Emerging Analysis

The role of the private sector and technical education in inclusive economic prosperity in Côte d’Ivoire

Derrick Abudu

May 2023

Key messages

The Ivorian economy has exhibited high growth since the post-conflict period (2012), with important contributions coming as a result of political stability and the implementation of National Development Plans. Nevertheless, the distributional impact of this growth remains limited, with persistent disparities related to the availability of basic infrastructure, access to training and jobs, and income and poverty levels between urban centres and non-urban areas.

This emerging analysis explores possible entry points in accelerating improvements to living standards in Côte d’Ivoire in an inclusive way. These include maximising value chain opportunities in cocoa, cashew and cotton textile products, which are accessible in nearly all parts of Côte d’Ivoire, in which the country has a comparative advantage and whose exports are currently concentrated in the primary (or unprocessed) stages.

Linking micro, small and medium-sized enterprises (MSMEs) in urban and non-urban areas to these value chains will also activate higher employment and induce structural transformation at a wider scale. To activate these linkages, it will be important, especially in non-urban areas, to equip the labour force with quality foundational education, and targeted technical and vocational education and training and apprenticeships; expand MSMEs’ access to affordable credit; and attract and promote foreign direct investment–MSME linkages to enhance MSMEs’ know-how, innovativeness, technology and capital.
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How to cite: Abudu, D., (2023) The role of the private sector and technical education in inclusive economic prosperity in Cote d'Ivoire. ODI Emerging Analysis. London: ODI

Disclaimer: the content of this publication has been produced rapidly to provide early ideas and analysis on a given theme. It has been cross-read and edited but the usual rigorous processes have not necessarily been applied.
Acknowledgements

The authors would like to thank Alberto Lemma, Sherillyn Raga, Marieke Kelm and Dirk Willem te Velde for their comments on earlier drafts of this paper. This study has been commissioned by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German government. The views presented in this publication are those of the authors and do not necessarily represent the views of GIZ, the German government or ODI. Comments are welcome to d.abudu@odi.org.uk

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## Acronyms

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<th>Acronym</th>
<th>Definition</th>
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<tbody>
<tr>
<td>AfCFTA</td>
<td>African Continental Free Trade Area</td>
</tr>
<tr>
<td>FDI</td>
<td>foreign direct investment</td>
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<tr>
<td>GDP</td>
<td>gross domestic product</td>
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<tr>
<td>GVC</td>
<td>global value chain</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>LCU</td>
<td>local currency unit</td>
</tr>
<tr>
<td>MSMEs</td>
<td>micro, small and medium-sized enterprises</td>
</tr>
<tr>
<td>NDP</td>
<td>national development plan</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>TVET</td>
<td>technical and vocational education and training</td>
</tr>
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<td>WDI</td>
<td>World Development Indicators</td>
</tr>
</tbody>
</table>
1 Introduction

This study provides insights into how Côte d’Ivoire can harness the potential of its private sector to encourage inclusive growth, especially in its non-urban areas. It assesses the binding constraints to the growth of the private sector and how key value chains in the country can be critical to the structural transformation of the economies of non-urban areas. The role of technical and vocational education and training (TVET) in providing non-urban individuals with the modern job-ready skills required for formal employment is analysed. The study also looks at how TVET can be critical for upgrading micro, small and medium-sized (MSMEs) operating in non-urban centres.

In the period 2002–2011, Côte d’Ivoire’s annual gross domestic product (GDP) per capita was highly volatile, averaging -1% per annum and reaching a nadir of -7% in 2011, mainly as an impact of the conflict in the country (see Figure 1). After the end of the crisis in 2011, GDP per capita entered a high growth phase, averaging 5% yearly from 2012 to 2019 and reflecting an increase in GDP per capita from CFA 948,000 in 2012 to CFA 1,354,000 in 2019¹ (see Figure 1). The driver for the expansion in GDP per capita was political stability and the restoration of macroeconomic stability after the end of the crisis. At the sectoral level, contributions to GDP per capita growth came through expansions in the agriculture and services sectors, chiefly in banking and telecommunications.

¹ In GDP per capita (constant 2015 US$) equivalent, from $1,602,900 in 2012 to $2,289,400 in 2019.
Figure 1  GDP per capita growth, 1990–2021

Despite the rise in GDP per capita, Côte d’Ivoire still requires structural transformation to generate more productive jobs, especially for individuals dwelling in non-urban areas. More specifically, the country is still dependent on agricultural output in primary form. The agriculture sector is second only to services in terms of employment contribution, with many jobs being informal or low-skilled. In addition, the country’s exports, chiefly those of agricultural products like cotton, cashew and cocoa, are unprocessed.

Equitable distribution of the gains of growth is another challenge the country faces, as better social conditions and business environment opportunities are concentrated in urban areas. Starting with poverty, as a result of the recovery in economic growth from 2011, the poverty rate\(^2\) declined from 34% in 2011 to 28% in 2015 (World Bank, 2020a). However, this masks the rural–urban gap in poverty. In rural areas, 40% of the population was poor compared with only 16% in urban areas (ibid.).

Similar wide gaps exist for access to electricity. The proportion of people with access to electricity in urban areas is about twice that of rural areas (see Figure 2). Access to electricity will be critical for the economic transformation of rural areas as the processing of raw materials and manufacturing will require more electricity.

There is also unequal access to TVET, with most of the TVET educational institutions concentrated in the southern urban areas of the country (ILO, 2020).

Meanwhile, in the private sector, firms that operate outside Abidjan generally export less, use fewer imported intermediate inputs, rely less on formal sources of finance for investment and spend more time dealing with bureaucrats (see Table 1).

\(^2\) Using the $1.90 a day poverty line, 2011 purchasing power parity.
Figure 2  Access to electricity by rural and urban population

![Graph showing access to electricity by rural and urban population from 2012 to 2020.]

Source: Own calculations using data from World Bank WDI.

Table 1  Business environment and enterprise activities

<table>
<thead>
<tr>
<th></th>
<th>Abidjan</th>
<th>Rest of the country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firms exporting directly or indirectly (at least 10% of sales) (%)</td>
<td>12.3</td>
<td>7.5</td>
</tr>
<tr>
<td>Firms using material inputs and supplies of foreign origin (%)</td>
<td>46.4</td>
<td>21.6</td>
</tr>
<tr>
<td>Firms using banks to finance investments (%)</td>
<td>26.8</td>
<td>4.1</td>
</tr>
<tr>
<td>Proportion of investment financed by banks (%)</td>
<td>16.4</td>
<td>4.3</td>
</tr>
<tr>
<td>Senior management time spent dealing with the requirements of government regulation (%)</td>
<td>14.8</td>
<td>17.2</td>
</tr>
</tbody>
</table>

Source: Own calculations using World Bank Enterprise Survey data, Côte d’Ivoire (2016).
2 Private sector and inclusive growth

The urgently needed structural transformation to enable greater inclusive growth in Côte d’Ivoire will require the private sector to foster the creation of more productive jobs; to leverage African Continental Free Trade Area (AfCFTA) opportunities to export more value-added products regionally and upgrade in global value chains (GVCs); and to develop higher absorptive capacity to host and benefit from inward foreign direct investment (FDI).

For this to happen, constraints hampering the private sector, especially MSMEs in rural areas, must be addressed. According to the International Finance Corporation (IFC, 2020), Côte d’Ivoire faces business environment constraints (gaps) in five areas:

- access to finance: limited access to credit for the agriculture and manufacturing sectors
- business environment: informality, small firm size, difficulty in internationalising and low competition
- transportation and logistics: poor road infrastructure and lack of temperature-controlled logistics to transport certain agricultural products
- digital connectivity: weak connectivity and limited digitisation of value chains
- skills: the cashew and rubber sectors with a lack of skills; smallholder farmers lacking modern techniques.

Addressing these gaps could ensure the rapid formalisation of informal MSMEs, foster the upgrade of quality and the sophistication of products, and increase the structural transformation of employment in the country, especially in rural areas.

The other critical area that can be leveraged to foster private sector-led inclusive growth involves expanding the skills of the workforce and of MSME owners and managers. To this end, access to modern TVET will be critical. Enhanced skills are essential to the efficiency of workers and the innovativeness of MSMEs. Particularly for non-urban MSMEs and individuals, access to modern skills is necessary to attain formal jobs, and this can also enable the diversification of the local economy of such areas.

FDI inflows can also be crucial in supporting the private sector towards inclusive growth. Through knowledge and technology
transfer, as well as providing access to a larger market, FDI can increase productivity and improve product quality (Harding and Javorcik, 2012; Gorodnichenko et al., 2014) among Ivorian MSMEs.

2.1 The role of value chains

2.1.1 GVC participation and inclusive growth

Participation in GVCs, by specialising in a cross-border production process segment, could create opportunities for Côte d’Ivoire to expand and diversify its exports to spur inclusive growth. The channels through which economic benefits are associated with GVC participation include access to higher-value intermediates and technology, economy of scale gains associated with selling to a large market, knowledge-sharing among networks and productivity-enhancing competition (López, 2005; Del Prete et al., 2017; Pahl et al., 2022; Yanikkaya et al., 2022).

However, the gains from GVC participation depend on the type of engagement – that is, the sophistication of participation. According to the World Bank (2020b), participation in GVCs can be classified into (i) high commodities, with a high share of primary goods in total domestic value-added in exports; (ii) limited commodities, with a moderate share of primary goods of total domestic value-added in exports; (iii) limited manufacturing; (iv) advanced manufacturing and services; and (v) innovative activities, with high levels of research and development. The implication is that the economic gains from GVC participation, through knowledge and productivity growth, are higher when a country buys and sells high-quality processed products on global markets.

2.1.2 Position of Côte d’Ivoire in GVCs

In the context of Côte d’Ivoire, the bulk of production and exports has yet to benefit from higher knowledge and productivity spillovers associated with participating in sophisticated segments of GVCs. More specifically, the country’s GVC participation has declined from an average of 32.4% of total exports to 29.8% in recent years (Figure 3). Also, its participation is mainly in forward linkages – that is, the supply of intermediates to other countries to process as exports. Backward linkages – the use of foreign inputs in Côte d’Ivoire’s exports – are the prominent driver of GVC integration, as this is the main conduit for product upgrading and increased productivity, crucial for creating more productive jobs.
An assessment of GVC participation at the sectoral level shows that forward integration is the main form of integration for the country’s critical sectors – wood and paper, agriculture, fishing, food and beverages, and textile and wearing apparel – which are labour-intensive and critical to inclusive growth. Equally crucial is that these sectors are the country’s primary sources of comparative advantage, which can be leveraged to upgrade and grow exports.

To increase its gains from GVC participation, Côte d’Ivoire will need to leverage opportunities in sectors for which it has an established comparative advantage, which are at least moderately labour-intensive and whose activities are accessible in non-urban areas. Cocoa, cashews and cotton are crops in which Côte d’Ivoire has a revealed comparative advantage and are significant contributors to exports. These crops also span both urban and rural areas. The
value chains of these crops, (partly) because of their potential for job creation, economic diversification and export upgrade, have been considered among the priority sectors under the country’s National Development Plans (NDPs) 2016–2020 and 2020–2025.

Table 2  Revealed comparative advantage

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<tbody>
<tr>
<td>Agriculture</td>
<td>46.16</td>
<td>51.59</td>
<td>48.58</td>
<td>48.78</td>
</tr>
<tr>
<td>Minerals</td>
<td>9.77</td>
<td>10.06</td>
<td>14.17</td>
<td>11.33</td>
</tr>
<tr>
<td>Chemicals</td>
<td>12.04</td>
<td>13.49</td>
<td>16.48</td>
<td>14.00</td>
</tr>
<tr>
<td>Textiles</td>
<td>9.95</td>
<td>11.29</td>
<td>12.90</td>
<td>11.38</td>
</tr>
<tr>
<td>Stone</td>
<td>2.41</td>
<td>2.08</td>
<td>3.02</td>
<td>2.50</td>
</tr>
<tr>
<td>Metals</td>
<td>1.34</td>
<td>1.28</td>
<td>1.33</td>
<td>1.32</td>
</tr>
<tr>
<td>Vehicles</td>
<td>4.78</td>
<td>2.04</td>
<td>7.13</td>
<td>4.65</td>
</tr>
<tr>
<td>Machinery</td>
<td>4.19</td>
<td>2.15</td>
<td>9.87</td>
<td>5.40</td>
</tr>
</tbody>
</table>

Source: Own calculations using data from the Growth Lab, Harvard University.

2.1.3 Profiles of crucial value chains

Cocoa

Côte d’Ivoire accounts for about 43% of the world’s cocoa bean production (Grumiller et al., 2018a), and the crop is one of the country’s main exports and revenue contributors. Additionally, cocoa production employs over 1 million farmers (Coulibaly and Erbao, 2019). However, the country is not reaping most of the economic benefits from the global cocoa value chain, as its participation is mainly in the supply of cocoa beans and intermediate products. From 2015 to 2019, five products accounted for 58% of the total exports of goods from the country, with cocoa beans and by-products alone accounting for 40% (IMF, 2022).

According to Grumiller et al. (2018b), Côte d’Ivoire’s cocoa value chain can be divided into the following stages:

- Smallholder farmers (with 3–5 ha on average) produce cocoa beans.
- Most farmers sell their cocoa beans to private intermediaries at the farm gate, as opposed to cooperatives.
- These intermediaries deliver the unprocessed cocoa beans to around 100 multinational exporters.
- A share of the cocoa beans is processed into intermediate products (cocoa paste, butter and powder).
- Most of the unprocessed beans or intermediate products are exported.
- A small proportion of cocoa is used for local chocolate manufacturing.

The cocoa processing (grinding) capacity in Côte d’Ivoire increased to 741,000 tons in 2016/17 from 350,000 tons in 2003/04 (Grumiller et al., 2018b), mainly thanks to tax breaks on the export of processed cocoa and tax incentives in investment zones. Despite this expansion in grinding capacity, the country’s market share in all processed
cocoa products (like paste and butter), which stood at 4.6% in 2010, had fallen to 3.4% in 2019 (IMF, 2022). One of the main priorities of the Ivorian government for the crop, as anchored in the NDP 2016–2020, is to increase the share of locally processed cocoa beans to 50%. Growing local cocoa processing will be crucial to expand chocolate manufacturing, which has a potentially higher linkage effect with other sectors and job creation than exists in producing cocoa beans and intermediates. For this to happen, less processed cocoa (or intermediates) should be exported.

**Cashews**

Côte d’Ivoire is one of the world’s leading producers and exporters of cashews. The country was the largest exporter from 2013 to 2018, with average annual exports of 605,000 tons (UNCTAD, 2021). Nonetheless, Côte d’Ivoire does not benefit from the full value creation and employment potential as it processes little of its cashew production. The country exports most of its cashews in unprocessed form, with only 7% of the processing done in the country (World Bank, nd). In context, in 2018, Côte d’Ivoire processed 68,000 tons of cashew compared with Vietnam’s 1,450,000 tons (ibid.).

The primary reasons for this low level of processing of cashews are limited access to finance and the high cost of importing processing machinery and equipment (Soro et al., 2011). In addition, crop production is carried out chiefly by small-scale farmers, with 17% being female farmers, and associations of producer groups are still weak (Kone, 2010; Soro et al., 2011). The weak nature of producer groups hampers farmers’ ability to access inputs such as credit and to participate in downstream activities such as processing.

**Cotton textiles**

Côte d’Ivoire is one of the leading cotton producers in Africa, with 990,000 bales produced in 2019/20 (Archibald, 2020). The crop represents one of the country’s labour-intensive industries, as it is primarily hand-picked and supports 117,766 cotton producers in the northern part of the country, where poverty is higher (IFC, 2020). With $321 million worth of exports, Côte d’Ivoire accounted for 2% of global exports in 2019. Nonetheless, the country still has much to do to make inroads into the global textile industry. Spinning and weaving and clothing manufacturing activities in the country are limited. Also, value-added cotton exports are small, with woven fabrics (HS 5208) being the only product export, recording $19.3 million in 2019. To this end, to leverage the immense opportunity in domestic cotton production, an increase in investment in the textile industry, and the accompanying skills, will be required.

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3 https://atlas.cid.harvard.edu/explore
4 Ibid.
2.1.4 Interventions to leverage opportunities in selected value chains

**MSME development**

Participating in GVCs, even in highly sophisticated segments, will not guarantee significant benefits for Côte d'Ivoire. What is crucial is for Ivorian MSMEs, especially those in non-urban areas, to have the capacity to supply or buy with lead GVC firms.

Access to finance is a crucial constraint to MSMEs in the agriculture and manufacturing sectors in Côte d'Ivoire (IFC, 2020). Easing this constraint, which is acute for cashew farmers (Soro et al., 2011), chocolate producers (IFC, 2020) and cocoa grinders, could foster investment activity and increase access to the higher-quality intermediates and equipment required for product upgrades. Specifically, access to credit is essential for Ivorian cocoa grinders since credit is often required to purchase cocoa beans (Grumiller et al., 2018a).

Capacity-building in the form of training is also vital for domestic MSMEs, especially those in non-urban areas, to upgrade their products and upgrade them in GVCs. Meanwhile, reforming the TVET system to increase the pool of job-ready skilled labour will make it possible to provide the technical skills required to upgrade critical sectors like cashew production.

Finally, domestic firms’ linkages with lead GVC firms is crucial to transfer essential technology and production know-how. This can be done by making information on global supplier and buyer opportunities available to MSMEs. Such linkages can be fostered between urban and non-urban MSMEs and then with foreign firms.

**Leveraging FDI opportunities**

Exposure to foreign firms often encourages internationalisation, so policies aimed at attracting FDI are crucial to enhance Côte d’Ivoire’s GVC participation. To this end, the National Investment Promotion Agency can advertise the country’s investment opportunities and create a platform for matchmaking between domestic enterprises and lead GVC firms. Investment promotion is reportedly an effective way to attract FDI (Harding and Javorcik, 2011; Crescenzi et al., 2021). When targeted at enterprises, crops or sectors in non-urban areas, this can be a crucial conduit to their internationalisation and the economic transformation of such areas. As a precursor, a foundational institutional framework will be required to address potential investment disputes and ensure adherence to regulatory standards (World Bank, 2021).

**AfCFTA opportunities**

To attract higher investment, processed products require access to a large market. The AfCFTA provides this. Ivorian enterprises can
leverage African regional value chains to upgrade the quality and sophistication of their products and skills in external trading, which is essential for participating in GVCs. A crucial starting point will be for the country to advance efforts towards meeting the requirements to trade under the AfCFTA Guided Trade Initiative, such as defining and reporting tariff schedules (Rao, 2022), among others, so it can offer Ivorian enterprises the opportunity to trade processed products regionally. This will be crucial for non-urban enterprises that do not meet the specific quality standards or have the capital required to meet the fixed cost of trading with advanced countries.

2.2 The role of TVET in inclusive growth

2.2.1 Skills and development

Access to quality TVET will be critical in Côte d’Ivoire’s drive to increase inclusive growth. One of the main mechanisms through which TVET can foster inclusive growth is provision of the required pool of skilled workers to support the modernisation of critical sectors like agriculture to include the production of higher value-added products, which in turn will foster the creation of more productive jobs, crucial for alleviating poverty. Acquiring skills through education increases individuals’ probability of being employed and earning a higher wage by making them more productive (Carneiro et al., 2010). This is already evident in the Ivorian labour market. Among workers without an education, only 50% of men and 45% of women obtain paid employment in the formal sector, compared with 60% of those who have completed secondary schooling (ILO, 2020).

2.2.2 State of TVET in Côte d’Ivoire

Côte d’Ivoire has 62 public and 680 private TVET institutions, 13 (non-formal) public delivery units operating in rural areas and 10 mobile training units offering non-formal training to graduates (UNESCO, 2022). The private sector provides 63.4% of the courses on offer, compared with 36.6% by the public sector (ILO, 2020). Currently, 116,000 individuals, of whom 48.3% are female, are enrolled in secondary TVET institutions in the country (UNESCO, 2022). In terms of providing the required pool of skilled workers to aid in the structural transformation of employment, the country’s TVET system still needs improvement, especially for non-urban dwellers, for a number of reasons.

First, with only 13 non-formal public delivery units operating in non-urban areas, access to modern skills is limited, which hampers development in these areas; only a quarter of manufacturing workers nationally have technical training (OECD, 2016). Linked to the issue of access to formal TVET, although the 62 existing public TVET institutions are spread across the country, most new ones under construction are in the south – that is, the relatively prosperous part of the country (ILO, 2020). This could slow the convergence in living standards of the northern and southern regions.
Second, there is the issue of the quality of training/skills mismatch – that is, a gap in the skills desired by private enterprises versus what individuals possess. The lack of linkages between training institutions and business is at the core of the issue of the skills mismatch. This is compounded by the fact that there is poor anticipation of the skills requirements of businesses because the national TVET system has limited experience in identifying and anticipating these. For instance, agriculture accounts for nearly 50% of the country’s jobs; however, training for agricultural and livestock technicians is available in only a few centres, for about 3,000 students (ILO, 2020). This issue is likely to be acute in non-urban areas because agriculture tends to be the dominant economic activity. It will be essential for the TVET system to anticipate the skills that will be required, especially for priority sectors identified in the NDP 2020–2025 and other development strategies, and to train people for these sectors.

The third issue concerns the governance of the TVET system, which is currently under the supervision of the Ministry of National Education, Technical Education and Vocational Training. In contrast with general education, TVET is poorly grounded institutionally. As a result, the capacity of the sector to develop and adhere to a long-term vision has been enfeebled by frequent changes in ministers and institutional affiliations, as well as mergers, splits and reallocations of departments and central offices.

The fourth issue relates to access to basic education, the primary source of the foundational skills like numeracy and literacy on which TVET strives. High tuition costs and distances have been reported as the main reasons primary school completion rates, especially among females (64.7% compared with 78.5% of boys), are low (ILO, 2020). As a reflection, 50% of the population aged 15–34 have not completed primary school (ibid.). This weakens the effectiveness of TVET in advancing productivity and prospects for employment, especially for everyday tasks requiring some information and communication technology knowledge.

The final issue concerns limited apprenticeship opportunities with enterprises to provide on-the-job training to complement practical skills gained through TVET. Additionally, the few enterprises that offer apprenticeships tend to be larger, with non-typical resources to offer full internship training (OECD, 2016). Ivorians who acquire skills on the job outside these (larger) types of enterprises often do so with smaller, informal enterprises without the resources to provide the required recognised (i.e. certified) training.

2.2.3 Interventions to increase TVET’s contribution to skills development

Making TVET institutions more accessible

To enhance the effect of TVET in supporting inclusive growth, more modern TVET institutions will be required across the country,
especially in northern and non-urban areas. Consultations with regional councils and municipalities before establishing TVET institutions will be crucial to provide job-ready modern skills to spur development in non-urban areas. Such stakeholder consultation will be essential to identify location-specific priorities for the skills required to diversify the locality’s economy. In the case of cotton, for instance, grown predominantly in the northern parts of the country, technical training on spinning and weaving will be important to enhance processing.

Reforming the TVET system

Adapting TVET to the needs of employers will increase the pool of skills available for economic diversification. The Ivorian government has acknowledged this issue in the past. Accordingly, agreements were signed between the private sector and the Ministry for Higher Education and Scientific Research in 2007 and the Ministry for Technical Education and Vocational Training in 2009 (ILO, 2020). However, these reforms are general, and their arrangement does not support the development of priority sectors (ibid.). Anchoring reforms to TVET to meet labour market requirements for priority sectors, especially in non-urban areas, could catalyse the structural transformation of employment. Additionally, infusing on-the-job training into the TVET system will ensure that individuals have job-ready skills.

TVET governance

Institutional transformation to improve governance and stability in leadership and actions in the TVET system will ensure that efforts to reform the system to benefit non-urban dwellers are more effective. Such transformation of the governance of TVET will ensure that the system is more equipped to keep track of the labour market’s skills requirements, especially in priority sectors in non-urban areas.

Foundational skills for the TVET system

Basic skills, including numeracy, literacy, cognitive skills, personal qualities and workplace attitude, and advanced ones, like problem-solving, general social and cultural knowledge, and use of modern tools such as IT platforms, are essential for TVET to be effective (OECD, 2016). More specifically, African countries’ emphasis on agricultural skills through TVET has yielded disappointing results, owing to the poor state of the foundational skills required to make such training effective (ibid.). The lesson for the Ivorian government is that its efforts to harness the potential of TVET to foster economic transformation, especially in non-urban areas, should consider addressing the issue of access to basic education in these places.

Increasing the availability of apprenticeships

Apart from increasing investment to enhance the quality of training and access to TVET, a reform of the TVET system to include more
apprenticeships with enterprises will be required, to increase the economy-wide impact of such investments. To this end, drawing on lessons from formal enterprises that provide apprenticeships to develop the training provided by informal firms will be critical. This will also be essential in providing the required support to MSMEs to set up specialist training programmes. Finally, recognition (through certificates) of the skills acquired through apprenticeships, especially from MSMEs or informal enterprises, will be important for the employment prospects of individuals.
Côte d’Ivoire has witnessed a rapid increase in growth since 2011 on the back of macroeconomic stability and an expansion in the role of the private sector, thanks to the political calm that followed the end of the conflict and successful implementation of the NDPs 2016–2020 and 2020–2025. Nonetheless, the private sector still has an active role to play in accelerating structural transformation and narrowing the development gap between urban and non-urban areas.

This analysis indicates that the private sector will be able to enhance the role it plays in spurring structural transformation for more inclusive growth if constraints inhibiting its performance are eased. In particular, efforts to ease constraints to the growth of MSMEs, especially those operating in non-urban areas, will be required to ensure that the benefits of private sector-led growth are equitable.

It will be critical to leverage opportunities in key value chains – cocoa, cashews and cotton textiles – where Côte d’Ivoire has a higher revealed comparative advantage and that are present in non-urban areas. This will drive diversification of the economies of these areas to spur inclusive growth. The country is among the leading producers and exporters in cocoa, cashews and cotton textiles. However, production activity and exports are concentrated in unprocessed products. The development of MSMEs operating in these chains will be essential to leverage the opportunities to upgrade. It will be equally crucial to leverage the TVET system to increase the pool of workers with job-ready modern skills in non-urban areas.

For MSMEs to lead in spurring inclusive growth, their capacity through training will need to be enhanced. Making finance more accessible to these enterprises will also be crucial. Opportunities available through the AfCFTA will also need to be leveraged to spur MSME integration into regional value chains and GVCs. Improving the investment climate to attract more FDI will also improve the productivity of MSMEs.

Turning TVET into an anchor for inclusive growth will require making it more accessible in non-urban areas. More importantly, TVET available in non-urban areas should reflect the sectoral priorities and labour market needs of these areas. Meanwhile, foundational skills like numeracy and reading that can be acquired through primary education should be prioritised, as these are critical to the efficacy of
TVET in increasing worker and MSME manager efficiency. The governance framework underlying the TVET system should be reformed to ensure the latter is better equipped to keep track of the labour market’s skills requirements, especially in priority sectors in non-urban areas. Finally, MSMEs will need to be provided with support to provide specialised apprenticeship opportunities and accompanying certificates.
References


