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Vol. 2

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

ECONOMIC GROWTH AND PROSPECTS OF THE IVORY COAST

(summary and four volumes)

VOLUME I

MAIN REPORT

July 24, 1970

Western Africa Department

CURRENCY EQUIVALENTS

(a) Until August 11, 1969

US$ 1.00	= CFAF	246.85
French Franc 1.00	= CFAF	50.00

(b) After August 11, 1969

US$ 1.00	= CFAF	277.71
French Franc 1.00	= CFAF	50.00

This report is based on the findings of a mission which visited the Ivory Coast in November-December 1969 and on further information obtained during discussions of the draft report with the Ivory Coast Government in May 1970.

The mission consisted of:

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This report consists of:

Summary Report
Volume I - Main Report
Volume II - Agricultural Development
Volume III - Industrial Development
Volume IV - Population Growth and Urban Development

IVORY COAST

BASIC DATA

Area:	125,000 square miles
Population (1968 estimates):	4.7 million
Density	38 per square mile
Rate of growth (per annum)	about 3%, including immigration
Political status:	Independent since August 1960

Gross domestic product (at market prices):

	1960	1965	1966	1967	1968	
at current prices:						
CFAF billion	140.7	236.8	257.3	274.5	326.5	
US$ million	572.0	963.0	1,046.0	1,116.0	1,327.0	
rate of growth (per annum)						10.8%
per head						
CFA francs	37,700	55,100	58,100	60,200	69,500	
US$	154	225	237	246	280	
rate of growth (per annum)						7.6%
estimated average rise in prices (per annum)						3.0%

Structure of GDP at market prices (1968):

Origin	Percent	Uses	Percent
Agriculture and fishing	25.6	Private consumption	60.0
Forestry	5.4	(non marketed)	(12.2)
Manufacturing	7.8	Public consumption	14.1
Power and Mining	4.1	Gross domestic investment	19.3
Construction	5.5	Exports (goods & n.f. services)	35.4
Manual trades	2.4	less imports (goods & n.f. services)	- 28.8
Transport	7.7		
Commerce	26.0		
Other services	6.4		
Government	9.1		
	100.0		100.0

Central Government Finance

(CFAF billion)	1965	1966	1967	1968	1969	1970 (estimates)
Total Government revenue	48.2	51.0	51.2	64.0	71.3	80.4
Total current expenditure	-34.0	-39.2	-41.7	-50.5	-52.0	-57.0
Current surplus	14.2	11.8	9.5	13.5	19.3	23.4
Government debt service	- 4.5	- 4.6	- 4.9	- 5.5	- 5.4	- 8.6
Government investment expenditure	-12.7	-17.7	-17.1	-24.3	-27.2	-44.1
Total deficit (-)	- 3.0	-10.5	-12.5	-16.3	-13.3	-29.3

Balance of payments (CFAF billion)

	1965	1966	1967	1968	1969 (provisional)
Exports	70.5	80.2	83.3	110.0	
Imports	-62.8	-68.5	-73.4	-84.2	
Trade balance	7.7	11.7	9.9	25.8	30.0
Net non factor services	- 2.7	- 5.9	- 6.4	- 7.3	- 8.0
Net factor income payments	- 6.6	- 8.4	- 8.8	- 9.5	-10.0
Net private transfers	- 7.5	- 8.7	- 8.9	- 9.2	- 9.5
Current balance	- 9.1	-11.3	-14.2	0.2	2.5
Net public transfers	5.4	4.8	3.6	3.8	4.5
Net private capital	3.1	3.1	3.0	1.9	4.5
Net public capital	3.3	0.6	0.1	4.7	- 5.0
Total net capital & public transfers	11.8	8.5	6.7	10.4	4.0

External Trade

Relationship to large custons area: Member of the West African Customs Union /1 , Associate Member of the EEC.

	1965	1966	1967	1968
Exports of goods and n.f. services: % GDP	32.6	32.2	32.5	35.4
Imports of goods and n.f. services: % GDP	29.1	29.2	29.1	28.8
Concentration of exports (%) coffee, cocoa, timber	81	81	76	77

/1 West African Economic Community since May 1970.

International Reserves

(Net foreign assets imputed within the West African Monetary Union)

	1965	1966	1967	1968	1969	1970 /1
Total (US$ million)	63.4	77.2	58.5	90.5	102.0	125.0
Months' imports of goods	3.0	2.7	3.7	2.8	3.0	n.a.
IMF position (US$ million)						
Quota	15.0	16.0	17.0	17.0	18.0	19.0
SDRs	-	-	-	-	-	3.0
Drawings	-	-	-	-	-	-

External Public Debt	August 14, 1969
Total debt outstanding (US$ million)	
including undisbursed /2	342.8
disbursed only	n.a.

Major sources of foreign financial assistance

	1964-69 (CFAF billion)	1964-69 ($ million)
Commitments		
- from France	52.4	210.0
of which grants and technical assistance	17.0	70.0
- from European Development Fund (FED)	14.1	57.0
of which grants	11.2	40.5

/1 January.

/2 Includes debt payable in French Francs and CFA Francs which are converted at the exchange rate after the devaluation of August 1969, i.e. US$1 = CFAF 277.71. The previous rate was US$1 = CFAF 246.85.

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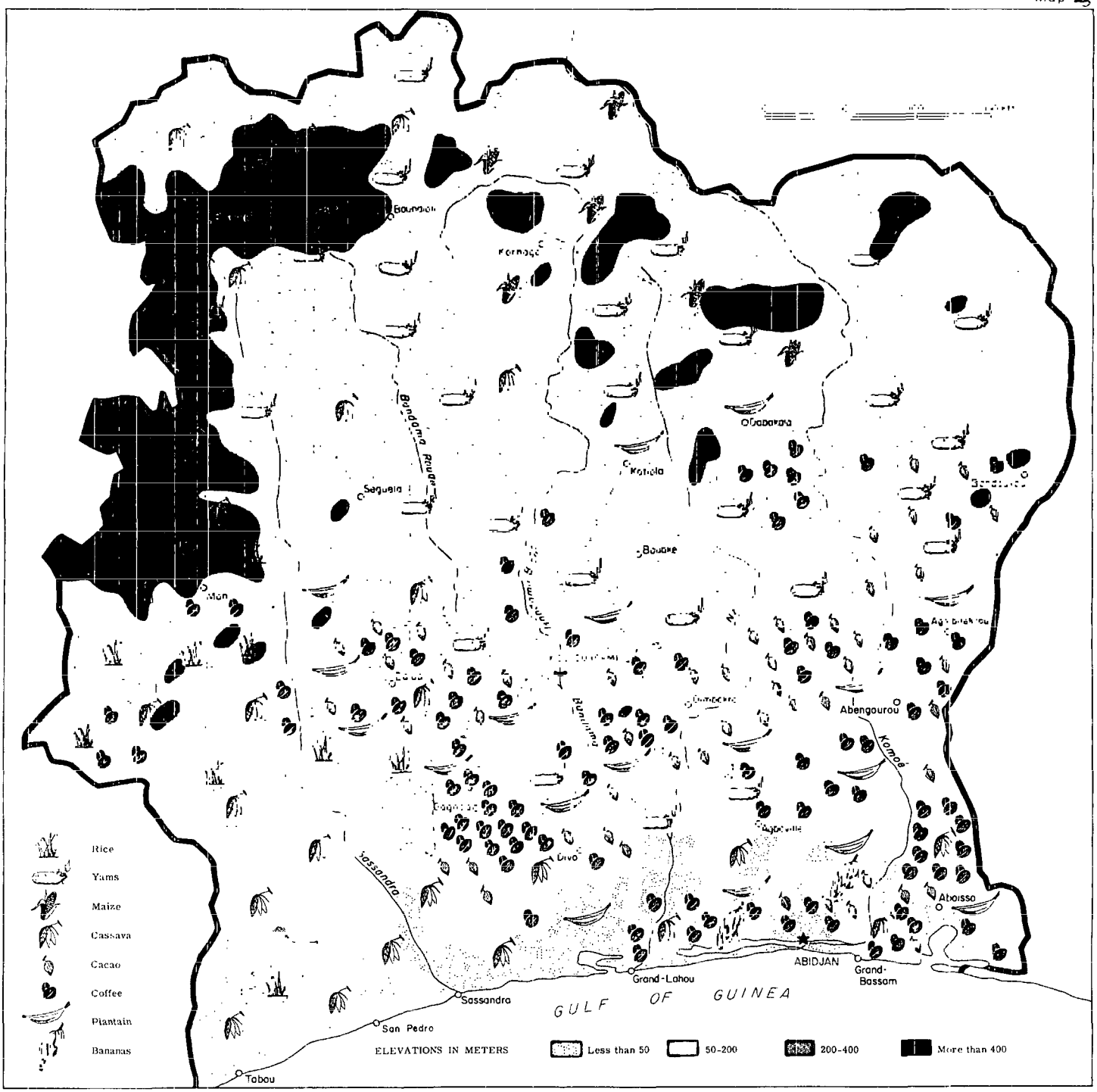

JUNE 1970

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1. This report examines the past economic growth and prospects of the Ivory Coast, both in broad perspective and by main sectors. While focusing primarily on the evaluation of the economy since 1965 and on prospective developments in the first half of the seventies it also includes a more general review of economic trends since 1960 and some projections extending as far as 1980.

2. The annexed volumes analyze past and projected developments in the sectors of Agriculture (Volume II), Industry (Volume III), and Urbanism (Volume IV).

PART ONE - ECONOMIC DEVELOPMENTS SINCE 1960

3. The happy combination of factors behind the successful economic story of the Ivory Coast is often called a "miracle" or a matter of "luck." But consistently good luck is improbable and the concept of miracle lacks explanatory value. In analyzing the real causes of past economic growth it is difficult always to separate the effects of exogenous factors from those of policy decisions. Weather excepted, there are few areas in which Government action has not played an important part, not least of all by maintaining a climate favorable to economic incentives. It would be unrealistic however to attribute the economic progress that has been achieved entirely to deliberate policies of the Government. Natural resources, political stability, an abundant supply of labor, the availability of capital on relatively soft terms and favorable conditions in export markets are among the main factors that have undoubtedly contributed a great deal and have greatly facilitated Government development policies. In several respects, however, the social aspects of rapid growth often offer a less satisfactory picture than the rates of increase in the economic aggregates would lead to think.

4. Section (I) of the report discusses the main surrounding factors conditioning economic growth - natural resources, political stability, population and labor; section (II) analyzes the growth of GDP and the accompanying structural changes; section (III) is devoted to the broad financial aspects of growth; section (IV) examines development policies; and section (V) "growth" as opposed to "development".

I. GENERAL FACTORS

A. Natural Resources

5. From the point of view of agriculture Ivory Coast is of course much better endowed than countries further north and in some respects better also than other coastal regions in Africa. About one half of the country consists of the hot humid Guinean forest; average annual temperature is 26°C or 27°C with only about 6°C annual variation; rainfall is 1,400-2,000 mm in two rainy seasons - May to July and September to October. The remaining area of the country is largely a savannah zone, becoming progressively drier from south to north, and is covered by scrub and savannah grasses in the north. Average temperature is again 26°C but annual variation reaches 20°C. Rainfall is still high, averaging 1,100 mm per year in a single rainy season from May to October. In general, the Ivory Coast has a regular topography, rising gradually from the sea in the south to about 500 m in the north.

6. The soils of the Ivory Coast vary from the deep, heavily leached ferralitic soils and ferrisoils of the forest zone to the shallower poorer sandy soils of the savannah. The forest soils respond well to fertilizers but when they are cultivated the main problem is to maintain an organic content. The soils of the savannah often have lateritic accumulations (lumps and large thick pans) just below the surface. These lateritic accumulations scarcely hamper traditional cultivation, but they make mechanical cultivation expensive and sometimes impossible. Mechanical cultivation of the savannah tends to compact the soils, to render them less permeable, and to increase erosion.

7. From an agricultural point of view the Ivory Coast can be considered as falling into two main regions: the south, where the natural vegetation is tropical forest, and the north, with savannah grass-land. There are, of course, transitional areas between these two main regions. In the south conditions are favorable for most tropical perennial plantations as well as annual food crops such as yams, plantains, cocoyams and cassava, and upland rice. In the north, except under special conditions, perennial crops cannot be grown, but considerable potentialities exist not only for food crops such as yams, maize, sorghum, and millet, but also for commercial crops like cotton, rice and groundnuts. However, on the basis of a similar primitive level of technology in the traditional sectors where roughly the only input is labor, agriculture in the south gives a much higher farm family income than in the north. This is partly because the income per ha is much higher from the perennial tree crops than from the annual crops, and partly because once the heavy and arduous tasks of opening up the forest and planting the perennial crops have been achieved, the labor requirements for these crops are much lower than for the annual crops, thus permitting a farm family generally to cultivate a larger holding.

8. There is on the average a low level of land utilization. As recently as 1963 only about 1/4 of the land which could be used for agriculture was actually being cultivated. Food crop production - even including the large areas under fallow each year - took up only 22 percent of the agriculturally useable land and all the cash crops only another 6 percent. However, there are considerable variations between regions and even where there is a favorable man/land ratio it is not safe to conclude that there is land still available for agricultural expansion. In the north, limitations are set by the present level of agricultural technology, with a norm of about one family to 2 ha of crop land. As the overall population density is low, this leaves large areas of unoccupied but potentially cultivable land on condition that a satisfactory agricultural system can be devised. In the southeast the available land is not yet fully utilized but the inhabitants of this area are becoming conscious of potential shortages and are therefore tending more and more to put obstacles in the way of allocating land to new settlers. It is only in the southwest that there are really large reserves of land suitable for agriculture.

9. The rivers are generally not navigable for bulk transporters. They offer some potential for hydroelectric generation and half a dozen sites representing a virtual capacity of some 3 billion KWH have been investigated on the Bandama, Baffin, Cavaly and Comoe rivers besides those already in use at Ayame (Comoe) or under construction at Kossou (Bandama). It is generally admitted, however, that natural conditions would not permit very cheap power to be produced from these sources, as in Akosombo (Ghana) for example.

10. Mineral resources have contributed little so far to economic development. Manganese production from the mine at Grand Lahou near Abidjan has ceased operations early in 1970. Production of diamonds is small and stable. Mineral research has been active in the last few years. There are as yet inconclusive indications of manganese, copper, gold and petroleum (off-shore). An iron deposit near Bangolo (Center-West) is being considered for development by an American company 1/, despite its low metal content (38-42 percent), because it is very large (400 million tons and 600 million in deeper layers), exploitation conditions are physically favorable and the iron could easily be enriched to 65 percent.

11. Land under cultivation is not, except in industrial estates, producing the highest possible yields. There is also considerable land available for expansion of agricultural production notably in the southwest, though timber resources in areas already being exploited are being

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1/ See Volume III, Industrial Development.

exhausted of their most valuable species and land for industrial estates in the southeast is becoming scarce. There are untapped resources particularly for hydroelectric power and for minerals. But proportionately larger capital resources than in the past will be needed for the development of new areas and for the exploitation of power and minerals, and it is likely, though it is difficult to generalize, that the return on capital invested in such resources will be lower than during past phases of the country's development.

B. Political Stability

12. In August 1970, the Ivory Coast will celebrate ten years of independence under the same leadership and very much the same Government structure. The governing policy has been one of "controlled liberalism" - a combination of strong centralization of powers in a president reinforced by a one-party system, and freedom of expression of opposition within the system, without coercion. In the economic sphere liberalism has meant entrepreneurial freedom, a favorable disposition towards foreign capital, and few physical controls. Nevertheless Government has intervened in a significant way by regulating agricultural prices, carrying out substantial public investments, and setting overall targets through development planning.

13. Continuity in policy has been perhaps as important as the kind of policy followed. It has permitted adherence to long range objectives and a continuity of economic management, as exemplified by the agricultural diversification schemes for oil palm, coconut, cotton, rice, etc. It is of course at the root of the confidence that foreign and domestic investors have in the Ivory Coast.

14. Tensions, however, do exist. Pressures for more active participation in shaping decisions, mainly from the youth, is mounting. The President has recognized this and during the last month of 1969 he engaged in a series of "dialogue" sessions with representatives from all sections of the community. One first outcome of this was a Government reshuffle which took place in January 1970. While this did not affect the principal economic posts of the cabinet it did include in the Government a number of new young ministers with good technical qualifications.

C. Population and Labor Supply

15. Information on population is unfortunately rather poor, in particular as regards the number and movements of migrants. The best figures are for 1965 and are summarized in the following table together with estimates for 1970.

		Population			
		1965	%	1970	%
1.	Permanent residents (million)	4.00		4.63	
2.	Temporary residents "	0.30		0.35	
3.	Total "	4.30		4.98	
4.	Birth rate (per thousand)	49.5		50.0	
5.	Death rate "	28.3		25.0	
6.	Natural growth rate "	21.2		25.0	
7.	Immigration (net)	40,000 p.a.		30,000 p.a.	
8.	Resident population born abroad		11		n.a.
9.	Rural population (million)	3.30	82	3.55	71
10.	Urban/a population (million)	0.78	18	1.45	29

Source: 1965 Ministere du Plan, Population 1965 (July 1967); 1970: estimates.

/a Centers of more than 10,000 inhabitants.

Labor Supply

16. There is little doubt that past expansion of production owes much to the easy availability of labor. While reliable statistics on the development of the active population and on the labor market are largely lacking, ample labor seems to have been available, at least until the very recent past, for the rapid development of perennial crops and timber output in the forest zone. However, certain categories of occupations have always been difficult to fill, especially in industry.

17. Substantial and increasing quantities of labor have been required for the expansion and upkeep of cocoa and coffee plantations, new plantings of at least 100,000 hectares of oil palms, coconuts, pineapples, banana and rubber trees, the growth in production of rice and the expansion of timber output. Except in a few cases such as mechanized timber extraction and land clearing for palm and other plantations, operations in agriculture have remained heavily dependent on labor inputs. This explains the development of wage labor in agriculture. In 1965, there were 265,000 known wage earners in agriculture, or 16 percent of the estimated rural population of working age, including women. Of these workers, 75 percent were foreign Africans, mostly Voltaics. The proportion of wage earners in agriculture

is high by West African standards and the volume of wage labor has certainly increased in the recent years. An estimate of the total labor input in agriculture for 1965 1/ (expressed in man-days) shows that 13 percent came from wage labor.

18. The Ivory Coast has also been aided by the availability of a considerable supply of skilled foreign personnel, particularly from France. Among wage and salary earners in all sectors, excluding the central government, European expatriates occupied, in 1965, 84 percent of the positions in categories 1-2 (of 8 categories) and 58 percent of category 3. At the other extreme foreign Africans occupied 65 percent of the jobs in category 8. Within public administration of course, Ivorians are predominant (92 percent in 1965) but foreign technical assistants are important in some fields, especially education (16 percent - a proportion much higher in secondary and higher education), and in most departments as technical advisers, especially in the Planning Ministry.

19. Together with immigration from abroad there has been a continuous, though unquantified, movement of population from the northern savannah region into the forest area, that is from the lower into the higher productivity sector of agriculture. Population growth in the South has been twice as fast as in the North. In 1965, the annual net immigration from the North to the South was about 100,000 persons. The main flow, so far, has been to the Southeast.

20. By occupying jobs at the highest levels for which Ivorians have not been available, or at the lowest levels which Ivorians have not been willing to fill, foreign labor has been a decisive factor of economic growth. This is not meant to imply that labor supply has, at all times, been entirely adequate. In three ways at least, particularly in recent years, it has not been: there has been a shortage of medium level technicians in practically all sectors, there have been local shortages of both skilled and unskilled labor in the newly developed plantation areas (oil palm, for example) though at the same time unemployment in the cities has been increasing.

1/ See Ministère du Plan, Côte d'Ivoire 1965 - Emploi, (Oct. 1968) p. 39.

II. RATES AND PATTERNS OF GROWTH

A. General

21. Economic growth over the period 1960-1968 has been rapid by international standards. It has also been irregular. Gross Domestic Product in current prices was more than 2.2 times larger in 1968 than in 1960, reflecting an average annual growth rate of 10.8 percent. There is no satisfactory "deflator," but consumer prices are estimated to have increased at about 3 percent per year, leaving an annual rate of real growth of 7.6 percent. Lack of reliable data on immigration movements make it difficult to estimate the rate of growth of resident population. On the assumption that it has been between 3 to 3.5 percent annually, GDP per capita must have risen at about 4 percent p.a. in real terms. This compares favorably with rates recorded in other parts of the world and is probably substantially higher than most, if not all, other countries of tropical Africa. As a result, GDP per head approximates $280, or CFAF 68,300, in 1968. 1/

(CFAF billion, current prices)

	1960	1961	1962	1963	1964	1965	1966	1967	1968
GDP (at market prices)	140.7	159.3	166.1	195.9	237.1	236.8	257.3	274.4	320.4 /a
Annual percent variation	-	+13.2	+4.2	+17.9	+21.0	-0.1	+8.6	+6.6	+16.7

/a Revised figure (communicated to the Mission in March 1970): CFAF 326.5 billion, implying an increase that year of 19 percent at current prices.

22. The growth of Gross National Product has been only very slightly slower. Total GNP as conventionally defined and GNP per head have consistently remained at about 3 percent below GDP. However, the difference may actually be close to 6 percent if, as may well be justified, net private transfers abroad (i.e. remittances by foreign workers) as well as net factor payments were subtracted from GDP. Aspects of this problem are further examined in the discussion of national savings below (see III.A).

1/ At the exchange rate prevailing before August 1969; at the current rate (1970), per capita GDP in 1968 would be very slightly under $250.

23. Annual variations of GDP (or GNP) have been large. Thus, during the period 1960-1964, GDP grew by nearly 70 percent, but in the ensuing four years, it rose by only 35 percent. However, the latter period includes 1965, the single year when there was absolute stagnation. The pace of growth was most rapid in 1963, 1964 and 1968. Though these are changes at current prices, it does not appear that internal price movements have been an important factor of instability. From partial evidence, it would seem, however, that the rate of inflation has accelerated since 1964. Fragmentary indications, notably good results of foreign trade point to continued growth in 1969 though probably at a slower rate than in 1968. Prices appear to have risen more rapidly, partly as a result of the devaluation in August 1969. Growth in 1970 will probably be also satisfactory because of very good crops in 1969/70.

B. Pattern of Growth: Supply

24. Although the Ivorian economy is still predominantly rural, the contribution of agriculture to the growth of total product has strikingly declined. The share of the primary sector declined from over 43 percent in 1960 to 36 percent in 1965 and 31 percent in 1968. Its contribution to the growth of GDP fell from 27 percent in the 1960-1964 period to 14 percent in the following four years. The share of agriculture, however, appears minimized because part of the increase in the agricultural sector accrues via the agricultural price stabilization fund (Caisse de Stabilisation)1/ to the tertiary sector, and because agriculture provides the basis for much of the increased income generated in industrial and commercial activities. Within the agricultural sector, forestry has been by far the fastest growing activity. The secondary sector, which hardly accounted for 20 percent of GDP in 1960, contributed nearly 17 percent of the increase in GDP from 1960 to 1964 and 33 percent in 1964-1968.

25. As in many other developing countries the share of the tertiary sector is very large, representing practically one half of GDP. This reflects to only a limited extent the Government "contribution" (i.e. public salaries) which, though increasing, was still under 10 percent of GDP in 1968, but is more largely the result of an expansion of commercial activities in their broadest sense. These represented over one-fourth of GDP and contributed 31 percent of the increase in GDP from 1960 to 1964 and 53 percent of that from 1964 to 1968 (see table 2.6).

26. The relative importance of commerce throughout the period is the result of institutional factors as well as a reflection of the economic structure. First, indirect taxes - i.e. mainly import taxes - have consistently represented very close to 50 percent of value added in the commercial sector. The important share of foreign trade in the economy

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1/ Caisse de Stabilisation et de Soutien des Prix des Productions Agricoles (CSSPPA).

facilitates the collection of import and export taxes. In 1968, import taxes and duties represented 23 percent of the c.i.f. value of imports (34 percent in 1960) while taxes on coffee, cocoa and timber amounted to 12 percent of pre-tax export values (16 percent in 1960). Second, gross profit margins are fairly high - about 7.5 percent in 1968 (6 percent in 1960) of the gross value of total marketed production. Nearly one-fifth of these "profit margins" was accounted for by the net income which was realized by the agricultural price stabilization fund on coffee and cocoa exports in 1966/67 and 1967/68 and which was equivalent to over 12 percent of the f.o.b. value of such exports. This, in a sense, produces a correlative underestimation of the contribution of agriculture to GDP.

27. The contribution of activities other than "government" and commerce do not call for special comment. The share of transportation has remained between 7 and 8 percent and that of other services, including rent, between 6 and 7 percent during the 1960-68 period.

28. Imports have supplied about one-fifth of total available resources 1/ and over one-fourth of marketed resources 2/ and their contribution to aggregate resources has tended to increase slightly 3/. All sectors are to some extent dependent on imports, but this is particularly true of industry. The import-content of manufacturing production remains high - about 80 percent of total inputs of materials - and local intra-industrial sales very small. However, the "import-content" of industrial sales 4/, which have increased 5 times from 1960 to 1968, has diminished from 56 percent to 43 percent as a result of the rapid rate of industrialization noted earlier. Imports have greatly increased their share in total (marketed) private and public consumption from 18 percent in 1960 to 20 percent in 1965 and 26 percent in 1968.

C. Pattern of Growth - Demand

29. An analysis of the use of resources from 1960 to 1968 shows that (i) the share of private consumption has relatively declined while that of public consumption has risen; (ii) the rate of capital formation has remained about the same since 1965, and (iii) the proportion devoted to exports has continued to be high.

1/ GDP plus imports.

2/ GDP plus imports less subsistence consumption.

3/ The relationship between imports (M) and GDP (Y) for 1960-68 is $M = 0.3Y - 1.9$; $r^2 = 0.975$.

4/ Measured as the ratio of the c.i.f. value of imported industrial goods over the value of local production "ex-factory" plus imports, all before tax and/or import duties.

30. Private consumption is calculated as a residual and the relevant figures therefore are less reliable than others. It has progressively declined from over 67 percent of GDP in 1960 to 60 percent in 1968. Its annual rate of growth has on the average remained below that of GDP but has still been high by international standards - 11.5 percent from 1960 to 1964 and 6.9 percent over the following four years. In current terms it has doubled over the period, representing an increase of about 75 percent in real terms or between 40 and 50 percent per capita. While no country in Western Africa has experienced such an increase, average consumption per head in 1968 was still only CFAF 40,000 or $160. The increase in the standard of living is evidenced by the fact that the share of marketed output in total consumption rose from 69 percent in 1960 to 79 percent in 1968, and that the share of food fell from 60 percent in 1960 to 53 percent in 1965 while that of manufactured consumers' goods rose from 30 percent to over 37 percent. At the same time, as noted earlier, the relative consumption of imported goods has increased.

31. Public consumption 1/ has increased both absolutely (by a factor of 3.3) and relatively as a percent of GDP (by 50 percent). While the share of purchases of goods and services in such consumption increased slightly from 37 percent in 1960 to 41 percent in 1968, these public sector purchases accounted for only 4 percent and 6.5 percent of aggregate demand in the two years respectively. Public consumption has not been large enough or varied sufficiently to be a significant factor in long run economic growth or in short-term fluctuations of GDP.

32. Gross fixed capital formation increased from 13.6 percent of GDP in 1960 to 18.4 percent in 1965 and has remained at the same relative level up to 1968. Since depreciation of fixed capital is very roughly estimated at one-fourth of gross capital formation, net fixed capital formation must have increased from about 10 percent of GDP in 1960 to about 13-14 percent in 1967 and 1968. These are not the high investment rates often associated with rapid economic growth. They indicate rather low gross capital-output ratios of 1.3 and 2.75 2/ respectively for the two four-year periods 1960-64 and 1964-68 or about 2.0 for the entire

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1/ Here defined as purchase of goods and services by Government plus wages and salaries paid by Government.

2/ These are rough approximations which do not take account of the relative variations of prices for capital goods and for GDP in general, of possible lags etc. The order of magnitude is nevertheless meaningful.

period. Since more than half of gross investment went into construction, including housing and infrastructure, where the return on capital is not ordinarily high, the investments in other sectors appear to have yielded a very large increase in output; also, factors not related to investment have been at play.

33. The apparently favorable capital-output ratio probably indicates that investment has not been a critically important factor in determining economic growth. In agriculture proper, production has risen primarily in response to demand and the growing desire for money income. Output of such crops as coffee, cocoa, cotton and pineapples has risen more as the result of higher current inputs, including labor 1/, than of fixed investment. Timber output has been greatly spurred by foreign demand, though log extraction has required more investment than crop production. In the primary sector as a whole, production has been greatly facilitated by investments in infrastructure, such as in roads opening up new agricultural and forest areas. In manufacturing, investment has up to the present not been very capital-intensive, for the implied capital-output ratio in this sector has been only about 1.6. Finally, the rapidly growing commerce and service sector, traditionally requires comparatively little investment.

34. Export demand appears to have been more important than investment in stimulating economic growth. Between 1960 and 1964, exports grew by 15.7 percent per annum and contributed 36.5 percent to the total increase in GDP. From 1964 to 1968 their average annual growth rate declined to 8 percent, but the pace of overall progress was also slower and they contributed 45 percent to the rise in GDP. 2/ Annual variations of exports have been more closely related to movements in GDP than those of any other major aggregate such as gross investment or government purchases of goods and services. Thus, in the years of fastest overall growth - in 1963, 1964 and 1968 - exports contributed 33 percent, 44 percent, and 56 percent to incremental gross domestic product. In 1965, when exports declined by 10 percent, GDP declined by 0.1 percent.

35. About 90 percent of exports are composed of raw or semi-processed agricultural products sold on world markets. External demand conditions are therefore the major exogenous determinant of the export level. It is not easy to say to what extent the supply of exported goods has been influenced by exogenous factors such as weather and world market

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1/ Labor for land clearance should, of course, be regarded as "investment."

2/ The relationship between GDP(Y) and exports(X) for 1960-68 is $Y = 2.7 X + 20$; $r^2 = 0.91$.

prices, and to what extent by government policies and measures. In general, the volume of exports of the three main products 1/ has not increased as rapidly as their total value since 1962; as is indicated by the following figures:

	1962	1963	1964	1965	1966	1967	1968
Volume index	84	100	120	119	115	107	137
Total value index	80	100	133	115	129	127	168

However, in 1965 the value index declined owing to a substantial fall in the prices of coffee and cocoa which coincided with a slight drop in quantities of coffee resulting in a 10 percent decline in the value of exports which largely accounted for the overall stagnation of the economy in that year. Conversely, the rising prices for coffee and still more for cocoa and the resulting - not exactly measurable - improvement in the terms of trade provided a strong stimulus to growth from 1962 to 1964 and in the years following 1965 (see para. 62).

36. Exports are a dynamic factor not only because of their high share in gross domestic expenditure but also because of their multiplier effect. The gross proceeds of agricultural exports are distributed among many sectors from the producer to the port of loading, contributing to transport, commerce, processing and, through taxes, to the Government. This is demonstrated by the fact that the share of "non-producers" in the export value of agricultural exports is considerable and has risen from 20 percent in 1960 to 31 percent in 1968:

Approximate Distribution of Proceeds of Export Crops
(value in billions of CFAF)

	1960	1965	1966	1967	1968
(1) Value of export crops at producer level:	32,4	50,0	55,7	52,4	67,4
(2) Value of agricultural exports:	40,7	64,0	70,3	73,1	97,5
(3) Relative share of non-producers:	20%	22%	21%	28%	31%

1/ Computed by IFS with 1963 weights, for coffee, cocoa and timber which represent 75 to 80 percent of total exports.

Apart from its "vertical" diffusion, the income from agricultural exports has also been distributed among hundreds of thousands of farmers except in the case of forestry where exploitation is in the hands of a few scores of firms. In addition, part of the income of individual farmers and large plantations accrues to wage labor, principally provided by immigrants who number several hundred thousand. A change in the level of exports therefore is bound to have widespread effects on the whole economy.

III. FINANCIAL ASPECTS OF GROWTH

37. The critical financial aspects of growth will be examined in terms of (i) the savings-investment accounts, (ii) the external accounts and (iii) the public sector accounts. The financial problems that have arisen in these contexts have so far been resolved without undue strain and without an abnormal price inflation. The achievement of internal and external financial equilibrium has been possible due partly to external assistance but principally to the Ivory Coast's own efforts.

A. Savings and Investment

38. Conclusions about the balance of savings and investment depend largely on questions of definition. If the external current account deficit (or surplus) and national savings are determined exclusive of net private transfers abroad (as implicit in the national accounting system of the Ivory Coast) national savings are found to equal or to slightly exceed gross domestic investment in every year from 1960 to 1968. For most years there was therefore an overall resource surplus of between zero and more than 6 percent on this basis. If, however, private transfers are considered a kind of factor income payment and therefore included in the definition gross investment exceeded national savings, resulting in a resource gap seven years out of nine.

39. With the exception of some minor items (such as scholarships abroad) net private transfers abroad are constituted by savings out of wages and salaries of foreign African workers, expatriates working as technical assistants and other non-Ivorians. Not all of these wage earners remain a full year in the Ivory Coast; some stay for several years continuously, and some for only a few months every year. Transfers of savings are made either at regular or irregular intervals. It is therefore difficult to decide whether the workers are "domestic factors of production" transferring current earnings, or whether such transfers should be classified as capital movements. In any event, the existence of a foreign labor force does result in a continuous outflow of funds from current earnings of these workers as a whole. On balance it seems more logical to consider these transfers current payments which must be deducted from domestic savings (i.e. domestic income <u>less</u> domestic consumption). Under this assumption 1/ the difference between national savings and gross domestic investment has developed as follows:

1/ Appendix Table 2.4 gives the calculations on both bases.

	1960	1961	1962	1963	1964	1965	1966	1967	1968
1. National savings (CFAF billion)	24.5	23.4	17.3	28.9	46.9	35.7	42.6	41.2	61.6
2. Gross domestic investment (CFAF billion)	20.5	27.4	20.0	30.1	44.9	44.9	52.6	51.4	61.9
3. Resource gap (1)-(2)/a (CFAF billion)	-4.0	+4.0	+2.7	+1.2	-2.0	+9.2	+10.0	+10.2	+0.3
4. Resource gap (1)-(2)/a as percent of national savings	-20	+15	+14	+4	-4	+20	+19	+20	+0.1
5. Resource gap (1)-(2)/a as percent of GDP	-2.8	+2.5	+1.6	+0.6	+0.8	+3.5	+3.7	+3.7	0

/a A plus sign indicates a resource gap and a minus sign a resource surplus.

Source: Table 2.4

40. Over the past nine years a resource gap has been the rule except in 1960 when there was a large surplus, 1964, and in 1968 when there was virtual equilibrium. In two of the "equilibrium" years - 1964 and 1968 - both savings and investment rose sharply. In these years higher exports resulted in larger trade surpluses and greater economic activity, generating in turn larger investment and savings. As a proportion of GDP the resource gap was never very large. It was largest in the three years preceding the 1968 boom. Even then, the Ivory Coast financed, ex post, 80 percent of its gross domestic investment. On the average, local resources in 1965-1968 financed over 85 percent of gross domestic investment, a rather remarkable achievement considering that gross investment was then 70 percent above its 1960-64 level. Resource gaps which did develop in some sectors of the economy were financed by external capital, public and private, in a way which did not hamper implementation of investment programs. Although shortage of foreign exchange has never been an obstacle, increasing difficulties in mobilizing sufficient resources

for investment by the public sector have been experienced in recent years.

Origin of Savings

41. A breakdown of savings for households including "individual entrepreneurs," for private firms and public enterprises, and for Government has been attempted for 1960, 1965-67 and in part for 1968 (see annex table 2.5). It shows the availability of savings for investment for each of these economic units after making appropriate deductions for factor payments, private transfers and debt repayment. "Gross (domestic) savings" are defined before transfers or factor payments abroad. "National savings" are here defined as domestic savings less factor payments less private transfers less debt amortization. "Net savings" is the excess (deficit) of national savings over gross investment 1/, and represents the net financing capacity or the net financing requirements of each group.

42. Households and individual entrepreneurs have generally accounted for the largest share of total gross savings - 40 to 50 percent. Their absolute level doubled between 1960 and 1967 when they exceeded CFAF 26 billion. They were probably substantially higher in 1968 when producers' income from export crops and forestry increased by CFAF 15 billion or 35 percent over the previous year. As a proportion of domestic income after tax, the savings rate of this group has slowly increased from 9.5 percent in 1960 to 12.4 percent in 1967, or from 13.5 percent to 15 percent of monetary income only. Transfers abroad out of wages and salaries have absorbed around 40 percent of gross savings each year, and over half has been used for investment, leaving each year a small excess of net savings. This group has thus been a net contributor to the financing of investments by other sections of the economy.

43. As might be expected, gross savings by private and public business firms have fluctuated widely. In 1966 their amount was 3.5 times that in 1960, but in 1967 it dropped by CFAF 10 billion, and then rose again in 1968 to a level probably higher than in 1966. The share of firms in gross savings therefore varied from a low of 28 percent in

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1/ The figures for savings and investment of groups of agents are from the appropriation, capital and annex accounts of these agents in the national account system used in Ivory Coast and their total may be slightly different from corresponding items taken from the normalized UN system aggregates shown in the Table para. 39.

1967 to a high of 40 percent in 1966. Payments of interest and dividends abroad 1/ have fluctuated much less than gross savings and have therefore reduced these in varying proportion though always by a substantial amount - by 27 percent in 1960 and as much as 53 percent in 1967. Gross investment in 1965-68 averaged CFAF 23 billion annually, more than twice that of its 1960 level. Because there has been a substantial amount of foreign investment in firms, these show an important annual net savings deficit equal to between one third and two thirds of their gross investment.

44. The position of Government is examined in some detail below. Gross savings of Government have been consistently lower than that of either of the other two groups and accounted for about one fifth of the total throughout the period. The level of gross Government investment has been slightly above that of households and about half that of firms, including public enterprises, with the exception of the year 1968 when the central government became the major investor in the economy with CFAF 24 billion or 40 percent of the total. The Government was also a net user of capital with a shortfall of available savings relative to gross investment of 45 percent for the period 1965-68.

Origin and Composition of Gross Investment

45. Gross fixed capital formation has increased threefold between 1960 and 1968, from CFAF 19 to 59 billion (see table 2.3). The most marked increases occurred in 1961 (+25 percent), 1964 (+40 percent) and 1968 (+20 percent), all years which were characterized by above average rates of overall growth. As already noted, the rate of gross and net capital formation have never been very high, representing (gross) around 15 percent of GDP in the early sixties and about 18 percent since 1965.

46. In the early stages of independence, in 1960 and 1961, public investment, including that in public enterprises, represented over 40 percent of total investment. In subsequent years, increasing participation by the private sector (e.g. households in the important sector of housebuilding) caused the share of public investment to decline to 30 percent of the Government alone and 35 percent including public firms. In the recent past the role of the public sector has again become relatively more important because new development projects were undertaken in the public sector particularly for regional development (e.g. San Pedro) while private investment increased more slowly. Thus Government and public firms together contributed 40 percent of total fixed capital formation in 1967 and their share may have approximated 50 percent in 1968.

1/ As a simplifying assumption these are entirely imputed to firms.

47. Private investment is made up of quite different components. It includes investment in the traditional sector, such as housing, as well as equipment purchased by firms in the modern sector. There are few details on private investment by sub-sector. Investment by modern firms increased primarily in 1960 and 1965 - and has since remained at about the 1965 level - from CFAF 7 billion to over 17 billion. Its share in total investment (excluding stocks), which was about 38 percent between 1960 and 1965, has since progressively declined to about 28 percent in 1968.

48. The composition of investment by broad category of goods has not changed markedly during the growth process. Construction still accounts for the bulk of investment, although since 1964 its share has dropped from around two thirds of the total to 55 percent. Within this category investment in transportation infrastructure may have declined somewhat, whereas that in urban construction including housing has probably increased. Conversely, outlays on mechanical and electrical equipment have slowly risen from one fourth to one third of the total, in line with the development of the industrial and power sectors. The share of transport equipment has remained at around 12 percent since 1960. There has probably been some over-investment in this sector as indicated by the "cut throat" competition in freight rates among road carriers.

49. Variations in stocks are only rough approximations. They concern mainly export crops and were most important in 1966 when there was a bumper crop of coffee.

B. External Trade and Payments

50. The Ivory Coast has an open economy in which foreign trade plays a prominent role. Imports have contributed about one fourth of total resources and about one third of available resources have been exported. Exports actually are equivalent to around half of GDP after deductions are made for that portion of output such as subsistence and Government services which cannot be traded internationally 1/. Imports were CFAF 10,000 per head in 1960, CFAF 15,000 in 1965 and CFAF 18,000 in 1968, and exports CFAF 12,000, 16,000 and 22,000 respectively. It has been noted also that imports were a major component of such aggregates as private consumption and industrial sales, while exports have been found to be the main growth force in the economy. Non-merchandise current transaction as well as capital movements are an important element in the external balance representing with variations from year to year, around 20 percent of the value of merchandise trade.

1/ Tradeable GDP is approximately defined as GDP less subsistence consumption, less construction less Government services less rents.

General

51. The balance of payments since independence has been characterized first of all, by a rapid growth of total transactions. The combined total of exports and imports has increased without interruption, except in 1965, at an average rate of 11.5 percent per annum between 1960 and 1968. Secondly, there has been a trade surplus every year since 1960. Except in 1968, this surplus has averaged CFAF 10 billion without showing any clear tendency to increase or decrease 1/. Thirdly, the current balance on goods and services before private transfers was close to zero or slightly positive until 1964, then became increasingly negative, except in 1968 and 1969 when it showed a large surplus. The current balance on goods and services after private transfers has been increasingly negative except for 1968 and 1969 when the deficit was practically eliminated. Fourth, net public transfers (i.e., public grants and technical assistance) have varied comparatively little, between CFAF 3.5 and 5.5 billion, with no tendency to increase, but the net inflow of long-term private and public capital has fluctuated markedly. Short-term capital movements have shown even wider fluctuations. Finally, net foreign assets have increased, with some ups and downs, from CFAF 5.8 billion ($23.7 million) in 1962 2/ to CFAF 22.4 ($91 million) at the end of 1968. By that time the Ivory Coast accounted for 55 percent of total net foreign assets held by the Western African Monetary Union. The following table summarizes the balance of payments for 1960 and for the more recent years.

1/ Provisional estimate for 1969: CFAF 30 billion.

2/ Foreign assets of individual member countries of the West African Monetary Union were not identified before 1962.

(CFAF billion)

		1960	1965	1966	1967	1968	1969 (provisional)
1.	Exports (goods)	44.4	70.5	80.2	83.3	110.0	
2.	Imports (goods)	-34.1	-62.8	-68.5	-73.4	-84.2	
3.	Trade balance	10.3	7.7	11.7	9.9	25.8	(30.0)
4.	Net non-factor services	-4.4	-2.7	-5.9	-6.4	-7.3	(-8.0)
5.	Net factor payments	-1.8	-6.6	-8.4	-8.9	-9.5	(-10.0)
6.	Balance on goods and services	4.1	-1.6	-2.6	-5.4	9.0	(12.0)
7.	Net private transfers	(-7.6)*	-7.5	-8.7	-8.9	-9.2	(-9.5)
8.	Current balance (6+7)	(-3.5)*	-9.1	-11.3	-14.3	-0.2	(2.5)
9.	Net public transfers	(3.5)*	5.4	4.8	3.6	3.8	(4.5)
10.	Net public capital	n.a.	3.3	0.6	0.1	4.7	(-5.0)
11.	Net private long-term capital	n.a.	4.4	0.5	3.1	4.0	(4.5)
12.	Net short-term capital & monetary sector	n.a.	-4.2	-0.4	6.2	-10.8	(-8.8)

* Estimates

Imports

52. Between 1960 and 1968 imports of goods rose by 12 percent per year on the average. Their rate of increase was much faster whenever growth of GDP accelerated, notably in 1961 (+ 39 percent), 1964 (+ 31 percent) and 1968 (+ 18 percent). They decreased only very slightly in 1962 but increased mildly in 1965 when GDP stagnated.

53. The composition of imports by principal categories has remained remarkably stable since 1960 (see Table 3.3). Food, beverages and tobacco represent around 20 percent of the total and show a very mild tendency to decrease relatively; manufactured consumers' goods account for 33 percent; manufactured and semi-manufactured goods for use by industry for a little over 22 percent and 15 percent respectively. Within each broad category, however, there have been significant changes mainly as a result of import substitution.

54. As in other former French colonies, there has been a shift in the geographic origin of imports away from France and the franc zone. The franc zone supplied 78 percent of total imports in 1960 and 62 percent in 1968, whereas the share of other EEC countries increased from 8 percent to 20 percent and that of all other countries from 14 percent to 31 percent. Among the latter, the most important is the United States (6 percent).

55. Following similar measures taken by France, practically all exchange restrictions and import controls with non-franc countries were first abolished in July 1967 and then re-established in September 1968. However, restrictions on current operations and notably imports are not very stringent especially as regards EEC countries, and there are none for transaction with France. Import quotas imposed for non-franc imports are normally not entirely filled. The important reason for the predominance of imports from France is simply that most trading firms are French and that commercial channels with the former colonial power are long established.

56. Taxation on imports is essentially revenue oriented and it is described in Section D below. There is an element of protectionism due to the fact that in the absence of special countervailing conditions the import tax ("droit fiscal d'entree") increases with the degree of processing of the product. For example, live cattle are exempt whereas carcass meat is charged 45 percent. Also, as described in the annex report on industry, new enterprises generally benefit from tax exemptions on imported inputs and/or obtain some special protection for the finished product. There is some discrimination in rates by countries of origin; countries of the Western Africa Customs Union receive the lowest rates, EEC countries have a favorable treatment relative to other countries which are charged the full rates. Since 1968 France is not treated more favorably than the other European Common Market countries.

Exports

57. Exports of raw and semi-processed agricultural products represent about 90 percent of total exports and are considered in detail in the annex report on agriculture. The remarkable growth of exports since 1960 is primarily attributable to sales of coffee, cocoa and timber, which have been as follows, in round figures:

	1960	1965	1966	1967	1968	1969 (Provisional)
Coffee (1,000 tons)	148	186	181	149	214	(202)
(CFAF billion)	19	26	30	25	36	(32)
Index of value	100	136	158	132	189	
Cocoa (1,000 tons)	63	126	124	107	121	(110)
(CFAF billion)	9	11	13	14	19	(20)
Index of value	100	122	144	155	211	
Timber (1,000 tons)	673	1,566	1,568	1,840	2,176	(2,300)
(CFAF billion)	7	18	19	22	26	(29)
Index of value	100	257	271	314	371	
Total exports (CFAF billion)	44	71	78	82	108	
Index of value	100	161	177	186	245	
Percentage of three products in total	80%	77%	79%	74%	75%	

58. The large fluctuations in quantities of coffee and cocoa do not reveal any definite trend. For example, in 1961 exports of coffee were higher than in 1967 and those of cocoa only slightly lower. Coffee exports are partly limited by the Ivory Coast's quota under the International Coffee Organization (173,000 tons in 1969/70). However, sales to non-member countries have taken place every year. The Ivory Coast also announced destruction of large stocks of coffee in 1969.

59. Since 1965, and of course subject to annual and intra-annual variations, export prices for both coffee and cocoa have moved favorably especially for the latter, while those for timber have been much more stable. The very high level of 1968 exports is thus largely the result of the good coffee prices which have prevailed since 1966 combined with an exceptionally large crop, of a 20 percent rise in cocoa prices over the previous year, and of the accelerated growth in quantities of timber sold in response to favorable demand conditions for the Ivory Coast resulting from shortfall in supplies from other West African countries, notably Nigeria. In all these products the Ivory Coast has become an important exporter: it ranks third in the world for coffee, fourth for cocoa and first in Africa for timber. Ivorian exports of these products are therefore bound to affect world prices. The index of unit values of the three products derived from export statistics are:

	1960	1965	1966	1967	1968	1969/a
Coffee	91	100	119	120	120	114
Cocoa	164	100	121	151	180	230
Timber	87	100	105	104	113	109

/a Based on results for first six months.

60. Another eight or so agricultural products together contribute 10 percent of merchandise exports, notably bananas, pineapples (fresh, canned and juice), cotton and cotton seeds, rubber, palm produce, copra, and cola nuts. Some, such as cola nuts, have been exported to neighboring countries since ancient times. Others have been developed comparatively recently, for example bananas (147,000 tons in 1968), rubber (7,000 tons in 1968), largely by French planters who used to be active in former Indochina and in Guinea. Pineapples are grown both on large plantations and by "outgrowers." Cotton production was started in the post-World War II years, as in the other parts of former French Africa, but its rapid development has taken place only in the last few years (1968: 11,000 tons of fiber). Oil palm and coconut have been developed on a large scale since 1965 as a main part of the Government's diversification policy and will become an important source of exports in the early seventies.

61. Non-agricultural exports include small and decreasing quantities of diamonds and of manganese. Industrial products, excluding semi-processed agricultural products such as sawn timber, ginned cotton, palm oil, etc. are negligible. New assembly lines in other African countries have put an end to exports of cars and light trucks by Ivory Coast, and exports of petroleum products have ceased because of rapidly increasing consumption at home. Export growth has been facilitated by some preferential treatment on the European Common Market that the Ivory Coast shares with other associated countries, and, until the early sixties, from a generally still more favorable treatment on the French market.

Terms of Trade

62. The available information is insufficient to determine exactly how terms of trade have evolved. While an export price index for the three major export products can be determined 1/, a corresponding import

1/ The index is based on 1965 weights and the unit value indexes of the Table in paragraph 59.

index does not exist and cannot readily be calculated. However, it is unlikely that import prices rose on the average by more than 3.5 percent per year. On this hypothesis the terms of trade have improved since 1965 and were particularly favorable in 1968 and 1969. In the latter years they were somewhat less favorable, however, than in 1960.

	1960	1965	1966	1967	1968	1969 (6 months)
1. Export price "index"	105	100	115	120	130	136
2. Import prices: + 3.5% p.a.	84	100	103.5	107	111	115
3. Terms of trade (1)/(2)x100	125	100	111	112	117	118

Private Non-trade Flows

63. Private factor payments (i.e. excluding interest on public debt) have increased practically every year starting with CFAF 1.8 billion in 1960 to CFAF 8.6 billion in 1968, i.e. almost five times or twice as rapidly as goods exports. During the same period transfers from wages and salaries are roughly estimated to have doubled; they were close to CFAF 11 billion in 1968. The two items combined have thus amounted to approximately one-fourth of the value of imports every year since 1960.

64. Factor payments proper consist mainly of investment income of foreign based firms. About two-thirds of private transfers consist of savings by foreign African workers and one-third of similar savings of non-African expatriates. While investment income and non-African transfers go mostly to France, savings by foreign Africans go mainly to Upper Volta and to that extent do not affect the external reserves of the Monetary Union. Such transfers are a very important source of income for Upper Volta and also for Mali, the other main recipient country.

Private Capital

65. Except for 1966 when it was very low, net private long-term capital inflow (including reinvested profits of foreign based firms) has been fairly stable since 1963, varying between 3.1 and 4.7 billion without any clear trend up or down. Private investment income paid abroad has substantially exceeded the net inflow of private capital, and the difference between the two has greatly increased in recent years.

	(CFAF billion)					
	1963	1964	1965	1966	1967	1968
1. Net long-term capital	4.5	4.7	4.4	0.5	3.1	4.0
2. Net investment income	-4.7	-6.5	-5.9	-9.1	-8.4	-8.6
3. Difference (1-2)	-0.2	-1.8	-1.5	-8.6	-5.3	-4.6

Gross private borrowing abroad has been important, averaging CFAF 2.5 billion since 1963 but reimbursement of loans have greatly increased leaving an average net inflow of only 0.9 billion in 1965-68 or half the level of 1963-64.

Public Transfers and Capital - External Debt Service

66. Gross public transfers have been about CFAF 7 billion p.a. since 1965, about half in the form of development grants and half as technical assistance, both mostly from France and FED. French grants have diminished somewhat and French technical assistance in personnel is subject to an overall ceiling (CFAF 2.1 billion since 1965). Mainly as a result of this, transfers abroad by the Government, which include the Ivory Coast's contribution to the salaries of technical assistants have increased steadily and the net inflow of public transfers have tended to decrease over the last four years.

67. External public borrowing became increasingly important after 1964. Drawings on loans over the four years 1965-68 have totalled CFAF 26 billion (US$105 million) or 6.5 billion per year. Reimbursements so far have been equivalent to half the gross inflow. The increasing importance of loan capital relative to public transfers since the mid-sixties and the implied hardening of external aid is a major feature of the country's recent economic history.

68. Service on external debt (as known from balance of payments statistics) has remained light until now, even if private debt service is included. The following figures include interest and capital payments (CFAF billion):

	1963	1964	1965	1966	1967	1968
1. Public debt service	0.5	1.4	1.5	2.2	2.5	5.4
2. Private debt service	0.1	1.0	0.9	1.4	1.7	2.3
3. (1) as % of exports (g & n.f.s.)/a	0.8	1.6	1.7	2.2	2.4	4.1
4. (1) + (2) as % of exports (g & n.f.s.)	0.8	2.7	2.7	3.6	4.1	5.8

/a g & n.f.s. = goods and non-factor services.

Public debt service though not yet a significant burden in terms of its claim on foreign exchange income, raises some problems for public finance.

C. Money, Prices and Wages

1. Monetary Developments

69. The essential features of monetary institutions and policies are determined by the Ivory Coast's membership in the West African Monetary Union (Union Monétaire Ouest Africaine - UMOA) within the franc zone. The general rules applicable to the Union will not be discussed here. A full evaluation of the monetary system from the point of view of development problems of member countries can be properly done only for the area as a whole. What follows are some considerations on institutional and policy developments peculiar to the Ivory Coast and on interest rates from the limited point of view of the Ivorian experience if only because this experience is in many respects unique within the Union.

Institutions

70. Economic growth has been accompanied by diversification of monetary and financial institutions. The banking system is more developed than in most other countries in the Monetary Union. There are four private commercial banks with 27 permanent branches of which 14 outside Abidjan and 26 semi-permanent offices, or one (permanent) branch for 190,000 inhabitants against one for 150,000 in Senegal and one for 270,000 in the Monetary Union as a whole. The commercial banks are all private with a majority of French capital and participations from American, Italian, and German banks as well as a small proportion of Government capital through SONAFI's 1/ participation. Total assets of the banking system at the end of 1969 were close to CFAF 100 billion ($360 million) or three times more

1/ Société Nationale de Financement.

than in 1962. In the public sector there is the Savings Bank and a postal checking account system, both established with the Post Office network. As in other former French colonies the Caisse Centrale de Coopération Economique (CCCE) has a branch in Abidjan. It lends to the public sector, public enterprises and local authorities, as well as to the Government, and has participations in the capital of three Ivorian credit institutions. 1/

71. Specialized institutions are a more original feature. They include two private hire purchase institutions (for automobiles and for public works equipment). Agricultural credit since December 1968 is in principle extended by a public Banque Nationale de Developpement Agricole (BNDA) following the failure and liquidation of the former institution (Caisse Nationale de Credit Agricole - CNCA). Operations by BNDA so far have remained very limited. One reason is simply the difficulties inherent in this type of credit in all African countries; another is that credit to farmers is already channelled by specialized agricultural development agencies (for example for oil palm, rice etc.). Industrial credit is granted by the Banque Ivoirienne de Developpement Industriel (BIDI), a joint international venture (including IFC) with Government participation.

72. FNI 2/ and SONAFI will be reviewed later in connection with policies for mobilizing local savings. While FNI's role as a lender is limited to ensuring that conditions for using FNI certificates in financing new investment are fulfilled, SONAFI takes direct participations in undertakings of national interest; these participations amounted to CFAF 3.5 billion at the end of 1969. However, the combined yield on these investments is low (5.75%) partly because some participations were in fact decided by the Government rather than SONAFI's management without much regard to economic considerations. Since the Government guarantees SONAFI an 8% yield on such participations the difference must be made up by budget subventions.

73. The most original and most important financial institution is the Caisse Autonome d'Amortissement (CAA), created in 1959. In addition to its public debt department (see section D below) it comprises a banking department (formally called "Gestion des Depots"). This section has gradually become one of the largest holder of deposits in the country. These deposits are only public in origin. Holding such important funds CAA has become increasingly involved in operations of three kinds: rediscounting of private bills (especially customs bills), short-term lending to commercial banks, and medium and long-term lending for development projects. Besides, the CAA has liquid investments abroad, including assets outside the franc zone from which resulted a windfall profit from the 1969 devaluation on its non-franc assets. The following table summarizes CAA's banking department position at the end of September every year.

1/ See section on Industrial Policies.

2/ Fonds National d'Investissement.

(CFAF billion)

	1964	1965	1966	1967	1968	1969*
1. Deposits held	14.3	13.6	16.1	12.1	16.3	20.0
2. Credits made (med. et long-term)	1.9	1.9	2.3	3.4	3.6	-
3. Liquid assets	12.2	11.8	13.0	7.6	12.5	

(*Estimate)

The many facets of CAA, including management of the public debt, give it a very useful role in complementing the normal activities of the banking system. CAA provides additional liquidity to commercial banks and through certain credit operations whose financing would otherwise be more difficult. Because most public deposits are held by CAA, the Tresor may sometimes lack sufficient liquidity. Such difficulties are easily solved through short-term advances by the central bank to the Government, within strict statutory limits, 1/ and by coordination of CAA's and the Tresor's actions.

Monetary Survey

74. Economic development has led to a progressive "monetization" of the economy (see Table 6.1) and caused money supply to rise by an average 14.2 percent p.a. from 1962 to 1968, or 18 percent faster than GDP at current prices. Money supply declined slightly with the overall stagnation of 1965, but increased very rapidly at times of accelerated growth of GDP as in 1964 and in 1968. The ratio of GDP to money supply (including quasi-money) declined from 5.5 in 1962 to 4.4 in 1968, as a result of a decline in the share of non-marketed output, and an increase in the velocity of circulation of money. The ratio of monetized GDP to money has also declined from 4.5 to 3.9. Another indication of the progressively "modern" character of the economy is the increasing ratio of deposit money to currency: demand deposits were practically as large as currency circulation in 1968 and exceeded it in June 1969. In 1962 currency circulation was 50 percent larger than demand deposits.

1/ BCEAO (Banque Centrale des Etats de l'Afrique de l'Ouest) may provide advances to the Government for 240 days (extendable to 360 days) for an amount equivalent to 10% (extendable to 15%) of tax revenue of previous fiscal year.

75. Time deposits have increased eight times between 1962 and 1968, or more rapidly than any other component of either monetary assets of liabilities. This results partly from increased private savings, but to a much greater extent from rising deposits by public firms and institutions, notably the agricultural price stabilization fund.

76. While credit to the private sector more than doubled from 1962 to 1968, net credit to Government became increasingly negative as a result of the rise in Government deposits. Claims of the banking system on the Government have in fact been limited to small cash facilities granted by the central bank for periods not exceeding a few days or weeks. The level of credits to the private sector is primarily determined by the size of the coffee and cocoa crops and by the level of imports. The greatest increases occurred in 1964 (+38 percent), in 1967 (+25 percent) and in 1968 (+15 percent). The central bank has always been active in financing short-term credit. At the peak of the coffee and cocoa campaigns, during the first quarter of each year, it rediscounts between 30 and 40 percent of the credits made by commercial banks. Largely thanks to the central bank's intervention, the financing of short-term credit has never raised serious problems.

77. Medium and long-term credit extended by banks remains comparatively small. Most of this credit is in fact extended by the Government and foreign aid institutions. Foreign firms often use funds and resources from their head branches abroad. Moreover, the expansion of medium and long-term bank credit is limited by the strict conditions common to the Monetary Union imposed on the rediscounting of such credits by the central bank. Nevertheless, the volume of these credits has increased markedly, from CFAF 3.2 billion in 1963 to CFAF 9.4 billion in December 1966, CFAF 11.2 billion in 1967, and CFAF 13.1 billion in 1968, principally as a result of the operations of public or semi-public credit institutions.

Interest Rates

78. For over ten years the Monetary Union's central bank rediscount rate has remained at 3.5 percent. Consequently the average level of interest rates has remained low. However the range of rates is wide. Short-term rates (not including commissions, etc.) for overdraft commercial bills and similar operations are between 4.5 percent and 6.5 percent when rediscountable and up to 9 percent if not rediscountable. Medium and long-term credits are extended at rates of 4.5 to 7.5 depending on the sector of activity and on whether the credits are eligible to central bank rediscounting or not.

79. The widening disparity between interest rates in the Monetary Union and the rest of the world have not had serious adverse effects so far, even though in France with which capital movements remain unrestricted, the discount rate has been 7 to 8 percent since early 1969. One would have expected, other things being equal, large capital outflows and a sharp

fall in external reserves. Neither has happened and reserves of the Union at the end of 1969 at a record level of CFAF 48 billion ($173 million) or CFAF 8 billion more than at the end of 1968. The reason is that banking and credit regulations in the Union ensure that both borrowers and lenders use their own resources to the maximum and therefore do not invest abroad more than what is thought acceptable from the point of view of the Union's external reserves. This is done mainly by quantitative controls on rediscount facilities and by liquidity ratios imposed on the banks; such policies are strictly enforced by BCEAO.

80. There have been suggestions at the central bank that the discount rate should be raised, but because direct controls are so efficient and because low interest rates are considered very advantageous, member countries have successfully resisted any such move. Besides, to be efficient a rise in the discount rate ought to be rather large and this might adversely affect economic activity as a whole by discouraging long-term investment and increasing the cost of marketing export crops. It might be argued that higher interest rates would be conducive to less capital intensive methods of production thereby economizing capital and making use of unemployed labor. Serious doubts may be cast on this sort of effect: responsiveness of methods of production to changes in interest rates are far from clear; there is no general unemployment in the Ivory Coast but rather labor shortages are now apparent in agriculture whereas there is unemployment of unskilled workers in the towns. The interest rate structure is an instrument, and a secondary one, for the selective distribution of credit and, under the conditions of the Monetary Union, it is not designed to serve as a tool for controlling overall money supply or achieving external balance both of which concern the Monetary Union as a whole and not individual countries as such. Within this wider framework money supply is essentially controlled through strict statutory limits on credit to the Government, discount ceilings and liquidity ratios whereas the external balance has resulted from a combination of "real" and monetary factors: growth of exports of the Union, external aid and also credit control. Short-term liquidity crisis for any individual country are for all practical purposes inconceivable. Unlimited convertibility of the CFA franc into French franc would in any event prevent any such unlikely crisis from threatening the Union as a whole. Finally the central bank feels that though varying circumstances in the different member countries could in theory justify different interest rates from one to the other, this might result in undesirable intercountry capital movements. The central bank (BCEAO) seeks to ensure that capital resources in each country are fully utilized. However, in its recent issue to the general public the Government, as noted earlier, has felt it necessary to propose a 7 percent rate and other financial incentives. This has resulted in small savings which might otherwise have gone into consumption but certainly not into investments abroad. In order to retain those savings that are normally exported, it would probably be necessary to enforce interest rates at least as high as in international capital markets and probably considerably higher. All in all, as long as the external reserves of the Union remain at a satisfactory level, it would not seem necessary or advisable to enforce higher interest rates.

2. Prices and Wages

81. The data on prices indicate that economic growth has not been accompanied by sharp increases in prices:

Price Index for "African-Family" Consumption
(Feb. 1960 = 100)

1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
102.9	112.7	112.4	112.4	113.9	117.0	121.9	124.6	136.3	143.9

The average annual increase in the price index for African consumers was 3.9 percent p.a. This rate was exceeded in 1961 and 1968, and also in 1969 owing to the devaluation in August of that year. Price increases for "European" type consumption have apparently been smaller: 3 percent p.a. The price index for building materials (composed in 1956) shows a remarkably limited rise of only 9 percent between 1960 and June 1969. But admittedly, the reliability of price indicators is open to question with respect to coverage, weighting and accuracy of computation.

82. Not enough is known about the factors affecting prices. For local foodstuffs, which, owing to their character, cannot readily be replaced or supplemented by imports, variations in supply are likely to produce price fluctuations which may not be fully reflected in officially recorded prices. Owing to comparative supply inelasticity in relation to growing demand it is probable that prices of local foodstuffs have increased more than those of other products particularly since 1967. For other goods which are traded internationally and which can be imported owing to the openness of the Ivorian economy, variations in prices are probably determined primarily by world market prices or by prices in the principal supplying countries such as France. A rise in aggregate demand in the Ivory Coast is unlikely to have significant impact on such prices. In theory, the devaluation of the CFA franc in relation to non-franc currencies, should have increased the cost of imports only from the non-franc zone and very marginally those originating in the zone. However, the Ivorian authorities claimed that many French exporters increased their prices on goods exported to Africa well beyond what would be justified by the indirect effects of the franc devaluation. To limit further short-run price increases, the Government froze all prices as of September 1969, and made specific increases subject to governmental approval.

Wages

83. The Ivory Coast applies a system of minimum wage rates (salaire minimum interprofessionnel garanti - SMIG), which in principle determines the national wage structure. The minimum wage rate has been changed in the recent past after having been stable for a long period. On April 1, 1968, regional differentials of SMIG for non-agricultural labor were discontinued

and the new national SMIG was fixed at its highest level, that prevailing in Abidjan, of CFAF 42.40 per hour. Before this change, the SMIG outside Abidjan was CFAF 38.20. On July 1, 1968, the SMIG was raised for all sectors by 10 percent. Thus, the new minimum rate for non-agricultural labor became CFAF 46.61 per hour and CFAF 20.50 for agricultural labor, with the exception of the forestry sector where it was CFAF 24.50. Minimum wage rates for skilled labor are determined by joint commissions, including representatives from the Government, from labor and from employers.

84. In March 1970, following the "dialogue" between the President of the Republic and representatives of all social groups, a new general increase in wages was decided, applicable as of January 1, 1970. The SMIG was thus raised by 25 percent and other wage rates by between 5 percent (for the highest brackets) and 20 percent (for the lower brackets). The total additional cost to the private sector of this general rise has been estimated at about CFAF 11 billion for the full year. In fact, wage rates actually applied before the general increase were commonly above minimum official rates owing to a number of fringe benefits. In March 1970, and effective as of January 1, 1970, wages and salaries in the public sector were also raised (see section D below). The general increase in wages and salaries is far from being insignificant for the economy as a whole since it would represent about 4 percent of the 1968 GDP.

85. Pressure for higher wages has become increasingly strong in the recent past because of a more rapid increase in the cost of living and because of the "demonstration effect" connected with the high level of wages of expatriates and of Africans in the highest echelons. These pressures are an important aspect of the demand for a more rapid ivorization of the economy.

86. As is often the case, such a general increase in wages may well produce an incentive to increase productivity, particularly in the industrial sector. As there is ample room for such productivity increases, the overall rise in wage rates should not be considered as being necessarily a disturbing factor in the economy. These wage increases, however, may well contribute to aggravate inflationary pressures, particularly if food supplies were adversely affected by poor crops; they will also result in higher levels of imports of consumer goods and this will have an anti-inflationary effect. As the prospects for exports of the principal crops in 1970 are good, the increase in imports determined by higher wages should not significantly affect the trade balance. A possible unfavorable effect of the increase in wage rates, in the short-run, may be some reduction in the level of urban employment to the extent that some firms in a difficult financial position will have to dismiss workers. Also, it is unlikely that the demand for labor by firms in the modern sector will be stimulated. On the other hand, it is possible that the rise in agricultural wages may result in greater labor supply in this sector, particularly on the large plantations where it is most needed. In this respect, however, it seems that the differential between agricultural and non-agricultural wages remains too large and this will remain a disincentive to agricultural employment.

D. Public Finance and the Mobilization of Capital Resources for the Public Sector

1. General

87. The essential features of Government finance are summarized in the table below. Over the 1960-70 period, total Government revenue increased at an annual average rate of 11.7 percent, 1/ whereas current expenditure rose only by 10.2 percent on an average over the same 10 years, both at current prices. The ratio of Government tax revenue to GNP rose from 17.7 percent in 1960 to 19.5 percent in 1968. The ratio of budgetary savings (current surplus) to revenue amounted to 18 percent and 21 percent respectively. Revenues increased more rapidly than expenditures in the 1960-65 period. The corresponding average growth rates were 12.7 percent for revenues and 9.5 percent for expenditures. In the 1965-70 period the situation changed. Revenues increased more slowly than previously - by only 10.8 percent per year - and also somewhat more slowly than current expenditures.

88. The essential feature of Government current revenue and expenditure since 1965 has been the wide disparity in rates of growth from year to year. Thus, revenues practically stagnated in 1967 mainly because of a general slowing down in the growth of foreign trade transactions. Conversely, a spectacular increase of 25 percent in current revenue took place in 1968 when, compared to 1967, exports rose by 33 percent and imports 28 percent, and an additional revenue of CFAF 5 billion was also obtained from important reforms of the value added tax and of the general income tax. 2/ In 1969 revenues benefited fully from the tax reforms introduced in the previous year and partly from the effects of the devaluation of the CFA franc in August that year. The increase in revenue was 11.4 percent and the ratio of budgetary savings before debt service increased to 27 percent: this proportion, however, remained below those of 1964 and 1965. The full effect of the devaluation is expected to be felt in 1970: this largely explains the high level of the estimates for that year which are 12.8 percent above 1969 realizations. In March 1970 the Government decided a general salary increase for the public sector. Salaries will be raised by 5 percent (for the higher ones) to 32 percent (for the lower ones) resulting in a supplementary wage bill of CFAF 1.6 billion, representing 32 percent of the total increase in expenditures this year (1970). These measures will result in a 2.8 percent increase in the share of wages and salaries in total current expenditures, which in recent years averaged 45 percent.

1/ Figures for 1960-61 are unreliable. The average rate of increase for 1962-70 according to the latest (May 1970) revised budget figures are 11.2% p.a.

2/ As a result of the introduction of the "pay-as-you-earn" system for personal income taxes, revenues have been taxed twice in 1968.

GOVERNMENT FINANCE*

(CFAF billion)

	1960	1964	1965	1966	1967	1968	1969	1970 (estimates)	1965-70
1. Total Government Revenue	26.5	44.6	48.2	51.0	51.2	64.0	71.3	80.4	366.1
2. Total Current Expenditure a/	21.6	32.1	34.0	39.2	41.7	50.5	52.0	57.0 b/	274.4
3. Total Budgetary Savings	4.9	12.5	14.2	11.8	9.5	13.5	19.3	23.4	91.7
4. Debt Service (by CAA) c/	.2	2.4	4.5	4.6	4.9	5.5	5.4	8.6	33.5
5. Total Savings available for investment	4.7	10.1	9.7	7.2	4.6	8.0	13.9	14.8	58.2
6. Ratio of savings (3) to revenue (1)	18%	28%	29%	23%	19%	21%	27%	29%	25%
7. Ratio of savings (5) to revenue (1)	18%	23%	20%	14%	9%	13%	19%	18%	16%

* On cash basis for calendar years.

a/ This includes some investment expenditure (estimated between CFAF 1.7 and 2.2 billion per year in national accounts) and the net deficits of Treasury accounts outside the budget insofar as they correspond to current expenditures.

b/ Current budget only (budget général).

c/ Amortization and interest.

Source: Annex - Tables 5.1-5.2

Revenue Structure

89. The Ivorian fiscal system is similar to that of other countries in French speaking Africa. The revenue structure of the Ivorian economy is summarized in the following tables.

Structure of Government Revenue for Selected Years

(Percent)

		1960	1965	1970
1.	Direct Taxes	9.4	14.5	17.3
	-Income and profits	6.4	10.2	14.1
	-Taxes on property	3.0	4.3	3.2
2.	Indirect Taxes on Domestic Transactions	10.9	17.6	19.0
	-Value added tax	4.5	9.8	8.6
	-Excise taxes	6.4	7.8	10.4
3.	Indirect Taxes on Foreign Trade	70.2	60.9	59.2
	-Import taxes	46.8	40.5	40.4
	of which: Import duties	(32.8)	(23.9)	(21.4)
	Value added tax	(11.3)	(14.1)	(17.4)
	-Export duties	23.4	20.4	18.8
4.	Other Taxes	2.3	3.7	1.1
5.	Non-tax Revenue	7.2	3.3	3.4
		100.0	100.0	100.0

90. Direct taxes were only 1.8 percent of GNP in 1960, but increased progressively to 3.1 percent in 1965. Their corresponding share in government revenue rose from only 9 percent in 1960 to 14 percent in 1965 and are estimated to 17 percent in 1970. Income and profit taxes account for the bulk of this revenue.

91. In 1968 profit tax rates were increased from 25 to 33 percent. As a result of these changes and of the introduction of the "pay-as-you-earn" system for personal income taxes, direct tax revenue increased between 1967 and 1968. The system of direct taxation as a whole is only very sligthly progressive and it seems reasonable to expect direct taxes to make an increasing contribution to Government revenue in the future.

92. Indirect taxes absorbed 15 percent of GNP in 1960, 16 percent in 1965 and will probably represent 17.5 percent in 1970. Indirect taxes accounted for about 80 percent of Government revenue in the period 1960-70.

Average Annual Growth Rates of Main Taxes

(Percent)

	1960-65	1965-70	1960-70
Direct Taxes	23.2	14.4	18.7
of which:			
- Income and Profits	24.1	17.7	20.9
Indirect Taxes	12.3	10.4	11.3
of which:			
- Value added tax	22.7	12.3	17.4
- Excise taxes	15.8	14.2	15.0
- Export duties	10.0	8.6	9.3
- Import duties	6.1	8.0	7.1
Total Tax Revenue	14.0	10.4	12.2

93. The share of import and export taxes and duties (including value added tax on imports) in Government revenue amounted to around 70 percent, in 1960, but declined to 61 percent in 1965 and to 59 percent in 1970. The effect of the devaluation is reflected in a 15 percent increase in the yields of export duties in the budget estimates for 1970. The value added tax contributed in 1960 some 16 percent to Government revenue and accounted in 1965 for some 24 percent (about the same share as import taxes and duties that year). In 1970 it is expected to be the most important single source of revenue, accounting for some 26 percent of the total. Rates on the latter tax were raised by two points in the tax reform program of 1968 yielding an additional revenue of some CFAF 4 billion. Excise taxes, principally on gasoline, tobacco and alcoholic beverages, accounted for 8 percent in 1965 and increased during the following years to 10 percent in 1970.

94. Non-tax revenue, such as income from Government property administrative fees, service charges, etc., accounted only for some 3 percent in the 1965-70 period and its share decreased slightly in recent years.

95. Allocation of Government revenue. Total Government revenue is allocated to the Current Budget 1/, the Investment Budget 2/ and the Amortiza-

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1/ Budget General (BG).

2/ Budget Special d'Investissement et d'Equipement (BSIE).

tion Fund 1/ by earmarking tax revenue to each of the budgets 2/, as shown in the following table:

Main Allocations of Government Revenue

(CFAF billion)

	1965	1966	1967	1968	1969	1970	1970 %
Current Budget	36.4	39.6	39.1	48.2	55.0	58.7	73
Investment Budget	7.6	7.1	7.5	10.8	9.9	13.1	16
Amortization Fund	4.2	4.3	4.6	5.0	6.4	8.6	11
TOTAL	48.2	51.0	51.2	64.0	71.3	80.4	100

Taxes on income and profits as well as the value added tax are allocated among the Current Budget, the Investment Budget and the Amortization Fund. Taxes on property, business and license taxes go both to the Current Budget and the Investment Budget. The excise taxes are entirely earmarked for the Investment Budget. The remaining tax receipts and other non-tax revenues are allocated to the Current Budget which disposed of some 76 percent of total Government revenue in 1965 and 73 percent in 1970. In 1965 and 1970 the share of the Investment Budget in total revenue was 15 percent and 16 percent respectively and that of the Amortization Fund 9 and 11 percent. The share of Government revenue allocated to the Investment Budget and the Amortization Fund has increased in recent years due to the expanded investment program and higher debt charges.

Government Current Expenditures

96. A combined functional and administrative classification of current expenditure is shown below for selected years:

1/ Caisse Autonome d'Amortissement (CAA).

2/ These include far less important allocations also (to roads fund, to reforestation fund, etc.).

Government Current Expenditures

	1960	(Percent) 1965	1970
General	13	37	28
-Defense	(2)	(9)	(8)
Social	25	28	34
-Education	(15)	(17)	(23)
-Health	(8)	(10)	(10)
Economic	26	21	23
Non-functional expenditures	36	14	15
	100	100	100

97. Expenditures on General Services rose at a high annual average rate of 34 percent between 1960 and 1965 largely as the result of the establishment of a national administration after independence (Ministries of the Interior, Defense, Foreign Affairs, National Assembly, etc.) Their rate of growth declined to 5 percent in the 1965-70 period. Thus their share first increased very rapidly and then declined after 1965. In 1970 they are expected to account for 28 percent of current budget outlays.

98. The very low level of school attendance at the time of independence and the high rate of population growth have quite normally resulted in a spectacular increase in absolute and relative terms for education and public health expenditures. This increase has accelerated in recent years: it was 13 percent per year in 1960-65 and 15 percent in 1966-70. In particular between 1967 and 1968 the increase was 19 percent. Outlays for education increased faster than expenditures for social services as a whole over the years 1965-70, or by almost 17 percent, as against 14.2 percent for health. In 1970 education and public health will account for 33 percent in total Government expenditures reflecting the high priority given by the Government to the Social Sector.

99. Outlays in Economic Services, principally affecting agriculture, animal production, and public works, increased by only 5 percent a year over the 1960-65 period, but have risen at an annual growth rate of 12 percent since 1965. In 1970 they will account for 23 percent in Government outlays, the same percentage as for education alone.

100. The distribution of current expenditure among wages and salaries (average 45 percent), materials and maintenance (average 32 percent), and transfers (average 23 percent) has not changed significantly in recent years.

2. Mobilizing Capital Resources for the Public Sector

101. The Ivory Coast has so far financed from its own resources a much higher proportion of its public investment programs than any former French colony. External capital requirements however have been increasing relatively and absolutely. Access to external sources of capital and the attraction of foreign capital and enterprise have been facilitated by special cooperation agreements with the former colonial power, by its membership in the franc area, and by its association with the European Economic Community. But the Ivory Coast's ability to attract foreign capital has above all been favorably affected by the country's development potential, its rather liberal policies and its political stability.

102. The pattern of public investment financing since 1960 is characterized by a decline in the share of internal as against external resources and by an increase in the share of both external borrowing and non-Government public savings in the most recent years. These features are summarized in the following table. For lack of information, however, the data exclude investment by local authorities, which is small and largely financed through the central government bugdet, and some residential or office construction by public firms which has assumed some importance in the last few years.

Sources of Finance for Public Investment

	1960-66	1967	1968	1969 (provisional)	1970 (provisional)	1967-70 /a
1. Total public investment /b (CFAF billion)	93.2	20.9	22.3	32.0	47.0	130 /c
2. Financing (percent)						
3. Budgetary savings	62.5	28.2	40.0	33.5	26.0	32.0
4. Other public savings /d	2.8	14.0	8.0	7.0	33.0	17.0
5. Public firms funds	7.5	10.7	6.8	8.4	7.0	7.5
6. Internal borrowing	0.1	1.4	2.2	3.7	2.0	3.0
7. External grants	14.5	17.8	11.5	10.3	5.0	10.5
8. External borrowing	12.8	28.0	31.5	37.1	27.0	30.0
	100.0	100.0	100.0	100.0	100.0	100.0

/a Figures based on the estimates for the 1970 investment budget of CFAF 44.1 billion and therefore total planned public investment may be in the order of 47 billion.

/b Including Government participations.

/c This is a revised estimate of actual expenditure. Total financing means committed for expenditure during the period will amount to about CFAF 145 billion of which CFAF 103 billion through BSIE. The revised total for 1967-70 exceeds the sum of investment estimates for each year for which revised estimates were not available to the Mission.

/d Mainly surpluses of the agricultural price stabilization fund transferred to the investment budget.

Public Savings

103. The share of internal public resources (items 3, 4, 5) has declined from nearly 73 percent in 1960-66 to 56 percent in 1967-70. This has important implications. However, this relative decline has taken place during a period when the annual level of public investment has increased 2.3 times. Thus the average annual level of local public resources in 1967-70 will have been close to CFAF 18 billion or almost double the level of 1960-66 at current prices. Even allowing for price increases, the absolute growth of public

savings remains quite significant. But there has been no growth of public savings invested relative to GDP: they were between 4.5 and 5 percent both in the recent years (1967-68) and in 1960-66, although this proportion may prove slightly higher in 1969 and 1970 as a result of the transfer to the Government investment budget of large savings by public institutions (item 4 of the above table) notably those of the agricultural price stabilization fund.

104. The share of public firms has changed little. This share has come principally from the electric power company (Energie Electrique de Côte-d'Ivoire - EECI), the Port of Abidjan, the Office of Post and Télécommunications, and the railway which is jointly owned and operated with Upper Volta (Régie Abidjan Niger - RAN), in decreasing order of their contribution to public investments. These firms have also been financed through the Government budget (included under item 3), by borrowing from the French Caisse Centrale (CCCE) and by other external aid.

105. Government budget surpluses, as shown before have fluctuated markedly. Their size depends, by definition, on the level of current revenue not spent by the current budget. However the system of earmarking tax revenues for the investment budget (BSIE) and for other purposes such as debt amortization (CAA) has assured the availability of a certain minimum for investment. Because of its composition, tax revenue of the investment budget is relatively less affected by overall economic fluctuations than taxes on imports and exports which are the principal sources of current budget revenues. While under the prevailing system current expenditures must be kept to the level of current revenue allocated to the Budget General, unanticipated deficits or surpluses do, of course, occur from time to time. The Government may allocate new taxes to the investment budget, but it has not done so since the BSIE was instituted in its present form in 1965. As of 1970 some taxes (on spirits, tobacco and cartridges and part of the value added tax) previously allocated to the investment budget will be earmarked for other purposes, but at the same time the revenue from an additional tax on gasoline has been assigned to BSIE. The table below gives the evolution of the revenues of the investment budget and the occasional surpluses or deficits of the current budget as well as the variation of the net deficit of government accounts besides the current budget and which represent additions to Government current expenditures:

(CFAF billion)

	1962	1963	1964	1965	1966	1967	1968	1969	1970
Tax revenue going to BSIE	4.8	3.9	5.4	7.6	7.1	7.5	10.8	9.9	12.1
Surplus from current budget	1.7	-	-	2.6	-0.2	-2.1	-0.2	2.0	-
Net deficit of other accounts	-	-	-	-0.7	-0.6	-1.1	-1.1	-1.5	-

106. Public savings outside the Government budget and public firms come principally from the agricultural price stabilization fund, but also from other institutions such as the Social Security and pensions fund (Caisse de Compensation et de Prestations Familiales de Côte-d'Ivoire - CCPFCI). Operations and results of CSSPPA are described elsewhere 1/. By nature the surpluses of the Caisse are unstable; net surpluses have been as follows:

	1965/66	1966/67	1967/68	1968/69	1969/70*
CFAF billion	-0.9	4.8	6.5	9.2	(14.0)

* rough estimate

Until 1969 the Caisse used to transfer some of its profits to the Government investment budget (CFAF 1 to 3 billion). The balance has been used for subsidizing some agricultural operations (CFAF 1 - 1.5 billion each year), for office construction both for the Caisse and for rent (e.g. CFAF 3.5 billion for a 23-story building in Abidjan), or for investment in interest-yielding liquid assets, held either abroad or, more recently with the CAA.

107. This year (1970) the Government is expected to obtain CFAF 13.5 billion from the Caisse on terms still to be defined. This transfer will leave the Caisse sufficient liquid funds to perform its stabilization function if export prices decline.

1/ See Volume II of this report - Agricultural Development.

Internal Borrowing

108. Government internal borrowing from non public sources has consisted so far of a 6 percent long term loan issued by the Société Nationale de Financement (SONAFI) and subscribed mainly by insurance companies. Other internal borrowing takes place through the issue of certificates by the Fonds National d'Investissement (FNI) and Société Nationale de Financement. Through the FNI the Government in fact requires private firms to lend to the Government part of their profits. The amount borrowed is actually assessed and collected by the Treasury together with the profits tax. From 1963 to 1969 compulsory subscriptions by firms to FNI certificates 1/ totalled about CFAF 12 billion. Of this no more than half has been transfered to FNI, and the balance has replenished the liquid funds of the Treasury. FNI certificates can, under certain conditions, be used by firms to finance new investments; what is not used in this way has to be consolidated by holders of certificates into SONAFI's bonds at 6 percent with 20 years maturity if the subscriber provides an equal amount in fresh money or into SONAFI's bonds at 2.5 percent with 40 years maturity when subscription is in FNI certificates. Of course subscription to the 6 percent bonds may be made entirely in fresh money. From 1963 to 1969, nearly CFAF 3 billion were thus collected through 6 percent loans of which about one third by utilization of FNI certificates. Proceeds of the 40 year loans at 2.5 percent amounted to CFAF 1.6 billion as of end November 1969. The 2.5 percent bonds are naturally not considered attractive investments and though not transferable in principle, unknown amounts are reportedly traded at around one fifth of their face value.

109. In December 1969, in a novel effort to mobilize private savings, the Government launched its first general public loan for an amount of CFAF 500 million. To make subscriptions attractive, the bonds were issued in units of only CFAF 5,000, carried an interest rate of 7 percent and offered lottery prizes on reimbursement. To stimulate the development of an embryonic financial market the local commercial banks formed a joint office to "peg" the price of the bonds at least at their par value. The loan was fully subscribed by the end of February 1970. About three fourths were taken up in Abidjan and mostly, as was the objective, by medium level wage earners, small planters and other Ivorian medium income groups with the average subscription being CFAF 27,500.

1/ Subscriptions to the certificates are based on taxable profits and collected by treasury agents at the same time as the profit tax. Not surprisingly they are often considered as a sort of additional tax, especially by small firms which are not always aware of the possible uses of the certificates and do not even care to obtain from FNI the actual certificate after they have paid for it to the tax collector.

External Aid and External Borrowing

110. As compared to other former French colonies of Africa, official grants have always contributed a small proportion of public investment financing in the Ivory Coast 1/. The small percentage of grants in total investment simply reflected the country's ability to mobilize both internal resources and external loan capital. But there has been in recent years a deliberate policy on the part of external sources to either discard or decrease investment grants. Especially FAC but also FED and UN specialized agencies nevertheless continue to finance technical assistance.

111. External public indebtedness which was small at the time of independence more than doubled in the first half of the sixties and then tripled in the next four years (1965 to 1969), as is shown in the table below. External debt managed by CAA is shown below (item A) together with total external public or publicly guaranteed debt as reported by the Government to IBRD (item B) 2/ since 1966.

External Public Debt Outstanding at End of Year

(CFAF billion)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
A - CAA debt										
. Total	10.0	11.5	14.0	17.0	19.4	24.0	30.0	33.5	70.8	76.0
. Disbursed	8.7	10.5	12.2	14.2	16.1	21.0	24.1	25.5	32.0	n.a.
B - Reported to IBRD										
. Total							48.5	57.0	90.0	95.0*
. Disbursed							37.0	37.0	48.0	n.a.
. Total ($million)							196.4	230.5	326.4	342.8*

*Based on report to IBRD: includes new debts contracted between January 1, 1969 and August 14, 1969.

1/ However, in relation to its share in the total population of African countries associated with the EEC (6 percent), the Ivory Coast obtained a rather large proportion of the total grant aid available under the first and second FED (8 and 9 percent respectively).

2/ Apart from possible discrepancies between figures given in CAA documents and reports submitted to the Bank by the Government, the substantial difference between the two is that CAA covers all Government debt and a part of the debt guaranteed by the Government but not the bulk of debt by local authorities, state firms or firms with Government participation, whereas these, when guaranteed by the Government - which is usually the case - are reported to IBRD.

In 1968 alone the amount of new debt contracted through CAA doubled, largely as the result of loans negotiated for the large Kossou and San Pedro projects. New debt contracted in 1969 (up to August 14) totals CFAF 13.6 billion ($49.2 million) including $17.1 million from IBRD. About 95 percent of the Government debt as of the end of 1969 was debt external.

112. The share of contractors' and suppliers' credits 1/ in Government external debt rose rapidly to 30 percent and 40 percent by the end of 1965 and 1967 respectively. While their share had declined to 21 percent by the end of 1968 owing to the contraction of large long-term loans, their absolute total increased by CFAF 15 billion or 100 percent between the end of 1965 and the end of 1968. As of August 14, 1969 suppliers' credit and similar loans represented 26% of total external debt.

113. As late as the end of 1967 the average interest rate on Government debt was estimated to be about 3.5 percent and average repayment period 20 years. These average terms were considerably influenced by the favorable conditions of pre-independence loans from the Caisse Centrale de Cooperation Economique. Recently average terms have become harder. Thus the greater part of the debt contracted in 1968 is on terms closer to 7 percent. Suppliers' credits vary in terms. The greater part has maturities of 4-10 years and an interest rate of 8-9 percent. The real cost of such credits, is often increased by the higher price of the goods or services involved.

114. The share of the debt payable in non-franc currency has been increasing. Debt in French and CFA Francs, which in fact raises no immediate foreign exchange problem, and which accounted for three quarters of total Government debt in 1965, represented only 40 percent of the total in 1968. The other 60 percent was in Italian lire, U.S. dollars (20 percent each), German marks (10 percent) etc.

115. With few exceptions, loans and credits outside suppliers' finance have been granted by official aid agencies: French FAC and Caisse Centrale, FED and the European Investment Bank, German Kreditanstalt fur Wiederaufbau, U.S. Eximbank, etc. and, more recently, IBRD. Two notable exceptions are the biannual loans which have been issued since 1959 on the French capital market (with French Treasury guarantee) in a total amount of CFAF 6.65 billion (FF 133 million; $27 million) and $10 million borrowing on the Euro-dollar market in 1968 (the first operation of this kind by a developing country).

1/ Predominantly contractors' credits, i.e. construction work partly pre-financed by contractors. ("Conventions à paiement différé - CPD").

116. The external debt may be classified according to three categories of "hardness": soft loans (interest rates of 2-4 percent and maturities of 20 years and more) from FAC, CCCE, FED, Kreditanstalt, etc., representing about 30 percent of total debt; medium-soft loans from EIB, Eximbank and IBRD, and CAA loans on the French market, etc., making up about 40 percent of the total; and hard loans, i.e. suppliers' credits, Euro-dollars loan, etc., which represent about 30 percent of the total debt.

117. So far, debt service has not been a heavy burden on the balance of payments. However, it has become an increasingly heavy charge on Government revenues, as is indicated by the table below, which includes also payments on the small proportion of internal debt.

	1964	1965	1966	1967	1968	1969	1970
1. Government debt service (CAA) (CFAF billion)	2.4	4.5	4.6	4.9	5.5	5.4	8.6
2. As % of Government revenue	5.4	9.3	9.0	9.6	8.6	7.6	10.7

While the CAA has so far had no difficulty in meeting service out of the revenues allocated to it, new sources of revenue had to be transferred recently to CAA to enable the latter to meet its obligations resulting from newly contracted loans (Kossou, etc.). Greater difficulties may be experienced in the future particularly since other claims on Government resources are increasing rapidly.

118. The Ivory Coast's contribution to externally financed projects also accounts for an increasingly important claim on public resources. In the past external sources, FAC and FED particularly, used to finance a very large percentage of project costs, including local expenditures and current costs. Moreover, the financing of such "local contributions" as were necessary did not present a serious problem in view of the relative abundance of local resources. However, increasing difficulties are now being encountered because foreign aid agencies are tending to limit the proportion of project costs they will finance, and the grant proportion of foreign assistance is diminishing. The table below shows that Government resources have been contributing an increasing share of the cost of externally financed projects (line 1) and have been absorbing a larger proportion of the budgetary revenues allocated to the Government investment budget (line 2):

	1967	1968	1969	1970 (provisional)
1 - %	16	18	18	25
2 - %	20	20	25	28

Both proportions are still modest but their increase is a matter of concern to the Government. Besides, the proportion would be higher if they referred only to external loans and if external grants were excluded.

119. Growing debt service and local contributions to foreign financed projects, have significantly diminished the amount of "freely disposable" budgetary savings since 1968, as is shown in the table below (CFAF billion):

	1964	1965	1966	1967	1968	1969	1970
1. Government debt service	2.4	4.5	4.6	4.9	5.5	5.4	8.6
2. "local contribution"	1.0*	1.0*	1.5*	2.0	3.0	3.8	5.6
3. "Free" budgetary savings	7.0	7.2	8.0	8.5	12.8	8.9	8.8
4. Total budgetary savings	12.5	14.2	11.8	9.5	13.5	19.3	23.4
5. (3) as % of total (4)	56	51	68	89	95	46	38

* Mission estimate.

120. How successful the Government has been in mobilizing capital resources can be measured against the original investment objectives of the Government. These were first set forth in the "Perspectives Décennales 1960-70". 1/ Although the latter did not specify the separate target for 1960-66, the level of public investment realized in that period (CFAF 93.2 billion) was in line with the general trend set forth in the Perspectives. The formal four-year plan for 1967-70 2/ projected total public investment at a figure between CFAF 110 billion and CFAF 125 billion, including an "optional tranche", at 1965 prices. In addition, debt repayment was forecast at CFAF 22.5 billion. Investment expenditure by the end of 1970 will probably reach CFAF 130 billion, excluding some items such as construction by various autonomous bodies which, though no estimate is available, may amount to about CFAF 3-5 billion. Taking account of the increase in prices, the minimum objective of CFAF 110 billion in real terms will have been probably slightly exceeded.

1/ Perspectives Décennales de Développement Economique et Social 1960-1970, Ministère du Plan. The Perspectives were published as late as 1967. However, they were used as the basic planning document within the Government and revised several times before 1967.

2/ Loi Plan de Développement Economique, Social et Culturel 1967-70; Law No. 67-302 of July 10, 1967.

121. The pattern of financing, however, will not entirely conform to the original plan. Thus, central Government savings are likely to be lower (by 15 percent) and gross external borrowing higher (by 25 percent) than planned. On the other hand, non-budgetary savings, including those of public enterprises will be higher (by about 50 percent). For the public sector as a whole, total external financing is likely to be 53.5 percent instead of 48.5 percent - i.e. 10 percent higher than planned.

Financing of Public Investment 1967-70

	Planned (maximum at 1965 prices) CFAF billion	Realized (at current price) CFAF billion	As percent of planned target
Budgetary savings	76.1	64.3/a	85
Other public savings	10.0	20.2	200
Public firms	7.5	10.0	133
Internal borrowing	4.8	4.0	84
External grants	16.5	13.5	82
External borrowing (gross)	32.0	40.0	125
Total (gross)	146.9	152.0	103
Debt service	- 22.4	- 23.3	104
External borrowing (net)	9.6	16.7	174
Total (net)	124.5	128.7	103

/a This figure includes the amount of debt service paid by the Government (through Caisse Autonome d'Amortissement) ,or CFAF 23.3 billion. In the table of paragraph 102 the item for budgetary savings is net of debt repayment.

122. Financial resources mobilized by the public sector have not all been invested in physical assets. A part has been used to build up reserves at home, thereby broadening the credit basis of the banking system, and also abroad, within and outside the franc zone.

IV. DEVELOPMENT POLICIES

A. General Planning

123. Planning in the early years after independence was an exercise largely internal to the Ministry of Finance and Plan. The first planning document was a "Perspectives Décennales de Développement Economique et Social 1960-1970". This document, after a number of revisions, was not made public until 1967. In January 1966 the Presidency assumed both portfolios of Finance and of Planning with two "ministres-delégués" in charge. These were subsequently made full cabinet ministers.

124. The first plan with full legal force - "Loi-Plan" - was prepared for the four years 1967-70 and was consistent with the guidelines of the Perspectives. It is in principle implemented through three-year public "rolling" investment programs (e.g. for 1967-69, then 1968-70, etc.) and ultimately translated, with revisions if needed, into annual investment budgets (BSIE).

125. The main objectives of the 1960-70 Perspectives and the 1967-70 plan were:

Planned Annual Growth Rates 1960-70

Gross Domestic Product	:	7.3 percent in 1965 prices
National Income Per Head	:	4.8 " " " "
Agriculture	:	3.8 " " " "
Industry	:	15.4 " " " "
Exports	:	7.8 " " " "

The analysis of economic growth since 1960 has shown that these targets are being achieved or closely approximated, and in the case of exports, exceeded.

126. The pattern of planned and realized public investment appears in the following table (CFAF billion):

	1960-65 (realized)	1967-70 (planned)	1967-70 (realized)*
Agriculture	11.1	34.5	33.8
Crop development	(9.6)	(30.8)	(30.9)
Infrastructure	42.9	45.5	59.1
Roads	(16.2)	(11.2)	(10.1)
Ports	(5.6)	(6.5)	(9.5)
Power	(6.3)	(7.2)	(16.4)
Urban	(3.7)	(9.1)	(10.6)
Social	10.4	15.3	12.9
Education	(8.2)	(8.6)	(8.5)
Health	(1.9)	(5.9)	(3.8)
Administrative infrastructure	16.7	8.8	10.5
Government participations	6.7	7.4	7.8
Studies and research	5.3	4.9	6.5
	93.2	116.0	130.5

* Provisional Estimates for 1969.

127. Comparisons between forecasts and realizations are difficult because general and price variations by sector are not precisely known. Due account must be taken of the fact that the 1967-70 figures include only estimates for 1970. However, some features emerge. Infrastructure investment in general is ahead of planned objectives, largely because of the construction of the Kossou Dam (started early in 1969) and San Pedro port (started in 1967) and the volume of administrative building, notably in Abidjan. The program for agriculture as a whole has lagged somewhat, especially for forestry and livestock (not shown in table); crop development has generally been in accordance with the schedule, due largely to the successful implementation of the carefully planned program for oil palm and coconut. The health program is not up to schedule, primarily because of delays in rural health plans.

128. In terms of project content there seem to be a good many differences between plans and realizations. Though no details are available the Ministry of Planning has estimated that perhaps 20 percent of actual public investments outlays were not foreseen in the Loi-Plan. This is particularly the case of construction works pre-financed by contractors (for example administrative buildings). Conversely, a number of projects for road construction, modernization of railways, construction of rural hospitals and primary schools, and the provision of small rural water supply facilities have not been carried out. What is more serious, two big projects started in the period, - those for San Pedro and Kossou, had not been included in the plans. Neither of these projects, and especially Kossou, were ready for consideration when the 1967-70 plan was being prepared. While the "rolling" three-year programs were supposed to make adjustments in the plan to take into account new projects, only two of these programs, that for 1967-69 and for 1971-72, were formally approved.

B. Agricultural Policies

129. The Government approach to agricultural development has been pragmatic, flexible and decentralized. Government intervention is pervasive but at the same time quite diverse. Pricing policies have been used for a variety of purposes in different cases: encouraging production, accumulating public savings, and redistributing income. Agriculture investment programs have aimed at creating large state plantations in association with private small holdings. Private foreign capital and know-how has been associated with local and external public capital. Under general guidance of the Ministry of Agriculture a wide array of autonomous agencies have been charged with responsibility for particular crops.

130. By and large these policies have been successful and have considerably contributed to the rapid growth of production (6.5 percent per year at current prices) and of exports (11 percent per year at current prices). They would not, of course, have achieved these results if it were not for the generally very positive response on the part of farmers or in the absence of three factors already noted: availability of good land, abundant labor supply, especially in the early years after independence, and favorable world markets in the more recent period. Also problems attributable to either excessive (e.g. rice) or insufficient (e.g. forestry) Government intervention 1/ have arisen.

1/ See Volume II of report - Agricultural Development.

131. The most general objective has been, and still remains, to increase exportable production. The emphasis was first on coffee and cocoa. 1/ The instrument for this development has been the maintenance of a Government guaranteed market with a fixed farm price, backed up in the case of cocoa, by extension of credit. A favorable combination of circumstances has permitted so far to keep Government intervention both limited and efficient. There was no shortage of suitable land and these two crops were the first to attract cheap foreign labor; foreign markets were at the beginning assured by the special relationship with France; the income of farmers was such that a relatively low guaranteed price was an incentive to increase of production; even when the operation of the price guarantee involved the Government in financial loss, it so happened that this did not occur for both crops at the same time; finally, most of the development, mainly clearing and planting, could be carried out by the farmers themselves without major investment expenditures. Thus there was very little need for the Government to intervene actively or take difficult policy decisions.

132. In forestry, - the second largest export since 1965 2/ - the policy at first seems to have been to permit as rapid an exploitation as possible. Only later was an effort made to promote wood processing industries in order to retain a larger proportion of value added within the country. Any country with virgin forest resources faces choices: rapid exploitation with the attendant dangers of exhaustion of resources, or conservation of resources together with promotion of local processing, with the danger that foreign investment is discouraged. The correct choice at the correct time is not easy to make.

133. Two other policy objectives have assumed increasing importance since the mid-sixties: diversification and, to a lesser extent, regional development. Diversification sought to develop other crops in order to reduce dependence on coffee and cocoa, but not to replace coffee or cocoa with these other crops. In the case of oil palm, for instance, the agency in charge did not itself plant palm trees where coffee had been grown, and small-holders, though given an opportunity to grow oil palm, were not compelled to stop producing coffee in exchange. The same was true of other alternatives to coffee, such as bananas or pineapple. Oil palm and coconut are the mainstays of the diversification policy. The planting program and the construction of six oil mills are proceeding according to a rigorous time schedule and under strict technical norms. Since the "oil palm plan" ("plan palmier") was started in 1963 over 40,000 hectares have been

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1/ Coffee was first introduced in the last years of 19th century. The first plantations were European but African planters soon developed their own small holdings. Cocoa was introduced in the mid-twenties. Both coffee and cocoa are now cultivated almost entirely in small and medium size African plantations (from a few hectares to a few hundred).

2/ In 1969 forest products became the most important export.

planted - 3/4 in industrial states and 1/4 in outgrowers plantations, - and nearly CFAF 20 billion has been committed to this program with FED, EIB, French and IBRD assistance. The coconut program began in 1967; four industrial blocs of 2,400 ha have been planted. Further plantings of 20,000 ha of oil palm and 12,000 ha of coconuts are underway.

134. Other crops that are being successfully developed, though on a smaller scale, include notably, pineapples, bananas, rubber, cotton and rice. Efforts to develop livestock have been limited and no noticeable progress has taken place so far. In the development of fishing the Government has not been very active, but fishermen have taken advantage of opportunities to supply an increasing proportion of the domestic market.

135. Regional development was an attempt to redress the balance of incomes in favor of the North. It also implied diversification, at the level of the economy as a whole, since neither coffee nor cocoa could be grown in the North, and thus any development there meant expansion of other crops. Main emphasis was placed on cotton, with the Government subsidizing prices to about 15 percent and providing an assured market and extension services.

136. In theory the Ministry of Agriculture has been responsible for central direction and policy formulation while the implementation of programs has been entrusted to specialized agencies. In practice, however, the division of responsibility has not been so simple.

137. The Ministry itself lacks the means necessary to fully discharge its functions. The data essential to proper policy formulation are very deficient. The Ministry also does not have sufficient personnel qualified to make policy and supervise and evaluate field operations. Most of the competent staff, both local and foreign, is either in the Ministry of Planning or in the specialized agricultural agencies.

138. The specialized agencies are many, diverse in size, function and performance. They are nominally responsible to the Minister of Agriculture but in fact have a great deal of independent power and responsibility. The most successful, so far, is probably the SODEPALM group 1/ which is charged with oil palm and coconut development. This organization is remarkable, among other things, because it combines, in typical Ivorian fashion, public and private capital, local and foreign expertise, and includes in its

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1/ It includes SODEPALM (Société pour le Développement du Palmier à Huile) which owns the plantations oil palm and coconuts, PALMINDUSTRIE which owns the oil mills and PALMIVOIRE which is the managing and marketing body of the Group. SODEPALM was created in 1963 and the other two in 1969 on the occasion of the implementation of a new tranche of the oil palm and coconut program in the financing of which IBRD participated.

operations both industrial estates and small holdings. As already noted, the group has been quite successful in implementing the program for plantation up to the present. A harder test of its performance, however, will be in the management of the plantations and the marketing of the products when the planting program has been substantially completed.

139. SATMACI 1/ is an entirely public organization in charge of extension, and to some extent credit, for coffee, cocoa and rice. 2/ The wide scope of its activities is demonstrated, for example, by the fact that it employs some 2,500 extension workers whereas the Ministry of Agriculture has only about 35. SATMACI has been particularly efficient in its extension work on cocoa. It faces, however, a number of financial difficulties arising from delays in payments by the Government which employs SATMACI under technical assistance contracts, difficulties in obtaining reimbursement of credits extended to rice growers, and losses incurred in industrial rice milling. The Government has recognized that some aspects of the agency's organization and policies need to be reconsidered and is taking steps to redress its financial situation.

140. As in other francophonic countries cotton development has been entrusted to CFDT 3/ which is in charge of extension, the handling of credit, marketing and in part ginning. In recent years CFDT has experienced considerable success in developing cotton production by small-holders. The output of seed-cotton was 5,500 tons in 1964/65, 41,700 tons in 1968/69 and 30,000 tons forecasted for 1969/70 owing largely to unfavorable weather this year. Other organizations with limited but still potentially important roles are SODEFEL 4/ which seeks to promote the production of fruits and vegetables; SODEFOR 5/ which has undertaken a modest reforestation program that the Government hopes to greatly expand and MOTORAGRI 6/ which was established to carry out land clearing for both public agencies and private planters but which has had to be subsidized on a considerable scale.

1/ Société d'Assistance Technique et de Modernisation Agricole de Côte d'Ivoire, created in 1958.

2/ From recent information it is understood that the rice operation will be taken out of SATMACI and entrusted to a new agency "SODERIZ."

3/ Compagnie Française pour le Développement des Fibres Textiles.

4/ Société pour le Développement des Fruits et Légumes.

5/ Société pour le Développement Forestier.

6/ Société de Motorisation Agricole.

141. While individual operating agencies have had problems which still have to be resolved, the policy of decentralizing the implementation of specific agricultural programs has on the whole been successful. These organizations have helped to increase output and have gained much practical experience. The effectiveness of their operations depend, of course, also on proper tax and price policies and on the quality of applied research, both of which have generally been satisfactory. In the future their activities will need to be coordinated with those of the two newly created regional agencies (for the Kossou-Bandama valley 1/ and for the Southwest 2/), and will have to focus more largely on improvements in food production which are becoming increasingly necessary. Finally, more attention must be paid to strengthening the Ministry of Agriculture to enable the latter to coordinate and evaluate the operations of those many organizations and to set the policy framework within which they must function.

C. Industrial Policy

142. The record of industrial 3/ growth is impressive, as already noted in the analysis of the national accounts. From 1960 to 1968 gross industrial sales were multiplied by five, value added by four, employment by three. The share of industry in GDP has thus doubled and represented close to 9 percent in 1968. This performance is the result of both general conditions in the Ivory Coast, including political stability, and of a deliberate policy of favoring industry.

143. Government policy is founded on liberalism. The Government has promoted foreign private investment on a number of ways. The general conditions applicable to industrial firms are quite favorable: the profit tax was 25 percent until 1968 and has been 33 percent since then; any new firm is entitled to exemption from this tax during five years; new investments are within limits deductible from taxable profit. Further advantages may be obtained under the Investment Code, particularly in the form of a ten year exemption from duties on imported materials. Transfer of profits and capital abroad is totally free within the franc zone and subject to mild control for other parts of the world. The Government so far has not limited employment of expatriates or foreign African labor by industrialists. Good basic facilities have been available in Abidjan and in other cities at reasonable prices, except for power whose production cost is high. Industrial credit is in part granted by the Banque Ivoirienne de Developpement Industriel (BIDI) a joint venture created in 1966 by tthe Government (21.1 percent of the capital), French Caisse Centrale (10.1 percent), the central

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1/ Autorité de la Vallée du Bandama (AVB).

2/ Autorité Régionale du Sud Ouest (ARSO).

3/ Industry here defined includes manufacturing firms with annual gross sales of CFAF 15 million and over.

bank, a dozen of private local and foreign banks, and IFC (7.1 percent). BIDI provides about 15 percent of the medium term and practically all the long term loans granted to industrialists (mainly in the sector of forestry, textile and oils and fats processing), in most cases to non-African firms. BIDI's operations have developed well. Total assets as of September 30, 1969 were CFAF 3.1 billion or 55 percent more than four years earlier. Finally, in order to promote local entrepreneurship the Government has recently (1968) created a Guarantee Fund (Fonds de Garantie des Credits aux Entreprises Ivoiriennes) with a capital of CFAF 100 million. Its effectiveness cannot yet be assessed.

144. The Government has practically exerted no control on the direction of industrialization in the past. Not surprisingly, industry has developed in two ways: by processing of local agricultural products (timber, oils and fats, cotton, pineapples, etc.) and through import substitution. The latter has primarily taken the form of processing imported materials and final assembly of imported parts. The results of these developments are that the rate of value added is generally small and that inter-industry relations are very limited. The most important sub-sectors (by value of sales) are timber, textiles, vehicles assembly, canning, grain milling, oils. Metal and chemical production is very small. The only "heavy" industry is the petroleum refinery.

145. While liberal policies have undoubtedly favored industrial expansion, some serious problems have developed in the process. Development of the various branches has been very uneven. The structure of import taxes and import duty exemptions have concentrated manufacturing unduly on the final finishing or processing stages to the neglect of the development of intermediate products. Thus the integral processing of cotton from ginning to finished textiles has been slow to develop. Certain service industries, for which there appears to be a market such as ship repair, have been neglected. Secondly, the rather undiscriminating extension of tax and other advantages has also resulted in the development of some industries which may not be viable in the long run and has produced "abnormal" profits in certain other industries which in fact did not need special measures of protection. Most important of all, the development of African enterprise and of Ivorian technical and managerial personnel in foreign-owned enterprise has made little progress. There are only two Ivorian industrial entrepreneurs and only 6 percent of the managerial, engineering and similar staff, and 35 percent of the middle staff, are Ivorian. Ivorian private capital invested in industry does not exceed CFAF 300 million out of total estimated investments of CFAF 42 billion at the end of 1968. The Government is aware of these problems and its policy of accelerated Ivorization has been largely decided by this recognition. These problems, however, are not susceptible to rapid solution, and only partial progress can be expected in the period of the plan for 1971-75.

V. "GROWTH" AND "DEVELOPMENT"

146. The Ivory Coast's economic "success" sometimes is characterized as a case of "growth" with little or no "development". Presumably this implies that the benefits of growth have not been widely diffused and that some "social" problems have become more acute, notably those related to education, public health, and employment. Quantitative growth can thus take place while qualitatives aspects may be neglected.

A. Incomes

147. In the Ivory Coast, as in other less developed countries, growth has undoubtedly been accompanied by shifts in income distribution. The Ivory Coast has experienced the development of an important "bourgeois" class consisting not only of politicians, civil servants and white collar employees in general, but also relatively well-to-do farmers, notably in the coffee and cocoa growing areas. At the same time there has been a considerable increase in wage employment both in the towns and in the rural areas. In sharp contrast with other African economies, the share of wages and salaries (including social benefits) in the national income of the Ivory Coast is relatively important and has risen from 28 percent in 1960 to 38 percent in 1967. For the same years the share of gross operating income of firms was 8.5 percent and 7.5 percent, and that of "individual entrepreneurs" (i.e. most farmers, small industrialists, craftsmen and petty traders) was 62.5 percent and 54.5 percent. Very approximately, the annual average income of a wage earner in 1965 was CFAF 300,000 ($1,200), whereas it was about CFAF 80,000 ($325) for individual entrepreneurs. It must be noted, however, that African wage earners normally support in whole or in part a large number of close or distant relatives even when they have adopted a "western way of life". Also the cost of living is higher in Abidjan and other towns than in rural areas. Though, as in most developing nations, the wage earner is on the average better off than the farmer, this is not true for important groups in the Ivory Coast. Thus even the small coffee or cocoa planter has a higher real income than the laborers he employs, especially when these are immigrants. Moreover, he is often better off than the low and medium level wage earners in towns.

148. The share of non-Africans in national income is admittedly high. In 1965 the earnings of non-African expatriates, numbering around 30,000, have been estimated as high as CFAF 36 billion or 15 percent of GDP distributed among less than 1 percent of total population. Whether this is "too much" in the light of their contribution or some "ideal" norm of income distribution is difficult to judge. The implication, however, is that average GDP of the African population was around CFAF 47,000 ($190) against an average for total population of CFAF 55,000 ($220) in 1965, or, applying the same proportions for 1968, CFAF 58,000 ($240) and CFAF 68,000 ($280) respectively. It should be noted however that the figures quoted above

are for earnings before taxes. The effects of progressive taxation would significantly reduce the nominal disparities between African and non-African incomes.

149. There are also disparities among regions. Some estimates for 1965 (see table 2.8) show that the level of gross agricultural income per head of rural population for the seven economic regions was in the ratio 1 to 3 between the poorest (North) and the richest (Center-West). The Western and Central regions were 27 percent and 5 percent below the national average, the South, East and South West were 38 percent above and the Center West 70 percent above. The regions with agricultural income below the national average account for 50 percent of total population. Regional disparities have probably widened in the process of growth, and the Government is particularly concerned about the lagging economic development of the North.

150. Thus the benefits of the rapid growth of the economy, as measured by the usual quantitative standards, have not been equally shared by all social groups; and the resulting differentials have caused some social and political tension. The problem of reducing income disparities without affecting incentives has then become an active and challenging issue for the Government.

B. Problems in Education

151. There were 408,000 pupils in primary schools in 1967-68 or 44 percent of those aged 6-11; 42,000 in secondary and vocational schools, and 2,600 students in the University of Abidjan (of which less than 50 percent Ivorians). At the time of independence the respective figures were 238,700 for the primary level and 10,800 for the secondary level; the university did not exist yet. As noted earlier, public expenditures on education increased more than threefold between 1960 and 1969. In 1969, they represented 20 percent of budget current expenditure. The efforts by the Government to improve the situation cannot be denied.

152. Development of education has been very uneven. Two thirds of the pupils in primary schools are boys, one third, girls. School attendance in towns is two to three times higher than in the villages. In the southern half of the country it is about twice as high as in the north. As a result, the literacy rate which is 9 percent on the average is 25 percent in urban areas and 4 percent in rural regions; and it is thirteen times higher among men than among women.

153. The structure of the education system is patterned after the French model, and courses are taught in French only. However, the system is generally inadequate and inefficient. Primary education is little related to the child's environment, teacher qualifications are poor, repetition and drop-out rates are high. In secondary education the drop-out rate and the number of repeaters are also considerable. For example,

out of the 4,513 candidates that started their secondary education in 1960 only 284 (6.5 percent) passed the baccalaureat examination in 1967.

154. While the impact of the educational effort on economic development has never been investigated in depth, its net contribution is open to question since too many of those who have become superficially "literate" have remained unemployed despite an unsatisfied demand for qualified workers, while immigrant labor, most of it illiterate, has made a considerable contribution to the growth of production in all sectors of the economy. It can be debated whether education considered as a consumption good has generally increased "welfare"; but it cannot be doubted that it has created much frustration and bitterness among the rudimental educated who have received some primary education, among the many who have failed to pass the final secondary examination after 12 years and more of school attendance, also among higher level students. The results have certainly been disappointing considering the financial resources, both internal and external, spent on education.

155. The Government is now well aware of these weaknesses. An organized and far reaching effort to reform the system is under way; much of it will be reflected in the forthcoming development plan for 1971-75 but the new educational policy is, of course, properly oriented towards objectives well beyond 1975.

C. Problems in Public Health

156. Health policy could also be greatly improved by some economic evaluation of its costs and benefits. However, general health conditions have unquestionably improved. All serious epidemics have been eliminated though endemic diseases as in the rest of Africa, remain a problem. Mortality rates, particularly among infants, have sharply decreased. Life expectancy has been raised. Quite apart from the invaluable benefits of better health, progress made in the past has no doubt contributed to higher labor productivity.

157. In the past (e.g. in the 1967-70 plan) the Government has rightly given priority to the development of preventive medical services for the great mass of the population. In practice, however, this line of action has been only partially followed. Thus the training of personnel at the intermediary and lower echelons (nurses, assistants, etc.) is lagging. While hospital construction in Abidjan has progressed rapidly and an ultra modern institution (Centre Hospitalier Universitaire - CHU) has been opened in May 1970, the establishment of secondary health centers outside the capital is far behind schedule. Lack of public health facilities in rural areas is one of the reasons for the rural exodus. Family planning has no place in the Government policy on the grounds that the country's long run economic potential leaves ample room for a larger population. The costs involved in supporting a rapidly growing and "young" population are realized, however, and accepted.

158. An actual bias in favor of costly types of curative medicine and a growing regional imbalance in the provisions of health facilities have no doubt impaired the success of health policies.

D. Urbanization and Urban Unemployment 1/

159. Rapid urbanization has far-reaching social implications and very much affects the quality of overall growth. Urbanization, of course, is not unique to the Ivory Coast but it is particularly rapid there and it is heavily concentrated on the capital city.

160. Between 1960 and 1970 the urban population (i.e. in the 20 centers of 10,000 people and more) has approximately increased 2.5 times, i.e. at 9.5 percent annually or three times more rapidly than total population growth. The proportion of the urban population to the total has risen from about 16 percent in 1960, to 23 percent in 1965 and 30 percent in 1970. Abidjan had 120,000 inhabitants in 1955, 330,000 in 1965 and 550,000 at the beginning of 1970, representing a rate of increase close to 11 percent per year. Bouaké, the second largest town had 44,000 in 1958 and 120,000 at the beginning of 1970. Smaller centers have also been growing rapidly, but the share of Abidjan in the total population has increased most rapidly and continuously, and is now 12 percent.

161. The urban population not only has been characterized by a higher natural growth rate, but has been augmented greatly by immigration from rural areas and by immigration from abroad. The higher birth rate in towns is due to the younger age structure of urban population, and the lower mortality rate is the result of better health conditions. Natural growth however accounts for less than one third of urban growth and immigration for over two thirds. Foreign African immigration into towns has been so far more important than immigration of nationals and affects mainly Abidjan. In 1965 about 45 percent of the capital's population in the age group 20-39 years were born outside the country. The high foreign component in Abidjan's population inevitably causes frictions.

162. Immigrants into the towns are increasingly motivated by the superior "quality" of life they hope to find in the towns rather than simply by the search for employment opportunities. Apart from the differences in income levels between urban and rural areas, the many facilities, services and amusements seemingly offered by Abidjan are factors of great importance. The hardships of agricultural work, poor housing lack of schooling and sanitary facilities in rural areas and the increasing dislike of the younger people for the social constraints imposed by rigid traditional structures and customs also contribute significantly to rural emigration by both Ivorians and other Africans.

1/ Problems of population growth and urbanization are examined in Volume IV of this Report.

163. Complete data on urban unemployment are not available. However, a recent Government census (completed in January 1970) revealed that among Ivorians alone there were 45,000 jobless ("sans-travail" who were never employed, and "chômeurs" who had had a previous job in Abidjan). This means a rate of unemployment of - perhaps - 25 percent of the male population of working age in the capital. Unemployment is also a problem in cities other than Abidjan notably Bouaké. Data do not permit comparisons with past situations. There is little doubt, however, that the absolute number of urban unemployed has greatly increased since 1960, and the rate of unemployment is probably higher now than at any time in the past.

164. The causes of urban unemployment are not to be found in depressed general economic conditions. Rapid overall growth since 1960 is clear witness to the contrary. The real causes are the sociological factors just noted and the inadequate quality of labor supply and the existence of fragmented labor markets. Urban immigration, insofar as it is not principally determined by job availability, is bound to create urban unemployment. As noted earlier the secondary and tertiary sectors, which account for most of the urban activities, have grown more rapidly than total GDP between 1960 and 1968: by about 15 percent at current prices. However, industry and other secondary activities still constitute a relatively small sector in the economy (20 percent of GDP in 1968), and employment opportunities in both the secondary and tertiary sectors have grown far less rapidly than value of production, particularly in the commercial sector where the growth of "output" is largely the result of greater trade margins, including indirect taxes. Thus the estimated annual increase in employment in Abidjan was only 7.7 percent in the period 1955 to 1965 and 6.2 percent in the period 1965 to 1970. During this time the population in the capital grew about 50 percent more rapidly, and the number of people in the working age groups probably increased at an even more rapid rate as a result of immigration.

165. Another general cause of urban unemployment is the existence of fragmented labor markets. There are two different aspects to this which have already been noted. One is the reluctance of Ivorians to occupy certain jobs considered physically unattractive or/and badly paid or which are traditionally in the hands of foreign Africans. Thus, though there are about 45,000 unemployed Ivorians in Abidjan certain types of jobs (i.e. dockers, servants, most unskilled manual jobs) are held almost entirely by other Africans who (especially Malians) are also predominant in small trades. Another problem is, at the other end of the scale, the lack of trained Ivorians and the consequent importance of expatriates in the upper echelons. Finally, for reasons which are not quite clear, there are many semi-skilled jobs such as salesgirls, cashiers, secretaries, clerks, etc. that are still occupied by expatriates. This may be due partly to a lack of suitable training facilities for Africans, but also, to a significant degree, to the fact that such jobs provide a second source of income for expatriate families and thus may help to induce expatriates to come to and remain in the Ivory Coast.

166. In the African context urban unemployment may in some aspects be less burdensome than in a developed country. There is not only considerable part-time and casual employment, but in African societies the unemployed also tend to be supported by employed members of their kinship group. A study made in 1965 disclosed that the size of the "household" in urban centers was, within broad limits, determined by the level of money income of those gainfully employed, so that the average income per head in the household was close to CFAF 4,500 per month, a level roughly equivalent to average GDP per head. However, this system of "extended family" solidarity does encourage idleness among the less ambitious and is a disincentive to the more enterprising and energetic. It also tends to encourage a flow of immigrants in excess of the expansion of employment opportunities. Thus, urban unemployment is becoming an increasingly serious problem, especially in Abidjan, to which the Government must address itself. In 1970 the Government has undertaken to channel some of the unemployed into a sort of compulsory national service ("service civique") where participants are put to participate in works of general interest and it has also undertaken to selectively re-train some of the unemployed, particularly young men.

PART TWO - PROSPECTS

167. Future growth will be affected by many factors which are susceptible to Government intervention in varying degrees. Developments in the total population and its quality, and the volume and direction of external and internal migration will be an important determinant of progress and the type of problems, including those arising out of urbanization, that Ivory Coast will have to face. The Government should be able to influence but not to determine the size and direction of population movements. The volume and pattern of public investment, another vital factor, will be subject t greater control though past commitments limit somewhat the Government's freedom of action. In this connection, great efforts will be required to raise public savings within the constraints set by the growth of revenue and the unavoidable increase in current expenditure. The mobilization of income for the public sector is likely to produce severe strains. It will necessitate some access to private savings and, above all, a larger volume of external public financing. The latter will be largely conditioned by external factors, but also by the Government's capacity to prepare projects and by its overall economic performance. Private investment, local as well as foreign, is by nature highly unpredictable, but conditions in Ivory Coast probably warrant a fair degree of optimism as to its future growth. Finally, the growth of the gross domestic product will continue to be determined in a large, though perhaps, diminishing measure by the growth of exports, the country's capacity to import, and from the level and pattern of total investment.

168. In projecting the future growth of the economy it has been assumed that political conditions will remain stable, that the liberal policies which have stimulated enterprise and investment will continue and that the existing close relations with EEC and France will be maintained.

I. POPULATION TRENDS AS DETERMINANTS OF PROGRESS

A. General

169. Population trends will be important determinants of future progress for the reasons already outlined or those implied in the first part of this report. Rapid natural growth will necessitate rapidly rising levels of social expenditure, particularly for education and health. Continued urbanization will require significant investment, which will, however, have to be kept within manageable limits, and will also necessitate accelerated increases in food production. The tapping of available potential for sustained growth in the production of export crops will require additional labor and, particularly, an appropriate regional distribution of labor migration. Urban unemployment will have to be kept within limits, and measures will have to be taken to slow down urbanization and retrain unemployed workers.

170. Very little is known about the impact of rising personal incomes on the birth rate. Parents may feel they can afford to have more children or decide that they will need fewer to care for them in their older age. While official forecasts envisage a decline in the birth rate, this seems unlikely in the absence of a Government program or policy on family limitation. Moreover, improvement in public health will accelerate reduction in the mortality rate. Thus the official projections given below may somewhat underestimate the natural rate of growth that can be expected.

	Percent		
	1965-69	1970-74	1975-89
Birth rate	5.0	5.0	4.6
Mortality rate	2.7	2.5	2.0
Natural growth rate	2.3	2.5	2.6

According to these rather conservative projections, the age structure of the population will become "younger" with all its implication for expenditures on education, health and other social sector costs. However, they imply also some reduction in the proportion of people of working age. Immigration will continue to add to the total population, though in a measure difficult to predict. As in the past an overall growth rate of 3 percent or slightly more seems reasonable. Total population would then be 5.4 million in 1975 and 6.2 million in 1980.

B. Urbanization

171. Urbanization will continue. Current official projections are that 35 percent of total population, or slightly more than 2 million, will live in towns by 1975, and 40 percent or 2.6 million by 1980, as against less than 25 percent in 1965. However, projections of rates or urbanization for 1965-70, particularly for Abidjan, have proved to be underestimated, and forecasts may well be exceeded again even though new factors may have some effect in slowing the rate of urban immigration. The most important of these factors will be the opening up of the Southwest. If this region does attract the population essential for its development and to some extent becomes a new "growth pole," there may be some diversion of the current flow of migrants which is now directed to the cities. While the Government hopes to induce people displaced by the Kossou lake to move to the Southwest at least part of the displaced population may well prefer to go to Abidjan or perhaps Bouaké. Whether the Government can discourage migration to the cities through efforts to reduce income differentials between cities and rural areas is still a moot question.

172. Studies made in 1967 1/ foresaw the following increase in employment opportunities in Abidjan:

	Annual Rate of Growth	Number of Jobs at End of Period
1965-70 :	6.6 percent	133,000
1970-75 :	5.6 "	175,000
1975-80 :	4.4 "	216,000

A decline in the rate of increase in employment was projected on the basis of a slackening in the overall economic growth of the economy and the slowing down of the city's development after the rapid changes of its early stages of growth. Even with some decline in rates of urban immigration, population was expected to expand more rapidly than employment opportunities. Accordingly it was anticipated that the rate of unemployment (male and female) in Abidjan could become as high as 30 percent of working age population in 1975 and 40 percent in 1980, as against an estimated 25 percent in 1970.

173. The Government is seriously concerned with this problem. Its main efforts are oriented towards raising the level of education of the labor force in order to permit faster Ivorization of jobs in the cities. The recent creation of a Ministry of Vocational Training (Ministère de la Formation Professionnelle) is a step in that direction. The Government is also urging private firms to initiate or expand in-service training. More than in the past the volume of employment likely to be created will be an important criterion in the granting tax and other advantages to new firms and in selecting their locations. The plan for 1971-75 will no doubt give high priority to industrialization with a view to expanding urban employment.

174. Yet, it is almost impossible to imagine a situation of full employment in the towns in the next five to ten years. The economic cost of inducing a shift of unemployed workers into agricultural production, for example by drastically raising agricultural wages and producers' prices, may well be considered too high for it might require subsidization of production and/or the foregoing of surpluses by the agricultural price stabilization fund. The political cost of forcing the unemployed out of towns could be much higher. Some blend of the two sorts of measures may be possible. Only the Government can dtermine to what extent measures to curb urban unemployment can or should be reconciled with other social and economic objectives such as a high rate of overall economic growth.

1/ See Volume IV - Population Growth and Urban Development.

C. Agricultural Labor and Productivity

175. If total population increases, in accordance with projections, by 55 percent from 1965 to 1980 and the relative share of the rural population drops from 79 percent to 60 percent, the number of people that one farmer will have to "feed" will rise from 1.3 to 1.75. In the same period production of local food per working farmer will have to increase by about 35 percent. This may seem a modest target, but it will be difficult to attain considering the fact the output of food per head has probably increased very little in the past. Moreover, agricultural research on food crops is far less advanced than for industrial crops, and food crops compete with export crops for the use of factors of production, particularly labor. With the rise in incomes, consumption, particularly in the towns, will also change, necessitating corresponding shifts in the pattern of food production. Increased food requirements could be met by increased imports, but the prospects for the balance of payments make this undesirable, although, of course, some foodstuffs will always be imported.

176. Productivity per man-year in agriculture could be increased by greater labor input. Higher prices for local foodstuffs could induce farmers to increase their labor input, but the already existing difficulty of meeting seasonal peak labor demand under the prevailing agricultural technology seriously limit this possibility. While productivity could be raised by changes in technology including greater use of inputs such as fertilizers, selected seeds, pesticides, eetc., such changes will have to be energetically promoted by the Government and even then are likely to occur only gradually. Moreover, technical progress often requires more, not less, labor per year. A typical example is intensive coffee cultivation.

177. Existing regional income differentials, which could become even wider in the future, will continue to encourage internal migrations from the savanna zone, an area of relatively low productivity, into the forest region, a zone of higher productivity. This movement is expected to be further accelerated by the displacement of people from the Kossou area. Official estimates of regional population shifts are summarized below (in thousands):

	Area Distribution of Rural Population		
	1970	1980	Change
- Savanna	1,520	1,460	-60
- Forest	2,030	2,600	+570
- Immigrant temporary labor	(350)	(440)	(+90)

Since without geographical shifts population in the savanna would be 2 million in 1980, what is foreseen is an emigration of some 500,000 persons from the North, while about one-sixth of the increase in the South would be accounted for by foreign temporary labor. If productivity per head in the South remains about twice as high as in the Savanna, the shift of population shown in the table above would pari passu, raise total agricultural production by 20 percent and the average productivity of the rural population by over 25 percent. This illustrates the importance of continued population movements to the South though, of course it does not detract from the desirability of improvements in the North.

178. The problem of labor shortages and labor productivity in agriculture will probably be approached by some combination of the measures outlined above. However, one obstacle in meeting this problem is the reluctance of the Ivorians themselves to work wholly or partly as wage labor in plantations (industrial estates or smallholders). The Sodepalm plantations, for example, suffer from a shortage of labor while there is unemployment in the cities. Another problem is the increasing unwillingness of Ivorian landholders in the Southeast to provide foreign laborers with the small plots of land they wish to have to cultivate their own food or cash crops (notably rice) while they are employed as wage laborers as in plantations. Finally, it will not be easy to reach the desired equilibrium between the number of foreigners and that of Ivorians in the settlement areas of the Southwest. Too high a proportion of foreigners may raise social and political problems. Yet foreign labor will be needed, and this poses the political question of what rights on the land they will eventually be granted.

179. The foregoing discussion has the important implication that foreign immigration will not be restricted, at least to the extent that it will not exceed the number of jobs not filled by Ivorians. Spontaneous foreign immigration is projected at 150,000 over the period 1970-75, the proportion assumes that almost three-quarters of these would go to urban centers, but this seems too high a proportion if Ivorians are gradually to occupy urban jobs now filled by foreigners and if labor requirements in agriculture are to be met. The Government should therefore seek to divert a greater flow of immigrants into agriculture, notably to the Southwest. Some physical control of the geographical distribution of foreign immigration may therefore be in order.

D. Overall Future Growth

180. Important as it is - because it affects both aggregate demand and supply - population will be only one among the determinants of overall economic growth in the seventies. Exports and investment will continue to be decisive factors and they are discussed at some length in the following sections. Exports of goods, taking due account of forecasted world price changes, are projected to grow at between 5.7 and 6.5 percent per year up to 1975 and at between 3.8 and 5.6 percent in the late seventies. This contrasts with the much higher rates of the period 1960-68 (see para. 17).

If the relation between exports and GDP growth observed in the past 1/ were applied to the future, GDP would grow a little less rapidly than exports. It is foreseen, however, that though still the main growing force, exports will become progressively somewhat less important and that internal activities, notably industrial production will play a greater role. Investment will on the aggregate be less directly productive than in the sixties. The replacement of the existing capital stock will claim a higher proportion of gross investment than in the past and therefore the share of net to gross investment will decline. Moreover, though the rate of gross investment to GDP is likely to remain about the same as in the recent years, investment will be of a "heavier" type than in the past, thus raising the marginal capital-output ratio. This is principally due to the large investments in the Kossou project including its resettlement aspects, the heavy outlays on infrastructure for San Pedro and the Southwest and increased requirements for investment in urban development, administrative infrastructure and housing. It should be noted in this connection that the plan outline, which did not fully take into account all the costs of Kossou and San Pedro, assumed that up to 1975 GDP would rise more rapidly than the rate actually experienced since 1960 and that it implied an improved capital-output ratio.

181. One cannot ignore that growth may be slowed by such factors as labor shortages in agriculture and in occupations requiring skilled personnel, a less than optimum distribution of the labor force as between urban and rural areas and between regions, and the need for greater emphasis on investment in education and health which will have only an indirect and long-term impact on production.

182. No detailed projections of production by sector have been made by the mission. However, some indication of sectoral growth rates can be derived from projections made for exportable crops, from population projections, from discernible trends in food production, from the detailed analysis of industrial production and from projections for Government budgets. Taking 1967-68 as base period and under average assumptions 2/ output of industrial crops in the period 1970-80 is likely to grow at an annual rate of 5.5 to 6 percent excluding forest products and at between 3.5 and 4 percent including these. Food crops are likely to grow by 3 percent, assuming among other things that the desired shift of population to the South take place. Industrial production is expected to grow by 10 percent at least per year and Government and other tertiary activities by 7 percent. On the basis of these - and previous assumptions on exports and investment - the annual growth rate of GDP up to 1975 is projected at 6.5 percent per year. By that time GDP would be around CFAF 465 billion or 55 percent above the level of 1967-1968 and GDP per head around CFAF 80,000 ($290). In fact, GDP could be significantly more if the Bangolo iron mine

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1/ Elasticity of GDP to exports for 1960-68 (at current prices) is found to be slightly less than 1.

2/ See Volume II, Agricultural Development, Annex.

and other "enclave" projects were undertaken and already in production, but GNP in turn will in that case be proportionately less relative to GDP. In either case, GNP 1/ in 1975 will be in the vicinity of CFAF 425 billion and GNP per head CFAF 73,500 ($250).

183. The significance of these projections is only in the broad implication of the figures which is that overall growth in the seventies will be slower than in the sixties. It was then about 7.5 percent (1960-68); the average figure of 6.5 percent projected for the period to 1975, (and probably a lower one for the following five years) is only meant to illustrate in rugh quantitative terms the change in the pace of growth. This change is not foreseen in the plan outline where annual growth of GDP is estimated at 8.2 percent for 1971-75 and 6.6 percent for 1976-80. These rates and the detailed sectoral projections are currently under critical review in the Ministry of Planning. Projections of this kind do, of course, overlook annual variations. This is a serious shortcoming because, as is amply demonstrated by experience, short-term movements in exports, GDP and other aggregates are important and practically unavoidable.

II. INVESTMENT PROGRAMS FOR 1971-1975

184. Because of important developments in the economy since the plan outlined was completed in April 1968 2/, a thorough revision of the first estimates for 1971-75 is now underway. Current thinking in the Government seems to be that the overall target for public investment for 1971-75 may remain about the same in real terms as was foreseen in the outline whereas the composition of the program will be significantly modified to take into account the full costs of the Kossou project, the expanded program for the San Pedro and Southwest, desirable changes in sectoral production targets, the impact of possible new projects, notably the "Abidjan Riviera" project, and other problems which in the recent period have become increasingly serious, principally that of urban unemployment. Investment targets in the plan outline are, in round figures:

1/ GDP less net factor income payments abroad and less net private transfers.

2/ Plan Quinquennal de Développement Economique et Social 1971-75 - Première Esquisse, Ministry of Planning, Abidjan, April 1968 - hereinafter called "plan outline" or "draft plan."

	(CFAF billion)		
	1966-70 (estimates at current prices)	1971-75	1975-80
1. Public	130	200	253
a. direct	-	(172)	(214)
b. participation	-	(27)	(39)
2. Private (excl. 1b)	170*	216	273
3. Total (1a + 2)	300	388	487
4. Increase over previous 5-year period	+75%	+30%	+25%

* Estimated from 1966-68 National Accounts.

Although the expected increase in total investment both for 1971-75 and for 1976-80 does not appear unreasonable in the light of previous experience, total requirements will need to be revised in view of the fact that these earlier estimates were made at 1965 prices. The expectation that investment will not grow as rapidly as in the first five years after independence appears reasonable since in many respects the latter period was abnormal. Such a decline does not, of course, imply stagnation. With the sort of growth rate of GDP forecast in the plan outline, the ratio of gross investment to GDP in the seventies would be 16-17 percent, or somewhat less than in the sixties. While the mission anticipates that GDP will grow at a rate of only around 6.5 percent, it believes that changes in the composition of both public and private investment will entail a considerably higher capital output ratio and accordingly a rate of investment equal to about 20 percent of GDP.

A. Financing of Public Investment

185. Total gross financial requirements of the public sector are put at CFAF 202 billion in the plan outline. This includes the investments of Government and public firms and Government participation in predominantly private enterprises and in the financing of private housing (included under participations in the table above). However, to take account of price increases since 1965, it is safe to set the overall investment target at least at 10 percent or so above the outline estimate, or CFAF 220 billion ($800 million) of which CFAF 30 billion for participation and housing loans. To this should be added repayment of public debt outstanding by mid-1969 which will require about CFAF 50 billion ($180 million) in the five-year period 1971-75 1/, and CFAF 20 billion repayment will be needed for ser-

1/ See Annex Table 4.1.

vicing of new debt or a total estimated at some CFAF 70 billion under assumptions explained later (see para. 240). The total amount of CFAF 70 billion makes no provision for repayment of Government borrowing if any from other public agencies such as the CSSPPA, although this may raise problems 1/. Total requirements would thus amount to CFAF 290 billion (or $1,045 million) or an average of CFAF 58 billion ($210 million) per year. This compares with an estimated CFAF 38 billion per year during the period 1967-70, or 50 percent more. As in the past, the sources of public financing will be: budgetary savings, public firms' own funds, surpluses of other public institutions, borrowing from the public, external grants-in-aid and external borrowing.

Budgetary Savings

186. Because of their wide annual variations past movements of Government revenue, current expenditure and savings provide little guidance for long-term forecasting. In all likelihood such fluctuations will occur again, mainly as a result of movements in imports and exports. They will affect the Government's capacity to finance investment according to planned schedules, so that unexpected short-falls in revenue may, for example, prompt the Government to use short-term borrowing which would not be necessary if revenue rose at a uniform rate. Conversely, unexpected increases in revenue may permit anticipated reimbursement of debt or induce an acceleration of current expenditure. Such important aspects of fiscal policy cannot, however, be taken into account here.

187. Barring exceptional events, such as a devaluation, current revenue in 1971-75 will increase less rapidly than in the past. By 1968 the ratio of tax revenue to GDP had already reached 21.5 percent (22.5 percent of GNP) as against 17.5 percent in 1960 - a higher proportion than in most countries with a similar level of income per head. Higher ratios, of the order say of 25-30 percent, are found only in some of the most developed countries. It is doubtful therefore that revenue will grow more rapidly than GDP in the future.

188. The composition of Government revenue is expected to change. Direct and indirect taxation should become relatively more important as the proportion of external trade to GDP diminishes. As wages, salaries and industrial profits in national income becomes more important, the direct income tax will yield comparatively more revenue. Taking into account also the higher rates introduced in 1968, the revenue from income and profits taxes should increase at 8 percent p.a. as compared with an annual growth rate of some 6.5 percent for GDP. Receipts from the value added tax are

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1/ This type of Government borrowing could be considered borrowing from the private sector. For example, borrowing from the agricultural price stabilization fund is really at the expense of producers of exportable products.

unlikely to increase more than about 6.5 percent per year. Import tax receipts are expected to increase by only 4 percent per year because the imports of raw materials and equipment goods are likely to rise relative to those of highly-taxed consumer goods. Revenue from export taxes can be influenced within certain limits by changing farm prices or the income accruing to the agricultural price stabilization fund. A growth of 5 percent p.a. should be possible without impairing prospects for the accrual to CSSPPA of sizeable stabilization surpluses (see below). Starting from a 1969-1970 base, total tax revenues may therefore rise at an annual rate of 6.5 percent in the 1971-75 period in real terms, as against 11.8 percent in current prices in 1960-70 or perhaps 2 or 2.5 percent points less in constant prices.

189. The rate of growth in current expenditure 1/ will have to be severely restricted by comparison with the average rate of 10.2 percent (at current prices) in 1960-70 as a whole and an even slightly higher rate in the second half of the decade. This will require a substantial effort, particularly in view of the need to raise outlays on education and health. In the coming years the education program undertaken under the recent "Loi-Cadre" will probably necessitate an increase in expenditures from CFAF 13 billion in 1969 (25 percent of total current outlay) to 23.5 billion in 1975, or 12.5 percent per year. Additional measures to train the unemployed will add to this cost. An effort to overcome the past lag in the rural health program is a social as well as a political necessity: expenditures on health, which are now 10 percent of the total, are to increase by at least 60 percent up to 1975, or by about 10 percent p.a., according to the plan outline. Thus, in order to limit the annual growth of total expenditure to 7-8 percent (equivalent to approximately the real rate of growth in 1960-70 but about one-fourth less than in 1965-70) the Government will have to slow down increases in all other general expenditures to 3-4 percent per year. This implies among other things that there will be no major increase in salary rates before 1975.

190. On the alternative assumptions of a 7 and 8 percent annual increase in total current expenditures budgetary savings would amount to either CFAF 121 or 113 billion (see Table below). While a total of around CFAF 120 billion appears obtainable, this level is very sensitive to changes in the underlying assumptions. Thus if expenditures should rise at a real rate of 9 percent and revenues should increase by 6 percent instead of the 6.5 percent assumed, total savings over the period 1971-75 would drop to about CFAF 100 billion. Or, if for example lower than projected export prices made a reduction of 50 percent in export taxes (which yielded an

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1/ For practical purposes interest on public debt is not included in projected current budgetary expenditure though it should properly be. It is included in "debt repayment" or "debt service" unless otherwise specified.

average of CFAF 12.5 billion in 1969-70) necessary throughout the period, total revenue would decrease by more than CFAF 30 billion.

Projection of Government Finance
(CFAF billion)

	Average 1969-70	1971	1972	1973	1974	1975	Total 1971-75
1. (a) Current expenditure (7%)	54	58	62	66	71	76	333
2. (b) Current expenditure (8%)	54	58	63	68	73	79	341
3. Current revenue	75	80	85	91	96	102	454
4. Budgetary savings (a)	21	22	23	25	25	26	121
5. Budgetary savings (b)	21	22	22	23	23	23	113

Other Public Savings

191. Unfortunately, the plan outline contains no specific forecast of the financial position of public enterprises which it includes in the enterprise section of the economy as a whole. From information based on past experience and on some rough projections of their financial position it can be conservatively forecasted that the combined cash flow of the main public enterprises will total about CFAF 20 billion during the period 1971-75. The railway (RAN) should be able to generate a cash flow of some CFAF 5 to 6 billion. The port of Abidjan will probably contribute about CFAF 2 billion, while the power company (EECI)'s cash flow may be estimated at CFAF 1.6 to 2.2 billion per year or CFAF 8 to 11 billion over the period, including a sizeable but not exactly known part needed to repay loans contracted for the Kossou dam and which the Government has relent to EECI on softer terms. The Post and Telecommunications Office could contribute CFAF 1 to 1.3 billion CFA francs annually or a total of CFAF 5 to 6.5 billion. The total contribution of public enterprises could probably be slightly increased, to CFAF 25 billion or so in the following five-year period. On the other hand, some fifteen or so small public enterprises or autonomous bodies are estimated to run annual deficits of CFAF 2 to 3 billion yearly representing an additional cost to the Government current budget which is included in the forecast of budgetary expenditure or elsewhere (see following paragraph).

192. A more important source of public savings but also by nature a highly unpredictable one will be the agricultural price stabilization fund. The size of CSSPPA's future surpluses will depend first of all on

world prices and the volume of exports 1/ assumed by the mission. It will also be determined by the level of producer's prices. It can be argued that some increase in these prices is needed to provide an incentive to farmers, particularly for cocoa the production of which is to be expanded considerably, and also to reduce disparities between urban and rural incomes and thereby discourage rural emigration - a very important objective as discussed previously. In the last three years 1966-67 to 1968-69 farm prices of cocoa and coffee were respectively less than 50 percent and 60 percent of f.o.b. prices. It is assumed here, as a working hypothesis, that by 1975 the rates would remain at 60 percent for coffee, but would be raised to 66 percent for cocoa. On the basis of these hypothesis producers prices per kilo in 1975 would be CFAF 115 for coffee 2/ (against CFAF 80 in 1968-69 and CFAF 95 in 1969-70) and CFAF 114 for cocoa (CFAF 70 in 1968-69 and CFAF 80 in 1969-70), and in 1980 CFAF 110, and CFAF 95 respectively. 3/

193. Changes in the farm prices of particular commodities should be made only after a careful study of their impact on the output of that product and of competing products whose prices are not changed. Unfortunately, too little is as yet known about farmers' response to price changes. Moreover, price increases should be put into effect only if there is a reasonable prospect that they can be maintained for some time.

194. The choice between the level of public savings to be collected through CSSPPA and the level of producer prices has important economic, social and political consequences that the Government should periodically weigh against each other. The rise in producers prices for coffee and cocoa assumed here would still make it possible for CSSPPA to obtain roughly the same annual volume of gross surpluses as in 1968/69, or CFAF 9 billion. This would be equivalent to some CFAF 7.5 billion net, after various expenses and payments by the Caisse have been met. In estimating this amount two other assumptions have been made. One is that marketing costs per unit handled will not increase, which seems reasonable in view of the various actions undertaken to lower costs of marketing, particularly those for road transport and for the industrial hulling of coffee. Another is that the subventions paid by CSSPPA to support cotton production will not be in excess of, say, CFAF 500 million per year. This seems consistent with the maintenance of, or perhaps even a slight increase of the farm price of cotton. 4/ The calculation of the amount available from CSSPPA for financing public investment must take into account two additional factors.

1/ See Volume II of this report - Agricultural Development, Annex 2.

2/ On the assumption that about 85 percent of exports will be sold on "quota markets," and 15 percent on non-quota markets at lower prices.

3/ It should be noted that the farm price of seed cotton is now subsidized. It is assumed here that the Government is unlikely to reduce this subvention on the ground that it is important for the less developed North.

4/ After this report was substantially completed it was officially announced that the producer price of seed-cotton for 1970 would be CFAF 40 per kilo against CFAF 33.5 per kilo previously.

From the annual net accruals of CFAF 7.5 billion, about CFAF 1 billion should be set aside and kept in liquid form (deposits at CAA, for example) so that CSSPPA will be able to counter un expected drops in export prices. In addition, provision should be made for the eventuality that in one year out of five the CSSPPA may have virtually no net profits at all owing to exceptionally bad crops or exceptional declines in prices. Thus for the five years as a whole the Caisse could be expected to contribute about CFAF 26 billion to the financing of Government investments in 1971-75 1/. Finally, it can also be expected that other public financial institutions will be able to contribute: for example, the social security fund (that provides CFAF 1 billion to the investment budget in 1970), and the CAA on its own resources (particularly income on its investments). A total of CFAF 3 billion for the period should be possible.

Internal Public Borrowing

195. Domestic funds can also be raised by compulsory borrowing through the FNI-SONAFI system, by borrowing from local banks and insurance companies, and by borrowing from the general public through loans such as the one which took place for the first time in December 1969. From the past and most recent experience and from discussions in Ivory Coast, the mission estimates that the three sources combined could lend to the Government at least CFAF 1.5 billion each year. Of this one-third, or less than in the past, may be obtained through the FNI-SONAFI mechanism, and two-thirds, at more attractive conditions for the lenders, from private financial institutions and from the public.

Total Internal Resources

196. The internal resources that could be mobilized during 1971-75 may be summarized as follows:

		(CFAF billion)
-Budgetary savings		120
-Public firms		20
-Other public savings:	CSSPA	26
:	Others	3
-Internal borrowing		8
	Total	177

1/ In 1970 alone the Caisse will transfer CFAF 13.5 billion to the Government. This, however, is the first operation on such a scale and it was partly decided in view of the large profits accumulated by the Caisse since 1966.

An amount of CFAF 177 billion - rounded to CFAF 180 billion in the following calculations ($650 million) - would represent slightly over 60 percent of public investment and other financial charges as calculated above. A level of public savings (i.e. excluding borrowing outside the public sector) of around CFAF 170 billion or so would represent an average of 8 percent of GDP in 1971-75, or about the same ratio as in 1967-68. External financing would then be needed to cover the remaining gap of CFAF 110 billion ($380 million), or an average of CFAF 22 billion per year ($80 million) in 1971-75. It should be clear, however, that these estimates could easily be upset by small changes in the forecasts made for particular components of either resources or expenditures.

External Financing of Public Investment

197. France and EEC have been the principal sources of external aid so far. Probable minimum and maximum commitments by these two sources for the 1971-75 period are given below (excluding technical assistance):

	1971-1975					
	(CFAF billion)			($ million)		
France:	14	to	19	50	to	68
. grants	0	-	2	0	-	7
. soft loans	10	-	12	36	-	43
. other loans	4	-	5	14	-	18
EEC:	17.0	-	20.0	60	-	72
. grants	5.5	-	7.0	20	-	25
. soft loans	8.5	-	9.5	30	-	35
. other loans	3.0	-	3.5	10	-	12

198. While the breakdown of French and EEC aid by grants and various types of loans is more difficult to forecast, it is almost certain that French grants-in-aid for projects will be progressively phased out, and that the proportion of EEC aid in the form of soft and hard loans will increase relative to grants. French loans will be made by FAC and Caisse Centrale (CCCE) and will come also from borrowing by CAA on the French capital market. EEC loans will come from FED ("prêts spéciaux") and from the European Investment Bank (BEI). Assuming that the average interest on soft loans from the French Government and EEC will be 3 percent and on loans from the Caisse Centrale, 4.5 percent, and that borrowing from BEI will be at 8 percent, the "mix" indicated in the table would mean a weighted average interest rate of close to 1 percent including grants and around 4 percent excluding grants. Multilateral sources other than EEC and the Bank Group will probably contribute only small amounts to project financing. The bulk of it will come from UNDP and as in the past will be for pre-investment

studies and technical assistance. Significant bilateral aid has come in the past from the German Federal Republic, Italy and the United States. These and other countries, such as Canada, will presumably continue to provide capital, but probably in a more irregular way than other major sources. Estimates of new commitments over the next five years from these countries are subject to a wide margin of error but may be roughly estimated at $50 to $60 million. The terms of this aid are likely to vary widely.

199. The rate of disbursements of public aid in 1971-75 from these sources will be relatively high because of past borrowing by the Government for projects just started. Of the $341 million debt outstanding by mid-1969, only $187 had been disbursed; the other $154 million, including $72 million for the Kossou dam, are to be disbursed in 1969 and the early seventies. Disbursements on French aid are generally rapid and those of FED more rapid than they used to be; it can therefore be assumed that no less than two-thirds of total new commitments from these two sources will be disbursed in 1971-75. For bilateral aid other than that of France disbursements equal to 60 percent of commitments are assumed. After taking also into account disbursements on commitments made prior to 1971, (notably for Kossou) total disbursement of public bilateral and EEC aid may be estimated at CFAF 67 billion for 1971-75, thus leaving a residual gap of CFAF 43 billion. The assumed pattern of financing on a disbursement basis is shown below:

	CFAF billion	$ million*
Total public investment	220	792
Debt service on past debt	50	180
Debt service on new debt	20	72
	290	1,045
Internal resources	-180	-650
Balance (1)	110	395
(a) France (66% of new commitments)	12.5	45
(b) EEC (66% of new commitments)	14.0	50
(c) Other bilateral (60% of new commitments)	10.5	37
(d) Disbursements by (a) (b) (c) on past commitments (Kossou etc.)	30.0	108
	-67.0	-240
Balance to finance (2)	43.0	155

* Round figures.

200. The residual amount of CFAF 43 billion ($155 million) would have to be financed by the Bank Group including by disbursements on loans approved before 1971 and totalling $41.4 million, partly by medium-term credits, particularly suppliers' finance, provided that these will not significantly increase debt service up to 1972 and will be used only for economically justified projects, and partly by new or largely untapped sources such as the African Development Bank, or through specific programs such as WFP (World Food Program) which, it is understood, intends to commit funds equivalent to $10.5 million for the resettlement of Kossou population. In any case the size of both the total financial gap for the public sector and the residual gap not financed by traditional sources are large as compared to the past and the Ivory Coast may find it difficult to raise the entire amount required from abroad.

201. Financing requirements could, of course, be reduced by delays in carrying out the development program. However, the rapid increase in investment during the past ten years indicates that absorptive capacity has been increasing significantly. Several large programs are already well advanced (Kossou, Southwest, plantations etc.). While some "slippage" in the program may well occur, factors in the opposite direction such as rises in unit cost may increase the need for financing.

Composition of the Government Program for 1971-75

202. Though the first draft of the plan for 1971-75 is being revised it is likely to provide the basis for the final program. The original program is summarized in the following table (the figures are in 1965 prices and no correction is made here for price increases since then):

Plan Outline 1971-75

Public Investment Program

	(CFAF billion)		%	($ million)	
Transport Infrastructure	43.5		21.5	157	
Roads		(25)			(90)
Power	23.8		12.0	85	
Kossou dam		(16.6)			
Telecommunications	5.7		3.0	21	
Urban Development	17.6		9.0	63	
Abidjan		(8.6)			
Administrative Infrastructure	22.0		11.0	80	
Housing for Civil Servants		(5.9)			
Education	17.0		8.0	62	
Health	8.0		4.0	29	
Other Social	0.9		0.5	3	
Agriculture	35.3		18.0	130	
Oil Palm		(11.9)			
Rubber		(9.8)			
Coconut		(3.9)			
Coffee		(2.7)			
Cocoa		(1.3)			
Sugarcane		(2.8)			
Water supply etc.		(1.5)			
Sub-total	175		83	630	
Participations (industry, housing etc.)	27		13	97	
	202		100	730	

203. The program probably underestimates the requirements for Agriculture as a whole given the growth objectives of this sector. While the provision for oil palm is too large, that for cocoa appears too small. No provision is made for forestry, fisheries, and livestock, which will require some investment, or for new projects such as coffee processing which apparently were not included in the industrial sector either. Investments in the social sector have been reasonably well estimated; the provision for education conforms to the "Loi-Cadre" on which a recent Bank loan was based. The large investments in Power of course reflect the large cost of the Kossou dam that will have an installed capacity of 175.5 MW and will cost CFAF 25-27 billion of which about CFAF 10 billion will have been spent before 1971. They can hardly be cut unless some urgent programs for power outside Kossou are postponed. The amount allocated to Telecommunications appears modest: a new estimate awaits completion of a study undertaken by foreign consultants. The target for Transportation was set before the completion of a UNDP transport survey (for which IBRD was executing agency) and, as will be seen, can and should be reduced. Urban Development and Administrative Infrastructure together are expected to require CFAF 40 billion, or 20 percent of the total program, reflecting both serious needs in housing, water supply and sewerage and transport infrastructure, particularly in Abidjan, and also a real desire to beautify the capital city.

204. The fundamental problem now facing the Government, however, is posed by the social and financial implications of the ambitious projects undertaken in the last few years: Kossou, San Pedro, and such schemes as the so-called Abidjan "Riviera" project. These were originally initiated largely outside the plan, and their costs, direct and indirect, are not fully included in the first 1971-75 Plan Outline. In particular, the Plan Outline makes no provision for investments arising out of the construction of the Kossou dam. The most important of these is the cost involved by the resettlement of up to 130,000 people (but the estimates vary widely from one source of information to the other) from about 180 villages which will be wholly or partly flooded by the lake. This may include village infrastructure (main street, wells, school, infirmary etc., where needed) all or part of the cost of individual houses, supply of food during settlement period, cash compensation for loss of agricultural holdings and reconstruction of the road system in the region. Nor has any provision been made for other projects whose economic priority depends on further study, such as the construction of a beltway around the lake (of possible tourist interest), development of fisheries in the lake, or of irrigation and other agricultural development schemes in the region. The need for the latter will presumably depend in part on the proportion of displaced persons which will choose to remain in the area as compared to those who will settle elsewhere, for example in the Southwest.

205. Serious efforts to identify such projects and evaluate their cost started only in 1969. One of the disquieting aspects of the whole program, therefore, is that the national plan outline will have to be revised before the studies now begun have provided the basic information.

It is not clear either what commitments the Government has undertaken vis-a-vis the population involved. Some estimates indicate that the cost of resettlement and road re-construction alone may be in the order of CFAF 20-25 billion ($70-90 million) or nearly as much as the cost of the dam itself. This may not be wide of the mark considering experiences with resettlement in other African countries. Resettlement is an urgent problem since about 20,000 people will have to be resettled by March 1971 and all the others over the following three to five years. Assuming that CFAF 10.4 billion will have been spent on the dam itself in 1969 and 1970 and that CFAF 2.3 billion will be spent for resettlement in 1970, the remaining expenditures on the dam and resettlement in 1971-75 may well be at least CFAF 35 billion, or 7 billion per year. The peak will probably be reached in 1971-72 when expenditures on construction and resettlement will overlap.

206. The autonomous body in charge of the Kossou (Autorité de la Vallée du Bandama - AVB) is under a dynamic management and is well aware of the implications of the scheme. It is carefully planning the schedule of studies and operations in anticipation of the problems that are likely to be encountered. However, the strain on financial and human resources will be severe, and the Government is reported to be considering the possibility of phasing the whole operation over a few more years by slowing down the rate of water intake into the lake or limiting the maximum water level in the lake to a few meters below that of 209 meters originally planned. In the latter case a considerable number of villages could be "saved" temporarily or permanently though at the expense of firm power supply.

207. The original San Pedro project, consisting of a port, a city and some road links, was started early in 1968 and will be completed in 1971 at a cost of about CFAF 11.5 billion (of which the financing of CFAF 8.5 billion is already assured). The expanded program includes a further tranche of CFAF 9.5 billion, of which 4.1 billion is for San Pedro proper (port, city) and 5.4 billion for other items including road construction (CFAF 3.8 billion), some agricultural schemes, basic village facilities for a few thousand settlers expected from Kossou, detailed technical and economic feasibility studies of roads and agricultural projects, and other technical and economic feasibility studies. The bulk of this expenditure is expected to take place before 1972.

208. Altogether the basic investments in San Pedro-Southwest will cost about CFAF 20 billion ($72 million). Of this about 50 percent will be spent in the early years of the 1971-75 plan period - i.e. up to 1972-73 - even if some delays in the schedule are assumed. Directly productive and related investments (e.g. feeder roads) may start in or about 1972-73 and would provide for the development of oil palm, coconut, cocoa, rubber, forestry and food crops, and two major industrial projects: a paper pulp mill near San Pedro and an iron mine in Bangolo (South of Man). The latter scheme depends on the construction of a transport link to the mine site (300 km north of San Pedro) which could be a pipeline (as seems favored by the prospective mining company), or a railway (as the Government seems

to prefer) that could be used to transport other products such as logs. Other projects include a cement crushing plant to process imported clinker etc.

209. Of the CFAF 20 billion program just outlined, about half will have been spent before the start of the 1971-75 plan. The mission was unable to determine how much of the remaining CFAF 10 billion is included in the plan outline because neither the transport program nor the agricultural program gives separate data for the Southwest. There is an amount of CFAF 3 billion included in the plan outline for the city of San Pedro but this does not take into account the intervening increase in costs.

210. To what extent additional projects not now provided for in the plan outline will eventually be included is not known. No details for example, could be obtained on the Abidjan "Riviera" project which is primarily designed to promote tourism, and whose total cost could be in the order of hundreds of millions of dollars. The financing of a first tranche of about CFAF 5 billion ($18 million) was apparently arranged in 1969 through a Government agreement with a group of foreign private banks 1/. The plan outline provides only a modest CFAF 500 million for Government participation in tourism facilities which seems vastly out of line with the "Riviera" project, let alone other tourism schemes. A new ministry of Tourism was created in January 1970 which, it is understood, is currently working on a program for 1971-75.

211. While the wisdom of the original decision to launch the Kossou project has been and could still be questioned, the problem for the Government is now to carry out the necessary resettlement as expeditiously and economically as possible and to maximize the benefits from the project as a whole. Resettlement should be handled in such a way as to prevent an acceleration of rural exodus from Kossou to the towns and to induce a movement to the Southwest. While resettlement entails disturbing changes to the affected population, it also opens up opportunities for innovation. Advantages should be taken of the possibility of carrying out new projects of interest to the displaced farmers: for example, the development of semi-mechanized agriculture in the area around the lake where population density will greatly increase 2/, and the development of fisheries in the lake. The essential preinvestment studies, for which the Government has already engaged consultants, partly with UNDP financing, should be completed as soon as possible.

212. Although the simultaneous execution of the Kossou and San Pedro-Southwest projects has obviously created serious financial and human problems, the development of San Pedro and the Southwest has had from the start

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1/ Of this, CFAF 1.8 billion appear in the 1970 investment budget.

2/ The possibilities of introducing semi-mechanized agriculture should be assessed in the light of the experience with a pilot scheme near Bouaké.

considerable prima facie justification. With the progressive occupation of the forest areas of the Southeast, it seemed desirable to open up the new virgin forest land of the Southwest in order to increase the supply of food, expand the production of traditional export crops, sustain the pace of crop diversification, and compensate for the depletion of the forestry resources of the Southeast. Development of the Southwest appears also to offer opportunities to divert to a new and productive area many of the migrants who would otherwise find their way to the cities, particularly Abidjan.

213. In the last analysis, of course, the justification of the large infrastructure investments involved in opening up the Southwest will depend on the rapidity with which immigration and production will develop. Prospects for rapid settlement appear to be reasonably good once basic facilities are provided. It has been estimated that a reasonable development of agricultural output in the region will require about 150,000 1/ new settlers in the next ten years. Such a target appears feasible even if the inflow of settlers from Kossou is less than the approximately 50,000 expected. For San Pedro itself a population of 100,000 inhabitants is forecast "in the long run." How rapidly the population objective could be achieved is difficult to determine, but it should be recalled that Abidjan developed from a small lagoon village into a large urban area in a relatively short time.

214. At present it is admittedly difficult to arrive at a total public investment program for 1971-75 that takes into account the many uncertainties discussed above. The mission believes that it is feasible to keep the program within the available limits of CFAF 190 billion, excluding participations, which is about equivalent to the target of CFAF 175 billion at 1965 prices originally set in the plan outline. A number of measures will, however, have to be taken to change the composition of the plan:

(i) The plan will have to provide an additional CFAF 10 billion for Kossou and perhaps another CFAF 10 billion for other projects, including parts of the San Pedro-Southwest development scheme, which previously were not included in the draft program;

(ii) Compensatory reductions totalling some CFAF 20 billion will have to be made on other parts of the program. Possible reductions are: road construction from CFAF 25 to CFAF 15 billion (largely in line with the basic program recommended by the UNDP Transport Survey); railways (excluding the Bangolo mine link), CFAF 1 billion; administrative and urban infrastructure (in view of heavy investments carried out in 1969-70), CFAF 2-3 billion, confining such investment to the socially most necessary parts (water, sewerage, main arteries), and the oil palm program, from CFAF 11.8 billion to CFAF 6.5 billion (a reduction of 45,000 hectares in the current program offset by 14,000 has in the Southwest);

(iii) Other programs in agriculture, tourism, industrial participations should be carefully screened and their less urgent components be deferred, if necessary, until after 1975; among others, the programs for additional output of coffee and bananas should be reconsidered in the light of the possible impact of marketing difficulties on the anticipated benefits;

(iv) The merits of adjusting the Kossou project to curtail the program should be considered;

(v) Finally, experience seems to point to the possibility of substantial reductions in construction costs, for example, in roads and school building: these deserve to be fully investigated by the Government and made effective for example through wide competitive bidding among contractors.

215. The foregoing comments are in no way intended to be a thorough critical analysis of the plan projects' justification or of their respective role within the plan. What is important is to reconsider the whole public investment program, including all the projects currently not included in the draft plan, so as to maintain the total program within the order of magnitude of the overall limit indicated earlier. It will then be essential not to undertake projects not included in the plan without accordingly revising the original program. It is somewhat paradoxical that so much talent and time goes into the preparation of development plans within a sophisticated methodological framework, when at the same time te field of what is actually planned tends to shrink dangerously and non-planned operations tend to flourish. In this respect it would certainly be most useful to retain the practice of having in the new plan a "hard core" program and an "optional tranche" as was done for the 1967-70 plan.

B. Private Savings and Investment

216. The draft plan projected privately financed investment at CFAF 215 billion at 1965 prices (about CFAF 235 billion at current prices), not including Government participations in private enterprises and housing 1/. This would be nearly 45 percent higher than national accounts estimates for the five years 1964-68 and would represent slightly over one-half of total investment, against 60 percent in 1964-68. Private investment is expected to be allocated as follows:

1/ It seems that in the plan outline, participation from the public sector is not included in private investment which is, therefore, understood to mean privately financed private investment rather than total investment in the private sector.

	CFAF billion	Percent
-Agriculture, forestry fisheries	8.0	4.0
-Industry and mining	81.0	38.0
-Housing	126.0	58.0
	215.0	100.0

The low figures for agriculture may reflect an underestimate of investment in the traditional sector which is admittedly difficult to measure. The amount for industry and mining includes CFAF 42 billion, or close to 20 percent of total private investment, for two projects alone (CFAF 30 billion for the iron mine, CFAF 12 billion for the paper pulp mill 1/). This in great part explains the expected rapid growth or private investment. Both projects, however, are at early stages of consideration, and it is not at all certain yet whether they would be economic, whether they would attract sufficient capital, how much public participation might be needed, and it is doubtful whether they would be carried out before 1975 (especially the paper pulp mill) 2/.

217. The Government intends to continue its policy of favoring private capital investment, both local and foreign, granting in general substantial advantages to new firms. However, criteria for extending such benefits, particularly in the form of tax exemptions and tariff protection, will be more strict. More attention will be paid to the employment that will be generated, the willingness of enterprises to train and employ Ivorians and their capacity to remain competitive once "infant" protection has been withdrawn. Export oriented industries and production of intermediate goods will be favored. The Government's policy of industrial participations, particularly through SONAFI, is under review with the aim of making it more profitable.

218. Aside from the financial aspects, the main obstacle to the growth of private investment, particularly in industry, will remain the lack of trained Ivorians and of local entrepreneurship. The Government is well aware of this and efforts to improve education and training are now underway as noted earlier, but their effect will not be felt before some years. Measures for promoting local enterprise are still too modest and too recent to have a serious impact in the short-term 3/, and 1975 is a very short term

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1/ More recent estimates are CFAF 40 billion and 19 billion respectively.

2/ For details on these and industrial projects in general see Volume III - Industrial Development.

3/ See Volume III - Industrial Development.

in this respect. A bottleneck is the insufficient number of well trained personnel in the ministries and public agencies responsible.

219. The mission acknowledges the difficulties facing the Government and is in general agreement with its policies. In particular it agrees that the encouragement of export oriented industries should be the basic strategy for sustaining the pace of industrial growth. Evidence of that orientation is the recent decision of a large US firm to build a battery factory (CFAF 750 million) to supply both the local market and other West African countries. More important still will be the construction of a cotton textile industry (for which several foreign concerns are bidding) that will export to Africa and Europe. The paper pulp project, and, of course, the iron mining project, go in the same direction. Other less spectacular ones are under preparation. However, there is still room for expansion of industries producing for the local market and the projection of demand for manufactured goods in the plan outline seems somewhat too conservative as it implies an income elasticity slightly over one 1/.

220. Financing problems have two aspects. The most important is the level of private savings and external capital inflows; another is the efficiency of financial institutions. The existing banking system, including specialized institutions such as BIDI is by and large adequate, and the efforts of the Government to ensure that credit to local small enterprises will be forthcoming should progressively yield results. It is expected that the Ivory Coast will remain within the franc zone and that credit and monetary policies, including the maintenance of relatively low interest rates, will continue. Though improvements are always possible, the mission considers that the financial system is sufficiently efficient and flexible enough to support the growth of private investments.

221. In 1964-68, private domestic savings were high, - 16.5 percent of GDP an average. National savings, i.e. domestic savings net of private factor payments and private transfers abroad, averaged 9.5 percent of GDP during the same period and private gross investment was about 13 percent of GDP. The deficit was financed by public participations and loans and, above all, by external private capital. There is no reason to believe that the already fairly high rates of private domestic savings will increase. Increases in personal income up to 1975 will not be such that average saving propensity will greatly increase, and direct taxation will reduce income more than in the past. Finally, if government policy towards correcting the widest income differentials is effective, this will certainly induce higher consumption rather than higher savings. It has accordingly been assumed that private domestic propensity to save will not increase or slightly decrease and a rate of 16 percent of GDP has been assumed.

222. The key issue, however, concerns the level of the outflow of private funds. The mission believes that private transfers proper (i.e.

1/ These projections, however, are currently under revision.

savings out of wages and salaries) will continue to grow at least as rapidly as national income because foreign workers and expatriates are largely motivated by the possibility of effecting such transfers. As for factor income payments by firms, it can perhaps be expected that an increasing share of firms' profits will be reinvested if investment opportunities increase with the expansion and diversification of the Ivorian economy and the Government continues to provide appropriate incentives. On the other hand, as private borrowing abroad will probably grow, private interest payments, whose importance has already been noted, will increase. On the whole, factor income payments are likely to rise more or less in tune with growth of industry and commerce and, therefore, more rapidly than total GDP. Thus an increase of 7 percent p.a. for private transfers (CFAF 10 billion in 1968), and of 8 percent p.a. for factor income payments (also about CFAF 10 billion in 1968) has been assumed. Even allowing for the difference in projected growth of GDP these are lower rates than assumed in the plan outline. On the basis of these sets of assumptions, private national savings are likely to total around CFAF 185 billion, as indicated by the following figures:

	1971-1975 (CFAF billion)
Private Domestic Savings (16% of GDP)	330
Net Private Factor Income Payments	-75
Net Private Transfers	-70
Private National Savings	185

223. As previously indicated, the Government is expected to borrow CFAF 8 billion from the private sector during the period and envisages participations in private enterprises and loans and subsidies to households for housing in an amount of CFAF 30 billion, making the net government contribution to the private sector CFAF 22 billion. If total investment in the private sector is CFAF 265 billion, including government participations, new private foreign investment of about CFAF 60 billion ($210 million) will ostensibly be needed. In the five years 1964-68, gross private long-term capital inflow totalled CFAF 17 billion only. However, the projected private investments that will be recalled, include two projects (iron ore and paper pulp) which are likely to be realized only if there is a matching increase in capital inflow.

C. Balance of Payments Prospects

224. The prospects for the balance of payments deserve special attention because exports will remain the major growth force at least until the

mid-seventies, there are reasons to think that the trade balance will gradually become less favorable than in the past, and ways of financing the external "gap" will become an increasingly important concern of economic policy.

Exports

225. Projections for ten groups of agricultural products have been made 1/. They show that under two alternatives as to the rate of forest exploitation 2/ total agricultural exports will be:

	1967-68 (average)		1975		1980
Assumption (a)					
CFAF billion	82.7		121.0		139.1
Index	100		146.3		168.2
Growth rate p.a.		5.6		2.8	
			4.5		
Assumption (b)					
CFAF billion	82.7		129.4		131.1
Index	100		156.5		158.5
Growth rate p.a.		6.6		0.3	
			4.0		

226. Projections of industrial exports are particularly uncertain. They have been made on two hypotheses. One excluding two possible major elements - iron ore and paper pulp - which in any event would come about only after 1975 (probably in 1976-77), the other including those items. In this case gross exports would, of course, greatly increase but the iron mine would be an enclave project which would contribute comparatively little to growth of GNP and to foreign exchange earnings. Comments on this and other industrial export-oriented projects will be found in Volume III of this report. In the absence of the two large projects mentioned above, the growth of industrial exports will not significantly affect total exports because their share will remain very small. Projections under the two assumptions are essentially based on forecasts of the plan outline with some corrections. Agricultural exports projected above include semi-processed and processed agricultural commodities (cocoa butter,

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1/ See Volume II - Agricultural Development - Annex 2.

2/ Assumption (b) corresponds to a higher rate of timber production up to 1975 followed by a marked slowdown; assumption (a) corresponds to a slower rate than under assumption (b) up to 1975 but to continue throughout 1980.

ginned cotton, palm oil, tinned pineapples, etc.) which are usually considered "industrial exports" in official documents:

Industrial Exports

	1967-68 (average)	1975	1980
Assumption (a)			
CFAF billion	9.0	17.7	28.1
Assumption (b)			
CFAF billion	9.0	17.7	47.7
of which: iron ore	-	-	(13.6)
paper pulp	-	-	(5.0)

227. Whereas the projection of agricultural exports appears to be a reasonably accurate reflection of the probable trend, the likelihood that industrial exports (and therefore total exports) will be in line with the maximum hypothesis cannot be seriously assessed before two years from now when presumably decisions regarding the relevant projects will have been taken. The following table gives a possible range for total exports (including some items amounting to CFAF 3.8 billion for 1967-68 which have not been specifically projected and are assumed to grow as all other exports). The following table gives the results of combining for 1975 assumption (a) and assumption (b) for agricultural products, and for 1980 assumption (a) only with the lower and with the higher projection for industrial products. 1/

Total Exports

	1967-68 (average)	1975	1980
-Minimum:			
CFAF billion	95.5	145.0	175.0
Index	100	152	183
Growth rate p.a.	6.1	3.8	
		5.1	
-Maximum:			
CFAF billion	95.5	153.0	200.0
Index	100	160	210
Growth rate p.a.	6.9	5.6	
		6.3	

1/ The combination of assumption (b) for agricultural exports and the minimum assumption for industrial products would give the lowest result for 1980 (CFAF 166 billion), whereas the same assumption for agricultural products and the maximum one for industrial products would be intermediate (CFAF 186 billion).

228. The foregoing projections are significantly lower than those of the provisional outline of the plan which assumed an annual growth rate of 8.1 percent for 1971-75 and 6.6 percent for 1976-80. They are slightly more optimistic than previous Bank estimates 1/ but they agree with these in expecting a slowdown of export growth. The main difference between the plan outline and the above projections is in the former's higher forecast for quantities of agricultural exports, in particular coffee, cocoa, palm oil and cotton. At the time of the mission the plan outline was being revised, and in most cases, it was understood, production objectives were to be set at lower levels. It seems, however, that subsequent revisions will bring export objectives at least at the level assumed in the draft plan. The lower rate of growth as compared to the past will result, as noted in earlier Bank reports, from the projected decline in world prices of agricultural produce and the limitations on the supply of timber. Though unit prices of particular species of wood are not expected to go down, the Ivory Coast will in the long run have to market lower quality species, entailing a decline in the average price of timber exports.

Imports

229. Imports in the past have increased very much in line with GNP (income elasticity of imports for 1960-68 was 1.03). They will be subject to contradictory influences. On the one hand, import substitution policies will continue and such items as rice, sugar, most vegetables, fish, cotton textiles and many light manufactured goods will be locally produced. On the other hand, higher levels of imports relative to income will result from continued monetization of the economy, increased demand for consumers goods that cannot be locally produced or produced only on a limited scale (such as spirits, meat, vehicles, etc.), the development of heavier industries requiring expensive imported equipment, and larger requirements for spares and replacement of already existing plant and equipment, and generally from the higher levels of private and public investment projected. The 1971-75 plan outline expected imports to increase significantly less than GDP - by 6.8 percent in 1971-75 as compared with 8.2 percent for GDP, and 5.9 percent in 1975-80, as compared with 6.6 percent for GDP. However, the outline also underestimated import growth in 1966-70, partly because its authors could not foresee the increase in import prices in the second half of 1969 as a result of the devaluation, but also because the San Pedro, Kossou and other projects are ahead of schedule and have entailed imports of heavy construction equipment. In the mission's opinion, completion of these projects in the seventies and accelerated industrialization will necessitate a growth in imports not slower than that of GDP, that is 6.5 percent at least until 1975. Further diversification of the economy in the late seventies should result in a slower growth (with the qualification noted just below) but this important possibility is not further investigated here.

1/ See IBRD, Memorandum on the Economic Situation and Prospects - Ivory Coast, AF-76a, July 3, 1968.

230. For the period 1975-80 the level of imports may eventually be affected by the implementation of two or three new large projects (iron mine, paper pulp) which would require sizeable imports during the construction phase in the mid-seventies but these are not quantifiable at this stage.

231. Two factors will raise the CFA franc price of imports: the partial devaluation of 1969 and the general inflationary trend in the developed countries. The latter, however, may also affect the level of export prices. Since all projections are made in "real" terms the changes in export prices forecasted mean a change (in most cases a decline) relative to the general (and unpredicted) price level. What import prices will be in the next five or ten years relatively to other prices is impossible to predict though it would not be unreasonable to think that they may rise more than other prices in Ivory Coast, thus further aggravating the deterioration in the Ivory Coast's terms of trade caused by the projected relative decline in export prices. It is assumed, however, that import prices will not move differently from others (except export prices) and the projection of the volume of imports is therefore made without adjustment for relative price movements. The effects of the devaluation of 11.1 percent relative to non-franc currencies are also very difficult to predict as practically nothing is known on the relevant price elasticities of demand. There is no indication, however, that these are, on the average, close to unity. The evidence points rather to a low elasticity perhaps of the order of 0.5. A further complication is that very little is known of the behavior of prices of Ivorian imports originating in the franc area, notably France, which in theory were not directly affected by the franc devaluation. To take into account the generally evident increase in import prices following the devaluation, it is assumed that the real volume of imports is affected upwards by a modest 5 percent over the 1971-75 period, other things equal. The growth of imports, on the basis of an income-elasticity of one and the effect of the devaluation just mentioned is therefore projected at 6.5 percent p.a., or 55 percent over the period 1967-68 to 1975, plus 5 percent, or a total increase of 63 percent.

Services

232. The balance on non-factor services (insurance, freight, travel, tourism, etc.) will continue to be negative. Freight and insurance will continue to be positive as in the past largely because of the transit role of Abidjan for trade of hinterland countries north of the Ivory Coast. Travel and other services were heavily negative. While tourist receipts should develop favorably, the volume of travel expenditures abroad by residents of the Ivory Coast will also continue to increase. On balance and in line with the estimate made by the previous Bank mission, it seems likely that the negative balance on the service account will increase moderately from an average of CFAF 7 billion in 1967-68 to around CFAF 9 billion in 1975.

233. Private factor payments and transfers have been discussed already. As in the past, the gross inflow of these items will be insignificant by comparison with the outflow of this type of payment. Total private factor income payments in 1975 will be close to CFAF 17 billion; private transfers will be CFAF 16 billion. Interest on public debt under one of the possible assumptions (see para 240) will then be CFAF 6 billion.

External Aid and Private Capital

234. Net public transfers (grants-in-aid, technical assistance) will be very small because of the reduction or disappearance of public grants-in-aid. Gross borrowing by the public sector (disbursements), under the assumption made earlier, would amount to some CFAF 100 billion ($360 million) including some medium-term borrowing by the Government. Total "public" capital (i.e. Government borrowing) is, therefore, assumed to be CFAF 20 billion in 1975, although in view of the "lumpiness" of capital inflows for large projects, inflow is expected to reach a peak in 1971-73. Amortization on outstanding debt (as of August 14, 1969) will be CFAF 6.3 billion ($22.4 million) in 1975. Amortization of new public debt would be under one possible assumption CFAF 1.5-2.0 billion, raising the expected total for 1975 to about CFAF 8 billion ($28 million). Amortization payments, however, will reach a maximum in 1972 on account of past debts. Finally, private capital inflow requirements were assumed to total a maximum of CFAF 12 billion per year ($55 million). Offsetting private capital outflow including amortization of private debt is estimated at CFAF 5 billion and is based on the relation between gross inflow and gross outflow observed in the past (the ratio is 2.4 for 1966-68).

235. The mission's estimates of the balance of payments in 1975 and of the trade and service account for 1980 are summed up in the table below. They should not be regarded as forecasts for the precise years indicated, but only as orders of magnitude that could be achieved at about the time indicated.

(CFAF billion)

		1967-68	1975	1980	
1.	Exports, goods (assumption (a))	96	145	166 to 200	
2.	Imports, goods	-79	-130	-180	-180
3.	Balance, goods	17	15	-14	20
4.	Non-factor services (net)	-7	-9	-11	-15
5.	Factor income payments (net)	-9	-23		
	(interest on public debt)	(-2)	(- 6)		
6.	Balance (3 + 4 + 5)	1	-15		
7.	Private transfers (net)	-10	-16		
8.	Current Balance (6 + 7)	- 9	-37		
9.	Public transfers (net)	4	2		
10.	Public capital (gross)	9	20		
11.	Amortization	-5	-8		
12.	Public capital (net)	3	12		
13.	Long-term private capital inflow	7	12		
14.	Long-term private capital outflow	-3	-5		
15.	Long-term private capital (net)	4	7		
16.	Balance on capital (9 through 15)	11	21		
17.	Overall balance (8 + 16)	2	-12		

236. This projection of the external balance implies a total deficit on current account (line 8 of the above table) over the period 1971-75 of about CFAF 120 billion 1/. This means a resource gap, on the assumption of an annual GDP growth of 6.5 percent, of approximately 6 percent for 1971-75

1/ The current balance before private transfers, as it is sometimes presented and as is implicit in the national accounts of the Ivory Coast, would be about half as large.

as against 2 percent for the five years 1964-68. The projected external gap compares with a projected savings gap of CFAF 110 billion 1/. Ex ante estimates of the two gaps when made as here on independent assumptions are bound to differ. Given the uncertainties of the projection made not too much significance should be attached in this case to the disparity between the two gaps. Aside from the statistical errors, however, such a difference will be corrected ex post by movements of one or more of the magnitudes involved. It is not likely that investment will be greater than projected. More likely, exports might grow somewhat more than anticipated and/or imports somewhat less, and/or private factor payments abroad might be less as a result of a more active policy for mobilizing private domestic savings.

D. General Conclusions for External Aid

237. In the previous sections estimates of future external aid and capital were made on the basis of what seems to be the maximum possible contribution from the main sources. Assuming that the Ivory Coast will be able to carry out a public investment program of the size indicated and therefore absorb the projected volume of external funds, the terms on which foreign aid should be made available remain to be examined. These terms hinge on the ability of the Ivory Coast to mobilize sufficient resources both to provide local contributions for projects financed in part by foreign sources and to service existing and future public debt, and to transfer the resources required for external debt service abroad.

238. The level of domestic public resources available for contribution to externally financed projects will depend on the proportion of the investment program that will have to be financed entirely or almost entirely from local public funds, and on the amount required for debt service. 2/ It may be reasonably assumed that relatively little foreign aid can be mobilized to finance government participation in industry and housing, for administrative infrastructure and the resettlement of population of the Kossou area, and for parts of the programs for economic infrastructure, agriculture or education. It is therefore quite probable that at least 20 percent of the total investment program of CFAF 220 billion, or CFAF 45 billion will have to be entirely financed by the Government and/or local public agencies. The resources needed for public debt service will, of course, depend in part on the terms of new debt. As already mentioned, existing public debt entails total repayments (amortization and interest) of about CFAF 50 billion in 1971-75, 3/ and new debt may require additional repayments of about CFAF 20 billion (see below, para. 238). Thus the total claims on domestic

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1/ Public investment (CFAF 190 billion) less public savings (170) plus private investment including public participations (265) less private savings (185) = 100.

2/ For practical reasons this includes here interest as well as amortization.

3/ Service on debt as of August 14, 1969. See Table 4.1 ff.

resources for debt service and the financing of investments unlikely to enlist foreign aid may amount to CFAF 115 billion leaving about CFAF 65 billion (180 less 115) available for local "matching" contributions to aid projects. On this basis, external sources would have to finance on the average almost two-thirds 1/ of the cost of projects in which they would participate. Of course, the exact proportion for each project will vary and will have to rest on considerations peculiar to each case. Thus projects for public enterprises and public agencies which have considerable funds of their own may not require such high ratios of foreign financing, while those that must be financed partly from the government budget might need more external aid.

239. In the past the relative local contribution to externally financed projects has been low - probably at 25 percent in 1970. But this proportion has been rising in the past and may well continue to rise because of the exigences of institutions providing foreign aid. For the future a proportion of external financing not exceeding 60 percent, on the average, seems a reasonable assumption. The practical conclusion is therefore that either external aid should be on at least the soft terms that are described below, or that local "matching" contributions should be somewhat increased. This would be possible by increasing the amount of local public savings or by reducing the investment program somewhat. As already emphasized the projected level of local public resources is subject to sizeable margins of error. On the whole the assumptions on which it is based are rather conservative and therefore a higher level of public savings and/or internal borrowing by the public sector is not a priori an unreasonable prediction. On the other hand, though it would not be desirable to reduce the size of the investment program below CFAF 220 billion, its very size relative to past levels, may result in some slippage which would thus permit to release local resources to "match" external aid during the period 1971-75. Nevertheless, the eventuality of having to reduce the program is a real one.

240. In order to assess the effects of the terms of lending on debt repayment, the mission has used the following illustrative assumptions. Two sets of terms have been assumed: a "soft" one implying an average interest rate on total external aid of 4.5 percent, with 25 years repayment period including 5 years of grace, and a "hard" one with an average interest of 7 percent, 18 years repayment and 3 years grace. In both cases, interest would be paid during grace periods. If the required amount of external aid (CFAF 110 billion) were obtained in equal annual installments of CFAF 22 billion between 1970 and 1974, the service on this debt in 1971-75 would be very close to CFAF 20 billion under the soft assumption and CFAF 33 billion under the harder one. Hence the above assumed total debt service in 1971-75 of about CFAF 70 billion which would become 83 billion under the "hard" hypothesis. Under the soft assumption, external debt service in 1970-75 will generally be a little under 8-9 percent and will not exceed

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1/ 115: (115 + 65) = 0.64.

10 percent of merchandise exports (maximum in 1974). But debt service (including interest) under this same assumption would then absorb about 40 percent (70 billion out of 180 billion) of public domestic savings (including internal borrowing). Under the harder assumption, debt service would absorb close to 50 percent of these resources and on the average somewhat exceed 11 percent of merchandise exports. Slightly lower ratios would result if interest on loans were capitalized during the grace period; and this might indeed be desirable in view of the fact that service on existing debt will peak in the early seventies.

241. The World Bank Group may become one of the main sources of external capital for the Ivory Coast. The terms at which it will provide funds will therefore affect the average cost of external aid. The conditions on which aid will be available from various sources will probably be to some extent inter-dependent. While some aid agencies may seek to adjust their terms to the conditions extended by others, this process of adjustment is limited by the type of funds available and institutional rules. In any event, as in the past, the Bank will seek to adapt its lending both to the features of each particular project and to the general economic conditions in the Ivory Coast. Because of the fluctuations that affect the Ivorian economy, it will be necessary for the Bank to periodically assess the situation.

STATISTICAL ANNEX

List of Tables

1.1

POPULATION

(Thousands)

	1965	1970	1975	1980
Urban Population	980	1,450	2,030	2,640
of which:				
- Abidjan	330	500/1	820	1,100
- Other urban centers	650	950	1,210	1,450
Rural Population	3,320	3,550	3,770	4,060
of which:				
- Resident population	3,020	3,200	3,350	3,620
- Temporary agricultural labor and living in:	300	350	420	440
- Savannas	1,460	1,520	1,410	1,460
- Forest/2	1,860	2,030	2,360	2,600
TOTAL POPULATION	4,300	5,000	5,800	6,700
of which:				
- European population	30	35	40	45

/1 Current estimate for 1969 = 550,000.

/2 Temporary population included.

SOURCE: Côte d'Ivoire 1965, Population, Etudes Régionales 1962-65, Synthèse, juillet 1967. Côte d'Ivoire, Première Esquisse du Plan Quinquennal de Développement 1971-75, Ministère du Plan, Mai 1968.

1.2

ESTIMATES OF PERMANENT WAGE EARNERS

(Thousands)

	1960	1964	1965	1966	1967
Private Sector	144.9	178.9	186.4	185.3	198.2
of which:					
Agriculture, forestry, fishing	74.8	90.3	91.0	91.6	92.1
Industry and energy	11.1	25.1	27.1	29.4	32.6
Construction and public works	16.3	16.5	15.4	13.1	18.5
Transportation	13.4	16.9	19.0	19.9	21.3
Commerce and services	25.6	30.1	33.9	31.3	33.8
Public Sector	24.9	30.0	30.4	35.9	37.5
TOTAL	169.8	208.9	216.8	221.2	235.8

SOURCE: Ministère des Affaires Economiques et Financières, Etudes Economiques et Financières, Situation Economique et Financière de la Côte d'Ivoire en 1967 and data provided by the Ivorian authorities.

1.3 DISTRIBUTION OF WAGE EARNERS BY QUALIFICATION AND ORIGIN

	Total Number of Wage Earners			Percent of Total by National Origin: Nationals			Africans			Non-Africans		
	1964	1966	1967	1964	1966	1967	1964	1966	1967	1964	1966	1967
Managerial staff	1,649	1,622	1,616	10.1	9.8	7.1	4.5	3.5	1.5	85.4	86.6	91.3
Technicians	2,947	2,858	2,915	15.7	12.1	14.3	2.5	2.8	3.9	81.7	85.0	81.7
Foreman	3,265	3,943	4,298	28.3	32.1	34.7	11.1	10.9	10.4	60.5	57.0	54.9
Employees	18,943	18,211	18,605	69.6	68.8	68.6	21.9	21.5	21.6	.8.4	9.6	9.9
Skilled workers	27,565	34,709	38,275	69.2	64.1	68.5	30.0	35.0	30.8	.8	.8	.7
Apprentices and unskilled workers	57,880	59,908	63,975	33.7	31.6	34.3	66.3	68.3	65.7	-	.1	-
Total	112,249	121,251	129,684	47.5	45.8	48.5	45.7	47.5	45.1	6.8	6.7	6.4

Source : Office de la Main d'Oeuvre.

2.1

NATIONAL ACCOUNTS - 1960-1968

(at current prices, CFAF billion)

	1960	1961	1962	1963	1964	1965	1966	1967	1968 (Provisional)
Gross Domestic Product	140.7	159.3	166.1	195.9	237.1	236.8	257.3	274.4	320.4
Less Net factor payments	- 1.8	- 2.8	- 4.2	- 7.4	- 6.7	- 8.7	- 7.9	- 8.1	- 9.5
Gross National Product	138.9	156.5	161.8	188.5	230.4	228.1	249.5	266.3	310.9
Index of GDP	100.0	113.2	118.0	139.2	168.5	168.3	182.9	193.0	227.7
Annual variation		+13.2	+ 4.2	+17.9	+21.0	- 0.1	+ 8.6	+ 6.6	+16.7
Index of GNP	100.0	112.7	116.5	135.7	165.9	164.2	179.5	191.7	223.8
Annual variation		+12.7	+ 3.4	+16.4	+22.2	- 1.0	+ 9.3	+ 6.8	+16.7
GDP per capita:									
(1000 CFAF francs)	37.7	41.5	42.1	48.4	56.9	55.1	58.1	60.2	68.3
(US dollars)	154.0	169.0	172.0	197.0	232.0	225.0	237.0	246.0	278.0
Index of GDP per capita	100.0	110.0	111.7	128.4	150.9	146.2	154.1	159.7	181.1
Consumer price index /1	100.0	111.0	109.0	109.0	111.0	115.0	122.0	125.0	

/1 Base period: February 1960: index for consumption of "African family".

SOURCE: Ministère du Plan: Les Comptes de la Nation 1960-1965: Les Comptes de la Nation 1966-1967; Les Comptes de la Nation 1968 (provisoire)

2.2 NATIONAL ACCOUNTS - ORIGIN AND USES
(at current prices; CFAF billion and percent)

	1960	%	1965	%	1966	%	1967	%	1968 (provisional)	%
Primary Sector	61.0	43.3	84.4	35.6	88.1	34.2	86.1	31.4	99.1	31.0
-Food crop and Livestock	31.5		42.3		41.7		43.7		41.6	
-Industrial and export crops	24.8		31.3		35.6		29.6		37.4	
-Forestry	3.6		8.9		8.9		10.8		17.4	
-Fisheries	1.1		1.9		1.9		2.0		2.7	
Secondary Sector	19.9	14.2	40.6	17.1	50.4	19.6	55.2	20.1	63.5	19.8
-Industry	5.8	4.2	15.6		18.5		20.5		24.9*	7.8
-Mining	.9		1.4		1.2		.9		.9	
-Construction	6.8		12.8		13.9		15.2		17.5	
-Power	2.1		4.9		10.1		11.3		12.2	
-Crafts	4.1		5.8		6.7		7.3		8.0*	
Tertiory Sector	59.8	42.5	111.8	47.2	118.9	46.2	133.1	49.6	157.8	49.2
-Transport	9.9	7.0	19.4	6.5	20.3	7.8	21.9	8.0	24.7	7.7
-Commerce	33.4	23.8	55.6	23.2	58.6	23.0	67.7	24.6	83.7	26.0
-Other services	7.3	5.2	14.9	8.3	16.0	6.1	17.4	7.3	18.1	6.4
-Government	9.2	6.5	21.9	9.2	23.9	9.3	27.1	9.7	31.3	9.1
GDP=Origin=Uses	140.7	100.0	236.8	100.0	257.3	100.0	274.5	100.0	320.4	100.0
Private consumption	94.7	67.3	151.3	63.9	161.4	62.7	175.0	63.8	192.2	60.0
(non marketed)	(29.5)	(21.0)	(38.5)	(16.3)	(37.4)	(14.5)	(38.7)	(14.1)	(39.2)	(12.2)
Public consumption	14.7	10.5	32.4	13.7	35.7	13.9	38.8	14.1	45.1	14.1
Gross fixed capital formation	19.1	13.6	43.6	18.4	47.1	18.3	49.8	18.1	58.9	18.4
Stocks	1.3	.9	1.3	.5	5.5	2.1	1.6	.6	3.0	.9
Exports	47.9	43.0	77.2	32.6	82.8	32.2	89.3	32.5	113.6	35.4
Less Imports	-37.0	-26.3	-68.8	-29.1	-75.2	-29.2	-80.0	-29.1	-92.4	-28.8

* Estimates

Source: as for table 2.1.

2.3

GROSS FIXED CAPITAL FORMATION

(at current prices : CFAF billion)

A - BY ORIGIN

	1960	%	1965	%	1966	%	1967	%	1968	%
Firms/1	11.1	58	27.1	62	27.8	59	28.0	51	28.0 (*)	47
(individual entrepreneurs	(3.0)		(6.0)		(6.5)		(7.0)		(7.5)	
(public firms)	(1.1)		(3.6)		(3.4)		(4.3)		(5.0)	
Households	1.0	5	4.8	11	6.0	13	6.5	18	7.0(*)	12
Public/2	7.1	37	11.7	27	13.3	28	15.3	31	24.0(*)	41
TOTAL/3	19.1	100	43.6	100	47.1	100	49.8	100	58.9	100
Index	44		100		109		114		134	

B - BY CATEGORY

	1960	%	1965	%	1966	%	1967	%	1968	%
Construction	12.2	65	24.7	57	26.2	55	28.5	57	32.8	55
Mechanical & Electrical equipment	4.7	24	13.0	30	15.1	32	15.1	30	19.7	33
Transport equipment	2.2	11	5.9	13	5.8	13	6.2	13	6.4	12
TOTAL	19.1	100	43.6	100	47.1	100	49.8	100	58.9	100
Changes in stocks	1.3		1.3		5.5		1.6		3.0	

(*) Estimates

/1 Including public firms; including individual entrepreneurs).

/2 Excluding public firms.

/3 May not add up because of rounding.

SOURCE : as for Table 2.1

2.4 SAVINGS AND INVESTMENT - RESOURCE GAP
(CFAF billion - Percent)

	1960	1961	1962	1963	1964	1965	1966	1967	1968
1. Gross Domestic Investment	20.5	27.4	20.0	30.1	44.9	44.9	52.6	51.4	61.9
2. Less Current External Deficit 1/	+9.0	+1.7	+3.5	+5.8	+10.7	-0.5	-0.2	+1.1	+8.9 2/
3. National Savings (1)	29.5	29.1	23.5	35.9	55.6	44.4	52.4	52.5	70.8
4. Less Net Private transfers abroad	-5.0	-5.7	-6.2	-7.0	-8.7	-8.7	-9.8	-11.3	-9.2 2/
5. National Savings 2/	24.5	23.4	17.3	28.9	46.9	35.7	42.6	41.2	61.6
6. Current Ext. deficit after prkvate transfers	+4.0	-4.0	-2.7	-1.2	+2.0	-8.2	-9.6	-10.2	-0.3
7. G D P	140.7	159.3	166.1	195.9	237.1	236.8	257.3	274.4	320.4
8. Resource gap 1/ (-) as % of GDP	+6.4	+1.1	+2.1	+3.0	+4.5	-0.1	0.0	+0.4	+2.8
9. Resource gap 2/ (-) as % of GDP	+2.8	-2.5	-1.6	-0.6	+0.8	-3.5	-3.7	-3.7	-0.1
10. National Savings 1/ Dom. Investment x100=%	143	106	117	119	124	99	100	102	114
11. National Savings 2/ /Dom. Investments x100=%	120	85	86	96	104	80	81	80	100

1/ Before private transfers

2/ From Balance of Payments Statistics (IMF)

2.5 SAVINGS AND INVESTMENT BY ECONOMIC UNITS
(Current prices; CFAF billion)

	1960	1965	1966	1967	1968
1. Households					
2. Gross savings	10.8	20.4	23.2	26.3	(32.0)*
3. Transfers abroad 1/	-5.0	-8.7	-9.8	-11.3	-10.9 6/
4. Gross investment 2/	-4.0	-10.8	-12.5	-13.5	-13.5
5. Savings surplus (+)	+1.8	+0.9	+1.5	+1.5	(+6.6)
6. Firms 3/					
7. Gross operating surplus	7.1	18.3	25.8	14.9	(28.0)*
8. Interest and dividends paid abroad 4/	-1.9	-8.5	-7.7	-7.9	-9.5 6/
9. Gross investment	-9.4	-22.5	-26.8	-22.5	-21.5
10. Savings deficit (-)	-4.2	-12.7	-8.7	-15.5	(-3.0)
11. Government 5/					
12. Gross savings	5.0	9.8	11.9	11.5	(18.0)*
13. Amortization of debt 8/	-0.7	-3.9	-3.8	-3.6	-4.9
14. Gross investment	-7.1	-11.7	-13.3	-15.3	-24.0
15. Savings deficit (-)	-2.8	-5.8	-5.2	-7.4	(-10.9)
16. Total gross savings (2+7+12)	22.9	48.5	60.9	52.7	78.0
17. Total deductions (3+8+13)	-7.5	-21.1	-21.3	-22.8	-25.3
18. Total investment (4+9+14)	-20.5	-45.0	-52.6	-51.3	-61.9
19. Savings deficit (-)	-5.1	-17.6	-13.0	-21.4	-9.2
20. Public transfers and long term capital 6/	3.5 7/	18.1	15.0	15.7	23.7

1/ Transfers of savings on wages by foreign Africans and by Expatriates.
2/ Including financing of investment by "entrepreneurs individuels"
3/ Including public firms except as specified under "Government"
4/ Gross payments abroad of interest and dividends as in "External account" of Nat. Accounts less interest and dividends paid by "Financial enterprises" and "Administrations".
5/ Including local authorities, Caisse Autonome d'Amortissement, Social Security, Agricultural Price Stabilization Fund.
6/ From Balance of Payments statistics.
7/ Transfers only.
8/ From Balance of Payments data.

* Mission Estimate.

Source: As for Table 2.1

2.6

INCREMENTS IN GDP : 1960-64 AND 1964-68

(at current prices)

	1960 - 1964			1964 - 1968		
	CFAF billion	%	Average annual growth rate	CFAF billion	%	Average annual growth rate
- Origin of Resources						
Primary sector	26.2	27.2	9.4	11.9	14.3	3.2
Food crops, livestock & fishing	7.9		4.5	3.7	4.4	3.3
Industrial & export crops	11.5	11.9	10.0	1.1	1.4	0.8
Forestry	6.8	7.1	30.0	7.1	8.5	13.8
Secondary sector	16.1	16.7	16.0	27.5	33.0	15.3
Industry	8.8	9.1	26.0	10.3	12.3	14.3
Tertiary sector	54.1	56.1	17.4	43.9	52.7	8.5
Commerce	30.1	31.2	17.4	20.2	24.2	7.2
Government	11.5	11.9	14.9	7.0	8.4	11.0
Total increase in GDP	96.4	100.0	13.9	83.3	100.0	7.8
- Use of resources						
Private consumption	52.1	54.0	11.5	39.8	47.6	6.9
Public consumption	13.4	13.9	17.3	17.9	21.5	15.6
Gross fixed capital formation	20.1	20.8	19.6	15.3	18.3	10.7
Stocks	4.3	4.6	-	1.7	2.0	-
Exports	35.3	36.5	15.7	37.5	44.8	8.0
less Imports	-28.8	-29.9	16.5	-28.6	-34.2	10.0
Net Exports	6.5	6.7	-	8.9	10.6	-

SOURCE : As for Table 2.1

2.7

ANNUAL VARIATIONS OF GDP
EXPORTS, GROSS INVESTMENT AND GOVERNMENT OUTLAYS
1960-1968

	1960	1961	1962	1963	1964	1965	1966	1967	1968
Variation in:									
GDP									
- absolute		+18.6	+ 6.8	+29.8	+41.2	- 0.3	+20.5	+17.1	+46.0
- relative		+13.2	+ 4.2	+17.9	+21.0	- 0.1	+ 8.6	+ 6.6	+16.7
Exports									
- absolute		+ 6.9	+ 0.4	+ 9.9	+18.1	- 8.8	+ 7.4	+ 4.2	+25.9
- relative		+15.5	+ 0.7	+19.1	+12.4	-10.1	+10.4	+ 5.3	+31.4
Gross Investment/1									
- absolute		+ 6.9	- 4.7	+10.0	+14.8	+ 0.1	+ 7.7	- 1.2	+10.5
- relative		+33.8	-26.8	+50.0	+49.3	+ 0.3	+17.1	- 1.5	+20.4
Government outlays on goods & services/2									
- absolute		+ 5.0	- 3.2	+ 0.3	+ 3.1	+ 3.3	+ 2.6	+ 2.9	+10.0
- relative		+39.0	-18.3	+ 1.3	+21.6	+18.3	+12.2	+12.1	+37.3

/1 Gross fixed capital formation and changes in stocks.

/2 Consumer goods and services and capital goods.

SOURCE: Ministère du Plan: Les Comptes de la Nation 1960-1965; Les Comptes de la Nation 1966-1967, Les Comptes de la Nation 1968 (provisoire).

2.8

SELECTED DATA ON REGIONS

(1965)

REGION	AREA	POPULATION			AGRICULTURE				
					Gross value of		Total	Agriculture	Index
					Food crops	Export crops	agriculture product	product on per head/2	
	(km^2)	Total	Urban	Density	(CFAF billion)			(CFAF)	
South (excl.Abidjan)	39,730	668,000	170,000	17	8.8	11.0	19.8	39,800	138
East	44,650	286,000	37,500	6	4.7	5.2	9.9	39,800	138
Center	63,000	1,130,000	188,000	18	16.0	9.9	25.9	27,500	95
Center-West	31,100	340,000	73,000	11	4.4	8.7	13.1	49,000	170
West	30,790	460,000	50,000	15	2.7	5.9	8.6	21,000	73
South-West	27,000	95,000	18,500	4	1.0	2.1	3.1	40,000	138
North	97,000	810,000	76,500	8	10.4	1.1	11.5	15,700	54
	333,270	3,789,000	613,500	11	48.0	43.9	91.9/1	28,900	100

/1 Total is slightly above "primary sector" production in national accounts

/2 Of rural population

SOURCE : Ministry of Planning, Service Autonome de l'Action Régionale, "régional dossiers", 1969.

3.1

BALANCE OF PAYMENTS

(CFAF billion)

		1960	1965	1966	1967	1968
1.	Exports: goods	44.4	70.5	80.2	83.3	110.0
2.	n.f. services	3.0	16.8	18.7	20.0	21.6
3.	Imports: goods	-34.1	-62.8	-68.5	-73.4	-84.2
4.	n.f. services	- 7.4	-20.4	-24.5	-26.2	-29.2
5.	Government n.i.e (net)		0.9	- 0.1	- 0.2	0.3
6.	Balance, goods & n.f. services	5.9	5.0	5.8	3.5	18.5
7.	Net factor payments/1	- 1.8	- 6.6	- 8.4	- 8.9	- 9.5
8.	Balance, goods and services	4.1	- 1.6	- 2.6	- 5.4	9.0
9.	Private transfers: credit		1.5	1.6	1.5	1.7
10.	debit	- 7.6	- 9.0	-10.3	-10.4	-10.9
11.	Public transfers : credit	3.5	6.7	7.6	6.9	7.9
12.	debit		- 1.3	- 2.8	- 3.3	- 4.1
13.	Net transfers	- 4.1	- 2.1	- 3.9	- 5.3	- 5.4
14.	Net Private long term capital		4.4	0.5	3.1	4.0
15.	Public capital: inflow		7.3	6.2	4.6	10.8
16.	Amortization and outflow(*)		- 4.0	- 5.6	- 4.5	- 6.0
17.	Net public capital		3.3	0.6	0.1	4.8
18.	Net capital		7.4	1.8	4.3	9.8
19.	Net short term capital		- 1.3	2.7	- 0.1	- 2.1
20.	Monetary sectors (net)		- 2.9	- 3.1	6.3	- 8.7
21.	Errors & Omissions		1.0	6.7	1.4	- 1.4

/1 Includes non-distributed profits of foreign firms in Ivory Coast; a credit item of equal size is included under long term private capital.

(*) Debt amortization: 3.0; 3.6; 3.6; 4.9

SOURCE: 1960: as for Table 2.1; capital operations not reported;
1965-68: IMF Balance of Payments Yearbook.

3.2

EXPORTS

(Q = thousand tons; V = CFAF billion)

		1960	1965	1966	1967	1968	1969 (6 months)
Coffee	Q	148.5	185.7	181.5	149.0	214.4	99.8
	V	18.8	25.9	30.2	25.4	35.9	16.0
Cocoa	Q	62.9	126.4	124.3	107.2	121.5	34.9
	V	8.7	10.9	13.1	13.9	19.4	7.0
Timber	Q	672.6	1,566.2	1,568.3	1,839.9	2,175.7	1,188.0
	V	6.5	18.5	18.6	21.8	25.8	14.9
Bananas	Q	72.6	128.3	131.7	142.6	147.3	61.8
	V	1.3	2.8	2.8	3.0	3.1	1.3
Palm kermels	Q	16.4	14.9	9.4	10.1	8.7	4.9
	V	0.6	0.5	0.3	0.3	0.4	0.2
Pineapples, fresh	Q	3.0	4.6	6.8	10.0	13.7	6.2
	V	0.1	0.2	0.3	0.4	0.6	0.3
Pineapples, canned	Q	4.2	12.9	19.1	24.2	23.1	12.9
	V	0.3	0.9	1.3	1.6	1.6	0.9
Pineapples, juice	Q	3.8	7.8	7.9	8.3	8.7	5.8
	V	0.2	0.4	0.4	0.4	0.9	0.3
Natural rubber	Q	-	2.8	5.5	5.8	7.0	2.0
	V	-	0.3	0.6	0.9	0.6	0.2
Cotton seeds	Q	n.a.	n.a.	n.a.	12.2	14.8	13.9
	V	n.a.	n.a.	n.a.	0.2	0.3	0.2
Cotton, ginned	Q	n.a.	1.7	3.9	8.6	11.3	5.5
	V	n.a.	0.1	0.3	0.9	1.5	0.8
Diamonds 1000	car.	197.8	199.0	181.1	191.3	181.5	102.5
	V	0.3	0.5	0.4	0.4	0.4	0.3
Manganese	Q	22.7	169.6	176.2	105.6	133.0	34.4
	V	0.2	0.8	0.8	0.5	0.4	0.1
Total 1/	Q	1,032.1	2,313.9	2,347.0	2,743.1	3,273.8	1,884.4
	V	38.8	68.5	77.0	80.3	104.9	51.9
Adjustment 2/	V	5.6	2.5	1.6	2.2	3.5	
Total 3/	V	44.4	71.0	78.6	82.5	108.4	

1/ As from customs statistics.

2/ Unrecorded exports to neighboring countries and other adjustments.

3/ As in National Accounts.

Source : Statistical Bulletins and as for Table 2.1.

3.3 IMPORTS (CFAF million)

	1960		1965		1966		1967		1968	
		%		%		%		%		%
Food, beverage, tobacco	7,986	23.4	13,961	21.9	15,570	23.0	12,338	17.1	16,826	19.7
Fuel and lubricants	1,623	4.8	3,211	5.1	3,350	4.9	3,547	4.9	5,930	6.9
Raw material (of vegetable and animal origin)	1,356	4.0	724	1.1	1,112	1.6	1,632	2.3	1,237	1.5
Minerals	141	0.4	195	0.3	297	0.4	301	0.4	1,187	1.4
Semi-finished products	4,142	12.2	9,087	14.3	10,592	15.6	12,378	17.1	12,736	14.9
Manufactured goods for agriculture	299	0.8	526	0.8	392	0.6	459	0.6	542	0.6
Manufactured goods for industry	6,808	19.9	14,471	22.7	15,290	22.6	15,491	21.5	19,080	22.3
Consumer manufactured goods	11,768	34.5	21,557	33.8	21,200	31.3	26,063	36.1	27,988	32.7
Total	34,123	100.0	63,732	100.0	67,803	100.0	72,209	100.0	85,526	100.0

Source : as for Table 2.1

3.4

IMPORT OF SELECTED ITEMS

(Q = thousand tons; V = CFAF million)

		1960	1965	1966	1967	1968	1969 (6 months)
Rice	(Q)	34.3	77.9	83.2	24.0	47.2	21.6
	(V)	867.0	2,218.0	3,114.0	875.0	1,872.0	840.0
Wheat	(Q)	4.8	63.6	112.8	61.7	64.0	18.6
	(V)	162.0	1,311.0	2,317.0	1,283.0	1,372.0	397.0
Sugar, refined	(Q)	19.4	31.1	35.7	32.2	36.8	20.4
	(V)	950.0	1,335.0	1,207.0	1,233.0	1,417.0	796.0
Cement	(Q)					27.4	20.4
	(V)					205.0	104.0
Clinker	(Q)	149.7	254.2	266.3	264.0	311.0	151.9
	(V)	639.0	1,083.0	1,089.0	1,009.0	873.0	448.0
Petroleum	(Q)	166.3	464.4	642.2	661.7	705.6	231.7
	(V)	1,743.0	3,240.0	3,344.0	2,994.0	3,318.0	1,029.0
Petroleum products	(Q)				21.1	265.0	194.4
	(V)				547.0	2,604.0	1,707.0
Fertilizers	(Q)	11.8	19.9	26.4	29.7	31.7	20.5
	(V)	230.0	352.0	411.0	498.0	495.0	295.0
Cotton textile prints.	(Q)	2.7	3.5	3.2	3.5	3.1	1.2
	(V)	2,129.0	3,714.0	3,132.0	3,692.0	3,398.0	1,357.0
Chemicals	(Q)	4.8	9.1	12.1	15.8	14.2	8.8
	(V)	159.0	490.0	627.0	716.0	746.0	521.0
Electrical equipment	(Q)	3.4	5.7	5.5	7.2	8.9	4.5
	(V)	1,332.0	2,957.0	2,706.0	3,243.0	4,465.0	2,649.0
Cars	(Number)	3,109.0	4,707.0	5,029.0	4,979.0	5,899.0	3,179.0
	(V)	1,035.0	1,993.0	1,981.0	1,897.0	2,238.0	1,220.0
Trucks	(Number)	3,423.0	5,643.0	5,417.0	3,072.0	2,728.0	2,658.0
	(V)	903.0	1,858.0	1,806.0	1,786.0	1,918.0	1,035.0

SOURCE: Statistical Bulletins

3.5 - AREA DISTRIBUTION OF TRADE

	1960	1968	
Destination of Exports			
France	65% (ZF)	35% (only F)	ZF = 43%
Other EEC	15%	29%	
USA	14% ($)	15%	
	94%	79%	
Others	6%	21%	
Origin of Imports			
France	78% (ZF)	50% (only F)	ZF = 62%
Other EEC	5%	9%	
USA	5% ($)	6%	
	88%	65%	
Others	12%	35%	

3.6 MAIN SOURCES OF EXTERNAL AID

(CFAF billion)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Totals 1959 CFAF bill.	Totals 1968/69 $ mill.
A. France (payments)												
1. Grants	1.73	1.08	1.66	2.00	0.80	1.47	1.06	0.20	0.25	(0.78)2/		
2. Technical Assistance (personnel)	1.57	1.98	2.56	2.54	2.43	2.10	2.10	2.10	2.10			
3. Other1/	0.07	0.62	1.43	1.25	1.30	1.43	1.58	1.61	2.09			
4. Soft Loans (FAC and CCCE)	1.89	2.09	2.39	1.41	2.40	1.94	2.10	2.10	7.22			
5. Total (1-4)	5.26	5.77	8.04	7.20	6.93	6.94	6.84	6.01	11.66	(14.00)	64.65	
6. Borrowing on French market		2.00		1.50		1.50			1.65		6.65	
B. European Economic Community (payments)			1959-1964				1964-1969 5/					
1. FED 3/ CFAF billion			9.77				14.10				23.87	
$ million			39.60				57.20					
					1958-1969							
2. BEI 4/ CFAF billion					2.82						2.82	
$ million					11.44							
C. Other (estimated payments)					1960-1969 (estimated payments)							
1. Federal Republic of Germany (payments) CFAF billion					2.74						2.74	
$ million					11.16							
2. USA (payments) CFAF billion					7.00						7.00	
$ million					28.50							
3. UNDP CFAF billion					2.7						2.10	
$ million					10.8							
4. IBRD CFAF billion					5.85						5.85	
$ million (commitments)					23.80							

1/ Scholarships, subsidies to University and research institutes, etc.
2/ Commitments.
3/ Fonds Européen de Développement (grants $87.1 million; soft loans $9.7 million).
4/ Banque Européenne d'Investissement (IBRD type loans).
5/ Commitments: estimated payments by end of 1969 = $50 million.

Table 4.1 IVORY COAST - EXTERNAL PUBLIC DEBT OUTSTANDING AS OF DECEMBER 31, 1968 WITH ADDITIONS THROUGH AUGUST 14, 1969 /1

Debt Repayable in Foreign Currency /2

(In thousands of U.S. dollars)

Source	Debt outstanding December 31, 1968		Additions from January 1, 1969 - August 14, 1969
	Disbursed only	Including undisbursed	
TOTAL EXTERNAL PUBLIC DEBT /3 /4	172,929	326,442	49,192
Privately-held debt /3 /4	76,064	137,121	13,634
Publicly-issued bonds /3	20,725	20,725	-
Suppliers /3 /4	42,164	96,631	1,296
France /3	17,354	30,373	1,296
Germany (Fed. Rep. of) /4	-	4,451	-
Israel	2,159	2,159	-
Italy	16,773	53,770	-
Netherlands	502	502	-
United Kingdom	348	348	-
United States	5,028	5,028	-
Financial institutions /4	13,174	19,764	12,338
Germany (Fed. Rep. of) /4	874	5,464	6,557
Italy	-	-	5,781
United Kingdom	2,300	4,300	-
Others	10,000	10,000	-
Loans from international organizations	606	6,406	17,100
European Investment Bank	606	606	-
IBRD	-	5,800	17,100
Loans from governments /3 /4	96,260	182,916	18,458
Denmark	-	2,000	-
France /3	75,127	88,778	4,861
Germany (Fed. Rep. of) /4	4,143	15,027	8,197
Israel	-	2,000	-
Italy	1,955	14,656	-
Lebanon	2,800	3,800	-
Norway	-	2,520	-
United States	12,235	54,134	5,400

/1 Debt with an original or extended maturity of over one year.
/2 Defined to include the CFA franc which is freely convertible into the French franc.
/3 Includes debts repayable in French francs or CFA francs which are converted at the exchange rate as devalued in August, 1969.
/4 Includes debts repayable in German marks which are converted at the exchange rate as revalued in October 1969.

Table 4.2 IVORY COAST - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DECEMBER 31, 1968 WITH ADDITIONS THROUGH AUGUST 14, 1969

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

YEAR	DEBT OUTST (BEGIN OF PERIOD) INCLUDING UNDISBURSED	PAYMENTS DURING PERIOD AMORTIZATION	INTEREST	TOTAL
	TOTAL EXTERNAL PUBLIC DEBT			
1969	314,843	21,196	7,465	28,661
1970	342,840	26,016	9,493	35,509
1971	316,824	26,114	11,256	37,370
1972	290,710	30,088	11,629	41,717
1973	260,622	25,998	11,082	37,079
1974	234,625	26,301	10,394	36,696
1975	208,323	22,364	9,377	31,741
1976	185,959	20,654	8,370	29,024
1977	165,305	18,037	7,397	25,439
1978	147,269	17,203	6,532	23,735
1979	130,066	15,336	5,698	21,034
1980	114,731	14,631	4,980	19,611
1981	100,099	12,037	4,311	16,348
1982	88,063	11,222	3,743	14,965
1983	76,841	10,852	3,190	14,042

Note: Includes service on all debt listed in Table 1a prepared April 1, 1970, with the exception of the following, for which repayment terms are not available:

Suppliers	$ 1,195,000
Financial institutions	3,000,000
Loans from governments	7,403,000
France	3,546,000
Norway	2,520,000
Israel	1,337,000
TOTAL	$11,598,000

Table 4.3 IVORY COAST - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DECEMBER 31, 1968 WITH ADDITIONS THROUGH AUGUST 14, 1969 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

YEAR	DEBT OUTST (BEGIN OF PERIOD) INCLUDING UNDISBURSED	PAYMENTS DURING PERIOD AMORTIZATION	INTEREST	TOTAL
	PRIVATELY-HELD DEBT			
1969	132,926	12,594	4,247	16,841
1970	133,966	16,692	4,989	21,681
1971	117,274	15,159	5,194	20,353
1972	102,115	17,398	4,972	22,370
1973	84,717	12,687	4,580	17,267
1974	72,030	12,442	4,227	16,669
1975	59,588	9,020	3,560	12,580
1976	50,568	7,898	3,062	10,960
1977	42,670	5,905	2,624	8,529
1978	36,765	5,706	2,253	7,959
1979	31,059	4,671	1,888	6,559
1980	26,388	4,265	1,617	5,882
1981	22,122	3,632	1,370	5,002
1982	18,490	3,091	1,159	4,249
1983	15,399	3,131	959	4,090
	PUBLICLY-ISSUED BONDS			
1969	20,725	1,812	1,110	2,922
1970	18,913	1,832	1,020	2,852
1971	17,082	1,853	928	2,781
1972	15,229	2,222	836	3,057
1973	13,007	2,267	720	2,987
1974	10,740	2,312	602	2,915
1975	8,428	945	482	1,427
1976	7,483	998	429	1,427
1977	6,485	1,053	374	1,427
1978	5,433	1,110	315	1,425
1979	4,323	1,171	254	1,425
1980	3,152	1,234	189	1,423
1981	1,918	601	120	721
1982	1,316	638	82	720
1983	679	677	42	720

Table 4.4 IVORY COAST - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DECEMBER 31, 1968 WITH ADDITIONS THROUGH AUGUST 14, 1969 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

YEAR	DEBT OUTST (BEGIN OF PERIOD) INCLUDING UNDISBURSED	PAYMENTS DURING PERIOD AMORTI-ZATION	INTEREST	TOTAL
	LOANS FROM INTERNATIONAL ORGANIZATIONS			
1969	6,406	161	63	224
1970	23,345	171	303	474
1971	23,174	181	670	851
1972	22,993	313	918	1,230
1973	22,680	235	1,072	1,307
1974	22,445	245	1,228	1,473
1975	22,200	935	1,373	2,308
1976	21,265	995	1,354	2,349
1977	20,270	1,050	1,290	2,340
1978	19,220	1,120	1,221	2,341
1979	18,100	1,200	1,148	2,348
1980	16,900	1,270	1,069	2,339
1981	15,630	1,365	986	2,351
1982	14,265	1,450	897	2,347
1983	12,815	1,550	802	2,352
	IBRD			
1969	5,800	-	30	30
1970	22,900	-	279	279
1971	22,900	-	657	657
1972	22,900	220	915	1,135
1973	22,680	235	1,072	1,307
1974	22,445	245	1,228	1,473
1975	22,200	935	1,373	2,308
1976	21,265	995	1,354	2,349
1977	20,270	1,050	1,290	2,340
1978	19,220	1,120	1,221	2,341
1979	18,100	1,200	1,148	2,348
1980	16,900	1,270	1,069	2,339
1981	15,630	1,365	986	2,351
1982	14,265	1,450	897	2,347
1983	12,815	1,550	802	2,352

Table 4.5 IVORY COAST - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DECEMBER 31, 1968 ADDITIONS THROUGH AUGUST 14, 1969 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

YEAR	DEBT OUTST (BEGIN OF PERIOD) INCLUDING UNDISBURSED	PAYMENTS DURING PERIOD AMORTIZATION	INTEREST	TOTAL
	LOANS FROM INTERNATIONAL ORGANIZATIONS			
	EUROPEAN INVESTMENT BANK			
1969	606	161	33	194
1970	445	171	24	195
1971	274	181	13	194
1972	93	93	3	95
	LOANS FROM GOVERNMENTS			
1969	175,512	8,441	3,155	11,596
1970	185,529	9,153	4,201	13,354
1971	176,375	10,773	5,393	16,166
1972	165,602	12,377	5,740	18,116
1973	153,226	13,076	5,429	18,505
1974	140,150	13,614	4,940	18,554
1975	126,535	12,409	4,444	16,854
1976	114,126	11,761	3,954	15,715
1977	102,365	11,081	3,484	14,565
1978	91,284	10,376	3,058	13,435
1979	80,907	9,464	2,662	12,126
1980	71,443	9,096	2,294	11,390
1981	62,347	7,039	1,956	8,995
1982	55,308	6,681	1,687	8,368
1983	48,627	6,171	1,429	7,600

5.1 - GOVERNMENT REVENUE

(CFAF billion)

	1960	1964	1965	1966	1967	1968	1969 Revised Estimate	1970 Estimate
Income and profit taxes	1.7	4.9	5.0	6.5	8.4	9.0	11.9	11.3
Taxes on property	.8	1.4	2.1	2.3	2.4	2.1	2.1	2.6
Taxes on production, consumption and domestic transactions	6.6	14.6	16.7	16.4	16.8	19.8	24.7	30.6
- Value added tax	4.2	11.6	11.7	11.4	11.6	15.2	17.9	20.9
- Excice taxes	2.4	3.0	5.0	5.0	5.2	4.6	6.8	9.7
Taxes on foreign trade	14.9	20.2	21.7	22.3	19.8	28.9	29.6	32.3
- Import duties	8.7	11.6	11.7	12.0	11.9	16.1	16.5	17.2
- Export duties	6.2	8.6	10.0	10.3	7.9	12.8	13.1	15.1
Other taxes	.6	1.6	1.1	1.5	1.5	0.9	1.1	0.9
TOTAL TAX REVENUE	24.6	42.7	46.6	49.0	48.9	60.7	69.4	77.7
Administrative fees, service charges, etc.	1.3	1.4	1.2	1.6	1.9	2.7	1.5	2.3
Government property	.6	.5	.4	.4	.4	.6	.4	.4
TOTAL GOVERNMENT REVENUE	26.5	44.6	48.2	51.0	51.2	64.0	71.3	80.4

Source: Treasury Department.

5.2 GOVERNMENT CURRENT EXPENDITURE CFAF billion

	1960	1964	1965	1966	1967	1968	1969 Revised Estimate	1970 Original Estimate
1 - GENERAL SERVICES	2.86	9.71	12.63	12.77	13.39	14.30	15.25	15.87
. Presidency and Parliament	1.10	2.64	5.34	3.79	3.98	3.87	3.95	3.55
. Justice	.29	.74	.63	.76	.79	.84	.92	1.04
. Interior	.95	2.75	2.18	3.55	3.45	3.72	3.92	4.01
. Foreign Affairs	.03	.68	.85	.88	.94	1.13	1.32	1.76
. Defense	.37	2.51	3.12	3.26	3.60	3.96	4.27	4.56
. Information	.12	.39	.51	.53	.63	.78	.87	.95
2 - SOCIAL SERVICES	5.27	10.19	9.60	11.66	12.85	15.33	16.45	19.66
. Public Function	.05	.11	.11	.14	.15	.20	.22	.24
. Labor, Social Affairs	.14	.25	.24	.28	.30	.35	.40	.48
. Education, Youth, Sports	3.28	6.64	5.96	7.20	8.01	9.52	10.66	12.93
. Public Health	1.80	3.19	3.29	4.04	4.39	5.26	5.17	6.01
3 - ECONOMIC SERVICES	5.65	7.35	7.33	8.00	9.19	10.55	11.10	12.93
. Agriculture, Livestock	1.09	1.73	1.57	1.98	2.23	2.46	2.64	2.93
. Public Works, Urbanisation, Postes, Telecom.	3.73	4.42	4.45	4.57	5.34	6.16	5.69	5.78
. Finances, Economic Affairs, Plan	.83	1.30	1.31	1.45	1.62	1.93	2.77	4.03
. Tourism	-	-	-	-	-	-	-	.19
4 - NON-FUNCTIONAL EXPENDITURES	7.82	4.80	4.89	5.06	6.10	8.82	6.63	8.54
. Pensions etc.	.27	.18	.37	.22	.15	.53	.09	1.00
. Other	7.55	4.62	4.52	4.84	5.95	8.29	6.54	7.54
TOTAL CURRENT EXPENDITURES	21.60	32.15	34.45	37.49	41.53	49.00	49.43	57.00
. Operations of regularization	-	-	- .45	+1.71	+ .17	+1.50	+2.57	-
GOVERNMENT CURRENT EXPENDITURES	21.60	32.15	34.00	39.20	41.70	50.50	52.00	57.00

Source : Treasury Department.

5.3

RESOURCES OF THE INVESTMENT BUDGET (BSIE)/1

(CFAF billion)

	1965	1966	1967	1968	1969	1970
1. Tax Revenue	7.00	7.70	8.00	9.80	11.50	13.10
2. Other Local Resources	-	1.90	3.30	4.36	2.26	15.50
- Transfers from Stabilization Fund	-	-	3.00	2.17	1.56	13.50
- Other/2	-	1.90	.30	2.19	.70	2.00
3. Loan proceeds	5.70	5.60	5.23	5.73	10.50	15.50
- Loans	2.16	2.40	1.66	3.31	7.50	11.80
- Suppliers' financing/3	3.50	3.20	3.57	2.42	3.00	3.70
TOTAL	12.66	15.20	16.53	19.89	24.26	44.10

/1 On cash basis, including suspense accounts.

/2 Mainly internal borrowing by CAA and Treasury.

/3 Mostly so-called "conventions a paiement differe" (CPD), i.e. suppliers' credits and contractors pre-financing.

SOURCE: Treasury Department

5.4 TAX REVENUE STRUCTURE OF THE INVESTMENT BUDGET (BSIE) IN 1969

	CFAF million	%
1 - Income and Profit Taxes	1,922	19.1
- Taxes on salaries, wages and pensions	640	6.3
- Contribution by employers	1,000	9.9
- Real property taxes	70	.7
- Licenses	72	.7
- Tax on small trades and craftsmen	5	.1
- Tax on dividends	15	.2
- Additional tax on profits	120	1.2
2 - Sales, taxes and excise	7,005	69.5
- Tax on value added	2,920	29.0
- Tax on services	630	6.3
- Tax on tobaccos	430	4.3
- Tax on spirits	650	6.4
- Tax on gasoline, etc.	2,300	22.8
- Tax on cartridges	75	.7
3 - Other Taxes	1,152	11.4
- Logging tax	825	8.2
- Reforestation tax	297	2.9
- Duties on diamonds	30	.3
TOTAL	10,079	100.0

SOURCE: Treasury Department.

5.5

EXPENDITURES OF THE INVESTMENT BUDGET (BSIE)/1

(CFAF billion)

		1965	1966	1967	1968	1969	1970 (Estimate)	1970 (Voted)
1.	Studies	1.26	1.16	1.29	1.41	2.24	1.55	1.48
2.	Economic Development	8.73	11.46	11.04	17.30	21.23	23.04	26.21
3.	Education	.16	.76	1.69	1.48	1.04	2.06	3.09
4.	Health and Social Affairs	.08	.47	.45	.56	.40	2.05	2.15
5.	Administrative Infrastructure	2.43	3.82	2.62	3.52	2.31	3.92	3.82
6.	Transfers and Interventions/2	-	-	-	-	-	5.99	7.35
	Estimated Expenditures	12.66	17.67	17.09	24.27	27.22	38.61	44.10
	of which Actual Expenditures /3	(12.66)	(15.20)	(16.53)	(19.89)	(24.26)		

/1 Excluding investments financed by foreign grants, kept entirely outside the budget.

/2 Since 1970.

/3 On cash basis, including suspense accounts.

SOURCE: Treasury Department.

5.6

EXPENDITURES OF ANNEX BUDGETS (CFAF MILLION)/1

	1965		1966		1967		1968		1969		(Estimate) 1970	
	Current	Investment	Current	Investment	Current	Investment	Current	Investment	Current	Investment	Current	Investment
1. Wharf de Sassandra	76	-	126	-	135	-	135	-	90	-	110	-
2. Direction du Materiel des Travaux Publics	386	185	396	200	396	200	405	202	399	271	391	223
3. R.T.I. - A.I.P.	389	-	621	-	658	-	648	-	725	-	680	120
4. Port d'Abidjan	1,068	500	1,066	581	1,112	627	1,366	69	758	744	881	785
5. Centre Hospitalier Universitaire	-	-	-	-	80	-	89	-	214	-	236	-
6. Postes et Telecommunications	1,631	497	1,878	679	2,819	925	2,913	877	3,256	958	2,716	849
TOTAL	3,550	1,182	4,087	1,460	5,200	1,752	5,556	1,148	5,442	1,983	5,044	1,977

/1 Revised estimates for 1965-69, 1970 original estimate.

SOURCE: Ministry of Finance.

6.1

MONETARY SURVEY

(Situation at end of year)

(CFAF billion)

	1962	1963	1964	1965	1966	1967	1968	1969 (June 30)
Foreign Assets (net)	5.82	8.63	15.53	15.65	19.06	14.45	22.36	25.50
Domestic credit	26.44	27.72	38.24	35.42	38.18	48.02	55.18	57.90
Claims on Government (net)	-3.14	-8.82	-9.09	-9.31	-9.99	-6.75	-10.33	-11.30
Claims on Private Sector	29.58	36.54	47.33	44.72	48.17	54.77	65.51	69.20
Total = Assets = Liabilities	32.26	36.35	53.77	51.07	57.24	62.47	77.54	83.40
Money	29.60	34.30	40.64	42.31	46.43	48.52	59.11	61.20
Currency	17.94	20.88	23.43	22.85	26.36	27.60	30.60	29.19
Demand deposits/1	11.66	13.42	17.21	19.46	20.07	20.92	28.51	32.01
Quasi-Money	2.19	2.23	8.92	6.62	7.54	9.71	13.44	18.18
Other items (net)	0.48	-0.18	1.21	2.15	3.28	4.24	4.99	5.15
Index ob Money Supply (Money & Quasi Money)	100	115	156	154	170	183	228	260
Index of GDP (at current prices)	100	118	143	143	155	164	193	n.a.

/1 In Banks and Postal checking accounts.

SOURCE : IFS and Bulletin of BCEAO

7.1 AGRICULTURAL PRODUCTION

(Thousands of metric tons)

	ACTUAL					PLAN TARGETS		
	1960	1965	1966	1967	1968/1	1970/2	1975/2	1980/2
Paddy	160	250	275	340	365	395	613	750
Mil and Sorghum	52	46	47	48	49	52	58	65
Fonio	5	7	7	7	7	8	9	10
Maize	147	180	195	220	227	207	266	329
Yams	1,150	1,300	1,320	1,350	1,391	1,432	1,578	1,790
Cassava	450	500	515	520	536	562	635	714
Plantain	490	600	615	620	639	674	760	855
Taro	135	160	160	162	167	172	185	200
Sweet Potatoes	18	20	20	21	22	22	25	28
Peas	12	13	14	15	16	15	17	20
Fruits and vegetables	100	120	124	128	132	160	210	280
Cattle/5	28	39	41	46	46	30	38	45
Sheep and goats/5	276	404	460	430	430	600	800	1,100
Pigs/5	60	67/4	101	127	127	87	103	127
Poultry/3	5	6	7	8	8	8	11	15
Hunting	23	23	23	23	23	18	16	14
Coffee	137	213	256	157	272	230	265	360
Cocoa	85	115	163	129	142	194	262	340
Cola	34	37	40	40	50	40	45	50
Bananas (exported)	85	133	144	187	193	150	175	200
Bananas (other)	3	5	-	-	-	6	7	8
Pineapple	20	44	61	84	87	114	148	175
Latex	4	4/4	5	6	7	12	19	36
Sheanuts	2	3	3	3	4	3	3	3
Cotton (Allen)	-	6	9	22	35	69	117	130
Cotton (Mono)	6	7	5	3	3	3	1	-
Tobacco (Artisanal)	-	-	-	-	-	3	4	4
Tobacco (Industrial)	2	2	3	2	3	1	1	2
Peanut	24	32	30	30	31	39	50	62
Copra	2	4	4	6	7	6	15	63
Oilpalm (Natural palm)	240	255	255	260	235	264	248	260
Oilpalm (Palm selection)	58	74	63	85	98	206	850	1,600
Sugar cane	-	-	-	-	-	-	450	600
Kenaf	-	-	-	-	-	5	16	20
Sisal	-	-	-	-	-	-	1	2
Avocadoes	-	-	-	-	-	-	1	2

/1 Largely mission estimates.

/2 Plan forecasts.

/3 Details on eggs or meat not available.

/4 Ministry of Agriculture crop year shows 92, 3

/5 Numbers slaughtered in 000.

SOURCES: Comptes de la Nation; Plan Esquisse; and other sources.

7.2 AREA AND OUTPUT ESTIMATES FOR SELECTED CROPS

		1966	1967	1968	1969 Forecasts
OIL PALM					
planted	(ha)	24,300	38,500/1	50,800/2	60,000
in production	(ha)			11,100/3	
regimes	(1000 tons)	63,400	85,300	97,800	
COCONUTS					
planted	(ha)	n.a.	12,400/4	15,400	17,900
in production	(ha)	n.a.	7,100	7,500	
copra	(tons)	n.a.	4,800	5,200	
COFFEE					
production	(1000 tons)	256	157	272	
COCOA					
production	(1000 tons)	163	129	142	
COTTON					
planted	(ha)	23,600	38,000	48,000	57,000
seed cotton	(tons)	14,000	25,000	41,700/5	51,000
BANANA					
production	(tons)	n.a.	186,800	192,700	150,000
PINEAPPLE					
production	(tons)	60,800	83,700	91,800/6	n.a.
RUBBER					
planted	(ha)	11,600	12,100	12,600	12,700
tapped	(ha)	5,800	7,000	8,500	
production	(tons of latex)	4,900	5,900	7,000	
KENAF					
planted	(ha)		400	700	
fiber	(tons)		150	500	
TOBACCO					
production	(tons)	2,600	2,200	2,500	
SUGAR					
cane		n.a.	n.a.	n.a.	
sugar		n.a.	n.a.	n.a.	
RICE					
production	(1000 tons paddy)	275	340	365	

SOURCE : Provided by the Ivorian Authorities and Mission's findings.

/1 Add "others", say 1000 ha.

/2 Of which SODEPALM, 39487 ha in 1968, and 48,987 in 1969.

/3 Plus "others", say 800 ha.

/4 Plus private blocs industriels, about 1000 ha.

/5 Official CFDT figure

/6 Figure adjusted by comparison with National Accounts.

7.3 AGRICULTURAL PRICES: FARM GATE
(CFAF per kg)

	National Accounts a/								Plan Esquisse b/
	1960	1961	1962	1963	1964	1965	1966	1967	
Paddy	18	18	18	18	18	18	18	18	18
Millet	16	16	16	16	16	16	16	16	) 16.25
Sorghum	17	17	17	17	17	17	17	17	)
Fonio	20	20	20	20	20	20	20	20	20
Maize	12	12	12	12	12	12	12	12	12
Yam	13	13	13	13	13	14	13	13	14
Cassava	8	8	8	8	8	9	8	8	9
Plantain	8	8	8	8	8	9	8	8	9
Taro	7	7	7	7	7	7	7	7	7
Sweet Potatoes	8	8	8	8	8	8	8	8	8
Peas	7	7	7	7	7	7	7	7	7
Potatoes	-	-	27.5	27.5	27.5	-	-	-	-
Cattle CFAF/head	13,000	15,000	13,500	13,500	13,000	13,000	n.a.	n.a.	13,000
Sheep and Goats	1,350	1,600	1,750	1,750	1,750	1,750	n.a.	n.a.	1,750
Pigs	2,550	3,000	3,000	3,000	3,000	3,000	n.a.	n.a.	3,000
Poultry CFAF/Kg	150	155	160	155	155	155	n.a.	n.a.	155

	Plan Esquisse
Coffee	90
Cocoa	70
Cola	20
Banana	20
Pineapple	
for canning	8
fresh local	15
fresh export	30
Latex	65
Sheanuts	24

	Plan Esquisse
Cotton (Allen)	40
Cotton (Mono)	31.5
Tobacco (Peasant)	120
Tobacco (Industrial)	70
Peanuts	20
Copra	28
Oil Palm (Natural)/kg bunch	3.3
Oil Palm (Selected)/kg bunch	5

Sources: National Accounts and Plan Esquisse.

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a/ Farm gate prices used in National Accounts.
b/ Farm gate prices used in Plan Esquisse.

8.1 GROWTH OF IVORY COAST INDUSTRY
(figures in CFAF million)

	Gross sales			Value added			Exports			Investments as at end 1968	Jobs in 1968	Number of enterprises
	1960	1965	1968	1960	1965	1968	1960	1965	1968			
05 Cereals and flour processing	1,078	3,763	5,628	286	953	1,470	7	113	74	3,800	3,200	(70)
06 Canned foods, coffee, cocoa	680	3,450	8,401	191	851	2,118	665	3,287	8,487	3,280	1,437	11
07 Beverages, ice	1,139	1,421	2,112	706	816	1,345	175	97	8	2,800	916	4
08 Other food industries, tobacco	666	2,246	2,766	501	1,751	2,143	69	255	156	1,060	302	6
09 Energy	-	941	4,448	-	299	1,510	-	403	1,609	3,745	201	1
10 Extractive industries	1,038	1,804	1,346	779	1,353	857	1,133	1,774	1,337	3,645	1,362	4
11 Metals	175	340	662	91	155	203	169	215	409	300	197	4
12 Building materials	415	797	2,900	270	372	951	6	7	115	1,555	716	10
13 Fertilizers	-	33	5	-	18	1	-	5	43	220	30	1
14 Chemicals, related products, rubber	120	2,157	3,119	82	730	999	114	873	1,278	1,435	887	15
15 Forestry industries	1,683	6,938	10,616	863	3,177	4,462	680	3,492	4,352	5,300	7,500	73
16 Assembly and repair of motor vehicles	1,839	5,571	7,876	902	2,017	2,761	177	373	373	1,500	1,937	22
17 Other mechanical and electrical industries	966	2,802	3,913	499	1,015	1,465	253	1,101	720	1,600	1,642	23
18 Textile industry	1,625	4,465	10,255	773	1,886	3,793	698	657	2,744	6,350	6,000	23
19 Leather, footwear	68	694	1,840	22	258	893	11	111	175	635	792	3
20 Fats	2,101	3,688	5,568	530	982	1,601	764	785	965	3,230	1,287	6
21 Rubber and plastics articles	125	392	830	15	167	390	114	28	42	645	552	12
22 Miscellaneous industries	260	580	1,296	158	322	448	23	224	221	800	616	22
	13,978	42,082	73,571	6,668	17,122	27,410	5,058	13,820	23,108	41,900	29,574	310

Sources: gross sales, value added, exports: National Accounts investments, jobs, number of enterprises: Chamber of Industry and Industrial Development Department.
The latter figures are approximate.

Sub-sector 09: only the oil refinery has been taken into account.

9.1

PRICE VARIATIONS

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
- Consumer price index ("European family" 1960 = 100)/1	100.0		108.2	109.5	113.5	118.0	121.0	122.2	126.7	129.7
- Consumer price index ("African family") (2/1960 = 100)	102.9	112.7	112.4	112.4	113.9	117.0	121.9	124.6	131.4	138.6
- Price index of building materials in Abidjan (6/1956 = 100)	125.1	124.9	126.3	126.6	130.7	131.0	133.3	133.8	136.2	136.2

/1 Calculated since 1962.

SOURCE : As for Table 2.1 and IFS.

9.2 PRICE VARIATIONS

(Monthly averages)

COST OF LIVING INDEX :
"AFRICAN" TYPE FAMILY :
(FEBRUARY 1960 = 100)

	Number of items	Weight	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969 (June)
Total or average	100	100.0	102.8	114.1	112.4	112.4	113.9	117.0	122.0	124.6	131.4	143.9
Foodstuffs	47	51.1	106.5	125.6	118.7	118.3	118.9	122.4	127.6	126.6	134.8	158.7
Housing	2	11.6	100.3	103.0	108.8	108.8	109.3	113.6	114.6	122.6	126.7	126.7
Utilities	6	8.1	93.4	99.4	106.0	102.9	105.6	110.1	102.8	108.0	109.8	109.3
Household Utensils	13	7.3	100.6	98.1	100.2	103.8	107.8	106.2	110.9	115.4	124.1	126.4
Clothing	12	8.4	100.9	107.9	110.2	112.3	120.2	128.1	132.0	128.9	132.1	133.4
Services	9	8.5	101.0	101.7	102.7	102.7	98.4	94.1	94.9	94.9	107.5	106.5
Miscellaneous	11	5.0	99.6	99.7	103.7	104.9	112.5	118.1	156.2	191.5	193.6	195.7

COST OF LIVING INDEX :
"EUROPEAN" TYPE FAMILY :
(1960 = 100)

Total or average	140	100.0	100.0	105.1	108.2	109.5	113.5	118.0	120.8	122.2	126.7	129.7
Foodstuffs	57	50.0	100.0	102.0	105.0	106.0	109.6	115.4	118.6	119.5	120.5	123.8
Utilities	5	4.0	100.0	101.0	99.0	99.0	97.9	97.6	95.1	94.2	94.1	94.8
Clothing, Household utensils	28	8.0	100.0	108.0	116.0	121.0	123.9	130.1	133.3	128.3	144.1	145.7
Maintenance, health	22	10.0	100.0	n.a.	113.0	114.0	114.8	118.5	122.2	123.2	145.2	150.6
Services	2	8.0	100.0	109.0	110.0	110.0	117.0	117.0	117.0	120.0	125.8	130.0
Miscellaneous	26	20.0	100.0	110.0	113.0	115.0	119.9	123.8	125.4	128.3	131.4	134.7

WHOLESALE PRICE INDEX FOR CONSTRUCTION MATERIALS (6/56 = 100)

General Index			125.1	124.9	126.3	126.6	130.7	131.0	133.3	133.8	136.2	136.2

Source : Situation Economique de la Côte d'Ivoire, 1963, 1964
Bulletin Mensuel de Statistique
BCEAO Conjoncture Ouest Africaine

10.1 SELECTED ECONOMIC INDICATORS

	1960	1964	1965	1966	1967	1968	1969 6 months
Electricity produced ('000KWH)							
of which: Thermo	8	87	79	67	121	115	86
Hydro	59	96	141	209	193	257	141
Electricity consumed ('000 KWH)							
of which: Low tension	30	83	99	120	132	156	99
High tension	27	75	90	122	148	161	94
Carburants consumed ('000 m^3)							
Gasoline	123	142	149	161	166	185	96
Gas-oil	42	90	101	111	121	137	83
Mineral Production							
Manganese ('000 tons)	73	136	180	176	149	117	59
Diamond ('000 carat)	199	200	198	183	176	187	95
Port of Abidjan ('000 tons)							
Merchandise loaded	1,010	2,059	2,200	2,390	2,481	2,776	1,563
Merchandise unloaded	757	1,327	1,412	1,683	1,664	1,969	932
Railway							
Passenger-Km(000P/Km)	219	469	507	517	479	541	259 1/
Merchandise-Km(000tons/Km)	216	322	314	301	309	329	164 1/
Airport of Abidjan ('000)							
Arrivals	64	53	60	65	68	77	39
Departures		52	59	66	66	78	48
Car Registration (number)							
Private and comm. cars	3,109	4,521	3,953	4,500	5,457	6,011	3,057
Trucks	2,052	2,694	1,674	2,409	2,320	2,099	1,261
Tractors	208	406	356	528	586	600	432
Busses	33	55	116	122	259	367	255
Permanent Wage earners ('000)	169.8	208.9	216.8	221.2	235.8	247.5	n.a.
of which: Private sector	(144.9)	(178.9)	(186.4)	(185.3)	(198.3)	(209.5)	n.a.
Public sector	(24.9)	(30.0)	(30.4)	(35.9)	(37.5)	(38.0)	n.a.
Index of Sold Merchandises 2/							
100=monthly average 10/1/63 to 9/30/64		129.8	137.3	146.1	151.2	162.5	n.a.

1/ 5 months only
2/ In December: annual peak period

Sources: Bulletin Mensuel de Statistique BCEAO, Notes d'Information et Statistiques