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Ivory Coast: Special Report on Employment

(In Three Volumes)

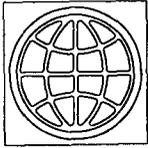
Volume I

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Western Africa Regional Office

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CURRENCY EQUIVALENTS

Currency Unit: CFA Franc (CFAF)

A fixed parity exists between CFA and the French francs:

FF 1 = CFAF 50

The CFA franc floats against the dollar. Between February 12, 1973, and the end of January 1974, the rate has fluctuated as follows:

US\$ 1 = CFAF 205 - 255

It is recommended that the following rates be used for the conversion of CFA francs into US dollars and vice versa:

1968 and earlier years:	US\$ 1 = CFAF 247
1969 :	US\$ 1 = CFAF 256
1970 :	US\$ 1 = CFAF 278
1971 :	US\$ 1 = CFAF 272
1972 :	US\$ 1 = CFAF 256
1973 :	US\$ 1 = CFAF 230

WEIGHTS AND MEASURES

1 Metric Ton (t)	=	2,205 lbs.
1 Kilogram (kg)	=	2.2 lbs.
1 Kilometer (km)	=	0.62 mile
1 Meter (m)	=	3.28 feet
1 Hectare (ha)	=	2.47 acres

This report is based on the findings of a Special Mission on Employment organized by the IBRD with participation from the I.L.O. The Mission visited the Ivory Coast in March-April 1973, and Mr. Westebbe discussed the draft report with the Government in February 1974. The Mission consisted of the following members:

- Richard M. Westebbe (IBRD), Chief
- Jean Mouly (ILO - Economics Branch), Macro-economic aspects
- Harold Lubell (ILO - World Employment Programme), Urban employment
- Judith Edstrom (IBRD), Education and training
- Orville Grimes (IBRD), Rural Employment

The report consists of the following volumes:

- Volume I - Summary and Conclusions
- Volume II - The Main Report and Statistical Appendix
- Volume III - Annexes

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I. THE EMPLOYMENT SITUATION IN THE IVORY COAST IN SUMMARY

A. Background

1. The Ivory Coast has achieved an enviable development performance among the less-developed nations. It has used the potential of its rich forest lands to increase the output of tropical products for expanding export markets. Abundant foreign capital and technical expertise have been combined with growing domestic resources to finance the infrastructure and services needed for export agriculture and the establishment of Abidjan as the nation's major center of industrial and service activities. Private investment has been encouraged by the liberal and pragmatic policies of the central government. New employment opportunities and rising incomes have been generated in the plantations and family farm units producing cocoa, coffee, palm oil, rubber and other products in the south, and in private and public wage and salaried activities, mainly in urban centers.

2. In the last two decades, the Ivory Coast changed from a predominantly traditional rural economy with a relatively even income distribution to one producing an increasing share of its national income in commercial crops and modern industrial and service activities in locations where optimal use could be made of its resource endowment. These rapid growth circumstances produced an inevitable widening in income differentials between rural and urban areas, between the major rural zones, and between occupational and educational groups. The dominance of expatriates in the upper income strata of the economy has even increased in the process. The response to the widening of income gaps and opportunities has been a marked shift of the Ivorian rural population to the south and particularly to the cities, and a steady influx of workers from neighboring countries to meet the demand for low-wage unskilled labor in forestry, agriculture, and urban activities to do jobs which are unattractive to Ivorians. Rapid growth has also been accompanied by a widening gap between the expectations of the growing educated Ivorian labor force and the opportunities for what they regard as acceptable wage and salaried employment. Finally, a large part of the population is still engaged in low productivity work mainly in rural areas, but increasingly in the cities, and poses a serious problem to the alleviation of poverty alongside relatively rapid development.

3. The Ivory Coast's future growth prospects are good, but the authorities are becoming increasingly concerned with the implications of these growing imbalances for the next stage of development strategy, as they could well disrupt the social stability characteristic of past growth. The critical issues for policy makers can be identified. In the urban economy, a growing number of people, including immigrants from other African countries, will not be able to find jobs in the cities. At the same time the urban social reception system and its extended family support tradition is decreasing in effectiveness. This report places particular stress on the urban informal or unorganized sector (defined later), which has the greatest new rural labor absorption potential. Current urban policies inhibit the growth of employment in the informal sector, and do not make adequate provision for the socio-economic problems which will accompany the inevitable continued growth of the cities.

4. The social value system gives enormous prestige to urban public-salaried employment and threatens to create a class of educated youth whose expectations will be frustrated. The education and training system contributes to this mismatch by turning out graduates, in greater numbers than ever, who do not have proper qualifications for available jobs. The system of income distribution contributes to economic dualism and works counter to rural employment and distribution objectives. In addition, regional policies and resource allocations are not adequately developing economic alternatives to the over-concentration of people and investment in Abidjan (see Chapter I, the Main Report, Vol. II).

B. Structure of the Labor Force and Employment

The Labor Force and Employment

5. In the Ivory Coast, as in most developing nations, conventional measures of employment, unemployment, and underemployment can give little more than an indication of the general magnitude of the employment situation. This is a result of the large numbers of family units fully employed in subsistence agriculture and the low productivity of a large part of the urban labor force. In the absence of an unemployment insurance system, the extended family still provides a formidable buffer and income redistribution mechanism to the many who would otherwise be without jobs and means to survive. Unfortunately, the data base needed to accurately assess this situation is deficient. Accordingly, it is of prime importance that a full national census be carried out as a basis for an employment based national strategy. Planners have a critical need for reliable demographic, income, migration, occupational, and training data in order to understand the characteristics of the labor force, and the incentives to which it will respond.

6. A rapid expansion of employment is imperative. The resident population is growing at 3.3 percent annually of which 2.3 percent is the natural increase and 1 percent is due to net immigration, although recent Ministry of Plan figures (not based on a census) suggest that the overall population growth rate may have been 4.1 percent annually between 1965 and 1973. These estimates also show higher population figures for Abidjan than did the sources available to the mission in 1973. The natural rate of population increase is expected to rise in the next two decades, mainly because of continued declines in the death rate. Immigration will depend on economic conditions in neighboring countries and the ability of Ivory Coast's own population to meet the demand for rural labor needed for export crop growth. Successful efforts to raise productivity in Ivorian agriculture will reduce the labor force gap and contribute to narrowing urban/rural income differentials. Nevertheless a continued, although reduced, inflow of non-Ivorian Africans is forecast, leading to a projected overall population increase of 2.9 percent annually by 1985. If migration stays at the levels of the recent past, the overall population growth rate will be higher. In 1970, non-Ivorian Africans made up an estimated 21 percent of the total resident African population, 13 percent of the rural population (excluding seasonal migrants), and 28 percent of the population of Abidjan.

7. Between 1965 and 1970, the total labor force grew from 1.96 million to 2.30 million, while estimated employment grew from 1.90 million to 2.165 million. In the rural economy, the increase in the labor force, including seasonal workers from neighboring countries, remained in balance with employment opportunities; the inflow of foreign workers filled the gaps left by the outflow of Ivorians to the cities. The real imbalances occurred in the cities where employment rose by 90,000, leaving a residual of some 60,000 without jobs. Nominal unemployment would on this basis have risen from 22 percent of the urban labor force in 1965 to 27 percent in 1970 or, as a percentage of the total African labor force, from 4 to 6 percent in this period.

8. These figures are not true indicators of social distress or unemployment in the same measures as they would be in advanced industrial societies. First, in the rural areas unemployment does not exist, as all family members participate in activities of the farm enterprise. There is, however, considerable rural disguised unemployment, although it is difficult to measure with available statistics. Yet productivity is low, and largely accounts for labor force participation rates (in relation to the population of working age) of close to 80 percent. A good part of the estimated urban unemployment consists of those at least partly educated, who can voluntarily withhold labor until they find the right kind of modern sector job because of the extended family system. Another portion consists of less-qualified discouraged workers who are no longer actively seeking work. Finally, as will be shown, the bulk of the labor force works in the informal sector, particularly in Abidjan. Employment here, including part-time petty commerce by dependents, is difficult to measure due to the inadequate data base; consequently, unemployment is also difficult to estimate. Official labor office figures on registered unemployment include only part of the unemployed and generally exclude non-Ivorian Africans.

9. Projections for the future provide ample reason for concern that labor force imbalances will increase markedly. In 1970, 23 percent of the population lived in urban areas (4,000 and over). Urbanization may reach 43 percent by 1985, and Abidjan will remain the principal urban center with 19 percent of the total population by that time. The significant income premium attached to forest zone employment is expected to lead to continued outmigration from the savannah. Thus, although the rural population (including seasonal migrants) may rise from 3.6 to 4.5 million between 1970 and 1985, the population of the savannah is expected to decline from 1.2 million to just under one million. Even the contact zones between the forest and savannah are expected to experience significant outmigration. The population of the forest zone is expected to grow by 4.2 percent annually.

10. The total labor force is projected to rise to 841,000 between 1970 and 1980, an increase of 73 percent of it in urban areas and 34 percent in Abidjan alone. Higher than current urban female participation rates would raise the urban labor force estimate. On the assumption of an average annual growth in real GDP of 6 percent, the demand for additional labor will total about 820,000 against a supply of about 840,000 continuing the rough overall balance

between jobs and workers observed in the past. However, the increased demand for rural labor at 531,000 is more than double the likely additional supply of rural labor due to internal migration to the cities, while the added demand for urban labor at 288,000 is less than half the estimated rise in the urban force. New modern sector (formal) employment in urban areas is projected at less than a fourth of the added urban labor force (see the Main Report, Tables 1 & 2). Employment in this sector expands far less rapidly than the value of output.

11. Under these circumstances, the urban unemployment problem may become acute. In contrast, shortages of labor in rural areas will tend to reduce disguised unemployment through increases in rural productivity as well as employment of many more rural workers from neighboring countries (see Chapter II A and B, the Main Report, Vol. II).

Characteristics of the Labor Force

12. Structural imbalances in the labor force must be seen in the context of the economic dualism which has developed due to the rapid recent growth of modern capitalistic production in the Ivory Coast. Subsistence agriculture and traditional native markets exist side by side and are intertwined with organized export-oriented commerce. Rather than employ the terms traditional and modern, distinguished in official manpower and national income data, the report refers to the informal and formal sectors which better reflect the dual economy of the Ivory Coast.

13. Informal sector activities range from the traditional artisan to those employing up-to-date technologies, generally on a small-scale petty-capitalistic basis in manufacturing, trading, and services. It also includes most small-scale rural non-farm activities and, in the quantitative estimates used in this report, subsistence agriculture. Other typical characteristics include the following: a) ease of entry, b) reliance on indigenous resources, c) family ownership of enterprises, d) wage employment outside the officially regulated labor market, e) skills acquired outside the formal education and training system, f) unregulated and competitive markets, g) large sales of goods and services to high income groups in the formal sector, and h) expenditures mainly for internal transactions such as food and personal services. In general, the informal sector produces a great deal of employment using production functions closely related to the economy's factor endowments, particularly labor. The sector represents a transition between the modern and traditional, is not fully enumerated in official statistics on employment and output, and is not subject to social legislation. The nature of the informal sector makes a precise definition difficult. This concept is further explored in the Main Report (Chapter II C, and III A).

14. The informal sector is most striking in the urban areas where it represents the mechanism by which most urban poor find some sort of employment. Indeed it offers a high degree of upward mobility in an economic system which denies most of them jobs in the formal sector (private and public). On the

other hand, the informal sector is also the source of considerable social distress and exploitation of the poor. In the economy as a whole, according to a recent study, 1/ 1970 informal non-salaried employment including subsistence farmers amounted to 1.6 million, informal salaried employment to 334,000, and formal salaried employment to 256,000. Over 90 percent of informal non-salaried employment was in agriculture which grew by only an estimated 2 percent annually between 1965-70. 2/ However, the growth of informal sector employment in secondary and tertiary activities was 8.2 and 10.7 percent respectively, among the highest rates in the nation. Informal agricultural salaried employment grew by 7.7 percent, mainly on family coffee and cocoa plantations. Only formal industry and construction employment showed a comparable rate of 8.9 percent in this period, starting from a low base.

15. The estimates used in the study are based on 1965 data and project employment on the basis of estimated changes in sectoral valued added. As such they probably seriously understate actual employment in the slums of the urban areas. One indication of this is that the figures are based on an urban labor force participation rate of 61 percent in 1970, versus 79 percent in the nation. Whereas socio-economic studies of parts of Abidjan's squatters and lower income settlements show very high proportions of part-time income earning activities by dependents.

16. The most striking structural imbalances in the labor force concern the large and increasing number of non-Ivorian Africans; their numbers rose from 19 to 23 percent of the working age population between 1965 and 1970, and constituted 29 percent of Abidjan's labor force in 1970. In the aggregate non-Ivorians took almost as many salaried jobs between 1965 and 1970 as did Ivorians. The non-Ivorians, mainly from Upper Volta, but also Niger, Mali, Dahomey and other African countries, are usually less educated and more willing to do work unattractive to Ivorians. Thus non-Ivorians concentrate in low-paid, unskilled manual jobs in agriculture and in urban areas. Ivorians dominate the higher paying salaried jobs in modern agriculture such as vehicle drivers and farmers. Nevertheless, in export agriculture, Ivorization has not progressed rapidly as Ivorians held the same proportion of positions in 1970 as they did five years earlier. Ivorians, however, took close to two-thirds of the new jobs in the mainly urban secondary and tertiary sectors in the five-year period. At the upper levels of skills and income, non-African employment rose by 60 percent between 1965 and 1970. European expatriates held 92 percent of the top management jobs (cadre superieur), and 79 percent of the next category (cadre moyen) in 1970.

1/ Image Base 1970, Vol. I, Emploi, SETEF.

2/ The estimated active labor force producing industrial and export crops rose from 1,283,000 to 1,476,000 between 1965 and 1970 while the active labor force in food crop farming, livestock and hunting fell from 286,000 to 257,000 in this period.

17. The education and training of the labor force cannot be quantified with any precision, yet is critical to understanding the position of the Ivorians in the labor force. The vast majority of workers are illiterate although this is changing rapidly as primary schooling now exceeds 50 percent of the school-age population. Due to the spread of modern technology and methods, the demand for trained workers has been rising. Yet the proportion of workers with no technical training in 1970 was still quite high: 90 percent in agriculture, 74 percent in secondary activities, and 57 percent in tertiary activities. (See Chapter II C and D, the Main Report, Vol. II.)

C. Employment, Productivity, and Incomes

18. As has been shown, the potentially serious social impact of high nominal rates of urban unemployment is offset by an extended family system which distributes even limited incomes widely. The high labor force participation rates in general are statistical indications of the low productivity and incomes of a considerable part of both the urban and rural labor forces. In rural areas as well as squatter settlements, virtually all able members of the family constitute the labor force and income base of the family unit. The following table shows the wide differentials between the productivity of the labor force in rural and urban occupations in both the informal and formal sectors.

VALUE ADDED (AT FACTOR COST) IN 1970 PER CAPITA
BY ACTIVITY (FORMAL AND INFORMAL)
(in thousands of CFAF)

Branch	Productivity	
	Informal	Formal
Primary	54	431
Secondary	137	603
Tertiary	560	992
Total	73	762

Note: These figures are derived by dividing sectoral value added by the sectoral active labor force. Informal, tertiary sector value added is probably overestimated as the urban informal labor force is underestimated (see paragraph 15).

Source: Image Base, op. cit.

The low productivity of agricultural employment is particularly marked. On the other hand, informal sector productivity in tertiary activities is as much as half of the labor productivity in formal tertiary employment, which includes Government. These figures go a long way toward explaining the income inducements to migrate.

19. Formal sector employment is covered by a system of official minimum wage scales in both rural and urban areas. In the upper ranges of occupations, wages are usually above the minimum as skilled labor is scarce and Europeans are paid considerably more than Africans with the same training and experience. At the lower range of skills actual wages and minimum wages correspond, no doubt reflecting the ready availability of non-Ivorian unskilled labor who exert relatively little pressure on official wage determination.

20. Minimum wages in agriculture are well below those in industry and services. An average agricultural minimum income is about a third that of the lowest administrative employee in Abidjan. In agriculture, Ivorians contribute 30 percent of all employees but earn 38 percent of all wages. In contrast, Europeans constitute 1 percent of the salaried labor force, but receive 23 percent of the wage bill. Low productivity in much of agriculture and a pricing mechanism that tends to produce unfavorable terms of trade for farm products, as well as a lack of efficient marketing and distribution systems, cause a lag in agricultural incomes compared with other sectors. However, the regular upward adjustment of guaranteed producer prices for cocoa and coffee have generally maintained the real incomes of producers of these two crops. Even in agriculture, a large disparity exists between savannah farm incomes and those of forestry areas growing higher value crops. In 1970, the per capita money income of rural inhabitants was CFAF 3,400 in the savannah region of the north, CFAF 17,100 in the center, and CFAF 23,600 in the south. As a consequence, there has been a steady drain of labor away from the savannah. But recent efforts to grow such cash crops as cotton and rice have begun to favorably affect per capita incomes in parts of the area (see Chapter III A, and IV B, the Main Report, Vol. II).

Income Distribution

21. Statistics on income in this report are necessarily indicative, given the lack of data. Value added per worker (in 1970 prices) in informal agriculture, including subsistence farming, rose by 1.5 percent per annum between 1965 and 1970 compared with modern (formal) sector increases of 6.1 percent in agriculture, 4.1 percent in industry and construction, and 5.2 percent in administration (including Government). Small-scale agriculture (export and food crops) provided 80 percent of local estimated employment in 1970 (down from 83 percent in 1965), but produced only 28 percent of national value added at factor cost (down from 34 percent in 1965). The entire modern sector (formal) employed 11.6 percent of the working labor force in 1970 (up from 9.9 percent in 1965), but earned 58 percent of value added in 1970 (up from 53 percent in 1965).

22. These figures require some clarification in light of the improvements in income levels experienced by substantial numbers of workers and their families who migrated. The relatively low annual growth rate of value added in family export- and industrial-crop agriculture may be explained by the fact that total numbers employed rose by 15 percent in this sector in the period 1965-70. Mission estimates show (Table 8 of the Main Report) that real per capita earnings in forest and contact zone agriculture probably did not rise at all between 1965 and 1970. Nevertheless, the substantial numbers who migrated from the savannah with monthly incomes of CFAF 283, and from neighboring countries with comparably low incomes, were able to find jobs with an average monthly income of between CFAF 1,500 and CFAF 2,000. Similarly, the apparent failure of average per capita incomes to rise in traditional (informal) industry and construction reflects the large number of migrants who depressed average wages, yet substantially improved their income positions; the 1970 value added per capita of a secondary worker in the informal sector was two and one-half times that of an informal sector agricultural worker.

23. The urban informal sector constitutes one of the most interesting possibilities of absorbing surplus urban labor. However, not enough is known about this sub-economy and social mechanism to form the basis of a comprehensive urban employment strategy. As noted, it is a sector of transition between traditional and modern, and also one of extremes in poverty and relative affluence. It contains the poorest most recent migrant living in squatter settlements, as well as the wage earner and entrepreneur using technologies not far removed from those of the large modern foreign-owned enterprises in Abidjan's industrial park.

24. Socio-economic studies indicate that many informal sector incomes are close to or exceed the minimum official wage for lower-level workers. In Adjame, a large quarter of Abidjan, the average monthly income per family was more than double the average in rural areas. The distribution of income is also quite uneven, as in one area 48 percent of the families received three-quarters of the area's income. Even in the new town of San Pedro in the southwest, incomes in unplanned squatter settlements were comparatively high for many occupations. Because entry is free, informal sector incomes probably better reflect the market clearing wage, although again there is a strong division between Ivorians and non-Ivorians in job acceptability.

25. In summary, the low productivity of much of the Ivory Coast's rural areas, together with expectations and an education system which lead Ivorians to eschew many kinds of work, are the major reasons for migration towards urban secondary and tertiary jobs.

Migration and Expectations

26. Migration takes several forms and includes rural seasonal movements, permanent shifts to the forest zones, and the rural exodus to urban areas. (Abidjan's population has been growing at 9.5 percent annually and all urban areas combined by 6.1 percent annually.) Migration is influenced by a whole

set of factors relating to the social value system which, in the case of the Ivory Coast, reinforce the tendency to move to Abidjan. Among those factors are the education system, the prestige of salaried government employment, and the psychological impact of making /Abidjan the show-case of the nation.

27. The Ivory Coast is perhaps unique in having an open-door policy which permits the surplus labor of its impoverished neighbors to find jobs within its borders. Income differentials between the Ivory Coast and Upper Volta are approximately 5 to 1. The movement of labor from lower to higher productivity uses creates an important regional benefit and has the economic advantage of giving the Ivory Coast the type of labor force needed to achieve its output goals in urban and particularly agricultural areas.

28. The rural Ivorian with some education has greater access to the most lucrative urban jobs than does an unschooled farm worker, particularly if the latter is a foreigner. Accordingly, the propensity to migrate among those with some schooling is high and rises with the number of years of education. Surveys show a markedly higher migration rate among villagers who know French than among illiterates, and also among women who have a particular incentive to move to the city to break out of the traditional patterns and hardships of rural life.

29. Despite the existence of formal intergovernmental agreements with Upper Volta to recruit labor for plantation and forest work, most non-Ivorian African migrants find their own jobs and often end up in Abidjan. The effective informal network of family and clan ties greatly facilitates the flow of information about jobs. In some cases Ivorian migrants receive monetary assistance from their families in the villages. It is, however, likely that the extended family will tend to break down as the number of migrants dependent on it rise, and those with established incomes acquire urban attitudes and loosen their ties with the village. 1/

30. Further, as more migrants become educated, the structural imbalance between people's expectations of finding the kind of urban jobs sought and their availability will increase. This will have an effect on the families who encouraged and financed the youth in seeking opportunity in the city as well as upon the job hunter who cannot return to the farm and its way of life. Salaried urban employment expands far less rapidly than output and value added. Government, which used to absorb nearly all the secondary and university graduates, will simply not be able to cope with the number who will appear on the labor market in the next few years. These budgetary constraints require the Government to severely limit the past rapid growth of current expenditures, particularly for personnel. The challenge for public policy will be to take steps in education and other fields to develop attitudes towards work more conducive to economic realities, to encourage the growth of the informal urban sector where opportunities can expand most rapidly, and to press for rapid agricultural productivity increases and improvements in the rural way of life (see Chapter III B, The Main Report, Vol. II).

1/ SEMA - CASHA, "Etude Socio-Economique de la Zone Urbaine d'Abidjan." Report No. 13.

D. Public Sector Policies and Resource Allocations

31. The public sector plays an important role in employment creation by its influence on factor prices through institutional and market intervention. These in turn influence the proportions of capital and labor used. Further, government by its direct investments in public works and participation in enterprises can critically affect the location and type of economic activity.

32. Official wage scales establish differentials between rural and urban wages, particularly for the unskilled labor force. These differentials are not always related to productivity differences and, indeed in the case of basic foodstuffs, may reflect the desire to keep the cost of living of urban consumers down. More important reasons for low returns to farmers are the deficiencies in marketing, transport, and distribution as well as the need to find and apply appropriate technologies. In urban areas attempts to spread minimum wage scales, licensing requirements, fiscal measures, and apprenticeship rules to informal sector activities can make these activities less competitive with better organized larger scale firms in the formal sector. Fiscal policy, of course, does not always favor the large over the small. Yet the system of industrial incentives is so complex that its net impact on employment is often difficult to determine, if indeed employment is a major consideration at all ^{1/} (see Chapter II, The Main Report, Vol. II).

33. Modern formal sector growth in the Ivory Coast has been heavily based on foreign technology, capital, and skills. The amount of labor absorbed in this sector is still relatively small and only amounted to some 20 percent of total new jobs created in the economy between 1965 and 1970. Yet, the high rates of economic growth in this sector have led to high rates of growth of employment which in the past have absorbed a large proportion of the better-educated youth. For example, secondary formal sector output rose by 15 percent, and employment by 8 percent in this period. Another effect of formal sector growth is that high wages paid to expatriates have been the basis for raising Ivorian salaries in the upper ranges of both public and private employment, thus further widening internal income differentials.

Regional Development

34. Regional development policy outside Abidjan has been concentrated in three zones: ARSO (Autorite Regionale du Sud Ouest) centered on the new town of San Pedro; AVB (Autorite de la Vallee de Bandama) containing the town of Yamassoukro; and the Korhogo region in the north, with the traditional market centers, Boundiali and Ferkessedougou, under the purview of the Ministry of the Plan. The precise administration arrangements for this region are still under discussion. Development, however, has not been confined to those three regions. A considerable amount of economically important investment has also been undertaken throughout the country in such basic infrastructure as roads, electricity, and schools.

^{1/} A special report on the industrial sector will discuss the impact of government industrial policies and the system of protection.

35. The southwest is a sparsely inhabited region of largely subsistence farmers. Originally, it was supposed to receive the bulk of the 75,000 displaced people from the Koussou Dam region. Instead, only 2,700 people have been attracted and housed in new villages there, requiring a high cost per settler. San Pedro on the other hand has grown rapidly, largely through the influx of spontaneous migrants from other urban areas who have established a thriving informal economy. ARSO has also reportedly been able to attract a good deal of modern enterprise to use the elaborate infrastructure and urban housing base it has created in San Pedro.

36. The AVB was originally set up to resettle largely to the southwest the people from the Kossou Dam and to develop the surrounding region containing about half a million people. It has lacked funds and authority to do more than resettle some 60,000 of them who would not move to the southwest. However, this has resulted in a substantial upgrading in the standard of living of the new villages located throughout the forest and contact zones near the Bandama Valley. Important efforts are underway in the regions as well to create new poles of high value employment such as the sugar plantation and processing facilities at Ferkessedougou.

37. In general, regional development policy has had the effect of widely dispersing efforts outside of Abidjan, but has not concentrated on potential poles of development, with the exception of San Pedro, that could serve as at least partial alternatives to Abidjan. The regional agencies have demonstrated their competence in dealing with current problems of development and making plans for the future, but they lack the authority and the necessary resources to carry out plans and programs (see Chapter IV B and V B, The Main Report, Vol. II).

Urban Development

38. Abidjan is the principal focus of the Government's urban policies. It is remarkable among the rapidly growing cities of the developing world in having a political administration which adheres to a master city plan and clears slums standing in the way of the predetermined path of land uses and structures. But the city plan concerns mainly physical land uses and is not adequately related to the socio-economic needs of Abidjan. Public services such as water are available, although piped water reaches the homes of only 25 percent of the population. A further problem is the equitable distribution of water to the lowest income classes who now use public fountains. Developing adequate sewerage and drainage are also major unsolved problems. The situation threatens to deteriorate further in light of the expected rapid population growth and the delay in completing plans for improvements.

39. The critical issue for urban employment is housing policy. Official policy goals are twofold, and at least in the short run somewhat contradictory. The first objective is to raise the standard of low-income housing; the second is to increase the total supply of housing fast enough to keep up with the expected rapid increase in effective demand resulting from a growing population and rising income levels. The contradiction arises from the fact that raising

the physical standard of housing involves major slum clearance activities, hence massive destruction of existing low standard housing. It is estimated that the dwellings of close to one-fifth of the inhabitants of Abidjan were destroyed and the occupants displaced in the period 1969-73.

40. In major areas, public housing agencies have rehoused part of the displaced population, many of whom cannot pay even minimum subsidized rents, and thus move on to recreate slums outside the officially planned zone. Plans exist for making lots available with minimum services for what are defined as the lowest income employed persons and some transitional building lots to "pre-urbanites". A dilemma exists between desiring to upgrade living conditions in Abidjan, yet not wanting to encourage further in-migration with the availability of new improved facilities.

41. Official policy results in the destruction of self-built housing with its traditional courtyard, and replacement with standard collective housing projects. The effect is to reinforce urban tendencies to replace the extended family system by dismantling the reception structure for new migrants. Most importantly, the quarters partially destroyed (such as Adjame and Port Bouet) were thriving centers of informal sector activity and employment, although at the same time the breeding place for a number of social problems. The Ministry of Construction and Urbanism maintains that its policies have done a great deal to improve living conditions in the former towns and indeed for those who benefit from the better housing, this is true. The Ministry disagrees with our analysis about the economic importance of the informal sector and in any event believes the population and the number of poor are far less than the most recent Ministry of Plan estimates indicate. Current policies will nevertheless not stop migration which, as has been shown, takes place for good objective and subjective reasons. Rather, such policies will discourage the growth of an economy able to absorb the migrants, and thus increasing social costs while reducing the benefits society can obtain from the informal sector. Instead, it would be better to plan self-built housing settlements, in appropriate locations in recognition of the inevitability of continued urban growth.

42. The inevitability of continued urbanization poses the problem of whether to let growth concentrate in the metropolis or to try to divert it to other, necessarily smaller, urban centers. There is little doubt that Abidjan has substantial potential for growth of output and employment. Although the per capita social overhead of further urbanization may rise in view of the need for such costly items as water, sewerage, and transport investments, the scale and external economies of concentrated economic activities in a favored location will for some time create net social benefits. Abidjan in this respect is not large by world standards. Proper planning and pricing to equate social and private costs should help to avoid the worst effects of earlier large scale urbanization in other countries. Abidjan is in any event the Ivory Coast's only relatively large urban center and it is highly doubtful that social control instruments and incentive systems can be devised to do more than stem the flow of migration to Abidjan.

43. Public policy, however, should not be immobilized by the factors pulling activity and people towards Abidjan. For example Bouake, the nation's second largest city at 100,000 to 150,000 population, while a thriving regional center (8 percent annual population growth), could be Ivory Coast's most neglected asset. The city predates Abidjan as a textile center, following the construction of the railroad. Bouake is today a major center for migrants from rural Ivory Coast and Upper Volta, and is becoming the focal point of an important zone of agricultural development and regional administrative activities. Employment amounts to some 30,000 of whom two-thirds are in the tertiary sector.

44. Its major industries are resource oriented as its market is still too small to support large consumer oriented enterprises. Because Bouake lacks Abidjan's locational advantages as a major port, it is unlikely to become another Abidjan. The city lags in the acquisition of basic public infrastructure and services, such as paved streets, public buildings, lighting, water, and sewerage. Despite this disadvantage, Bouake has substantial potential for growth as an important regional center, although large-scale urban infrastructure investment may only be economically feasible if the urban population becomes more concentrated. Other towns may also have important growth potential worth investigating. Analysis is needed of the long-term social benefits and costs of public investments in alternatives to Abidjan. Such analysis is now being done in connection with the selection of a location for the fourth textile mill. The future growth potential in both secondary and tertiary employment, in particular, needs to be carefully assessed in relation to the crucial role such towns as Bouake can play as a regional-development pole.

45. National planners are aware of the necessity to formulate a national urban policy based on choosing a few potential growth centers where investments can be concentrated to achieve minimum economic scales within a reasonable period. Indeed, the first regional development schemes are being drawn up in connection with the new five-year plan by the Ministry of Plan, and a strategy is under study in the identification and development of growth poles through the year 2000. Inevitably a regional development strategy will involve favoring some centers over others in the distribution of public goods and services, in order to get the highest social return on public investment. In view of the conceptual difficulties of analyzing and planning optimal-sized growth poles, a good working criteria would be to concentrate public efforts in centers which have been attracting economic activity and people. The program of endowing a different city each year with an infrastructure package on the occasion of the national independence day celebration could well be adapted to such criteria assuming an appropriate set of priorities govern the allocation of investments (see Chapter IV B and V C, The Main Report, Vol. II).

Agriculture

46. A distinguishing feature of modern Ivorian agriculture is the intertwining of production with processing. This was achieved through careful planning during the first few years of independence. To a very real extent, activities like rice shelling, palm oil pressing, cotton ginning,

and cattle slaughtering have formed the basis for the growth of local industries. This growth has roughly paralleled that of agricultural production, avoiding gluts or shortages of most items; pineapples is a good case in point. The scope for advancing to higher processing stages, particularly in timber, is not yet exhausted.

47. One of the key elements in this admixture of production and processing is the role of technology in increasing agricultural yields. The 1971 Bank Economic Mission concluded that the increases in farm output during the 1960's did not result so much from technological improvements and innovations as to opening up new lands in the south and east cultivable in high-income cash crops, along with the southward movement of enough low-skilled workers to relieve any incipient labor shortage. If significant increases in productivity are to occur in an environment where Ivorians get a fair share of the new jobs created in agriculture, efforts toward adopting new techniques of production must be pursued. This is not to say that land-intensive methods of growing coffee and cocoa are no longer to be found. There are significant new lands to be opened up for cash crop production especially in the southwest. However, land pressure in the center, center west, and around Korhogo and Ferkessedougou is intense, with population densities of close to 80 per km². Over the long term, expansion of output through the opening up of new lands will be limited.

48. Agricultural policy through 1980 is designed to achieve maximum increases in output, improve the competitiveness of exports to make them as insulated as possible from adverse trends in world prices, and to improve the quality of rural life through higher productivity, rural works, and community development efforts. At the same time, a major effort is to be made to reduce existing income disparities among regions.

49. Output targets for the period 1970-80 can be briefly summarized. Coffee production, despite market uncertainties, is to rise nearly 30 percent by 1980, and cocoa output is expected to double. Other stimuli to overall growth will be provided by paddy (doubling of output), cotton (tripling of output), and oil palm, whose production is expected to grow fivefold. Diversification will take place in coconuts, rubber, sugar, fruits and vegetables, kenaf, and groundnuts. Regional development projects like cotton/rice near Boundiali and an integrated project at Korhogo would introduce new crops into existing rotations, shift production techniques toward greater use of mechanized inputs and trained manpower, and work to improve marketing and distribution channels. Forestry production fell off markedly in the early 1970's, as primary export woods were depleted, but diversification toward secondary species will more than take up the slack by the end of the decade of the 1970's. Cereal grains, livestock, and all export crops except coffee are expected to provide the main impetus for growth in the subsistence and export sectors.

50. The employment impact of these policies in the view of the Agriculture Ministry centers on fostering a series of focal points for regional growth, chiefly the southwest and center-Bandama areas, and especially on

increasing the profitability of agriculture in general. A key element of this employment strategy is the effort expended toward improving incomes in smallholder agriculture. Village plantations in oil palm and coconuts, accounting for about 30 percent of total acreage, consist of about 4 hectares on the average, and the cocoa regeneration program financed in part by the Bank is being realized entirely by smallholders. The Ivorian authorities believe that a package of modern inputs -- skills, capital, equipment, access to credit -- as well as restructuring of education and training programs can best bring about the desired increases in labor productivity.

51. These policies, most particularly the attention focused on increasing the productiveness of agricultural labor, stem in part from the realization that workers in both forest and savannah areas will be in increasingly short supply over the decade of the 1970's. Evidence indicates that oil palm and coconut grown on village plantations, given existing incentive systems and government programs, are extremely profitable enterprises in terms of incomes per day after deduction of input costs. Average gross incomes from coffee and cocoa are around CFAF 105,000 per year, but the regional variance here can be considerable: CFAF 180,000 - 200,000 in the east and CFAF 50,000 - 70,000 in the west. Cotton and rainfed rice are far down the list, and their widespread cultivation in the north and center suggests forcefully the lack of alternative cultures in those regions.

52. Far more salaried workers are expected to be absorbed into family-operated plots over the coming decade than into agro-industrial estates. Given the need for unskilled labor in smallholder agriculture, especially for coffee and cocoa harvests, about 110,000 additional salaried jobs will open up on family operated parcels by 1980, whereas only 8,000 new posts will be created on industrial estates. The low level of agricultural salaries graphically illustrates why nearly every adult member of a rural household seeks out income-earning opportunities wherever they may be found. If no other family members worked, even the highly-skilled worker, for example in a pineapple cannery would only bring home an annual income of \$640, and the unskilled laborer on traditional plots, even in the unlikely event he worked all year, could earn only \$139 for a consuming unit sometimes numbering 7 to 10 people.

53. Analysis of future employment possibilities in agriculture must recognize that the bulk of primary exports through the 1970's will continue to be in the forest areas in coffee, cocoa, and timber and will thus tend to maintain regional income inequalities. Diversification efforts, especially in oil palm, coconuts, cotton, pineapples, and other fruits and vegetables are beginning to pay off in terms of increased producer incomes and employment creation, but at a substantial cost in government investment outlays.

54. In oil palm plantations the work is spread fairly evenly throughout the year with no sharp peaks, which contributes to stability of the rural population. Most hired oil palm workers are probably salaried, although in the early 1960's sharecroppers formed almost half the work force. In 1967 over half of all wage earners on palm and coconut industrial estates were

earning less than CFAF 5,000 per month, with another 47 percent between CFAF 5,000 and 10,000 per month. Average salaries when palms are in full bearing are expected to be substantially higher. Since the middle 1960's there has been an increasing trend towards mechanized harvesting and maintenance operations. This has necessarily led to a reduction in manpower, mainly non-Ivorians, and higher wages to those who remain. It seems clear, however, that efforts at labor intensive production in oil palm should pay particular attention to means of increasing efficiency in village plantations.

55. After a two-year decline, cotton production, a highly labor-intensive crop in the Ivory Coast, rebounded from 31,000 tons in 1971 to 50,000 tons during 1972. Yields for the 1972-73 campaign are expected to surpass 1,000 kg/ha in the north, and reach about 900 kg/ha in the west and 300 in the center. A major bottleneck to be overcome is conflict with the calendar of foodcrop production, particularly with the rice harvest in the northern savannah and with the moundbuilding for yams in the center. Parcelling of land is also a constraint in the center. Raising rural productivity and employment opportunities is basic to reducing the maldistribution of income and poverty. Government can also do much by policies to better distribute public goods and services to rural areas, and to time the construction of local public works to correspond to slack periods in farm work.

The Education System

56. The education system represents an important means by which national attitudes and values can be affected by the authorities. By upgrading the nation's human resources, the system can induce the creation of new employment opportunities and thereby accelerate development itself. It is also crucial in bringing about a better balance between the training of the labor force and the labor force needs of the economy.

57. The Ivorian education system has two major functions: (i) preparing a minority of students for high, middle, and skilled-level manpower positions in response to requirements of the modern sector of the economy; and (ii) providing the majority of young people with basic education to equip them for jobs in the economy's informal or traditional sector. However, given economic growth requirements and the desire to replace expatriate personnel, the education system has placed greatest priority on producing high and middle-level manpower. As such, the orientation of both primary and secondary school has been to prepare students for the succeeding educational cycle despite the fact that only a minority of the school-age population ultimately reaches the final year of secondary school and the majority who drop out are not prepared to enter the labor market. Efforts have been made to create vocational training programs to produce skilled manpower, but these programs have met with limited success: the rate of growth of enrollments in vocational/technical training has been far below those for the classical education system. The second function of the education system, that of preparing young people for jobs in the informal sector, is still in the stage of infancy.

58. Meeting Modern Sector Manpower Requirements. Public education policy, coupled with popular demand, have resulted in such rapid expansion of the classical education system that the supply of certain categories of high level manpower is likely to begin exceeding demand in the latter part of the decade. On the other hand, provisional estimates indicate a deficit in the supply of middle and skilled-level manpower. During the period 1970-80, new job creation in formal salaried employment and replacement of those who will withdraw from the labor force (due to death or retirement) is estimated at the following:

Professionals and upper-level managers	4,000
Technicians and middle-level managers	20,000
White and blue-collar skilled workers	99,000

While it is difficult to estimate growth of university and vocational/technical school enrollments over the decade, present trends indicate that the supply of graduates from these institutions corresponding to the above skill levels will be as follows:

University graduates	4,020
Graduates of other post-secondary institutions and university dropouts	14,000
Graduates of vocational training <u>1/</u>	13,000

While the supply of university graduates will roughly meet requirements and any surplus can be used to replace expatriate personnel, continuation of university enrollment growth into the 1980's will undoubtedly bring about a sizeable surplus of university graduates. **Further, the course** of study pursued by many university students does not equip them for technical occupations in the private sector. The deficit between demand and supply increases progressively at the middle and skilled levels: only 70 percent of demand for middle-level manpower and 13 percent of demand for skilled white and blue-collar labor will be met by training programs. However, some requirements at these levels can, and in fact should, be met by upgrading the skills of persons already employed.

59. Training for Informal Employment. Present trends indicate that over 850,000 young people will complete primary school during the decade. Since neither the secondary school system nor the modern sector job market can possibly accommodate these young people, their ability to integrate into the rural or informal labor force will depend upon the relevance of their education and the opportunities available to them for non-formal training. The Ministry of Education has taken steps to reform the primary school

1/ Includes vocational schools, paramedical, and lower level agricultural training, and other programs within government ministries.

curriculum in order to orient children toward occupations other than those requiring secondary education. However, it is still too early to evaluate the success of the reforms. Other ministries, particularly the Ministry of Agriculture, have instituted non-formal programs but, to date, they reach few young people.

60. Growing Financial Burden of the Education System. The financial repercussions of the rapid growth of general education enrollments are becoming severe. In the past five years, recurrent expenditures for education have grown 19 percent annually in current prices (approximately 15 percent in constant prices) and the share of the recurrent budget (Budget general de fonctionnement) devoted to education has risen from 26.6 percent in 1968 to an estimated 34.5 percent in 1973. If rapid enrollment growth in classical education continues to push up education expenditures at their present rate, education will consume over half the budget by 1980. Furthermore, the quantity of resources required to fuel the growth of the classical education system will jeopardize the development of non-formal education (see Chapter IV C and V C, The Main Report, Vol. II).

II. FRAMEWORK FOR AN EMPLOYMENT BASED STRATEGY

61. The high rates of economic growth which have characterized the Ivorian economy are likely to continue into the foreseeable future. As in the past, this growth may be expected to benefit principally the urban educated and salaried classes, the dynamic informal sector, and farmers producing export crops in the forestry zone. In the aggregate, the economy will probably continue to create almost as much new employment as labor force, but will also generate serious labor force imbalances. The movement of labor from neighboring countries and from the interior of the Ivory Coast in response to higher incomes (perceived welfare) in the forest zone and urban areas is, in effect, a regional and national equilibrating mechanism operating to reduce income disparities and in general to increase the productivity of labor in rural areas losing population. The extent to which the equilibrating mechanism will work to reduce disparities will depend importantly on economic policies, objective possibilities for growth and employment in rural areas, and labor market conditions.

62. Any development strategy would have to place primary reliance on maintaining high growth rates in order to produce the new resources needed to achieve development objectives, particularly in view of population pressures and the absence of family planning programs. Public savings and foreign exchange constraints will assume far more importance in the coming decade than they did in the past. Growth itself is not, however, the object of development strategy. A broader goal of development strategy must be to produce as high a rate of growth as is consistent with increasing the welfare of the bulk of the people in a socially acceptable period of time. Development strategy must recognize the interdependence of employment and other objectives. The level and structure of employment are not only

among the objectives of development, but are also the means to bringing about desired income distribution patterns. As noted from the outset, the government has successfully placed emphasis on growth and overall economic development and is now giving increasing attention to the elimination of income inequalities. In the case of the Ivory Coast, the necessary concentration of growth in favored regions and sectors has made a substantial part of the labor force economically better off as well as has increased income disparities within segments of the population and between regions. Nevertheless, major improvement in the pattern of income distribution is both a valid and feasible objective.

63. Social institutions have so far alleviated part of the stress of extreme inequalities in income through their traditional redistributive mechanism and should continue to do so in the future. However, the problem for the next phase of development planning is that the labor force imbalances which characterized growth in the past are likely to become acute. Public policy, if it is to be effective in achieving development objectives, will thus have to concentrate on reducing these structural imbalances, in particular those relating to labor surpluses in the urban economy and shortages in the rural.

64. The analysis and recommendations of employment in the sectors has been made as internally consistent with a national strategy for development as data and time have permitted. Full consistency and a quantifiable measure of potential trade-offs between efficiency and equity goals can only be achieved within a macro-economic framework using a formal optimization model. Because of data and time limitations, quantitative estimates could not be made of such factors as the impact of policy recommendations on future output growth and the costs and returns on new investments given alternative strategies. For example, much more work needs to be done in providing data and in formulating an acceptable migration hypothesis before reasonable estimates can be made of the shadow wage rate for unskilled labor. Orders of magnitude have been established where appropriate to show relationships and to test or derive the indicated policies. The report thus does not present an optimum set of policies to achieve defined objective macroeconomic functions relating to employment and income distribution, although this is properly the subject of future economic work programs. Rather it attempts to set forth a comprehensive set of mutually consistent policies in the relevant sectors which can serve as a guide to an employment and income distribution strategy for the time horizon of current national planning.

65. The report has sought to identify the main alternative course of development with its different employment effects. These include policies for promoting the following: (a) informal versus formal activities in the urban economy, as well as in such sectors as construction; (b) small-scale agriculture versus plantation enterprise; (c) concentration of investments

in Abidjan versus alternative growth centers; (d) balanced growth versus emphasis on selected regions; (e) capital versus labor intensive policies in agriculture; (f) the open-door policy for immigrants versus a more selective approach aimed at the rural labor market; and (g) self-built and related minimum standard low-income urban housing versus large-scale Government housing financing and slum clearance.

66. Appropriate technologies in relation to employment objectives pose particularly difficult problems. In agriculture, the main technological choices and their timing are discussed, although more data is needed on the possible combinations of new inputs, and output and employment mixes, including the more intensive use of seasonally unemployed workers. In industry, far more useful information and analysis is needed of industrial subsectors in order to identify the real choices of technique and their output and employment effects. In part, ongoing industrial studies in the Ivory Coast will contribute to this knowledge. More Government effort is also called for in studying and adopting technological changes in the light of national output and employment objectives. The possibility of a change-over from the large-scale enterprises promoted by past public policies to smaller-scale operations promises a greater realization of both employment and Ivorization goals. The question is whether smaller enterprises might not be just as efficient and better-suited to locally trained manpower than the large agricultural and industrial complexes that require expatriate management and high-level manpower with their corresponding technologies.

67. One of the main choices open to Ivorian authorities concerns population growth rates. Currently there is no program to limit the rapid growth of population and the high dependency burden this places on resource uses. Even if efforts to reduce the birth rate were successful, this would still not affect the labor force for 15 years. For the longer run, effective population policies could have a significant impact on employment and income distribution.

68. In summary, this report has analyzed the main features of the Ivorian economy and the opportunities and constraints that appear relevant for an employment based strategy. The analysis has in general concerned the sets of policies that influence factor prices, particularly for the kinds and location of labor abundant in the Ivory Coast, and has concerned those policies for resource allocation likely to benefit lower income groups. The main recommendations are summarized in the following paragraphs. The reader is advised to refer to Volume II and the Annexes for the full analysis and associated recommendations.

A. Ivorization

69. An evaluation of the economic contribution of non-Ivorian African immigration is needed. The usefulness of African immigrants in filling important low-paid, generally low-skilled jobs must be carefully weighed against their drain on public social services and their possible conflict with the Ivorian labor force, particularly in middle and higher paid jobs. In urban

areas in particular, continued open immigration by foreigners will exacerbate what is certain to become a major unemployment problem. The difficulty will be to devise measures and policies to either control the movement of people or induce necessary movements in an essentially free labor market. For the rest of the decade, when a shortage of agricultural labor is projected, the government has the options of raising the productivity of the present rural labor force or of absorbing more migrants into rural areas. The preferred solution from the viewpoint of national income distribution objectives is to raise rural productivity and incomes, because large scale immigration of farm labor from neighboring countries would tend to depress rural wages. In fact, the shortage of rural labor should make possible a strategy of both raising rural productivity while continuing to import labor from neighboring countries, thus serving both national and regional employment strategies.

70. Ivorization envisages the eventual replacement of the highly-paid non-African expatriates by trained Ivorians. By opening up the higher-paid posts in the formal sector, Ivorization will allay some of the political pressures resulting from the excess supply of Ivorians in the market for high level jobs. The number of higher level posts is small in absolute numbers and the training of Ivorian replacements is only a matter of time. What is needed in the short run is a concerted program in existing enterprises of systematic on-the-job training of Ivorian technicians and potential middle-level managers. The growth rate of the economy is sensitive to the availability of **sufficient skilled and managerial staff. Accordingly, the integration of Ivorians in these positions must be phased with care.**

B. Attitudes

71. Regional and rural development targets would be served by measures to strengthen local initiative and to make local communities and villages viable parts of the economic and social system. Achievement of these goals does not so much call for preserving traditional structures and values as giving people a stake in their own development. This may involve reforms in the educational system, the promotion of "animation rurale" activities, as well as a change from largely centralized decision-making to a strengthening of regional and local authority especially with regard to public resource allocation. At present, the immense prestige attached to the position of "fonctionnaire" in the Central Government as the center of decision making makes difficult the required changes in attitudes.

72. It must be recognized, however, that some part of the traditional rural society, especially the older elements, may not share the values of the modern acquisitive society. These people may, thus, not respond to efforts to raise productivity by simply giving them the personal education and training assets they lack. Rather it is more likely that the youth of the traditional village, who will as a matter of course receive a basic education, may respond more readily to income incentives.

73. Attitudes will be difficult to change quickly. However, under the pressure of rising unemployment and continued frustration, it is likely that jobs not now regarded as desirable by the educated youth may well become so.

Further, the upgrading of human resources through education, however inadequate, will tend to change production functions so as to employ such labor in better-paying jobs.

C. Regional Development

74. While the work done by the ARSO and AVB authorities (southwest and Bandama valleys, respectively) is impressive, neither organization has a long-term frame of reference, or the authority or resources to develop as growth poles. The role of these regional authorities would be easier if the Government would institute a national policy of concentrating investments in those places which have real potential for growth. Such a policy is currently under study by the Regional Directorate of the Ministry of Plan. Inequities may worsen in unpromoted regions and in those that may have little development potential. Some backward regions may be so for good reasons, such as limited agricultural potential. Regional equilibrium, not equality, should be the aim. Economic policy should strive to achieve a sufficient concentration of activity in order to generate scale and external economies, essential conditions for self-sustained growth. Unless location policies are based on realistic possibilities, investments will be wasted and current migration patterns will continue.

75. Specifically, a development pole policy needs to aim at maximizing economically efficient value added in the region being promoted. Investments which do not induce the growth of spontaneous activities, and which result mainly in the export of products, earnings, and other factor payments, will not serve this purpose. Such investments will respond to growth objectives, but may be in conflict with distributional goals. In this respect, the southwest has immense unused land resources and is a new frontier, the Bandama valley region has already experienced substantial resettlement and change; and the north represents the low-income savannah from which much of the rural "push" emanates. Efforts to raise rural productivity can most appropriately be concentrated in the southwest and center, and selectively the north, and will avoid the dispersion of scarce administration, technical and financial resources which a policy of equalized regional growth would involve. Currently, regional development plans are being drawn up which are to be coordinated with the national Five Year Plan, and following which financial resources can be allocated.

D. The Informal Sector

76. The informal sector, consisting of unorganized wage and non-wage employment in both urban and rural areas, has absorbed the bulk of the growing labor force. It has a spontaneous dynamism containing critical entrepreneurial elements for the further growth and modernization of the Ivorian economy, and is the sector which provides opportunity and upward mobility to the lowest income groups, as well as low-cost services labor to the rest of the urban population. However, it is also, as mentioned earlier, an economy in which considerable exploitation of the poor takes place and where a good deal of social distress is found. In short, it contributes significantly to national employment and value added, although statistically it is consistently underestimated. Through a variety of control and regulatory

measures, official policy has the effect of discouraging slum settlements where this informal activity thrives and suppresses economic activity there. However, this sector is likely to continue to absorb a considerable part of the labor force through continued immigration of peasant and educated rural youth. Therefore, its contribution should be better understood. Government would be well advised to study what steps can be taken to promote its growth particularly through the promotion of small enterprises, and to reinforce the links between informal and organized modern sector activity. Such study is particularly important because disagreement exists as to the economic significance of the informal sector and accordingly as to what squatter settlement policies are appropriate. The informal sector will also be an essential ingredient in both urban policy and regional development policy including so-called "growth poles". Just as socially beneficial activities should be encouraged in the informal sector, policies should be devised to discourage anti-social activities.

E. Urban Policies

77. Urban policies must be considered in a national context. The important financial resources allocated for basic public services can upgrade the quality of village and associated small town life. Standards of public services should be considered in relation to the objectives of rural development and for the growth of selected regional centers as well as for Abidjan, the nation's most important sub-economy. Abidjan still has considerable potential to generate growth and employment at reasonable social cost and on a scale which other urban centers will not be able to approach for some time. Current urban infrastructure policies also do not respond to the needs of the smaller towns and give priority to Abidjan over such potentially important interior centers as Bouake. Studies are required to determine whether the growth of industry and employment in Bouake, the nation's second city, could make this town a genuine alternative to Abidjan, thus serving the urban needs of one of the most populated agriculture zones in the country. The long-term study of growth poles and regional schemes being drafted should provide initial answers to this question.

78. With limited resources, the central government is obviously faced with a difficult problem of choice. The need for keeping pace with the extraordinary growth of Abidjan is clear, and at best, the Government will barely be able to do so. Any transfer of resources to the interior cities at the expense of Abidjan will intensify the problems of the capital and will add urgency to the need to reduce nonessential investments. On the other hand, Bouake is an obvious although limited alternative urban growth pole, and enhancing its attraction would reduce the pressure of population movement to the capital. In the longer run San Pedro has clear potential as an alternative growth pole.

79. The kind of urban infrastructure development being carried out in the Ivory Coast is expensive as it is based on capital intensive methods of construction and emphasizes modern sector projects. The process of slum clearance entails a considerable destruction of largely self-built low standard capital assets in housing and in informal sector handicraft and commercial

activities. The policy can be defended insofar as upgrading of living standards is involved. The financial and economic returns on modern construction are also high. However, many slum dwellers are forced to relocate at their own expense on the outskirts of Abidjan, as most will not choose to return to rural areas even if they could. They will thus have to recreate informal sector economic activities in less favorable economic locations and pay the high transport costs of regaining access to the central city.

80. This policy is uneconomic in that it destroys part of the economic base of Abidjan, Ivory Coast's major economic system. Further, new public housing, partly subsidized, diverts scarce capital from other domestic production both in the formal and informal sectors. It also underestimates the considerable potential which exists for mobilizing private capital for housing, even in the slums, through sites and services type self-built housing projects. Last but not least, consideration should be given to the significant potential employment effects of alternative (more labor intensive) construction techniques. The importance of this sector, particularly for urban employment, may be seen from the fact that employment in both formal and informal construction equalled that of industry in 1970, and grew far more rapidly in recent years, partly in response to modern building activity in Abidjan.

F. Rural Development Policies

81. In agriculture, the challenge will be to raise productivity and the use of idle manpower to offset the expected shortages of labor, and at the same time reduce the intra-rural income differentials that contribute to migration pressures. Strong official support is warranted to diversify crops and increase other forms of income earning activities (such as artisan output) in rural labor markets, which are characterized by strong seasonalities in labor demand. A good deal has already been done, and is contemplated by Ivorian planners, to promote rural development through a number of public agencies and programs. In the future, a major effort is called for to better integrate the rural development impacts of crop diversification, training, and technological changes. For smallholder agriculture, education and training is the key to using modern inputs and raising productivity. The southwest has the most new land for cash crop production. With the modernization of important agricultural areas (Bandama valley, Ferkessedougou sugar), the demand for skilled and semi-skilled workers, administrators, and service personnel will rise both to support productive activities (transportation, maintenance, processing) and in response to the income effects on the demand for all kinds of services (commerce, entertainment, training).

82. Agriculture is highly dualistic. Small-scale production of high value intensive commercial crops and a capital intensive large-scale plantation export sector coexist with subsistence or low-level commercialized production based on small family units. Forestry agriculture activity (coffee, cocoa, pineapple) produces per capita incomes many times those of the savannah although the latter comprises two-thirds of the land area and 40 percent of the population. Complementaries exist between the two regions, and should be exploited particularly when strong seasonalities exist. In traditional agriculture, or where part-time work in such new enterprises as the Ferkessedougou sugar enterprise in the north can be combined with other

agricultural activities, Government should give early consideration to easing the problem of seasonally idle labor by carefully-timed rural work programs. Policies aimed at reducing income disparities will also have to pay particular attention to the savannah regions. These regions have the poorest potential because of soil and rainfall conditions, but have localized high population densities. Policy must thus come to grips with the implications of substantial further permanent and temporary migration from the savannah. In general, rural development policies will also be constrained by land tenure patterns and land use policies, which have led to potential property tax revenue losses and complicated public investment programs such as rural electrification.

83. The spread of technology should be continued down to local levels. This will have two effects: (a) increases in yields; (b) both positive and negative spillover effects on employment. The positive effects are employment creation mainly in maintenance and repair and service occupations, and the negative effects have mostly to do with intermediaries being driven out of business. Technological pretraining programs can ameliorate these effects. Changes such as the replacement of manual coffee deshelling mills with large central plants raises the quality of the product exported while relieving the labor shortage expected in forest zone agriculture. Coffee quality can be ensured by medium-sized mills of some 2,000 tons capacity which can be owned and operated by groups who can also share equitably in the processing profits. Further, the smaller mill can pay planters for the actual quality of coffee delivered while the big plants pay a flat rate.

84. Since increases in agricultural output over the decade of the 1970's will come about more through increases in labor productivity than through increases in cultivated area (except for the southwest), mechanization policy should address itself to increasing yields in a context of shortages in unskilled and semi-skilled labor. Especially needed is coordination of policy at the national level. Up to the present, mechanization has proceeded very inductively, on a disaggregated basis. A framework-plan for mechanization by crop and region could, however, help coordinate the overall effort as well as horizontally integrate activities across crops within a single region. There seems to be no viable alternative to increased mechanization over the next decade, especially in integrated cotton/rice operations in the north as well as in coffee and cocoa.

85. The Government has recognized that agricultural credit policy and the cooperative movement are closely related in that both are aimed at increasing the stock of financial and entrepreneurial capital available to farmers. BNDA (Banque Nationale de Developpement Agricole), especially in the last two years seems to have acknowledged an obligation to provide credit on reasonable terms to small farmers as well as large landowners and state organizations. Seasonal loans, which allow groups of farmers (minimum of six and maximum of 30 in a group) to buy food to tide them over from one agricultural campaign to the next, are important components of this policy, and their twenty-fold increase since 1968-69 is an encouraging sign.

86. However, it is difficult to envisage credit making any dent in smallholder agriculture if at the same time farmers are not trained in new techniques of production and rudimentary accounting methods. In this domain, cooperatives can make a contribution. Marketing loans from BNDA are made to cocoa cooperatives for purchase of trucks, scales, and related inputs. However, experience with cooperatives in other countries, combined with the false start of the movement in the Ivory Coast a decade ago, would make it prudent to observe the growth of cooperatives for at least another two years before assessing their impact. This effort could be combined with data collection and tabulation efforts undertaken as part of the National Agricultural Census, now in preparation with UNDP technical assistance. Pilot surveys will take place during the entire 1973-74 agricultural campaign, with publication of results scheduled for June 1975. At that time a special task force could be organized to evaluate the results obtained for cooperatives.

87. Youth activities in agriculture, in particular the relatively low-cost Service Civique, have been qualified successes in the eyes of both Ivorian officials and the mission. A total of about 14,000 youths have graduated from Service Civique programs so far, and a reported 70 percent of them have remained in agriculture. However, Service Civique graduates appear to have fared no better at escaping the cycle of low productivity and income that characterizes the rest of small-scale foodcrop agriculture. Ivorian officials have expressed concern over a higher than desirable attrition rate of Service Civique volunteers out of agriculture into industry or services. The mission feels, though, that the program is promising enough so that a monitoring study, to trace out what has happened to a sample of youths since their graduation from the program, would be worthwhile. Such a study could shed light on profitability of plots, utilization of acquired skills, and other crucial features of the program.

G. Education Policies

88. Relating the Ivorian education system to the country's employment needs will require a more concerted effort on two fronts: first, closer alignment of the output of secondary, vocational, and post-secondary schools with modern sector manpower requirements; and second, expanded provision of basic education for those who will not be absorbed into modern sector employment. A number of policy measures, indicated below, could assist in attaining these goals.

89. Alignment of Modern Sector Manpower Demand and Supply. First, the increase in general secondary school enrollments should be limited to a level more compatible with projected skilled, middle, and upper-level manpower requirements. Further, secondary school curricula should have a much more practical orientation, with greater emphasis on applied mathematics and sciences in order to prepare students for shorter-term courses of post-secondary education or short technical training programs necessary to produce skilled and middle-level manpower.

90. Second, manpower estimates clearly indicate a need to step up the training of skilled labor. However, vocational and technical training in the Ivory Coast is plagued by low internal and external efficiency: unit costs are high and relatively few graduates appear to find jobs. To help combat both these problems, cooperation might be sought with private employers and government ministries to introduce integrated work-study vocational training programs.

91. Third, in university and other post-secondary education, a balanced output of middle and high-level manpower might be better achieved through conversion of the university scholarship system into a modified student loan program. The terms and amount of loan repayment could be differentiated according to manpower needs; e.g., more favorable terms for shorter-term sources of study might be envisioned in order to produce more middle-level manpower. A loan policy would also encourage students to finish their studies in as short a time as possible, an incentive which is lacking in the present scholarship system.

92. Providing Opportunities for Basic Education. A first and principal step in preparing young people for life in the informal or rural labor force is the reform of primary education to de-emphasize preparation for secondary school. A basic and practical curriculum should be introduced to provide the majority of children with the motivation and skills necessary to contribute to rural development. As mentioned earlier, such reform is now being implemented. The Government should also begin preparing non-formal post-primary programs which were recommended in policy papers outlining the reformed primary school structure.

93. Existing non-formal programs in agricultural and non-agricultural training need to be expanded, and new programs, including those utilizing radio and other media, should be contemplated. A newly created National Office for Rural Promotion, with its interministerial representation and broad mandate for rural community development (though admittedly little funding), could potentially play an important role in integrating and coordinating non-formal programs.

94. Reducing Growth of Education Expenditure. Accounting for 34 percent of government current expenditures, education is already placing a strain on the budget. The authorities will have to exercise care to avoid further increases in the proportion of current spending devoted to education. The implementation of several of the policy measures indicated above -- reduction of enrollment growth in secondary education, cooperation with employers in vocational training, and introduction of a university student loan scheme -- should help to reduce the rapid growth of education expenditures. Precise financial implications of these reforms would depend upon the extent and nature of their implementation.

95. Recognizing the need to redirect the efforts of its education system, the Ivorian Government has established a national education reform commission whose recommendations on many of the issues discussed above will be forthcoming in the near future. Although the broad spectrum of government and private sector representation on the Commission enhances the prospects

of its proposals being accepted, the Commission's work would be facilitated by the preparation of supporting technical studies by the relevant ministries on the ramifications of present policy and of possible reforms, with particular emphasis on their financial implications.

H. Incomes and Factor Prices

96. Careful consideration needs to be given to the employment effects of national wage policies for urban and rural wage employees. In the public sector, remuneration is so high relative to most non-public employment, particularly in rural areas that it will be difficult to curb the growth of public employment and the desire to be a "fonctionnaire" unless public salary increases are restrained. Furthermore, the attempt to spread urban and rural minimum wage scales into the informal sector is destructive of informal sector activity. The rapid rate of internal migration, however, tends to reduce urban wages relative to rural and to minimize differentials within rural areas. Replacement of European expatriates by Ivorians in the higher ranges of skill and management should similarly act to slow the rise of incomes in these brackets. Also, with increased labor surpluses in urban areas, Ivorians may very well be willing to accept jobs they now consider undesirable, thus putting pressure on the lower ranges of urban wage scales.

97. Future policies including those to set minimum wage scales in urban and rural employment must reduce the structural disparity between urban and rural incomes if rural development is to become a meaningful alternative. In this connection, the rural-urban terms of trade, particularly as they affect the system of fixed producer prices and constraints on basic foods output, marketing, and distribution, need to be examined. The standards and distribution of public services can also be a key element in upgrading rural living standards.

98. Labor utilization must also be considered in relation to the prices used in valuing foreign exchange and capital. The elimination of market imperfections will enable the price mechanism to better balance the labor market. Where this cannot be done, a system of shadow prices can guide investment decisions. Policies which tend to reduce the price of capital and capital goods may have an inhibiting effect on employment. In short, industrial and other investments which are promoted through favored treatment to foreign and domestic capital must be weighed against the potentially adverse effects on informal sector economic activities and employment.

I. The Policy Mechanism

99. There is no central agency currently coordinating the study of employment and the effects of national policies. A special study group might serve this function within the Plan organization and could be built up from the small unit now doing social planning. Such a group would deal not only with existing policies and use of productive factors, but could also consider the heretofore neglected potential impact of appropriate technologies in the modernization of industry and agriculture. This subject has not been covered in detail in the present report, but is explored in ongoing industry studies.

100. The existing data base is inadequate for long run policies dealing with employment, income distribution, and poverty on a national scale. A full national demographic census and related special censuses on income and occupations are urgently needed and were supposed to be in draft form by June 1974. However, the census will not take place until early 1975 and is to be supervised by the Direction de la Statistique of the Ministry of Finance. An agricultural census is already in preparation and will provide vital data on regions, incomes, costs, and employment and growth potential. The planning and execution of Phase I of the census covering the south is completed. Phase II is to be finished in 1974.