



**PRO**VERITY  
ADVISORY & RISK ANALYSIS

**CÔTE D'IVOIRE:  
THE CASE FOR A SOVEREIGN WEALTH FUND**

Protecting Knowledge

Expanding Markets

Exploring Frontiers

[www.ProVerity.net](http://www.ProVerity.net)

[info@ProVerity.net](mailto:info@ProVerity.net)



## EXECUTIVE SUMMARY

With 40% of the world's supply, Côte d'Ivoire is a major global player in the cocoa market. Yet, its commodity-dependent economy remains highly vulnerable to unpredictable swings in the world spot price for cocoa, making budgetary decisions difficult. The existing Stabilization Fund, while used to make up for income shortfalls, has not been subjected to an independent audit, inviting graft and corruption.

Côte d'Ivoire should capitalize on its recently improved political stability to create a sovereign wealth fund (SWF) for the following reasons:

**Income diversification.** Côte d'Ivoire's coffee and cocoa exports earn hard currency. This money can be reinvested by professional money managers into international capital markets. A diversified portfolio would act as a hedge against both political and economic risk.

**Better use of investment returns.** By subjecting SWF investments to transparency, the Ivorian government will be in a better position to allocate funds where they are most needed for the long-term development of the country, rather than for short-term political expediency. Numerous studies have shown that the best economic development benefits in emerging economies derive from investments in human capital and infrastructure. To cite just a few examples, Côte d'Ivoire needs better schools and health care facilities for the well-being of the population, as well as a high-quality road network to facilitate commerce. An openly-run SWF would also enable prudent use of revenues for agricultural price stabilization.

**Adherence to international best practices.** Current SWF countries are negotiating with the International Monetary Fund (IMF) to create a code of conduct for SWF investments. By joining in this effort, Côte d'Ivoire would create a SWF of the highest international caliber.

**Improved confidence in Côte d'Ivoire's commitment toward progress.** In April 2008, World Bank President Robert Zoellick called for all SWFs to allocate one percent toward African development. With the ability to commit its own SWF capital toward development projects, Côte d'Ivoire would be in a better position to attract matching SWF funds from other countries, thereby increasing the overall pool of capital available for investment.

**Legacy of success in Africa.** Two examples of countries with successful SWF's are Nigeria and Angola, earning 291% and 85% returns, respectively, over the past five years—demonstrating that the SWF model is viable in Africa.



**PROVERITY**  
[www.ProVerity.net](http://www.ProVerity.net)

**Phone:** 703.245.8516

1600 Tysons Boulevard, Suite 800  
McLean, VA 22102

**Fax:** 866.295.9332