



MCC Briefing Memorandum: Cote d'Ivoire Compact

MCC seeks the Advisory Council's advice on the structuring of potential Public-Private Partnerships (PPP) that will help improve infrastructure, logistics and skills needed to accelerate inclusive economic growth in Cote d'Ivoire.

Project Design Elements under Consideration

MCC's compact with Cote d'Ivoire is in the final stages of development with an Investment Memo likely to be presented to the Investment Management Committee in June 2017. The compact development team seeks input and advice from the Council on two project design elements:

1. *Developing an innovative land use demonstration site* on the 74 hectares that will be created as a result of the remblai (landfill) project that can serve as a model for effective urban planning and productive land use while stimulating development and additional investments in the area.
2. *Developing a demand-driven vocational and technical training center PPP model* that will attract robust private sector interest and participation and ensure the acquisition of in-demand technical skills for a more employable workforce.

The Compact: An Overview

Cote d'Ivoire is among Africa's fastest growing economies, achieving growth rates averaging between 8-9% over the past five years. It is also a fragile, post-conflict society with high poverty rates, glaring gender disparities, regional tensions, and a palpable sense that the fruits of recent economic growth have not been shared widely. The MCC growth diagnostic concluded that for Cote d'Ivoire to achieve a sustainable, and inclusive growth trajectory, it must diversify its economy and be seen as a destination that is able to offer reliable access to a well-trained workforce; available land for industrial development; and well-maintained transport infrastructure in and around Abidjan, the country's growth pole. Without these building blocks for structural transformation, the country risks repeating its history of boom and bust cycles. The compact under development, therefore, aims to address key constraints in the workforce related to the availability of skilled labor, barriers to the efficient movement of goods and people around Abidjan, and the lack of suitable industrial land for development.

The Abidjan Smart Urbanization Project aims to increase the competitiveness of Abidjan as the country's growth hub by improving the mobility of goods and people and easing access to industrial land. The project will include targeted investments to improve inclusive and sustainable urban planning as well as increase the capacity of key institutions tasked with developing and maintaining Abidjan's industrial land and transportations assets. The project's infrastructure investments are designed to improve traffic fluidity and decongest a central area near the Port of Abidjan, including a main thoroughfare leading from the airport to the central business district.

The Skills for Employability and Productivity Project aims to improve the employability of Ivoirians and enhance the productivity of the private sector through improving the quality and relevance of, and access to, basic and technical skills in response to private sector demand. Investments in Bouaké in the north and San Pedro in the west of the country will allow MCC to capitalize on opportunities to address the country's profound gender, socio-economic and geographic disparities related to access to education and

technical vocational education and training systems and economic opportunities. Abidjan-focused elements of the Skills Project will link with the Smart Urbanization Project by developing broader skills needed in the public works and transport sectors.

The Remblai and Truck Parking

As part of the Abidjan Smart Urbanization project, the Remblai component responds to an urgent need for improved transport infrastructure in Abidjan by addressing congestion in and around the Port of Abidjan (PoA) related to (i) a limited number of route options for vehicles to get in and out of the PoA area, and (ii) illegal truck parking in specific areas.

In an effort to decrease the cost of road infrastructure and increase the availability of land near the PoA, MCC is considering a *Remblai* (landfill) project that would fill 74 hectares of a lagoon near the PoA, adjacent to an existing 40 hectares recently filled by the Government of Cote d'Ivoire (GOCI). The project will include infrastructure investments designed to improve traffic fluidity by providing a link across the Remblai to connect the PoA zone with a central transit corridor and key entry and exit points to the city. The project would also provide a means to unclog roads in the PoA area from illegally parked trucks through a new truck parking space.

To meet the needs for additional routes in and out of the PoA area, project works include the construction of two bridges, 50m to 100m in size, access roads, and resettlement of communities located in the proposed bridge locations. In response to the high demand for land, sections of the lagoon are already being filled by the Port of Abidjan Authority (PAA). In addition to improving traffic fluidity in the PoA area, the Remblai project would provide additional land for truck parking, development related to PoA activities, and potentially other activities, as agreed upon with the PAA.

In addition to a small site dedicated to truck parking at the Remblai, MCC is considering support for developing a Regional Logistics Service Area (RLSA) to provide a much larger logistics platform, outside of the PoA area and potentially also outside of Abidjan. Such a site is critical to decongesting the PoA area and improving traffic fluidity in Abidjan by unblocking key arterial routes of illegally parked trucks. Illegal parking habits have been reinforced by the lack of parking regulations, due to a lack of alternative parking sites, as well as a lack of incentives to park at existing alternative sites. MCC is exploring PPP models to develop a RLSA, coordinated with the PoA, and which would include ancillary services to incentivize patronage by truckers. Potential services provided could include: tire repair, mechanical servicing, food, fuel, lodging, and healthcare facilities.

Benefits & Economic Analysis. The Remblai project offers the following benefits:

1. A significant reduction in the cost of construction of one of the bridges by considerably shortening its span.
2. A land use demonstration site that could leverage private sector engagement in order to develop creative ways to tackle transport and land constraints while serving as a model for effective urban development.

The expected economic benefits from the Remblai project include: (i) the value of new land created by the fill; (ii) time savings due to greater logistical efficiency; and (iii) time savings generated by the opening of alternative routes, bridges and improved traffic management.

Land Use. Additional work with the GOCI will be undertaken to define an appropriate mix of land uses. The combination of uses will depend on jurisdiction, economic impact, commercial and financial viability, best practices in urban planning, and agreement with the PAA and the GOCI. A large degree of stakeholder consultation will be required to properly integrate community needs into the project design. Other potential uses may include green space, and the integration of transport modalities, including ferries, private sector operators and light rail. The PAA is open to considering a variety of activities on the new land, providing that they are in line with the business interests and current activities of the PoA.

Public-Private Partnerships for Technical Training

As part of the Skills for Employability and Productivity Project, MCC and GOCI will engage and partner with the private sector to develop, test and operationalize a new demand-driven Technical and Vocational Education and Training (TVET) center model to provide relevant, high-quality training and produce the skills needed for the economy to grow and thrive. Eligible private sector partners will include associations, federations and organizations representing key economic sectors and the model will be based on international best practice, including the *Institute de Gestion Delegee* model that MCC is supporting in Morocco, tailored to the Ivorian context.

The project will focus on the three growth hubs of the country – Abidjan, San Pedro, and Bouake – and will fund the construction of 3 to 5 new TVET centers, as well as equipment, training, and technical assistance. The TVET centers will be publically owned with operations will be concessioned to the private sector under a performance-based management contract. Public ownership of the centers is necessary to recognize TVET as a quasi-public good and emphasize the government’s role in supporting education services.

A **grant facility** will be used to identify and select the TVET centers for development. The grant facility will promote competition amongst potential partners and service providers in order to identify and develop projects that will have the greatest impact on providing in-demand skills. A **Call for Ideas** was recently conducted by the MCC and Ivorian compact development teams to (i) test the willingness of the private sector to partner and contribute resources for a new model of TVET while driving the development of viable project proposals; (ii) ascertain the level of demand in the market for TVET centers and calibrate project budget accordingly; and (iii) reveal any technical issues related to operationalization or implementation of project components.

It is anticipated that the new TVET model will include the following **key characteristics**:

- **Autonomous, private-sector led management.** A governance model, including a mostly private sector board of directors and appropriate legal status, to ensure autonomy and responsiveness.
- **Responsive and dynamic curricula.** Curricula developed with the private sector with technical assistance provided to strengthen the curricula development process.
- **Firm-based training.** At least 50% of the training to be conducted in the work place.
- **Practitioner trainers.** Industry professionals to teach at the centers and monitor work place training.
- **Industry certification of trainees.** The private sector and the Ministry of TVET to test and certify graduates.
- **Financial sustainability.** Technical assistance to develop an optimal financial structure for the centers to ensure operational sustainability.

Questions for the Advisory Council

MCC seeks the Advisory Council's feedback to inform the development of the **Remblai project**, with the following specific questions.

- What type of public-private partnerships should MCC consider in order to leverage private investment in the project and transfer risks to the private sector? Should the developer be able to sell off land parcels at the best market price or should the new land be owned by the PAA? If a developer cannot sell off parcels, would there be sufficient interest in an affermage contract to manage the site? Assuming the jurisdiction of the Remblai would fall under the PAA, how could such a partnership be most effectively structured?
- What would be the best use for the new land created by the Remblai project? Some ideas include: (i) mixed use - including green space - to serve as a demonstration effect for smart urban planning; (ii) land dedicated to PoA activities such as warehousing, logistics, and packaging so as to free up surrounding areas, currently congested with these operations, to become available for other uses such as commercial and residential?
- The PAA has indicated preference for land use related to Port Business. In the event that land use scenarios would need to be negotiated, what advice would you have for negotiating land use terms with the PAA?
- What steps can we take to ensure the site is properly organized, attracts high quality investment and is well managed?
- What types of PPP models should MCC consider in developing a regional logistics service area including truck parking? Should such a site be situated outside of the PoA area and Abidjan?
- What is the best way to ensure the RLSA provides such incentives to produce the necessary behavioral changes required by truckers to stop illegal parking near the PoA? What are some coordination and enforcement mechanisms that could be planned with PAA?

MCC seeks the Advisory Council's feedback to inform the development of the **Technical Training project**, with the following specific questions.

- How can MCC best promote the Call for Proposals to ensure a robust pipeline of viable and financeable TVET project proposals and structure the Grant Facility to attract substantial private sector interest and investment in the sector?
- Does the Advisory Council have any experience with TVET sector PPPs? Are there examples of successful TVET PPPs? What conditions are necessary for a TVET PPP to work best?
- What is the optimal TVET center PPP structure, taking into account market conditions in Cote d'Ivoire, and ensuring financial and operational sustainability?
- What are the drivers for a private firm's interest in developing and willingness to invest in sector-specific TVET centers?

Annexes

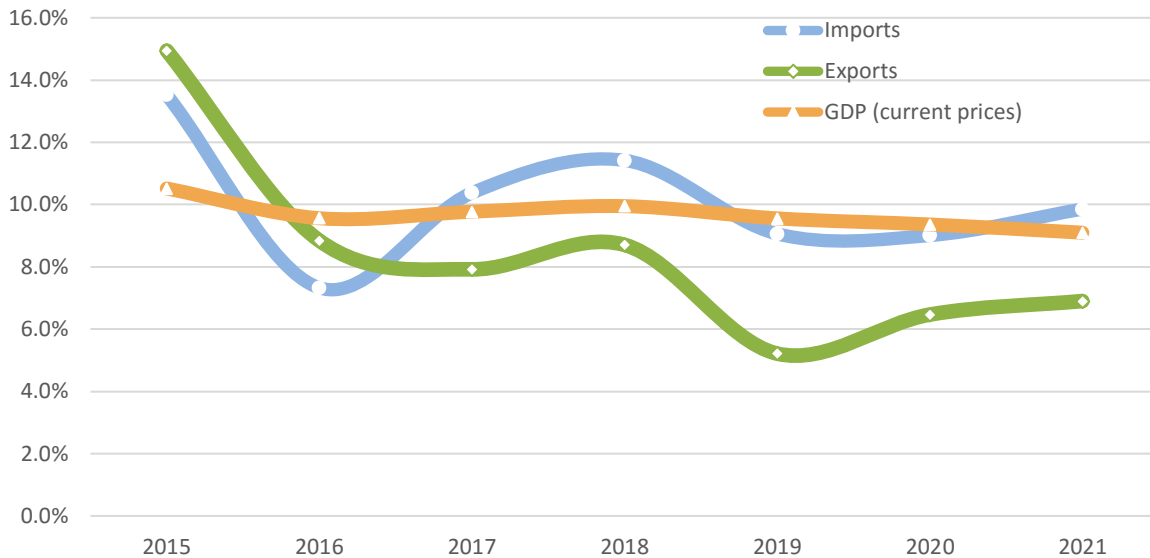


Figure 1 Outlook for export and import volume growth of Cote d'Ivoire
 Source IMF, World Economic Outlook Database, October 2016

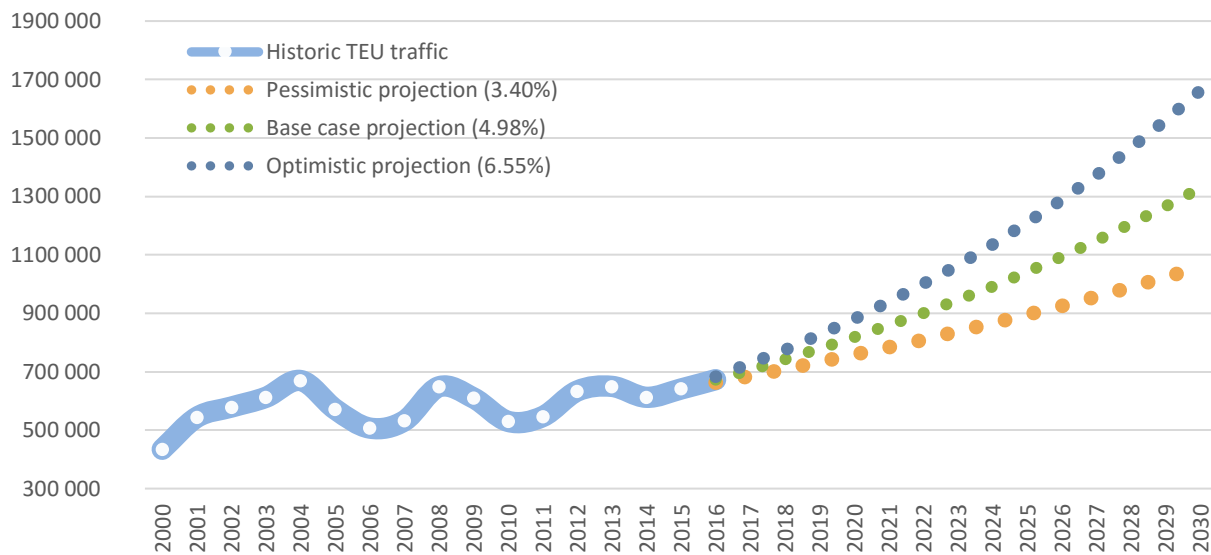


Figure 2 Recent and projected container flows at the port of Abidjan (TEUs)
 Source: CPCS. Historic traffic from Containerization International and PAA data.

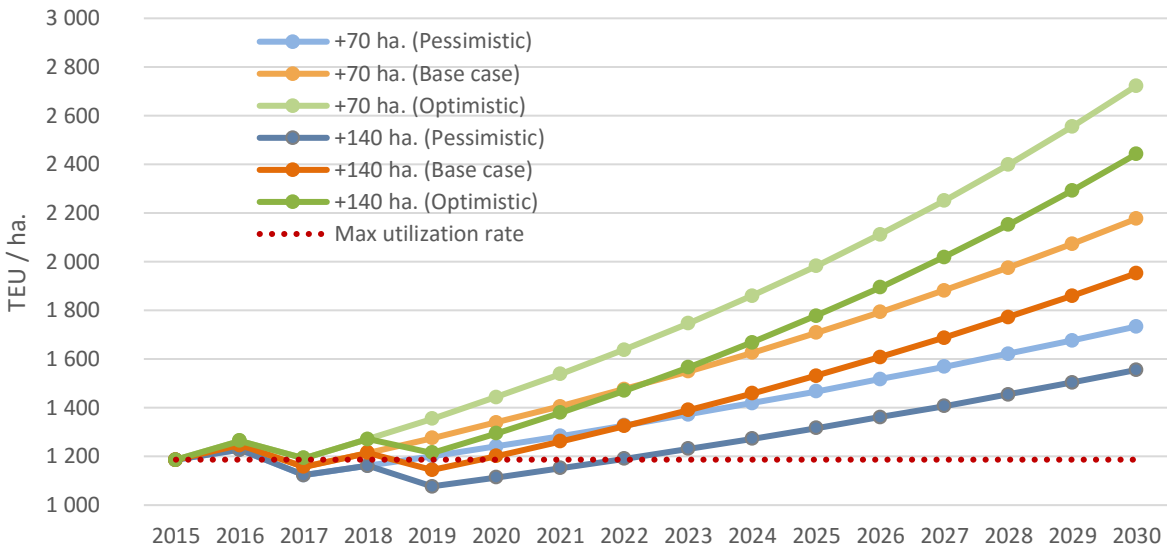


Figure 3 Potential future PoA utilization rates

Skills Project OBJECTIVE: Improve employability and productivity through improving the quality, relevance, and supply of (i) basic skills and soft skills, and (ii) technical skills, in response to private sector demand.

