Poverty in Côte d’Ivoire
A Framework for Action

June 14, 1997

Human Development Technical Group III
Côte d’Ivoire Country Department
Africa Region
CURRENCY EQUIVALENTS

Currency Unit: CFA Franc

EXCHANGE RATE

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<td>Helena Ribe</td>
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<td>Staff Member</td>
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POVERTY IN CÔTE D'IVOIRE
A FRAMEWORK FOR ACTION

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This World Bank Poverty Assessment has three purposes. First, it takes stock of living conditions and poverty in Côte d'Ivoire and examines policy choices to reduce poverty in the light of the country’s economic plans and the imminent readiness of the Plan national de lutte contre la pauvreté (National Poverty Reduction Program). Second, it aims to inform the future dialogue on poverty issues between Côte d'Ivoire and its development partners. Third, it will guide World Bank support to Côte d'Ivoire in the central development objective of poverty reduction.

The Poverty Assessment evolved from a joint study by Ivorian officials and analysts, World Bank staff and consultants. It draws on two nation-wide surveys conducted in 1995 by the Institut National de la Statistique (INS) with support from the World Bank: the Enquête sur le niveau de vie des ménages and the Enquête qualitative sur l'évolution du niveau de vie en Côte d'Ivoire. INS and World Bank staff analyzed data from these surveys together. In addition, working papers on vulnerable groups, refugees and safety net programs were commissioned by the World Bank from Ivorian researchers. Other working papers were prepared by World Bank staff and consultants. All are listed in the bibliography. The Poverty Assessment also draws on an extensive technical literature, among the best for any African country, on many aspects of Ivorian living standards, spawned by the Côte d'Ivoire Living Standards Measurement Surveys in 1985-88.

The conclusions of the technical analyses were reviewed in March 1996 at a workshop in Abidjan, chaired by S.E. M. Théophile Ahoua N'Doli, Ministre délégué auprès du Premier Ministre, chargé du Plan et du Développement Industriel. Government subsequently offered comments on a preliminary draft of this report. In parallel, Government is preparing the Plan national de lutte contre la pauvreté. While this Plan and the Poverty Assessment draw on many common inputs and share many themes, the views expressed in the Poverty Assessment are those of the World Bank alone.

Many acknowledgments are owed. Albert Flindé, Secretary of the Interministerial Committee for Human Resource Development steered the early phases in Côte d'Ivoire. Idriissa Ouattara (INS) led the survey analysis. Other Ivorian contributions are acknowledged from Jeannine Coulibaly (INS), Karim Fofana (INS), Ori Boizo, Marcelle Doukha, Véronique Lassailly-Jacob, Mariatou Koné, Lucien Kouassi, Pauline Kouyé, Françoise Kadio-Morokro, Jean Etté, Seipati Mothebesoane-Anoh and Marie-France Bourgeois. Richard Moorehead advised the team for the Enquête Qualitative. In the World Bank, the initial phases of the work were managed by Alice Morton. The later phases were directed by Roger Key, with a team comprising John Elder, Christine Jones, Bahram Mahmoudi, Rachidi Radji, Ibrahima Yansane, Julia Dayton (consultant) and Grace Hemmings-Gapihan (consultant). Contributions from Christiaan Grootaert, Gi-Taik Oh, Xiao Ye, Heidi Henrich-Hanson, Lionel Demery, Kalpana Mehra, Mark Blackden, Ernest Massiah and Zafiris Tzannatos are equally acknowledged. Dan Aronson and Annie Manou-Savina were Peer Reviewers. David Sahn (consultant) advised on early parts of the work. The Technical Manager is Helena Ribe, the Country Director is Shigeo Katsu.
Executive Summary

Two basic forces have shaped the living standards of poor Ivorians throughout the thirty-five years of the country's history as an independent nation: broad changes in the level of economic development, and the extent to which individual Ivorians have been able to participate in this development. Looking to the future, Government has set ambitious national growth objectives and is preparing a Plan national de lutte contre la pauvreté (National Poverty Reduction Plan). But the fate of poor Ivorians is still very dependent on the same two questions: what future rate of growth will be sustained, and how much will lower income groups participate in it? Choices that can favorably influence growth and distribution to include the poor fully are the subject of most of this report.

There are no predetermined answers to these questions. The answers lie almost entirely in the hands of Ivorians themselves, and how they will rise to the challenge of poverty. Depending on what policies are chosen, there turn out to be a startlingly wide range of possible outcomes. At the best, a strategy that blends measures to sustain economic growth, ease poverty in the short run and attack long term poverty constraints through broad investments in human capital can bring very high growth and rapid reductions in poverty. At the worst, Côte d'Ivoire could return to the stagnation of the 1980s and early 1990s, with rapidly deepening poverty as demographic growth outstrips economic growth. The difference between outcomes is overwhelmingly a consequence of policy choices.

Poverty in Côte d'Ivoire Today

This report tracks how the locus and nature of poverty has evolved over time and examines the contemporary living standards of poor Ivorians. Poverty is defined along three axes: household consumption, indicators of social welfare, and qualitative perceptions of well-being. The analysis covers all people present in the country, regardless of nationality, origin or duration of residence.

Household Consumption. The analysis is built around two consumption-based relative poverty lines applied by the Institut National de la Statistique (INS) in its report Profil de Pauvreté. The higher line, chosen to permit continuity of analysis with earlier studies, is CFAF 144,800 (US$ 290) per person per year in March-May, 1995. Households above this line can generally afford a calorically adequate diet and meet other minimum household expenses. Households below the line face difficult choices. The lower line, described as an extreme poverty line and chosen to put special focus on the poorest Ivorians, was set at CFAF 94,600 (US$ 190) per person per year. Ten percent of the population falls below this line. The extreme poverty line spotlights the living conditions of the very poorest households. Households below this line would have to eliminate most other expenditures to afford an adequate diet, and thus are forced into extreme choices.

The proportion of households below the higher relative poverty line rose from 11% in 1985 to 31.3% in 1993 and 36.8% in 1995. With the increase came important shifts in the locus of poverty. Whereas almost all households below this line were in rural areas in 1985, a quarter of poor households were found in the urban areas by 1995. In Abidjan in
particular poverty rose very rapidly, including after 1993 when economic recovery was just beginning. Poverty remains concentrated among farm households, both producers of food crops and export crops, and households headed by informal sector workers. Larger households and those with least education had high concentrations of poverty, confirming the significance of these two factors as important determinants of household welfare.

**Indicators of Social Welfare.** Enjoying good health, having access to health care and providing for children's education are all important indicators of the household's well-being now and of the extent to which they will be able to move out of poverty in the longer term. Among poor Ivorians, welfare indicators in these areas show considerable shortcomings throughout the life cycle: high mortality among infants and mothers, low educational attainments, low literacy and low life expectancy. The UNDP Human Development Index, which combines key social indicators, ranks Côte d'Ivoire 145th among 174 countries. This is well below the country's rank of 130 in income terms, pointing to a nation moving at two speeds, with a wide gap between the economic and social achievements of the nation. Service indicators, such as use of health services or net school enrollment indicate that many basic needs were unmet in 1995. Among primary school age children, 51% attended school. Among adults, 49% were literate.

**Qualitative Perceptions of Well-Being.** Ivorians by no means perceive poverty solely in economic terms. The ownership of goods, the ability of a household to educate its children, eat adequately or receive modern medical care bear strongly on how households and individuals perceive wealth and deprivation but other important dimensions were often cited by participants in the *Enquête Qualitative*, a participatory study conducted jointly by INS staff and consultants. Uncertainty, precariousness, exclusion, vulnerability, powerlessness were all commonly perceived dimensions of well-being and poverty. A poverty reduction strategy must address these concerns in addition to the basic challenge of raising personal incomes through economic growth.

**Poverty Trends Since Devaluation.** Per capita GDP rose by 1-2% from late 1993 to March-May 1995, the latest period for which reliable observations of the poverty rate are available, and has accelerated sharply since then. The growth though 1995 was too small to exercise any significant impact on poverty, though the upward trend in poverty incidence in this period was disappointing. Devaluation was expected to be hardest to assimilate in the urban areas and the rising poverty incidence for Abidjan confirms this. However, by facilitating producer price increases for main export crops, devaluation was expected to reduce rural poverty. As of March-May 1995, this had not occurred. Since then, the economy has continued to grow strongly but this report has no reliable means of estimating the poverty impact. Two changes since the devaluation raise questions about the pass-through of crop price increases to poor farmers, and call for further efforts to ensure that potentially sound poverty reduction measures become effective on the ground.

- Poverty increased slightly among export crop farmers. This raises the question whether increases in producer prices effectively reached producers, and if not, what mechanisms stood in the way of a more satisfactory supply response and poverty outcome immediately after devaluation. Future policies must focus on this point.
Poverty incidence increased among food crop farmers. This is not surprising as the prices of most staple foods lagged behind the general increase in prices. The increase in poverty incidence nonetheless raises the question how poor farmers can be reached.

The Dynamics of Poverty and Marginalization

The qualitative perceptions of well-being and poverty draw attention to a key element not captured easily by surveys, notably the entrapping dynamics of poverty. Present poverty can be explained as a legacy and consequence of past disparities. Disparities today reinforce the processes of marginalization and exclusion that lead to poverty tomorrow. Wide disparities between high and low income groups, between men and women, and between regions are key challenges for Côte d'Ivoire.

Unequal Growth Processes. Three distinct phases in Côte d'Ivoire's development point to a key problem for the future. In the past, poor people have participated less than other groups in both growth and recession.

- Early Growth. Through the late 1970s, economic growth was rapid but was accompanied by growing inequality in the distribution of consumption and income.

- Prolonged Recession. From 1979 until 1993, average incomes fell. Living standards fell for all income groups and poverty rose, though some leveling of distribution occurred.

- Post-Devaluation Growth. From late 1993 to March-May 1995, economic growth resumed, but the rise in per capita incomes was still too small to reverse the upward poverty trend. Growth has strengthened since 1995. The poverty impact remains a subject of keen interest and speculation that only a follow-up survey can resolve.

The Ivorian Government has set ambitious growth objectives for the years ahead. The key question for poor Ivorians is whether they will participate fully in this growth. History suggests that if higher growth and desirable poverty outcomes are to prevail, a more inclusive pattern of growth will need to be found. In the absence of adequate measures, the participation of the poor risks to be lessened.

Gender Disparities. The inclusion of all Ivorians in economic growth has been diagnosed as a key challenge. Women are a crucial group in this respect. They lag behind men in key social indicators. They are concentrated in low productivity food production and processing, informal trade and domestic activities that consign them to low standards of living and reduce their ability to contribute to both household welfare and, ultimately, the national product. This report notes four factors that combine to marginalize poor Ivorian women: inadequate control by women over their time and labor, limited access to productive resources, insufficient human capital accumulation and lack of voice in public policy decisions. Solutions to these constraints requires their explicit recognition in policy decisions as well as actions in three cross-cutting areas.

- Investing in Human Capital of Women. Greater participation in education, and access to health and family planning services is identified as a key issue.
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- **Improving Productivity.** Easier access to financial services, especially in agriculture, and redirection of agricultural research and extension to food crops can help integrate women into national growth more effectively.

- **Easing Time and Labor Constraints.** Investments in water supply, transport, fuel wood, and labor-saving technology in agro-processing can give women greater control over their time and labor.

**Regional Disparities.** Poverty rates vary widely between the five regions distinguished in the *Profil de Pauvreté* from around 50% in the Savannah and West Forest regions to 20% in Abidjan. Rates are higher in all three rural regions than in the two urban regions. The disparities in incomes are mirrored in other indicators of well-being. Primary school enrollment rates vary inversely with poverty rates, as do access to drinking water and sanitation. Social funds established in 1994 to address poverty issues after the devaluation also have shown the greatest volume of activity in the least poor regions and vice versa.

**Growth and the Prospects for Poverty Reduction**

**Government Plans.** In the *Éléphant d'Afrique: Objectifs et Stratègies 1995-2000* and the Policy Framework Paper 1997-2000, the Ivorian Government has set GDP growth targets of 6.0% for 1997-2000, with an acceleration to 10% beyond the end of the millennium. If sustained, this performance would place Côte d'Ivoire among the fastest growing economies of the world. The measures backing up these targets add up to a persuasive blue-print for growth of 6% over the 1997-2000 period and the assumption for this report is that all these actions will be completed as quickly and as effectively as possible. The *Plan national de lutte contre la pauvreté* is a key step towards enhancing the long term economic and social sustainability of this growth. Purposeful implementation of the actions envisaged under this plan can therefore make a significant contribution not only to the reduction of poverty but also to the long term sustainability of growth.

**Reinforcement of Strategic Policies.** This report highlights three areas where stronger actions to address poverty issues would be strongly complementary with higher, more sustainable growth. These are: (i) the reinforcement of economic policies to make short term growth more pro-poor; (ii) stronger demographic policies, and (iii) better investment in basic human resources. Parallel actions in agriculture and the social services can support these efforts.

(i) **Pro-Poor Economic Policies.** Current Government policies are pro-growth, and this is generally helpful to poverty reduction. To strengthen their impact on poor Ivorians, they also need to become more pro-poor. Actions in three areas are discussed in the report. In each case, current policies are in the right direction but too timid from the perspective of poor Ivorians, especially those in the informal sectors. An acceleration of key reforms can bring both higher growth and a more pro-poor pattern to current policies.

- **Economic Competitiveness.** There is strong complementarity between greater competitiveness and poverty reduction and almost no risks. No currently proposed measure is likely to harm poor households and there is every reason for accelerating
implementation of reforms across the board to promote a more buoyant economic climate. Particular emphasis on productivity in the informal sector can help.

- **Fiscal Policies and Public Expenditure Priorities.** On the tax side, plans to reduce cocoa export taxation might be advanced. The burden of this tax falls on a weak economic group. Heavy taxation of cocoa and other crops curtailed rural incomes and widened disparities in the 1970s. Reduced taxation of goods consumed by the poor could also be lowered. On the expenditure side, acceleration of the ongoing shift of resources towards basic social services can facilitate ongoing sectoral reforms.

- **Incentive Policies.** From the perspective of poor Ivorians, rapid completion of actions to reduce transaction costs and bring greater efficiency and competition to the coffee, cocoa and other filières will be particularly helpful.

(ii) **Demographic Policies.** The most pervasive constraint to long term poverty reduction is rapid demographic growth. At the household level, this puts pressure on incomes and resources, especially among poor women. At the national level, rapid demographic growth translates into depressed labor markets, environmental stresses, strains on public infrastructure, basic health care and education. The population will grow to 20 million in 2005 and 27 million in 2015. The need for a strong demographic policy and family planning program is self-evident. Government has committed itself formally to a national family planning program as part of a long term population policy. The urgent challenge is now to make this program effective. Action might usefully focus on two points.

- First, there is some urgency to strengthening family planning services, as part of Government’s broader strategy for development of public health care services. At present, these largely miss the needs of poor Ivorians.

- Second, demand for family planning services could be expanded, especially among poor Ivorians. To achieve this, the basic education system and adult literacy programs would have to reach out more effectively to poor girls and women. Lower fertility will depend too on the success of health services in improving child survival among poor families. In both these areas, past results have been disappointing.

(iii) **Investment in Basic Human Resources.** Côte d’Ivoire aspires to join the ranks of the fastest growing countries. International comparisons strongly suggest that to attain and sustain rapid and inclusive growth, much higher levels of attainment are needed in basic areas of social development: adult literacy, primary school enrollment, child survival and preventive health coverage. The Plan national de lutte contre la pauvreté proposes a strong emphasis on these areas. At the top of the human resource pyramid, Côte d’Ivoire has a stratum of well-educated cadres. The base of the pyramid is much less solid. Moreover, present primary school enrollment rates do not indicate potential for a substantial increase in the adult literacy rate fifteen years from now, and every day of delay now defers the day when the benefits of high literacy will start to be felt. Low literacy levels are thus identified as one of the most binding constraints to higher, more
inclusive growth now and for many years to come. An effective strategy is needed to meet this challenge head-on.

Addressing Key Poverty Issues

Poor Ivorians face many specific difficulties in securing their livelihoods and living standards. This report examines issues in three such areas: food issues, including food security, nutrition and livelihoods from food production; employment and incomes from work; and access to health and education services. The Plan national de lutte contre la pauvreté proposes actions in each of these areas where, as noted earlier, wide disparities present a key challenge for policy makers.

Food. Food is about 55% of expenditures among poor households. It is also the main source of livelihood for many poor rural households. Some poor households are net producers of food, others are net consumers, and developing a pro-poor food policy is therefore complex. Food access is not secure for many poor or vulnerable households. Up to a third of children were found to be stunted in 1993, much more than in 1985. Household food security strategies balance home food production, export crop production, non-farm income generation and other activities. This report identifies several key areas where policy decision can strengthen poor households' livelihoods and access. On the production side, secure access to land and environmental investments to improve soils are the key for poor households, along with improved access to financial services, improved technologies at the farm level and a greater focus of government extension services on food. Women are the primary producers and processors of most food crops and deserve a place at the center of food production policies.

Work and Employment. Labor force participation rates are high and increasing. They are highest among poor Ivorians and in the rural areas. The participation rate of poor rural women approaches that of poor men and exceeds that of non-poor men. Economic pressures to work are reflected in under-age work by children on family farms, in family enterprises and as maids or apprentices in urban areas. Among children, there is a clear link between working and non-attendance at school. Increased labor force participation does not therefore present an obvious or sustainable path out of poverty for the poor. Rather the emphasis will have to be on raising productivity in their main activities, whether in the workplace or at home. Government policy has correctly identified skills formation and increased labor market flexibility as two key axes of employment policy. The challenge ahead will be to extend these to areas where poor Ivorians work. Some programs have focused on women, and skills training for the informal sector but these have been unequal to the scope of the challenge. At the same time, the limited success of direct employment creation activities calls for a careful approach in future. Targeted employment creation programs since 1991 have enjoyed very limited success in numerical terms relative to the annual expansion of the labor force.

Education and Health. These two sectors are discussed together because the issues they present are often similar. In basic indicators for both sectors, Côte d'Ivoire lags behind other countries at comparable income levels, and within the country the pattern of
disparities between higher and lower income groups, between men and women and between regions is strong. The poor outcomes reflect an imbalance between household demand and public sector supply of services. Low use of public facilities by poor households is attributed in large part to low quality and difficult access. In some cases, access is in geographic terms but for poor households it is more usually in terms of cost. Stimulating household demand for services by bringing quality up and costs down for poor Ivorians thus emerges as a key issue for the two sectors.

At present, Government supply of services does not adequately address the needs of poor households. An analysis of the incidence of public expenditure in health and education on poor Ivorians shows that the poorest quintile of the population benefits from only 11% of public spending on health and 14% of spending on education, while the highest quintile benefits from 31% and 35% respectively. Government spending in effect reinforces disparities. In two higher growth countries, Malaysia and Colombia, where comparable analyses have been conducted, the reverse pattern is found. Desirable directions of change for Côte d'Ivoire are thus clear. How to accelerate change in this direction is also clear. Within social sector expenditures, those on primary health services and primary education are most directed towards poor Ivorians, while the greatest disparities occur at higher levels of services, notably hospital use and tertiary education.

Planning and Partnerships

This report recognizes the past difficulties of addressing poverty objectives in the past context of negative per capita growth. Changing policies to achieve growth while adding a specific pro-poor focus is the key to successful poverty reduction in future. Some key ingredients can help better poverty outcomes to emerge.

- Commitment to the objective of poverty reduction has to be tangible and reflected across the gamut of Government decision making.

- Government might beneficially reinforce its policy planning, program design and implementation capacity in poverty related areas to implement a poverty reduction strategy effectively.

- Government can achieve better results by making greater efforts to mobilize the capacities of national and international partners, including the poor themselves.

The World Bank is an assured partner for Côte d'Ivoire in moving to address the many dimensions of poverty that now confront the country. But as this summary noted at the beginning, the answers lie in the hands of Ivorians themselves. The difference between better and worse outcomes is almost entirely a matter of policy choices, now and over the longer term. This report has outlined some key strategic choices that can help bring more sustained growth and greater inclusion of poor Ivorians. Some of these strategies require sweeping changes compared with past approaches. This is not a time to hesitate. Poverty is not a phenomenon that will readily solve itself.
CHAPTER 1: INTRODUCTION

The Country Context

Since 1994, Côte d'Ivoire has achieved high rates of economic growth. Coming after fifteen years of recession, growth was triggered at first by gains in competitiveness from the devaluation of the CFA franc in early 1994. Since then, the growth momentum has been sustained and reinforced by comprehensive economic reforms. When carried to completion, these reforms have the potential to restore the high rates of growth last enjoyed in the 1970s and transform the country into the “Elephant of Africa”. Government's plans are ambitious but laudably so. A target of 10% annual economic growth has been set for beyond the end of the millennium. This rate would be sufficient to support growth of private consumption above 5%, bring a generalized improvement in living conditions and challenge poverty. The challenge to poverty has begun to take shape in recent months through the preparation of a Plan national de lutte contre la pauvreté (National Poverty Reduction Plan) to complement the economic reforms.

An important step forward in the preparation of this Plan was the approval by the Council of Ministers in June 1997 of a report Axes prioritaires. This report expresses the will of the President and the Government to reduce poverty through a series of priority programs. It places emphasis on actions to help build the human capital of poor Ivorians and improve their living environments. It recognizes that growth must be complemented by targeted efforts. The document recognizes the practical difficulties in this challenge and the need to build capacities. It proposes better targeting of ongoing development programs towards the poor, greater decentralization of authority to communities faced with the task of implementing programs, richer partnerships with NGOs, the private sector and civil society, and greater participation of the poor in decision making.

For Ivorian men and women at all levels of society, the economic turn-around and the rekindling of hopes for future growth herald a welcome break with the past. Average per capita income fell by 45% from 1978 to 1993. The burden cut across all groups: Ivorians and migrants, urban and rural, middle class and poor. Adjusting lifestyles to this erosion was extremely painful, and most households are able to recognize the sacrifices they and their extended families made: falling real incomes and personal consumption, deteriorating public services and a lack of opportunity for young people starting their working lives. There is a strong commitment to avoiding any repetition of this past experience.

The Central Issue for Poverty Reduction

This report is about poverty and therefore addresses mostly the situation of poor Ivorians. What do economic growth and the measures under the Plan national de lutte contre la pauvreté imply for them? What can they contribute and how will they benefit? The 10% growth target is one of the most ambitious in the world and cannot be achieved without the full participation of all parts of society. The challenge will be not just to achieve high
rates of economic growth, but to sustain them and do this in a way that includes the broadest spectrum of the population.

Historically, two basic forces have shaped the living standards of poor Ivorians in the thirty-five years of the country's history as an independent nation. The first has been broad changes in the level of economic development. The second has been the extent to which individual Ivorians have been able to share in this development. Changes in living standards and the extent of poverty thus reflect both the country’s economic trends and shifts in the distribution of income within the country. Three phases can be distinguished.

- **Early Growth.** Through the late 1970s, economic growth was rapid but was accompanied by growing inequality in the distribution of consumption and income. As a result, lower income groups did not share fully in this growth and progress in poverty reduction was more limited than it might otherwise have been.

- **Prolonged Recession.** After economic growth turned down in 1979, incomes were gradually eroded in real per capita terms through 1993. In this period, living standards fell for all income groups, and despite some leveling of income distribution, the incidence of poverty rose markedly.

- **Post-Devaluation Growth.** Since 1993, the CFA franc has been devalued, other economic reforms have been implemented and economic growth has resumed. Per capita incomes have risen on average. As of early 1995, no overall trend in poverty incidence had yet been felt. What has happened since is a topic of keen interest for economic policy makers and ordinary Ivorians alike.

Today, Côte d'Ivoire must find answers to the central issues for future poverty reduction: it must sustain high growth and find ways to assure that lower income groups share in the benefits. In the past, history suggests that poor people have tended to participate less than other groups in growth. Whether they will participate in or be excluded from future growth is not predetermined. Policy choices can alter the outcome substantially both by enhancing the sustainability of growth and by increasing the participation of the poor in growth. How to influence growth and distribution to include the poor fully is the subject of this report.

**The Structure of This Report**

This report addresses a series of topics relevant to poverty in Côte d'Ivoire today and in the future. Chapter 2 examines what poverty means and presents a profile of the poor. Chapter 3 examines how to enhance growth prospects through approaches that include the poor. This is followed by discussion of a series of specific topics where enlightened policy choices can make a difference: addressing gender issues (Chapter 4); food and the poor (Chapter 5); employment (Chapter 6); social services, notably health and education (Chapter 7); and safety net programs and social funds (Chapter 8). Finally, the concluding Chapter 9 discusses planning, institutional roles and structures, capacity issues and monitoring activities needed to implement a convincing poverty reduction program.
CHAPTER 2: CONTEMPORARY IVORIAN DEFINITIONS OF POVERTY AND A PROFILE OF THE POOR

A. Contemporary Ivorian Definitions of Poverty

No single definition of poverty is applied uniformly in Côte d'Ivoire policy making. In itself, this is not surprising. Concepts of poverty are complex, multi-dimensional and often ambiguous. Measurement can be flawed, even treacherous. Yet there are strong reasons for seeking as clear a definition as possible. For policy purposes, the reason for defining poverty is to distinguish between those who are poor and those who are not—and then to guide decisions by applying these definitions. Any definition must thus be robust enough to withstand technical scrutiny and practical enough to guide decision making. Equally important, it must resonate with community standards.

This report analyzes Ivorian concepts of poverty in three ways. These draw from Ivorian analyses and data, and correspond to the concepts applied in the Plan national de lutte contre la pauvreté. The first is economic, notably levels of consumption. Data are available for this part of the analysis only up to March-May 1995. The second is with regard to the satisfaction of basic needs. The third is with reference to perceptions emerging from a survey of poor Ivorian households. The first two approaches provide measurable indicators useful for guiding policy. The last approach serves to give the definition of poverty a stronger grounding in the perceptions and standards of poor Ivorians.

Standards of Living Among Poor Ivorians in 1995

In its Profil de Pauvreté, the Institut National de la Statistique defined poor households in March-May 1995 as those with average per capita consumption below CFAF 144,800 per year. Separately, it categorized the lowest 10% of households as extremely poor. This

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1 In this report, the term Ivorian refers to all individuals present in the country, regardless of origin or duration of residence. Where the analysis requires a distinction between migrants and other parts of the population, the terminology is made clear. As most migrants come from lower income neighboring countries, it is widely assumed that recent immigrants experience a higher degree of poverty during their period of assimilation than the population at large.

2 This report draws heavily on two recent nation-wide surveys and their related reports. Both were conducted for the Government, entirely or partly, by the Institut National de la Statistique (INS). They are the March-May 1995 Enquête sur le Niveau de Vie des Ménages (Household Living Standards Survey) and the 1995 Enquête Qualitative sur l'Évolution du Niveau de Vie en Côte d'Ivoire (Qualitative Survey of Trends in Living Standards in Côte d'Ivoire). The reports of the respective surveys are referred to as the Profil de Pauvreté and the Enquête Qualitative. Two versions of the Profil de Pauvreté exist: one covering 1993-95, the other 1995 alone.
Choice of a Poverty Line in Consumption Terms

Much past analysis of Ivorian poverty was built on consumption benchmarks for 1985. Côte d'Ivoire's national accounts show that real private consumption per capita fell by 32% between 1985 and March-May 1995, albeit with a modest gain in 1994-95 and since then. Because of the large decline in average living standards, the definitions of poverty used in 1985 are not useful for contemporary analysis and hence were redefined downwards by INS. However, to track poverty trends over time relative to a fixed benchmark, INS elected to retain one of the earlier benchmarks as a reference point.

In the Profil de Pauvreté, INS used two relative poverty lines and these have subsequently been used by the Ministry of Planning in the Plan national de lutte contre la pauvreté. The higher of the lines is CFAF 144,800 consumption per capita for 1995, corresponding in real terms to CFAF 75,000 at 1985 prices. This line has been widely used since 1985 and thus allows for continuity of analysis over time. Ten percent of the population fell below this line in 1985 compared with 36.8% in 1995.

The lower line used by INS was defined as an extreme poverty line of CFAF 94,600 for 1995. This definition was chosen because it embraced the poorest 10% of the population. Using this definition, it is possible to compare the evolving characteristics of the poorest decile of Ivorian society over time. The two INS/Ministry of Planning lines thus provide practical tools for analytic purposes, both in comparing across time and space. These definitions are used throughout the rest of this report.

What levels of consumption are accessible to poor and extremely poor households? A basis for defining a poverty line in many countries is a level of consumption that just allows minimum calorie and other basic needs to be met. For those falling below this threshold, consumption of non-food items is to the detriment of calorie intake, implying that a decision to pay for medical care, say, or to send a child to school is likely to be at the expense of calorie intake. Absolute poverty lines are often defined in terms of minimum

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3 Two poverty lines have been widely used, defined such that 30% and 10% of the population fell below each in 1985. The two lines were annual average per capita consumption of CFAF 128,600 and CFAF 75,000 at 1985 Abidjan prices, respectively. The higher line corresponded to CFAF 248,300 at 1995 Abidjan prices, when the proportion of households below it was 65.9%. Price deflators for other parts of the country and for other years. are presented in the Profil de Pauvreté.

4 In addition, these two lines are useful because they correspond reasonably to benchmarks used in the 1990 World Development Report for comparing across countries. The CFAF 75,000 poverty line translates into US$ 410 based on a 1985 Purchasing Power Parity (PPP) exchange rate for private consumption of CFAF 182.85 = PPP$ 1.00, and the lower line corresponds to US$ 267. In the 1990 World Development Report, a poverty line of US$ 370 and an extreme poverty line of US$ 275 were used.

5 Due to subsequent data corrections, the proportion of the population in households with per capita consumption below CFAF 94,600 in 1995 was found to be 11.7%.
food needs alone. This report examines levels of consumption among poor Ivorians for food, housing and other items in the light of these criteria. Among both poor and extreme poor groups, food expenditures made up just over half the household’s consumption in 1995, with 40-45% of food consumption derived from home production in each case. A comparison of daily calorie needs, based on a weighted average of around 2,250 calories per person, and food consumption patterns suggests that around 20-40% of the population did not meet minimum calorie needs. The higher of the two poverty lines used by INS is thus close to the threshold between households meeting and failing to meet minimum calorie needs. The higher poverty line might be described as meeting all minimum needs while the lower line indicates a level of consumption adequate to meet calorie needs but nothing else. In Chapter 5, this report will return in greater depth to the difficulties experienced by the poor in gaining secure access to food and will discuss policy options to enhance food security.

Housing costs, including utilities, absorbed 20% of household consumption for the poor groups in 1995. There were 2.6 inhabitants per room on average among poor households, 3.5 among extremely poor households. In rural areas, it was unusual to find poor people living other than in houses of banco (traditional construction material) and almost never with access to clean drinking water, sanitation or electricity. In Abidjan, about 70% of the poor lived in cours communes (single room residences off a courtyard shared with perhaps six to eight households). About 30% of poor households had access to drinking water, 90% to latrines, and 30% were served by garbage disposal. Among the extreme poor of Abidjan, around 50% of households lived in baraques (shanty housing), the

Food consumption in the 1995 Enquête sur le Niveau de Vie des Ménages is broken into 22 categories, some of which include several different food items. Because of the inclusion of more than one food item in some categories, the data do not permit a highly accurate measure of calorie intake for the household. The estimation of calorie intake for this report is based on weighted average calorie content for staple food items in each category. However, as in many other countries, gains in household income levels are believed to result in the household substituting higher cost/quality calories for lower cost/quality calories rather than increasing total calorie intake. Estimated calorie needs are based on FAO/WHO (1973) and FAO (1990) guidelines for moderately active people adjusted for age and sex and assuming 85% of requirements are met from staple foods.

For the 54% of households owning a house, housing costs were imputed at rental value of comparable housing.
remainder mostly in *cours communes*, almost never with drinking water access, but with latrine access in over 60% of households and garbage disposal service in about 30% of households. Conditions in other towns lay between those in rural areas and Abidjan.

Other expenditures include clothing and transport as well as services such as health and education. After paying for food and housing, the poorest 10% of the population were left on average with CFAF 17,200 per person per year in 1995 for all other consumption items or CFAF 47 per day. For the group between the two INS poverty lines, the amount was to CFAF 31,000 or CFAF 85 per day. By way of illustration, a kilogram of laundry soap cost CFAF 360 at the time, a kilogram of charcoal about CFAF 50, a liter of kerosene CFAF 250, a bus fare in Abidjan CFAF 160, a consultation at a government hospital CFAF 1,000 and a primary school uniform about CFAF 4,600-6,600 depending on size and sex of the child.

**Basic Needs and Social Services**

Beyond consumption, many other elements contribute to the well-being of household members, particularly when viewed in dynamic terms. Enjoying good health, having access to health care and providing for children’s education are all important indicators both of the household’s well-being now and of the extent to which they will be able to move out of poverty in the longer term.

Among Ivorians in general, welfare indicators in these areas show considerable shortcomings throughout the life cycle: high mortality among infants and mothers, low school enrollment and low literacy, low life expectancy. The UNDP Human Development Index, which combines key social indicators, ranks Côte d’Ivoire 145th among 174 countries. This is well below the country’s rank of 130 in income terms, pointing to a gap between the economic and social achievements of the nation. A fuller analysis of Côte d’Ivoire’s social indicators and the implications for future economic growth is presented in Chapter 3.

<table>
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<tr>
<th>Social Indicators, 1995</th>
<th>Female</th>
<th>Male</th>
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<tbody>
<tr>
<td>Infant Mortality Rate (per 1,000) †</td>
<td>--- 90 ---</td>
<td></td>
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<tr>
<td>Maternal Mortality Rate (per 100,000) †</td>
<td>822</td>
<td>..</td>
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<tr>
<td>Life Expectancy at Birth (years) †</td>
<td>57</td>
<td>54</td>
</tr>
<tr>
<td>Illness in Two Previous Weeks (%)</td>
<td>32</td>
<td>31</td>
</tr>
<tr>
<td>Health Consultation When Sick (%)</td>
<td>57</td>
<td>53</td>
</tr>
<tr>
<td>Primary School Net Enrollment (%)</td>
<td>48</td>
<td>54</td>
</tr>
<tr>
<td>Secondary School Net Enrollment (%)</td>
<td>16</td>
<td>27</td>
</tr>
<tr>
<td>Adult Literacy Rate (%)</td>
<td>40</td>
<td>57</td>
</tr>
</tbody>
</table>


Service indicators, such as use of health services or net school enrollment indicated substantial unmet basic needs in 1995. Among primary school age children, 51% attended school. Among adults, 49% were literate. In Chapter 7, important differences across income levels are presented. Service indicators are also less favorable for girls and
women in each case, indicating a willingness on the part of households to accept different standards of basic needs satisfaction for men than for women. This point is explored further in Chapter 4.

Perceptions of Well-Being and Poverty

Although much of the quantitative analysis in this report is based on poverty lines drawn in terms of household consumption levels, Ivorians by no means perceive poverty solely in economic terms. The ownership of goods, the ability of a household to educate its children, eat adequately or receive modern medical care bear strongly on how households and individuals perceive wealth and deprivation but other important dimensions were often cited by participants in the Enquête Qualitative. Uncertainty, precariousness, exclusion, vulnerability, powerlessness were all commonly perceived dimensions of well-being and poverty. A poverty reduction strategy must address these concerns in addition to the basic challenge of raising personal incomes through economic growth.

- Income uncertainties over cocoa and coffee prices and harvests were commonly voiced in the forest zones but there were other areas of vulnerability: in Kétéssou, farmers were worried by crops damage caused by snails against which they could not afford the necessary crop protection. In the arid north, declining soil fertility was a widely voiced concern, but farmers also cited vulnerability to bush fires. In the urban areas, lack of stable employment and compression (redundancy) were perceived as main areas of vulnerability. Sometimes this reflected difficulties in the national economy, sometimes local factors: Sassandra residents pointed to a structural loss of employment as a result of the transfer of port activities to San Pedro.

- Land rights and tenure issues were a source of precariousness often cited by poor households. In the north, conflicts between sedentary and nomadic peoples were reported. In the forest zones, farmers working illegally on land in classified forests cited their vulnerability to expulsion by SODEFOR agents. In low income urban areas, housing insecurity and the risk of déguerpissement (eviction) were common worries.

- Ties to kinship organizations, religious, ethnic or professional groups and tontine (mutual credit) organizations were widely recognized as offering protection in times of risk or adversity. Often these ties were reported to be under stress as a result of economic and social change, even though exclusion from such groups and the resulting loss of social protection were readily recognized. The value of this protection is mirrored in the large amounts that households reported paying for socially binding events such as funerals or ceremonies.

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8 Similar proportions of women and men consulted a health care provider, but the reported incidence of illnesses does not reflect differences between health care needs of women and men.
For many respondents, vulnerability and poverty were characterized by attitudes to life: feelings of powerlessness, dependency or lack of dignity. Living in insecure neighborhoods, isolated communities or areas receiving little attention in terms of public services reinforced such feelings.

In this light, participants were able to define many entry points to poverty. Among the most important were illness, the death of a household head, unemployment, exclusion from associations or kinship groupings, insecurity of housing tenure, lack of access to land, lack of capital to put land into production, having too few grown children (especially male children) able to contribute to household income or having old parents and young children to support.

B. The Shifting Locus of Poverty

In March-May 1995, some 5.2 million inhabitants (36.8% of the population) lived in households with average per capita consumption below the INS relative poverty line of CFAF 144,800 per year. The poorest 10% of Ivorians, around 1.4 million people, were in households with consumption below CFAF 94,600. Who and where these households are, how they derive their livelihood as well as their socio-economic characteristics have been documented extensively through six surveys of household expenditure since 1985. These provide not just a profile of poverty today but also track shifts in the locus of poverty over time. For this report, the focus will be on only a limited number of aspects: aggregate trends, geographic location, economic livelihoods and characteristics such as household size and composition, education and health status. Interested readers are referred to the INS reports Profil de Pauvreté en Côte d'Ivoire for 1993-95 and for 1995 as well as to the several comprehensive analyses cited in the bibliography.

Trends in Average Living Standards

After almost two decades of rapid economic growth, the progress of the Ivorian economy was reversed from 1979 on. From then until 1993, there was an almost continuous decline in average per capita incomes, amounting cumulatively to about 45% in real terms. Since the devaluation of the CFA franc in early 1994, this downward trend has been reversed and a welcome if still modest revival has begun.

At the national level, the impact of the long decline in living standards, as measured by average real consumption levels, was tempered by a gradual cutback in the national savings rate and increases in the nation’s external debt. Average living standards were further shielded by a gradual reduction in taxation as reflected in the ratio of taxes to GDP, though this ultimately put great pressure on public services. Over time, however, even these macroeconomic accommodations could not absorb the full impact of declining income levels and the burden inevitably fell on households. Quantitative and qualitative surveys alike document these outcomes.
Disparities in Consumption Levels and Poverty Trends

Comparisons of income distribution can be tracked as far back as 1959, and absolute living standards can be measured with reasonable confidence from 1985 on. From 1959 to 1979, economic growth was rapid, and this certainly led to a reduction in the incidence of poverty, even though this cannot be quantified with confidence. However, rising Gini coefficients and the declining share of the poorest quintile in total incomes confirm growing disparities in distribution as incomes grew, suggesting that progress in poverty reduction was less than it might otherwise have been. From 1979 to 1985, declining Gini coefficients and the rising share of the lowest quintile confirm a gradual compression of disparities as per capita incomes fell. After 1985, a gradual compression of disparities seems to have continued, with the greatest impact of economic decline therefore falling on higher income groups.

The extent to which households fell behind in terms of absolute living standards in 1985-1995 and the resulting spread of poverty are clearly documented in the six household surveys conducted over the period. Average real per capita consumption fell by 32% over the period, though with some stabilization in the last two years. In 1985, one person in nine (11.1%) was living in a household with average per capita consumption below the INS poverty line of CFAF 75,000 or CFAF 6,250 per month. This is the incidence of poverty index presented in the table below. A decade later, the proportion of people below the same inflation-adjusted level (CFAF 144,800 per year or just over CFAF 12,000 per month) had risen to one in three (36.8%). Apart from a small drop in 1986, the incidence of poverty rose continuously, including from 1993 until March-May 1995.

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<tr>
<td>GNP per capita (a)</td>
<td>..</td>
<td>..</td>
<td>396</td>
<td>314</td>
<td>281</td>
<td>234</td>
<td>226</td>
</tr>
<tr>
<td>Private Consumption per capita (a)</td>
<td>..</td>
<td>..</td>
<td>225</td>
<td>189</td>
<td>187</td>
<td>148</td>
<td>129</td>
</tr>
<tr>
<td>Incidence of Poverty ((P_0)) (b)</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>11.1</td>
<td>17.8</td>
<td>32.3</td>
<td>36.8</td>
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<tr>
<td>Intensity of Poverty ((P_1)) (b)</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>2.9</td>
<td>4.5</td>
<td>9.0</td>
<td>10.4</td>
</tr>
<tr>
<td>Severity of Poverty ((P_2)) (b)</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>1.3</td>
<td>1.7</td>
<td>3.6</td>
<td>4.2</td>
</tr>
<tr>
<td>Gini Coefficient</td>
<td>0.46</td>
<td>0.53</td>
<td>0.61</td>
<td>0.39</td>
<td>0.35</td>
<td>0.37</td>
<td>0.37</td>
</tr>
<tr>
<td>Income Share of Lowest Quintile</td>
<td>6.6%</td>
<td>3.9%</td>
<td>2.1%</td>
<td>5.4%</td>
<td>7.3%</td>
<td>7.1%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

\(a\) Thousands of CFA francs at constant 1987 prices. 
\(b\) Coefficients are multiplied by 100.

All figures are expressed in terms of Abidjan prices. Consumption of households in other areas is converted to Abidjan equivalent prices using appropriate regional price deflators. As price levels are generally higher in Abidjan than in other areas, actual consumption levels elsewhere are lower than the figures cited. Prices are also adjusted to a calendar year basis rather than the survey period. Thus the incidence of poverty in the 1985 survey period was 10.0%, but 11.1% on a calendar year basis.
when the economic recovery was just beginning.¹⁰

Although the figures cited in the previous paragraph refer to the proportion of the population below CFAF 75,000 at 1985 prices, the same trends hold irrespective of the cut-off point used. For example, using a higher cut-off, the proportion of the population with consumption below CFAF 128,600 in 1985 was 30%. The proportion below the same real cut-off (CFAF 248,300 at 1995 prices) had risen to 65.9% by 1995. Similarly for a lower cut-off line, the proportion below CFAF 49,000 in 1985 (equivalent to CFAF 94,600 in 1995) rose over the decade. These results, described technically as first order dominance, provide robust support for the view that poverty has increased, irrespective of the cut-off line. They confirm that the hardships brought by declining national income were shared, if unequally, across all income groups. Looking to the future, they also provide a basis for hypothesizing that rising national income will bring gains, if unequally, across all income groups. This would be in line with the experience of most other countries that growth indeed benefits all income groups, but at a lower rate among lower income groups unless specific policies are adopted to ensure their full participation. But as this report argues, the extent to which different groups share in the benefits of future Ivorian growth will depend heavily on what policy choices are made and can be greatly enhanced by good policy choices.

Two other important poverty indicators are presented in the table above, namely the intensity of poverty index ($P_I$) and the severity index ($P_S$). The intensity index measures the percentage shortfall in aggregate consumption of the poor below the poverty line. Thus in March-May 1995, the intensity of poverty index was 0.084, implying that to raise the consumption level of each poor individual exactly up to the poverty line of CFAF 144,800 would require a sum equivalent to 8.4% of the poverty line multiplied by the total population. In theory, a perfectly targeted subsidy to the poor of this amount could enable all minimum consumption needs to be met. This is equivalent to 5-6% of GDP, a very substantial gap. A related measure that is often calculated is the ratio of the intensity index to the incidence index ($P_I/P_0$), corresponding to the average percentage by which poor people fall short of minimum consumption needs. In 1995, this was 25%. The other key ratio, the severity index, is a weighted index of poverty giving the greatest weight to those who are poorest. The important point is that all three indices of poverty--incidence, intensity and severity--have increased consistently over the 1985-95 period. Collectively, the indices point to a poverty crisis. Poverty became not only more widespread but also deeper and more severe. The importance of a growth strategy focused on the poor thus emerges as a clear priority.

¹⁰ This observation is explained by the particular period to which it refers. National accounts data indicate a 1-2% rise in real GDP per capita between calendar years 1993 and 1995. However, the results of the living standards surveys reflect the situation for May-November 1993 and March-May 1995. The Ivorian economy declined through the second half of 1993. In contrast, GDP expanded relatively strongly in the second half of 1995.
Geographic Distribution of Poverty

In 1985, poverty was seen largely as a problem of the rural areas. By 1988, this situation had begun to change significantly and by 1995, poverty was clearly an important problem for both rural and urban areas. The proportion of households living below the CFAF 144,800 poverty line remains very unevenly distributed over the country, with about three quarters of poor households still located in the rural areas. But to the structural challenge posed by persistent and growing rural poverty has been added a new challenge of rapidly growing urban poverty. With the emergence of a significant proportion of poor households in Abidjan, the spread of poverty in other towns and rapid urban population growth, the locus of poverty shifted steadily into the urban areas over the decade from 1985 on.

Rural Poverty. Rates of poverty in all rural areas are high. In March-May 1995, the proportion of the rural population in poor households was close to half: 49.4% in the Savannah, a little less in the East Forest areas (41.0%). In the West Forest areas, a rate of 50.1% was recorded, though there are substantive and statistical reasons to doubt whether this is an accurate reflection of an area that enjoys a strong cocoa economy. All these rates are much higher than they were a decade previously and there is no room for doubt that rural poverty has worsened over the long term.

For the 1993-95 period, the conclusion is less clear. In the Savannah and East Forest regions, the incidence was more or less stable; in the West Forest areas, the apparent trend is towards a higher incidence of poverty. Such different trends between regions are hard to explain in terms of the characteristics of each region’s economy in the post-devaluation period. Overall, there does not appear to have been any conclusive change in the level of rural poverty for this period, either for the better or for the worse. A future survey to examine trends since 1995 may cast further light on this question.

The participants in the Enquête Qualitative identified two dominant economic trends underlying the trend in rural incomes over the 1985-95 period. These are taken up in greater depth in later parts of this report.

- Agricultural policies, most specifically the producer prices of main export crops, are identified as a key determinant of income opportunities and thus of poverty. Producer prices of main export crops were approximately halved in 1989. The
sharp loss of cash income for the rural areas is reflected in a quantifiable rise in poverty. In contrast, the increase in producer prices in 1994 facilitated by the devaluation appears to be helping stabilize the decline in rural poverty.

- Previously, rapid economic growth in the urban areas, especially Abidjan, generated a high level of demand for labor, directly and indirectly, and resulting rural-urban migration eased pressures on rural labor markets. The drying up of urban opportunities as a result of economic recession through 1993 led to a gradual halt and even some reversal of rural-urban migration.\(^{11}\)

National economic trends generally support these views, though with some nuances and complexities.\(^{12}\) Poor farmers benefit directly from increased export crop prices only to the extent that they have access to and control over factors of production and can respond to incentives. But even though most export crop production is generated by farmers whose living standards place them above the poverty line, a third of poor households rely mainly on export crop production, while among poor food crop households or those working as agricultural laborers, export crops provide additional earnings opportunities. Poor households' ability to benefit from opportunities in urban and rural labor markets depends equally on how effectively they are able to participate in those markets. To contribute to long term, sustainable solutions to rural poverty, economic policy needs to focus on many constraints in both these areas, which are taken up later in this report.

**Urban Poverty.** Ten years ago, poverty was uncommon in secondary towns and almost non-existent in Abidjan. Since then, urban poverty has emerged steadily as an increasingly important phenomenon. In Abidjan, around one person in five (20.2\%) lived below the poverty line in March-May 1995 and in other towns just over one in four. In contrast, the proportion of the population below the poverty line in 1985 was less than 1\% in Abidjan and around 8.0\% in other towns. An important divergence within urban poverty trends emerged in the period around devaluation. Whereas the policies put

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<tbody>
<tr>
<td>Abidjan</td>
<td>0.7</td>
<td>4.8</td>
<td>20.2</td>
</tr>
<tr>
<td>Other Towns</td>
<td>8.0</td>
<td>31.3</td>
<td>28.6</td>
</tr>
<tr>
<td>East Forest</td>
<td>15.2</td>
<td>37.3</td>
<td>41.0</td>
</tr>
<tr>
<td>Savannah</td>
<td>25.9</td>
<td>48.5</td>
<td>49.4</td>
</tr>
<tr>
<td>West Forest</td>
<td>1.6</td>
<td>35.6</td>
<td>50.1</td>
</tr>
</tbody>
</table>

\(^{11}\) See CERPOD, Migrations et Urbanisation en Afrique de l'Ouest: Résultats préliminaires, Bamako, July 1995. This study, which examined 1988-92 migration patterns in eight West African countries, finds a marked slow down in migration to Côte d'Ivoire from neighboring countries, a slow-down of rural-urban migration within Côte d'Ivoire and a redirection of this migration to secondary towns instead of to Abidjan. It also finds a net flow of migrants out of Côte d'Ivoire to Burkina Faso for the period, a sharp break with earlier observations.

\(^{12}\) Comparison of regional poverty data and regional export crop production data raises questions of consistency for the West Forest area. Statistics derived from national cocoa and coffee sales figures show increasing cocoa production in West Forest in the 1985-88 period and a variable trend in coffee production, whereas the LSMS show decreasing production of both crops and with it an increase in poverty. For a discussion of possible explanation of these trends, see Jones, C., "The Impact of Devaluation on Poverty in Côte d'Ivoire", working paper prepared for this Poverty Assessment.
in place after devaluation have at least permitted a stabilization and possibly a small reversal of earlier negative poverty trends in secondary towns, the level of poverty in Abidjan clearly rose yet further from 1993 to March-May 1995. This trend is very preoccupying, and a follow-up survey is needed to examine whether these trends have continued or changed.

The lethargy of formal labor markets was readily identified by participants in the Enquête Qualitative as a prime determinant of urban living standards and poverty, in particular in Abidjan. This is in line with broad economic conditions in the urban areas. The urban population of working age grew by over 70% over the 1985-95 period. In contrast, the demand for labor followed the level of economic activity downwards over the period, with the consequences showing up in downward pressure on real wages and earnings and growing unemployment. The need for a poverty reduction strategy to focus on labor market outcomes for poor people is thus clear.

Although Abidjan has experienced the most rapid spread of poverty, standards of living there are, on average, well above those in the rest of the country. In part, this reflects the fact that the educational profile of Abidjan residents is better and that average household size is smaller. But these and similar determinants of poverty do not come close to explaining the large step up in levels of living in Abidjan compared with other areas. This premium associated simply with living in the city may explain the rapid growth of poverty there. It gave Abidjan a strong draw as a destination for internal migration, even during the long recession until 1993.

Socio-Economic Groupings of Poor Households

Two features stand out strongly among the characteristics of poor households, both implicit from the discussion of regional poverty patterns above. The first is the high concentration of poverty among agricultural households. The second is the high concentration of poverty in the less formal parts of the economy. Recall that nation-wide, the proportion of households falling below a consumption level of CFAF 144,800 in March-May 1995 was 36.8%. Two major socio-economic groups are poorer than the national average: households headed by agricultural exporters, among whom the poverty rate is 43%, and households headed by food crop producers, among whom the poverty rate is 58%. Moreover, these two groups constitute 65% of the country’s poor households. It is thus clear that to succeed, poverty reduction efforts must address issues confronting agricultural households very forthrightly.

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Although the concentration of poverty among food crop farmers is higher than that among export crop farmers, the difference between the two is attributable to other factors than the choice of crop. These factors include area cultivated, with food crop farmers cultivating 2.8 hectares of land on average compared with 5.2 hectares on average among export crop farmers. Food crop households also have somewhat lower education levels. On the other hand, no differences are apparent from the ownership of farming equipment or from sources of off-farm income.

The second major socio-economic groups where poverty is concentrated is among those engaged in activities classified as informal in the *Profil de Pauvreté*. Much agricultural activity is informal in character, but in addition, there are many households relying on other informal activities, notably small-scale commerce and various trades/crafts. Among employees in informal activities, the poverty rate is 31%, and they constitute 16% of the country's poor. Thus a focus on informal sector activities is also a clear priority for a successful poverty reduction strategy. In contrast, the rates of poverty among households headed by modern sector employees, whether in the private or public sector is low: less than 14% on average.

Until recently, the openly unemployed were not an obvious poverty concern although the issue has other important political, economic and social dimensions. They made up less than 1% of the country’s poor population, and the 20% poverty rate among households headed by an unemployed person in 1993 was lower than that among all agricultural and informal sector groups, and higher only than the rates among employees in the modern private and public sectors. By March-May 1995, households headed by unemployed workers still made up less than 2% of the country’s poor population but their situation appears to have worsened markedly. The poverty rate recorded among such households in

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14 In the 1980s, an important distinction was apparent between owners of informal businesses and employees of such businesses. Poverty among the former group tended to be relatively low, while it was high among the latter. In the 1995 survey, this distinction is much less apparent, with almost equal poverty levels among the two groups.
1995 was 53%, bringing them into line with the situation of households headed by food crop producers. The sharp increase may be transitory, reflecting inability to respond in the short term to the inflation that followed devaluation. In any case, it identifies an important at-risk group that is a key preoccupation for Government.

The Impact of Devaluation and Its Accompanying Measures

Per capita GDP rose by 1-2% from 1993 to March-May 1995, with accelerating growth towards the end of the period. Between the two Household Living Standards Surveys in late 1993 and in March-May 1995, the economy was stagnant at first with a resumption of growth only towards the end of the period. At the time of the 1995 survey, it was therefore still too early to expect any significant reduction in aggregate poverty, and a subsequent study is now needed to give a more recent assessment. The change in poverty incidence from 32.3% to 36.8% reported in the Profil de Pauvreté for this period suggests that poverty increased, though the robustness of this conclusion is questionable because of the inexplicable trends in West Forest region indicated earlier. There have, however, been some redistributive effects of the devaluation and its accompanying measures, some of which raise unanswered questions for future policy. Four main points can be distinguished.

- Export crop producers benefited from real producer price increases of 10% for cocoa, 24% for cotton, and 167% for coffee. Contrary to expectations, however, the nation-wide poverty rate increased slightly among export crop farmers. Regional trends vary widely, with poverty falling among export crop farmers on Savannah, rising rapidly in West Forest and remaining stable in East Forest. This raises the question whether increases in producer prices were effectively passed on to producers in all regions, and if not, what other factors might explain the apparent differences in supply response and poverty outcomes immediately following the devaluation and its accompanying measures.

- Poverty incidence increased among food crop farmers. This is not surprising because the prices of most major staples lagged behind the general increase in prices by 10-25% between 1993 and March-May 1995, while the prices of purchased inputs increased. Regional experience varies only in the extent to which poverty among food crop farmers increased, with the smallest increase in Savannah and the largest in East Forest. The apparently better outcomes for farmers in the Savannah than in other regions may reflect the importance of the

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15 For a broad evaluation of the impact of the CFA franc devaluation, see Goreux, L., La Dévaluation du Franc CFA: Un Premier Bilan en Décembre 1995. The report addresses all major aspects of economic performance in all countries of the CFA zone. Its findings on poverty trends in Côte d'Ivoire predate the completion of 1993 and 1995 data analysis by INS, and as a result differ somewhat from those of this Poverty Assessment. However, in all other aspects, the conclusions of both reports are the same.
livestock sector in the north. Nonetheless, the overall outcomes point to a need for further examination of ways to reach poor farm households.

- Poverty declined among informal sector employees and the self-employed in other towns but showed a big increase in Abidjan. This suggests close linkages between the labor markets of smaller town and rural labor markets, where real wages rose, but some segmentation between that of Abidjan and the rural areas.

- There was an increase in poverty incidence among public sector employees and a slight increase among private formal sector employees. This is not surprising given the still very limited ability to pay higher salaries in all modern sectors, the rise in food prices, and the reliance on imported consumption items. The need to restrain inflation and to make available low priced consumption alternatives is a priority for poverty reduction among this group.

The Enquête Qualitative provides further insights into differences in how people in rural and urban areas were affected by devaluation. For urban-dwellers reliant on cash incomes and salaries, the devaluation was perceived as a clear event that pushed prices up sharply and contributed significantly to a drop in their standard of living by limiting their access to education for their children, health services, transport and certain types of food. Among farmers in the rural areas producing at least part of their own food, the term devaluation was less familiar, with people associating devaluation with the death of former President Houphouet-Boigny. While they also noted that prices rose sharply, they attribute this more to a continuation of the longer-term crisis than to the devaluation.

The Poorest Ten Percent

Among the poorest 10% of Ivorians, there were some shifts in both the character and locus of extreme poverty over the 1985-95 decade. Their degree of poverty became deeper: in March-May 1995, living standards of the poorest 10% were 35% below those of the poorest 10% a decade earlier. The socio-economic composition of the poorest 10% also shifted over time. In 1985, some 66% of poor households were engaged in food crop production and a further 10% in export crop production. By 1995, the shares were almost even at 35% and 34% respectively. There was no observed shift between urban and rural areas, although poverty grew steadily in Abidjan, including in 1993-95.

Vulnerable and Marginalized Groups

Some groups suffer from particular sources of vulnerability. Typically, the Profil de Pauvreté and Enquête Qualitative do not capture the situation of these groups. Four readily identifiable groups could make up as much as a million and a half people. There are certainly other such groups. In addition to the problems faced by poor people

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generally, they often encounter social isolation and marginalization. It would be unfortunate if a poverty strategy were to overlook them too.

- **Children in Difficult Circumstances.** Many children live in difficult and very vulnerable circumstances. Street children, estimated to number 142,000 in the early 1990s, are the most extreme manifestation of this.17 Many other children are vulnerable because of broader circumstances related to parental poverty, weakened social ties or even violence. Many children must work long hours at home. It is also common to place rural children in foster homes in towns, both to gain access to education and to work as maids or apprentices. A recent campaign by the Ministry for the Family (MFPF) has sought to sensitize parents of their responsibilities, but broader efforts to address poverty constraints of vulnerable households is needed.

- **People with AIDS.** Around 30,000 AIDS cases were reported in Côte d'Ivoire as of 1994 and the number is growing rapidly. Seropositive prevalence among adults was estimated at 9.8% in 1994, amounting approximately to 600,000 persons. Not only those infected with AIDS suffer. A larger number of household members are also affected, sometimes because they become seroprevalent too, but in any case because they face a heavy additional economic burden. Costs of care exceed ability of poor households to pay, and social services are weak. Housing situations often become precarious. Social isolation or exclusion can occur. Many AIDS victims die at the peak of their productive lives, and their death can be an abrupt gateway to poverty for the household.

- **Refugees.** Côte d'Ivoire has accepted many refugees from neighboring countries over the years. In 1995, it was estimated that 300,000 refugees were living in Côte d'Ivoire as a result of hostilities in Liberia. Refugees are particularly vulnerable because their social ties have been uprooted, while new ties, often with the same ethnic groups in Côte d'Ivoire, are strained by sheer numbers. Refugees face difficult access to land, sometimes outnumbering the indigenous population. They often lack stable income sources. UNHCR and Government programs have provided health care, education and food aid to Liberian refugees, but there are distance, cost and language problems.18 Added complications arise from being

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17 Based on a 1991-92 study by the Institut d'Ethno-Sociologie for UNICEF Côte d'Ivoire. About one in ten of these children lived on the streets, the remainder returned to households at night, not necessarily that of a parent.

18 Early refugees found social services to be worse than they were accustomed to in Liberia, and this led to suspicions of discrimination. With the provision of UNHCR services, some Ivorians now feel that the level of services they receive is lagging. See Mothebesoane-Anoh F. and M-F. Bourgeois, "Situation des Réfugiés en Côte d'Ivoire", 1995.
non-Ivorian: inability to communicate in French, constraints to travel, lack of identification cards and refugee complaints of police harassment.

- **Handicapped People.** Some three quarters of a million people (5% of the population) are thought to have handicaps of different sorts. Not all handicaps are equally serious, and not all handicapped persons are poor. Government, NGO, private and donor programs provide services to small numbers of people, but mostly those with handicaps must fend for themselves. Indeed many report indifference or rejection by their families, communities and Government. To deal with poverty effectively, Government policies will have to offset these additional areas of vulnerability.

C. **Household Characteristics and the Dynamics of Poverty**

Among poor households, there is a strong sense of precariousness and vulnerability. A high degree of mobility into and out of poverty has been documented, even on a short term basis. In the 1985-88 period, for example, when there was a rapid spread of poverty overall, around 30% of households were nonetheless found to have improved their situation over any one year period.\(^{19}\) The participants in the *Enquête Qualitative* were, as noted earlier, able to identify many household level factors associated with the process of immiseration. In this section, some key features of households that add to or lower their vulnerability are examined.

**Poverty and Household Size**

The *Profil de Pauvreté* shows that larger households experience lower per capita living standards and thus markedly higher concentrations of poverty. In part this may reflect the methodology of the study, which measured consumption on an (unweighted) per capita basis rather than a (weighted) adult-equivalent basis. The methodology also does not measure economies of scale within the household. It is likely that an analysis based on adult equivalency and some allowance for economies of scale would show a much less marked pattern. For households with 1-3 members in 1995, about 8.1% fell below the poverty line of CFAF 144,800 per capita, the proportion rising steadily with household size to 47.3% for households with 10-12 members. Only among the very largest households, those with 13 or more members, was there a slight break in this pattern. This pattern was repeated for urban and rural areas, for different regions within rural areas and between Abidjan and other urban areas.

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Multivariate analysis allows the impact of increasing household size to be quantified, if somewhat tentatively because the economies of scale are not taken into account. Among urban households, the presence of each additional man, woman or child was associated with a CFAF 46,000 reduction in per capita living standards of the household in 1995. At the low end of the spectrum of living standards, the presence of additional men or children in the household was associated with a higher probability of being poor than the presence of additional women or elderly people. Among rural households, the presence of an additional child was associated with a CFAF 28,800 reduction in per capita living standards and increased the probability of being poor by 10%. The presence of an additional woman in the household was associated with a CFAF 23,800 reduction and a 4% higher likelihood of being poor.

This last point about the presence of an additional woman deserves comment. In part, the higher likelihood of poverty reflects the fact that no monetary value is assigned to most household activities carried out by women, even though many Ivorian women play a critical role in supporting their families and households. The difficulties faced by women in moving to higher levels of productivity and income are explored further in Chapter 4.

**Poverty and Educational Attainments**

Education is readily confirmed as a key to improved living standards among Ivorian households. For 1985-88, human capital in the form of education of household members is identified through the LSMS data as the key determinant whether households, especially urban households escaped or avoided poverty. In particular, the links to the labor market were crucial. Access to wage employment and an increasing wage share in household income were the clearest avenues out of poverty, though the relative importance of these factors shrank as the recession in the formal sectors deepened.

By 1995, the economy had evolved though the relative importance of the education is confirmed. In urban areas, average combined years of education of household members averaged 15 years. Multivariate analysis suggested that each year adds around CFAF 6,400 on average to household income per capita, and lowered the probability of falling below the CFAF 144,800 poverty line by 0.3%. A diploma—still the key to wage

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21 Ibid.
employment in the formal sector—added on average CFAF 66,000 further reducing the probability of being poor by 8.4%. This effect is strongest in Abidjan. Importantly, education seems to be an increasingly effective protection against poverty in the informal sector, where each year of household education raised household income on average by CFAF 5,200 and lowered the probability of being poor. Possession of a diploma was not a significant factor in the informal sector.

In rural areas, education levels are a less important determinant of poverty, in large measure because the average of 5 years of education per household is so much lower than that in urban areas. Even so, each additional year of education was found to lower the probability of being poor by 0.7%, a higher percentage than in urban areas.

**Household Coping and Adaptive Livelihood Strategies**

A statistical profile cannot hope to capture the rich dynamics of behavior and responses among affected or vulnerable households. Participants in the *Enquête Qualitative* partly fill this gap through insights into changes in their lives and livelihoods. These changes are not quantified, and in some cases are different from observations that might be made on the basis of aggregate statistics. Nonetheless, they are reported to illustrate some of the perspectives of the poor and to provide a sense of the complexities that a successful poverty reduction must embrace.

**Perceived Constraints to Livelihood.** Many broad constraints were identified: falling household purchasing power, the rise in cost of education and health services, the degradation of infrastructure, a fall in the availability of credit, and increasing insecurity. In urban areas, poor households cited insecurity of tenure over where they lived, and the constant threat of eviction as particular constraints, together with increasing under or unemployment and difficulty of access to social services. Income from household enterprise in the informal sector was a viable alternative to wage employment, but only in conjunction with significant amounts of physical capital to boost productivity.

In rural areas, access to farm land was cited as the most important determinant of household levels of living and ability to safeguard living standards. Small holders were very prone to suffer losses in levels of living, though diversification of activities and income sources, especially non-farm income, was clearly identified as a successful and widely applied strategy for many rural households. There are some important regional variations.

- In cocoa and coffee growing areas of East and West Forest, the rising cost of agricultural inputs and transport, difficulties in marketing produce, debt and difficulties with repayment were cited as major constraints. Migrant farm labor has become less affordable, slowing the rate at which plantations can be brought back into production. Young people migrating back to their villages experience difficulty reintegrating into productive life because land is no longer as readily available.
In the Savannah, the break-up of customary reciprocal labor arrangements is perceived as a constraint to production. The viability of cotton is seen to be threatened by a decline in soil fertility, associated with the end to subsidized inputs of fertilizer and insecticide. These factors and geographical isolation of the area are contributing in participants’ eyes to the departure of young people from rural communities. Drier conditions, more frequent droughts and increasing conflicts with transhumant herders were cited as particular problems, though this report can neither verify or deny these observations. Women cited difficulties in access to wetlands for growing subsistence crops and in access to wild foods and wood fuel.

Coping Through Changes in Household Activities. The Enquête Qualitative cited a large number of activities that households are adopting to cope with poor or precarious living conditions. In urban centers, women in particular reported moving into the food marketing and processing sector. In peri-urban areas households reported moving into subsistence production on unoccupied wasteland and bringing wetlands near urban centers into market-gardening and rice production. Young men reported moving into short-term informal activities as apprentices, street mechanics, carpenters, etc. Children, particularly young girls, were reported to be working at younger ages. Male household heads commonly recognized the importance of diversification of women’s activities for the household’s survival. A common response cited by the extremely poor is to move out of houses where they might “own” a room, put it up for rent, and move themselves into cheaper housing in the bidonvilles (shanty towns). Prostitution is also at times a response.

In rural areas, households reported coping responses that included increasing production of food and market gardening crops in wetlands, both to protect the household from rising prices in the market and, if possible, to produce food crops for sale. Only better off households were able to pursue this latter strategy with success, however. In forest zones, households reported a marked increase in manioc production and cultivation of maize. Poor households report falling back on gathering wild foods, hunting, and gathering wood-fuel for sale, especially in the Savannah. Women reported diversifying their activities into processing and sale of food and drink. In the Savannah areas, better off households report that they are investing additionally in drought resistant crops, in livestock, and in cross-border trade where the frontier is close. Poor households are constrained to work on the fields of others and rely increasingly on hunted or gathered food.

Coping Through Changes in Household Consumption and Investment. Poor households report that they have responded to poverty by changing their eating habits by reducing the quality, quantity and frequency of meals. As part of this behavior shift, fish, meat and rice are eaten much less, and in forest areas manioc and maize are more commonly consumed. Poor households may reduce the number of meals they eat in a day. In urban areas, poor households report that part of their response to poverty is to consume lower quality grades of food or buying prepared food in markets. This last
strategy allows them to economize on fuel, and reduces their obligations to feed other members of the extended family.

A very common response of poor households to rising prices for health services and falling income are self-medication, perhaps based on herbal medicines, turning to traditional healers, or buying (often past-dated) medicines from pharmacies trottoirs (street vendors). Poor women may choose to dispense with pre-natal care when pregnant and to give birth at home. Health centers and hospitals are visited by the poor as a last resort, and payment for these services can be an important cause of indebtedness.

Poor households reported sending fewer of their children to school, particularly young girls, and for shorter periods. In forest areas, where households had in the past paid school fees from earnings from cocoa and coffee, this was attributed to lack of financial resources. In the Savannah, some households questioned the validity of paying for education only to find later that their children not only fail to find employment but that they are also less willing to work on the family farm. These factors are perceived as leading not only to poor households sending fewer of their children to school for shorter periods, but are also contributing to the increasing popularity of Koranic schools, where fees are considerably lower and there is greater flexibility in allowing children to blend schooling and home activities.
CHAPTER 3: GROWTH AND THE PROSPECTS FOR POVERTY REDUCTION

At the beginning of this report, the central question for future poverty reduction in Côte d'Ivoire was posed: whether the economic growth of the last four years will be sustained, and if yes, how much lower income groups will share in the benefits. The previous chapter confirmed that poor Ivorians did not share fully in either past growth or recession, and that wide disparities in living standards persist between regions, between income levels and between men and women. The subject of this chapter is growth and its distribution. What do present growth plans and the Plan national de lutte contre la pauvreté presage and what policies can contribute to more sustained growth and effective reduction of poverty?

A. Past Growth Record and Ivorian Government Plans

Côte d'Ivoire’s economic history underscore the importance of competitive economic policies. Early economic growth was based on a competitive export-oriented agricultural economy accompanied by major investments in infrastructure and the education system. The long recession illustrates the high cost of losing competitiveness: despite its rich natural and agricultural potential, Côte d'Ivoire’s economy was no greater in absolute terms in 1994 than in 1980. Real GDP stagnated while the population expanded from 8 million to 14 million. The increase in the poverty rate from 10% to 36.8% in 1985-95 confirms a rapid spread of poverty as a result of the economic decline. The decline also brought labor markets under stress, with downward pressure on real wages and rising unemployment. The impact on Government finances became increasingly acute as Government revenue fell from over 30% of GDP in 1980 to 22% in 1995. Moreover, a heavy legacy remains in the form of a debt burden of US$ 19 billion, although reschedulings have greatly alleviated the burden actually paid, and further debt reduction is in prospect under the recent initiative for Highly Indebted Poor Countries.
Key Indicators of Macroeconomic Performance

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<tr>
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<th>1985</th>
<th>1988</th>
<th>1993</th>
<th>1995</th>
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<tbody>
<tr>
<td>GDP per capita (thousands of CFA francs at 1985 prices)</td>
<td>308.5</td>
<td>287.6</td>
<td>243.5</td>
<td>246.7</td>
</tr>
<tr>
<td>Government Revenue (% of GDP)</td>
<td>32.9</td>
<td>25.8</td>
<td>17.6</td>
<td>21.7</td>
</tr>
<tr>
<td>Government Expenditures (% of GDP)</td>
<td>23.1</td>
<td>35.7</td>
<td>30.1</td>
<td>22.1</td>
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<tr>
<td>Gross Domestic Investment (% of GDP)</td>
<td>12.6</td>
<td>14.4</td>
<td>7.8</td>
<td>12.5</td>
</tr>
<tr>
<td>Exports of Goods and Non-Factor Services (% of GDP)</td>
<td>45.6</td>
<td>29.2</td>
<td>28.7</td>
<td>44.5</td>
</tr>
<tr>
<td>Imports of Goods and Non-Factor Services (% of GDP)</td>
<td>32.5</td>
<td>27.5</td>
<td>27.6</td>
<td>34.0</td>
</tr>
<tr>
<td>External Debt (in billions of US$)</td>
<td>9.6</td>
<td>12.6</td>
<td>17.0</td>
<td>19.1</td>
</tr>
<tr>
<td>External Debt Service as % of Exports</td>
<td>34.9</td>
<td>31.9</td>
<td>31.0</td>
<td>23.0</td>
</tr>
<tr>
<td>External Debt Service as % of GDP</td>
<td>16.0</td>
<td>10.2</td>
<td>11.7</td>
<td>9.8</td>
</tr>
<tr>
<td>Nominal Exchange Rate (CFAF/US$)</td>
<td>449.2</td>
<td>297.9</td>
<td>283.2</td>
<td>499.2</td>
</tr>
<tr>
<td>Real Effective Exchange Rate Index (1985 = 100)</td>
<td>100.0</td>
<td>139.3</td>
<td>135.7</td>
<td>117.0</td>
</tr>
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Building on the boost given to growth by devaluation since 1994, the Ivorian Government has set a GDP growth target of 6.0% for 1997-2000. Beyond this time horizon, an acceleration of growth to 10% is targeted, with hopes that this rate can be sustained for an extended period. The long term growth plans, which were made before the preparation of the Plan national de lutte contre la pauvreté, and therefore do not include any specific focus on poverty reduction, are set out comprehensively in the Éléphant d’Afrique: Objectifs et Stratégies 1995-2000. If sustained, this performance would place Côte d’Ivoire among the fastest growing economies of the world. Growth is to be built around four pillars: agriculture; industry, energy and mining; services; and export industries. The private sector is to take the lead in productive activities. Government’s role is to reinforce competitiveness and support the private sector. The investment rate would need to rise from 14% of GDP in 1996 to almost 20% by the end of the decade and higher thereafter, with private investment contributing 80% of the total.

B. Macroeconomic Policies: The Setting for Growth and Poverty Reduction

The devaluation of the CFA franc and the successful management of macroeconomic aggregates since then have put in place some key preconditions to help turn Government’s growth aspirations into reality. Measures to reinforce public finances, maintain monetary discipline, strengthen public administration, rationalize the operations of public enterprises, promote private sector activities, lower regulatory barriers and raise efficiency in all key sectors have all advanced the reform agenda, even though this is still unfinished. The measures already taken or planned are extensively described in the Éléphant d’Afrique, the Policy Framework Papers for 1996-98 and 1997-2000 and a variety of sectoral and other policy statements.
Overall, the past and prospective measures add up to a persuasive blue-print to assure that the immediate target of 6% growth in 1997-2000 is met and that a foundation is laid for growth beyond then. Given the high priority by Government to restoring growth, the starting assumption for this report is that all measures will be completed as quickly and as effectively as possible. The recent preparation of the *Plan national de lutte contre la pauvreté* is a key step towards enhancing the long term economic and social sustainability of this growth. International experience shows that in order for growth to be strong and sustainable, policies which actively include the poor are necessary. Purposeful implementation of the *Plan national de lutte contre la pauvreté* can therefore make a significant contribution not only to the reduction of poverty but also to the long term sustainability of growth.

**Pro-Poor Macroeconomic Policies**

As this report is not the forum for a comprehensive review of macroeconomic policies, it will focus on only three areas where past policies offer vital lessons for future poverty reduction efforts. These are the complementarity between competitiveness, growth and poverty reduction, fiscal priorities conducive to poverty reduction, and trade/incentive policies to support poverty reduction.

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Competitiveness, Growth and Poverty. The importance of establishing and maintaining economic competitiveness and the extent to which this can be determined by policy choices is well illustrated by the positive growth experienced since devaluation. The experience of other countries offers the same conclusion. For example, Ghana acted to restore its competitiveness in the early 1980s and, with very similar natural endowments to Côte d’Ivoire, grew by about 4% over the 1980-95 period. In contrast Côte d’Ivoire’s competitiveness was eroded in the 1980s, its inability to compete profitably in agricultural export markets or against imports from developed and neighboring countries, combined with the strategy of trying to regain competitiveness through downward pressure on production costs in a context of austere fiscal and monetary policies proved to be strong disincentives to economic activity. In Nigeria, reasonable growth results were attained during the 1985-92 period when more competitive economic policies were applied. East Asian and Latin American countries provide numerous other illustrations of this point.

Côte d’Ivoire is now much more on track in terms of competitiveness. On the eve of the devaluation, the real exchange rate was estimated to be overvalued by about 55-60%.24 The 50% devaluation thus brought the economy much closer to an immediately competitive position, though subsequent inflation and wage increases were expected to, and in fact did erode about almost half of the initial gains. The subsequent implementation of measures to raise productivity and keep costs down has further reinforced competitiveness and these gains are reflected in economic performance in 1994-97. GDP grew by 2% in 1994 and at a rate of 6-7% since then.

For the future, there is a strong complementarity between competitiveness and poverty reduction and almost no risks, particularly when the measures to enhance competitiveness are based on productivity gains. Some key polices to which Government is presently committed will support this: containment of inflation; labor market reforms to lower barriers to mobility and contain labor costs; reduced taxation of imports; measures to raise productivity in public enterprise operations; lowering of margins in such areas as transport or trade through removal of restrictive practices or enhanced competition. Ongoing regional integration efforts among UEMOA countries will help widen markets for Côte d’Ivoire’s products and help it become more diversified. None of these measures is likely to harm poor households and there is every reason for accelerating implementation of the measures as much as possible to promote a more buoyant economic climate and take early advantage of the benefits arising from the reforms.

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24 This figure is based on the real effective exchange rate (REER), an easily measured and commonly used proxy measures of competitiveness. The REER fails to capture some important dimensions. Competitiveness more broadly defined is a measure of one nation’s costs of production relative to that of others and reflects three sets of variables: (i) levels of productivity in the real economy, especially the productivity of labor; (ii) the relative prices of the nation’s outputs, which in turn depend on the price of its inputs, especially labor costs in the case of Côte d’Ivoire; and (iii) the exchange rate at which transactions between countries are made. All these variables are susceptible to policy choices, though with differing time frames.
Fiscal Priorities and Public Expenditure Constraints. After many years of persistent deficits, Government succeeded in turning the primary balance from a deficit of 3.2% of GDP in 1993 to a surplus of 3.5% in 1996. This performance, facilitated by devaluation, was achieved by measures to limit the wage bill, restructure taxation and redefine spending priorities. The strengthening of fiscal policy has helped contain inflation and thus facilitated increases in competitiveness. It has also enabled Government to reduce its domestic arrears, a problem that was partly immobilizing the economy and adding to costs. Ongoing reforms in energy, forestry and real estate taxation, efforts to strengthen tax administration, measures to streamline the civil service and rationalize civil service pay and benefits as well as a sharpening of spending priorities are expected to strengthen the primary surplus to an average of 3.5% of GDP for 1997-2000.

Putting government finances on a solid basis has been beneficial for all, but there are two areas where accelerating ongoing reforms could be beneficial to poor Ivorians and one area where further study would be desirable. First, if ongoing plans to reduce cocoa taxation could be accelerated, the impact on household incomes would be a significant one. Heavy export taxation was one of the main mechanisms that curtailed rural incomes and widened disparities in the 1970s. Today the burden of export taxes still falls on a relatively weak economic group. Second, ongoing efforts to

<table>
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<th>Cocoa Export Taxes</th>
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<tr>
<td>Cocoa exports are currently taxed at 20%. The rationale for the tax is to restrain production. Côte d'Ivoire has a significant market share of the world market for cocoa and may be able to exercise some influence over world market prices by restricting supply. The tax is also justified in part as a substitute for income taxation of farmers. Each of these rationales carries some uncertainty. Consistent success in raising world market prices by restricting supply is far from assured, and any short term gains are in any case liable to elicit a longer term supply response from competing suppliers around the world. As a substitute income tax, the export tax is regressive to the extent that it falls on poor farm households in the sense that it transfers resources from a relatively poor group to relatively better-off urban residents. More broadly, the tax results in a transfer of resources from relatively poor regions to the center. An immediate way to ease rural poverty would therefore be accelerated phase-out of the cocoa export tax, especially if the pass-through of savings to producers is reinforced through ongoing reforms in the cocoa filière.</td>
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25 If that part of export taxes collected on the output of poor farmers were to be either waived or, alternatively, collected but returned to the same farmers in the form of income transfers or service provision, there would be no regressive impact. However, there is no practical mechanism in place to implement either of these alternatives.

26 In parallel, there are income elastic consumption goods whose taxation is low and could be increased. Beer, wine and cigarette taxation are all extremely low in Côte d'Ivoire.
reallocate expenditures in favor of the social sectors could be accelerated. This would be beneficial to poor Ivorians, especially if accompanied by the more profound reforms discussed in Chapter 7 below. It need not add to the overall deficit, and indeed could generate expenditure savings.

Finally, a study commends itself to ascertain the overall progressivity or regressivity of public finance. Parts of the picture are clear. Agricultural export taxes bear on poor Ivorians. The incidence of social sector spending on the poor (Chapter 7) and the targeting of social funds to the poor (Chapter 8) are found to be regressive. But at present, it is not possible to conclude with any certainty whether, in toto, taxation and public expenditure redistribute resources to or from poor Ivorians. Since the mobilization and allocation of public resources is one of the main policy levers at Government’s disposal to influence poverty outcomes, greater clarity on the distributive impact of the budget is essential to enhance the effectiveness of the Plan national de lutte contre la pauvreté.

**Incentive Policies and Poverty Reduction.** For extended periods in the 1980s, incentive policies were not conducive to sound economic development. Economic regulation of filières for the main export crops including price setting and stabilization, protective regimes for certain industries, uneven tariff and non-tariff barriers to trade, protection in the transport, maritime transport and energy sectors and labor market regulation were all present at one time or another. More broadly, the effective subsidization of credit and exoneration of capital equipment from taxation coupled with an onerous labor code and payroll taxation put labor intensive activities at a disadvantage. Some actions had a direct effect on poor households, especially those affecting producer prices for export crops. The effect was not always negative: until they were halved in the late 1980s, for example, producer prices for export crops were subsidized, partly in an attempt to offset the disincentive effects of overvaluation. But mostly, the effects have been negative by lowering economic competition and adding to the underlying lack of competitiveness.

Recent and current efforts to encourage private sector development have brought renewed focus to the need for lower regulatory barriers. Many of the former barriers have been removed or eased, and this has facilitated the post-devaluation supply response. Rapid completion of the measures set out in the Eléphant d’Afrique and the Policy Framework Paper 1997-2000 will help speed growth. From the perspective of poor Ivorians, completion of actions to reform CAISTAB and bring greater efficiency to the coffee and cocoa filières will be particularly helpful. Finally, consideration should be given to

**Impact of Government Growth Plans on the Poor**

Government has persuasive macroeconomic plans and policies and is developing a Plan national de lutte contre la pauvreté to complement these. What do these plans and policies offer for poorer Ivorians? Potentially, the macroeconomic plans alone offer four benefits to all Ivorians, and poor households can expect to share partly in all these. First, by containing inflation, the reforms will shield all households, including poor ones, from price shocks. Second, the growth process is likely to add to labor demand for those able to participate in labor markets, including those in lower productivity activities. Third,
efficiency gains in key areas such as transport or energy will generate cost savings which can be passed on to consumers directly and indirectly. Fourth, the program will generate public revenue that can finance social and economic development activities, some of which may benefit poor communities and households.

These four benefits are a favorable economic back-drop for the *Plan national de lutte contre la pauvreté* with its proposed focus on the activities and needs of the poor. In terms of household consumption, present macroeconomic growth plans alone would allow a good start to be made in poverty reduction, but these results are likely to be enhanced by implementation of the *Plan national de lutte contre la pauvreté*. After allowing for increased savings needed to sustain high growth, 6% GDP growth corresponds to an increase in private consumption of 5-5.5% per year or around 2% in per capita terms. Over three years, average household consumption expenditures would thus rise in total by about 6% in real terms. The long term implications of growth at only this rate are easily calculated: average consumption levels would rise by around 22% over a decade, and by 49% over twenty years. These are soberingly modest increases, which risk leaving average levels of consumption still below those in 1978. For a substantial reduction of poverty, the incomes of the poor would need to grow at least as rapidly as the national average, a result which was not achieved in earlier period of growth and has not been achieved by many other fast growing economies. Overall, these projections make a convincing argument not only to sustain growth but to accelerate it and to tilt it more in favor of the poor. The *Plan national de lutte contre la pauvreté* thus represents a timely complement to the growth plans.

**Future Poverty Trends: Some Tentative Hypotheses**

Trends in future poverty levels are an open question, with the answer largely depending on policy choices. To illustrate the wide range of possible outcomes, a series of scenarios is used to examine the long term impact of alternative growth rates and hypotheses about the extent that poor Ivorians share in the benefits of growth. The methodology is not complex: it simulates how many poor Ivorians will be lifted above the poverty line as a result of different rates and patterns of growth and calculates the implied incidence of poverty. The simulations are for a twenty year period from 1995 to 2015. The range of outcomes is startlingly wide.

- **Scenario 1**: This scenario illustrates the impact of presently planned economic reforms but in the absence of a strong poverty focus. The scenario assumes average GDP growth of 6% until 2000 but only 5% thereafter while earlier distributive trends are repeated.27 The growth hypothesis is lower than that targeted in *Eléphant*

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27 The macroeconomic projections on which scenario 1 is based are those used in the Policy Framework Paper and the accompanying analysis of long term debt sustainability. As a result of projected changes in the savings rate and in the share of the public sector in total consumption over time, the hypothesized pace of growth of aggregate private consumption differs slightly from that of GDP. For population, INS projections are used.
**d’Afrique** to reflect the difficulty of sustaining high growth without effective involvement of the poor. The distribution hypothesis is that the per capita consumption of poor Ivorians changes at only half the pace of average per capita consumption (1.2%).

- **Scenario 2:** Under this scenario, it is assumed that presently planned reforms are complemented by specific short term measures to redistribute resources in favor of the poor, but that the longer term poverty constraints faced by the poor are not addressed effectively. Reflecting these short term measures, the consumption of poor Ivorians is assumed to grow in line with the national average rate (2.4%), but there are assumed to be no gains in terms of higher growth because of inadequate attention to longer term poverty constraints.

- **Scenario 3:** In addition to sustained economic reform and short term poverty reduction measures, this scenario assumes stepped up implementation of investments in the human capital of the poor. This corresponds to many of the components expected under the *Plan national de lutte contre la pauvreté*, and assumes the achievement of substantial progress in lowering fertility through strengthening family planning services, reducing demographic pressures, building a more literate, healthy and well educated labor force at the lower income levels, and investment in complementary areas such as basic infrastructure services. The GDP growth rate is hypothesized to be sustained at above 7%, with the consumption of poor Ivorians growing in line with the national average rate (2.4% until 2000, accelerating to 4.3% thereafter).

- **Scenario 4:** A last scenario presents a reference point against which the impact of Government economic and poverty policies can be measured. Under this scenario, the stagnation of GDP of the 1980s and early 1990s is hypothesized to continue (zero growth) while past redistributive trends are repeated. This scenario in effect sketches what might have happened if Government had not committed itself to the economic and social reforms how being implemented or planned.

In scenario 1, with successful economic reforms leading to growth at the targeted 6% rate, it would be possible to stabilize the incidence of poverty, but in the absence of a

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28 It is feasible to decompose observed changes in poverty rates into two components. The first is the impact of growth in aggregate consumption on the assumption that there has been no redistribution effect. The second reflects separately the impact of any redistribution effect. In Côte d’Ivoire, the impact of economic recession on the aggregate poverty rate in 1985-95 was moderated by shifts in distribution, with higher income groups experiencing a more rapid increase in poverty and lower income groups a slower increase than was indicated by growth trends alone. See Grootaert C. with contributions from L. Demery and R. Kanbur, “Analyzing Poverty and Policy Reform: The Experience of Côte d’Ivoire” (draft), World Bank, 1995
specific poverty focus in growth, the absolute number of poor Ivorians would continue to rise. In scenario 2, where economic reforms are combined with specific short-term poverty reduction measures, both the incidence of poverty and the absolute numbers of poor people fall, though the pace is slow: there would still be a higher incidence of poverty in 2015 than in 1985 and around 4 million Ivorians would still be living in poverty. Only in scenario 3 are rapid reductions achieved in both the incidence of poverty and the absolute numbers of poor people, when the favorable economic aspects of scenario 1 and the short term measures added in scenario 2 are retained and when substantial progress is made in increasing investment in the human capital of the poor. In the reference scenario 4, the lack of growth would inevitably lead to both a higher incidence of poverty and a rapid increase in the absolute number of poor people.

Illustrative Scenarios for Alternative Growth and Distribution Hypotheses
C. Sustaining Growth in the Long Term

Completion of present reforms can accelerate growth in the short and medium term by moving the economy more rapidly to its “production frontier” and creating an incentive framework favorable to more rapid growth. How can this growth be accelerated and sustained? Does Côte d’Ivoire have the natural and physical assets, and is it creating the human capital to accelerate and sustain growth? How can the Plan national de lutte contre la pauvreté contribute to the build-up of human capital?

In terms of natural and physical assets, a move to sustained high growth is very feasible. Côte d’Ivoire is endowed with many assets to sustain high growth. With its diverse ecology and distinct climatic zones, its productive soils, forests and grazing land and its new-found energy resources, the country has unusually rich natural assets. A well established manufacturing base, well developed infrastructure and the potential of Abidjan as a service center for the sub-region reinforce the view that many ingredients for rapid growth are to hand. There are some issues regarding long term sustainability, most notably with regard to environmental depletion. But by and large, it is not unrealistic for a country with this rich natural resource endowment to target sustained high growth.

In terms of human capital the answer is less favorable. Two important factors stand in the way, each linked to the other, each requiring long lead times to bring effective change. The first is a very high fertility rate and demographic growth. This compounds the difficulty of achieving high growth and dilutes the benefits. The second reason is low levels of literacy and basic education. At the top of the pyramid, Côte d’Ivoire has a stratum of educated cadres. The base of the pyramid is much less solid. By putting a heavy emphasis on investments in the human capital of poor Ivorians, the Plan national de lutte contre la pauvreté clearly intends to address these issues.

Addressing the Demographic Constraint

The most pervasive constraint to long term poverty reduction is rapid demographic growth. The Plan national de lutte contre la pauvreté recognizes this important constraint. At the household level, demographic growth puts pressure on incomes and resources. Large families put a particularly heavy burden on poor women and in periods of economic hardship, family breakdown can occur leading to a variety of social problems. At the national level, demographic growth translates into depressed labor markets, environmental stresses, strains on public infrastructure and a difficult challenge to Government in providing basic health care and education.

Official projections estimate that the population will grow to at least 20 million in 2005 and at least 27 million in 2015. Even this daunting trajectory is not a ceiling: the projections are predicated on a gradual drop in future fertility rates that is not yet assured. If these projections are realized, the strains arising from rapid demographic growth and the resulting constraints to poverty reduction would barely be eased over the next twenty years. The importance of putting in place a strong demographic policy and family planning program now cannot be emphasized enough. The benefits from reduced fertility
are modest in the short term but very substantial over a long time horizon. Deferral of action now will only defer the date at which these substantial benefits start to accrue. Far-sighted policies are called for and will give results.

Côte d’Ivoire’s total fertility rate fell from 7.4 in 1970 to 5.7 in 1994, but the rate is still higher and the decline less rapid than in other parts of the developing world. Over the 1970-91 period, for example, China’s rate fell from 5.8 to 2.4, India’s from 5.8 to 3.9, while the average drop for low income countries was from 6.0 to 3.8, and for lower-middle income countries from 5.3 to 3.6. Government has committed itself formally to a national family planning program as part of a long term population policy. The urgent challenge is now to make this program effective.

Action will need to focus on two points. First, there is a need to develop family planning services as part of the broader development of government health care provision. Reproductive health services will be part of the Paquet Minimum d’Activités to be assured in future through all public facilities, and the success of the family planning program will thus be linked closely to the broader success of efforts to expand and improve health care. At present, these largely miss the needs of the poor and considerable efforts are needed to make them more accessible to poor Ivoirians, improve the quality of their services, strengthen their responsiveness to demand and reinforce their management.

The second area where action is needed is in developing demand for family planning services. Among poor Ivoirians, fertility is high because a large family is seen as, and indeed offers in current conditions, a form of security against many of the risks faced by poor people: sickness and disability, assurance of bras valides (workers) for family farms, old age security, and quite simply, a larger extended family network in the future. Lower fertility will depend in part on the success of health services in improving child survival among poor families. Acceptance of smaller families will reflect how successfully the education system and adult literacy programs can reach out to poorer girls and women, areas where past results have been disappointing.

Investment in Human Capital of Poor Households

Côte d’Ivoire aspires to join the ranks of the fastest growing countries. Among these, broad investment in human resources has been a common theme of their success, and in all cases this has been associated with rapid poverty reduction. Conversely, among countries that fail to invest broadly in human resources, sustained growth has generally been elusive, thus missing an essential prerequisite for successful poverty reduction. The Plan national de lutte contre la pauvreté gives considerable emphasis to the theme of investing in the human capital of the poor.
The tables below compare critical human capital indicators for two groups of countries. The indicators selected are adult literacy rates and primary school enrollment rates\textsuperscript{30} though different indicators do not lead to substantially different conclusions. The former is a critical indicator because it provides an aggregate view of human capital of the least skilled end of the labor force. The latter is critical because it will largely determine, with a long lag, future literacy rates.

The first table shows social indicators for all countries achieving and sustaining the high growth rates in 1985-94, defined as 4% per capita annually. All but one have literacy rates well above 80% and primary school enrollment rates of around 100%.

<table>
<thead>
<tr>
<th>Social Indicators in the Fastest Growing Economies</th>
<th>Growth Rates in Countries With Mid-Range Social Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Adult Literacy Rate</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Thailand</td>
<td>8.6</td>
</tr>
<tr>
<td>China</td>
<td>7.8</td>
</tr>
<tr>
<td>Korea</td>
<td>7.8</td>
</tr>
<tr>
<td>Botswana</td>
<td>6.6</td>
</tr>
<tr>
<td>Chile</td>
<td>6.5</td>
</tr>
<tr>
<td>Singapore</td>
<td>6.1</td>
</tr>
<tr>
<td>Indonesia</td>
<td>6.0</td>
</tr>
<tr>
<td>Mauritius</td>
<td>5.8</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5.6</td>
</tr>
<tr>
<td>Ireland</td>
<td>5.0</td>
</tr>
<tr>
<td>Portugal</td>
<td>4.0</td>
</tr>
</tbody>
</table>

In the accompanying table, growth rates are shown for Côte d'Ivoire and countries ranking higher in terms of adult literacy and primary school enrollment. The range of literacy rates is from 49% in Côte d'Ivoire to 67% in Tunisia. The per capita growth rates of countries in this group are mostly low, often negative, and in any case greatly below even the lowest of the high growth countries. Primary school enrollment rates exhibit a wider range, but in most cases represent far less than universal primary education. The fastest growing country among those with mid-range social indicators is India at 2.9%. If Côte d'Ivoire were to achieve a growth rate of 6% as foreseen for the 1997-2000 period, it would almost match India's performance, though for a three year period rather than a decade in India's case.

\textsuperscript{30} Data are from the World Development Indicators, 1996 which place Côte d'Ivoire's illiteracy rate at 60%. The 51% rate presented here is from the 1995 \textit{Profil de Pauvreté}. Gross primary enrollments rates are presented because of data availability. Net rates provide a better indicator of the actual coverage of the education system.
Investment in human capital of poor Ivorians can be clearly identified as a condition for sustained rapid growth from this review of experience of other countries. Because such investments are critical to allowing poor households to participate in the economic growth process, this Poverty Assessment will return repeatedly to this theme. In Chapter 4, the theme is raised with respect to women and girls. In Chapter 5, how to improve food security and nutrition is examined: both areas are critical for poor households, especially for children. In Chapter 6, the importance of human capital in determining labor market outcomes for poor households is addressed. In Chapter 7, health and education sectors are examined directly.
CHAPTER 4: GENDER, GROWTH, AND EXCLUSION

In the previous chapters, the inclusion of all Ivorians in economic growth has emerged as a key problem. Women are a crucial group in this respect. They have lagged behind men in many key indicators. At the same time, they are central to all the major themes of accelerated income growth and poverty reduction: raising output, lower demographic growth and fertility, and broad investments in human capital. This chapter reviews men’s and women’s role in the Ivorian economy, documents the existence and persistence of gender inequalities, and outlines strategies to raise growth and reduce poverty through reducing gender inequalities.31

A. Men and Women in the Ivorian Economy

Men outnumber women overall in Côte d'Ivoire as a result of in-migration of men from neighboring countries. Within the country, the influence of rural-urban migration is also felt. In rural areas there are more women than men in the 15-40 age group, but more men than women in the 40+ age group. In urban areas, age groups above 25 show a large preponderance of men, with 134 men to 100 women (UNICEF 1995).

The size, composition and poverty status of households vary greatly. About 15% of all households are headed, de facto or de jure, by women, indicative of a long term upward trend from 8% in 1975. There is not a major difference in the poverty status of female and male headed households overall. Indeed in 1995, the incidence of poverty among female headed households was slightly lower. But a wide gap appears to exist between polygamous male headed households and all other household types.

<table>
<thead>
<tr>
<th>Household Type</th>
<th>Percentage Distribution</th>
<th>Mean Size</th>
<th>Children Under 5</th>
<th>Nuclear Family (%)</th>
<th>Consumption Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monogamous MHH †</td>
<td>54.7</td>
<td>5.8</td>
<td>1.3</td>
<td>79.0</td>
<td>274</td>
</tr>
<tr>
<td>Polygamous MHH †</td>
<td>11.6</td>
<td>9.8</td>
<td>2.0</td>
<td>90.2</td>
<td>191</td>
</tr>
<tr>
<td>Single MHH †</td>
<td>18.4</td>
<td>2.6</td>
<td>0.3</td>
<td>59.7</td>
<td>427</td>
</tr>
<tr>
<td>De Facto FHH †</td>
<td>2.6</td>
<td>5.2</td>
<td>0.9</td>
<td>73.8</td>
<td>287</td>
</tr>
<tr>
<td>De Jure FHH †</td>
<td>12.7</td>
<td>3.7</td>
<td>0.7</td>
<td>55.6</td>
<td>345</td>
</tr>
<tr>
<td>All Households</td>
<td>100.0</td>
<td>5.4</td>
<td>1.1</td>
<td>77.4</td>
<td>302</td>
</tr>
</tbody>
</table>

† Male Headed Household †† Female Headed Household ††† In thousands of CFA francs

Ivorian households are generally not homogenous economic units and this can result in disparities in living standards within the household. Women generally earn and control their own income, run their own enterprises, manage their own budgets, and have

separate and distinct financial obligations from those of the household head. Their access to resources may be independent of a male head of household’s resource base. In agricultural households, women may cultivate smaller fields separately for their own income even though the male household head controls the income of the main family fields. Seen in this perspective, the relatively weak position of women in polygamous male headed households is apparent.

Women have many household responsibilities, but in addition to these they play a central role in the labor force. In general, their activities are gender segregated and heavily concentrated in lower productivity activities.

- **Labor Force Participation.** The labor force participation rate for all women is 63% and for men 78% but among poor women, participation rates approach those of men. This contrasts with rates among non-poor women. Among poor women, age specific participation rates do not decline even during their reproductive years.

- **Agriculture.** Sixty one percent of the active population is engaged in agriculture and 67% of the female labor force is employed in subsistence agriculture. Women produce 75% of food crops and contribute labor to the production of cash crops.

- **Informal Sector.** Women predominate in low productivity work in the informal sector. The sector employs 1.2 million people, of which 63% are women, equal to 29% of the total female labor force. The informal sector is strongly gender segmented in trade and services. Most women are engaged in processing and marketing food. Children, mostly girls, also play an important role (SEPIC 1995). Only 25% of the heads of informal enterprises are women.

- **Earnings from Employment.** Women earn lower wages than men in every sector of employment. They predominate in the informal sector where the average wage is one sixth that of the formal sector. Within the informal sector, women earn an average of 33% as men. As 95% of the female labor force works in the informal and food sectors, these earnings differentials translate into wide gender disparities in access to and control of economically productive resources.

32 Analysis of the economic activity of households is generally based on the assumption that the household is a single economic unit and that the total resources of a household are shared equally by all its members. There is overwhelming anthropological and sociological evidence that, in Côte d'Ivoire, as elsewhere in Africa, household economies are much more complex. At any given time, a household is composed of several economic units, each with varying degrees of access to resources and diverse activities to which these resources are allocated. (Koopman 1991, Hemmings-Gaphan 1982, Palmer 1991). Analysis of household economies in Côte d'Ivoire requires a thorough understanding of the composition of the units of production and distribution within households, and of how they interact.

33 See Koulibaly, Le Pape, and Odounfa 1993.
**Employment in the Modern Sector.** The modern sector employs about 8% of the total labor force, but only 2% of the female labor force. Women comprise only 8% of private sector employees, but 22% of public sector employees, of which 47% in education, 11% in health and 18% in administration.

<table>
<thead>
<tr>
<th>Women’s Earning as % of Men’s Earnings</th>
<th>Informal</th>
<th>Formal</th>
<th>Private</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Diploma</td>
<td>31</td>
<td>47</td>
<td>29</td>
<td>n.a.</td>
</tr>
<tr>
<td>CEPE</td>
<td>34</td>
<td>48</td>
<td>29</td>
<td>63</td>
</tr>
<tr>
<td>BEPC</td>
<td>62</td>
<td>67</td>
<td>54</td>
<td>94</td>
</tr>
<tr>
<td>Other levels</td>
<td>†</td>
<td>†</td>
<td>†</td>
<td>†</td>
</tr>
<tr>
<td>All</td>
<td>35</td>
<td>80</td>
<td>33</td>
<td>70</td>
</tr>
</tbody>
</table>

† Sample is too small to give reliable results.

Source: Enquête Sur les Conditions de Vie 1995

**B. The Dynamics of Marginalization**

The concentration of Ivorian women in low productivity activities consigns them to low standards of living and reduces their ability to contribute to both household welfare and, ultimately, the national product. This is a heavy loss. What factors underlie these disparities and result in de facto marginalization or exclusion of women? This report notes four factors: inadequate control by women over their time and labor, limited access to productive resources, insufficient human capital accumulation and lack of voice in public policy decisions.

**Inadequate Control over Time and Labor**

One of the major constraints faced by women is control over their own labor and time. Women’s multiple roles impose severe time burdens and trade-offs, especially in agriculture. Much of women’s time is spent in household duties such as cooking, child care, fetching water and fuel and housekeeping. Time allocation data are scarce for Côte d’Ivoire, but data from 1985 confirm that women generally work longer hours than men, a pattern observed in other African countries, especially among poor and rural women.

The multiple roles often translates into a shortage of time for women’s own productive activities. Moreover, few women have either the financial resources or the security of livelihood to pay others to work for them. Limited control over their own labor and lack of access to that of others is thus a major constraint to women’s earnings capacity. Access to household water supplies or simple food processing technologies offer scope for labor and time savings, but as noted earlier, such services are uncommon among poor households where the pressures on women’s time is greatest.
Limited Access to Productive Resources

In parallel with lack of control over their time, women also lack many of the complementary factors that enable higher levels of productivity to be attained. In Chapter 5, some of the constraints to higher productivity among food crop producers will be discussed and in Chapter 6 the constraints to higher productivity in the informal sectors. Given the high concentration of women in these activities, there is considerable overlap between causes of poverty in these sectors and the factors that combine to marginalize women in the economy.

Secure Land Tenure and Use Rights. Secure access rights to land and land-based resources are crucial complements to the labor of poor households. In Côte d’Ivoire, traditional and modern systems of land tenure coexist.34 Traditional systems accord women access to land through collective ownership rights by lineage and usage rights by marriage. Women actively exercise these claims, but ownership rights are fragile as they can be overruled by the modern legal system. Land recording efforts such as those under the PNGTER project need to be particularly sensitive to this issue.

Agricultural Inputs. Poor farmers in Côte d’Ivoire, whether men or women, have low levels of use of credit and modern inputs. Even at these low levels, however, there are important gender disparities. These take two dimensions. Food farmers in general make less use of inputs than cash crop producers, and among food crop producers, women make less use of inputs than men. As a result of these factors, women farmers make relatively little use of complementary inputs that could raise the returns to their labor.

<table>
<thead>
<tr>
<th>Access to Fertilizer and Credit, 1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fertilizer Use:</td>
</tr>
<tr>
<td>Cash Crops</td>
</tr>
<tr>
<td>Male Headed Households:</td>
</tr>
<tr>
<td>Female Headed Households:</td>
</tr>
<tr>
<td>Bank Credit:</td>
</tr>
<tr>
<td>Male Headed Households:</td>
</tr>
<tr>
<td>Female Headed Households:</td>
</tr>
</tbody>
</table>

34 For a broader analysis of the relationship between customary and modern law, in particular as this affects the legal status of women in Sub-Saharan Africa, see Martin and Hashi 1992.
Financial Services. Less than 15% of loans made by formal financial institutions are to women. Collateral requirements, procedures requiring literacy and French language skills, lack of geographic accessibility outside urban areas and the need for small sums of cash rather than large loans are impediments to women’s use of financial services from such institutions and make them largely inaccessible.

Inadequate Human Capital Accumulation

Education and Literacy. As discussed earlier, low attainments in terms of adult literacy and primary education are both binding development constraints at the national level. For each of these indicators of human capital accumulation, significant gender disparities exist in both urban and rural areas. Moreover, trends in net primary school enrollment provide little reassurance that disparities in adult literacy will be eliminated in the near future, especially among poor Ivorians. In 1995, the net primary school enrollment rate was 51% nationwide but only 48% among girls. Among girls in the poorest quintile, the rate was much lower at 30% compared to 38% for boys in the same quintile. In themselves, the low rates risk marginalizing large parts of the population. For women, the disparities compound other factors. Why households choose not to send girls to school is discussed further in Chapter 7. Gender disparities are also apparent in other aspects of education. Repetition and drop-out rates are higher for girls. The net enrollment rate in secondary school for girls is 16% as compared to 27% for boys. These are indicative of progressive disparities for girls as they advance through the school cycle.

<table>
<thead>
<tr>
<th>Adult Illiteracy</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>Rural</td>
<td>79%</td>
<td>63%</td>
</tr>
<tr>
<td>Total</td>
<td>68%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Health. The average life expectancy is 52 years of age. Among women, the major cause of death is linked to their reproductive lives. Maternal mortality, infant mortality and maternal morbidity rates are all high, suggesting important shortcomings in health services for women. For women in their reproductive years, these poor health outcomes add to the other difficulties they otherwise experience in performing household tasks and economically productive activities.

Limited Voice of Women in Public Life

The low proportion of women in public office or higher level administrative positions reduces their effective voice in public policy decisions. Elsewhere in this report, a gender bias in the use of public resources is noted. The low participation by women in broad policy making and public resource allocation questions may contribute to this bias. Lack of voice in decisions thus
reinforces other aspects of exclusion. Overcoming systemic barriers to participation of women in such positions is crucial if exclusion based on gender is not to be perpetuated.

C. Gender Disparities and the Implications for Growth

Gender disparities limit growth in Côte d'Ivoire through the missed potential of productivity gains among women and through differential incentives and capacities facing men and women to respond to economic opportunity. Disparities in earnings between men and women illustrate this missed potential. Raising the productivity of women in domestic and productive tasks is necessary for this potential to be realized.

The strategies articulated in this report to reduce poverty and to promote economic growth address the specific gender disparities that limit the economic contribution of women to the household economy and, ultimately, to the country's economic growth. A strategy for gender-responsive economic growth and poverty reduction might include actions in each of three cross-cutting areas:

- investing in women's human capital by significantly raising their participation in education, and their access to health and family planning services;
- improving women's economic productivity, for example by increasing their effective access to financial services with particular emphasis on agriculture, and redirecting the focus of agricultural research and extension to the food crop sector through ANADER and similar activities; and
- easing women's time constraints by investments in such areas as water supply, transport and fuel wood, and by developing labor-saving technology in agro-processing.

To address the gender disparities identified in this chapter, a number of possible options are open in many areas. Each of these is taken up more fully in the chapters that follow:

Development of Human Resources. Human resource development should be the principal objective of a strategy to reduce poverty among women and ease gender disparities. Among the priority areas might be programs to address the imbalances in women's access to literacy, training in vocational skills, health and health education. Education policies to promote girls' participation, including the need for affirmative actions in favor of girls, are explored in Chapter 7.

Focus on Food Crops. Taking account of the predominant role of women in Ivorian agriculture, their productivity could be enhanced by enhanced efforts in implementing more women-focused integrated packages, including research, extension, and technology development, in conjunction with appropriate financial services. Presently ANADER's efforts are in this direction. Ideally, in all agricultural programs there would be more focus on food crops, with agriculture support programs redirected to areas such as food
crop protection, processing and marketing, and development of time-saving technologies, to increase sector growth and supply response.

**Access to Land.** From a poverty reduction perspective, it is important to address the ways in which land tenure systems affects those who are marginal and disenfranchised. Recognition of user rights, even though these might fall short of full ownership, is an important step in ensuring access rights. Land reform measures such as those under the **Plan Foncier National** (see Chapter 5) and the PNGTER project that remove impediments to women’s full productive capacity are steps in the right direction and consideration might be given to reinforcing and accelerating these. These should allow women to retain the benefits that they have from the traditional land tenure systems, while acquiring greater permanence of access to land from the modern land tenure system. This may need to be associated with broader gender-responsive legal and regulatory reform.

**Labor-Saving Technology.** Improved access to labor-saving technology, across the full range of domestic and productive tasks that women perform, is an evident step to ease labor and time constraints on women. This could be achieved by a strategic shift in priorities and orientation of key institutions. Some of the areas, such as more accessible water supply, are conceptually simple but present issues of implementation. Others may require longer term innovation to develop and propagate affordable labor saving devices.

**Financial Services.** To improve women’s access to financial services, stronger integration of micro-enterprise finance into the ongoing financial sector reform process can help create a conducive policy and regulatory framework and an enabling environment where a range of financial intermediaries can flourish. This would be of broad benefit to poor Ivorians in general, and would provide specific support to women in their economic activities.

**Conducive Policies to Facilitate Informal Sector Development.** In the framework of the PAFPA, the Government is in the process of strengthening training programs geared toward the informal sector. A significant part of these activities target women. Policies to ease constraints on productivity in the informal sector will have broad beneficial effects for women. This means improving access to training, including support for apprenticeship training for women already in the labor force, and the development of improved but accessible technologies in such areas as food processing, storage, packaging and transport.

**Public Expenditure Reallocation.** Public expenditure reforms to strengthen the impact on poverty reduction will address many of the concerns listed above. Beyond this, a specific gender focus in the key areas outlined above might include: (a) reallocation of resources to primary education/literacy for girls, and basic health/preventive care services meeting women’s needs; (b) shift of agricultural support priorities in research, and extension to take account of women’s constraints in crop production, processing, and
marketing; and (c) channeling resources towards such areas as water supply and sanitation, rural transportation, and market information systems.
CHAPTER 5: FOOD AND THE POOR

Food is the largest single component of expenditures for poor households. In rural areas, food production constitutes a major component of their incomes. On average, poor rural households are net producers of food, but a significant number are net consumers. Poor households are therefore critically affected by both food consumption and food production issues, and developing a pro-poor food policy is not simple. Moreover, household food security strategies, balancing home food production, export crop production, non-farm income generation and other activities, are complex, and interventions on any one activity are unlikely to succeed without an understanding of the overall set of activities. This report has demonstrated, for example, that women are the primary producers and processors of most food crops. Strategies for raising food production must therefore take into consideration women’s multiple roles within the household, the heavy demands on their time, and their limited access to extension services, credit and education. The success of these food security strategies is partly measured by the nutritional status of the households, but as discussed below, nutritional status depends on a wider range of factors associated with poverty.

A. Food Consumption and Nutrition

Food Consumption

As in most countries, poor households have a higher percentage of expenditures on food (51%) than wealthier households (44%) and within food expenditures they tend to spend a higher percentage on staples such as rice, yams, cassava and millet and relatively less on meat, fruits and vegetables.

Changes in Food Consumption Due to Poverty. The Enquête Qualitative finds that household reactions to economic problems varies with the living standards of the household. Adaptation in food consumption may involve shifts in types, quantity and quality of foods purchased and even a redefinition of the household. Wealthier households may simply absorb increased prices without changing spending patterns. Poor households will often maintain the same general consumption pattern, but lower quality, for example, switching from a premium quality rice to 35% broken rice. This saves money without affecting nutritional status. The poorest households, however, may be forced to cut back on total consumption with serious nutritional consequences.

The poorest households participating in the Enquête Qualitative reported the elimination of fresh fish and meat from their diet and decreased consumption of rice, shifting to powdered fish, manioc products and maize. In Abidjan, one reaction by the very poor to economic trouble is to increase the number of meals eaten outside the home. The price of purchased meals increased only 10% after devaluation,\textsuperscript{35} less than the increase of most

\textsuperscript{35} See Akindés, 1995.
staples and by relying on purchased meals, households avoid expenses for cooking fuel and condiments. More importantly, increasing the number of meals outside the home allows the core family to exclude others living in the household and ultimately may encourage burdensome extended family members to leave, reducing the number of people being supported. Households may also send family members to other households to decrease their own expenses. In rural areas, poor households have responded to higher food prices by seeking greater food self-sufficiency though increased production and intensified food gathering (palm nuts, mushrooms, wild yams) or hunting and fishing.

The Food Basket of Poor Households

The food baskets of poor households are quite diverse. While a single staple may dominate in a given region, households generally have substantial consumption of other staples. This diversity may help cushion the effects of sudden price changes in one crop, as poor households can shift easily to more available staples.

Typical consumption baskets of the poor vary by region. Rice is the main staple for the poor (over 25% of food expenditures) in Abidjan. Even this may understate the importance of rice because meals purchased outside the home are around 10% of food expenditures for poor urban households and such purchased meals often consist primarily of rice. In other urban areas, maize is slightly more important than rice for very poor households though rice is the most important food for mid-poor households. In rural areas, rice consumption tends to be less important although it is still the most important staple in the West Forest region. Manioc and yams are important constituting around 20% of food expenditures in all rural areas.

In all regions, maize and manioc provide the most calories per CFA franc, although the ease of preparation and storage capabilities of rice may explain why it is often the preferred staple, especially in urban areas. While poor households consume a variety of staples, the rest of their diet is much less diverse than that of non-poor households, with potentially negative nutritional consequences. Poor households consume small amounts of fruits, vegetables, dried fish. In rural areas there is much consumption of game and gathered food.

Nutrition

Nutritional status is the outcome of many different factors, many of which are related to poverty. Anthropometric measurements between 1985 and 1994 point to a sharp

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36 The term expenditures refers to the value of home produced food plus purchased food. Thus it includes in-kind consumption as well as cash payments.

37 The 1995 household survey did not include an anthropometric module, but a DHS survey in 1994 collected anthropometric data on children under 3.
increase in malnutrition,\textsuperscript{38} with the percentage of stunted children age 24-35 months increasing by two-thirds. Earlier work on expenditure levels and stunting in Côte d'Ivoire\textsuperscript{39} confirm a relationship between expenditures and levels of stunting, with a stronger effect in urban areas than in rural areas. However, significant levels of stunting were found at all levels of expenditure (see box).

While it is not possible to measure nutritional status using the 1995 survey, it is possible to construct an estimate of nutritional vulnerability based on whether or not a household's consumption basket provides adequate calories. This shows vulnerability rather than actual nutritional status since many factors other than caloric intake are important for determining individual nutritional status and it is not possible to estimate intra-household distribution of food from the 1995 data. An estimation of the caloric value of household consumption baskets shows that in all regions, 70\% or more of poor households do not purchase or produce sufficient calories to meet FAO recommendations.\textsuperscript{40} This percentage probably exaggerates the actual percentage of households with insufficient calories given that it does not include purchased meals and that it does not capture shifts in food quality that allow for the same quantities of calories at lower levels of expenditure. Even with these qualifications, the extent of nutritional vulnerability is extensive.

\textsuperscript{38} Measured by the percentage of children 24-35 months who are stunted.

\textsuperscript{39} See Sahn, 1990.

\textsuperscript{40} Requirements at the individual level are calculated based on the FAO/WHO 1973 and FAO 1990 recommendations by age and sex for a moderately active population. Individual requirements are then summed for each household. Additional requirements for pregnant and lactating women are not calculated. This is somewhat offset by the fact that the established calorie requirements are based on western populations in which people are, on average, larger and therefore require more calories. Calories available for each household were calculated using actual expenditures on staple foods (rice, maize, manioc, yams, millet, plantain and bread) to determine quantities purchased based on regional price information. Quantities of food were converted to calories using FAO 1979 estimates of the number of calories per kilo (corrected for wastage in preparation). Available calories were compared to 85\% of the recommended calories for each household since FAO (1990) suggests that 85\% of calories typically come from staples. One problem with this methodology in urban areas is that the poor, particularly the very poor, purchase most of their meals and these calories do not appear in the calculation of available calories.
Anthropometric data from the LSMS surveys of 1985 and 1986 show that expenditure levels are significantly related to levels of stunting, but they are not related to levels of wasting. In addition, the effect of higher expenditure levels is much stronger in urban than in rural areas. For example, in Abidjan, households in the lowest expenditure quintiles had a stunting rate of 12% versus 5% in the highest quintile, while in West Forest the lowest quintile actually had a lower rate of stunting, 15%, than the highest quintile, 22%. However, in both rural and urban areas, the percentage increase in expenditures necessary for significantly lowering the probability of a child being stunted is considerable, confirming that reducing the amount of stunting is more complex than simply increasing household expenditures.

The nutritional status of children depends on a wide range of interrelated factors such as caloric intake, health status, child care practices, micronutrient availability, household income, food expenditure patterns, food preparation techniques, intra-household food distribution, quality of water supplies, access to health services, etc. Some of these factors are readily influenced by individual household incomes and actions, while others are more effectively addressed at the community level or higher.

Several factors beside expenditure levels are significant influences on both stunting and wasting. Maternal education is important both for increasing household income and for helping the family cope with short-term crises such as child illness more effectively. The results reinforce the idea that women are critical decision-makers for health care issues since the education of the father has no effect on nutritional status of children outside of its effect on expenditure levels. Access to health care measured by distance to a doctor and the presence of a nurse in the community appears consistently as a key factor. In addition, the negative interaction between expenditure levels and the presence of a nurse indicates that the presence of a nurse is more important for poor members of the community. To some extent, better-off members of a community are able to purchase goods and services that lower malnutrition, but high rates of malnutrition even among some wealthier groups suggest a limit to what increased individual incomes can achieve. For some activities, government intervention may be more effective.

An estimate of the relationship between calorie consumption per capita and household expenditure per capita shows that at the poverty line of CFA 144,800, households consume, on average if everyone in the household consumes according to need, slightly less (22 calories per capita) than the number of calories recommended. Since adequate

41 This box is based primarily on Sahn 1990.

42 This is based on a simple linear regression with per capita calorie consumption as the dependent variable and per capita household expenditure as the independent variable. Only households with per
caloric intake is a necessary but not sufficient condition for good nutritional status there will be many households that consume sufficient calories, but whose nutritional status is still poor due to other factors such as ill health.

There has been relatively little work on micronutrient deficiencies in Côte d’Ivoire and none examining the relationship between poverty and micronutrient deficiencies. To the extent that poor households have a less varied diet, they are probably at increased risk of some micronutrient deficiencies. The lower levels of expenditure among poor households on meat, fruits and vegetables mean they have fewer sources of iron and vitamin A. A small study of vitamin A deficiency found high levels of vitamin A deficiency among children. Iodine deficiency is most common in northern and western parts of the country, both poor areas, where soils are low in iodine. In these areas, poor households that produce most of their own food are probably at higher risk since food produced in other areas would be likely to contain more iodine.

While levels of malnutrition have increased with levels of poverty, the conclusion that simply reducing poverty will alleviate malnutrition is incorrect. The relationship between expenditure levels and malnutrition indicates that to reduce malnutrition significantly through increased expenditures would require expenditure increases of a magnitude impossible to achieve in the near term. However, modest increases in expenditure levels combined with improvements in health service delivery, increased access to safe water supplies, improved access to education and carefully designed nutrition programs could have a significant impact. Targeted micronutrient interventions could also have a significant impact on poor populations even when their expenditure levels do not increase.

B. Food as a Source of Livelihood

Income from Food Production

Food production is an important source of income for most poor rural households, but its importance tends to be hidden by the fact that most food produced is consumed by the household rather than marketed. Households whose head is a farmer and whose primary source of income is food production have a poverty incidence of 54%, the highest rate of any socioeconomic group. In rural areas, consumption of home produced food accounts

capita expenditures less than 300,000 per year were included since after a certain expenditure level, calorie consumption should not be expected to increase with increased expenditure.


44 12% less than 10 micrograms/100 ml serum retinol.

for between 43% and 77% of total household food consumption. The total value of food produced by poor rural households is equivalent to about one third of total household expenditures,\textsuperscript{46} representing a significant source of livelihood. Among poor households, the value of staple foods sold (rice and manioc are the staple foods most commonly sold by poor households) is less than 20% of the value of home consumption.

For most poor rural households, the total value of food crops produced exceeds that of export crops, even though export crop sales are often a greater source of cash income than food crops. Following the export crop price decreases in the late 1980s and early 1990s, many households increased their production of food relative to export crops\textsuperscript{47} (Léonard 1994), partly as a response to changing prices and partly as a way to reduce risk. Food crop production, with the exception of irrigated rice, has been a low input system using little hired labor and few commercial inputs.

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\textbf{Rice Production and Devaluation} \textsuperscript{48} \\
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Prior to devaluation, locally produced rice was not competitive with the lower qualities of imported rice. Local production costs were too high and yields too low. Local rice, whose flavor was preferred to lower quality imported rice, occupied a market niche between lower quality and luxury' imported rice. As such, in urban areas, locally produced rice was not frequently consumed by poor households. Following devaluation locally produced rice has become much more competitive, although the immediate impact on farmers has depended on the type of rice production system they use.

Over 80% of rice is produced through traditional rain-fed agriculture, using few inputs and no mechanization. Farmers who practice this type of rice production, many of whom are poor, have probably benefited more from the devaluation than mechanized rice producers, since the increase in input costs did not have much impact on them while the price of rice increased. More mechanized rice farmers have seen their returns to labor decrease because input cost increases offset, at least initially, the increase in prices. Several recent studies find that in the medium term, domestically produced rice can compete with most grades of imported rice, if subsidies for imported rice are avoided and improvements are made in productivity.

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\textsuperscript{46} In general, aggregate income estimates from household or similar surveys tend to be less reliable than expenditure estimates, a characteristic that seems to be the case with the 1995 survey. For this reason it is difficult to discuss the percentage of total income derived from food crop production.

\textsuperscript{47} See Léonard, 1994.

\textsuperscript{48} This box is based on information in Coulibaly 1995 and Diomande 1995.
Incomes from Food Marketing and Processing

**Food Marketing.** The national food distribution system is well integrated, reflecting the well developed road and communication infrastructure. With some exceptions, food markets are fully liberalized (Kingsbury 1995). Participants in the *Enquête Qualitative* complain that at the individual market level, official and non-official fees restrict access to market stalls while female traders are often harassed by the police. Moreover, farmers complain of local monopolies by middlemen who maintain high margins to the detriment of both producers and consumers. This is particularly true in areas with poor infrastructure where marketing food surpluses is difficult. Many of these are poor areas that have not benefited from infrastructure built to support export crops. Rice is the one food crop important to the poor that has not been completely liberalized. Long-standing government support of rice production and control of rice prices have caused the consumption of rice to grow faster than that of other staples. Government has recently eliminated transport subsidies and is liberalizing the price of imported rice which was kept low following the devaluation. Given the importance of rice consumption among poor households, the increase in rice prices could have a negative impact, mitigated somewhat by the availability of alternative staples. Allowing the importation of 100% broken rice might soften any negative impact. There is already a small market for this type of rice which is produced as a by-product of the artisanal milling process and is sold at a substantially lower price than other grades of rice.

Food processing is an important source of income for the poor, particularly for women. At the local level, women do all food processing and it is one of the important ways women in both rural and urban areas have been able to augment and diversify their incomes, as men’s incomes have decreased. Data do not permit the quantification of income from food processing but it is very important among poor women.

**Incomes from Export Crops as a Complement to Food Production**

A smaller proportion of export crop (cocoa, coffee, cotton) farmers are poor than of food crop farmers (39% compared with 54%), but in terms of total numbers poor export crop farmers are more numerous. While many poor households produce some export crops, few concentrate exclusively on these crops and a common farming strategy for both poor and non-poor households is to assure that food needs are met before focusing on export crops. In terms of value of production, poor export crop farmers produce roughly similar amounts of food crops and export crops. Non-poor export farmers also produce substantial amounts of food which suggests that food crops and export crops are viewed as complementary parts of household production. Farmers that produce both types of crops have more flexibility in securing and expanding their livelihoods and can more readily respond to shifts in the relative prices of food crops and export crops. Moreover, they may be able to improve their food production using inputs provided through export crop promotion systems.
Poor farmers complain that since the devaluation it has become difficult to afford imported inputs (credit is unavailable), so they have not been able to take advantage of higher crop prices. Nevertheless, the average per capita value of export crops produced per poor household in the forest regions increased between 1993 and 1995. In the Savannah, however, the per capita value of cotton produced per poor household declined sharply, as did the per capita value of cotton produced by non-poor households, the result of weak cotton prices, decreasing input subsidies and lack of credit to help offset input price increases.

Agricultural Labor as a Source of Income for Poor Households

There is not a large class of landless laborers in Côte d’Ivoire. Only 5% of households report that agricultural labor is the primary source of income for the head of the household, though the incidence of poverty for this group is 32%. However, agricultural labor is an important source of supplementary incomes, particularly for women and the young, in households with other sources of primary income. There are anecdotal reports of seasonal scarcities of agricultural labor as the land frontier has disappeared and farmers can no longer offer land in exchange for labor.\(^{49}\)

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\(^{49}\) See Chauveau, 1995.
Changing Labor Strategies

Labor availability is an often cited constraint to increased agricultural production among poor households, mostly at peak seasons. In the southwestern cocoa area, responses to labor constraints vary according to the social organization and past history of the ethnic groups involved.

- Indigenous groups have long relied on migrants from Burkina and elsewhere to provide labor for plantations. With the loss of profitability of cocoa and coffee in the late 1980s, daily laborers became less affordable, and other forms of contract spread such as shares in final production, paying by the task rather than the day and giving access to land for food crops in exchange for labor.

- The Baoulé, who are not indigenous to the area, but who preceded the Burkinabé, now use share cropping almost entirely, in order to circumvent the absence of daily laborers.

- Burkinabé migrants, who in the past provided much of the labor for plantation agriculture, have gradually shifted to cultivating their own plantations. Moreover, Burkinabé groups appear to have maintained sufficient internal cohesion that they can mobilize collective labor when needed.

As the land frontier has been reached, the option of granting land access to new arrivals as a means of securing labor has become increasingly less tenable. New workers are less attracted to areas where they cannot expect to gain access to land. Among both indigenous and Baoulé groups there has been an increase in the use of sociétés de travail (work groups) made up of local women or unemployed youths and there is increasing economic competition between Burkinabé workers and Ivorian groups.

C. Key Themes for Food Policy

Many agricultural development initiatives are underway in Côte d’Ivoire, often with the support of external donors. To reach the poor, production programs need to keep a focus on the specific needs and capacities of poor farm households. On the consumption side, measures to lower the costs of food and to improve its affordability and accessibility for poor households are priorities

Strengthening Livelihoods of Poor Households: Food Production Issues

The key to improving incomes of poor households from food production is to develop an understanding of their livelihood strategies, both to produce food and gain income. The on-going shift of the research and extension system from the single crop filière approach, to a more broad-based farming systems approach will facilitate such an understanding. This approach takes into account the mix of crops planted by the households, both food and export crops, and the constraints faced by poor households in terms of access to
credit and labor, particularly the labor of women who produce most food crops. The research and extension system will need to consider how household income generating strategies are tailored to labor availability and access to land, credit and equipment.

**Security of Land Access.** Historically, access to land has not been a major issue for poor households, reflecting in large measure the relative availability of forest land. With the closing of the land frontier, this situation is changing. In many areas, forest land is no longer available and fallow periods have been much shortened with negative environmental consequences.

To increase land tenure security and thereby improve incentives for long-term land management, Government has introduced the *Plan Foncier Rural*. This attempts to identify ownership and usufruct rights through a process of village discussion, delineating boundaries on a publicly agreed and available map. While this process has been well received by many people and has been supported by the PNGTER project, poor households are least able to defend their rights. Risks likely to recur repeatedly include the expropriation by the indigenous populations of land farmed by migrants and the potentially serious loss of rights by women. There is also a need for care in addressing the rights and needs of nomadic groups, especially given the frequent conflicts that can occur between sedentary and nomadic groups as pressure grows on resources.

**Research and Extension.** For a long period, there was relatively little research on food crops, with the exception of rice. Research and extension systems focused mainly on export crops with a separate system for each crop. This *filière* type of research and extension system does not take into consideration the complex farming systems of the poor and the equally complex household income-generating strategies. As a result, poor farmers, particularly poor food crop farmers, received little useful extension advice. In this regard they did not benefit fully from government expenditure in agriculture. In addition, there was little research on simple improved or time-saving technologies for food processing, another important income source for the poor, particularly for women.

The reorganization of the agricultural research and extension system, supported by the National Agricultural Services Support Project, shifts the emphasis to food crops and to being more responsive to the demands of farmers, particularly women farmers who have had little or no extension support in the past. Linkages between the extension system and the research system are being strengthened to make the research agenda more responsive to the demands of farmers. Women are a key target group for research and extension work on food crops since they are the primary food producers. Research will be focused specifically on the low input farming systems of the poor including the need for improved inexpensive food processing technologies.

**Environmental Investments.** The closing of the land frontier and rising population density have had a variety of negative environmental impacts including deforestation, degradation of soils, and increasing erosion. Shorter fallow periods combined with the increased costs of inputs will mean that poor farmers are less able to maintain the fertility
of their soils, leading to further degradation. The position of nomadic groups has also become more fragile.

Poor households face a harsh choice. They can either intensify production by increasing labor and chemical inputs to maintain production levels or they can cut back on purchased inputs of any kind and allow their plantations to gradually degrade, focusing on food crops and other activities. For most poor households this second choice is the only option, despite the long-term negative consequences, because they do not have access to inputs necessary to intensify production. Long-term investments to improve soils require that credit be available and that land tenure rights be secure.

The newly restructured agriculture and research system has as one of its goals promoting improved production techniques to prevent environmental degradation. These include measures that allow farmers to farm more intensively in a sustainable fashion, increasing input use, integrating livestock into crop production systems, and adopting improved fallows.

Access to Financial Services. Participants in the Enquête Qualitative frequently mention lack of credit as a key constraint to increasing incomes from food production and the Profil de Pauvreté shows little use of credit for agricultural production by non-poor households and even less by poor households. Earlier formal credit systems have collapsed and in any case rarely reached poor farmers, particularly women who are the primary producers of food crops. Credit for input supply is virtually non-existent outside the cotton zone. Lack of a formal credit system constrains poor and non-poor farmers alike, though non-poor farmers are better placed to draw on informal credit systems. However, during the economic recession, tontine groups have also suffered, adding to the difficulties for poor households to raise capital during this period.

Several possibilities for improving the availability of credit in Côte d’Ivoire have been proposed at different times, including a replacement for the Banque Nationale de Développment Agricole (BNDA), reintroduction of credit systems for specific export crops and social funds. Tailoring such initiatives to the conditions of poor farmers—low literacy rates, lack of collateral, need for small sums, and so on—will reduce the risk that these mechanisms will fail to benefit poor households. Government is also supporting mutual credit and similar initiatives in the from of the CREP and COOPEC programs and is seeking to expand the scope of their activities under the Plan national de lutte contre la pauvreté.

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50 It is unclear what will happen in this area with the planned privatization of the cotton parastatal and elimination of input subsidies.
Keeping Food Affordable for Poor Households

Keeping Food Prices Down. Most poor households are in rural areas and many are net food producers. At the same time, the number of poor households is growing most rapidly in urban areas and food expenditures are the largest part of their household budgets. All households that are net food consumers, whether in rural or urban areas, stand to benefit from policies that lower the prices of basic foods. A pro-poor food policy must seek to both increase the incomes of rural food producers and at the same time avoid rapid increases of urban food prices. Some specific actions to increase the availability or lower the prices of important food items were discussed in Chapter 3, most notably early and permanent elimination of the non-tariff barriers on imports of ordinary rice and 100% broken rice.

Efficient Marketing Networks. Margins between producer prices and market prices for food are wide and volatile. Lowering margins is potentially beneficial to both producers and consumers. Government is putting in place a number of reforms or investments that will help achieve greater efficiency in marketing, and although the impact of these on the poor cannot be quantified on the basis of existing information, they represent important areas for potential inclusion in a poverty reduction strategy. The areas might include the following.

- **Improving Feeder and Access Roads.** While Côte d’Ivoire has very good basic infrastructure and nationally integrated markets, there are many isolated areas that would benefit from upgraded or better maintained infrastructure to facilitate the marketing of food production. Greater access would reduce the scope for abusive local monopolies.

- **Transport Regulation.** In the past, regulation of the transport industry led to a wide variety of official and unofficial charges, restricted competition by controlling access to required papers for which there is no obvious use, and tended to create local transport monopolies. The Transport Syndicate places additional restrictions on where and when truckers can take on freight and thereby raises costs. All formal restrictions are accompanied by informal costs that may exceed the officials costs. Collectively, these charges and regulations bear on the productivity and earnings of poor rural households.

- **Market Access.** Many poor women gain a livelihood from marketing food. Easy access to market stalls and accommodating attitudes by local officials could contribute to keeping marketing costs down.

- **Improvements in Food Processing Technologies.** Greater access to credit for labor saving or cost saving technologies in food processing can help contain margins while offering improved earnings possibilities to those engaged in simple food processing.
CHAPTER 6: LABOR MARKETS AND THE POOR

Among poor Ivorian households, returns to labor, whether from paid employment, self-employment or own account activities, are the principal component of overall income and thus a major determinant of the household's economic welfare. Among women, much of whose labor is not valued by conventional national accounting methods, the decision whether to work at economically recognized tasks or at unrecorded household tasks is a key one for household welfare. Wage employment is particularly vital to household well-being in the urban areas. Participants in the Enquête Qualitative readily identified access to wage employment as a key to improved household welfare, and this opinion is confirmed by quantitative analysis. This chapter reviews how demand for the labor of poor Ivorians and their productivity in existing activities can be enhanced.

A. Labor Markets Trends: How They Have Affected the Poor

Demographic Pressures on the Supply Side. The main strains on the supply side of Côte d'Ivoire's labor markets result from demographic factors. The population grew at an average rate of 3.7% throughout the 1980s and 1990s as a result of both high fertility and in-migration from neighboring countries. In 1980, the economically active population was estimated at 3.4 million. By 1995, it was 5.5 million and is on a trajectory to reach 9.5 million by 2010. Absorbing this swelling population into remunerative activities has been and will remain a severe challenge for economic policy. Equally it is a challenge for individual Ivorians and many strategies are followed at the individual and household level to broaden earnings opportunities.

Labor force participation rates are generally high. They are particularly high among poor Ivorians and in the rural areas. They have risen significantly in Abidjan, an observation in line with the rising levels of poverty there. Economic pressures to work among poor groups result in negative effects, notably excessive labor force participation by under-age children on family farms and in family enterprises or through their placement as maids or under-age apprentices in urban areas. There is a clear link between working and not attendance

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51 See Côte d'Ivoire: Enquête Démographique et de Santé 1994. Total fertility rate was estimated at 5.7 in 1994, a downward trend compared with an estimate of 7.4 in 1975-80 and an estimate of 6.8 based on the 1988 Population Census but still very high by international standards.

52 Defined as the population aged 16-65.
at school (or withdrawal). In 1995, about 22% of children in the 6-10 age group were found to be economically active and about 60% of children in the 11-14 age group. Increased labor force participation does not therefore present an obvious or sustainable path out of poverty for the rural poor. Rather the emphasis will have to be on raising productivity in the main activities of the poor, whether in the workplace or the home.

**Weak Labor Demand and a Shifting Structure of Employment.** Trends in labor demand are less directly measurable than those on the supply side, but for most of the last decade they are nonetheless clear. All major components of demand for goods and services—consumption, investment, exports—contracted in real terms from 1985 to 1993, with a modest upturn since then led by export demand and the economic recovery. The period of decline necessarily translated into lower derived demand for labor. In parallel with the decline in labor demand, there was also a systematic informalization of the economy, bringing with it a shift of labor demand out of the modern sectors and lowering demand for labor in these sectors even more rapidly.

Employment estimates from the Ministry of Employment illustrate the impact of these pressures on the level and structure of employment. The modern sector has absorbed only a fraction of new entrants to the total labor force but lost many of its existing workers. In net terms, employment declined by 65,000 and its share halved from 14% in 1980 to 11% in 1985 and to around 7% today. The agricultural sector also absorbed a declining share throughout the period, falling from 67% to 60%. Informal sector activities, in contrast, were able to absorb a growing proportion of the labor force, albeit at low levels of productivity and earnings. The clearest indication of the collapse of employment in the modern sector is data for larger companies collected as part of the *Banque des Données Financières* for compiling the national accounts. These show a systematic reduction in employment from 237 thousand in 1980 to 164 thousand in 1985, to 131 thousand in 1990 and most recently to less than 100 thousand. Public sector employment, in contrast, was steady at least through the 1980s.

<table>
<thead>
<tr>
<th>Year</th>
<th>Economically active population</th>
<th>Employment</th>
<th>Agriculture</th>
<th>Modern sector</th>
<th>Informal sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>3,264</td>
<td>3,154</td>
<td>2,284</td>
<td>440</td>
<td>430</td>
</tr>
<tr>
<td>1985</td>
<td>3,812</td>
<td>3,630</td>
<td>2,547</td>
<td>405</td>
<td>678</td>
</tr>
<tr>
<td>1990</td>
<td>4,593</td>
<td>4,313</td>
<td>2,964</td>
<td>385</td>
<td>964</td>
</tr>
<tr>
<td>1995</td>
<td>6,573</td>
<td>6,321</td>
<td>4,159</td>
<td>463</td>
<td>1,698</td>
</tr>
</tbody>
</table>

*Source: Ministry of Employment and Civil Service, AGEPE*

**Barriers in Access to Wage Employment.** For poor households, labor market segmentation presents some important barriers to access. The most important is a strong

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53 Companies with turnover above CFAF 200 million per year in commerce and industry, or above CFAF 75 million in other sectors. These are estimated to account for about two thirds of modern sector private employment.
emphasis on credentials in the modern sector. Possession of a diploma has been found to have a high value over and above the value of the years of education underlying it, particularly in Abidjan.\(^54\) For young people seeking employment, the lack of a diploma is a significant barrier. As the completion rate for primary education is only 45\%, this implies a strong exclusionary effect for later on. For girls, the completion rates are below this average. (This point is examined further in Chapter 7.) This exclusionary impact is greatest on poor households, and especially on women and girls in poor households, for whom the costs or opportunity costs of education are most onerous. Moreover, this initial effect can be compounded by the subsequent career paths. Once in irregular employment, workers experience difficulties in gaining access to regular employment. After periods of unemployment, access becomes more difficult.\(^55\)

**Labor Market Distress: Downward Pressure on Real Wages.** The sharp divergence between trends in aggregate labor supply and demand have inevitably led to considerable stresses in the labor market. For the majority of workers, these stresses are reflected in lower returns to labor, whether in the form of wages and salaries or earnings from self employment. In the absence of wage data,\(^56\) trends cannot be tracked reliably. The decline in export crop producer prices in the 1980s marked a clear reduction in returns to agricultural labor, but the impact on rural wages and earnings is not clear. In urban areas, evidence on wage movements from the Banque des Données Financières is inconclusive, suggesting that real wages were maintained in the formal sector. However, the shrinking of this sector and the transfer of economic activity to the informal sector, where wages and earnings are much lower and more irregular, provides support for the argument that average wages have fallen.

**Labor Market Distress: Growing Unemployment.** Open unemployment is relatively low in rural areas. In the urban areas, and especially in Abidjan, the picture is different. Open unemployment was practically unknown in the buoyant growth period of the 1970s but emerged as an important phenomenon during the subsequent period of economic decline. The 1988 population census found an average rate of unemployment of 5.5\%, but with higher rates in urban areas generally (11.9\%), in Abidjan in particular (15.7\%), and among nationals (6.4\%) rather than migrants (3.6\%). Among Ivorians in Abidjan, the rate was as high as 22.3\%. Rates for men and women differed relatively little, with rates among Ivorian women slightly below those for Ivorian men but the reverse pattern among


\(^{56}\) Wage data have not been collected by Government until recently, when the *Observatoire de l'Emploi* at AGEPE took on this responsibility. Figures based on company average wage costs per worker are the best available indicator.
non-Ivorians. In 1995, the *Enquête sur le Niveau de Vie des Ménages* found an aggregate level of unemployment of around 4%, but with a rate of 10.4% among the non-agricultural labor force and 14.6% in Abidjan. There was a strong concentration of unemployment among young urban men. Ivorians made up 84% of the unemployed, immigrants 16%.

**The Role of Migrants.** Côte d'Ivoire is a traditional receiver of migrants from other countries in the region. The 1988 population census enumerated 25% of the rural population from neighboring countries, 33% of the urban population and 28% overall. In Abidjan, the proportion was 38%. Much of this migration has been economic, with migrants drawn by income opportunities and superior living conditions. At the beginning of the 1978-93 recession, income levels in Côte d'Ivoire were well above those in neighboring countries, though this gap has been closed somewhat over the period. Other migration has occurred as a result of civil unrest in neighboring countries. For example, around one third of a million Liberians were estimated to have sought refuge in Côte d'Ivoire in recent years because of that country’s civil disorder.

Migrants are a major source of agricultural labor, but engage also in most other sectors of the economy. As of 1993, there did not appear to be major gaps in living standards between migrants and native Ivorians, suggesting that the varied channels through which migrants integrate themselves into the economy have generally been effective. The poverty status of the two groups was virtually identical, both in terms of poverty and extreme poverty. In 1995, a small change in this situation was recorded. The proportion of native Ivorians classified as poor was more or less unchanged while the proportion in extreme poverty fell slightly. Among migrants in contrast, the proportions of both poor and extremely poor households headed by migrants rose sharply.

<table>
<thead>
<tr>
<th>Poverty Status</th>
<th>Native Ivorians</th>
<th>Migrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>30.3%</td>
<td>34.3%</td>
</tr>
<tr>
<td>Extreme Poor</td>
<td>9.8%</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

How are these different trends in 1993-95 explained? Differences in poverty rates between migrants and native Ivorians cannot be explained by other factors such as years of education or land rights. The qualitative survey may provide an answer through its emphasis on the importance of community and associative ties. For recent migrants, ties may be weaker, especially in urban areas, and their degree of vulnerability to sudden change may be greater. More than anything else,

57 The 1993 and 1995 household surveys indicate some regional differences in this pattern, but their interpretation is problematic. For example, there appear to be opposite patterns between Abidjan and other urban areas. Similarly, there are opposite patterns between each of the main rural areas. Poverty trends from 1993 to 1995 also are ambiguous, with shifts towards native Ivorians appearing in some regions and towards migrants in other regions.
the trends provide a further illustration of the precariousness urban life for the poor. The absence of firm knowledge in this area might be addressed in future surveys of household living conditions and labor market surveys.

B. Government Employment Policy

For Government, a return to full employment is a high priority objective, to be achieved through a combination of accelerated growth and targeted programs. The *Éléphant d’Afrique* stresses employment creation for lower qualified workers as an ingredient for redistribution of income and growth in favor of poor Ivorians, with emphasis on the promotion of small and medium enterprises and micro-enterprises. Employment is one of the priority areas for the *Plan national de lutte contre la pauvreté*.

The National Employment Plan

The National Employment Plan, under implementation since 1991, contains several components. These include:

- upgrading of the skills of workers through improved provision of vocational and professional training, including through the *Programme d’appui à la formation professionnelle et agricole* (PAFPA), and greater responsiveness to labor market demands as expressed by enterprises
- policy measures such as the reform of the Labor Code to create greater flexibility at the enterprise level in terms of hiring or release of employees and to lower labor costs, and elimination of the monopoly in worker placement by the Ministry of Labor
- a series of targeted programs to facilitate the placement of unemployed workers into or back into productive employment: the *Programme d’Aide à l’Embauche* (PAE), the *Programme Spécial de Création d’Emploi* (PSCE), the *Programme d’Embauche Prioritaire des Nationaux* (EPN), the *Programme de Soutien à L’Emploi pour les Travaux à Haute Intensité de Main d’Oeuvre*, the *Programme Générateur d’Emplois Rapides* (AGECI), and other initiatives.

More recently, measures to accelerate employment generation in the post-devaluation period have been initiated. Designed to reinforce institutional support for employers, they include creation of the *Compte de Mobilisation des Entreprises* (CDME) to refinance

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59 The negative side is the increased precariousness of employment that was previously protected by the Labor Code. For example, see Kouadio Benié M., *Planification de l’Emploi et de la Main d’Oeuvre en Côte d’Ivoire: Vers Une Résurgence*, 1992.
credits to small and medium Ivorian enterprises, the strengthening of the *Agence d'Etudes et de Promotion de l'Emploi* (AGEPE) to help newly started enterprises, the creation of a *Fonds de Promotion d'Aide à l'Embauche* (FPAE) and the establishment of the *Commission Nationale de l'Emploi* (CNE), a consultative body to guide employment policy. To increase the impact of Government procurement on employment, 30-35% of procurement through contracts under CFAF 15 million is to be channeled to small and medium enterprises, including recommending to larger enterprises that they sub-contract 30-35% of the contract amount.

The impact of these policies on poor Ivorians is hard to evaluate. For those who secure salaried employment, especially in the modern sector, such employment is an almost certain route out of poverty. However, poor Ivorians work primarily in the informal sectors of the economy which are less able to be reached directly by government programs. Thus any impact on aggregate labor demand at this level is likely to be very indirect. With the exception of the PAFPA program, few of the past programs have focused on women who are concentrated in the lowest productivity activities. Furthermore, very few poor Ivorians are unemployed, primarily because they live in precarious situations where livelihoods are won on a day to day basis, and where working at some activity, however unremunerative, is essential to household survival. The targeted employment creation programs have enjoyed very limited success in numerical terms relative to the annual expansion of the labor force.

C. Key Features of Employment Policy for Poverty Reduction

In the wake of the devaluation and with the possibility of 6% growth for the next three years and higher rates beyond, aggregate labor demand can become much more buoyant than in 1980-93. The *Plan national de lutte contre la pauvreté* proposes more focus on employment issues than in the past. If high growth is sustained, the challenge to employment policy will be eased gradually. Even so, there is a need for careful choices. The labor force is growing by 3.7% annually and the urban labor force by over 5%. Over time, appropriate demographic policies can aim to ease this pressure, but this will be a long term challenge. For now, if growth is concentrated on capital intensive activities or on activities generating employment primarily at the upper end of the labor market, there will be less chance for poor Ivorians to share fully in this growth and the earlier pattern of widening disparities could be repeated. A focus on labor intensity and the productivity levels of the poorest households is still essential.

In setting a national policy, past experience suggests that skills formation to enhance productivity and easing policy constraints to labor use will have greater impact than direct employment creation actions. Thus two of the three main axes already forming part of the National Employment Plan offer promise, namely skills upgrading to improve worker productivity and policy approaches to facilitate labor use in the private sector. At the same time, the limited success of direct employment creation activities calls for a careful approach in future.
Skills Enhancement. Present plans for upgrading technical and vocational education both pre-employment and during employment could ease an important bottleneck for private sector growth. To derive the greatest poverty reduction impact from these actions would require them to be focused on activities accessible to workers from poor households. The PAFPA program has helped put more strategic focus on training for workers in the informal sector, especially for women, and merits expansion. However, relatively little of public sector training has focused on informal sector activities and women were underrepresented among the participants in technical and vocational training at all levels. Location of training facilities in areas easily accessible to poor households, a shift in the content of training towards skills of value to those currently in low productivity activities and assuring economic access of poor households are key dimensions of this strategic shift. In Chapter 7, the incidence of public sector spending on education is examined more fully, confirming that much current spending on higher technical education does not reach poor groups and tends to reinforce income disparities.

Avoiding Bias Towards Capital Intensity. By shifting relative costs of production in favor of labor, devaluation has also put in place an important prerequisite for more labor intensive growth than in the past. Ongoing reforms to the Labor Code could help contain the costs of labor, though mostly this would be relevant to higher paid labor in formal sector activities. Foreign investment promotion should target labor intensive industries. To preserve labor’s edge, it will be important to avoid measures that tilt the balance back towards capital intensity. Subsidized credit, such as that offered by the Social Funds established in 1994 (Chapter 8) or exoneration of capital goods from taxation will not necessarily contribute to greater labor demand, and certainly not among the poorest groups. Careful monitoring of labor and capital costs, possibly by the Observatoire de l’Emploi, could greatly facilitate policy formulation. Wage data is not currently collected.

Provision of Infrastructure and Services for Informal Sector Activities. Smaller informal sector enterprises generally lack good access to serviced sites, often combining living and work spaces in congested areas. Consideration could be given to strengthening programs that make appropriate infrastructure available to such enterprises, with an accent on low cost, ready accessibility and security of tenure. In parallel, improved information flows to smaller enterprises on products in demand in external markets, as planned in the private sector promotion program, could be a helpful step both in adding to the range of earnings possibilities of poor households and possibly reinforcing the supply response of the economy more broadly.

Micro-Enterprise Access to Financial Services. While subsidization of credit is likely to disfavor labor use, there are many poor groups who presently lack access to financial services on any terms and for whom access to credit on market terms would allow an expansion of their activities. Chapters 4 and 5 highlighted the importance of modest amounts of credit to raise the productivity of poor women and farm households, respectively. More generally, the lack of access to credit among informal enterprises denies them an important avenue for improved productivity. Given the repeated stress of participants in the Enquête Qualitative on the constraints they face in gaining access to
credit, a strategic shift in focus is again called for in the development of credit and financial services to address the demands of poor households, including the formulation of a strategy to support sustainable micro-credit activities.

Choice of Public Investments. For employment policy, public investments offer two advantages. First, investments can be targeted that ease constraints to labor productivity of poor households. Second, the implementation of these programs can generate additional demand for labor. This report is not the forum for a detailed discussion of the public investment program and its implementation. It will limit itself to two areas where investment choices and effective implementation approaches will make an important difference to poor households.

- **Water Supply.** The implementation of an accelerated program of water supply can generate a large volume of labor demand for relatively low skilled workers.

  The *Fonds d'Investissement et d'Aménagement Urbain* offers a well-tried option channel for implementation. About 70% of urban households and very few rural households have access to drinking water, and among poor households, it is almost unknown, and improvement of water supplies is a priority in all respects. Water-borne disease is particularly burdensome for poor households because of their vulnerability to loss of livelihood even in the very short term. Access to drinking water will ease the constraints on women's time and contribute to their time availability for alternative income generation efforts. By lowering the demand on children's time for fetching water, school attendance is facilitated. Development of rural and urban water supplies should both receive priority. The *Plan national de lutte contre la pauvreté* proposes improvements in the living environments accessible to poor households. There are considerable synergies in linking the Plan's components for the creation of more favorable living environments and strengthening labor demands in the poor areas.

  *Accelerating Water Supply Investments*

  Existing water supply priorities focus on urban areas, but even there it is proving difficult to reach poor communities and households. Top-down supply-side methods hold least promise: particularly in rural areas, there is low demand and willingness to pay for water supplies. Large numbers of broken and unmaintained pumps around the country bear witness to the failure of top down approaches. For water supply investments to move ahead more rapidly and effectively, new approaches are needed, building on lessons from promising approaches pioneered by NGOs in Côte d'Ivoire and elsewhere.

- **Rural Infrastructure Investments.** The more rapid implementation of a program of works to upgrade rural infrastructure can add to labor demand. Moreover, this should be tilted towards activities in the least developed regions of the country. The *Programme National d'Equipement Rural* (PNER) and the *Fonds Régionaux*
d'Aménagement Rural (FRAR) are familiar and ready channels for implementation of programs of priority rural investments on a decentralized basis. Apart from adding to labor demand, this will have multiple benefits in reducing rural poverty. The road network is not uniformly developed throughout the country, with far more difficult access in the northern half of the country. In these regions, food security is less assured, marketed surpluses of households are lower and social services are less available. These ills are not attributable to access factors alone, but lowering of access costs will support other efforts to implement corrective programs.

**Upgrading Infrastructure in Less Developed Regions**

Infrastructure investments often favor the densely populated and better-off regions because economic returns are highest there. But to address rural poverty in the north and other less developed regions effectively, the choice of infrastructure investments, mainly roads, and the enhancement of execution capacity need to favor these regions. Infrastructure investments should recognize that the implementation of development initiatives of all sorts will be facilitated by improved transport links. If there is to be an effective national poverty reduction program, the north and the other less developed areas must gradually catch up with better off regions, become more integrated with the rest of the country and grow faster.
CHAPTER 7: SOCIAL SERVICES AND THE POOR

Côte d’Ivoire is one of the most developed countries in Africa and spends more than average on health and education, both as shares of GDP and in per capita terms. Yet health outcomes and educational attainments lag in aggregate behind those for comparable and even many lower income countries. Simply put, this means that the high levels of expenditure are not giving the results one would expect. Throughout this report, it has been argued that investment in human resources must reach all Ivorians if high economic growth is to be sustained and poverty reduced. This chapter revisits the health and education sectors to examine why so many Ivorians have apparently been left behind in these two key areas. The two sectors are treated sequentially, followed by a brief discussion of issues common to both.

A. Health and Poverty: A Two Way Relationship

For poor and vulnerable Ivorian households, good health is a key to their well-being. The ability of adults to work, of mothers to bear children without risk and of children to learn all depend on their state of health and their access to health services. Poor health, in contrast, was consistently identified in the Enquête Qualitative as one of the gateways to poverty, associated with a loss of livelihood, a need to draw on others in the household or community to meet the costs of care and, for those without such safety nets, a step into indebtedness.

Health Outcomes for the Poor

Health outcomes for the poor are the result of a complex set of interacting factors. These often tend to work in combination against poor groups, adding to their burden of disease now and trapping them into a longer cycle of future poverty:

- flawed perceptions: failure to recognize the need for preventive actions such as vaccination of children, prenatal screening, prophylactic use, basic hygiene
- unconducive environmental factors: unsafe water supplies, inadequate sanitation and public health protection leading to malaria, diarrhea, intestinal worms
- disabling economic factors: low or irregular incomes leading to low demand or incomplete treatment; cramped housing leading to spread of infectious or respiratory diseases
- accessibility of services: unaffordability of services for low income households, geographic inaccessibility of services for isolated areas, high costs of medications.

Sound public policy choices and investments can make a difference in all these areas, though past approaches and investments appear to have been only partly successful. Two areas in particular merit examination: how to stimulate better use of public health services
on the part of the poor so that outcomes are improved, and how to allocate public sector spending better to reach poor groups.

**II Health and Household Responses: Revealed Demand for Health Services**

**Demand of Poor Households for Health Services.** Despite their greater exposure to many forms of disease or injury, poor households report fewer instances of illness and injury than better off households, and are less inclined to seek treatment. This reduced expression of demand for services reflects many of the economic and other difficulties faced by poor households. Some findings of the 1995 *Profil de Pauvreté* illustrate the low use of services and low demand expressed by poor households.

- Overall, 19% of the population reported an illness or injury during the preceding two weeks, but people in the lowest quintiles were less likely to report an illness than those in better off households. This is a common but misleading measurement error in such surveys.

- Among those who reported an illness, 49% sought medical care. The percentage varied directly with household income, with the poorest households reporting fewest consultations: those in the lowest quintile were less than half as likely to seek medical care than those in the highest quintile, 32% as compared with 67%.

- Whether treatment was sought at a public health center, public hospital or private facility also reflected household incomes. About 60% of all consultations among the two lowest quintiles were to health centers. In contrast, 53% of all consultations in the highest quintile were at public hospitals.

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60 The chapter draws on Demery, Dayton and Mehra, “The Incidence of Social Sector Public Expenditure in Côte d’Ivoire”, 1996, a working paper for this Poverty Assessment The working paper provides more detailed information on data, methodology and findings.

61 Information on the patterns of health facility use and household expenditures on health services are derived from the 1995 *Enquête sur les Conditions de Vie des Ménages*. Consumption expenditures of the household are here used as a proxy for household income.
Equally, there are important gender differences in the use of health care facilities. Women were somewhat more inclined than men to report an illness and to seek care, especially in urban areas, though they were marginally less likely to seek private care. However, given the difference between women's and men's health care needs, the proportion of women reported as seeking care was lower than would be expected. The fact that women are less likely to use private facilities, which often offer better quality care, suggests a gender bias in household decisions regarding the treatment of illness and injury.

**Household Ability to Pay for Health Care.** Household expenditure patterns illustrate the tight budget constraints under which poor households operate and the importance of rising incomes in bringing services within their reach. The *Profil de Pauvreté* shows that non-poor households spent an average of CFAF 28,503 on health care in 1995. In contrast, poor households lying between the two INS poverty lines (CFAF 94,600-144,800) spent only 19% of this amount while households in the poorest decile of the population spent only 7%. To keep their costs of health services down or to avoid health center charges, households report a variety of behaviors. Non treatment or self medication based on traditional remedies is common. Households commonly turn to traditional healers where costs are lower and payment terms more flexible. Rural women increasingly report bearing children at home. Preventive health visits are all but unknown.

<table>
<thead>
<tr>
<th>Household income range:</th>
<th>Very Poor</th>
<th>Poor</th>
<th>Non Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceutical drugs</td>
<td>1,440</td>
<td>3,708</td>
<td>15,255</td>
</tr>
<tr>
<td>Traditional medicines</td>
<td>260</td>
<td>432</td>
<td>2,024</td>
</tr>
<tr>
<td>Consultation fees</td>
<td>87</td>
<td>199</td>
<td>1,547</td>
</tr>
<tr>
<td>Preventive consultation</td>
<td>113</td>
<td>103</td>
<td>384</td>
</tr>
<tr>
<td>Hospitalization</td>
<td>0</td>
<td>360</td>
<td>2,209</td>
</tr>
<tr>
<td>Consultation with healer</td>
<td>0</td>
<td>34</td>
<td>381</td>
</tr>
<tr>
<td>Healer: other costs</td>
<td>89</td>
<td>329</td>
<td>845</td>
</tr>
<tr>
<td>Transport and related</td>
<td>3</td>
<td>54</td>
<td>860</td>
</tr>
<tr>
<td>Subsistence</td>
<td>74</td>
<td>213</td>
<td>6,637</td>
</tr>
<tr>
<td>Total medical expenses</td>
<td>2,057</td>
<td>5,412</td>
<td>28,503</td>
</tr>
</tbody>
</table>

62 There has been an apparent change in health expenditure patterns over the 1985-95 period. At the beginning of the period, health expenses absorbed a higher share of household income among poor than among better off households. At the end of this period, the pattern was reversed. It is possible that cost recovery policies account in part for the rising share of health payments for better off households, while the high cost of prescription drugs may have been a deterrent for poorer households.
Public Health Care Services: How Well Do They Reach the Poor?

Service Provision. The public sector provides almost all modern health care in Côte d'Ivoire: 91% of health consultations in 1995. For poor Ivorians, there is effectively no alternative modern health care and how well the public sector meets their needs at affordable cost is thus an important determinant of their health outcomes. The Government has recognized a number of well-known imbalances that it is in the process of addressing actively.

- a gap between tertiary services offering comparatively high standards of care and poorly staffed/equipped primary facilities characterized by poor service delivery and uneven quality of service
- preventive and promotional activities, such as mother and infant health care, family planning, immunization and nutrition are among the weakest services
- a regional imbalance, with a preponderance of physicians in urban areas, notably Abidjan and a dearth in rural areas; the distribution of nurses and other personnel is more balanced.
- shortages of materials and supplies and inadequate maintenance, most strongly felt at the primary level despite efforts to shift resource towards this level.

In all cases, these imbalances disfavor the services most vital to poor Ivorians. Moreover, they compound each other and result in extremely low service delivery and quality for poor patients. Broader sectoral reforms are thus an essential accompaniment to poverty reduction actions in the health sector. It is therefore important that Government accelerate its ongoing reform plans to reinforce responsiveness, efficiency and cost effectiveness throughout the sector.

Public Expenditures on Health. Public budgets for health were eroded in the 1980s, prompting an attempt to restore the level of budgetary resources in the 1990s. The share of public resources for health was increased from 6% in the late 1980s and early 1990s to about 8% since 1994.63 At the same time, reallocation of budgets was expected to support efforts to address the four imbalances listed above, namely between tertiary and primary services, between preventive and curative services, between regions, and between salaries and operating costs. However, efforts to allocate resources have not met with great success. The share of total recurrent expenditures devoted to primary care, for example, was scheduled to increase from 35% in 1991 to 42% in 1995 but in the event, declined from 37% in 1991 to 32% in 1995. Nonetheless, Government still envisages future increase in resources and a shift in resources towards primary services with a focus on operating costs, maintenance and supplies.

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63 The change in relative costs makes budgetary comparisons difficult before and after devaluation.
Who Benefits from Public Expenditures on Health? Benefit incidence analysis provides some insights into this question. On average, CFAF 3,410 was spent per capita on publicly provided (subsidized) health care consultations during the year. However, this was distributed very unequally in three key dimensions:

- the per capita amount in rural Côte d'Ivoire was 34% lower than in urban areas, with an even greater bias in favor of Abidjan
- the amount going to the lowest quintile was 64% lower than the per capita amount obtained by the highest quintile
- the per capita health amount for women is slightly higher than that for men but this does not acknowledge the greater needs of women.

As a result of these imbalances, only 11% of public health spending benefited the poorest 20% of the population, while the poorest 40% (approximately the poor population of the country) benefited from only 30% of government spending on health. The highest quintile, on the other hand, gained over 30%. In part, the uneven sharing of benefits reflects the differences in patterns of use discussed earlier. But this disparity is widened because better off groups make greatest use of hospitals which are more heavily subsidized, while poor groups rely mostly on health centers which are less subsidized. In 1995, the unit cost to Government of each hospital visit was CFAF 1,760 as compared with an average cost of each primary-level health center visit (health post or dispensary) of CFAF 1,540.

**Benefit Incidence Analysis**

Benefit incidence analysis is a technique designed to clarify how much different target groups benefit from the provision of public health (or other) services. The technique attributes the unit cost of publicly-provided (subsidized) services to households in proportion to the degree that they make use of them. Data on the use of services is obtained from household surveys, while the cost of providing or subsidizing services can be estimated from public expenditure data. The in-kind value of (subsidized) public health services provided to households can therefore be calculated. The analysis can be used to examine the benefits derived by any identifiable group. It is particularly useful in this case for measuring the extent to which poor Ivorians benefit from public expenditure in the health sector.

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64 See Demery, Dayton and Mehra (1996).

65 The number of health visits for 1995 reported in the table is based on the visits reported by the *Enquête sur les Conditions de Vie des Ménages*. Since this was for the two week period prior to the interview, an annual estimate is obtained by increasing reported use by a factor of 26.

66 Unit costs for consultations at health centers (including all primary-level facilities) are closer to those for consultations at hospitals than has been observed in similar studies in other countries. This is in part because of low utilization rates at health centers.
Key Health Sector Reforms to Support Poverty Reduction

Retargeting of Public Services. The majority of the population gains very little from the services that the government health system currently provides. The concentration on urban based hospital facilities and curative services means that health spending mostly misses the poor. The message emerging from this diagnosis is clear: that Government must accelerate its ongoing reforms under the Plan national de développement de la santé and shift the focus towards primary level facilities, preventive services, better service delivery and quality in rural and poor areas at lower cost. A focus on preventive education and actions across the board is essential focusing on the main causes of poor health outcomes as listed earlier. Efforts to improve the functioning of the referral system, which would enable more poor people to benefit from the specialist care available in hospitals, would also reduce the inequality in access in the system. Staffing and budgetary allocations in the health sector should support these objectives.
User Charges. Côte d'Ivoire began charging for consultations and drugs in tertiary-level facilities in 1991. In October 1994, user charges were extended to all levels. The local level retains 65% of revenues for the purchase of drugs, supplies and maintenance. The rest is returned to the Treasury (20%) or the Solidarity Fund (15%) which finances recurrent costs of the sector. Ultimately, local comités de gestion are to manage local resources but this system is not yet fully functional. There is no waiver or exemption policy for the poor.

The impact of cost recovery on the poor can be beneficial if it raises the quality of services, harmful if it merely raises their cost. An evaluation of how cost recovery is working on the ground is urgently needed. The principle of using cost recovery revenues to supplement, not substitute for allocations from the center needs to be established more clearly and control over resources needs to be transferred more effectively to the comités de gestion. It would be fitting to review the principle of cost recovery revenues transfers to the Treasury or even the Solidarity Fund since these transfers in effect tax health services. More attention need to be given to such aspects of the cost recovery system as improving the quality of services, extending access to current non-users, and improving the allocation of resources within the sector. Retention of all cost recovery resources at the local level is the key to these objectives.

AIDS and Poverty

Death of a household member can be an abrupt gateway to poverty. The loss of a relative to AIDS can be particularly traumatic, not just in personal terms, but in thrusting households into sudden poverty. Many AIDS victims die at the peak of their productive lives. The costs of care are high relative to the ability of poor households to pay. Social isolation and exclusion can follow. Poverty also adds to the vulnerability to HIV/AIDS because poor households can less afford or obtain treatment for other sexually transmitted diseases, leaving them more vulnerable to HIV infection.

Adult HIV seroprevalence in Côte d'Ivoire was estimated at 9.8% or about 600,000 people in 1994, and is on a trajectory towards about 15% or 1.2 million people by 2005. This will translate into as many as 70,000 deaths annually early next century. AIDS education and prevention is thus an important component of a poverty reduction program.

Better, more accessible reproductive health services would relieve poverty by lowering fertility among poor women. They would have the added benefit of helping contain the spread of HIV. This alone would not address the broader challenge of AIDS and a strong education and prevention program is needed. But reducing AIDS deaths among women of childbearing age and young children could avoid much unnecessary suffering and impoverishment.

67 The household surveys indicate that the number of visits to health care facilities increased after cost recovery was introduced. They also show that the cost per visit fell, an anomaly that has no ready explanation.
Essential Drug Policy. At all income levels, by far the single most important household health expenditure is medications. In 1995, these accounted for 70% of health expenditures for the poorest group, and just over half for those above the poverty line. The Profil de Pauvreté indicates that the high cost of prescription drugs is the main difficulty faced by poor households. Participants in the Enquête Qualitative reported that they often resorted to buying medicinal herbs at the market or pharmaceutical drugs from a pharmacie trottoir instead of seeking care at a health care facility. While cultural factors and household preferences play some part in such decisions, policies affecting the price of drugs stand out as a key determinant of the demand for health care for all Ivorians, but especially for the poorest groups.

Côte d’Ivoire has a policy of encouraging generic drug use. But progress on the ground has been slow and tempered with ambivalence about such aims as promoting a domestic essential drugs industry and assuring the profitability of the filière. This ambivalence should be avoided: the only focus in pharmaceuticals policy should be on attaining the lowest prices at which drugs can reach patients. Government must move as fast as possible to lower essential drugs prices and assure their effective availability to the poor.

Health Insurance. Health insurance will not touch the poor directly because few poor people are likely to be among the groups covered in the first instance. It can, however, have a poverty benefit in two respects. First, a self financing health insurance program can relieve pressures on Government to allocate ever greater amounts of resources to curative care. Second, it can lower the vulnerability of some of the poor groups and ensure more even access to care by household members other than the household head.

Complementary Investments. Many determinants of health outcomes for the poor are not in the health sector. Water supply and sanitation investments can have a major impact on health conditions for the poor. Upgrading of services and housing in low income areas should therefore take priority over other investments in these sectors.

B. Education and the Poor

Basic education has been recognized worldwide as a foundation and condition for economic growth and poverty reduction. In Côte d’Ivoire, a link between economic growth and education is recognized in public policy, though until recently this was more usually in terms of investment in the higher levels of education. The May 1997 Plan national de développement du secteur éducation/formation indicates how, in the future, Government plans to increase its emphasis on basic education and literacy while ensuring that investments are made in higher education to support economic growth. For poor Ivorians, the importance of basic education as an avenue out of poverty has been clearly

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68 In Côte d’Ivoire, basic education is defined as the primary cycle of six years plus the junior secondary cycle of three years.
identified in both quantitative and qualitative terms. How effectively are poor Ivorians reached by the present education system, and can this situation be improved?

Weak and Unequal Educational Attainments

In Chapters 2 and 3 of this report, the low level of basic educational attainments at the national level was already identified as an important constraint. Thus general recognition of the importance of education and long-standing willingness by Ivorian governments to invest heavily in the sector have not yet translated into sufficient attainments for a rapidly developing economy and an effective contribution to poverty reduction.

- Only half of all adults are literate and the rate may be falling: 54% of adults over 15 were literate in 1990, compared with a rate of 49% in the 1995 Profil de Pauvreté.69

- The net primary school enrollment rate was 51% in 1995, and has been stable or falling in recent years. Repetition rates are high (30%) and completion rates low (45%).

- The gross secondary school enrollment rates are low: 29% in 1995, a decline from 34% in 1986.

From a poverty perspective, these low attainments are compounded by a number of serious and clearly demarcated disparities. As in the case of health services, there are three main dimensions. These are most clearly illustrated for net primary school enrollment rates, though they apply equally to other aspects of educational attainment such as completion rates and measures of achievement:

- a regional dimension, with a net enrollment rate of 73% in Abidjan but only 26% in Savannah region, with other regions lying along this spectrum in inverse order of their measured poverty incidence

- an income dimension, with a net enrollment rate of 60% among children in non-poor households, 41% in poor households, and 30% in the poorest 10% of households

- a gender dimension, with 54% of boys attending school on average but only 48% of girls; the net rate among girls is lower in all regions.

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69 Definitions are not fully comparable for the two years and data do not permit a ready correction. However, the direction of the corrections would tend to widen the decline.
These shortcomings in the education sector reflect a complex set of factors. Overall outcomes suffer from several serious though well perceived problems affecting the efficiency of public education: low internal efficiency as reflected in high repetition and low completion rates; a high cost structure for both operating and investment expenditures; weak ties to labor markets; imbalances in the availability of pedagogic materials and other operating materials; and weak management of the teaching staffs of the system. In terms of the disparities between regions, between income groups and between boys and girls, two additional issues stand out: the reluctance of many households to send their children to school; and issues of allocation of public funds. All these issues must be addressed in order for the education sector to fully meet its mandate in economic development and poverty reduction.

Low Demand by Parents for Public Schooling

Participants in the Enquête Qualitative highlighted many potential reasons why households might not send children to school. Costs of attendance, whether in direct costs such as fees for school attendance, books, supplies and uniforms or in indirect costs such as transport or school meals were emphasized. The survey also found in part that children were being withdrawn from school to work. This was linked to both an increased need for money and a shift in the perceived utility and quality of schooling as measured by attainment levels and failure rates. With the return of larger numbers of educated young people to villages, it has become less clear to families that the increasing expense of schools is justified. Increasing unemployment among household heads was also frequently mentioned in urban areas as a reason for withdrawing children from school.

Household Expenditures on Education. Ability to pay for education is extremely limited among poor households, pointing to a need to keep the cost to parents of education very low now and for the foreseeable future. Absolute amounts currently spent are very modest: for poor households (those with per capita expenditures below CFAF 144,800), the average expenditure on education in 1995 was around CFAF 5,900, approximately the cost of one school uniform. Moreover, the long recession reduced the ability of most households to pay for education, and household expenditures on education did indeed decline in 1985-95. Looking to the future, the average proportion of expenditures devoted to education does not appear to vary markedly across low income deciles, implying that household expenditure on education is not likely to grow faster than incomes of the poor. Household size is, moreover, greatest among poor households, and the number of children across whom education expenditures are spread is greater. As repetition rates are also highest among poor groups, this adds to the burden on their resources.

70 The average proportion of expenditures devoted to education by households across all the lowest 7 deciles of the population was in the range of 2.5-3% in 1995, and only in the 8th through 10th decile did the proportion rise, reaching 4.7% for the highest decile.
The Opportunity Costs of School Attendance. As family incomes have declined, children have faced shifting roles. Among poor households, the economic role of children is a significant barrier to school attendance. The rate of labor force participation, generally in a family farm or business was 10% among 8-9 year olds in 1993, and rose steadily by age to around 35% by age 15. This pattern is inversely correlated with school attendance. Apart from their economic role in the labor force, children also perform many household responsibilities that are time consuming and onerous, interfering with their ability to study. For the household, sending a child means forgoing much of these potential benefits from the child’s work. The opportunity costs are multiplied if the low quality of education results in the child having to repeat a year.

Public Provision of Education: Questions of Efficiency and Targeting

Long term shifts in the levels and allocation of public expenditures have had an important impact on the educational system. Recession in the 1980s and 1990s reduced public spending for education significantly in real terms, and the long term trend was downwards despite an explosion in the number of children of school age. The share of recurrent spending for primary education increased from 39% in 1980 to 45% in 1985 and to about 49% in 1995. The share of non-personnel operating costs was cut disproportionately and investment in schools and other facilities was greatly reduced. Part of this burden was assumed by parents and local communities through school fees, user charges and local construction activities, though as noted, household ability to pay was also declining. In parallel, a private education sector developed rapidly in recent years, partly in response to demand of better off parents, partly with the support of Government to ease the pressure on public budgets and broaden access.

Much of government policy in education in the last five year has focused on relieving financial constraints. Yet with education currently absorbing 44% of the national budget, it is hard to argue that lack of resources is the main reason for the poor outcome of the sector, or that better educational attainments are primarily dependent on securing additional resources. Nor is lack of public resources an obvious reason for the wide disparities in enrollments between groups. Instead, efficiency and targeting in the use of public funds seem to be at issue.

Targeting of Government Education Spending Towards the Poor

Earlier in this chapter, the degree of share of health expenditure accruing to the poor was reviewed through the prism of incidence analysis. The results of a similar analysis for education are presented below. Many of the conclusions for education parallel those for health.

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In 1995, each Ivorian benefited on average from CFAF 15,560 of subsidized education, 87% through public education and 13% through subsidies to private education. However, this amount was very unequally distributed across the population, reflecting the three dimensions of inequality in net enrollments mentioned earlier.

- Rural areas gained CFAF 9,911 per capita during the year, less than half the CFAF 23,445 per capita that went to urban areas.

- Poor groups gained less than others. The per capita amount (CFAF 10,995) going to the lowest quintile was equivalent to only about one-third of that going to the highest (CFAF 27,396).

- Overall, girls received only about a third of total education subsidies, with the inequality more marked among lower quintiles. This appears to be the case in both urban and rural areas.

A significant achievement should be highlighted in line with this analysis. Despite the presence of major inequalities overall, the gradual shift of resources towards public primary education over the past decade appears to have enabled more of the poor groups to be reached. All income quintiles now derive more or less equal amounts of benefit from primary education, with the exception of the highest quintile, among whom private education is commonest. The share of the poorest quintile in subsidies to primary education rose from 15% in 1986 to 20% in 1995. There is still further to go in improving allocation of resources across income groups, because larger households with more children predominate in the poorest quintiles. Moreover, there are very substantial gains to be made in economic efficiency by lowering repetition and drop out rates. This could release substantial public and private resources to the benefit of poor households. Nonetheless, the past record confirms the view that increased and more efficient spending directed towards primary education can help reduce inequalities.

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72 This comparison considers only academic education as enrollment information for technical education was not available for 1986
Taking all 1995 education expenditure together, 14% of public spending went to the poorest quintile and less than 30% to the poorest 40% of the population. In contrast, 35% of education spending went to the highest quintile. This inequality applies separately to spending through both public and private education, though expenditure for private education was more unequal with 9% of expenditure going to the lowest quintile compared with 50% going to the highest quintile.

The disparities in amounts accruing to each income quintile partly reflect the pattern of enrollment. They also reflect the varying cost of services at each level of education. One year of tertiary level technical education costs as much as thirty years of primary schooling, and thus is a very substantial subsidy for the individual or household concerned. In 1995, the Enquête sur les Conditions de Vie des Ménages found that the highest income quintile benefit from almost all tertiary technical and secondary technical education enrollment and most university education. The most heavily subsidized services are thus made available mostly to those in the highest income quintile. In general, the conclusion emerging from this analysis is that while expenditures on primary education generally support a more even distribution of income, expenditures on higher and technical education are at present highly regressive and reinforce income disparities.

**Key Education Sector Reforms to Support Poverty Reduction**

Educating children is costly. Failing to educate them is potentially more costly by creating a longer term problem of adult illiteracy, and putting a further generation at risk of poverty. Lack of education will slow progress in many critical areas, including a demographic transition to lower fertility, better health outcomes and higher productivity levels in the work place. It also puts the nation’s longer term economic growth objectives into question. Government has adopted a target of universal primary education by 2010 and has set out in the *Plan national de développement du secteur éducation/formation* its plans to achieve this and other educational objectives. From a poverty perspective, the key areas for action are in raising the quality of basic education, lowering its cost to both Government and parents, and bringing all school-aged children into school.

**Improving the Quality of Basic Education.** Unless the quality of basic education is sufficiently high to induce poor parents to send children to school, enrollments will lag

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73 This comparison considers only academic education as enrollment information for technical education was not available for 1986
among poor groups. Parents must perceive that it is more valuable for their child to attend school than to work on a family farm or in the household. For Government, better results in terms of quality offer an important pay-off by lowering the costs of the system and reducing wastage. Apart from systemic reforms to raise the quality of education and teachers generally, additional reforms to shift teaching staff towards rural areas and to shift non-salary resources in favor of pedagogic and didactic materials can help achieve higher quality in the less well served areas. Monitoring of quality standards to ensure equal quality is essential, and investments should be targeted for the lowest enrollment regions.

**Expanded Access to Basic Education in Underserved Areas.** The basic education system has been unable to keep up with the growing number of children in recent years and net rates of enrollment have fallen. Sector reforms to raise education quality and lower repetition rates will enable exiting schools to accommodate a larger number of students. But investment is needed beyond these efforts. The disparities in net enrollment rates between regions and between income groups provide clear signals as to where investment is needed most.

**Lowering the Cost to Government.** Primary education alone absorbs half of the Government’s education budget but provides a primary education to only half of all school-age children. A growing economy can generate additional resources for basic education and reallocation within the overall budget or education budgets can release additional resources. Perhaps the greatest single source of cost savings will be through investments in better quality of education to reduce the large proportion of wastage through repetition and drop-out of pupils. In addition, it is clear that cost saving approaches are needed to contain specific cost items. Greater efficiency in the utilization of the teaching force, better management of human resources, links between the productivity and remuneration of the teaching force and lower school construction costs are essential for bringing costs into line with what the economy can bear.

**Lowering the Financial Costs to Parents.** Since 1992/93, Government has suspended school fees at the primary level. This is a helpful and welcome reduction of the burden on parents. There are however other costs for parents. A large burden arises as a result of low quality education and therefore high repetition. Other costs include *cotisations parallèles* (side charges) levied at local levels, some legally, others illegally, uniforms, book charges and related costs such as transport and meals. In addition, poor communities are often constrained to building and maintaining schools because of lack of public resources from the central Government. In areas where parental demand for education is strong, well-managed *cotisations parallèles* at the level of individual schools can increase resources and improve the teaching and learning environment. But in areas where demand is already weak, they may serve as a deterrent. Targeting of additional operating resources to schools in low enrollment areas, targeting of Government school construction programs in lower income areas, insistence on an absence of *cotisations* in lower income areas, waiving of school uniform requirements and similar actions to lower aggressively
the cost to parents of education can all bring education more into reach of poor households.

**Lowering the Opportunity Costs for Households.** Apart from reducing lost time as a result of high repetition rates, some simple accommodations can be made to lower the opportunity cost to households of children attending school. Setting flexible school hours or dates that respect the agricultural calendar in rural areas is one. *Cantines scolaires* (school feeding programs) providing free meals to children at the beginning of the school day can also lower the opportunity costs while encouraging timely arrival in areas where children undertake household duties before school.

**Affirmative Action for Girls.** Reluctance to send girls to school is a particular problem. The key is to convince parents. School books funded through an African Development Project have been distributed free to girls as an incentive in recent years. But in parallel, affirmative action is desirable, if necessary on an experimental basis. Stronger campaigns to popularize the benefits of girls' education are needed. Investments to upgrade facilities for girls within schools, to open wider avenues for girls at subsequent levels of education beyond primary and to target school construction in areas where girls’ enrollment is weakest are all moves in the right direction. Modification of criteria for scholarship programs to ensure equal rates of progression of girls through the system can be considered. Finally, closer involvement of mothers in school life through stronger *associations de parents d’élèves* (Parent Teacher Associations) or operation of *cantines scolaires* can sensitize the community more broadly to the importance of girls’ education.

**C. Lessons From Other Countries**

Public spending on both education and health appear to be very poorly directed to the needs of the poor in Côte d’Ivoire. This pattern is similar to that in other African countries for which similar data are available. More interesting, however, are comparisons with Colombia (in 1992) and Malaysia (in 1989), both of which are countries that have achieved very strong targeting of social sector spending towards the poor and have sustained far stronger economic performance. These are the patterns that education and health sector reforms in Côte d’Ivoire should aim to achieve.
This pattern of resource allocation implies a major reversal compared with past patterns, especially in the health sector. Past approaches have attempted to bring a reordering of priorities based on budgetary reallocations at the center, but the approach has not proven effective as judged by results on the ground. Compared with some neighboring countries, Côte d'Ivoire is endowed with central institutions that are capable of delivering many services. But better outcomes imply a parallel effort to meet the demand for affordable yet good quality services from the household level as well as to increase supply of services from the Government level. The poverty challenge will be to find more flexible and effective delivery mechanisms and to build a *rapprochement* with those parts of the population that do not presently use public services.

### Incidence of Social Sector Public Expenditures in Selected Countries

<table>
<thead>
<tr>
<th>Quintile shares in %:</th>
<th>Health</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest</td>
<td>Highest</td>
<td>Lowest</td>
</tr>
<tr>
<td>Côte d'Ivoire (1995)</td>
<td>11</td>
<td>31</td>
</tr>
<tr>
<td>Ghana (1992)</td>
<td>12</td>
<td>33</td>
</tr>
<tr>
<td>Guinea (1994)</td>
<td>4</td>
<td>48</td>
</tr>
<tr>
<td>Kenya (1992/3)</td>
<td>14</td>
<td>24</td>
</tr>
<tr>
<td>Madagascar (1993)*</td>
<td>18</td>
<td>24</td>
</tr>
<tr>
<td>South Africa (1993)</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Tanzania (1993)</td>
<td>13</td>
<td>23</td>
</tr>
<tr>
<td>Colombia (1992)</td>
<td>28</td>
<td>12</td>
</tr>
<tr>
<td>Malaysia (1989)</td>
<td>29</td>
<td>11</td>
</tr>
</tbody>
</table>

CHAPTER 8: SAFETY NETS AND TARGETED PROGRAMS

Sustained economic growth, coupled with human resource and other sectoral policies to facilitate the participation of poor people in this growth, will be sufficient to lift the bulk of poor Ivorians out of poverty over time. There may be exceptions: people in isolated geographic or social situations, people experiencing temporary difficulties such as loss of livelihood or assets, or people who do not make use of education, health or other services even though they are available. An inclusive approach to poverty reduction cannot ignore such groups, and a strategy can be enriched by making special efforts to reach out to such groups. Safety net programs and targeted actions can help address unmet needs or help reach specific objectives more quickly by targeting the delivery of services.

A. Targeted Programs: Social Funds

Côte d'Ivoire has a long experience with targeted funds, most notably the Fonds Régionaux d’Aménagement Rural, the Fonds d’Investissement et d’Aménagement Urbain, the Compte de Mobilisation pour l’Habitat and the Fonds de Soutien à l’Habitat, to achieve specific goals such as the improvement of housing or the construction and maintenance of rural and urban infrastructure. The funds primarily channel budgetary or other public resources (including external assistance) to specific objectives. Overall, CFAF 23 billion and CFAF 30.9 billion were allocated to these funds for 1994 and 1995, respectively. Through a more decentralized style of operation, such funds have demonstrated their value in ensuring and advancing implementation of key programs. They do not have a specific poverty mandate, though many of the programs they implement are effective in providing services that contribute to improved living conditions for poor households or neighborhoods.

At the time of the devaluation of the CFA franc, Government decided to expand and intensify the use of social funds to respond to a wider range of needs of poor and vulnerable groups. The main emphasis was on employment generation. Ten social funds were created covering a large range of activities targeted to specific beneficiary groups.

74 Formal safety nets offering benefits on an individual basis are rare in Africa because of their high cost. In Côte d’Ivoire, three such safety nets exist or are being considered: a benefits program for public employees; private enterprise benefit schemes; and a proposal for a health insurance program. These programs do not claim to serve a particular poverty target group and are not discussed in this report. They do, however, provide security to those above the poverty line, and in some cases they lower the risk of impoverishment as a result of such events as sudden unemployment.

75 This section draws on CEPRASS, La Contribution des Secteurs Public et Privé à la Prise en Charge des Groupes Vulnérables: L’Exemple des Fonds Sociaux, 1995
<table>
<thead>
<tr>
<th>Name of Social Fund</th>
<th>Targeted Population or Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fonds d’Installation et d’Appui aux Initiatives de Jeunes Agriculteurs (FIAIJA)</td>
<td>Support for young farmers in establishing their activities</td>
</tr>
<tr>
<td>Fonds de Diversification Agricole et de Promotion des Exportations (FDAPE)</td>
<td>Promotion of food crop production and exports (rice, cassava, etc.)</td>
</tr>
<tr>
<td>Fonds de Promotion des Productions Animales (FPPA)</td>
<td>Development of livestock, fishing products and distribution</td>
</tr>
<tr>
<td>Fonds National de Garantie au Groupement à Vocation Coopérative de Producteurs de Café-Cacao (FGVC)</td>
<td>Development of cooperatives (GVC) in cocoa and coffee sectors</td>
</tr>
<tr>
<td>Fonds de Relance Caféière (FRC)</td>
<td>Support and promotion of coffee production</td>
</tr>
<tr>
<td>Fonds de Soutien à l’Emploi par des Travaux d’Utilité Publique à Haute Intensité de Main-d’Oeuvre (FHIMO)</td>
<td>Support for transitory job creation using labor intensive technologies</td>
</tr>
<tr>
<td>Fonds d’Intégration des Jeunes Diplômés et de Réinsertion des Déflatis des Secteurs Public et Privé (FIJDRD)</td>
<td>Support of micro-projects initiated by recent graduates or jobless people.</td>
</tr>
<tr>
<td>Fonds National de la Jeunesse (FNJ)</td>
<td>Support of micro-projects or other youth initiated socio-economic actions</td>
</tr>
<tr>
<td>Fonds d’Intervention pour l’Action Culturelle (FIAC)</td>
<td>Support to cultural or creative activities (art, literature, cinema)</td>
</tr>
<tr>
<td>Fonds National Femmes et Développement (FNFD)</td>
<td>Support to revenue generation activities initiated by women or groups of women</td>
</tr>
</tbody>
</table>

Most of the funds provide low cost loans and/or guarantees for micro-projects financed by the commercial banks. These loans range in general from CFAF 200,000 to CFAF 15 million at 5-8% interest. During 1994-95, loan approvals totaled CFAF 12 billion for 4,417 loans. The activities financed by the fund were expected to accelerate the ongoing economic recovery, and the funds have continued in operation through the present time.  

76 In addition, the Government of France established the Fonds Social de Développement early after the devaluation, primarily to respond to specific urban needs in the wake of the devaluation. The fund is directly managed by the local representative of the Ministry of Cooperation under the supervision of a joint management committee. It finances projects initiated by NGOs and other community based associations. By the end of 1995, about 100 projects in a wide range of sectors (social infrastructure,
Distribution of Beneficiaries. An overview of the social funds activities in 1994-95 showed considerable imbalances in terms of both region and gender. Activities were heavily concentrated in the Abidjan region (68% of the total amount) while other regions benefited only modestly. To the extent that the social funds were viewed as a tool for employment generation, this regional pattern was largely intended. The definition of regions in this break-down is not the same as the definition of regions in the INS Profil de Pauvreté, yet it is clear that the allocation of social fund resources was inverse to the levels of poverty in the regions. In this sense, their operations reinforced disparities rather than reduced poverty.

Support to projects initiated by women and women’s groups was also relatively low. Only 13% of the total amount was for women, with a further quarter of resources made available to groups, some of which serve women’s needs. Here too, the operations of the funds were found to reinforce rather than reduce gender disparities and to be allocated in inverse relationship to poverty incidence.

Social Funds Activities as of December 1995

<table>
<thead>
<tr>
<th>Fund</th>
<th>1994-95 allocations</th>
<th>Number of approved loans</th>
<th>Amounts committed:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CFAF million</td>
<td></td>
<td>Share in favor of women</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CFAF million</td>
</tr>
<tr>
<td>FIALJA</td>
<td>2,600</td>
<td>205</td>
<td>1,067</td>
</tr>
<tr>
<td>FDAPE</td>
<td>2,500</td>
<td>149</td>
<td>977</td>
</tr>
<tr>
<td>FPPA</td>
<td>900</td>
<td>102</td>
<td>484</td>
</tr>
<tr>
<td>FRC</td>
<td>3,968</td>
<td>2590</td>
<td>4,484</td>
</tr>
<tr>
<td>FIJDRD</td>
<td>3,500</td>
<td>462</td>
<td>2,335</td>
</tr>
<tr>
<td>FNJ</td>
<td>500</td>
<td>293</td>
<td>569</td>
</tr>
<tr>
<td>FIAC</td>
<td>400</td>
<td>31</td>
<td>109</td>
</tr>
<tr>
<td>FNFD</td>
<td>700</td>
<td>424</td>
<td>212</td>
</tr>
<tr>
<td>Totals</td>
<td>17,068</td>
<td>4,250</td>
<td>10,237</td>
</tr>
</tbody>
</table>

Capacity and Service Delivery. The relatively short period of implementation does not yet allow for an in depth assessment of the quality and effectiveness of the funds' activities. They are, in general, supporting projects in the targeted areas of activity though are not generally reaching the poorest groups among their targeted populations. Government has examined ways to simplify initially complicated institutional arrangements and procedures to improve their performance. The collateral or repayment guarantee requirements effectively reserve access to applicants who are themselves well placed financially or who can obtain the signature of a person willing and able to guarantee the loan. The application process is also somewhat long and costly (mostly in sanitation, water supply, electrification, sport equipment and other urban revenue generation micro-projects had been committed for a total amount of FF 51 million, of which FF 29 million had been disbursed.)
terms of the opportunity cost of time) and would certainly need to be shortened for the social funds to become a responsive part of a national poverty reduction program.

There are other uncertainties. The financial viability the social funds is still to be demonstrated because the repayment period for loans has not yet begun in most cases. Tough guarantee provisions have not shielded other credit agencies from loss in the past. Local or regional administrations are inadequately prepared to play a key role in outreach activities and beneficiary selection. Beneficiaries are, in general, lacking in management experience. The level of operating costs and overhead costs (about 25% of the committed amount) is high. As part of the Plan national de lutte contre la pauvreté, a series of measures is being considered to address some of these points, including easier guarantee conditions, a shorter processing period, and more active involvement of NGOs in assisting beneficiaries in rural and peri-urban areas. If sufficiently far-reaching reforms of the social funds are implemented, they could become a valuable part of a targeted approach to poverty reduction, though it is clear that they have yet fulfilled this mandate up to now.

B. Social Networks and Associations

Safety nets must reach poor people if they are to be effective in supporting poverty reduction. The organizations that enjoy the greatest degree of confidence among poor groups and that reach them most effectively are the ones that they themselves have formed or belong to through ethnicity, locality or social or economic association. They are a logical channel through which poverty reduction activities can be channeled. In many countries, NGOs and development agencies rely heavily on such groups to conceive, design or implement programs, both through normal Government programs or through targeted social funds.

Participants in the Enquête Qualitative returned repeatedly to the importance of associative life when discussing how they cope with the precariousness and vulnerability
that are everyday realities in their lives, whether in regard to harvests, employment, housing, savings, health or death. In both rural and urban areas, there are a panoply of social networks and associations that provide safety nets for vulnerable households and individuals. These networks are under increasing stress from rising costs, household difficulties in paying contributions and, in rural areas, longer-term social and economic change. Yet they still provide poor households with their best insurance against unforeseen shocks and misfortune. They take many forms.

- Traditional extended kinship and lineage systems are active throughout the north of the country, sometimes stretching across national boundaries. They typically control a range of natural or other productive assets, though members may work in other parts of the country as farmers, plantation owners, laborers, merchants or as civil servants. They provide an effective hedge against risk through their diversity of activities across sectors, in rural and urban settings, and in different agro-ecological areas.

- Community-wide and inter-community organizations are also very active in the north. These link membership of the community of the same ethnic identity and provide, *inter alia*, collective labor arrangements for work on community fields and to provide security. They bind members of the community together through age sets, whose members have reciprocal responsibilities to help each other in times of need.

- Latter-day social and economic associations of people from the same area of origin are common in urban areas. Based on monthly subscriptions, they provide services such as payment of funeral rites, loans to members, or negotiation for improved services in their *quartiers*. They often seek to protect members against *déguerpissements* that force them out their homes, especially in the *quartiers précaires* and *bidonvilles*. In the face of urban violence and conditions of public insalubrity, they will often employ young men to patrol the area and keep it clean.

- Self-help *tontines* (revolving savings groups) are common in rural and urban areas. Members may come from a *cour commune*, neighboring houses or, increasingly in the forest areas, a religious sect. As a self-help group, members might undertake collective agricultural work or help cultivate fields when a member dies, is ill or encounters misfortune. *Tontines* groups are common among market women involved in food processing and sales.

- On a more formal level, the *Groupements villageois coopératifs* (state-sponsored cooperative system) can be seen as social and economic organizations. They provide credit to members for agricultural inputs and, in some cases, provide help to members in need.

This rich fabric of associative life is an important asset not just for the members but potentially too for Government as a channel for future development outreach or safety net programs. They are thus critical partners at all stages of a poverty reduction program from concept to design to implementation. The solidarity offered by such groups is a
particularly vital element for credit programs, using group solidarity as collateral. Groups can also serve as channels for diffusion of health, child care or other developmental themes.

Despite the availability of a ready network of organizations that can carry forward important development objectives, much of the potential benefits of such groups are not yet tapped for the development effort. A key link will be to establish stronger links between the efforts of the state and the organizations that are already in place. NGOs carry out some of the actions supported by the social funds and also some other programs. In comparison with other countries in the region, however, the network of NGOs able to fill this bridging role is limited. Strengthening of the role of NGOs through a more participative approach to program design and implementation is a must for a successful poverty reduction effort.
CHAPTER 9: PLANNING AND PARTNERSHIPS

A. Policy Choices Count

This report has examined policies that are necessary to ensure sustainable economic growth for Côte d'Ivoire, and how much poor Ivorians will participate in this growth. There turns out to be a startlingly wide range of possible outcomes. At the best, a strategy built around sound economic management and broad development of human capital can bring very high sustained growth and include the poor fully. At the worst, Côte d'Ivoire could return to the pattern of stagnation of the 1980s and early 1990s, with spreading and deepening poverty as demographic growth outstrips economic growth.

The difference between these two extreme outcomes is almost entirely a matter of policy choices, now and over the longer term. This report has outlined some key strategic choices that can help bring more sustained growth and greater inclusion of poor Ivorians. Some of these strategies require sweeping changes compared with past approaches. This is not a time to hesitate. The competitive edge conferred by devaluation has raised growth for now, but this is a fragile basis on which to build long term growth. Moreover, disparities between better off and poor Ivorians, between regions and between men and women are impediments to higher growth that will not solve themselves.

The remainder of this report is devoted to two topics. The first is to sketch some possible contours for an action program to reduce poverty. The second is to examine what ingredients can help ensure that some of the better poverty outcomes are attained in the years to come.

B. A Framework for Action

The task of poverty reduction is a huge one and there are no miracle solutions. In its document Axes prioritaires which sets out basic directions for the Plan national de lutte contre la pauvreté, Government identifies many avenues leading to positive long-term outcomes to enhance both the living standards of poor Ivorians and the well-being of the nation. In implementing the Plan national de lutte contre la pauvreté, Government will need to focus carefully on what are the real needs of the poor in order to prioritize the strategy. Application of clear criteria will help focus on areas where poor households will be able to achieve clear gains in welfare:

- higher productivity in work and household activities
- a low cost of living
- security of life style
- participation in decisions affecting their lives.
Much of this report has been devoted to analysis of possible actions that will enhance the pro-poor character of growth. It identifies a number of macroeconomic actions that could make some difference in the short term by accelerating the implementation of ongoing programs or policy changes and in the longer term by raising productivity levels among poor households. Short term actions are important in bringing early benefits from a poverty reduction strategy, though they will necessarily be implemented in a context of fiscal austerity and thus face some limits. There are also limits related to implementation and institutional capacities. The more important challenge is to start building now for higher sustained growth over the long term by creating an environment in which the poor are able to move out of poverty as a result of higher productivity and incomes. A poorly conceived or designed poverty reduction program may result in a trade-off between growth and redistribution of resources. If a program is well designed with a focus on solutions that achieve pro-poor growth through rising productivity levels among poor households, these trade-offs will be avoided.

Raising productivity levels among poor households is not easy. Two aspects can help prioritize actions. In part, raising productivity will rely on endowing the households with improved human capital. This aspect emphasizes a strengthening of basic investments in human resources at all stages of the life cycle, giving full weight to women and girls: safer reproductive health and greater acceptance of family planning; improved nutrition, especially in early childhood; improved learning outcomes among children from poor households; higher levels of adult literacy; and better health outcomes for poor households with a particular focus on preventive programs; a very strong HIV/AIDS prevention program; and greater access by poor households to work-place skills in demand in the economy. All these elements are expected to receive priority in the Plan national de lutte contre la pauvreté.

The other key aspect of raising productivity among poor households is building an environment in which they are more able to move to the maximum productivity and income levels that their human resource endowment will permit. This aspect emphasizes security of living and work environments, and improved availability of infrastructure and services tailored to the needs and ability to pay of poor households. Some of the key priorities in this area are to assure security of land tenure for housing or work in urban areas and for cultivation in the rural areas; a focus in infrastructure provision on creative ways to improve the availability of services to poor communities and households, and at the same time to generate employment for poor households through the implementation of infrastructure investments; and the strengthening of the financial system to ensure that poor households have access to financial services responding to their needs and ability to pay. These are sound priorities for the Plan national de lutte contre la pauvreté.

Specifically targeted programs to address resistant pockets of poverty can be an integral part of a successful poverty reduction strategy. However, their role must be viewed in perspective. If the fundamentals of high pro-poor growth and a strong emphasis on investing in the human capital of poor households are not addressed first, the burden on targeted programs is likely to be overwhelming. Targeted interventions are often costly.
and, in a situation of limited resources, are often able to reach only a tiny fraction of poor households. In addition, the difficulties—or perceived inequities—of targeting only a small group of households in a situation where fundamentals are not being addressed is potentially troublesome. A cautious approach to narrowly targeted programs is therefore desirable in the early stages of implementing the Plan national de lutte contre la pauvreté.

C. Securing Better Outcomes

What are the key ingredients needed for better outcomes to emerge? How can the right choices be made and implemented? Three themes predominate:

- Commitment to the objectives of the Plan national de lutte contre la pauvreté has to be reflected across the gamut of Government decision making.

- Government needs to reinforce its policy planning, program design and implementation capacity in poverty related areas to ensure the effectiveness of the Plan national de lutte contre la pauvreté.

- Government can achieve better results if it makes greater efforts to mobilize the capacities of national and international partners, including the poor themselves.

Strong Commitment

Many of the actions needed for sustained poverty reduction require far-reaching action and long term commitment. Few of the actions sketched in this report or the Plan national de lutte contre la pauvreté can be completed either easily or quickly. Commitment will be required in many areas: willingness to stand by broad objectives for poverty reduction; openness to whatever choices appear to offer the best solutions, even when these represent a break with past practices; willingness to make a long term commitment of human, institutional and financial resources in pursuit of poverty objectives; and willingness to drop approaches or programs that are inconsistent with the Plan national de lutte contre la pauvreté.

At present, many poor Ivorians do not perceive the strength of commitment needed, in particular in their contacts with local officials. The participants in the Enquête Qualitative raised general issues such as the non-availability of certain services that they considered important and the indifference of public employees. They also cited specific issues such as unofficial levies and charges by public employees, lack of security against déguerpissement, harassment by police of traders and travelers, and so on. Leaders in the top echelons of Government can, by being explicit and strong in their commitment to reaching poor Ivorians, set a clear example for public officials and should explain to public employees what standards of behavior are appropriate to their official positions.
Building Capacity Where It Is Needed

Compared with neighboring countries, Côte d’Ivoire has a relatively strong administrative structure and a stratum of well educated leaders and managers. If well used, these are a valuable asset for putting in place a strong poverty reduction program. Some functions are carried out relatively successfully, most notably those related to large scale investments. Where capacity is weakest is in some of the areas that are most important for a successful poverty reduction program and this is where capacity most urgently need to be built. As Government begins implementing the *Plan national de lutte contre la pauvreté*, there are a number of key areas where better use of capacity or creation of new capacities is needed. These should be priorities for the proposed *Comité de suivi* that will monitor the plan’s implementation.

- **Integration of Poverty Themes in Economic Planning.** There are no systematic framework or procedures for screening economic policy decisions and public investments for their impact on poor Ivorians and the extent to which the action will contribute to poverty reduction.

- **Investment Implementation Capacity.** Capacity to implement poverty oriented investments need to be reinforced, especially in the human resource sectors, where investments are on a small scale and in multiple locations, generally requiring community mobilization to succeed.

- **Dealing with Cross-Cutting Issues.** Improved ability to cross ministerial lines and improve coordination are essential for successful design and implementation of programs in cross-cutting areas such as environment programs, nutrition, AIDS prevention, family planning, and so on.

- **Operation and Maintenance Activities.** Partly as a consequence of financial constraints in the pre-devaluation period, there has been insufficient attention to operation and maintenance activities in most sectors. Rural areas and isolated areas have tended to suffer most, both with regard to assignment of staff and operating expenses. These tend also to be the poorest areas.

- **Targeting of Programs.** Few programs are presently effective in targeting poor Ivorians, as this report has witnessed repeatedly. The heavy concentration of social services activities in Abidjan and the main urban areas, the lack of emphasis on women, and the difficulty in reaching poor groups in such areas as education, literacy, health, financial services and the social funds all provide evidence of the difficulties of targeting programs.

- **Better Coverage and Use of Poverty Monitoring Data.** Despite the extensive poverty monitoring activities since 1985, data are not widely integrated into government decision making. Broader access to data by Ivorian researchers is limited by prohibitive INS charges, even though such research could be a valuable supplement to analysis carried out within Government. Some key data such as
wage trends and informal sector activities are monitored inadequately or not at all. To ensure that the *Plan national de lutte contre la pauvreté* is achieving its desired results, further monitoring efforts will be needed and should be systematically planned.

- **Decentralization to Support Poverty Reduction.** Many of the limitations in capacity reflect over-centralization of decision making. Deconcentration of facilities outside Abidjan is only a partial solution. Decision making power also needs to be conferred on officials at the local level if some of the constraints are to be eased.

**Partnerships and Participation**

Although there are gaps in Government’s capacity to implement programs that reach effectively to poor Ivorians, this constraint can be eased by building stronger partnerships with other national and international agencies. The value of Government *cadres* could be multiplied by a strategic shift in their role. This could reinforce their role and capacities in policy formulation, investment planning, and monitoring and evaluation activities while building more effective partnerships with others for detailed program design and implementation activities.

**Partnerships with Poor Communities.** The *Enquête Qualitative* provided a context for a dialogue with poor communities on their problems and proposed solutions. These solutions were not always feasible, for example requiring in some cases more public funding than would realistically be available. Nonetheless, the approach of consulting with communities and households is a sound approach for bringing stake holder views into the planning process and building ownership in whatever solutions emerge. This has not generally been the case with public investments, and as a result valuable insights and ownership have been foregone. Subsequent reluctance by communities to take over the maintenance of facilities can result. Low utilization of facilities, for example health centers, may also reflect a lack of participation of local communities in their planning.

**Non-Government Organizations.** NGO activities are relatively under-developed in Côte d’Ivoire when compared with most neighboring countries. In part this is because Government has made less effort to involve them in development activities than elsewhere. Given the difficulties experienced in assuring the effective delivery of services, Government has little to lose by a shift towards their involvement, if necessary on an experimental basis.

**External Donors.** Government relies heavily on external donors for financial flows. All major external partners are likely to be highly supportive of a sharper focus on poverty reduction in Government’s development programs. Government may wish to draw on external donors’ experience in other countries to provide lessons and guidelines for its own programs to address poverty issues.
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MAP SECTION