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**SHELTER SECTOR ASSESSMENT
IVORY COAST
EXECUTIVE SUMMARY**

Prepared by

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Prepared for

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Agency for International Development
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ABBREVIATIONS AND ACRONYMS

Banque Centrale des Etats de l'Afrique de l'Ouest

BCEAO	The Central Bank of West African States (Francophone)
BNEC	Banque Nationale pour l'Épargne et le Crédit National Bank for Savings and Loans
BCET	Bureau Central d'Études Techniques
BSIE	Budget Spécial d'Investissement et d'Équipement
CAA	Caisse Autonome d'Amortissement The National Sinking Fund
CCI	Crédit de la Côte d'Ivoire Ivory Coast Credit Bank
CNA	Commission Nationale d'Attribution National Allocation Commission
CNAL	Commission Nationale d'Attribution de logements National Housing Allocation Commission
CNPS	Caisse Nationale de Prévoyance Sociale National Social Security Fund
DC	Direction de la Construction (MCU) Department of Construction
DDR	Direction du Développement Régional Department of Regional Development
DCDU	Direction Centrale des Domaines Urbains (MCU) Central Department of Urban Land
DCU	Direction Centrale de l'Urbanisme (MCU) Central Department of Urban Planning
EBC	Enquête Budget Consommation, 1978 Income Expenditure Study, 1978
EECI	Energie Electrique de la Côte d'Ivoire National Electrical Energy Company
FNA	Fond National de l'Assainissement National Sewerage Fund

FNH	Fond National de l'Hydraulique National Water Supply Fund
FSH	Fonds de Soutien à l'Habitat National Housing Support Fund
GOIC	Government of the Ivory Coast
HG	Housing Guaranty (Loan)
HIG	Housing Investment Guaranty (USAID)
IBRD	International Bank for Reconstruction and Development (World Bank)
IMF	International Monetary Fund
LAP	Logement d'Accession a la Propriété Core Housing for Plot Acquisition
LEM	Lotissement d'Equipe ment Minimum Minimum Standard Subdivision
MCU	Ministère de la Construction et de l'Urbanisme Ministry of Construction and Urban Planning
RHUDO	Regional Housing and Urban Development Office
SETU	Société d'Equipe ment des Terrains Urbains National Urban Land Development Company
SICOGI	Societe Ivoirienne de Construction et Gestion Immobilière The Ivorian Housing Construction and Management Company
SODECI	Société de Distribution d'Eau de la Côte d'Ivoire Water Distribution Company
SOGEFIHA	Société de Gestion Financière de l'Habitat National Housing Finance Management Company
TEN	Taux d'Escompte Préférentiel Preferential Rediscount Rate (BCEAO)
TEN	Taux d'Escompte Normal Normal Rediscount Rate (BCEAO)
TVA	Taxe sur la Valeur Ajoutée Value Added Tax

EXECUTIVE SUMMARY

CONCLUSIONS AND RECOMMENDATIONS

I. INTRODUCTION

A. General

This Shelter Sector Assessment (SSA) of the Ivory Coast is an update of the comprehensive SSA of the country undertaken in 1977. The objective of this SSA, therefore, is to provide an overview of the current status of the Ivorian shelter sector with emphasis on those elements which will form the basis for program and project identification for possible support by AID. In addition, a separate analysis of the Ivory Coast's National Savings and Credit Bank (BNEC) was undertaken.

The SSA team -- composed of a shelter sector generalist, a housing specialist and a housing finance analyst and sociologist -- was in the Ivory Coast from October 11 to November 4, 1982. The shelter sector generalist returned to the country between November 29 to December 16, 1982, to discuss and finalize the SSA recommendations with the RHUDO and relevant government officials. In addition to the main report, an executive summary, based on Chapter I, was prepared for general distribution. All reports were prepared in both French and English.

B. Economic Situation

Before presenting the conclusions and recommendations of the SSA, it is useful to put them in an economic context. The health of the housing sector is extremely dependent on that of the economy. While investment in housing and construction can have a beneficial impact on employment and economic growth, the housing sector is usually the first to experience a decline in growth and decrease in investment. Due to a precipitous rise and fall in the prices of coffee and cocoa and a subsequent increase in investment and debt, an average annual growth rate of GDP of 7 percent since 1960 fell to 1.4 percent in 1981. Since 40 percent of the financing for an ambitious government investment program (US \$2 billion or one-fourth of GDP) came from external debt, the country's debt-service ratio rose rapidly to an estimated 30 percent in 1981.

The subsequent effects of the worldwide recession and the austerity program adopted by the Ivory Coast had a drastic impact on construction, the volume of which fell by 11 percent from 1980 to 1981, with employment dropping by 30 percent. In the housing sector traditional lenders such as BNEC and the CCI found themselves with a chronic shortage of funds as household savings and government credit both fell sharply. Funds to the sector were already limited due to the transfer of the FSH from BNEC to the general budget in 1980. In April 1982, the housing finance situation was further exacerbated by an increase in official interest rates by the BCEAO (TEP to 10 percent and TEN to 12.5 percent),

making it more difficult for low and moderate income groups to afford housing.

It is in these circumstances of high interest rates and general limited funds that the formal or modern public and private housing sector is operating. The major difficulty is that, for the most part, it is attempting to operate in basically the same manner as it did before the economic down-turn. No major revision of program, or dwelling unit types and standards have been contemplated. It is strongly felt that the current period of austerity and economic hardship is an opportunity for the sector to become more consolidated (i.e. more efficient and self-sustaining, so that it can continue to provide shelter not only for middle and moderate income groups, but for low income families where the need is the greatest). The conclusions and recommendations are, therefore, divided into four sections: Urban Policy Implications, Housing Supply, Housing Finance and Housing Demand, each of which summarizes the existing situation and procedures before recommending how these might be improved.

II. URBAN POLICY IMPLICATIONS

A. Issues

Based on demographic and urban development trends the 1981-85 plan for urban development has underscored several basic elements which will necessarily shape urban policy and investment planning:

- The structure of demographic and urban growth is a characteristic of the country's economic development.
- Current demographic trends do not appear sensitive to current economic difficulties and are likely to persist.
- Abidjan's rapid rate of growth is a function of the key role it plays in the national economy. Rapid growth trends will persist in the foreseeable future.
- The larger interior cities suffer from weak regional and local economies. This is partly due to the dominant role of Abidjan as a market and point of exchange for agricultural products, and the poor integration of direct investment in these centers.
- Ad hoc efforts at decentralization of investment have thus far not stimulated or induced significant urban development outside of Abidjan nor given adequate consideration to efficiency, operation or maintenance.
- Distribution of investment has been highly irregular and skewed among the interior settlements resulting in both inefficiency in some and poor levels of service in others.
- Physical urban development efforts have not adequately responded to the needs of the population nor resulted in investment efficiency.

In Abidjan, a minority of the population has benefited from the majority of the investment and access to urban land and housing; as a consequence, urban development is out of control. In the interior cities, a large number of unoccupied plots exist with high space standards which result in the inefficiency of urban form and limited access for lower and middle income groups.

- Due to scarce development resources and low income levels in both Abidjan and the interior cities, provision of plots and urban services can be achieved only through a reduction of standards and greater household participation in development costs. Levels of service should be allowed to evolve over time.

B. Objectives

The following urban policy objectives include those of the 1981-85 plan, those which are derived from various studies conducted in the interior cities, as well as contributions of the SSA study team. In general, they include:

- o The need to recognize and anticipate continued urban growth trends such as the rapid expansion of Abidjan, continued growth and urbanization of the forest zone, the shift of urban settlements (and development) towards the western zone, and the increase in the number and size of smaller sized settlements.
- Care should be taken not to accelerate those trends deemed undesirable through disproportionate investment or their indirect effects.
- Investment planning should be aimed at maximizing the induced effect of direct investment rather than solely the immediate or non-replicable effects related to implementation.
- Investment in urban development should be carried out on a more equitable basis among settlements and regions than during the previous planning periods where large disparities occurred.
- Decentralization of industry should predominantly take place within the sphere of Abidjan's influence in order to take advantage of the opportunities which it offers.
- A ceiling should be put on per capita public investment in Abidjan within parameters which are acceptable to national development, in order to strengthen the economic position of interior cities. Such a ceiling, however, could have negative impacts over the short-term as investments in Abidjan are more likely to be efficient in creating jobs and raising productivity.
- Public investment should be put to use as efficiently as possible. This will require sectoral investment planning and coordination of the resource available and a careful assessment of competing demands to meet overall policy objectives. An appropriate institutional structure is required.
- Urban development strategies should be as broadly based and flexible as possible and should consider all aspects of urban development in order to be capable of responding to changing needs and financial conditions.
- Generally, throughout the settlement system, emphasis should be placed on developing the traditional sectors and small and medium sized enterprises rather than large national entities, as the latter are capital intensive and, in relative terms, would create fewer jobs.

- The principal basis of economic activities in the interior will continue to revolve around agriculture, animal husbandry and related services.
- Government efforts in administrative decentralization through the creation of prefectures, sub-prefectures and communes should continue with the end goal of creating quasi-autonomous entities capable of auto-financing and management of urban development efforts. During the period of their evolution, prefectures and the DDR must play a key role in representing urban and regional concerns and needs for sectoral investment.
- Opportunities for local participation in economic and urban development are needed. The government can play a key role in stimulating these activities.

III. HOUSING SUPPLY

A. Formal Sector

I. Supply of Land

Several basic conclusions can be drawn regarding the formal process of land development and allocation in the Ivory Coast.

- The formal land acquisition and titling process is lengthy and cumbersome, perhaps lasting three to four years before a "titre foncier" is obtained.
- Property taxes are a very small portion (less than one percent) of total government revenue and are extremely difficult to collect.
- There is a large gap ("rente foncière") between SETU's cost price of developed plots and the free market value, putting a heavy premium on these plots.
- In seven years of operation, SETU had completed only some 10,300 plots, roughly 1,500 per year.
- All SETU plots are fully serviced, most (except the LEM) being developed to high standards.
- Allocation of residential plots are through the National Allocation Commission (CNA), a system which leaves a great deal of margin for favoritism.
- There is, consequently, a great deal of speculation, lack of improvement, and some deterioration occurring with respect to SETU plots.

In interior cities, unserviced plots have been traditionally developed and sold by sub-prefectures in order to augment local revenues. There is a wide disparity in the number of plots developed by settlement and a high percentage of unoccupied plots. According to local officials queried during field trips to interior cities, plots remain vacant, primarily due to owners' lack of adequate funds, or credit for construction.

2. Supply of Housing

Table I is a summary of the production, costs, rents, allocation mechanisms and amount of arrears for the three principal public housing and land development enterprises in the Ivory Coast. It can be seen from the table that both public housing enterprises have produced significant numbers of units since they have been in operation (a total of approximately 35,000 units for SICOGI or an average of about 2,200 per year and some 29,400 by SOGEFIHA or 2,180 per year up to 1979). Furthermore, both institutions have a substantial backlog of applicants for units -- about 25,000 of SICOGI and 10,000 of SOGEFIHA. The major findings of the institutional analysis of the three enterprises can be summarized as follows:

SETU

- After the transfer of the FSH, SETU is suffering from a severe shortage of funds which has brought its operations nearly to a halt.
- SETU has been put in the position of having to finance its own operations, but does not have control over the allocation of its residential plots to households who deserve and can afford them.
- SETU also has no control over enforcing repayments for its plots; receipts as a percent of expenditures have fallen to 16 percent in 1981.

SOGEFIHA

- SOGEFIHA has had no control over allocating its units to families who could afford them.
- SOGEFIHA did not have the power to set its own rents; nor to adjust them as costs and salaries went up.
- Due to uncontrolled borrowing, mainly short-term and in foreign exchange (conditions not suited to financing low income housing), SOGEFIHA built up a massive debt and in 1979 was restricted from building and borrowing externally.
- SOGEFIHA now has a total outstanding debt of CFAF 52.5 billion that is mainly being repaid from the FSH through the BSIE.
- Since 1979, SOGEFIHA has devoted the majority of its efforts to managing its existing stock and selling some units.

SICOGI

- SICOGI has experienced a sharp drop in production due to government restrictions and a transfer of the FSH.

TABLE I

PRODUCTION OF PLOTS AND HOUSING UNITS IN THE PUBLIC SECTOR

<u>INSTITUTION</u>	<u>TYPE OF UNIT/PLOT</u>	<u>NUMBER PRODUCED</u>	<u>COST PER UNIT (000'S CFAF)</u>	<u>MONTHLY RENT (000'S CFAF)</u>	<u>ALLOCATION MECHANISM</u>	<u>AMOUNT(%) IMPAYES</u>
		(9/30/81)	(1981)			(9/30/82)
1) SETU	a) L.E.M. (100-200m ²)	4,154 (825) ^a	Plots: 420 (@ 2,100/m ²)	—	CNA ^h	Approx. 3,000 (29%) for total of CFAF 7 billion
	b) Low Income (Economique - 600m ²)	4,223 ^b (375)	1,650 (@ 2,750/m ²)	—	CNA	
	c) Middle Income (Standing - 600-1,500m ²)	1,933 (1,190)	1,650-4,125 (@ 2,750/m ²)	—	CNA	
2) SICOGI	a) L.E.M.	1,075-Abidjan	<u>Dwelling Units:</u> 170-252/lot ^c		CNAL	
	b) Social	24,633-Abidjan	30-35/m ²		CNAL	1.11%
	c) Middle Income (Standing)	1,115-Abidjan 480-Interior	46/m ² ^d 140/m ² ^e		CNAL CNAL	
3) SOGEFIHA	a) Social (Economique)	24,699-Abidjan 2,420-Interior	8,000/unit (1979) ^f	8-20 (1979) ^g	CNAL	4.26%
	b) Middle Income (Standing)	2,153-Abidjan 127-Interior		13-30 (1981)	CNAL	

^aUnder construction^b5 Units per plot^cCore houses^dRow houses^eNine floors, in structure not included^fNot including land^gRents have not been changed^hCommission National d'AttributionⁱCommission National d'Attribution des Logements

- SICOGL has managed to continue projects for which it can find financing and units are economically costed.
- SICOGL has managed to effectively control costs through competitive bidding, standard designs, construction supervision and economies of scale.
- Although SICOGL's rents are based on full costs, it has not been allowed to adjust rents (except on one USAID project) resulting in cash flow short-falls.

B. Informal Sector

In contrast to the formal sector, the informal sector, composed principally of traditional landowners, has been surveying, subdividing, and selling plots in an uncontrolled but cost-effective fashion. While the extent of its current activity could not be determined, it was ascertained in several interviews that "chef coutumiers" could sell 400 m² plots in Yopougon for CFAF 300,000 (CFAF 750/m²), CFAF 1.0 to 1.5 million (CFAF 2,500 per m²) in Abobo Nord, and CFAF 2 to 3 million (CFAF 5,000 to 7,500 per m²) in Cocody. When it is considered that they receive only about CFAF 220/m² (CFAF 2.2 million per hectare) official compensation (including crops, raw land and a serviced plot), it can be seen why traditional landowners take the land development process into their own hands.

These plots are for the most part unserviced. Once houses are built, mostly through household savings and the employment of skilled labor ("tacherons"), utilities are demanded, and water and electricity are usually extended by SODECI and EECL. Thus, what can take up to three to four years in the formal sector can usually be accomplished in less than half the time in the informal sector. Furthermore, though illegal, the profits from the sale of what the traditional landowner believes to be his or village land remains with his family and/or the village.

C. Recommendations

Based on the contents of the SSA, the following actions are felt necessary in order not only to increase the supply of housing, but also to see that it gets to those low income households who can afford it and have the greatest need. Several of the recommendations are in the housing policy chapter of the approved Five Year Plan, 1981-85:

- increase the production and sale of serviced building plots;
- increase the production of social housing; and
- mobilize savings and means of housing finance.

This study endorses these lines of policy reform and would like to expand upon them as follows:

1. **Increase the supply of serviced building plots.**

In order to accomplish this, several actions are required:

- **Plots should be minimally serviced.** Approximately 90 percent of the cost of SETU plots is due to the capital improvements, studies, SETU overhead, finance costs, etc. If standards are reduced and communal services installed (public taps, unpaved access roads, unlined drainage, street lighting only, etc.), costs could be reduced substantially and plots could be afforded by families earning less than the median income in Abidjan (estimated at CFAF 62,400 in 1982).
- **Mobilize groups of owners to install secondary and tertiary services as necessary.** SETU is already planning to do this on an experimental project in Niangon Nord. In an experimental project in Niangon Nord, SETU is planning to install only primary infrastructure and spurs for secondary services. Presumably water and electrical connections would be installed by EECl and SODECl when demand is sufficiently high -- or by the owners themselves.
- **Involve traditional landowners in the process.** In order to gain the cooperation of traditional landowners, they either have to be compensated more or development must occur in partnership with them (i.e. a larger portion of semi- or fully serviced plots must be allocated to them, or, as has recently been the case, they form a partnership with land development companies realizing a portion of the profit of land development schemes).

2. **Increase the market price of land.**

This should be done in order to capture a larger portion of the unearned increment ("rente foncière") for the State. In order that serviced plots remain affordable to low income groups:

- the range of production between summarily and fully serviced plots should be enlarged based on paying capacities of various income groups; and
- closer to market prices should be charged to higher income categories, thus creating a margin either for cross-subsidizing lower standard plots, or building community facilities, primary infrastructure, neighborhood improvement schemes, etc.

3. Revise the plot (and housing) allocation system.

Although the problems of allocation should be diminished if plots are conveyed at closer to their market value, the system, which has become highly politicized, still needs to be reformed if the fruits of development are to reach the intended target populations. The present allocation system might, therefore, be revised along the following lines:

- Allocate a certain percentage, say 20 percent, along socio-professional lines as at present.
- Allocate the remainder by lottery/or random computer selection. Random computer selection among potential candidates whose applications have been approved according to pre-established beneficiary eligibility requirements.
- The results would be made public and those not selected would be put on a priority waiting list.

4. Expand area improvement programs in order to conserve existing stock.

While area improvement programs (Abobo Gare, etc.) have only recently been initiated in the Ivory Coast, they should be considered as an important part of future strategy. The housing problem can never be resolved by building only housing. Construction of new housing must be accompanied by improvement to existing stock; otherwise, losses to stock will mount until they are greater than new construction. In order for area improvement programs to be expanded, however, there must be an effective means of cost recovery to provide working capital for reinvestment:

- In Abidjan, the method to be used will be a special assessment tax, or betterment tax, which will be imposed upon the community to be improved.
- In the interior, with the exception of the largest settlements, the use of property and betterment taxes to achieve cost recovery for urban upgrading is not likely to be effective in the short and medium term due to undeveloped cadastral services and collection procedures, as well as the lack of precedence. Given that the interior cities have traditionally not received their share of urban investment, this problem should be of less short-term concern. On the other hand, to permit local governments to generate more local revenues and be less dependent on central budgetary appropriations property taxation is a viable longer term goal.

5. Streamline the system of cadastre.

Cadastral maps cover Abidjan and 11 other up-country cities. The Direction de Cadastre in Abidjan has, at best, only the capacity to keep existing cadastral maps up-to-date, not to undertake any new mapping. Land maps ("plans fonciers") exist for several other cities, however, and taxes are often levied on the basis of these maps:

- The use of lower standard limited cadastral surveys should, therefore, be investigated for smaller up-country towns.
- In the long run, after contributions have been mobilized, the property tax system can be developed to pay for further improvements and/or community facilities in up-country cities.

6. Increase the production of social housing.

"Social" housing or core housing (i.e. a 10 to 20 m² core unit which can be expanded according to various plans as a family can afford it) would be one of the plans in a progression of serviced plots and low cost units that would allow a family to move in and improve the plot almost immediately after allocation.

- Core housing programs will allow the government to conserve funds for housing while mobilizing the resources of low income families.
- SICOGL is presently experimenting with several "LAP" units and should be encouraged to expand its program.

7. Define institutional roles and coordinate their operations.

It is primarily up to the MCU to define the technical responsibilities of its dependent para-statal organizations and supervise the execution of these responsibilities. For efficient, non-overlapping operations in the housing sector, the major para-statal responsibilities would be:

- **Land development and conveyance.** SETU should be allowed to concentrate on project development without being required to finance both construction and plot acquisition.
- **Housing (including core housing) development.** SICOGL has become an efficient, cost-effective developer but should also be relieved of the need to finance social housing schemes. SICOGL should concentrate on low cost core housing schemes where a large market exists. High standard housing should be left to private developers. In any event, it appears that this market is saturated.

- **Management and payment collections of rental/sales units.** SOGEFIHA has developed a substantial capacity in this area and should be allowed to index rents in order to become financially viable by permitting greater recovery of initial building costs and by keeping pace with increasing operating costs.
- **Housing finance through long-term purchase loans and shorter-term improvement loans (for serviced plots, core housing, etc.).** A social housing bank or function should be created to extend long-term (15 to 20 years) purchase loans (perhaps with graduated payments and/or variable interest rates) and short-term housing improvement or construction loans.

In addition, the MCU must coordinate development operations with local level governments allowing communes to:

- work with local village leaders or "chefs coutumiers" to develop sunmarily equipped plots;
- undertake area improvement programs in collaboration with SETU and SECI; and
- pre-select applicant households for plots and social housing within their jurisdictions.

IV. HOUSING FINANCE

A. Constraints

The major problems presently affecting the Ivorian housing sector is a chronic lack of funds. Of equal importance as the lack of funds to the sector is the lack of systematic application of the funds that do exist (i.e. balancing resource availability with investment requirements). This is already being carried out at the national level under the structural adjustment program. Within the framework of the 1981-85 Five Year Plan, the government has begun to institute systematic planning and programming of public investment to ensure that the actions of all ministries and public agencies are based on a comprehensive assessment of available resources and development priorities. The vehicle to balance resource availability with investment requirements is a three year, rolling public investment plan ("loi-programme"), the first year of which is the public investment budget. All public investment, both government and para-statal, should be included.

While the "loi-programme" for 1983-85 lists all existing and planned land development projects and their present and proposed sources of finance, the only overlap with the BSIE is the AID/World Bank urban development project. It seems that many projects which are in the "loi-programme" are not in the BSIE and, vice versa, many major expenditures in the BSIE are not contained in the "loi-programme."

In addition, without access to the FSH, it was seen that the land development and public housing enterprises must raise their own financing for project development. For example, according to the "loi-programme," SETU is supposed to finance CFAF 11.7 billion for land development in Abidjan and CFAF 2.4 billion in up-country cities. Yet, no source of the funds is stated in spite of the fact that SETU is practically without funds.

This situation has been exacerbated by the intended conversion of BNEC, which has managed to mobilize substantial savings in the sector, into a private savings and credit bank. This will deprive the existing parastatals not only of needed funds for housing, but also of BNEC's experience in originating and servicing loans.

B. Recommendations

Based on the foregoing, the existing institutional situation in the sector and the recommendations given in the previous section on housing supply, the following actions are proposed with the objective of establishing a rational financial framework for the sector which is integrated with the system being established on the national level to balance resources and expenditures.

1. Specify the expected level of funding to the sector from all sources.

In order to balance resources and expenditure^{ment} in the housing sector, the level of resources expected to be available to the sector must first be ascertained. Within the framework of the Five Year Plan and in more detail for the "loi-programme," the amount of resources expected to be forthcoming from the following sources should be stated:

- Private sector savings (i.e. the combined resources of private housing-savings epargne-logement programs).
- Public savings programs, i.e. the amount expected to be allocated from the FSH each year.
- Budget allocations in the BSIE.
- Foreign loans (AID, World Bank, CCE, etc.).
- Indirect aid, mainly from tax exemptions (TPS, TVA, etc.).

In addition to the primary financing sources listed above, an attempt should be made to quantify possible secondary sources:

- The approximate amount of the BCEAO rediscount facility available in the sector.
- The possibility of selling primary loans on a secondary mortgage market to large institutions such as the CNPS, etc.

2. Manage the allocation of all funds to the sector.

In order to enhance the impact of scarce resources, the allocation of all funds to the sector must be reviewed, coordinated and controlled at a high level. It is, therefore, recommended that:

- an inter-Ministerial commission composed of representatives from the Ministries of Finance and Economy; Plan and Industry; Interior; and Construction and Urbanism should be established to approve the final allocation of funds based on plans and project proposals from a technical secretariat under the direction of the MCU;
- in keeping with the "loi-programme," the technical secretariat composed of representatives from all implementing agencies would develop annual sectoral investment plans based on funds available and previous accomplishments; and

- the investment plans would emphasize three major lines, as follows:
 - development of a range of summarily or fully serviced building plots and community improvement projects;
 - development of economic and super-economic housing; and
 - long-term financing for each of the above.
- Public funds in the sector should continue to be managed by the National Sinking Fund (CAA). Though the recommended interministerial commission would define and authorize program investments, the CAA would assess the financial implications of proposed programs and monitor ongoing investments.

3. Establish a social housing bank.

In order to allow land and housing developers to concentrate on development and financiers to concentrate on finance, SETU and SICOGL should be freed of project financing functions. A social housing bank -- or function -- should be established which would provide short-term and long-term financing as follows:

- Initially, projects would be financed by allocations from sectoral funds directly to the responsible institutions.
- Seed capital would be allocated to a social housing bank.
- The social housing bank would take over completed projects paying the developers their "prix de revient" or cost price.
- The social housing bank would provide long-term loans to the selected beneficiaries.
- Developers would use the payments from the social housing bank to develop new projects. Any projects not meeting the social criteria established by the commission would not be converted to long-term financing by the social housing bank.

If BNEC is not ultimately transferred to the private sector, the social housing bank should be based in BNEC, given the experience this institution has developed in the mobilization of savings and the origination and supervision of housing loans. If BNEC is in fact "privatized," the social housing finance function might be located in the housing loan department of the CCI. As a development bank, however, the CCI does not have a major role in the mobilization of savings for housing. Since savings for housing is a principal means of

increasing funds to the sector and BNEC has had substantial success in this area, this fact should be given full consideration in the establishment of any social housing bank.

4. Establish a secondary mortgage operation.

The establishment of a secondary mortgage market will allow the social housing bank to sell its primary loans and maintain liquidity for future projects. Several studies have already been carried out regarding a "marché hypothécaire" and should be followed up. Only by recycling funds through the banking system will there be enough funds to continue making long-term loans to meet the shelter needs of low and moderate income groups in the country.

V. HOUSING DEMAND

With urban growth rates on the order of 10 and 7.5 percent per annum in Abidjan and the interior cities, there is a significant need for housing and urban development solutions which can respond to future demand. In addition, as sizable deficits in urban services exist particularly in interior cities and lower income neighborhoods in Abidjan, there is also a pressing demand for improving living conditions in existing communities. Housing demand differs among socio-economic group and the types of housing in which these groups reside. Based on housing typologies currently employed (i.e. the SEMA classification) and associated levels of household income by type, there has been little change in the distribution of population by housing type over the past decade. Thus, in determining future need over the next 5-10 years, the proportions of future population by housing type should remain similar to those which currently exist. However, the housing solutions adapted to each type may have to be modified to better correspond to available investment capacity and household affordability.

As of 1979, only about 9 percent of the population of Abidjan resided in high standard residential development and about 23 percent in public economic units. The remainder of the population (68 percent) was housed in lesser standard housing of a more traditional (evolutif) or spontaneous nature which accounts for about 20 percent of the latter. In the interior cities, on the other hand, between 80 and 90 percent of the population resides in "evolutif" or spontaneous housing. Investment programs by the MCU for 1981-85 have projected needs by housing type based upon expected increases in urban population and the corresponding shares of population anticipated for each of the housing types. For the period 1982-83 investment efforts are primarily aimed at land development, using different and lower levels of service than had been employed in previous years.

The government's role in responding to housing demand will be conditioned by a multitude of factors which influence or shape demand. Some principal considerations include:

A. Financial Considerations

1. The costs of plots and dwelling units, both in the formal and informal sectors, are currently beyond the means of the majority of urban households. As a consequence, about 80 percent of urban households are renters.
2. The levels and irregularity of household income, particularly among low income groups in Abidjan and the interior cities, is such that only a small minority of households qualify for credit or have sufficient savings to purchase plots and construct dwelling units. Furthermore, in the latter case, many years are usually required to complete housing construction.

3. Traditionally, households of all housing types or income groups have consecrated a relatively small percentage of income for housing (between 10 and 20 percent of income). In addition, though a higher level of effort might be expected of households if provided with an opportunity for plot purchase and construction, there is little experience to date which would confirm this hypothesis.
4. Lowest income households in Abidjan and the interior cities are generally foreign migrants with little means or incentive to invest in permanent shelter. Longer term migrants, however, do invest in land and housing as a means to supplement income through rents.
5. Among those households without access to credit, several years are required to construct a basic structure. As a consequence, regulations regarding construction time and standards cannot feasibly be respected.

B. Past Experience

1. Past experience of both the formal and informal housing sectors will necessarily influence housing demand. Many households with higher incomes such as high ranking civil servants and employees of private enterprises have been traditionally housed by the government or large enterprises. Furthermore, households in government housing projects are primarily renters. In either case, the standards and costs of the units provided have not corresponded to beneficiary incomes. In the former case, the government and large enterprises (through leases or direct construction), have carried the burden of financing; for publicly constructed units, rents were insufficient to cover the full costs of construction without substantial government subsidies. As a result, residents of these housing types have benefited from and become accustomed to dwelling unit standards which are beyond their means. As thousands of dwelling units of this type have been constructed over the past decade, aspirations have been set for new generations of potential beneficiaries which may not be within their own or the government's means to provide.

On the other hand, traditional "evolutif" housing (though a dynamic sector which houses the majority of the population) has benefited very little from government assistance other than provision of basic urban services. In fact, as an adequate vehicle has not been found to promote and guide its development, its activities have been constrained by periodic demolitions, land use controls and deviation of investment into higher standard housing development. As a consequence, a self-perpetuating mechanism of informal housing supply has developed which confines about 80 percent of households to a renter status. Owners, on the other hand, with incomes supplemented by rents and possibly the sale of other property, are among the few capable of financing new construction.

Spontaneous housing appears to be a case apart. The majority of households are foreign migrants and construction is usually not permanent in nature. There are fewer renters than in traditional housing, greater risk that the units will be demolished, and the least satisfactory living conditions of all housing types. It is geared towards a semi-permanent or temporary population with very basic priorities. Its development has occurred in the least desirable areas for urban development such as in ravines and swamplands but, where possible, in close proximity to zones of employment.

C. Socio-Cultural Considerations Influencing Housing Demand

1. As mentioned previously, the production of subsidized high standard housing has led to high aspirations among future potential beneficiaries in terms of standards and the role of government in management and maintenance of property.
2. Among lower income households in traditional housing, both in Abidjan and the interior, socio-economic surveys reveal that households' priorities generally concern improvements in urban services rather than housing per se (i.e. improved drainage, access roads, street lights, and garbage collection). Moreover, these households prefer one storey units with potential for expansion rather than apartment structures. Densities in these developments, furthermore, are easily comparable to those attained in multi-storeyed structures.
3. Most first and possibly second generation urban residents have strong ties to their village or settlement of origin. Possibly because of expectations in the villages or as a measure to demonstrate success, many households are obliged to construct "au village" as well as maintain residences in urban areas.
4. Ties to the extended family, also a function of "success" and income can be an important drain on household resources. Thus, in public economic units, where primarily middle income Ivorian households reside, household sizes are several members larger than the urban average.
5. As suggested by the "Interior Cities" report, prepared for the 1981-85 plan, there is a general bias for the "large", the "modern" and the "dur" (permanent materials) in housing construction. Traditional building techniques such as "Banco" and earth blocks are looked down on. Thus, households would rather construct in concrete block over a long period of time than in improved, but traditional structures. This bias is reinforced (or created) by public construction programs which nearly exclusively use cement and concrete block, as well as legislation which forbids other forms of construction.
6. The principle of the level of urban services evolving over time in occupied subdivisions is readily accepted; however, this principle is not applied to dwelling unit construction. Households generally lay out the entire dwelling unit adding rows of block over time as finances permit,

rather than completing minimum core houses in which to reside while construction continues. Thus, in SICOGL LEM units, five years after site development has been completed, many units are still incomplete and unoccupied.

7. As urban areas become more ethnically mixed, communal ties and self-help initiatives become increasingly rare and are primarily restricted to friends and family.

D. Recommendations

1. Though urban development and housing needs can be conveniently tied to proportions of population by housing type, as is currently practiced, it is extremely important that household income, potential housing expenditures, and improved cost recovery are given due consideration in defining the future solutions to meet these needs. Under current economic conditions, it is unlikely that standards for "residential" and public economic housing can be maintained and large numbers of units built without seriously draining the resource pool and leading to a degradation of living conditions in existing communities.
2. Regardless of housing type or income group, greater emphasis should be put on the individual household to meet its housing needs. When faced with housing itself, it can be expected that household aspirations will be more in line with the household's financial means.
3. Greater attention needs to be given to channeling the dynamism of the private informal housing sector to help meet future needs. This can best be achieved by removing development controls in specified areas, provision of summarily serviced land at appropriate standards for construction and provision of access to credit for plot purchase and construction.
4. Though a threshold of household income which is satisfactory to permit ownership of plot and dwelling unit has not been determined, it is likely that a substantial number of lowest income households, and non-permanent residents (i.e. civil servants in interior cities) will have to retain renter status. Rental income will, thus, continue to help support construction costs.
5. On the other hand, to achieve a greater level of plot and dwelling unit ownership, it is imperative that lower cost solutions be developed which remain compatible with socio-cultural needs. This will require:
 - the development of sufficient, but affordable, plots for a wide range of income groups;
 - flexible and reduced infrastructure and subdivision standards;
 - promotion of alternative dwelling unit construction techniques and materials (i.e. core houses and use of improved traditional materials where appropriate);

- revision of legal standards and codes;
 - provision of credit for plots and dwelling units to a larger number of low income households; and
 - government assistance to primarily low and middle income households through the provision of plots and housing finance for these groups.
6. Due to past urban service deficits in existing low income communities and interior cities, continued and expanded rehabilitation efforts are needed to improve basic living conditions. These efforts will furthermore benefit a wide spectrum of households and through secure tenure help stimulate a revitalization of these communities.
 7. In defining affordable programs to meet demand for new and existing communities, a full assessment of potential household contribution needs to be considered (i.e. local savings and investment potential, probable costs of urban services and connections, demands of the extended family, etc.)
 8. In order to encourage use of alternative building techniques and materials (i.e. core house and stabilized earth blocks [geobeton]), demonstrations and model units should be conducted on project sites and for specific government programs such as schools, teacher housing, and civil servant housing, etc. If proved practical, less expensive and acceptable revision of building codes would be required.
 9. To encourage self-help efforts, group savings and financing plans might be encouraged and officially recognized (including group credit guarantees, such as the current rural GVC credit programs undertaken by BNDA and BNEC).

E. Programming Considerations

In Table 2 a schematic annual program is presented for Abidjan between 1983 and 1986. The table demonstrates that shelter solutions can be developed for a wide range of household income at full cost recovery though a reduction in shelter standards for all income groups would be required. In the table, it is assumed that households with incomes of 40,000 FCFA and up will be provided with credit for plot acquisition and housing construction. The table also indicates that if current loan terms could be extended from 10 to 15 year duration, larger plots and core houses would be affordable. No downpayment is considered in the program as it is assumed that household savings would be required for utility connections, installation of septic tanks or cesspools and various taxes.

To finance the schematic program indicated, an annual investment on the order of FCFA 25.6 billion would be required. This would exceed the probable public investment in housing and urban development that is likely to be made available for Abidjan (Chapter III). Thus, private investment would be required to complete the program. Generally, it is suggested that

TABLE I-2

ANNUAL SHELTER NEEDS, AND AFFORDABLE PLOT AND DWELLING
UNIT STANDARDS FOR ABIDJAN (1983-1986)

Average Annual Population Growth 1983-1986 180,000		Income Group Share Population		Monthly Income FCFA	Affordable Monthly Payment		Possible Loan Amount At 13 Percent Over 10 Years FCFA	(I) Affordable Monthly Payment				(II) Possible Loan Amount At 13 Percent Over 15 Years FCFA	(II) Affordable Physical Standards				(II) Annual Investment To Meet Needs By Income Group Billion FCFA	Annual Number Of Dwelling Units Needed By Income Group		
Population By Income Group	Households By Income Group	Share %	CUM %		Percent of Income	Amount Month FCFA		Plot Size M ²	Land DEVMT Cost/HA MFCFA	D.U. Size M ²	Constr. Cost Per M ² FCFA		Plot Size M ²	DEVMT Cost/HA MFCFA	Dwelling Unit Size M ²	Constr. Cost Per M ²			Billion FCFA	
57,600 (H.S. = 4.2)	13,714	32	16	40,000	20	8,000	535,795	100	12	20	20,000	632,290	160	12	20	20,000	5.4	6,850		
			32	58,000	20	11,900	797,000	160	12	20	25,000	940,531	175	12	30	25,000				
57,600 (H.S. = 5.2)	11,077	32	48	73,000	20	14,650	981,000	160	12	30	25,000	1,157,723	200	12	35	25,000	6.8	5,884		
			64	85,000	20	17,000	1,138,570	180	12	35	25,000	1,343,616	200	12	42	25,000			7.0	5,192
			78	130,000	25	32,900	2,202,000	300	23	45	30,000	2,600,292	300	23	50	35,000				
37,800 (H.S. = 7.8)	4,846	21	70	100,000	20	20,000	1,333,000	160	23	35	25,000	1,572,840	200	23	40	25,000	2.2	1,384		
			85	150,000	27	45,000	3,013,900	300	30	54	35,000	3,556,631	360	30	64	35,000			6.8	1,938
			95	250,000	30	75,000	5,023,000	400	30	100	35,000	5,927,718	475	35	110	35,000				
18,000 (H.S. = 6.5)	2,769	10	-	175,000	29	50,000	3,348,000	310	30	70	35,000	3,951,812	350	30	70	35,000	4.4	1,110		
			-	200,000	30	60,000	4,018,500	325	30	80	35,000	4,742,175	375	30	95	35,000			3.9	830
9,000 (H.S. = 5)	1,800	5	100	250,000													40.5	25,587		
TOTAL																				

(H.S. = Household Size)

Source: PADCO Analysis based on PDA Income Update (1982) and Current Financial Conditions.

public funds be used to finance plot acquisition and housing construction for households earning between FCFA 40,000 and 130,000 that are least likely to be eligible for credit by private banks. Higher income households, including civil servants, would thus rely on private banks for financing. The GOIC and private enterprises that wish to assist employees could do so through guarantees and housing allowances which could be used towards mortgage payments. In Figure 1 a schematic diagram of shelter finance for each of these income groups is presented. The institutional framework for programming finance and development is along the lines discussed previously.

FIGURE I

SCHEMATIC SHELTER FINANCING PROPOSAL

