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9. ABSTRACT

Since 1971, the Office of Housing of AID has been conducting preinvestment surveys in countries where housing investment guaranty programs are anticipated in order to provide the background and framework for its intervention. These surveys are, in fact, increasingly sophisticated analyses of the shelter sector of each country. Each report is intended to provide the Office of Housing with the information necessary to enable it to answer three primary questions about a specific country:

- What is the country's capacity to undertake a large-scale housing program?
- What is the effective demand for housing at a given price level?
- What is the country's capacity to repay a foreign loan?

To paraphrase the introduction to the scope of work for a recent survey, its objectives are to determine the need for housing at all socio-economic levels of society, to determine the ability of each socio-economic group to pay for housing; to assess the capabilities of the Government to plan and manage large scale housing programs and projects; to analyze the impact of large scale foreign borrowing on the country's economy and its ability to repay; and to assess the ability of the country to absorb large sums of money into the shelter sector industries.
These objectives have been realized with varying degrees of success. Some of the more recent surveys, in particular, provide broad panaromas of the country housing sectors. Some of the earlier ones are more limited in scope and cover only a part of the sector.
These reports provide valuable orientation for anyone becoming involved in housing sector in one of these countries. They should also be useful for comparative studies of housing programs and policies on a regional or world-wide basis.

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Office of Housing
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Ivory Coast
Shelter Sector Analysis

August 1975

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Ivory Coast Shelter Sector Analysis - Albert Votaw and David Leibson
August 1975 - 242 p.

The study analyzes the housing sector in the Ivory Coast economy and makes recommendations for modifications in government policies and institutions in this sector. Areas covered in the study include the role of the government in the housing sector, the organization and function of housing finance institutions, the construction industry and the nature of the housing supply situation, income and effective housing demand.

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I. Findings and Recommendations

A. Findings

The Ivory Coast, a tropical francophone West African country with a population of almost 6.5 million, has been one of the most stable and prosperous countries in the region. Economic expansion has been based on a varied export agriculture and on the transformation of agricultural products. The recent direction of Ivorian development policy has been towards increasing agricultural incomes and promoting up-country labor-intensive activities in order to reduce somewhat regional and rural-urban income differentials and to strengthen the domestic market for the output of local industries.

GOIC housing policy has been fairly consistent over the last two development plans. The role of government has been to provide planning and urban infrastructure. Recently, too, GOIC has begun to provide interest-rate and infrastructure subsidies for low-income rental housing projects. Construction of the housing itself was to be financed from household savings and from loans contracted by the various para-statal housing agencies.

The 1971-75 Development Plan identified the following specific objectives:

1) Development of satellite towns, industrial parks and the transportation infrastructure in the Abidjan and Bouake regions.

2) Massive investment in the new port city of San Pedro, development focus for the south-west region.

3) Development of other regional poles in the west, south-center and north.

GOIC direct investment in urban infrastructure was to represent about 10% of the public investment. Development investment in all was to total 22% of GDP, of which housing was to represent 14% of total investment and 3% of GDP.

While over-all expenditures have generally followed planned projections, Abidjan and San Pedro have absorbed most of these, and little planning has been done for alternate development poles.

Shelter sector activities are under the general supervision of the Ministry of Construction and Town Planning (MCU). However, implementation is generally entrusted to a number of specialized para-statal authorities, which enjoy financial autonomy, including:

1. OSHE: the Office for the Support of Economic Housing, which is funded by special taxes and is designed to finance infra-structure and to roll-over shorter term credits.

2. SICOGI: the national housing authority, whose origins go back to 1952, and which has constructed more than 23,500 dwelling units.

3. SOGEFIHA: the national housing finance company, organized in 1964 to administer non-French off-shore housing loans (U.S., Israeli, Norwegian, Lebanese, Eurodollar), and which has financed construction of 16,000 units of urban and 5,400 units of rural housing.

SOGEFIHA has been the administrator of the 1965 $1.3 million PL-480 rural housing loan, the 1967 Fairmont HG program (681-HG-001) and the borrower of the present $10 million program (681-HG-002).

4. SETU, a state corporation organized to construct infrastructure for industrial and residential developments and to sell or lease the developed land.

5. C.C.I., the Ivory Coast Credit bank, which has a substantial mortgage loan program and which also makes short-term construction materials loans.

6. The BNEC, a new national savings and housing bank organized in 1975.

Among them, these institutions offer a wide range of potential solutions and interventions into the shelter sector; and with a recent emphasis on low-income housing have begun to make an impact on the provision of housing in Abidjan that can be afforded by those earning only the minimum wage.

From 1963-1973, the number of middle- and low-income public housing units increased from 7,000 units, representing 11% of the housing stock, to 23,750 units representing 16% of the housing stock, thereby more than keeping pace with population growth - no small achievement.

Despite this, urban housing needs still outrun supply, and the number of housing units in illegal squatter developments more than doubled over the same period (from 16,000 to 39,670 units) while remaining proportionately at one-quarter of the total housing stock.

Housing conditions in Abidjan are still adversely affected by the absence of utilities: only 37% of the units have running water, 25% have a bathroom/shower, 30% have individual sanitary facilities, and 53% have electricity. Conditions in urban centers up-country are less favorable.

Urban population is expected to more than double during the '70s, from 1,390,000 in 1970 (30% of the country's total population) to 3,040,000 in 1980 (40% of total population). Abidjan, which has experienced an annual growth rate of 11.5%, is expected to grow from 550,000 in 1970 (39% of urban population, 11% of national) to 1.6 million in 1980 (52.6% urban, 21.1% of national). Current projections envisage that the Ivory Coast will be 45% urban by 1985, with the population of Abidjan reaching from 1.9 to 2.4 million persons.

Urban population growth is caused both by natural increase (2.5% per year) and by migration, both from rural to urban and from other countries to the Ivory Coast, which has served as a development pole for a hinterland containing 20-25 million persons.

Housing needs for Abidjan for the period 1975-80 probably aggregate 23,000 units a year, plus provision of 4,000 units a year for rehousing squatters. Approximately 14,500 units are estimated to be needed in up-country urban centers, exclusive of San Pedro.

Officially-sponsored housing starts in Abidjan totaled 8,500 and 8,900 in 1973 and 74, a very respectable total but still less than need. Construction in up-country urban centers exclusive of San Pedro totaled 2,300 in 1973 and 400 in 1974, with 1700 scheduled for 1975.

GOIC has developed two approaches to the provision of lower-income housing:

1) "super-economic" rental units produced by SICOGI at rentals of about CFAF 4,000 a month for the smallest containing a 29m2 room (large enough to be subdivided), private sanitary facilities and individual courtyard.

2) an experimental sites and service program on which lots of from 125-150 m2 can be leased for 20 years at CFAF 1500 - 2000 a month.

The economic rental units can be afforded by those at the minimum wage level of CFAF 16,000 a month. SICOGI expects the sites and services program to appeal to regularly employed workers at somewhat higher incomes, say CFAF 21-25,000.

According to a 1973/74 study of housing in Abidjan, half of the city's population pay no more than CFAF 5000 a month. (This may have risen somewhat, as private rents have a tendency to follow construction costs, which have continued to rise since the study was made). It is reasonable to assume a willingness to pay the same for a unit with water, sanitary facilities and private courtyard (the super-economic rental units) and more for a larger house which one will own (the sites and services program).

The 1973/74 housing study contained a questionnaire on monthly salaries which showed the median monthly salary to be about CFAF 25,000. This coincides with data from a 1970 national survey of wage earners. (Both studies have been updated to allow for subsequent increases in minimum wages).

On the other hand family income is higher, inasmuch as families have more than one wage-earner -- 1.53 according to the 1973/74 Abidjan study, 2,5 according to a 1971 study of a low-income neighborhood in Abidjan. The 1973/74 survey showed median household income in Abidjan to be CFAF 36,770 at the end of 1973, and this should be higher now as a result of the January, 1974, increase in minimum wages.

Given that minimum wages for unskilled workers in the private sector are CFAF 16,000 (minimum GOIC wages are higher: CFAF 25,600 plus a 15% housing allowance), and given the median household income data, it would appear that the provision of housing at a monthly range of from CFAF 4000 to 10,000 will permit servicing families with incomes of from CFAF 15,000 to 40,000, representing respectively 87% to, say, 45-50% of the urban population, including all of those employed full time.

Ivorian development planning appears content to maintain a growth rate of 6% per year net of inflation for the next few years (annual net GNP growth rate of 7 to 8% during the '60s and early '70s was one of the highest sustained rates for any African country). Growth in the medium term will be based on continued exploitation of basic agricultural resources and the presumption that export prices will remain overall strong.

GOIC has had to finance its developmental resource gap with substantial off-shore borrowing, and its national debt and debt-servicing obligations have increased as was to be expected when, as a result of its developmental progress, the grant and concessional proportion of foreign assistance decreased and the Ivory Coast became able to borrow on world capital markets.

Debt service as a ratio of export earnings was 5.7% at the end of the 1960s, rising to 8.7% in 1972/73. This is well within acceptable limits.

During the early 1970s, as a result of weakened export prices combined with stiffer borrowing terms, GOIC had to draw down on reserves in order to meet loan commitments. GOIC planners now say they will scale down developmental borrowing - or examine terms more closely - to avoid repeating this experience; and the 1975 development budget projects both a lower level of suppliers credits and a substantial increase in use of internal resources.

Assuming continued monitoring of loan terms, limitations on suppliers credits and with respect to off-shore housing loans a more careful correlation between external and internal loan amortization schedules, the Ivory Coast appears capable of sustaining development borrowing at its present level of about $130 million a year, and use of the HG resource, because of its term and untied nature, should be encouraged.

B. Recommendations

GOIC achievements in the Shelter Sector are very impressive, not only in Abidjan, where construction by para-statal housing agencies has more than kept pace with the population explosion, but also upcountry including both urban centers and rural areas. GOIC also has developed a battery of special purpose housing institutions to meet various felt needs as they have developed in the Shelter Sector. It is in no way to detract from Ivory Coast or to its achievements to state that we believe that a basic change in orientation is necessary for GOIC to realize their objectives.

Recommendation 1. In order to organize and plan financial activities in the Shelter Sector and to assure sound underwriting and management of its own resources, we believe GOIC should follow through on the proposal to establish the equivalent of a National Sinking Fund (C.A.A.) for the Sector, with sole responsibility to contract GOIC-guarantied loans and empowered legally and adequately staffed to serve as a spokesman and coordinator of GOIC-financial intervention in economic housing.

GOIC financial support has been an important component of its achievements, both directly through tax-supported funding and indirectly through the encouragement of para-statal institutions and the guaranty of suitable off-shore loans. However as recent developments have indicated, if GOIC is to be able to assume continued support of low-income programs, it must improve the financial managment of its own resources.

We believe this reorganization and coordination is necessary in order to permit cross subsidy in accordance with needs, to analyze off-shore loans in order to assure their compatibility with the intended projects and to minimize their drain on GOIC resources, and to provide careful management of GOIC's own resources to assure their optimum and regular use in accordance with policy objectives.

Recommendation 2. In connection with the above, we believe GOIC should restudy its whole commitment to subsidy in order to maximize the contribution by beneficiaries of shelter programs.

Recommendation 3. While the para-statal housing authorities will continue to make a significant contribution, we believe that private initiative will continue to provide the majority of housing produced and that GOIC should adopt measures to encourage and to channel this multiplicity of individual initiatives towards the production of acceptable middle and low income housing.

Despite the remarkable record of the housing authorities during the last 10 years, the private sector produced during the same period three times as many homes (exclusive of upper income and of squatter housing of non-permanent materials). However, for the private sector so to function, GOIC should direct its attention towards the elimination of a number of constraints.

Recommendation 4. The main thrust of GOIC policy and OSHE financing in Abidjan should be the development, to the greatest extent possible on a self-amortizing basis, of serviced sub-divisions suitable for home building by both housing agencies and private home builders.

There are two obvious corollaries to this formulation:

a) The first is that GOIC should recognize that, in terms of programs development and financing, SETU urbanization projects are likely to become more important than SICOGI housing projects and thus cannot be expected to be supported financially by the latter.

b) Secondly, it should become clear that "sites and services" represents a technique for providing shelter generally and is not to be reserved for low-income occupancy.

By private sector we include all income groups. We believe GOIC should encourage investment in housing by low and moderate income groups, which thus far have been excluded as a matter of policy from any role other than paying rent.

Recommendation 5. GOIC should particularly study ways of eliminating the legal, administrative and financing constraints that inhibit access to tenure by and the development of a private real estate market open to lower-income households.

Among these may be included regulations on minimum time and value of improvements and real estate transfer procedures and costs.

Serious attention also needs to be given to making adequate home financing available to low-and-moderate-income beneficiaries of serviced lots consonant with effective assurances that these loans will be repaid.

Recommendation 6. Recognizing that the growth of an Ivorian construction and home-building industry is a primary GOIC policy objective, we recommend that the para-statal housing authorities bid projects in lots suitable for response by small and medium-sized home builders, should provide management assistance and related services as required, and should program construction, particularly low-rise, with the purpose of providing a steady basic demand for the industry.

Maximum utilization of private initiative will also involve upgrading the private home building industry. A flourishing informal sector home building industry, its ability to produce modern construction, the development of entrepreneurship and the qualitative growth of artisanal "tacherons" into small and medium-sized modern contractors is an asset to the Ivorian economy perhaps unequalled elsewhere in sub-saharan Africa.

What we recommend, in summary, is a much more planned use of GOIC resources in order to apply them at points of maximum leverage.

<u>Recommendation 7</u>. <u>GOIC should establish by Decree and staff a Commission empowered to develop a comprehensive policy statement, and to review allocation of resources including but not limited to</u>:

a) <u>shelter conditions and realistic GOIC national objectives, including urban and rural housing</u>;

b) <u>delineation of the roles of GOIC, the para-statal agencies, and of the private sector</u>;

c) <u>identification of technical, legal and administrative constraints, and</u>

d) <u>a framework for financial planning</u>.

We believe action is required on the Presidential level to bring together the various Ministries involved. The policy statement will make possible coordination of the programming and budget process in order to provide a common basis for decision-making by both public and private sector and to define sufficiently the role of the very important para-statal organizations.

I. C. Country Background

The Republic of the Ivory Coast, located about midway along the Guinea Coast of West Africa, is a squarish-shaped country with an area of 124,500 square miles, about the size of New Mexico. Bounded by the ocean on the south, Liberia and Guinea on the west, Mali and Upper Volta on the north and Ghana on the east, it extends some 350 miles northward from latitude 4° North. Its climate is tropical. About 3% of its area lies along a thin coastal fringe of lagoons and swamps, about 42% is in tropical rain forest, and the northern 55% is forested savanna.

Population was estimated at 6.5 million in 1975, including about 1 million other Africans and more than 60,000 Europeans, primarily French. About 30% of the population lived in urban centers.

The country's inhabitants are divided into 60 ethnic groups, speaking as many dialects. French is the official language.

European penetration into what is now the Ivory Coast during the 17th and 18th centuries was incidental to the establishment of trading posts along the Gold Coast to the east, where better organized and wealthier political groupings existed and where harbor facilities were better. During the 19th century French exploration identified the future Ivory Coast as within that country's sphere of influence, and in 1893 it officially became a French colony, although the last resistance was not ended until 1915.

Ivory Coast was one of eight constituent members of the Federation of French West Africa, governed from Dakar. After the defection of Guinea it remained the richest member of the group and, with independence in 1960 and the breakup of the Federation, became the favorite object of French investment in the region. Economic development had been stimulated by the opening in 1951 of the Vridi canal, which made it possible for Abidjan to develop as a deep sea port; and continued under the moderate political leadership of its President, Felix Houphouet-Boigny, who represented Ivory Coast in the French National Assembly from 1946 to 1959, rising to ministerial rank for three years before assuming the Presidency upon independence.

The Ivory Coast constitution provides for a strong presidential form of government. The President is elected by direct universal sufferage for a five-year term (next election: November, 1975), as is the 100-man unicameral National Assembly. Cabinet members have been chosen from outside the Assembly; after the 1975 elections they must be elected Deputies. There is one political party.

Administratively the country is divided into 24 departments, ranging in population from 62,800 to 787,000, exclusive of the capital city of Abidjan, and 127 sub-prefectures.

The country's economy is primarily agricultural. Houphouet's political base was in the pre-independence African Agricultural Union; and the country's developmental policy has encouraged diversified agricultural production by planters for consumption and for export, as well as by government-sponsored corporations for export.

Mineral resources are slight, although there are good possibilities for exploitation of iron deposits located in the west.

A substantial industrialization effort also has taken place since Independence, initially for import substitution but more recently to process raw materials for export.

Major Ivorian exports include coffee (third largest world producer, largest African, with perhaps 50% of the country's population deriving a living in one way or another from its production, processing, transport and marketing); cocoa (fourth largest exporter); tropical woods (55-60% of all African exports); bananas, pineapples (world's fifth largest producer of both) and palm oil (a growth agro-business).

In 1973, 76.9% of the country's exports by value represented raw agricultural products, as against 11.7% semi-transformed products, and only 4.4% finished products.

Major trading partner is France, purchasing 26% of Ivory Coast exports, of which it is the N° 1 purchaser of almost all products except cocoa (Netherlands) and wood (Italy), and supplying about 40% of her imports in the last two years. Other Common Market countries (primarily Germany, Italy, and Netherlands, but also Belgium-Luxemburg and England) bought 33% of exports in 1973, but their percentaged increased to 40% in 1974 as a result of heavy Dutch cocoa purchases; the same countries provide about 20-22% of Ivory Coast imports, with Germany the third-ranking supplier. The U.S. dropped from fourth to fifth ranking customer from 1973 to 1974, although both its percentage (5.5% to 7.0%) and total value (CFAF 10.6 billion to CFAF 20.6 billion) increased. The U.S. share of the Ivorian import market is small (9% in 1973 and 6.85% in 1974), but it is still the largest share after France.

GDP increased 7 to 8% per year during the '60s net of inflation, and despite varying commodity price temporary downturns, this rate has continued through the '70s. Per capita GDP in 1974 was estimated at $600, one of the highest in Africa.

The Ivory Coast has been a major beneficiary of French bi-lateral assistance and of grants from the European Common Market group. Grants exclusive of technical assistance and various volonteer programs represented one-third to one-half of annual aid during the first six years of independence, but from 1967 on have averaged less than 10% of total aid. Substantial multi-lateral loans have been received from the Common Market Development Fund (FED), and the World Bank group, and Italy and West Germany have made substantial investments in development projects.

Ivory Coast Aid Programs By Major Donors: 1960-73

	CFAF Million	Percent
France	69,067	33.3
Italy	33,761	16.3
FED	33,676	16.3
IBRD	26,421	12.8
U.S.	18,893	9.1
W. Germany	7,182	3.5
Various	17,988	
Total	206,988	

Bilateral A.I.D. programs totaled $11.4 million during the '60s, and Ivory Coast will benefit from a part of recent authorizations totaling $15 million for the five-country Entente region.

Ivory Coast received a $2.1 million HG loan in 1967 and a $10 million HG loan in 1972. Other U.S. participation in the shelter sector included technical assistance to SOGEFIHA in connection with a $1 million in P.L. 480 funds for rural housing, and a short lived Peace Corps rural housing program.

EXIM Bank loan authorizations and guarantees have totaled $245 million, of which 40% went for two recently completed major development projects, Kossou Dam and a sugar refinery in the North; and OPIC guarantees total $35 million.

Accompanying economic development has been an increasing reliance on off-shore loans and private investment. GOIC was the first African country to borrow on the Eurodollar Market ($10 million in 1968, $21.5 million in 1971, and $46 million in 1973), and loans totaling CFAF 12 billion from this source were budgeted for development purposes in 1974 and 1975.

U.S. private investment, including 30 OPIC guaranties, totals an estimated $38.6 million, less than 9% of an estimated aggregate post-Independence off-shore private investment of $442.5 million.

II. Role of Government in Housing

A. Housing Policy and Development Planning

1. Housing Policy

GOIC housing policy is the responsibility of the Minister of Construction and Town Planning (MCU). His formulations, which have been published in several forms, deal primarily with the problem of housing in Abidjan, and may be resumed as follows.

For several years GOIC national housing policy has been directed towards the needs of the economically less well off. Its goals have included:

a) improve the environment, and particularly housing, in view of the rapid increase in living standards;

b) provide for urban population growth, and regulate urban expansion;

c) organize use of urban space, and

d) help check the rural exodus.

In the realization of these goals, GOIC housing policy has been characterized by:

a) the creation or strengthening of specialized housing institutions;

b) publicity campaigns;

c) provision to these housing institutions of special credits outside the regular investment budget;

d) anti-speculation measures; and

e) special regulations and interest subsidies for low-income projects.

Accomplishments, according to the Ministry have been substantial - construction of 21,000 economic housing units by the para-statal housing authorities and provision by GOIC of approximately 150 ha per year of urbanized building sites since 1968 - but have still lagged beyond need. Officially, GOIC estimates that the housing needs of Abidjan require construction of 14,000 units a year:

10,000 units for population growth

4,000 units to replace slums

Construction to meet these needs should be approximately as follows:

4,000 units	by individuals, not requiring public intervention.
6,000	by para-statal housing authorities and private developers for families who can pay from CFAF 5,000 to 15,000 per month.
4,000	by para-statal housing authorities with GOIC assistance in the form of low-interest loans, probably with relatively limited infrastructure, to rehouse slum dwellers.

These requirements have been escalated by various officials on the basis of more recent data. The number of housing units in Abidjan is expected to double during the 1976-80 Plan period, from 150,000 to 300,000 - representing a production of 30,000 a year. However, GOIC-financed housing construction in Abidjan is still estimated at 10,000 units a year (8,000 very economic and 2,000 economic), leaving the balance of 20,000 a year presumably to be provided by the ubiquitous and undefined "private sector."

GOIC must urbanize land for the required development of Abidjan through the following mechanisms:

- a newly organized corporation to Equip Urban Land (SETU), which will urbanize lots and sell them for private residential construction and industrial development. (SETU is to be self-supporting, and thus probably will not contribute greatly to social housing needs except where the infrastructure for workers housing can be financed jointly with that of an industrial park. There also has been some discussion of a contract savings program linking payment to SETU for land with a mortgage commitment from the Ivory Coast (Credit Bank.)

- a tax-funded office to provide infrastructure on land which then would be leased to housing authorities for low-income rental housing projects.

- so-called "reception centers" with minimal infrastructure for rural immigrants. Their ability to achieve a suitable housing unit through aided self-help will serve as a test, as it were, of their capacity for urban living.

Policy execution has been the responsibility of the various para-statal agencies, particularly the housing authorities.

The 1971-75 Development Plan

The Third Five Year Development Plan, in common with earlier plans, identified three basic areas of intervention in the housing and town planning Sector as follows:

a. Collective equipment, by which is included:

i) Municipal buildings and infrastructure (during the period in question to consist in Abidjan primarily of major traffic projects.)

ii) Water and sewage systems (a start only on a sanitary sewage system for Abidjan, the major work to be accomplished during the next plan period with the aid of a loan from IBRD).

iii) Electricity (at the charge of the state owned electric company, to be recuperated through fees).

b. Housing, including provision of infrastructure for low-income rental projects and some possible interest subsidies from GOIC, the investment in housing unit construction itself to be financed from outside the Budget by either household savings or loans to the para-statal housing agencies.

c. Regional planning, including:

i) for Abidjan, development of satellite towns, industrial parks, and transportation infrastructure.

ii) for Bouake, comparable actions.

iii) massive investment in the new port of San Pedro, which has grown to a population of 27,000, only 2,000 of whom live in official sub-divisions.

iv) initial development of three other regional poles in the west (Man, Daloa, Gagnoa), in the south-center coffee-cocoa belt (Dimbokro, Bongouanou), and in the north (Korhogo, Ferkéssédougou).

In this context San Pedro was to absorb the lion's share of programmed 1971/75 investment outside of Abidjan under the Plan. Serious planning for regional development centers has lagged.

Implementation of these basic developmental objectives is left to the several technical Ministries (Health, Construction and Town Planning, Public Works, Plan) or para-statal organizations (themselves under the jurisdiction of different ministries).

MinPlan itself has only marginal contact with MCU and the para-statal housing agencies. Coordination is to be achieved through the annual budgeting process, which up-dates Plan expenditures and legislates the investment program for the next three years, thereby providing a linkeage between the Plan and the GOIC special Investment Budget (BSIE); but the treatment of urbanization and housing in the budget process is summary.

The relative importance of housing within the generalized plan objectives is shown in the following Table.

Development Investment Forecasts for 1970/75 and 1976/80
(CFAF 000,000,000, 1968 Prices)

	1970/75			1976/80		
	Public	Private	Total	Public	Private	Total
Primary Sector	45	10	55	44	13	57
Industry-Artisanat	29	121	150	30	205	235
Construction, Public Works and Services	27	98	125	32	157	189
GOIC Administrative infrastructure	109	—	109	140	—	140
(of which urban housing related)	(20)		(20)			
Housing	—	66	66	—	101	101
(of which by Public agencies)	—	(25)	—	—	—	—
Totals	210	295	505	246	476	722

Development investment was to represent about 22% of GNP during each year of the decade, of which housing would represent 14% of total investments and slightly more than 3% of GDP. GOIC direct investment in urban infrastructure would represent about 10% of public investment.

(Actually the amounts and percentages should be somewhat higher, because GOIC expenditures on infrastructure for economic rental housing, about CFAF 1 billion in 1973 and 1.5 billion in 1974, are financed from special taxes outside the BSIE.)

In addition, should funds become available, GOIC planners envisioned continuation of the 10 to 15 year $2 billion Africa Riviera project for development of 28,000 housing units and a tourist complex on 4,000 ha. of land (equivalent to the urbanized area of Abidjan in 1970); and initiation of the so-called Triumphal Way, a north-south axis for the down-town area.

During the first three years of the Plan, GOIC investments in urban housing infrastructure totaled CFAF 10.1 billion, about 5% of total GOIC development investment during the period and about half of projected investment for the Plan period. The 1975 BSIE allocation represented 7.5% of investments. Because of the substantial increase in construction costs investments during the last two years are expected to bring the total to well over the total CFAF amount planned, presuming financing is available.

Most recent MinPlan projections of GOIC expenditures on urban infrastructure for the period 1976-80 in connection with the 1976 three-year budget programming exercise identify investments of CFAF 110 billion in Abidjan and CFAF 40 billion up-country, for a total of CFAF 150 billion, but further detail is lacking.

II. B. The Government as Entrepreneur

1) The Para-Statal Housing Agencies

Although GOIC does not undertake direct financial participation in housing construction, its influence is overwhelming as a result of the activities of its para-statal housing authorities: SICOGI, under the general supervision of the Ministry of Construction and Town Planning (MCU), and SOGEFIHA, under the supervision of the Ministry of Finance (MOF).

Both authorities are set up as financially autonomous, and must carry their overhead costs and repay their borrowings from their receipts, both rental and lease-purchase. SICOGI received substantial concessional financing: 30% of its resources came from the French aid fiduciary, the Caisse Centrale de Cooperation Economique (CCCE), and another 20% are loans from GOIC's tax-supported National Office to support economic housing (OSHE). Half of its financing is short-term, and this must be rolled over by its concessional funds.

SOGEFIHA was set up to administer non-CCCE off-shore housing loans. These have included U.S., Israeli, Norwegian, Lebanese, and French. With the exception of the HG program, these have been mostly medium-term (10-12 years) and usually tied in some fashion with a construction company or supplier or both. Lacking SICOGI's technical expertise and thus relying to a large extent on the abilities of the particular contractor-developer involved, SOGEFIHA has tended to produce more expensive units than SICOGI. A significant portion of its construction, as well, has been of apartments for use by expatriate technical assistance personnel.

Between them the two societies have under management almost 30,000 urban housing units, more than 80% located in Abidjan, and they currently produce between them about 5,000 units a year. A 1973 estimate indicated more than 20% of the population of Abidjan lived in publicly-sponsored housing.

A more thorough description of the two housing authorities will be found in Section III.E. Housing Institutions.

2) Construction Companies

GOIC also participates directly in construction projects of all sorts through its majority interest (55%) in SONITRA, a joint-venture with the Israeli contractor Soleh-Boneh organized under the general supervision of MCU [illegible] of the four or five largest construction companies in the Ivory Coast.

GOIC stated national policy is to encourage small and medium-sized Ivorian industries, and a natural beneficiary of this activity would be the many Ivorian home builders. Two major housing project contracts have been awarded Ivorian builders, one by SICOGI for 2,000 units and one by SOGEFIHA for the 578 low-rise units receiving HG financing at Abobo Gare. To do this it was necessary to bid the projects in lots small enough for small builders; to provide some form of project management either by contract or from a large expatriate contractor on the site; and, in the case of Abobo Gare, to arrange for performance bonds.

In general, though, GOIC contracting procedures and periodic payment delays are not suitable for small contractors, and GOIC intervention in this aspect of entrepreneurship is neither consistent nor sustained.

C. The Government as Financier

Because of pervasive government influence in the financial aspects of the shelter sector, we propose to describe GOIC financial activity in the two areas of:

1) home loans and mortgages
2) advances to housing agencies

1) Home Loans and Mortgages

a) Ivory Coast Housing Bank (CCI)

Traditional GOIC intervention in housing finance has been indirect, through the financially autonomous Ivory Coast Credit Bank (C.C.I.). Organized as a social credit and development institutions during the colonial period after World War II, CCI spun off its agricultural and industrial development programs and now concentrates on loans for housing, consumer goods and to small businesses.

It has the only regular mortgage program in the country, lending for con-truction on land already owned by the beneficiary. During its history it has made more than 8200 mortgage loans, 90% of which were in Abidjan. Its program has increased from about 400 loans a year in the late '60s to 926 in 1970/71 and 1756 in 1972/73.

C.C.I. also makes single-mortgage loans to housing authorities such as SICOGI to participate in financing housing projects. These loans are generally for a relatively short term and must be rolled with long-term funds over from other sources.

In genera francophone housing policy limits mortgage lending and lease-purchase programs to middle-income housing, and CCI's terms and equity requirements conform to GOIC Policy.

b) <u>The National Savings and Loan Bank</u>

In response to the 1972 HG Program, GOIC has promised to create a National Savings and Loan Bank (B.N.E.C.), whose main thrust would be the collection of local savings for relending on long-term mortgages. The B.N.E.C. would differ from C.C.I. in its emphasis on savings and, in attempting to reach a somewhat lower-income market than C.C.I. Enabling legislation for B.N.E.C. was passed in June, 1975. By-laws and internal regulations also have been prepared with technical assistance from the National Savings and Loan League through A.I.D.

A more thorough description of these two housing finance institutions will be found in Section III.E. Housing Institutions.

2) Advances to Housing Agencies

Local financial participation in housing projects has been a cardinal principle of the French aid program, such local participation increasing with the economic development of the country.

With C.C.C.E. participation having been limited to 30% of the development cost of low-income rental housing and now eliminated, and with private long-term financing available only off-shore, GOIC strongly influences the terms, conditions and amounts of this local financing.

This comes from four sources:

a) The National Social and Economic Development Budget (BSIE)

b) The Central Bank of West Africa (BCEAO)

c) The National Office to Support Economic Housing (OSHE)

d) The National Sinking Fund (C.A.A.)

a) GOIC Investment Budget (BSIE)

These funds may be advanced in the form of interest-free capital to para-statal institutions, or as special-purpose grants to realize specific projects. Capital participation may be in the form of cash or of GOIC-owned land. It usually bears no interest, although presumably it will be repaid at the time of the dissolution of the corporation. Advances made for specific projects are usually not repaid; loan amortization collected by the housing agency remains with the authority as an increment to its own resources.

The Caisse Autonome d'Amortissement (CAA) is a uniquely Ivorian Institution which serves both as a depository for GOIC funds and those of the various para-statal agencies, and as the manager of the public debt, internal and external, including consolidation of payment lags between payments due lenders and those received from the borrowers. CAA also handles disbursements from and repayments of off-shore GOIC-guaranteed loans.

b) The Central Bank (BCEAO)

BCEAO medium-term (up to 5 years) "rediscount" facilities (raised to 10 years in July, 1975) are available to, among others, development finance institutions such as CCI, at 5.5% (raised from 3.5% in January, 1973), the amounts to be discounted are determined by a National Monetary Commission, which reflects national development financing requirements as well as banking considerations.

c) National Office to Support Economic Housing (OSHE)

OSHE was fairly recently organized (1968) with a budget of some CFAF 1.5 billion derived from taxes of 1% on salaries, 1% on social security payments, and CFAF 3 per liter of gasoline. The major part of its resources are used to provide infrastructure for low-income rental housing projects. Inasmuch as title to the urbanized land is to remain with OSHE, in theory this expenditure represents a capital investment, recoverable after amortization (in 20 years) from the value of the land as it is developed with a higher use.

OSHE also offers a form of subsidy to developers of low-income rental housing, chiefly by rolling over short-term financing so that the amortization of principle and interest payments by the developers need not excede 11% per year of development cost. These advances are themselves to be repaid to OSHE within 15 years, although with no interest charge, so that in effect OSHE does offer an interest rate subsidy equivalent to the opportunity cost to GOIC of its funds.

GOIC intends substantially to increase the role - and the stature - of OSHE and to make of it the housing fiduciary through which all housing funds much pass. In the past there has been little financial coordination between SICOGI and SOGEFIHA, each of which obtained its financing from different sources and each of which was under the general supervision of different ministry. Pricing of housing projects was calculated as a function of the specific financing of each project, and GOIC could not efficiently consolidate repayment of off-shore housing loans. The proposed structural reform of OSHE is intended to permit it to pay a major governing role in the management of public housing finance comparable to the role now played by C.A.A. in the management of the public debt.

A more thorough description of OSHE will be found in Section III. E. Housing Institutions.

d) The National Sinking Fund (C.A.A.)

C.A.A. lends medium and long-term for specific projects and for rural housing, and in 1973 more than one-third of its medium and long term loans were to SICOGI and SOGEFIHA.

A description of the role of C.A.A. will be found in Section III. D. Housing Finance.

D. Support and Regulatory Activities

1. The Ministry of Construction and Town Planning (MCU)

Split off from the Ministry of Public Works, its functions more clearly defined by Decree on 25 May 1970, MCU is composed of five Departments, three Autonomous Services and a Training Center.

i) Town Planning and Architecture

- Town Planning
- Architecture, especially preparation of typical house plans
- Building Permits
- Land Controls, including approval of all transfers.

ii) Construction, dealing primarily with administrative buildings

- research and programs
- construction
- rural housing assistance

iii) Topographic Services

- Subdivision layout, some 75-80 a year
- Real Estate titles
- Archives

iv) Administrative Housing, for civil servants, and expatriate technical assistance

v) Administration and Finance

vi) Contracts (Autonomous Service), supervises bidding and contract letting for administrative construction

vii) Lands (Autonomous Service), control of State public and private domain

viii) Coordination of Regional Offices. There are seven regional offices, 13 sub-divisions, and 27 sectorial offices, not all of which are fully staffed.

ix) Technical Center for Professional Training, offers courses and two-year on-job training for middle-level civil servants.

In 1973 MCU had 926 employes, including the following

Technicians:

4 architects

14 civil engineers

29 technical aides

17 surveyors

18 construction supervisors

127 junior cadres

2. Controls and Regulations

i) Land use plans

The town planning office of the MCU is responsible for the development and control of master plans which include a land use plan, urbanization plans, and subdivision layouts. Much of this work is carried out under contract with the National Bureau for Technical Development Studies (BNEDT) a largely French-staffed para statal organization under the general supervision of the Minister of Planning and with its affiliate, the City Planning Workshop for the Abidjan Region (AURA).

The MCU goal is to prepare master plans for all centers of more 10,000 population, of which there are now 26. Plans for Gagnoa, Khorogo, Aboisso, Agboville, Bondoukou, Dimbokro, Divo, Touba, and Odienne have been completed and are in the approval stages.

Revised plans for Abidjan providing for anticipated growth to 1.5 million persons is nearing completion as is that of Bouake.

Plans for the new port city of San Pedro based on a population of 25,000 have already proven insufficient and a new plan for a city of 100,000 is in preparation.

Studies for Katiola, Guiglo, the Beoumie valley, Segula, Ferkessedougou, Tiassalc, and Bouafle are getting underway.

Once plans have been prepared they are reviewed by the Town Planning Office of the MCU and submitted to the Minister for approval by the Council of Ministers. If adopted it is included in the budget.

ii) building codes

The various texts in effect were assembled and published in 1971 by the A.RA (Réglementation d'urbanisme et construction, recueil des textes en vigueur 279 pp.). Set backs, heights, and building standards are attached to the land use plan for each area.

iii) building permits

Application for building permits is made through a service of the Office of Town Planning which examines the plans in regard to codes and land use plans, and forwards them to Public Works, the Health Department, and other agencies involved in particular cases. The process can take 2 months.

iv) transfer controls

Before a property can be transferred, the documents have to be approved by another service of the Office of Town Planning which verifies the registry and ownership of the lands, determines the level of improvements required for the particular piece of property and advises codes and land use restrictions applicable.

III. A. Construction

1. The industry

a. structures

As in most of Francophone West Africa, the modern or formal sector of the construction industry has been dominated by expatriate firms, largely French, with most of the business and substantial capital. They are backed up by an established network of suppliers and bankers.

The sustained growth of the economy, however, has created enough construction volume to attract a healthy number of firms, thus setting up a somewhat more competitive industry than is found in many countries of the area. It has also allowed room for a few Ivorian firms. They are still undercapitalized and lack lines of credit or regular turnover, but they have built up moderate capacity and represent a potential for broader Ivorianization, particularly in housing production. The informal sector is made up of a large number of individual or small family enterprises with very little capital but in the aggregate doing a substantial volume of construction, much of which is modern and only part of which is either traditional or rural. Their market is the mass of housing built privately in new subdivisions and spontaneous neighborhoods. Almost all rural housing is within the informal sector as well, although more and more is modern construction.

The distinction between the formal and informal sectors is not sharp. Government statistics are based on modern firms as those covered in the regular reporting system. This would include the Chambre d'Industrie which counts firms with a minimum business of CFAF 12 million per year. The rest are labeled traditional though they are better characterized by their small scale limited capital and unregulated activities.

b. <u>growth</u>

Construction volumes are high and have been increasing steadily. Though the rate of increase is irregular, growth over the long run has been even stronger than that of the gross domestic product.

Output of the formal sector was almost CFAF 60 billion in 1973 and that of the informal sector CFAF 24.5 billion. With rates of growth at 19.6% and 5.2% respectively for the period 1970 to 1973, the total is probably now past CFAF 100 billion ($450 million). Growth, however, is in spurts not directly related to trends of the economy as a whole. Output in the formal sector almost doubled during the two year period 1970-71 when the Kossou Dam and expansion of San Pedro were being completed. The following year's growth levelled off. Activity began picking up again in 1973. The pattern was similar in the informal sector reflecting village relocations in connection with the dam and the development of spontaneous communities outside San Pedro. The figures on output in the formal sector do not include work by the Government on force account, which grew from CFAF 1.4 billion in 1965 to CFAF 1.7 billion in 1970.

Growth of Construction
(at current prices; CFAF billions)

	output formal sector 1/	annual growth	output informal sector 2/	annual growth	total output	annual growth
1960	10.2		3.4		13.6	
1965	18.1	+12.2%	7.8	+18.1%	25.9	+13.8%
1968	20.2	+ 3.8%	12.6	+17.3%	32.8	+ 8.2%
1969	21.5	+ 6.4%	14.4	+14.3%	35.9	+ 9.5%
1970	35.2	+63.7%	19.6	+36.1%	54.8	+52.6%
1971	42.8	+21.6%	21.1	+ 7.7%	63.9	+16.6%
1972	47.1	+10.0%	22.0	+ 4.3%	69.1	+ 8.1%
1973	59.9	+27.2%	24.5	+11.4%	84.4	+22.1%

1/ Chambre d'Industrie
2/ Ministry of Planning

Growth as measured by the value added, averaged 13.3% annually from independence to 1973 with 57.6% increase in 1970 and a 2.1% decline in 1972. Overall this is about 2% per year more than the growth of the gross domestic product, and construction as a percentage of G.D.P. grew from 4.8% in 1960 to 6.1% in 1973 with a high of 7.6% in 1971. The growth is partly related to the increasing importance of the whole secondary sector in the economy.

Value added by Construction 1/
Compared to Gross Domestic Product
(at current prices; CFAF billions)

	value added construction	annual growth	G.D.P.	annual growth	construction as a percentage of G.D.P.
1960	6.8		142.6		4.8
1965	12.8	+13.5%	236.8	10.7%	5.4
1968	16.8	+ 9.4%	324.5	+11.1%	5.2
1969	17.7	+ 5.4%	364.0	+12.2%	4.9
1970	27.9	+57.6%	414.0	+13.7%	6.7
1971	33.4	+19.7%	439.2	+ 6.1%	7.6
1972	32.5	- 2.1%	471.6	+ 7.4%	6.9
1973	34.5	+ 6.2%	564.0	+19.6%	6.1

1/ Ministry of Planning, les Comptes de la Nation

Growth of Value added by Construction compared to other sectors 1/
(at current prices; 1965 = base 100)

	G.D.P.	construction	other industries	primary sector	tertiary sector
1965	100	100	100	100	100
1968	137	131	163	119	145
1969	154	138	184	127	168
1970	175	218	220	133	191
1971	185	261	245	139	198
1972	199	254	284	147	211
1973	238	270	313	188	255

1/ derived from above preceding table

Real growth adjusted for inflation still averaged 9.8% annually during the period since independence, about 1.5% more per year than real growth of G.D.P. The increases in output of 1970 and 71 still total more than 50% after adjustment, still a big jump in a short period. The price indices used to make the adjustment for inflation are based on housing construction which are not necessarily the same as for the industry as a whole, but close enough for purposes here.

Real Growth of Construction Adjusted for inflation
(1973 prices; CFAF billions)

	adjusted output 1/	real annual growth	real growth G.D.P. 2/
1960	25.0		
1965	40.8	+ 10.3%	+10.2%
1968	49.1	+ 6.4%	+ 8.5%
1969	51.1	+ 4.1%	+ 4.4%
1970	70.8	+ 38.6%	+ 8.2%
1971	78.1	+ 10.3%	+ 8.5%
1972	73.9	+ 1.0%	+ 6.8%
1973	84.4	+ 7.0%	+ 7.5%

1/ see section III-A-7 for price indices
2/ Ministry of Planning, Annuaire Statistique

c. <u>capacity and constraints</u>

If real growth were to continue at close to 10% annually, the industry's output would be over CFAF 160 billion (at 1975 prices) by 1980 and would have doubled current output by 1982. This would depend on the continued growth of the economy generally and the secondary sector in particular. The employment generated, and further development of related building materials industries could help sustain that growth. It is generally expected, however, that the economy may begin to slow down to more normal levels.

The industry has demonstrated its capacity for sustained growth and for quick expansion in response to demand as shown in 1970-71. The capacity is based on the capital resources of the expatriate building firms and the mobility geographically, and between sectors of the informal labor supply. Assuming that Government policy in regard to the structure of the industry remains the same, there should not be any problem keeping up with development programs, though there will be a need for expanded investments in the building materials industries.

The challenge is rather the rate at which the structure of the industry can be Ivorianized, small builders developed into larger, better managed and better capitalized enterprises; and informal sector activities made more productive. The team believes these goals are interrelated and that progress can and should be stepped up. Housing policy can be an important tool. The SOGEFIHA project at Abobo Gare financed through the USAID Housing Guaranty Program was broken into parcels of 40 to 80 units and contracts let to small and medium sized Ivorian enterprises. The experience is discussed in the next section. A total of 578 units were built in 10 months. A regular program of this nature should be developed through which Ivorian enterprises could build up capital and management experience. The more competent would move into larger works and begin to compete with expatriate firms. At the same time, encouragement of private home construction and broadening access to credit through the new BHEC would expand the market for individual and family enterprises in the informal sector. Site and service programs of SETU and SICOGI and the rural housing program of SOGEFIHA can be oriented to bringing these small builders into the formal sector.

2. <u>builders</u>

a. <u>the formal sector</u>

In 1971, five firms, each with an output of over CFAF 2 billion ($9 million) had one third of the business in the formal sector. The eleven largest had more than half. Over 55% of the firms in the sector had businesses of less than CFAF 100 million and accounted for little more than 8% of the business that year.

Size of Construction Enterprises [1]
(formal sector; 1971)

	number of enterprises	combined output (millions)	percentage of total
over CFAF 3 billion/yr.	2	7,092	16.6
2-3 billion	3	6,924	16.2
1-2 billion	6	7,470	17.5
500 million - 1 billion	8	5,484	12.8
250 - 500 million	18	6,788	15.9
100 - 250 million	35	5,494	12.8
50 - 100 million	29	2,086	4.9
12 - 50 million	62	1,471	3.4
	163	42,809	100.0

1/ Chambre d'Industrie

The big firms were all expatriate, mostly French, and generally subsidiaries of international corporations. They include: the Société Française de Dragages et de Travaux Publics (SFEDTP) which began operations in the Ivory Coast in 1937; Lorraine de Travaux Publics Africain (LTPA), 1951; Société des Grands Travaux de l'Est (SGTE); Société Française des Travaux Publics (SOTRA TP), 1952; Société d'Etudes et de Travaux pour l'Afrique Occidentale (SETAO), 1959; and Société Dumez-CGGA (Compagnie Générale de Travaux en Afrique), 1930 - public works, and general contracting. All have fairly diversified operations but deal mostly in commercial, industrial work, heavy construction, roads and urbanization. Some were involved in the harborworks that made Abidjan. Some are even older. Dumez-CCGA has the most substantial experience in housing, including the apartment units at Abobo Gare financed through the USAID Housing Guaranty Program. Until about 1965 the industry was a closed community. The independent Government began encouraging new firms and by the beginning of 1974 the number of enterprises had doubled. Cumulative investments rose to over CFAF 20 billion or an average of 91 million per company with some considerably more. The community is still basically expatriate, however. About 85% of the firms are under foreign management and majority ownership, 80% French.

Growth of Construction Enterprises

	1/ number of enterprises	cumulative 1/ investments CFAF billions	annual growth	average investment CFAF millions
Jan. 1968	112	7.2		64.3
" 1969	125	8.0	+ 11.1%	64.0
" 1970	132	12.7	+ 58.8%	96.2
" 1971	157	13.5	+ 6.3%	86.0
" 1972	175	15.1	+ 11.9%	86.3
" 1973	207	16.6	+ 9.9%	80.2
" 1974	225	20.5	+ 23.5%	91.1

1/ Chambre d'Industrie

Among the international firms that were established during this time are: Federman Enterprises (overseas) Ltd., 1964 - an Israeli firm which has gotten into housing construction through a housing loan to SOGEFIHA; BATIM, 1960 - also an Israeli firm that built the Hotel

Ivoire complex; Selmer, 1969 - a Norwegian firm that built the Port-Bouet housing project for SOGEFIHA using SIPOREX concrete panels; SOLICO and Najjar - Lebanese firms which have built housing for SOGEFIHA.

The new firms generally have some degree of Ivorian participation in the ownership. These are often influential parties that help the company break into the industry.

SONITRA (Société Nationale Ivoirienne de Travaux) began operations in 1964 with 55% Government ownership in a joint company with Solel Boneh, a large Israeli corporation. It is managed by Solel Boneh with Government officials on the board of directors. It operates for profits and bids competitively. By 1970 output had reached CFAF one billion and it is now one of the largest and most respected firms. It does have on the job training programs, but management remains almost entirely Israeli.

In 1967, a wholly-owned Ivorian company was formed, l'Essor pour la Construction et les Travaux Publics (LICOTRA). It was to be operated as a grouping of small Ivorian builders which would receive assistance from the Ministries of Plan and Finance including indirect technical assistance from USAID and preferential treatment by the Government. It didn't work.

There are about 30 small Ivorian contractors included by the Chambre d'Industrie in the modern sector, that is having a minimum business of CFAF 12 billion ($54,000) per year. Their resources vary but they are weakly managed. Their problems and potential are discussed separately.

The largest number of firms in the formal sector are general building contractors (32.0% in 1973), but the largest investments are in public works and heavy construction (56.4% in 1973). The building contractors' share of total business increased from 29.4% in 1971 to 39.4% in 1973 while that of public works contractors decreased from 44.4% to 30.6%.

Types of Construction Enterprises 1/
(Jan. 1974; output and investments percent 1973)

	number of enterprises	%	cumulative investments	output
public works	22	9.8	56.4	30.6
general building	72	32.0	21.8	39.2
metal working	24	10.7	7.8	9.3
floors and tiling	12	5.3	1.3	1.4
plumbing	13	5.8	1.5	2.7
electrical	44	19.5	5.0	11.4
painting/glazing	20	8.9	1.4	3.3
other works	18	8.0	4.8	2.1
	225	100.0	100.0	100.0

1/ Chambre d'Industrie

The formal sector firms are almost entirely concentrated in Abidjan with 90% headquartered there in 1973, though the larger ones do business all over the country. Eight were headquartered in Bouake and eleven in other cities.

Profits and overhead averaged 21.4% of total costs for firms in the formal sector, 1970. This is a much more reasonable level than found in many of the countries of West Africa. Wages and salaries averaged 26.5% and materials inputs 52.1%

Costs and Earnings of Formal Sector Enterprises 1/
(1970; CFAF billions)

value of output	35.200
per enterprise	.267
a. materials inputs, transport, import taxes, and services	18.340
per enterprise	.139
percentage of output	52.1%
value added (b + c)	16.860
per enterprise	.128
b. wages and salaries	9.330
per enterprise	.071
percentage of output	26.5%
c. amortization of capital investments, indirect costs, and net return	7.530
per enterprise	.057
percentage of output	21.4%

1/ derived from Ministry of Planning statistics

b. <u>the informal sector</u>

Traditional building skills are still a part of the way of life in villages and most rural families. In the North, families often have specialized skills in crafts such as pole framing, blockmaking, thatching or carpentry. In the Central areas and South, families are more often general builders. Villages in some areas will exchange labor. Modern constructions are generally built in the same way.

Emigrants from rural to urban areas take these skills with them. Building is one of the easier activities for the newcomer to enter as the market is continually expanding. Little capital is required since the owner supplies the materials. Simple masonry and carpentry are learned quickly.

The studies on employment for the Ministry of Planning show 15,000 such small enterprises in 1965 and 32,000 in 1970. In 1973, they had 22,000 non salaried helpers and 8,000 salaried. Thus, more firms are one-man operations. Family enterprises included one or more non-salaried helpers. Only one enterprise in four has any salaried employes.

The scale of these businesses is very small. Output per enterprise in 1970 was only just over CFAF 600,000. Of this, 62.5% was intermediate consumption, basically materials; 37.2% was salaries and the earnings of the individual and his helpers; 0.3% was other costs.

Costs and Earnings of Informal Sector Enterprises 1/
(at current prices; CFAF millions)

	1965	1970
number of enterprises	15,000	32,290
output	7,848	19,614
per enterprise	.523	.607
a. material inputs	4,885	12,263
per enterprise	.326	.379
percentage of output	62.2	62.5
value added	2,963	7,351
per enterprise	.197	.228
b. earnings and salaries	2,896	7,290
per enterprise	.193	.226
percentage of output	36.9	37.2
c. other costs	67	61
per enterprise	.004	.002
percentage of output	0.9	0.3

1/ derived from Ministry of Planning Statistics

SOGEFIHA's early rural housing programs were based on self-help techniques, but participants generally hired informal sector jobbers to do the work. In its current programs SOGEFIHA is beginning to formalize some of these builders by letting labor contracts with them for construction of small groups of houses. SOGEFIHA provides the materials. The scale of the work will enable some to improve their productivity.

Site and service programs as planned by SETU and SICOGI will indirectly provide further opportunities to improve the production of informal builders. With a large number of individuals building their homes in a concentrated area at the same time, those builders with some basic organizational talent will probably hire additional labor and supervise a number of jobs at the same time. With some assistance, they could gain valuable experience in simple management.

c. <u>development of Ivorian enterprises</u>

The 30 or so builders now included in the formal sector and a number of others in the indistinct area below CFAF 12 million per year are critical to greater Ivorianization of the sector. It is unlikely to compete with the largest expatriate firms. That will continue to be the vocation of [illegible]OMITRA or other ventures like it, and a major effort should be made to specifically train an Ivorian staff to gradually take over management. But the small Ivorian builders could be developed to handle a much more significant share of the sector than they now have.

Typically, they have CFAF 10 to 30 million capital but most of it tied up in real estate which is much more profitable and reliable. They do have an office; cement mixers and light equipment and several trucks in various states of repair; a small stock of materials, and a small core of permanent employes. They do not always have reliable foremen who can supervise the work and as a result they spend a large part of their time in the field. They have generally 5 to 10 years experience, some more, mostly in smaller towns. They generally do not have any formal technical training. Their operations confirm more or less to tax and business regulations. They have regular Banks, but access to unsecured credit of only one to two million and poor terms with suppliers.

The largest single jobs undertaken are 10 to 20 million. Their work fluctuates widely from one year to another often with large gaps between jobs. As a result, they go into jobs with a backlog of debts and their cash flow position is usually very tenuous.

Part of the Abobo Gare project outside Abidjan, financed through the second USAID Housing Guaranty was programmed by USAID and SOGEFIHA to be built by small Ivorian builders. The objectives were to demonstrate the capacity of Ivorian builders to handle larger contracts than they were getting and to give them more management experience in a context where some assistance could be provided. The 578 row house units with a total construction cost of CFAF 900 million were divided into 11 parcels of 30 to 80 units each with construction costs of 60 to 125 million. A small staff secunded from the Office de Promotion des Entreprises Ivoiriennes (OPEI) was set up within INTRADEP, the project management firm representing SOGEFIHA, to give technical assistance to the builders with job planning and materials purchasing. The costs of this assistance were paid by the builders.

Public announcements were made inviting Ivorian builders to submit their qualifications to SOGEFIHA. About 50 submissions were received and 20 were then asked to bid on the project. Urbanization of the parcels was let separately and bids were made by house type. A commission with representatives of SOGEFIHA, the

Ministry of Construction, and the Direction des Marches of the Ministry of Finance awarded the contracts on the basis of the lowest reasonable bids and assigned the various sized parcels on the basis of the estimated capacity of each builder. To simplify administration, the Commission averaged the lowest bids and set uniform prices for each unit type which the builders accepted.

The builders were not able to obtain performance bonds from the commercial banks, but an arrangement was reached through the Fond de Garantie which is partly supported through a USAID program with the Entente fund.

The builders were each completely responsible for their parcels as general contractors. They elected to set up a committee to work out common problems and in particular to negotiate as a group for better terms with suppliers. With the assistance of INTRADEP and SOGEFIHA they were able to secure better prices and lines of credit on some items. Once terms were agreed on, each builder had responsibility for his own purchase ordering and payment of bills. Of the 15% advance that was made by SOGEFIHA to the builders, it was decided to set aside 5% as a reserve fund administered by SOGEFIHA to guarantee payments to suppliers. When builders got into cash flow problems at the end of the month as many of them did despite the technical assistance, overdue bills from suppliers were paid by SOGEFIHA from the reserve and deducted from the builders account. The remainder was turned over to the builder at the end of the job. The guarantee of SOGEFIHA proved to be an important factor in the dealings with suppliers.

The project was completed in a period of ten months which, though a month and a half behind schedule, can nevertheless be considered good time for a project of this size. Williamsville, a comparable project financed through the USAID housing guaranty, was completed in 15 months by two expatriate firms. Technically, the standard of the work approaches that of SONITRA. The project does demonstrate that significant housing projects can be built by Ivorian firms.

The builders did gain important management experience. Some had considerable cash flow problems due to insufficient programming of the work. Most started too many units at the same time and did not use crews efficiently. They were hindered by irregularities in deliveries of materials caused partly by late payments of bills by a few. Those who did pay bills promptly, now have lines of credit with suppliers. It is difficult to measure whether or not their operations have improved with the experience. The main test will be on their next jobs. The financial status of some was solidified by the contract as shown by balance sheets prepared by two of the firms at the end of the job.

Balance Sheets
Two Small Ivorian Builders

	Builder A	Builder B
Assets		
land	[illegible]0,000	4,000,000
buildings	19,[illegible],601	2,115,000
equipment	1,901,852	869,600
vehicles	4,816,486	1,670,400
others	793,000	
total fixed assets	28,717,939	8,655,000
accounts receivable	19,733,402	17,410,893
cash on hand	235,589	295,400
bank deposits	3,234,836	1,243,758
total	51,921,766	27,605,051
Liabilities		
capital	33,129,146	9,801,298
medium term debts	2,576,644	800,000
short term debts	10,595,585	9,022,391
net profits	5,620,391	7,981,362
total	51,921,766	27,605,051

Receipts and Expenditures
Two Small Ivorian Builders

	Builder A	Builder B
Receipts		
construction contracts	81,986,572	77,986,008
services	468,787	640,468
commissions	964,747	1,649,240
rental properties	1,060,000	
total	84,460,100	80,275,716
Expenditures		
salaries and benefits	22,047,436	14,034,748
materials and charges	44,395,372	46,279,738
transport of materials		617,060
taxes	1,820,000	325,000
reserves	2,948,645	6,504,491
amortizations	4,860,762	932,735
total	76,127,699	68,873,772
gross profits	8,352,401	11,401,944

Profit and Loss

	Builder A	Builder B
Gross profits	8,352,401	11,401,944
Losses		
interest on loans (20%)	1,670,480	2,280,388
contribution to FNI (10%)	835,240	1,140,194
reserves	226,290	
total	2,732,010	3,420,582
net profits	5,620,391	11,401,944

The major problem of these builders will be to maintain this status until the next job. Few of the Abobo Gare builders have anything substantial in the pipeline. Profits from this operation will be eaten up; equipment and crews will not be maintained; and any management skills picked up may well be lost in the meantime.

The team believes that SOGEFIHA and SICOGI should program their activities in smaller phases and provide a regular flow of this kind of work to small Ivorian builders.

The OPEI, a public enterprise established under the Ministries of Planning and Finance in 1968 to provide assistance to Ivorian firms, has worked with over 40 construction firms in particular helping them to get financing. It has technical and economic departments with a staff of 126 in 1974 including 39 Ivorian and 33 expatriate technicians. In the past, its performance has been weak, but a program is being developed with the World Bank to reorganize and improve its services.

The Fond de Guarantie, an autonomous public institution was also set up in 1968 and guarantees up to 80% of loans to Ivorian businesses. In addition, a $5 million World Bank program through the Crédit de la Côte d'Ivoire will make further resources available for the expansion of small Ivorian firms.

3. Labor

a. employment

The construction industry is highly labor intensive. Studies for the Ministry of Planning total employment in building and public works both formal and informal at 104,000 in 1970 or 27% of the total work force excluding workers in agriculture and forestry. The studies show approximately 40% employed in the formal sector and 60% in the informal sector.

Employment in the Construction Industry
Compared with other Sectors

	1965	1970
formal sector of construction	25,000	42,000
informal sector of construction	13,190	62,230
total employment in construction	56,190	104,230
other industries	87,190	109,090
administration and services	126,520	170,820
total secondary and tertiary sectors	269,900	384,140
total including primary sector	1,892,800	2,181,240
construction as a percentage of total secondary and tertiary sectors	20.8	27.1
construction as a percentage of total including primary sector	3.0	4.8

SETEF, l'Image Base 1970-Emploi

Of the 42,000 employed in the formal sector in 1970, the Chambre d'Industrie shows 17,000 or 40% that were regularly employed by firms with a minimum regular business of CFAF 12 million. The rest is casual labor shifting with the work or employed by smaller enterprises. They are the most affected by slacks in the business. Regular employment, however, reached more than 29,000 in 1973.

Permanent Employment in the Formal Sector of the Construction Industry 1/

year	Permanently employed in formal sector	annual rate of growth	index	comparative index other industries
1967	10,500		100	100
1968	13,100	24.8%	125	112
1969	14,400	9.9%	137	123
1970	17,000	18.1%	162	140
1971	20,600	21.2%	196	150
1972	22,756	10.5%	217	157
1973	29,360	29.0%	280	168

1/ Chambre d'Industrie

Growth of permanent employment follows growth in construction volume over the long run but continuity is the important factor. In 1970, when construction volume in the formal sector increased 59% (see section II A-1), permanent employment only increased 18%.

Composition of Employment in the
Formal Sector of the Construction Industry
1/
percent

	1965	1970	1975	1980	new workers required 1975-80
upper level managers	1.0	1.1	1.5	1.3	800
middle level managers	4.0	3.5	4.4	2.5	1,500
skilled workers	17.0	24.0	27.7	38.0	24,000
semi-skilled workers	28.6	26.7	25.0	22.9	14,500
unskilled workers	49.4	44.7	41.4	35.3	22,200
	100.0	100.0	100.0	100.0	63,000
total	25,000	42,000	87,000	150,000	

1/ Ministry of Planning

If the studies made for the Ministry of Planning are accurate, something under 28% of construction workers are skilled, while with increasing sophistication of techniques, they project that the need in 1980, will be closer to 38%. This would require a doubling of the number of skilled workers over the next two years, if current growth rates are to be maintained. At the same time, the number of qualified and experienced upper level managers, presently about 1,300, would have to increase by 100 per year and considerably more if expatriate management is to be reduced.

Shortages of both skilled and unskilled workers, as in other sectors of the economy, have been filled by large numbers of immigrant labor from neighboring African countries. In 1972, 38% of the skilled workers regularly employed in the formal sector of the construction industry and 55% of the unskilled were non-Ivorian Africans, especially from Upper Volta. Ivorians are filling more than two out of three new jobs generated, but absolute growth and the attraction of new immigrants will continue. Controlling the balance has been a problem for the Government, particularly since the immigrants work for lower pay and because Ivorian labor supply is increasing faster than economic growth.

A shortage of skilled workers is nevertheless real in the sense that training and experience is often not adequate to do a good job efficiently. It is estimated that 74% of the labor force in the secondary sector of the economy including construction has no technical training at all.

Vocational training centers in Abidjan and Bouake have good programs, three other centers have been set up specializing in training programs for the construction industry, and the Office de Formation Professionnelle runs a number of training seminars, but output is modest. The specialized centers, for example, only train about 45 masons, 45 carpenters, 30 metal workers, and 15 electricians a year.

Nationality of Regularly Employed Workers in the Formal Sector of the Construction Industry

by year 1/	percent Ivorians	other Africans	non Africans	comparative % of Ivorians in other industries
1967	43.0	50.5	6.5	
1968	44.0	49.6	6.4	
1969	45.8	48.0	6.2	58.6
1970	48.8	45.2	6.0	59.7
1971	53.0	42.0	5.0	61.4
1972	53.2	42.1	4.7	61.2
1973	55.1	41.2	3.7	61.7

by activity, 1973 1/				Increase in % of Ivorians 1972-73
public works	60.2	35.1	4.7	- 1.2
general building	52.8	45.5	1.7	5.5
metal works	54.8	36.9	8.3	1.5
floors and tiling	33.1	62.0	4.9	2.6
plumbing	56.6	36.4	7.0	1.0
electrical	59.9	28.4	11.7	- 1.4
painting/glazing	61.4	34.6	4.0	- 4.4
others	52.4	43.3	4.3	- 5.7
by skill, 1972 2/				
upper level managers	16.0	4.0	80.0	
middle level managers	13.0	3.0	84.0	
technicians	23.0	9.0	68.0	
skilled workers	66.0	38.0	6.0	
semi-skilled workers	64.0	36.0	-	
unskilled workers	45.0	55.0	-	

1/ Chambre d'Industrie
2/ Office de la Formation Professionnelle

The Government has established an apprenticeship tax on employers and uses it to subsidize firms with training programs, but participation is not extensive. On the job training and work study programs should be encouraged even more than they are now. At the management level, training programs of the technical high schools are not adequately oriented to the practical needs of building enterprises and most graduates end up in administration. At the same time, enterprises managed by expatriates are not adequately oriented to giving Ivorians the experience they need to do the job. The lack of qualified Ivorians to manage building firms could become a constraint on the continuing growth of the industry.

The supply of workers in the informal sector of the industry is largely elastic and serves as a reserve pool of labor for the formal sector since mobility is high. Most are self-employed doing small jobs with a few non-salaried helpers and salaried personnel. Salaried workers number less than one for every four enterprises. Total employment in the informal sector is important. In 1970, it included more than 62,000 workers though only 16% of the total number of salaried employees. While its share of total employment is declining, absolute growth was still over 5% annually from 1970-73 and employment in the informal sector should be over 80,000 in 1975.

Composition of Employment in the Informal Sector of the Construction Industry 1/

	1965	%	1970	%
employers	15,000	48.1	32,290	51.9
non-salaried helpers	10,190	32.7	21,940	35.3
salaried personnel	6,000	19.2	8,000	12.8
	31,190	100.0	62,230	100.0

1/ Ministry of Planning

There may be considerable overlap in these numbers, however, with other sectors. Casual laborers in the formal sector work in the informal sector between jobs, and informal sector enterprises work under labor contracts to builders in the formal sector. Non-salaried helpers work on other family enterprises besides building, particularly small commerce in the cities and agriculture in rural areas.

b. wages

The SMIG (minimum wage for industrial and commercial sector workers) is determined in the Council of Ministers and set forth by Presidential decree. Mixed Commissions of employers and workers in each industry, represented generally by the Association Interprofessionnelle (employers) and the Union Générale des Travailleurs (workers) presided by the Director of Labor of the Ministry of Labor and Social Affairs, establish salary levels for each category of worker and interpret the application of the Labor code.

From 1960 to 1970 the SMIG increased an average 2.6% per year, somewhat less than the cost of living. Increases of 25% in 1970, 1973, and 1974 has brought the SMIG up to CFAF 92 per hour or 16,000 per month. Corresponding increases set by the Commissions for workers in the construction industry earning more than the minimum wage ranged from 20% for semi-skilled workers to 7% for technicians.

Actual salaries in the construction industry are generally higher than the minimum wages, but on the average lower than in other sectors. In 1970, the average Ivorian construction workers' earnings were CFAF 179,000 per year or 14,900 per month compared with a CFAF 10,000 minimum at that time, and an average CFAF 291,000 per year, or 24,250 per month in other industries.

Total wages and salaries paid in the formal sector of the construction industry grew to almost CFAF 14 billion in 1973 or 40% of the secondary sector total.

Minimum Wages 1/

date of change	SMIG (CFAF/Hr.)	monthly 2/	increase	index	comparative index of the cost of living African family 3/
1960	37.00	6,413		100	100
Jan., 1961	40.00	6,933	8.1%	108	108
Nov., 1963	42.40	7.349	6.0%	115	112
July, 1968	46.64	8,084	10.0%	126	134
Jan., 1970	58.30	10,105	25.0%	158	147
Aug., 1973	73.00	12,653	25.2%	197	171
Feb., 1974	87.60	15,184	20.0%	237	
Aug., 1974	92.00	15,947	5.0%	249	

Aug., 1974 workers in the construction industry	minimum hourly (CFAF)	monthly
average unskilled workers cat. 1	95.20	16,500
average semi-skilled workers cat. 3	110.00	19,067
average skilled workers cat. 4	124.33	21,550
technicians and craftsmen cat. M2	305.31	52,920

Aug., 1974 benefits	percentage of salary
paid vacation and holidays	11.233
family support	6.118
apprenticeship tax	.445
retirement	2.002
medicines	2.526
sick leave	.765
dismissal notice	3.018
transportation	7.300
taxes	1.780
contributions	1.780
accident insurance	5.561
financing of the OSHE	.890
	43.418

1/ Ministry of Labor and Social Affairs
2/ based on a 40 hr. week, 173.3 hrs. per month
3/ Direction de la Statistique, Ministry of Finance

Total Wages and Salaries in the Formal Sector of the Construction Industry [1/]

year	total wages and salaries includ. benefits CFAF (billions)	annual rate of growth	index	comparative index other industries	percentage share of secondary sector total
1967	4.0		100	100	32.8
1968	5.0	25.0%	125	116	34.5
1969	5.5	10.0%	138	150	30.9
1970	8.6	56.4%	215	185	36.1
1971	10.4	20.9%	260	206	38.1
1972	11.5	10.6%	288	232	37.7
1973	13.9	20.9%	348	265	39.0

1/ Chambre d'Industrie

c. productivity

In 1970, 1.1 jobs were generated in the formal sector per million CFAF of new construction (about 240 per million dollars) versus 0.4 in other industries. Output per worker was CFAF 880,000 and value added 488,000. Productivity in terms of increased output per worker increased at a rate of 2.2% per year adjusted for inflation.

Value added and Output per worker in Construction
(at current prices; CFAF thousands)

	1965	1970	other industries 1970
formal sector			
value added per worker	394	488	1,100
output per worker	777	881	2,700
employment per million CFAF production	1.3	1.1	0.4
informal sector			
value added per worker	95	118	157
output per worker	252	315	361
employment per million CFAF production	4.0	3.2	2.8
average			
value added per worker	228	267	510
output per worker	485	543	1,240
employment per million CFAF production	2.1	1.8	0.8

Productivity Gains 1965-70 1/
(per year; adjusted for inflation)

	construction	other industries
formal sector	2.2%	10.6%
informal sector	3.8%	2.5%
average	1.9%	10.4%

1/ see section III A-5 for price indices

4. materials

a. local materials

Local materials for use in modern construction have not been developed to any significant extent. Wood is abundant, but the bulk of the timber cut is exported in log form and up until 1972 exporters controlled the supply. They are now required to reserve quotas set as a percentage of exports for local processing industries. These include about 70 sawmills around the country, 5 in Abidjan; 5 plywood and veneer plants one of which also makes particle boards, hollow core doors and wood floor tiles; and a plant, LAMECO - set up with ILO assistance, that makes laminated wood beams.

A panel system for housing construction using wood wastes was started by SOLICO, a mixed Ivorian-Lebanese building firm, but expected economies were not achieved.

SCAF, at Grand Bassam, has manufactured for many years prefabricated wood houses with one meter wide wall, window, door, and floor panels with modular ceiling panels and roof framing. The components are treated against insects and make a sturdy durable unit. The demand has been small, however. Costs are modest but not cheap, and wood houses are considered temporary and have a low degree of market acceptance. The use of wood is associated with termites, fire risks, and high upkeep costs all of which can be minimized with good design. It may be that the use of wood has been discouraged by suppliers of imported materials and exporters of wood. Efforts to promote wood as a "modern" building material have had little success.

Use of wood is basically limited to roof framing which only requires two to three m3 per house, doors and windows, ceilings and formwork. Per capita consumption is lower than in Europe or the U.S. Total production for local use of plywood, particle boards, and sawn wood was a little over 230,000 m3 in 1974. Total wood exports of wood products were CFAF 14.5 billion and CFAF 51.6 billion unprocessed logs.

Clay brick, also a local material that could be used extensively, has had limited success for similar reasons as wood. The only forms which have been accepted at all are ceramic tiles and hollow clay tile for wall construction where it is covered with plaster and not seen.

Until 1968, there was a manufacturer of brick at Dabou, about 30 k. from Abidjan, with a capacity of 8-10,000 tons per year. In 1969, the Government created COBRICI which it was hoped would produce 30-40,000 tons per year, and phase out the Dabou operation. It has had quality problems with its production, however. To encourage use, the Government requires that Government projects specify SOBRICI. About 130,000 m2 of ceramic tile was manufactured in 1973 by 4 firms.

The UNDP has introduced "geobeton" stabilized earth block making in connection with relocation of villages in the Bandama valley where the Kossou Dam is built.

Sand and gravel are extracted locally. Supplies of gravel are limited though, and possibilities of a plant to manufacture expanded clay aggregate are being explored.

Traditional materials, including earth blocks, bamboo, thatching, and palm woods are all used. Their application is discussed in the following section.

b. imported materials

A number of industries have been set up to process imported materials locally. Two plants produce cement from imported clinker, the Société des Ciments d'Abidjan (SCA) and the Société Ivoirienne de Ciments et Matériaux (SICM) both in Abidjan. Total production in 1973 was 630,000 tons and expansion to 760,000 tons is scheduled by 1980. In addition, cement is imported. The Société Africaine de Béton Manufacturé (SABM) makes cement block, piping, and precast elements.

The Société Ivoirienne de l'Aluminium (IVOIRAL) in Abidjan manufactures roofing using imported aluminium. Production in 1973 was 5,000 tons and expansion to 6,000 tons is scheduled by 1980. Tóles-Ivoire began producing galvanized roofing in 1970. Imported sheeting is formed and galvanized. It started with a production of 3,000 tons reached 11,000 in 1973, and plans to reach 24,000 by 1980.

In addition, there are plants manufacturing varnishes, lacquers, paints, polyurethane and polyesther products, nails, screws, and other items using imported base materials.

In 1970, a mixed company, Industries Metalliques de la Côte d'Ivoire (IMCI) was established to roll reinforcing bars. Ownership is 40% Government, 56% private Ivorian, and 4% Italian. It did a business of CFAF 1.8 billion in 1974. Capacity is 12,000 tons.

Precast light weight air entrained concrete SIPOREX panels are imported from Edelbetong in Norway and used in the construction of housing projects for SOGEFIHA by the Norwegian builder SELMER. A plant manufacturing the panels in Abidjan was completed this year. The panels are about two feet wide, weigh about 200 lbs. and can be carried and tilted into place by four men. They fit together with tongue and groove joints tied by a reinforcing bar and cement. There is some breakage in handling, but repairs can be made easily enough. Walls are given a sealing coat of sprayed on cement plaster. Costs have been about the same as conventional materials.

c. research and development

The dependence on imported materials contributes to high construction costs and is probably not necessary. Attitudes toward local materials have to be changed. Basic research on materials in West Africa has already been done at the UHDP sponsored Center for Building Research in Lomé, Togo. Specific studies on the applied use in the Ivory Coast are needed but the real work to be done is in the development of designs and techniques of the use of wood and clay brick that will be accepted in the culture. Research and development should be oriented specifically to achieving market acceptability of these materials, and housing programs should be designed to test approaches.

Little is being done at the present time. As mentioned above, techniques are being introduced in connection with programs in the Bandama Valley. Programs in San Pedro could offer similar opportunities. The Centre de Recherches Architecturales et Urbaines at the University of Abidjan is involved in this question. The Laboratoire du Bâtiment et de Travaux Publics (LBTP) works with the ILO in the development and promotion of new wood uses. More support is needed.

An important constraint is the lack of skilled workmen who can do exposed brickwork, for example, or careful wood detailing and other techniques that might help make the use of these materials more "modern" and more appealing.

5. <u>construction methods and costs</u>

a. <u>buildings and apartments</u>

A number of economic housing projects include four story walkups. At first, the units were ill-adapted to Ivorian family living patterns, but apartment living is gradually becoming a part of urban life. Buildings are light concrete frames with cement block or hollow clay tile infill and slab floors. (Apartments financed through the USAID Housing Guaranty Program at Abobo Gare were built with prefabricated floor slabs made on site and lifted into place.) Soil conditions are fairly good and foundation work is not heavy. Roofs are most often aluminium with wood framing. Walls are plastered inside and out. Stairs are often open. Balconies are highly desirable.

Prices of apartments financed through the USAID Housing Guaranty Program at Williamsville were CFAF 18,000 to 19,000 per m2. They were completed in the early part of 1974. Because of inflation, similar apartments, financed at Abobo Gare and now being completed, will be about CFAF 25,000 per m2. Apartments built by SOGEFIHA at Port Bouet using SIPOREX precast concrete panels were completed in 1974 at prices about CFAF 24,000 per m2. Apartment construction of higher standing normally runs from CFAF 45-60,000 per m2.

b. standard housing

Typical construction is of 15 cm cement block or hollow clay tile bearing walls with lightly reinforced bond beams and corner posts, on solid cement block foundations with shallow footings. Long span aluminium or galvanized roofing is carried on simple wood framing. Economic units are usually built in rows with densities from 30 to 60 per hectare. Units are often built with courtyards. Kitchen and sanitary facilities may be inside, but are also acceptable when placed at the back of the lot on the courtyard. Differences in cost between super economic, economic, and higher standing units are essentially in the size and finishings. Super economic units are as small as 30 m2 with minimum finishes. Interior partitions may be eliminated, interior surfaces only partially finished, kitchen areas equipped with a simple tap, and toilet facilities shared. Economic units usually have simple cement floors, whitewashed walls, plywood ceilings, inexpensive sanitary and electrical fixtures. More expensive units have tile floors, nicer fixtures, etc. Owners of houses upgrade the quality of finishes whenever they can. Improvements made to the Williamsville units by the individuals are extensive. Designs for economic housing should take more account of this. Detailing should facilitate these changes and plans should allow for expansion.

Prices of economic units at Williamsville were CFAF 16,000 to 17,500 per m2. They were completed in May 1974. Construction with inflation prices of similar units at Abobo Gare now being completed are

CFAF 23-24,000 per m2. Prices of other economic units built before the cost escalations of 1974 by SOGEFIHA ranged from CFAF 20-25,000 per m2 and those of SICOGI from 18-20,000. They would now be about 40% more. Super economic units may get down to lower than CFAF 15,000 per m2 (about $6.50 per sq. ft.). Higher standing projects range from CFAF 30-60,000 per m2 .

A breakdown of costs at the Abobo Gare project shows that about 25% of the construction costs are for labor, 30% for materials, 15% for subcontracting, 15% for indirect costs and 15% profit and overhead with 5-10% net profit. Development costs including architecture and engineering inspection, implementation, and financing fees totalling about 10% were added on to construction costs.

Development Costs
Economic Units, Abobo Gare

Arch. and eng. including inspection	4.75%
Implementation costs	1.00%
Financing fees	2.65%
10 year construction warranty	2.10%
total	10.50%

Breakdown of Costs
Economic units, row houses, Abobo Gare
(Small Ivorian Builders)

		Builder A	Builder B
Labor:	wages and salaries	18.9	13.1
	benefits	7.5	5.2
	total	26.4	18.3
Materials:	cement	6.1	5.7
	reinforcing	5.9	6.2
	aluminium roofing	2.9	5.7
	plywood	2.0	0.8
	hollow clay tile	4.5	4.7
	cement block	0.2	0.6
	paint	1.4	0.9
	sand and gravel	3.0	3.4
	wood and carpentry	4.6	2.0
	miscellaneous	1.0	0.2
	total	31.6	30.2
Other supplies:	fuel/transport	1.8	1.4
	electricity	0.4	0.1
	water	0.1	0.1
	small tools	2.3	0.5
	office supplies	0.4	0.1
	miscellaneous	0.5	1.2
	total	5.5	4.4
Services:	repairs	1.1	0.3
	technical assistance	2.0	2.0
	electrical sub.	4.9	4.9
	plumbing sub.	6.9	7.1
	other subs.	-	12.2
	total	14.9	21.5
Charges:	insurance	0.1	0.1
	taxes	0.2	0.2
	banking	0.1	0.4
	miscellaneous	4.4	4.6
	total	5.8	5.5
Amortizations		5.8	5.3
Net profit		6.6	10.4
Interest and contributions		3.4	4.4
Total		10.0	14.8
Total		100.0	100.0

c. <u>owner built housing</u>

The quality and cost of homes built by individuals vary widely. Most will supply the materials to an informal sector builder who does the work. The job advances in stages as a function of the amount of money the individual is able to get together at any one time for the purchase of materials. Construction methods except for rural areas and temporary shacks is similar to that of standard housing. Cheaper cement blocks are used and much less concrete for bond beams and foundations. The main savings is in contractors' overhead, taxes, charges, equipment, etc. The informal builder is basically working for the cost of labor alone. Variations in cost are, again, mostly in the standard of finishes.

The minimum cost of the simplest two room enter-coucher of say 20 m2 without sanitary facilities is estimated at about CFAF 250,000 or 10-12,000 per m2, about 60% of the cost of the cheapest contractor built housing.

Most Ivorians in Abidjan, however, figure on spending considerably more with CFAF one million estimated by them for the cheapest house they would want to build. Many spend well over CFAF 2-3 million.

d. <u>rural housing</u>

Most traditional housing is wattle and daub or mud brick except in some of the lagoon areas of the South where open pole construction is used. Mud, or "banco" construction is placed on a base of mixed gravel and clay built up and compacted in layers to 10-20 cm, and it is a hard, almost concrete like surface. As houses are rebuilt on the same platform and as soil around it is eroded, the base after many years can be 50-60 cm high. The walls are built with 8-10 cm posts linked by horizontal and vertical sticks interwoven and tied to provide an armature for mud daubing which is then covered with a mud plaster. If the plaster is maintained, this kind of wall can last 10-20 years. If not, deterioration begins at the base. In the Northwest, walls are made of mud bricks, or "tofa". They are generally 30 x 15 x 10 cm and laid in herringbone pattern by placing the bricks with the long dimension vertical on a slant and each row slanting in a different direction. The roof generally rests on two central posts 10-15 cm across which is tied another post. Sticks forming the roof are supported by the walls at one end and the horizontal post at the peak. Smaller sticks are interwoven horizontally and tied. The roof is then thatched. Walls are sometimes decorated with tints in the plaster.

In both the North and the South the dry months of January to March are the main building season. In the South there is a second shorter season around June and in the North one in September.

The cost of traditional building can best be measured in the number of man days required. In addition, meals for 10-20 people have to be provided when the roof is being put on.

Man-days of Work in Traditional Housing

	days
cutting posts for framing	10
cutting sticks for lattice works	5
cutting thatch	10
transporting material	5
assembling the framing and roof	10
raising the roof (10-20 people, 2-3 days)	20
daubing and plastering the walls	5
decorations and furnishings	15
total	80

Modern construction in rural areas is built by informal sector masons and carpenters, often itinerant who work on several jobs in a village and then move on. Many are from Dahomey. Construction methods are basically the same as for owner built houses in urban areas but walls are sometimes of mud brick.

Houses built through SOGEFIHA's rural housing program are not that much different from those built in Abidjan. Project densities are lower, infrastructure is minimal and finishes are simpler, but the units are the same concrete block and aluminium roofing construction used, for example on the Williamsville and Abobo Gare projects. Builders are smaller and there is less control, but the work is done on a contractual basis and the quality is reasonably good.

The projects are intended to represent the modernization of rural areas, and the contrast with traditional villages they are intended to replace, is dramatic. The construction is certainly more durable and the units provide significantly better basic shelter than mud and thatch, but the house plans and project layouts do not reflect cultural patterns. They reflect, instead, images of modern living and, as such, seem to appeal to people.

SOGEFIHA works with two kinds of contracts. Where materials are hard to obtain, SOGEFIHA buys materials and delivers them to the site. The builder contracts to provide the labor to put up the units. Where there are qualified builders and materials, suppliers contracts are let for the whole work. In either case the contracts are negotiated with prices determined by SOGEFIHA on the basis of its own estimates. Builders usually come from nearby larger towns, bringing with them experienced masons and carpenters and hiring locally some unskilled labor. The typical builder has around 15 masons, a truck, and some equipment. A completion schedule, generally of 4-7 months, is set in the contract, with penalties for late delivery.

Costs are kept to around CFAF 10 to 15,000 per m2 by minimizing finishes and eliminating sanitary and electric fixtures. SOGEFIHA absorbs overhead costs. Costs of UNDP assisted housing programs in the Bandama Valley are about CFAF 8,000 per m2.

e. Infrastructure

Costs of urbanization for housing projects in Abidjan range from CFAF 11 million per hectare for economic housing on land with a 1% slope and 50 units per hectare density to CFAF 30 million per hectare for higher standing houses at 30 per hectare on land with a 4% slope.

The site and service project being planned by SETU is estimated at CFAF 10.5 million per hectare including a sanitary block and technical assistance to individuals building their homes. These costs are based on fitting 5 hectare parcels into areas of SICOGI housing projects, thus saving costs on access roads, utility mains, and community facilities. This is an important concept not only for the cost savings, but it provides for a mix of housing types and socio-economic groups.

Estimated Costs of Sites and Services [1/]

	CFAF/HA
grading: land with 1% slope	300,000
7 m. wide paved road: the project is planned to include one paved road that loops off of an existing secondary road. Access to lots is by pedestriam walks with a maximum distance from road to lot of 100 m.	510,000
walks and storm drainage: pedestrian walkways are asphalted and sloped toward the middle to evacuate surface water	1,125,000
sewers: including lot connections. Sewage carried to mains but not treated.	2,100,000
water: including lot connections	675,000
electricity: including street lighting but not house connections	880,000
landscaping	370,000
subtotal	5,960,000
contingencies 5%	298,000
	6,258,000
inflation 5% (3 months)	312,900
	6,570,900
SETU, studies, management 10%	657,090
	7,227,990
sanitary block, surveying and technical assistance, 60,000 per lot x 50 lots/HA	3,000,000
Total	10,227,000
rounded	10.5 million

1/ SETU

f. inflation

A mixed Commission presided by the Ministry of Public Works and including representatives of the Ministry of Construction; the Bureaus of price control, douanes, and statistics; and a representative of the Syndicat des Entrepreneurs meets once a month to determine prices of building materials which are controlled by the Government. Indices for each material are published once a month which become the measure to adjust building contracts for inflation.

Bid prices are based on last published indices on the date of the submission. The building contracts include a formula using these indices to make adjustments for inflation.

The formula set by the OSHE for low cost housing projects which gives a weight of 43% to labor costs; 42% to specified materials costs; and 15% representing profit and overhead which does not change. At the submission of each bill, the builder calculates the percentage increase in the overall indice from the date of his bid prices and applies it to the bill for work completed during that period. In the case that significant time elapsed between bid submission and contract signing, the contract will generally include an adjustment for inflation to that date and subsequent bills are based on inflation from the date of the contract.

The OSHE is not a completely accurate guide to actual increases in the cost of construction, but it does give a good idea of trends. Up to 1972 inflation of labor and materials costs averaged about 6% per year.

OSHE Cost Variation Formula

weight x	cost indice (base 1000):		
.20 x S1	- average unskilled worker 1er cat.	( )	= ------
.133 x S3	- average semiskilled worker 3eme cat.	( )	= ------
.067 x S4	- average skilled worker 4eme cat.	( )	= ------
. 03 x M2	- average technician M2 cat.	( )	= ------
	Labor total		------ x K = ------
	K = indice of labor benefits ÷ 1000		
. 12 x C	- locally manufactured cement delivered to the site; minimum 10 ton order sacked	( )	= ------
. 03 x A	- smooth reinforcing bars ∅12 at the supplier; minimum 5 ton order	( )	= ------
. 03 x Cp	- locally manufactured 5m/m plywood; common quality	( )	= ------
. 07 x Bi	- long wood 8/11 beams at the mill; first choice, freshly sawn	( )	= ------
.05 x Ba	- long span 6/10 mm aluminium roofing; 75 cm wide sheets	( )	= ------
.12 x I	- industrial products; index is based on 321 items at wholesale prices in France	( )	= ------
.15	fixed percentage	(1000)	= 150
		Total	------ x T = P

T = indice of the tax on value added ÷ 1000
P = overall price index

the increase (or decrease) in prices from year a to year b = (Pb - Pa) ÷ 1000
(or month a to month b)

to adjust a contract for price changes

$$\text{revised contract} = \text{base contract} \times \frac{Pb}{Pa}$$

Indices of Construction Costs
(base 1000 dec., 1967)

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	May 1975
cement (C)	1036	1036	1000	1000	972	972	1070	1074	1160	1684	1684
reinforcing (A)	989	966	1000	1034	1560	1762	1925	1925	2452	4585	4585
sand	883	974	1000	1000	1027	1310	1310	1310	1310	1310	1885
aggregates	731	987	1000	1026	1026	1047	1073	1093	1073	1555	1555
wood for forms	1000	1000	1000	1023	1220	1227	1227	1227	1227	1227	2160
wood for framing (Bi)	1000	1000	1000	1000	1117	1117	1117	1117	1117	1117	1956
plywood (Cp)	1000	1000	1000	1000	1024	1024	1024	1000	1177	1331	1331
ceramic tile	1000	1000	1000	1000	1000	1000	1000	1000	1199	1199	1199
brick	1000	1000	1000	1000	1000	1000	1000	1000	1100	1476	1816
galvanized piping	1000	1000	1000	1000	1042	1244	1244	1244	1244	1931	2468
copper piping	765	898	1000	1035	1248	1265	1265	1265	1265	2131	2515
polyvinil piping	1000	1000	1000	1000	1000	1000	1000	1000	1000	2002	2002
asbestos-cem.piping	1077	1077	1000	1000	1260	1282	1282	1282	1282	1282	1282
cast iron piping	990	990	1000	1000	1128	1128	1128	1128	1128	1128	1128
plumbing fixtures	1000	1000	1000	1000	1360	1490	1490	1490	1490	1725	2189
electrical wiring (Cu)	1000	1000	1000	1000	1709	1772	1153	1153	1000	1000	1472
oil base paint	1000	1000	1000	1000	1000	1000	1000	1000	1019	1056	2975
window glass	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
hardware	961	1000	1000	1023	1023	1210	1254	1254	1451	1582	1647
galvanized roofing	1000	1000	1000	1038	1120	1273	1000	1000	1061	1657	1667
aluminium roofing (Ba)	1310	1310	1000	1023	1023	1023	1023	1023	1023	1283	1424
gas-oil (C)	823	823	1000	1026	1026	1198	1198	1198	1278	1938	2014
cut-back	978	978	1000	1000	1000	1187	1187	1246	2378	2378	2378
bitumen	1000	1000	1000	1000	1000	1000	1091	1091	1092	2184	2216
industrial products (I)	1050	1060	1060	1100	1220	1270	1319	1433	1743	1986	1927
unskilled labor (S1)	1000	1000	1000	1102	1102	1378	1378	1378	1727	2180	2180
semiskilled labor (S3)	1000	1000	1000	1085	1085	1301	1301	1301	1562	1902	1902
skilled labor (S4)	1000	1000	1000	1074	1074	1257	1257	1257	1465	1757	1757
technicians (S2)	1000	1000	1000	1000	1000	1070	1070	1070	1145	1274	1274
benefits (E)	975	975	1000	1000	1038	1038	1120	1265	1223	1284	1351
African family housing costs	927	935	1000	1033	1034	967	927	927			
OSHE formula	1015	1015	1000	1051	1105	1218	1287	1381	1574	1995	2111
annual inflation (%)		--	-1.5	+5.1	+5.4	+11.3	+6.9	+9.4	+19.3	+42.1	+11.6
Direction Statistique	979	996	1000	1018	1022	1291	1382	1392			
annual inflation (%)		+1.7	+0.4	+1.9	+0.4	+26.9	+9.1	+1.0			

source: Chambre d'Industrie

In 1973, prices jumped 20% and in 1974 over 40%. It appears that the rate by the end of 1975 will be about 15%.

The wholesale price of local cement in May of this year was over CFAF 12,000 per metric ton; reinforcing was 179,000 per ton; wood was 29,000 per m^3; and aluminium roofing was 700 per meter.

g. <u>design and management</u>

In 1969 there were 3 Ivorian architects in the country and all were in administrative positions. In 1972, of the 55 total architects 11 were Ivorian. Of these, 15 expatriates and 2 Ivorians worked in the Ministry of Construction and Urbanism; 14 expatriates and 5 Ivorians worked for para-statal organizations mainly regional planning authorities; and 26 expatriates, 5 Ivorians, and one Togolese worked in private offices. The private firms include 4 Ivorians firms, 5 French, one Togolese, and one Israeli-American firm recognized to do work in the Ivory Coast. There are several other unrecognized firms. There were 12 urban planners including one Ivorian mostly working in Government or para-statal organizations.

In 1966, the Government established the Bureau National d'Etudes Techniques de Développement B.N.E.T.D. to do multidisciplinary planning and project studies. It has a staff of architects, engineers, planners, economists, and researchers totaling over 300. The staff is still largely expatriate and some of its work is contracted out to international organizations such as the B.C.E.O.M. It has done a wide range of projects and has the capacity to do feasibility studies and research as well as project supervision. It includes the Atelier d'Urbanisme de la Région d'Abidjan (AURA). The BNETD is respected as a competent professional office.

Large French planning and design agencies such as SCET International also have offices in Abidjan.

One Ivorian project management firm has been established privately. INTRADEP has been responsible for construction management of a number of SOGEFIHA projects and has been Inspector for USAID on the Williamsville and Abobo Gare projects.

III. B. Land

1. Tenure

There are four main categories of land ownership in the Ivory Coast:

a) State public domain. This includes all land within 100 M of the ocean and within 25 M of the lagoons. These cannot be sold or leased, but certain rights of usage can be granted.

Unregistered private lands, such as those under traditional tribal ownership, in theory are a part of state public domain in accordance with legislation setting up a new Tenure system, approved in 1963 but never implemented.

b) State private domain. Land used by state-owned industrial plantations, for public buildings, developed by GOIC for urban housing projects, etc.

c) Registered private property. This includes only 0.6% of the land in the Ivory Coast, but what has been registered is the most valuable. In Abidjan, 25,000 parcels and 75,000 housing units were registered after creation in 1962 of the Cadastral Service (at a cost of CFAF 200 million, recovered in a year from improved real estate tax collections).

Cadastral surveys are now under way in Bouake, Daloa and Man. Title to large privately-owned plantations also is usually registered.

Registered private property can be held provisionally (concession provisoire), definitively (concession définitive) or through land-lease (bail emphytéotique) with a term of from 18 to 99 years, with 25 years being the most usual.

d) Unregistered private lands.

As urbanization develops, the control of traditional village chiefs, who still believe the land is theirs and occupancy and use must be compensated, conflicts with that of the local civil administrator, to whom legally belongs the right to distribute lots, eventually to the detriment of the former.

2. Transfer Procedures and Liens

State-owned lands may be transferred to individuals by the Minister of Construction in Abidjan or the local Prefect-Mayor or Sub-Prefect.

Ownership is initially provisional (concession provisoire), subject to an obligation to improve (mise en valeur) in permanent materials. Generally the improvements should cost at least three times the value of the land.

The procedure is relatively time-consuming, and there is a lack of sufficient urbanized lots. A formal demand is made to the Minister of Construction (in Abidjan) or the local civil administrator - together with the necessary documentation.

The demand goes then to the Bureau of Land Controls of the MCU, which advises as to building restrictions and requirements; to the Land Service of MCU, which maintains the inventory of state-owned lands and regulates the issuance of concessions provisoires; to the Registrar's Office (Conservation Foncière) of MOF for concession définitive.

The demand is then returned to the Minister of Construction, who authorizes the transfer, personally in Abidjan, a procedure which occupies a considerable portion of his time.

All transfers must be notarized and in 1969 notaries were obliged to register sales within three months. Sales of unregistered land were prohibited in 1964, and made subject to fines and short jail sentences in 1971.

Transfers between individuals must also be reviewed by the MCU Bureau of Land Controls. These are not too common, because of the difficulty and expense of the procedures and because Ivorians prefer to purchase less costly land from GOIC. (An estimate 300 transfers a year have taken place in Abidjan, mostly lots with incompleted improvements.)

Liens can be registered against any registered property, of course. A conditional mortgage may also be placed against a parcel of land which has been surveyed but not registered, a frequent situation in most urban centers outside Abidjan. The lien is noted and is formally registered at the same time as the parcel.

Closing costs are high, even when, as is the case with the social housing programs of para-statal agencies, the registration tax of 10% of the value of the property is waived.

Transfer Tax	0.6% of sales price
Mortgage Tax	0.6% of 110% of Mortgage
Notary Fee	5.5% of first 1 million francs 3.0% of 1-3 million 1.5% of 3-9 million 0.75% of portion more than 9 million
Registration Tax	10.0% of sales price (waived for social housing programs)
Fiscal Stamps	CFAF 200 per page (waived for social housing programs)

Totaling around 5% for most middle-income purchases, these closing costs are exceded by those in only four of 20 primarily developed countries, studied in 1973.

3. <u>Availability and Costs</u>

Traditionally-held land is generally available for urban expansion, including Abidjan. Constraints are much more likely to be those of infrastructure costs rather than of availability of land.

Although GOIC has the right of eminent domain, acquisition is usually negotiated. Compensation for agricultural land outside Abidjan is composed of three parts:

CFAF 200,000 per ha for the land itself

CFAF 200,000 per ha compensation for loss of plantations

1 lot of 600 m2 to the owner per ha of land ceded, up to a maximum of 10 lots.

GOIC has sold unimproved urban lots of 400-500 m2 at a nominal charge of CFAF 100 per m2, say CFAF 40,000-50,000, plus survey costs of ± CFAF 30,000. GOIC-owned urbanized lots now sell in Abidjan for CFAF 1,000-1,500 per m2.

Cost of a lot in Abidjan urbanized for upper-income development by the para-statal land development agency SETU has been CFAF 1650 per m2.

Official free-market land prices for sales between individuals vary in accordance with the neighborhood: CFAF 500-1,000 per m2 in Adjamé, a newer and inadequately equipped low income residential neighborhood; CFAF 1,000-4,000 in Treichville, the old, centrally located African residential area, CFAF 2,000-2,500 in an outlying and developing good residential area; CFAF 3,000-5,000 in Cocody, the prestige residential section.

Land prices on the Plateau in downtown Abidjan, about the only area where a private real estate market may be said to exist and where a substantial GOIC-induced office-building boom is under way, range from CFAF 40,000-90,000 per m2 (a four-fold increase from the 1963 price range of CFAF 10,000-20,000) and reached as much as CFAF 3.5-4.7 million per m2 in 1973 for land assembly for two high-rise office complexes.

4. Urban Real Estate Taxes

GOIC real estate tax system is extremely complicated and riddled with exceptions.

a) Unimproved land

Unimproved urban land is untaxed for the first two years after its purchase (from GOIC), at 3% the third year, and 6% thereafter.

Once improved, the property becomes subject to other taxes.

b) Exemptions

Improved real estate is exempt from the property tax under the following circumstances:

25 years for owner-occupied individual homes

20 years for housing agencies with priority status (para-statal and others specifically granted)

10 years for rental projects by non-priority developers

5 years for commercial properties (reduced from 7 years by 1975 Budget law).

c) <u>Taxes on improved real estate</u>

The following are paid by all owners of improved real estate, including those exempted from the property tax:

sewage tax: 5% of net revenue (enacted in 1975)

frontage tax: based on street frontage and number of stories

FNI contribution: 10% of net rental revenues in the form of forced bond purchases in the National Investment Fund.

Income tax on real estate revenues: 12% (raised from 10% in 1975).

After the exemption period, improved real estate is subject to the following:

tax on improved real estate: 10% of net rental income, calculated as rental income less a standard reduction of 40-50%. (Prior to 1975 the rate was 20% of net income).

a tax on insufficiently developed land is applied to bring the above tax to its full value, insufficient development being defined as land with a market value of more than three times its rental value.

the municipal centime: 20% of the above tax on improved real estate.

national contribution: 2% of net revenue.

Taxes, except for the income tax, are collected by the Cadastral Service, which maintains a register of all real estate owners and conducts a yearly survey of new buildings.

Real estate taxes represented only about 1.5% of GOIC tax revenues in the last three years. In order to improve collections the 1975 budget legislation also provided for:

- the right of the Treasury to levy for back taxes and penalties is extended to a period of 10 years.

- the right of the Treasury to file tax liens.

III. C. Community Services and Cooperative Organization

1. Community Services

The usual public buildings and services are provided neighborhoods by the responsible GOIC agencies.

High schools and staffing of elementary schools -
Ministry of National Education

Hospitals, dispensaries, clinics -
Ministry of Public Health

Public market structure - Municipality.
(It should be noted there is never any lack of convenience retail facilities in any neighborhood).

It should be noted that in 1974 GOIC decided that construction of new elementary schools would be financed through levies on the families involved.

Maintenance of streets, garbage collection and street cleaning are supposed to be provided by the municipalities.

The role of the Party and of other recognized associations has a tendency to be supportive of GOIC policy. Organizations of people from the same region (ethnic group exist, often to encourage development of the place of origin, but these are organized city-wide, rather than by neighborhood. *Ad hoc* protest groups also spring up from time to time. But in general there appears to be no strong informal associational network within neighborhoods.

2. Cooperatives

The Government has placed a strong emphasis on rural development and cooperatives as an important tool. SOGEFIHA's rural housing program is now being directed toward projects developed with established production coops. The housing program becomes an incentive for the coop and the cooperative structure simplifies management and collections for SOGEFIHA. Earlier programs where mutual societies were established strictly for the purpose of the project have had high delinquency rates on repayment, whereas regular cooperative units already have ongoing organizations, assets and operations. They have back up from the Ministry of Agriculture.

In 1969, the Centre National de Promotion des Entreprises Cooperatives (CENAPEC) was set up by the Ministry with support from the ILO and UNDP to train cooperative leaders and staff, to research and develop cooperative techniques and programs, and to provide technical assistance to coops. It has worked with over a thousand coffee and cocoa cooperatives.

It is developing a program for rural housing linked to production coops, using housing as an incentive to plant new fields, the income from which is used to repay a housing loan. A village that wants housing is to set up a cooperative coffee or cocoa plantation. The village has to find a tract of land (100 hectares minimum) and each member (typically 30-150 members) has to plant at least one hectare (the more hectares he plants the larger a house he gets). The plantations have to be on one tract so that arrangements can be made with SATMACI, Société d'Assistance Technique pour la Modernisation Agricole de Côte d'Ivoire, for an agricultural advisor to help them manage it. A well for the plantation is also provided. This phase is linked to a 15,000 hectare World Bank program.

Coffee plantations mature in two years at which time it will serve as collateral on a loan (through SOGEFIHA's rural housing program, for example) to the coop for housing and the income would be used to pay it back.

The first villages have set aside land and are now beginning work on the plantations, others are in process. During the time that the plantations are maturing, CENEPEC will set up a housing section to work with the coops on a regular basis on project development. Once operating, it could provide a pipeline of viable and well structured cooperative projects for financing through SOGEFIHA's rural housing program.

There are no urban housing cooperatives though CENEPEC has discussed the possibility with the Union Générale de Travailleurs. Automatic homeowners associations have been set up and are functioning at Williamsville and Fairmont.

CENEPEC should be used by SOGEFIHA to broaden the planning of its rural housing cooperatives.

III. D. Housing Finance

1. The Banking System

a) the Central Bank. The Ivory Coast is one of six states of francophone West Africa (the others are Dahomey, Togo, Niger, Upper Volta and Senegal) belonging to the West African Monetary Union. The six states share a common currency, the CFA (Communauté Financière Africaine) franc, and have the same Central Bank of West Africa (BCEAO). The CFA franc is guaranteed by the French franc at a fixed rate of one FF = CFAF 50, and as such is freely convertible. (The five francophone states of Central Africa are also part of the franc zone but have a separate Central Bank and issue a separate currency; the bank notes, however, are freely convertible at par with West African notes.)

BCEAO is an "international public institution" created by Treaty in 1962, with statutes that can be amended only by unanimous decision of its Board of Directors. BCEAO capital is CFAF 2,800 million, subscribed to equally by the participating states, who each elect two Directors. However, African Directors compose only two thirds of the Board; the remaining one third are appointed by the French government.

In this context, then, a monetary decision which any individual member wishes to take, is studied by the other members; all decisions are strongly influenced by the former colonial power;

and no individual country can subject its Central Bank to its own monetary and credit policy, as is often the case where the bank of issue represents its own country only.

Convertibility of the CFA franc is achieved through the special "operations account" held by the French Treasury in French francs for BCEAO. The Monetary Union pays into this account its foreign exchange assets, and the Treasury supplies the Union with the French francs it needs. If a member State needs foreign exchange other than French francs, it may draw on the French reserves and buy the required currency on the Paris market. The result of this system is a pooling of the reserves of the Union's six states, so that those with a deficit have temporary access to the surplus of others.

Within each participating country, issuance of bank notes is determined by each national branch on the basis of rediscount applications submitted by the commercial banks. Notes are marked with an identifying countersign and are returned regularly by a given national branch to the country of issue against a credit on the bilateral account each participating state keeps with each other.

The demand for credit in the private sector has been a function primarily of the size of the cocoa and coffee crop and of the level of imports. Credit controls are primarily effected through quotas set for the amount and kinds of commercial paper eligible for Central Bank discounting. A National Monetary Commission periodically examines a country's short and medium-term financial requirements and, ultimately, fixes a maximum short-term loan ceiling (or quota) for each bank and a medium-term time-table and quota for each firm.

Historically, the BCEAO discount rate has been kept artificially low. Until 1973 the rate was held unchanged at 3.5%, because monetary authorities believed the effect of interest rate changes to be very limited, given the stage of development at the time of independence of the countries in the Monetary Union.

This is true of credit needs associated with the agricultural cycle, and a low discount rate could be construed as of benefit to the planters. The same argument was applied to the public sector of the economy, which overwhelmingly dominates the early stages of development and in which investment is a function of development policy rather than cost of money. Finally, bankers have argued that private capital flows in developing countries were more a function of safety than of relative costs.

One result of this policy has been that as the modern sector grew in the Ivory Coast, it became increasingly advantageous for firms to expatriate their capital to the maximum possible into safe but high interest-earning areas (such as Europe), and to borrow domestically at artificially low rates. As the policy proved counter-productive to attempts to generate local savings, BCEAO increased its discount rate in 1973 to 5.5% and commercial bank loan rates have risen accordingly, but still not to parity with European rates. Interest rates on short-term paper are 6.5 - 9.5% and from 7.25 - 10% on medium term. Interest paid on commercial time deposits (minimum 6 months) are also below European rates, ranging from 6.5% (minimum CFAF 5 million) to 8% (minimum CFAF 100 million).

In July, 1975, the Central Bank extended the term of its rediscount from 5 to 10 years, thereby easing the terms at which it can intervene in development projects.

b) <u>The Caisse Autonome d'Amortissement</u> (CAA)

A key role in Ivory Coast financial management is entrusted to CAA, a uniquely Ivorian public agency created to manage the public debt but which also serves as bank of deposit for the Treasury and for para-statal enterprises (36 in 1973). In this role CAA also serves as a source of credit, making short-term advances to the private sector (customs bills, particularly, and short-term loans to commercial banks) and, increasingly, medium-terms and occasionally long-term loans to para-statal companies.

CAA deposits totaled CFAF 27.4 billion (of which CFAF 10.1 billion demand) in September, 1973, compared with CFAF 63 billion deposits in the commercial banking system (of which half were demand). CAA loans and commitments totaled CFAF 20.5 (compared with more than CFAF 125 billion for the commercial banking system, but represented a much greater relative amount to the medium (17%) and long-term (41%) credits granted by the commercial banking system.

In its role of debt management, CAA recognizes two categories of public debt:

i) Obligations repaid directly by CAA from its own resources (i.e. taxes); and

ii) obligations repaid from income generated by loan beneficiaries, of which, again, there are two sub-categories:

- operations repaid directly, because income generated is sufficient for debt servicing, and
- operations consolidated by CAA in order to take care of the time lag between loan amortization requirements and the income flow to loan beneficiaries. (For example, the loan advanced GOIC for construction of the Anyamé Dam was medium-term, whereas the rate structure of the electric company, which ultimately will repay the loan, required a 30-year amortization period.)

In this connection it should be noted that CAA must assume ultimate responsibility for repayment of GOIC-guarantied off-shore loans, although these commitments are made outside its balance sheet. Of these, the largest amount are obligations of SOGEFIHA, which in 1973 had GOIC-guarantied loan commitments totaling CFAF 22.4 billion, or one-quarter of the total of CFAF 96.8 million of off-shore loan commitments guarantied by GOIC.

CAA also has undertaken annually since 1969 the sale of tax-free investment bonds at a face interest rate of 7%, recently raised to 10%, discounted, so the effective interest rate is 11-13%. The annual amount involved - CFAF 500 million - is modest. Main purpose of the campaign is to educate Ivorians to the idea of investment.

c) Ivory Coast Banking Legislation

Ivory Coast legislation governing banking and credit was passed in 1965 and, although frequently amended, follows a format standardized for use in all countries in the West African Monetary Union. The legislation provides for opening, closing, registration, minimum capitalization, reserve requirements (newly defined as a coefficient between liquid assets and demand and short-term commitments and as a second coefficient between non-discountable loans to one borrower and the bank's own funds) and form of organization of two types of banks and of financial establishments in the Ivory Coast, and sets up a National Credit Council and a Bank Control Commission. Control of credit, originally incorporated in the Banking Law, was turned back to the Central Bank as part of a comprehensive 1975 amendment in order to assure compatibility of credit regulations among all member states of the Monetary Union.

The legislation defined two types of banks:

1) Commercial or deposit banks are the only institutions authorized

- to receive sight deposits or deposits for less than two-years;
- to serve as credit intermediaries; and
- to carry out foreign exchange operations.

2) Development or merchant banks are those whose principle activity is financial participation in or loans to public or private businesses, using either their own resources or deposits of at least two years. However, Development Banks cannot accept deposits from the general public.

Financial establishments were defined generally as lending institutions and like development banks, could not accept deposits from the general public.

Thus, until recently under Ivorian law, only commercial banks could serve as genuine financial intermediaries, and they provided 75% of the credit to the private sector, including 90% of the short-term.

However, the 1975 amendment to the Banking Law, *inter alia*, abandoned the distinction between commercial and development banks precisely in order to permit the latter to collect savings and serve as intermediaries.

Banks and financial establishments must be corporations. There is no provision under Ivorian law for mutual banks or savings and loan institutions. Foreign-owned financial institutions may establish branches in the Ivory Coast provided a separate accounting is maintained of the Ivorian operation.

The proposed National Saving and Housing Bank, according to Ivorian law, is a bank to which has been granted certain exemptions otherwise not allowed to commercial banks, notably with respect to reserve requirements and rate of interest payable on savings, because of its specialized character and because of its non-involvement in normal commercial banking activities.

d) Commercial Banks. Four commercial banks currently serve Abidjan and the main up-country urban centers, three of which now have Ivorian Director-Generals as part of the Ivorisation process now under way. Loan and under-writing policies, however, have not changed.

i) Ivorian Bank Corporation (SIB)

This is the Ivorian subsidiary (42%) of the Crédit Lyonnais. Other participants include Morgan Guaranty of New York, Deutsche Bank, Bianca Commerciala Italiana and GOIC (10%) through SONAFI, its forced investment fund.

SIB has eight offices in Abidjan and nine branches and two periodic windows up-country and about one-fifth of total deposits (or about CFAF 20 million in 1973).

ii) International Bank of West Africa (BIAO)

The largest French commercial bank in Black Africa (BIAO is a French corporation) with branches in 13 former French colonies, Nigeria and Zaire. Its origins go back to 1853, when it was organized as Banque du Sénégal. It served as the Bank of issue for French

Equatorial Africa until 1942 and for French West Africa until 1955. In 1965 it changed its name to BIAO and brought in fresh capital from First National City Bank of New York.

Unlike most other French commercial banks, which incorporated nationally in each new country after independence, BIAO remained a French corporation, with controlling interest (51%) held by the Compagnie Financière France-Afrique, a holding company controlled by a group of large French banks. FNCB participation (49%) is limited to capital; it has not affected management operations.

BIAO transacts about 75% of its business in and with Africa, which also sets it apart from other French commercial banks, whose African activity is limited to only a few percent of their total business.

It operates from six offices in Abidjan but has limited its up-country branches to the major centers (Bouaké, Daloa, Gagnoa, Korhogo, San Pedro, and, in 1975, Odienne). With CFAF 13 billion in deposits in 1973, it holds about one-fifth of total commercial bank deposits.

iii) International Bank for Commerce and Industry (BICI-CI)

Since 1971 GOIC has held a majority interest in BICI-CI, with other participants including Bank of America (12%), Banque Natio ale de Paris (of which it is the Ivory Coast subsidiary) and others.

BICI-CI has six agencies in Abidjan and nine branches and one periodic window up-country. It is the second largest bank in the system and holds deposits totaling CFAF 16.3 billion in 1973, about one-fourth of total deposits.

iv) <u>The General Corporation of Banks in the Ivory Coast</u> (SGB)

The Société Générale des Banques is the local subsidiary (51%) of the French bank of the same name, with participation from among others, Bankers Trust (8%), Bianca Nationale di Lavoro (10%) and GOIC again through SOHAFI. With deposits totaling CFAF 34.5 billion in 1973, and the largest commercial bank in the country (one-third of all bank operations, one half all private deposits in 1974, SGB has eight Abidjan offices (including the country's first drive-in window) and the most extensive network up-country. (10 branches and two permanent and nine periodic windows).

e) <u>Development Banks</u>

Under Ivorian law these banks may make medium and long term loans as well as short term and may accept deposits of at least two years, but do not accept deposits from the general public. Development banks in the Ivory Coast generally have specialized fields of interest, as their name indicates.

i) <u>Ivorian Bank for Industrial Development</u> (BIDI)

Spun off in 1965 from the then general purpose development bank dating back to pre-Independence, BIDI was organized with capital participation from GOIC (21.1%), the French Aid Fiduciary (10.7%), International Finance Corp. (7.1%), Central Bank (5.7%) and numerous private banks including Chase International Corp.

ii) National Agricultural Development Bank (BNDA)

Created in 1969, BNDA lends to various farmer groupings for equipment, production, marketing and to carry farmers' cash needs during the immediate pre-marketing period. Loans are medium (2 to 10 years) and short-term. Capital of CFAF 1.3 billion is divided among GOIC (33%), the Agricultural Stabilization Fund, Central Bank, and CCCE.

In 1973/74, BNDA made 4,239 loans totaling CFAF 11,746 million, a 40% increase over the 1972/73 total of CFAF 8,445 million to 4,165 borrowers. According to BNDA, its 1973/74 activities reached 169,000 peasants, or one quarter of the country's 700,000 farmers.

BNDA also served as fiduciary for a GOIC-financed CFAF 430 million cocoa production and rural housing effort.

In 1975 it launched a savings program.

BNDA operates from a main office and 11 up-country branches.

iii) Ivory Coast Credit Bank (CCI)

The original development bank from which the above two institutions were spun off, now a social credit bank specializing in loans for housing, small business and consumer goods. A full description is contained in Section III E.5.

iv) Ivory Coast Financial Company (COFINCI)

A merchant bank classified with development banks under Ivorian banking legislation, organized in 1974 with capital from the National Bank of Paris - Overseas Financial Co. group (51%), BICI (10%) and substantial participation from the GOIC para-statal sector - SONAFI (34%) and CCI (5%).

COFINCI will make medium and long-term (i.e. up to 10 years) loans, primarily in real estate (its initial loans have been in industrial real estate), and to businesses. Major resource is a CFAF 2.5 billion line of credit from the National Bank of Paris.

One and possibly two merchant bank subsidiaries of foreign banks (one U.S., one Brasilian) were also considering organization in 1975.

f) Financial Establishments

These include companies for automobile credit, car leasing, truck leasing, etc., and most importantly, the National Finance Co. (SONAFI).

i) SONAFI

An independent State corporation organized in 1963, SONAFI's purpose is capital participation in undertakings of national interest using funds derived from the forced purchase of interest-free non-convertible bonds equivalent to 10% of taxable profits on industry, commerce and agriculture and 16% on real estate. As is not infrequent in the Ivory Coast, the circuit is fairly complex. If the tax-payer can prove that he has invested in a priority business (industry or housing) within a specified period of time an amount equivalent to three times the value of the bonds, he may redeem the bonds at full full face value. Alternately, the interest-free bonds may be converted into SONAFI bonds either in an equivalent amount, in which case they are for 40 years at 2.5% or, if the tax-payer wishes to purchase an additional equivalent amount, the bonds are 20 years at 6%.

SONAFI may also float its own bond issues and has also floated stock issues for state corporations.

2. Housing Finance

a) Private Sector

No regular credit system exists for home finance in the Ivory Coast, and no market mechanism for determining a flow of money into the Shelter Sector. Administrative determinations are made from time to time as to the amount of funds to be made available to para-statal organizations in the Shelter Sector, and the market to be addressed by the housing thus financed is also administratively determined. Given the relative shortage of housing supplied in relationship to the amount demanded, particularly at economic levels, this system of administrative allocation poses no real problem in terms of marketing the units produced by the ara-statal sector.

What this does mean is that there exists no mechanism for directing private sector investment and household savings into the shelter sector as a whole. Rather, and this in accordance with GOIC policy, private initiative is blocked from the central portion of the sector and flows, therefore, to the extremes: upper income housing (which is good, according to GOIC planners) and slum housing (which, according to the same experts, should be a "no no").

The incentives and mechanisms, needless to say, are the same at both ends of the market. Construction is financed from household savings, augmented by commercial bank loans. Even when loans are available, construction continues in stages, extending sometimes over several years, the rapidity of completion being essentially a function of the financing available.

Commercial banks intervene at the beginning of the construction cycle through personal loans of about a year's duration in amounts of from \$500 to \$1000, which are used to buy the land and start construction, each new loan being contracted after the old one is paid off, until the home owner accumulates enough work in place to finance the balance through a mortgage, either from CCI or a commercial bank.

Similarly, an owner may make a use of construction materials loans available from CCI at 8-10%, amortizable in two years (recently raised from one.)

Commercial bank mortgages are eligible for rediscount by the Central Bank for 50% of the value of loans for upper income housing, up to 80% of the mortgage for "social housing" (the latter being generally the prerogative of CCI). Although the Central Bank will rediscount for up to seven years, banks prefer as short a term as the borrower can afford; and the majority of their mortgages are for three to five years. Interest rates are 10-12%. Beneficiaries are primarily well placed bank customers seeking to finance villas and, more recently, apartments.

Upper income housing is amortized over a four to five year period, corresponding generally to the term of the loans available, usually in the expatriate market. However, even with more than 50 Embassies and half a dozen international organizations quartered in Abidjan, this market is not inexhaustible, and this housing is increasingly occupied by Ivorians, some of whom now live in their own homes, once they have been paid for.

As a result, too, commercial bank mortgage portfolios are shifting from individual homes to purchase by Africans of apartment buildings, whose expatriate owners want to transfer out their capital. Purchase of existing structures not being eligible for Central Bank rediscount, the topping off of the luxury market has had a tendency to sharpen commercial bank real estate underwriting.

Developers of low-income private housing, building often on unurbanized lots or in frankly illegal areas, amortize their investment within two years or so if it is of concrete, within a year if a shack of provisional materials, on the basis of monthly rentals of from CFAF 2 to 4,000 per room.

Real estate speculation is still the best way to start getting rich in Abidjan, and the parameters and procedures are remarkable similar at both ends of the income distribution.

It also represents, under current Ivory Coast planning, two thirds of the total investment (of CFAF 33.34 billion) in housing forecast during the 1970-75 Development Plan period, of which the para-statal housing authorities were to invest CFAF 11.25 billion.

b) Public Sector

Details on the administratively determined terms and conditions of housing loans by para-statal institutions are contained in Section III.E Housing Institutions.

3) Savings

a) Domestic Savings

In its planning GOIC estimates monetized private domestic savings as rising from, CFAF 10 to 16 billion a year during the 1970-75 plan, and continuing to grow to CFAF 24 billion a year by 1980, representing 2.8%, 3.1% and 3.2% of GNP for each of the three years. These savings, GOIC planners have calculated, will be invested by various private sector loans so that the total unofficial housing investment was estimated to reach CFAF 15 billion in 1970, 25 billion in 1975 and 37 billion in 1980.

It would appear that the propensity t save is greater among the rural than the urban population, given the much greater opportunity available to city dwellers to consume and given the consumption orientation of the modern - as distinguished from traditional-life style. Planners have estimated that about 60% of the national investment in unofficial housing will take place outside of the capital, divided about equally between rural and up-country urban centers.

Even this calculation may under-estimate the level of rural savings, because a substantial volume of these savings are transferred to Abidjan for investment in housing. One study made in the mid-sixties suggested that transfers from the interior to Abidjan totaled CFAF 700 million, or 56% of the CFAF 1,250 invested in unofficial housing in the capital, the balance - or CFAF 550 million - representing the savings of Abidjan households.

Historically, the rural population, even as it entered the monetized economy, has been reluctant to trust its cash to a third party because of fears, not always unjustified, that funds, once deposited, can never be withdrawn (the history of agricultural co-ops in the Ivory Coast contains some unfortunate examples of this); or that, if recorded, relatives and/or tax collectors can find out the amount.

Although limited access to financial institutions is given as one limiting reason for slow rural response to monetization of savings, it is also possible that the inability of rural residents to benefit from utilization of the institutions in place is an equally limiting factor. Postal savings accounts may be opened in any of the country's post offices, which may be found in any administrative center of a sub-prefecture (the smallest administrative unit), probably no more distant than a commercial retail outlet from which a planter purchases his whisky, transistor, or roofing sheets. However, depositing money is not simple, withdrawals less so, and credit is unavailable.

Loans, when needed, he can obtain from relatives, from the merchants with whom he deals, or from the sharecroppers who work his land (and who are foreign Africans with a strong propensity to save and who, reportedly, charge as much as 100% interest for advances to tide the improvident planter over the two/three month "dead season" immediately prior to harvest.)

Therefore the planter tends to hoard what reserves he believes necessary for marriages or funerals and to invest in building materials.

Conversely, of course, the willingness of a financial institution to serve a rural population is related to the latter's willingness to repay obligations. Here, again, the experience of agricultural banks has not been encouraging, and loan repayments of the SOGEFIHA rural housing program run only 62% of the amount due as of Dec. 31, 1974. Experience suggests that villagers are more likely to repay loans from individuals with whom they have a personal relationship than loans from an institution, and that village groups are more likely to repay loans from individuals with whom they have a personal relationship than loans from an institution, and that village groups are more likely to repay obligations than individuals. Much needs to be done to work out satisfactory underwriting techniques for rural savings and loan programs.)

The most successful savings program in rural areas has been associated with the GOIC aided self-help rural housing program, preached by the President since the mid-sixties, and which required a cash advance equivalent to 10 of the loan plus payment of skilled labor during construction, representing initially perhaps 40% to 60% of the total value of the house (depending on size of unit, loan amount, etc.).

The substantial cash pre-savings, apparently, could be collected because the planter could see both a direct relationship of desire to savings and, if not in his village at least nearby, palpable evidence of a response by the institution.

Perhaps a key factor inhibiting the mobilization of savings, rural and urban, are private transfers abroad. The Ivorian Economy depends on foreign African labor, and in 1970 there were about 340,000 non-Ivorian Africans installed permanently in the country, plus another 200,000-250,000 temporary agricultural workers. For them citizenship has been in the past a political impossibility, and they are concentrated in low-paying jobs which Ivorians refuse to accept. Representing 78.5% of the wage force in the primary sector, where 77% of those permanently resident are to be found, they receive only 44.4% of wages paid. Conditions are somewhat more favorable in the other sectors: about 16% work in Service industries, where they compose 34% of the wage force and receive 21% of the wages; the remaining 11% are in the secondary sector, primarily construction and public works, where they represent 43% of the work force and receive 24% of the wages. This group has a strong propensity to save - indeed, an overpowering propensity, if the estimate that they repatriate 40% of their earnings is correct - but their savings are to a large extent directed back home to Upper Volta or Mali.

Transfers abroad by expatriates appear to be motivated by differential interest rates. Some expatriate purchases of tax-free CAA bonds took place when interest rates became more competitive. Expatriate income is significant, making up 6% of th. private sector wage force they earn 41% of wages and salaries paid - but presumably this preponderance will be reduced as Ivorian development advances.

b) Savings Institutions

GOIC has undertaken only recently programs for the encouragement of domestic savings. These have been directed at collecting funds to be invested in accordance with administratively determined development objectives through the CAA bond issues and by way of National Lottery.

GOIC also plans organization of a Stock Exchange, to open late in 1975; and in conformity with GOIC policy a number of expatriate firms have already issued new stock for sale to individual Ivorians.

Existing institutions which can also accumulate savings include the Postal Savings System, the commercial banks, and the Agricultural Development Bank (BNDA). In addition an undeveloped form of savings for rural housing program may be considered to exist in the collection by SOGEFIHA of 10% advances from rural housing mutual society applicants.

New programs under consideration include the National Savings and Loan Bank initiated under the existing HG program and a contract savings operation to be undertaken jointly by the Ivory Coast Credit Bank (CCI) jointly with a state corporation for urban infrastructure.

i) <u>Postal Savings</u> (CNE)

The National Savings Bank (Caisse Nationale d'Epargne) is a public enterprise under the general direction of the Secretary of State for the Post Office and Telecommunications, set up at the time of Independence when the former Caisse d'Epargne of French West Africa was broken up into its constituent local branches. It operates through the country's post office branches, and serves exclusively for the collection of savings accounts, on which it pays 4% interest.

Its accounts are paid into the CAA, which pays the CNE 6.5% on minimum two-year time deposits and 3.5% on sight deposits. CAA in turn makes the Postal Savings available to the GOIC Development Budget (BSIE).

As of October, 1974, according to a special report by the Minister, CNE had 100,000 accounts (of which only 30,000 could be described as active) and deposits totaling CFAF 1.4 billion. About 10% of the active accounts, or 3,000, had balances of more than CFAF 100,000, and these totaled CFAF 852 million, (or 61% of total deposits).

ii) <u>Commercial Banks</u>

Commercial banks offer passbook savings accounts requiring CFAF 5,000 to open and paying, since July, 1975, 5.5% interest on a minimum balance of CFAF 25,000. Maximum account permitted under banking regulations is CFAF 5 million.

In December, as a result of studies made by the commercial banks, which showed considerable stability in these accounts, the Central Bank authorized the banks to include passbooks savings with their time deposits, as a basis for calculating reserve requirements. Previously individual savings accounts were classified as demand deposits.

(Time deposits, for a minimum of six months, pay 6.5% interest on the minimum deposit of CFAF 5 million up to 8% for a CFAF 100 million minimum. Their level fluctuates much more than does that of the passbook savings in response to the cash flow requirements of large commercial depositors.)

The banks generally do not keep or prefer not to divulge specific data on their passbook accounts. Representatives of two banks felt that these accounts were increasing at relatively the same rate as their over-all accounts an were usually opened as supplements by holders of regular accounts; representatives of two other banks reported a relatively greater increase over the last two years in response to savings promotion. One banker commented that these savings were destined as a rule for investment in real estate, where the returns were higher. This same banker reported an increasing Ivorian sensitivity to relative interest rates on the part of his bank's customers.

Another source pointed out that savings accounts also represent a form of current account used by those with small accounts (commercial banks generally require an average minimum balance of about CFAF 50,000 for checking accounts), by minors, and in particular students, who cannot hold checking accounts but who can open savings accounts with their father's permission, and by women, who with their husband's permission can open savings account but who are denied by law free access to funds in checking accounts.

One banker estimated that passbook savings represented 8.6% of his institution's total deposits. Average account size given ranged from CFAF 100,000 to more tha 600,000. In all the commercial banking system at the end of 1974 included probably 18,000 passbook accounts, Ivorian and expatriate, with total savings in excess of CFAF 3.7 billion.

iii) <u>National Agricultural Development Bank</u> (BNDA)

In 1974/75 BNDA started a savings promotional campaign directed at planters already engaged in BNDA-supported production campaign and from whom savings could be deducted at the source by the marketing agency (planters of oil palm, for example) or at specific geographic regions (participants in the new fishing industry developing in the lake behind the Bandama Dam, coffee (cocoa planters in Dimbokro, richest district in the country).

BNDA offers passbook accounts paying 5.5% and contract savings for up to three years paying 6%.

Promotional effort is carried out by district agents or through village meetings, BNDA believing that peasants will entrust their money only to persons they know and have c nfidence in. Main thrust of the campaign is security (from thieves, fire, vermin, mildew, etc.), although some planters have begun to appreciate the concept of interest.

Towards the end of the first fiscal year of operations, BNDA reported 5,000 accounts with net savings totaling CFAF 2.8 billion.

An expanded program is planned for 1975/76.

iv) SOGEFIHA Savings

Advances paid to SOGEFIHA by village mutual societies, hoping thereby to be granted a housing loan and, more recently, by individual savings deposited informally with SOGEFIHA's Savings Division in anticipation of creation of the BNEC, totaled as of the end of 1974:

Village mutual societies	CFAF 149,240,000
Individual savers (1119 accounts)	147,220,000
	CFAF 296,460,000

v) National Savings and Loan Bank (BNEC)

Scheduled to start operations late in 1975, this institution is described more fully in Section III. E, 6.

OSHE

III. E.1. The National Office to Support Economic Housing (OSHE)

1. Purpose and Organisation

OSHE is an independent state corporation organized by Decree of Sept. 3, 1968, under the general supervision of the Minister of Finance (MOF). Its capital of CFAF 100 million is entirely provided by GOIC.

Purpose of OSHE is to assist financially in the development of rental social housing projects in accordance with specifications and at rentals jointly determined by the Ministry of Finance and the Ministry of Construction (MCU).

Specifically, in accordance with its regulations, it is empowered to undertake the following:

- payment of interest subsidies on the medium-term (±5 year) financing of economic projects in order to limit loan amortization and interest payments to a total of 11% per year of the cost of construction. This subsidy will be applied within varying limits in accordance with the proportion of medium-term financing to the total financing and will be repaid to OSHE, without interest, after amortization of the medium-term loan and in any event within 15 years.

- acquisition of land for economic housing and its long-term lease to public or private housing agencies.

- finance infrastructure (water, electricity, storm and sanitary drainange, and roadways) up to 15% of the total cost of the project for land belonging to OSHE. For land not belonging to OSHE other special arrangements are necessary.

- capital participation in social housing agencies within specified limits (no more than 50% of the OSHE annual operating budget, no more than 25% of the capital), to be retired at 5% per year.

- make and service loans for specific operations. OSHE has the power to receive funds,to contract loans and to manage its own resources. The fee charged by OSHE for its financing should be at least equal to the cost of the borrowing to itself.

- special operations for GOIC

Governing body is as a Council of Administration, composed by statute of representatives from the following:

3 from MOF

3 from MCU

2 from Ministry of Plan

1 each from Ministries of Public Health and of Labor

1 each from National Assembly, Economic and Social Council, and national trade union movement.

Administrators serve for three years, except for the last three, who serve for one. Terms can be renewed.

The president is nominated by MOF. Chief executive officer is its general Secretary.

OSHE has only a minimal staff. Konan Bledou, former Director General of SOGEFIHA, serves as General Secretary, assisted by an economist and a secretary, housed in the SOGEFIHA office. Accounting is provided by SOGEFIHA under contract. It will likely be transfered to BNEC, once this is organized.

GOIC has under consideration legislation to make OSHE an over-all shelter-sector fiduciary, through which all loans and subsidies would pass, thereby making possible greater coordination of programs and better management of funds in the Sector.

2. Programs and Operations

OSHE started operations in 1969. Its operations have consisted of long-term loans, of infrastructure subsidies, and of a relay to roll over short-term into long-term loans.

i) Direct long-term loans

Long-term advances to finance economic rental projects have been made to SICOGI and to SOGEFIHA for terms of 20 years at 3.5% interest. Repayments are to be made of interest only during the 20-year term; these payments will be placed in an escrow account, where they will be productive of interest to the housing authority. At the end of the 20 years the accumulated interest will be paid OSHE and arrangements made to repay the principle. (In the case of SICOGI, interest and principle can be be converted into SICOGI stock.)

Loans to SOGEFIHA for rural housing, starting in 1973, are made for 10 years interest free.

OSHE Long-Term Loans (CFAF 000,000)

Borrower	1970	1971	1972	1973	1974	Total
SICOGI	150	240	460	383	427	1,660
SOGEFIHA	--	430	--	85	401	915
Total	150	670	460	468	828	2,576

ii) Infrastructure Subsidies for GOIC

Originally intended as advances to the housing authorities, subsequently to be reimbursed from the Development Budget (BSIE), these funds have in effect been turned into grants, for which as yet no repayments have been budgeted. The effect of this has been more to permit GOIC to reduce its budgeted expenditure on infrastructure than to increase the pace of urban infrastructure development.

As the following Table shows, these subsidies represent the most important single element of OSHE's operations.

OSHE Infrastructure Subsidies (CFAF 000,000)

Beneficiary	1970	1971	1972	1973	1974	Total
SICOGI	298	448	617	538	568	2,469
SOGEFIHA	1761	500	--	345	419	3,025
Others	--	84	--	168	500	752
Total	2,059	1,032	617	1,051	1,487	6,246

Land with infrastructure has been turned over to the housing authorities, although OSHE's statutes provide for long-term leases. A proposal to adopt the long-term land lease principle is under discussion at the Ministry of Construction.

iii) Financing Roll-Overs

The banking system permits Central Bank discounting for a medium term only, therefore there is an absence of domestic long-term financing for housing, which is particularly critical for middle and low-income programs.

The solution has been for the housing agencies - and more particularly SICOGI, whose only source of long-term financing, CCCE, limits its support to 30% of SICOGI's economic rental housing programs - to borrow commercially for five years but to amortize at a 15 year term. OSHE, then , repays the commercial bank interest and is itself repaid from the 6th to 15th year. OSHE advances of this nature carry no interest rate.

In addition, OSHE assumes the payment of interest due the C.A.A. for internal borrowings for SOGEFIHA's rural housing program.

OSHE Roll-Overs and Interest Rate Subsidies (CFAF 000,000)

	1970	1971	1972	1973	1974	Total
SICOGI advances	14	60	228	228	n.a.	530
SOGEFIHA rural housing interest subsidies	19	16	14	15	n.a.	64
Total	33	76	242	243	n.a.	594

3. Sources of Financing

OSHE derives revenues from three special taxes:

i) 1% payroll tax, raised to 3.5% in 1975

ii) CFAF 3 per liter of gasoline sales tax

iii) 1% of tax on services

Of these the payroll tax has been the most important, and is scheduled to increase to 3.5%. About CFAF 2 billion a year is realized from these taxes; if the payroll tax is increased, this should rise to more than CFAF 4 billion a year.

The following Table shows the growth of OSHE revenues.

OSHE Revenues (CFAF 000,000)

	1969	1970	1971	1972	1973	1974
Payroll tax	631	770	682	720	856	
Gasoline tax	504	461	623	578	702	
Tax on Services	174	281	265	308	335	
Late paymentof above taxes	-	-	305	426	186	
Miscellaneous	-	-	1	1	21	
S/T	1,310	1,512	1,876	2,034	2,100	2,181
GOIC repayment of advances for infrastructure	-	-	34	100	--	--
Total Income	1,310	1,512	1,910	2,134	2,100	2,181

4. Technical and Management Evaluation

OSHE, with its minimal staff has operated primarily as an accounting office to record the allocation of the funds in each annual budget. Although in previous years this appears to have been carried out adequately, by the end of August, 1975, OSHE's 1974 report still was not ready, indicating a critical management deficiency.

OSHE's primary weakness is political at base, that is, it is a reflection of GOIC policy. GOIC, until now, has not attempted to develop any sort of coordinating role for OSHE, either as fiduciary or in policy implementation.It has played a passive role, offering resources to be shared between the two larger and more active housing authorities (SICOGI and SOGEFIHA), with whom has lain the initiative.

As a result, OSHE's commitments outran its resources and it was unable to continue financing infrastructure for low-income housing projects during 1975. Although its statutes call for title to land urbanized at its expense to remain with OSHE and the land to be leased, it has in fact turned over title to the housing authorities and in two cases to developers of sales housing. Legislation clarifying this has remained under study at MCU. Advances for urbanization have turned into grants, as GOIC has neglected to make allowances for its reimbursement in the BSIE.

A proposal was made but has not been implemented to augment OSHE and to give it an overall fiduciary role in the Shelter Sector. This proposal, if carried out, could improve its potential for performance, particularly if it develops the capability to discourage execution of loans which, with reference to the amortization required for economic housing, subsequently impose too heavy a burden on its roll-over capacity.

E. 2. <u>SICOGI (Société Ivoirienne de Construction et de Gestion Immobilière) - The Ivorian Housing Construction and Management Company</u>

a) <u>Purpose and Organization</u>

SICOGI is a mixed public-private corporation, under the general supervision of the Ministry of Construction and Town Planning (MCU) organized in 1965 from the fusion of two earlier housing agencies, SIHCI and SUCCI;

- SIHCI was organized in 1952 by the French assistance program to its then colonies. It had built 3,900 row-house units, with minimal infrastructure and rents (CFAF 2,500 to 6,000) fixed too low to cover maintenance charges.

- SUCCI was organized in 1960 by the French Caisse des Dépôts et Consignation (C.D.C.) to develop modern type housing projects of mixed high and low-rise with full infrastructure, and hence higher rents (CFAF 6,000-17,000). It had built 2400 units and had another 600 under construction when SICOGI was organized.

SICOGI capital totals CFAF 800 million, divided as follows:

GOIC	56%
Caisse de Dépôts et de Consignation (C.D.C)	17%
C.C.C.E.	17
Ivorian Social Security System	2
City of Abidjan	1
Chamber of Commerce	1
Various Private	6

Its purpose is to undertake all real estate actions for the government, for private or public institutions, or for private individuals; to participate in Studies and construction Projects in the fields of town planning and housing; and to offer technical assistance. In practice it has been the housing authority through which French assistance, Financial and Technical, has been offered the Ivory Coast.

Governing body is a 12-member Administrative Council composed of nine public representatives, and three from other stockholders, as follows:

Chairman

MCU

MOF

Ministry of Plan

National Assembly

Economic and Social Council

Social Security Fund

City of Abidjan

Ivory Coast Credit Bank

C.C.C.E. (French aid fiduciary)

Scet. International (Technical assistance subsidiary of CCCE)

Chamber of Commerce

Current president is the vice-president of the National Assembly. Chief administrative officer is the Director General, an Ivorian civil engineer.

SICOGI Staff of 578 persons are organized broadly into four general Departments.

- Accounting, including purchasing
- General Secretary
  - personnel
  - general services
  - outside management
  - sociologist
- Technical
  - major maintenance
  - new construction
  - architectural studies
- Management
  - rental management
  - lease-purchase management
  - collections
  - delinquent accounts
  - inspection
  - maintenance

Two other services report directly to the Director General - data processing and real estate title.

SICOGI has been almost completely Ivorianized; the only expatriates remaining are the deputy director and three engineers.

Professional composition of the staff as of end 1973 was as follows:

Top-level supervisory	6
Supervisory	14
Junior cadres	21
Employees	149
Craftsmen	80
Laborers	308
	578

SICOGI operates from its head office and a separate office for rental and management in Abidjan. There is a cashier's office in each Abidjan project (or group of projects) and small management offices in Bouake and San Pedro.

b) Programs and Operations

i) Housing authority

As of the end of 1974 SICOGI had constructed 23,629 housing units and had 18,126 units under management, of which 17,349 were rental and 777 under lease purchase.

The vast majority of SICOGI's units, have been built in Abidjan

Geographic Breakdown of SICOGI Housing

Abidjan	22,512
San Pedro	347
Bouake	539
Other	231
	23,629

SICOGI also carries out construction for others, including during 1973, completion of a CFAF 420 million office bureau, and of two public markets, construction of five schools, and a children's center for the Red Cross; and construction of 86 units and a commercial center for direct sale to individual purchasers.

Recent construction by SICOGI has averaged more than CFAF 5 billion a year.

SICOGI Construction Programs

Year	Housing Units	Commercial	Value (000,000)
1972	2,950	5,640 M2	CFAF 5,130
1973	4,303	4,662	6,416
1974	5,096	1,258	7,306

SIOOGI classifies its rental units by "standing", and rentals fall within these general ranges:

SICOGI Monthly Rental Ranges

Good standing	CFAF	30,000 and up
Medium standing		18,500-21,500
Economic		8,500-11,150
Super-Economic		4,500-7,000

Lease-purchase units are of medium or good standing.

SICOGI's program in 1973 and 1974 has been 80% in the construction of economic units, and only 8% in lease-purchase. One reason for this is that long-term financing is available to it only for economic rental units.

SICOGI's 1975 and 1976 programs were also to be about 80% low-income.

SICOGI Proposed 1975 and 1976 Programs

	1975		1976	
	DU	CFAF 000,000	DU	CFAF 000,000
Super-Economic	-	-	1,450	1,800
Economic	3,198	2,363	1,900	2,000
Middle-Income Rental	302	1,090	380	1,485
Sales	459	1,596	600	2,925
	3,959	5,049	4,330	8,810

However, the failure of OSHE to come up with its share of the financing forced SICOGI to postpone future low-income programs.

SICOGI has made a special attempt to reduce the cost of its super-economic units through design changes and through use of local construction capacity. Design change include reducing the size of the unit to a basic 28 m2 one-room, with enclosed private sanitary facilities in the courtyard, provision of an interior but unpaved court, and elimination of certain finishes (plaster, some interior walls, cheaper water meters). In comparison, the cheapest economic unit is 40 m2;construction cost for the super-economic units ranges around CFAF 16,000 as compared with CFAF 17,500-19,000 for the economic, a saving of almost 9%.

ii) <u>Experimental Sites and Services (LEM)</u>

SICOGI has been assigned management of an experimental sites and services project, entitled "Lotissement d'Equipement Minimum" (LEM), on a 20 ha site in Yopougon, the new growth center for Abidjan. A total of 1,083 lots of 120 m2, 125 m2 and 150 m2 with a sanitary bloc will be offered on 20-year ground leases for approximately CFAF 1,500, 1,700 and 2,000 per month. These are smaller than the normal sized lots of 400-500 m2, and are so designed to limit construction to one dwelling unit. Constructio[n] is being carried out by SETU.

Participants will be selected from among regularly employed worke[rs] whose employers agree to make the ground-rent payments by salary check-off. They will be eligible for the regular building materials or construction loans offered by banks and the Ivory Coast Mortgage Bank, but no special provision for loan funds will be made.

SICOGI provides beneficiaries with typical plans approved by MCU for 2-, 3- and 4- room houses, ranging upward in size from 30 M2. Use of these typical plans obviates the necessity of obtaining a building permit. Beneficiaries are, however, free to subject themselves to the permit procedure if they wish to build another type of house.

Construction (mise en valeur) in permanent materials is to be started within one year and completed within a second. A SICOGI agent on-site will provide technical superivison and assistance.

The program, it is assumed, will have its greatest appeal to regularly employed workers in the CFAF 20-25,000 a month category for whom ownership and security of tenure is now virtually impossible.

However, SICOGI's role in future programs of this sort is as yet undertermined. A more complete description of the program will be found below in sub-section 4. SETU.

iii) SICOGERE

In 1970 SICOGI spun off, in association with two development banks, a real estate management company, SICOGERE (Société Ivoirienne de Copropriété et de Gérance). Its capital of CFAF 15 million (increased from CFAF 10 million in 1974) is held as follows:

SICOGI	10.0 million
C.C.I.	4.4
Ivorian Bank for Industrial Development	0.6

SICOGERE handles management of private and public villas, apartments and office buildings, including the 23-story office built by the Agricultural Stabilization Fund, and has shown a profit since its start. In 1973 it had a staff of 77 and annual rental billings of CFAF 630 millions (as compared with CFAF 2.1 billion for SICOGI itself).

SICOGERE also manages a 6000 M2 CFAF 400 million commercial complex developed by SICOGI (40%) and the Development Bank (60%).

c) Collections and Delinquencies

SICOGI's rental roles totalled CFAF 2.1 billion in 1973, CFAF 2.7 billion in 1974. Of this the vast majority are private tenants.

Composition of SICOGI Rent Roles, 1974

Private tenants	CFAF	1,928 millions
Lease-Purchasers		19
GOIC		790
		2,737 million

GOIC is traditionally a slow payer, owing 37.3% of the amount due in 1973 and 50.2% in 1974. However, the relative amount is small, and amounts due are usually paid in to a large extent early in the following year, when GOIC tax revenues increase seasonally.

About 85% of SICOGI tenants pay directly, either at the project cashiers offices or at the downtown management office. Another 10% or so pay through pay-roll check-off arrangements with private employers. The balance pay through automatic deductions from checking accounts or otherwise. SICOGI has found that a system of individual responsibility with close follow-up by SICOGI has worked more effectively than the check-off system.

A revised and speeded up collections system was instituted towards the end of 1974. Rents are due from the 26th of the previous to the 7th of the current month. To facilitate payment, project cashiers offices remain open evenings. SICOGI estimates that at present about 85% of its accounts are paid on time.

The project cashiers offices close after the 7th of the month, and from the 8th through the 14th payment may be made only at the central management office and includes a 10% late-payment penalty. Another 10% or so pay during this period.

After the 14th of the month the remaining 8-10% delinquent accounts are turned over to SICOGI's lawyer, who institutes the necessary legal proceedings on the 26th.

This speeded-up system replaced an earlier one whereby late notices were sent out only at the end of the month, and a tenant could run up two or three months arrears before his case was turned over to the lawyer.

SICOGI's individual tenant delinquencies represented 7.1% of the total due at the end of 1973 and 5.6% in 1974. Interestingly enough, delinquencies were generally lower in economic and super-economic units than in units of higher standing, where higher delinquencies rates were observed irrespective of tenure (i.e. lease-purchase or rental).

d) <u>Sources of Financing</u>

SICOGI operates primarily on borrowed funds. Its own resources, limited to its capital and reserves, provided for only about 5% of its 1974 program. Sources of borrowed funds may be considered under two headings.

i) Loans from CCCE, the French aid fiduciary; and

ii) local borrowings from GOIC and para-statal sources.

i) <u>CCCE</u>

A founder, participant in the capital, and provider of technical assistance, CCCE was also initially a major source of resources for SICOGI. In accordance with French practice, CCCE has gradually reduced its share of SICOGI projects in favor of greater local financial participation.

At present CCCE limits itself to 30% of the cost of house construction of economic units, or about 20-25% of SICOGI's financing needs. Advances are for 20 years at 3.5% interest.

During 1975 CCCE decided as a matter of policy to finance no more housing projects any where, and to limit its financing to sites and services. With this decision, SICOGI has lost its financial capacity to produce economic housing.

ii) <u>Local borrowings</u>

O.S.H.E., in addition to subsidizing infrastructure for economic rental projects, also advances 20% of the cost of house construction for economic units, also for 20 years at 3.5%.

For SICOGI's 1974 program O.S.H.E. loans represented something more than 10% of the funding.

O.S.H.E. and C.C.C.E. represent the only real long-term financing available SICOGI.

Another "long term" source is C.A.A., which provides 80% of the cost of middle and upper-income housing for 10 years at 7.2% and for 12 years at 8%, representing about one-fifth of the 1974 program.

Half of the cost of economic housing is financed by medium-term (5 year) advances from the Ivory Coast Credit Bank at 7%.

e) <u>Technical and Management Evaluation</u>

SICOGI is a well run traditional housing authority, which maintains its financial equilibrium after a brief period during the late '60s when a high delinquency rate temporarily jeopardized its French sources of financing.

Its technical capacity and performance is good, and is augmented by its considerable experience and by a continuing attention to cost-reducing details.

SICOGI seems also able to resist - or perhaps absorb - the usual kinds of pressures which if not kept under control can jeopardize financial stability.

Its major weakness is its lack of access to long-term funds.

E.3 SOGEFIHA (Societe de Gestion Financiere de l'Habitat)

The Housing Finance Management Company

a. Purpose and Organization

SOGEFIHA is an independent State corporation, organized by Decree of June 12, 1963, under the general supervision of the Ministry of Finance (MOF). Its capital of CFAF 623 million is entirely provided by GOIC. The 1975 Budget contains provision for an additional CFAF 183 million.

SOGEFIHA's purpose includes, in general, the management of financial resources for urban and rural housing, collection of monthly payments from housing it has constructed, and contracting and servicing of loans. It may receive public funds and loans, including from foreign sources, to finance operations in accordance with GOIC directives.

As it actually developed, SOGEFIHA became the GOIC mechanism for absorbing foreign financial assistance to the Shelter Sector, exclusive of that from the French CCCE; and it negotiated loans from U.S., Israeli, Norwegian, Lebanese and Eurodollar sources.

Governing body is an Administrative Council consisting of representatives from:

MOF, who serves as President
Ministry of Construction and Town Planning (MCU)
Ministry of Public Works
Ministry of Plan
Ministry of Agriculture
National Assembly (2)
Economic and Social Council
Ivory Coast Credit Bank (C.C.I.)
National Investment Corp.
Amortization Fund (C.A.A.)

Chief administrative officer is the Director General. In mid-1974 the original Director General, Konan Bledou was replaeed by Simon Nandjui, former Director of Cabinet MCU, in a move interpreted as placing SOGEFIHA under the effective control of MCU. It also appears likely that the new Director General will undertake a much needed reorganization.

SOGEFIHA's staff of 436 persons are organized into eight Departments. Because of the absence of second level executives, the chiefs of these services report directly to the Director General. These have included the following:

<u>Personnel</u>

<u>Maintenance</u>

<u>Management</u>

- Project Management
- Project Offices
- Applications

<u>Collections</u>

- Including Cashiers

<u>Delinquent Accounts</u>

<u>Records and Documentation</u>

<u>Financial</u>

- Accounting
- Loans
- Debt Servicing
- Savings, embryo of the BNEC

<u>Technical</u>

- Urban Projects
- Rural Housing

Turnover has been high - about 20% a year - and structured in-service training lacking. Professional breakdown of the staff follows:

supervisors	13	(all in the Central Office)
employees	176	
craftsmen	31	
laborers, chauffeurs, etc.	216	
	436	

There is an expatriate advisor assigned to elaborating a program of financial reorganization for SOGEFIHA and two young French co-operants in the Technical Division. Other staff are Ivorian.

b. Program and Operations

SOGEFIHA has sponsored development of more than 16,000 units of urban housing and almost 7,000 units of rural housing.

i) Urban Housing Development

SOGEFIHA was originally designed to manage off-shore investment in Ivory Coast housing and was not originally intended to be a housing authority. Construction of the housing was to be the responsibility of the developers associated with the financing SOGEFIHA's role was to handle the financing and to manage the completed projects.

By statute SOGEFIHA was to use the technical services of MCU. These having proven insufficient, the agency has developed a small technical section of its own. Lack of its own adequate technical expertise has probably contributed to its projects, generally, being more costly than those of SICOGI, first in general concept (larger rooms, etc), secondly in terms of cost per M2 of construction (except for the HG-financed portions of the Williamsville and Abobo Gare Projects, where cost per M2 is equivalent to SICOGI costs).

In addition, SOGEFIHA's earlier projects were generally designed for occupancy by foreign technical assistants.

SOGEFIHA started operations in 1965, and during the '60s never made more than 500 starts a year. In the last three years, in response to GOIC policy directives, its program has increased massively, to an average of 3,700 starts a year. The program also expanded geographically.

SOGEFIHA Urban Housing Construction

	1965-70	1971	1972	1973	1974	1975	Total
Abidjan	1,932	873	3,636	2,641	3,060	3,772	15,914
Other Urban	139	40	30	1,651	60	--	1,920
Total	2,071	913	3,666	4,292	3,120	3,772	17,834

SOGEFIHA also has constructed housing for and financed by third parties.

In 1974 SOGEFIHA completed construction of units costing CFAF 10.3 billion and had under construction projects valued at an additional CFAF 11.8 billion.

In Abidjan, of its present units under management or nearing completion, about 5,000 are designed for cadres, middle income or special occupancy (foreign technical assistants, GOIC functionaries, students): and about, 9,000 are priced for economic occupancy.

Of the urban units upcountry, the largest consentration (1,717) is in San Pedro for economic occupancy, 120 are villas for middle-income occupancy, and 83 are for foreign technical assistants. (An additional 1659 units financed in small up-country urban centers under SOGEFIHA's rural housing program, may be considered economic units, and for the most part lack running water and other utilities.)

ii) Housing Management

The majority of SOGEFIHA's units are rental. A relatively small number of villas are under lease-purchase contracts, and the HG-financed units (1,642 at Fairmont, Abobo Gare and Williamsville) have been or will be sold under mortgage contracts, a procedure new to SOGEFIHA.

SOGEFIHA's total annual rent rolls (exclusive of the Fairmont HG project, which is carried outside the SOGEFIHA balance sheet) totaled CFAF 2,118.5 million in 1974, representing a 40% increase over 1973 and a more than 70% increase in the last two years.

A significant feature of SOGEFIHA's operations has been its use as a direct instrument of GOIC housing intervention, sometimes at the expense of its cash flow position. In 1967 GOIC rented three-quarters of SOGEFIHA's 684 units under management. This did not drop to less than 50% of the units under management until 1970, and in 1973 one-third of the units under management in Abidjan were rented to GOIC.

Despite the increase in the number of private rentals, GOIC, by virtue of the greater cost of its units still paid more than half of SOGEFIHA's rent rolls until 1974.

	1973	1974
GOIC payments due in 1974	CFAF 765.7 million	967.0
private payments	731.0	1,145.5

iii) Rural Housing

Improvement of rural housing - the replacement of traditional structures with cottages of permanent materials constructed after European models in grid-pattern subdivisions - has been an article of faith with GOIC leadership predating Independence. When it was organized, SOGEFIHA was given financial and, increasingly, construction management of the government's rural housing effort.

SOGEFIHA's initial program consisted of five pilot villages in the South, not too distant from Abidjan. Villager participation involved organization of a housing mutual society, a 10% cash down payment, and contribution in kind to the construction (local materials, unskilled labor). SOGEFIHA brought materials to the job sites and hired the skilled laborers.

At the same time it was given fiduciary responsiblity to account for funds disbursed and collected under a CFAF 200 million program administered along similar lines by the Prefects and Sub-Prefects in the North, West and Center-West.

Its first national program was undertaken with $1.3 million PL 480 financing and technical assistance. Villagers were told to organize into mutual societies of 30 beneficiaries, who were to undertake work collectively and to assume collective responsibility for repayment. Loan limitations were arbitrarily set at CFAF 200,000 or 300,000 per unit. Beneficiaries were to provide local materials, and unskilled labor, hire and pay for skilled labor, and make an initial 10% cash down payment (or have constructed their houses up to rafter level.) Choice of villages was administratively determined: new sub-prefectural centers, villages on main highways and on the frontier.

Although slow to catch on, the so-called "American Loan" program became so popular that GOIC appropriated an additional CFAF 300 million to complete commitments undertaken in excess of resources. Technical assistance on job sites during the program extension was provided chiefly by Dutch volunteers, U.S. Peace Corps having withdrawn its participation because of dissatisfaction with project results.

Construction increased rapidly in the late sixties, reaching a peak of 1,325 units in 1970. With exhaustion of the PL480 credit and GOIC providing no further advances, new starts were supposed to be financed from loan repayments. These proved sufficient for only about 550 starts in each of 1971 and 1972, and for 323 in 1973. In response to continuing villager demand, GOIC allocated CFAF 1.2 billion to start construction of an additional 1650 units in 1974 and 1975.

Because of the length of time required for aided-self help construction, SOGEFIHA since 1973 has assumed direct responsibility for construction and the self-help aspects of the program have been abandoned. The dwelling units - of 3, 4 and 5 rooms - are constructed from typical plans provided by MCU. Some contain inside toilet areas in anticipation of provision of piped water. Kitchen areas are outside, in accordance with practice. The cash down payment has been increased to 20% of the amount of the loan, 10% before the start of construction and 10% before the completed houses are turned over. Loans are still made to village cooperative societies, but the new program required that these be better organized, have a bank account, and have income-producing activities in addition to the housing program.

SOGEFIHA Rural Housing Construction

Region	1967-70	1970	1971	1972	1973	1974	1975	Total
South	424	75	55	97	104	47	547	1,349
Center	395	195	205	240	129	--	474	1,638
North	715	268	--	106	--	--	60	1,149
East	90	152	259	--	60	65	215	841
Center-West	499	181	30	101	30	--	135	976
West	390	454	--	--	--	76	40	960
Total	2,513	1,325	549	544	323	188	1,471	6,913

Half of SOGEFIHA's rural program actually produced housing in up-country urban centers - 3449 units of the 6913 starts through 1975. A geographical analysis of the program, broken down between centers defined as urban and villages, shows that a majority of the units were constructed in true villages in the wealthier South, Center-West and Center, while in the poorer areas the program was utilized to provide a nucleus of modern housing in administrative centers in which construction of permanent materials had been a prerogative of top-level officials and expatriates.

Proportion of SOGEFIHA Rural Housing Built in Up-Country Urban Centers

Region	Total	Urban	Percent
South	1,349	321	23.8%
Center	1,638	451	27.5%
Center-West	976	217	22.4%
East	841	654	77.8%
North	1,149	1,109	96.5%
West	960	697	72.6%
	6,913	3,449	49.9%

During the period 1967-73 SOGEFIHA invested a total of CFAF 1,363.6 million in the rural program. In the majority of cases loan totals were arbitrarily limited, with beneficiaries paying for labor and for the cost of any materials beyond those the loan would purchase. Loans averaged ± CFAF 200,000 in most areas except the Center (CFAF 339,000) and South (CFAF 385,000).

Under the new program started in 1975, costs averaged from CFAF 500,000 to 550,000 for the smaller 3 or 4 room units (75-85 M2), CFAF 650,000 for five room units (90 M2) and up to CFAF 900,000 for the six room (110 M2). Larger units also available include a combination store and living unit and a seven-room model laid out to be easily used as three dwelling units.

c) Collections and Delinquencies

SOGEFIHA collects monthly payments primarily at its main office, secondarily at a few project cashier offices. The majority of its clients pay on an individual basis, by cash or check: in 1973 only 8.5% paid by automatic deduction from bank account.

Method of Monthly Payment in 1973

By cash	CFAF 426.9 million	63.1%
By check	192.0	28.4%
By automatic deduction	57.8	8.5%
	676.8	

Late payers from individually occupied units receive one and two-month late notices. In economic projects these are followed up by door-to-door visits by agents especially assigned. A Final Notice is then sent, followed by expulsion only in exceptional cases.

In 1973, for example, a total of 20,115 Final Notices were sent for aggregate rents due of CFAF 353.3 million. Of this amount CFAF 135 million (38%) was collected, but only 24 tenants were actually evicted, owing CFAF 2.2 million. In 1975 a total of 13,774 Notices were sent for aggregate rents due of CFAF 74.5 million, of which CFAF 54.8 million (72%) were collected. There were no evictions.

Middle-income residents generally showed a greater delinquency rate than those in economic rental units. Delinquencies on individually occupied units totaled CFAF 137.3 million in 1974, of which CFAF 66.8 million was due from 619 middle-income units and CFAF 56.5 million from 5,925 economic units.

Individual Delinquencies By Project Category, 1973

Project	Number of Units	Total Due (1974)* (CFAF 000,000)	Delinquencies as % of Total Due 1973	Delinquencies as % of Total Due 1974
Middle Income				
Tour	34	4.8	--	26.4
Danga	14	3.7	32.8	42.1
Cite des Arts	50	34.9	30.9	32.5
340 Log.	145	40.1	36.2	33.3
323 Log.	199	74.3	34.8	32.1
Anono	13	3.7	45.9	46.6
Abobo	164	23.6	17.5	15.5
S/T	619	184.1	34.3	36.3
HG				
Fairmont	390	72.0	14.0	11.5
Williamsville	449	4.6	--	6.1
Economic				
Koumassi	765	66.2	6.9	2.2
Port Bouet	3,156	394.8	10.5	7.7
Vridi	988	157.9	9.9	12.9
Yopougon	1,016	99.6	--	4.2
S/T	5,925	718.5	10.2	7.9
San Pedro	1,717	231.5	26.9	9.2

*Including past due.

With more than half of its rental income due from GOIC, SOGEFIHA's cash flow position in the past has been sensitive to performance by GOIC, which historically has been a slow payer. In 1973, aggregate GOIC delinquencies totaled CFAF 548 million, 71.6% of the amount due and 82% of SOGEFIHA's total delinquencies for the year. However GOIC 1974 payments were made in timely fashion (only CFAF 31 million, 13.3% of total amount due remaining due at the end of the year).

As a result of a more consistent collection effort in the last two years, SOGEFIHA has reduced its rate of individual delinquencies from 27.3% of total rents due in 1972, to 16% in 1973, and to 12% in 1974. SOGEFIHA also wrote off CFAF 28.7 million of uncollected rents in 1974 in Abidjan and a whopping CFAF 143.8 million for San Pedro.

Recuperation of loans on village housing has been difficult for a number of reasons of which the principal is probably lack of adequate explanation at the start. Village programs were often launched with much more emphasis on the benefits of modern housing than on the ultimate responsibility for loan repayment. Emphasis of more recent programs on loans to functioning production cooperatives may improve loan recuperation though it is too early yet to evaluate. In any case where loan security lies more in the good will of beneficiaries than in sanctions, a preliminary and thorough understanding would appear to be a condition precedent.

SOGEFIHA has an employee assigned full time to loan follow-up, and has under consideration certain administrative sanctions where these can be imposed (i.e. having local sub-prefects take over units in urban centers where a rental market exists and renting them to functionaries until the loan is paid off).

The following tables indicate a wider variation between regions than between up-country urban centers and villages in a given region. Variations between individual localities range greatly and appear more caused by administrative and political reasons than by economic.

SOGEFIHA Rural Housing Loan Repayment, 1973 and 1974

Region	Amount Due (CFAF 000,000)		Delinquencies		Percent Delinquent	
	1973	1974	1973	1974	1973	1974
South	117.9	150.6	36.6	47.9	31.0%	31.8%
Center-West	65.4	78.4	32.3	42.2	49.4	53.8
East	53.6	72.2	21.1	29.8	39.4	41.3
Center	159.1	194.9	26.7	49.8	16.8	25.5
North	117.9	144.4	39.3	63.4	33.3	44.6
West	82.1	101.5	56.3	48.1	68.6	47.4
	596.0	741.9	212.3	281.1	35.6	37.9

SOGEFIHA Rural Housing Delinquency Rate, Overall and For Up-Country Urban Centers, 1973 and 1974

Region	Percent Delinquency: Overall		Percent Delinquency: Urban Centers	
	1973	1974	1973	1974
South	31.0	31.8	22.5	31.0
Center West	49.4	53.8	36.1	65.1
East	39.4	41.3	39.7	39.5
Center	16.8	25.5	23.8	13.1
North	33.3	44.6	33.4	46.6
West	68.6	47.4	63.2	66.3

d) Sources of Financing

SOGEFIHA's real estate investments totaling CFAF 15.8 billion, have been financed primarily from foreign borrowings. Except for rural housing, GOIC advances have served primarily to complement off-shore loans or provide infrastructure for economic projects. To support its cash-flow position SOGEFIHA also has had to borrow short-term from commercial sources in recent years.

SOGEFIHA's own resources have been limited to its capital and have not been significant.

i) Capital

Totaling CFAF 623 million, CFAF 200 million was provided in cash to cover initial costs, and the balance during 1965-68 is in the form of land on which its first three projects were built. Provision of additional capital totaling CFAF 183 million has been incorporated in the GOIC 1975 Development Budget.

ii) Foreign Loans

SOGEFIHA has been the largest single borrower of GOIC-guaranteed loans, with commitments totaling CFAF 22.4 billion (or 23% of the total -- CFAF 96.8 million) in 1973.

Initially loans were tied to construction contracts with expatriate firms; two were intended additionally to finance industrialized housing programs. Loan sources included:

Israeli	CFAF	2,220 million
Norwegian		7,158
Lebanese		7,740
S/T		17,108

In 1973 SOGEFIHA turned to the Eurodollar market to float three loans totaling $25 million for projects at Abobo Gare, San Pedro and some small Abidjan projects.

Three loans have been from U.S. sources:

1965: PL 480 loan of $1.2 million for aided self-help rural housing

1967: Fairmont HG Project (681-HG-001) 20 years, 7%, $2.1 million

1972: SOGEFIHA HG Program (681-HG-002), 25 years, 8%, $10 million.

With the exception of the HG financing and an early Israeli loan (15 years with 5 years grace period), these loans have been mostly for 10 years, plus a one or two year grace period. Interest rates have ranged in recent years from 7.5-9%, with the exception of a $20 million Eurodollar loan entered into in 1973 with a consortium of banks including BIAO and First National City Bank of New York with a variable interest rate which in early 1975 reached as high as 13.5-15%. Servicing of the Euro-dollar loan in addition to the substantial reliance on 10 year credits for housing that must be amortized over 20 years in order to serve the lower income market, has created a serious problem for SOGEFIHA.

iii) <u>GOIC Advances and Subsidies</u>

These include both loans and infrastructure subsidies totaling CFAF 4,749 million as of the end of 1974. Advances from O.S.H.E. to roll over 10-year off-shore financing are for 20 years at 3.5%, and totaled CFAF 1,660 million. O.S.H.E. also made interest-free advances totaling CFAF 64 million for rural housing programs.

Medium-term (3 year) advances have also been made by C.A.A., of which there were CFAF 1,113 million outstanding at the end of 1974.

O.S.H.E. infrastructure subsidies totaled CFAF 3,025 million.

iv) <u>Short-term Bank Loans</u>

In recent years SOGEFIHA has borrowed from local banks to meet cash flow needs, some of which have arisen from depletion of its own resources as a result of delinquencies.

e) Technical and Management Evaluation

While SOGEFIHA has demonstrated a capacity to produce housing, it has not been able to develop low income programs or to manage its projects effectively.

According to one study, its projects average about 25% more per square meter than those of SICOGI. This can be attributed to several weaknesses:

i) conceptual: their units are relatively larger and more expensively finished for the income groups being served.

ii) financial: poor cash flow planning adds to the already high costs of its contractor prefinanced programs.

iii) technical: it does not have sufficient experienced staff to carefully plan and detail projects, develop them or to effectively control costs and schedules once under way. It has over-relied in some projects on industrialized construction systems.

The Williamsville and Abobo Gare projects where AID had a technical input achieved per square meter costs similar to that of SICOGI projects.

Having grown rapidly, SOGEFIHA's internal organization is ad hoc and inadequate for its present responsibilities.

Lines of communication and areas of responsibility have been loosely defined, and in-house training neglected. Losses have occurred because renting of completed projects has not been timely. Accounting has fallen behind, there is no retrieval system for information, and systematic management controls and follow-up have been lacking. One result of this has been SOGEFIHA's inability to comply with its administrative and reporting obligations in connection with the first two HG programs. SOGEFIHA's Board of Directors has before it a reorganization proposal, which the Team has not reviewed; but it is clear that some action of this sort is necessary.

Similarly, SOGEFIHA's underwriting policies and procedures have proven unsatisfactory. Credit reviews have often been more or less cursory, and a large percentage of its delinquencies arises from having accepted into occupancy persons who could not demonstrate ability to pay or persons who upon careful review could be considered to lack an inclination to pay.

These may be deficiencies which are within the capacity of SOGEFIHA to correct. In addition, in response to GOIC policy direction which the older, larger and more experienced SICOGI was in a position to resist, SOGEFIHA has taken its vocation for housing production more seriously than that of financial management. Some of the up-country urban projects undertaken in response to Independence Day celebrations have experienced market difficulties. GOIC administrative support necessary for collection of rural housing loan repayments has been insufficient.

Possibly the most critical issue facing SOGEFIHA is GOIC's own financial management of its housing sector. The contracting of large, off-shore loans at terms requiring a significant roll-over from GOIC funds, is clearly a GOIC responsibility, although the cash flow problems resulting from this show up on SOGEFIHA's books. In order to produce "economic" housing, SOGEFIHA has priced projects substantially below cost. The 1974 Report states that whereas rental income totaled CFAF 2 billion, debt servicing charges alone for that year totaled CFAF 3.4 billion.

SOGEFIHA's recommended solutions are a massive immediate capital infusion of CFAF 10 billion (or 16 times its present capital); an annual subsidy equivalent to 40% of its operating expenses (representing the entire increased resources of O.S.H.E. for the next seven years, in order to amortize some 9,000 dwelling units, representing less than two-thirds of one year's need for economic housing in Abidjan); and the abandonment of low-income housing projects.

In general, it may be concluded that financial and managerial stability for SOGEFIHA can be only in part a function of its own management but must also devolve from a critical review by GOIC of its own financial management in the sector.

4. SETU (Société d'Equipment des Terrains Urbains) - Land Development Company

a. Purpose and Organization

SETU is an independent state corporation organized in 1972 under the joint general supervision of four Ministries: Construction and Town Planning (MCU), Public Works (TP), Finance (MOF) and Plan, with a capital of CFAF 200 million held entirely by COIC.

Its purpose, according to statutes modified by Decree in January, 1975, in order to enable SETU to implement the IBRD-financed Abidjan sewage project, includes the following:

- study and execution of all projects of urbanized land
- study and execution of public sewage and drainage projects
- subdivision and management of urbanized land
- management of sewage and drainage systems
- obtain financing for the above

SETU's operations are to be carried out in accordance with agreements by and between it and GOIC, public agencies or municipalities.

To carry out these operations it is empowered to receive advances and public funds, acquire real estate by negotiation or eminent domain, impose easements and restrictions, and contract loans with the GOIC guaranty upon authorization of MOF.

Governing body is a 14-member Administrative Council composed of representatives from:

Presidency
National Assembly
Economic and Social Council
MCU (2)
MOF
Plan
Interior
Public Works (2)
Tourism
C.A.A.
Secretary of State for Mines

Chief executive officer is the Director General, an Ivorian engineer-surveyor, formerly in the Cabinet of MCU.

Staff is organized into three major Departments:

Administration and Programs

Accounting and Administration

Financial and Programming

Commercial

Technical

Project Development

Construction Supervision

Real Estate

IBRD Sewage Project

Personnel totaled 40 at the end of 1974, including 11 supervisory and technical, 6 junior cadres, 15 office workers and eight workers. Five of the supervisory and technical positions are held by expatriate advisors.

b. Program and Operations

SETU appears to becoming the chosen COIC instrument for the provision of intrastructure. It has been assigned the execution of the $18 million IBRD-financed sewage project for Abidjan, it is now the implementing agency for OSHE-financed infrastructure programs for economic housing to be developed by the two national housing agencies, and it is carrying out the actual construction involved in the CCCE-financed experimental sites and services program (LEM) administered by SICOGI. In addition, of course, it has its own programs of equipping urban land for both industrial and residential development, the industrial land to be leased for 30 years, the residential to be sold.

The following Table contains a breadkown of SETU projects and their proposed financing as of the end of 1974. All except the Agboville textile mill development are in Abidjan.

Absence of financing, however, forced SETU to defer its own sites and services programs and to cut back substantially on the scale of its operations.

SETU Programs

Projects	Investment (CFAF 000,000) 1973	1974	1975	1975/76
Industrial				
Agboville: 60 ha for textile mill				
1st phase: 16 ha	20.2	269.8		
Banco Nord: 301 ha				
1st phase: 50 ha	111.0	239.0		
2nd phase: 75 ha		115.0	.	
Residential (for housing authorities)				
Yopougon-Attie: 141 ha (3500 OGEFIHA units)	21.8	500.0	253.7	
Banco-Nord: 140 ha (2,000 SICOGI units)	5.3	100.0	1,053.2	
Yopougon-Koute: 596 ha (7,500 housing units) Sites and Services				
Residential (for sale)				
Cocody Deux Plateaux: 350 ha				
1st phase: 21 ha	99.25	90.75	45.0	
2nd phase: 50 ha	14.0	350.0	256.0	
3rd phase: 70 ha				
4th phase: 60 ha				
Yopougon-Attie				
300 middle-income, 150 commercial and 45 artisanal lots				
Banco-Nord				
1st phase: 295 residential lots and 15 commercial				
2nd Phase: 20 ha				
3rd Phase: 40 ha				350
Yopougon-Koute				
160 residential, 1200 middle-income, 150 commercial, 250 artisanal lots				
Airport Road complex: 50 ha				
Total	271.5	1,664.5	1,607.9	

Realization of the full program would have permitted construction of the following total number of dwelling units on the developed lots in Abidjan.

Dwelling Unit Construction Potential

	1973/74	1974/75	1975/76
Residential	475	800	600
Middle-Income	1500	6000	6000
Housing Agencies (Economic and Super-Economic)	5800	7600	8000
Sites and Services	---	1000	2000
Others (commercial and industrial lots)	920	1375	1400
Total	8695	16775	18000

SETU's "middle income" lots are designed to provide for four/five rental units per lot plus the owner-occupant; the French term is "lots évolutifs" and they are meant to be improved African-style around a courtyard with a primary residence and one/two room rental units in secondary structures. Assuming, then, that 80% of the "middle-income", 70% of the housing authority, and all of the sites and services units will be available to those earning less than the median income, two-thirds of the proposed SETU program would have benefited low income groups.

SETU realizations have been less than programmed, with only Agboville and Deux Plateaux 1st phase completed in 1973 and Banco Nord and Yopougon-Attie started. In addition to the lack of funds caused by OSHE's failure to finance programs in 1975, difficulties encountered included removing squatters, particularly those who had paid for residential lots subdivided extra-legally on agricultural land and with whom SETU preferred negotiations to forceful removal; adequate programming by GOIC or the public utility companies of primary infrastructure to the SETU sites; and insufficiency of SETU's own resources to cover the necessary pre-financing and start-up expenses.

c. SETU's LEM Program

Initially 20 hectares are being developed with a total of 1083 lots at a total cost estimated at CFAF 209 million. The pilot program is broken into parcels of four to five hectares with 200-250 lots fit into interstices of regular SICOGI development areas taking advantage of main and secondary roads, utility lines and public facilities already built or scheduled. From adjacent secondary roads a tertiary road with a 15-meter right-of-way (7 meters paved) is looped through the LEM parcel so that access to all lots via pedestrian walkways is no more than 100 meters. Lots are 100, 125 and 150 m2 with 50 per hectare. Water, electricity and sewer lines run along all pedestrian walkways, although only water and sewer connections are included in the package. The walks themselves are designed to serve as storm drains. Details and cost breakdowns are discussed in Section III. A. on Construction. Total costs per lot are estimated at CFAF 175,000 for the 100 m2, CFAF 200,000 for the 125 m2, and CFAF 230,000 for the 150 m2.

Half the program is financed by the French CCCE over 20 years at 3.5% with a five year grace period; 20% is financed by the Ivory Coast Credit Bank (CCI) over five years at 5%; and 30% is subsidized by OSHE. Including administration and maintenance costs, total monthly payments are calculated at CFAF 1,500 for the 100 m2 lot, CFAF 1,700 for the 125 m2 lot, and CFAF 2,000 for the 150 m2 lot.

Work is under way and should be completed in 1975. At the same time, the lots are being attributed and SICOGI is assisting individuals with applications. They will take lots on completion and will have one year to get improvements started and another year to finish.

On the basis of this pilot program, a broader operation is planned for 1976 on the order of 120-150 hectares with 6,000-7,500 lots. The larger program would have to include financing of secondary roads and utility lines, and community facilities would have to be developed. Financing has not yet been arranged.

In addition a management section would have to be set up, possibly within SETU, that would handle collections, maintenance and technical assistance to individuals building their homes. It is estimated that 3 professionals and 4-5 staff with a budget of CFAF 50 million per year will be needed. Funding has not been arranged.

d. Sources of Financing

SETU operations on behalf of the housing authorities are financed by the housing authorities themselves, either from OSHE (for economic rental housing) or from the authorities' own resources (in the case of lease-purchase developments). This also includes the pilot sites and services project.

SETU's own subdivisions are pre-financed to a certain extent from its own resources, consisting only of its capital at the present time, and partly by down-payments from purchasers. SETU requires one-third down when the lot is sold and a second third when the lot is completely serviced and can be turned over to the purchaser. The final payment is due one year later, and SETU carries this balance with short-term commercial bank loans.

The industrial projects have been financed through the Development Budget (BSIE) in the case of Agboville, or through advances by C.A.A. at 8% for 10 years plus a two-year grace period.

Lack of access to long-term financing limits seriously SETU's operations. The industrial parks, which are needed and to which low-income housing developments provide a natural and very desirable supplement, are disposed on 30-year land leases, but the loans must be paid off in 10. Similarly, development of sites and services and of comparable developments for lower-income families requires long-term financing, which at the present time can be offered only by the housing authorities.

e. Technical and Management Evaluation

SETU's small staff appears well managed, and it relies significantly on expatriate technical assistance. It is aware of the lack of technically trained Ivorian personnel and has undertaken training "stages" for some of its cadres.

Assumption of implementation responsibilities for the IBRD-financed Abidjan sewage project is to be handled by a separate department and, given the expandability of expatriate technical assistance for such programs, should not impair staff capacity to execute expanded programs on SETU's own account.

Any significant increase in SETU's own subdivisions, particularly those directed to lower-income families, will require expansion of SETU's collection and management capacity and- a factor of which SETU has expressed awareness- careful selection of beneficiaries.

SETU also is discussing with IBRD the financial and technical assistance required to set up a real estate credit institution to provide loans to purchasers of low and middle income serviced lots.

III. E.5 Ivory Coast Credit Bank (C.C.I.)

a. Purposes and Organization

The Crédit de la Côte d'Ivoire (C.C.I.) is a special state corporation founded in 1955 as one of the "social credit" institutions in the French colonies. In April, 1962, its organization was regulated by agreement between GOIC and the French aid fiduciary, the Caisse Centrale de Coopération Economique (C.C.C.E.). This special juridical status is because its capital of CFAF 1 billion, rather than being 100% GOIC-owned, as is the case with state corporations, is held by GOIC, CCCE and the Central Bank for West Africa (BCEAO) in the following proportions:

GOIC	75%
CCCE	16.7%
BCEAO	18.3%

Purpose of CCI, as set forth in its Statutes, are to undertake all financial operations which present sound underwriting guaranties in the following:

- development of commerce, industry and fisheries
- impprovement of housing conditions
- family finance, including purchase of household equipment, automobiles, school loans, etc.
- purchase of professional equipment.

To this purpose CCI is empowered to

- mobilize local resources, including deposits and loans
- borrow from abroad
- loan, guarantee, rediscount

- purchase stock
- construct for purposes of lease or lease-purchase

CCI by special contract may also furnish technical assistance to or manage financial operations on behalf of GOIC or any of its agencies provided that its own resources are held free of liability.

Governing body is a 12-member Council of Administration whose members are selected by stockholders in accordance with their participation. At the present time these are divided as follows:

GOIC	9 members
CCCE	2 members
BCEAO	1 member

A six-man loan committee includes the President and representatives of CCCE, BCEAO, CAA, Minister of Finance and a government Commissioner.

The President is selected by the Administrators by a three-fourths majority vote. Vice-President by Statute, is a CCCE representative. Chief Executive Officer is the director general.

CCI staff of 166 is organized into three major departments:

- Operations, including credit review and underwriting, loan office, and a technical service for construction and housing loans.

- Financial and Administrative, including Accounting and loan servicing, late and delinquent accounts, and administrative.
- Research and supervision of branches.

Main office is in Abidjan, and branches have been established in the five main up-country centers - Bouake. Daloa, Korhogo, Man and Abengourou.

Expatriate Technical Assistance has been provided by CCCE, but is now limited.

b. Programs and Operations

During its first four years CCI served as a development bank for the then colony. During this period it financed primarily agricultural operations. These were spun off with creation of the Agriculture Development Bank in 1959. Financing of industrial development was similarly spun off in 1965 with establishment of the Ivorian Bank for Industrial Development (BIDI). Each spin off resulted in a reduced volume of activity for the two or three years immediately following, but with these exceptions the activities of CCI have increased regularly with the economic growth of the country from CFAF 300 million its first full year to CFAF 5,423.6 million in 1972/73.

From its inception until the end of FY 1973/74, CCI made a total of 118,753 loans representing a total of CFAF 45.2 billion.

CCI Total Loans Granted, 30 Sept. 1973

Category	Number	Value	PerCent
Real Estate	8,905	22,612,558,305	50.0%
Public Agencies	29	4,389,337,750	9.7
Businesses	870	6,149,707,846	13.6
Small Equipment	101,503	7,332,498,320	16.3
Automobiles	6,740	3,760,275,390	8.3
Agricultural	706	935,498,000	2.1
	118,753	45,199,875,611	100.0%

In recent years CCI's real estate loan operations have increased both absolutely and relatively, representing more than two-thirds of its 1972-73 activity.

CCI Loan Program for FY 1972/73

Category	Number	Value	PerCent
Real Estate	1,757	3,690,768,916	68.1%
Public Agencies	2	360,000,000	6.6
Businesses	148	190,522,443	3.5
Small Equipment	7,483	647,982,654	11.9
Automobiles	592	534,327,233	9.9
	9,982	5,423,601,246	100.0

In 1973/74 real estate activity dropped off. CCI's made loans totaling CFAF 8,107 million, a substantial increase caused by industrial and business loans, whereas 640 real estate loans totaling CFAF 3,364 million represented 41.5% of the year's activities. This tendency will continue inasmuch as the decision by CCCE to finance no more housing has eliminated the C.C.I. source of long-term funds.

CCI Loan Program for FY 1973/74

Category	Number	Value	PerCent
Real Estate	640	3,364,529,584	41.5%
Public Agencies	2	1,034,617,750	12.8
Businesses	163	1,940,077,591	23.9
Small Equipment	11,438	1,317,270,692	16.2
Automobiles	609	450,725,381	5.6
	12,852	8,107,220,998	100.0%

Despite a GOIC effort to generalize economic activity throughout the country, the importance of the capital results in the majority of CCI loans having been made in Abidjan.

Geographic Distribution of CCI Loans in FY 1973/74

	No.	Value	Percent
Abidjan	6,118	5,552,487,549	68.5
South	1,144	1,092,952,008	13.5
Center	2,296	549,498,604	6.8
Center-West	1,628	331,115,641	4.1
East	161	309,245,628	3.8
North	1,041	182,498,732	2.2
West	464	89,482,836	1.1
	12,852	8,107,220,998	100.0%

This bias is even more pronounced in its real estate loans, 91.1% of which were made in Abidjan during 1972/73, and 86.8% in 1973/74.

i. Real Estate Loans

CCI makes mortgage loans to individuals and to housing authorities such as SICOGI. In recent years it has tended to increase its bloc loans to agencies such as SICOGI because of the obvious advantages in servicing.

Of CCI's 1972/73 volume of CFAF 3,690,768,916, almost a third - CFAF 1,194,000,000 - was in one loan to SICOGI, and CFAF 2,496,768,916 in 1,756 individual mortgage loans.

In 1973/74, almost half of the loans volume - CFAF 1,599 million - was in two loans to SICOGI and a third to another developer for employe housing; CFAF 1,827 million was in 637 individual mortgage loans.

CCI individual mortgage loans are made for construction only on land already owned by the borrower. Inasmuch as the mortgage runs against both the land and the improvement, ownership of the land - which can easily cost CFAF 400,000 to 500,000 for an urbanized lot in Abidjan - provides additional security as well as a substantial equity on the part of the home owner.

Down payment requirements for construction loans are determined as follows:

up to CFAF 500,000	zero
500,000 - 1 million	5%
1 - 2 million	10%
more than 2 million	20%

In Abidjan, where the medium average loan in 1973/74 was about CFAF 2,800,000, and assuming a lot cost of CFAF 400,000, a CCI loan would represent about 75% of a total investment of CFAF 3,760,000.

	Down Payment	Mortgage	Total
Land	400,000		400,000
House	560,000	2,800,000	3,360,000
Total	960,000	2,800,000	3,760,000

CCI determines the interest rate on its mortgages in accordance with the size of the loan and the location of the dwelling:

Interest Rates on CCI Individual Mortgages

Amount of Loan	Personel Dwelling	Second Residence in a village	Second Residence in urban center outside Abidjan
up to CFAF 1 million	6.75%	6.75%	7.75%
1 to 3 million	8.0%	8.0%	9.0%
more than 3 million	9.0%	10.0%	10.0%

Interest rates for homes which appear constructed for rental, no matter what their cost or location, is set at 11%.

The majority of CCI mortgages have been for less than 10 years, the percentage of long-term loans decreasing sharply last year as CCI prepared for the shutting off of CCCE funds.

Term of CCI Individual Mortgages, 1972/73 and 1973/74

	Number		Value (CFAF 000,000)	
	1972/73	1973/74	1972/73	1973/74
long term (10 years or more)	840	288	1,055,5	539,3
medium term (3 to 9 years)	915	346	1,440,4	2,823.0
short-term (less than 3 years)	1	6	9	2,2
	1,756	640	2,496.8	3,364.5

Assuming that the medium average C.C.I. mortgage last year was in the amount of CFAF 2.8 million, for 10 years and carried an interest rate of 8%, monthly payments on principal and interest would be about CFAF 33,980 requiring a minimum income for the beneficiary of at least CFAF 100,000.

CCI also increased from one to two years the repayment of loans for the purchase of construction materials. During 1972/73 a total of 1,457 loans valued at CFAF 191,257,776 were made for this purpose. In 1973/74 2,454 loans valued at CFAF 503,651,641 were made.

ii. Other Loan Programs

Businesses: Loans to small industry, commerce and to artisans short and medium term. If the loans can be rediscounted with the Central Bank, CCI charges from 2 to 4% for short-term and from 1.75 to 2.25% above the rediscount rate. The interest rate on short and medium-term loans which cannot be rediscounted is from 2.5 to 5.5% above the cost of money to C.C.I. The program suffers from a lack of bankable projects, a condition not unique to the Ivory Coast.

Small Equipment: short-term loans carrying 8 to 10% interest for the purchase of construction materials (29.5% of volume of this program in 1972/73, 38.2% in 1973/74, motor-bikes, TV and radios, household appliances, furniture, etc. A reserve against losses is maintained by payment of a 7% rebate by suppliers.

A special category of these loans are made to provide equipment for members of the liberal professions.

This program was temporarily halted in 1975 to enable C.C.I. to devise methods for preventing abuses.

Automobile loans: at 8 to 11% up to CFAF 1,500,000, 24 months for new and 12 months for used cars. A reserve against losses is maintained by payment of a 7% rebate by auto dealers and insurance companies.

<u>Public Agencies</u>: CCI charges 2% for servicing loans by CCCE, usually to municipalities, for utility services, markets, etc.

c. <u>Collections and Delinquencies</u>

CCI collects the vast majority of its real estate loans, and all of those to public sector employes, by payroll deduction, and has assigned employes of its own to the Treasury to make sure that there are no slips. GOIC's switch from cards to tape in its computerized payroll operation has greatly reduced the possibility of omission.

Collections during 1973/74 amounted to 99.47 of the regular amounts due (compared with 99.28% for 1972/73), and 71.92% of the balance due from doubtful and delinquent loans (compared with 71.76% for 1972/73). Total collections represented 98.15% of all amounts due during 1973/74 (compared with 97.77% in 1972/73).

Monthly payments outstanding totaled CFAF 449,574,000 as of 30 September 1974, or 1.94% of the amount due. Of this total amount, because of the magnitude of the investment, doubtful and delinquent monthly mortgage payments represented about 60%. The ratio to total mortgage payments due was 2.59%, or slightly above the over-all C.C.C. delinquency ratio, and exceeded only by the delinquency rate on loans to small businesses (6.23%) and the liberal professions (7.12%).

Percentage of Doubtful and Delinquent Payments by Total Payments Due During 1972/73 and 1973/74 by Category of Loan

	1972/73	1973/74
Small Businesses	8.75%	6.23%
Industry	0.72	0.71
Liberal Professions	4.67	7.12
Real Estate	2.98	2.53
Small Equipment	1.17	1.33
Automobiles	1.11	1.01
Special Loans	1.59	1.09
	2.23%	1.94%

d. Sources of Financing

CCI's own resources - consisting of its capital, reserves, guaranty funds and net profits - totaled CFAF 2.8 billions as of 30 September 1974 or 13% of its resources. They provided 7.6% of the financing for C.C.I. loans in 1973/74.

Major source of funds are borrowings, both external and from GOIC and the Central Bank. However, the cut back in CCCE financing has greatly increased CCI reliance on Central Bank rediscounts, which provided three-quarters of the resources for new loans made by CCI in 1973/74.

Primary source of off-shore credits - and virtually the only regular source of long-term funds - has been CCCE, which also holds stock in CCI and has provided technical assistance. At the end of

FY 1973/74, of some CFAF 6.3 billion in long-term resources, almost two-thirds came from CCCE. Also available to CCI is $1 million of a $7.5 million A.I.D. development loan to the Entente Fund for relending to medium and small industries.

Advances from GOIC through the Amortization Fund (C.A.A.) and from rediscounts at the Central Bank provide almost all of CCI's medium and short term resources. At the end of FY 1973/74 these totaled CFAF 11.5 billion in medium-term resources and CFAF 843 million in short term.

Sight and short-term deposits form a negligible part of CCI's resources. In accordance with French banking practice, 10% of these can be used for medium-term lending (0.1% of these resources) and 30% for short-term (8% of these relatively limited resources).

The following Table indicates C.C.I. Resources and Commitments as of 30 September 1974:

C.C.I. Resources and Commitments, 30 September 1974

(CFAF 000,000)

Resources			Commitments
Own Funds	2,782.2	Capitalization	1,038.8
Long Term	6,341.3	Long-Term	6,995.1
CCCE	(4,009.4)		
C.A.A.	(1,484.2)		
*A.I.D.	(181.6)		
CCCE and CAA under way	(666.1)		
S/T	9,123.5		8,033.9
Medium Term	11,475.0	Medium-Term	11,856.5
BCEAO and CAA approved	(7,664.2)		
BCEAO & CAA requested	(3,796.6)		
10% own deposits	(14.2)		
Short-Term	844.6	Short-Term	1,510.9
BCEAO-CAA	(773.6)		
50% own deposits	(71.0)		
Totals	21,443.1		21,401.3

* A.I.D. small business loan through the Entente Fund.

o. Technical and Management Evaluation

C.C.I. is a will run development bank. With respect to housing loan underwriting is careful, technical control of all loans is made at least monthly during construction (by correspondent, if necessary in outlying centers), and very tight procedures are in effect for loan repayment. It is an operation well suited to CCI's middle-income market of those with stable employment.

To reach lower-income groups CCI prefers single-mortgage project loans to real estate developers (para-statal or private) who will themselves assume the responsibilities of servicing the individual loans.

E. 6. The National Savings and Loan Bank (Banque Nationale pour l'Epargne et le Crédit- BNEC)

Organization of a national thrift and mortgage system has been a subject of discussion between AID and GOIC for several years, and a preliminary feasibility study and draft By-Laws were prepared in 1972 by the National Savings and Loan League (NSLL). Creation of a Savings Plan as a part of SOGEFIHA was incorporated into the original second Ivory Coast HG Program, authorized in 1972. GOIC subsequently decided to set it up independently. Preliminary draft legislation was prepared with AID technical assistance provided through NSLL, which also prepared draft internal regulations and set up procedures which were utilized for the informal operations of a Savings Division set up on a provisional basis within SOGEFIHA.

1. Purpose and Organization

BNEC is an independent state corporation organized by Decree of June 23, 1975, and scheduled to start operation during 1975. It is under the joint supervision of the Minister of Plan and the Minister of Finance. Its capital, provided by GOIC through OSHE, is set at CFAF 1 billion.

Purpose of BNEC, according to its Statutes, is:

a) to finance infrastructure for land destined for economic housing;

b) to seek out and apply the financing necessary for para-statal housing authorities and for the realization of economic housing programs in accordance with Plan objectives and for which the design criteria are in accordance with standards defined by a joint decree of the Minister of Finance and the Minister of Construction;

c) to collect, and receive, in order to facilitate accession to home ownership, savings deposits from individuals and corporations and to consent to short, medium and long-term loans for the construction, purchase, completion or transformation of economic and middle-income housing; and

d) generally, to undertake all banking, financial, moveable or real property operations directly or indirectly related to the above.

Purposes a) and b) appear to reflect some last minute drafting changes. At one time a draft Decree included reorganization of OSHE and incorporation of its functions in the new Bank, and these objectives seem more appropriate to OSHE than to a national savings bank. The re-organization of OSHE was dropped at the last minute, but this was not fully reflected in the language of the Decree. The result is an equivocal situation, with two organisms having the same function.

To achieve its purpose, BNEC is authorized:

a) to receive savings deposits, on which it may pay interest at a rate slightly above that paid by commercial banks;

b) to issue notes or contract loans guarantied by the GOIC Treasury upon authorization of its Executive Committee and the Minister of Finance; and

c) to receive governmental monies.

These governmental monies can be used only for infrastructure, interest subsidy and the consolidation of loans to para-statal housing authorities for economic housing (possibly another drafting oversight reflecting attributes of OSHE).

Governing body is a Council of Administration composed of a minimum of 10 and a maximum of 12 Administrators including representatives from the following:

Ministry of Finance (two representatives)

Ministry of Plan

Ministry of Construction

Ministry of Labor

National Assembly

Economic and Social Council

Stabilization Fund (C.A.A.)

Postal Savings System

Central Bank

Administrators are named by Decree for a three year renewable term. The Council must meet at least twice a year.

An Executive Committee consisting of a representative of MOF and the representative of the Minstry of Plan is charged with general supervision and must meet at least quarterly.

The President is elected by the Council. Chief Executive Officer is the Director General, named by Decree.

Konan Bledou, former Director of SOGEFIHA and General Secretary of OSHE, has been named Director General. Initial staff will probably by drawn from the Savings Division of SOGEFIHA.

2. Program and Operations

Woth BNEC scheduled to start operations only at the end of 1975, it is too early to review anything except the unofficial savings program conducted by the SOGEFIHA Savings Division and which undoubtedly will be transferred to BNEC.

a) Savings

Individuals began depositing what ultimately could become savings accounts late in 1973. Despite lack of publicity and the inability to pay interest, accounts grew steadily until, by the time the BNEC was legally authorized, deposits from 1506 savers totaled CFAF 245 million.

The following Table shows the growth of the program:

Savings Division Deposits

		Accounts	Deposits	Ave. Balance
1973:	Dec. 31	375	24,910,802	66,428
1974:	Mar. 31	571	48,813,157	85,487
	June 30	791	84,825,141	107,237
	Sept 30	941	100,651,466	106,962
	Dec. 31	1,119	147,222,646	131,565
1975:	Mar. 31	1,329	208,420,466	156,825
	June 30	1,506	245,152,572	162,771

b) Mortgage Servicing

It is probable that BNEC will purchase SOGEFIHA's mortgage portfolio from the Williamsville and Abobo Gare HG projects, and servicing of the Williamsville mortgages was given initially to the Savings Division rather than to SOGEFIHA's regular Management Office.

The volume has been small-- only 455-- and the portfolio for the most part is only a year old. Late payments totaled 5.2% of total payments due at the end of 1974 and 14.77% of payments due as of June 30, 1975. As of June 30 doubtful and delinquent loans (ie. more than three months late) totaled 4% of the amount due.

While the experience is too limited to permit a final judgement, it is nonetheless impossible not to compare the above percentages with the 1974 delinquency rates of 11.5% for the Fairmont HG Project, 36.6 % for SOGEFIHA's middle-income projects (primarily rental), 5.6% for SICOGI rental units, and 2.98% for the Ivory Coast Credit Bank (doubtful and delinquent only).

3. Sources of Financing

BNEC will derive its financing from three primary sources:

a) Its capital of CFAF 1 billion provided by GOIC

b) Savings

c) Off-shore borrowings, of which the HG program seems the only reasonable source.

4. Evaluation

While it is obviously too early to undertake a technical and management evaluation, it is possible to evaluate the development of BNEC to date as an expression of GOIC policy. In this context BNEC's major weakness is derived from the fact that it appears to be an ad hoc response rather than a thought out component of an integrated policy.

a) The ostensible overlap in purpose between BNEC and Oshe, while representing a deferred policy decision, does not eliminate the need for such a decision.

b) BNEC's capital is reportedly to be provided by OSHE, itself overcommitted, and which is a procedure of questionable legality. A question can be raised as to the extent to which the capital requirements of BNEC have adversely affected OSHE's basic legislative purpose, which is to assist financially in the development of rental social housing projects. OSHE's statutes also limit its capital participation to no more than 25% of the capital of social housing agencies.

AID has considered BNEC's major role as that of stimulating savings and helping to create the institutional base for genuine intermediation in housing finance. To do this will require considerable GOIC support in terms of a study of the institutional adjustments necessary if the new institution is to fulfill its vocation (i.e., what underwriting procedures are necessary to make possible intervention in the middle and low-income market, the need for some form of mortgage insurance, savings generation campaigns, etc.) This involves a somewhat different set of institutional and organizational priorities than the role of fiduciary for GOIC funds and foreign borrowings.

As a financial institution, BNEC will also require appropriate staffing and effective technical assistance (at its own expense, if necessary) to assure the provision of full-time management adequate for its role in the financial community

IV. Effective Demand for Housing

A. Urban Housing Needs and Conditions

1. Housing Needs

a) Growth Rates

Perhaps the single most important feature of urban growth in the Ivory Coast is the way it has exceded so greatly all projections. The population of Ivory Coast urban centers (defined as those living in centers where less than 45% of the population draws its main income from the primary sector) was expected to double during the 1970s, increasing from 1,390,000 in 1970, or 29% of the country's population, to an estimated 2,670,000 or 42%, by 1980. Abidjan, whose estimated 1970 population of 550,000 represented 39% of the urban and 11% of the nation's population, was expected to remain at about 40% of the total urban population but increased its percentage of the country's total population to 16.2%

For the next five years (1975-80) urban centers were expected to grow at a rate of 6.0% per year, compared to the national rate of 3.0% and a growth rate for the rural population alone of 1.1%

Although the results of the 1975 Census will not be known until later, current estimated made at the Ministry of Plan indicate a much greater rate of urban growth during the first half of the decade than anticipated by GOIC planners. Abidjan's 1975 population was estimated at 1,000,000 (or 22% above estimates) and total urban population at 2.2 million (10% above estimates).

Rural population had increased 2.45% per year during the period 1963/73, and the annual growth of urban centers had ranged from 5.6% for centers of less than 10,000 population to 9% for larger centers. Ten-year population projections gave the Ivory Coast a population 45% urban by 1985, with Abidjan having reached a population of anywhere from 1.9 to 2.4 million, depending on the hypothesis adopted.

Adjusted by the Team, the following Table presents these estimates for the seventies.

Population Growth in Ivory Coast and Urban Centers (1970-80)

	1970		1975 (revised)		1980 (revised)	
	Total	Percent	Total	Percent	Total	Percent
Ivory Coast	5,100,000	100%	6,453,300	100%	7,600,000	100%
Urban	1,390,000	29.8%	2,209,300	37.3%	3,040,000	40.0%
Abidjan	550,000	11.1%	1,000,000	15.5%	1,600,000	21.1%

Abidjan, the capital, is the only city in full modern expansion. Bouake, the country's second largest city, is in the process of industrialization; and San Pedro, the new port city, is a new town created from scratch in a previously unihabited section of the country. The other large centers, although clearly demonstrating an urban character, maintain nevertheless very strong economic and social ties with the surrounding countryside.

The evolution and growth of these various urban centers varies, as the following table shows.

Population and Growth Rate, Urban Centers, 1975

	Population	Annual Growth Rate
Abidjan	1,000,000	11.5%
Cities of more than 10,000 population		
Bouake	170,000	8.5
Daloa	62,000	5.8
Man	57,000	6.6
Dimbokro	43,000	9.0
Korhogo	41,000	5.0
San Pedro	40,000	+
Gagnoa	38,000	6.0
Agboville	38,000	10.0
Divo	37,000	7.1
Grand Bassam/Mossou	32,000	6.8
Danané	29,000	8.0
Abengourou	27,500	4.[illegible]
Adzopé	26,000	6.4
S/T	640,000	
33 Towns of 10,000-25,000	326,500	
S/T Urban Centers of more than 10,000	1,966,500	9.0
Urban Centers of less than 10,000	242,800	5.6

+ Town started in 1969

b) Abidjan

The capital city of Abidjan has witnessed a housing boom possibly unparalleled in sub-saharan Africa from which, it would appear, a broad section of the population has benefited. A study, commissioned by the Ministry of Public Works, has evaluated housing developments over the 10-year period 1963-73, as follows:

Abidjan Housing Stock: 1963-1973

	1963		1973	
	No.	Percent	No.	Percent
Upper Income	6,000	9.5%	14,000	9.4%
Old traditional subdivisions	19,000	30.2	22,880	15.4
Newer (and less well equipped) traditional subdivisions	14,000	22.2	45,000	30.2
Middle-Income Housing Projects	7,000	11.1	23,750	16.0
Traditional Housing	1,000	1.6	3,730	2.5
Squatter Settlements	16,000	25.4	39,670	26.6
	63,000		149,000	

Several comments on the above findings appear appropriate:

i) Housing stock during the period increased an average of 9% per year, as against an annual population increase of 11.5%. Thus the housing stock became more crowded and household size increased. (However, household size in Abidjan appears to be, at least in part, a function of the income of the household head: the better off a household head, the more members of his extended family he must support).

ii) Growth of the housing stock appears roughly to have paralleled annual growth of employment, which averaged 7% in the modern sector and 9% in the traditional sector for the period in question. This, again, seems a reasonable assumption: those economically active will obtain shelter, of a sort, because they can pay for it.

iii) Official efforts to provide housing through construction of housing projects have more than kept pace with population growth, the number of units having more than kept pace with population growth, the number of units having more than tripled and their proportion of the housing stock having increased from 11% to 16%. Residents of these housing projects represented 16.3% of the 1963 population, as against 20.3% in 1973, indicating further a reduction of over-crowding in these very desirable units as modern housing has become available in traditional subdivisions and as luxury housing has become available to Ivorians. With recent initiation of rental programs offering 29 m2 one-room row units for as little as CFAF 4,500 a month, these projects now offer units within the means of workers regularly employed at the minimum wage.

iv) About 4,000 of the 14,000 upper income units were occupied by Africans in 1973. However, this represents an enormous relative increase over 1963, when almost all of the available 6,000 units were occupied by expatriates (diplomats, technical assistants, businessmen, etc.)

v) Quantitatively, the largest increase (from 14,000 to 45,000) occurred in legal subdivisions, which now house 30% of the city's population (as against 22% in 1963). Lots are large (400-600 m2) and permit construction of several housing units on each lot, including construction of two-story units on main street frontage. Owners have tenure, construction is of permanent materials, but infrastructure is often rudimentary, sanitary sewers non-existent, and water is often lacking.

vi) Squatter settlements, despite repeated clearance projects, are holding their own and still house about one-quarter of the city's population.

The same study, based on its evaluation of the Abidjan population as of 1 March 1973 at 788,900 persons living in 149,000 housing units, estimated future housing needs for the rest of the decade as a function of the following three elements:

i) Natural increase of 2.5% per year

ii) Migration to Abidjan from other African countries, estimated at 9,000 persons a year (or 20% of the total annual immigration from other African countries into the Ivory Coast, which, it should not be forgotten, serves as a development pole and attraction for a hinterland containing some 20-25 million persons).

iii) Rural-urban migration, estimated at 21,000 a year from the countryside directly to Abidjan, plus another 12,000 annually from upcountry towns (or slightly more than half the total interior migration, 31,000 a year being the estimated migration from the farms to towns and cities in the interior).

The study estimated the population to be housed during the years 1973-80, together with housing units required given an average household composition of 5.5, as follows:

Population Increase and Housing Requirements for Abidjan, 1973-1980

	Population	Housing Units
New residents	861,000	156,500
Squatters to be rehcused	189,400	34,400
	1,050,400	190,900

This comes to some 22,300 units a year, as compared to GOIC's estimates of 10,000 a year, exclusive of any attack on squatter rehousing, which MCU proposes be undertaken at an annual rate of 4,000 units.

During 1973 and 1974, the following housing starts were made in Abidjan under various officially financed programs.

	1973	1974
SOGEFIHA (incl. HG financed)	2,641 (514)	5,128 (738)
SICOGI	4,303	3,117
C.C.I. Mortgages	1,607	637
Totals	8,551	8,882

This compares favorably with GOIC's current policy, which calls for construction of 6,000 middle-income housing units a year by para-statal housing agencies, plus 4,000 units a year upper income to be privately financed. However, there has been no GOIC action thus far to provide the yearly 4,000 low-income squatter relocation units called for in policy statements (although construction finally has started on a pilot sites and services project) and, according to recent data, current Abidjan needs must be revised upwards to 23,100 additional units plus 4,000 squatter replacement units a year.

Using the estimates made in the study, and updating in consideration of current costs and the capacity of existing institutions, the Team would generally evaluate the housing needs in Abidjan for African families for the last five years of the decade approximately as follows:

Estimated Housing Needs: Abidjan, 1976-80

		Investment (CFAF billion)	
Category of Housing	Housing Units	Infrastructure	Housing Constr.
Upper Income	5,000	CFAF 6.3	20.0
Housing Projects			
Middle-Income	3,000	1.8	7.5
Economic, Super-Economic	15,000	4.5	15.0
S/T	18,000	6.3	22.5
Sites and Services +			
Lotissements Evolutifs	50,000 on 10,000 lots	6.0	30.0
LEM	30,000 on 15,000 "	3.0	7.5
	80,000	9.0	37.5
Existing Neighborhoods	30,000	++ 3.8	18.0
Total	133,000	25.4	98.0

+ This follows SETU's definition, with the lotissements évolutifs being larger (200-600 m2) and providing for greater density development, the LEM being smaller (100-150 m2) and presuming only one rental unit.

++ The $18 million IBRD sanitation project

c) Upcountry urban housing needs

Assuming for the upcountry urban centers an average household size of 5.5 persons, similar to that of Abidjan, the following represents an estimated annual housing need for this sector.

Estimated Annual Up-Country Urban Housing Needs Ivory Coast, 1975-80

City	Est. 1975 Population	Growth Rate	Annual Need New Housing Units
Bouake	170,000	8.5	2,600
Daloa	62,000	5.8	650
Man	57,000	6.6	680
Dimbokro	43,000	9.0	700
Korhogo	41,000	5.0	370
Gagnoa	38,000	6.0	400
Agboville	38,000	10.0	690
Divo	37,000	7.1	470
Grand Bassam	32,000	6.8	390
Danané	29,000	8.0	420
Abengourou	27,500	4.9	240
Adzopé	26,000	6.4	300
33 Towns of 10,000-25,000 Pop.	326,500	7.0	4,150
Urban centers of less than 10,000	242,800	5.6	2,470
Total	1,169,000		14,530

During 1973 and 1974 the following housing starts were made in various up-country urban centers, exclusive of San Pedro, and the following are programmed for 1975.

	1973	1974	1975
SOGEFIHA	1870	232	1390
SICOGI	256	---	214
C.C.E. Mortgages	149	196	150
Totals	2,275	428	1,754

Separate consideration should be given the new port city of San Pedro, where GOIC policy of building only conventional housing projects has been completely outdistanced by population growth. With more than 90% of the population squatting outside of the official housing areas, GOIC has shifted direction and now plans to provide infra-structure for the spontaneous housing areas, with orthodox housing construction programmed to follow the rythmn of new permanent job formation.

d) Rural Housing Needs

The rural population of the Ivory Coast is expected to grow at the rate of 1.1% per year for the balance of the decade. However, rural housing needs, within the concept of this Report, are considered to be a function of developmental programs rather than demographic growth.

The modernization of rural housing was undertaken initially by village personalities (chiefs or notables, educated sons or those with a taste for modernity) and became more generalized subsequently in response to increased cash income.

Basic reasons for the spontaneous incremental modernization of village housing appear to have been fairly consistent:

i) a desire to be "modern", for prestige or status, to have a house as good as a European or (after Independence) a city resident.

ii) security: the modern house can be used for storage (of valuables, of seed grain) safe from thieves, moisture and fire.

iii) convenience, ie. reduced necessity for annual maintenance (replastering of exterior walls, rethatching roof), more space under roof (the lower pitch of a metal roof makes possible covering a larger space; however inasmuch as more people crowd in, the number of M2 sleeping space per person does not seem to be greater than in traditional housing); comfort at night (certainly not during the day) ie. dryness, protection from night air .

Modern village house construction started in the coffee/cocoa-rich forested coastal areas, and spread northward into the bordering savana. A 1962-64 study of the Central region identified the earliest "modern" house as dating from 1943. The first wave of "modern" village house construction co-incided with the high coffee prices in the late Fifties, and appears to have slackened with the drop in these prices in the early years immediately after Independence. During the late Fifties, too, Ivory Coast political leader and subsequently President Houphouet sponsored construction of a pilot project of modern houses in his home village of Yamoussoukro.

By the time of the 1962-64 Study, of the housing in the six villages surveyed in the Center region 9% was modern with a metal roof, 19% was modern with a thatched roof, and 72% was traditional. "Modern" in this context meant walls either of dried mud poured in layers and sun dried or of hollow bricks of stabilized earth. Much of the work was done by itinerant masons, often from neighboring Dahomey, who drummed up business in the village and were lodged and fed while they laid up the walls.

Modern housing was completed in stages: after the walls were laid up and wooden lintels and frames set for doors and windows, a temporary roof of thatch was often laid so that the house would be habitable.

Placing of rafters and metal roofing - which cost about 50% of the total investment - was done by carpenter-roofers, usually from a nearby town. In view of the cost of this operation, the planter could not afford to call them in until at least another harvest had passed. (Even today, roofing, although relatively less important, still represents the largest single expense of a modern rural house. Because it must be done all at once, and not piece-meal, as masonry can be laid up, concrete-block walls without roofs are still a common feature of the Ivorian country-side.)

Depending upon the desires and income of the villager, the following separate steps are required to complete construction: installation of wooden doors and windows (necessary for security), plastering (particularly on the exterior to protect against the heavy rains), and painting (usually not done or self-applied).

Initial GOIC intervention in rural housing, except for President Houphouet's Yamoussoukro project, took the form of construction of a pilot village in the West. The villagers, however, proved reluctant to contribute anything except ideas whose results were to make the units more costly (and whose acceptance they allegedly encouraged by threats of violence against contractors' personnel working on the job), satisfaction was negative, loan repayments zero; and the experience was not repeated.

In the mid-sixties GOIC added to its development goals a greater geographical distribution of investment and income, a significant shift accompanied by a major cabinet change. There was to be greater investment upcountry and, as part of this, an increased investment in rural housing during the years 1965-69.

GOIC Investment in Rural Housing

Year	Amount	Program
1965	115 million	5 pilot villages in South
1965	200 "	programs in North, West and Center-West
1966	300 "	"American Loan" program financed by $1.3 million PL480 credits
1969	300 "	to complete commitments made under PL480 program

By this time, too, "modern" housing had come to mean concrete block construction, and both GOIC policy and consumer preferences stood firmly against use of any less costly materials.

GOIC recognized that villages participation was important. Villagers were to organize housing mutual societies to do certain work in common, and to provide collective responsibility for loan repayments. Down payments of 10% in cash or in construction of a home to rafter level was required. The newly-organized para-statal housing finance organization SOGEFIHA was given responsibility for the program; a breakdown of the number of units and amounts resulting from SOGEFIHA's activities may be found in Section E.3.

GOIC rationale behind its rural housing program were several and directly related to a number of its developmental goals, with obviously a wide variety of success:

a) A wider distribution of the fruits of development (ie. modern housing) might make up-country living more attractive and - possibly - tend to help reduce rural-urban migration.

b) Recognizing the planters felt need for modern housing, the investment in rural housing - through requirement of an initial cash down payment, payment of skilled labor, and long-term (ie. five to 10 years) loan repayment - will capture and monetize for investment in a major capital good planter savings which otherwise are hoarded for funerals and marriages or spent on consumption items.

c) To the extent that village housing programs were undertaken and supported by village "sons" now holding government jobs in Abidjan, the program reinforced on a personal level GOIC's official concern for village development and made possible some transfer of resources from Abidjan to upcountry areas.

d) Village construction offered job opportunities for masons, carpenters and other "skilled" laborers and created a market for, particularly, wooden doors and windows, which could be fabricated locally.

Over the years the proportion of investment in modern housing spent locally has decreased relative to total cost, primarily as a result of the increased use of masonry, which by 1975 represented almost 30% of total house cost, although obviously increasing in total magnitudes as the size of the program has expanded. Data in the following table are derived from the 1962-64 monograph on housing in the Center, from a study prepared in 1969 on the American Loan program, and on a cost breakdown provided by SOGEFIHA for one of the villages under construction in 1975.

<u>Rough Breakdown of Rural Modern Housing Investment</u>

	1962-4	1967-8	1975
Wood and wood products	24.6%	15.0%	18%
Labor	27.6%	25.3%+	21%
Transportation local materials	5.3%	9.1%	2%
S/T local	57.5%	49.4%	41%
Materials from outside the Region	42.5%	50%	59%
Average cost of Modern House	121,000	396,000	550,000

+ Includes value of self-help labor estimated at wage rate for field labor.

e) In terms of social modernization, the new housing by its design and by the financial obligations it created served as a deterrant to polygamy, (although villagers in one village covered by the "American Loan" program complained to SOGEFIHA about window sizes which, they alleged, were too large to permit them effectively to lock in their wives and daughters at night.)

The start of the program was difficult, particularly in regions in which modern housing was uncommon. Educational efforts by GOIC officials stressed benefits (modern house, shipment of construction materials) without always equally emphasizing obligations (collective work, loan repayments).

But by the end of the decade popular demand was widespread, and neuclei of modern housing existed in all regions of the country, including some of the most impoverished. While in the far savanna the rural housing program was limited essentially to upcountry urban centers, (except for a program sponsored in the North by a parastatal rice development agency and repaid from the annual rice marketing) in the cash-crop agricultural areas more and more modern housing appeared in villages whose vocation was entirely agricultural.

A tabulation of the location of SOGEFIHA rural housing loans indicates this progression in terms of distribution of loans between true villages and upcountry urban centers within each region. (The distribution between regions is determined more by political-administrative than by economic consideration.)

Location of SOGEFIHA-financed Rural
Housing Projects By Region and Urban
Centers Within Regions: 1966-70 and 1971-75

Region	Total	Urban	% Urban	Total	Urban	% Urban
South	499	120	24%	1,280	142	11%
Center-West	680	177	26%	296	40	14%
East (forest)	60	30	50%	180	0	0
Center (southern)	563	208	37%	807	128	16%
West	583	323	55%	109	109	100%
S/T forest zone	2,385	858	36%	2,672	419	25%
Center (northern)	30	30	100%	107	95	89%
East (savanna)	182	152	83%	537	492	92%
North	983	973	99%	166	166	100%
S/T savanna	1,195	1,155	97%	810	753	93%

Within the economically better off forested zone and southern savanna, where cash crop farming has existed for some time, the percentage of true villages involved in aided self-help housing modernization was greater than in the poorer savanna area, and within the forest area was greater during the Seventies than before. (The tend is more striking if exception is made of the West, a region in which because of the high rate of non-payment recent programs have been eliminated except for two special urban projects.)

By the end of the Sixties, effective demand outran financing. The program was intended to be carried on using loan repayments, but these were little discussed when GOIC officials were trying to get the program started and difficult to collect later.

In the early '70s the modernization of rural housing continued as a function of planter revenues, but with decreasing assistance through SOGEFIHA financing. Exception must be made here of the relocation villages constructed on a turn-key basis by the Bandama Dam Authority using only the most modern of materials and whose cost may eventually represent 40% of the entire development cost of the Project, an experience which GOIC planners do not deem replicable.

A major shift in direction of the SOGEFIHA-assisted rural housing program occurred in 1974, at which time GOIC released CFAF 1.1 billion, originally intended for construction of 3000 units but which will actually suffice for half that amount. Main outline of the new thrust is to tie more closely rural housing to overall rural development programs and to monetized circuits.

a) Beneficiaries of housing loans must organize producers cooperatives and place additional agricultural acreage into production (usually cocoa or rice, in connection with on-going crop development programs.) The additional acreage is to serve to permit repayment of the housing loan without too great a drain on beneficiaries' existing cash income, and collection at the point of sale is to facilitate and improve loan repayment.

b) In connection with organization of the production cooperative, the rural development fund (and sometimes other GOIC agencies) will finance, in accordance with their respective policies, additional infrastructure, including irrigation dams, wells, village-market road grading, schools, health centers, etc.

c) Construction will be on a turn-key basis. This will speed up development considerably from the two (three years required under the old aided self-help program.) It will also encourage economic specialization on the part of both farmer and building tradesmen.

d) As a corrolary, planter cash participation has been increased: down payment has been raised to 20% from 10%, and loan term reduced from 10 to five to seven years.

The SOGEFIHA program usually suffices for only some members of the cooperative. Additional housing starts are to be made contingent upon repayment of the initial loan, thereby encouraging increased production by the cooperative.

In this sense, the effective demand for modern rural housing can be determined by the number of organized agricultural producer cooperatives and the resources available from GOIC to assist in putting additional land under cultivation.

GOIC officials have expressed concern that rural producers' cooperatives have not reinvested sufficiently their revenues - as an example, only 19% of the CFAF 28 million 1973/74 revenues of co-ops in the Abengourou and Agnibilikrou districts in the East were reinvested.

As more planters are organized, revenues realized through co-operative marketing become relatively more important. In the Eastern districts referred to above, the number of co-ops rose to 92 (grouping 2537 planters), and revenues from the 1974/75 cocoa/coffee campaign totaled more than CFAF 90.1 million. In the Divo district in the South, the harvest brought CFAF 30.7 million to 97 co-ops, now in their second year of organization. While benefits were unequally distributed (three co-ops in the East and one in Divo receiving 10% of the total), median average annual income for the majority was less than CFAF 800,000 for the East, and CFAF 285,000 in the South.

GOIC officials expect rural housing to provide a technique for attracting these increased revenues into productive investment; and as of the end of 1973 SOGEFIHA was holding down payments from 42 village societies for the balance of 1500 units programmed and for which funding proved not available. However, inasmuch as the average loan requested came to about CFAF 15 million, it is clear that only the more productive coops will be able to assure repayment from increased incomes alone, and that the rural housing program will also have to capture existing incomes to be fully self-amortizing.

2. Housing Conditions

a. Abidjan

The French selected Abidjan as the site for the Abidjan-Niger railroad line in 1899, and the town only had 1,400 population in 1912. In 1928, when the population was 5,400, the first City Plan was adopted, which guided development until 1952. The Plan was conceived in traditional Beaux Arts style, with the European downtown business and residential section segregated from the rest of the city by lagoons and by a belt consisting of military camps and an industrial area.

In 1951 the opening of the Vridi Canal made Abidjan a deep water port, and the population exploded, increasing from 58,000 in 1948 to 125,000 in 1955, an annual rate of 14%. At Independence the city totaled an estimated 200,000, and the City plan proposed that year envisioned a maximum population of 400,000 by 1980.

Planning for Abidjan has been difficult because population growth has far exceeded production and has not gone in directions desired by the planners. Today's population lives in a variety of housing types, with increasing tendencies towards socio-economic stratification as new projects and subdivisions are developed.

i) Housing Types

A study made in 1973 identified the following types of housing (which have been regrouped for presentation in this report).

I. Upper Income

Includes luxury villas on lots often exceeding 2,000 m2 in areas with excellent infrastructure; high and medium quality villas in neighborhoods with varying infrastructure (including some greatly inferior to the quality of the housing); sales housing built by the housing authorities; apartment buildings constructed by housing authorities for foreign technical assistants; and privately developed apartment blocks.

About 57,000 persons live in these units, including about 23,000 Ivorians and almost all of the expatriate population, or 6.6% of the city's total population.

II. Old Traditional Subdivisions

Developed during the twenties in Adjame and Treichville in blocks 40 x 40m each, containing four 400 m2 lots, these neighborhoods generally have a better infrastructure than the newer sub-divisions. They are the most densely populated areas, as the lots eventually are built up completely, including two-story buildings on major street frontage. This type of subdivision permits both densification and improvement of housing as improvements are progressively added.

Two-thirds of the units rent for from CFAF 2-6,000 per month, with the average at CFAF 5,000 per unit or 2,200 per room.

At the end of World War II these neighborhoods contained 43 of the population of Abidjan. Although from 1963 to 1973 their population increased from 78,240 to 128,600, their percentage of Abidjan residents slid from 30.2 to 16.3 .

III. <u>New Subdivisions</u>

Developed along a grid pattern similar to that of the Traditional Subdivisions, most of the City's growth is absorbed in these neighborhoods. Construction is of modern materials, and tenure is officially recognized, but infrastructure is minimal, often less, and inadequately maintained.

Rent in areas with infrastructure range generally from CFAF 2-6,000, with an average of CFAF 5,100 per unit and CFAF 2,200 per room; in areas without infrastructure half of the units rent for CFAF 4-6,000 and another third for CFAF 2-4,000; average unit rent is CFAF 4,150 , average room CFAF 1,700.

About 215,850 persons live in these neighborhood, or 27.4 of the population, of whom some 55,000 live in areas with no infrastrucutre beyond rough-graded streets.

IV. Housing Projects

A total of 161,400 persons, or 20.3% of the city's population live in housing projects, whose construction started in 1952 and whose design and concept has varied through the years. Of these, about 32,000 are housed in the low-rise row housing built during the fifties at very low rents.

The older units which are generally smaller, rent for CFAF 2-6,000, average unit rent CFAF 5,400, average room rent CFAF 2,100. Comparable figures for the newer units are higher and with a greater range of from CFAF 6-30,000; average unit CFAF 12,300, average room CFAF 3,800.

V. Squatter Settlements

These are of two kinds: those in which construction is of permanent materials and which differ from some of the new subdivisions only in that tenure is not recognized, and the classic bidonvilles containing shacks built of salvaged materials.

A total 18[illegible],500 persons, or 24.1% of the population, are precariously so housed, of whom some 78,000 still have managed to build solid structures of permanent materials.

Almost half the better built squatter units, rent for CFAF 2-4,000, but another one-third rent from CFAF 4-8,000; average unit rents for CFAF 5300, average room CFAF 1,500. About 90% of the shanties rent for CFAF 1-4,000; average is CFAF 2,600, average room rent CFAF 1250.

VI. Traditional African Villages

Oddly enough, village enclaves grouping the original Ebrie residents of Abidjan still exist and even managed to more than triple their population from 8,536 in 1963 to 2[illegible],300 (or 3.7% of the citys population) in 1973 .

i) Type of Construction

Ivorians have a fixation on housing of permanent materials, so it is not surprising that 40% of the squatter units are of concrete block. In all 82.2% of the dwelling units are "en dur", and only 17.8% (squatter shacks and some of the Ebric villages) in non-permanent materials.

ii) Densities

Population per hectare by type of housing:

	Housing type	Persons/ha
I	Upper Income	
	luxury villas	24
	villas	45
	apartments	195
II	Old Traditional Subdivisions	575 (up to 650)
III	New Subdivisions	
	Moderate Infrastructure	310
	Little or no Infrastructure	375
IV	Housing Projects	335-340
V	Squatter Settlements	
	Permanent Construction	245
	Bidonvilles	415

iii) Tenure

The vast majority of those interviewed in the 1973/74 study stated that they were paying rent - which is not to say that many of these may be living in older, less expensive units and collecting rents on more recently developed properties which they do own.

Percentage of Residents Paying Rent by Housing Type

	Housing Type	Percentage Renting
II	Old traditional subdivisions	75.4%
III	New Subdivisions	82.0 and 83.4%
V	Squatter Settlements	
	Permanent Construction	74.5%
	Bidonvilles	59.3%
VI	Ebrie Villages	34.1%

iv) Electricity

53.4%	with connections
46.6%	without connections

v) Water and Sanitary Facilities

As has been previously noted only Upper Income and Housing Projects have complete water and sanitary provisions, and the older Traditional Subdivisions in Treichville and Adjamé are better supplied than the newer neighborhoods.

The following are percentages for dwelling units in the City as a whole:

Water Supply

37.1%	piped water in the unit
23.0	piped in the courtyard water nearby
20.5	use well (there are 23,000 still in Abidjan)
39.1	buy water from porters

Bathroom/Shower

25.7%	have with running water
3.9	enclosed shower bloc in courtyard with running water
2.8	tap for washing
32.4	S/T facilities with running water
38.9	summary installation without water
28.8	without

Sanitary Facilities

29.7%	with individual unit
55.0	with common unit
13.0	withouth (50% in bidonvilles)

A major improvement in these conditions is anticipated with the execution of a major sewage collector and public sanitary facility program, on which construction of the $ 18 million first phase, jointly financed by GOIC and the World Bank, is scheduled to start later this year.

<u>World Bank Programme d'Assainissement (Abidjan)</u>

Preliminary studies financed by the U.N.D.P. and W.H.O. began in 1968 and were finished in 1973. Design for a specific first phase program was then started. It includes: sewer mains and a primary collector to serve the Banco area; a collector to extend the Plateau system to Adjame; a collector to serve the industrial area; repair and rehabilitation of existing systems in Treichville and other selected areas; and public sanitary facilities in areas with no services at all. The total program is estimated at $18 million, 50% of which is to be financed by the World Bank. It is to be amortized by a 5% real estate tax and taxes on water usage of CFAF 5.5-12.5 per m3. Funds are to be channeled through a Fond National d'Assainissement administered by the Caisse Autonome. The program is to be implemented through the Ministère des Travaux Publics by SETU. Bidding and contracting is underway. The program is scheduled for completion in 1977.

By that time, design of a second phase $90 million city sewage system should be finished. A main collector will run from Adjame along the East side of the Plateau through Treichville to a treatment plant at the ocean near Vridi. Completion is scheduled for 1981.

b. Other Urban Centers

Housing conditions vary greatly from one urban center to another, reflecting very often the abilities and the interests of the Prefect or Sub-Prefect in carrying out GOIC ideological commitment to demolition of traditional housing and reconstruction in permanent materials.

San Pedro must be considered a special case. The "official" city is laid out in accordance with city planning notions, but [illegible] of its population live in unofficial squatter settlements on the outskirts.

In some of the more important secondary cities, this process has been carried quite far. Bouaké has demolished its original old neighborhood, but nothing has been rebuilt. Korhogo was almost completely redeveloped, except for small traditional enclaves in the mid-sixties. Daloa is almost completely "*en dur*".

All of the larger cities, and most of the smaller administrative centers have a generalized land use plan and at least one formal grid-type subdivision on which modern housing can be built.

Statistical data by city on type of construction, densities, tenure, and sanitary facilities were not available to the Team.

i) Water systems

Of the eight cities of 25,000 or more population, five have systems of piped potable water and a sixth has a water system which lacks proper purification. Two cities (Man, pop. 42,000 and Korhogo, pop. 32,000) did not have piped water systems at the time of an administrative census in January, 1972.

There are another 22 cities with a population of 10,000 or more or which are heads of Departments and thus stated to become important administrative centers. Of these 10 have systems of piped potable water, six are served by public water points (ranging from one for Aboisso, pop. 20,000, to 10 for Odienne, pop. 10,000), and in the six remaining all water comes from individual wells.

No data is available on the percentage of dwelling units with an individual piped water supply, but some indication may be obtained from the following Table showing population per water meter.

Population Per Residential Water Meter, Selected Cities (late 1960s)

City	Population (at time of survey)	Pop. Per Water Meter
Bouake	120,000	44.0
Daloa	46,000	74.3
Divo	27,000	100.7
Dimbokro	28,000	73.1
Abengourou	22,000	50.3
Agboville	20,000	55.2
Dabou	16,400	50.5
Ferkéssédougou	15,300	103.4
Bondoukou	13,700	52.3

In comparison, Abidjan, where only 37% of the units had an independent water supply, had 21.2 residents per meter.

ii) Electricity

Easiest of all utilities to provide, an electric distribution system is available in seven of the eight cities of more than 25,000 population and in 18 of the 22 other urban centers identified above.

The following table shows the number of residents per subscriber.

Population Per Electric Subscriber, Selected Cities (late '60s)

City	Pop. per Subscriber
Bouake	18.5
Daloa	19.0
Divo	29.0
Gagnoa	14.7
Dimbokro	19.2
Abengourou	16.3
Agboville	22.2
Dabou	12.6
Ferkéssédougou	9.2
Bondoukou	25.1

B. Market Conditions and Effective Demand

1. Current Housing Expenditures

The 1973/74 Study referred to above found that half of Abidjan's tenants were paying no more than CFAF 5000 a month for rent. The following table shows the distribution of rental payments for different types of housing.

Distribution of Rental Payments by Housing Types
(Percent of Rents at Each Level)

Amount of Rent (CFAF)	Old Subdivisions	New Subdivisions w/Infra-Structure	New Subdivisions w/o	Housing Projects Old	Housing Projects New	Squatters "en dur"	Squatters shacks
less than 1000	--	--	--	--	--	--	--
1 - 2000	2.6	4.0	5.[illegible]	6.5	1.3	[illegible].6	45.[illegible]
2 - 4000	33.3	31.7	31.[illegible]	30.[illegible]	1.6	45.[illegible]	43.[illegible]
4 - 6000	43.1	36.2	49.[illegible]	40.[illegible]	5.1	17.0	[illegible]
6 - 8000	14.[illegible]	13.3	12.5	[illegible].5	17.[illegible]	17.[illegible]	[illegible].5
8 - 10,000	4.7	6.0	--	--	16.5	6.5	--
10 - 12,000	1.[illegible]	5.9	--	--	13.6	[illegible]	--
12 - 15,000	2.8	2.6	--	12.1	16.3	--	--
15 - 20,000	1.1	0.6	--	--	[illegible].3	--	--
more than 20,000	3.3	0.4	--	--	11.[illegible]	[illegible].1	--
Total	100	100	100	100	100	100	100
Average (CFAF)	5,401	5,100	[illegible],150	5,2[illegible]	12,3[illegible]	5,34[illegible]	[illegible],601

It is interesting to note the relative comparability of the rental distribution for units in both the old and newer grid-type private subdivisions which appears unrelated to age of structure or availability of infrastructure. Certainly rentals do not appear significantly higher in the old subdivisions, which might be expected because they are quite crowded and more centrally located. Only in the bidonvilles do rents appear significantly less.

The new housing projects, as might be expected, are significantly more costly, and require higher rentals. Median rental in the new projects is about CFAF 11,000, as compared to CFAF 5000 for the city as a whole.

As a percentage of income rental payments vary around 15 , although rising slightly as incomes increase.

Percentage of Monthly Income Spent on Rent

Income		Rent	Rent/Income
10th Percentile	CFAF 13.8[illegible]	CFAF 2,[illegible]	14.7
[illegible]th "	32.[illegible]	5,[illegible]	15.[illegible]
[illegible]th "	[illegible]	[illegible]	[illegible]

Expenditures on mortgage payments have not been systematically tabulated. They are obviously higher for the larger and better finished sales housing built by the housing authorities and/or financed by CCI; and this is in line with [illegible] policy limiting tenure in publicly-sponsored economichousing to renters. Sales housing programs permit devoting up to one-third of income on housing payments, and the presumption is that Ivorians will spend relatively more on home ownership than on rental (although this must be tempered by the wide-spread tendency of Ivorians to sub-lease).

2. Income Distribution

a) Urban Income

As is usual data on income distribution are not systematical in the Ivory Coast, and such as are available usually deal with average income, rather than median. Given the shape of the distribution curve, average income (i.e., total income divided by number of recipients) is likely to be higher than median (i.e., the 50th percentile of the population).

A second consideration involves determination of household income as distinquished from that of the head of the household. Household size has been observed to be a function of income, that is, the more income earned by a head of household, the more members of the extended family he is expected to support. As a corollary, those living in a household are also supposed to contribute, and this is true whether the household is lodged around a traditional coutyard or in a European-style housing project.

According to family interviews conducted during the 1973/74 housing study, African households in Abidjan contain an average of 1.34 workers. The average is somewhat higher - 1.53 income earners per household - in the housing projects, indicating the greater effort necessary to meet the higher rental payments.

It appears also to be somewhat higher in low-income and in squatter areas. In a low-income section of the Adjame district of Abidjan, according to a 1971 survey, family size was 4.7 persons and there were 2.5 income earners per family. A 1969 study of the Port-Bouet redevelopment area, also in Abidjan, showed average monthly income for household heads of

CFAF 18,500, supplemented by an average of CFAF [illegible] income from female members of the household. And a 1972 study of the Bardo squatters area outside the new port city of San Pedro, showed male incomes ranging from CFAF 11-3[illegible] and female incomes from CFAF 11-36,000 a month - all derived outside the formal employment market.

The following Table is derived from data in a [illegible] Study of monthly income to wage earners, in [illegible] updated to account for increases in minimum wage levels [illegible], 1 [illegible], and January, [illegible], and adjusted to eliminate agricultural wage earners.

Distribution [illegible] Earners by Income Level (National)

Monthly Salary (CFAF)	Per Cent	Cumulative
less than [illegible]	[illegible]	[illegible]
[illegible],001 - 1[illegible]	[illegible]	11.1
15,0[illegible]1 - [illegible]	[illegible]	[illegible]
[illegible],0[illegible]1 - [illegible]	[illegible]	[illegible]
[illegible]1,[illegible]1 - 6[illegible]	[illegible]	[illegible]
[illegible],0[illegible]1 - [illegible]	[illegible]	[illegible]
More than [illegible]	[illegible]	1[illegible]

Median monthly urban wage income would appear to be situated around, say, CFAF 25,000.

Interviews conducted in connection with the 1[illegible] Abidjan study indicated the following distribution of wage and salaried incomes in Abidjan, with categories again adjusted to compensate for the increase in minimum wages occurring after the interviews. Again median principle income from wages and salaries appears to be around CFAF 25,000.

<u>Distribution of Wage Earners by Income Level</u> (Abidjan)

Monthly Salary (CFAF)	Percentage	Cumulative
Less than 12,500	6.9	6.9
12,501 - 21,600	27.2	34.1
21,601 - 27,600	19.1	53.2
27,601 - 34,000	14.1	67.3
34,001 - 39,000	9.0	76.3
39,001 - 45,000	8.5	84.8
45,001 - 50,000	4.6	89.4
50,001 - 75,000	7.3	96.7
More than 75,000	3.3	100.0

As was indicated above, consideration of income of the household head alone underestimates actual disposable income. Again, although statistics are not abundant, the 1973/74 housing study contains a breakdown of household income for Abidjan as of 31 December 1973.

<u>Household Income in Abidjan as of 31 December 1974</u>

Monthly Income (CFAF)	Percentage	Cumulative
Less than 10,000	5.1	5.1
10,001 - 15,000	7.9	13.0
15,001 - 20,000	6.0	21.0
20,001 - 25,000	14.0	35.0
25,001 - 30,000	5.0	40.0
30,001 - 35,000	4.0	49.0
35,001 - 40,000	5.5	54.5
40,001 - 45,000	5.5	60.0
45,001 - 50,000	5.0	65.0
50,001 - 75,000	6.0	81.0
75,001 -100,000	4.5	89.5
More than 100,000	[illegible].5	100.0

Median household income is found to be CFAF 36,770 for all families as of the end of 1973.

Median household income should be even higher now as a result of the January, 1974 increase in minimum wages; estimates current at the time placed it at CFAF 50,000 in mid-1975.

One final element appears relevant to a determination of AID's target housing population. Minimum wages for unskilled workers in the private sector have been fixed at CFAF 15,946, say CFAF 16,000. (Minimum GOIC wages, quite naturally, are higher: CFAF 25,600 plus a 15% housing allowance.)

It would appear, then, that targeting families with incomes of from, say, CFAF 15,000 to 40,000 will permit provision of housing for from 45% to 87% of the urban population; including all of those employed full-time.

b) Rural Incomes

Data to quantify the truism that rural cash incomes lag behind upcountry urban lag behind incomes in Abidjan is not abundant, and virtually no data on income distribution is available.

GOIC data on median average per capita monetary income for rural residents in 1970, tabulated by Department, was CFAF 13,620, ranging from a high of CFAF 46,090 to CFAF 1,670, with a relatively skewed distribution, as follows:

Per Capita Rural Monetary Income, By Department 1970

Income	No. of Departments
more than CFAF 40,000	1
30 - 39,999	1
20 - 29,999	3
15 - 19,999	5
10 - 14,999	2
5 - 9,999	7
less than 5,000	5

The 10 Departments with per capita cash incomes of more than CFAF 15,000 cover the coffee/cocoa cash crop forest area. The five lowest income areas lie across the northernmost savanna region of the country. GOIC development activity may reduce somewhat these regional disparities; but, as the resumption of GOIC rural housing activities clearly shows, there are clearly two rural housing markets.

Using the GOIC 1970 data and extrapolating the 1965-70 money earnings growth rate, the following Table indicates estimated average per capita cash income in 1973 for the 1,866,000 rural population of the cocoa/coffee belt containing 46% of the rural population.

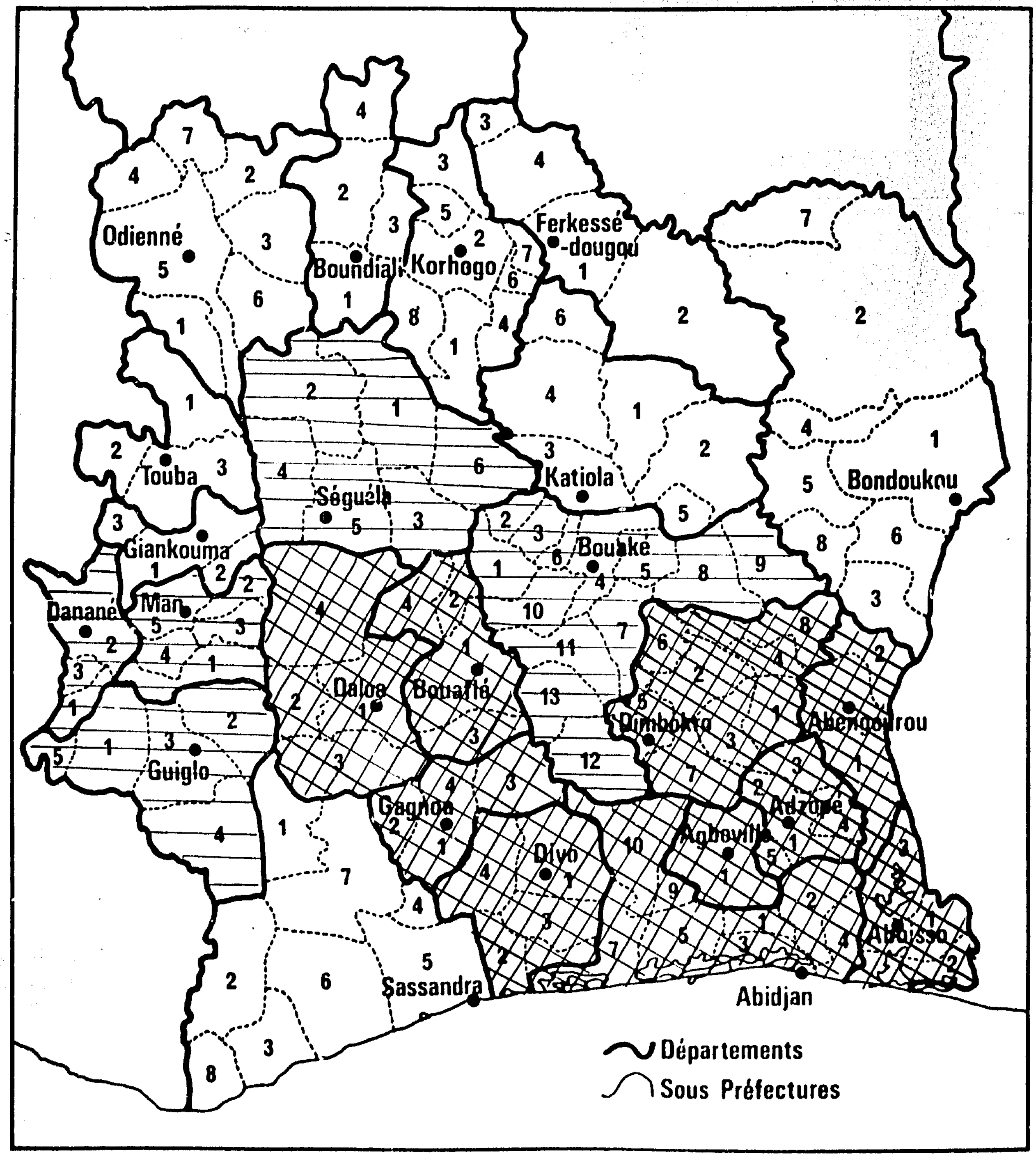
Estimated Median Average Cash Income, 1973
Rural Population, Coffee/Cocoa Belt

Ranking	Department	Rural Population	Estimated Cash Income	household
1.	Abengourou	114,000	47,000	282 - 329,000
2.	Aboisso	96,000	38,500	231 - 255,000
3.	Adzope	110,000	33,300	209 - 236,000
4.	Dimbokro	300,000	23,400	140 - 164,000
5.	Gagnoa	159,000	26,100	156 - 182,000
6.	Agboville	94,000	25,800	116 - 126,000
7.	Bouafle	192,000	22,500	155 - 180,000
8.	Divo	186,000	22,900	137 - 160,000
9.	Abidjan	310,000	18,900	113 - 132,500
10.	Daloa	275,000	24,600	147 - 172,000
		1,866,000	25,300	151 - 177,000

Estimating 6 to 7 persons per household, median average plantation income for the area would have been, say, CFAF 150 - 175,000 per year. This area contains most of the 200,000 cocoa and 280,000 coffee plantations in the Ivory Coast, and many planters raise both. These figures, whatever their value as indicators, do not take into account the recent increase in producer prices paid by the GOIC marketing board.

A similar exercise covering five adjacent Departments containing 1,121,000 persons or 28% of the rural population, indicates median average plantation income at, say, CFAF 72,000 a year.

COTE D'IVOIRE
CARTE DES DÉPARTEMENTS ET DES SOUS-PRÉFECTURES



Annual Rural per capita cash income

more than CFAF 15,000

CFAF 10,000 - 15,000

Estimated Median Average Cash Income, 1973

Rural Population, Wooded Savanna, Western Forest

Ranking	Department	Estimated Rural Population	Estimated Per capita	Cash Income household
12.	Man	203,000	14,500	88 - 102,000
13.	Bouake	540,000	9,400	56 - 67,000
14.	Danane	139,000	9,600	57 - 67,000
15.	Guiglo	102,000	8,300	50 - 58,000
16.	Seguela	127,000	10,300	62 - 72,000
		1,121,000	10,300	52 - 72,000

An analysis of 23 village dossiers from the SOGEFIHA 1974/75 housing program (19 from the coffee/cocoa belt, 4 from the savanna in the Bouaké Department) shows a relative wide range of cash incomes claimed, mostly well above the median average, from less than CFAF 100,000 (5 planters) to more than CFAF 1 million (4 beneficiaries), with modal incomes in the CFAF 300,000s. Median income for beneficiaries in the coffee/cocoa area was lower than for those from the savanna, indicating that expressed demand in the regions having had access longer to modern housing was beginning to include less well off planters.

	Coffee/Cocoa		Wooded Savanna	
	Number	Percent (Cumul)	Number	Percent (Cumul)
less than 100,000	5	—	1	—
100 - 199,000	65	10.5	22	16.8
200 - 299,000	76	21.8	13	26.3
300 - 399,000	175	48.0	18	39.4
400 - 499,000	119	65.8	17	51.8
500 - 599,000	81	77.9	18	65.0
600 - 699,000	68	88.0	26	83.9
700 - 799,000	38	93.7	5	87.6
800 - 899,000	29	97.8	2	89.1
900,000 +	14	100.0	5	100.0
	669	669	137	
Median Average		400,000 +	almost 500,000	

The northern savanna with a rural population of 553,000 (13.6% of the total) has far lagged behind the rest of the country in cash income, median average cash incomes per capita totaling only CFAF 3,400 in 1970, or say, CFAF 20-24,000 per rural household. With 1965/70 monetary income growth rates expressed at 21.8%, 79% and 82% for the three northernmost Departments, extrapolation is hazardous, at best; but it does seem clear that in the majority of cases modern housing demand in this region will continue to be limited to the urban centers.

Distribution of income realized under GOIC's producer cooperative agricultural development program, again in the absence of definite data, also appears uneven. According to newspaper reports on the 1974/75 cocoa-coffee campaign, 97 co-ops in one southern district received rebates totaling CFAF 30.7 of which one, producing 7% of the crop received 10% of the income. Among 92 co-ops in an eastern Department, almost 10% of the total income of CFAF 90 million was shared by three societies.

GOIC officials have expressed concern over the reluctance of the co-ops to invest more heavily in local development projects (wells, schools, etc,). It is possible, therefore, that if GOIC rural housing continues to be limited to producer cooperatives, an effective demand for modern housing could be a cause of higher rural incomes as well as an effect.

V. Economic Factors

A. Economy of the Ivory Coast

The economy of the Ivory Coast has maintained one of the highest sustained rates of growth of real GNP of any African country. An average annual rate of 7 to 8% net of inflation has been maintained through the early '70s despite a temporary decline in world prices for cocoa and coffee, a drop in the European market for tropical woods, and the expected impact of the world-wide inflation spear-headed by petroleum prices.

Despite lagging demand in the timber sector, high coffee and cocoa prices sustained economic growth in 1974 at a remarkable 13% increase in GDP net of inflation. In response to oil price escalation, GOIC managed to reduce private consumption and limit petroleum imports. Thus while the value of petroleum imports almost quadrupled from 1973 to 1974 (from $30 to $113 million), the share of energy products was held to 10% of the Ivory Coast import total, only about twice the 1973 level of 4.6%. This strategy, combined with the luck of the markets for cocoa, coffee and palm oil (a small but rapidly growing industry) helped GOIC buttress the economy against some of the pressures of world-wide inflation. The sharp decline noted in coffee/cocoa prices in early 1975 may require new austerity measures after the 1975 elections.

Per capita income also increased during this period, and has been estimated at $600 in 1974, one of the highest in non-oil producing Africa.

Ivory Coast development has been based on a general expansion of export-oriented agricultural (primarily coffee and cocoa) and forestry products. It has been extremely fortunate in that these three products, representing two-thirds the value of Ivorian exports in 1973 (as against 90% in 1963) have never suffered simultaneous price drops, thereby permitting continued overall growth. In recent years, the processing of agricultural products for export has increased to 11.7% of exports (from less than 5% in 1963). Growth of the Secondary Sector has been substantial, averaging about 18% per hear 1968-73, but dropping to 9% in 1974; and about 30% of industrial production has been for export.

Political stability, encouragement of foreign investment, free access to the labor market for foreign workers, and currency convertibility through membership in the franc zone also have been important contributing factors.

The composition of Ivorian GNP in 1973 was as follows:

Primary Sector	CFAF 157,375 million	30%
Secondary Sector	134,471	26%
(Manufacturing)	(89,755)	(17%)
(Construction	(36,605)	(7%)
Tertiary Sector	227,214	44%
	CFAF 519,060	

Exposed, like all developing countries to the relatively high export component of GNP (about one-third during the last three years) and aware of the social effects of an imbalance between a rapidly growing monetized secto· and a larger, more or less stagnant traditional sector (predominately rural), the Ivory Coast has taken a number of developmental options in an attempt to encourage development outside of the capital city of Abidjan and to decrease the disparity between rural and urban incomes.

A substantial increase in the price paid coffee and cocoa producers for the 1974/75 harvest is a recent step intended not only to recompense peasant losses resulting from the previous poor harvest but also to increase disposeable income and so increase the domestic market for Ivorian industries, existing and planned. This step may be considered part of a long-standing policy of, wherever possible, encouraging peasant free-holder participation in agricultural development projects whether directed towards export (pineapple, banana) or towards increased domestic self-sufficiency (rice, cotton), rather than relying almost exclusively on large para-statal agro-businesses (as in the case of oil palm). Ivory Coast cocoa and coffee production has been historically peasant free-hold (assisted by copious importation of agricultural laborers and share-croppers from adjoining savanna countries), contrary to logging, which has been expatriate dominated.

A second option, to encourage a distribution of development through the country, also dates back to the early '60s, when GOIC began investing in urban infrastructure and facilities in up-country centers not directly related to export income generation. More recently, industrial development associated with the processing of agricultural products has been distributed towards the center (textiles) and the north (a sugar refinery). Revival in 1973 of the rural housing program appears related to this option.

Ivorian planning appears content to maintain a more modest growth rate of 6 to 8% net of inflation for the next few years, based on continued exploitation of its basic agricultural resources and the presumption that export prices remain overall strong. Although exploitation of iron ore resources in the west is regarded by GOIC planners as definitely possible, it is unlikely to be accomplished in the medium term, and will itself require considerable additional infrastructure purchases, starting in late 1976.

GOIC also confirmed (in the 1975 Budget) a continuing effort to increase the domestic market for local industry, and this will require promotion of up-country labor-intensive activities and support of agricultural revenues.

B. B/P and Debt-Carrying Capacity

GOIC balances its operating budgets in accordance with governmental revenues and has reserved its substantial foreign borrowing for its development budget.

The proportion of exterior credits in the annual development budget (B.S.I.E.) has ranged from 46% in 1971 to 60% in 1974 and has hovered around 50% in other recent years, as shown in the following Table:

Ivory Coast Development Financing
(CFAF billion)

	1971	1972	1973	1974	1975
Internal Resources	22.4	16.7	18.3	17.8	27.5
External	19.3	18.2	18.7	26.5	26.5
Loan and Grants	(16.0)	(15.4)	(14.4)	(22.1)	(23.3)
Suppliers Credits	(3.3)	(2.8)	(4.3)	(4.4)	(3.2)
Total	41.7	34.9	37.0	44.3	54.0

Debt service as a ratio of export earnings was 5.7% in 1968-70, rising to 8.7% in 1972-23. This will probably continue to rise: the grace period of loans contracted during the '60s will come to an end and amortization payments must begin, there will be a continued reduction in the grant component of foreign aid, and the need for loans to fill the resource gap will not decrease. However, the 1975 development budget projects both a lower level of suppliers' credits and a substantial increase in internal resources over the previous four years.

GOIC planners also say they are prepared to scale down developmental borrowings, if need by, to avoid a repetition of the 1972 and 1973 experience, when as a result of weakened export prices it was necessary to draw down on reserves in order to meet loan commitments. Reserves dropped to the value of six weeks imports by the end of 1973 and, although relatively stabilized in absolüte terms, they still represented only two month's imports at the end of 1974.

GOIC, therefore, appears capable of sustaining development borrowing for the next decade at its present level of about $130 million a year.

External debt service in 1973 totaled CFAF 11.7 billion on a total drawn down external debt of CFAF 81.3 billion, or a debt service ratio of .144 per year. The debt service ratio of .106 on a presumed 9.5% 25-year HG loan is more favorable than the existing ratio and, in this respect, represents a desirable developmental resource for the Ivory Coast.