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MANAGEMENT TRAINING IN THE IVORY COAST

A Strategy for the Bureau for Private Enterprise
of the U.S. Agency for International Development

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Report to the

Committee on Industrial Policy for Developing Countries

Commission on Engineering and Technical Systems

National Research Council

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by

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The trip report that constitutes this document is one of several commissioned by the Committee on Industrial Policy for Developing Countries. These reports were intended to be used as working papers in a study of the state of management education and training in developing nations. The committee was originally charged by the Bureau for Private Enterprise of the U.S. Agency for International Development with recommending a strategy by which the Bureau could rapidly assist and spur private contributions to the improvement of management development in five selected countries. To understand the specific problems for current management development in the selected countries, and to generate a set of optional training approaches from which to distill its recommendations, the committee appointed teams of two or three consultants to conduct interviews and other research in each country and to provide trip reports.

As a result of changes in the scope of work requested by the Bureau for Private Enterprise in late 1982, the plans for the general study were scrapped, and two additional countries designated for team visits. This visiting team report thus represents the work of the individual team members and not that of the Committee on Industrial Policy for Developing Countries. The report has not been subjected to the normal National Research Council review process, but is presented in the belief that the several optional courses of action conceived or identified by the authoring team will be of interest and use to the Bureau and others concerned with its work and objectives.

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EXECUTIVE SUMMARY

The three-person team of Douglas Braithwaite, Jay Lunzer, and Sari Scheinberg conducted its study of management training needs for private industry in the Ivory Coast from July 2 through July 21, 1982. The following is a summary of that effort.

BACKGROUND AND OBJECTIVES

The Bureau for Private Enterprise (PRE) is charged with responsibility for policies, strategies, and programs to encourage private sector development. The team focused its investigation on projects that may rapidly foster more efficient and effective management of private business through training. Because agribusiness is of critical importance and constitutes such a large share in the Ivorian economy, much of the team's attention was directed at this sector.

Specific team objectives included:

- review present state of and current plans for industrial development
- assess management needs required to meet these developmental goals
- identify specific options for management training demonstration projects
- suggest a PRE strategy (5-10 years) to stimulate managerial skill development for the private sector

CONCLUSIONS

The team concludes that PRE could be a welcome participant in Ivorian private sector development. A possible PRE strategy could be to modernize traditional or small native enterprises, foster entrepreneurship, and advance the process of Ivorianization (the replacement of expatriates with qualified Ivorians). Management training, with particular emphasis on practical applications that replace classical arts-and-letters education, is a necessary element of any plan for meeting these objectives. Keeping in mind the vorian governmen .aims to c.o, on import substituting industries and on efforts to widen the variety of and processing capability for agricultural exports other than coffee, cocoa, and timber.

The team emphasizes agribusiness for these major reasons:

- It is a high priority sector for the government of the Ivory Coast.
- It is a sector in which advances will benefit many regions of the country, rather than concentrating activity in urban centers.
- Management and technical training in agribusiness is very weak in the Ivory Coast.

OPTIONS IDENTIFIED

One option identified by the team is to establish a work-study program outside Abidjan. Participating firms could receive investment capital, in part to pay interns who could receive training at a central location. Classroom training would be in the style of an American junior college or commercial high school program. Each supervisor could guide the on-the-job training of interns at four or five firms; retired managers, such as those who staff the International Executive Service Corps, might fill this role.

If this program were to be implemented, we suggest that this program be tried first with small agribusiness outside the capital city area. This would contribute towards the goal of greater balance between Abidjan and the rest of the country. Moreover, it would test the prospect that first-level agricultural upgrades (e.g., jams and jellies, integrating feed with livestock, pickling and bottling) can be the Ivory Coast's first step to light manufacturing.

A second option the team identified is for PRE to fund and assist in curriculum development for the training programs of the Ivorian national electric power company institute (EECI). The EECI school is an established educational institution that is supported by several international agencies. It was the only fully operating, practical management training facility found by the team.

Finally, another option includes the establishment by PRE of an investment/consulting firm, perhaps in conjunction with the Ivorian Chamber of Commerce and Chamber of Industry. The firm could use the lure of venture capital to induce aspiring entrepreneurs to prepare themselves through training.

ECONOMIC OVERVIEW

The Ivory Coast is a stable and growing commercial and financial center in West Africa. Modern communications, an extensive road system, modern harbors in Abidjan and San Padro, and other essential elements of infrastructure continue to attract a variety of U.S. companies. Many firms and international organizations with regional interests use the Ivory Coast as a base for expanding operations. Over 100 U.S. firms have established local or regional offices in Abidjan, five between January and June, 1982. This business presence is complemented by a growing cadre of American-educated Ivorian managers in both the public and private sectors.

The current stagnation in economic growth is unprecedented since Ivorian independence in 1960. The government is operating under rather stringent austerity budgets and will likely continue to do so for at least two more years. Economic planners have submitted to conditions set out by the International Monetary Fund (IMF) in return for financial assistance in overcoming their balance of payments problems. Public sector programs are now scrutinized before they are funded. The government has shelved plans to enlarge Abidjan's airport, build a new polytechnic and hospital in Yamassoukro, and expand television and radio services. The IMF has compelled the government to increase taxes on public utilities, cut back on subsidies, and allow producer prices for rubber, palm oil, coconut, and rice to increase.

Where economic conditions allow, the government is pursuing a five-year plan of economic, social, and cultural development for the period 1981-85. The overall plan objectives are:

- modernization of the agricultural sector
- encouragement and modernization of traditional and small business and the entrepreneurial sector, and
- Ivorianization (replacement of expatriate employees by Ivorians)

The plan aims to increase agricultural and agro-industrial production. It stresses the need for integrated rural development and lays particular emphasis on projects in the least developed areas, the ultimate goal being a more even balance of economic activity between Abidjan and the rest of the country. The plan emphasizes export industries that use local agricultural raw materials. These will include coffee and cocoa processing, textiles, oil refining, and sugar processing.

The government proclaims continually its commitment to Ivorianization. Under current law, Ivorians have first preference for all jobs. Companies that wish to raise capital on the Ivorian stock market must ensure that Ivorian nationals own at least 20 percent of the shares.

However, neither of these laws has been rigidly enforced. Companies have been assured that the government will not pursue Ivorianization at the cost of efficiency or press Ivorians into positions for which they are not qualified.

The prospect of oil and gas revenues is significant for future industrial policy in the Ivory Coast. In 1977, an exploration group led by Esso discovered oil offshore. Phillips Petroleum made a second major find, but the size of the offshore reserves remains unknown. Despite the uncertainty of exploration yet to be done, officials hope that production will supply domestic consumption by 1983 with some surplus available for export. The government intends to use oil revenues for leveraging, debt service, and funding agro-industrial projects.

U.S. INVESTMENT AND THE FRENCH CONNECTION

In the first nine months of 1981, the United States ranked as the second largest exporter to the Ivory Coast, but lagged far behind France. Imports from the United States were $113.7 million or about 7.5 percent of the total. France, by comparison, supplied $495.7 million or about 34.5 percent of total imports. In addition to its dominance of the import market, the French own almost one-third of the manufacturing industry, and many thousands of French managers and technicians work in the public and private sectors of the Ivory Coast. It is reported that the Ivorian open development policy has allowed French influence to become stronger than when France was the colonial ruler. As opposed to other countries in West Africa that reduced their colonial dependency, the Ivory Coast prospered by taking advantage of French contributions and welcoming other international participation.

President Felix Houphouet-Boigny has fostered rapid economic growth by allowing expanded indigenous ownership of agricultural resources and accepting a large foreign presence. Systematized channels of distribution and significant investment by French industry give the French a distinct commercial advantage. However, these conditions do not preclude other nations from expanding in the Ivory Coast.

The Ivorian government and private entrepreneurs exhibit a growing interest in and receptivity to American capital and management expertise. A large majority of our interviewees agreed that the Ivory Coast needs more American business influence, through either increased joint venture arrangements or through training.

EDUCATION AND TRAINING POLICY OVERVIEW

The Ivorian system of education is not a viable delivery system for the training of private business managers and entrepreneurs. The subject matter and manner of instruction that characterize most formal education in the Ivory Coast are inappropriate to national manpower needs. Ivorian education follows the French model of memorization, with great emphasis on theory. Primary and secondary education of this sort has guided most Ivorian college entrants to the liberal arts, and the result has been a perpetual dearth of indigenous scientists, technicians, artisans, and machinists.

The Ivorian government's commitment to education in general is strong. However, one of the weaknesses of managerial and technical education in the country lies in the government's policy approach. A number of ministries, six principal among them,[1] have policy authority over different areas of education and training. No one ministry has a global view of the capacity of the nation's educational institutions or of the relationship between educational programs and manpower needs. Cost control, research in teaching methods and materials, and planning all suffer from the lack of coordination among ministries.

Government administration is also a factor behind the underuse of the Ivorian training cost reimbursement program. The program is funded from a two percent payroll tax that all firms pay. Firms are eligible to receive a rebate of one-half percent for internships or training they give employees and three-quarters of a percent to defray the cost of employee training in approved programs at training institutions. The rebates are not well publicized, the reimbursement process is intricate and slow, and firms must make the initial expenditure and apply thereafter for rebates. Most small firms and those outside Abidjan consequently do not know of the program or cannot afford to participate.[2]

Notwithstanding the impractical, theoretical nature of instruction, the school system is very selective, so a PRE-supported management training program can rely on secondary and higher education graduates as a pool from which to draw trainable participants. The composition of that pool in the near future is reflected in current enrollments:[3] secondary schools--143,000; University of Abidjan--11,500; National Institute of Higher Technical Training (INSET)--400; National School of Agronomy of Abidjan (ENSA)--136; National School of Public Works (ENSTP)--1,200; National School of Administration (ENA)--500; National Institute of Statistics--80; and, National Teachers School--3,500.

The national institutes and schools listed above all boast stringent entrance requirements, an expatriate majority in their teaching staffs, and low student/teacher ratios. However, all of these "Grandes Ecoles" offer heavily theoretical education. Ivorian technical and vocational schools attract a significant number of students (40,000, with 5,000 in Government-operated technical lycees). Yet, the overall preference of potential managers (high school and university graduates) is for liberal arts studies. This preference manifests itself in the breakdown of fields of study among 1980 university graduates. 1,865 degrees were in "Philosophy and Letters," 136 in "Electronic Sciences," 165 in "Math and Physics," 1,078 in "Math and Science," 37 in "Agriculture," and 38 in "Math and Technical Studies."

In classical French style, the measure of success for educational institutions in the Ivory Coast has been the number of students that receive degrees, not the number placed in careers. "Intellectual unemployment" among liberal arts graduates has risen in recent years. Nonetheless, university administrators' efforts to limit admission to liberal arts courses and direct students towards technical studies have provoked anger among students.

Any management or vocational training scheme that PRE supports in the Ivory Coast could stress the idea that education is preparation for employment. One way of doing this would be to meld classroom training with internships; another would be to base entrance into a training program on proposals written by the applicants, describing the work they wish to do or business they wish to establish. Whatever the means, management training in the Ivory Coast should circumvent the traditional model of education that has produced many self-acclaimed thinkers but few doers.

AGRIBUSINESS

Ivorians own and work the nation's agricultural land. The traditional cash crops--coffee and cocoa--are almost entirely in the hands of Ivorian farmers. Thousands of small farmers make the Ivory Coast a major world producer in both commodities. Small farmers in these two crops and in cotton have responded well to market incentives over the years. State efforts to manipulate production of palm oil, sugar, and rice have been only moderately successful, but in general, government policies have achieved the desired effect of having a prosperous "planter" class as the foundation of a stable Ivorian society.

Outside of crop production, however, Ivorian enterprises have a minor role in agribusiness. French, Lebanese, and other foreign businessmen have traditionally dominated distribution, processing, and marketing in agribusiness.

The Ivorian government has vast influence over agribusiness performance, as one would expect. The government brings great resources to bear in guiding production decisions. Overall government investment in agriculture will total 395.8 billion CFA or 18.3 percent of the total investment budget of the 1981-85 plan. The major objectives of this investment plan include expansion of local food processing capabilities.

It was with these objectives in mind that the team chose the firms described in our case studies. Their goals parallel those of their government, while their needs match particular strengths of U.S. agribusiness companies managing integrated food production from its beginnings in the field to the final consumer. Experience in establishing and managing integrated operations contributes to the United States' comparative advantage in providing training to Ivorian firms such as those we describe.

One of the case studies involves rice. The Ivorian government has formally decided to encourage increased production in rice. Consumption is moving up rapidly; the former parastatal organization has been dissolved and a combination of the Ministry of Agriculture and the private sector will replace it. To raise production from the 1980 level of 570,000 metric tons (MT) of paddy rice to the official target of 975,000 MT in 1990, new land must be brought into rice production and technical assistance to the farmer and all other sectors of the rice system must be rapidly enhanced.

Increased consumption of high-quality protein is another priority objective for the government. There is an expanding market for a more sophisticated meat production system (including the feed component), particularly in poultry and fish. This fact directed us to our other case study company.

In agribusiness as in many other sectors, there appears to be a desperate lack of understanding of U.S.-type marketing and service industries. According to every Ivorian businessman with whom we talked, there is a need for more practical, hands-on training from the board room to the shop floor. PRE funds could be as well spent on executive level and MBA-type training in the United States as on extended seminars and workshops for technicians in the rice fields, feedmills, and processing plants throughout the Ivory Coast. This latter type of training could be accomplished by U.S. joint venture partners, but if it were to be expanded beyond their own firms, a training center for employees of many firms would be in order. It must be emphasized that a major constraint for U.S. firms will be French language skills, although providing English-speaking trainers with interpreters has proven successful elsewhere in the developing world, for example in China.

In sum, agribusiness, including production and processing, seems to be a sector with great potential for private sector development. It is clearly one of utmost interest to Ivorian economic planners and policy makers. With the government practicing austerity, companies operating in the Ivory Coast are increasingly interested in expanding the private market. When the economy begins to improve, the government plans to implement major development plans in the agricultural and food processing sectors. This goal, coupled with the weakness in the practical education system, will give U.S. donors and joint venture partners increased access to the Ivorian market if they accept the challenge of providing formal and informal training.

Case Studies of Typical Medium-Scale Ivorian Business

The two undertakings we describe here are representative of medium-scale business in the Ivory Coast. Domak Farms is a purely private venture. We are told by the World Bank desk officer in Washington that there are about a dozen other comparably successful firms in the country. PROCOMA illustrates a few of the many common entanglements of business with government. Each case study suggests numerous developmental issues, with management training being but one critical factor.

Domak Farms, Limited

Mr. Daouda Kante is the driving force behind Domak Farms Ltd. and is among the most impressive small businessmen from the Third World to whom we have been exposed. The economic potential for an expanded Domak Farms is promising, but Daouda's personal drive and presence is the reason that this company may look to a bright future.

Domak Farms Ltd. includes an integrated poultry operation: eggs, chicks, broilers, feed, etc. Current capacity is 30,000 chicks per week in the hatchery, to be doubled by September, and 160,000 eggs a week from laying operations that are soon to be expanded. These operations are located on a five-hectare farm just outside of Abidjan. In addition there is a 112-hectare experimental farm located "up country" where feed crops are developed and Ivorian farmers are trained.

Broilers are dressed at the rate of 30,000 a week, and another dressing machine of the same capacity is on order. By September Domak Farms will have a mixed feed capacity of 120,000 kilos per day. A working relationship has been established with Citibank, although the exact nature of this relationship is not known by the team.

The major economic constraint for Domak is its limited capacity for feed. The company needs increased silo capacity and more reliable quality and quantities of feed at competitive prices. Domak Farms now employs 10 extension workers to help train Ivorian farmers willing to grow feed components. This is an expensive and impressive commitment, since the total work force is only 70 people. Feed components now come from a variety of relatively high cost and unreliable sources. For example, corn and soybeans are produced in the Ivory Coast, but most come from Thailand, Brazil, and elsewhere. Peanut cake comes from Mali and Upper Volta. Sorghum and bagasse come from a variety of sources but are most often imported. Vitamins and minerals are also imported.

Domak Farms can grow if more farmers are recruited to grow feed components in return for cash. Ivorian farmers generally do not understand the concept of cash crops, and many of those with some exposure have had negative experiences with specialized production of cash commodities. Education and training, therefore, are very important and complex.

Domak's major management constraints seem to be the small staff (three engineers, two accountants, five technical shop workers) and the lack of international, even regional, experience. Only one of these has had experience in the United States. Not surprisingly, the firm appears to be run as a cash business on very little credit with limited professional accounting or control procedures. Growth could soon be constrained by Daouda Kante's own limitations to handle increasing demand upon his energies.

Domak Farms wants to become a major corn storage operation in the Ivory Coast. However, Mr. Daouda understands that this and a soybean processing facility would require seed farms, extension-type training, and capital for individual farms. Training is required at every level. Mr. Daouda believes that in many cases this training can be most efficiently accomplished by a U.S. partner. He is not interested in any major involvement from the government of the Ivory Coast.

Domak Farms has all that is necessary for a significant agribusiness project with training a major component. However, it is also clear that any PRE project could probably not be a straightforward management training effort.

Because Mr. Daouda understands that an expanded demand for feed will help his business, he is anxious to help train others in all facets of an integrated poultry/feed operation. Even though he has an experimental/demonstration farm, 10 extension workers, and a demonstrated commitment to train others, he cannot endlessly expand his training efforts. He is above all a successful entrepreneur, and a profitable and growing business is his primary motive. He is not likely to risk his business by committing a larger portion of his time to training. He himself needs management training and increased staff support if his firm is to fulfill its potential.

PROCOMA Rice Project

Our second case study in agribusiness involves rice, one of the most important food crops in the Ivory Coast. Rice consumption is growing among both the urban and rural populations. Nationally, consumption of manioc, yam, and plantain still exceeds that of rice, but the gap is closing rapidly. Rice consumption in Abidjan and to a lesser extent in other cities exceeds that of any other food staple. Total 1981 consumption was approximately 825,000 MT.

Rice production is not keeping pace with demand. Production was about 475,000 MT in 1981, a decline from the record of 500,000 MT harvested in 1978. Only about 25 percent of the total paddy and milled rice is marketed through a formal commodity system. Rice milling dropped from 84,000 MT in 1980 to only 37,000 in 1981 because farmers began to distrust the millers. Production is largely in the hands of small farmers on less than three hectares per family, and the majority of these farmers bypass the governmentally controlled rice mills.

In January of 1982, the government sold its rice mills to private businessmen in the hopes that they could manage them more efficiently. Since the mills operate at about 50 percent capacity and production is declining, the private owners are facing serious problems, and many if not most farmers still do not trust these milling operations.

Rice is one of the food crops most rigorously controlled by the government through farm subsidies. The manipulation of the relationship between producer and consumer prices has destabilized the rice producing sector. (The consumer price for rice is set at 130 CFA per kilo while the total production and milling costs for domestic paddy are estimated to be about 160 CFA per kilo.) It has been very difficult for the government to arrive at a realistic relationship between producer and consumer prices that would not require too costly subsidies. More emphasis should be placed on obtaining higher yielding varieties and prompt payments for the rice that is purchased through the former government mills.

All of these factors make any rice project very important, but any interesting project will be relatively complex. The rice system is in disarray and has many active interest groups. Our case study company illustrates only part of the confusing challenge of producing rice under the economic conditions and government intervention characteristic of the Ivory Coast. It is a small part of the PROCOMA Project that has been of interest to development agencies for years.

Mr. Koffi Amani is the force behind the project. In addition to being a successful businessman in his own right, he is Vice Mayor of Bouake. He has strong regional/tribal ties to the project area. We found him to be open and hard working.

Beginning in the 1983 crop year, PROCOMA plans to bring about 3,000 hectares into upland rice production using improved seed and other inputs. This will involve up to 200 family farmers working on much larger units of production than the average three-hectare farm. The production will be sent to a small (20,000 MT) capacity rice mill (yet to be purchased). The product will be first-quality rice and will be marketed against imported rice in Abidjan and other major centers.

A key element is the mill, but advice on investment options falls outside the mandate of this project. As explained above, rice farmers have lost confidence in the marketing system, and the integrated approach will only work if a milling operation is in place. It is clear that the mill must be carefully designed to fit the project requirements, and this is beyond the capabilities of Mr. Koffi and his staff.

PROCOMA recognizes major training requirements from the farmers to the general manager and seeks the following personnel: one project manager, one rice mill manager, two extension workers (three are now hired and working with the farmers), and one mill maintenance technician.

The general manager and other key personnel are required for a two or three year period while the production/marketing units are trained and gain experience. Vice Mayor Koffi estimates that an experienced mill supervisor would cost about 40,000 to 50,000 CFA (130 to 160 U.S. dollars) a month plus a house and schooling costs for his family. Extension workers will cost a bit less. All would need vehicles and other support.

Training of both agricultural workers and managers is clearly a major component of the rice project, but it is just as obvious that it is not sufficient by itself. Any rice project must mesh with the rather complex government strategies as well as the forces of the international rice system.

Options Identified for Immediate Implementation

The following is a brief analysis of the training needs that the Domak Farms and PROCOMA projects exemplify.

- The need for practical, hands-on training was seen by everyone asked in the Ivory Coast as the most important single gap in Ivorian management. The vote among those interviewed was unanimous against conducting more classroom seminars. Field training and long-term management training must be conducted in-country.
- Firms such as these exist or can exist throughout the country. All of the available managerial training in the Ivory Coast is concentrated around Abidjan. Training, particularly for agribusiness, must reach out into the country.

- Projects such as these require more assistance than just management training, however broadly defined, and not all of this aid may be forthcoming from joint venture partners.

A Work-Study Program in Agribusiness Management

Ivorian agribusiness managers need training if they are to run profitable, integrated operations. Instead of a degree in agricultural theory from a university, these managers need to be trained alongside of the technicians with whom they must work. Managers steeped in theory often overlook that many decisions (e.g., when to ship produce) have both business management and technical aspects.

To provide appropriate training for the potential managers of firms like Domak and PROCOMA, we identified the possibility of a classroom training center with local business participants who contribute funds, advice on curriculum, and internship opportunities. This concept need not be applied only in agribusiness, but we present it as a plan for that sector in response to immediate opportunities and government objectives. Indigenous business and employment opportunities are overwhelmingly related to agriculture. Agribusiness is the most feasible path to modernizing industry, preparing people for Ivorianization, and increasing the economic strength of regions other than the capital city area.

We believe that raising skill levels among firms such as Domak can attract the capital the firms need to consolidate and eventually grow. American-style junior college and advanced commercial high school training with a significant on-the-job component is the most appropriate approach. We envision a program with three basic components:

1. "laboratory" companies--a group of about 25 undertakings similar in scale to those in our case studies, which would each hire trainees and receive capital
2. experienced training and consulting supervisors--six managers on the model of the International Executive Service Corps (IESC), who would assist in on-the-job training, administer a training center, and perhaps do some consulting for participating firms
3. independently hosted, "no-frills" training--an academic center at an existing host institution such as a commercial high school, where trainees would attend classes prior to their internships and pursue continuing education during internships and as full-time managers

As a first step in this program, the AID Mission could identify possible laboratory companies that are relatively good investments and that will accept interns, knowing that these interns will make mistakes at first. PRE in Washington could put together a faculty of junior college, commercial high school, and perhaps Bachelors of Business Administration instructors to teach in the Ivory Coast. The Mission would need to recruit one IESC-type manager to administer the academic center and several others to serve as training supervisors, each with responsibility for about five companies.

Trainees could begin exclusively with classroom training of about 20 hours per week for two months. They could select a specialty from among such categories as: office and administrative skills, sales and marketing, accounting and cost analysis, and production and operations management. Half of the initial training could be in a "general business and entrepreneurship" course covering all of these categories; the other half would be an introduction to their specialty.

After this period the laboratory companies each could take on three or four trainees to work in their specialty fields for 20 hours each week. Salaries could be subsidized from investment capital provided by PRE. Each company could be visited one day a week by its training supervisor (the IESC-type manager), who should seek to integrate the lessons of students' training and on-the-job experiences. Trainees could continue to attend classes during this internship (of about 10 months). Here the emphasis could be on their specialties, with an hour a week each of general business and computer literacy, and with compulsory study periods at the academic center.

Ideally, 20 to 25 companies could participate in training 75 to 100 people each year. The small number of appropriate firms in the Ivory Coast precludes a more ambitious effort in the immediate future.

INDUSTRIAL POLICY

The Ivory Coast has sustained a high level of economic growth throughout its 22-year history as an independent nation. An agriculture-based industrial policy guides the development of the Ivorian economy and its foreign trade. Manufacturing, particularly the processing of agricultural goods, receives increasing emphasis in current national policy. The Government of the Ivory Coast (GOIC) encourages the growth of this sector both for import substitution and export revenues.

The success of this policy over the long term has resulted from a combination of factors: an abundance of arable land, the influx of migrant workers from poorer neighboring countries (Upper Volta and Mali), trade agreements with France that guarantee a market, and an extensive infrastructure of roads, telecommunication, and electrical power.

Ivorian industrial policy has gone through two phases:

1960-1970--During this period the GOIC placed particular emphasis on import substitution. Companies that produced goods for local consumption enjoyed a very favorable set of subsidies and tariff protection. The GOIC recognizes this now as a policy with mixed success. The manufacturing sector expanded appreciably in its levels of employment and production and in capacity. Yet, many of the firms established under the protection of high tariffs were inefficient, with production costs above world levels. The government's tax and subsidy policies favored large, capital-intensive, foreign firms (French predominantly). This discouraged the employment of Ivorians and the growth of small businesses or a local entrepreneurial sector.

1971-1980--The weakness of the import substitution strategy prompted a shift in policy objectives towards the processing of agricultural raw materials for export. Processing plants were located nearer the rural areas in an effort to stem the flow of rural-urban migration. The GOIC expected that industry would enjoy an abundant and diverse supply of agricultural raw materi-als, and that rural processing would be less capital-intensive, creating more employment. The government scaled down import tariffs, offered protection to import substituting industries on a more selective basis, and introduced export subsidies.

This policy has had limited success. The major obstacles to increasing the exports of processed agricultural products have been (1) low labor productivity due to a severe lack of practical training and (2) protected markets abroad. Access to the French market has declined as France has reduced tariff preferences and the French market has become saturated.

The government continues to emphasize exporting and aims to increase exports by increasing and diversifying agricultural processing capabilities. Increased employment, however, may become an equally important objective if the current recession continues. Ivorianization, the accession of local people into jobs held by expatriates, is an important political objective.

Educated Ivorians resent the dominance of expatriates, particularly the French, in managerial posts. Much of the public resentment is aimed at the 50,000 Frenchmen in the private sector. The government recognizes that these expatriates, as well as the 6,000 French technical assistants serving in Ivorian government, have been essential to the country's growth. Nevertheless, the GOIC has an interest in seeing Ivorians succeed in positions held by expatriates.

Ivorianization will be a gradual process, if only because of the size of the task. Non-Africans hold currently about 59 percent of managerial posts, Ivorians about 31 percent, and other Africans about 10 percent.[4] A sampling of employees qualifies positions found Ivorians in 67 percent of the jobs.[5] From another perspective, 6 percent of Ivorian nationals hold high managerial posts.

Two trends may combine to hinder Ivorianization and to increase the tension surrounding the issue. These are the government's tendency to establish parastatal organizations to administer new major projects and the tendency among parastatals to rely on expatriate public policy specialists for management. Proponents of parastatals claim that the organizations provide ideal training grounds for managers. However, the expansion and integration of parastatals' roles in the economy can only serve to crowd out small, indigenous, private businesses, as the parastatals attract supply contracts from the government and from each other.

If Ivorianization is to result in the growth of a qualified, indigenous manager class, management training will have to counteract Ivorian misconceptions about how one runs a business, some of which are grounded in culture. Just as artisan training is necessary to impart even basic concepts of maintenance, management training must impart elements of a "management culture." For example:

o Ivorian entrepreneurs and small business people often bemoan the lack of venture capital and the strictness of bank lending terms, and they are discouraged by the banks' impersonal, inflexible practices. Ivorian small businessmen have a difficult time accepting and understanding the modern "prompt payment" system and have encountered financial difficulty because of their own lending practices. One such practice is to make company funds available for loans to employees at "reasonable" rates. The financial demands of the perceived extended family (one's workers) often prevent the entrepreneur from accumulating the investment capital he or she needs to expand the business.

- Poor relations among members of different tribes result in discriminatory practices in employee selection, development, promotion, and reward.
- Accounting procedures are constructed with the objective of fooling the tax man rather than for the benefit of maintaining an objective financial picture.

Compounding these conceptual problems is the country's position among the economies of West Africa. The Ivory Coast's economic strength relative to most of its neighbors makes it a lower priority country for development loans from international and regional financial institutions such as the World Bank, the African Development Bank, and the Entente Fund.

In sum, the Ivory Coast has the resources and some successful experiences on which to build a private small business and entrepreneurial sector. The government recognizes that diversified and somewhat sophisticated agricultural processing offers a means of increasing exports and substituting for imports. The number of Ivorians qualified, on the strength of practical business experience, to make daily decisions in the country's factories and processing plants and on its larger farms is not nearly sufficient.

Selected General Business and Technical Management Training Projects

Production Line Skill Groups

Our discussions with government officials and members of the business community made evident the need for management training for foremen and supervisors. Ambassador Siaka Coulibaly, Director of International Cooperation in the Ministry of Foreign Affairs, made an impassioned plea for assistance by the United States in developing this managerial skill category. He convinced the team that his government would welcome management training for manufacturing as much as it would training for agriculture.

To address the parallel needs of supervisory training and exposure to technology, the team contemplated the formation or expansion of a practical training institute. This facility could offer a curriculum typical of American industrial and technical schools such as the General Motors Institute. (Indeed, the staff at GM and other training centers may be able to assist PRE in implementation.)

Centre des Metiers de L'Electricite d'Akouai Santai is this type of school. It is located in Bingerville, 15 kilometers from Abidjan, and is run by Energie Electrique de la Cote D'Ivoire (EECI), the national electric company. The school was established in 1971 to train EECI personnel in technical, administrative, and management skills, but has since opened its doors to others. The sugar industry, maritime industry, and national water company have analogous institutes, but our interviews directed us to this one.

The school is accredited by the Ivorian Ministry of Professional and Technical Training. It issues degrees to qualifying students at levels ranging from Ouvriers Specialises (semi-skilled) through Maitrise (foremen and supervisors). Advanced management courses are also offered.

In 1982 the enrollment totalled 300 full-time and part-time students. The student body included employees of EECI, employees of electric companies in other Ecowas[6] nations, and recommended students from other Ivorian industries. From 1971 through 1977 the Centre had 826 qualified graduates, approximately three-quarters of whom were EECI employees. Eighty percent of the graduates received basic technical degrees and the remainder achieved basic managerial degrees.

The facilities are modern, employing the best available technology. Practical training is the objective and hands-on experience is the method. Courses include machine operation, hydraulics, refrigeration, diesel mechanics, thermodynamics, and computer progamming, as well as language instruction and mathematics. More advanced courses include human resources management, accounting, and distribution. The professors are mostly expatriates (French), but the number of Ivorians on the faculty is rising.

The school's funding comes from EECI, the Ivorian government, and in the form of development grants from France, Canada, Switzerland, and Great Britain, which recently contributed the BBC English language training course. Specific data on the school's budget, costs, and revenues were unavailable to us, but must of course be taken into account in planning specific contributions.

Support for the school in government and business circles is overwhelming. When the team asked interviewees to suggest a model program for management training, two institutions were mentioned: the EECI Centre and the school at Grand Bassam that trains petroleum industry technicians. Due to political opposition the school at Grand Bassam is closing soon, after only one year of operation. (Phillips Petroleum was the school's principal client.) The EECI school therefore remains as a model for other practical training institutes the government hopes to establish around the country.

The school may be able to serve only as a model in the future, rather than as a training center for Ivorian industry. EECI's plan for expansion of electric power services throughout the country may raise the company's demand for technicians and managers to such a level that the school is able to serve only the electric company.

Nevertheless, the management of EECI expressed interest in U.S. contributions to the growth of the school with its current enrollment policies. Indeed, they expressed willingness to expand the breadth of their training capabilities by designing a program for agro-industry technicians. The school has demonstrated its competence for training foremen and supervisors, and qualified people to fill these roles are an immediate need in Ivorian manufacturing. Because of its fine record and experience in imparting needed skills, we suggest that AID/PRE solicit a curriculum expansion proposal from EECI and consider it for funding.

Managerial Skill Groups

While the EECI school offers the benefits of experience and the support of influential Ivorians, it also bears the constraints for PRE's purposes of having a specialty that it may wish, indeed may someday have to pursue. For this reason the team proposes the option that PRE establish a new entity, fashioned to meet the specific needs we identify.

Since its inception, PRE has considered the establishment of investment companies as one avenue by which it can encourage private sector development. The team believes that an investment company staffed with technical adviser/loan officers could provide needed guidance to Ivorian businesses. Moreover, the investment capital may serve as an incentive for managers to get the practical training they need and to become intimately involved with activity on the production line. This incentive is needed both by entrepreneurs, who are good at cutting deals but cannot keep production flowing, and by MBAs (perhaps foreign-educated) in top management, who expect not to get their hands dirty due to their educational status.

The new entity would combine the services of an investment company with consulting, extension courses, and vocational guidance. Technical and business consultants could advise managers and entrepreneurs in developing investment proposals and in decision making. They could offer brief, basic courses at different managerial levels in such fields as accounting and cost analysis, personnel, production and operations management (including purchasing and materials control), marketing and sales, procurement and inventory management, and office and administrative skills (such as word and data processing). Precise course content and the frequency of course offerings should be viewed as a function of clients' needs and further input from local business people. Should it seem capable of operating on a larger scale, the investment/consulting company could seek to place management interns with companies and provide seminars that parallel the interns' on-the-job learning.

Consulting and training of this kind is available to Ivorian firms today through the government agency CAPEN under the Ministry of Planning and Industry. With program development assistance from the World Bank, CAPEN assesses and approves loans and provides extension services to entrepreneurs, but at high cost. Client companies report that CAPEN's advice is useful. However, the agency is hindered by inefficient internal administration. CAPEN's loan officers have no authority to require that lenders visit or advise borrowers, and they are not able themselves to monitor companies' progress as regularly as they would like. The result has been a series of unnecessary loan defaults. We believe that a company with direct venture capital interests in its clients could reasonably devote more attention to monitoring than does the CAPEN staff.

Two leading Ivorian institutions may soon offer a locus for the company we describe. The Chambers of Commerce and Industry are planning joint training efforts. Their program may offer the seminar component we suggest for the consulting company and recognition, reputation, and a pool of potential clients and trainees.

The Chambers of Commerce and Industry are in the early stage of negotiating a joint venture for the development and the delivery of consulting services. Pierre Nieva, Director of the Chamber of Commerce, was the only available source for the details of this venture. Konan Lampert, Director of the Chamber of Industry, was out of town. Mr. Nieva's verbal description of their plans was as follows.

The Chamber of Commerce offers a technical assistance program only to Ivorian small businessmen and traders (specifically to current and potential shopowners). A prerequisite for their services is that the recipients demonstrate literacy, described as being able to read, write and count. It is also stipulated that all individuals who are trading must be registered with the Chamber of Commerce in order to receive its assistance. The Chamber neither withholds nor targets its assistance on the grounds of geographic distribution, providing aid throughout the country. The selection of individual traders, shopkeepers, or businessmen is based on evaluation conducted by the Chamber staff of each applicant's needs and background. It was not clear to the team if any additional criteria are used in the selection process.

Considering the fact that Ivorian business had been deprived of this type of extension consulting service until one and one-half years ago, the number of companies pursued or requesting assistance has been limited. From October 1981 to date a total of 35 traders/shopkeepers have been visited on location for technical and managerial assistance (25 in the proximity of Abidjan and 10 elsewhere) and a total of 12 people were formally trained at the Technical School of the Chamber of Commerce in Abidjan. Their training was full-time for a period of eight weeks. Included in the formal training was a follow-up, on-site inspection for additional assistance. On-site visits in both cases range from one-half to two days, depending on geographic accessibility and practical need. For those clients located in Abidjan, follow-up visits were more regular.

There are three instructor/consultants (including Pierre Nieva) working in this program. Each consultant is an Ivorian, has completed secondary school, has at least one year experience in an industry, and has completed one year of training at CAMPC (an advanced educational institution that provides training to consultants). The recruitment and development of new staff is a concern, particularly as the Chamber takes on more diverse training efforts.

To date, funding for the extension services has been from the training levy paid by both traders and industry to the Office Nationale de Formation Professionelle, which rebates funds to the Chamber of Commerce to support the training center. Last year this rebated sum was 600 million CFA. Additional funding is generated by tuition charges.

In general, the major expenses are divided among personnel expenses (salary), travel expenses, and office space (which now consists of only one office for three people).

It was projected that by the end of 1983, a joint venture between the Chambers of Commerce and Industry will have been developed. It is anticipated that each chamber will maintain its specific markets for the extension of training and consulting services. Mr. Nieva sees benefit for both organizations as they colloborate in attracting financial, information, and technical manpower resources for their training and consulting. He also expects that the joint venture will be able to serve a wider variety of businesses and new undertakings.

Analysis of Management Training Opportunities

The objectives of our mission were to investigate industrial opportunities in the Ivory Coast, identify management needs, and outline a training strategy that would bolster development of the indigenous private sector (emphasizing entrepreneurs and small and medium-sized businesses). We were encouraged throughout our stay that our mission was right on target with the government's policy and priority programs. As stated in the Five Year Plan: "Modernization of the traditional and small business, entrepreneurial sector is strongly encouraged."

As suggested earlier in this paper, hands-on training for managers at all levels could be the most welcome by the government and private sector. Programs that increase the qualifications of Ivorian managers could also be a welcome political contribution for those who must enforce Ivorianization. The projects we describe address a number of specific training needs.

- Most of our interviewees stressed the need for supervisors and workers who can "read dials." Indeed, nearly everyone concerned agreed that instruction must be more pratical. PRE can make curriculum recommendations along with any financial support it gives the EECI school or in the design of the investment company's courses, and stress pragmatic rather than theoretical material. Working through a recognized technical institute or a new entity will allow PRE to require practical training, whereas relying on the schools and university must bring a confrontation with the classical education style.
- Ivorian government support for the EECI school is strong, so expanding it will be welcome. Government and business leaders told us that a corps of foremen and supervisors will be the most successful vanguard for Ivorianization, and the EECI school is well suited to create that corps. However, because it is part of the national power company, there may be resistance to a joint venture partner attempting to radically broaden the school's subject matter or otherwise increase its relevance for the business community as a whole.

- The investment/consulting company, on the other hand, offers both a delivery system for American-style training and a means for interested U.S. firms to increase their visibility in and understanding of Ivorian business. An organization such as the International Executive Service Corps or, perhaps, some of the American firms now operating in the Ivory Coast could loan trainers or consultants to Ivorian firms through the PRE-sponsored company.

LONG-TERM STRATEGY

The following section outlines some suggestions building toward a comprehensive five to ten year operating strategy, of which management training must be a part.

The Ivory Coast offers U.S. business firms excellent opportunities for profitable joint ventures. Attractive trading opportunities in commodities, equipment, electronics, banking, and many other activities exist as part of joint ventures or direct sales.

Private executives and public officials almost universally express a keen interest in doing more business with U.S. firms. American firms are regarded as being particularly well suited to helping Ivorian businessmen because of their managerial skill, technical expertise, financial resources, and proven aggressive performance records. The Ivorian government has a long tradition of acceptance of foreign presence in the economy.

This is a very fertile environment for the PRE model of development, not only because of what it can do for the Ivory Coast but equally because it can serve as a model for other PRE countries and certainly for the West African region.

While exciting opportunities exist in the Ivory Coast for U.S. firms, problems are also part of any operation. Most of the well-known difficulties of doing business in the developing world are present in the Ivory Coast. Inefficiency, unfamiliar practices, procurement disruptions, inadequate and inconsistent government pricing and policy, limited communications and transportation systems, and maintenance problems are all present to a greater or lesser degree. Although many companies successfully overcome these obstacles, they can increase the time, cost, and frustration of doing business.

Management training should be pursued at all levels from top executives to first level supervisors. The major weakness in the Ivorian educational system is the nearly total lack of practical training. Many organizations are making a variety of efforts to correct this problem, but the field remains wide open. PRE, in partnership with Ivorian organizations, might concentrate on the lower management levels for in-country training.

The team identified three major categories of partners for PRE projects. Each in its own way could provide the leverage that is so important for the greatest effectiveness of the PRE strategy.

1. Government organizations, including the parastatals, can make attractive partners because they have access to funding, usually have a strong commitment to developing agriculture, are normally involved in realistic projects, and can circumvent some of the procedural problems of doing business in the Ivory Coast. Drawbacks for PRE would probably include an inability to move quickly, competition between projects that make the most sense on a commerical basis and those that fit national development plans, and a lack of managerial strength by American standards in the parastatals.

2. Non-government public and large private companies, many of which have their roots in the colonial period, often have good asset and financial bases, political clout, and experience in many aspects of the economy. Disadvantages include very strong ties to the French and a tendency to be dominated by very few decision makers. Some of these groups are against an increased Ivorian managerial role and are often short of cash since the economic downturn.

3. Small companies and private individuals are perhaps the largest pool of potential partners. The advantages of this type of partner are that they will usually take a new joint venture very seriously, since it will probably represent a large portion of their activities. They may have a unique market or business competence, and they may have special access to information or resources. There are fewer decision makers to deal with than in a parastatal, and they are more likely to defer to the recommendation of the U.S. partner. Problems with this type of partner include the difficulty in finding reliable information in order to assess them and the ventures they propose, financial and management limitations, lack of political clout, and limited exposure to business procedures and norms.

Small partners will probably continue to provide the best vehicle for PRE for the next five to ten years. Management training will be focused and practical, the payoffs will be rapid, and the benefits and costs straightforward to all observers.

NOTES

1. The responsible offices are the Ministry of Primary Instruction and Education Training, the Ministry of National Education (its emphasis being Secondary and University level education), the Ministry of Technical and Vocational Training, the Ministry of Agriculture, the Ministry of Public Works and Transportation, and the Ministry of Civil Service.

2. "La formation professionelle continue au cours de l'exercice 1981-1982," Office Nationale de Formation Professionelle, July, 1982. This study found that on May 30, 1982 of 2204 firms surveyed:

   - 17.3% were receiving rebates for some sort of training
   - Those that were receiving rebates were from the following sectors: agriculture, 10.7%; finance, 7.[illegible]%; textiles, 3.4%; mechanical, electrical, chemical, and printing, 21.2%; forestry, 7.9%; construction, 11.8%; transportation services, 20.4%; distribution, 17.3%
   - 77% of the firms receiving rebates were in Abidjan, 9% in Bouake, the remaining 14% were elsewhere
   - of 1629 surveyed firms with 1-49 employees, only 8.2% were receiving rebates

3. 1981 student populations

4. Based on a sample of 11,922 positions for which the nationalities of the holders are known.

5. A sample of 9,388 positions for which nationalities are known.

6. Economic Community of West African States

APPENDIX A

Persons Interviewed

Ivorian Business

Mr. Daouda Kante - Domak Farms Ltd.
Mr. Daryl Wyer - Akintoia Williams & Co., Ltd.
Mr. Pierre Niava - Chamber of Commerce
Mr. Reynault - Chamber of Commerce
Dr. Atchi Atsain - CIRES
Mr. Gadamu - African Development Bank
Mr. Bihute - African Development Bank
Mr. Omari - African Development Bank
Mr. Brian Chapman - McDermott, Inc.
Mr. Billecog - CAMPC
Mr. Saka - CAMPC
Mr. M. Adou - INSET
Mr. Wayne Allen - Phillips Petroleum
Mr. DeGreef - Phillips Petroleum
Mr. Jean Baphiste Amethier - SAPH
Mr. K. Kassanda - Citibank
Mr. Jean Yves Boudoin - Chase Manhattan Bank
Ms. Susan Cioffi - REFOS
Mr. Koffi Kouadio - EECI
Mr. David Bain - Union Carbide
Mr. Koffi Kouadio - CIGE
Mr. Lucina Coulibaly - Blue Bell-Cote D'Ivoire

Ivorian Government

The Honorable Siaka Coulibaly
Director of International Cooperation

The Honorable Ange Francois Barry Batesti
Minister of Technical and Professional Training

The Honorable Henri Bedie
President of the Senate

Ivorian Government (continued)

The Honorable Timothee N'Guetta
Secretary General of the National Assembly

The Honorable Koffi Amani
Deputy Mayor of Bouake

Madame Achio
Office Nationale de Formation Professionelle (ONFP)

Mr. Robert Anderson - ONFP

International Organizations

Mr. Placktor - UNDP
Craig Olson - Entente Bank
Jaqueline Noel - World Bank
Pierre [illegible] - CIADFOR (ILO)
Alfred [illegible] - ILO
M.L. Boa - ILO
Mr. Phillip Swysen - UNDP

United States Government

The Honorable Nancy Rawls
Ambassador to the Republic of the Ivory Coast

Gordon Evans
Director, REDSO

Joe Carroll
REDSO

Fred Gaynor
Commercial Attache, U.S. Embassy

Ken Austin
Economic Officer, U.S. Embassy

Walter Stern
Agriculture Attache, U.S. Embassy

Terry Schroeder
Deputy Chief of Mission, U.S. Embassy

Steve Grant
REDSO

APPENDIX B

Observations on the Environment for Investment in Agribusiness

Although the charge of this team was to identify opportunities for contributing to private sector development through management training, we understand that AID/PRE has authority to act as both an investor (for leveraging purposes) and a "broker." To lend direction to any investigation of investment opportunities among indigenous firms in the Ivory Coast (which will be almost exclusively in the processing of agricultural goods), we present these observations.

Much agribusiness in the Ivory Coast does not conform neatly to PRE criteria given the financial requirements, the traditional role of the Ivorian government in agricultural enterprises, and the difficulty of isolating various components of projects into smaller business entities. Practical education in agriculture is very weak at every level. There are very few agricultural engineers, agricultural economists, plant scientists, or other trained professionals. At the commercial level, agribusiness generally has been limited to the traditional plantation crops of coffee, cocoa, and timber. As a result, there are relatively few commercial farmers in the sense that they participate in a modern commodity system. Farmers and others in agribusiness need to be trained in farming technologies, credit, transportation, and marketing.

On a positive note, the Ivory Coast farm system has demonstrated that the small farmer can adapt to new crops and technologies with proper incentives and policies. (The growth of the cotton industry is a case in point.) This requires massive educational efforts at all levels of the commodity system; it does little good to attempt to train just one segment of that system. Nevertheless, exciting opportunities do exist and should be pursued.

One of the areas of most immediate potential involves direct investment by U.S. companies through joint venture arrangements with Ivorian firms. PRE could have a high and timely impact by facilitating such arrangements and providing management training assistance. Ivorian farmers on the whole are unaware of the few geographically isolated examples of modern production techniques. The demonstration effect would be magnified if more farmers could observe these advancements. Few entrepreneurs will allow the disruption of their operations that would be required on a demonstration farm because it would simply be too costly. PRE could subsidize these training costs and thereby significantly accelerate the adoption of new production and other methods of conducting agribusiness.

PRE should advise U.S. companies interested in investment or export of the common roadblocks to doing business in Ivory Coast. The unfavorable exchange rates that have persisted in recent years make many American goods prohibitively expensive. Moreover, Americans have often failed in marketing efforts because they devoted too little attention to the Ivorian market. European companies, in contrast, have traditionally set up resident representations and maintained personal relationships with Ivorian business and government leaders.

To improve the deteriorating food situation in the Ivory Coast, the government created the position of Secretary for Agriculture who is in charge of the production of food crops. Under this office a general plan has been proposed to improve the rice program. The major objective of the 1980-85 plan is to increase rice production from 570,000 MT of paddy in 1980 to 975,000 MT in 1990. The plan includes expanding irrigated rice production from 100,000 MT of paddy in 1985 to 150,000 MT in 1990. Emphasis will also be placed on mechanization of upland rice cultivation. If these goals are attained, the government hopes that rice importation can be reduced from 350,000 MT in 1980 to 250,000 MT in 1985, and to 200,000 MT in 1990.

Coffee poses the greatest challenge in the agriculture sector. Ninety-two percent of the coffee orchards are more than five years old. In order to maintain the present output level and to reach the goal of 400,000 metric tons (MT) in 1990, the government plans to expand the present orchards, applying intensive production techniques and creating new, modern plantations.

For cocoa, the major objective remains the increase in productivity, to reach 450,000 MT and 550,000 MT by 1985 and 1990, respectively. More emphasis will be placed on improving the quality of cocoa through better fermentation methods and by spraying against disease.

None of these major objectives will be easy and the competition from other major producer nations will be very strong. Income disparities between regions within the Ivory Coast are still marked, and the government is determined to diversify agriculture in order to meet regional development needs and to reduce income inequalities.