Board Meeting of Thursday, September 11, 1997
Statement by Godfrey Gaoseb

Côte d’Ivoire: Country Assistance Strategy

We endorse the proposed Joint CAS as we find it consistent with the Côte d’Ivoire’s development strategy articulated in “The Elephant of Africa” document and the recently approved National Program for Eradicating Poverty. We note the intensive dialogue and participatory approach that led to the preparation of this CAS with government, trade unions, civil society, the private sector, NGOs and the donors. This consensus building approach will go a long way to ensuring a broader ownership of the economic policies in the strategy. We are equally impressed with the Bank’s self assessment of its previous programs—what worked well, what did not work well and the lessons learnt from the past operations. The presence of the Country Director in the Côte d’Ivoire and the continued dialogue with the stakeholders will enhance participation and ownership of the various economic reforms proposed in this CAS.

The major priorities of the government in the next three years are achieving double digit growth, expanding and diversifying exports to make the export sector the main engine of growth and promote the private sector. Côte d’Ivoire’s performance following the 1994 CFA franc devaluation has been quite impressive, recording high rates of economic growth and low inflation rates. The reform effort is particularly encouraging in the area of privatization. In addition, the authorities’ prudent management of the external debt culminated in the country’s inclusion in the HIPC initiative. However, the social indicators are still not encouraging with life expectancy of 52 years, high infant and maternal morbidity, low primary school enrollment and an increasing percentage of the population living below the poverty line.

The importance the government attaches to privatization is underscored by the pace of its divestiture of public enterprises in the last three years with more than 37 state-owned enterprises privatized. At the same time, the government has further opened the economy by eliminating all non tariff restrictions, as well as making necessary reforms in the maritime, road, and transport sectors. It has also eliminated barriers to competition and enacted new labor and investment codes. We are, however, concerned that foreign investors’ response to the improved macro-economic environment and liberalized markets still remains weak.
As Côte d’Ivoire relies so heavily on cocoa and coffee for its foreign exchange earnings, there is need for the country to diversify its export base. We therefore concur that in order for the country to attain its economic growth objectives, appropriate attention should be given to the broadening of the economic base through its industrialization program. In this connection, we believe that the PSD and IFC have an important role to play in assisting the government to create a conducive environment for a viable and expanded industrial base.

We are pleased to note the Bank’s plan to increase its technical assistance in public sector management and capacity building in the context of the Africa Capacity Building Initiative. However, we feel that the programs could be spelled out in greater detail in the CAS, notwithstanding the fact that the document acknowledges the importance of capacity building, especially capacity management and utilization. We therefore hope that an appropriate program will be prepared to support the government’s efforts in this area.

We note that two thirds of lending to Côte d’Ivoire in the last three years was in the form of adjustment lending to assist the country cope with the effect of CFA franc devaluation of 1994. As the country attains macro-economic stability, we expect a shift in the composition of the Bank’s commitment from policy assistance to investment lending. The Bank’s recently approved new instruments “Learning and Innovations Loans” and the “Adaptable Program Loans”, in our view, will be appropriate for the country’s development agenda.

On poverty reduction, we commend staff’s effort in bringing the poverty issue to the forefront and find the Bank’s strategy very appropriate. With regard to education, we observe that despite the substantial increase in the share of education in the budget, the enrollment ratio still remains at a disappointing low level of 50 percent of children of enrollment age. We believe that special efforts should be made by the Bank to assist Côte d’Ivoire in this area. The IDA support for primary education improvement, particularly girls education and disadvantage areas, is a step in the right direction. We would appreciate more elaboration by staff on this issue.

The Bank’s aid coordinating role for Côte d’Ivoire is commendable. We also note the active role of other donors, including France, the European Union, Germany, the US, and Japan. The collaboration among the donors, has been very effective in Côte d’Ivoire. With regard to private sector development, we are pleased with the private sector strategy outline in the document. In this connection, we would encourage an expansion in IFC activities, particularly in developing local entrepreneurship.

Finally, we commend staff for their active role in Côte d’Ivoire and wish the authorities well as they move to the next phase of their economic reform, which focuses on sustaining macro-economic stability, poverty reduction, and broadening the base of the economy.