the government effectively identify and manage fiscal risk associated with PPPs?</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Access to finance</td>
<td>Are there project financing structures and sources available to support PPPs?</td>
<td></td>
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<tr>
<td>Transparency and disclosure</td>
<td>Are there PPP-related oversight, audit and disclosure procedures and institutions in place?</td>
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</tr>
<tr>
<td>People-first PPPs</td>
<td>Is this country’s PPP legal/regulatory/institutional framework consistent with principles established by the UNECE International PPP Centre of Excellence regarding “people-first” PPP projects?</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Regional PPPs</td>
<td>Is the government prepared to identify, develop and manage cross-border PPPs, PIDA PAP 2 PPP projects or other kinds of regional PPPs involving benefits for multiple countries?</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
NOTES

1. The PPP Unit is not alone in deciding on PPP projects. A committee including the Ministry of Budget, the Ministry of Finance, the technical ministries and the PPP Unit makes the decisions. So the fiscal issues are discussed at this committee. Because the justifications for projects are not always clear, some political motivations could explain some choices.

2. Some decrees on PPPs are signed by the President, but no binding legislation is passed before the Parliament.

3. While the power sector distinguishes between the public sector and the PPP projects, the government strategy is not clear. It could be clear by stating that all production projects will be independent power producers. This is not the case since some hydropower plants continue to be developed with public financing.

4. Even for a good PPP, the right PPP options might not be selected. There are also risks of overcharging the government, renegotiating terms and having projects fail.

5. There may be some rules for the composition of the committees, but they are not evident. Most members are civil servants who are not well versed on PPP issues.

6. The government does not share in any gains from refinancing, but in some cases it has provided loans directly or indirectly supporting a project through guarantees.

7. The PPP Unit advises the technical ministries, participates in the committees involved in PPP projects and coordinates any activity related to PPPs. The final approval is given by the council of ministers with the blessing of the sector regulator.

8. MIGA political risk guarantees were used for the first PPP projects and during the country’s political crisis. Since the risk rating of the country has improved, they are less used now.

9. The audits are performed by external consultants recruited by the contracting authorities.

10. The AIMM is a complicated tool even within IFC. The PPP decree mentions that PPPs should balance the financial, economic and social interests of parties without indicating how to evaluate the benefits.