

PN-ABQ-746

**The Experience of
Decentralization in
Côte d'Ivoire,
1980-1993**

Executive Summary

October 1993

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OFFICE OF

HOUSING AND URBAN

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



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U.S. Agency for International Development

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The Experience of Decentralization in Côte d'Ivoire, 1980-1993

Executive summary

1. Introduction

By the early 1990s, changes in many African countries involving a more market-driven economy, a more open and active civil society, and more competitive politics also brought a movement towards decentralization. Paradoxically, the focus for most of these changes has been the urban centers where the formerly centralized system was most firmly implanted.

The Côte d'Ivoire, which was ruled by a single party for the first thirty years after Independence, and is still under the influence of the same President, began its decentralization exercise in 1978. Eventually, by 1985, some 135 municipalities throughout the country were incorporated into the framework. This is the most broad-based, as well as the most sustained decentralization exercise in Francophone Africa, but it has been experiencing a number of problems which need to be addressed both within the country and by donor agencies such as USAID which have in the past supported decentralization.

The objectives of this report are (1) to prepare a detailed review of the status of the GOCI decentralization program; and (2) to make recommendations for future USAID interventions in this field.

The study was carried out by three persons, a political scientist/urban planner, a financial expert, and an Ivorian planner. In addition to collecting materials and conducting interviews among GOCI officials and others in Abidjan, the study Mission visited four *communes* for brief field visits: Port-Bouet (a *commune* of the City of Abidjan), Akoupé, Abengourou, and Tiassalé.

2. Ivorian Decentralization: History and Overview

2.1. Economic and political context

2.1.2. The changing economic environment. From Independence in 1960 through the late 1970s, Côte d'Ivoire enjoyed a period of economic growth almost unmatched in sub-Saharan Africa, with a growth rate of 6.8% per annum in GDP between 1965 and 1980. It also enjoyed political stability under the continuous leadership of President Félix Houphouët-Boigny and the ruling party, the Parti démocratique de la Côte d'Ivoire (PDCI). Growth during this period was based on four main factors: the development of high quality agricultural exports; the establishment of a large battery of parastatal organizations which involved all aspects of Ivorian economic life; strong incentives to foreign investment and tolerance of a large expatriate community; and the development of a well-trained and highly-paid

-national civil service structure. While there was some pressure within the country to open opportunities to Ivorians at a more rapid rate, the government's strategy was minimally acceptable so long as there was a high level of economic growth and substantial disposal government resources.

By the late 1970s, as world prices for the country's primary products began seriously to erode, the GDP began to fall. From a figure of \$1,222 in 1980, GDP per capita fell to \$734 in 1991. At the same time, Côte d'Ivoire developed a massive foreign debt, the service of which significantly reduced its ability to meet its domestic obligations. In response to the World Bank and IMF, the GOCI developed a Medium-Term Economic Policy Framework, which *inter alia* attempts to cut public sector wage bills and reduce expenditures on social services.

During the buoyant period of 1960s and 1970s, the urban population of the country was growing at a rate of approximately 10 per cent per year. With the onset of the *conjuncture*, urban migration (at least to the large towns) has subsided, with the result that during the 1980s Abidjan's population (estimated at approximately 2 million in 1993) grew at a rate of only 2.6% per annum. During the 1980s, the cities saw a much more explosive growth in their informal economies than had been the case previously.

2.1.2. Political evolution. The early political years of the current President of Côte d'Ivoire took place in France, as an active member of the French Constituent Assembly and subsequently the Fourth Republic. Following the elections of 1956 under the French *loi cadre*, Houphouët-Boigny became the elected Mayor of Abidjan. This arrangement was possible under a colonial law which had elevated Abidjan, Grand Bassam and Bouaké to "full exercise" *communes*.

Since Independence, commentators point to the pivotal nature of personal leadership in Côte d'Ivoire, as well as to the centrality of the single party. While the Party had weak horizontal integration, it was able to absorb a wide range of independent social activity in the country, through various umbrella organizations incorporating women, youth, and the trade unions. From 1960, the Party alone prepared lists for elections every five years; and only one candidate was presented for President. The first major change in this system came in 1980, when a "semi-competitive" system was put in place for the legislative elections. At this time, the regime was in the process of "cleaning up" the extravagant parastatal system, for what are seen as both economic and political reasons. Concurrently, the regime undertook to create a great number of new positions in the political system. Not only could different lists compete within the PDCI, but the President announced that municipal elections would be held for the first time in 37 *communes* (previously named in 1978). Then, in 1985 another 98 *communes* were created, in time to hold elections for councillors and mayors in 135 *communes* at the end of the year.

The most recent developments have seen multi-party elections in 1990, and the establishment of the office of Prime Minister at the end of the same year. The results of the municipal elections showed that participation levels were lower than ever, in spite of party competition. Of the 135 *communes*, elections in 3 were nullified, the PDCI won 123, and the opposition and independents took 9. Following the election and the establishment of the Prime Minister's office in the face of economic challenges to the country, there has been renewed discussion of the arrangements for succession to the Presidency. The political climate is therefore uncertain at the moment.

2.2 Legal context and rationale

To understand the meaning of communalization and decentralization in Côte d'Ivoire, it is important to understand the history of the territory as a French colony. The structure of territorial administration that was implanted during colonialism was built upon by new, metropolitan-type central government institutions after Independence. As for communalization, the institution of the *commune* dates back to 1884 in France. By the modern period there were 36,000 *communes* in France, most of them very small in population. But beginning in 1982, the French government undertook a broad-ranging decentralization reform which has had ramifications in the Francophone African countries.

The first *commune*, in Grand-Bassam, was constructed in 1914 in Côte d'Ivoire. Over the years, there were various attempts to develop *communes* of three types: mixed, medium-exercise and full-exercise. The distinction derived from French law, and had to do with whether the mayor was elected (and by whom), and consequently how much functional autonomy could be granted. By Independence there were three "full exercise" and six "medium exercise" *communes* operating in Côte d'Ivoire although a further eight "medium exercise" *communes* had been designated but not put into operation.

With Independence the *communes* languished. What happened in Côte d'Ivoire reflected the pattern elsewhere in Francophone Africa. This is ironic considering that almost all Francophone African presidents at the point of Independence (with the sole exception of Senghor) had been previously elected mayor of their *commune*. As the *communes* fell into disuse in Côte d'Ivoire, the territorial administration under the prefects was built up, along with an elaborate structure of central government and parastatal organizations.

A municipal initiative came to the National Assembly on 30 December, 1977, when a new law was voted that confirmed the establishment of the 2 existing "full exercise" *communes*, and proceeded to establish 26 more. In the event, elections did not take place in these *communes* until 1980 because of problems within the Party. Then, following the 7th Party Congress in October 1980, three major laws were

passed which still form the basis of the country's municipal law. In 1985, 98 *communes* were added, for a total of 135. Following the municipal elections of that year, there were 3,910 elected councillors, 135 mayors (including the Mayor of the City of Abidjan, a super-municipal government functioning on behalf of 10 Abidjan *communes*), and 423 assistant mayors.

Does the communalization initiative represent decentralization, or can it rather be described as deconcentration? This is an important question, but two initial points must be made. In the first place, the term *municipalisation* in French conveys a much more limited political meaning than does the term "municipalization" in English. Moreover, the bulk of the 135 *communes* in Côte d'Ivoire would be considered small towns or even villages by international demographic standards. The second point is that the French sense of the term *decentralisation* has to be understood in the context of a long historical experience with a highly centralized and intrusive state. The Anglo-Saxon sense of "decentralization", which implies a high degree of disengagement by the state with respect to defined powers and functions, is not fully applicable in this context. To what extent has real decentralization (in the American sense) taken place through the communalization exercise? We would argue that a modest, but in the Ivorian context and under the circumstances, relatively significant and sustainable level of real decentralization has already taken place.

Our positive evaluation of the communal initiative from the point of view of decentralization is based on four major criteria. First, in terms of the division of powers, the experience of the *communes* shows that they are increasingly gaining competence in the administration of the limited powers that they have been allocated. Second, with respect to the financial and budgetary experience, the total expenditure represented by the communal budgets amounted in 1992 to some 5.6% of the national total. In addition, the state pays the salaries of a wide variety of its agents who work either partially or completely under communal jurisdiction. If we include these transfers, the *communes* may represent close to 10% of the national budgetary total. A third area to consider is human resources. Currently, there are 12,103 employees working directly under the authority of the *communes*; a further 669 are directly appointed agents of the central government who manage the communal technical and administrative services. Since, given the investment budgets of the *communes*, each communal job has a multiplier effect of another .726 jobs, the total formal employment created by communal activity is substantial in a small country like Côte d'Ivoire. It can also be demonstrated that settlements which have been granted *commune* status are considerably more successful in collecting taxes and other revenues than are similar-sized settlements that have not been communalized. Finally, there is the political factor. We would argue that, for various reasons, the *communes* have become a significant part of the political "game" in Côte d'Ivoire. Many of the mayors have become important political personalities, and they in turn are concerned to manage their towns effectively if they wish to be reelected. The evidence suggests that the government is strongly committed to supporting this

exercise.

2.4 The emergence of new stakeholders

As the state disengages from some of its previously onerous responsibilities, it begins to position itself in a more interactive fashion with new "stakeholders" who also influence the policy process at the local level. The emergence of these stakeholders can be seen at both the local and the international level in terms of decentralization policy.

At the international level, there are at least eight international donor agencies working in the urban field in Côte d'Ivoire. France, which operates three grants for an approximate total of \$3,751,000, and supports the Centre ORSTOM (which carries out significant urban research), is likely to become more involved in decentralization and urban management globally. Other medium-sized actors in the field include the USAID (with a \$5 million project, most of which involves the training of communal agents); and the European Economic Community (through the FED) which works with 13 coastal *communes* through a \$38 million project (and is developing a second project). But by far the largest and most important stakeholder in the decentralization field is the World Bank, with 7 very large urban projects since the 1970s, and a large (\$66 million) current project on municipal development. Current sentiment at the Bank is in favor of continued support for this process. Nevertheless, the Bank feels that USAID plays an important role in this field.

3. The Structure and functions of communal governance.

3.1 Existing structure and division of powers.

A major recent overview of urban local government in the developing world shows the variation in functions and powers given to local authorities. There is no "optimal" allocation of powers, or of local government structure, independent of the political objectives of national governments. The structure and functions of local governments have been defined by specific legislation in Côte d'Ivoire, with a list of powers that fall under the tutelary authority, and another list of powers that are the responsibility of the mayor. On the basis of the legal texts, the main services for which the *communes* are responsible can be grouped into four sectors: general services, collective services; socio-cultural and human development services; and socio-economic services. The mayor is responsible for the carrying out of these services, though in practice the day to day administration is the responsibility of the secretary-general of the *commune*.

Although there is a substantial list of local functions reserved for the *communes* (whose actual work tends to concentrate on administering markets and removing

garbage), some important powers are still reserved for the central government. The most important reservation involves control over land. Only in the small *communes* can municipal councillors make decisions on sub-division; in Abidjan, control over the allocation of, and development of land is almost entirely a central government power. While it could be argued that this situation is a logical one so long as the central government collects both land and business taxes, lack of control over land deprives local political groups of a major resource and basis for involvement. In addition to land, the central government retains some important (but not exclusive) powers over primary education, public health, and veterinary services, among others.

3.2. The role of central government agencies.

3.2.1. The Ministry of the Interior

While the Ivorian *communes* have a "moral autonomy" and a certain level of financial autonomy, they are very closely supervised by the national government through the instrument known as *la tutelle* (close supervision). The second chapter of the basic municipal law spells out this relationship, which by Presidential decree in 1982, was put into the hands of the Ministry of the Interior. Supervision within the Ministry is carried out through the Direction Générale des Collectivités Locales (DGCL), an office of some 108 people operating out of cramped and poorly equipped quarters in downtown Abidjan. In order to relieve the burden on the DGCL, the Ministry has tried, over the years, to devolve some tutelary powers to the prefects. In 1992, the prefects were given the responsibility of vetting the budgets of all *communes* with an annual budget of 100 million FCFA or less. This measure covered fully 80% of the *communes*. Still, the larger *communes* still complain that their budgets take too much time before they are approved; and once a budget is approved, individual expenditure items still must be justified by a resolution of the council.

3.2.2. The Supreme Court Accounting Office.

This relatively small office became important in the country during the late 1970s when the government decided to "clean up" the accounting practices in parastatal agencies. Since the early 1980s the office has played an important role in investigating financial malfeasance in the *communes*; as a result of its recommendations a number of mayors have been removed from office.

3.3. Case studies of communal governance.

The Mission paid field visits to four *communes*, in order to get a first-hand view of the day-to-day problems experienced at the local level, and to interview communal officials. The four *communes* visited were Port-Bouet, Akoupé, Tiassalé

and Abengourou. Analysis of the four cases is organized around four main areas: the political and economic context, the functioning of communal institutions, the distribution of powers, the main areas of communal management, and the emergence of new local actors. While the individual cases show a lot of variation a number of general points can be made that apply to almost all. First, in discussing their work with senior communal agents (all of whom were central government officials), the point was often made that political officials have become very involved in using the resources of the *communes* for their own purposes. While this conflict between political and administrative uses for local resources is widespread, the Mission does not consider this cause for alarm, since it is simply one more example of the increasing importance of the *communes* within the Ivorian political system. Another current feature of communal management is the very slow process of approval of budgets by the DGCL, at the same time as the funds which are collected (from land and business tax, and from various municipal services) and deposited in the government's coffers are not being released. This "lack of liquidity" crisis is severely affecting morale among local employees, as the central government agents are getting their pay on time, while the communal officials are normally well over a week in arrears. The liquidity crisis has considerably empowered the municipal *receveur*, since it is he who decides who will be paid every month. This is frustrating to the mayors, whose budgeted requests for payment to suppliers are not honored, and who see their re-election chances slipping away if the situation is not rectified. Finally, the case studies also indicate that (except in the case of Port-Bouet, and Abengourou) the self-help dynamic is not strong at the local level. It may take some time before local communities realize that the state is not in a position to solve their problems without some initiative on their part.

4. Resource Mobilization

Our approach in dealing with the mobilization of resources is divided into two parts (i) a review of the current resources of the municipalities with suggestions for increasing revenue from those resources; and (ii) recommendations for new sources of revenue.

The major contributions to the revenues of the *communes* are from the following sources:

- A. ADMINISTRATIVE BUDGET
 - TAXES AND LEVIES
 - Collections by the Treasury
 - Real estate tax
 - Business tax
 - Collections by the municipality
 - Small business and other taxes

- Municipal taxes and levies**
- Gas stations and taxicabs

PROVISION OF SERVICES

General Services

- Notary and other registration services

Community Services

Economic Services

- Transport, and taxi and bus terminals
- Markets (the small business tax)

GOVERNMENT AND EXTERNAL AID

A substantial part of the revenues are spent as follows:

EXPENDITURE

- Staff compensation charges
- Motor vehicle running costs
- Materials and supplies
- Provision of community services

B. INVESTMENT BUDGET

REVENUES OR RECEIPTS

- Contribution from the Investment Fund
- Borrowing

EXPENDITURE

- Equipment for services

As a direct result of the lack of liquidity in the system, the actual realization of the investment budget is limited to the availability of cash.

The system of tax administration in Côte d'Ivoire is structurally patterned after the French system. The main feature of the Francophone system which separates and distinguishes it from the Anglophone system is its division of powers, and segregation of duties and functions within the administrative framework as a means to providing checks and balances. The Anglophone taxation system is an integrated system in that the administrative functions are not so separated and there is more emphasis on auditing to provide for accountability.

There are two major agencies dealing with tax collection at the central government level. *La Direction générale des impôts* (DGI) is vested with the tax assessment authority; while *la Direction générale de la comptabilité publique et du trésor*

(DGCPT) has exclusive authority over all collections. Both agencies are located within the Ministry of the Economy, Finance and Planning.

In the case of certain taxes and levies, the administration of the tax collection activity is delegated, on an express or even a *de facto* basis, to the tax assessment authority, DGI. DGI is currently submitting a proposal to the Council of Ministers to allow it to integrate more collection functions under its own authority.

4.3 Analysis of the System in Operation.

Two general constraints impede a more effective functioning of the administration of public resources. One pervasive factor is the current "lack of liquidity" which separates different categories of staff in terms of remuneration and demoralizes the suppliers as well as the public in local government areas. Another is a lack of proper horizontal coordination between different central and local government agencies with similar interests in particular outcomes.

A detailed analysis of the communal budgets can logically begin with the administration and collection of the real estate tax. There are at least two ministries, plus the office of the Prime Minister, and four *Directions générales* that deal with the whole activity of the real estate tax assessment and collection. The process starts with allocation of the land which, in theory, belongs to the central government. The Ministry of the Environment, Construction and Urban Planning has, in general, power over most urban land and its distribution.

In theory, administration of the real estate tax is divided between two major agencies. The *Direction du cadastre* (DC) is responsible for the tax assessment activity; while the *Direction générale de la comptabilité publique et du trésor* (DGCPT) is charged with the tax collection activity. In practice, the system fails to function as it was originally intended for a multitude of reasons. A number of these factors include the following:

- Land allocation procedures. There are a number of considerations in allocation of urban land. Land is basically owned by the government and allotments are made on condition that the person receiving the allotment proceeds with construction on the land. There is a major inconsistency in this area in that, while the government does the zoning, subdivision and parcelling of the land, the allotments are often made according to traditional processes and criteria.
- Lack of coordination. There is little horizontal coordination between different departments of different ministries, resulting in lack of information and duplication of effort.

As for the business tax (*la patente*), it is considered a local tax and is basically collected at three different levels of the administrative system. For businesses with a turnover of FCFA 2,000,000 or more per year, the tax is collectible by the central government. For businesses with a turnover of less than FCFA 2,000,000 per year, the tax is collectible by the municipality. However, this tax is collected either as the small business tax (*la petite patente*) or the market tax. While the small business tax is collected by the communal treasurer, the market tax is collected by tax collectors assigned to the local market.

The basis of assessment for the business tax is the rental value of the business property. The level of assessment is a function of the location of the business. There is accordingly a distinction between businesses conducted in Abidjan or elsewhere in the country. The method of assessment also takes into account the classifications by type of activity. Once the tax is collected by the central government, 60% is distributed to the *communes*, and 40% is held by the government.

To this point, we have been describing the recurrent, or administrative budget of the *communes*. There is also an administrative budget, the total of which ranges from 10% to 30% of the recurrent budget. In terms of revenues for projects within this budget, the main source of funding is the Investment Fund. Otherwise, a limited number of municipalities, in line with the provisions of the projects undertaken by The World Bank under the Municipal Development Project, are able to borrow from the *Fonds de prêt aux collectivités locales* (FPCL). Lists of projects which are currently approved and funded as well as projects which are under review are included as annexes to this report.

4.4. Major Shortcomings in Resource Mobilization

1. Practical problems in the collection of the real estate tax. The system of taxation prior to independence was based on the then prevalent philosophy of collectibility rather than equity. Each colonial resident paid a fixed amount, regardless of income or economic activity. The current taxation system is a comprehensive system of taxation. This has resulted in fundamental dislocations in both assessment and collection of the tax. For example, there is a lack of proper administration and communication both within and between different government agencies charged with tax assessment and collection. Training of personnel is insufficient. There are inadequate funds to employ staff with technical specialities, such as certified surveyors and those with allied technical skills. The system lacks a basic ability to collect and analyze information by itself, relying on consultants (often financed by foreign donor agencies) for occasional studies when major problems inevitably arise. Adequate office equipment and transport support is lacking. And finally, there is a low level of political willingness to bring the individuals who evade compliance to justice.

2. **Assessment and collection of business taxes.** Of particular note in this area is the low level of coordination of different departments with respect to the collection of information relevant to business tax assessment. As for the market tax, which is collected by the *communes*, the system of issuing daily tickets to individual vendors is ineffective in many areas.

3. **Sources of income from "other" and "non-tax" resources.** Emphasis on different sources of revenue is misplaced, as economic activities change over time and are not taken into account as revenue sources. The *communes* are not fully responding to changes in the pattern of life in their communities.

4. **Patterns of community expenditure.** The bulk of the expenditure at the communal level comprises salaries and other compensation to the local staff. Consequently, the current approach to resource mobilization is more administrative than it is a function of the activities of the community.

5. **The effects of the recession on the current pattern of expenditure.** The current "lack of liquidity" crisis has crippling effects on the activities of the municipalities. Thus, disbursements which are requested by the *communes* are made by the municipal *receveur* according to a fixed schedule. First, are payments of civil servant salaries by the central government. Then, payments are made for the benefits (or *indemnités*) to the above individuals and elected officials, as well as salaries to the employees of the municipality at the lower ranks. Third, payments are authorized for vehicle expenses and gasoline. And finally, all other payments are made at the discretion of *receveur*. The tax collector, therefore, exercises considerable influence over the pattern of expenditure.

4.5 Recommendations for Improved Resource Mobilization

The only legal vehicle through which outside project funds can effectively be allocated to the municipalities by donor organizations, without a loss of accountability, is through the setting up of a non governmental organization (NGO).

The issues relating to the mobilization of resources are multidimensional. Our approach is through application of a matrix to all the elements involved. We take account of both short-term and medium- and long-term considerations. In addition, our recommendations will vary according to the type of municipality in question: that is, whether we are dealing with large municipalities (developed municipalities in urban areas), medium-sized (or semi-developed) municipalities, or with small (essentially rural) municipalities. Given these distinctions, there are three major constraints or considerations: the likely magnitude of the USAID budget and existing priorities for the agency; the practical feasibility of different approaches in the present circumstances, and the importance of using, as much as possible, common denominators for various approaches.

In the first place, it is necessary to develop a general plan of action. Such a plan will need to involve training at all the levels in the resource mobilization administration. It will also involve developing a list of priorities for human resources, which in the current circumstances seem to be the major available resource. Both skilled and unskilled labor should be included in this list of priorities. To complement manpower training, some direct financial support will be necessary. We recommend channeling resources in this category through NGOs, either at a regional or local level.

Once the general plan is elaborated, specific action plans need to be worked out. Some requirements for such plans will involve: (i) the preparation by *communes* of a "needs list" to include manpower training and services required, along with prospective methods of achieving local financial sustainability for the services included; (ii) the identification of projects as a function of the most frequently requested services, that are easy to implement, and that represent relatively low capital costs; and (iii) the preparation of a few pilot projects for typical services and training schemes. In the development of these action plans, attention should be given to the use of mobile units, which can result in cost saving and help to achieve uniformity in administrative procedures.

The choice of municipality should be a function of the needs of other municipalities in that immediate region, also taking into account other criteria applicable to pilot projects which provide for replication. The process should also attempt to pool resources wherever possible at the regional level. This may lead to some level of regionalization of administration, but for equipment and certain kinds of services and infrastructure – particularly for the smaller *communes* – such a reorganization would be highly cost effective. Finally, in our suggestions for more effective use of resources, we have introduced a cumulative pyramid approach to allocation of projects. Once the municipalities are chosen based on the criteria stated above, the priority should be first given to the municipalities, which are willing, and who have the capability and commitment to replicate their experience in other municipalities. The allocation should be made, based on the resources of the *communes* that can be utilized beyond their immediate means (contrary, perhaps to some extent, to the idea that the *communes* with lesser resources should be helped first).

4.5.1 Suggested projects for implementation.

The overriding consideration in any selection of projects, other than the constraints mentioned above, is their duration. We, therefore, have developed two lists, one for the short term and the other, for the medium and the long term. Based on the criteria which run through the body of all the recommendations are the following eight considerations: (i) the pursuance of increased effectiveness; (ii) training and continuing education (this involves starting at the top and going down

through the ranks; and diffusing programs of awareness and sensibilization of the community); (iii) increasing efficiency; (iv) the setting up of equipment repair centers, regionalization and pooling of resources (including the centralization of artisanal activities); (v) keeping up the momentum by replication; (vi) identifying the *communes* where resources can be better mobilized for both their own benefit as well as for other *communes*, and starting the projects in those *communes*; (vii) implementing projects which perpetuate themselves, or if they involve a one-time assistance, that provide for a permanent improvement in operating methods; and (viii) providing for environmental sustainability wherever possible.

We now list a number of possible projects for possible implementation.

In the short term

- A simplified property survey, for the real estate tax;
- A study to propose better coordination of work between different administrative agencies, while avoiding conflict of interest;
- Reorganization of the annual survey of businesses for the business tax;
- In the absence of an effective judicial system to enforce payment by delinquent taxpayers, the institution of a publicity campaign as a way of demonstrating the importance of paying property taxes;
- Provision of material and equipment support to selected *communes*.
- Reduction in expenditure to free up resources for other purposes. For instance, with a reasonable outlay, the system of roads and canals outside Abidjan can be properly constructed and maintained. The result will be a definite reduction in the cost of garbage collection and also a saving in health costs.
- Substitution of unskilled labor for capital intensive equipment and fuel costs (e.g. in the collection of garbage).

In the medium and long term

- Advocating policy change issues, such as the streamlining and even reorganization of the tax administration. For instance, the MEFP is currently making proposals to the Council of Ministers on the following matters:

Decentralization and regionalization of the taxation authority.

Consolidation of functions. This involves centralization of the tax assessment and the tax collection functions.

Computerization and introduction of a management information system.

Introduction of new tax laws and legislation.

- Modifications and even new concepts in the tax laws can be considered. For instance, the 15% tax rate on property taxes can be amended to take account of the following factors:

Introduction of incentives and tax credits in order to encourage economies in the use of energy and other resources.

Transfer of authority over the land to all *communes*.

Introduction of laws with a view to income enhancement in direct response to the change in activity of the residents. What is needed is change, modification or repeal of laws no longer applicable neither as a source of revenue nor for providing a regulatory function.

Change in the method of accounting to create special funds as in, for example, the United States.

- A comprehensive survey of urban properties, to improve the administration of the real estate tax.
- Coordination of work between different administrative agencies, while avoiding conflict of interest.
- Reorganization of the annual survey of businesses for the business tax.
- Institution of effective procedures to enforce payment and compliance by delinquent taxpayers.
- Establishment of centers for equipment selection and purchases.
- Encouragement of associations for professional and artisanal activities.
- Promotion of the idea that the *commune* is a partner, not an adversary of the central government.

5. Final recommendations

Given our overall judgment that the decentralization exercise in Côte d'Ivoire has been a positive one – in spite of the economic difficulties which the whole country is currently going through – we would suggest that USAID policy unequivocally support all efforts of the GOCI to sustain and strengthen the *communes* as institutions of local democracy.

On the resource mobilization side, this means considering support for a wide range of both short-term, and medium- and long-term projects, as indicated in the previous section. The effect of support of such projects, in addition to the actual impact of the projects on local communities and target groups within the administrative system, would be to signal the strong approval of the United States government for what is, arguably, the most elaborate program of decentralization in all of black Africa. Support for decentralization channelled to the GOCI will not only demonstrate to the Ivorians that they are on the right track, but it will give USAID important leverage in the very influential Ministry of the Interior (presumably through the DGCL), and will send a signal to other countries in the region that an important donor supports decentralization.

As to the modalities of support for USAID intervention, it is important that the Agency attempt to work with some of the other donors in this field. Since the funding likely to be available is modest, and since a number of other donors – such as the World Bank, the European Economic Community (through the FED), and even the French – have significantly larger programs, USAID can more effectively position itself in this process through both bilateral and joint funding operations. The other donors may be pleased to include USAID in joint management structures for some of their projects, even if the agency's contribution is small.

Apart from the question of joint funding, USAID should, as much as possible, attempt to work with local or national NGOs in the urban field. Until now, such organizations are not numerous or important in Côte d'Ivoire, but if the experience of other West African countries is any example, they will become more significant in the near future. Working with NGOs has at least two advantages: it distances the donor from too strong an identification with official structures, and thus one of the parties in a multiparty state; and it also tends to make accountability tighter and ensure that the impact of funding decisions on local target groups is more direct. To understand the potential of NGOs and community groups in the urban field, we propose a consultant study – to be carried out by a local consulting group if at all possible – of the range of NGOs and community groups in a representative sample of *communes* throughout the country. The study should also look systematically at the contribution which these groups do, and can make to the provision of basic urban services.

Finally, USAID should continue to work effectively in the training of municipal officials and elected councillors. Evidence from the study shows that there is a great need for more training on basic functions (such as accounting, the management of certain common services such as refuse collection and markets, and the collection of fees and taxes) in many of the *communes* across the country. So far, although the DGCL has established a training unit, it has no ability (given current financial constraints) to fund the activities of this unit. In the future, training activities can be extended to include small research-related projects (which can generate local information about services and various administrative questions), more work with the prefects and sub-prefects, and perhaps even the municipal *receveurs* who have become so important in communal finances.