

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Travel briefs, Ivory Coast 01

Folder ID: 1772930

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-5789S

Fonds: Records of the Office of the President

Series: Travel briefings of staff assistants to the President

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: June 28, 2013

To cite materials from this archival folder, please follow the following format:
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK
Washington, D.C.

© 2012 International Bank for Reconstruction and Development / International Development Association or
The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

McNamara Papers

Travel brief - West Africa,
Apr. 1-15, 1977 / Kook-Weser
(Ivory Coast)

Flder 4 of 8

DECLASSIFIED
WBG Archives

The World Bank
Archives
A2004-032 Other # 1772930
Kook Weser's Travel Briefings: West Africa (Nigeria, Ivory Coast, Liberia, Guinea, The Gambia, and Senegal) Travel brief, Ivory Coast 01



Visit of Mr. and Mrs. McNamara to the
Ivory Coast
(November 6 to 8, 1977)

PROGRAM

Sunday November 6

- 4:30 PM Arrival at Abidjan/Port Bouet Airport
- Mr. and Mrs. McNamara will be met at the airport by:
- Ambassador Georges Ouegnin, Chief of Protocol at the Presidency of the Republic
 - Mr. and Mrs. Abdoulaye Kone, Minister of Economy, Finance and Plan
 - Mrs. Jeanne Gervais, Minister of Feminine Affairs (Condition Féminine)
 - Mr. Kra Kouadio, Chief of Staff (Directeur de Cabinet) of Minister Koné
 - Mr. Amany, personal assistant (Chef de cabinet) of Minister Koné

The whole delegation will be lodged at the Presidential Palace at the Plateau

- 7:00 PM Private meeting with President Houphouet-Boigny
- 8:00 PM Private dinner at the Cocody residence of President Houphouet-Boigny, to be attended by:
- President Houphouet-Boigny
 - President and Mrs. McNamara
 - Mr. and Mrs. Abdoulaye Koné
 - Mr. Chauffournier
 - Miss Angoran (interpreter)

Monday November 7

8:00 AM Departure by plane (Fokker) from Abidjan/Port Bouet Airport for Bouaké to visit the Educational TV complex. Delegation will consist of :

IBRD Mr. and Mrs. McNamara
Mr. Chauffournier
Mr. Clark
Mr. Koch-Weser
Mr. Géli, Chief, RMWA
Mr. Brewin, Senior education specialist, RMWA

IVC Government - Mr. Pascal N'Guessan Dikebie, Minister of Primary education and educational television

Mr. Naka, Director General of Caisse Autonome d'Amortissement, and Alternate Governor of IBRD

Mrs. Paul YAO AKOTO, wife of Minister of National education

9:00 AM Arrival in Bouaké

Delegation will be met by Mr. Djibo Sounkalo, Mayor of Bouaké and member of Parliament, Mr. Léon Konan Koffi (Préfet du département de Bouaké) and other local personalities

Visit of Educational T.V. complex

11:00 AM Departure by plane from Bouaké for Abidjan

12:00 AM Arrival at Abidjan/Port Bouet Airport

1:00 PM Official lunch offered by Minister Abdoulaye Koné at Hotel Ivoire (Balafon), to be attended by :

Minister Abdoulaye Koné
Mr. McNamara
Mr. Chauffournier
Mr. Clark
Mr. Koch-Weser
Mr. Géli
Minister Bra Kanon (Agriculture)

Minister Paul Yao Akoto (National education)
Minister Ange Barry-Battesti (Technical education and
Vocational training)
Minister N'Guessan Dikebie (Primary education and
Educational television)
Minister Désiré Boni (Public works, transport,
construction and urbanism)
Minister Dicoth Garba (Animal production)
Minister Siméon Aké (Foreign affairs)
Mr. Fordwor, President of the African Development Bank
Mr. Razafindrabe, IBRD Executive Director
Mr. Naka, Director general, Caisse autonome d'amortissement
Mr. Darboux, Acting UNDP representative
Mr. Ahouné, Director general of finance
Mr. Kra Kouadio, Chief of Staff of Minister Koné
Mr. Diabaté, Director Central Bank (BCEAO)
Mr. Diarrassouba, Rector of University
Mr. Rouher, Technical adviser, Ministry of Economy,
Finance and Plan
Miss Angoran, interpreter

Note : Following the lunch, Mr. McNamara could have
a discussion with Mr. Diarrassouba, Rector
of University, before proceeding to the next
meeting.

3:30 PM Meeting with Minister Abdoulaye Koné

4:00 PM Working meeting, Chaired by Minister Abdoulaye Koné,
and attended by:

Minister Désiré Boni (Public works, transport,
construction and urbanism)
Minister Ange Barry-Battesti (Technical education and
Vocational training)
Minister Paul Yao Akoto (National education)
Minister Pascal N'Guessan Dikébié (Primary education
and educational television)
Minister Bra Kanon (Agriculture)
Minister Dicoth Garba (Animal production)

- 6:00 PM Meeting with Mr. Fordwor, President of ADB
- 7:30 PM Stag buffet dinner at Hotel Ivoire (Balafon)
offered by President Fordwor of ADB

Tuesday, November 8

- 9:00 AM Departure by IVC government plane from Abidjan/
Port Bouet Airport for Monrovia

- - - - -

Program of Mrs. McNamara

Sunday, November 6, and morning of Monday, November 7

Same program as for Mr. McNamara, except that, since Mrs. McNamara will not attend the private meeting between Mr. McNamara and President Houphouet-Boigny at 7:00 PM on Sunday, Mrs. Abdoulaye Koné will meet Mrs. McNamara at 7:50 PM at the Presidential Palace (Plateau) and bring her to the President's Cocody residence for the private dinner at 8:00 PM.

Monday, November 7

- 1:00 PM Lunch at the Hotel du Parc, offered by Mrs. Jeanne Gervais, Minister of feminine affairs, with the participation of :
- Mrs. Anoma-Gladys, General secretary of AFI
(Association des Femmes Ivoiriennes),
and member of Parliament
- Mrs. Siméon Aké, wife of the Minister of Foreign affairs
- Mrs. Abdoulaye Koné, wife of the Minister of Economy,
Finance and Plan
- Mrs. Fatou Syllé, Ivorian businesswoman
- Mrs. Konan-Ferrand, Chief of Protocol at the
Ministry of foreign affairs
- Mrs. Akoto Yao, wife of the Minister of National Education
- Mrs. Stearns, wife of the U.S. Ambassador
- Mrs. Géli, wife of Chief of RMWA, IBRD
- Mrs. Rouher, wife of a technical adviser, Ministry of
Economy, Finance and Plan
- Plus one interpreter
- 3:30 PM Visit of Institution Thérèse Houphouet-Boigny
- 4:45 PM Visit of Village S.O.S.
- 6:00 PM Return to Presidential Palace

IVORY COAST

A l'occasion de la visite de
M. le Président McNAMARA

Le Ministre
de l'Economie ~~et~~ des Finances
ET DU PLAN

prie M. CAIO KOCH-WESER

de lui faire l'honneur d'assister
au déjeuner qu'il offre au BALAFON de L'Hôtel Ivoire

le Lundi 7 Novembre à 13 H.

R.S.V.P.

Tél. 32-40-037
poste 336

32-75-61

Le **Président K.D. FORDWOR** *de la*
Banque Africaine de Développement
prie M^r **Koch - Weser**

de lui faire l'honneur d'assister **au Stag Buffet-Dîner**
qu'il donnera le **7 Novembre 1977**
en l'honneur **de Mr R. Mcnamara, Président de la**
Banque Mondiale
à **19 H 30** *au* **Balafon - Hôtel Ivoire**

MR. MCNAMARA'S VISIT TO THE IVORY COAST

Sunday, November 6

- 16:30 arrival in Abidjan of Mr. and Mrs. McNamara
(from Lagos by Nigerian government plane)
- Accommodation: Hotel Ivoire
- Evening (time to be determined): private meeting with President Houphouet-Boigny to be followed by private dinner with President at his Abidjan residence.

Monday, November 7

- Morning: visit by plane or helicopter to Educational Television Company in Bouaké in company of Minister of Primary Education and Educational Television (Minister Pascal Dikebie N'Guessan).
Mrs. McNamara to accompany.

- Noon: official lunch Abidjan hosted by Minister Abdoulaye Koné.

- 15:30 meeting with Minister Koné.

- 16:00 general meeting with Ministers:

- 17:00

Abdoulaye Koné	Economy, Finance, and Planning
Désiré Boni	Public Works, Transport, Construction, and Urbanism Technical and Professional Training National Education
Ange Barry-Battesti	
Paul Yao Akoto	
Pascal Dikebie N'Guessan	Primary Education and Educational Television
Denis Bra Kanon	Agriculture (smallholder issues)

- 18:00 meeting with President Fordwor of the African Development Bank followed by an informal buffet dinner to be attended by ADB and AfDB Executive Directors and senior staff.

Tuesday, November 8

- 9:00 departure for Monrovia by Ivorian government plane.
- To be arranged as time permits: meeting with RMWA staff at RMWA Headquarters.

MRS. MCNAMARA'S VISIT TO THE IVORY COAST

Sunday, November 6

- 16:30 arrival in Abidjan of Mr. and Mrs. McNamara
(from Lagos by Nigerian government plane)
- Accommodation: Hotel Ivoire

Monday, November 7

- Morning: visit by plane or helicopter to Educational Television Company in Bouaké in company of Minister of Primary Education and Educational Television (Minister Pascal Dikebie N'Guessan).
- Lunch (to be arranged).
- Afternoon (time to be determined): meeting with Minister Mrs. Jeanne Gervais (Minister for Women's Affairs).
- Dinner (to be arranged).

Tuesday, November 8

- 9:00 departure for Monrovia by Ivorian government plane.

Airport Arrival Statement

IVORY COAST

This is my third visit to your beautiful country, I am delighted to be here and meet again with President Houphouet Boigny, who has contributed so much to the international prestige and economic development of the Ivory Coast.

The World Bank is proud to have been able to make a greatly expanded contribution to Africa's economic development. During the five years 1974-78, its commitments are expected to amount to nearly \$7,500 million, compared with \$800 million in 1964-68. As Africa is a continent of predominantly small farmers and rural workers, over a third of the Bank's lending is currently directed to agriculture and rural development, and a good deal of the investments in transport, power and other infrastructure are designed to support the rural sector.

In the Bank we look upon the Ivory Coast as an example of what a primarily agricultural economy can do to help itself, and the region of which it is a vital part. We are confident that your realistic and flexible planning system will enable you to achieve the objective of distributing the benefits of growth widely among all your people, while putting a larger share of your economy in the hand of Ivoirians. In the future, as in the past, we plan to assist you in any way we can to help maintain this impressive record of balanced and equitable growth.

Because of your solid record of accomplishment in exploiting your country's natural potential, the World Bank has been able to respond to your growing need to finance well-thought-out projects with increasing amounts of its own resources. The Bank's lending to the Ivory Coast has risen to \$250 million

over the five years through June 1977, or more than three times the level of the previous five-year period.

We have supported a wide variety of projects in such sectors as transportation, agriculture and rural development, education, urban development, water supply, industry and tourism. The RAN railroad and CIMA0 cement projects are two outstanding examples of the Ivory Coast's role in regional economic development.

In the future, we plan considerably to increase our assistance in support of your objective of maintaining growth while concentrating rural development among small farmers, particularly in the more heavily populated and less well developed parts of the country. We look forward to working with you in this new phase, which will show again that economic development and improving the lot of the mass of the people are mutually consistent and feasible objectives.

While I am in Abidjan, the headquarters of the African Development Bank, I also look forward to meeting again its President, Mr. Kwame Fordwor, to discuss ways to build on the excellent working relationship which already exists between our organizations.

C

department of state * June 1976

OFFICIAL NAME: Republic of Ivory Coast

GEOGRAPHY

Ivory Coast is located on the south side of the African bulge. It is bounded on the north by Upper Volta and Mali, on the east by Ghana, on the west by Liberia and Guinea, and on the south by a 340-mile coastline on the Gulf of Guinea. Heavy surf and a lack of natural harbors, dense tropical forest, and a paucity of gold dis-

couraged early European voyagers. They continued east and established forts on the Gold Coast (now Ghana).

Ivory Coast is fringed by a series of coastal lagoons on the southeast. Here lies the capital city of Abidjan, the commercial and population center of the country. Abidjan is the terminus of the 716-mile railway that connects Ouagadougou, capital of Upper Volta, with the Gulf of Guinea. Early

20th-century attempts to dig a canal through the sand bar that blocked the Ebrié lagoon from the sea were unsuccessful, but in 1950 the Vridi Canal, begun in 1936, was completed. The canal opened the port of Abidjan to deep-draft vessels, and traffic increased by 50 percent almost immediately. A second deepwater port, San Pedro, in the western part of the country, was dedicated in 1972 and will greatly accelerate development of that relatively virgin area.

Dense forest in the western half of the country extends to the sea. Scrub savanna covers a narrow strip stretching from Fresco in the approximate center of the coastline eastward to the Ghana frontier. Lush tropical forest extends inland to a line about halfway between Dimbokro and Bouaké. There the significant cash crops—coffee, cocoa, tropical woods, bananas—are grown. North of the forest lies an inland savanna zone of sandy soils, where the vegetation is sparse and the landscape unbroken. Only the Guinea Highlands in the northwest, which rise 4,800 feet above sea level, break the monotony of the inland plain.

Southern Ivory Coast falls within a tropical climatic zone. It has a narrow daily range of temperature (73°-80°F); humidity averages 84 percent throughout the year, and the heavy annual rainfall averages 80-120 inches. The principal rainy season extends from mid-May to mid-July.

PROFILE**Geography**

AREA: 124,500 sq. mi. (slightly larger than N. Mex.). CAPITAL: Abidjan (pop. 500,000). OTHER CITIES: Bouaké, Gagnoa.

People

POPULATION: 6.2 million (1975). ANNUAL GROWTH RATE: 2.8% (1973). DENSITY: 36 per sq. mi. ETHNIC GROUPS: Over 60. RELIGIONS: 63% animist, 25% Muslim, 12% Christian. LANGUAGES: French (official), tribal dialects. LITERACY: 20%. LIFE EXPECTANCY: 43 yrs.

Government

TYPE: Republic. INDEPENDENCE: Aug. 7, 1960. DATE OF CONSTITUTION: Nov. 3, 1960.

BRANCHES: *Executive*—President (Chief of State and Head of Government). *Legislative*—unicameral National Assembly. *Judicial*—Supreme Court (with 4 Chambers: constitutional, judicial, administrative, auditing).

POLITICAL PARTY: Parti Démocratique de la Côte d'Ivoire (PDCI). SUFFRAGE: Universal over 21. POLITICAL SUBDIVISIONS: 25 Departments.

FLAG: Three vertical bands of orange, green, and white.

Economy

GDP: \$3.7 billion (1974). ANNUAL GROWTH RATE: 7% (1970-74 avg. in constant prices). PER CAPITA INCOME: \$602. PER CAPITA GROWTH RATE: 16% (1970-74 avg. in current prices).

AGRICULTURE: *Land* 52%. *Labor* 85%. *Products*—coffee, cocoa, timber, bananas.

INDUSTRY: *Labor* 14%. *Products*—construction, food, textiles, shoes, metals. NATURAL RESOURCES: Diamonds, iron ore.

TRADE (1974): *Exports*—\$1.23 billion: coffee, cocoa, other agricultural products. *Partners*—France, US \$86 million, EC. *Imports*—\$976 million: semifinished products, raw materials and fuels, consumer goods. *Partners*—EC, France, US \$67 million.

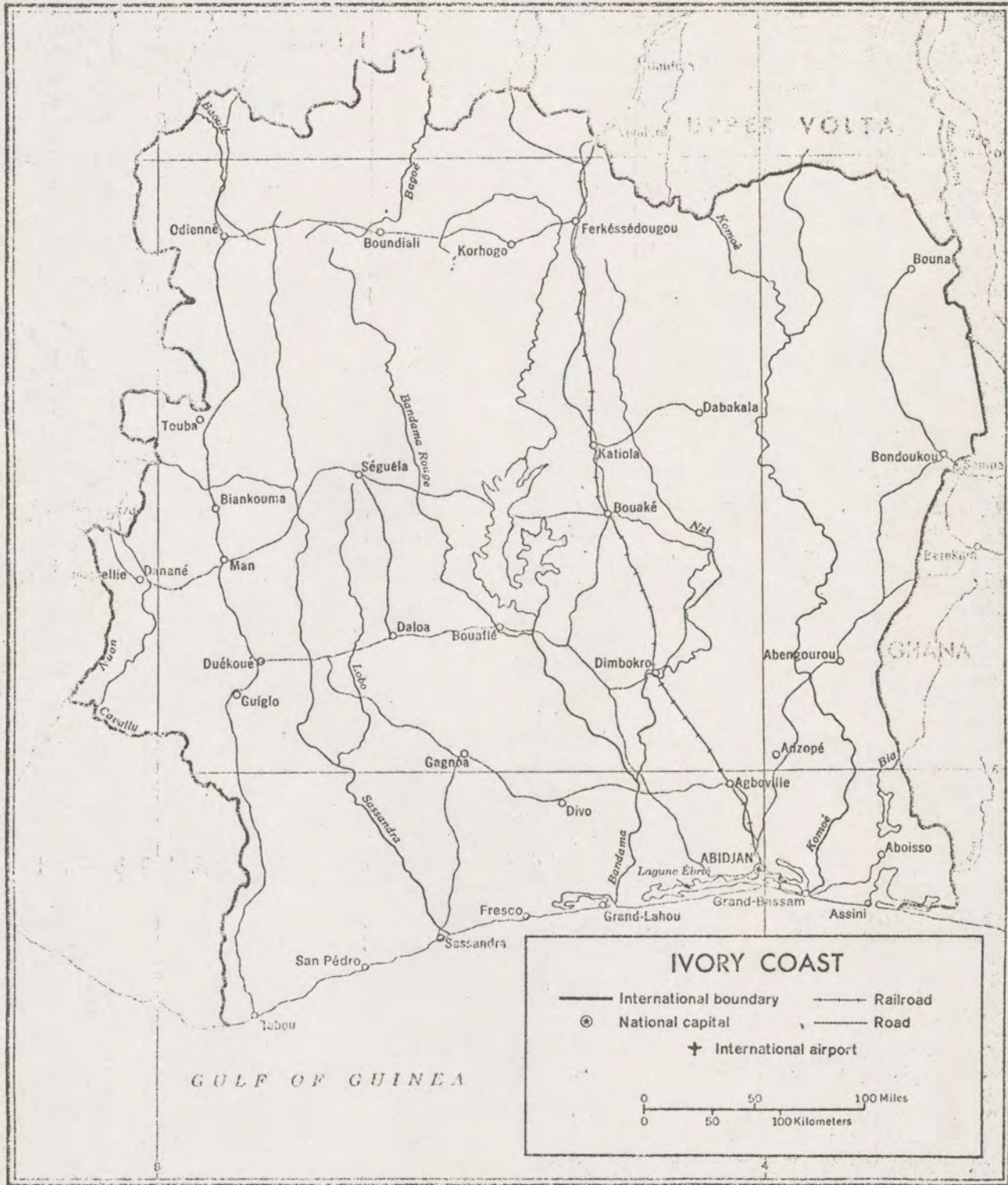
OFFICIAL EXCHANGE RATE: Approx. 220 CFA francs=US\$1 (floats with French franc).

ECONOMIC AID RECEIVED: *Total*—\$505 million (1945-75): France, EC, others. *US only*—\$35.8 million (1945-75).

MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS: UN, Organization of African Unity (OAU), West African Economic Community (CEAO), Common African, Malagasy and Mauritius Organization (COMAM), Council of the Entente, EC (associate member), International Atomic Energy Agency (IAEA), Communauté Financière Africaine.

PEOPLE

Ivory Coast contains more than 60 ethnic groups, usually classified into seven principal divisions—Akan, Krou,



513125 6-76 CIA

Lagoon, Nuclear Mandé, Peripheral Mandé, Sénoufo, and Lobi. The Baoulé, in the Akan division, is the largest subgroup with about 765,000 members. They live in the central part of the country around the city of

Bouaké. Most of the principal divisions have their centers in one of the neighboring countries.

Non-Ivorian Africans living in Ivory Coast are estimated at about 1 million, including 500,000 Upper Voltans and

200,000 each from Mali and Guinea. About 50,000 non-Africans live in the country.

In 1960, 22 percent of school-age children attended classes, and in 1972, 52% attended.

HISTORY

The early history of Ivory Coast is virtually unknown, although it is thought that a neolithic culture existed there. France made its initial contact with Ivory Coast in 1637 when missionaries landed at Assini near the Gold Coast border. Early contacts were limited to a few missionaries because of the inhospitable coastline and fear of the inhabitants.

In the 18th century the country was invaded by two related ethnic groups—the Agnis who occupied the southeast and the Paoulés who settled in the central section of the country. In 1843-44 Adm. Bouet-Williametz signed treaties with the kings of the Grand-Bassam and Assini regions, placing their territories under a French protectorate. French explorers, missionaries, trading companies, and soldiers gradually extended the area under French control inland from the lagoon region. However, pacification of the country was not accomplished until 1915.

French Period

Ivory Coast officially became a French Colony in 1893. Capt. Binger, who had explored the Gold Coast frontier, was named the first Governor. He negotiated boundary treaties with Liberia and the United Kingdom (for the Gold Coast) and later started the campaign against Almany Samory, a Malinké chief who waged war against the French until 1898.

From 1904 to 1958 Ivory Coast was a constituent unit of the Federation of French West Africa (now Mauritania, Senegal, Guinea, Mali, Niger, Benin, Upper Volta, and Ivory Coast). It was a Colony under the Third French Republic and an Overseas Territory under the Fourth Republic. Until after World War II governmental affairs in French West Africa were administered from Paris through Governors General and territorial governors. The philosophy of French policy in West Africa was mainly one of "association," which meant that all Africans in Ivory Coast were officially French "subjects" without rights to representation in Africa or France.

A harsh and racially conscious Vichy regime remained in control until 1943 when members of Gen. Charles

de Gaulle's provisional government assumed control of all French West Africa. The Brazzaville conference in 1944, the first Constituent Assembly of the Fourth Republic in 1946, and the memory of the loyalty to Free France displayed by Africans during World War II led to far-reaching governmental reforms in 1946. French citizenship was granted to all African "subjects," the right to organize politically was recognized, and various forms of forced labor were abolished.

After World War II Félix Houphouët-Boigny was elected by a narrow margin to the first Constituent Assembly. He represented Ivory Coast in the French National Assembly from 1946 to 1959 and devoted much of his efforts to interterritorial political organization and amelioration of labor conditions, until a turning point was reached in relations with France with the Overseas Reform Act (Loi Cadre) of 1956. This act transferred to elected territorial governments in French West Africa a number of powers previously reserved for metropolitan administrators and removed remaining voting inequalities.

Independence

In December 1958 Ivory Coast became an autonomous republic within the French Community as a result of the September referendum that brought community status to all the members of the old Federation of French West Africa except Guinea (which voted against association). Ivory Coast became independent August 7, 1960, and thereafter permitted its community membership to lapse.

The contemporary political history of Ivory Coast is closely associated with the career of one man: Félix Houphouët-Boigny, President of the Republic and leader of the Parti Démocratique de la Côte d'Ivoire (PDCI), the only political party in the country. He was one of the founders of the Rassemblement Démocratique Africain (RDA), the leading pre-independence interterritorial political party in French West Africa. The RDA established constituent units in all the French West African territories (except Mauritania) as well as in the Congo (Brazzaville), Chad, Gabon, and Cameroon.

Houphouët-Boigny first came to

TRAVEL NOTES

Clothing—Summer clothing is appropriate year round. Umbrellas and light raincoats are useful during the rainy season.

Customs—Visas are required for entry and for travel to neighboring West African countries. If no Ivorian representation exists in a country where the visa is sought, it may be obtained from a French Consulate.

Vaccinations against smallpox, yellow fever, and cholera are required. Ivorian officials abroad generally verify that shots have been obtained before issuing an entry visa.

Health—Incidence of disease in Ivory Coast is higher than in the US. Health risks can be minimized by proper shots, food preparation, and strict sanitary and hygienic practices. Avoid tap water.

Telecommunications—Local phone service is adequate, and international calls can be placed through Paris 24 hours a day. International telegraph service is reliable, but service within the country is sometimes erratic.

Transportation—Weekly flights are available from New York to Abidjan's Port Bouet Airport. Air Ivoire serves the country's principal cities, and small planes are available for charter. Air fares are quite expensive. The railroad runs between Abidjan and Ouagadougou, Upper Volta.

Most Abidjan roads are paved, and several fine macadam roads lead to major towns within 300 kilometers of the capital. All unpaved roads are dusty during the dry season and slippery and treacherous during the rainy season. Heavy-duty vehicles are essential for trips into the more isolated areas. Third-party liability insurance is mandatory. Metered taxis, with low fares, and rental cars are available.

national political prominence in 1944 as founder of the Syndicat Agricole Africain, an organization that won improved labor conditions for African farmers and formed a nucleus for the PDCI. After his 13-year service in the French National Assembly, including almost 3 years as a minister in the French Government, he became Ivory Coast's first Prime Minister in April 1959 and the following year was elected its first President.

Houphouët-Boigny reinforced his position as a dominant figure in West Africa by leading Ivory Coast, Niger, Upper Volta, and Dahomey (now

READING LIST

These titles are provided as a general indication of the material published on this country. The Department of State does not endorse the specific views in unofficial publications as representing the position of the U.S. Government.

Allen, Philip M. and Aaron Segal. *The Traveler's Africa*. New York: Hopkinson & Blake, 1973.

American University. *Area Handbook for the Ivory Coast*. Washington, D.C.: U.S. Government Printing Office, 1973.

Cohen, Michael A. *Urban Policy and Political Conflict in Africa: A Study of the Ivory Coast*. Chicago: University of Chicago Press, 1974.

Foster, Philip, and Aristide R. Zolberg. *Ghana and the Ivory Coast*. Chicago: University of Chicago Press, 1971.

Morgenthau, Ruth Schachter. *Political Parties in French-Speaking West Africa*. Oxford: Clarendon, 1964.

Thompson, Virginia. *West Africa's Council of the Entente*. Ithaca: Cornell University Press, 1972.

Wallerstein, Immanuel M. *The Road to Independence: Ghana and the Ivory Coast*. Paris: Mouton, 1964.

Zolberg, Aristide R. *One-Party Government in the Ivory Coast*. rev. ed. Princeton: Princeton University Press, 1974.

Benin) into the Council of the Entente in May 1959. (Togo joined in 1966.) He has maintained that the only true road to African solidarity is through step-by-step economic and political cooperation with recognition of the principle of nonintervention in the internal affairs of other African states.

GOVERNMENT

The Constitution provides for a strong presidency within the framework of a separation of powers. The executive is personified by the president, elected for a 5-year term by universal adult suffrage. He is Commander in Chief of the Armed Forces, may negotiate and ratify certain treat-

ties, and may submit a bill to a national referendum or to the National Assembly. The Cabinet is selected by the President from outside the National Assembly and is responsible to him.

The unicameral National Assembly is composed of 120 members elected by direct universal suffrage for a 5-year term concurrent with the President. It passes on legislation introduced by its own members or by the President.

The judicial system culminates in a Supreme Court. There is a High Court of Justice competent to try government officials for high crimes.

For administrative purposes Ivory Coast is divided into 25 Departments, each headed by a prefect appointed by the central government.

Principal Government Officials

President -Félix Houphouët-Boigny
 Ministers of State-Auguste Denise,
 Loua Diomande, Nanlo Bamba
 Minister of State for Interior-Mathieu Ekra
 Minister of State for Public Health-Jean-Baptiste Mokey

Ministers

Justice, Keeper of the Seals-Camille Alliali
 Foreign Affairs-Arsène Assouan Usher
 Defense and Civic Services-Kouadio M'Bahia Blé
 Economy and Finance-Henri Konan Bedié
 Construction and Urbanism-Alexis Thierry-Lebbé
 Plan-Mohamed Diawara
 Agriculture-Abdoulaye Sawadogo
 Scientific Research-Jean Guédé Lorougnon
 Technical Instruction and Professional Training-Ange Barry-Battesti
 National Education-Paul Akoto-Yao
 Commerce-Maurice Seri-Gnoleba
 Public Works and Transport-Desire Boni
 Animal Production-Dicol Garba
 Labor-Albert Vanie-Bi-Tra
 Youth, Popular Education and Sports-Etienne Ahin
 Information-Laurent Dona-Fologo
 Budget-Abdoulaye Kone
 Mines-Paul Gui-Dibo

Water and Forests-Koffi Attobra
 Primary Education and Educational Television-Pascal Dikebie N'Gouessan

Cultural Affairs-Jules Hié-Neá
 Internal Security-Gaston Ouassenan Koné

Cooperation-Clement Kaul-Meledgé
 Posts and Telecommunications-Bangali Koné

Maritime Affairs-Lamine Fadiga

Civil Service-Kei Boguinaré

Women's Affairs-Jeanne Gervais

Tourism-Ibrahima Koné

Social Affairs-Alphonse Yao-Kouman

Conservation-Francois Dacoury Tabley

National Assembly Relations-Emile Brou

Ambassador to the U.S.-Timothée N'Guetta Ahoua

Ambassador to the U.N.-Siméon Ake

Ivory Coast maintains an Embassy in the U.S. at 2424 Massachusetts Ave., NW., Washington, D.C. 20008.

POLITICAL CONDITIONS

Ivory Coast has enjoyed relative political stability since independence. President Houphouët-Boigny presided over a reconciliation ceremony in May 1971 with persons alleged to have been involved in plotting against the state in 1963. A coup plot organized by a few junior military officers was uncovered in mid-1973, and 14 plotters were quickly tried by a military tribunal. The President, a moderate leader with considerable stature in Africa, has used the novel approach of direct personal dialogue in public with representatives of various segments of Ivorian society. The PDCI, the single ruling party, includes most elements of the country's political life and serves as a forum for deciding policy matters and an instrument for insuring the application of government policies. The latest Presidential and National Assembly elections were held in November 1975.

ECONOMY

Ivory Coast's predominantly agricultural economy is one of Africa's most prosperous. Agricultural activities dominate the traditional and cash

sectors of the economy, accounting for 60 percent of the total production. Four categories of agricultural crops account for some 74 percent of the country's export earnings—coffee, cocoa (Ivory Coast is the world's third largest producer of both), tropical woods, and bananas. Dependence on this limited range of export goods is steadily lessening, as the government encourages production of palm oil, rice, pineapple, coconut, rubber, and sugar. Agricultural production doubled in the past decade.

Ivory Coast's industrial sector has been enjoying phenomenal growth, nearly quadrupling since independence in 1960. To date, industrial expansion has relied largely on import substitution and agricultural processing, but economic planners are thinking increasingly in terms of creating industries oriented primarily to export markets.

Current mineral production is limited to diamonds. However, a U.S. company has an iron ore concession near Man which is expected to lead to a multimillion dollar investment. Small deposits of gold and tantalite exist but are not commercially exploitable. There is currently offshore exploration for oil.

Ivory Coast's currency is the franc issued by the Communauté Financière Africaine, a financial grouping of 13 African countries associated with France. The CFA franc is fully convertible with the French franc.

Ivory Coast normally enjoys large favorable balances of trade. France accounts for the largest share of foreign commerce, followed by the Federal Republic of Germany and the United States.

The government welcomes foreign private investment, and numerous U.S. firms have established offices at Abidjan.

Economic Development

Ivory Coast's economy has benefited from a rapid pace of development since 1950, beginning with the opening of the Vridi Canal, which made Abidjan a deepwater port. After independence, Ivory Coast's leaders decided to follow a policy of economic liberalism, based on a fundamental belief in private enterprise. The

policy has been faithfully followed and periodically reemphasized, with the accent increasingly placed on the need for participation of Ivorian capital in new enterprises, the active promotion of Ivorian-owned enterprises, and the rapid "Ivorianization" of management and employment.

When Ivory Coast became an Overseas Territory under the Fourth French Republic, it benefited from the French overseas development fund—FIDES (Investment Fund for Economic and Social Development). Between 1947 and 1957 FIDES granted \$109 million to Ivory Coast for development. The country has continued to benefit from considerable French assistance and receives important aid from the European Development Fund of the European Community.

Ivory Coast adopted its third 5-year development plan covering the period 1971-75. The plan called for more than \$900 million in public investment. Requiring only \$80 million in foreign aid, the plan devoted about 70 percent of the total investment to economic infrastructure and agricultural development and the remainder to social and cultural improvement. It was designed to maintain a real growth rate of 7.7 percent, to promote "Ivorianization," and to achieve "a true transformation in the conditions of existence."

Public organizations, as well as private firms, have found Abidjan well situated as a headquarters for their activities in the region. Among others located at the city are the West African office of the International Bank for Reconstruction and Development (IBRD), the African Development Bank (AfDB), and the multinational Air Afrique.

FOREIGN RELATIONS

Ivory Coast's foreign policy has had an orientation which has been generally favorable toward the West. It broke diplomatic relations with the Soviet Union in May 1969 and reaffirmed its strongly anti-Communist stance. Ivory Coast became a member of the United Nations in 1960 and participates in most of its specialized agencies.

The Houphouët-Boigny government

has favored a step-by-step approach to the question of African unity rather than broad proposals for early continental union. A member of the Organization of African Unity (OAU), Ivory Coast maintains close ties with its French-speaking neighbors in the Council of the Entente. The Entente countries continue to cooperate closely to harmonize their economic policies and promote regional economic development.

The President's belief in discussion among opposing parties has been manifested since November 1970 in his call for a dialogue between black Africa and South Africa. He believes that black Africa will not succeed in changing South African policies through the use of force, whereas it may be possible to change South African attitudes through meaningful dialogue. His proposal has met a very mixed reception from other African states.

U.S.-IVORY COAST RELATIONS

U.S.-Ivorian relations are friendly and close. The United States is sympathetic to Ivory Coast's program of rapid, orderly economic development and to its moderate stance on international issues.

Bilateral U.S. Agency for International Development (AID) funding, with the exception of self-help funds, has been phased out and replaced by regional AID projects, such as those concerned with road construction and maintenance and livestock production and marketing. About 100 Peace Corps volunteers in Ivory Coast are engaged primarily in education, construction, and agriculture.

The United States and Ivory Coast maintain an active cultural exchange program whereby prominent Ivorian government officials, media representatives, educators, and scholars visit the United States to become better acquainted with the American people and to exchange ideas and views with their American colleagues. This cooperative effort in mutual understanding is furthered through frequent visits to Ivory Coast by representatives of American business and educational institutions, as well as by visits of Fulbright-Hays scholars and specialists in a variety of fields.

Principal U.S. Officials

Ambassador—Robert S. Smith
Counselor of Embassy—Goodwin
Cooke

Political Officer—Donald J. McConnell
Economic/Commercial Officer—John
P. Crawford
Director, AID Regional Development—
Miles Wedeman

Public Affairs Officer
(USIS)—Sherman Ross
Director, Peace Corps—Donna Soso
The U.S. Embassy in Ivory Coast is
located at Rue Jesse Owens, Abidjan.

DEPARTMENT OF STATE PUBLICATION 8119, Revised June 1976
Office of Media Services, Bureau of Public Affairs

☆ U.S. Government Printing Office: 1976 O-210-847 (1682)

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402
Price 35 cents (single copy). Subscription price: \$23.10 per year; \$5.80 additional for foreign mailing.

D

MEMBERS OF THE IVORY COAST GOVERNMENT - BY RANK

Felix Houphouet-Boigny	President
Philippe Yassé	President, National Assembly
Auguste Denise	State
Mathieu Ekra	State, in charge of Reform of State-owned companies
Jean-Baptiste Mockey	State, in charge of Public Health, Population and Social Affairs
Nanlo Bamba	State
Camille Alliali	Guardian of the Seal and Minister of Justice
Kouadio M'Bahia Ble	Defense and Civil Service
A. Thierry-Lebbe	Interior
Simeon Aké	Foreign Affairs
Abdoulaye Koné	Economy, Finance, and Planning
Denis Bra Kanon	Agriculture
Jean Lourougnon Guede	Scientific Research
Ange Barry-Battesti	Technical and Professional Training
Paul Yao Akoto	National Education
Bernard Dadié	Cultural Affairs
Seri Gnoleba	Commerce
Désiré Boni	Public Works, Transport, Construction and Urbanism
Dicoh Garba	Animal Production
Albert Vanie Bi Tra	Labor and Ivorianization of Key Staf
Etienne Ahin	Youth, Human Resource Development (Education Populaire), and Sports
Laurent Dona-Fologo	Information
Paul Gui Dibo	Mining

Théodore Koffi Attobra

Hydraulic Resources and Forestry

Pascal Dikebie N'Guessan

Primary Education and Educational
Television

Gaston Ouassenan Koné

Internal Security

Bangali Koné

Post Office and Telecommunications

Laminé Fadika

Navy

Emile Kei Boguinard

Public Offices (Fonction Publique)

Mrs. Jeanne Gervais

Women's Affairs

Ibrahima Koné

Tourism

Emile Brou

National Assembly Relations

BIOGRAPHICAL SKETCHES

President

Félix Houphouët-Boigny

Born October 18, 1905, Yamoussoukro, Ivory Coast

Education: School of Medicine, Dakar, Senegal

Doctor, Medical Assistance Service, 1925-40

Canton Chief, 1940

President, Syndicat Agricole Africain, 1944

Member, French Constituent Assembly, 1945-46

successively, Territorial Councillor for Korhogo;
President, Territorial Assembly, Ivory Coast;
"Grand Conseiller" for French West Africa

Minister attached to the Prime Minister's Office,
France, 1956-57

Minister of Health (France) 1957-58

Minister of State (Pflimlin Cabinet), May 1958
(de Gaulle Cabinet) June 1958-January 1959
(Debré Cabinet) January- May 1959

President, Assembly, Ivory Coast Republic, 1958-59

President, Council, May 1959-November 1960

President of the Republic, November 1960 to present

concurrently, Minister of Foreign Affairs, 1961;
Minister of Interior, Education, and Agriculture, 1963;
President of Council of Ministers, Minister of
Defense, 1963-1974; Minister-Counsellor to
French Government, 1959-60; President, Parti
Démocratique de la Côte d'Ivoire.

President of the National Assembly

Philippe Yassé

Born, 1920 in Jacqueville, Ivory Coast, a village
some 60 km west of Abidjan, on the Atlantic ocean

Married, nine children

Primary and secondary school at Bingerville
(Ivory Coast) and Dakar (Senegal) 1934-40

Teaching activities in Dakar, 1940-42

Military service in North Africa, France, Germany,
1942-46

Political-administrative career in P.D.C.I.-R.D.A.
(Parti Démocratique de la Côte d'Ivoire-
Rassemblement Démocratique Africain) 1947 to present

Member of the Constituent Assembly, 1958

Member of the National Assembly of the Ivory Coast, 1960

Secretary General of the P.D.C.I.-R.D.A., 1965

President of the National Assembly, 1966

Minister of Economy, Finance, and Planning

Abdoulaye Koné

Born, 1935

Lawyer

Degree from the French "Ecole Nationale du Trésor", 1962

Finance Inspector, 1963-66

Director of the Municipality of Bouaké, 1967-71

Director of the Investment Budget, 1967-

Secretary of State, 1971-

Minister of the Budget, early 1976-July 1977

Minister of Economy, Finance, and Planning, July 1977
to present

(Attended EDI course)

BIOGRAPHICAL SKETCHES (Cont'd)

Minister of Agriculture

Denis Bra Kanon

Born, 1936

Married, four children

Advanced studies at "Ecole Nationale Supérieure d'Agronomie," Toulouse, France, 1957

Agricultural Engineering degree in Montpellier 1962

Chief, Agriculture in the District of Bondoukou, 1962

Began career with Association for Technical Assistance for Agricultural Modernization (SATMACI), 1963

Became Director General of SATMACI, 1966

Minister of Agriculture, July 1977 to present

Note: Mr. Bra Kanon is also Vice President of the Government's Economic and Social Council.

Dr. Kwame Donkoh Fordwor - President, African Development Bank

Dr. Fordwor was sworn in August 1976 as head of the institution in Abidjan. He thus became AfDB's third President in succession to Mr. Mahmoud Beheiry and Mr. Abdelwahab Labidi. Prior to his election, Dr. Fordwor occupied a number of senior posts both in Ghana and abroad. Notably, from 1966-1970 he was an official of the International Finance Corporation (IFC) where he held office as head of IFC's South Asia Division. He returned to his home country in 1971 and was appointed Executive Chairman of the Capital Investment Board. In 1974 he was named Special Assistant to the Commissioner for Finance (who is also Ghana's head of State), a position he held up to August 1976. In 1975 Dr. Fordwor was elected 2nd Vice Chairman and later 1st Vice Chairman of the Inter-Governmental Group of 24 on International Monetary Affairs. He is a graduate in accounting from the Kumasi College of Technology (now University of Science and Technology) in Ghana. He also holds an M.B.A. in Corporate Finance from the Wharton School of Finance, and a M.A. and a Ph.D. in Economics from the Graduate School of Arts, both schools forming part of the University of Pennsylvania.

Mr. ABDOULAYE KONE

Minister of Economy, Finance and Plan

Date of birth : April 13, 1935
Place of birth : Séguéla, Ivory Coast
Family status : Married with 5 children
Ethnical group : Sénoufo

Education

1949-1953 Collège Moderne de Bingerville, Ivory Coast
1953-1954 - Collège Moderne de Barbezieux, France
1954-1957 - Collège Moderne de Castel Sarrazin, France
1957-1960 - University of Toulouse, Faculty of Law
Bachelor's degree in Law
1960-1961 - On-the-job training with the Treasury Department
in Caen, France
1961-1962 - National Treasury School in Paris
1971 - EDI participant in Washington from April to June

Professional career

1962 - Comptroller of the Audit Department of the Ministry
of Finance and Deputy Director of the Auditing Division
(August-December)
1963-1967 - Chief of the Income Tax Department for the district
of Bouaké
1967-1971 - Director of BSIE (Special Investment and Equipment
Budget Office)
1971-1974 - Assistant-Minister (Secrétaire d'Etat) for the Budget
1974-1977 - Ministry of the Budget
Since July 20, 1977 - Minister of Economy, Finance and Plan

Mr. Pascal N'GUESSAN DIKEBIE

Minister of Primary Education and Educational
Television

Date of birth : June 1936

Place of birth : Bécédi, district of Sikensi, Ivory Coast

Family status : Married, with 4 children

Ethnical group : Abidji

Education

1944-1954 - Primary and secondary education in the Ivory Coast
(at Dabou and Guiglo)

1954-1958 - Teacher Training School at Dabou

1960-1965 - University of Abidjan

Master's degree in teaching of biology - 1964

Diploma in tropical ecology - 1965

1965 - Specialization in France at the Complex Neyrpic-Sogreah-
Sogetha

Professional career

1958-1959 - Teacher at the Ecole Raquin

1959-1960 - Teacher at the Gagnoa Secondary School

1965-1966 - Teacher at the Classical Lycee at Abidjan

1966-1971 - Director of the Teacher Training School at Dabou

June to Nov. 1971 - Adviser in the Cabinet of President
Houphouet-Boigny, who was at that time also
Minister of Education

Dec.1, 1971 to March 2, 1976 - Assistant-Minister (Secrétaire
d'Etat) for primary education and educational television

Since March 4, 1976 - Minister of Primary Education and educational
television.

Mr. DENIS BRA KANON

Minister of Agriculture

Date of birth : February 4, 1936
Place of birth : Daloa, Ivory Coast
Family status : Married, with 5 children
Ethnical group : Bété

Education

Primary and secondary school in the Ivory Coast;
completed in 1956
Graduated in 1962 as an Agronomist in France ("Ecoles Nationales
Supérieures d'Agronomie" of Toulouse and Montpellier)

Professional career

1962 - Started in the field, for a few months, as Chief of the
Agricultural Sector of Bondoukou, close to the Ghanaian
border at the Southern limit of the savannah region
1962-1966 - Director of the Cocoa department of the government
agency SATMACI^{1/}
1966-1977 - Director general of SATMACI
July 20, 1977 - Appointed Minister of Agriculture

Other Activities

- Member of the Political bureau of Party PDCI/RDA
- Vice-President of the Economic and Social Council
- President of Agricultural Mutual Insurance Company
- Member of the board of MOTORAGRI, the government agency for
mechanization of Agriculture
- Member of the Board of the Committee of defense against
tuberculosis

1/ SATMACI was established in 1958 as a statutory corporation, under the authority of the Minister of Agriculture, but financially autonomous; SATMACI, which was the first of the several development agencies (SODE's) created by Government, initiated many development programs, in particular for cocoa, coffee, oil palm, coconut, rice, bananas, pineapple and cattle ranches, but as these programs developed most of them were taken over by new vertical statutory corporations, and in recent years SATMACI had become responsible for coffee and cocoa only; following the changes in Government in late July and the subsequent institutional reorganization of the agricultural sector, SATMACI is very likely to become one of the three integrated rural development agencies, its activities covering the center of the country.

Mrs. Jeanne GERVAIS

Minister of Feminine Affairs
(Ministre de la Condition Féminine)

Date of birth : June 6, 1922
Place of birth : Grand-Bassam, Ivory Coast
Family status : Married, with 7 children
Ethnical group : Baoulé

Education

Primary and Secondary school in the Ivory Coast.
Teacher Training Diploma (Ecole Normale)

Professional career

- Inspector of Primary Teaching
- Director of the Elementary School of Grand-Bassam (1949)
- President of the Ivorian Womens' Association (AFI)
- March 4, 1976 - Appointed Minister of Feminine Affairs

Other Activities

- Deputy since November 7, 1965, renominated on November 29, 1970 and November 16, 1975
 - Member of the Political bureau of Party PDCI/RDA
-

Mr. Paul YAO AKOTO

Minister of National Education

Date of birth : April 12, 1938

Place of birth : Sakassou, district of Bouaké, Ivory Coast

Family status : Married, with 5 children

Ethnical group : Baoulé

Education

1945-1959- Primary and Secondary Education in the Ivory Coast

1956-1959 - Teacher Training School at Dabou

Baccalaureate with major in Natural Science

1959-1961 - Preparatory studies at Lycée Chaptal in Paris for entry into the Saint Cloud Training Collège (Ecole Normale Supérieure de Saint Cloud)

1961-1966 - Studies at Saint Cloud Teacher Training College

1966 - Ph'd in Natural Sciences (biology)

Professional career

1966 - 1968 - Lecturer in Natural Sciences at the Abidjan Higher Teacher Training College and Adviser to the Minister of Education

1968-1969 - Deputy Director-General of Education, Ministry of Education

1969-1971 - Director-General of Education, Ministry of Education

Since December 1971 - Minister of National Education

Other activities

- Member of the Political Bureau of the party PDCI/RDA

- Member of UNESCO's Executive Board

Mr. DESIRE BONI

Minister of Public Works, Transport, Construction
and Urbanism

Date of birth : July 7, 1935

Place of birth : Bingerville, Ivory Coast

Family status : Married, with 6 children

Ethnic group : Baoulé

Education

Secondary technical school, Abidjan

University of civil engineering (Ecole Spéciale des
Travaux publics) Paris

Applied School for civil engineers, Abidjan

Professional career

Chief, Office of hydrological studies

Chief, Office of road studies

Chief, Subdivision of Public works, Man

Deputy Director, Department of Public Works, South (Sept. 1965)

Director, Department of Public Works, East (Setp. 1965)

Director, Department of Public Works, South (June 1966)

Director General of Public Works (February 1970)

July 1974 to July 1977 - Minister of Public Works and Transport

Since July 20, 1977 - Minister of Public Works, Transport,
Construction and Urbanism.

MR. ANGE FRANCOIS BARRY-BATTESTI

Minister of Technical Education and Vocational Training

Date of birth : February 1932
Place of birth : Séguela, Ivory Coast
Family status : Married, with 3 children
Ethnical group : Malinké

Education

1939-1946 Primary and secondary education at Bingerville, Ivory Coast
Teacher Training School at Dabou
1955-1959 Universities of Dakar, Poitiers (France) and Grenoble (France)
Studies in Literature, Modern History and Geography
1959-1960 University of Dakar
Master's degree in History and Geography
Diploma in Higher Studies of Geography

Professional Career

1961-1965 Teacher at various secondary schools
1965-1970 Director of the Technical Secondary School in Abidjan
1969-1970 Deputy-Director of Technical Education and Vocational
Training in the Ministry of National Education
Since January 5, 1970 Minister of Technical Education and Vocational Training.

Mr. DICOH GARBA

Minister of Animal Production

Date of birth : July 4, 1937

Place of birth : Béoumi, Ivory Coast

Family status : Married, with 2 children

Ethnical group : Baoulé

Education

Primary and secondary education in the Ivory Coast

1957 - Baccalaureate with major in Sciences

1957-1959 - Preparatory studies at the Lycée Pierre-de-Fermat
of Toulouse for entry into veterinary School

1959-1963 - National veterinary school of Lyon

1963-1965 - Oceanographic and Fisheries School

Professional career

1966-1968 - Deputy-Director of Fisheries Department

1968-1969 - Director of Fisheries Department

Since January 5, 1970 - Minister of animal production

Ivory Coast

Topics for Discussion

With the President and Minister Koné

For your meetings with President Houphouet-Boigny and Minister Abdoulaye Koné, we suggest that you may first wish to express gratitude for the consistently strong support given by the Government of the Ivory Coast to the Bank at both the national and regional levels. Thereafter, we suggest the following topics for discussion:

- (i) the role of the Ivory Coast in West Africa;
- (ii) creditworthiness aspects of the Ivory Coast's current economic situation;
- (iii) aspects of the recently announced re-orientation of the Ivory Coast's agricultural policies;
- (iv) extension of the onchocerciasis (riverblindness) control program; and
- (v) educational issues.

Regional Role

You may wish to commend the leadership role played by the Ivory Coast in West Africa. Since independence the Ivory Coast has built upon earlier French institutions to extend its open-door policy for trade, capital and labor to neighboring states to promote the growth of export agriculture, commerce, industry, and foreign investment in the Ivory Coast itself. Despite pressures for Ivorianization, the President has permitted Upper Voltaics, Malians and Ghanaians to enter his labor-short rural economy, although a considerable proportion of these migrants have found their way to Abidjan, which suffers from labor surpluses. Official policy recognizes the leading role of the Ivory Coast in the affairs of the West African Monetary Union which groups Senegal, Niger, Upper Volta, Benin, Togo and the Ivory Coast in a central bank (the BCEAO) which is tied to the franc zone. Further, the Ivory Coast has been an active member of the customs union (CEAO) with Senegal, Mauritania, Niger, Mali and Upper Volta which has developed into an important market for its manufactured goods. In this respect the Ivory Coast was able to benefit from its favorable location as the terminus for an overland transport network to neighboring landlocked countries. This year ECOWAS was created with active Ivorian support to bring together a potential market of 15 West African States (both English and French speaking) to replace the CEAO. The Bank has received requests from the ECOWAS Fund for technical assistance.

Creditworthiness

In 1976 new public debt commitments rose by \$842 million compared with \$446 million during 1975. At the end of 1976 total public and publicly-guaranteed debt amounted to \$2.2 billion; some 3/4 of the rise was in the form of commercial bank and supplier credit financing. In the first half of 1977 total public debt rose by another \$600 million. The average grant element is now less than 10%, compared to 29% (for all outstanding loans) in 1968. On the basis of commitments estimated to have been undertaken through mid-1977 and export projections based on the Bank's commodity price projections, the debt service ratio will exceed 20% by the end of the decade. New debt commitments under consideration for the balance of 1977 could raise it well beyond this level by 1980. The problem for the Ivory Coast, in the light of this, is to maintain the priority parts of the five-year plan during the years 1978-80, while avoiding a debt servicing problem.

We have been discussing this emerging creditworthiness issue with the Government since late May. In writing to the Ministry of Finance in June 1977, 1/ RVP made the following recommendations:

- (i) that total investments for the period of the plan (1976-1980) be kept to 30% of GDP to stay within the probable limits of absorptive capacity of the economy and thus avoid serious inflationary and balance of payments consequences of excess investment. We recommended that a far higher proportion of new public investment be financed from domestic public savings, notably the Stabilization Fund, and from long-term foreign aid; and
- (ii) that the structure of the public debt be modified by using part of Stabilization Fund reserves to repay commercial debt with the harshest terms. It was made clear that the World Bank's capacity to transfer and induce others to transfer increased development assistance to the Ivory Coast would be affected by Ivorian performance with respect to its debt management.

Proposals discussed at the staff level within the Government include the rescheduling or repurchase of part of the public debt incurred on onerous commercial terms, limiting new public investments to some \$3 billion for the 1978-80 period, almost all for high-priority purposes identified in the plan, and the review of the more questionable commitments for, for example, sugar and a national shipping fleet. A large part of the financing for this program would be from public savings. Foreign financing would be restricted to the World Bank and other sources of relatively long-term capital. The aim is to keep the debt service ratio from exceeding 18% by 1980. The new

1/ Copies of this letter and an earlier one from Mr. Knapp dated November 1976 to the President are attached to the "Economic Situation" at F, 3.

Minister of Finance, Planning, and Budget is considering these recommendations with a view to making decisions by the turn of the year when we have, at his request, scheduled an economic updating and programming mission.

The proposed program would represent a sharp reduction in public enterprise investments and external borrowings. Ivorian staff papers indicate that the Government has an inadequate data base upon which to evaluate the proposed investments of the main public enterprises. They generally have very low internal savings and propose further large external borrowings and transfers from the State budget.

Agricultural Policy

The President may wish to inform you of decisions taken by the Government in the last few days to arrest the spread of plantation agriculture and place much greater emphasis on the development of smallholder methods. It appears that the President is dissatisfied with the efforts made to promote smallholder development and increase farmers' incomes. It is also true that most of the laborers employed on plantations are not Ivorians. Some of the measures taken in the last year or so like the rice producer price support policy and, more recently, the making available without charge fertilizers for the production of cotton, irrigated paddy and tobacco, even though costly, are more readily understandable seen in this light. Even so, we believe that these ad hoc price-support measures have caused serious distortions, and appear to have cost more than the value of the benefits they have yielded. We are making a detailed study of price support and subsidy measures in the sector. It should also be noted that although the Government is apparently dissatisfied with the rate of smallholder development in the oil palm and coconut sub-sector, SODEPALM has already introduced over 8,000 smallholder participations.

Details of a major reorganization in the Ministry of Agriculture have also just been announced. The traditional reliance on crop-oriented state enterprises has been replaced by three regional organizations in the Ministry charged with agricultural development in the South, Center and North, together with centralized departments for agro-industries, agronomy, economic studies and the like. The regional units will be created out of the predominant state-owned enterprise in the region, i.e., SODEPALM (formerly responsible for the production of oil and coconut palm and a four-time Bank borrower) for the South, SATMACI (a beneficiary of a Bank loan) for the Center, and CIDT (cotton production, also a beneficiary) in the North. The new organizations should facilitate the focus on comprehensive smallholder development on a regional basis. An important task for the Government will be to ensure that the public revenues generated under the old system, which formed a large part of the public savings, are not eroded while a major administrative re-structuring takes place.

From the Bank's viewpoint these developments are welcome and are fully compatible with the medium- and longer-term elements of our strategy.

However, it is not yet clear to what extent their rather precipitant introduction will affect the SODEPALM plantation development project in the Southwest, for which a \$20 million Bank loan was approved in March 1977 but which is not yet effective. Some 14,000 of the 18,000 ha expected to be cleared under the project are already cleared. A follow-up rubber plantation project, also in the Southwest, has been appraised, but the intended borrower, SOCATCI, has been dissolved. We have not yet had time to discuss these matters of immediate operational concern with the Government especially since their own ideas on implementing the new policies are still being formulated although we understand that the Government intends to go ahead with the SODEPALM project. We do not suggest that the SODEPALM and SOCATCI issues be raised with the President since we are confident they will be resolved at a lower level, nor do we want to create any impression of impeding the renewed thrust of Government policy. However, these problems do illustrate our concern that it will not be easy to maintain a level of resource transfer for rural development in the Ivory Coast, comparable with that achieved for plantation agriculture in the past.

A related development that is causing concern in the Bank is the Government's policy of mechanized land clearing in the savannah region. In a separate paper prepared by RMWA and made available to the Government (see Section F), we explain the risks of soil erosion and lack of farmer participation which arise.

Onchocerciasis

From the note of the meeting with Minister Koné at the Annual Meetings (see Section F, 6., para. 11), you will note we sought Ivorian agreement to participate in the financing of the extension of the program. You may care to remind the Minister of the importance of this matter and the need for a commitment to be made prior to the JCC meeting in Kuwait in December (see Section F, 4., b)).

With Dr. Fordwor

For your meeting with Dr. Fordwor, copies of the Annual Meetings briefing paper and notes of the meetings that were held are included in Section F, 5. of this brief. Our ongoing activities with the African Development Bank are generally quite satisfactory and there are no operational issues we would wish to raise. We believe, however, that Dr. Fordwor may make a strong plea for help from the Bank, probably in the form of secondments of experienced middle to senior level staff. No provision has been made in the Regional budget for this.

With the Staff of RMWA

For your meeting with the staff of RMWA, you may be questioned about the future role of the mission. An internal review is being carried out within the region of the costs and benefits of the various parts of RMWA's activities. No firm positions have been reached, but it is unlikely that the Region will recommend other than the continuation of the

mission with perhaps somewhat different functions. You may care to assure the staff that the review is being carried out in response to a Bank-wide need constantly to examine the way in which we conduct our affairs, and not as a result of any criticism of RMWA's activities.

Educational Issues

A background note on the Education Sector (with project briefs attached) is at Part 4 F (e). The main issues you may care to discuss are set out below.

Expenditures on education have grown at an exceptionally high rate since independence, doubling about every 4 to 5 years. They now represent about 7.8 percent of GNP, up from 3.2 percent in 1960, and are among the highest in Africa. Recurrent public expenditures for education grew at an annual rate of 19.5 percent from 1960 to 1975 (compared with 13.8 percent for the Government's total recurrent budget), and are expected to absorb half of the total recurrent budget by the end of 1977 and anywhere from 59 to 74 percent by 1990.

Heavy current expenditures per student-year are prevalent at all levels of the system. In 1975, for example, for secondary education they were 5 times those in Senegal and 9 times those in the Congo. The main reasons for this are the low pupil/teacher ratios and heavy reliance on Government subsidized expatriate teachers (at a cost of at least US \$29 million in 1975). The introduction of educational television increased the cost per primary student-year by about 33 percent. We believe that these cost increases could be stemmed if the Government were to provide for a more rapid replacement of expatriate teachers by raising pupil/teacher ratios and by increasing the output of teacher training facilities. Costs could also be trimmed by reducing boarding and scholarships in secondary and higher education and by encouraging greater cost sharing by employers. The Education III project identification mission presently in the field, will be discussing these proposals with the Ministers concerned.

Between 1971 and 1974 the proportion of Ivorians in skilled jobs rose from 20 to 75 percent, and in middle management jobs from 31 to 43 percent. Thus by 1974 Ivorians held slightly under half of the private modern sector jobs, compared with 45 percent for non-Ivorian Africans, employed mainly as unskilled and semi-skilled laborers. The remaining 5 percent, largely in management and professional positions, were held by non-Africans. At the same time the output of job seekers with a minimum of six years of education, had, by 1974, surpassed the modern sector's requirements (about 20,000 openings) by two and a half times. Since the modern sector is concentrated in the cities, mainly Abidjan, educated job seekers migrate to urban areas where they increase the unemployment rate, while the countryside suffers severe labor shortages. It is therefore necessary that the Government take measures to increase rural employment opportunities, agricultural incomes and rural amenities. To that effect, training of extension personnel for the agricultural sector has high priority. Despite the abundance of job seekers, skill shortages prevail in technical and vocational occupations. To overcome this, employers need to be more involved in skills upgrading programs and the design and operation of formal technical education programs. Our third education project, now under preparation, would focus, inter alia, on these issues (See Subject Brief, Annex 3) but it will need strong government support to succeed.

IVORY COAST

Lending Strategy

1. Against a background of successful economic management in the Ivory Coast, a Bank strategy has emerged until now which:

- i) uses a substantial economic work program to make a major contribution to the definition of country objectives, particularly in areas like employment and income distribution, monitors progress and acts as an early warning system for unfavorable economic trends; and
- ii) maintains a substantial volume of lending which facilitates the flow of other development capital required to supplement domestic resources. Bank lending ^{1/} has hitherto focused on agriculture, the lead sector, contributed to the diversification of output and exports, the improvement of income distribution between regions and the ivorianization of labor and capital.

In the process a strong, mutually rewarding relationship has been established. The Ivory Coast is a sophisticated borrower with a traditionally close relationship with France. Its political and economic clout extends beyond the West African region. The President has for some time adopted an extremely positive approach to the Bank both within the country and in regional forums. Various Ivorian ministers have been active in international affairs and are well known in the Bank. Recent Government changes are not expected to do other than reinforce this relationship. The Bank's approach has traditionally been rather low key. Ministers have often sought our advice in putting forward policy recommendations to the President. At the sectoral and project level, our influence is directed towards project design, institution-building, the pace of Ivorianization and training.

2. In the future we do not see this pattern undergoing much change. We plan to increase the lending program from the present level of about \$80 million per year to about \$120 million annually by the end of the current five-year period. This substantial resource transfer should enable the Bank to maintain its influence in the higher echelons of Government thereby helping to restrain any tendency for the public sectors to rely excessively on short-term, commercial-type credits, which are readily available for investment financing.

3. A recent consequence of the Government changes has been a major re-orientation in agricultural policy, the full implications of which are still being worked out in Abidjan. This follows a series of measures to subsidize the inputs of selective crops, which are discussed in paragraph 5 below. Essentially the Government wants to move rather

^{1/} Includes 27 loans totaling \$357.7 million (including \$14.0 million from the Third Window) and two IFC participations equal to \$1.1 million.

sharply away from plantation agriculture, where the majority of the labor employed is Voltaic, to smallholder production where the benefits will more readily be felt by the Ivorian small farmer. It appears that this policy may be applied irrespective of the crop concerned, despite the view that smallholder production is more suitable for some crops than others. This policy re-orientation is already reflected in our strategy for the agricultural sector which calls for us to shift our recent emphasis from support for estate plantations in the oil palm and rubber sub-sectors, to the encouragement of smallholder development. Moreover we will concentrate on the more heavily populated poorer regions of the country where integrated rural development-type projects and supporting road and other infrastructure will also serve product diversification goals.

4. The new type of projects are proving difficult to identify and design. We have encountered major problems like finding a land-clearing mechanization formula which yields adequate economic returns. Experiments to date have proven too costly. The animal-drawn plow solution being experimented with in the north can be pursued for a limited time but has too low a productivity to provide a long-term solution and is less popular with the rural labor force than higher-cost solutions. Elsewhere, the Ivorian approach to land clearing is, in our view, unduly mechanized, leading to erosion of the land and lack of involvement by the farmers in the process. These issues are being discussed with the Ivorian authorities at the working level. An aide-mémoire on mechanized land clearing was handed to the Ivorian delegation at the Annual Meetings.

5. A second problem area in rural development is the Government's use of selective subsidization of inputs and general farmgate pricing policies. This is part of the Government's overall policy of using public sector surpluses to favor classes of producers or consumers, especially in relatively backward regions. The general direction of this policy legitimately favors income distribution. But in a number of cases of which perhaps rice, sugar and more recently the free fertilizers for cocoa and cotton are the most important, we believe there is a potentially serious misuse of resources. In rice, at least, the Government is aware of the problem and the issue is more one of achieving reform in a politically-acceptable manner. The problem for the Bank is essentially how to use the lending program in rural development to reduce market distortions. The recent measures in the cotton sub-sector clearly indicate the difficulties we face. We are preparing a study of the problem of farm pricing as a basis for another attempt to reach an understanding with the new Minister. In the medium term, however, we may well find it difficult to transfer resources to the agricultural sector as rapidly as we have done in the past.

6. In the longer term our involvement in rural development will require us to deal with various underdeveloped regions in terms of regional strategies which combine rural and urban actions to raise output and employment and define the infrastructure and public service needs of the areas being developed. So far, only the southwest has made a start on regional development although plans for other regions are under way. Our future economic work program will be designed to complement Ivorian studies and plans for the development of other regions.

7. Our earlier objectives in lending to the agricultural sector embraced project design, building institutions, transferring technologies and influencing sector policies in such areas as forest crops and related road building, all of which directly contributed to the rapid growth of the economy. Thus, we financed four palm oil and two cocoa projects and one each for cotton, rubber and food crops. In addition we have made loans for five highway projects linking agricultural areas to urban centers and ports. In general, these sub-sectors and the state enterprises running them still have a good deal of potential for development, but they are now well enough placed not to require further IBRD assistance despite the fact that the goal of ivorianization has not been completed. There may be a case for the Bank renewing its support for an institution like SODEPALM in the future, if it were to appear that our presence was essential to safeguard the capacity of the institution which we have done much to help develop. We have already appraised a second phase of the rubber project in the southwest, but this is linked to the development of the region and to reform of the institution charged with development of this crop. At the moment it is not clear how we will proceed with the Rubber II project, since the state enterprise concerned, SOCATCI, has just been dissolved. Some uncertainty also prevails over the future role of SODEPALM, which may become the entity charged with rural development in the southwest. Hitherto SODEPALM has been responsible for the cultivation of oil palm and coconut and was the recipient of a fourth Bank loan in March 1977, for the development of plantations in the southwest. The loan is not yet effective.

8. The second important change in our sectoral strategy will be attaching an increasing importance to the development of medium- and small-scale enterprises. In this way we hope to encourage the emergence of Ivorian entrepreneurs at the level of enterprise where they presently predominate. This should also affect favorably employment creation in urban areas. In the special report on employment and in the basic economic report, we identified the urban informal sector as that part of the economy where the main opportunities exist to deal with the problem of urban migration and unemployment. In our future lending to industrial development banks, we shall support enterprises established in regional industrial estates, thus contributing to the growth of economic centers and employment outside Abidjan. Another criterion will be an emphasis on the export industries where our studies on domestic resource cost and comparative advantage have identified the potential for this type of development. A major structural problem in this sector is the BCEAO 1/ guidelines and 8.5% ceiling on sub-lending to high-priority target groups like small enterprises (see Part F, 4., a) of the brief).

9. An associated concern is the rising role of the Government in all sectors of the economy which threatens to outrun its capacity to mobilize savings. With the incomes being earned in the more prosperous parts of the rural economy and elsewhere, a substantial potential for savings and investment exists which is not being exploited. We intend to do a major study of this

1/ "Banque Centrale des Etats de l'Afrique de l'Ouest," the Central Bank of the "Union Monétaire Ouest Africain" which embraces Senegal, Niger, Upper Volta, Benin, Togo, and the Ivory Coast.

problem in collaboration with the Ivorian authorities and the BCEAO; a first step is the current IFC aid being given to the embryonic stock exchange.

10. To summarize, our objectives in the operational work program over the next few years will be to:

- i) help maintain the creditworthiness of the Ivory Coast for the large flow of external assistance required to support the current five-year plan. We will continue to emphasize the danger of excessive short-term public sector borrowing, especially when public revenues are flowing into the "Caisse de Stabilization" at a high level due to good coffee and cocoa prices. We shall contribute to the discussion on overall levels of investment and on the proportions and terms of foreign and domestic financings. We shall continue to identify examples of what we consider to be misdirection of investment resources;
- ii) buttress our capacity to have a meaningful macro-economic dialogue by maintaining a high level of lending and by encouraging the participation of other official development agencies in projects we are supporting. The level of resource transfer we are planning will inevitably mean, in addition to the priorities mentioned in iii) below, continued support for more conventional transport infrastructure, including a follow-up railway project, follow-up activities in the urban, sewerage and water supply sectors, and a power distribution project. A forestry project is also being prepared and other possible areas for Bank intervention include pulp and paper and petroleum. At the Annual Meetings, Minister Koné asked the Bank to review the project pipeline in detail with the Government as soon as they were ready, most probably in January 1978; and
- iii) a shift in the focus from agriculture to rural development while encouraging the adoption of price support and agricultural subsidy policies which do not lead to excessive distortion and which encourage small farmers to produce in fields where the country has a comparative advantage.

We shall also extend our support for medium- and small-scale enterprises and urban infrastructure projects which contribute to the capacity of the urban informal sector to create employment and reduce urban poverty.

11. Lending over the period FY73-77 totalled \$232.1 million covering 14 projects. This is projected to increase to \$550 million over the FY78-82 period, embracing a possible 26 projects. We should have no difficulty in maintaining the volume of lending, but the number of projects processed is more likely to be 21/22, due to the difficulties in identifying and processing rural development projects and taking account of our own slippage record thus far.

12. Project preparation and implementation in the Ivory Coast varies considerably, being in general neither particularly problem free nor problem prone. The Government continues to make liberal use of foreign technical assistance, especially from France. They recognize there is a trade-off between efficient economic management and too rapid Ivorianization. Thus, although we try to emphasize local recruitment and training in our projects, performance in this respect is not very good. But we should not try to push the Government harder than it presently wants to move, bearing in mind their sensitivity to all the issues involved.

13. The French connection has a significant influence in certain areas of the economy. The series of events that led to the cancellation of a part of the loan for the telecommunications project (IVC 981) suggest that we should be very cautious with other project proposals in capital equipment-intensive sectors traditionally supplied by France. Thus, we were prudent not to include bus procurement in the urban project. We shall look carefully at this aspect in the preparation of the regional power distribution project scheduled for FY80S.

14. A consistently disappointing feature in projects under implementation has been the soundness of financial management and, to a lesser extent, the value of audits. Clearly, the Ivory Coast has little experience of the benefits of proper management accounting and information systems. It is still struggling with the maintenance of adequate financial records. Almost eighteen months ago we initiated discussions with both the Ministry of Finance and the "Cours des Comptes" (responsible for Government audits) on developing a training program for Government auditors along the lines of that sponsored by the Bank in Yugoslavia. The discussions identified areas of possible cooperation, including the need to establish a professional accounting body on western lines. Subsequently, the Government commissioned a pilot-training scheme from a French consulting firm. Notwithstanding our misgivings over the proposal, the Government is pressing ahead with a limited scheme for training 20 auditors and 5 supervisors. We shall endeavor to keep in touch on this with the authorities concerned. We shall also continue to stress the importance of sound financial management at the project level. The Government is receptive to our views. About a year ago, for example, independent auditing for all state enterprises was introduced. The problem remains for the Government of finding adequate qualified manpower.

WA2DA

October 19, 1977

Ivory Coast

Political Situation

1. Mr. Houphouet-Boigny, President of the Ivory Coast since independence in 1960 and a leading figure in Francophone Africa for the past 40 years, has provided exceptional leadership under difficult circumstances. He is the key figure not only politically but also in the economic decision-making process. His policies are characterized by dialogue and gradualism, and the political and economic stability which have been so crucial for the Ivory Coast's success is very much his personal accomplishment. Any decision of consequence, especially in the field of economic policy, is taken by the President himself. His record of success and his belief that, in the not-too-distant future, oil will be found on Ivorian territory ^{1/} seem to have made him bolder in his decisions and less receptive to entertaining opposing views. Amidst widespread reports of corruption in high places, major Cabinet changes were made in the summer. The President used the occasion to consolidate the Finance, Budget, and Planning Ministries under Abdoulaye Koné, thereby replacing Konan Bédié who had led the Ministry of Finance for twelve years but who remains a trusted and influential Presidential adviser.

2. The Ivory Coast inherited from its colonial past strong ties with France and other members of the former French colonial empire in Africa. The Government continues to value these relationships; any sudden disruption of them would be regarded as disadvantageous to the country. It was stated at independence in 1960 that the policy would be to outgrow, rather than discard, historically established patterns and arrangements. Thus, major changes have been made periodically in the francophone organizations of which the Ivory Coast is a member, to respond to or anticipate changing conditions and to better serve the members' interests. The country has enjoyed relative political stability since independence. The PDCI, the single ruling party, includes most elements of the country's political life; dissent, to the extent it exists, is underground. For the future the main issue concerns the succession to President Houphouet-Boigny. In particular the question is raised how far Ivorianization will be pushed in the post-Houphouet-Boigny era.

3. The country has gradually diversified its contacts with the outside world. In 1960 about 50 percent of Ivorian exports went to France and 65 percent of Ivorian imports originated there; these percentages were about 25 and 45 percent respectively in 1974. In that year only 25 percent of the Ivory Coast's public debt was owed to France, as compared to more than 80 percent in the early 1960's. The Government has shown an increasing interest in economic cooperation with anglophone countries in the region. The Ivory Coast joined ECOWAS (Economic Community of West African States), an organization

^{1/} The President himself announced, on October 18, the launching of commercial exploitation of off-shore oil. It is believed that the deposits are sufficient to satisfy Ivorian requirements (equivalent to about \$150 m of imports annually).

encompassing Nigeria and Ghana. Road improvements between Ghana and the Ivory Coast have been undertaken, and delegations from Ghana and Liberia have visited the Ivory Coast, showing special interest in its accomplishments in agriculture. Ghana and the Ivory Coast are participants in the CIMAO clinker project in Togo. Relations with Nigeria have also improved; agreement has been reached on the use of Ivorian surplus capacity to refine Nigerian oil, while Nigeria will co-finance a bitumen plant in the Ivory Coast with the participation of Togo and Upper Volta.

4. Other aspects of the Ivory Coast political profile are that it maintains a dialogue with South Africa. It was one of the last African countries to break relations with Israel under Arab pressure and voted against the UN resolutions to declare Zionism a racist movement. It declines to use Arab funds to finance its development despite the fact that an estimated 25 percent of the population is Muslim, living primarily in the North, the poorest part of the country. It signed the Lomé convention. It has strengthened diplomatic and commercial ties with East-Bloc countries. It maintains close relations with Brazil on coffee and rubber technology, and a Brazilian bank is being set up in Abidjan. The Ivory Coast has signed both the international coffee and cocoa agreements. It cooperates with the Republic of China on pineapple and rice production and on trials to make paper pulp out of Ivorian heterogeneous hardwood species. In 1968 the Ivory Coast was the first black African country to contract a Euro-dollar loan. A large American commercial bank opened an office in Abidjan in 1975 and, after creditworthiness problems in Zaire developed in 1976, several other foreign commercial banks followed suit. The Ivory Coast is one of the few countries left in black Africa eligible for commercial capital, a noteworthy phenomenon for a country with no mineral resources under exploitation.

WA2DA
October 19, 1977

IVORY COAST

Economic Situation

The Past Growth Record

1. The last Economic Report was distributed to the Board in April 1977. It concludes that economic performance in the Ivory Coast has been truly outstanding, with a real average growth per year of 7 to 8 percent over the past 25 years. GDP during 1976 increased, according to preliminary estimates, by some 12 percent (in real terms) and per capita income reached US \$610, led by the strong export performance of coffee and cocoa.

2. The Ivorian economy has developed in an atmosphere of controlled liberalism, characterized on the one hand by entrepreneurial freedom with few physical controls and a favorable disposition towards foreign capital, labor and expertise, and on the other hand Government intervention in significant ways: price regulation, minimum wage laws, special incentives to several sectors, and substantial public investment programs (recently comprising 65 percent of total investment or 14 percent of GDP).

Emerging Constraints to Growth

3. However, the trend of GDP growth rates over five-year periods since 1960 has been declining, and per capita growth rates during 1971-75 may have been negative in the face of accelerated immigration from drought-stricken Sahelian countries 1/ and the slowdown of the world economy. Emerging constraints to rapid growth include:

- a) lower returns to investment, based on
 - i) decreasing returns to investment in coffee and cocoa since the Ivory Coast provides a significant proportion of world exports and increased volumes can only be sold at lower prices; 2/
 - ii) depletion of forest resources and consequent need for more costly reforestation;
 - iii) introduction of more capital-intensive methods in agriculture with lower comparative advantage; and
 - iv) exhaustion of the most profitable import substitution policies in industry;
- b) higher costs of foreign production factors
- c) terms of trade that are expected to deteriorate based on IBRD price projections for Ivory Coast's imports and exports, and
- d) institutional factors, such as insufficient control of spending; programs (only 65 percent of the 1971-75 plan was completed at twice the estimated cost at constant prices), weakened inter-

1/ Non-Ivorians now comprise approximately 2 million of the country's total population of 7 million.

2/ A long-run projection. In the short run, considerable variations occur as, for example, in 1976/1977.

ministerial coordination 1/, and greater relative emphasis on planning-by-objectives instead of by projects which allows less appropriate projects to proceed.

These problems are recognized by Government and there is good reason to feel confidence in their ability to deal with them appropriately in the future.

Economic Objectives

4. Diversification of production among the major sectors is seen both as an important long-run requirement for continued growth as well as stability. Thus, for example, the modern manufacturing sector has grown from 4 percent of GDP in 1960 to 14 percent in 1976. Further, within agriculture, new products were developed and the share of coffee and cocoa in agricultural production diminished from 50 percent in 1965 to 45 percent in 1975. Second, income distribution policies are increasingly important and emphasize agricultural development focused on the smallholder and more attention to the poorer northern areas of the country, despite the possibility of lower returns to investment. Third, ivorianization continues to be an important objective both in terms of educating and training citizens to hold managerial jobs 2/ as well as mobilizing Ivorian private sector capital by increasing producer prices and interest rates on deposits and establishing a stock exchange in 1976.

Public Investment, Savings, External Assistance, and Creditworthiness

5. An ambitious public investment program has been drawn up in the current five-year plan to meet the objectives of diversification, more equal income distribution, and ivorianization while continuing programs designed to produce rapid growth. The last economic report estimated that a development program of the order of US \$3.5 billion (in 1975 prices) would be feasible given the then existing savings constraints. The recent surge in earnings from coffee and cocoa exports would increase this maximum feasible program by about 20 percent to about \$4.2 billion. However, investments thus far have been proceeding at a rate in excess of US \$1 billion per year. Discussions have been held with Government on this point with a view to identifying areas in which high investment costs are coupled with limited prospects for meeting national goals (i.e. sugar, iron ore development, national shipping company). On the other hand, there is further scope for investment in rural areas designed to introduce and support appropriate technology such as ox-drawn cotton cultivation in the north, and support regional development programs (particularly in the center and north) in line with the newly regionalized organization of the Ministry of Agriculture.

6. In the 1970's a steady increase in public investment as a proportion of total investment coincided with a decrease from 49 percent in 1971 to 37 percent in 1975 of public investment financed by public savings. One of the

1/ We expect that the reorganization of July 1977 will reverse this trend.

2/ Of a sample of 69 countries in IBRD Comparative Education Indicators, October 1973, the Ivory Coast spent the largest proportion of its budget on education. One of our goals in this sector is to increase the efficiency of the educational system.

reasons is that current public expenditures grew by 15 percent per year during 1965-74, as against 13 percent for revenue. In particular, expenditures for education and public housing are high and still rising. Gradual increases in the tax burden may be feasible, although taxes amount to some 20 percent of GDP. Assuming that 15 percent of public investment does not lend itself to any foreign financing, about 75 percent of each remaining project would require foreign financing which, in most cases, would be higher than the foreign currency component.

FINANCING OF PUBLIC INVESTMENTS
(Annual Averages)

	Current \$ Million				Percentage of GDP			
	1971- 1973	1973- 1975	1976- 1980	1981- 1985	1971- 1973	1973- 1975	1976- 1980	1981- 1985
1. Budgetary saving	102.7	143.5	150.7	368.0	5.2	4.5	3.3	3.6
2. Contribution Stabilization Fund	12.5	22.2	295.6	408.8	0.6	0.7	5.4	4.0
3. Other public saving	48.3	107.5	158.3	316.8	2.4	3.4	2.9	3.1
4. Total public saving (1+2+3)	163.5	273.2	604.6	1093.6	8.2	8.6	11.6	10.7
5. Foreign public grants	12.2	16.9	20.0	20.0	0.6	0.5	0.4	0.2
6. Foreign public loan disbursements	132.0	243.4	465.4	643.9	6.6	7.7	8.5	6.3
7. Foreign public capital inflow, gross (5+6)	144.2	260.3	485.4	663.9	7.2	8.2	8.9	6.5
8. Public debt service	59.7	114.6	279.2	551.9	3.0	3.6	5.1	5.4
9. Foreign public capital inflow, net (7+8)	84.5	145.7	206.2	112.0	4.2	4.6	3.8	1.1
Use of reserves/private domestic resources	12.6	27.1	-16.4	173.8	0.6	0.9	-0.3	1.7
Public Investments (equals available funds: 4+9+10)	260.7	446.0	824.9	1379.4	13.1	14.1	15.1	13.5

SOURCE: Basic Mission Estimates.

7. Despite the sharp rise in stabilization fund reserves due to extraordinary high coffee and cocoa prices, the rate of new debt commitments on relatively short terms has increased sharply. In 1976 new public debt commitments rose by \$842 million to a total of \$2.2 billion. Some 3/4 of the rise was in the form of commercial bank and suppliers credit financing. In the first half of 1977 public debt commitments rose by a further \$600 million. As export prices are expected to return to more normal levels by the end of the decade, the service on debt undertaken so far and likely to be contracted could cause the debt service ratio to exceed 20% by 1980. In recognition of this danger the Government is currently considering ways to prune public investment spending for the next three years and repurchase some of the most onerous part of existing debt in order to reduce debt payments. Finally, far greater reliance will probably be placed on longer term sources of finance such as the World Bank.

External Aid

8. The Ivory Coast has successfully mobilized important amounts of capital to help finance its public investment program. External public debt, including undisbursed, increased from US \$253.6 million at the end of 1967 to US \$1,537 at the end of 1975, a growth of 25 percent a year. The public debt rose to \$2.2 billion in 1976 and to \$2.8 billion by mid-1977 as a consequence of the speeded-up investment program referred to above.

COMMITMENTS OF LOAN CAPITAL BY SOURCE

	in % of total (average per year) <u>1967-69</u>	in % of total (average per year) <u>1973-75</u>
World Bank Group	8.9	16.9
Other International Organizations	7.9	6.2
Governments	<u>35.7</u>	<u>11.9</u>
Sub-total	52.5	35.0
Suppliers' Credit	27.6	32.1
Private Banks/Bonds	<u>19.9</u>	<u>32.9</u>
Sub-total	47.5	65.0
TOTAL (in %)	100.0	100.0
TOTAL (in \$ million)	85.7	349.9

Terms hardened as follows between 1968 and 1975:

	<u>1968</u>	<u>1975</u>
Average interest rate (%)	5.3	8.0
Average maturity (years)	15.8	12.5
Average grace period (years)	4.7	3.1
Grant elements of loans (%)	<u>29.0</u>	<u>9.5</u>

Gross disbursements for the 1977-82 period are expected to be of the order of US \$500 million a year. These developments illustrate the country's continuing need for external assistance, the willingness of donors to provide the Ivory Coast with capital and, through 1975 at least, the country's absorptive capacity.

DISBURSEMENTS FROM EXTERNAL SOURCES TO FINANCE PUBLIC INVESTMENT

	Annual average in current \$ million				Annual Average in percentage of total			
	<u>1970/ 1972</u>	<u>1973/ 1975</u>	<u>1976/ 1980</u>	<u>1981/ 1985</u>	<u>1970/ 1972</u>	<u>1973/ 1975</u>	<u>1976/ 1980</u>	<u>1981/ 1985</u>
World Bank Group	5.6	19.3	57.3	99.6	6.3	7.3	12.4	15.4
Other International Organizations	6.1	20.9	26.5	50.5	6.9	7.9	5.7	7.8
Foreign Governments	27.2	35.8	43.6	76.5	30.6	13.6	9.4	11.8
Sub-total	38.9	76.0	127.4	226.6	43.8	28.8	27.5	35.0
Suppliers' Credit	26.6	85.4	195.8	228.8	29.9	32.3	43.2	35.4
Private Banks/Bonds	23.4	102.7	140.5	191.1	26.3	38.9	30.3	29.6
TOTAL	88.9	264.1	463.7	646.5	100.0	100.0	100.0	100.0
Grants	15.0	17.7	20.0	20.0				

WA2DA
October 19, 1977

His Excellency
Félix Houphouët-Boigny
President of the Ivory Coast
Abidjan
Ivory Coast

Your Excellency,

On behalf of Mr. McNamara, who is at the moment absent from Washington, I am writing to give you our views on some general economic issues. First of all, I would like to thank you again for your kind words of appreciation addressed to the World Bank in your speech at the opening of the Session of ECOSOC in Abidjan earlier this year. We are grateful that the leader of one of the most successful countries in Africa considers it useful to emphasize the role that the World Bank, together with its member countries, is playing in overcoming poverty, injustice and underdevelopment.

We are also very satisfied with the spirit of close cooperation that marks our relationship with the Ivorian Government. It is because of this good relationship that we have been able to substantially increase the number of projects in a variety of sectors in which we are involved in Ivory Coast. Our financial commitments have gradually grown to the present level of about US\$70 million per year, a level we would like to maintain or possibly increase in the future.

Parallel to our lending operations World Bank economic missions periodically visit your country to analyze the economy and to later discuss the conclusions with your Government. The most recent economic mission has tried to examine in some detail the long-term development problems of the Ivorian economy. A main report and eight sector annexes resulted from this analysis and were sent to the Ivorian authorities in August of this year; we would like to bring to your personal attention some of the conclusions of that report.

The report concludes that the economic policy followed by the Ivory Coast has produced excellent results that deserve to be emphasized and remembered. For all countries, the development process --the transition from a subsistence to a modern economy-- is a difficult one. The Ivory Coast was and still is faced with these problems; yet, because of its leadership, economic potential and the assistance of imported labor and capital, the country has been able to overcome many of these obstacles skillfully and efficiently. We believe that the Ivorian Government will continue to show the necessary foresight and courage to adapt to difficult conditions; it is in this spirit that we would like to bring to your attention some of the relatively new problems of development your country is facing and which in our opinion require a change in certain aspects of Ivorian economic policy.

These problems are best discussed in the context of equilibrium between resources and their use. That is, on the one hand the cost of development is increasing in the Ivory Coast, while on the other the resources available are less expansible than they appear to have been during the past 15 years.

The Cost of Development

When we say that the cost of development is going up, we mean that in real terms the volume of investment required to produce a given growth rate is increasing and that in fact in the Ivory Coast higher rates of investment are producing lower rates of growth.

To demonstrate this trend, in 1960-65 real income in the Ivory Coast increased by as much as 9% per year as a result of investing only 16.5% of national income; in 1970-75 the level of investment reached 22.5 percent of national income for an increase in income of 6% per year. This rate of growth still represents good performance compared to what many other countries achieved during the same period, but it is disappointing from the point of view of the investment effort made.

The causes of this phenomenon are diverse and complex; some are transitory, but many are structural and could have a long lasting impact on the future of the Ivorian economy:

- the Government has been dynamic in its justified policy of diversifying agricultural production; nevertheless, newly introduced agricultural products generally have a lower rate of return than the traditional ones (coffee, cocoa, and timber) and the drop in the rate of economic growth illustrates this;
- the same goes for the industrial sector; the "easiest" import substitution projects have already been implemented and new projects of this type tend to have a lower return; but while industrial projects create jobs and reduce unemployment in the cities, the cost per job created is increasing for most of the newly planned industries which considerably limits the impact of such policy;
- the important programs for regional diversification face the same problem; investments undertaken in the Southwest and the North require considerable outlays for infrastructure and even insofar as they are directly productive such investments suffer from a long gestation period during which they generate little benefit;
- the ways in which projects are executed also play an important role; in public housing, urban development and many other sectors standards of design are often inappropriately high and too costly; in our opinion more economical concepts and the systematic encouragement of the use of local resources (labor and raw materials) would enable Ivory Coast to meet its objectives in these areas at a much lower cost and would at the same time improve considerably the distribution of income;

- even in the traditional sectors, like coffee and cocoa, the application of capital intensive techniques as compared to traditional ones tends to yield lower returns;
- finally, in general, the more complex projects are and the more capital intensive investments are the more it becomes necessary that the quality of implementation and management are of excellent quality and that workers involved have a level of efficiency and discipline no country can acquire in a short period of time; we are familiar with the constant efforts of the Ivorian Government to develop this skill and efficiency; but the adjustment of people and institutions to new structures takes time and often does not give immediate results.

It is therefore at least as important to improve the implementation of existing projects as it is to start new ones; in the same way it is often preferable to strengthen existing organizations which have proven their efficiency, rather than encourage the proliferation of new activities and institutions which often overlap and are counterproductive when it comes to harmonization of programs and policies. In this sense, relatively modest investments in already developed sectors or established organizations will much better serve economic development than financing very ambitious projects in entirely new areas. This does not mean that the Ivorian policy to invest in new products and new regions and to import new techniques has to be abandoned; however, to improve the rate of growth of the economy and to increase the efficiency of present and future investments, it appears essential to give more weight in project selection to the economic and social rate of return, to continue to give highest priority to agriculture and to the types of industry that create many jobs at low cost, to avoid overdesign of projects and to apply the most economic means of execution, to strengthen the efficiency of projects under implementation and of existing organizations and, in general, to take any opportunity to benefit from existing infrastructure, for instance, by giving priority to densification of already developed areas as compared to the expansion into new ones.

Available Resources

At the time that further growth seems to require higher investment, available Ivorian resources to finance investment seem to increase less than proportionate.

This applies first of all to local public savings. In 1960-65 public savings (net of debt service) financed about 50% of public investment in the Ivory Coast; in 1975 this percentage dropped to around 35%. There are many reasons for this decline, one of which is the increase in producer prices for agricultural products; in certain cases this increase has been excessive, disrupting the market without real benefit to the majority of the farmers, however, in by far most cases these increases are certainly justified not only from an economic, but also from a political and social, point of view; in fact, not only is agriculture, including related activities, a most dynamic sector, but also farmers have reacted very favorably to producer price increases and other incentives. However, it remains true that a decrease in public savings should have important consequences for the volume of public investment.

It is true that the Government can compensate for a drop in public savings by borrowing increasingly abroad; however, this policy has its limits. Total external public debt has already increased from \$424 million in 1970 to \$1529 million at the end of 1975, and with an annual growth rate of 30 percent per year, public debt is probably the fastest growing economic indicator in the country. This development presents serious dangers, and debt service already plays a major role in the deterioration of the balance of payments. As you know, the country's net reserve position became negative (for the first time since 1960) in mid-1975 and by mid-1976 still stood at minus CFAF 20 billion. This trend, together with the lower return on investment and the hardening of terms of foreign loans, could have serious effects on the Ivorian economy in terms of its creditworthiness and the excellent image the country enjoys abroad.

We are not excessively worried about these facts and trends. Ivory Coast has on many occasion proved to be capable of solving its problems and to adapting to complex and difficult situations. We believe, nevertheless, that public investments envisaged for the next 5-year period (1976-80) have to be carefully selected and rationed to give priority to those that are most profitable, and that the volume of investment should be adjusted to available resources. Only under these conditions can a rate of growth of 6% per year as experienced over the last five years be maintained. This is a reasonable rate of growth, as it should permit the Ivory Coast to approach in 10-15 years a level of development similar to that already attained by the more developed countries in Latin America or certain European countries.

At a certain stage during preparation of the 1976-80 Plan, total investments envisaged came close to 40 percent of national income, an extraordinary proportion which no country in the world can envisage. We have no doubt that the Ivorian Government realizes that investing such an amount is unrealistic even if many of the individual projects in the Plan seem very useful. The Ivorian 5-year public investment program in our opinion should be of the order of CFAF 750-800 billion (in 1975 prices) which is equivalent to about 15 percent of forecast national income. Conditional to such a program is a serious effort for budgetary and financial austerity, which would permit 40-45% of such a program to be financed out of local resources. A larger public investment program would lead to an insupportable level of indebtedness.

We fully understand how difficult it is for a country that legitimately aspires to accelerate its growth and to improve the quality of life of its people to have to strictly limit its public investment program, especially if, as in the case of the Ivory Coast, the country has proved to be able to implement bold programs in an efficient way. However, you are aware of our efforts to make available to countries like yours more capital on terms which are still very concessionary, taking into account present rates of inflation. We would very much like to see developing countries receive more aid at increasingly favorable terms, enabling them to maintain a high level of public investment, without incurring heavy debt charges. But, our role is not only to plead for a general increase in aid but also to advise our members about how to adjust their programs to the resources that may reasonably be expected to become available.

These are some reflections I wanted to make about these problems. Knowing the personal interest you take in these important matters, I have gone into some detail in this letter. Mr. Chaufournier and some of his associates will be in Abidjan for a number of days starting November 14 and would of course be ready to give you any additional clarification of these issues that you might want.

Sincerely yours,

J. Burke Knapp
Senior Vice President

BdenTuinder/Xde la Renaudière/PBrennan:lmc

Cleared with and cc: Messrs. de Azcarate
Eigen

cc: Messrs. Payson (o/r)
Chaffey (o/r)

RWestebbe
June 16, 1977

UNOFFICIAL TRANSLATION

His Excellency
Henri Konan Bédié
Minister of the Economy and Finance
B.P. V-125
Abidjan, Ivory Coast

Dear Mr. Minister:

It was a great pleasure to meet with you in April during your last visit to Washington. At that time, I indicated that the excellent past record of economic and financial management of the Ivory Coast, together with the favorable prospects for the future gave us every reason to plan on an increase in our lending operations during the next five years. We are aware, from our continuing fruitful dialogue with you and your staff, that the next phase of development will nevertheless be difficult as policy properly moves towards diversifying the sources of growth with greatly increased emphasis on a wider distribution of the benefits. The problems of managing this new phase of the development process will be made all the more difficult, because an important part of the resources to finance it derive from the exports of a few key products whose prices are notoriously unstable, while the cost of development is bound to rise in general. We have every confidence that the Ivory Coast will continue to exercise the discipline and foresight to overcome these problems. Because of this confidence and our wish to make a maximum contribution to the economic development of the Ivory Coast, I would like to share with you some of the initial conclusions on the economic outlook from the recent visit to Abidjan by Mr. Westebbe, Senior Economist of this region.

The basic issue is no longer whether sufficient resources will be available to finance the five-year plan published in 1976. The sharp rise in coffee and cocoa prices in the last two years has greatly eased the short-term

financial constraint which once confronted the public investment program. The issue now is the serious foreign debt problem resulting from the sharp rise in foreign financing on relatively short terms of an increased level of public investments, and the implications a continuance of this trend would have for the debt service burden in the next few years, when public savings will no longer benefit from the extraordinary surpluses of the stabilization fund, and when other claims on public revenues have risen.

Development Prospects

The strategy as outlined in the five-year plan of diversifying agricultural output, promoting new industry, developing backward regions, and upgrading the incomes and well-being of both the rural and urban poor follows logically from the success experienced with development in the past fifteen years. This success was based on the exploitation of the natural agricultural potential of the country in coffee, cocoa and timber which benefitted a substantial portion of the population in the forest zones as well as migrants seeking opportunity from the less privileged parts of the Ivory Coast and neighboring countries. The new strategy is thus consistent in aiming to overcome imbalances in the labor force and in incomes, imbalances characterized by a shortage of labor in rural areas, and excessive migration to the cities. The strategy is also consistent in that it makes provision for investing in the growth of new resources upon which future development will depend.

As our basic economic report has analyzed, more investment will be required in the future in order to produce a given rate of growth. This trend has been evident for some time. Between 1960 and 1965, average real national income grew by 9%, with gross investment at 16% of GDP. Between 1970 and 1975, real national income grew by 6%, with investment at 22.5% of GDP. Some of the reasons for this trend are as follows:

- diversification into new crops and techniques, such as, cotton, rice, sugar, and mechanization in the Center and North, will be more costly than was the growth of the traditional crops in the past;
- industrial expansion will be moving into more difficult fields of exports and other more complex and competitive sectors;
- considerable infrastructure with long gestation periods will be required in the Southwest and North;
- upgrading rural and urban basic services will require large investments in housing, health, education, and other facilities, which will absorb a disproportionate share of public domestic and foreign financing unless lower-cost solutions can be found based on greater use of Ivorian labor, raw materials, and non-public savings;
- some investments, such as the sugar complexes, which were decided upon in the period of high prices in 1974, will not be able to produce sugar at competitive world market prices in the 1980's, according to our forecasts, because of high-cost local production compared to other producers. The cost of production in the Ivory Coast is about 26 cents per lb versus a current international price of 11 cents per lb. Studies show that sharp rises in sugar prices are short-lived and thus cannot be counted on to amortize the sugar complexes now being constructed.

It would, therefore, seem prudent not to over-commit the public sector in such investments as sugar complexes, the future of which is uncertain, and which will require continuous drains on current public revenues to cover operating losses. Rather, higher priority could be given to improve the efficiency of existing institutions and investments and bringing idle capacity into use, all

of which will require considerable effort before they can fully contribute to the national economy.

Resources Outlook

The proportion of public investment financed by public savings has been declining. Net public savings fell from 60% in public investment in 1960-65 to 37% in 1975, as the proportion of total investment undertaken by the public sector, particularly the public enterprises, more than doubled to 15% in the same period. Pressure on public savings will continue because of the rapidly rising recurrent costs related to public investment:

- for example, the educational system (primary, secondary, higher and vocational) in 1976 absorbed some 45% of the ordinary budget and could well rise above 60% by 1990 if present trends continue, particularly the rapid expansion of secondary schooling;
- rising producer prices for important crops, while benefiting part of the rural population, also means fewer resources to finance public investment;
- the expansion of public subsidies where they are probably not needed, such as in rice, cotton, fertilizers, inputs for cocoa farmers, and sugar, will, if not held to modest levels, seriously compromise the future availability of public revenues for investment;
- the rapidly rising public debt will take an increasing proportion of public revenues, as well as foreign exchange availabilities, a point which will be further discussed below.

Given this situation, the Ivory Coast is indeed fortunate to have experienced an extraordinary rise in financial resources available to the public

sector due to the sharp rise in coffee and cocoa prices in 1976 and 1977. This rise should have made possible the financing with domestic resources of a larger share of the ambitious public investment program than was originally contemplated. In the two years mentioned, the Caisse de Stabilisation accumulated surpluses which may reach CFAF 340 billion and which will yield at least as much again in the period 1978 through 1980. From published documents it appears that public investments financed by public savings rose from CFAF 63 billion in 1975 to 118 billion in 1976, and will probably exceed 154 billion in 1977 even after part of the Caisse surpluses are used to repay internal debts. New external commitments, however, rose from CFAF 46 billion in 1975 to 66 billion in 1976, and are projected to amount to CFAF 221 billion in 1977. These figures indicate in rough magnitudes that some CFAF 560 billion public investments will be allocated in the first two years of the Plan compared with about CFAF 1,300 billion in total projected Plan investments in current prices.

In 1976, total public external debt rose from \$1.5 billion to \$2.3 billion--a rise of 53%. Some 80% of this rise was in the form of credits under 10 years from commercial banks and suppliers of equipment. Our projections, which correspond closely to those of official Ivorian services, notably the "Budgets Economiques", show that coffee will decline from current levels by some 44% and cocoa by 25% by 1980. On this basis, the estimated interest and principal payments on the public debt outstanding at the end of 1976 and commitments through May 1977 would amount to some 20% of exports of goods and services by 1980. There is clearly a serious danger that the continued rise of Ivorian public debt of this type is unsustainable and indeed warrants early action on the part of the authorities in order to avoid adverse consequences on the country's creditworthiness and reputation abroad. Most of the debt undertaken on these terms will be due before the mid-1980's--a period when it

only prudent to assume that the prices for the Ivory Coast's main exports will have returned to more normal levels and when public savings, as noted earlier, will be under pressure.

The outlook depends very much on decisions taken with respect to, the amount of new state and public enterprise investments for the remainder of 1977 and through the next Loi Programme, the part of this that is financed from domestic resources and, finally, the terms of the remaining foreign borrowing required, after possible repayment of existing commercial debt. The situation suggests the following conclusions:

(1) As you know, we felt that total investment at some 30% of GDP in the revised five-year plan was already high in relation to the absorptive capacity of the economy. While some margins no doubt exist depending on exactly what investment is undertaken, pushing investments beyond the absorptive capacity limit will not do much to raise the rate of growth or benefit the less well off parts of the population. The most likely outcome of such a policy would be a sharp rise in inflationary pressures, inefficiency, and rising imports followed by balance of payments difficulties.

(2) Internal resources, primarily from the remaining expected surplus of the stabilization funds from 1978 to 1980, as well as the savings of the state and public enterprises, should be sufficient to finance between 60% and 75% of the public investments which may be undertaken in the last three years of the Plan. This would still leave sufficient resources to repay the most onerous part of existing commercial debt, and improve the debt profile.

(3) Finally, new debt to be undertaken should first maximize the use of foreign concessional sources of finance. In this connection, I would repeat

the willingness of the World Bank to raise its commitment during this period in support of a soundly managed and financed development program. Only after such sources have been exhausted should recourse be had to commercial credits and then in much lower proportion of project financing than was the case in 1976 and 1977.

I trust that you will find these preliminary conclusions of our economic work useful. The spirit of frankness which characterizes our continuing dialogue makes it important to point out how we see the relation between your understandable desire to maintain high public investment levels and the conditions under which we can hope to press for rising levels of external aid in support of that effort.

R. Chaufournier

Ivory Coast

BCEAO Interest Rate Issues

Interest Rates for SSE's

The Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) ruled in 1975 that interest rates to SSE's in its member countries shall not exceed 8.5 percent. This regulation is in direct conflict with the Bank's policy of allowing the intermediary development bank a spread to cover its risk and operational expenses of 4 to 5 percent, worth a final onlending rate to SSE's of between 12 percent and 13 percent. In 1976 the Ivory Coast created an interest subsidy fund which had the basic purpose of subsidizing interest rates to borrowers who were not eligible for the preferential system. Our first line of credit for the promotion of SSE's to Crédit de la Côte d'Ivoire (CCI), a local development bank, was negotiated before the new BCEAO regulations became effective. Thus, it was decided that all the sub-loans would benefit from the interest subsidy fund. Mr. Koné, the new Minister of Finance, is not in favor of using the fund for future operations, since this would be against the spirit of the BCEAO regulations. As you may recall, last June Mr. Bédié, former Minister of Finance of the Ivory Coast and President of the West African Monetary Union, wrote to you asking that the Bank adopt a more flexible interest rate policy with regard to SSE's. We have since had numerous discussions with BCEAO authorities, including during the recent Annual Meetings. With the concurrence of BCEAO and the Ivorian Government, we have concluded that, until a permanent solution could be found, we would aim at circumventing the conflict by blending the funds of a future line of credit to CCI at onlending rates for medium-scale enterprises at, say, 12 percent interest and for SSE's at the Central Bank's permitted ceiling of 8.5 percent. The average margin should cover the development bank's operating costs. In order to give the CCI sufficient incentive to make loans to SSE's, quotas for this class of borrower would have to be set up for each line of credit or loans to CCI. The BCEAO also intends generally to support allocation of Bank resources to SSE's.

WA2DA

October 19, 1977

Ivory Coast

Onchocerciasis (Riverblindness) Control Program

1. The first six-year phase 1974-1979 of the program is well underway. Total costs for the period are estimated at \$57.5 million, and it is expected that present sources of funds will be largely sufficient to cover these costs/ (see attached table). The participating West African countries are contributing almost \$660,000 towards the cost; the share of Ivory Coast being close to \$25,000. However, new financing requirements will arise from (a) the second six-year phase, covering the years 1980-1985, and (b) an extension of the program are proposed by the participating countries. Extension has merit on technical grounds, especially in avoiding reinfestation of treated areas; it will be decided upon during the upcoming meeting of the control programs Joint Coordinating Committee in Kuwait in early December. Extension would involve an initial phase of studies in Benin, Ghana, Mali and Togo over 1978 and 1979, to be followed by actual operations; in addition, extension work in the Ivory Coast could begin in the very near future. New financing requirements would be as follows in current prices (figures in million of us\$):

	<u>1978</u>	<u>1979</u>	<u>1980-85</u>
Phase II of present program	-	-	60-100
Extension	1.6	2.0	15-30
of which Ivory Coast	0.9	1.4	2.3
Total	<u>1.6</u>	<u>2.0</u>	<u>75-130</u>

2. Financing would be sought from existing donors, new donors and participating countries. As noted above, financial involvement in the control program by the participating countries has so far been largely taken, essentially in view of their limited resources. However, the major donors have indicated that the time has come for these countries to take on a larger share of the costs of the program -- this should especially be the case for the more affluent of the participating countries, notably Ivory Coast -- and it will certainly be difficult to argue for extension at the Kuwait meeting, without such increased cost sharing. We will therefore before the meeting be asking the participating countries to contribute to the financing of extension and,

in addition to increase their share in meeting the expenditures during the second phase of the program. In the particular case of Ivory Coast, we would expect substantial involvement in view of the economic prospects of the country and its relative prosperity.

Its share of the extension costs for 1978 and 1979 are estimated at \$2.3 million, and and we would ask them to cover 50 percent. In the case of the other countries, we would remain prudent, asking them to contribute 20-25 percent of the extension costs.

RECEIPTS AND DISBURSEMENTS OF ONCHOCERCIASIS FUND, 1974-79^{a/}
(\$ million)

	<u>1974-76</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1974-79</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Forecast</u>		<u>Total Forecast</u>
<u>Receipts</u>					
<u>Contributions</u>					
African Development Bank	0.54	0.18	0.18	0.18	1.08
Belgium	0.68 ^{b/}	0.41	0.41	0.41	1.91
Canada	1.51	0.48	0.50	0.50	2.99
France	2.84	0.81	0.80	1.00	5.45
Germany	3.58	1.66	-	-	5.24
Iraq	0.05	-	-	-	0.05
Japan	1.25	1.00	1.25	1.50	5.00
Kuwait	2.00	2.00	1.00	1.00	6.00
Netherlands	2.50	1.50	1.00	1.00	6.00
Norway	-	-	0.50	0.50	1.00
United Kingdom	2.05	1.00	1.20	1.28	5.53
United States	3.00	1.00	1.70	1.70	7.40
World Bank Group	1.75	1.00	1.50	1.75	6.00
Total contributions	21.75	11.04	10.04	10.82	53.65
Income from investments	0.42	0.10	0.15	0.10	0.77
Total receipts	22.17	11.14	10.19	10.92	54.42
Surplus from previous year	-	1.97	3.11	1.30	-
Total funds available	22.17	13.11	13.30	12.22	54.42
<u>Disbursements</u>					
Advances to WHO	20.20	10.00	12.00	12.80	55.00
Surplus carried forward	1.97	3.11	1.30	-	-
Financing gap	-	-	-	-0.58	-0.58

^{a/} The table excludes research and training expenditures of \$2.06 million financed by the UNDP outside the fund. It also excludes approximately \$537,000 of program expenditures expected to be financed by contributions from participating governments. The addition of these two items brings total program expenditures in 1974-79 to \$57.5 million.

^{b/} The Belgian contribution for 1976 (\$408,705 equivalent) is included, although it was not received until March 1977.

EPWright:cbk

Revised September 8, 1977

Mr. K. Henry
File IVC - RD
ABIDJAN OFFICE

OFFICE MEMORANDUM

ABIDJAN OFFICE

TO: Mr. J. Chaffey, Chief WA2DA

DATE August 17, 1977

FROM: K.R. Ellinger, PMWA

N° 48D

SUBJECT: IVORY COAST - Agricultural Development
- Mechanical Land Clearing.

*Copies: Brown / Timm / Feb
Fillec
Saulha
Weel*

Background

1. The Government of IVC has adopted a policy under which it is encouraging agricultural development, particularly in the Center and North. The purpose and aim is to encourage food crop - particularly paddy - and cotton production, to meet domestic demand for rice and cotton as well as increasing, or at least maintaining, cotton exports. Further aims are to provide income equality for the Savannah farmer with the forest zone farmer and reduce urbanization.

2. As part of this policy, Government decided in March 1977, to subsidize mechanical land clearing on large development blocks, the other major action being a 100 % subsidy for cotton, rice and tobacco fertilizer. A total of CFAF 3 billion (US\$ 12.25 million) has apparently been allocated to subsidize land clearing. The operation is to be based on large scale clearing of natural vegetation by means of heavy machinery and subsequent land utilizing through "block farming" implying resettlement of farmers and strictly controlled cultivation methods. Responsibility for land clearing would be entrusted to development agencies such as CIDT, SODERIZ, AVB, with or without the support of MOTOR-AGRI.

3. Before going into the economic and technical aspects, a brief summary of the natural conditions of the area :

4. The area is relatively flat, at altitudes of 300-500 m above sea level. Average monthly temperatures range from 29°C in March to 24°C in August throughout the region, except in the extreme North, where wider variations have been recorded. Rainfall declines eastward, and ranges from 1,000 mm annually in the Northeast to 1,750 mm in the Southwest. North of the 9th parallel the climate is Sudano-Guinean, with only one rainy season from May to November. South of the 8th parallel, precipitation is bimodal, with a short rainy season from March to June and a longer one from July to December. In the intermediate zone, rainfall is also bimodal but more erratic. Soils are ferralitic and relatively depleted, especially in the west, where the higher rainfall aggravates the leaching process. Profiles are variable : soils are deeper in the North, but have a better structure and fertility in the South, where the percentage of sand is lower ; the Center is a transition zone.

Div. Log. No. 213 8/31
Acknowledged by (date) _____
Action by (date) _____
Original sent to _____
W. A. _____

5. The natural vegetation is an open Savannah, primarily *Andropogon gayanus* and *Annona senegalensis* with shrubs and mixture of low (2-7 m) and high (16-18 m) trees (*Ficus capensis*, *Erythrina senegalensis*, *Mynecardia acida*, *Daniella*, *Parkia biglobosa*, etc.). Total tree coverage is around 100-300/ha, their average diameter is 10 cm for the shorter trees and 50 cm for the higher trees.

6. Traditional agricultural practices are based on shifting cultivation with long fallow periods (over 20 years) after a 3-4 year crop rotation. Land clearing is done manually and destumping is neither required nor is it practiced. Costs of land clearing are negligible.

7. Although during recent years agricultural production in the Ivory Coast has generally kept pace with increasing food requirements of the rapidly growing urban markets, it is rightly felt that traditional farming methods will no longer suffice in years to come. Generally, pressure on land is, as yet, not the major problem requiring intensified production but there is an increasing rural labour shortage and a need to increase production per hectare and per manday. To achieve this and to simultaneously introduce a greater stability into agriculture, some degree of mechanization of land cultivation is, inter alia, required. In the initial stages this might well take the form of oxenization and some mechanization. To facilitate this, improved land clearing, including destumping is required. However, the proposed system of using heavy equipment is neither technically sound nor economically defensible.

Economic and Technical Considerations

8. A principal aspect affecting the economics of land clearing is that with the technical knowledge presently available continuous cultivation of the shallow and structurally poor Savannah soils remains very difficult and uneconomic. An extension of cultivation from the present 3-4 years to, say, 8 years is feasible, thereafter decrease in soil fertility and weed growth compel farmers to continue with a 10 to 20 year fallow. The benefit from mechanical clearing is therefore restricted to a relatively short time since, after a 20 year fallow, renewed land clearing will be necessary.

9. The other principal consideration is that the soils of the Savannah are very erosion prone. Denuding them of their natural cover lays them wide open to wind and rain erosion, while their exposure to intense sun radiation tends to destroy their labile structures. The major concerns in land clearing will therefore, have to be :

- (a) minimal disturbance of the top soil level ;
- (b) minimum delay between clearing and soil coverage through cultivated crops.

Technical Shortcomings of Land Clearing with Heavy Equipment

10. The land clearing as promoted by the Government of IVC is carried out with heavy equipment parks consisting of :

- (a) D8 crawlers for tree felling ;
- (b) D8 or D6 crawlers for swathing ;
- (c) D6 crawlers for subsoiling, and
- (d) D4 crawlers for discing.

11. The important shortcomings of this method are :

- (a) the removal of most of the top soils into the swath ;
- (b) the consequent removal of any grass cover, further encouraging erosion ;
- (c) the speed of land clearing which frequently outpaces the rate of land cultivation ;
- (d) the promotion of leaching and consequent acidification.

12. There are a number of additional characteristics associated with the present system of mechanical land clearing :

- (a) By its nature it is undertaken on large blocks of land (averaging 50 ha) which tend to be remote from traditionally cultivated areas. After land clearing farmers are resettled and exposed to cultivation methods alien to them and on land which they have neither contact with nor title to ;
- (b) Large scale land clearing is carried out by or for State Development Agencies - CIDD ^{1/}, SODERIZ, AVB, etc., which are understandably interested in only a few cash crops (paddy, cotton) to the neglect of subsistence crops and proper rotations.

13. Although the reasons for discontinuing use of heavy machinery are clear, there is as yet no fully proven method to take its place. A number of systems are however under trial and appear technically and economically promising. The proposal is made here to discontinue the present method, concentrate on developing alternative approaches and only go into the land clearing campaign after such methods become available. Considerable experience is already on hand which should make the proposal politically acceptable.

^{1/} Under the Bank Group supported cotton development project, provision was made for mechanical land clearing. CIDD has drastically reduced this following disappointing experience confirming the points made above.

Comparative Costs of Different Methods of Land Clearing

14. Cost of motorized land clearing with heavy equipment including swathing, subsoiling and discing ranges, depending upon type and density of vegetation, from : CFAF 160,000 - 180,000/ha

(US\$ 655 - 735/ha)

A complete team consisting of 1 team leader, 3 tractor drivers, 1 mechanic and 3 laborers can clear about 10 ha/day.

15. A modified version of using heavy equipment has been tried by MOTOR-AGRI. Using a D6 crawler with locally made root cutter, cost per ha, excluding subsequent land preparation, is CFAF 55,000/ha (US\$ 245/ha). The disadvantages of this method, apart from mechanical shortcomings, are the continuing destruction of soil structure.

16. Tractor and Unimog mounted winches ^{1/}. CIDT has undertaken trial clearance over 280 ha in the North with other trials going on in the Centre. Cost per team, one tractor, one or two winches, team leader driver, 4 labourers were about CFAF 40,000/ha (US\$ 163/ha). Performance has been 1.5 ha/day. The major advantage being no destruction of soil structure and associated erosion, the possibility of economically clearing small dispersed plots of land.

17. Manual winches. This system has been successfully used over 10,000 ha within the framework of the Cotton Areas Rural Development Project IBRD Loan 1077 IVC. Cost per winch team consisting of one leader and two laborers was :

- in the north with lighter vegetation CFAF 540/ha (US\$ 31/ha)

- in the south with heavier vegetation CFAF 17,375/ha (US\$ 71/ha).

Excluded in these costs are farm family labour required to cut large roots, and remove or burn trunks and branches (15 manday/ha). Use of manual winches leaves the top soil intact. However, it is dangerous, having led to some accidents.

Summary

18. The method of land clearing promoted by the Government of IVC for the Savannah belt is technically and economically unsound. It leads to an artificial farming system requiring excessive Government

^{1/} CIDT uses UNIMOG vehicles.

control of cultivation practices, promotes the destruction of soil fertility, is uneconomic, as the general exhaustion of soils following six to eight years intensive cropping necessitates, as under traditional cultivation, long fallow periods. These conclusions are fully supported by the results of a comprehensive study ^{1/} carried out in 1976 on behalf of the Planning Ministry. Furthermore the ongoing survey by the Stanford Research Institute on rice cultivation in West Africa indicates that upland rice production on large scale, mechanized areas shows a negative national resource utilization. It is, therefore, in the interest of the IVC to discontinue land clearing with heavy machinery, and to expand trials to develop cheaper, more flexible and less destructive methods.

cc. Messrs van Gigch
Geli
Berg
de Matharel

REllinger/ck/aml

^{1/} Exploitations modernes mécanisées en zone de savane de Côte d'Ivoire
BARA/SEDES/CEEMAT/BNETD. December 1976.

Ivory Coast

Industry

1. Pulp and Paper/Forestry Projects. The project would be situated about 45 km north of San Pedro, encompassing a forest perimeter of about 300,000 ha and would include pulp production facilities, with a 400,000 ton yearly output capacity, to be built possibly in two stages; transportation facilities; and on- and off-site infrastructure. Total project costs in 1977 prices are estimated to exceed US\$500 million. Infrastructure (township, port-extension, road, electricity connection) would cost about another US\$50 million. About US\$2 million have already been spent on studies, mill tests and plantations. The Government's initial interest to have European and American pulp manufacturers invest in this venture failed. It thus decided to proceed with the project anyway by creating a state enterprise which would own 100 percent of the equity. A technical partner responsible for the project design, management and possibly marketing would still be needed. In April 1977 about 20 potential technical partners were invited to submit their proposals. Though no details are known, we understand that the Government received some replies. Although Bank Group participation has not yet been sought officially, the Government and their Canadian consulting firm--Monarque, Morelli, Gaudette, Laporte--keep the Bank informed on the project's progress through IFC.

2. In response to a Government request for Bank assistance in re-forestation, last October we proposed to the Government a number of alternatives based on the findings of an FAO/Bank identification mission. Economically, the most favorable proposal would have included a plantation scheme for the pulp project. However, the Government rejected this idea on the grounds that the pulp mill project was conceived as an integrated project requiring the investors to reforest the area as part of the price for the tropical hardwood they would use. Since the Government now would be its own investor through a state enterprise, it might be possible to re-open the dialogue on including a plantation scheme for the pulp project in a possible forthcoming reforestation project. A forestry project identification mission is scheduled for mid-November.

3. Mount Klahayo (Bangolo) Iron Ore Project. The iron ore deposits are located about 360 km north of the new port of San Pedro. A U.S. firm (Pickands-Mather) prepared a feasibility study for the project that was submitted to the Bank last fall. The former Minister of Finance, Mr. Henri Konan Bédié, asked us to review it without, however, officially requesting Bank assistance for the Project. Total project costs are now estimated at about US\$2.5 billion. The venture, designed as an enclave project, was originally to be sponsored by one European and one Japanese consortium. In the meantime the Japanese have, however, withdrawn their 45 percent interest and, to our knowledge, no replacement has yet been found. Thus, the start-up of the mine originally planned for 1981 is likely to be delayed by several years.

IVORY COAST

Education Sector

1. The Ivorian system of general education follows the French pattern, consisting of six years of primary school, a secondary program divided into a four-year lower cycle and a three-year upper cycle, and a tertiary level of university and other post-secondary study. Specialized technical and vocational training normally begin after the first cycle of secondary education. Since no local language is predominant, all instruction is in French, and all qualifications normally have their French equivalent. Responsibility for education and training is divided between three education ministries (Primary Education and Educational Television-MEPTE, National Education-MEN, and Technical Education and Vocational Training-METFP) and various technical ministries.
2. Since the Ivory Coast's independence in 1960, the development of its education system has been as remarkable as have been its achievements in economic growth. Enrollments have been rapidly increased at all levels, a university has been built and the quality of teachers has improved. The Ministry of Technical Education has sought to better adapt its program to the needs of the industrial sector by establishing a quasi-autonomous vocational training office and securing greater employer participation in the planning, financing and execution of training programs.
3. The 1975 national census has revealed that access to education in the Ivory Coast is more limited than was earlier believed, due to previous under-estimation of the size of the age group. As late as 1974, it was estimated that 52 percent of the 6-12 year age group was enrolled in primary school; however, the census shows that in 1975 the enrollment rate was only 46 percent. It is unlikely, therefore, that the Ivory Coast will achieve universal primary education before the mid-1990s. There is considerable regional variation in enrollment rates, with about 21 percent of the age group enrolled in the north versus 56 percent in the Abidjan region.
4. The Bank's first two projects in the sector are assisting the Government in its aim of improving vocational training, the quality of primary education, and encouraging the rational expansion of secondary education (Annexes 1 and 2). A third project whose primary objectives would be to help expand skilled and technician level training for agricultural and industrial sectors, improve access to the education system and, in selected ways, to improve the efficiency of the system, is being prepared (a project brief is attached - Annex 3).

Educational Television

5. Educational television began operation in the Ivory Coast in 1971 with broadcasts to about 200,000 first year primary school students. By 1976, instruction by television (ITV) was being provided for all six primary school classes and reached over 300,000 students or about 40% of total primary school enrollments. Currently, ITV reaches about 500,000 students or

60% of all primary school enrollments; the Government plans to achieve total coverage of all primary school students by 1986. Indicative of the importance which the Government assigns educational television, a separate Ministry of Primary Education and Television has recently been created to manage the development of the new system.

6. In cooperation with other donors, the Bank agreed in 1970 to finance the construction of an Instructional Television Production Center in Bouaké, a central maintenance building in Abidjan and over seven man-years of technical assistance. The cost of these buildings and services was about US\$2 million. UNDP, FAC, UNESCO and UNICEF contributed about US\$6 million. The total program will ultimately cost in excess of US\$20 million. The Bouaké complex, including the production center and teacher training colleges, was finished this year and is in full operation.

7. ITV has proven an efficient means for providing mass high quality instruction in languages and mathematics. The program is experiencing problems with budgetary and inventory controls, curriculum and programming and a shortage of experienced managers. The introduction of computers, the creation of a statistical unit and the provision of additional expatriate technical assistance in management positions have helped to alleviate some of the problems.

8. The major technical problems are transmission reliability and its coverage of the country: a new microwave network is required to supplement the existing system of nine transmitters. Because of the lack of electricity in some areas, receivers must be expensively equipped with batteries. The Government is also experimenting with solar batteries. The existing staff, charged with program and materials production, is overburdened.

WAPED
WA2DA
10/26/77

FIRST EDUCATION PROJECT (Ln. 667-IVC) US\$ 13.2 million
(US\$ 11.0 million + US\$ 2.2 million
supplementary financing 1/13/75)

Approved: March 25, 1970
Signed: April 27, 1970
Effective: November 27, 1970
Closing Date: December 31, 1977
Disbursements as of
September 6, 1977: fully disbursed

Project Objectives

The project sought to (i) meet manpower requirements at the skilled worker, technician and engineer level in industry, commerce and agriculture; (ii) assist in a reform of primary education aimed at improving its quality, efficiency and relevance to the country's needs; and (iii) encourage rational expansion of secondary education.

Project Description

The project comprises:

- one 250-place vocational school for skilled worker upgrading;
- two secondary technical schools with a total capacity of 2,150;
- two post-secondary technical schools, one, with 280-places, for agriculture and the other, with 810 places, for industry and commerce;
- three primary teacher training colleges with a combined capacity of 660;
- an instructional television (ITV) production center; and
- three (later reduced to two) 800-place general secondary schools.

The project also provides technical assistance for the ITV scheme and for a secondary school inventory.

Project Progress

Project implementation was delayed for about 3-1/2 years by (i) management and organizational difficulties, especially in the selection and appointment of consulting architects, and (ii) the complexity of the ITV production center. Once these problems were solved, progress in project execution, undertaken by an

implementation unit within the Ministry of Education, was smooth. With the exception of the ITV Center and the two teacher training colleges attached to it, all project institutions are entering their third year of operation. The last three institutions began functioning during the course of 1977. The project schools are functioning well, and the technical/vocational institutions are developing programs which are well adapted to employers' needs. Conclusive evidence on the impact of televised instruction on scholastic performance is still not available but television pupils are showing superior ability in use of the French language, particularly oral expression. A completion mission will be in the field in November 1977 for an in-depth review of project outcomes.

SECOND EDUCATION PROJECT (Ln. 1125-IVC)

US\$ 5.0 million

Approved: May 13, 1975
Signed: June 11, 1975
Effective: September 9, 1975
Closing Date: June 30, 1979
Disbursements as of
October 10, 1977: US\$ 1.9 million

Project Objectives

The second education project was prepared at a time when only the broad recommendations of a National Education Reform Commission were known. It was therefore conceived to reinforce achievement of objectives set forth in the first project to increase the output of skilled workers and primary teachers, and to assist in the rational use of secondary school facilities and in the introduction of televised instruction in primary school. The project was also designed to provide opportunities for a continuing dialogue with the Government on the development and reform of the education system in preparation for a third education project.

Project Description

The project comprises:

- construction and equipping of two 300-place primary teacher colleges;
- conversion and equipping of four urban vocational upgrading centers;
- technical assistance for: establishing the legal framework for the vocational centers, continuing the secondary school inventory and managing the instructional television (ITV) scheme; and
- preinvestment studies required to implement the reform proposals for introducing practical instruction in secondary education and adapting education structures to regional needs.

Project Progress

The project is being well managed by the same implementation unit in the Ministry of Education that was in charge of the first project. Construction and equipping of all project institutions are expected to be completed by October, 1977, about nine months behind schedule. Most technical assistance components are proceeding satisfactorily: legislation has been prepared to provide for the financial participation of employers in operating the vocational upgrading centers,

and studies have been completed on ITV personnel management and regional educational needs. Some of the regional study's proposals, such as village-identified training and information programs, may provide the basis for components of a third education project. The secondary education reform study has been delayed by the Ministry of National Education's reluctance to change the essentially academic orientation of lower secondary education to a more practical bias. The objectives of this project component are being achieved nonetheless through subsectoral studies related to improving efficiency at the secondary level. One study will lead to proposals for making technical secondary education more industry-oriented, and the other will examine the potential for local production of pedagogical materials.

IVORY COASTPROPOSED THIRD EDUCATION PROJECTPROJECT BRIEF

Sector: Education
Project Code: 3IVCEE03
Appraisal Date: May 1978
Date this Brief: October 14, 1977
Date last Brief: none
Project Officer: Judith A. Edstrom

A. Sectoral Context

1. An education sector memorandum for the Ivory Coast, dated September 30, 1977, reviews the sector issues and proposes a strategy for Bank lending. This brief is based on the analysis in that memorandum.
2. Government Objectives. The Government's principal objective in the education sector is to implement the education reform legislation adopted by the National Assembly in August 1977. The reform would extend the educational base to 10 years, to be followed by either vocational training or a three-year upper secondary program of specialized academic and pre-vocational streams. Within the context of reform implementation, the Government expects to increase access to education; expand vocational training and strengthen the linkages between education/training and the labor market; and increase the internal and external efficiency of education. However, the reform lacks a timetable for reaching enrollment and program targets. As a result, there is little basis for calculating the recurrent finance burden of the reform, and in turn for designing policy measures to control expenditure growth.
3. Bank Role and Lending Strategy. The Bank has financed loans totalling US\$18.2 million for two education projects in the Ivory Coast. A more detailed review of the objectives and outcome of these projects can be found in Chapter IV of the education sector memorandum.
4. The Government has still to take decisions regarding the rate of expansion of the formal system, especially general secondary education, and concomitantly the priority to be attached to development of programs for out-of-school youth. The financial and educational implications of these decisions are of long-term interest to the Bank. But the continuing uncertainty regarding the pace and nature of expansion in these education subsectors makes them less appropriate candidates for external involvement in the medium term. The Bank should concentrate instead upon actions (i) which respond to the issues currently confronting the education system, (ii) which the Government has deemed high priority, and (iii) through which the Bank, in concert with the Government, can make a useful input. Actions responding to these criteria fall into the areas of technical and skilled manpower training for the agricultural and industrial sectors, increasing access to education, and improving internal efficiency and management.

B. Project Formulation and Definition

5. Origin. A Unesco survey mission visited the Ivory Coast in January 1977. In May 1977, Bank and Government officials held discussions both on education sector policy, including a review of the initial findings of the Unesco mission, and on possible components of a third education project. It was agreed that closer Government study of the Unesco report, particularly the projections for implementation and cost of the reform proposals, should precede a decision on which project items would be prepared in depth. Hence, the project is still at a preliminary stage of identification.

6. Description. The project components would be drawn from among the following items:

(i) Agricultural Sector Training -- construction, equipment and technical assistance for:

- (a) Creation of Collèges des Métiers de la Terre (CMT) to train middle-level agricultural technicians. The staff trained at the CMT would work for the Ministry of Agriculture or parastatal agencies in the areas of supervision of extension services and plantation management. The school would have three regional satellites, and total annual output would be about 200-250.
- (b) Establishment of a program for training forestry field engineers at Banco, the site of an existing forest assistant training school. The program would probably be three years in duration following the baccaulaureate, with an output of 20 per year.
- (c) strengthening of middle-level animal husbandry training being undertaken at the Bingerville school by the Ministry of Animal Production in collaboration with the relevant parastatal agency, by improving facilities for specialized training in hog, poultry, sheep and cattle production. Output is expected to be raised from 15 to about 30 p.a.

(ii) Industrial Sector Training -- construction, equipment and technical assistance for:

- (a) 1-2 vocationally lycées for training middle-level technical personnel in 1-3 year programs. Each lycée would have an annual output of 150 skilled workers, foremen or technicians in 2 or 3 specialties relevant to the needs of the region.
- (b) 1-2 vocational training centers for training/upgrading skilled workers or craftsmen either at a training center or via mobile training units (currently a pilot scheme).

(iii) Improved Access to Education -- construction, equipment and technical assistance, as necessary, for:

- (a) An agricultural/community development program to be undertaken in Seguela and Touba in western Ivory Coast by the National Office of Rural Promotion (under the auspices of the ministries of planning and agriculture), SODERIZ and CIDT (cotton/textile development) following successful experimentation in the Boundiali region. The program aims at raising farmer productivity through both improved techniques and better community conditions.
- (b) Expansion of radio programming under the Ministry of Information through extension of the radio infrastructure, possibly in the region to be covered by the community experiment above; expansion of SERTI, the radio-television technician school; and increased programming of an information radio series being undertaken by the services of the National Progress Cup.
- (c) 290-place primary teacher training college to complete the network of teacher training colleges required to produce a sufficient number of teachers to meet the reform objective of enrolling all 6 year-olds by 1990.

(iv) Increased Internal Efficiency -- construction and equipment for:

- (a) strengthening regional primary inspectorates through accommodation, including lodging, and vehicles for about 20 inspectorates in more remote regions of the country.
- (b) strengthening science teaching at the secondary level through provision of science facilities at a number of lower and upper secondary schools.

(v) Planning and Management of Human Resources -- equipment and short-term consultant services to provide technical support to the National Human Resources Committee proposed in the 1976-1980 development plan, needed to coordinate data and policies related to manpower needs and output from the education system.

7. Project Cost. Excluding the secondary school science component (iv b) for which costs would be largely a function of the number of schools selected, preliminary estimates of project costs are as follows:

	<u>US\$</u> <u>million</u>
Collèges des métiers de la terre	10
Forestry field engineer training	3
Animal husbandry training	3
Vocational lycées	6
Vocational training centers	2
Agricultural/Community development program	4
Radio development	10
Primary teacher training	3
Regional primary inspectorates	2
Human resources committee	0.5
Project administration	<u>0.5</u>
Total	44.0

The project's foreign exchange component is estimated to be on the order of US\$25-30 million.

C. Major Issues

Level of Bank Financing

8. The lending program allocates US\$20 million for an FY 80S education project. Although this is considerably below the estimated foreign exchange component of the project as currently defined, it should not pose a problem since some items may drop out due to insufficient preparation. Moreover, other external agencies may be interested in financing several of the components, in particular, the French Government for the collèges des métiers de la terre, the African Development Bank for forestry and technical training components and UNDP for the human resources committee.

Government Financing of Recurrent Expenditure

9. Government expenditure on education is exceptionally high, with an estimated 52 percent of the current budget devoted to education in 1977, up from 40 percent in 1975. High costs per student are the principal cause of this level of expenditure: compared with other West African countries, pupil:teacher ratios are low, teachers have high formal qualifications, and expatriates are relied upon heavily at the secondary and tertiary levels. The Government does not appear to be seeking or taking any measures to reduce education expenditures; when introducing the education reform legislation, the president of the National Assembly said only that the high level of education spending necessitated efficient use of the resources. Given the impact of the present allocation of recurrent funds on the public finance situation, the issue is whether through the project the Bank can exert any influence on the Government to reduce unit costs in education.

10. As a first step, the recurrent cost implications of project components will need to be scrutinized carefully. A large share of the project is likely to be for vocational training institutions, the recurrent costs of which are often unavoidably high. Means of minimizing Government costs should therefore be investigated through, for example, employer participation in financing of operating costs of project institutions whose objectives are for specific skills development.

11. Linking Bank investment to general policy changes aimed at reducing unit costs will be more difficult, especially in view of the Government's seeming lack of commitment to limiting growth of expenditures. Experience in other education projects reveals that unless there is a fairly direct link between physical components and loan covenants, the latter are rarely adhered to fully, and harbor resentment by the Government. In this project, two physical components which may provide the basis for policy review are the primary teacher training college and facilities for science teaching at the secondary level:

- (i) Primary teacher training: the Ministry of Primary Education envisages that the primary teaching corps will progressively become staffed entirely by "instituteurs", whose salaries are 50 percent higher than "instituteurs adjoints" due to the formers' additional three years of education. The issue to be pursued by the upcoming mission is whether by financing construction of a college to train "instituteurs adjoints", the Bank can convince the Government to retain reliance on this level of teacher.

- (ii) Secondary level science facilities: Facilities for science teaching provide the only entrée for revising policy to improve efficiency at the secondary level. The mission should examine what level of Bank involvement would be required to have any impact. However, the objective of full utilization of facilities provided under the project may work at cross purposes to objectives for reducing unit costs -- and especially teacher costs -- since the first objective might require incentives to science teachers or an interim increase in the number of expatriate science teachers.

The prospects for exerting any leverage at either the primary teacher or secondary level are nonetheless weak, and the only course of action mutually acceptable to the Government and the Bank may be to exclude the above components from the project.

Project Implementation

12. Given the experience it has gained through implementation of the first two projects, the existing project unit within the Ministry of National Education (MEN) is expected to implement the third project. The multiplicity of ministries likely to be involved through the different project institutions will make its task difficult, but because of the current state of flux in the core ministries since the merger of the planning, finance, and budget ministries, no agency appears to be better placed than the MEN to coordinate project execution. However, as the project director (who is also director of MEN planning and investments) has pointed out with some dissatisfaction, the MEN was not itself a beneficiary of construction investment under the second project. If it remains in a similar position under the third project, the motivation of the project unit to implement the project efficiently could become an issue. This risk will be examined at an early stage of the upcoming mission when the project content becomes more firmly established.

D. Preparation and Processing

13. Identification documents have been drawn up for the animal husbandry, vocational lycée and agricultural/community development components, and others are expected by the end of October 1977. RMWA is following progress closely and is providing guidance to the project unit on further information required. Further discussions with the Government are necessary to resolve outstanding issues and determine which proposals are most feasible for Bank financing. A mission should therefore visit Ivory Coast by late October 1977. On the basis of a mutually-agreed list of project components, the mission should prepare terms of reference for further work needed to establish educational and technical specifications. The second education project provides funds for this preparatory work.

14. Prior to project appraisal, the following preparation work should be completed:

- (i) micro manpower analysis for agricultural, radio technician and teacher training components;
- (ii) establishment of educational and technical specifications for all project institutions including preparation of working papers, schedules of accommodation, and draft terms of reference for technical assistance;

- (iii) preparation of sketch designs and preliminary cost estimates; and
- (iv) identification of sites for all but the regional inspectorates and secondary schools (for which the number of inspectorates or schools to be assisted would be known, but determination of which sites might still require finalization).

Preliminary architectural drawings should be completed by negotiations.

15. A summary of critical steps for project preparation is as follows:

	<u>Activity</u>	<u>Responsibility</u>	<u>Target Completion date</u>
(i)	follow-up identification/preparation	Bank/ Government	November 1977
(ii)	identification and recruitment technical/educational specialists	Government	December 1977
(iii)	technical/educational specialists start work		early January 1978
(iv)	educational/technical specifications established	Government/ Consultants	February 1978
(v)	recruitment architectural consultants	Government	February 1978
(vi)	architectural consultants start work		early March 1978
(vii)	architectural design work completed	Government/ Consultants	late April 1978
(viii)	appraisal	Bank	May 1978
(ix)	negotiations	Bank/Government	November 1978
(x)	Board presentation	Bank	March 1979

16. The relatively efficient project unit and the proximity of RMWA are strong assets for the achievement of these preparation targets. However, the above schedule is very tight for a project with so many different components, and leaves little room for resolving possible differences of opinion between the Bank and the Government. As a consequence of the recommended detailed educational and architectural preparation, post-appraisal work might

be required in October 1978. Even with this additional work, the project, currently in the lending program as an FY 80S project, would still stand a good chance of an FY 79 Board presentation.

17. Intra-Bank Coordination. A Bank forestry project being prepared concurrently with the education project may include a forest technician component. WAPED and WAPA2 have agreed that this component and the forestry field engineer component in the education project should be prepared jointly at least initially to ensure conformity and linkages between the two. Some sharing of consultant staff may be possible. Discussions with staff of the regional transport divisions have resulted in informal agreement to cooperate in examining the highway sector manpower situation and training needs, with the possibility of our a) identifying a training component for a future highway project, or b) incorporating into the vocational training center component of the third education project, programs to assist in meeting the highway sector's manpower needs. WAPED will also need the advice of WAPA2 for the other agricultural training components of the project.

18. Bank-Government Dialogue. A close working relationship between RMWA, the project unit and relevant ministries is facilitating continuous dialogue and encouraging progress in project preparation.

Prepared by: Judith A. Edstrom
Reviewed by: Peter Koenig

1977 Briefing Paper

AFRICAN DEVELOPMENT BANK/FUND

I. Past Year Developments

Chairmanship

1976 was marked by the accession of Dr. Fordwor to the chairmanship of ADB. He took the helm of ADB against a background of unfavorable conditions in capital markets and deteriorating economic conditions in Africa.

Membership

ADB membership has increased recently by six to a total of 47 states with the recent accession of the Democratic Republic of Sao-Tomé and Principe, the Republic of Cape Verde, the People's Republic of Mozambique, the Democratic Republic of Madagascar, the Comoro State, and the Republic of Seychelles.

Capital Stock

During 1976, the authorized capital was increased from UA 400 million to UA 800 million divided into a paid up portion of UA 305 million and a callable portion of UA 495 million. As of April 20, 1977, instruments of subscription for a total of UA 283 million had been received.

Borrowings

The Bank made 2 borrowings during 1976; a multi currency loan of \$40 million from a syndicate of European and other banks, and of 10 million Swedish kronors from Sweden. This brought the Bank's cumulative borrowing to UA 110.47 million, of which UA 89.75 million have been used to cover ADB operational activities representing about 24 percent of the total funds available to the ordinary resources of the Bank.

Operational Activity

As of December 1976, ADB had committed UA 347 million in loans (\$416.4 million equivalent), covering 133 projects. Public utilities accounted for 35%, followed by transport 31%, industry 20% and agriculture 14%. In 1976, the Bank approved loans involving 23 member countries and totalling UA 80.45 million. This amount covered 17 individual and two multi-national projects and included six supplementary loans. However, this was 6 percent below the 1975 level when the Bank approved loans amounting to UA 85.91 million for 23 individual projects and five supplementary loans.

Other Activities

The Nigeria Trust Fund which amounts to 50 million Naira (about \$80 million) made its first lending operation of UA 2.0 million to cover

part of the foreign exchange cost for the expansion of the Yundum airport in Gambia. The purpose of the Fund is to enable Nigeria to contribute effectively towards the economic development and social progress of those member countries which are relatively less developed and which have either been seriously affected by unpredictable natural catastrophes or whose economies have been severely affected by harsh international economic events. NTF loans are granted for up to 25 years including grace periods of up to 5 years, subject to an interest rate of 4 percent per annum on outstanding balances and an annual commitment fee of 0.75 percent.

The agreement establishing the African Reinsurance Corporation (Africa-Re) came into force in February 1977 and its inaugural general assembly took place in March. Africa-Re has an authorized capital of \$15 million, 2/3 of which are available for subscription. The Bank and 25 states are now members of Africa-Re. The purpose of Africa-Re, which is geared to the world reinsurance network, is to foster the development of the insurance and reinsurance industry in Africa, to promote the growth of national and regional underwriting capacities and economic development.

II. Issues

Resource Mobilization

The Bank, under the leadership of Dr. Fordwor, has undergone a thorough reorganization. It has been restructured and its services and management streamlined. The development priorities of the Bank and its orientation have undergone some changes in emphasis and direction. In the next five years, ADB's lending program will emphasize agriculture, education, health, and projects to extend the technical and managerial capacity of Africa. The Bank-proposed five year lending program involves expenditures of over a billion dollars. The main difficulty facing ADB is financial. ADB has undertaken a serious resource mobilization effort through Afro-Arab cooperation and by approaching developed countries, with only mixed results. It is, therefore, likely that ADB will want to explore again during the Annual Meetings ways in which the World Bank could contribute to this resource mobilization effort.

Co-financing

Cooperation between the Regions and ADB has been close. There are no particular co-financing issues to be raised. A list of past and future projects proposed for co-financing is attached. WA2DB notes, however, that the African Development Fund seems to be progressively limiting its participation in its countries (Senegal, Mauritania, Guinea, and Gambia) and it may be useful to find out why.

Technical Assistance

Both the East and West Africa Regions have provided technical assistance to the African Development Bank by accepting some of ADB's loan and project officers on secondment for up to six month periods. ADB may seek further technical assistance with the establishment of a pension plan for its staff.

Other Issues

In July 1977 the World Bank sent to several regional banks including ADB a World Bank staff Report entitled "Minerals and Energy in the Developing countries." The role of international financial institutions in mineral development will probably be raised during the Annual Meetings since Mr. Knapp in his letter of July 27 (See Annex 2) has asked that this item be included in the Agenda of the Meeting of the Presidents of the Regional Banks which will be convened in Washington on September 25.

WA2DA

September 20, 1977

WORLD BANK CO-FINANCING WITH
AfDB *

(EAST AFRICA)

(WEST AFRICA)

<u>Country Project</u>	<u>Amount</u>	<u>Amount</u> <u>Bank or IDA</u>	<u>Past</u> <u>Country Projects</u>	<u>Amount</u> <u>AfDB</u>	<u>Amount</u> <u>Bank or IDA</u>
<u>FY74</u>			<u>FY72</u>		
Sudan-Third Railway	7.1	24.0	Congo Rail	2.2	6.3
			Liberia DFC	0.5	1.0
<u>FY75</u>			<u>FY74</u>		
Zambia-Telecommuni- cations	5.2	32.0	Chad-Rice	3.9	7.5
<u>FY76</u>			<u>FY75</u>		
Ethiopia-Rangelands Development	5.5	27.0	Ghana-Water Supply	4.8	10.4
So lia-Drought Rehabilitation	5.5	8.0	Liberia DFC 11	2.5	4.0
Zaire-Water Supply	6.1	21.5	<u>FY76</u>		
<u>FY77</u>			Liberia Highways	6.0	27.5
Ethiopia Revised Amibara	5.5	25.0	Chad-Polders	5.0	5.0
Kenya-S. Nyenza Sugar	5.5	25.0	Gambia-Tourism	2.1	4.0
Malawi-Power III	6.0	17.0	Niger-Third Highway	3.6	15.6
Somalia-Roads III	5.5	7.0	Congo-Railway	22.3	38.0
S land-Agriculture I (Rural Development)	5.4	4.0	Togo/Ivory Coast/ Ghana-Regional Clinker	5.0	5.0
			CIMAO	12.0	
			<u>FY77</u>		
			Cameroon, Port II	12.4	15.0
			Chad-Sategui-Daressia Cotton I	4.5	8.0
			Mali	6.0	15.5
			Upper Volta-W. Volta Cotton	5.5	3.6
			<u>Future Projects</u>		
				approached	
			<u>FY78</u>		
			Mali Rice	6.0	15.0
			Chad Highway	4.5	13.0
			<u>FY79</u>		
			Guinea Water		5.0
			Ghana Rail	4.0	10.0
			Ghana Sugar	identified	15.0
			<u>FY80S</u>		
			Ivory Coast Highway	approached	30.0

* This list does not distinguish between projects financed by the AfDB and the African Development Bank.

OFFICE MEMORANDUM

TO: Files

DATE: October 5, 1977

FROM: ^{AB} Alpha I. BahSUBJECT: 1977 Annual Meetings - African Development Bank/Fund

1. The Meeting with the African Development Bank/Fund, September 30, 1977 was attended by Mr. Christopher Kahangi, Deputy Director, Operations Department, representing the AfDB; and by Messrs. de la Renaudière, Chaffey, Géli, Denning, Westebbe, Dyck and Bah, representing the Bank.

General Points

2. Mr. Kahangi noted that the regular meetings between the African Development Bank (AfDB) and the World Bank to review their annual program of activities in Africa were most useful and had led to better coordination between both banks. Nevertheless, follow-up action to these meetings could be improved and Mr. Kahangi suggested an exchange of quarterly follow-up (status) reports to the yearly meetings. We agreed to forward the quarterly report of co-financing with appropriate project descriptions to AfDB. Mr. Kahangi proposed that the next coordination meeting be held in Washington in mid-November. The initiative of firming up the date was left to the Bank. He informed us that the Research Department of AfDB had been re-organized into a Policy Planning Department. AfDB hoped that senior economists from our Eastern Africa and Western Africa Regions could visit them in the near future to advise on terms of reference, work program and staffing. In this connection, Mr. Westebbe will visit AfDB during his next mission to IVC. Mr. Kahangi also expressed the hope that AfDB economists could join Bank economic missions on occasion as well as some regional/sector missions. Mr. de la Renaudière encouraged this cooperation and it was agreed that Mr. Westebbe would review our economic work program to determine how this could be achieved.

Operations

3. Mr. Kahangi indicated that the following projects, among others proposed for co-financing at the last Annual coordination Meeting, have been included in AfDB's pipeline^{1/}:

<u>Chad</u> -	Highway III
<u>Ghana</u> -	Railways
<u>Ghana</u> -	Sugar ^{2/}
<u>Mali</u> -	Rice ^{3/}
<u>Liberia</u> -	Monrovia Water Supply

Mr. Kahangi said that AfDB was interested in the possible co-financing of the Liberia Forestry Project. He proposed the following projects for IBRD co-financing:

<u>Ivory Coast</u> -	Ghana Coastal Road
<u>Upper Volta</u> -	Tambao
<u>Niger</u> -	Power
<u>Liptako-Gourma</u> -	Telecommunications

^{1/} Inclusion in the pipeline is, in general, tantamount to agreement to finance.

^{2/} Procedure for inclusion not yet completed, but expected soon.

^{3/} Mr. Kahangi handed out AfDB's appraisal report on this project and indicated that AfDB will not send representatives to the negotiations on this project between Mali and the Bank. He also said that AfDB is financing several projects in Mali and would, therefore, be reluctant to co-finance any further projects in the near future.

4. Mr. de la Renaudière said that the Bank was aware of the existence of these projects but had not decided to co-finance any of them. He indicated that the Bank would, however, review the proposed Ivory Coast-Ghana Coastal road for possible co-financing.

Follow-Up

1. We agreed to propose to AfDB the date of the next annual coordination meeting.
2. We agreed to send a quarterly report of co-financing operations to AfDB.
3. Mr. Westebbe will visit the Policy Planning Department of AfDB while in Abidjan this Fall.
4. We agreed to forward the Liberia Forestry Project brief.
5. Mr. Kahangi will send Mr. Chaffey the new AfDB organization chart and supporting job descriptions.

Cleared with and cc: Mr. Dyck

cc: Messrs. de la Renaudière, Chaffey, Clift, Denning, Soges, Berg, Brandreth, Cole, Salazar, Guetta, Dyck, Géli, Gillette, Eigen, Westebbe, Boya.

Ausb:lv

OFFICE MEMORANDUM

TO: Files

DATE: October 4, 1977

FROM: René H. Springuel *RHS*

SUBJECT: 1977 Annual Meeting - ADB

1. Messrs. Stevenson and I met Mr. Aithnard, Assistant Director, Policy Planning and Development, African Development Bank (ADB) at his request, on September 29. Mr. Diamond joined us for the first part of the meeting but had to leave because of another engagement.
2. Mr. Aithnard explained that ADB had just hired Mr. Melian, a Tunisian, who will work full time as secretary of AAFDI under his supervision (Mr. Aithnard was previously part-time secretary of AAFDI). The role of the secretariat is to prepare the AAFDI yearbook, organize seminars and meetings, publish a quarterly information bulletin (news of (i) members; (ii) inter-african cooperation; and (iii) flow of financial resources) a liaison bulletin (articles on subjects of interest for the members) and special bulletins on the proceedings of meetings and seminars. The Bank (Mr. Gordon) was on the distribution list of these publications. Mr. Aithnard promised to add EDI.
3. ADB believes that failure of rural development projects is most often due to lack of good managers and has asked ILO assistance to organize a training program for such managers. The objective would be to train about 100 managers per year. Two programs with the same curricula, one in French, one in English would be run at the same time in the same place to facilitate interchange between the groups of countries. The course would consist of a first seminar (4 weeks) and a second one (3 weeks) with 8 months of work back home in between. Each group would include 25 francophones and, in a parallel group 25 anglophones. Participants would be mostly engineers and technicians and the emphasis would be on financial analysis, financial administration, accounting and inventory control.
4. The plan is to start a first course in Abidjan in 1980 and eventually to have 8 centers in various countries (e.g. Nigeria, Algeria) with visit to rural development projects in these countries an integral part of the course. The period 1978-1980 will be utilized to identify the needs for manager training. Priority will be given to training managers for ADB and IBRD financed projects. ILO is asking \$2 million to organize and deliver the training but ADB is thinking of running the program itself with some selected ILO staff. Could EDI assist them with trainers, scholarships?
5. More generally, ADB plans to set up its own institution, not in competition but in cooperation with EDI. It will have training facilities in its building presently under construction and Mr. Simon Gaba has been put in charge of developing a program. In principle about 40% of the training will be for DFC's in cooperation with AAFDI, 25% for agriculture and rural development and 35% for other subjects. ADB will need substantial EDI assistance for trainer's training.

.../...

6. Mr. Stevenson mentioned the seminar for course directors and promised to let them know whether there is still room for anyone from ADB. He stressed that while we finance expenses of participants in seminars in the organization of which we play a large role, we have not provided scholarships to other seminars and he did not think this likely. The priority given to personnel of ADB or IBRD projects was not relevant in this respect. UNDP, the Common Market or Bank loans would be more likely sources of scholarships.

7. As regards the organization of the ADB training center, Mr. Aithnard said they were considering having their own hostel rather than using existing hotels which tend to be expensive. Mr. Stevenson underlined that EDI experience shows the advantage of keeping the participants as much together as possible. Mr. Aithnard also mentioned that member states would be asked to pay part of the cost of the seminar. Mr. Stevenson suggested it was important to keep control of the travel arrangements (and thus possibly to finance them) to insure that participants would arrive on time. Financing by the governments of other costs could insure their interest in the training.

cc. Messrs. Frost
Stevenson
Sirken
Lamson-Scribner
Srinivasan
Karcher

Messrs. Diamond
Gordon
Guetta
Nouvel

Messrs. de la Renaudière
Gué

RHS/mlp

AFRICAN DEVELOPMENT BANK

Principal Officers

Kwame D. Fordwor	President
A. F. Kodock	Vice President
G. E. Gondwe	Vice President
Mr. Segunro	Vice President
Mr. Kerdoudi	Vice President

Office of the President

M. Bouallegue	Advisor (Special Duties)
N. S. Mohareb	Deputy Director
E. A. Winful	Advisor (Management)
G. R. Aithnard	Assistant Director

Secretary General

M. L. Yuma	Secretary General
------------	-------------------

Operations Department

G. Dossou	Director of Operations
C. Kahangi	Deputy Director

Finance Department

B. N'Diaye	Director of Finance
------------	---------------------

General Administration
and Personnel Department

I. B. C. John	Assistant Director
M. Mouskoura	Assistant Director

OFFICE MEMORANDUM

TO: Files

DATE: October 17, 1977

FROM: Peter Koenig, Loan Officer, WA2DA

SUBJECT: IVORY COAST: Annual Meeting Discussions

1. The meeting took place on September 28, 1977. Minister Abdoulaye Koné (Economy, Finance, and Planning), Governor of the Bank, headed the Ivorian delegation, which also included: HE Thimothée Ahoua N'Guetta, Ivory Coast Ambassador to Washington; Messrs. Naka, Director General, CAA; Kpatchibo, Director of BSIE; and from the Ministry of Economy, Finance, and Planning, Messrs. Diarra Oumar, Director, Development Institute; Souleymane Koné, Director Exterior Finances; Kra Kouadio, Director, "Programmes Pluriannuels," and Amany Gnissan, Chef de Cabinet. Mr. Duncan, Chief of Studies, BCEAO, was also a member of the delegation. The Bank delegation was led by Mr. Chauffournier^{1/} and included Messrs. de la Renaudière, Thalwitz, Géli, Chaffey, Dyck, Westebbe and Koenig.

Investment Program

2. Minister Koné said that his Ministry would examine from now to the end of 1977 the investments foreseen for the remaining three years of the five-year investment program in order to single out viable high priority projects. On that basis the Government would evaluate the need for borrowings geared to individual projects with the aim of improving long-term borrowing conditions. In this context Mr. Chauffournier added that we might consider in the future joint project financing with commercial banks to help improve average lending conditions.

3. It was agreed that the Bank would send a programming mission at the beginning of 1978 to review with the Government the investment program and the relationship of the Bank's five year lending program to it.

SSE's

4. Mr. Koné would like the Bank's interest rate policy for SSE's, currently against BCEAO regulations, to be more flexible. He would like to circumvent the use of the interest subsidy fund and conflict with the Central Bank. He said that the Central Bank's regulation could only be changed in agreement with all member countries.

5. Mr. Chauffournier explained the Bank's rationale for the high onlending rate to SSE's (12 to 13%) as coverage of the risk to the Development Bank, encouragement of commercial banks to enter the sector, and mobilization of savings. Mr. de la Renaudière pointed out that the interest rate restriction imposed by BCEAO applies only to very small enterprises. He therefore proposed as an alternative that the Bank could lend to the Government which, in turn, would onlend the funds to the development bank (CCI) at an average interest rate equal or slightly higher than the Bank's current lending rate, but with an element of cross-subsidization, the onlending rate for very small scale enterprises being much lower than for the other subprojects. The Ivorians

^{1/} Mr. Chauffournier left the meeting after about 45 minutes and Mr. de la Renaudière took the chair.

objected to this proposal and would rather have the Development Bank lower their operating costs to be able to live with a smaller spread. Ideally, the Bank should not fix the onlending rate from CCI to SSE's.

6. Mr. de la Renaudière finally proposed that CCI's operating costs be studied with a view of lowering them and that our next line of credit to CCI could be composed of a blend of funds for medium-scale enterprises at interest of about 12 percent and, for SSE's at the Central Bank's allowed ceiling rate of 8.5 percent. The average margin should be enough to cover CCI's operating costs. This proposal was acceptable to the Ivorian delegation and was also sanctioned as a viable solution by a subsequent meeting with representatives of BCEAO.

Mechanization of Agriculture

7. Mr. Koné said that the Government would push labor intensive agricultural projects to the extent possible. However, there was currently a shortage of farm workers from neighboring countries and young Ivorians did not want to work with primitive tools but wanted modern machines. The Government had to take these facts into account if it did not want to risk serious disruptions in the agricultural sector. Mr. Chauffournier said that our preoccupation with mechanized agriculture concerned particularly the risk of soil destruction and potential technical problems. He recommended that these aspects be studied more carefully before the Government launch an active mechanization program.

Rural Development

8. Mr. Koné was interested in the Bank's support for rural development projects and in this context would welcome a speedy indentification by RMWA of the Savannah East project.

Forestry

9. Mr. Koné agreed with a project identification mission, tentatively scheduled for mid-November 1977. He added that since the Pulp and Paper Project would now be a full Government undertaking (through a new state enterprise to be created for that purpose), he would also envisage that a plantation scheme of a possible Bank project could be combined with the Pulp and Paper project.

BIDI

10. Mr. Koné mentioned disbursements under the line of credit to BIDI (Loan 1177-IVC signed in December 1975) were still a problem (as of August 31, 1977 no funds had been disbursed) and that Mr. Diby did not like to pay the commitment charge for funds he could not use. Mr. de la Renaudière replied that the principal bottleneck for disbursements was the fact that subprojects prepared by BIDI did not include all the information generally required by the Bank, a problem which was discussed with Mr. Diby and is expected to be resolved shortly.

Riverblindness

11. Mr. Chaffey reminded Mr. Koné of a cable (September 14, 1977) sent by the Bank to the Ivorian Government asking for their agreement to extend the program over several years, requiring an increased Government contribution of about \$0.5 to \$1.0 million. Mr. Koné agreed in principle but before making a firm commitment he would like that all participants give their consent to the extension of the program's scope.

Fourth IDA Replenishment

12. Mr. Chaffey also reminded the Minister of an outstanding Ivorian contribution of US \$21,000. Mr. Koné said he would look into the matter and make sure that further delay of the payment could be avoided. Copies of pertinent correspondence and documentation were subsequently handed to Mr. Naka.

Cleared with and cc: Mr. de la Renaudière

cc: Messrs. Chaufournier
Thalwitz
Hittmair
Géli
Chaffey
Dyck
Westebbe
Denning
Berg
Guetta
Lav

PKoenig:lv

C

STATUS OF BANK GROUP OPERATIONS IN THE IVORY COAST

A. Statement of Bank Loans and IDA Credits
(As of August 31, 1977)

<u>Loan or Credit No.</u>	<u>Year</u>	<u>Borrower</u>	<u>Purpose</u>	<u>US\$ Millions</u> (less cancellations)		
				<u>Bank</u>	<u>IDA</u>	<u>Undisbursed</u>
Eight	Loans	Fully Disbursed		45.5		
667-2-IVC	1975	Ivory Coast	Education	2.2		0.3
686-IVC	1970	Ivory Coast	Cocoa	5.3		0.7
760-IVC	1971	SODEPALM	Oil Palm & Coconut	5.1		0.2
761-IVC	1971	Ivory Coast	Highways II	20.5		0.2
837-IVC	1972	Ivory Coast	Highways III	17.5		2.2
938-IVC	1973	SOCATCI	Rubber	8.4		2.1
406-IVC	1973	Ivory Coast	Highways IV		7.5	2.7
981-IVC	1974	Ivory Coast	Telecom- munications	17.4		17.1
1069-IVC	1975	Ivory Coast	Cocoa II	20.0		17.2
1076-IVC	1975	Ivory Coast	Abidjan Sewerage	9.0		7.3
1977-IVC	1975	Ivory Coast	Cotton	31.0		29.1
1124-IVC	1975	Ivory Coast	Tourism	9.7		9.1
1125-IVC	1975	Ivory Coast	Education II	5.0		3.5
1161-IVC	1975	Ivory Coast	Highways V	43.0		28.1
1162-IVC	1975	CCI	DFC	5.6		5.6
1177-IVC	1975	BIDI	DFC	8.0		8.0
1297-IVC/1	1976	CIMAO	Industry	3.5		3.5
1347-IVC/1	1976	Ivory Coast	Urban Dev.	30.0		30.0
1348-T- IVC/1	1976	Ivory Coast	Urban Dev.	14.0		14.0
1382-IVC/1	1977	SODEPALM	Oil Palm IV	20.0		20.0
1484-IVC/1	1978	Ivory Coast	Water Supply	16.0		16.0
TOTAL				336.7	7.5	216.9
of which has been repaid				11.5	-	
TOTAL now outstanding				325.2	7.5	
Amount sold				5.2		
of which has been repaid				2.9	-	
TOTAL now held by Bank & IDA				322.9	7.5	
TOTAL UNDISBURSED				214.2	2.7	216.9

/1 Not yet effective.

B. Statement of IFC Investments
(As of August 31, 1977)

<u>Year</u>	<u>Obligor</u>	<u>Type of Business</u>	<u>Loan</u>	<u>US Dollars Equity</u>	<u>Total</u>
1965	Banque Ivoirienne de Developpement Industriel	Industrial Development Bank	-	204,000	204,000
1977	Ets R. Gonfreville, S.A.	Textiles		880,000	880,000
	Total gross commitments		-	1,084,000	1,084,000
	Less cancellation, sold or repaid		-	-	-
	Total commitments now held by IFC		-	1,084,000	1,084,000

C. Projects in Execution

Ln. No. 760

First Oil Palm and Coconut Projects: Three loans for a total of US\$17.1 million of June 13, 1969; Closing Date: December 31, 1975. Second Oil Palm and Coconut Projects: Two loans for a total of US\$7.0 million of June 22, 1971; Closing Dates: June 30, 1975, and November 30, 1977.

These projects are being implemented satisfactorily and are almost fully disbursed. The oil mills financed in these projects processed about 220,000 tons of fruits in 1974. The planting programs are proceeding well.

Ln. No. 686

Cocoa Project: US\$7.5 million Loan of June 5, 1970; Effectiveness Date: November 27, 1970; Closing Date: October 31, 1977.

The Cocoa Loan has been amended to reduce the number of hectares to be rehabilitated. Difficulties arose in supervising large numbers of farmers who used project inputs to treat non-project cocoa. The Government agreed to substantially reduce the size of the rehabilitation program. (See Memorandum to the Executive Directors R73-74 of April 13, 1973.) The project was originally scheduled to be completed in September 1976. However, with the signing of the Second Cocoa Project (Ln. 1069-IVC), administration of the two has been combined and an estimated 3,200 ha of cocoa plantings were transferred from the first to the second project. Savings of US\$2.2 million resulting from the amendment (R73-74) and the merging of the two projects were cancelled at the date of signature of the second project. Physical execution of the first project is therefore considered to be completed. The final disbursement has been delayed due to a confusion over documentation requirements and processing by the Government external debt agency. When this disbursement, and the final payment of capitalized interest have been made, approximately US\$200,000 would remain for cancellation.

Ln. No. 761

Second Highway Project: US\$20.5 million Loan of June 22, 1971; Effectiveness Date: January 31, 1972; Closing Date: December 31, 1977.

Execution of the project was satisfactorily completed in September 1975. The funds remaining under the loan are being used to finance the supplementary urban studies for Abidjan, initiated under the Third Highway Project.

Ln. No. 837 Third Highway Project: US\$17.5 million Loan of June 23, 1972; Effectiveness Date: May 4, 1973; Closing Date: September 30, 1977; (proposed extension to June 30, 1978).

The maintenance and betterment programs are progressing satisfactorily. Construction work for the pavement strengthening program started in March 1975; contract amount is about 120 percent over appraisal estimates due to inflation and modification of design standards. The Government has agreed to finance all overruns. Construction of the bridge and the urban development study for Abidjan have been satisfactorily completed.

Cr. No. 406 Fourth Highway Project: US\$7.5 million Credit of June 28, 1973; Effectiveness Date: May 8, 1974; Closing Date: June 30, 1978.

Construction works on the road started about one year behind schedule and progress since then has been slower than expected. Project costs are about 70 percent above appraisal estimates due to inflation and adoption of higher construction standards than originally envisaged. The Government will assume financing of all cost overruns. Construction of the N'zi River bridge and the feeder road study have been satisfactorily completed.

Ln. No. 938 Rubber Plantation Project: US\$8.4 million Loan of October 23, 1973; Effectiveness Date: April 15, 1974; Closing Date: December 31, 1980.

Due to slow progress in the planting program and as a result of higher-than-expected inflation, funds under this project will only cover plantation of about 7,000 ha which is not expected to be completed before 1979 (the total foreseen at appraisal was 13,500 ha). Co-lenders met in January 1976 to decide on the continuation of the planting program. The Bank has agreed to amend the Loan Agreement to reflect the reduced planting (Memorandum to the Executive Directors R-76-240 of September 29, 1976).

Ln. No. 981 Telecommunications Project: US\$25.0 million Loan of May 3, 1974; Effectiveness Date: January 31, 1975; Closing Date: June 30, 1979.

The Government has awarded the contract for switching equipment to other than the lowest evaluated bidder. Thus the amount earmarked under this loan to finance the equipment (US\$7.6 million, including contingencies) has been cancelled as of May 17, 1977 (R77-128). Financing by the Bank of the remaining three components is expected to proceed in accordance with the guidelines.

Ln. No. 1069 Second Cocoa Project: US\$20.0 million Loan of January 10, 1975; Effectiveness Date: September 30, 1975; Closing Date: June 30, 1980.

More than 50 percent of the total planting foreseen for the five-year project period was completed in 1976. Block plantings have been lagging behind due to

difficulties in infrastructure development. Disbursements are currently two years behind project execution due to problems in establishing a system to provide the necessary documentation and format for withdrawal applications. A recent agreement with the Caisse Autonome d'Amortissement to have withdrawal applications prepared by the executing agency should speed up the process.

Ln. No. 1076 Abidjan Sewerage and Drainage Project: US\$9.0 million
Loan of January 17, 1975; Effectiveness Date: January 19,
1976; Closing Date: June 30, 1979.

After about one year's delays due to procurement decisions, the project is now progressing satisfactorily.

Ln. No. 1077 Cotton Areas Rural Development Project: US\$31.0 million
Loan of January 17, 1975; Effectiveness Date: June 4, 1975;
Closing Date: March 31, 1982.

Physical progress of the project under CIDT is in line with appraisal estimates and overall performance of CIDT is satisfactory. As a result of overestimated increase in demand for food crops, marketing of the crops has caused problems. Although the village water supply and feeder road program was originally delayed, appropriate measures have now been taken to implement both programs. Disbursements are currently two years behind project execution due to problems in establishing a system to provide the necessary documentation and format for withdrawal applications. A recent agreement with the Caisse Autonome d'Amortissement to have withdrawal applications prepared by the executing agency should speed up the process.

Ln. No. 1124 Tourism Development Project: US\$9.7 million Loan of
June 11, 1975; Effectiveness Date: January 19, 1976;
Closing Date: September 30, 1981.

Three sub-projects (US\$2.9 million, US\$2.5 million and US\$400,000) have been approved.

Ln. No. 1125 Second Education Project: US\$5.0 million Loan of June 11,
1975; Effectiveness Date: September 9, 1975; Closing Date:
June 30, 1979.

Good progress is being made in provision of technical assistance. The studies of regional training needs, legislation for vocational training and management of educational TV are under way; plans are well advanced for the preparation of an inventory of secondary school facilities. The design of project institutions is some twelve months behind schedule, but is now proceeding satisfactorily.

Ln. No. 1161 Fifth Highway Project: US\$43 million Loan of September 5,
1975; Effectiveness Date: November 4, 1975; Closing Date:
June 30, 1979.

Construction of the Anyama-Agboville road and the pavement strengthening program started at the beginning of 1976. Consultants have started the engineering studies provided for under the project. UNDP was originally to

finance the updating of the transport survey but cannot do so due to lack of funds. The Government has agreed to amend the Loan Agreement to include financing of the survey in this loan.

Ln. No. 1162 Small-Scale Enterprises Project: US\$5.6 million Loan of September 5, 1975; Effectiveness Date: February 2, 1976; Closing Date: June 30, 1979.

The first two sub-project have been approved; others are being prepared by Credit de la Cote d'Ivoire, the project's financial intermediary, and are expected to be submitted to the Bank shortly.

Ln. No. 1177 BIDI DFC Project: US\$8.0 million Loan of December 12, 1975; Effectiveness Date: September 10, 1976; Closing Date: December 31, 1979.

The first three sub-projects have been approved; others are being prepared.

Ln. No. 1297 CIMAO Project: US\$3.5 million Loan of June 28, 1976; Closing Date: December 31, 1980; not yet effective.

The first regional industrial venture in West Africa, co-financed by seven other official aid agencies, is proceeding satisfactorily. Financing arrangements are on schedule. Procurement for the industrial components is proceeding according to plan.

Ln. No. 1347 Urban Development Project: US\$44.0 million. Loans (US\$30.0 million and US\$14.0 million on Bank and Third Window terms respectively) of December 15, 1976; Closing Date: December 31, 1980; not yet effective.

Work has started on the East-West Highway and most of the contracts for studies and technical assistance have been awarded. Bidding documents for the shelter component are being prepared.

Ln. No. 1382 Fourth Oil Palm Project: US\$20 million Loan of March 30, 1977; Closing Date: December 31, 1979; not yet effective.

Plantation for the first year is progressing satisfactorily.

Ln. No. 1484 Secondary Centers' Water Supply Project: US\$16.0 million Loan of September 9, 1977; Closing Date: September 30, 1981; not yet effective.

IVORY COAST

Prospective Operations

Agriculture

1. The Ivory Coast has a clear advantage in the production of coffee, cocoa, oil palm products, copra, pineapple and bananas in the forest zone, and, to a lesser extent, in the production of cotton, groundnuts, rice and maize in the savannah. Introduction of appropriate techniques, including intermediate mechanization and concomitant increases in productivity, will make agriculture more attractive to Ivorian self-employed farm owners (as opposed to hired farm laborers) and could thus help stem the ongoing rural exodus to the towns. Hence, agriculture, which is, apart from banana and pineapple plantations and forestry, virtually completely in Ivorian hands, offers a good opportunity to strengthen local participation in the economy. The lending program will increasingly shift away from single export crop projects towards integrated rural development projects, taking account of the Government's intentions to give the agricultural development institutions an integrated, regional role. However, a follow-up traditional estate planting rubber project in the southwest region has been included in order to continue the opening up of this underdeveloped region and to serve as a catalyst for future, more integrated smallholder development. In rural development, emphasis will be given to developing the economic potential of the north, which depends primarily on agriculture integrated with livestock and on the processing of agricultural raw materials.

2. Two rural development projects are being prepared for presentation in FY79. The first, in the northeast, will assist small farmers by the provision of extension and credit facilities and include a livestock component. The second project would be linked to a rubber estate plantation in the southeast and would comprise a substantial element of support for the development of smallholder participation.

3. The lending program includes a follow-up cotton project in FY80 which may include some rural development components and a forestry project in FY81 which will focus on institution building in the sector. This project could possibly be advanced to FY79. Provision is also made for a fifth SODEPALM project in FY81, should our renewed intervention then prove desirable. An unidentified rural development project is included for FY82.

Industry

4. Three follow-up industrial line of credit projects have been included in the program. They would continue the institution building support to Crédit de la Côte d'Ivoire (CCI), the financial intermediary, and the Office National de Promotion de l'Entreprise Ivoirienne (OPEI), the pertinent technical assistance agency, which was begun under the first small-scale enterprise project. The innovative model approach to certain typical sectors applied under the first project will be further evolved. The Government has requested that an industrial estates component be included in one of these projects. BOAD, the West African Development Bank, has already responded favorably to this request.

5. The Bank also plans to make further loans to the Banque Ivoirienne de Développement Industriel (BIDI) for the support of medium-scale industry enterprises. BIDI, which is primarily foreign owned, caters more to traditional industrial investment. But it is efficiently run and forms a suitable intermediary for Bank intervention as it shifts towards locally controlled ventures. A follow-up tourism credit project is also under consideration. If agreement can be reached that the focus will be on the development of small-scale, Ivorian-owned hotels and associated industries serving the tourism sector, the project will be added to the program or combined with the CCI II project scheduled for FY78.

6. Both the Bank and IFC have been involved in preliminary discussions on two major industrial projects - Mount Klahoyo Iron Ore and San Pedro Pulp and Paper. Both projects will require huge investments estimated as high as \$2.5 billion for the former. No provision has been made in the program for them pending clarification of the Government's intention to proceed with them. If the Government were formally to request Bank participation, we would have to consider whether we have the staff and financial resources to do so. The Bank may also be approached shortly to help with energy distribution, in this case the product of the recently announced successful off-shore oil drillings. Such a project may make more sense at the macro level than, say, the iron ore project, and we intend to give it serious attention if so requested.

Education

7. The Government places very high priority on education, allocating over 50 percent of current budget expenditures to the sector in 1977. Their policies toward education and training have been under review for several years. Based on a report of the National Commission for Education Reform of 1975, emphasis has been placed on reducing the high cost of education, correcting geographic maldistribution of educational facilities, and gearing education more to the economy's needs for managerial and technical skills which so far have been met largely by expatriates. The Bank has supported this redirected policy. The Second Education Project has, apart from providing primary teacher training colleges and improvement of vocational training and educational television, laid the groundwork for directing training and education towards practical needs, in particular those of rural development.

8. A third education project in FY80 and a possible fourth project in FY82 are expected to further support this policy reorientation. It is anticipated that the regional studies being undertaken with the financial assistance of the Bank will identify a number of rural education and training project items which will help redress the maldistribution of facilities. The objective of these studies is to identify training and educational programs which are tailored to each region's sociological and developmental needs. The construction of a new secondary teaching training facility at Bouaké may also be a feasible project item. The project would accelerate the ivorianization of teaching staff and remove teacher training from the urban elitist environment at the University of Abidjan. A third element would be small business development training and extension schemes to complement existing credit facilities and contribute to increased productivity and employment in

the informal sector. Finally, management training for Ivorians for all sectors would help to eliminate the near monopoly which expatriates have on high level management positions. Other actions which will be supported include those which would shift the burden of financing education and training at the secondary and tertiary levels, to those who benefit from it. The development of vocational alternatives to secondary education deserves a high priority as does a more serious effort to adhere to the targets established by manpower planners.

Urban Development

9. The Ivory Coast has experienced rapid urban development, mainly as a result of an influx from rural areas and neighboring countries. The Government made deliberate efforts to control the pace of urban growth, primarily by supporting development outside the urban centers. But urban growth is expected to continue, although at a reduced rate. For instance, Abidjan is expected to grow from a present population of about one million to about 1.65 million in 1980, and 2.2 million in 1985. It will be increasingly difficult for the cities to provide the newcomers with employment, decent housing and other urban services. The Government has recognized that its past policies did not fully meet the needs of the mass of the urban people, in particular those of the poor. A Special Report on Employment and an Abidjan Urban Development Study, which the Bank financed under a previous highway project, and discussions with other donors, have helped to redirect the urban development policy. In the transport sector this redirection includes limiting investments geared to private car use, fuller utilization of existing infrastructure for public transport, and integration of employment centers and residential areas. In the shelter sector, equally, a fuller utilization of existing facilities will be required. Upgrading of neighborhoods rather than "slum removal" will be the new strategy. To stimulate self help by the people living in these neighborhoods, more secure land tenure and other incentives, such as credit and technical assistance, will be provided. To make housing affordable technical standards will be lowered and restrictive building codes will be modified. Costs will be recovered from beneficiaries and the eligibility for public support will be limited to the poor.

10. The first urban development project attempts to reinforce and implement this policy, partly by providing urban infrastructure and partly by putting into place the institutional framework and procedures for further evolving, monitoring and maintaining the new initiatives. A proposed second project, planned for FY80, would carry further the low-cost housing programs, possibly again in conjunction with high-priority urban transport facilities. It would probably be largely directed towards urban development outside Abidjan. Depending on the pilot project supporting informal sector activities in the project area, which is being sponsored by the CCCE, the new project would contain a special employment creation component.

Public Utilities

11. A power distribution project is planned for FY80. The project would aim at replacing expensive thermo-production in secondary centers by connecting them to the main grid which links large hydro-production centers.

12. In the sewerage and drainage sector, the facilities available in Abidjan are totally inadequate. About 65 percent of the population dispose of their waste water in open pits and unlined water courses. Serious flooding of low-lying, densely-populated areas occurs repeatedly. Past Bank involvement under the First Sewerage project, supplemented by a sewerage component in the Urban Development Project, has helped to create an effective institution (Société d'Équipement des Terrains Urbains - SETU) and introduced a master plan for an effective development of this sector. The sewerage works included in the first project represented essentially the first of three phases of the master plan: an emergency operation to provide urgently needed facilities. The second and third phases will be larger and cover more extensive works, including construction of a sea outfall, to protect the groundwater and lagoons against the increasingly serious danger of pollution. It is not expected that the revenue from sewerage charges and property taxes introduced under the first project will finance a large portion of the necessary investments, thus additional resources will be required. A second sewerage project is scheduled for FY78 and may include the preparation of a sewerage program in urban centers outside Abidjan, which could be supported later as part of a third sewerage project.

13. The Ivorian Government has adopted an ambitious investment program for water supply designed to provide, by 1980, all of the country's administrative centers with piped systems and all villages with 100 inhabitants or more with wells or boreholes. The Bank supports the objectives of this program which will reduce regional disparities in basic services and provide piped water to the poorest sections of the community. Under its second cocoa and cotton area rural development loans the Bank contributes to the Government's well program, by earmarking US\$6.5 million for well construction. A secondary centers water supply project was approved in FY78. It includes the improvement and extension of existing and construction of new water supply systems in secondary centers and technical assistance to strengthen the sector's financial and technical management. A follow-up project is planned for FY81.

14. Our participation in the drainage and water supply sectors has explored rather than clarified some major problem areas. In formulating its physical plan objectives, the Government has paid insufficient attention to the problems of determining the appropriate level of resources to be allocated to the sector, the appropriateness of other sources of financing and, perhaps above all, developing the concept of self-financing in the sector. As a result, the Bank has had to give considerable attention to the financial management aspects of the early projects presented or under preparation. Considerably more work remains to be done on understanding the relationship of the Government's economic and social objectives of improvements in these fundamental services with resource allocation at the macro level and improving users' capacity to pay at the sectoral level.

Communications

15. High investments in the transport sector in the past have provided the country with a well-developed transport infrastructure. The Bank has placed emphasis on strengthening the country's major transport axes and linking

the agricultural areas to the nation's urban centers and ports. The five road projects financed thus far total US\$94.3 million. The fifth highway project will substantially complete the primary road network of the country, thus allowing a shift in emphasis for Bank lending to secondary and feeder roads to make better use of earlier investments. A major problem in this sector lies in the inadequate planning capability and in the lack of overall coordination and evaluation of transport policy and investments. This has been recognized by the Government and a planning and research unit is being created in the Ministry of Transport and Public Works under the fifth highway project. The Bank has also been closely associated, as executing agent, with the UNDP Transport Survey of the country, which has recently been updated and will continue to serve as a basis for determining future priorities among transport investments. However, other subsectors (rail, port, air and other maritime transport) are still deficient in planning- and policy-making capacity. This has led to overly high standards and ambitious proposals for these subsectors in the current plan, such as the creation of a national maritime fleet. Careful re-examination of these programs could result in substantial savings. The sixth highway project (FY80) will further reinforce the capacity of the Government to maintain its roads through technical assistance and training.

16. A feeder roads project, which will be based on a feeder roads study financed by the Bank, will be presented in FY78. The project will include continued support for the highway maintenance program started under an earlier Bank project. A seventh highway project is scheduled for FY82.

17. The railway system managed by the Régie du Chemin de Fer Abidjan-Niger (RAN) which is jointly owned by the two Governments of Ivory Coast and Upper Volta, provides the main link with the north and Upper Volta. RAN is implementing a five-year (1975-80) investment program with the help of European development institutions. A first Bank loan of US \$23 million to RAN (to be complemented by an IDA Credit of US \$5.2 million to Upper Volta) will focus on the realignment of about 90 km of the track from Bouaké to Tafiré, technical assistance to RAN and rolling stock (which will be co-financed by CIDA). The project was presented in October 1977 and a follow-up project is planned for FY81 to complete the track realignment to Tafiré. Bank involvement will ensure that in determining the alignment for this last stretch, full account will be taken of the feasibility study included in the first phase project.

WA2DA
October 19, 1977

IVORY COAST

IBRD Lending Program FY78-82
(US\$ million)

FY78

Sewerage	29.5
Rubber	20.0
Feeder Roads/Highway Maintenance	29.0
Railways	23.0
Water Supply	<u>16.0</u>
	117.5

FY79

S SSE	10.0
Smallholder Rubber	10.0
BIDI	10.0
Rural Development (North)	<u>20.0</u>
	50.0

FY80

S Education	20.0
Urban	20.0
S Highways VI	30.0
Cotton/Rural Development	20.0
Power	<u>20.0</u>
	110.0

FY81

Forestry	15.0
Railways II	30.0
Rural Water II	25.0
SODEPALM	30.0
Tourism II	25.0
Unidentified	<u>25.0</u>
	150.0

FY82

Rural Development	20.0
Highways	30.0
Power	20.0
DFC	15.0
Unidentified	20.0
Unidentified	<u>25.0</u>
	130.0

September 12, 1977



THE NEWS MEDIA IN IVORY COAST

The media is government controlled. Mr. Laurent Dona Fologo, the Minister of Information, has cooperated with the Bank's public affairs activities. In February 1977 he gave the opening speech to a development seminar organised in Abidjan for francophone West Africa journalists by the Bank's Information and Public Affairs Department.

(a) Newspapers

Fraternite Matin

Mr. Laurent Dona Fologo, formerly a journalist, was the chief editor of "Fraternite Matin", the country's only newspaper (daily circulation 30,000). He remains a member of the Board of Directors.

Mr. Auguste Miremont, is now chief editor. He wrote two editorials recently on the positive role the Bank plays in international development. He was a leading participant in IPA's seminar.

(b) Magazines

Voix d'Afrique

This political and economic bi-weekly magazine (circulation 15,000) was launched early 1977. It is independent but within party guidelines. Mr. Kafoumba Fadiga is Director General.

(c) Radio

Radiodiffusion Television Ivoirienne is the most extensive and influential medium in the country. It is based in Abidjan, with nationwide coverage. It reaches all sectors of society, especially the rural poor. It transmits in local languages and in French for 144 hours a week. News bulletins are frequent and there are educational broadcasts for schools not reached by TV.

...../.....

(d) Television

The TV service began in 1963 and now has four stations reaching most parts of the country. Daytime broadcasting is largely devoted to a pilot project in educational television designed to improve the country's primary education system. Partly financed by the World Bank (through a \$13.2 million loan for a first educational project approved in April 1970), the project became operational in 1971. During the school year 1971-2, over 450 classes with some 20,500 pupils throughout the country were receiving about 8 hours a week of televised instruction. A teacher-briefing session is also broadcast at the end of each schoolday. The number of programmes and of schools and classes served will be stepped up until the whole school system is fully served.

(e) News Agencies

The Agence Ivoirian de Presse (AIP), founded in 1961 under the Ministry of Information, is the national news agency. It has some 45 correspondents in various parts of the country outside Abidjan. Foreign news are received through the daily services of Agence France Press, Reuters, UPI and DPA (the German News Agency). AIP supplies all information media in the country. It also produces a daily French-language bulletin and a fortnightly bulleting in English. Mr. Tao Issiaka, the director of AIP, is also president of the Association of African News Agencies. He attended IPA's Abidjan Seminar as an observer, and participated in an IPA press briefing in Abidjan in September this year to explain the Annual Report. AIP gave coverage to this year's report and Annual Meeting Speech.

Information and Public Affairs Department
October 18, 1977

K

INTERNATIONAL FINANCE CORPORATION

BRIEFING PAPER

Current Matters

IVORY COAST

1. IFC Regional Representative: Mr. P. B. Quan, IFC's recently appointed Regional Representative, will be in Abidjan from October 25 to establish IFC's office there.
2. Project Pipeline:
 - (a) Access to World Capital Markets. IFC's assistance has been requested for improving Ivory Coast's access to international bond markets. The authorities will be writing to IFC shortly to specify questions to be discussed and to propose the timing of a visit to Washington by an Ivory Coast delegation.
 - (b) Domestic Capital Market. An IFC pre-appraisal mission is scheduled to visit the Ivory Coast starting about November 7 to discuss, together with the stock exchange, a French-Canadian securities firm and Societe Nacional de Financement (SONAFI), the creation of a securities firm which would primarily manage investment trusts.
 - (c) Direct IFC Investments. IFC has had preliminary discussions on a glass bottle project and a clinker grinding project.

Existing IFC Investments

IVORY COAST

<u>Date of Commitment</u>	<u>Company</u>	<u>Business</u>	<u>Original Commitment</u>	<u>Investment Held for the Corporation (7/31/77)</u>
				(\$'000)
1965	Banque Ivoirienne de Développement Industriel (BIDI)	Development financing	205.8	205.8
1976	Ets. R. Confre- ville S.A. (ERG)	Cotton-based textiles	884.7	884.7