

REPUBLIC OF COTE D'IVOIRE

**OFFICE OF THE PRIME MINISTER
MINISTRY OF PLANNING
AND DEVELOPMENT**

PRSP SUPERVISION COMMITTEE

INTERIM PRSP

INTERIM POVERTY REDUCTION STRATEGY PAPER

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SUMMARY

STATEMENT OF THE GOVERNMENT'S COMMITMENT

For Côte d'Ivoire, the government has committed to engaging in the Poverty Reduction Strategy Paper (PRSP) as early as at the time of the Libreville summit in January 2000. After setting up the institutional framework for steering the PRSP process in July 2000 and confirmed it in February 2001, the government started the work following a participatory approach with the consultation of all the segments of the population at the central and regional levels (administration, private sector, civil society, members of the parliament...) and development partners. The government prepared a draft Interim PRSP, which has been discussed since October 2001 following the May 28, 2001 national workshop which officially launch the PRSP process under the authority of the Prime Minister, Minister of Development Planning, and head of the government. Côte d'Ivoire has had an anti-poverty program since June 1997. With the advent of the Second Republic, the government is determined to focus its efforts on poverty reduction and make it a priority in its economic and social program. The I-PRSP has been formulated with a view to preparing for the final PRSP whose first draft is scheduled for July 2002.

In the context of that new approach, the government is presenting this Interim PRSP, which includes:

- A statement of the government's commitment (Annex);
- The poverty situation (perceptions, profile, and policies);
- The definition of a poverty reduction strategy;
- A reliable macroeconomic framework that ensures economic growth;
- A package of poverty-reduction activities (Annex);
- An agenda for the final PRSP (Annex) and the participatory approach; and

PART I. THE POVERTY SITUATION AND MACROECONOMIC FRAMEWORK

I.1. THE GENERAL PUBLIC'S PERCEPTIONS OF POVERTY

Concept and definitions of poverty: Poverty is a multi-dimensional, complex concept. Its definition covers three elements: monetary and financial; accessibility; and psycho- and sociological. Poverty is experienced both individually and collectively. It can be perceived as a feeling of insecurity, uncertainty, exclusion, vulnerability, and powerlessness.

Causes of poverty: Poverty has many different causes that affect people differently across regions. The causes can be economic, demographic, cultural, or social.

I.2. POPULATION – POVERTY SITUATION AND PROFILE

Demographic situation:

The main characteristics of the population are as follows:

- the population was 15,366,672 inhabitants, growing at an annual average rate of 3.3 percent;
- a ratio of men to women of 104:100;
- a young population with 43 percent being under age 15;
- a dependency ratio of economically-inactive to economically-active persons of 142:100 in 1998;
- uneven distribution in the national territory; 78 percent of the population occupies 47 percent of the national territory in the forested south, while 22 percent of the population occupies 53 percent of national land area in the savannah;
- fertility is very high, early, and with minimal birth spacing, and with a TFR of 5.3 percent in 1998;
- overall mortality is on the rise with a rate of 15 percent linked to HIV/AIDS and the resurgence of certain epidemics. The infant mortality rate was 11.2 percent in 1999 and maternal mortality was 597 deaths per 100,000 live births;
- the foreign population accounted for 26 percent of the total population in 1998; the urbanization rate was 43 percent in 1998.

Since 1985, the National Statistics Institute (INS) has conducted several household income and expenditure and standard of living surveys to assess the population's poverty situation (1985, 1993, 1995, 1998).

Poverty profile: The INS are based on two relative poverty lines:

- One represents the higher relative poverty line of CFAF 75,000 per capita annually in 1985, CFAF 101,340 in 1993, CFAF 144,800 in 1995, and CFAF 162,800 in 1998;
- The other is defined as the lower line, i.e., the threshold of extreme or absolute poverty of CFAF 64,465 per capita annually in 1993, CFAF 94,600 in 1995, and CFAF 95,700 in 1998.

Incidence of poverty:

The Household Living Conditions Surveys (ECVM) conducted by the INS established that based on a poverty line set at CFAF 75,000 per capita annually in 1985, 101,340 in 1993, 144,800 in 1995, and 162,800 in 1998, **the poverty rate, which was 10 percent in 1985, rose to 32.3 percent in 1993 and 36.8 percent in 1995, then fell back to 33.6 percent in 1998.**

Increased income inequality: In 1998, the wealthiest 10 percent had a total income level 12.4 times higher than the poorest 10 percent, up from 9.1 in 1993 and 8.8 in 1995. The poorest 50 percent had less than one quarter of total national income, with the poorest 80 percent accounting for only 52 percent of total income. In other words, in 1998, the wealthiest 20 percent held 48 percent of estimated total income. From 1995 to 1998, despite an 11.5 percent improvement in income levels, income distribution became more unequal.

According to the findings of the 1998 Household Living Conditions Survey, **the socio-economic groups** most affected by this poverty are:

- One-half of farmers who grow food crops;
- Forty-five percent of households that farm export products;
- One-third of households of agricultural workers;
- One-fourth of workers in the informal sector;
- Nearly 30 percent of self-employed workers in the private informal sector; and
- Over 50 percent of the poor are women.

The actions taken by the government in the last several years do not appear to have created multiplier effects to reduce the precariousness of living conditions, particularly in cities in the interior and in certain rural areas, such as the rural savannah. **Public policy shortcomings seem to be linked to the limited role of participatory approaches in different programs and insufficient targeting of categories and regions.**

I.3. RESULTS OF POVERTY REDUCTION PROGRAMS (1997-2000)

In 1994, the devaluation of the CFA franc and the ensuing inflation eroded purchasing power. In light of this situation, the government, through a participatory approach, prepared and adopted an Anti-Poverty Program in June 1997 (PNLP) overseen by the Ministry of Development Planning.

Objectives of the PNLP (1997-2000)

The program's objectives are to: (i) strengthen and consolidate economic growth; (ii) reduce the percentage of households living below the poverty line from 36.8 percent in 1995 to under 25 percent in 2002; (iii) improve the population's purchasing power; and (iv) build national, regional, and local institutional capacities to formulate and implement economic and social policies.

Strategies

At the central and decentralized levels, the strategy is to: (i) conduct actions to benefit the poor through better targeting of measures, investment, and interventions; (ii) redefine the role of decentralized authorities so they can ensure local implementation of an economic and social development program; (iii) forge a more fruitful partnership between local authorities, NGOs, the private sector, civil society, and the government; (iv) pursue a policy of interregional rebalancing; (v) step up the decentralization process; and (vi) fully implement the structures for grassroots participation in decision making.

Partial conclusions

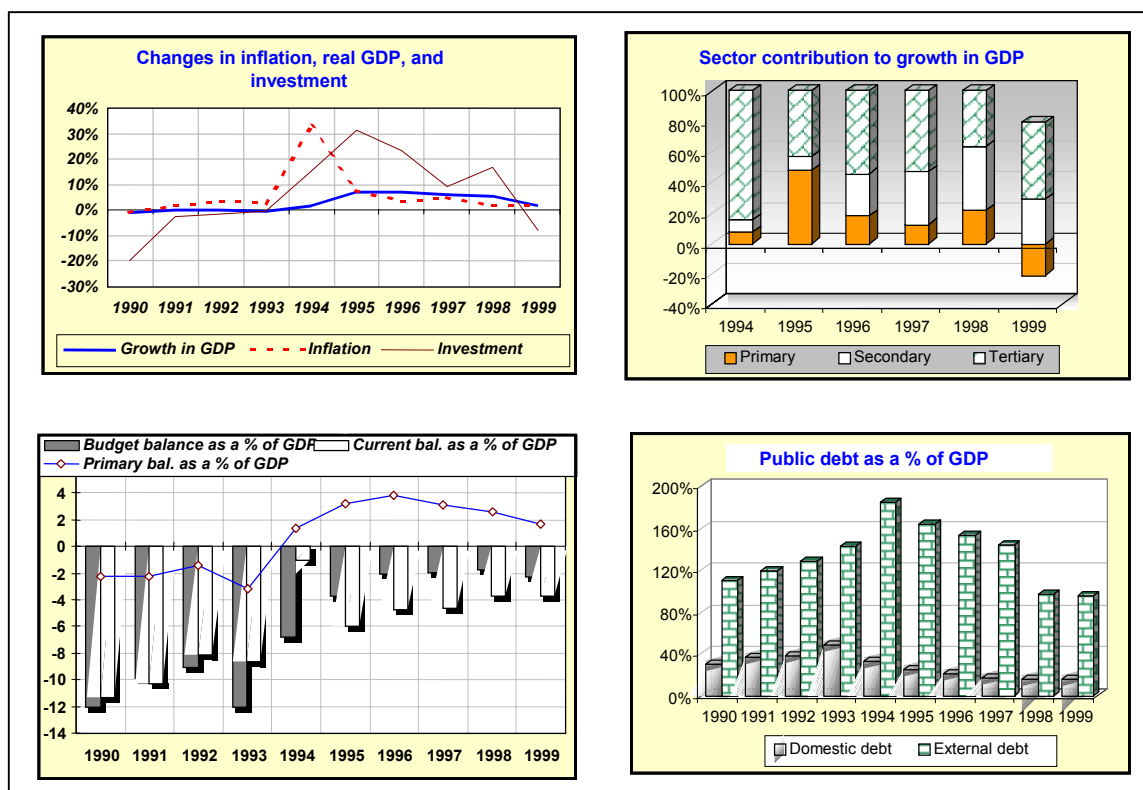
The assessment leads to the conclusion that some progress has been made vis-à-vis the population's access to basic social services (improvement in the school attendance ratio, the medical coverage, job offers, housing, rural electrification, and access to safe water) between 1994 and 1998, as illustrated by the above-mentioned indicators and the decline in poverty incidence to 33.6 percent in 1998 from 36.8 percent in 1995. Nevertheless, the situation stagnated, and even further deteriorated in 1999 and 2000. Indeed, the income per capita fell, the HIV/AIDS incidence rose, the quality of social services did not improve, the absorption capacity remains weak with some deficits in terms of basic infrastructure (classrooms which are not built are unfinished, existing health centers which are not operational) and the persistence of governance issues which disrupt the management of numerous programs. The participative approach and decentralization remain weak in the program managements, thereby causing poor project targeting. The transition period and the accumulation of domestic and external payment arrears led to the suspension of numerous programs with development partners (for instance road maintenance).

All of the foregoing suggests that despite the achievements made, the number of poor people remains high and the inequalities between the poor and non-poor are widening. Today, the wealthiest 10 percent consumes 13 times more than the poorest 10 percent. More than half of the population is illiterate, and 35 percent of school-aged children do not attend school. HIV/AIDS seriously and perniciously undermines the foundation of the economy and weakens the educational, defense, and security systems. In rural areas, the percentage of households with access to drinking water and electrification remains low.

I.4 MACROECONOMIC AND FISCAL SITUATION

This section deals with recent developments in the Ivoirien economy and government finances.

Since it gained independence in 1960, Côte d'Ivoire has adopted a market-oriented economic policy based on private initiative and receptiveness to foreign capital. This economic policy achieved remarkable results from 1980 to 1990, before the country experienced an economic crisis from 1990 to 1993. The devaluation of the CFA franc in 1994, mainly thanks to the associated competitiveness gains, enabled Côte d'Ivoire to resume growth from 1994–1999. The December 24, 1999 military coup resulted in an economic contraction, and 2000 ended in GDP growth of -2.3 percent.



2001 situation and interim program (July–December 2001)

In February 2001, the government resumed talks with the international financial community; the conclusions from those talks made it possible to adopt a Staff-Monitored Program (SMP) for July to December 2001 with the IMF in the context of the Article IV consultations. The objectives of the SMP are to: (i) restore confidence in macroeconomic management; (ii) establish a track record of performance for resuming a program supported by the IMF in

the framework of a PRGF agreement; (iii) stabilize government finances; (iv) implement structural reforms; and (v) restore normal financial relations with all foreign partners. Specifically, the estimates for 2001 are: (i) real GDP growth of about -0.9 percent up compared to -2.3 percent in 2000; (ii) a balanced budget based on available domestic resources; (iii) average inflation of 4.4 percent; and (iv) a current account deficit of about 2.5 percent of GDP.

At end-December 2001, overall spending should amount to 1,265 billion, or CFAF 118 billion below the expected level. The overall budget balance (payment order basis) should therefore be positive at CFAF 93 billion, instead of the programmed deficit of CFAF 79 billion.

Structural measures

Coffee/cocoa sectors

The following measures were taken: (i) liquidation of CAISTAB was de facto completed on September 15, 2001; (ii) the ARCC became the regulatory framework and the BCC the marketing framework; (iii) the transitional mechanism for the 2001-2002 season has been implemented since October 15, 2001, with a minimum producer price of CFAF 325 per kilogram for cocoa (“ex field” price), which was recently raised to CFAF 475 kg following the increase in world prices.

Energy sector

With a view to reducing the estimated deficit for end- 2001 of 51.9 billion, the following actions were taken: (a) an increase in electricity rates by 10 percent on average; (b) a reduction in the VAT to 11.11 percent and an agreement by the government to pay the publicly guaranteed debt, totaling 17 billion per year, to support the sector; (c) collecting arrears from Ghana’s Volta River Authority (VRA); US\$7.5 million was paid of the US\$15 million expected by the end of the year; (d) the realization of savings; and (f) regular payment by the government of its current bills.

Financial sector

Reform actions here deal with the following three financial institutions: (i) the *Caisse Générale de Retraite des Agents de l’Etat (CGRAE)*; (ii) the *Caisse d’Epargne et des Chèques Postaux (CECP)*; and (iii) the *Caisse Autonome d’Amortissement (CAA)*.

I.5. PROFILE OF PUBLIC DEBT

In 2000, the public debt stock totaled CFAF 6,873 billion for a debt service reaching CFAF 690 billion. The external debt service due in 2000 took up nearly 64 percent of fiscal revenue, while the debt stock accounted for 93.5 percent of GDP. In light of this situation, the government would like to present to its multilateral and bilateral partners a case for the HIPC initiative, for which Côte d’Ivoire has been eligible since 1998.

I.6. STRENGTHS AND WEAKNESSES OF POVERTY-REDUCTION AND GROWTH POLICIES

Strengths and assets:

- **Significant economic and human potential;**
- **a favorable climate for agriculture;**
- **first-rate transport and telecommunications infrastructures and a strong potential in tourism;**
- **subregional integration, monetary stability, and inflation control;**
- **the existence of an anti-poverty program and progress in reforms to promote the private sector.**

Constraints and weaknesses:

- **Over-reliance on commodities;**
- **weak investment;**
- **the fragility of government finances;**
- **debt overhang;**
- **the fragility of the financial structure and the limited use of payment instruments;**
- **the high cost of inputs;**
- **the insufficiency of national entrepreneurship;**
- **strong population growth;**
- **rising poverty and growing inequalities;**
- **the expansion of HIV/AIDS;**
- **the shortcomings of the statistics system;**
- **political stability and security;**
- **inadequacy of the government sector and judicial system, and governance problems;**
- **the weakness of decentralization, land-use management, and the community-based participatory approach;**
- **inadequate supervision and agricultural services;**
- **the deteriorating quality of basic social services.**

In conclusion, growth and poverty reduction programs have benefited from the resources generated by the coffee and cocoa sector, but these have been at the mercy of international market fluctuations. They have been adversely affected by the low level of investment; negligible grassroots participation; insufficient decentralization; the physical and qualitative deterioration of unevenly distributed basic social services; bad governance in the allocation and use of resources; and the excessive burden of public debt on resources.

PART II: POVERTY REDUCTION STRATEGIES

Part II highlights the government's strategic options for poverty reduction in the 2002-2004 period. It presents objectives and strategies based on strong economic growth and equitable access to basic social services with a view to ensuring long-term poverty reduction, taking into account the desires of the people and the strengths and weaknesses of previous programs.

GENERAL AND SPECIFIC OBJECTIVES

The main poverty reduction objective is to reduce the poverty rate in the medium term from 33.6 percent in 1998 to 30 percent in 2005.

In particular, the aim is to:

- (i) achieve an economic growth rate of 3 percent in 2002 and of over 4 percent on average for the 2003-2005 period, create jobs, and increase the income of the population, notably that of the poor;
- (ii) ensure equitable access to basic social services and to decent living conditions;
- (iii) reduce regional and local inequalities and disparities.

STRATEGIES

These objectives are based on the following **strategic priorities**:

1. Stabilization of the macroeconomic framework
2. Promotion of the private sector as a growth engine and support for rural development to create wealth and jobs;
3. Improving equitable access to and the quality of basic social services;
4. Decentralization as a means for the people to participate in the development process, and reduction of regional disparities; and
5. Promotion of good governance and capacity building to allow for better resource allocation and use.
6. Strengthening of the security of property and individuals

Stabilization of the macroeconomic framework

Based on the progress made in the SMP and the stakes involved in poverty reduction, the government has set the following macroeconomic objectives for the 2002-2004 period:

(i) to revitalize the economy by achieving a real GDP growth rate, 3 percent in 2002, 4.5 percent in 2003, and over 5 percent starting in 2004;

(ii) to achieve a budget deficit of 0.5 percent of GDP in 2002, and to balance the budget starting in 2003;

(iii) to keep the inflation rate around 3 percent for the 2002-2004 period;

(iv) to reduce the external current account deficit to below 2 percent in 2002 and 1 percent in 2003.

The investment rate will increase from 10 percent in 2001 to 13.5 percent in 2002, 14.6 percent in 2003, and 14.9 percent in 2004. The proportion accounted for by private investment will rise from 8.6 percent in 2001 to 9.5 percent in 2002, and will reach 10.7 percent of GDP in 2004. Private investments will be brought in by agribusiness, construction and public works in 2002. The gross domestic savings rate will increase from 20 percent in 2002 to 22.3 percent in 2004. Final private consumption will be a focal point of growth in 2002.

The satisfactory performance under the SMP will pave the way for the agreement on a three-year arrangement under the poverty reduction and growth facility (PRGF) in 2002, whose main pillars are: (i) fiscal consolidation; (ii) the improvement of the households' living conditions; (iii) good governance and transparency in financial management; and (iv) the acceleration of structural reforms.

Promotion of the private sector

Objectives

The specific private-sector objectives are: (i) to increase industrial production (from 21.5 percent of GDP in 2001 to 23.5 percent of GDP in 2005) and to develop an array network of SMEs and SMIs; (ii) to promote industrial diversification and to increase exports; (iii) to increase incomes and employment; and (iv) to improve the competitiveness of private enterprises and of the whole economy by preserving the gains from the devaluation of the CFA franc in 1994.

Strategies

The priority strategies for attaining these objectives are: (i) continuing with the disengagement of the state (preparation, adoption, and implementation of a privatization policy letter); (ii) transformation of agricultural products and promotion of the new technology of information and communication; (iii) reducing factor costs; (iv) improving the judicial, legal, regulatory, and incentive environment for business; (v) developing the financial market and improving the access for enterprises and investors to quality financial services, including credit access; (vi) strengthening the security of property and individuals; (vii) enhancing sub-regional integration and promoting foreign markets; and (viii) promotion of women's entrepreneurship with a view to raising women's incomes.

Rural development

Objectives

The objectives are: (i) to improve the competitiveness and productivity of rural operations; (ii) to seek self-sufficiency and security with respect to food; (iii) to restore forest resources; and (iv) to improve farmers' incomes and reduce local disparities and urban poverty.

Strategies

These objectives will be achieved through the following strategic approaches:

(i) modernization, implementation of agricultural services, and revitalization of applied scientific research; (ii) diversification and development of production (food crop sector, particularly rice, fishing, and livestock farming, export crops including coffee and cocoa, cotton, and others); (iii) improvement of marketing systems and product storage techniques; (iv) further government divestiture, and liberalization of agricultural activities and product marketing; (v) development of agricultural statistics; (vi) implementation of financing for the agricultural sector; and (vii) provision of land tenure security (application of the new Rural Land Use Code adopted in December 1998, and the new forest policy), preservation of environment and implementation of the new forest policy; and (viii) access of rural population to basic social services, including women, the poorest, and reduction in the HIV/AIDS incidence in rural areas.

Improving equitable access to and the quality of basic social services Objectives

In view of the limits and weaknesses of programs to combat poverty, the government aims to achieve the following objectives: namely, to (i) ensure universal education and to guarantee free primary education; (ii) ensure that the general public has access to health care and guarantee universal health insurance; (iii) improve and modernize basic infrastructure, housing, and living conditions, and to protect and preserve the environment; (iv) ensure the advancement and participation of women and youth; (v) lessen the incidence of HIV/AIDS; and (vi) reduce regional and local inequalities and disparities and promote the population's large access to land property. These objectives are consistent with the objectives of the millennium approved by the United Nations.

Strategies

The following strategies will be implemented to improve equitable access to and the quality of basic services: (i) progressive general implementation of free and mandatory education to reach the poor; (ii) promotion of universal health insurance so that all may have access to health care, notably the poor; (iii) participatory approach through decentralization and land management to modernize infrastructure and reduce regional inequalities and disparities; and (iv) consideration of gender and environmental issues in development programs.

Decentralization

Objectives

Decentralization has three main objectives: (i) to bring government closer to the people by creating decentralized structures at the regional and local levels; (ii) to strengthen citizen participation in democracy, in order to engage the people in the management of their own affairs; and (iii) to ensure economic and social development by promoting infrastructure at a more favorable cost and implementing land management plans.

The government's land management objectives are: (i) to promote coherent development of the country's land; (ii) to streamline public investment by deriving the greatest benefit from local potential and resources while preserving the environment; and (iii) to reduce regional and local disparities.

Strategies

The decentralization strategy is based on: (i) identification of responsibilities to be transferred and transferring them (implementation of the general councils for the departments in 2002); (ii) streamlining personnel management in decentralized entities (implementation of the law on the organizational structure of decentralized entities); (iii) accelerating the deconcentration in order to accompany the decentralization process (setting up of a deconcentration plan which includes task-sharing between central and deconcentrated services); (iv) strengthening of the capacities of elected officials and local personnel; (v) development of local expertise; (vi) modernization of the management capacity of decentralized entities; (vii) mobilization of local and outside resources; and (viii) participation and involvement of the private sector and civil society in local development.

Promotion of good governance and capacity building

Objectives

The objectives are: (i) to ensure the greatest possible transparency in the management of public affairs, (ii) to root out corruption and poor management; (iii) to strengthen the rule of law and a culture of democracy; (iv) to guarantee that the poor and women have access to services; (v) to ensure better resource allocation and use; and (vi) to strengthen the capacities of the population (the public, the private sector, and civil society) with a view to enhancing their participation in the decision-making process and the implementation of development programs.

Strategies

To build a meaningful environment of good governance, the government's strategy is based on: (i) strategic planning; (ii) education, deterrence, control, and the penalty/reward system; (iii) efficiency in public resource management and use of new technology of information by

the administration (development of internet websites), and setting up of management norms in public and para-public entities; (iv) consolidation of institutional and economic reforms; (v) strengthening the justice system, reforming the government sector, and the safeguarding the security of property and individuals; (vi) fighting corruption and illicit self-enrichment; and (vii) strengthening civil society and the press so that they may play their roles as key players in the effort to ensure good governance.

Strengthening of security of property and individuals

Objectives

The objectives of the security system aim at: (i) guaranteeing the security of property and individuals; (ii) creating an environment propitious to investment; (iii) bringing security forces closer to the population and modernizing the resources of the services and for intervention.

Strategies

- **at the level of the personnel:** (i) implementation of a training program (800 staff to be recruited per year) and rational relocation; (ii) strengthening of the units, including the crack units fighting against crime; (iii) motivation of agents (salaries; housing; coverage of accident risks; health services, notably fight against HIV/AIDS; application of the new police personnel status).
- **Increase in resources and modernization of structures:** (i) rehabilitation of vehicles and purchase of law and order vehicles and allocation of gas to various services, which will enhance the fight against crime; (ii) computerization of the police services; (iii) purchase of communication means and protection of the police communication network, supplies of scanner for the controls; (iv) creation and modernization of the structures (new units of CRS-BAE-FIR- marine police; mapping of sensitive zones and setting up of the national security database).
- **Modernization and strengthening of the capacity and the independence of Justice:** (i) increase and strengthening in the number of magistrates and representatives of the law; (ii) modernization of the judiciary machinery; (iii) reform of the National Council of the Magistracy and the Control of Judiciary Institutions; and (iv) setting up of new judiciary institutions.

Table of public spending (excluding wages) in poverty reduction (2002-04)

Priority Sectors	2002		2003		2004	
Stabilization, planning and macroeconomic management	55.2	12.8 %	56	12.8 %	55.5	11.6 %
Private sector and agriculture development	63.2	15.1 %	65.9	15.1 %	65.3	13.6 %
Access to basic social services	253.6	63.5 %	277.1	63.5 %	318.4	66.5 %
Decentralization	27	6.9 %	30	6.9 %	32	6.7 %
Governance and Security	9.2	1.8 %	7.7	1.8 %	7.3	1.5 %
Total	408.2	100 %	436.7	100 %	478.5	100 %

In billions of CFAF

<p>PART III. AGENDA FOR THE POVERTY REDUCTION STRATEGY PAPER AND PARTICIPATORY PROCESS</p>

The agenda for preparing the Poverty Reduction Strategy Paper includes the following four key phases:

- Establishment of the institutional framework for overseeing the PRSP process;
- Preparations with respect to methodology and outreach;
- Drafting of the interim PRSP; and
- Preparation and drafting of the final PRSP.

The formulation of the final PRSP is scheduled for July 2002 (first draft). It will address the questions flagged in the interim PRSP, including:

- What is the state of poverty with the impact of the military transition and its effect on the fall in GDP per capita in 2000?
- What are the pillars of a high, sustainable growth, which creates wealth and jobs, notably for the poor? What employment level?
- How to take the regional dimension, specificities, and priorities into account in accordance with the national strategies;

- How to reflect the decentralization process, notably the competency transfer and the pace of the process?
- How to integrate the gender dimension?
- What place should the civil society be given?
- What are the indicators for monitoring, assessment (input/output) and impact measure that should be selected to gauge the accomplished efforts?

The main identified activities are:

- **surveys and studies;**
- **setting up of a database and indicators;**
- **exploitation of the results from the regional workshops;**
- **thematic discussions and deepening of sectoral strategies;**
- **technical and institutional capacity building;**
- **strengthening of the participatory approach;**
- **preparation and implementation of a communication strategy;**
- **drafting of the final PRSP;**
- **discussions on the document;**
- **validation of the final PRSP;**
- **monitoring and assessment.**

Participatory approach: Overall, the population agrees with the idea that the participatory approach implies an involvement in the formulation, the implementation, and the monitoring of programs. The population considers that it implies an awareness by the local actors of the responsibility and capacity building. Actions will be taken toward the population and different national and international partners with a view to translating the participatory approach, which is constituted at two levels, namely central/national and regional/ local:

- validation of the I-PRSP (national conference under the auspice of the National Consultative Committee with the participation of all actors and beneficiaries);
- examination of the results of the regional workshops with the formulation of the regional strategies at the regional/local level (taking account of the regional and local needs and priorities);
- thematic discussions at the central level (with the participation of the uniform groups: administration, private sector, and civil society);
- validation of the final PRSP (national conference under the auspice of the National Consultative Committee with the participation of all actors and beneficiaries).

Monitoring and evaluation for the preparation of the PRSP

In accordance to its mandate, the Supervision committee is in charge of the monitoring, the assessment, and the preparation of the PRSP. The president of the committee calls a meeting every quarter and as often as necessary. The secretariat convokes the members, produces the advancement reports, and the meeting minutes. The committee gets the support of the directorate-general of planning and the directorate-general of Economy (direction of forecasts), the INS, the BNETD, and the BUNAP. The committee works with the representatives of the private sector and the civil society (professional organizations, trade unions, NGO, associations...). The committee prepares the agenda of the PRSP process and updates it regularly. A monthly meeting will take place with the ministers, the private sector, the civil society, and the development partners under the presidency of the Supervision Committee in order to discuss the PRSP advancement.

The National Consultative Committee meets twice a year. It met to validate the I-PRSP in January, and will meet to validate the final PRSP in July, and in 2003 for its implementation. The regional and local committees will be gradually set up and will ensure the monitoring of the PRSP process at the local and regional levels. In the framework of the consistency of the activities between the PRGF and the PRSP, a work program will be defined with the participation of the general secretariat for structural reforms and the PRSP Supervision Committee.

PART IV. MONITORING AND ASSESSMENT

Quantitative and qualitative monitoring

Monitoring of PRSP implementation requires access to a battery of relevant indicators that can be measured easily against the poverty reduction and growth strategies and objectives. Eleven sectors considered to be the core of the PRSP process will be monitored with particular care. The list of variables and indicators to be monitored, and to be collected, along with the stated periodicity, method of collection (data source) and party responsible for collection, are provided in an annex. INS is responsible for coordinating all statistics operations and preparing and monitoring the performance indicators. This information will be reflected in an appropriate statistical research program to be included in the final PRSP where every project will be assessed through specific progress indicators.

IV.2.1 Current institutional framework for supervision and consultation

In July 2000, the government implemented an institutional framework for supervision and consultation, which it confirmed in February 2001 (see annex):

- **The National PRSP Consultative Committee** (Decree 54/PM of July 25, 2000, subsequently confirmed with Decree 36/PM of February 27, 2001) is responsible for:

(i) examining and validating the PRSP agenda and project prior to its adoption by the government; (ii) ensuring that the participatory approach is duly reflected and that the process achieves national ownership; and (iii) monitoring periodic assessment of the process.

- **PRSP Supervision Committee** (Decree 55/PM of July 25, 2000, confirmed by Decree 35 PM of February 27, 2001); this committee is responsible for: (i) preparing the agenda for the PRSP process; (ii) supervising and coordinating the work on preparation, consultation, participation, and formulation of the PRSP.

IV.2.2 Future institutional framework for implementation

It is important for the government to implement a permanent institutional framework responsible for managing implementation of the PRSP process upon the adoption of the final PRSP. To avoid proliferation of structures and ensure that the poverty reduction strategy is implemented effectively, the present institutional framework for overseeing the PRSP process will be changed. The Supervision Committee will be replaced with a **permanent coordination unit** whose tasks will be in the following areas:

- Steering the PRSP process to completion;
- Programming and budget activities;
- Coordinating program execution;
- Monitoring strategies and measures;
- Monitoring performance and impact indicators;
- Conducting program assessments;
- Updating programs;
- Coordinating all of these tasks; and
- Providing the secretariat for the National Consultative Committee.

A PRSP coordinator will be appointed by the Prime Minister. This will be a full-time position ranking as advisor to the Prime Minister. The coordinator will be assisted by:

- A macroeconomic research and data analysis manager;
- A demographic and social policy research manager;
- A manager of research in communications and the participatory approach.

The coordinator will have a secretariat and accounting assistant.

A technical committee comprising includes:

-representatives of government (Cabinet of the Prime Minister, Ministry of Planning and Development—Directorate-General of Planning), Ministry of Economy and Finance (Directorate-General of Economy, Directorate-General of Budget, Directorate-General of Treasury), ministry responsible for interior and decentralization (Directorate-General of Decentralization), Ministry of Justice, Ministry of Agriculture and Animal Resources, Ministry of Industry and Private Sector Promotion, Ministry of Commerce, Ministry of Economic Infrastructures, Ministry of transportation, Ministry of Public Service,

Employment, and the Administrative Reform, National Education Ministry, Ministry of the Young, Employment and Professional Training, Ministry of Health, Ministry of Social Affairs and the Living Environment; ministry responsible for advancement of women, family and childhood, ministry responsible for fighting HIV/AIDS).

- the private sector;
- the civil society and;
- structures such as the national bureau of technical and development research (BNETD), INS, national bureau of population (BUNAP), and:
- the BCEAO.

Every ministry will have a PRSP correspondent in order to monitor the implementation of the PRSP in every ministerial department.

- **The decentralized and deconcentrated level (regional/local):** these structures will be decentralized and will work with the deconcentrated State structures with:
 - A Regional Consultative Committee chaired by the prefect of the region. The secretariat for this committee is provided by a regional coordinator, where regional activities are concerned.
 - Departmental consultative committees chaired by the departmental prefect, with a departmental coordinator.
 - Local consultative committees at the commune level chaired by the commune's mayor, with a local coordinator.

Role of various partners in program execution

The program entails several components: human development, basic infrastructure, economic opportunities, women, and youth and promotion of the family. Several partners are involved in execution, i.e., central government, decentralized units of government, private sector, civil society, NGOs, the people themselves (mutual organizations, associations, villages, etc.), and development partners. Execution will, as a result, be the responsibility of the beneficiaries, under the oversight and supervision of the PRSP Coordination Unit.

Role of the central government

The ministries and decentralized local units of government are also executing agencies to carry out program measures included in the PIP and central government budget. They will play this role at the central, decentralized, or devolved levels. The central government does not intervene in private investment in connection with its divestiture policy. It is, however, establishing the regulatory framework and is responsible for its enforcement. The Coordination Unit is responsible for coordinating PRSP execution in cooperation with the Directorate-General of Planning and the Directorate-General of Economy.

Role of the private sector

With the divestiture of the central government and growth based on promotion of the private sector, this sector is required to execute key components of the program through private transactors and enterprises, and in particular, private investment at the central or decentralized level. Agricultural, rural, industrial, and service operators will become involved in the execution of their projects.

Civil society

Under the participatory approach, civil society will become increasingly involved in the execution of programs; in many instances, this will be achieved through NGOs, mutual organizations, and associations (women, youth, and various interest groups), unions, religious communities, etc., at both the grassroots and central levels.

Role of the development partners

In the context of their cooperation programs to be covered by the PRSP (which defines the priority strategic approaches), the development partners, in cooperation with the beneficiary population or structures (central government, private sector, civil society, or grassroots communities), will carry out the measures and activities identified in this connection. To that end, they will mainstream national ownership and promote sustainability through training and capacity-building for the beneficiaries. The PRSP Coordination Unit will be responsible for coordinating the development partners' activities under the PRSP. The Technical Committee will meet with the development partners from time to time.

STATEMENT OF THE GOVERNMENT'S COMMITMENT

For Côte d'Ivoire, the government has committed to engaging in the Poverty Reduction Strategy Paper (PRSP) process through different steps. First, the government participated in the Libreville summit in January 2000, as well as the meetings that followed (Abidjan in March 2000, Yamoussoukro in June 2000). In July 2000 it then set up the institutional framework for monitoring the PRSP, which was reaffirmed in February 2001, under the authority of the Prime Minister, Minister of Development Planning, and head of the government. On May 28, 2001 in Abidjan at the *Hôtel du Golf*, the Prime Minister delivered a statement of the government's commitment to the PRSP process at the opening of the national workshop which gathered 120 people, representing all the segment of the population (administration, private sector, civil society, members of the parliament, security forces...) as well development partners (That statement is annexed hereto). The government has committed itself to the process for three main reasons: first, it is an opportunity offered to countries to formulate their development policies while emphasizing the major problem which is poverty; second, it is a participative process which takes the aspiration of the population into account; and finally, it is an initiative to which all domestic and international partners adhere, thereby significantly enhancing the chances of success.

INTRODUCTION

Côte d'Ivoire, in common with many countries in Sub-Saharan Africa, has made the fight against poverty a major concern of its development program. It has had an anti-poverty program since June 1997. With the advent of the Second Republic on October 24, 2000, the government is determined to focus its efforts on poverty reduction and make it a priority in its economic and social program. This reflects the fact that after several decades of independence, despite numerous development plans and programs, poverty has not been addressed and, in many cases, has been on the rise. Therefore, back in 1995 in Copenhagen at the World Summit for Social Development and in September 1999 at the Annual Meetings of the IMF and the World Bank, the international community (United Nations and other multilateral and bilateral organizations) decided to adopt a new framework for formulating development programs, emphasizing poverty reduction (Poverty Reduction Strategy Framework), which was approved by the international community as a whole. This framework is presented in the poverty reduction strategy paper (PRSP).

In the context of that new approach, the government is presenting this Interim PRSP, which includes:

- A statement of the government's commitment (Annex);
- The poverty situation (perceptions, profile, and policies);
- The definition of a poverty reduction strategy;
- A reliable macroeconomic framework that ensures economic growth;
- A package of poverty-reduction activities (Annex);
- An agenda for the final PRSP (Annex) and the participatory approach; and
- The monitoring/evaluation mechanism.

This document is the result of several on-site consultations at the grassroots level, in keeping with a participatory approach, utilization of research and research papers, and the output of consultants' work on specific studies, the evaluation of programs under way, and implementation of options in the President's program. It takes into account not only government economic and social policy alternatives and the general public's aspirations, but also constraints linked to the national and international environment.

PART I. THE POVERTY SITUATION AND MACROECONOMIC FRAMEWORK

Part one presents the general public's perceptions of poverty, the poverty situation and profile, the results of anti-poverty programs, and recent economic developments.

I.1. THE GENERAL PUBLIC'S PERCEPTIONS OF POVERTY

This chapter is based on the findings and conclusions from: (i) the 1995 qualitative survey on changes in the standard of living in Côte d'Ivoire; (ii) the national workshop to launch the PRSP process on May 28 and 29, 2001; and (iii) ten regional workshops held in July 2001 throughout Côte d'Ivoire in the context of implementation of the participatory process.

I.1.1. Concept and definitions of poverty

Poverty is a multi-dimensional, complex concept. Its definition covers three elements: monetary and financial; accessibility; and psycho- and sociological. Poverty is experienced both individually and collectively. It can be perceived as a feeling of insecurity, uncertainty, exclusion, vulnerability, and powerlessness.

On the monetary and financial front, the people perceive poverty as the situation facing an individual or community that lacks sufficient resources to meet its primary, vital needs. The level at which those needs are met varies according to location, lifestyle, and socially accepted norms or values.

In terms of accessibility, poverty is an individual's inability or lack of access to basic social goods and services (health, education, employment, drinking water, sanitation, electricity, roads, etc.).

At the psycho- and sociological level, poverty is a state of mind, a feeling of frustration and exclusion from the family, kinship structure, and community (funerals, marriages, contribution to land development activities, etc.). Collectively, a community may consider itself poor because it feels excluded (isolated), endowed with few natural resources (land, mines, forests), or lacking in socio-economic infrastructure or development projects, or with poor access to jobs in the higher levels of government, or in major institutions.

I.1.2. Causes of poverty

Poverty has many different causes that affect people differently across regions. The causes can be economic, demographic, cultural, or social.

I.1.2.1. Economic, institutional, and governance-related causes

The economic causes of poverty are both domestic and external:

Domestic causes

There are many causes linked to:

- The State's weakness and insufficient public policies (inappropriate policies, financial difficulties and deficiencies, poor allocation and use of resources, ineffective public expenditure, an insufficient planning-budgeting-payments process, accumulation of domestic arrears, poor targeting of investments, weak administration, and an insufficient decentralization policy);
- Deficient and decaying basic infrastructure, particularly roads and housing;
- A credit policy that does not encourage productive investments (3 percent of credits are allocated to the agricultural sector and over 60 percent to the tertiary sector);
- Inadequate training and rural services, because of the liquidation of state-owned companies and the cessation of seed and fertilizer (inputs) distribution and the discontinuation of investments made by former state-owned companies;
- Weak investment levels, which do not go above 15 percent of GDP;
- The lack of incentives for SMEs-SMIs that are becoming impoverished as a result of cash flow constraints, the drop in government procurement, and the failure of the social funds;
- The drop in economic activity, leading to the closure of enterprises, unemployment, and underemployment;
- Input costs (water, electricity, telecommunications);
- High schooling and health care costs;
- Ineffective organization of marketing and weak distribution chains for agricultural products, particularly food;
- Difficulties in gaining access to land;
- The destruction of plantations and persistence of conflicts between stockbreeders and farmers;
- Persistent regional and local disparities;
- Destruction of forestry resources, and extensive cropping methods that lead to soil degradation.

Institutional causes and governance

These causes can be summarized as follows:

- Obstacles hampering access to legal institutions and the lack of transparency in the judicial system;
- Minimal civil society involvement in implementing economic and political reforms;
- The growing insecurity, which curbs investment;

- Limited decentralization, which has gone no further than the communes, and the lack of resources in those entities;
- The insufficient reliability of the judicial system;
- Poor economic governance resulting in unsatisfactory allocation and use of resources as well as corruption and fraud; and
- Disregard for laws and regulations, with those responsible going unpunished.

External causes

External causes and developments have also contributed to impoverishing the country and its population, particularly:

- The drastic drop in world prices for revenue-generating products, such as cotton, coffee, and cocoa, and the resulting deterioration in the terms of trade;
- The fluctuation in the dollar exchange rate and oil prices;
- The burden of the external debt and the constraint it places on government finances;
- The drop in Official Development Assistance (0.22 percent of GNP down from 0.7 percent of GDP) and insufficient foreign direct investment in Africa; and
- The African products' lack of access to markets in industrialized countries.

I.1.2.2. Demographic and socio-cultural causes

Demographic causes

Poverty is also rooted in the demographic situation:

- The 3.3 percent population growth rate is considerably greater than the rate of economic growth;
- Strong fertility, represented by a total fertility rate (TFR) of 5.3 percent, together with insufficient income;
- High morbidity and mortality contributed to the deterioration of the population's health status, with the return of illnesses such as yellow fever, typhoid, and cholera in addition to HIV/AIDS. Life expectancy fell from 56 years in 1988 to 51 years in 1998; and
- Domestic and foreign migration contributes to the impoverishment of vulnerable people.

Social and cultural causes

The population feels that in many cases certain traditions is a contributing factor to impoverishment, such as:

- The influence of the extended family and pressure from the kinship unit, village, or even the region, act as a curb upon individual development;
- The dependency ratio is high, leading to social parasitism;
- Traditions that militate against the education of girls (early marriage and fertility, housework);
- The exclusion of women from inheritance rights;
- The spread of the HIV/AIDS pandemic;
- Superstition, which stymies initiative; and
- Conspicuous expenditures (funerals, marriages, etc.).

I.1.2.3. Other causes

Miscellaneous causes

These include:

- Historic causes: the population noted that although slavery and colonization happened a long time ago, they made a huge impact on civilized societies, which had the effect of benefiting countries in the “North” and thereby contributed to the impoverishment of the “South” (departure of able-bodied workers, depopulation, poverty, forced labor, moral and human impoverishment);
- Natural causes: floods, drought, the erosion of banks, climate disturbances, etc.;
- Technological causes: the limited technological capacity of local industries for processing raw materials to give them a higher value added is one source of poverty for enterprises; and
- Mismanagement of the family environment: degradation of the way of life and disruption of order within families; the disintegration of the social and family structure; and the phenomenon of street children.

I.2. POPULATION POVERTY SITUATION AND PROFILE

I.2.1. Demographic situation

According to the 1998 General Population and Housing Census (RGPH) the population was 15,366,672 inhabitants, growing at an annual average rate of 3.3 percent. That rate remains one of the highest in Africa.

The main characteristics of the population are as follows:

- A ratio of men to women of 104:100;
- Young -- 43 percent are under age 15;
- A dependency ratio of economically-inactive to economically-active persons of 142:100 in 1998;

- Uneven distribution in the national territory; 78 percent of the population occupies 47 percent of the national territory in the forested south, while 22 percent of the population occupies 53 percent of national land area in the savannah.
- Fertility is very high, early, and with minimal birth spacing, and with a TFR of 5.3 percent in 1998;
- Overall mortality is on the rise with a rate of 15 percent linked to HIV/AIDS and the resurgence of certain epidemics. The infant mortality rate was 11.2 percent in 1999 and maternal mortality was 597 deaths per 100,000 live births; and
- The foreign population accounted for 26 percent of the total population in 1998; the urbanization rate was 43 percent in 1998.

I.2.2. Profile of poverty in Côte d'Ivoire

Since 1985, the National Statistics Institute (INS) has conducted several household income and expenditure and standard of living surveys to assess the population's poverty situation (1985, 1993, 1995, and 1998). The Institute's studies emphasized three criteria: (i) income and purchasing power through changes in personal expenditure; (ii) social welfare indicators; and (iii) perceptions of well-being. With the economic and social crisis in the last two years, it is very probable that poverty has risen, since per capita GDP fell 5.7 percent from 1999 to 2000. Nonetheless, current data do not allow for a more recent poverty profile or a more in-depth analysis; by notably including the qualitative dimension, the local and regional disparities, a gender analysis, and the environmental aspects. That information will be explicitly presented in the final PRSP upon completion of the ongoing survey by the INS. The questions related to the access to social services are covered in the assessment of the programs of fight against poverty.

The household income analyses are based on two relative poverty lines:

- One represents the higher relative poverty line of CFAF 75,000 per capita annually in 1985, CFAF 101,340 in 1993, CFAF 144,800 in 1995, and CFAF 162,800 in 1998;
- The other is defined as the lower line, i.e., the threshold of extreme or absolute poverty of CFAF 64,465 per capita annually in 1993, CFAF 94,600 in 1995, and CFAF 95,700 in 1998.

Regarding social welfare indicators, good health, access to health care when needed, and the ability to ensure the education of one's children, are relevant indicators of a household's welfare and its capacity to escape poverty in the long term. Qualitative perceptions of well-being show that people do not view poverty solely in economic terms; ownership of goods and a household's ability to send its children to school, eat properly, or benefit from modern medical care impact households' and individuals' view of wealth and poverty. Furthermore, uncertainty about the future, the precariousness of living conditions, exclusion, and social vulnerability are also seen as dimensions of well-being and poverty.

Incidence of poverty:

The Household Living Conditions Surveys (ECVM) conducted by the INS established that based on a poverty line set at CFAF 75,000 per capita annually in 1985, 101,340 in 1993, 144,800 in 1995, and 162,800 in 1998, **the poverty rate, which was 10 percent in 1985, rose to 32.3 percent in 1993 and 36.8 percent in 1995, then fell back to 33.6 percent in 1998.**

Poverty is unevenly distributed geographically: the extent of poverty is more marked in rural areas (42 percent in 1993, 46 percent in 1995, and 42 percent in 1998) than urban areas (19.3 percent in 1993, 24 percent in 1995, and 23 percent in 1998). However, poverty has developed rapidly in urban areas, rising from approximately 5 percent in 1985 to 19 percent in 1993. This trend encountered in urban areas is most pronounced in Abidjan. The poverty ratio in Abidjan rose from 0.7 percent in 1985 to 5.1 percent in 1993 and 20.2 percent in 1995 before falling to 11.1 percent in 1998.

Extreme poverty still affects 10 percent of the population, particularly in villages in rural savannah regions (21.6 percent) and in the eastern forest (*Forêt Est*) (15.1 percent). The rural savannah's contribution to national extreme poverty was 40 percent in 1998, up from 33 percent in 1993 and 27 percent in 1995. In Abidjan, extreme poverty affected 0.9 percent in 1998, compared to 3.8 percent in 1995 and 0.7 percent in 1993. In other cities, the level of extreme poverty was 8.3 percent in 1998, compared to 4 percent in 1995 and 8.6 percent in 1993.

Increased income inequality: In 1998, the wealthiest 10 percent had a total income level 12.4 times higher than the poorest 10 percent, up from 9.1 in 1993 and 8.8 in 1995. The poorest 50 percent had less than one quarter of total national income, with the poorest 80 percent accounting for only 52 percent of total income. In other words, in 1998, the wealthiest 20 percent held 48 percent of estimated total income. From 1995 to 1998, despite an 11.5 percent improvement in income levels, income distribution became more unequal.

According to the findings of the 1998 Household Living Conditions Survey, **the socio-economic groups** most affected by this poverty are:

- One-half of farmers who grow food crops;
- Forty-five percent of households that farm export products;
- One-third of households of agricultural workers;
- One-fourth of workers in the informal sector;
- Nearly 30 percent of self-employed workers in the private informal sector; and
- Over 50 percent of the poor are women.

The actions taken by the government in the last several years do not appear to have created multiplier effects to reduce the precariousness of living conditions, particularly in cities in the interior and in certain rural areas, such as the rural savannah. **Public policy shortcomings seem to be linked to the limited role of participatory approaches in different programs and insufficient targeting of categories and regions.**

I.3. RESULTS OF POVERTY REDUCTION PROGRAMS (1997-2000)

In 1994, the devaluation of the CFA franc and the ensuing inflation eroded purchasing power. In light of this situation, the government, through a participatory approach, prepared and adopted an Anti-Poverty Program in June 1997 (PNLP) overseen by the Ministry of Development Planning. An anti-poverty unit was established within the Ministry to work with the Planning Directorate on monitoring and coordination. Also, a process of prospective reflections called “Côte d’Ivoire 2025” took place in 1993 following a participatory approach. Its conclusions will be exploited in the final PRSP.

I.3.1. Objectives

The program’s objectives are to: (i) strengthen and consolidate economic growth; (ii) reduce the percentage of households living below the poverty line from 36.8 percent in 1995 to under 25 percent in 2002; (iii) improve the population’s purchasing power; and (iv) build national, regional, and local institutional capacities to formulate and implement economic and social policies.

Strategies

At the central and decentralized levels, the strategy is to: (i) conduct actions to benefit the poor through better targeting of measures, investment, and interventions; (ii) redefine the role of decentralized authorities so they can ensure local implementation of an economic and social development program; (iii) forge a more fruitful partnership between local authorities, NGOs, the private sector, civil society, and the government; (iv) pursue a policy of interregional rebalancing; (v) step up the decentralization process; and (vi) fully implement the structures for grassroots participation in decision making.

Specifically, this is aimed at the following issues: social welfare, human resources development, and controlling population growth, through the following areas: education-literacy; health and HIV/AIDS; employment and income-generating activities; women and the family; youth and children; housing and the physical environment (housing conditions, water resources, rural electrification, roads, sanitation, environment); and agriculture and food.

I.3.2. Results of the national anti-poverty program

This section basically assesses the results of the social matrix as of end-December 2000 against the objectives in the anti-poverty program, particularly in the health, education, and basic infrastructure (urban and rural water resources, rural electrification, rural roads) sectors.

I.3.2.1. Education sector

The objectives of the National Education/Training Plan (PNDEF) were to: (i) raise the gross enrollment ratio (GER) from 72 percent in 1997/1998 to 77 percent in 2000/2001, i.e., increase the net primary enrollment ratio from 51 percent in 1996 to 55 percent in 2000, by increasing budget allocations and targeting classroom construction programs; (ii) improve the education of children, particularly girls; (iii) improve the quality of instruction; (iv) raise the literacy rate from 43 percent in 1996 to 48 percent in 2000 (the enrollment ratio is here defined in accordance with international standards taking into account those aged 15 years and older); and (v) improve the access to professional training, develop qualifying traineeship with a view to promoting the socio-professional integration of trainees. The physical results and budget performance level for these objectives as of end-December 2000 were as follows:

□ *Accessibility*

The gross enrollment ratio in 1999/2000 was estimated at 73.4 percent. The net enrollment ratio was 44.3 percent for girls and 53 percent for boys. In rural areas, that rate was 34.1 and 43.5 percent, respectively. The number of girls in school rose 3.6 percent from 1999 to 2000, compared to 2.9 percent for boys. In the period 1998-2000, 1,082 classrooms were built out of the target of 2,602—an execution rate of 41.6 percent. In the 1999 and 2000 school years, 3,267 and 2,407 teachers were recruited, respectively. However, as of June 2001, there was still a shortage of 1,778 teachers. The literacy rate is still low at 49.8 percent. In 1998, the rate was 39 percent among the poor and 55.6 percent among the non-poor. The percentage of literate women was 36.8 percent, compared to 63.3 percent of men. Cost-cutting measures to enhance accessibility were aimed at school canteens and educational and teaching materials, particularly textbooks. As a result, the number of school canteens rose from 2,412 in 1999 to 2,566 in 2000, a 6.4 percent increase. In 1999, 1,134,000 textbooks were acquired and 823,000 distributed to students in the 62 poorest sub-prefectures.

□ *Improving the quality of education*

The success rate for exams used to assess the quality of education was as follows: the rate for the primary education diploma (*Certificat d'Etudes Primaires et Elementaires-CEPE*) rose from 35 percent in 1998/1999 to 54.4 percent in 1999/2000; junior high school diploma (*Brevet d'Etudes du Premier Cycle-BEPC*) from 24.5 percent to 26.3 percent; and the Baccalaureate, from 30.1 percent to 36.6 percent.

□ *Budget ratio*

A target of 5 percent of GDP was set for education expenditures for 2000 and 45 percent of that was to go to primary education expenditures. In terms of allocations, a rate of 4.5 percent was adopted, in view of the government's financial difficulties. Allocations fell from CFAF 345.5 billion in 1999 to CFAF 296.4 billion in 2000. Education expenditure payment authorizations totaled CFAF 285 billion as of end-December 2000, and the amount of own resources executed represented 4.3 percent of GDP – in contrast with the 4.5 percent target. The share of professional training remained below 10 percent of appropriations, mainly reflecting the existence of the Fund for Professional Development and Training (FDFP).

I.3.2.2. Health and HIV/AIDS

The health program was implemented through the 1996–2005 National Health Development Program (PNDS) with the following objectives: (i) to improve coverage, quality, and use of health services; (ii) to raise the child immunization rate from 60 percent in 1996 to 80 percent in 2000; (iii) to fight AIDS; (iv) to lower the total fertility rate from 5.7 in 1994 to 4.5 in 2015; and (v) to increase the prevalence of modern contraception methods from 4 percent in 1994 to 10 percent in 2000. Fulfillment of these objectives as of end-December 2000 was as follows:

□ *Health coverage and accessibility to health care and health services*

With a view to achieving a ratio of one (1) health facility per 10,000 inhabitants, the National Health Development Program (PNDS) sought to open 80 health facilities per year, including 35 community clinics and 45 maternity hospitals. In the period 1998–2000, 66 clinics and 54 maternity hospitals were opened, compared to the target of 80 health facilities per year (35 clinics and 45 maternity hospitals), for an execution rate of 50 percent. In the same period, 85 nurses and 35 midwives were recruited and placed. The percentage (value) of generic drugs in the public sector rose from 58.1 percent in 1999 to 62.2 percent in December 2000. The performance indicator set by the Public Health Pharmacy (PSP) that reflects its capacity to meet the demand for the designated health care facilities (in terms of the index of delivery) reached 90 percent for medicines and 95 percent for pharmaceuticals. It should be noted that 54 percent of the population lives in a locality with a health care facility, 14 percent lives less than 5 km from such a facility, and 32 percent over 5 km.

□ *Disease prevention and improving immunization coverage*

As of December 31, 2000, coverage rates for the main antigens in the Expanded Program on Immunization (EPI) were as follows:

Expanded Program on Immunization	Target 1999 and 2000	Results	
		2000	1999
DPT 3	80%	60%	56%
BCG	80%	73%	72%
VAR	80%	59%	60%
Tetanus 2	80%	55%	52%
Yellow fever	80%	53%	50%

□ *Stepping up the fight against AIDS*

The fight against AIDS incorporates three strategies: awareness raising (prevention), protecting the blood supply, and therapeutic case management. Regarding prevention, nationwide 20 million condoms were sold in 2000, down from 23 million in 1999. Prevention among prostitutes consists of activities to promote condom use, awareness rising, and STD case management. Following implementation in Abidjan, these activities are currently under way in Bouaké and Aboisso. For now, activities to prevent the transmission of HIV from mother to child are under way only in Abidjan. Counseling and voluntary screening activities are in effect in Abidjan, Bouaké, and Korhogo.

As of December 31, 2000, the blood supply was fully protected throughout the territory with four blood transfusion centers on which hospital blood centers depend. Training sessions on HIV/AIDS case management were organized for medical and paramedical personnel. Three (3) hospitals specialize in case management for AIDS patients: Abidjan, Bouaké, and Bondoukou. Since 1998, Côte d'Ivoire has been committed to the UNAIDS initiative on therapeutic case management for HIV/AIDS patients. Antiretroviral (ARV) are available through the PSP in centers accredited for that purpose. The government established a national solidarity fund to subsidize ARV treatment. In this context, 1,013 patients currently receive support; monthly ARV treatment costs CFAF 300,000 per person, 75 to 95 percent of which is subsidized by the government.

Budget target

The budget target was to increase health expenditure as a percentage of GDP to **1.1 percent** of GDP in 2000. Primary health care expenditures were also to rise from 33 percent in 1996 to 39 percent in 2000. In 2000, the internal financing budget for the health sector totaled **72.5 billion**, falling from **88.3 billion** in 1999—a drop of 22 percent. As of December 31, 2000, payment orders were issued for a total of CFAF 62.8 billion and were partly financed with own resources representing 0.9 percent of GDP.

I.3.2.3. Population and contraception

In the framework of the National Population Policy adopted in June 1997 and the PNDS, two objectives were adopted with respect to the prevalence of contraception: (i) to raise the general public's awareness through the sale of contraceptives; and (ii) to ensure the opening of Reproductive Health/Family Planning Services (RH/FP). The number of contraceptives sold rose from 367,128 in 1999 to 381,411 in 2000. Côte d'Ivoire currently has **250 health centers** that offer RH/FP. National coverage is **33.13 percent**. In 2000, there was one center providing RH/FP activities for every 6,627 women of childbearing age.

I.3.2.4. Employment and vocational training

The objectives of the national employment plan adopted in 1995 were to: (i) reallocate the Administration's workforce; (ii) revise the Labor Code; (iii) strengthen the role of new public institutions related to the labor market; (iv) reorganize the informal sector and priority sectors (agriculture/manufacturing/small and medium-sized enterprises and small- and medium-scale domestic industries, etc.).

Examination of the National Employment Plan and the training side of the PNDEF suggests that:

At the labor market level: the labor market is characterized by an employment structure that consists of the traditional agricultural sector, wage and salary earners (public and private), and the informal sector. According to INS data (1998), the unemployment rate in 1998 was estimated at 4.6 percent of the economically active population, 16.8 percent of which was in Abidjan. This rate obscures very high underemployment, particularly in the traditional agriculture and informal sectors. Employment is often in low-skill jobs (25 percent of jobs); informal sector jobs are held predominantly by women; and very few jobs correspond to wage/salary earners (8 percent). The revised Labor Code introduced flexibility in the labor market. Unfortunately, job insecurity further developed. Only 7.6 percent of working persons over age 18 have a professional skill according to the 1998 RGPH. Most workers who have attended university (79.5 percent) work for the public administration or modern sector;

At the institutional level: Four recommended measures were implemented: (i) the National Employment Commission was established; (ii) the powers of the Agency for Employment Research and Promotion (AGEPE) were strengthened; (iii) the various participants in the labor market were established on a more organized footing; and (iv) the support of professional training and the initiation of the alternation systems (training/enterprise) with the AFPRO and AIFPA projects.

At the employment promotion level: the public institutions in charge of employment policy (AGEPE - AGEFOP - FDFP) and the ministries responsible for specific groups (women, urban and rural youth) implemented employment programs for young farmers, young graduates, separated civil servants or workers, and unskilled laborers through labor-intensive projects. Social funds were established to alleviate the social costs of monetary adjustment

(devaluation). Nearly 29,000 jobs were created by these programs through the social funds, with total financing of nearly CFAF 29.9 billion in the period 1994-2000, but with a low recovery rate of less than 6 percent.

I.3.2.5. Basic infrastructure

□ *Water for villages and urban areas*

The objective for villages was to increase the number of localities covered, by creating 5,000 new rural water points by 2000. The water coverage rate for villages was to rise from 75 percent in 1997 to 85 percent in 2000. Results as of December 31, 2000 show that 320 wells were drilled and outfitted with hand pumps, compared to 1,284 in 1999, and indicate limited access to drinking water (37.4 percent). Regarding water for urban areas, the objective was to achieve 65 percent coverage by 2000, up from 57 percent in 1998. 95 percent of the population of Abidjan has access to drinking water, compared to 43.5 percent in other cities.

□ *Rural roads and rural electrification*

The rural roads objective was aimed at opening up rural areas through regular, satisfactory maintenance of 35,000 km of road per year in rural areas. As of end-December 2000, 10,649 km of rural roads were maintained, up from 10,096 km in 1999 and 9,767 km in 1998. The rural electrification objective was directed at stepping up implementation of the national program, bringing power to 2,000 rural localities per year. This was to raise coverage from 23 percent in 1997 to 33 percent in 2000. As of December 31, 2000, 112 localities were electrified, up from 93 in 1999. In the period 1998-2000, 282 villages underwent electrification out of the 600 planned, corresponding to an execution rate of 47 percent. The percentage of households that use electricity as their main source of lighting was 42.8 percent. In rural areas that rate was just 14 percent, compared to 77 percent in urban areas and 87.5 percent in Abidjan.

□ *Housing*

In the period 1986-2000, efforts were directed generally at producing roughly 40,000 housing units, 4,500 urban plots entirely developed by the CTU, and 15,000 undeveloped urban plots in the perimeter of Abidjan. Nonetheless, these measures proved insufficient in light of the rapid growth of the urban population (42.3 percent of the population), and the housing shortage continues to worsen in all cities in Côte d'Ivoire. In terms of land tenure status, 53.8 percent of households own their home and 31.4 percent rent. One household in three has neither a latrine nor a toilet. That ratio is three in five in rural areas.

□ *Household waste management*

Household waste management is a major sanitation problem, particularly in urban areas. With the population growth and the government's financial difficulties, household waste management failures have emerged. Nationwide, only one household in five is part of a

household waste collection system. Three in five dump their household waste out in the open. Removal of wastewater is precarious, with three households in five disposing of wastewater out in the open.

I.3.2.6. Household amenities

According to the 1998 RGPH, nearly two households in five own a radio (39.6 percent) and only 1.3 percent has a television; 11.7 percent of households have both a radio and television. Furthermore, 0.1 percent of households have a telephone (land line); 0.2 percent has a refrigerator; 35.3 percent do not have a radio, television, telephone, or refrigerator, which is quite close to the 1998 incidence of poverty (33.6 percent). That rate is 44 percent in rural areas, 25.2 percent in urban areas, and 19.3 percent in Abidjan.

I.3.2.7. Decentralization and community participation

From 1994 to 1997, some actions were carried out in the context of regionalization and decentralization that made it possible to establish new regions, communes, sub-prefectures, and departments. At present, Côte d'Ivoire has 19 regions, 58 departments, 253 cities, and 196 communes. However, decentralization is still limited to the commune level. This currently affects 197 of the 255 cities with over 4,000 inhabitants or roughly 10 percent of the national territory that was home to approximately 53 percent of the population in 2000. To ensure that grassroots participation in local administration and in strengthening democracy can be effective development tool, the government plans to extend it to rural regions and areas.

I.3.2.8. Partial conclusions

The assessment leads to the conclusion that some progress has been made vis-à-vis the population's access to basic social services (improvement in the school attendance ratio, the medical coverage, job offers, housing, rural electrification, and access to safe water) between 1994 and 1998, as illustrated by the above-mentioned indicators and the decline in poverty incidence to 33.6 percent in 1998 from 36.8 percent in 1995. Nevertheless, the situation stagnated, and even further deteriorated in 1999 and 2000. Indeed, the income per capita fell, the HIV/AIDS incidence rose, the quality of social services did not improve, the absorption capacity remains weak with some deficits in terms of basic infrastructure (classrooms which are not built are unfinished, existing health centers which are not operational) and the persistence of governance issues which disrupt the management of numerous programs. The participative approach and decentralization remain weak in the program managements, thereby causing poor project targeting. The transition period and the accumulation of domestic and external payment arrears led to the suspension of numerous programs with development partners (for instance road maintenance).

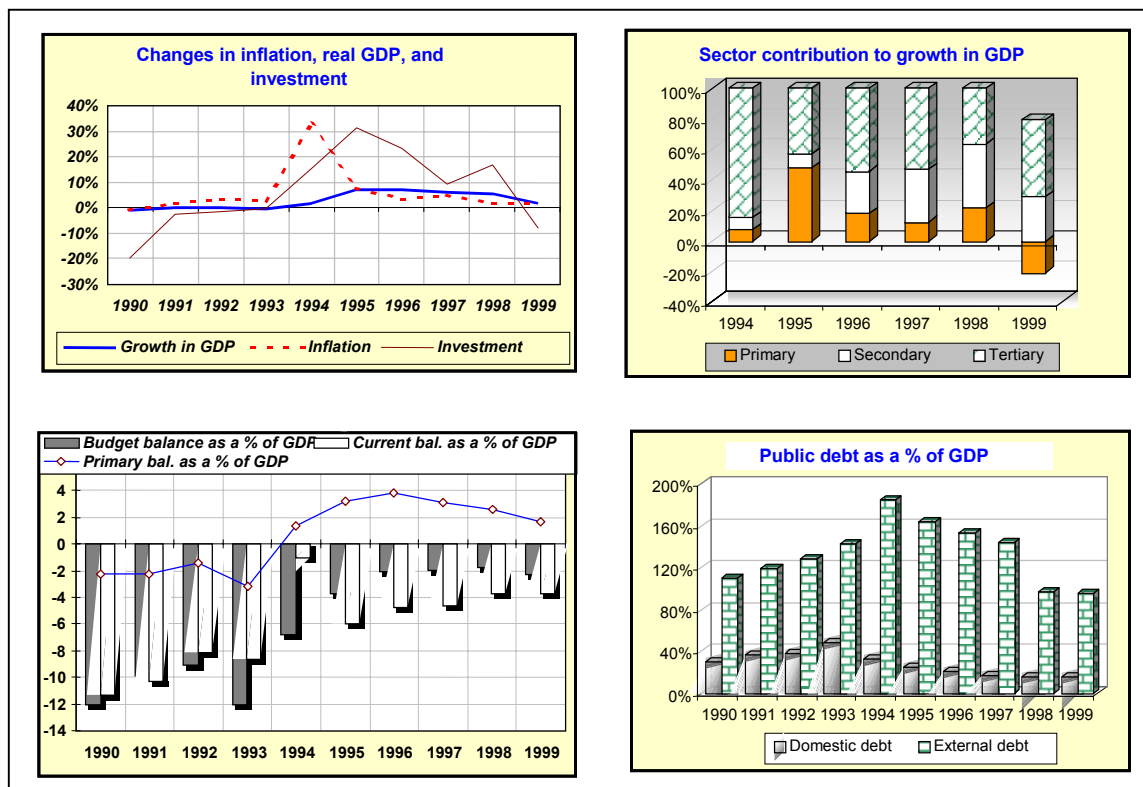
All of the foregoing suggests that despite the achievements made, the number of poor people remains high and the inequalities between the poor and non-poor are widening. Today, the wealthiest 10 percent consumes 13 times more than the poorest 10 percent. More than half of the population is illiterate, and 35 percent of school-aged children do not attend school. HIV/AIDS seriously and perniciously undermines the foundation of the economy and weakens the educational, defense, and security systems. In rural areas, the percentage of households with access to drinking water and electrification remains low.

I.4. MACROECONOMIC AND FISCAL SITUATION

This section deals with recent developments in the Ivoirien economy and government finances.

I.4.1. Recent developments in the Ivoirien economy

Since it gained independence in 1960, Côte d'Ivoire has adopted a market-oriented economic policy based on private initiative and receptiveness to foreign capital. This economic policy achieved remarkable results from 1980 to 1990, before the country experienced an economic crisis from 1990 to 1993. The devaluation of the CFA franc in 1994, mainly thanks to the associated competitiveness gains, enabled Côte d'Ivoire to resume growth from 1994 to 1999. The December 24, 1999 military coup resulted in an economic contraction, and 2000 ended in GDP growth of -2.3 percent.



I.4.2 2001 situation and interim program (July–December 2001)

In February 2001, the government resumed talks with the international financial community; the conclusions from those talks made it possible to adopt a Staff-Monitored Program (SMP) for July to December 2001 with the IMF in the context of the Article IV consultations. The objectives of the SMP are to: (i) restore confidence in macroeconomic management; (ii) establish a track record of performance for resuming a program supported by the IMF in the framework of a PRGF agreement; (iii) stabilize government finances; (iv) implement structural reforms; and (v) restore normal financial relations with all foreign partners. Specifically, the estimates for 2001 are: (i) real GDP growth of about -0.9 percent up compared to -2.3 percent in 2000; (ii) a balanced budget based on available domestic resources; (iii) average inflation of 4.4 percent; and (iv) a current account deficit of about 2.5 percent of GDP.

The negative impact of Côte d'Ivoire's social and political crisis in 2000 extended into the first half of 2001. With the implementation of the SMP and fiscal consolidation measures, economic activity should improve with growth rising from -2.3 percent in 2000 to -0.9 percent at the end of 2001. As of end-December 2001, program execution was consistent with the objectives, and performance under the SMP was satisfactory. In fact, the efforts undertaken made it possible to achieve a level of tax revenue of CFAF 1,167 billion at end-December compared to the target of CFAF 1,091 billion. In contrast, performance of nontax

revenue was CFAF 168 billion, against the original target of CFAF 110 billion, attributable essentially to delays in collecting oil revenue and cellular telephone fees. With grants estimated at CFAF 23 billion, total government revenue reached CFAF 1,358 billion, or CFAF 54 billion higher than programmed. These results derive, inter alia, from implementation of the principle of performance requirements assigned to government revenue-collecting agencies [*régies financières*].

On the expenditure side, there was an underutilization of appropriations amounting to approximately CFAF 118 billion for a level of CFAF 1,265 billion in 2001, essentially because of the weak execution rate of investment expenditures, attributable in part to the suspension of external financing disbursements and the delay in adopting the budget. The overall budget balance (payment order basis) was therefore positive at CFAF 93 billion, instead of the programmed deficit of CFAF 79 billion.

Structural measures

Coffee/cocoa sectors

The following measures were taken: (i) liquidation of CAISTAB was de facto completed on September 15, 2001; (ii) the ARCC became the regulatory framework and the BCC the marketing framework; (iii) the transitional mechanism for the 2001-2002 season has been implemented since October 15, 2001, with a minimum producer price of CFAF 325 per kilogram for cocoa ("ex field" price), which was recently raised to CFAF 475 kg following the increase in world prices.

Energy sector

With a view to reducing the estimated deficit for end- 2001 of 51.9 billion, the following actions were taken: (a) an increase in electricity rates by 10 percent on average; (b) a reduction in the VAT to 11.11 percent and an agreement by the government to pay the publicly guaranteed debt, totaling 17 billion per year, to support the sector; (c) collecting arrears from Ghana's Volta River Authority (VRA); US\$7.5 million was paid of the US\$15 million expected by the end of the year; (d) saving roughly 7 billion on network maintenance, replacement, and extension works and 2.7 billion following stricter enforcement of the agreement with the concession-holder; (e) the realization of CFAF 2.5 billion in savings by the other operators; and (f) regular payment by the government of its current bills. These factors taken together will make it possible to eliminate the deficit of CFAF 10.8 billion estimated for 2001 in 2002, albeit through the provision of implicit subsidies equivalent to CFAF 30 billion (0.4 percent of GDP).

Financial sector

Reform actions here deal with the following three financial institutions: (i) the *Caisse Générale de Retraite des Agents de l'Etat (CGRAE)*; (ii) the *Caisse d'Epargne et des Chèques Postaux (CECP)*; and (iii) the *Caisse Autonome d'Amortissement (CAA)*. The audit of the CAA was completed, taking into account recommendations from development

partners. A final report was submitted to the authorities in October 2001. Regarding the CECP, treasury credit to that institution at end-December totaled CFAF 10 billion, compared to the 7 billion projected. Measures will be taken to limit transfers to the CECP to the CFAF 7 billion budgeted in 2002. As regards the CGRAE, in July 2001 the government adopted guidelines on reestablishing financial balance in the medium and long term and it established a committee to engage in discussions thereon with the social partners.

Governance

Regarding collection of the claims of the former CAISTAB from defaulting exporters, memoranda of understanding were signed with an initial group of exporters. The government entrusted the Treasury with initiating measures for the recovery of disputed claims against other exporters with whom an agreement was not reached.

I.5. PROFILE OF PUBLIC DEBT

I.5.1. EXTERNAL DEBT

There was a strong expansion of outstanding external debt in the 1980s and 1990s in an economic climate that drove Côte d'Ivoire to borrow and to become heavily indebted. In 2000, the public debt stock totaled CFAF 6,873 billion and debt service amounted to 690 billion, representing 64 percent of tax revenue. The ratio of outstanding debt to GDP was 91 percent in 2000. As for the criteria characterizing external debt solvency and liquidity constraints, the current situation in Côte d'Ivoire remains unsustainable.

I.5.2. DOMESTIC DEBT

The ratio of outstanding debt to GDP is the main debt ratio. For Côte d'Ivoire, developments in this area are very similar to those in outstanding public debt. The ratio peaked in 1994, following the devaluation, at 214 percent of GDP. The ratio fell from 1995 to 1997 thanks to the post-devaluation economic recovery, resulting in 7 percent growth in GDP in 1997. The ratio was 178 percent in 1996, 168 percent in 1997, and 91 percent in 2000.

The 690 billion in external debt service due in 2000 took up nearly 64 percent of fiscal revenue, with outstanding debt representing 91 percent of GDP. In light of this situation, the government would like to present to its multilateral and bilateral partners a case for the HIPC initiative, for which Côte d'Ivoire has been eligible since 1998.

I.6. STRENGTHS AND WEAKNESSES OF POVERTY-REDUCTION AND GROWTH POLICIES

I.6.1. Strengths and assets

I.6.1.1 Significant economic and human potential

Cash crops are one of the Ivoirien economy's strengths, in terms of comparative advantages over the rest of the world. The country's subsoil contains untapped deposits including nickel, iron, and gas. The government and private sector have high-quality professionals and managers capable of devising, executing, and monitoring economic and social programs and projects.

I.6.1.2. A favorable climate for agriculture

The damp climate and fairly flat land are assets for agriculture and have been put to good use. It is however necessary to ensure the diversification of production and the expansion of food products, to reduce the country's dependence in that regard and to fight poverty. Water management is required to achieve the objective of food self-sufficiency.

I.6.1.3. First-rate transport and telecommunications infrastructures and a strong potential in tourism

Côte d'Ivoire has made significant investments in its transport and telecommunications infrastructures, giving it one of the best road systems and telecommunications networks in the sub-region. The ports of Abidjan and San Pédro are the access points for foreign trade in Sahel countries, such as Burkina Faso, Mali, and Niger. The renovated airport in Abidjan is the sub-region's hub for transnational and inter-continental flights. The potential for tourism is strong and diversified (national parks, listed and sacred forests, historic and religious monuments).

I.6.1.4. Subregional integration, monetary stability, and inflation control

Subregional integration through the WAEMU and ECOWAS compensates for the narrow national market. Furthermore, the WAEMU economic policy convergence pact guarantees stability and inflation control. Côte d'Ivoire, which accounts for roughly 40 percent of GDP in the WAEMU area, has potential that has made it the leader in the zone. Integration is therefore becoming a way to capitalize on that potential and to strengthen the country's economic influence in the sub-region.

I.6.1.5. The existence of an anti-poverty program and progress in reforms to promote the private sector

Côte d'Ivoire has had an anti-poverty program since June 1997, which made it possible to reduce the incidence of poverty between 1995 and 1998. To that end, its programs include: the PNDS, the PNDEF, the PAE, the PNP, a rural electrification program, a water works program, a road maintenance program, etc., which enjoy support from development partners.

The country has just created an AIDS Ministry. It has tools, such as the CEP-CI, the APEX-CI, the OITH, the CCI, professional organizations and a privatization committee, and the BNETD to carry out operations to promote the private sector, preparation of BOTs, and privatization.

I.6.2. Constraints and weaknesses

Despite the country's strengths and assets, some rigidities and shortcomings still hamper economic expansion and poverty reduction.

I.6.2.1. Over-reliance on commodities

The Ivoirien economy is based essentially on coffee and cocoa (40 percent of exports), two crops that are a strong determinant of the country's resources.

I.6.2.2. Weak investment

Ivoirien growth is significantly constrained by the level of investment, which remains too weak to encourage and sustain growth. The maximum investment rate of 16.9 percent for 1990 to 2000 is low compared to the 24 percent rate from 1970 to 1980.

I.6.2.3. The fragility of government finances

The tax structure's efficiency is diminished by the strong concentration of taxes in the formal sector of the economy. In many projects there is also the problem of budgetary absorption capacities. Insufficient planning of projects, the delay in preparing and approving government procurements, poor targeting of project sites, government or donor budget procedures that are not fully controlled, and the default of suppliers are all factors leading to low execution rates. This results in the accumulation of spending committed for which payment orders have not been issued [*dépenses engagées non ordonnancées, DENO*] and arrears, attributable to the inability to complete project execution on time or to pay government suppliers. The glut of public enterprises (public institutions, state-owned companies, and semipublic companies) and insufficient or even nonexistent control of their management has led to structural deficits for some and a rise in operating costs and a drop in or cessation of government subsidies for others.

I.6.2.4. Debt overhang

The public debt is a major development constraint in Côte d'Ivoire. Outstanding public debt fell from 191.9 percent of GDP in 1997 to 126.9 percent in 2000. Debt servicing accounts for nearly 70 percent of fiscal revenue. These factors taken together indicate the very heavy burden of the debt on government resources. As a result, a significant percentage of revenue is taken away from the objective of fighting poverty and establishing basic infrastructure.

I.6.2.5. The fragility of the financial structure and the limited use of payment instruments

In all, 3 percent of bank financing is allocated to the primary sector, 32 percent to the secondary sector, and 65 percent to the tertiary sector. The banking system is oligopolistic; four banks have 80 percent of the banking market. Furthermore, there are no financial products for mobilizing long-term resources for durable investments (for example, pension funds, capitalization instruments). The banking structure lacks investment banks or banks for recycling long-term capital. The habit of check and bankcard use is still not well-established. The absence of an insurance-oriented environment is an obstacle to the sector's development that would help to attract savings. In fact demand deposits make up the bulk of the savings attracted.

I.6.2.6. The high cost of inputs

The high cost of inputs—such as water, electricity, and telephones—impacts the competitiveness of the Ivoirien economy. Full deregulation of these sectors could markedly lower the cost of inputs.

I.6.2.7. The insufficiency of national entrepreneurship

For a long time, the myth of the diploma, the attractiveness of civil service, and its associated job security have prompted the Ivoiriens to pursue their careers in administration, thereby neglecting the opportunities offered by the private sector. In the framework of private sector promotion, it is important to change the mentalities so that these opportunities are tapped, and that initiatives to create jobs and wealth, beyond those offered by the public sector, are encouraged in order to curb unemployment and the under-employment of the young. In this regard, the agricultural jobs need to be also encouraged, but this implies higher land security and the settlement of land conflicts, whose origins are the pressure on forest areas and land scarcity.

I.6.2.8. Strong population growth

Strong population growth (3.3 percent) remains a major constraint that has an impact on the supply of basic social services. The major investments made into basic infrastructure (schools, health centers, housing, sanitation) are not sufficient to meet all of the population's needs. This population growth puts some pressure on environment and exacerbates the land conflicts between the natives and non-natives, hence the need to enforce the land law.

I.6.2.9. Rising poverty and growing inequalities

The 1980-1993 economic crisis drove up the incidence of poverty. The percentage of the population living below the poverty line rose from 10 percent in 1985 to 32.3 percent in 1993 and 36.8 percent in 1995, and then fell to 33.6 percent in 1998. Such poverty leads to a continuing drop in the general public's purchasing power, thereby contracting effective demand and widening the gap between men and women, the latter being the main victims.

I.6.2.10. The expansion of HIV/AIDS

The HIV/AIDS pandemic, which affects nearly 12 percent of the population, continues to hamper the availability and effectiveness of the human capital needed to sustain growth.

I.6.2.11. The shortcomings of the statistics system

Good development planning and programming rests on a strong understanding of the country's economic and social situation. Unfortunately, despite major investments made in statistics (censuses, population and socio-economic surveys), the Ivoirien statistics system remains imperfect at the central, sectoral, and even regional levels. Furthermore, the use of new information and communications technologies is still in its infancy, even though such technologies generate comparative advantages in terms of competitiveness.

I.6.2.12. Political stability and security

Political stability was long a major asset for Côte d'Ivoire's development. However, the socio-political crisis that grew following the events of December 1999 and the year 2000 called into question that stability and weakened it. On the security front, conflicts in some countries in the sub-region (Liberia, Sierra Leone, and Guinea) led to an influx of weapons into the national territory, resulting in a rise in organized crime. The return of calmer conditions should allow the country to develop peacefully.

I.6.2.13. Inadequacy of the government sector and judicial system, and governance problems

The administration of justice, the regulatory framework, and good governance are needed for the exercise of economic and social activities. The Ivoirien justice system is often criticized by economic agents for its complacency, cumbersomeness, and partisanship. Court decisions are very often contested in national and international economic and financial circles. Corruption, the shortage of human resources, particularly specialists in business law, the relationship between the executive and the judiciary, and particularly lobbying, patronage, and the ties of family or kinship, all have a negative impact on the kinship system. Business laws and regulations do exist, but are seldom enforced by the administration or judiciary. Thus, bad governance takes hold in public and private affairs. Fraud and corruption have blighted the administration (taxation and financial administration, education-training, security, civil service). These problems have hidden economic costs for the population, particularly the poorest one, and the government. Taken together, corruption, fraud, cheating, cronyism, embezzlement of public funds, and insufficient law enforcement are elements handicapping the country's development.

I.6.2.14. The weakness of decentralization, land-use management, and the community based participatory approach

Grassroots participation remains insufficient in the decision-making process and in implementation of development programs. To date, poverty-reduction programs have placed

greater emphasis on “deconcentration” of the administration and on “communalization.” There is very little civil society consultation. In short, this results in an overly centralized government and passive people, who are not systematically involved in local or regional development everywhere. The country does not have a land-use management plan to improve the targeting of investments. Therefore, programs are still not reaching their targets and gaps persist across regions. Rural communities do not have the tools with which to express their opinions on development activities. Consultation with the private sector on tax reforms is not sufficient.

I.6.2.15. Inadequate supervision and agricultural services

The disappearance of supervision and agricultural service agencies was a major step backward in the promotion of rural areas. ANADER is the only structure with a mandate to mitigate this. However, the rural population is lacking an overall supervisory framework. Specific regional and local traits vary, and the world of farmers is close-knit and requires nearby guidance and service structures of all kinds.

I.6.2.16. Deteriorating quality of basic social services

The quality of public education and health care has declined seriously. This has led to a drop in attendance at public health facilities and the exacerbation of education problems. Overcrowded classes and bottlenecks in an education system poorly suited to labor market developments have eroded the quality of education. Insufficient road maintenance has intensified the isolation of agricultural production areas.

<p>In conclusion, growth and poverty reduction programs have benefited from the resources generated by the coffee and cocoa sector, but these have been at the mercy of international market fluctuations. They have been adversely affected by the low level of investment; negligible grassroots participation; insufficient decentralization; the physical and qualitative deterioration of unevenly distributed basic social services; bad governance in the allocation and use of resources; and the excessive burden of public debt on resources.</p>
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PART II: POVERTY REDUCTION STRATEGIES
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Part II highlights the government's strategic options for poverty reduction in the 2002-2004 period. It presents objectives and strategies based on strong economic growth and equitable access to basic social services with a view to ensuring long-term poverty reduction, taking into account the desires of the people and the strengths and weaknesses of previous programs. The objectives, strategies, and measures will be refined in the final PRSP after the poverty profile has been updated, all locally generated data has been reviewed, and the transfer of responsibilities under the decentralization process has been adopted. The aim of the interim PRSP is to present the underlying themes of the poverty reduction strategy, based on knowledge of current problems and past strengths and weaknesses. The PRSP also draws on the Economic Policy, Social, and Cultural Framework Paper formulated in November-December 2000.

II.1. GENERAL AND SPECIFIC OBJECTIVES

The main poverty reduction objective is to reduce the poverty rate in the medium term from 33.6 percent in 1998 to 30 percent in 2005.

In particular, the aim is to:

- (i) Achieve an economic growth rate of 3 percent in 2002 and of over 4 percent on average for the 2003-2005 period, create jobs, and increase the income of the population, notably that of the poor;
- (ii) Ensure equitable access to basic social services and to decent living conditions; and
- (iii) Reduce regional and local inequalities and disparities.

II.2. STRATEGIES

These objectives are based on the following **strategic priorities**:

1. Stabilization of the macroeconomic framework
2. Promotion of the private sector as a growth engine and support for rural development to create wealth and jobs;
3. Improving equitable access to and the quality of basic social services;
4. Decentralization as a means for the people to participate in the development process, and reduction of regional disparities; and
5. Promotion of good governance and capacity building to allow for better resource allocation and use.
6. Strengthening of the security of property and individuals

II.2.1. Stabilization of the macroeconomic framework

Poverty reduction needs to be based on strong economic growth, which in turn rests on a stabilized macroeconomic framework. In this regard, the government has put in place an interim program monitored by the staff of the IMF (July-December 2001) whose aim was to stabilize the public finance situation. The program has enabled to reestablish relations with the international financial institutions. The objective of the program was to restore macroeconomic management through public finance stabilization and the implementation of structural reforms. The satisfactory performance under the SMP has paved the way for the agreement on a three-year arrangement under the poverty reduction and growth facility (PRGF) in 2002, whose main pillars are: (i) fiscal consolidation; (ii) the improvement of the households' living conditions; (iii) good governance and transparency in financial management; and (iv) the acceleration of structural reforms. The details of the program are discussed in the "Macroeconomic policies 2002-2004" chapter.

II.2.2 Promotion of the private sector as a growth engine and support for rural development to create wealth and jobs

II.2.1.1. Promotion of the private sector

The government aims to promote the development of the private sector so that it will further the state's efforts to create wealth and jobs.

Objectives

The specific private-sector objectives are: (i) to increase industrial production (from 21.5 percent of GDP in 2001 to 23.5 percent of GDP in 2005) and to develop an array network of SMEs and SMIs; (ii) to promote industrial diversification and to increase exports; (iii) to increase incomes and employment; and (iv) to improve the competitiveness of private enterprises and of the whole economy by preserving the gains from the devaluation of the CFA franc in 1994.

Strategies

The priority strategies for attaining these objectives are: (i) continuing with the disengagement of the state (preparation, adoption, and implementation of a privatization policy letter); (ii) transformation of agricultural products and promotion of the new technology of information and communication; (iii) reducing factor costs; (iv) improving the judicial, legal, regulatory, and incentive environment for business; (v) developing the financial market and improving the access for enterprises and investors to quality financial services, including credit access; (vi) strengthening the security of property and individuals; (vii) enhancing sub-regional integration and promoting foreign markets; and (viii) promotion of women's entrepreneurship with a view to raising women's incomes.

II.2.1.2. Rural development

The rural population makes up 57 percent of the total. The primary sector accounts for nearly a third of GDP and employs two-thirds of the workforce. Accordingly, rural development is one of the strategic approaches for reaching the greatest number of the poor.

Objectives

Rural development objectives are: (i) to improve the competitiveness and productivity of rural operations; (ii) to seek self-sufficiency and security with respect to food; (iii) to restore forest resources; and (iv) to improve farmers' incomes and reduce local disparities and urban poverty.

Strategies

These objectives will be achieved through the following strategic approaches:

(i) modernization, implementation of agricultural services, and revitalization of applied scientific research; (ii) diversification and development of production (food crop sector, particularly rice, fishing, and livestock farming, export crops including coffee and cocoa, cotton, and others); (iii) improvement of marketing systems and product storage techniques; (iv) further government divestiture, and liberalization of agricultural activities and product marketing; (v) development of agricultural statistics; (vi) implementation of financing for the agricultural sector; and (vii) provision of land tenure security (application of the new Rural Land Use Code adopted in December 1998, and the new forest policy), preservation of environment and implementation of the new forest policy; and (viii) access of rural population to basic social services, including women, the poorest, and reduction in the HIV/AIDS incidence in rural areas.

II.2.3. Improving equitable access to and the quality of basic social services

Objectives

In view of the limits and weaknesses of programs to combat poverty, the government aims to achieve the following objectives: namely, to (i) ensure universal education and to guarantee free primary education; (ii) ensure that the general public has access to health care and guarantee universal health insurance; (iii) improve and modernize basic infrastructure, housing, and living conditions, and to protect and preserve the environment; (iv) ensure the advancement and participation of women and youth; (v) lessen the incidence of HIV/AIDS; and (vi) reduce regional and local inequalities and disparities and promote the population's large access to land property. These objectives are consistent with the objectives of the millennium approved by the United Nations.

Strategies

The following strategies will be implemented to improve equitable access to and the quality of basic services: (i) progressive general implementation of free and mandatory education to

reach the poor; (ii) promotion of universal health insurance so that all may have access to health care, notably the poor; (iii) participatory approach through decentralization and land management to modernize infrastructure and reduce regional inequalities and disparities; and (iv) consideration of gender and environmental issues in development programs.

II.2.4. Decentralization

In consideration of the limited involvement of the general public and the lack of participatory approaches in previous poverty-targeting programs, one of the major innovations in the present poverty-reduction strategy is decentralization. Territorial administration is structured according to the principles of deconcentration and decentralization, in accordance with Law 2001-476 of August 9, 2001. Deconcentration involves delegating fairly broad decision-making authority of the central government to local bodies, while decentralization is a more participatory process in which local entities are given authority and legal personality. Deconcentration is organized by regions, departments, sub-prefectures, and villages. Decentralized administration is provided in the context of territorial entities, namely regions, departments, districts, cities, and towns. Regions have a regional council, with an office of the president and a regional economic and social commission. Departments have a general council, with an office of the president and a departmental economic and social commission. The same applies for districts and cities.

In order to define and share responsibilities between the central administration and the deconcentrated and decentralized administrations, the government held a workshop on November 24-26, 2001 on the transfer of responsibilities according to the principle of subsidiarity and complementarity. A bill concerning transfers of responsibility is in preparation as well as a bill on the fiscal and financial codes of the decentralized entities. The experience gained through the PNGTER [Rural Land Management and Infrastructure Project] will be used in this decentralization process, which will be carried out over time to ensure its success.

Objectives

Decentralization has three main objectives: (i) to bring government closer to the people by creating decentralized structures at the regional and local levels; (ii) to strengthen citizen participation in democracy, in order to engage the people in the management of their own affairs; and (iii) to ensure economic and social development by promoting infrastructure at a more favorable cost and implementing land management plans.

The government's land management objectives are: (i) to promote coherent development of the country's land; (ii) to streamline public investment by deriving the greatest benefit from local potential and resources while preserving the environment; and (iii) to reduce regional and local disparities.

Strategies

The decentralization strategy is based on: (i) identification of responsibilities to be transferred and transferring them (implementation of the general councils for the departments in 2002); (ii) streamlining personnel management in decentralized entities (implementation of the law on the organizational structure of decentralized entities); (iii) accelerating the deconcentration in order to accompany the decentralization process (setting up of a deconcentration plan which includes task-sharing between central and deconcentrated services); (iv) strengthening of the capacities of elected officials and local personnel; (v) development of local expertise; (vi) modernization of the management capacity of decentralized entities; (vii) mobilization of local and outside resources; and (viii) participation and involvement of the private sector and civil society in local development.

II.2.5. Promotion of good governance and capacity building

Good governance is a key factor in social progress, a means of consolidating the institutional framework, and a source of economic efficiency that allows the greatest number of individuals, particularly the poor, to have access to quality services.

Objectives

The objectives are: (i) to ensure the greatest possible transparency in the management of public affairs, (ii) to root out corruption and poor management; (iii) to strengthen the rule of law and a culture of democracy; (iv) to guarantee that the poor and women have access to services; (v) to ensure better resource allocation and use; and (vi) to strengthen the capacities of the population (the public, the private sector, and civil society) with a view to enhancing their participation in the decision-making process and the implementation of development programs.

Strategies

To build a meaningful environment of good governance, the government's strategy is based on: (i) strategic planning; (ii) education, deterrence, control, and the penalty/reward system; (iii) efficiency in public resource management and use of new technology of information by the administration (development of internet websites), and setting up of management norms in public and para-public entities; (iv) consolidation of institutional and economic reforms; (v) strengthening the justice system, reforming the government sector, and the safeguarding the security of property and individuals; (vi) fighting corruption and illicit self-enrichment; and (vii) strengthening civil society and the press so that they may play their roles as key players in the effort to ensure good governance.

II.2.6. Strengthening of security of property and individuals

Faced with growing poverty, high migration to Côte d'Ivoire, including the induced effects of the war in Liberia and then in Sierra Leone, together with the place and role of Côte d'Ivoire in the sub-region, crimes have skyrocketed since 1990, while the resources of

security forces lagged behind, thereby contributing to the parallel development of a system based on racketeering.

Objectives

The objectives of the security system aim at: (i) guaranteeing the security of property and individuals; (ii) creating an environment propitious to investment; (iii) bringing security forces closer to the population and modernizing the resources of the services and for intervention.

Strategies

The strategies rest on three axes:

- At the personnel level

(i) implementation of a training program (800 staff to be recruited per year) and rational relocation; (ii) strengthening of the units, including the crack units fighting against crime; (iii) motivation of agents (salaries; housing; coverage of accident risks; health services, notably fight against HIV/AIDS; application of the new police personnel status).

- Increase in resources and modernization of structures

(i) rehabilitation of vehicles and purchase of law and order vehicles and allocation of gas to various services, which will enhance the fight against crime; (ii) computerization of the police services; (iii) purchase of communication means and protection of the police communication network, supplies of scanner for the controls; (iv) creation and modernization of the structures (new units of CRS-BAE-FIR- marine police; mapping of sensitive zones and setting up of the national security database).

- Modernization and strengthening of the capacity and the independence of Justice

(i) increase and strengthening in the number of magistrates and representatives of the law; (ii) modernization of the judiciary machinery; (iii) reform of the National Council of the Magistracy and the Control of Judiciary Institutions; and (iv) setting up of new judiciary institutions.

II.3. MACROECONOMIC POLICIES

II.3.1. Economic outlook for 2002-2004

Based on the progress made in the SMP and the stakes involved in poverty reduction, the government has set the following macroeconomic objectives for the 2002-2004 period:

- (i) to revitalize the economy by achieving a real GDP growth rate, 3 percent in 2002, 4.5 percent in 2003, and over 5 percent starting in 2004;
- (ii) to achieve a budget deficit of 0.5 percent of GDP in 2002, and to balance the budget

starting in 2003;

(iii) to keep the inflation rate around 3 percent for the 2002-2004 period; and

(iv) to reduce the external current account deficit to below 2 percent in 2002 and 1 percent in 2003.

Achieving these objectives is based on trends in demand as expressed through investment, consumption, and foreign trade.

Trends in demand and competitiveness

The investment rate will increase from 10 percent in 2001 to 13.5 percent in 2002, 14.6 percent in 2003, and 14.9 percent in 2004. The proportion accounted for by private investment will rise from 8.6 percent in 2001 to 9.5 percent in 2002, and will reach 10.7 percent of GDP in 2004. Private investments will be brought in by agribusiness, construction and public works in 2002. The gross domestic savings rate will increase from 20 percent in 2002 to 22.3 percent in 2004. Final private consumption will be a focal point of growth in 2002, reflecting higher incomes for government personnel (teachers, security forces) and an improvement in the producer price of cocoa for farmers. Exports will slightly decrease from 36 percent of GDP in 2000 to approximately 35 percent over the 2002-2004 periods. Imports will decline from 22 percent in 2000 to about 21 percent over the 2002-2004 period. The competitiveness of the economy will be the major pillar for promoting growth by preserving the gains from the 1994 CFAF devaluation.

It is expected that 2002 will mark the end of recession and a return to economic growth, albeit in an unfavorable international environment resulting from the drop in commodities prices and the slowdown in global demand that can only worsen in the wake of the September 11 events in the United States. Forecasts take into account the signing of a three-year arrangement supported by the poverty reduction and growth facility (PRGF) and the resumption of financial cooperation with the entire international community.

II.3.2. Economic and financial program in 2002

The main objective of the government's program relates to monetary and financial policy and the implementation of structural reforms.

II.3.2.1. Budgetary policy

Fiscal consolidation remains the cornerstone of the government's economic and financial policy, which aims to reduce Côte d'Ivoire's dependence on foreign financial aid in the medium term. The 2002 budget provides for a global deficit (on a commitment basis) of 0.5 percent of GDP and a primary budget surplus (excluding investment on foreign financing) of 4.9 percent of GDP. All verified domestic payments arrears will be cleared in the context of a global plan to be implemented starting in 2002. Every effort will be made to ensure that no new domestic or foreign payments arrears occur during the period of the program.

Overall government revenues (excluding grants) will increase by approximately 13 percent with respect to 2001 target levels, to stand at approximately CFAF 1,432 billion in 2002, or 17.8 percent of GDP. This increase in revenues will derive initially from tax revenues, which will amount to 15.3 percent of GDP and from nontax revenues (mobile phone licenses, oil revenues) for 2.5 percent of GDP. A tax burden of this size can be attained through: (i) the application of a customs tariff of 5 percent to new project-related imports after December 31, 2001; (ii) an overhaul of the process for issuing deeds of trust (base for real estate tax assessment) in order to facilitate their deliverance; and (iii) the centralization, for monitoring and control purposes, of data provided by business firms on their transactions with revenue collecting agencies (Customs, income tax office, Treasury) and the Budget office. Customs administration will be reinforced by: (i) the dismantling of illegal channels for clearing customs declarations; (ii) the computerization of the management and control of imports, including imports under special regimes (transit trade, temporary admission and bonded warehouses); (iii) the improvement of the valuation of imports by strengthening cooperation with private specialized companies; (iv) the enhancement of cooperation with the customs services in the sub region in order to fight fraud and tax evasion; (vi) and the establishment of procedures for the appraisal of customs officers' performance.

Spending policy will be prudent, but adequate allocations will be made for the priority sectors of health and education, and for the renovation and maintenance of infrastructure, particularly rural infrastructure. Total primary spending will be limited to CFAF 1,265 billion in 2002, approximately 15.7 percent of GDP, up significantly from 2001. Wage policy aims to keep the government payroll at CFAF 510 billion in 2002. To that end, the government will (a) hire an internationally recognized private firm to audit the government payroll, (b) commit to strict hiring controls, and (c) enforce strict application of the rules governing the retirement age.

Settlement of payment arrears and treatment of DENOs

The government policy with regard to arrears and spending committed for which payment orders have not been issued (DENOs) aim at reducing arrears through mobilizing domestic and external resources; reduce the level of DENOs through limiting the recourse to simplified procedures and the elimination of off-budget spending.

Payment arrears will be repaid over three years from 2002 onwards and there will be no accumulation of new arrears. The stock of DENOs at end-December 2001 was estimated at CFAF 92 billion.

Appropriations for education, which remained at approximately 4.3 percent of GDP from 1998 to 2000, will be maintained at 4.3 percent in 2002 (or [1 percent] of primary expenditure excluding foreign-financed investment); health spending will go from [... percent] of GDP in 2000 to 0.9 percent of GDP in 2002 ([... percent] of primary expenditure excluding foreign financed investment). These allocations will be managed strictly, and every effort will be made to ensure that they actually benefit the poor. Investment expenditure, which is programmed at CFAF 325 billion of which CFAF 135 billion financed by own resources and CFAF 190 billion foreign-financed, will be made

within the framework of the three-year public investment program (PIP). Capital expenditure will give priority to poverty reduction (support of private sector and rural development, access to basic social services and basic infrastructure, decentralization, governance and capacity building).

With regard to good governance, in order to enhance the efficiency of expenditure and the delivery of public services, the government will undertake an operational review of public spending in 2002 which needs to be executed within the framework of the integrated expenditure management system (SIGFIP), while avoiding the accumulation of new domestic and external payment arrears.

Given the budget disbursements for projects and the principal payment owed on the foreign debt, a residual financing gap in the amount of CFAF 1,440 billion has appeared. This shortfall will be covered in part by budget support programs expected from the World Bank (CFAF 120 billion), the African Development Bank (CFAF 42 billion), the European Union (CFAF 39 billion), and certain bilateral partners.

II.3.2.2. Monetary policy and reform of the financial sector

The monetary policy conducted at the regional level by the Central Bank of West African States (BCEAO) will be prudent, consistent with the objective of improving the net foreign assets of the zone and maintaining the fixed parity of the CFA franc. In this context, a 10.2 percent increase in the money supply in Côte d'Ivoire is projected in 2002, compared with an increase in nominal GDP of 5.3 percent. The improvement in public finances should allow for a slight reduction in net bank credit to the government. In these conditions, it will be possible to meet the private sector's credit needs to sustain the recovery in economic activity.

The government will continue to support the efforts of the regional banking commission to verify that banks in Côte d'Ivoire comply with prudential standards, and will ensure that the decisions of the commission are implemented effectively. Strengthening of the financial sector will continue. This needs to accompany the promotion and the development of private sector and the modernization of the rural world. Through the credit policy, the financial sector must become an instrument to facilitate the access of investors, enterprises, the poor and the women to financial services, including credit. The financial sector will be reviewed in the third quarter of 2002 and will need to take this dimension into account. In the context of the regional effort undertaken jointly with the other WAEMU member states, the government of Côte d'Ivoire will seek to improve the legal, regulatory, and institutional framework, to promote long-term savings instruments and nonbank financial institutions (particularly financial leasing companies), and to strengthen microfinance institutions, in order to improve the offer of financial services provided in rural areas and to small businesses.

The new management of the CAA [Autonomous Amortization Fund], based on the conclusions of the final audit report, will develop a new restructuring plan by June 2002.

Pursuant to the decree separating the CECP [Savings and Postal Checking Agency] from the Postal Service, the recommendations of the report by the BCEAO Banking Commission will be implemented. An agreement on fee sharing and the modalities for payment between these two institutions will be reached and implemented. Regarding the CGRAE, the government will implement the recommendations of the council of ministers.

The problem of savings mobilization and the poor's credit access must be addressed by the Decentralized financing systems, which a powerful tool for mobilizing informal savings, particularly in rural areas and among women. In this regard, with a view to maintaining the gains and the strong evolution of deposits in mutual credit institutions (over CFAF 30 billion), the existence of non-performing loans will be corrected within the decentralized financing systems, particularly within the COOPEC [Savings and Credit Cooperative] network. Decentralized financing systems are the government will pay special attention to them. A monitoring commission modeled after the banking commission will be established in order to strengthen controls and avoid slippages. This commission will define standards geared toward the decentralized financial systems.

II.3.2.3. Debt strategy and HIPC Initiative

For its debt strategy, the government commits to having recourse to external financing only through grants or concessional lending. In this regard, it will not contract nor guarantee any new external nonconcessional debt (with a grant element of less than 35 percent with a maturity of more than one year) except for lending with a maturity of more than 12 years with a grant element of 10 to 35 percent intended for the financing of profitable investments in 2002. In addition, the government will not contract or guarantee any external loans with an initial maturity of less than one year, except normal import-related credits. Besides, the country will strive to improve its external debt management.

In the framework of the HIPC Initiative, new conditions have been granted to Côte d'Ivoire to join this Initiative. With this objective, the data reconciliation was undertaken with the assistance of the IMF and the World Bank. The next step consists in carrying out a preliminary debt sustainability analysis, which will indicate the amount of debt relief, which could be provided to Côte d'Ivoire under the enhanced HIPC Initiative. This analysis is based on eligibility ratios, which are the NPV of debt to exports and NPV of debt to revenue. The mission indicated clearly that Côte d'Ivoire's eligibility would be conditional upon the clearance of arrears vis-à-vis the international institutions.

Côte d'Ivoire will present a file in the framework of the HIPC Initiative with a view to quickly obtaining a new decision point and benefiting from interim assistance while waiting for the new completion point and the associated debt relief. That is why the consistency is ensured between the PRSP, the PRGF, and the program of recovery, all the assistance from the development partners, and the HIPC Initiative. The resources obtained from the interim relief or after the completion point will be allocated in accordance to the priorities defined in the PRSP, which is the reference paper.

II.4 SECTORAL POLICIES

The shares accounted for by the primary, secondary, and tertiary sectors as a percentage of GDP will change, respectively, from 24.6 percent, 21.8 percent, and 53.7 percent in 2000 to 23.1 percent, 23.9 percent, and 53 percent in 2005.

II.4.1. Productive sectors

The macroeconomic objectives will be carried out within the productive sectors.

II.4.1.1. Primary sector

II.4.1.1.1. Agriculture subsector

A growth rate of at least 2.5 percent is expected in 2002 (3.3 percent for food crops and 2.0 percent for export crops), as against a 1.6 percent decline in 2001. The objectives are to develop a competitive agriculture, which would be respectful of natural equilibriums, attentive to the market, while taking the social human dimension into account, especially poverty, into account.

Priority will be given to:

- improvement of the environment of family exploitations, in particular with respect to the financing access;
- enhancing the value of the agricultural jobs through the use of basic education system and a diversified offer of proximity advising;
- organizing an efficient and permanent dialogue between the operators of the system (MINAGRA, OPA, enterprises, financials)
- realization of structuring equipments in rural areas (hydro-agricultural planning, opening up tracks, education, health, leisure...).

The measures recommended with respect to agriculture are:

- **Modernization of the agriculture sector, implementation of agricultural services, capacity building of farmers, improvement in products, and revitalization of applied scientific research:** This crucial effort aims to create a more intensive approach to agriculture, using high-yield varieties and mechanization. High-quality agricultural services will also be made available to farmers to boost productivity (inputs, improved seeds, capacity-building, scientific research, etc.). These services will be decentralized (MINAGRA, ANADER [National Agency for Support to Rural Development] and CNRA [National Center for Agricultural Research]). The regionalized National Agricultural Development Fund, managed in partnership with the farmers, will make it possible to finance these services.

Diversification and development of production

- **With regard to food crop agriculture,** the objective is:

- to increase rice production in order to lower imports. The objective for other food crops is to meet local consumption needs and to export surplus production to the subregion or to the world market;
- secure the product outlets through the development of regional wholesale markets;
- to improve rural roads so that products can get to market; and
- to increase farmers' incomes, notably those of women by diversifying production through the development of nonconventional food and market gardening crops.

With regard to fishing and livestock farming, Côte d'Ivoire is a net importer of animal proteins: 49 percent for meat, 90 percent for milk, and 70 percent for fish. Steps will be taken to scale back this dependence on foreign sources. To develop this sector, the government will: (i) implement the Abidjan-Anyama slaughterhouse project and the wholesale fish market in Abidjan's fishing port; (ii) ensure the development of short cycle livestock farming; (iii) finance activities to develop livestock farming and fishing; (iv) develop the dairy industry; (v) manage epidemiological surveillance; and (vi) strengthening the quality controls and consumers' protection and promote a participatory and durable management of natural resources.

Regarding export crops, the product diversification must continue to be expanded, on the basis of the country's comparative advantages and nontraditional products. Additionally, food-processing plants will be supplied even as international agreements are taken into account. With regard to **coffee and cocoa**, the liberalization process under way, which has led to the creation of the ARCC [Coffee and Cocoa Regulatory Authority] for regulatory issues, the BCC [Cocoa and Coffee Exchange] for marketing, and the FRC [Regulation and Control Fund] must be brought to completion. Moreover, the Coffee/Cocoa Producers Development Fund (FDPCC) will support producer initiatives. Regulations will take into account the existence of small-scale producers, who are often extremely poor and vulnerable, thereby avoiding abuse of dominant positions while preventing a return to a system of quotas. The government has decided to contain all taxes, levies, and fees applied to this sector to less than 30 percent of the c.i.f price. The professional agricultural organizations (OPAs) will receive significant support to strengthen their production, marketing, and management capacities.

The reform begun in the **cotton sector**, particularly liberalization must be brought to fruition while avoiding any interruption in supplies to processing plants. Consequently, the process of privatizing the remaining portions of the CIDT [*Compagnie Ivoirienne pour le Développement des Textiles*] must be controlled. The inter-branch organization and the government will implement a new institutional and regulatory framework to promote greater producer involvement and increases in incomes, which will reduce poverty in savannah areas. Other speculative crops such as cashew nuts, fruits, and vegetables will be put into general production in savannah areas to increase incomes. As a consequence of the drop in world prices in **other traditional sectors** (rubber trees, oilseeds, etc.), the government will reorganize those sectors, particularly the inter-branch organizations and the environment for

speculative crops. This situation had increased poverty in areas where rural roads are not maintained and social investments (education, health) have been lacking.

Improvement of marketing systems and product packaging techniques. Maintenance and improvement of rural roads will enable products to flow more freely. This sector will be revitalized by the creation of regional markets, collection centers, and centers for information on available regional resources that will be undertaken in the context of decentralization. The end-result will be a significant reduction in post-harvest losses and more dynamic marketing systems.

Continuation of government divestiture, liberalization of agricultural activities, and product marketing. As in the case of coffee, cocoa, cotton, rubber trees, and oil palms, the state will continue its policy of withdrawal (production and marketing), in order to give responsibility to the farmers themselves and to increase their income margins. State intervention will consist of preparing and implementing regulations and passing on signals from the world market to the various parties involved in the relevant sectors. Reorganization of the agricultural sector will continue through the creation of cooperatives. Structures such as ANADER will be reorganized to reflect changes in farmers' needs, the implementation of projects to support and finance the professional agricultural organizations, and the creation of the inter-branch organization.

With regard to **financing in the agricultural sector**, the system of cooperative credit institutions that deal with farmers on a firsthand basis must be developed further, and private bank projects must be encouraged in the agricultural sector. The Chamber of Agriculture must be completely restructured to enable it to play its role in putting the agriculture on a more organized footing.

Land tenure security: the new Rural Land Use Code adopted in December 1998 and the new forest policy based on broad consultation will be implemented progressively. With regard to the Rural Land Use Code, an education campaign will be undertaken to prevent any misinterpretations that might shatter the peaceful coexistence of indigenous and non-indigenous people, particularly in forest areas. Experimental efforts will then be made depending on the zone in question (forest areas, savannah areas). Land tenure security with respect to acquired rights remains the main point of conflict to be resolved, along with the role of the various parties involved in the demarcation and allocation of plots of land (the state, supervisory entities, traditional authorities, etc.). The objective is to end such conflicts by enforcing the Rural Land Use Code. Lessons will be drawn from the experience of the PNGTER.

With regard to **agricultural data**, the government intends to relaunch the activities related to statistical data through the national census of agriculture (RNA) and the putting into place of a stable system of agricultural survey. The ongoing agricultural census will allow the government to obtain better data necessary for planning and programming in the sector.

II.4.1.1.2. Forest subsector

In the framework of the implementation of the guiding forestry plan 1988-2015, a forestry sectoral project (PSI1) was formulated and executed in 1996. At the end of this project, an assessment allowed the authorities to evaluate the forestry sector and to adopt a new framework for forest policy. This policy based on the conservation of the assets of Ivoirien forests' biodiversity and on the restoration of potential for production, based upon the following objectives and strategies.

Objectives:

These objectives are: (i) ensure the ownership transfer of natural trees to the local rural population as far as the management of the wood resources in rural areas; (ii) guarantee the participation of wood industrialists in the supply of the wood transformation units, by private investment in rural areas well as in listed forests; (iii) ensure the management of farming occupation in listed forests by centralizing the planning operations at best conserved spaces in the listed forests; (iv) enhance the value of the environmental potential; (v) ensure the organization of the forestry sector, in particular the management of protected areas and listed forests, the coordination and the continued attention to forestry policy.

Strategies

The strategic approach adopted by the government for a period of 14 years is focused on a forestry management framework program (PCGF), which consists of four phases: (i) the urgent phase of one year during which a certain number of prior actions were taken (the interministerial steering committee of coordination and the technical cell) and others were under way; (ii) the ten-year phase subdivided into two periods of five years during which projects of the PCGF were adopted; (iii) the three-year phase of the coordination of the consolidation of the PCGF's gains. The organizational audit of the forestry sector will propose a new institutional and regulatory framework and will define the reforms and human financial resources necessary for the implementation of this plan.

II.4.1.1.3. Mining and oil subsector

The decrease in activity in this sector is expected to continue in 2002, with growth of – 2.0 percent. Recovery is expected in 2003, with growth of 2.3 percent for 2003 and 5.3 percent for 2004. In the mining sector, major deposits of nickel and iron have already been identified in the west of the country. Canada is now conducting a study of the environmental implications. Other deposits of gold, copper, platinum, and manganese have been discovered. A search for partnerships within the framework of the Mining Code will be undertaken in order to identify investors for the operational phase. A railroad line will be needed to transport the output from the sites (nickel and iron) to the port of San Pédro. Discussions will be held with neighboring countries to ensure the viability of the railroad.

In the hydrocarbons sector, the government has begun to restructure PETROCI [Pétrolières de la Côte d'Ivoire], which has become a single-focus company. The CFAF 44.9 billion

overall deficit of SIR [*Société Ivoirienne Raffinage*] will be reduced in 2002 owing to the price indexing formula for hydrocarbons. The CFAF 4.2 billion debt to PETROCI has been repaid; other private investors are expected to become involved in exploitation and oil and gas production in 2002. Regulations for the liberalization of hydrocarbon imports will be issued in 2002, based on the Booz-Allen study.

II.4.1.2. Secondary sector

The processing sector will account for at least 23.5 percent of GDP in 2005 as against 21.6 percent in 2000-2002, with a growth rate of 2.5 percent in 2002, placing Côte d'Ivoire on the track to industrialization.

II.4.1.2.1. Industries

The industrial sector is expected to recover in 2002. A growth rate of approximately 3 percent is expected in 2002, and 9 percent in 2004. The government will continue with liberalization, rehabilitating the business environment, and developing a framework that promotes the creation and expansion of SMEs/SMIs. Industry must generate added value and create jobs to reduce youth unemployment and poverty. The state will continue its policy of disengaging from the productive sector. A privatization policy will be adopted to clarify the institutional framework for privatizations.

Transactors and entrepreneurs will devise their own initiatives for implementing support mechanisms for the SMEs/SMIs. The state will provide support to avoid the failure of past and present efforts, particularly by establishing a number of funds. Professional organizations, federations, business associations, and guild chambers will introduce initiatives to motivate their members and promote partnerships with the state and the foreign private sector. Institutions such as the *Institut Ivoirien de l'Entreprise (INIE)* and the *Fonds Ivoirien pour le Développement de l'Entreprise Nationale (FIDEN)* will be revitalized to promote SMEs. A more efficient Guarantee Fund is planned. Special emphasis will be placed on promoting national business, particularly by supporting improvements in technical and managerial capacity and through access to financing.

The government will promote the agri-foodstuffs industry, particularly the processing of primary products such as coffee, cocoa, cotton, oilseeds, fruits, and vegetables. Processing rates for cocoa will rise from 37 percent now to 45 percent in 2005, to decrease dependency on exports of these products as raw materials. Experiments will be conducted with free trade zones, to derive maximum advantage from them and to avoid the failures experienced in other African countries. The BNETD [*Bureau National d'Etudes Techniques et de Développement*] will implement regulations consistent with the BOT system in order to make this type of concession more common. The update of the development plan for industry now under way will enable the state to target its industrial policy more effectively. Product quality will be enhanced, to improve the ability of Ivoirien products to compete in domestic and foreign markets. Industrial forums such as ICI (*Investir en Côte d'Ivoire*), SALI, and the promotion of Ivoirien products and markets by CEPICI [Investment Promotion Center of

Côte d'Ivoire], APEX-CI [Export Promotion Association of Côte d'Ivoire], professional organizations and business associations will be supported. An exhibition park is planned in the context of a BOT project.

Private entrepreneurs will encourage and set up leading-edge technology operations, such as computers, creating a local assembly and software industry to serve the sub-region. Tax incentives for this sector will be examined. The computerization of public services will be pursued, to modernize production and to enable Côte d'Ivoire to benefit more broadly from globalization. The 2000-2005 National Data and Communications Infrastructure Development Plan adopted in 2000 will be implemented with a view to developing these new technologies.

II.4.1.2.2. Energy

The growth rate in this sector is expected to be +1 percent for 2002, and more than 5 percent for the 2003-2004 period. To reduce factor costs, water and electricity distribution monopolies will be lifted as part of a liberalization effort under the terms of the agreements between the government and the CIE [Compagnie ivoirienne d'électricité] and between the government and SODECI [*Société de distribution d'eau de la Côte d'Ivoire*]. Accordingly, the regulatory framework will be adapted to reflect this policy of liberalizing water and electricity distribution.

Electricity

The policy of energy independence will be continued, as will the export policy vis-à-vis countries in the sub-region. The recession had an impact on this sector, which is running a significant deficit. Electricity rates were raised in September 2001 by an average of 10 percent. The government has agreed to pay back a portion of the VAT (11.1 percent), while the sector will have to realize CFAF 12 billion in savings. These efforts are expected to be made in 2002. Ghana has agreed to honor its commitments, and the process has begun with a payment of US\$5 million. The government will accept financial responsibility for the sector's debt until 2004. In 2002, the government will conduct a study of rates, an audit of the agreement between the state and the CIE, and a technical and financial audit with a view to ensuring the financial viability of the sector.

Water

The objectives with regard to water are: (i) to ensure that the population has access to drinking water; (ii) to ensure the financial stability of the sector; and (iii) to improve the quality of the services provided. Water management is a vital link in the agricultural development program. The water sector will continue to be exempt from VAT. The Water Authority established on November 16, 2000 at the meeting of the Council of Ministers will implement the institutional reform and the government's program of water resources for human needs. The regulatory and financial aim is: (i) to revoke the law regarding the special consumption tax on drinking water and to draft new provisions; (ii) to implement the agreement to offset cross debts between the government and SODECI; and (iii) to implement

the government's plan to reduce water consumption.

II.4.1.2.3. Construction and public works

Following the decline in 1999 to 2001, the construction and public works sector is expected to rebound starting in 2002. The growth rate for 2002 will be 8 percent, and over 10 percent for the 2003-2005 period with the upsurge in major infrastructure projects in the form of BOTs, particularly the third bridge in Abidjan, the North highway, the exhibition park, the Abidjan urban train system, bus stations, the ports of Abidjan and San Pédro, the Hôtel Ivoire, etc. Other projects are planned, such as the East highway and the West highway. In 2002, assessment of the regulatory framework for infrastructure will continue, and the subregional perspective will be taken into account.

Revival of the CI-PAST [Côte d'Ivoire-Transportation Sector Adjustment Program] will bring increased investment to the sector, particularly in improvements to the road network (maintenance, repair, new construction, rural roads), and a Road Management Agency and Road Maintenance Fund (with a toll system) will be implemented. The labor-intensive construction projects begun in 2001 will be encouraged, particularly in local communities, in the areas of sanitation and water treatment. The corps of engineers will be a key participant in highway maintenance, land management, and the construction of basic social infrastructure (schools, health centers, etc.).

The regulatory and institutional framework of the housing policy will be recast to enable more individuals to own property and to improve the housing stock (the savings issue, land ownership considerations, land management, taxation). Private developers will engage in property development programs (program of 12,000 housing units, program of 10,000 housing units in Yamoussoukro, etc.). Steps will be taken to strengthen the *Agence de Gestion Foncière* [Land Management Agency] (AGEF), taxation on the development of the real estate sector, and the creation and development of a primary mortgage market through the establishment of the *Société de Refinancement Hypothécaire* [Mortgage Refinancing Institution] (SRH) and the *Caisse de Garantie hypothécaire* [Mortgage Guarantee Fund] (CGH). All these measures will provide lending institutions with the necessary guarantees, thereby expanding housing loans. Other steps will be taken, including implementation of the recommendations of the PAPH [project for institutional support for housing policy], the creation of a housing code that will include new provisions governing the relationships between lessors and tenants of housing units, and implementation of a monitoring mechanism for real estate transactions.

II.4.1.3. Tertiary sector

The tertiary sector will continue its economic growth, and is expected to reach a growth rate of at least 3.1 percent in 2002 and 4.5 percent in 2004, mainly through transportation and telecommunications shifting from 3.2 percent in 2002 to 4.2 percent in 2004.

II.4.1.3.1. Transportation

The regulatory framework for land-based transportation will be modernized to provide for better regulation of this sector, which is beset by disorganization and the coexistence of a significant informal market alongside the structured market. The government has just established SONATT to replace SONEXTT and ANATT, which were merged. The AGETU [Urban Transport Management and Operations Agency] is being restructured and the OSER [Road Safety Office] will be reformed. A professional driver's license will be introduced. The traffic flow program will make it possible to control roadblocks. Traffic corridors will be built at Noé and Ouangolo under the CI-PAST program.

Rail transportation will be restored in the interests of subregional integration. A railroad is planned for operation of the nickel and iron mines in the mountains of the west. With regard to air transportation, the privatization of AIR IVOIRE will be finalized and flights will resume in January 2002. Privatization of AIR AFRIQUE will follow. The airport at Abidjan will be completed under contract with AERIA. Its safety and security system will be strengthened, as will those of airfields in the hinterland. In 2002, the government plans to renovate the airfields at Yamoussoukro, Bouaké, San Pédro, and Korhogo. The use of AERIA fees will be improved to provide for the development, safety, and security of these airfields, all of which will help with decentralization and tourism. ANAC [National Civil Aviation Agency] and SODEXAM [National Meteorological Service] will be restructured. The ports of Abidjan and San Pédro will be expanded to continue to serve Côte d'Ivoire and the sub-region. The container terminal of the Abidjan port will be conceded to the private sector in the framework of the CI-PAST. Plans call for a dry port to be built near Bouaké to relieve congestion at the PAA [*Port Autonome d'Abidjan*] and the PSP [Port of San Pédro] and to combat fraud in transit regimes, particular with regard to temporary importation arrangements.

II.4.1.3.2 Trade

The development of trade through promotion of exports and strengthening the density and competitiveness of the industrial sector will bring the growth rate in this sector to 3 percent in 2002 and 4 percent in 2004. Promotion of domestic trade will be stepped up through a program to establish Ivoirien merchants, which will tap a very broad and highly motivated pool of individuals capable of entering a sector in which few nationals are involved. To distribute and store local products, the wholesale market system in common with the market in Bouaké will be evaluated with a view to replicating the model in a nationwide network. APEX-CI will focus on the promotion of new markets, particularly access to the United States market under the African Growth and Opportunity Act (AGOA), other markets through the WAEMU, and Europe through the Cotonou Agreement of June 2000.

II.4.1.3.3. Telecommunications and new information technologies

The telecommunications boom will continue unabated, particularly with regard to cellular telephones. A fourth company is under consideration. The regulatory framework adopted in

July 2001 and license fees are expected to produce CFAF 120 billion in revenues for the government. The ATCI [Côte d'Ivoire Telecommunications Agency] will review the regulatory framework with a view to lifting the monopoly as of 2002, with respect to fixed telephony. CI-TELECOM will continue its program to extend and modernize fixed telephone lines and to reduce communications costs, pursuant to its agreement with the government. Access to new technologies such as the Internet will be supported by liberalization of the sector and controlling communications costs. Projects such as the Sky Station (high-speed data transmission project), Africa One (undersea cable project), and Rascom (satellite project) will be continued.

The high-tech technologies such as the computer industry, notably the development of a local assembly and software industry will be encouraged and initiated by private investors to serve the region. The granting of tax exemptions of this sector will be studied. The computerization of public services will be pursued to modernize the tool of production, and allow Côte d'Ivoire to better take profit of globalization. The development plan of national information and communication infrastructure 2000-05, adopted in 2000, will be implemented with a view to developing these new technologies.

II.4.1.3.4. Tourism and the craft industry

With 376,000 tourists in 1999, and 200,000 in 2000, the goal of welcoming 500,000 tourists will be reached in 2004 through improved promotion of Côte d'Ivoire as a tourist destination, the promotion of regional tourism, an increase in and modernization of the hotel stock, and a reduction in transportation costs. However, the events of September 11, 2001 in the United States have had a negative impact on this sector. The return to political stability and social calm will help improve the brand image of Côte d'Ivoire, which is necessary if tourists are to be attracted in significant numbers. Safety and security upon entry in Côte d'Ivoire, particularly at the Abidjan airport, and on a routine basis throughout the country will be crucial for attracting tourists. The broad range of tourism options will be utilized for international and domestic tourism (cultural tourism, seaside tourism, ecotourism, religious tourism, business travel, etc.).

The craft industry will be developed in the context of the global approach to tourism. Protection for craftworks and a professional craftsmen's card will be introduced. Human resources will be developed and trained. A promotion and marketing policy will be implemented.

II.4.2. Social sectors and basic infrastructure

Development of the social sectors and basic infrastructure relates to the specific objective of ensuring equitable access to basic social services and to decent living conditions, with a view to reducing regional and local inequalities and disparities.

In this context, emphasis will be placed on the following areas: (i) population and development; (ii) education/training; (iii) health/HIV/AIDS; (iv) social protection and coverage of vulnerable groups (women, children, handicapped people, elderly), notably the

poorest; (iv) jobs; (v) housing; (vi) transportation and communications infrastructure; and (vii) electricity, water/sanitation, environment.

II.4.2.1. Population and development

The objectives, strategies, and actions concerning population are contained in the National Population Policy Declaration (DPNP) adopted in March 1997¹ and the draft 2002-2006 National Population Action Program.

Objectives

The objectives are: (i) to control demographic growth; (ii) to balance supply and demand with regard to the population's essential needs; (iii) to develop capacities to design and manage population programs; (iv) to promote families and improve the status of women and youth; and (v) to help improve the economic welfare of the general public.

Strategies

The strategies are: (i) to expand and strengthen reproductive/family planning health services, increasing contraceptive use from 7.3 percent in 1998 to 14 percent in 2005 and 30 percent in 2015; (ii) to achieve a 50 percent reduction in the mortality rate by 2015 (objectives of the millennium); (iii) to promote a sense of responsibility among women and youth; (iv) to promote social overhead capital; and (v) to strengthen population information systems and population program implementation capacity.

II.4.2.2. Education and Training

One of the government's priority sectors for poverty reduction is education, which strengthens human capital. The PNDEF [National Education Development Plan] defines the strategic framework for the 1996-2015 period. Based on the strengths and weaknesses of the existing education system, the government is currently revising its education program through the medium term Strategic Development Framework for the Education/Training sector (2001-2005). An advancement report of the education system (RESEN) is being prepared in 2002. The new policy places priority on primary education, without prejudice to other levels of education, and is committed to a thorough decentralization of the system (primary education at the town level, secondary education at the departmental level, and higher education at the regional level).

Objectives

The main objectives of the education system are: (i) to achieve a gross school enrollment ratio of 80 percent by 2005; (ii) to ensure equality of opportunity for all, particularly for girls; (iii) to improve the quality of teaching and ensure that teaching meets economic and social

¹ The recently adopted DPNP action plan will be implemented in the 2001-2006 period.

development needs; (iv) to continue to reduce the illiteracy rate to literacy rates of 70 percent among men, 50 percent among women, and 45 percent in rural areas by 2005, respectively; and (v) to strengthen and expand vocational training, supervision, monitoring, and the socio-professional integration of the active population, particularly youth, with regard to the labor market. The final PRSP will allow to further study the question of the free education.

Strategies

To that end, the following strategies will be implemented: (i) introduction and progressive general implementation of free and mandatory education from nursery school through the fourth year of secondary school, with particular emphasis on the most underprivileged areas; (ii) increase school capacity by government construction of 800 primary classrooms per year, reducing the lack of teachers at all levels, and updating the teacher status; (iii) transfer of responsibility for literacy to local groups; (iv) reinforcement of the management capacity of the education system at the central and decentralized levels and taking account of the HIV/AIDS incidence in the school environment; (v) reduction in the dropout rate in schools and universities; (vi) strengthening of the articulation between the general education and vocational education; (vii) revitalization of technical and vocational education, development of alternation training and traineeship; (viii) decentralization of the education system at all levels (including continued decentralization of university instruction); (ix) reappraisal of the state/private-sector/civil society partnership, and strengthening of this partnership; and (x) maintaining allocations for education at 4.4 percent of GDP in 2002 and improving efficiency in education spending.

II.4.2.3. Health

In the health sector, the government, in the framework of the new strategy through a region of the PNDS, plans to pursue decentralization by transferring basic or community health centers to the communes, general hospitals to the departments (health districts), and the regional hospital centers to the regions. Primary health care remains the top priority. The final PRSP will allow to further study the question of the universal medical insurance.

Objectives

The health policy aims to: (i) improve the coverage, quality, and accessibility of health care services, particularly primary services, especially for the poorest individuals; (ii) reduce the mortality and morbidity associated with major health problems, consistently with the objectives of the millennium, particularly maternal and infant mortality, by 22 percent by 2005; (iii) increase vaccination rates from 55 percent in 2000 to 80 percent in 2005; (iv) lower the total fertility rate from 5.4 percent in 1998 to 4.5 percent in 2005; (v) strengthen institutional capacity and the management capacity for health programs; (vi) make the health care infrastructure operational; and (vii) continue the generic medication policy.

Strategies

The strategies developed to achieve these objectives will focus on: (i) reforming health care organization and administration with a view to securing the long term viability of the health system; (ii) strengthening preventive policies in favor of the most vulnerable population to promote maternal and infant health, reproductive health and family planning; (iii) improving the conditions and management of health centers, (iv) implementing universal health insurance; (v) decentralizing the health care system; (vi) restoring traditional medicine and promoting research and the pharmaceutical industry; (vii) designing and implementing an equipment maintenance policy and adopting standards for equipment and materials; and (ix) maintaining allocations for health care at 1 percent of GDP. An assessment of the PDSSI is considered in 2002 in order to refocus the activities in the framework of the new health strategy.

II.4.2.4. HIV/AIDS

HIV/AIDS is the leading cause of death of the adult and young population; 12 percent of the population is HIV positive. HIV/AIDS affects youth and all social and occupational categories in rural and urban settings.

Objectives

The main objective is to reduce HIV seroprevalence rates to less than 10 percent by 2005. Specific objectives are: (i) to reduce the prevalence and incidence of sexually transmitted infections; (ii) to increase the rate of condom use; (iii) to reduce by 50 percent the proportion of the target population that engages in risky sexual behaviors; (iv) to reduce the vulnerability of women to the HIV/AIDS epidemic; (v) to improve screening conditions; and (vi) to improve the living conditions of individuals with HIV/AIDS.

Strategies

The strategy for the fight against HIV/AIDS was defined in the context of the national plan adopted in 2001. The main approaches are: (i) to appeal to leaders and decision-makers to intensify the multi-sector and decentralized fight against HIV/AIDS; (ii) to raise awareness and disseminate information about HIV/AIDS; (iii) to promote condom use and to make condoms more widely available; (iv) to promote national support for infected persons; (v) to strengthen the involvement of NGOs and the private sector in caring for persons living with HIV/AIDS; (vi) to create a legal environment favorable to infected and affected persons; and (vii) to broaden the organizational and institutional bases of the fight against AIDS.

The issue of HIV/AIDS is a cross-sector concern, which will be dealt with as such in the final PRSP.

II.4.2.5. Employment and professional training

Objectives

Employment policy will aim to achieve the following objectives: (i) to reduce unemployment and integrate youth into paid employment, and to promote self-employment, by seeking strong growth in the secondary and tertiary sectors; and (ii) to develop and modernize the informal sector, the craft industry, and rural employment, which are experiencing significant levels of underemployment.

Strategies

The government's employment strategy is to: (a) take steps that encourage the creation of employment-intensive industry; (b) create a system of organization, supervision, and training for informal operators and craftsmen; (c) support self-employment and independent employment; (d) develop rural employment of women and youth, particularly by establishing cooperatives; (e) connect education more closely to the world of work, to provide training for integration into society and the labor market, and the creation of microprojects; (f) implement a tracer system for graduates and trained individuals, and to provide regular updates of job and trade listings; (g) strengthen the legal framework to make hiring more attractive while ensuring a social safety net for wage and salary earners; and (h) improve the transparency of and information about the labor market.

Fundamentally, all efforts to promote employment are based on the steps taken to revitalize the economy, particularly promotion of the private sector, improvement of the business environment, and macroeconomic and financial rehabilitation. Moreover, the center for the monitoring of employment and training will be restructured to ensure the reliability and regularity of information on the labor and employment market. To that end, the independence of such monitoring will be ensured, to enable national and international partners to participate in managing and financing the effort. An effort will be made in the final PRSP to assess the job creation generated by the PRSP implementation.

II.4.2.6. Housing and living conditions

The policy on housing and living conditions aims to: (i) reform the regulatory and institutional framework of housing policy; (ii) promote housing for all; (iii) implement and promote a real urban housing policy; (iv) guarantee electrical supply to the largest number of localities; and (v) facilitate access to drinking water.

With regard to housing, revitalization efforts will focus on: (a) the reform of the regulatory and institutional framework of housing policy with a view to facilitating access to land ownership; (b) the promotion of housing for all, including the continued rehabilitation of disadvantaged districts; and (c) implementation and promotion of a meaningful urban housing policy.

With regard to rural electrification, the stated objective is to bring electrification to 250 localities per year, to achieve coverage of 33 percent by 2005. To that end, the sector will receive a new institutional framework, and the roles of the parties involved will be clarified to avoid the creation of monopolies, including private monopolies.

In terms of access to drinking water, the policy aims to increase coverage to 90 percent by 2005. The actions taken will focus on: (a) continuing institutional reform in the context of social policy in the urban water sector; (b) general implementation of the *Hydraulique Villageoise Améliorée* (HVA); (c) continued construction and restoration of water points to benefit the rural population; (d) strengthening currently non-functional water production and distribution works; (e) construction of water points equipped with hand pumps in villages and camps of at least 100 inhabitants; and (f) revitalization of village pump maintenance committees through increased awareness, supervision, and assistance to the rural population that benefits from water points.

With regard to rural telephone service, the government aims to reduce the imbalances between large urban centers and the rest of the country. To that end, the medium-term investment program will install new telephone lines and provide service to at least 300 new localities.

In the rural roads sector, the government's action aims to open up economically disadvantaged areas so as to develop their production and provide easy access to major urban centers. The rural roads program will be continued accordingly. In program for 2002 calls for periodic maintenance of 10,734 kilometers of roadway and maintenance of 15,843 kilometers of trails, opening up of villages (1,000 kilometers).

II.4.2.7. Environment

Objectives

The government's policy for environment and living environment is to ensure the prevention, protection, and preservation of the ecosystems against all kinds of nuisance (liquid, gaseous, and solid). Specifically, it consists in: (i) preserving a sound living environment; (ii) fighting against the degradation of the biologic diversity and the eco-systems; and (iii) managing all kinds of waste in a sustainable fashion; and (iv) make aware, train and educate the population in environment protection.

Strategies

The strategy regarding the environment protection and preservation rests on: (i) the implementation of drainage, cleaning up, and improvement of housing, fight against all forms of atmospheric pollution and the degradation of the ozone layer on the one hand, and the access to basic urban services on the other hand (drinkable water; hygienic toilets, renewable energy etc...); (ii) a better protection of animal-life, flora, rivers, and lagoons; (iii) improvement in the pre-collection, the collection, and the dumping of waste; (iv) enhancing the value and transforming waste as a source of job creation; and (v) the implementation of the PNAE. These actions will be accompanied by an adequate program of information, education, and advising.

II.4.2.8. Women and development

The role and participation of women in the development process is one of the government's

major concerns in its fight against poverty. The government aims to achieve the socioeconomic integration of this population, which remains vulnerable. The improvement of women's living conditions has an immediate impact on poverty reduction. The gender dimension will be sufficiently reflected in the final PRSP so that the role and the support to women will be more explicit.

Objectives

In light of the vulnerability of women and their marginalization from the development process, the government's aim is to create conditions that promote their full development. Women will be given the opportunity to access financial resources so as to increase their independence and self-sufficiency.

Strategies and measures to be implemented

While the national action plan for women is being formulated, the government will intensify its efforts with regard to: (a) the protection of women's rights, particularly their rights within marriage and their right to work; (b) improvement in the professional training of women and promotion of women to high-level decision making positions in the public administration; (c) promotion of the women's entrepreneurship; (d) strengthening the capacity of women's organizations; (e) development of decentralized financing systems that benefit women and facilitate credit access; (f) combating sexual assault and family violence, and bad treatments, notably affecting young girls in their role as a housekeeper; and (g) instituting gender units with the ministries.

Special emphasis will be placed on girls' issues. Steps to be taken include: (a) promoting girls' access to education by passing a law making school mandatory for all children; (b) creating social infrastructure receptive to girls (boarding schools, clubs, libraries); (c) supplying school books at no charge; (d) strengthening legal tools to protect girls from sexual harassment, rape, and corruption of minors; (e) appointing social workers to all school institutions, particularly schools for girls, and (f) assigning girls first to schools in their residential area; and (g) the development of statistics showing the gender dimension at all levels and in all sectors.

II.4.2.9. Child welfare and youth employment policy

The child welfare and youth employment policy aims to create a framework that will promote the social and economic development of these two vulnerable groups.

To achieve the child welfare objectives, the government will: (i) continue to raise public awareness concerning the issue of street children, and will conduct a census of that segment of the population; (ii) provide training for social workers and NGO staff; (iii) reeducate children in specialized centers; and (iv) resolutely combat child trafficking and enslavement.

With regard to youth employment, the government will implement measures regarding: (i) the construction and outfitting of new socio-educational centers and the renovation of existing centers; (ii) the involvement and participation of local groups and youth in managing

these centers; (iii) fostering partnerships between associations and municipal officials and between federations and the administration; (iv) the promotion of civic awareness among youth, making them responsible citizens; (v) raising the consciousness of youth concerning their responsibility with respect to development, while strengthening their spirit of creativity and initiative; (vi) establishing a framework for exchanges with youth associations, such as annual youth conferences; (vii) taking new target populations into account in the sports movement, particularly women, girls, the elderly, the disabled, dropouts, out of school youth, and sports in the workplace; and (viii) promotion of the practice of sports by building and equipping an adequate number of local sports facilities, building specific types of infrastructure (gymnasiums, pools, multipurpose track facilities) and revitalizing the Center for Sports Medicine.

II.4.2.10. Social protection and coverage of vulnerable groups

With respect to social protection, the government commits through a consistent policy to alleviating the difficult situation of the poor and the vulnerable groups.

Objectives

It consists in: (i) improve the living conditions of handicapped and vulnerable people (women, elderly...); and ensure coverage of infancy in an integrated fashion in disadvantaged districts.

Strategies

These will include: (i) the extension of the action project: “intervention in rural environment in Bouaké and San-Pedro; (ii) intensifying the actions of information, education, and communication (IEC) in order to prevent and avoid the worsening of marginalization of the handicapped population and children in a difficult situation; (iii) the creation of a fund for the training and the setting up of trained young over 18 in small occupations in the framework of the Program for Childhood in Extremely difficult Conditions (ECED); (iv) the setting up of an insertion and reintegration program for street children, orphans, and babies in families; (v) the setting up of a reinsertion program for former prisoners; (vi) the training of the trainers for handicapped people centers; and (vi) the promotion and the development of community activities centers for childhood (CACE)

II.5. REGIONAL INTEGRATION AND GLOBALIZATION

Regional integration and globalization is a vital strategy in the quest for growth, because it opens the door for economic operators in Côte d’Ivoire to markets and opportunities. Since 1994, a number of efforts have been undertaken to consolidate the WAEMU. These include: (i) the creation of a customs union based on a common external tariff as of January 1, 2000, an internal preferential tariff arrangement, and ancillary measures relating to the common external tariff (reference values, anticyclical import tax); (ii) multilateral monitoring of economic policies through a convergence, stability, growth, and solidarity pact and harmonization of internal taxation and public finance management; (iii) the design and implementation of sectoral policies for agriculture, industry, mining, energy, foreign trade, transportation, telecommunications, land management, the environment, and human

resources; (iv) implementation of the West African Accounting System (SYSCOA), the creation of National Associations of Accounting Experts (ONECCA) and national accounting councils, and the harmonization of statistics; (v) construction of a regional financial market around the *Bourse Régionale des Valeurs Mobilières* [Regional Stock Exchange]; and (vi) implementation of a regional integration fund and preparation of a draft Community Investment Code.

Gains through ECOWAS include: (i) the freedom of movement of individuals; (ii) adoption of a liberalization scheme for intra-community trade; and (iii) harmonization of sectoral programs, particularly with respect to transportation.

There are many obstacles to integration, particularly: (i) the number of inter-governmental organizations; (ii) differences of interpretation that lead to varying degrees of commitment regarding certain reforms; (iii) inadequate involvement of the people; and (iv) the increasing marginalization of African economies in light of barriers to entry into the markets of industrialized countries.

Objectives

The objective is to strengthen, consolidate, and accelerate—but not precipitously so—the process of regional integration in West Africa through the WAEMU, which will be extended gradually to the other ECOWAS member states so that ultimately, ECOWAS will serve as a crucible for integration with other growth centers such as Ghana and Nigeria. A further objective is to take all relevant steps with regard to economic reforms, training, and information so as to continue the reforms now under way (to consolidate the multilateral monitoring system, proceed with the creation of a common market, and create a single monetary zone in West Africa), and to take better advantage of the opportunities of globalization with regard to direct foreign investment and opening up export markets (particularly to become eligible under the AGOA, and to take advantage of opportunities afforded by the WTO, and regional economic partnership agreements with the European Union).

Strategies and measures

The government aims to provide better coordination and strengthening of the effort to promote Côte d'Ivoire abroad through its embassies and specialized institutions (CEPICI, APEX-CI, OITH [Ivoirien Office of Tourism and Hotels], foreign trade advisers, and economic advisers) to boost productivity. Specialized national expertise on issues of international trade (WTO and UNCTAD organization, procedures, the focus of trade negotiations, etc.) and new information and communications technologies will be developed immediately to generate regional and global business intelligence. The government undertakes to: (i) define new principles for cooperation; (ii) modernize its diplomatic tools in the context of globalization with the development of the new information and communications technologies; (iii) promote decentralized cooperation; (iv) strengthen subregional integration; (v) review the WAEMU treaty in order to accelerate the pace of the integration process, taking the economic and demographic stature of each country into

consideration; (v) promote the involvement of its citizens in international and subregional organizations; and (vi) create centers of excellence at universities and research institutions on issues relating to international trade, globalization, and regional integration.

II.6. COST AND BUDGET FRAMEWORK

The priority poverty-reduction measures for the 2002-2004 period are presented in the annex, grouped according to the six main strategic approaches: (i) stabilization of the macroeconomic framework; (ii) promotion of the private sector as a growth engine and support for rural development to create wealth and jobs; (iii) improvement in equitable access to and the quality of basic social services; (iv) decentralization as a mechanism for the people to participate in the development process and the reduction of regional disparities; (iv) promotion of good governance and capacity building to ensure better resource allocation and use; and (vi) strengthening of security of property and individuals.

Public spending (excluding wages) in poverty-reduction measures accounts for CFAF 408.2 billion in 2002, equivalent to 32.7 percent of primary spending and 5.7 percent of GDP, and CFAF 478.5 billion in 2004, equivalent to 33.6 percent of public spending and 5.9 percent of GDP.

Table of public spending (excluding wages) in poverty reduction (2002-04)

Priority Sectors	2002		2003		2004	
Stabilization, planning and macroeconomic management	55.2	12.8 %	56	12.8 %	55.5	11.6 %
Private sector and agriculture development	63.2	15.1 %	65.9	15.1 %	65.3	13.6 %
Access to basic social services	253.6	63.5 %	277.1	63.5 %	318.4	66.5 %
Decentralization	27	6.9 %	30	6.9 %	32	6.7 %
Governance and Security	9.2	1.8 %	7.7	1.8 %	7.3	1.5 %
Total	408.2	100 %	436.7	100 %	478.5	100 %

In billions of CFAF

PART III. AGENDA FOR THE POVERTY REDUCTION STRATEGY PAPER AND PARTICIPATORY PROCESS

The agenda for preparing the Poverty Reduction Strategy Paper includes the following four key phases:

- **Establishment of the institutional framework for overseeing the PRSP process;**
- **Preparations with respect to methodology and outreach;**
- **Drafting of the interim PRSP; and**
- **Preparation and drafting of the final PRSP.**

III.1 IMPLEMENTATION OF THE INSTITUTIONAL FRAMEWORK FOR OVERSEEING THE PRSP PROCESS

Following its participation in the January 2000 summit of heads of state held in Libreville, Gabon, the March 2000 conference of ministers responsible for finance and planning held in Abidjan, and the first forum for technical experts held in June 2000 in Yamoussoukro, Côte d'Ivoire, the Ivoirien authorities established in July 2000 a National Consultative Committee endowed with a technical body known as the PRSP Supervision Committee. These two committees include representatives from the public sector, private sector, and civil society, with the aim of involving all partners in the process (see copies of the relevant decrees appended).

III.2. IDENTIFICATION, OUTREACH, AND CAPACITY BUILDING FOR PARTNERS IN THE PROCESS

This stage involves identifying the participants in and beneficiaries of the process, increasing their awareness on the basis of the various types of groups thus established, and developing all the tools and instruments to identify the aspirations and needs of the people.

To reflect more effectively the concerns of the various sectors of society, these sectors were broken down into uniform groups, i.e., government, projects and funds, rural transactors, private sector, civil society including nongovernmental organizations (NGOs), elected officials and political parties, security and defense forces, development partners, and non-organized groups.

The PRSP Supervision Committee next selected and developed methodological tools to identify and register the aspirations and needs of the people, and to increase their awareness in this connection. To that end, the PRSP Supervision Committee initiated the following major activities:

- The first information meeting of the PRSP Supervision Committee, open to the general public, was held on September 14, 2001 at the SCIAM Building, 20th floor. The conclusions of this meeting led to a consensus-based adoption of the key stages of the PRSP process.
- The national launch workshop on May 28-29, 2001 in Abidjan, chaired effectively by the Prime Minister, which included approximately 120 participants representing the 10 uniform groups, with the aim of reaching an agreement on the concept of poverty and the major principles of the participatory approach.
- Meeting of the Prime Minister with regional prefects on the PRSP process during the workshop of steering committees of regional rural development funds (FRAR) and the urban development investment fund (FIAU) on June 30, 2001 in Bouaké;
- Ten regional consultations throughout the country during July 19-31, 2001 with support from the United National Development Program, which have encompassed nearly 1,000 persons belonging to groups similar to those of the national launch workshop—to define the concept of poverty as well as to propose a minimum package of activities to fight poverty during the interim period, and to share the suggested participatory approach with them;
- Technical workshop, November 16 and 17, 2001 at the West African investment institute, Grand-Bassam, with support from the International Labour Organization (ILO), which brought together hundreds of participants from the labor sector to ensure that their concerns are more accurately reflected in the PRSP; and
- Technical workshop held on November 30 and December 1 at IIAO, Grand-Bassam, with support from ILO, which served as a forum for hundreds of NGOs to ensure that their concerns are addressed in the PRSP process.

The PRSP Supervision Committee also met with several partners and participants in poverty reduction activities, for example: the second African forum on the PRSP process (Dakar, September 10-13, 2001); African workshop on poverty reduction strategies (Abidjan, April 30-May 4, 2001); African workshop on reflecting the rural development dimension in the PRSP (Abidjan, October 29-31, 2001); the international conference on the assessment of the PRSP process in Washington January 14-17, 2002 etc.

These meetings involve the use of many methodological tools (for example, focus group techniques, brainstorming, consultations, interpersonal communications, exchange of documents, the media, etc.).

III.3. PREPARATION OF THE INTERIM PRSP

Before beginning to prepare the Interim Poverty Reduction Strategy Paper, the PRSP Supervision Committee submitted a draft plan for writing the paper to the domestic and international partners, in order to collect comments and suggestions in July 2001.

A drafting committee, including representatives from government, private sector, and civil society, was established in August 2001.

This committee used the results from the national and regional workshops, policy papers, and sector programs in progress such as the national health development program (PNDS), national development plan for the education and training sector (PNDEF), PNP, PNAE, PNE, etc., studies and results from various surveys such as the general census on population and housing (RGPH 98), MICS 2000 survey, ENV 98, and EDS 98-99; the report from the “Refoundation” workshop in November 2000, aides-mémoires from recent missions of the IMF, World Bank, European Union, and African Development Bank; Staff Monitored Program, bilateral cooperation programs with Germany, Belgium, Canada, Spain, France, Japan, etc.

Two Ivoirien consultants were appointed with support from UNDP to carry out specific tasks—one involving a diagnostic assessment of poverty and the other involving preparation of the methodological guide for the participatory approach and a compilation summarizing the aspirations expressed by the people.

On October 15, 2001, the first Interim PRSP (version 1B) was submitted to the Ivoirien and international partners. Comments from the international partners were collected during the IMF and World Bank missions in November 2001. A second version (1C) followed by a new 1C version were then circulated to all domestic and international partners in December 2001 and January 2002. The President of the National Assembly and the president of the Economic and Social Council were sent a copy in order to obtain their view and observations.

On January 15-16, 2002, following the release of the second version of the I-PRSP (1C and new 1C or 1D), a dialogue and exchanges took place with the administration (ministries), the civil society (NGO, associations, trade unions), private sector (professional organizations), and development partners.

The present interim paper is the best possible reflection of the comments of all Ivoirien and international partners, using a tradeoff approach and while being aware of what is expected from the I-PRSP in the prospects for the final PRSP. A national workshop to validate the paper will be organized in February 2002, under the auspices of the National Consultative Committee on the DRSP.

III.4. PREPARATION AND DRAFTING OF THE FINAL PRSP

The formulation of the final PRSP is scheduled for July 2002. It will answer the questions flagged in the interim PRSP, including:

- what is the state of poverty with the impact of the military transition and its effect on the fall in GDP per capita in 2000?
- What are the pillars of a high, sustainable growth, which creates wealth and jobs, notably for the poor? What employment level?
- How to take the regional dimension, specificities, and priorities into account in accordance with the national strategies;
- How to reflect the decentralization process, notably the competency transfer and the pace of the process?

- how to integrate the gender dimension?
- what place should the civil society be given?
- What are the indicators for monitoring, assessment (input/output) and impact measure that should be selected to gauge the accomplished efforts?

The main identified activities are:

- **surveys and studies;**
- **setting up of a database and indicators;**
- **exploitation of the results from the regional workshops;**
- **thematic discussions and deepening of sectoral strategies;**
- **technical and institutional capacity building;**
- **strengthening of the participatory approach;**
- **preparation and implementation of a communication strategy;**
- **drafting of the final PRSP;**
- **discussions on the document;**
- **validation of the final PRSP;**
- **monitoring and assessment.**

III.4.1. Surveys and studies

1. **Survey on Households' Living Conditions:** To update the information on the poverty profile and reflect the aspirations of the people, a new survey on household living conditions was initiated in October 2001 by the National Institute of Statistics. The survey will help appraise the regional disparities and will be complemented by a qualitative survey. At a total cost of approximately CFAF 700 million, the financing gap for this operation is estimated at just under CFAF 375 million. This figure reflects US\$50,000 in support from the World Bank, US\$160,000 from UNDP, CFAF 100 million from the European Union, and CFAF 80 million from the Ivoirien government. A qualitative facet will be part of the survey, which needs to emphasize the regional specificities. The survey (including the exploitation) should be finalized by March 2002.

2. **Thorough studies:** With a view to ensuring the thorough analysis of poverty for the final PRSP, several sectors will be specifically studied:

- Determinants of growth (including infrastructure, growth and poverty);
- Gender and poverty;
- Transportation and poverty;
- Food security and poverty;
- Financial system and the poor's access to credit (including the decentralized financing system and poverty);
- Urban poverty and new poor;

- Childhood, adolescence, and poverty;
- Employment and poverty;
- Environment; forests and poverty.

Responsible: Supervision Committee/ Directorate-General of Planning, Cell of Fight against Poverty (these structures will have to prepare the TDR).

III.4.2. Poverty database and indicators

The preparation and the implementation of the PRSP request a significant volume of quantitative and qualitative information. It is therefore necessary to build **a database on poverty**. This database will be updated by several surveys and existing usual sources.

Responsible: Supervision Committee/ INS

Indicators of input, output, and **impact will be extracted from this database**. The verifiable indicators for the monitoring and performance of sectoral policies will allow the authorities to monitor and assess the efficient implementation of the PRSP. An overview table can then satisfactorily be updated.

Responsible: Supervision Committee/ DGP

In order to refine the quantitative objectives of programming and budgeting, the indicators for the monitoring and performance of sectoral policies, demo-socio-economic models will be developed within the coordination team of the DRSP with the support of the INS, the BNETD, the Directorate-General of Planning, and the Directorate-General of economy.

Responsible: Supervision Committee/ DGP

III.4.3. Exploitation of results from the regional workshops.

Ten (10) regional workshops were organized in July 2001. the results have not been sufficiently exploited for the I-PRSP. This will be done extensively in the final PRSP with the assessment questionnaires that were completed by the participants (about 1,120) on poverty perception and the participatory approach by uniform groups. The results will help highlight the regional specificities.

Responsible: Supervision Committee/ BNETD

III.4.4. Thematic discussions

The thematic discussions within the uniform groups on the framework for poverty reduction (CSRP) will be organized in February-March 2002. Their objectives are: (i) to deepen the study of the diagnosis and poverty reduction strategies, especially at the sectoral level in a medium and long term prospect; (ii) to lead to measures supplementary to those included in the I-PRSP; (iii) strengthen the participatory approach in the strategy formulation. The participants are the members of the uniform groups (including the international partners) and the sectoral ministries. The themes are:

- macroeconomic framework, public finance, debt and poverty;
- financial sector, credit system, savings policy and poverty;
- reform of the agricultural sector and poverty;
- water, energy, and poverty;
- transportation, infrastructure, and poverty;
- housing, cleaning up, environment and poverty;
- new information and telecommunication technologies and poverty;
- social security and poverty;
- employment, income and poverty;
- education, training and poverty;
- health and poverty;
- HIV/AIDS and poverty;
- women, young, handicapped people and poverty;
- administrative reform, decentralization and poverty;
- governance, capacity building and poverty;
- justice, security and poverty.

Responsible: Supervision Committee

III.4.5. Technical and institutional capacity building

The capacity building of the uniform groups (actors and beneficiaries) will be necessary to strengthen their participation in the process during all steps. The contribution from development partners will be expected and requested. Besides, it is necessary to strengthen the capacity of the Supervision Committee's members, namely the administration officials, the representatives of the private sector and the civil society, as well as the PRSP coordination team. This action will be extended to local representatives throughout 2002 and during the implementation phase (2002-04):

i) Institutional capacity building of the Coordination:

It first consists in strengthening the PRSP coordination team by the hiring of four full-time research managers:

- a research manager in macroeconomics and data analysis;
- a research manager in demography and social policy;
- a research manager in basic infrastructure;
- a research manager in communication and participatory approach.

The coordination will dispose of a secretariat with an assistant and an accounting assistant.

Responsible: Supervision Committee

ii) Strengthening of actors and beneficiaries (uniform groups) and Regions:

the technical capacities of the uniform groups will be strengthened, notably the civil society (including the NGO) for which a reorganization will be carried out by themselves given the difficulties that they are encountering. A text and a license system will be set up by the minister of interior and the minister of planning. Two strengthening domains are the

priorities: first, managing and organizational capacities, and second project programming and monitoring capacities. The professional organizations and the trade unions deserve capacity building with respect to strategy formulation, and capacities of monitoring and negotiations with the government. As regards the administration, the capacity building is needed at the level of the minister's offices management, organization, and efficient use of available human resources, as well as in the domain of preparation and monitoring of sectoral strategies. The elected representatives (parliament and mayors) and the members of the Economic and Social Council need capacity building with respect to strategy preparation, budget analysis and programming. Their views will be useful for the final PRSP.

In the framework of the decentralization and participatory process, the regional strategic frameworks will be discussed at regional workshops so as to integrate them to the national strategy framework. **It is important that local and regional committees for the PRSP process be set up.** An institutional and technical capacity building (preparation and implementation of regional strategies) is necessary for ten zones, of which five zones in 2002 and five zones in 2003.

Responsible: Supervision Committee and the Secretariat for Capacity Building

III.4.6. Participatory approach

According to the population, the participatory approach is perceived differently, namely:

- the association of the population with the project formulation and realization. A strong involvement of the NGO and the private sector is necessary;
- an involvement of the different partners in the project realization process, notably the involvement of the development mutual institutions, the involvement of the farmers in the implementation of programs, the women's' organizations and the NGOs;
- an involvement of the actors in the formulation and the realization of the programs with the support of the NGOs and the private sector;
- an involvement of the actors and the beneficiaries in the project and program management, in the participation of the population and the authorities in the monitoring and the control;
- an awareness of the responsibility of local actors through capacity building, notably the participation in the control in the field by joint committees;
- the setting up of regional and local committees for monitoring in which the different actors and beneficiaries participate.

Overall, the population agrees with the idea that the participatory approach implies an involvement in the formulation, the implementation, and the monitoring of programs. The population considers that it implies awareness by the local actors of the responsibility and capacity building. Actions will be taken toward the population and different national and international partners with a view to translating the participatory approach, which is constituted at two levels, namely central/national and regional/ local:

- validation of the I-PRSP (national conference under the auspice of the National Consultative Committee with the participation of all actors and beneficiaries);

- examination of the results of the regional workshops with the formulation of the regional strategies at the regional/local level (taking account of the regional and local needs and priorities);
- thematic discussions at the central level (with the participation of the uniform groups: administration, private sector, and civil society);
- validation of the final PRSP (national conference under the auspice of the National Consultative Committee with the participation of all actors and beneficiaries)

Responsible: Supervision Committee and the National Consultative Committee

III.4.7. Communication strategy

A communication strategy will be prepared and implemented. It consists in pursuing the awareness rising, in obtaining the adhesion of the population and in the strengthening of the participatory approach. This work will be prepared by the research manager in communication and participatory approach by March 2002. A research manager in communication and participatory approach will be recruited with a 12-month fixed term contract.

Responsible: Supervision Committee

III.4.8. Drafting of the final PRSP

A drafting committee stemming from the Supervision Committee will start drafting the final PRSP by May 2002. the drafting committee will include: the president of the Supervision Committee, the technical secretariat, a representative of the private sector, and a representative of the civil society. This work will take place between May and June 2002, with a first draft by July 30, 2002.

Responsible: Supervision Committee

III.4.9. Discussions of the document

The final PRSP will be examined by the national and international partners, as was the case for the I-PRSP. The members of the Supervision Committee, the national and international partners will be solicited for their observations. Some of them, which related to the I-PRSP, will be covered by the final PRSP. The document will be submitted to the regions (10 zones) for their contributions. Regional workshops for the validation will be organized in August 2002.

Responsible: Supervision Committee

III.4.10. Validation of the final PRSP.

following the different observations, the final PRSP will be validated by the National Consultative Committee, and then by the government, after a national workshop with the participation of regions and the different components of the population (uniform groups). The conference will take place in July 2002. The government will pronounce itself about the

PRSP after the validation conference. As soon as August 2002, the process of awareness-raising on the contents of the PRSP will be initiated.

Responsible: National Consultative Committee, Supervision Committee

III.4.11. Monitoring and assessment for the preparation of the PRSP

In accordance to its mandate, the Supervision committee is in charge of the monitoring, the assessment, and the preparation of the PRSP. The president of the committee calls a meeting every quarter and as often as necessary. The secretariat convokes the members, produces the advancement reports, and the meeting minutes. The committee gets the support of the directorate-general of planning and the directorate-general of Economy (direction of forecasts), the INS, the BNETD, and the BUNAP. The committee works with the representatives of the private sector and the civil society (professional organizations, trade unions, NGO, associations...). The committee prepares the agenda of the PRSP process and updates it regularly. A monthly meeting will take place with the ministers, the private sector, the civil society, and the development partners under the presidency of the Supervision Committee in order to discuss the PRSP advancement.

The National Consultative Committee meets twice a year. It met to validate the I-PRSP in January, and will meet to validate the final PRSP in July, and in 2003 for its implementation. The regional and local committees will be gradually set up and will ensure the monitoring of the PRSP process at the local and regional levels. In the framework of the consistency of the activities between the PRGF and the PRSP, a work program will be defined with the participation of the general secretariat for structural reforms and the PRSP Supervision Committee.

Responsible: National Consultative Committee, Supervision Committee

PART IV. MONITORING AND ASSESSMENT

IV.1. MONITORING AND ASSESSMENT

IV.1.1. Quantitative and qualitative monitoring

Monitoring of PRSP implementation requires access to a battery of relevant indicators that can be measured easily against the poverty reduction and growth strategies and objectives. Eleven sectors considered to be the core of the PRSP process will be monitored with particular care. The list of variables and indicators to be monitored, and to be collected, along with the stated periodicity, method of collection (data source) and party responsible for collection, are provided in an annex. INS is responsible for coordinating all statistics operations and preparing and monitoring the performance indicators. This information will be reflected in an appropriate statistical research program to be included in the final PRSP where every project will be assessed through specific progress indicators.

IV.1.2. Research methods

Information on the productive sector (real, monetary, and financial) to assess growth and its components, as well as on poverty, require the use of all available collection sources—such as the general census on population and housing (RGPH), household surveys, surveys of production activities, and other government sources—which are among the most complex.

Household surveys

Surveys on household living conditions (ECVM) will be conducted every five years, and the (small-scale) quantitative and qualitative monitoring survey will be conducted each year. INS will be responsible for this research. INS may conduct perception surveys to identify changes occurring in popular opinion with respect to poverty issues and the participatory approach.

Enterprise surveys

Surveys of production activities must be conducted to assess economic growth and its components. INS now conducts an industrial survey on a quarterly basis, to assess trends in industrial production. Other sectors such as agriculture can be covered with the survey now conducted by the Ministry of Agriculture and Animal Resources (MINAGRA). Côte d'Ivoire has little information on the food sector (food production and marketing systems).

The agricultural survey will remedy this deficiency. INS consumer price surveys are required to assess trends in price levels and their impact on people's access to the products in question. Employment and income surveys will be required as there is insufficient coverage in this area. The agency for the study and promotion of employment (AGEPE) and INS should conduct this type of survey jointly—particularly on the informal sector. Such an approach would enhance monitoring of that sector as well as of unemployment and underemployment. INS is preparing a 1.2.3 survey (three-round survey) on the informal sector with support from the Economic and Statistical Observatory of sub-Saharan Africa (AFRISTAT). The survey is being conducted in the other WAEMU countries.

Other data sources

The table of central government financial operations (TOFE) is produced by the forecasting authorities [*la Prévision*]. INS is responsible for producing the national accounts and for the balance sheet reporting center [*centrale des bilans*]. BNETD and the Côte d'Ivoire investment promotion center (CEPICI) will provide regular quarterly information on public and private investment. The chambers of commerce and industry and the trade associations should keep registers of current members. The Central Bank of West African States produces the balance of payments and monetary survey. The Directorate-General of Planning, with preparation and execution of the public investment program (PIP) and the budget (budget law, including the monthly commitment statement), is a source of first-rate public finance and economic information. The public treasury regularly produces the cash position, which reflects public expenditure settlement activities. Large-scale surveys are used to study the efforts of each ministerial department.

IV.2. INSTITUTIONAL FRAMEWORK

IV.2.1. Current institutional framework for supervision and consultation

In July 2000, the government implemented an institutional framework for supervision and consultation, which it confirmed in February 2001 (see annex):

- **The National PRSP Consultative Committee** (Decree 54/PM of July 25, 2000, subsequently confirmed with Decree 36/PM of February 27, 2001) is responsible for: (i) examining and validating the PRSP agenda and project prior to its adoption by the government; (ii) ensuring that the participatory approach is duly reflected and that the process achieves national ownership; and (iii) monitoring periodic assessment of the process.
- **PRSP Supervision Committee** (Decree 55/PM of July 25, 2000, confirmed by Decree 35 PM of February 27, 2001); this committee is responsible for: (i) preparing the agenda for the PRSP process; (ii) supervising and coordinating the work on preparation, consultation, participation, and formulation of the PRSP.

IV.2.2. Future institutional framework for implementation

It is important for the government to implement a permanent institutional framework responsible for managing implementation of the PRSP process upon the adoption of the final PRSP. To avoid proliferation of structures and ensure that the poverty reduction strategy is implemented effectively, the present institutional framework for overseeing the PRSP process will be changed. The Supervision Committee will be replaced with a **permanent coordination unit** whose tasks will be in the following areas:

- Steering the PRSP process to completion;
- Programming and budget activities;
- Coordinating program execution;
- Monitoring strategies and measures;
- Monitoring performance and impact indicators;

- Conducting program assessments;
- Updating programs;
- Coordinating all of these tasks; and
- Providing the secretariat for the National Consultative Committee.

A PRSP coordinator will be appointed by the Prime Minister. This will be a full-time position ranking as advisor to the Prime Minister. The coordinator will be assisted by:

- A macroeconomic research and data analysis manager;
- A demographic and social policy research manager;
- A manager of research in communications and the participatory approach.

The coordinator will have a secretariat and accounting assistant.

A technical committee comprising includes:

- Representatives of government (Cabinet of the Prime Minister, Ministry of Planning and Development—Directorate-General of Planning), Ministry of Economy and Finance (Directorate-General of Economy, Directorate-General of Budget, Directorate-General of Treasury), ministry responsible for interior and decentralization (Directorate-General of Decentralization), Ministry of Justice, Ministry of Agriculture and Animal Resources, Ministry of Industry and Private Sector Promotion, Ministry of Commerce, Ministry of Economic Infrastructures, Ministry of transportation, Ministry of Public Service, Employment, and the Administrative Reform, National Education Ministry, Ministry of the Young, Employment and Professional Training, Ministry of Health, Ministry of Social Affairs and the Living Environment; ministry responsible for advancement of women, family and childhood, ministry responsible for fighting HIV/AIDS).
- the private sector;
- the civil society and;
- structures such as the national bureau of technical and development research (BNETD), INS, national bureau of population (BUNAP), and:
- the BCEAO.

Every ministry will have a PRSP correspondent in order to monitor the implementation of the PRSP in every ministerial department.

- **The decentralized and deconcentrated level (regional/local):** these structures will be decentralized and will work with the deconcentrated State structures with:
 - a Regional Consultative Committee chaired by the prefect of the region. The secretariat for this committee is provided by a regional coordinator, where regional activities are concerned.
 - Departmental consultative committees chaired by the departmental prefect, with a departmental coordinator.

- local consultative committees at the commune level chaired by the commune's mayor, with a local coordinator.

The development partners will require support to strengthen the Technical Committee and PRSP Coordination Unit with a view to strengthening the participatory approach and the national ownership both at the decentralized and central levels.

Links with the Secretariat for Structural Reforms (SRS): The SRS is in charge of leading the Economic and Financial Program agreed upon in the framework of the PRGF. In this regard, the SRS works closely with the PRSP Steering Committee with a view to ensuring the consistency and to managing the common links between the PRSP and the PRGF. In this respect, a common work program will be prepared and adopted in order to gain from the existing competencies in order to effectively carry out the PRSP process and the PRGF. Regular meetings will be organized between the two teams toward this goal.

The State intervention into the PRSP implementation at the decentralized and deconcentrated levels will be carried out according to the transfer of skills, which will be set up by the government. This is valid for all the sections that follow.

IV.2.2.1. Role of the various partners in the task of budgeting and programming for activities

Role of the central government

This function will be shared with the competent structures such as the Directorate-General of Planning and Directorate-General of Budget and Finance, which are members of the Supervision Committee and the Technical Committee intended to replace it.

Role of the private sector and civil society

Private projects will be prepared by the private sector and submitted to the Coordination Unit. Civil society steps forward to express the needs and aspirations of the people. Resources are provided by a number of NGOs, which will be involved in the exercise.

Role of the development partners

The development partners providing finance and technical support will be associated with the programming and budgeting process. The amount and origin of the resources are in fact required in the programming and budgeting process.

IV.2.2.2. Role of various partners in program execution

The program entails several components: human development, basic infrastructure, economic opportunities, women, and youth and promotion of the family. Several partners are involved in execution, i.e., central government, decentralized units of government, private sector, civil society, NGOs, the people themselves (mutual organizations, associations, villages, etc.), and development partners. Execution will, as a result, be the responsibility of the beneficiaries, under the oversight and supervision of the PRSP Coordination Unit.

Role of the central government

The ministries and decentralized local units of government are also executing agencies to carry out program measures included in the PIP and central government budget. They will play this role at the central, decentralized, or devolved levels. The central government does not intervene in private investment in connection with its divestiture policy. It is, however, establishing the regulatory framework and is responsible for its enforcement. The Coordination Unit is responsible for coordinating PRSP execution in cooperation with the Directorate-General of Planning and Economy.

Role of the private sector

With the divestiture of the central government and growth based on promotion of the private sector, this sector is required to execute key components of the program through private transactors and enterprises, and in particular, private investment at the central or decentralized level. Agricultural, rural, industrial, and service operators will become involved in the execution of their projects.

Civil society

Under the participatory approach, civil society will become increasingly involved in the execution of programs; in many instances, this will be achieved through NGOs, mutual organizations, and associations (women, youth, and various interest groups), unions, religious communities, etc., at both the grassroots and central levels.

Role of the development partners

In the context of their cooperation programs to be covered by the PRSP (which defines the priority strategic approaches), the development partners, in cooperation with the beneficiary population or structures (central government, private sector, civil society, or grassroots communities), will carry out the measures and activities identified in this connection. To that end, they will mainstream national ownership and promote sustainability through training and capacity-building for the beneficiaries. The PRSP Coordination Unit will be responsible for coordinating the development partners' activities under the PRSP. The Technical Committee will meet with the development partners from time to time.

IV.2.2.3. Monitoring of policies, strategies, and measures

Role of the central government

The central government will play its role at several levels:

Steering by the Consultative Committee and the Supervision Committee, which, based on periodic meetings and reports, will be responsible for monitoring program progress. Decentralized committees will be established at the departmental level, along the same lines as the National Committee, with the various local population segments. Several structures will be used **at the policy level**: the Directorate-General of Planning, to ensure that activities are consistent with the program and overall development activities; and the Directorate-

General of Economy for macroeconomic management and fiscal activities, particularly in the context of the PRSP.

Role of the private sector

As a set of economic operators, the private sector is required to serve as the contracting authority and to oversee specific projects and investments. The role of the private sector in monitoring and oversight will be strengthened through audits, in particular. The private sector will provide information to assess the results and impact of investments. Trade associations and chamber organizations will participate in the process of monitoring and assessment. Monitoring mechanisms will vary depending on the sector (economic or social).

Role of civil society

As part of its responsibility for implementing the activities, measures, and projects, civil society is required to participate in the monitoring process, and particularly, to oversee proper use and allocation of resources, efficacy of expenditure vis-à-vis beneficiaries, and the role of lobbying groups in ensuring more effective targeting of projects. Civil society must challenge the central government, economic transactors, and the population, on any slippage, and regarding the role and responsibility of the various participants, and good governance. It will provide monitoring reports, according to the national or local plan, as applicable. These activities will be coordinated by the PRSP Coordination Unit (at the central and local levels) in connection with monitoring activities. The press will play a major role through effective outreach, by disseminating the results and impacts of programs on poverty.

Role of the partners

The development partners must serve as technical and financial partners by becoming involved in monitoring, through participation in the relevant procedures and structures, in cooperation with the beneficiaries, the central government, and the national and local coordination units. They must verify the ultimate use and allocation of the resources that they inject into projects and use periodic audits to verify good governance. Indicators and benchmarks will be established by agreement of the parties.

IV.2.2.5. Monitoring of indicators

Role of the central government

Under the supervision of the Coordination Unit, this component will be piloted by INS, which will conduct surveys and prepare management indicators. BNETD, which is working on project execution, will be involved in monitoring physical performance indicators. **Project supervision, particularly in terms of physical execution**, will be overseen by BNETD. BNETD will be subject to a binding contractual obligation to supervise the projects before, during, and after their delivery on behalf of the central government, at the national and local levels.

Role of the private sector

The private sector will serve as a source of information on the indicators to supplement the information from the public sector. Trade organizations must develop their databases to optimize returns on their investments.

Role of civil society

In this case, civil society will play the same role as the private sector in providing information and analyzing the results and impacts of the activities and measures.

Role of the development partners

The development partners will be relied upon substantially to finance operations to collect qualitative and quantitative information on project execution and the poverty profile. Collection and analysis capacities will need to be enhanced.

IV.2.6. Program assessment will take place at several levels

Role of the central government

Self-assessment will be conducted by the Steering Committee (Consultative Committee and Supervision Committee/Technical Committee). The Directorate-General of Planning and Directorate-General of Economy will contribute to this effort in the context of economic and financial relationships with the development partners. External assessments will be conducted by independent firms.

Role of the private sector

As a stakeholder and beneficiary, the private sector will be involved in the assessment of activities and measures in connection with the projects in which it is involved. Audits and assessment missions will be encouraged in the field.

Role of civil society

As is true for monitoring, civil society will be an essential link in the process of program assessment, depending on the sector. Civil society may in fact assess the results and impacts vis-à-vis the population. The questions of good governance and the participatory approach will be studied in connection with the assessments.

Role of the development partners

The development partners may conduct periodic assessments, particularly to study the use of resources and the efficiency of their support operations.

IV.2.2.7. Program update

The Steering Committee (Consultative Committee and Supervision Committee) will be responsible for updating the program to reflect updates occurring at the decentralized level. As in the preparation of the PRSP, all partners will be involved in this effort.

ANNEXES

1. Statement of the government;
2. Regional characteristics;

ANNEX 1

Statement of the Prime Minister at the Official Start of Work on the Poverty Reduction Strategy Paper, May 28, 2001

Ministers;

Your Excellencies, the Ambassadors and heads of diplomatic missions;

Representatives of bilateral and multilateral development agencies;

General directors, central directors, and department heads;

Representatives of civil society, private sector, security and defense forces, traditional leaders, elected officials, and political parties;

Distinguished Guests;

Ladies and Gentlemen:

It is a pleasure and a source of pride for me to speak at this methodological workshop that addresses a subject that is both sensitive and a matter of concern: poverty and the participatory approach. First of all, I would like to welcome you to this workshop and thank you for your participation as the workshop is so well attended with distinguished participants. Your presence here this morning confirms what we all know—the importance that you attach to improving the well-being of our people and your profound interest in the ways and means to support and enhance the fight against poverty. Your presence here also shows that the fight against poverty is not a concern of the government alone, but also for all sectors of Ivoirien society and the international community.

* * *

While the workshop that brings us together this morning is, of course, the first of its kind in connection with the process of preparing the national poverty reduction strategy, it is fully consistent with the methodological approach advocated in November 2000 by the Government of the Second Republic at the time of the workshop on Côte d'Ivoire's cultural, political, economic, and social Refoundation.

What, then, is the Refoundation? How it is connected with today's meeting? The Refoundation of Côte d'Ivoire, on which President Laurent Gbagbo is building his current policy, specifically aims to achieve a participatory, methodical process of national reconstruction. It seeks to mobilize the people with a focus on sustainable human development, taking due account of the failures and insufficiencies—as well as the successes—of the past. It therefore represents an historical awareness, a process of study, situational analysis, and continuous questioning.

With a handful of exceptions, the November 2000 workshop indicated a convergence between President Gbagbo's program and the conclusions and recommendations generated by the participants. In other words, a broad consensus was identified in connection with the project for the Refoundation of Côte d'Ivoire, which aims to achieve a significant reduction in poverty, which is considered the enemy of democracy and the negation of human dignity. While it may be unassuming in appearance, the word

“poverty” embodies a multitude of personal, family, and community tragedies that are indisputably the cause of all kinds of suffering and humiliation—for people elsewhere in the world, as well as within our own society.

Throughout the world, more than 1,200 billion human beings live on less than US\$1 per day, and 1,600 billion live on less than US\$2 per day. In Côte d’Ivoire, more than one third of the population lives below the poverty line (CFAF 162,800 per year, per capita in 1998). This situation has clearly been aggravated by the difficulties that have occurred between 1998 and 2001. As the existence of wealth must be viewed in relation to humanity, we believe that the fight against poverty is a noble cause that is uniquely valuable as a liberating challenge to be confronted head-on. Poverty is not inevitable—it is a multidimensional phenomenon whose effective eradication requires a commitment from all sectors of society—hence the participatory nature of this effort.

Accordingly, we do not view the participatory approach associated with this effort as an exercise in administrative posturing. It is instead a democratic effort to transform the objectives of this fight into operational measures for social Refoundation. This approach is a practical example of an appropriate method of government. According to the instructions of the President of the Republic, we should work in a spirit of transparency, openness, and efficiency. The principles of transparency and good governance now demand the use of social statistics, participation at all stages as well as ownership—by stakeholders—in the process of implementing public development activities.

* * *

Poverty is complex and extremely difficult to characterize on account of its inextricably linked cultural, physiological, economic, and sociological dimensions. Addressing poverty therefore requires a comprehensive approach that encompasses all of these dimensions. On this basis, during this workshop, I would like you to bear in mind, above all, that poverty can exist where it is least suspected; that close links exist between education and poverty; between health and poverty; between gender issues and poverty; between economic activity and poverty; between birth rate and poverty, between social status and poverty; just as there is a link between the environment and poverty. It therefore behooves us to identify the objectives and the main thrust of the fight against poverty, and to make commitments through national cooperation to reduce the phenomenon of poverty in Cote d’Ivoire.

In carrying out this national strategy to tackle poverty, there will clearly be obstacles to address, particularly the growth in the HIV/AIDS epidemic associated with the deterioration of the social and family environment. In the area of fighting poverty, progress made elsewhere in the world suggests that there is cause for hope. For example, China succeeded in curtailing poverty by reducing its poor population from 360 million in 1990 to 210 million in 1998. Virtually all Mauritians now have access to sanitation services; 98 percent have drinking water; and 97 percent of births are attended by qualified health workers. To the extent that poverty is not inevitable, as we have emphasized above, it is not unrealistic to hope that, through the participatory approach (which, has proven its worth elsewhere), Côte d’Ivoire will achieve a better world, free of this poverty and the suffering that this entails. I would now like to call upon the participants to make relevant proposals, based on a thorough situational analysis, intended to guide the work of the committee responsible for drafting the methodological guide.

* * *

The fight against poverty is a priority concern of the government, and the culmination of the process that begins today will be the adoption, in the near future, of a national poverty reduction strategy to serve as a frame of reference for the work of our development partners. This frame of reference will serve as the basis of the Poverty Reduction Strategy Paper (PRSP) to be presented to the Bretton Woods institutions to enable Côte d'Ivoire to benefit from external debt relief. As you will note, the stakes are vital for our country, which is now confronted with the burden of its external debt as the major obstacle to its Refoundation effort. For this reason, we issued two decrees establishing, on February 27, 2001, the PRSP National Consultative Committee and the PRSP Supervision Committee—structures that will be responsible for guiding the process through to completion.

* * *

Last but not least, to enhance the efficiency of our actions, we must advocate the fight against poverty at all levels of society, and establish more productive partnerships between the stakeholders that our strategy involves. I firmly hope that the participants present here, by contributing their expertise, will identify the paths to be followed to gain a clearer understanding of poverty and to facilitate the adoption of an approach well-suited to the participants in the process, in order to achieve a permanent reduction in poverty as quickly as possible.

Thank you.

ANNEX 2

REGIONAL CHARACTERISTICS

The following information reflects the priorities and regional characteristics expressed by the people themselves during regional consultations held by the PRSP Supervisory Committee on July 19-31, 2001 in ten regions covering the entire country. This information will be used extensively in the final PRSP. For now, the information provides an indication of the diversity of regional situations and localities that will be important for the construction of regional development programs in the context of decentralization.

Issues concerning human resource development and capacity building (health, education, employment), promotion of the private sector and rural development, access to social services and basic infrastructure (water, electrification, roads, etc.), good governance and decentralization, and the role of the traditional chieftaincy were noted as priorities throughout the country. The people expressed their earnest desire to participate in the development process (design, execution, monitoring, and evaluation).

II.5.1. The workshop of July 19-20, 2001 in ODIENNE brought together representatives of the departments of TOUBA, SEGUELA, MANKONO, and ODIENNE.

The people requested that the authorities ensure food security by controlling transhumance from Mali, develop fishing and shallow-water farming by building dams and through lower-cost access to the inputs for new speculative crops (cashew nuts, mango trees, green beans, solo papaya, soy, and corn). They also want the livestock farming strategy to be shifted away from traditional extensive production and into intensive professional operations so as to increase the quantity of milk and meat, and they called for a reappraisal of the framework for diamond operations in the Séguéla region.

The unpaved roads linking Odienné-Mali, Odienné-Guinea, and Odienné-Boundiali remain a source of significant frustration for these people, who demand that the situation be remedied. Corridor construction in border localities will help ease the flow and safety of individuals and goods.

II.5.2. The workshop of July 19-20, 2001 in BONDOUKOU brought together representatives of the departments of BOUNA, TANDA, and BONDOUKOU.

In this region, school enrollment ratios are low as many parents refuse to enroll their children in school because of the demands of fieldwork and for religious reasons. This has led to an increase in the number of illiterate persons, creating an impediment to development in the area. Consequently, the people are requesting regulations concerning those who refuse to enroll their children in school, and are encouraging the government to study the possibility of creating links between Franco-Arab education and general education so as to combat rural drift to large cities, particularly by girls as housekeepers.

The people also targeted: (i) border security by creating official openings in the control centers (corridor construction) and building teak or barbed-wire barriers; (ii) revitalization of the Sérébou BAC to open up the area and give the region access to the Bouaké wholesale market; (iii) combating brush fires; and (iv) developing the tourist sites of Soko, Bohoré, Sapia, and Sorobango.

The people also noted that building dams and irrigating low-lying fields for off-season crops could offset the lack of activity following the cashew nut and yam seasons.

II.5.3. The workshop of July 19-20, 2001 in KORHOGO brought together representatives of the departments of FERKESSEDOUGOU, BOUNDIALI, TENGRELLA, and KORHOGO.

Frequent conflicts between stockbreeders and farmers in the north of the country necessitate government action to regulate the movement of animals, to prevent animal losses and losses of farm production and human lives. At the same time, the people want a livestock market to be established in major cities, modernization of pastureland production, and the establishment of commercial milk production facilities. Maintenance of the cotton roads is a major concern for the population, to facilitate the flow of the region's cash crop. Border security is also a concern, and the people noted that security officers lack the necessary equipment. People feel that the area has been underserved with respect to social overhead capital (education, health, sanitation, water, and electricity), and they are demanding that the situation be remedied.

II.5.4. The workshop of July 23-24, 2001 in BOUAKE brought together representatives of the departments of BAHIAKRO, DABAKALA, BEOUMI, KATIOLA, SAKASSOU, and BOUAKE.

People in these localities want to transform agricultural production by moving from traditional modes to mechanization to improve crop yields. To that end, they are requesting assistance for farmers during this process. However, they also noted the need to combat brush fires, which if nothing were done, would wipe out all the advances made in this area. They want to develop the region's industrial complex in light of its vast potential in the areas of crafts and traditional textile production, in order to develop current low-density commercial systems. Many of the region's villages and rural areas still lack access to drinking water, and the people are requesting additional village pumping equipment in these localities.

II.5.5. The workshop of July 23-24, 2001 in MAN brought together representatives of the departments of BIANKOUMA, DANANE, BANGOLO, GUIGLO, TOULEPLEU, DUEKOUÉ, and MAN.

According to the people living in this rugged region, the subsoil is quite rich in comparison with that of neighboring Guinea, and they are requesting that the government make full use of the mining potential of the region and engage in reforestation of the mountainsides. Given the isolation of certain localities in the area, the people are requesting that new roads be built and that the existing road be maintained. Security has been of increasing concern in light of the massive presence of refugees for many years, and the people strongly advocate the construction of corridors to border posts. They also want facilities to be built for processing local products, so as to offer employment opportunities to the area's youth. Implementation of the Rural Land Use Code is a priority concern in the region.

II.5.6. The workshop of July 26-27, 2001 in YAMO USSOUKRO brought together representatives of the departments of DAOUKRO, TIEBISSOU, TOUMODI, DIMBOKRO, BONGOUANOU, BOCANDA, and YAMO USSOUKRO.

The people have requested that existing railway stations in the area be reopened to facilitate the flow of agricultural products to the wholesale markets to be established in Yamoussoukro and Dimbokro. They also place priority on the development of livestock farming in the area, and the creation of production facilities for milk and dairy products in Toumodi. Agricultural production will be diversified to include palms and vegetable crops, through the use of lowlands that have not been developed previously. The region will be able to initiate its development plans through efforts to provide access to loans, develop cooperative groups, and create industrial processing facilities for local products.

II.5.7. The workshop of July 26-27, 2001 in ABENGOUROU brought together representatives of the departments of AGNIBILEKRO and ABENGOUROU.

Rural drift has deeply affected this area, which supplies a large number of housekeepers in homes in large cities. Consequently, the people are requesting a vigorous functional literacy program, a broad-based campaign to raise awareness concerning HIV/AIDS, and a strengthening of efforts by rural supervisory projects to offer farmers new farming techniques and agricultural management systems. The people also want irrigation systems to be developed so that lowlands may be placed into production to reduce the deleterious effects of inadequate food production, and they are calling for the construction of processing and canning facilities for manioc, tomatoes, soy, and corn. They recommend that the Abengourou-Bettié-Aboisso route be paved, and that a firefighting brigade be established.

II.5.8. The workshop of July 26-27, 2001 in DALOA brought together representatives of the departments of VAVOUA, ISSIA, GAGNOA, OUME, BOUAFLE, ZENOULA, SINFRA, and DALOA.

The departments in this region face difficulties in obtaining supplies of high-quality water. Consequently, the people are requesting that the government perform an in-depth study of the issue and of potential long-term solutions. Agricultural production in the area is high, and the farmers are requesting that product storage warehouses be built and rural roads be improved to minimize losses. To improve the caliber of the agricultural labor force, they also suggest creating professional training centers, improving the conditions for access to microloans, and creating a wholesale market in major cities. The issue of land tenure security was raised as a priority, along with pressure on forests.

II.5.9. The workshop of July 30-31, 2001 in GRAND BASSAM brought together representatives of the departments of DABOU, AGBOVILLE, ADZOPE, ALEPE, ABIDJAN, GRAND LAHOU, JACQUEVILLE, TIASSALE, DIVO, LAKOTA, ABOISSO, ADIAKE, and GRAND BASSAM.

Most of the population in this region lives along the shores of the ocean, lagoons, or the mouths of rivers that cross the country from north to south. Consequently they are justified in their complaints concerning the silting-up and closure of the river mouths at Grand-Lahou, Adiaké, and Grand-Bassam. This situation reduces the number of fish in the lagoons, a severe blow to the fishing industry, which is the main livelihood for these people. They are requesting that the government study an alternative solution or a subsidy to allow the development of lagoon fisheries and shrimp farming. They are also requesting the reopening of processing plants closed during the economic crisis and/or because of poor management, such as IVOIRO-NOUVELLE SIACA (Bonoua), SCAF (Bassam), and UNICAFE and the large sawmill (Aboisso).

II.5.10. The workshop of July 30-31, 2001 in SAN PEDRO brought together representatives from the departments of TABOU, SASSANDRA, SOUBRE, and SAN PEDRO.

The people of this region feel that they have not shared in the benefits accruing from private investment. Consequently they are recommending that an investment code be devised for rural areas, taking this situation into consideration. In their quest for better living conditions, the people propose: (i) an

expansion of activity at the port of San Pedro by building additional infrastructure for imports and exports; (ii) improvement of coastal bays with a view to developing tourism; and (iii) equipping security and defense forces to fight organized crime. Finally, they are requesting that certain forest areas be removed from designated status to the benefit of farmers, and they seek financing support for farmers by means of microprojects in order to develop agriculture, livestock farming, and fish farming. The issue of land tenure security in this forest region was raised as a priority, in light of the frequent conflicts that arise in this regard.