

**Interest Groups and Medium-Term Structural Adjustment  
in Côte d'Ivoire**

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**DRAFT**  
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***Volume One: Report on Interest Groups and Structural Adjustment in Côte  
d'Ivoire***

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## Note on Style

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This report uses the country name "Côte d'Ivoire" instead of "Ivory Coast," the adjectival form "Ivoirien" instead of "Ivorian," and "Ivoirians" to indicate citizens of Côte d'Ivoire. Where used, French phrases and terms are in regular type. In most cases, quotations have been translated by the authors.

## Executive Summary

This report asks three main questions. 1) What are the key elements of the medium-term structural adjustment program in Côte d'Ivoire and which of the proposed reforms has the government implemented? 2) How do the country's main interest groups view the process of structural adjustment, particularly with regard to its effects on the economic problems they face? 3) Is there a rural constituency for structural adjustment in Côte d'Ivoire?

To answer these questions, the authors carried out extensive in-country interviews between September and the middle of December, 1992. The main findings appear in summary form here and in detail in the chapters that follow. Taken together, they provide a partial picture of the "politics of structural adjustment" in Côte Ivoire. Personal politics and interest group politics now compete for influence in country, creating new kinds of opportunities, and new kinds of obstacles, for the reform of the economy. Analyzing interest group reactions to adjustment is only one important element in drawing a complete picture of the process underway, as a result. In thinking about the likely success or failure of efforts to facilitate reform, users of this report must combine the material presented with knowledge of the interests of senior elites.

### **Special Challenges of Structural Adjustment in Côte d'Ivoire**

Implementation of medium-term structural adjustment in Côte d'Ivoire presents several special challenges. The "politics" of economic reform differ from those of Ghana, Senegal, and many other African countries in several key respects.

First, economic reform will prove a special challenge in Côte d'Ivoire precisely because of the country's past successes. Ironically, the country's legacy of economic achievement during the 1960s and 1970s means that there are now individuals and groups who perceive, rightly or wrongly, that they have something to lose by accepting some of the proposed reforms. Unlike many other countries of sub-Saharan Africa, where standards of living for many stagnated or even declined over the thirty years since 1960, Côte d'Ivoire's pattern of economic development moved it into the small group of "middle income" countries in Africa and created a comparatively larger "middle class." When growth rates slowed and occasionally turned negative during the 1980s, eventually threatening to push the country back into the category of "low income" countries, not all Ivoirians were similarly affected. Although there are some who consider the proposed reforms a way to stop a spiral of decline in standards of living, others believe that structural adjustment will make them "losers."

Second, the government of Côte d'Ivoire is under international pressure to pursue reform at a time when the character of the political system is changing. Personal politics and interest group politics now compete for influence in Côte d'Ivoire, creating new kinds of opportunities, and new kinds of obstacles, for the reform of the economy.

This change has several implications.

- In the industrial democracies, the demands of interest groups are mediated through national assemblies and other institutions designed to facilitate compromises and long-term negotiations among government, business, and labor. Like many countries in Africa, Côte d'Ivoire has a new union movement but none of the bodies and forums for interest intermediation that exist in the industrial democracies. This institutional lacuna potentially makes securing acceptance of reform more difficult.

- Most interest groups, newly formed and with relatively little access to information or to contact with each other, have not had to evaluate the opportunity costs associated with the demands they make. Until 1990, the Ivoirien government did not tolerate trade unions or associations outside of those that maintained ties with the sole legal political party, the Parti Démocratique de Côte d'Ivoire (PDCI). It controlled access to information tightly, sanctioning only government-produced newspapers, radio, and television. Although there are three labor federations now active in the country, along with several, somewhat older business lobbies, most syndicats frame their objectives and programs with little or no information about the economic effects of different alternatives or the concerns of other Ivoirien citizens.

- As a result of the deficit of information and institutions, the programs of some of the new syndicats, as well as the old, reflect little consideration of the costs and benefits associated with different courses of action, when the behavior of other groups is taken into account. Lack of information and absence of a forum in which demands can be measured and bartered against those of other groups creates a rigidity in the positions pursued that does not accurately capture the attitudes and ideas of either the members or the leaders.

### **The Key Elements of the Structural Adjustment Package**

Discussions between the Ivoirien government and donors produced agreement on the main reforms required to redress Côte d'Ivoire's economic problems by the end of 1987. Little progress occurred until 1990, however, when it became obvious that the Ivoirien economy was in a sustained recession, had lost its international competitiveness, and would continue to decline unless basic macro-economic policy reforms were put into effect. At that time, the donors made it clear that they would not be satisfied with half measures and insisted on concrete progress in moving toward open markets and increased international competitiveness.

The government has now articulated a comprehensive economic liberalization program, The Medium-term Economic Policy Framework, with the following components:

1. Liberalization of agricultural export pricing and marketing.
2. Balancing the budget, primarily by reducing the public sector wage bill, reforming the social service sectors, improving public sector management, and restructuring the government debt.
3. Policy reforms to increase industrial competitiveness, consisting of the following sub-components:
  - elimination of non-tariff barriers on imports and associated internal price controls;
  - elimination of market distorting tax policies, especially reducing the level and range of import tariffs;
  - liberalization of the labor market; and

- legal and regulatory reforms applying to private sector economic activity.
4. Restructuring and privatizing para-public enterprises.
  5. Financial sector restructuring and reform.

The agricultural export pricing and marketing reforms, which are discussed in chapter three, are largely complete. Of the other four policy reform areas, the privatization, social service reform, and financial sector restructuring programs have made the most progress. The programs showing the least progress are reductions in the government wage bill, reductions in tariff and non-tariff import barriers, and the restructuring and reduction of the national debt.

### Interest Groups and Structural Adjustment

The government in Côte d'Ivoire is under international pressure to pursue economic reform at a time when the character of the political system is changing. In the clientelist era of 1960-90, the economic policies the country pursued reflected the preponderant influence of a few individuals, who mobilized support for their interests through political machines. The growing strength of interest groups in the period since the 1990 move to multi-party rule has started to alter the policy process. Personal politics and interest group politics now compete for influence in Côte d'Ivoire.

Interviews with selected producers' groups, economic gate-keepers, and "opinion-making" organizations suggest several observations about the place of interest groups in the reform process.

First, among most interest groups there is general recognition that poor management of public-sector institutions has contributed to the economic problems Ivoirians now face. Few interest group members or leaders interviewed accorded blame for economic problems to "international speculators" or to industrial-country manipulation of world markets. They speak openly of abuses of power that attend monopolies, public or private.

Second, there is no monolithic opposition to reform per se. There are serious disagreements about the need for certain specific reforms, however.

1. Groups disagree about the best way to reduce the cost of government. Most object to reducing the size of the public sector through *layoffs*. They staunchly defend their "droits acquis." Some of the unions say that they will go into the streets to defend themselves. Others regard some layoffs as inevitable and have started to think about criteria that should be used in dismissing and advancing employees. Regardless of the flexibility union leaders show on this issue, they all agree that increasing unemployment in the country is a strong threat to public order.

The preference is to reduce the costs of government through better management, but they articulate a range of opinions about the best way to achieve that end. Most interest group leaders perceive *privatization* as the government's preferred approach to improving the quality of public management. Proposals to sell public enterprises to private buyers do not currently elicit vehement objections. The lack of transparency surrounding the process has done considerable damage to the government's legitimacy, however.

- First, there is widespread concern that "wired" sales of firms to individuals with contacts in government only transform public monopolies into private monopolies and that these deals will not work to the advantage of the country.
- Second, some interest group leaders suggest that there may be other, better ways to improve the quality of management. They suggest greater worker participation in the management of public and private enterprises or expanded use of "management contracts" while the government retains equity in enterprises, along the lines of Air Afrique. The FESACI-affiliated unions in particular appear to prefer these options and the reduced risk of "re-colonization" they seem to imply, in some minds.

2. Financial sector reform, already under implementation, is the main point of agreement. Most of the interest group representatives interviewed for this study said that the liquidity problems, high interest rates on loans, and uncertainty surrounding the ability to withdraw funds already deposited in a timely fashion (only partly a function of liquidity) hampered the ability of enterprises to adapt to new incentives and proved a major source of frustration to consumers. Unless the health of the financial sector improves, other reforms will not have the effect intended, they argue.

3. There is considerable disagreement on policy reforms designed to increase industrial competitiveness.

- Although many Ivoirians stand to benefit from elimination of *non-tariff barriers*, which currently prevent some lower cost goods (such as generic pharmaceuticals) from entering the country, some parts of the business community are opposed to this reform. The fear of firms that are not currently competitive in the international arena is that they will be driven out of business. The division of interests within its ranks means that the Union Patronale cannot act as an effective lobbyist for this kind of reform in its discussions with government. Further, a few senior politicians also have a vested interest in preserving the system, as they currently benefit from being able to exploit loopholes in the rules to their own advantage. The potential beneficiaries of the elimination of non-tariff barriers are so many, and their shares in the outcome are so evenly distributed, that it is difficult to mobilize support for this kind of change.
- *Reducing tax and tariff burdens* and improving the efficiency and fairness of the customs administration has broader support. Because of the general perception among members of need for this type of reform, the Union Patronale and the Syndicat des Industriels are both strong supporters of this change. Although the groups have not joined forces as effectively as they might, the manufacturers have a potential ally in the transporters' unions, whose members suffer from the high cost of vehicles and imported parts and from irregularities in the administration of customs.
- *Revision of the labor code* evokes more emotion than other reforms. Most of the unions steadfastly oppose reductions in their *droits acquis*, as costs of living increase and many employed workers have to support unemployed relatives. Business enterprises argue that they will either go bankrupt or flee the country if they can secure no additional flexibility in the power to fire employees and use overtime, however. There are some indications that grounds for accommodation exist, nonetheless. Even some of the more militant FESACI syndicates are willing to consider merit-pay schemes.

4. Devaluation is not formally part of the medium-term structural adjustment program, although there is widespread suspicion among interest group leaders that it will take place during 1993. It is the one element of standard structural adjustment packages against which there is widespread opposition in Côte d'Ivoire, although much of the concern derives from partial and therefore misleading information about the likely effects of the change.

- Not surprisingly, some of the major opponents of exchange rate reform are foreign-owned businesses that deal in imported products and urban unions, which forecast significant increases in the costs of living for their members.
- The potential beneficiaries of devaluation are enterprises that produce exports, including farmers who grow coffee, cocoa, cotton, rubber, oil palms, or export-grade fruits. These planters do not necessarily see themselves as "winners," however. Most use imported roofing materials for their houses and consume bread baked with French- and American-grown wheat. They fear that their costs of living will rise more than sales of the commodities they produce. Further, to the extent that exporters and acheteurs are allowed to cartelize and to depress the share of the world price farmers receive, smallholders could see a decline in living standards as a result of devaluation. Only if trade liberalization and monitoring of the behavior of exporters and buyers accompanies devaluation will smallholders see improvement in their standards of living.

Third, there are no institutions or forums for "interest intermediation" in Côte d'Ivoire, currently, and that means that there are few opportunities for new groups to adjust their demands in the light of discussions with others or to frame choices based on evaluation of opportunity costs. None of the interest group leaders interviewed had contact with leaders of groups in other sectors or had approached these groups as potential partners in a coalition for economic reform, as distinct from a joint defense of *droits acquis*. Moreover, except for the journalists, none had allies in the National Assembly, who could help negotiate demands with representatives of other sectors. Absent a forum to facilitate concertation, the different interest groups frame their programs in isolation from one another. Many of the programs individual groups frame are at once idealistic and without sufficiently broad backing to force serious consideration by the government, in consequence.

Fourth, many of the interest groups want the government to address concrete problems that are not part of the structural adjustment package. Action to resolve the difficulties the groups find particularly irksome or to promote changes they consider desirable need not be viewed as an additional burden on government. Instead, serious negotiations and consultations to support economic reform could include these measures as inducements, to secure acceptance of uncertainties or short-term sacrifices some leaders could not persuade their members to support otherwise.

Fifth, lack of trust of the governed in the governors is an important obstacle to reform. Without confidence that parties to negotiations over reform will adhere to their commitments, it is difficult to secure acceptance of uncertainty and sacrifice. The perception that a few Ivoirians continue to benefit disproportionately from the country's resources while others suffer is one component of the growing lack of trust. The style and tone set by the Prime Minister and the officials around him affects these perceptions strongly. Another contributing factor to the crisis of confidence is the lack of transparency surrounding government activities. Interest groups have no way to monitor whether their governmental negotiating partners are adhering to their commitments (and vice-versa). For that reason, a free press, improved economic reportage, and a neutral, public facility for

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collecting and disseminating information about the economy could prove an important stabilizing measure in the months and years to come.

Finally, the frequency of allusions to Togo, Zaire, Liberia, Somalia, and Yugoslavia in interviews conducted for this study suggests an increasing deficit of hope among the country's interest group leaders. Even two years ago, Ivoirians rarely considered that their country might experience such civil strife. The references to these cases suggest that for many, the faith that changes in policies and management could stabilize the economy and bring eventual improvement is slipping away. Without such hope, it is very difficult for a political leader to broker a coalition for reform. Parties to a coalition only compromise and adhere to agreements when they think there will be a "long-term." If levels of uncertainty and despair rise too high, group leaders will pursue short-term interests, which are likely to take the form of more strident demands, not more measured responses. Preserving hope is one of the tasks of leaders who govern where interest groups, not patrons, organize public opinion and public action.

### **Is There a Rural Constituency for Reform?**

Cocoa and coffee growers do not currently constitute a constituency for the reforms that are part of the package the government negotiated with the World Bank. The absence of powerful, organized farmer support has three sources. First, farmers have extremely limited access to information about the reform program, and most do not grasp the effect of the changes on their own economic interests. The majority of household heads in rural areas do not speak French fluently and therefore have restricted access to news. Most are also illiterate. They learn about the dynamics of the market through the experience of fluctuations, abuses, and reforms. Indeed, for many, "the market" is an unfamiliar concept, although they are themselves price-responsive.

Second, the liberalization of coffee and cocoa marketing to date has been characterized by hesitant and conflict-ridden planning and implementation, compounded by inadequate publicity and communication with farmers. Although the government has carried out some of the reforms negotiated, it has proceeded haltingly with regard to others. Some of the proposals were poorly-framed from the outset, based on incomplete knowledge of the local situation. For this reason, farmers do not view recent policy reform as part of a benign plan, and they do not characterize themselves as "winners" in a structural adjustment process.

Third, the move to multi-party rule in 1990 precipitated conflict in several rural regions, disrupting marketing cooperatives and village labor teams, in some cases, and generating new kinds of barriers to collective action by farm communities. Stanger-originaire distinctions and ethnic differences have hampered the ability of farmers to work together in the center-west areas and in some other parts of the country as well. Although the recent formation of farmers' unions (see previous chapter) has countered some of the fragmentation, organized agriculture is still a weak political force in Côte d'Ivoire.

## Chapter One

### An Overview of the Côte d'Ivoire Structural Adjustment Program

by  
Roger J. Poulin

The many barriers to open competition in Côte d'Ivoire are the end result of government policies intended to accelerate the development process and protect consumers and laborers from unfair competition. Many of these policies stemmed from the government's basic distrust of unfettered free enterprise and a lack of confidence in the ability of free markets to bring about rapid and equitable growth.

Government controls began with price stabilization programs for agricultural exports. When world prices were high, the government was supposed to build up the stabilization fund. When world prices dropped, the government was supposed to use the fund to support producer prices. What actually happened was that the stabilization fund became a tax on agricultural exports and was never effectively managed for price stabilization. By insulating producers from world price signals the price stabilization program made it impossible for production decisions to accurately reflect market forces and the country's true comparative advantages.

The second set of controls involved setting up non-tariff barriers to protect domestic industry from import competition. Once import competition was eliminated, the government imposed controls on profit margins to prevent predatory pricing. This led to the existing system of internal price controls (*prix homologues*). Later, the government added import tariffs with the intention that they would eventually replace quantitative restrictions. In the end, the quantitative restrictions were not removed, and now domestic industries are sheltered from international competition by a complex, market distorting system of tariff and non-tariff barriers.

Over time, the areas of government intervention expanded to virtually all facets of private sector activities. The government provided "priority" industries with tax holidays and exemptions. The desire to influence the direction and pace of economic growth combined with a general distrust of bank lending practices led to the sectoral allocation of bank credit, preferential interest rates for priority sectors, and interest rate ceilings. In order to prevent unfair labor practices by modern sector businesses, laws were passed to control hiring, firing, and salary changes. Finally, in order to further control the development process and broaden its impact, the government obtained equity participation in export and import substitution enterprises thereby creating a large parapublic enterprise sector.

By isolating the Ivoirien economy from free market forces, these combined policies resulted in widespread inefficiencies and steadily declining international competitiveness. Productive resources were attracted out of the competitive sectors where the country had a comparative advantage into non-competitive protected

sectors where profits were artificially high. The resulting lack of international competitiveness and slow economic growth started becoming apparent in the late 1970s, and efforts to begin correcting the situation began in the early 1980s. Throughout the 1980s, however, the distrust of free markets and lack of understanding of how they worked continued to prevail among Ivoirien policy makers. This attitude combined with strong resistance to change from interest groups who were benefitting from the protected markets prevented significant reforms from being put into effect. As the economic situation continued to worsen, however, donors put increasing pressure on the government to carry out meaningful economic liberalization reforms.

The package of reforms necessary to correct the situation had been fully identified and discussed between donors and the government by 1987, but very little progress occurred until 1990 when it became obvious that the Ivoirien economy was in a sustained recession, had lost its international competitiveness, and would continue to decline unless basic macro-economic policy reforms were put into effect. At that time, the donors made it clear that they would not be satisfied with half measures and insisted on concrete progress in moving toward open markets and increased international competitiveness.

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  - o elimination of non-tariff barriers on imports and associated internal price controls;
  - o elimination of market distorting tax policies, especially reducing the level and range of import tariffs;
  - o liberalization of the labor market; and
  - o legal and regulatory reforms applying to private sector economic activity.
4. Restructuring and privatizing para-public enterprises.
5. Financial sector restructuring and reform.

The agricultural export pricing and marketing reforms, which are not discussed in this paper, have been largely completed. Of the other four policy reform areas, the privatization, social service reform, and financial sector restructuring programs have made the most progress. The programs showing the least progress are reductions in the government wage bill, reductions in tariff and non-tariff import barriers, and the restructuring and reduction of the national debt.

In assessing these programs it is important to remember that the impetus is coming mostly from foreign donors. The Medium Term Economic Policy Framework is clearly based on a strong commitment to open markets but this reflects donor more than government thinking. Based on past experience, the stated commitment to change is not necessarily indicative of the pace at which change will occur. There is growing understanding of and support for open markets among senior government officials, but there is also strong opposition from those who simply do not agree that open markets are necessary for sustainable development as well as from those who benefit from the existing market distortions.

### **Fiscal Reform and Improved Public Sector Management**

The government is currently facing serious budgetary constraints that have important negative implications for overall economic performance. Since, by being part of the CFA franc zone, the government cannot resort to inflationary deficit financing, it is balancing its budget by drastically reducing investment outlays and non-salary current expenditures, and by either rescheduling debt service payments or accumulating arrears. Far reaching measures are needed to control spending and increase revenues.

First the government wage bill must be sharply reduced. Because the government has been unable to reduce salaries and employment, it has had to cut expenditures on supplies, materials, and maintenance. Consequently, although the size of the civil service has not declined, its effectiveness has. In early 1990, the government attempted to cut salaries by 40 percent, but had to rescind that decision when widespread riots erupted. What the government has done instead is to freeze wages and hiring, and gradually reduce employment through attrition. However, because government revenues are continuing to decline, these measures have been far from adequate. Salaries as a percent of total current expenditures are not declining.

Appropriately, the government has started addressing the problem by focusing on social services. Two social sectors, education and health, account for over 50 percent of the civil service and of total current expenditures. Côte d'Ivoire spends more on health and education per capita than any other country in West Africa, but the results are disappointing. Key social indicators are low relative to other African countries with lower per capita GDPs, and are declining. One reason for the poor performance is that many of the programs are poorly designed and managed. Another is that there is a strong bias in favor of expensive urban-based services. A third reason is that, with non-salary expenditures declining, education and health personnel do not have the materials and supplies needed to carry out their functions. Most rural health clinics are totally lacking in basic medical supplies. Spending on supplies and materials for primary schools totals only 40 CFA francs per pupil. With primary school students lacking textbooks, pencils and paper, it is not surprising that enrollment is declining. This situation is now becoming particularly critical because of the social impact of ongoing and upcoming structural adjustments. The poorest segments of the population will disproportionately lose jobs and incomes. The percentage of the population below the poverty line has been increasing for some time and this trend can be expected to accelerate.

The government is addressing these problems with a recently initiated human resource development program. At the overall level, the program aims at strengthening planning, impact measuring, and budgeting. The objective is to increase and broaden the impact of social services by making more effective use of steadily decreasing resources. Measurable impact indicators have been established, and they are being used to measure program effectiveness and provide the basis for allocating budget resources. The new system has only recently gotten underway, so it is too early to assess its effectiveness. However, it appears to have the strong support of senior levels of government in all of the key ministries.

In the education sector, three major reforms are being implemented: a reduction in the number of university students and in their support payments; an increase in the percentage of the education budget going to primary education, and within primary education, an increase the portion going to materials (triple the share by 1995); and improved management of specialized institutions of higher learning (the Grandes Ecoles) and high school-level technical institutes, including relating their programs more closely to labor market needs. By reducing the salaries of new teachers and by limiting increases in the primary education wage bill to one percent per year, the salary component of the education budget will drop from 78 percent at present to 74 percent in 1995. These reforms are being implemented on schedule and should be fully in effect by the end of 1995. The goal is to increase primary school enrollments from 73 percent in 1991, to 77 percent in 1995, to 90 percent in the year 2000.

In the health sector, five important changes are being put into effect:

- o increased cost recovery for health services and medications at all levels;
- o restructuring the pyramid public health referral system to emphasize decentralized low-cost primary health care;
- o reduced ratio of physicians to non-physicians by reducing medical school enrollments and training more paramedics;
- o increased non-salary expenditures in health centers by applying newly developed "technical norms" for each level of health facility; and
- o reduced government spending on tertiary health care, especially investments in large urban hospitals.

The measures described above were not difficult to identify. The Ivoirien education and health care systems have become extremely expensive and ineffective in many respects. There is some institutional resistance to many of the required changes, which is to be expected, but the obvious benefits in terms of budgetary savings and improved effectiveness have facilitated the change process.

The final budget-related measure to be undertaken is the restructuring and reduction of government debt. This has implications beyond the budget because, as long as the country is using domestic savings to repay debt, it will have fewer resources available for investment. The domestic debt, consisting mostly of arrears to commercial banks is being repaid in the context of the multi-donor funded Financial Sector Reform Project. Delays are currently being experienced, mainly because of the government's lack of resources. To address the external debt, the government has set up a Debt Management Office in the Ministry of Finance. Its

first task is to formulate different scenarios for debt reduction taking into account possible combinations of debt forgiveness, debt refinancing on soft terms, and debt-for-equity swaps. There has, however, been no concrete action on reducing or restructuring the debt, and it is not likely that creditors will be willing to sit down for meaningful negotiations until the country has effectively addressed some of its basic macro-economic problems. In the meantime debt servicing will continue to be a heavy budgetary burden for the Ivoirien government.

The government is also taking measures on the revenue side. Efforts have been underway for some time to improve tax collections. These are continuing, especially with respect to the Value Added Tax and customs duties. In addition, steps are being taken to remove some of the market distortions that have been created by certain taxes. These changes, mostly tax reductions, are described in the next section. It is expected that the revenues lost as a result of reducing these taxes will be replaced by the revenues generated by the resulting increases in production and income.

### **Policy Reforms to Increase Industrial Competitiveness**

#### **Eliminate Non-tariff Barriers and Associated Price Controls**

The industrial sector is protected by a variety of non-tariff barriers including import bans, import quotas, and reference prices that prevent imports of certain products from being sold at less than the ex factory price of the same locally manufactured products. These measures protect almost all of the key manufacturing industries, especially textiles, clothing, shoes, wood processing, and petroleum products, and have created a large non-competitive import substitution sector. The objective of creating viable domestic industries has not and cannot be achieved under the existing system.

Removing all import protection instantly would cause some of these industries to fail. Therefore, changes will have to take place gradually. The elimination of non-tariff barriers (NTB) will have to be accompanied by continued tariff protection as well as by internal restructuring within the affected industries. For this reason, the first step will be to study the impact of the removal of NTBs on each industry in light of: accompanying changes in tariffs (discussed below); improvements in customs valuation and collections; and required changes in management, employment, and production systems in the affected industries. These studies will be carried out in 1992 and 1993, and the NTBs will be removed gradually over the subsequent three years.

These changes entail significant social costs. Some import substitution industries simply cannot survive without high levels of protection. Others will survive but only with large cuts in profits, salaries and employment. Previous attempts to remove NTBs have not been successful because the resulting impact on industrial production and the accompanying social disruptions were politically unacceptable. The present effort will succeed only if the government is convinced that removing NTBs is essential for achieving international competitiveness, and that dragging out the process will seriously threaten the success of the overall economic recovery program.

In addition to removing restrictions on imports, the government plans to remove internal price controls on all products, except for a small number of basic necessities (foodstuffs, schoolbooks, and pharmaceuticals). The price controls that are to be removed date back to the early 1960s when many imported or domestically produced goods were being sold in protected markets under non-competitive conditions. When quantitative import restrictions are eliminated, prices will be determined by the market and will no longer have to be controlled by the government. The government has agreed to submit legislation in 1992 that will redefine and limit its price control powers. The passage of this legislation will be a strong indication that the government is prepared to depend much more on open markets to allocate the country's productive resources.

### **Tariff Reforms**

Import tariffs serve two purposes: they protect emerging import substitution industries and they generate government revenues. As the domestic industries become more competitive, protective tariffs are gradually removed. Fiscal tariffs, however, are often retained indefinitely. Taxing international trade is one of the few effective means of generating government revenues in countries with large informal sectors where direct taxation is difficult.

In Côte d'Ivoire, tariffs have been combined with non-tariff barriers to protect the industrial sector. Instead of gradually declining, protective tariffs have grown and the disparity in tariff levels between industries has widened. The less competitive the industry, the higher the import tariff. (See Table 1.1.) The maximum rate is 150 percent; most domestically produced manufactured goods have import tariffs in the 50 percent range; and for some products, a higher tariff on intermediate goods than on the finished good results in negative protection. In general, the industrial sector is not becoming more competitive and consequently has required continuing protection. Similarly, fiscal tariffs have proliferated and now include a fiscal import duty, a special import duty, a statistical tax, and compensatory taxes.

In the mid-1980s, when it appeared that the currency was overvalued, the government decided to impose a uniform 40 percent import tariff and introduce a system of export subsidies. This combined tariff/subsidy system was intended to have the same effect as a devaluation. However, the uniform import tariff was never put into effect because too many industries could not survive with only a 40 percent tariff, and the intended export subsidies were not fully disbursed because of the government's financial difficulties.

The end result is that industries that cannot become competitive without major structural adjustments are still being protected, and exports that would be competitive if the currency were not overvalued are not being subsidized at intended levels. The proposed tariff reforms are aimed at reducing the range of import tariffs, lowering the average level of tariffs, and simplifying the tariff system, including the procedures for exempting imports used in producing exports from import taxes.

As presently proposed, the new tariff structure will have two duties, a customs duty and a fiscal duty, and imports will be classified into three rate categories (customs and fiscal duties combined): a low rate of 10-15 percent; a modal rate of 20-25 percent; and a high rate of 25-35 percent. Within five years, the modal rate will be lowered further to 15-20 percent, and the high rate will be lowered to 25-30 percent. When all of the changes are completed, all imports will be taxed between 10 and 30 percent.

These tariff reforms, when combined with the removal of non-tariff barriers, imply a major policy shift in favor of economic liberalization. For several reasons, these changes will be extremely difficult to implement. First, tariff reductions of this magnitude cannot be achieved until the country becomes more internationally competitive. For the industrial sector to be able to survive with an average tariff rate of 20 percent, the cost of producing tradeables must be drastically reduced or the same effect must be achieved through devaluation. Either way, real incomes in the formal sector will be greatly reduced.

Second, removing the large disparity in tariff rates for different products implies a commitment to expose the entire industrial sector to the same degree of international competition. This will have a drastic impact on the most non-competitive industries. Some industries will become competitive by reducing costs, but those industries that depend on very high tariffs or non-tariff barriers will not be able to survive under the proposed new system.

Third, by lowering the maximum tariff rate and eliminating non-tariff barriers the government is reducing the likelihood that productive resources will be allocated to non-viable industries, but at the same time is also limiting its ability to encourage industries that are potentially competitive but cannot become established without a high level of protection during the early years. It can be expected that, once the Ivoirien economic growth is resumed and new possibilities for industrialization are identified, the government will backtrack on some of these proposed changes.

Although the government has agreed to these tariff changes as a condition for World Bank structural adjustment loans, it is clear that they will be not be easy to implement. In 1992, a study of the economic and fiscal impact of the proposed changes will be conducted. Given the potential economic, social and fiscal disruptions associated with tariff changes of this magnitude, the consensus building process will likely result in revisions in the targets as well as in the timeframe over which they will occur.

### **Labor Market Reforms**

The formal sector has been in a recession for over ten years. Employment in the formal production and services sectors (excluding the civil service) dropped by 127,000 between 1980 and 1990. During this period, informal sector employment increased by over 400,000 jobs (a 100 percent increase), and unemployment increased by 500,000, amounting to 13 percent of the labor force in 1990.

This decline in formal sector employment has not been accompanied by a drop in salaries. During the 1980s, average formal sector salaries increased by over 20 percent. In 1989, the overall average annual formal sector salary was 2.5 million CFAF (about \$8,000 at the then prevailing rate of exchange). At the sectoral level, salaries were 3 million CFAF in services, 1.9 million CFAF in industry, and 500,000 CFAF in agriculture. These wages have gotten far out of line with competing developing countries. For example, industrial wages are 80 percent higher in Côte d'Ivoire than in Morocco, and four times higher than in Ghana and Nigeria, despite the fact that productivity levels in these countries are all

**Table 1.1**  
**Structure of Import Tariffs**

Category	Minimum	Simple Average	Maximum
TOTAL	0.0	32.6	151.0
Agriculture	0.0	18.7	71.0
Mining Products	0.0	28.7	52.0
Manufactured Goods	0.0	34.1	151.0
<u>Manufactured Goods:</u>			
Food	2.0	32.7	117.0
Beverages	15.0	54.4	91.0
Tobacco	36.0	95.5	151.0
Textiles	10.0	38.4	52.0
Apparel	45.0	50.0	52.0
Leather products	19.0	36.2	52.0
Footwear	10.0	48.5	52.0
Wood	10.0	16.0	52.0
Wood products	19.0	48.1	52.0
Paper products	15.0	27.3	58.0
Printing & publishing	0.0	22.7	45.0
Chemicals	10.0	25.5	52.0
Refinery petroleum	2.0	25.2	46.0
Petroleum & coal prod.	0.0	24.0	52.0
Rubber products	10.0	47.6	52.0
Plastics	39.0	46.9	52.0
Ceramics	32.0	47.6	52.0
Glass products	39.0	49.3	52.0
Non-metal mineral prod.	32.0	47.6	52.0
Iron and steel	10.0	33.1	52.0
Basic metal industries	10.0	28.2	52.0
Non-electric Machinery	10.0	23.8	55.0
Electric Machinery	10.0	34.9	88.0
Transport Equipment	10.0	30.1	63.0
Scientific Equipment	0.0	30.7	52.0
Other N.E.I.	0.0	43.5	110.0

Source: World Bank, *Report and Recommendations on a Proposed Adjustment Program for Increased Competitiveness and Regulatory Reform*, 1991.

about the same.<sup>1</sup> Formal sector wages have also gotten out of line with the rest of the economy. They have now 10 times per capita GDP.

There are two reasons for these high labor costs. First, because of its rapid growth since independence, the country has always faced a shortage of skilled labor, requiring formal sector businesses to hire high cost expatriates and pay high salaries for scarce local skilled labor. Second, the regulations contained in the Labor Code of 1964 and the Interprofessional Collective Bargaining Agreement negotiated between employers and unions in 1977 prevent these businesses from making timely employment decisions in response to changing market conditions.

The minimum wage law stipulates minimum step increases based on performance and requires automatic annual seniority increases of at least one percent. Temporary workers are automatically considered permanent after 90 days requiring businesses with fluctuating levels of activity to maintain a larger payroll than necessary or incur the considerable expenses associated with terminating permanent employees. Termination procedures are in fact extremely difficult. Many terminations result in charges of "abusive" treatment that can lead to legal damages and, at times, reinstatement. Overtime cannot be utilized without prior authorization from the Ministry of Labor. Finally, all employees must be hired through the National Employment Office (UMOCI) which also approves all labor contracts. Employers locate qualified employees and route the hiring process through UMOCI after the fact. This typically involves delays, negotiations and unnecessary paperwork.

Combined, these laws and regulations have led to a steady upward creep in labor costs and have prevented businesses from responding to changing market conditions. This has been identified by donors and the government as a major obstacle to the return to international competitiveness and, in recent years, changes have begun to occur. The government has stated its intention to end the UMOCI monopoly, and ease restrictions on the hiring of temporary employees, on lay offs and on the use of overtime. Draft laws and decrees have been drawn up, a study to revise the Labor Code is underway, and steps are being taken to renegotiate the Interprofessional Collective Bargaining Agreement. The end result will be a more flexible labor market that will more closely reflect market conditions.

This is obviously a politically contentious issue. The unstated objective is to achieve drastic cuts in formal sector salaries so that they are no longer ten times per capita GDP and no longer several times as high as salaries for similar jobs in competing countries. The unions and formal sector employees can be expected to resist these changes strenuously, arguing that if management and the government could find ways to increase labor productivity, salaries would not have to be cut.

Support for these changes is coming primarily from formal sector businesses that produce for the domestic market and are receiving competition from the informal sector. Informal sector businesses operate mostly in an unrestricted market and can therefore relate salaries to productivity and make employment decisions in response to changing market conditions. Widespread formal sector support, however, will only come when the changes in NTBs and tariffs described above are put into effect. Under these new open market conditions, the affected businesses will be able to survive only if they can cut salaries and employment and

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<sup>1</sup> Source: World Bank, *Competitiveness and Regulatory Reform Adjustment Program*, 1991, page 27.

make timely employment decisions in response to changing markets. Table 1.2 shows the sector breakdown of employment in the industrial sector. If the proposed labor changes have their intended effect, employees in these industries will experience significant reductions in real incomes, but their jobs will have become more secure because their employers will have become economically viable.

### **Government Policies that Reduce Private Sector Competitiveness**

The main causes of the lack of international competitiveness in the industrial sector are the tariff and non-tariff barriers on imports and the high labor costs caused by an overregulated labor market. Even if these basic imbalances were corrected, however, a number of other government policies would continue to adversely affect private sector efficiency and competitiveness. These fall into three categories: fiscal policies, business regulations, and the legal and judicial system.

In the fiscal area, some taxes send wrong signals to businesses, mainly by creating unnecessary and unintended disincentives to production and exports. In some cases, the tax system was not well designed; in others, it is simply being poorly administered. The major tax-related problems concern the Value Added Tax (VAT), direct business taxes, and tax incentives to encourage exports.

The VAT needs extensive revision in both design and administration. Some activities and products that should be exempted from the VAT are not, others should be paying the VAT but are not, and some are appropriately exempted from the VAT but are paying it anyway because the reimbursement system is not working. The government has a policy of encouraging exports by 1) providing subsidies to compensate for the overvalued exchange rate and 2) exempting exporters from taxes on imported and domestic goods used in producing exports. Only a small percentage of the subsidies are being paid, and tax reimbursement procedures are slow and cumbersome. Consequently, government arrears to exporters are large and growing. A study of measures necessary to improve the VAT is currently underway, and its recommendations are scheduled to be implemented in 1993. A study of ways to improve the export incentive system has recently been completed and its recommendations are scheduled to be implemented in 1993.

Direct taxes on businesses -- the corporate income tax, the contribution to the National Investment Fund (FNI), and the payroll tax -- have increased production costs in the formal sector. The corporate tax has been reduced from 40% to 35%; the contribution to the Fonds Nationale d'Investissement (a 10 percent tax on corporate profits) has been eliminated; and the 10 percent payroll tax has been reduced to 2.5 percent. These inordinately high business taxes have been accompanied by a system of tax exemptions and holidays to encourage investments in "priority" sectors (the Investment Code). These incentive programs have distorted the allocation of investment resources, have cost the government much needed revenues, and seem to have had only a negligible impact on the overall level of productive investment and on the rate of industrialization. The new government policy is to reduce the overall level of direct taxation on productive activity and utilize investment incentives more sparingly. A study of how the Investment Code should be revised is currently underway.

Table 1.2

## Industrial Sector Value Added and Employment

Industry	Value Added CFA bill.	%	Employment No.	%
Flour Milling	3.1	0.76%	383	0.45%
Coffee Shelling	4.7	1.16%	610	0.72%
Coffee, cocoa by-prod.	18.8	4.64%	1221	1.44%
Other food and tobacco	38.7	9.54%	8008	9.45%
Canned fruits and vegs.	1.4	0.35%	1119	1.32%
Canned fish	3.4	0.84%	840	0.99%
Soft drinks	17.0	4.19%	1971	2.33%
Edible fats and oils	40.4	9.96%	18155	21.43%
Spinning & weaving	18.0	4.44%	5851	6.91%
Garments	0.7	0.17%	904	1.07%
Cotton	20.5	5.05%	3364	3.97%
Bags	7.3	1.80%	1057	1.25%
Other textiles	0.5	0.12%	214	0.25%
Leather	2.0	0.49%	678	0.80%
Rubber	15.0	3.70%	12274	14.49%
paints & varnishes	2.3	0.57%	255	0.30%
Plastics	7.0	1.73%	1272	1.50%
Wood	17.8	4.39%	6533	7.71%
Fertilizers	0.8	0.20%	140	0.17%
Petroleum	37.4	9.22%	979	1.16%
Other chemicals	6.0	1.48%	843	0.99%
Vehicle assembly	3.7	0.91%	663	0.78%
Metal works	11.9	2.93%	1712	2.02%
Electric Equipment	4.7	1.16%	531	0.63%
Packaging	5.2	1.28%	897	1.06%
Cement	4.4	1.08%	280	0.33%
Utilities	84.4	20.81%	5181	6.11%
Other	29.5	7.27%	8796	10.38%
<b>TOTAL</b>	<b>405.6</b>	<b>100.00</b>	<b>84731</b>	<b>100.00</b>

Changes are also needed in the legal and regulatory environment, including:

- 1) changes in the Companies Act that provides for the supervision of corporations to assure fiscal transparency, protect shareholders, and sets rules for reorganizations, bankruptcies and liquidations;
- 2) a Commercial Code covering commercial transactions and contracts;
- 3) a law setting accounting standards and regulating the accounting profession; and
- 4) changes in the judicial system (laws and court procedures) as it relates to contract enforcement, bankruptcies, foreclosures, unpaid debts and other commercial activities.

The objective of these changes will be to simplify and increase the effectiveness of the regulatory framework and provide the private sector with an adequate legal system for conducting commercial and financial transactions. Studies are currently underway with respect to changes in the Company Law and the development of a standard accounting system for publicly held corporations.

### **The Parapublic Enterprise Sector: Privatization and Restructuring**

Since independence, the parapublic enterprise (PE) sector has been an important development tool for the Ivorian government. The GOCI has used equity participation to: assure government control over key economic sectors, e.g., electricity and telecommunications; encourage the development of the country's natural resources, especially in the agriculture sector; and encourage industrial growth and the development of a modern economy. During the 1970s and 1980s, virtually all major industrial and agribusiness initiatives were carried out by firms that were either wholly or partially owned by the government. Until the mid-1980s, PEs accounted for well over half of the capital formation and growth in value added in the formal sector, and in 1990, 140 PEs accounted for an estimated 44 percent of value added in the formal sector.

In the late 1970s it became apparent that, although employment and value added in the PE sector were growing rapidly, many of the individual enterprises were losing money. Following a sector-wide study, the government took steps to improve technical and financial management at the enterprise level. Although these measures resulted in improved performance for some enterprises, the basic shortcomings of the PE sector remained, including ineffective management, lack of entrepreneurial initiative, investments with low or negative rates of return, and excessive government interference in production, investment, and employment decisions.

This led to a decision to go beyond restructuring to the privatization of certain enterprises. Between 1987 and 1989, 30 PEs were privatized, and in 1990 management of the national electric company, EECI, was placed in private hands.

The privatization program of the 1980s, however, had two major shortcomings. First, there was no clear rationale for determining what types of businesses to privatize. The selection process consisted of determining for each enterprise whether its performance would improve in the private sector and, if so, whether the economic benefits would exceed the political costs. Second, the divestiture procedures were not open and competitive. Ownership was transferred to Ivorians and foreign businesses who had longstanding ties with high ranking government officials or key political figures. In general, prior to 1991, the privatization program was based largely on expediency and special business and political relationships.

### **The Privatization Program**

The present privatization program started in late 1990 with the creation of a high-level Privatization Committee. This committee has a broad mandate to privatize 80 PEs. Two factors provided the impetus for this new program. The most important and immediate was the budget crisis. By divesting itself of the money losing PEs, the government will be eliminating a major drain on budgetary resources. A less important budgetary consideration is the possibility of generating resources to repay debt by selling profitable PEs that have a positive net worth.

The second factor is the desire to reduce the size of the PE sector in order to increase the market responsiveness of the Ivoirien economy. Many of these enterprises do not produce goods in which the country has a comparative advantage, and most of them are poorly managed and inadequately sensitive to market forces. Donors consider reducing the size of the PE sector as essential to achieving sustainable market-led growth.

The Privatization Committee (PC) has overall responsibility for implementing the privatization program. The committee, which is headed by the senior economic advisor to the Prime Minister, has six members from the government, two from the PE sector, and five from the private sector. A Technical Secretariat carries out the necessary analyses and preparatory work for each divestiture. The following five steps are required:

1. Diagnosis of the enterprise including the legal steps necessary for divestiture.
2. Audit and valuation of the enterprise.
3. Formulation of the divestiture strategy.
4. Preparation and publication of the prospectus and bidding documents.
5. Review of bids and final sale of the enterprise.

The Technical Secretariat reports to the Privatization Committee which in turn recommends a sale price and divestiture strategy to the Prime Minister.

The program has been divided into two phases. The first, which started in 1990, covers the 21 enterprises listed in Table 1.3. Of these 21 enterprises, four have been privatized: CEIB, CEDA, BINEA, and the vacation resorts at Assinie and Assouindé. By the end of 1992, or the end of

## The Privatization Program--Phase I

Public enterprises with over 50 percent government participation:Projected Date of Sale

1.	La Société Africaine des Plantations d'Hévéa (SAPH)	5/93
2.	La Société des Caoutchous de Grand-Bérébé	5/93
3.	Le Domaine Hévéicole de l'Etat (DHE)	5/93
4.	Palminindustrie	5/93
5.	La Société Ivoirienne de Coco Rapé (SICOR)	1994
6.	Le Complexe d'Exploitation Industrielle du Bétail (CEIB)	Sold
7.	ONT/CI-TELCOM (Telecommunications Sector)	
8.	Les Villages Vacances d'Assinie et d'Assouindé	Sold
9.	Hôtel Ivoire	9/93
10.	Le Centre d'Édition et Diffusion Africaines (CEDA)	Sold
11.	Le Bureau Ivoirien des Nouvelles Editions Africaines	Sold

Jointly held companies with between 10 and 50 percent government participation (Société d'Etat Mixte-SEM):

1.	CAPRAL/Nestlé	7/93
2.	NOVALIM/Nestlé	8/93
3.	COSMIVOIRE (Palm Oil Products)	7/93
4.	Pêche et Froid (PFCI)	not known
5.	British Petroleum-CI	7/93
6.	SHELL-CI	7/93
7.	SIFAL (Petroleum Sector)	7/93
8.	FILTISAC (Textiles)	8/93
9.	SICABLE	7/93
10.	Industrial Promotion Service (IPS)	8/93

the first quarter 1993 at the latest, the PC will submit recommendations to the government on divestiture strategies and conditions of sale for the remaining Phase I majority-owned enterprises, except PALMINDUSTRIE, and ONT/CI-TELCOM. The government will have to approve the PC recommendations quickly, if the targets shown in Table 3 are to be met. The PALMINDUSTRIE divestiture is being delayed over disagreements regarding the divestiture strategy (sell the enterprise in one package or divide it into separate businesses), and conditions of sale (what social service and infrastructure maintenance obligations will be retained by the purchaser). The delays with respect to ONT/CI have to do with assuring that the conditions of the sale are consistent with national laws and regulations relating to telecommunications. An Ivoirien law firm has been hired to help address this issue.

The privatization of the ten Phase I SEMs is progressing more slowly. Technical and valuation studies are currently underway for each of these firms. The PC expects the preparatory work for nine of the ten firms to be completed by the end of 1992, and the sales to be finalized in the third quarter of 1993. The technical study of Pêche et Froid is experiencing long delays for reasons that are beyond the PC's control. It is not certain when the final transactions with respect to the minority-owned enterprises will be completed because negotiations will be required with some private shareholders who have rights of first refusal, and marketing strategies have not yet been finalized.

Phase II covers the enterprises listed in Table 1.4. A few of the majority government-owned enterprises, e.g., ANAM and BVA, will remain in the public sector but will be substantially restructured. The government is currently planning a major restructuring program that will cover all of the PEs remaining in the public sector. The program will increase the autonomy and accountability of PE management, and improve the incentive system by strengthening the link between remuneration and performance.

Phase II originally called for a total of 32 firms to be privatized or restructured, with 8 firms to be privatized in 1993 and another 8 in 1994. One of the enterprises, BNDA, is in the final stages of liquidation. The sale of some of these firms is moving ahead of schedule and several PEs have been added, so that the total is now 38. The request for bids has been completed for the SEREBOU agro-industrial complex, and valorization studies are almost complete for the MARABADIASSA and SINEMATIALI complexes. These three enterprises are expected to be privatized in 1993. Privatization of GESTOCI, the petroleum storage company, and SMB, which produces asphalt, are also expected to be privatized in 1993. Other Phase II enterprises could also be privatized in 1993, but the preparatory work has not progressed sufficiently to project a sale date at this time.

The privatization program seems to be progressing satisfactorily, but it is almost certain that there will be significant delays in finalizing many of the divestitures. Although one important reason for the delays is institutional resistance in the government as well as in the PEs themselves, the privatization program has been made especially difficult by the present economic conditions. With the economy in a prolonged recession many of the firms being privatized do not have attractive earning prospects. This has

**Table 1.4**  
**Privatization Program - Phase II**

Companies with over 50 percent government participation:

Agence Nationale de l'Aviation Civile (ANAM)  
Air Ivoire  
Banque Nationale de Développement de l'Agriculture (BNDA)  
Bourse de Valeurs d'Abidjan (BVA)  
Gaz de Côte d'Ivoire (GDCI)  
Hôtel President  
MARABADIASSA (sugar and vegetable complex)  
SEREBOU (seed complex)  
SINEMATIALI (vegetables)  
Société de Construction et de Gestion Immobilière (SICOGI)  
Société Ivoirienne de Chemin de Fer (SICF)  
Société Ivoirienne d'Electrification (SIDELAF)  
Société Ivoirienne de Rafinage (SIR)  
Société Ivoirienne de Transport Maritime (SITRAM)  
SODEFEL  
Société Pour le Développement des Plantations de  
Canne à Sucre (SODESUCRE)  
Société des Transports Abidjannais (SOTRA)  
PETROCI

Companies with between 10 and 50 percent government participation:

Banque Internationale de l'Afrique Occidentale (BIAO-CI)  
Compagnie Nationale d'Assurances (CNA)  
Chocolaterie/Confiserie de Côte d'Ivoire (CHOCODI/SACO)  
Contonnière Ivoirienne  
Ets. Robert Gonfreville (ERG)  
Société de Gestion des Stocks Petroliers (GESTOCI)  
Ets. Mory et Compagnie  
Plantations et Huilerie de Côte d'Ivoire (PHCI)  
Société Africaine de Credit Bail (SAFBAIL)  
Société Africaine de Credit Automobile (SAFCA)  
Société Africaine de Fabrication et d'Impression de  
Cahiers et d'Enveloppes (SAFICA)  
Société Africaine de Groupage (SAG)  
Société de Brasseries de Bouaké  
Sécurité Ivoirienne  
Société Ivoirienne d'Emballage Métallique (SIEM)  
Société Ivoirienne d'Entretien et de Construction Métallique  
Société Ivoirienne de Productions Animales (SIPRA)  
SIVOM  
Société Multilaterale de Bitumage (SMB)  
Union d'Industrie Textile de Côte d'Ivoire (UTEXI)

reduced their present market value below what the government's valuation analyses had previously estimated to be their "fair" market value. A second factor is the lack of credit. Until the country's major financial institutions solve their liquidity problems, financing the transfer of PEs to private Ivoirien owners will be a continuing problem.

A third factor is the country's labor laws. Although some labor regulations have been liberalized and the Labor Code is being revised, the procedures and costs associated with laying off workers and reducing salaries remain unclear. Since most of the PEs cannot become financially viable without large payroll reductions, they will not be sold until prospective buyers are assured that these reductions will be possible without undue costs or legal difficulties.

Finally, the privatization program is greatly complicated by the proposed policy changes aimed at increasing competitiveness in the private sector. Many of the PEs being privatized have survived only because they have been protected from imports by tariff and non-tariff barriers, or have been granted monopolies or oligopolies by the government. The centerpiece of the government's medium-term structural adjustment program is to make the Ivoirien economy internationally competitive by removing these restrictions on open markets. Prospective buyers of these PEs have to look not only at past performance but also at how the proposed structural adjustments will affect future performance. This is not easy since there is no way of knowing how far the government will go in carrying out the policy reforms, and what special arrangements will be made for specific industries or firms. In fact, specifying these special arrangements are a critical element in arriving at a final sale price for most of the PE divestitures.

### **Overall Assessment**

The financial winners and losers of the PE privatization program are easy to identify. The financial winner is the government. Getting rid of the money losing PEs will reduce the deficit, and the sale of profitable PEs will generate resources that can be used to reduce either the deficit or the government debt. The financial losers will be the managers and employees of these enterprises. In most cases, privatization will be accompanied by a changeover in management as well as a reduction in employment at all levels. For managers who are now enjoying generous salaries and fringe benefits the losses will be substantial. For many lower level employees, layoffs will mean moving into the informal sector where incomes are much lower.

One reason for the privatization program is to improve the government's financial situation, but the main reason is to increase the competitiveness of the Ivoirien economy by making it more responsive to market forces. This is a far reaching change in development strategy for the Ivoirien government in two respects. First, it means that instead of development being guided primarily by government, it will be guided primarily by market forces. The pressure for this change has come mainly from foreign donors, especially the World Bank. Many government officials do not understand how sustainable and equitable development can occur without direct government involvement and do not agree that dependence on open market forces is sound development policy. They see privatization as

an unfortunate necessity brought on by the government's present financial difficulties.

An indication that the GOCI has not totally abandoned the desire to be directly involved in the industrial production sector is the provision in most of the divestiture agreements thus far that foreign participation will be limited to 49 percent, with 20 percent government and 31 percent private Ivoirien. The World Bank, which is providing funding for the privatization program has objected to both the requirement that foreign participation be limited to 49 percent as well as to the requirement that there be 20 percent government ownership. The government's intentions in proposing this formula will remain unclear until several additional divestitures have been completed.

Second, the shift away from PEs implies an important change in how political patronage is granted in Côte d'Ivoire. The PE sector, accounting for almost half of the formal sector, has provided hundreds of high paying jobs to families and friends of key government supporters. This has resulted in extremely close ties between the political establishment and the owners and managers of parapublic enterprises. On the one hand, these ties help strengthen the government's political support, especially in urban areas. On the other hand, they assure that parapublic enterprises in the import substitution sector continue to have the protected markets that they need to maintain profitability, create high paying managerial jobs, and increase urban formal sector employment. By removing, or substantially weakening, these ties, the privatization program will bring about basic changes in how both the political system and the economy function in Côte d'Ivoire.

## **Financial Sector Reforms**

The financial sector has been seriously affected by the prolonged economic recession and large fiscal imbalances in the public sector. All of the major financial institutions are undercapitalized, and do not have sufficient liquid assets to meet their short-term liabilities. With bank deposits declining rapidly since 1989, resources available for long and short-term lending to public and private sector entities are in very short supply. All segments of the financial sector have been affected, specifically commercial banks, specialized development banks, and non-bank financial institutions.

### **Commercial Banks**

#### **Present Condition**

Côte d'Ivoire has by far the most developed commercial banking system in West Africa. There are 14 commercial banks with 165 branches, 65 outside of Abidjan. Four large banks, all founded in the 1960s, account for about 90 percent of deposits, loans, and BCEAO refinancing: the Société Générale de Banque de Côte d'Ivoire (SGBCI) with 480 billion CFAF in assets, the Banque Internationale pour le Commerce et l'Industrie de Côte d'Ivoire (BICICI) with 300 billion CFAF in assets, the Société Ivoirienne de Banque (SIB) with 210 billion CFAF in assets, and the Banque Internationale pour l'Afrique Occidentale (BIAO-CI) with 204 billion CFAF in assets. The first three are affiliates of large French banks and the fourth had been an affiliate of a French bank until the parent bank failed. BIAO is now fully state-owned. The other 10 commercial banks were formed in the 1970s during the coffee and cocoa boom.

Resources available for lending by commercial banks have dropped in line with the general economic decline, as can be seen in Table 1.5. Private deposits have dropped as a consequence of reduced savings and capital flight, and government deposits have dropped as a consequence of sustained budget deficits and the weak performance of the public enterprises. Parent banks have reduced their lines of credit to their Ivoirien affiliates, reflecting their perception of increased risks associated with a deteriorating economy. Commercial banks have made up part of the decline in deposits by refinancing their loans with the BCEAO.

Declining deposits have been accompanied by a rapid increase in non-performing loans. In 1991, 450 billion CFAF in loans by the four largest commercial banks were non-performing, amounting to 50 percent of their total credit outstanding. Government arrears totalled 300 billion CFAF. One third of loans to the private sector were non-performing requiring an increase of 63 billion CFAF in loan loss reserves. This requirement exceeded the capital base of these banks by 39 billion CFAF.

The fifth largest commercial bank is the Caisse Autonome d'Amortissement (CAA). The CAA's main function is to manage the public debt, but it also serves as the commercial bank for the public enterprise sector. Government departments and public enterprises hold their funds in and borrow from the CAA. In 1991, this institution had assets of 94 billion CFAF including loans to public enterprises of 71 billion, most of which are

Table 1.5

## Resources of Commercial Banks

(as of 6/30/91)

(billion CFAF)

	1988	1989	1990	% change
Private deposits	664.4	660.5	565.7	-16
Government deposits	160.1	86.9	80.7	-50
Foreign banks	145.5	136.0	125.0	-14
BCEAO refinancing	435.6	487.7	511.7	+18

in arrears. At present, the gap between performing assets and liabilities is 30 billion CFAF.

### **Credit and Monetary Policies**

In addition to the recession, the banking sector has been adversely affected by the policies of the West African Monetary Union, UMOA (Union Monétaire Ouest-Africaine). Under the urging of the World Bank and the IMF, these policies have been changing in recent years.

The most important of these changes are:

- o The elimination of the "preferential" BCEAO rediscount rate that was established to encourage lending in selected sectors. The preferential rate and associated sector quotas not only resulted in bad loans but also reduced the amount of credit available for "non-preferred" economic activities.
- o The BCEAO increased the ceiling on banking margins (the difference between interest paid on deposits and the interest charged on loans) from three percent to five percent, and is studying the possibility of further liberalization.
- o The BCEAO has eliminated sectoral credit and refinancing quotas. BCEAO refinancing is now available for 90 percent of qualifying loans, regardless of sector.
- o One effect of the above changes is to improve the efficiency and organization of crop credit. This credit had previously been poorly managed because it was subject to preferential rates and sectoral quotas, and could be automatically rediscounted at the Central Bank.

Policy changes have also been occurring with respect to banking supervision. Until the last two years, commercial bank supervision of commercial banks was the joint responsibility of the BCEAO at the regional level and the Ministries of Finance at the national level. In recent years, banks have been under-reporting non-performing loans in order to meet prudential lending criteria, or receiving waivers from these criteria from the Ministries of Finance.

In 1990, new banking legislation was passed in all UMOA countries tightening supervision requirements and giving more authority to the BCEAO. A new Regional Banking Commission was set up with a large staff of auditors and technical assistance funded by the IMF. The following more stringent prudential lending limits were also established:

- o The capital/asset ratio was set at four percent and will gradually be increased to eight percent.
- o The minimum ratio of long-term resources to long-term loans was increased to 75 percent to assure that short-term liabilities are not used to fund long-term assets.

- o The minimum ratio of liquid assets to short-term liabilities (the liquidity ratio) was increased to 60 percent and will gradually be increased to 100 percent.
- o The minimum ratio of credits admissible for BCEAO refinancing to total bank credit will be increased from 40 percent in 1991 to 60 percent in 1993.

The third area of policy reform will be in the judicial system. The proposed changes will facilitate access to the judicial system, strengthen the bankruptcy laws, and speed up the judicial decision making process.

These measures will greatly increase the financial strength and efficiency of the commercial banks in Côte d'Ivoire and the other UMOA countries.

### **Specialized Development Banks**

The country's development banks are all in various stages of liquidation. Their financial condition at the time of their liquidation is summarized in Table 1.6.

The industrial and housing lenders began experiencing serious defaults in the mid-1980s due to a combination of economic recession, poor loan selection, and general mismanagement. These institutions have not been replaced and the government is no longer involved in providing or guaranteeing development loans for industry or housing.

BNDA's problems are more recent. The institution had been quite successful in mobilizing rural savings with deposits increasing 10 percent per year in the 1980s. Its lending activities consisted of financing agricultural development projects, managing donor-funded lines of credit, and providing bridge loans to farmers. The quality of its loan portfolio declined steadily during the 1980s. The bank went through a restructuring in 1987 which failed because the government's share of the recapitalization was never paid. The situation continued to worsen until 1991, when 90 percent of its loan portfolio was non-performing. By then, its liabilities exceeded its assets by 30 billion and it did not have the resources to pay salaries and meet demands for deposit withdrawals. After another attempt at restructuring, the decision was made in 1991 to liquidate it. The government is now studying new ways of mobilizing rural savings and providing production credit to the agriculture sector.

### **Restructuring the Commercial Banking Sector**

The commercial banking sector at present does not have the liquidity and capital base necessary to meet the Côte d'Ivoire's credit needs. One serious consequence is that the funds to finance agricultural export trade are inadequate. Farmers are at times unable to sell their crops at official prices because traders are unable to obtain short-term domestic financing. This situation is due to the large government arrears and the high proportion of non-performing loans to the private sector. Both of these problems will be addressed by the multi-donor financed Financial Sector Adjustment Program (FSAP).

Table 1.6

**Condition of Specialized Lenders  
at Time of Liquidation**

	Sector	Loans (billions CFA)	Non-Performing Loans (%)	Year of Liquidation
CCI	Industry	64	76	1989
BIDI	Industry	25	43	1989
BNEC	Housing	23	57	1988
BICT	Housing	36	93	1988
BNDA	Agriculture	94	90	1992

Donor funding under the FSAP will help the government to repay its overdue debts to the commercial banks and cover its share of bank recapitalization. The repayment of arrears (both direct government arrears and indirect CAISTAB arrears) is the most important and most expensive activity. Over a three-year period, the government will repay 311 billion CFAF in arrears. The banks will receive 42 billion CFAF in cash, 151 billion CFAF in treasury bills that will be refinanced by the BCEAO, 17 billion CFAF in (non-refinanceable) treasury bills paying 3 percent interest, and 100 billion CFAF in treasury bonds paying 6 percent interest. The repayment of arrears will significantly improve the liquidity position of commercial banks, enabling them to better meet the working capital, medium and long-term credit needs of the private sector.

There have been some delays in the repayment of government and CAISTAB arrears. First, although the commercial banks have apparently accepted the refinancing plan for 121 billion CFAF of CAISTAB arrears, they have not yet done so formally and in writing. Second, the government will not be able to make its cash payments of arrears to SIB, and has not been able to reach an agreement for refinancing those arrears. Third, the government has not repaid its arrears to the CAA-Gestion de dépôts. Finally, the government has not yet reached an agreement with the BCEAO to allow commercial bank access to the official money market. The combined effect of these delays is that commercial banks continue to lack the liquidity needed to meet the short and long-term credit needs of the private sector.

A second component of the FSAP is the recapitalization of the commercial banks. Present requirements for loan loss reserves to cover non-performing loans exceed the combined capital base of the commercial bank sector. This means that, as a whole, the commercial banking sector has a negative net worth. Under the FSAP, the government and private sector shareholders will add equity capital up to the level necessary to cover loan loss reserves and meet the BCEAO's loan-to-equity ratio requirements. The government's share of the recapitalization exercise will be about 50 billion CFAF. The end result will be a financially sound and more liquid banking system that will be better able to attract new deposits and meet the credit needs of creditworthy borrowers.

A third component will be the liquidation of the BNDA. The program provides for a cash infusion of 33 billion CFAF which will enable the BNDA to reimburse its depositors. Part of the 33 billion CFAF will be redeposited in other financial institutions and will be available for reinvestment in the rural economy.

The short-term impact of these measures will be to return the banking system to financial health. The long-term impact will depend on the effectiveness of the accompanying credit and monetary policy changes. For the banking system to perform its financial intermediation function effectively over the long term, it will be necessary for the government to refrain from accumulating arrears and for banks to maintain a high quality loan portfolio. The regulatory changes discussed on page 22 should greatly improve the performance and financial soundness of Côte d'Ivoire's commercial banking sector.

### **Winners and Losers**

There are two main aspects to the financial sector reform program. The first, which has largely been completed, is the liberalization of credit markets, i.e., the removal of preferential interest rates and sectoral credit allocations. The main losers in this reform are businesses in the so-called "priority" sectors who benefitted from preferential access to low-cost credit. These businesses will now have to pay a higher rate of interest. In some cases, businesses received credit only because banks were forced to make them under the sector allocation requirements. Some of these businesses will no longer have access to any bank credit unless they increase their creditworthiness. The winners are those businesses in competitive but "non-priority" sectors who will now have greater access to available credit. This is an important step in removing the market distortions in the Ivoirien economy.

The area of reform is the repayment of government arrears. Here, the obvious "loser" is the government, which must find the resources with which to reimburse the banks. Given the government's stringent budgetary situation and lack of access to new credit, the only way that it can repay its arrears is to cut back other government programs, which have been experiencing decreasing funding since the mid-1980s. The winners will be the formal sector businesses who have traditionally depended on commercial banks for working capital financing. Even if the recession were to end, and demand were to pick up, many of these businesses would be unable to respond because of a lack of working capital.

MEDIUM-TERM ECONOMIC POLICY REFORM PROGRAM

Objective	Actions	Progress to Date	Winners	Losers
Exchange rate realignment	Currency devaluation.	Unknown.	<ul style="list-style-type: none"> <li>- Exporting firms.</li> <li>- Producers of export crops.</li> <li>- Industries in both the formal and informal sectors that use local materials and have been unable to compete with artificially low-cost imports.</li> </ul>	<ul style="list-style-type: none"> <li>* Consumers of imported goods (urban middle class)</li> <li>* Industries that utilize imported intermediate goods</li> <li>* Foreign investors whose repatriated earnings and fixed assets will be worth less.</li> <li>- The government, whose foreign debt denominated in cfaf will increase.</li> <li>- Smugglers</li> </ul>
Fiscal reform and improved public sector management.	Reduce civil service wage bill.	Wage freeze and reduce number of civil servants through attrition; reduced starting pay for teachers. Wage bill is still too high but no additional measures are anticipated.	<ul style="list-style-type: none"> <li>- Users of improved services resulting from increased non-salary expenditures.</li> <li>- Everyone who is adversely affected by the government's budgetary problems.</li> </ul>	<ul style="list-style-type: none"> <li>* Existing and prospective civil servants</li> <li>* Urban educated class who will have fewer employment opportunities and lower salary prospects.</li> </ul>
	Restructure government debt.	Debt management office set up in MOF. No other progress thus far.	- Government who will have most of its debt forgiven and will have renewed access to foreign credit.	Creditors who will certainly have to forgive a large part of the debt. (Much of this debt has already been written off by the creditors.)

Objective	Actions	Progress to Date	Winners	Losers
Fiscal reform and improved public sector management.  (continued)	<p>Incr. efficiency in social services:</p> <p>Education:</p> <ul style="list-style-type: none"> <li>- limit number of univ. students and reduce their transfer payments</li> <li>- improve mgmt. of Grandes Ecoles &amp; tech. schools</li> <li>- reallocate funding from salaries to non-salaries, and from secondary/higher education to primary educ.</li> </ul> <p>Health:</p> <ul style="list-style-type: none"> <li>- increase cost recovery</li> <li>- improve the public health referral system with incr. emphasis on primary care</li> <li>- incr. ratio of non-physicians to physicians</li> <li>- incr. non-salary spending</li> <li>- reduce spending on tertiary services.</li> </ul>	<p>Overall program on schedule.</p> <ul style="list-style-type: none"> <li>- Limits on university scholarships have been announced.</li> <li>- New government policies have been put into effect within the limits of existing laws, and new legislative texts have been prepared.</li> <li>- New policies are reflected in government budgets.</li> </ul>	<p>The rural population and urban poor who will benefit from increased expenditures on primary education and primary health care, and the more delivery of these services.</p> <p>Anyone who benefits from a lower government wage bill and reduced budget stringencies.</p>	<ul style="list-style-type: none"> <li>* Urban middle class who will have less access and will pay more for higher education and tertiary health care.</li> <li>* Teachers who will earn less and have to work harder.</li> <li>* Health care personnel and pharmacies who will have to provide less expensive care and medical products at more competitive prices.</li> <li>- Those with access to free health care and services who will now have to pay part or all of the costs. (Because of the lack of resources with which to fund health care, very few Ivorians have access to free reliable health care.)</li> </ul>
	<p>Remove market distortions in tax system: revise the VAT; reduce direct business taxes; revise the Investment Code; remove import taxes on exports</p>	<p>Direct business taxes have been significantly reduced. Other changes are still in the study stage. Reforms are behind schedule.</p>	<ul style="list-style-type: none"> <li>- Exporters who are not being reimbursed for VAT and import duty payments.</li> <li>- Formal sector businesses who are being inappropriately taxed, and their employees.</li> </ul>	<ul style="list-style-type: none"> <li>* Those with political connections who have had competitive advantages by being able to avoid the high taxes.</li> <li>- Businesses who would have benefitted under the old investment code.</li> </ul>
	<p>Improve tax collections.</p>	<p>Efforts are ongoing but progress is unsatisfactory.</p>	<ul style="list-style-type: none"> <li>- Formal sector businesses who are paying more than their share of taxes.</li> <li>- Users of the improved government services that will result from the increased revenues.</li> </ul>	<ul style="list-style-type: none"> <li>- Informal sector businesses</li> <li>* Influential formal sector individuals who are not paying their taxes.</li> </ul>

Objective	Actions	Progress to Date	Winners	Losers
Trade liberalization	<p>External Trade:</p> <ul style="list-style-type: none"> <li>- remove non-tariff barriers</li> <li>- lower the level of import tariffs and reduce the range of tariffs</li> <li>- liberalize export marketing</li> </ul>	<ul style="list-style-type: none"> <li>- Behind schedule; study ongoing.</li> <li>- Study completed proposing 6 tariff levels ranging from 10% to 35%.</li> <li>- Largely completed; further changes needed in CAISTAB.</li> </ul>	<ul style="list-style-type: none"> <li>- Importers who have not had privileged access to protected markets.</li> <li>- Consumers of imported goods.</li> <li>- Industries utilizing imported intermediate goods.</li> <li>- Exporters and farmers who will now have free markets.</li> </ul>	<ul style="list-style-type: none"> <li>* Protected industries.</li> <li>* Businesses with exemptions from tariffs and NTBs who are importing into protected profitable markets.</li> <li>- Govt. may lose revenues from tariffs.</li> <li>* Govt. loses control over agricultural export marketing</li> </ul>
	<p>Domestic trade: remove price controls (in combination with the removal of import protection).</p>	<ul style="list-style-type: none"> <li>- All domestic prices decontrolled, except for a few basic consumer goods.</li> </ul>	<ul style="list-style-type: none"> <li>- Consumers.</li> <li>- Informal sector.</li> </ul>	<ul style="list-style-type: none"> <li>* Protected industries who are selling at a guaranteed price.</li> <li>- Smugglers.</li> </ul>
	<p>Labor markets:</p> <ul style="list-style-type: none"> <li>- reduce restrictions on hiring and lay-offs</li> <li>- reduce restrictions on salary adjustments</li> </ul>	<p>Overall program on schedule:</p> <ul style="list-style-type: none"> <li>- UMOCI hiring monopoly eliminated</li> <li>- 90 day limit on temp. labor relaxed</li> <li>- restrictions on use of overtime relaxed</li> <li>- restrictions on lay-offs reduced</li> <li>- revision of Labor Code under study</li> </ul>	<ul style="list-style-type: none"> <li>- Formal sector businesses who will have to compete with imports.</li> <li>- Prospective employees of businesses who will now be able to afford additional employees.</li> </ul>	<ul style="list-style-type: none"> <li>* Existing employees of formal sector businesses who will now be paid less and will have less job security.</li> </ul>
Parapublic enterprise privatization and restructuring.	<p>Phase I divestitures (21 enterprises)</p>	<ul style="list-style-type: none"> <li>- 4 enterprises privatized.</li> <li>- Valuation, divestiture strategies, and conditions of sale on 16 enterprises will be proposed by the end of 1992.</li> </ul>	<ul style="list-style-type: none"> <li>- Government gets rid of unprofitable companies and earns revenues from the sale of profitable companies</li> <li>- Retained employees of the privatized companies that would not otherwise have survived.</li> </ul>	<ul style="list-style-type: none"> <li>* Govt. loses a means of patronage.</li> <li>* Govt. has less control over industrial and export sectors.</li> <li>* Overpaid and unneeded PE employees.</li> </ul>
	<p>Phase II divestitures (38 enterprises)</p>	<ul style="list-style-type: none"> <li>- Bid documents will be ready for 3 enterprises will be ready by the end of 1992.</li> <li>- Technical and financial studies on five others will be completed by the end of 1992.</li> </ul>	<p>See above.</p>	<p>See above.</p>

Objective	Actions	Progress to Date	Winners	Losers
Financial sector restructuring	- Remove interest rate controls and sectoral credit allocations.	- Action completed.	* Businesses not in the "priority" sectors who have been deprived of access to credit.	* Businesses in the priority sectors who had access to cheap credit or who should not have received credit due to lack of credit-worthiness.
	- Set up improved banking supervision procedures.	- Action completed.	Creditworthy businesses	Non-creditworthy businesses.
	- Repay government arrears to commercial banks.	- Some arrears have been repaid, but program is behind schedule due mainly to the government's lack of funds. The rate of further progress is uncertain.	* Formal sector businesses who require bank credit. * The commercial banks with whom the govt. has arrears.	The government who will have to cut other programs in order to repay the arrears.
	- Recapitalize commercial banks.	- Delays due to government's lack of funds and weakness of the economy.	- The Ivorian commercial banks and their depositors. * Businesses who require bank credit.	- The parent banks and shareholders.

\* Denotes interest groups with the most influence over the policy concerned.  
Certain "winners" could be mobilized to have more influence but they have not been so far.

## Chapter Two

### Interest Groups and the Politics of Structural Adjustment in Côte d'Ivoire

by  
Jennifer A. Widner

Implementation of medium-term structural adjustment in Côte d'Ivoire presents several special challenges. The "politics" of economic reform differ from those of Ghana, Senegal, and many other African countries in several key respects.

First, economic reform will prove a special challenge in Côte d'Ivoire precisely because of the country's past successes. Ironically, the country's legacy of economic achievement during the 1960s and 1970s means that there are now individuals and groups who perceive, rightly or wrongly, that they have something to lose by accepting some of the proposed reforms. Unlike many other countries of sub-Saharan Africa, where standards of living for many stagnated or even declined over the thirty years since 1960, Côte d'Ivoire's pattern of economic development moved it into the small group of "middle income" countries in Africa and created a comparatively larger "middle class." When growth rates slowed and occasionally turned negative during the 1980s, eventually threatening to push the country back into the category of "low income" countries, not all Ivoirians were similarly affected. Although there are some who consider the proposed reforms a way to stop a spiral of decline in standards of living, others believe that structural adjustment will make them "losers."

Second, the government of Côte d'Ivoire is under international pressure to pursue reform at a time when the character of the political system is changing. In the clientelist political system of the period 1960-1990, the economic policies the country pursued reflected the preponderant influence of individual political or business figures, who mobilized support for their personal interests through political machines. In the early 1980s, such "personal" politics subverted privatization of public enterprises in Côte d'Ivoire. In 1987, protests from the well-connected, largely foreign-owned textile industry prevented elimination of non-tariff barriers. Several prominent individuals currently benefit from policy distortions and are likely to mobilize their clients in the National Assembly or in institutions such as the customs service to block reform. Nonetheless, the growing strength of interest groups in the period since the 1990 move to multi-party rule has started to alter the policy process. Personal politics and interest group politics now compete for influence in Côte d'Ivoire, creating new kinds of opportunities, and new kinds of obstacles, for the reform of the economy.

- In the industrial democracies, the demands of interest groups are mediated through national assemblies and other institutions designed to facilitate compromises and long-term negotiations among government, business, and labor. Like many countries in Africa, Côte d'Ivoire has a new union movement but none of the bodies and forums for interest intermediation that exist in the industrial democracies. This institutional lacuna potentially makes securing acceptance of reform more difficult than it would be in the industrial countries.

- Most interest groups, newly formed and with relatively little access to information or to contact with each other, have not had to evaluate the opportunity costs associated with the demands they make. Until 1990, the Ivoirien government did not tolerate trade unions

or associations outside of those that maintained ties with the sole legal political party, the Parti Démocratique de Côte d'Ivoire (PDCI). It controlled access to information tightly, sanctioning only government-produced newspapers, radio, and television. When single-party rule gave way to multi-party rule in 1990, many union members broke away from existing corporatist structures for interest representation and formed their own autonomous *syndicats*. Although there are three labor federations now active in the country, along with several, somewhat older business lobbies, most *syndicats* frame their objectives and programs with little or no information about the economic effects of different alternatives or the concerns of other Ivoirien citizens.

- As a result of the deficit of information and institutions, the programs of some of the new *syndicats*, as well as the old, reflect little consideration of the costs and benefits associated with different courses of action, when the behavior of other groups is taken into account. Lack of information and absence of a forum in which demands can be measured and bartered against those of other groups creates a rigidity in the positions pursued that does not accurately capture the attitudes and ideas of either the members or the leaders.

- Further, only the Prime Minister's office, with its small staff of 25, plays a significant role in trying to mediate conflicting demands in the policy process, and it does not encourage contact between groups in different sectors. None of the interest groups interviewed as part of this study had significant contact with the *députés* in the national assembly, one of the potential sites for interest intermediation. That institution, as others, remains the preserve of personal political machines.

- Finally, some senior politicians and business people retain sufficient personal power to block key elements of a reform program. Absent information to monitor the performance of government organizations, informal influence over the behavior of public officials, in order to retain individual privileges, remains strong. For example, despite wide-spread interest group demands for reform of customs, the purchase of a computer system allegedly capable of detecting and preventing fraud, and a contract with a Swiss customs firm to help administer the system, customs remains the site of considerable, high-level fraud.

Third, in common with many other African countries, Côte d'Ivoire is caught in a crisis of confidence in the public sector. Although urban interest groups are generally agreed on the need for some types of reforms, especially those designed to improve the quality of public sector management, few currently have enough faith in government leaders to accept short-term sacrifices for longer term gain. Lack of confidence of the governed in the intentions and abilities of the governors is perhaps the major obstacle to reform. This skepticism about the ability of the governors to implement reforms efficiently and fairly does not yet amount to rejection of all current political leaders or of a role for government in the economy. Most of the urban interest groups interviewed for this study indicated that one or more of the senior officials with whom they regularly had contact took their concerns seriously.

This concern has three main components. There is a deep, shared fear that a few of the most powerful politicians continue to pursue their individual interests at the expense of other Ivoirians. The lack of transparency surrounding some of the recent sales of public companies has fueled this perception. Further, the absence of information that would allow groups to monitor government behavior in their sectors and to follow changes in the economy is also an important source of insecurity. All of the interest groups interviewed for this study placed a high priority on the creation of a "banque des données," to which all

members of the public could have access. Finally, several interest group leaders reported that the level of malfeasance among lower-level civil servants is now so high that even if senior officials choose to implement well-conceived reforms, they will lack the capacity to do so. Customs officials came in for particular criticism from producer's groups, in this regard.

Fourth, most Ivoirians interviewed as part of this study expressed concern that false assumptions on the part of international donors might lead the program of reform to collapse. These worries were diverse.

- In order to turn the new opportunities and incentives created by standard adjustment measures to their advantage, entrepreneurs must have access to capital so that they can finance the re-orientation of their activities. Because the government is in arrears to many businesses and because the country's coffee and cocoa marketing campaigns have been run in such a way that they have created severe liquidity problems in the banking system, Ivoirien business people, including transporters and farmers, fear they have less ability to finance adaptation than their counterparts in some other African countries. Although the cabinet of Alassane Ouattara has sought to restructure the banking sector, persistent uncertainty about whether capital will be available when needed is a cause for considerable worry about the consequences of reform among many business groups.
- All interest groups are concerned about the consequences of devaluation in an economy as heavily dependent on imports as that of Côte d'Ivoire. They feared that higher prices for imported goods would lead to greater privation, the collapse of many businesses, higher levels of unemployment, and social disorder. Although few disagreed with the need to boost exports and consumption of domestically-produced goods, all worried about how the country would survive the short-term.

Fifth, the concerns expressed by interest groups about the country's economic problems are not always those foreign donors consider or take seriously. In Côte d'Ivoire, there is substantial worry outside the foreign-dominated business community about the need to find opportunities for the country's youth in this time of economic crisis. Almost all of the interest group representatives interviewed placed high priority on addressing the problems of an increasingly un-educated, unemployed generation of teenagers. The sources of this concern were multiple: a sense that the older generations would not be able to control the activity of teenagers in the city streets during periods of tension, such as elections; worries about the security of villages with increasing numbers of bored and opportunity-less youth living at home and with higher levels of banditry in rural areas; fears that children would not be in an economic position to look after their parents in their old age; shame at the inability to provide a better standard of living for the succeeding generation. Interest group leaders proposed a variety of approaches for addressing this problem, including better vocational education, programs to settle unemployed city youth on the land in their villages and to help them finance new kinds of enterprises, and creation of village-based learning opportunities.

This chapter analyzes in greater detail the way key interest groups perceive the country's economic problems and the reforms proposed as part of the medium-term structural adjustment program. As such, it offers a view of one aspect of the "politics of structural adjustment." In clientelistic political systems, interest groups often lack the bargaining power to make their voices heard. A complete understanding of the politics of

adjustment thus requires analysis of the interests and bargaining power of the country's senior political elites--a subject beyond the scope of this report.

The chapter has several parts. First, it presents the interests of important producers' groups--the business people and planters whose behavior structural adjustment is supposed to affect most directly. Second, it considers the interests and attitudes of important "economic gate-keepers," the people who provide services critical to the continued functioning of government and the economy: the transporters and bus drivers, the doctors and health-care workers, the electrical workers' unions, and bank employees' syndicate. Third, it assesses the attitudes of interest groups that are important "opinion makers," especially the *groupes de ressortissants*, which link city dwellers with farmers in the villages, the press, the Union Nationale des Consommateurs, religious organizations, and human rights groups.

The final section of the chapter summarizes the answers to each of the key questions this portion of the study posed. How do different social groups understand what the structural adjustment reforms are and how these will affect their lives and economic interests? Is there organized opposition to key elements of the reform package among the country's main social groups? Are there parts of the Ivoirien community that favor particular reforms? Is there any common ground among key interest groups? What are the parameters of coalition-building--that is, under what conditions are key interest groups willing to enter into a social contract to re-start the economy and under what conditions do Ivoirians believe reform could lead to a breakdown of public order?

## **The Perspectives of Producers' Groups**

### **Business and Commerce**

In Côte d'Ivoire, major business and commerce associations now meet frequently with the Primature (see appendix 2.1 for current structure) to discuss policy issues. This community includes French and Lebanese interests, whose representatives sit at the bargaining table, although prominent Ivoirians, such as Philippe Bambara, the PDG of Cosmivoire, and Jean-Baptiste Améthier, important in agro-industry, also play a role. In regular meetings at the Prime Minister's office, the participants include the Union Patronale de Côte d'Ivoire (UPACI, headed by Joseph Aka Anghui), the Syndicat des Industriels (headed by Aziz Thiam; a member-syndicat of UPACI), the Groupement des Exportateurs Café/Cacao (headed by René Ekra; a member-syndicat of UPACI), the Mouvement des Petites et Moyennes Entreprises (a member-syndicat of UPACI), the Chambre de Commerce et de l'Industrie, and the Club des Hommes d'Affaires Franco-Ivoirians, or CHAFE (led by Henri Barnouin, the local representative of Apple Computer and proprietor of the Librairie de France). The memberships of these groups overlap considerably. The Jeune Chambre Economique plays only a minor role as a "producers' group" and is more a social organization for the country's younger elites than an interest group or even an "opinion shaper," although it occasionally sponsors seminars on management and the economy. The leverage of the informal sector lobby, CONOSI, is still extremely limited.

### L'Union Patronale de Côte d'Ivoire (UPACI)

The Union Patronale de Côte d'Ivoire (UPACI) is the major interlocutor between private enterprise and the government. It encompasses several other syndicats (Table 2.1)

Table 2.1

**Member Organizations of UPACI  
Union Patronale de Côte d'Ivoire**

Association des Sociétés d'Assurances opérant en Côte d'Ivoire (ASACI)  
 Association Nationale des Courtiers d'Assurances et de Réassurance en Côte d'Ivoire (ANCARCI)  
 Association Professionnelle des Banques et Ets Financiers de Côte d'Ivoire (A.P.B.E.F.-CI)  
 Chambre Syndicale du Droit des Affaires et de l'Immobilier (C.S.D.A.I.M.)  
 Fédération Ivoirienne des Industriels du Textile et de l'Habillement (FITEXHA)  
 Fédération Maritime (FEDERMAR)  
 Fédération Nationale de l'Industrie Hôtelière de Côte d'Ivoire (F.N.I.H.)  
 Fédération Nationale des Etablissements d'Enseignement Privé Laïc de Côte d'Ivoire (FENEPLACI)  
 Groupement de l'Ingenierie et des Machines Informatiques (GIMI)  
 Groupement Interprofessionnel de l'Automobile (GIPA)  
 Groupement Professionnel de l'industrie du Pétrole (G.P.P.)  
 Groupement Professionnel des Exportateurs de Café et de Cacao (GEPEX)  
 Mouvement des Petites et Moyennes Entreprises (M.P.M.E.)  
 Syndicat des Armateurs à la Pêche (S.A.P.)  
 Syndicat des Commerçants Importateurs et Distributeurs (SCIMPEX)  
 Syndicat des Compagnies de Navigation (SYNDINAVI)  
 Syndicat des Entrepreneurs de Manutention du Port Autonome (SEMPA)  
 Syndicat des Entrepreneurs et Industriels de Côte d'Ivoire (S.E.I.C.I.)  
 Syndicat des Entreprises de Remorquage par Eau de Côte d'Ivoire (SERTECI)  
 Syndicat des Exportateurs et Négociants en Bois de Côte d'Ivoire (SENBCI)  
 Syndicat des Industriels de Côte d'Ivoire  
 Syndicat des Opérateurs Privés de Formation Continue (SYNOFOC)  
 Syndicat des P.M.E.  
 Syndicat des Pharmaciens privés  
 Syndicat des Producteurs Industriels du Bois (S.P.I.B.)  
 Syndicat des Transitaires  
 Syndicat Ivoirien de la Production Privée Audiovisuelle (SIPPA)  
 Syndicat National des Commerçants de Côte d'Ivoire (SYNACCI)  
 Syndicat National des Transporteurs de Marchandises et Voyageurs de Côte d'Ivoire (S.N.T.M.V.C.I.)  
 Union des Employeurs Agricoles et Forestiers (UNEMAF)  
 Union Professionnelle des Entreprises de Sécurité (UPES)

and has its own staff support to collect data, manage study commissions, etc. The member-syndicats represent foreign-owned businesses as well as Ivoirien concerns. In most sectors, foreign businesses dominate. Thus, in meetings with the government, the negotiators for the private sector are often French or Lebanese.

### *Objectives and Activities*

The UPACI acts as a lobby for the interests of private business in Côte d'Ivoire. Some of its members or representatives sit on the new committees the government has formed to try to plan approaches to Côte d'Ivoire's economic problems, such as the Comité de liaison entre le secteur public et le secteur privé. Most of its contacts with government officials take place within the Primature or on the committees the Primature has established during the past two years. In an earlier era, it had less formal contact with government; the Ministère de l'Economie et du Finance did not invite this kind of private sector participation.

The UPACI's representatives address the kinds of concerns that affect all private sector activities. The individual member-syndicats are still responsible for addressing problems they do not share with others. The Syndicat des industriels sits alongside the UPACI in most meetings with the government, on the grounds that its members generate more than 50 % of the country's revenues and that they therefore merit a special hearing. The membership of the Syndicat des industriels includes about 85 % of the country's industrial enterprises.

The UPACI has tried to assemble a data base on the activities of member companies and on economic conditions in the country. The directors are concerned that they have so little ability to monitor conditions in different sectors that there is no way to examine the effects of government policy or address the problem of non-uniform enforcement of regulations and taxes. The consequences include both inefficient government management and high levels of corruption (the expansion of the secteur informel--defined in this instance as the people who don't follow the rules). UPACI places a high priority on improving transparency in government and in the sector by improving capacity to collect and analyze data. It notes that this project is a potential site for collaboration with USAID.

### *Perspectives on Economic Reform*

The UPACI's directors consider that many of the problems the business community encounters today have their roots in the high level of government intervention in the market that occurred in the past. Improving the economic environment for private business will be difficult and it will take careful attention to the specific characteristics of the Ivoirien situation, they said. Reform is imperative, in the view of the representatives, or the business environment will soon come to resemble Zaire and Nigeria, where the only foreign firms that remained were those that could use vertical integration and other measures to barricade themselves from local influences. Reform must be carefully-constructed, however. Stabilization and attention to micro-level problems must precede structural adjustment.

High on the list of concerns among association members were the twin problems of corruption and tax evasion. Tax rates, including tariffs and the Value-Added Tax, had increased steadily, and the incentive to evade had grown commensurately. This problem had two consequences. First, it meant that a smaller and smaller group of businesses, which followed the rules, generated the revenues for the country, and that their ever-increasing tax burdens threatened to drive them either into bankruptcy or out of Côte d'Ivoire. Second, it threatened the country with revenue shortfalls. In the view of the UPACI's directors, the government would secure more revenue if it reduced tax levels and improved collection. They suggested that the Union Patronale could help monitor the

activities of its members and try to control tax evasion by members in return for a reduction in tax levels.

Second, the group believes that high priority ought to be assigned to educating civil servants so that they can "think like economists." Better public management does not happen of its own accord. Donors need to help finance the government's efforts to restructure itself, and they should help re-train the civil servants who remain. They should target the economic ministries and the *Chambre du Commerce et de l'Industrie*.

Third, it is imperative to stabilize the economy before trying to engage in structural adjustment. Côte d'Ivoire is still in the stabilization phase, the UPACI's secretary general stressed. The state imposes too many burdens, but the banking system functions poorly and imposes constraints on the ability of private firms to take advantages of new opportunities. Restructuring the banking system means nothing unless people were willing to deposit money in the banks, and that was increasingly not the case.

Further, if costs of key parts of the manufacturing or marketing processes remain high (such as transportation and electricity costs), then there is little private business will be able to do to expand and pull the country out of its descent. The donors and government need to help reduce transport and electricity costs and reform the labor laws before firms will be able to respond to the altered incentives created by policy reform.

Fourth, broad policy changes will not bolster the economy in themselves for yet another reason. The director of the *Union Patronal* suggested that in many businesses, especially those with no foreign ties, the "culture de l'entreprise" or business acumen was still not well developed. Any program of economic reform must try to build the capacities not just of the public officials responsible for economic policy but of private sector actors too. The UPACI is trying to make voluntary audits available to member firms in order to help them improve their internal management. Intervention at the enterprise level to improve management skills is essential. Donors always talk about macroeconomic policy reform, said one of UPACI's representatives, but the micro-level problems are also very important. The broad policy changes implied in structural adjustment are likely to founder on the limited capacities of individual firms to respond to the changes as theory suggests.

The UPACI's director suggested that past non-governmental organization efforts to intervene to improve management were useless. The NGOs had convened groups of lawyers, jurists, and engineers to work with Ivoirien businessmen. But these consultants had no understanding of the real kinds of calculations businessmen must make--calculations of risk. Instead, real business advisers were needed. Further, it was important to have some foreign participation so that the members of these enterprise groups would not use the arrangements to promote only their friends. Combatting personalism and favoritism in business had to be one of the messages conveyed by advisory groups.

Fifth, the directors returned to the problem of information, with which they began the conversation. They noted that businesses lacked the information they needed to begin to compete with their counterparts active in Thailand and Malaysia, for example. UPACI's secretary general, Daniel Teurquetil, noted that the local tuna industry, whose members finance themselves, without resort to banks, had carried out its own comparative cost studies and that others should follow suit. Managers generally had no data for comparing their costs with those of similar firms operating in other parts of the world, and thus they could not plan longterm strategies of development. What the country needs are detailed, comparative studies of costs, drawing on very detailed surveys of a few firms in each

sector, as a basis for policy change and for action by individual firms.<sup>1</sup> The UPACI recently raised its dues in order to hire someone to carry out data collection and analysis.

Sixth, both the private sector and government have to take firm steps to reduce fraud. The UPACI's directors were particularly concerned that members of the Lebanese community had secured almost complete control over the supply of imported inputs to industries and that some of these entrepreneurs were beginning to use the market positions they had secured to increase the costs of these critical goods. They noted that the Lebanese community was diverse, that some members of the community were also victims of these practices, and that the community was in Côte d'Ivoire to stay. Currently, however, the fraudulent practices of a few threatened the health of the economy and made certain that customs revenues nourished not the public treasury but a few individuals.

In addition to pointing to the inefficacy of attempts to restructure the banking sector, the UPACI directors expressed concern about several other reforms contemplated. First, they considered devaluation potentially catastrophic. Côte d'Ivoire depends too heavily on imports, has too few exports, and has too great an external debt for devaluation to provide a spur to economic growth, in their view. Many private firms would flee or go bankrupt, instead. The higher payments on the external debt would de-stabilize the banking system further. Similarly, although removal of non-tariff barriers would be a good idea in the long-run, there are several Ivoirien businesses that would simply collapse with the elimination of these in the near future. The textile industry had blocked these changes in 1987.

The views of the Syndicat des Industriels, one of the most influential groups within the UPACI, are contained in a document by Michel Berlo and Kouassi Koffi entitled, "Consultation sectorielle sur les conditions et modalités de la relance des activités industrielles." Prepared in April 1992, the paper first lays out the reforms the government agreed to as part of the structural adjustment program. Then it outlines the concerns of the Syndicat and UPACI.

The paper states that the government agreed to 1) adhere strictly to its austerity budget, 2) gradually eliminate accumulated arrears and take steps to restructure the financial sector (including the banks, insurance companies, and stock exchange), and 3) help boost the competitiveness of enterprise by

- a. reforming the Value-Added Tax<sup>2</sup> and tariffs
- b. promoting exports by gradually eliminating non-tariff barriers while providing a subsidy to exports and by improving the management of customs<sup>3</sup>
- c. liberalizing trade, both foreign trade and trade within the country
- d. improving the legal environment for business by creating "tribunaux

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<sup>1</sup>The World Bank has recently launched a comparative study of the costs industrial enterprises face in selected African countries. Côte d'Ivoire was originally on the list for inclusion in the project.

<sup>2</sup>Under the current Value-Added Tax program, the government has effectively taxed a few enterprises more heavily instead of deepening the tax base. That is not a necessary outcome of a value-added tax, but it is a characteristic of the current Ivoirien system, forcing companies without local connections to run interference for them to bear a heavy share of this tax.

<sup>3</sup>In the aftermath of the 1987 protest by the textile industry against the removal of non-tariff barriers, the government agreed to try to promote exports not by devaluing and removing protection for import-dependent industries but by gradually adjusting protection levels while furnishing a "prime" or bonus to export producers. The money to be devoted to the export incentive scheme never fully materialized.

- de commerce," developing procedures for arbitration and recovery of money owed
- e. reduction in tax levels and the cost of certain public services
  - f. increasing the flexibility of labor laws

These measures were negotiated as part of the structural adjustment program.

The report expressed business's concern that the government had stopped short of implementing the changes, however. It suggested that the failure to act on the terms negotiated had two sources: the government had no financial incentives to carry out the promised reforms and, for lack of information, the dialogue about implementation had stalled. It further noted that "discordant voices" had argued their cases with the administration.

Finally, the report established the business community's priorities for economic reform:

1. The government should repay arrears and live up to its commitment to support "primes d'exportation."
2. The government should clean up fraud at customs.
3. The government should take steps to help reduce costs, and should adopt measures that would permit a reduction in labor costs.
4. The ministries and other government bodies should adopt simple, clear procedures for businesses to follow in order to secure permits and services or assistance.
5. Tax reform.
6. The government should find ways to promote petits et moyennes entreprises industrielles.

It called for a new partnership between business and government and suggested that a major part of launching a new relationship is to collect and make available better data on the country's economic activity: "une observatoire de la relance économique."

#### *Relationships With Other Groups*

The UPACI has ties with other business groups. It does not appear to have entered into discussions with most other associations in the country, however.

#### Le Mouvement des Petites et Moyennes Entreprises (MPME)

The Mouvement des Petites et Moyennes Entreprises started in 1976, not as an organization to lobby government but as a vehicle for small enterprises to bargain with financial institutions and secure economies of scale in procurement of business services. It acquired "mouvement" status only in 1990, when contacts between the government and the association began.

The association currently has about 500 members with a total business volume of over 50 billion CFA. Many of the firms are import-based (computers, electrical supplies, grocery store products) and a high proportion of the others are real estate brokerages. The

only requirement for participation is an initial inscription of 50,000 CFA and an annual cotisation of 20,000 CFA. Despite the open criteria for membership, the majority of the sociétés which participate are either French or Lebanese-owned. The current president, Pierre-Daniel Bréchat, is the French director of Publici Marlboro. The Ivoirien archivist for the movement estimates that at least 60 % (and possibly as much as 80 %) of the member businesses are foreign-owned. The archivist ascribes the limited participation of other Ivoirians to two causes: 1) lack of information about the movement among Ivoirien businessmen and businesswomen and 2) deeply-rooted distrust among Ivoirians ("Africans" was his term) of organizations that collect dues with the promise of future benefit. Guillaume Houphouët-Boigny, one of the president's sons, is a member, as are some of the country's pineapple producers.

### *Objectives and Activities*

The main aims of the movement are to negotiate better credit arrangements with bankers and secure economies of scale in procurement of business services. Only recently has the group entered into exchanges with the government.

The emphasis on "self-help" is reflected in the Mouvement's publicity. Bréchat launched a series of advertisements in 1991 with a professional, open, "let's pull ourselves up by our bootstraps" theme. For example, one ad ran, "A ceux que la crise effraie la MPME propose deux solutions miracles: se serrer la ceinture, se serrer les coudes. On peut et l'on doit faire face à la crise en réduisant tous les frais au maximum." Others fastened on the same theme: join forces to reduce costs, "ensemble nous sommes plus forts." Another, featuring a drawing of a tortoise, ran: "Bien sûr, il est prudent de jouer la tortue dans l'environnement économique hostile d'aujourd'hui. Mais la tortue n'avance pas vite ou pas du tout. Il vaut mieux se protéger efficacement au sein du Mouvement des PME: assurances adaptées à tarifs préférentiels, protection juridique, santé, mais aussi et surtout des actions auprès des pouvoirs publics pour construire notre avenir."

The movement's main energies are directed toward negotiating better terms with banks. It seeks to create a fund to guarantee loans secured by PME's and a reduction in interest rates for member-companies that participate in MPME-sponsored management courses.

The MPME also provides a business center for its members, the Maison des PME (Immeuble Jean LeFebvre). The Maison allows participating firms to share access to clerical services, telecommunications facilities, commercial information, and office space. It provides limited group health care/insurance and discounts on insurance and travel services. Once a week for 2 hours, it makes a lawyer available for consultation by members. It publishes a journal for members too.

Only recently has the MPME entered into discussions with government. Before 1990, the Union Patronale de Côte d'Ivoire (UPACI) and the Chambre de Commerce represented commercial interests in the jours de dialogue. Now the MPME, which is a member of the UPACI, participates in negotiations with the "pouvoirs en place." Although it must technically work through the Ministère de Commerce et Industrie, Bréchat and other officers say the real power and interest lie in the Primature. They appear to have significant confidence that their contacts in the Primature will pursue the interests of the PME. Relations with députés are apparently nearly non-existent.

### *Perception of Economic Reforms*

The president of the MPME articulated very strong views on only a few of the reforms under way. First, he noted that the dominant interest of the PME lies in reforms of the banking sector and lower interest rates. Securing credit from the domestic banking

system has become increasingly difficult over the past 15 years. Small businesses have long been seen as poor risks by bankers. Some had recourse to development bank funds, but with the liquidation of many of these institutions, there is little credit available for the PME. Interest rates are very high, in the view of members: about 20% for businesses that have profit margins between 20% and 50%.

Apart from financial sector restructuring and negotiation of new credit arrangements, only devaluation attracted his attention. Devaluation of the CFA he called "impossible." He believed that devaluation would have "cascading" effects. Far from leading to a general equilibrium in the economy, it would generate new disequilibria. He forecasted 1) increasing difficulty in repaying the foreign debt, 2) the closure or flight of expatriate-owned enterprises, 3) severe unemployment (lay-offs of 500,000 workers), and 4) intense social conflict. He said that world affairs in the past two years had eroded his belief that rationality would triumph under duress. He thought the consequence of devaluation would be civil conflict on the model of Togo or even Liberia.

Other aspects of the structural adjustment program attracted less interest. Those interviewed all agreed that neither elimination of non-tariff barriers nor reduction of tariffs would affect the PME significantly. These policy measures were more important to the larger businesses, they noted. The PME did have an interest in seeing conditions for the export of coffee and cocoa improve, however. There was also interest in the privatization of some public enterprises for whose functions member-companies might substitute. Changes in the labor code to give businesses more flexibility in firing employees and purchasing overtime generated little interest, largely because the Labor Code was not systematically enforced. High water and electricity rates merited concern, however; these are a major component of business costs and their reduction, through more efficient, private management, was seen as an important reform.

#### *Access to Economic Information*

The archivist noted that member-firms most needed not general information about economic trends but specific information on prices of goods and services in neighboring African countries and names, addresses, and telephone numbers of distributors in these countries. There was significant interest in intra-regional trade and in exporting to the United States, but little of the knowledge of business services and distributors required. He was in the process of surveying member firms to determine the kinds of information they sought.

#### *Relationships with Other Groups*

The MPME belongs to both UPACI and the Chambre de Commerce. Bréchat volunteered the observation that in his view the PME and the informal sector had nothing in common. He emphasized that he did not want to become involved with informal sector enterprises or programs designed to assist them. Neither he nor others interviewed had heard of CONOSI, the informal sector lobby group. The Association Interprofessionnelle des Petites et Moyennes Entreprises attracted no name recognition from the members the author consulted. The archivist believed it was an association of traitants of coffee-cocoa but that it had never really gotten off the ground.

#### Comité National des Opérateurs du Secteur Informel (CONOSI)

Informal sector entrepreneurs have not yet found a voice in the Ivoirien political system. The Comité National des Opérateurs du Secteur Informel (CONOSI) is a donor-funded group of volunteers who seek to lobby on behalf of the many street vendors, carpenters, and kiosk-owners who populate the sector. It considers itself a non-

governmental organization. Founded in 1987, it has about 1,200 members from the 10 communes of Abidjan, who pay an initial inscription of 10,000 CFA to join and an annual fee of 1,500 CFA. The membership elects a Conseil d'administration of five members. The Conseil designates an executive director, who helps manage the group. Funding for the studies and projects the group supports comes from the International Labor Organization (ILO), the World Bank, Friedrich-Neumann Institute, and more recently, the Canadian government.

### *Objectives and Activities*

CONOSI has multiple objectives. It tries to intervene on behalf of informal sector entrepreneurs with the government. Its efforts to join national policy debates have largely failed, however. Although it won an audience with the Chef du cabinet at the Primature, CONOSI was told that if it wanted assistance it would first have to provide a list of all the informal sector operators in Abidjan--clearly an impossible task, especially without financial support. Its contacts are largely restricted to the local governments and the Ministère de l'Emploi, which was a party to its formation. Interventions with the government now mainly involve mediating between local officials and entrepreneurs in case of re-location efforts and disputed tax levies, or problems with the police. It seeks space for operators displaced from their locations.

CONOSI has other objectives as well. It seeks to sensitize entrepreneurs to the need for organization. Without a collective body, it is very difficult to guarantee loans or exercise influence with local governments. Convincing highly distrustful operators to join their efforts takes much more of the staff's time. Many return visits to potential members are required.

The organization provides some kinds of training to operators, under projects sponsored by the ILO, the World Bank, and the Canadian government. Since 1990, for example, it has offered courses in management and marketing to women in the sector (the classes are in French). With Canadian assistance, it is studying the export market for attieke in Burkina, Mali, and France (Côte d'Ivoire is already exporting attieke to those areas). CONOSI briefly provided loan guarantees so that operators could borrow from banks. This was a trial project, financed by Friedrich Neumann, and it was under evaluation at the time of this interview. Fifty-nine operators had received guarantees.

### *Perspectives on Economic Problems*

The CONOSI members interviewed noted that the lives of informal sector entrepreneurs had become much more difficult recently. First, the number of enterprises had climbed steeply and so many businesses were competing with each other that profit margins had dropped dramatically. Second, city officials had started to tax the informal sector more heavily, as decentralization placed increasing burdens for revenue collection on local authorities. Third, levels of distrust within the sector have risen. There is great fear of "les pouvoirs publics" who demand taxes and bribes and always reprimand operators. For fear that government will take control of their savings, operators are increasingly unwilling to participate in rotating credit funds and other collective financial arrangements.

CONOSI said that operators are currently preoccupied by three economic problems. One is the problem of finding new markets for products like peppers and attieke. Increasingly, entrepreneurs are aware that financing will depend on their ability to demonstrate that they have markets for what they produce. Second, because there is so little way to supervise or collateralize informal sector entrepreneurs, financing is difficult to secure. The banks and government officials recall that when the economy was doing well operators did not reimburse their debts. They will not extend help now, but CONOSI can help regulate the problem of reimbursement, say its officers. Third, transporters charge

unpredictable rates for moving operators and their goods. Prices change from one day to the next. The market women are especially concerned that the transporters charge predictable fares.

The CONOSI operators commented that the informal sector operators are not cognizant of the economic reforms under consideration in government. They stress the need for national debates about these, on the grounds that discussion generated by these helps inform people who earn their living in the sector and have little education. The managers of the project did appear to understand the main elements of the medium-term structural adjustment program and the chief administrative officer gave an impressive explanation of devaluation and its variable effects on countries within the Franc Zone.

### **Agriculture**

Although the Houphouët-Boigny government came to power through the Syndicat Agricole Africain, a pre-Independence union of Ivoirien coffee and cocoa growers, the interests of the farming community have only recently acquired representation in government decision-making. "Agricultural interests" are fragmented. They include, first, large growers, mostly political elites with pineapple plantations and holdings of rubber, coconuts, bananas, coffee, and cocoa but especially pineapple and bananas, which can be sold fresh to European buyers. Earlier, these farmers had their own pineapple-growers association, which succeeded in winning a higher degree of trade liberalization in this area than other farmers were able to secure for their crops. In addition, these farmers are organized under the Union des Entreprises Agricoles et Forestières, led by Jean-Baptiste Amèthier. The Union is a member of the UPACI, the Union Patronale.

Exporters and private-sector traders in primary agricultural products also have their own lobby group, the Groupement Professionnel des Exportateurs de Café et de Cacao (GEPEX). This group, too, is a member of the Union Patronale and as such has long had some representation in negotiations with the Prime Minister's office and the ministries. The elite status of the members of this group also gives these interests important informal access to the president and other senior officials.

Until recently, small-holders had no representation in government policy formation. Since 1991, however, four groups have emerged. These include the Syndicat National des Agriculteurs de Côte d'Ivoire (SYNAGCI), the Union des GVCs, the Association des Petits Producteurs d'Hevéas (APPH), and the Association des Planteurs de Palmier de Côte d'Ivoire (APPCI). The first union formed in July 1991, at the instigation of several "planteurs lauréats" and university teachers-cum-planteurs. Its recognition among small-holders is still limited, but varies substantially by region. The Union des GVCs is a government-instigated grouping whose original aim was better encadrement of the coffee, cocoa, and cotton cooperatives. As SYNAGCI expanded its operations to include cooperatives that would market produce directly to exporters, the Union began to acquire a reputation as an alternative, PDCI-backed syndicat that rejected direct-marketing. Smallholders ascribe various roles to it. The APPH and APPCI formed in the later half of 1992, largely in reaction to privatization, actual or impending, of the public enterprises that collected and processed village-produced rubber and palm fruit.

A rural constituency for structural adjustment does not currently exist in the country, in part because some object to portions of the reform program and in part because those who stand to benefit from policy reform are still weakly organized (see chapter three). The interests of these various groups are far from consonant.

The prevailing diagnosis of the country's agricultural problems among policy makers-cum-planters, such as the Minister of Agriculture, Lambert Kouassi Konan, and Alain Gauze, the *Ministre Délégué* in charge of primary commodities at the *Primature*, is best represented in a book by Marc Zike, called *Café/Cacao: La rébellion ivoirienne contre les multinationales*, with a preface by Henri Konan Bédié and an afterward by Alain Gauze.<sup>4</sup> The book suggests that Côte d'Ivoire has two choices. It can accept the "deficiencies of the international market" and count on increasing volume of production to maintain income from agriculture, as prices decline, or it can develop a strategy to "humanize, moralize, and modify the rules and practices that regulate the trade between producing countries and consumer countries." It sees as positive steps, in recent times, 1) rejection of the 1980 international accord on cocoa, 2) suspension of payments on the foreign debt as long as prices paid by creditor countries make it difficult for borrowers to honor their agreements to reimburse loans, and 3) by-passing intermediaries in order to sell all of the cocoa production to one or two large buyers. The problem is really one of managing the market in order to secure a just price. The main villains are the speculators, who use disinformation to depress prices (for example, circulating erroneous rumors about overproduction) and who invest in immense plantations of cocoa and coffee in non-producing countries, with the aim of reducing world prices for these crops.

In this view, the United States is the prime exponent of policies that work against Ivoirien farmers. The book's author proposes that commodity price stabilization is the answer. "The United States does not accept this analysis," Zike says. "The [U.S.] establishes a distinction between stabilizing prices and stabilizing revenues of developing countries. In effect, the Americans reject the concept of stabilizing revenues by stabilizing prices....They propose what they call a Development Security Facility, instead."<sup>5</sup>

The syndicats that have started to represent smallholder interests tend to view government mismanagement as the most significant contributor to the problems of the agricultural sector. SYNAGCI is considerably more interested in trade liberalization in agriculture than the government policy makers whose views Ziké presents.

#### Syndicat National des Agriculteurs de Côte d'Ivoire (SYNAGCI)

SYNAGCI, the Syndicat National des Agriculteurs, first appeared among new Ivoirien associations in July 1991, when it held its first convention at Boudépé. Its secretary general, Emmanuel Monnet, is an agricultural engineer with ENSEA in Yamoussoukro. Its officers and conseillers include several academics, most of whom own plots of coffee and cocoa themselves, but the president and many high-ranking officials are farmers with little formal education. The objectives of the union include, first, representation of coffee-cocoa-cotton interests in negotiations with the government. More recently, the syndicat has embarked on a program to create its own marketing cooperatives-GVCs that will sell directly to exporters, cutting out the acheteurs or buyers. For this purpose, it has created a semi-autonomous unit, COOPAGCI, or Cooperatives des Agriculteurs de Côte d'Ivoire. Although launched only in April 1992, these have taken hold in some regions, including the cotton-growing northern areas. The aim of these groups is purely economic. A third objective is to create a mutuelle to provide health insurance, limited health services (particularly to older farmers) and credit. SYNAGCI has not yet started to pursue this third aim.

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<sup>4</sup>Marc Ziké. *Café/Cacao: La rébellion ivoirienne contre les multinationales*.

<sup>5</sup>Ziké, p. 99.

The organizers of SYNAGCI had multiple motivations in launching a farmers' union. Some of the agricultural engineers in contact with farmers shared a grassroots concern that the lives of rural producers were increasingly difficult. Many owned small parcels themselves and struggled with reduced revenues, increased input costs, and dishonest traders and public servants. With the continuing collapse of world coffee and cocoa prices, they decided they needed an interlocuter with the government. The Syndicat Agricole Africain (SAA) had performed such a function before independence. Since 1960, farmers had not had official representation. Facing deteriorating standards of living, some farmers believed it necessary to take up that task again.

Some of the organizers were already members of other unions, notably teachers' unions, and they believed that by joining together to lobby government, farmers could affect policy just as other groups had.

The new political parties that developed in 1990 also took an interest in the idea. In its efforts to reach the countryside, the Front Populaire Ivoirien (FPI) helped the SYNAGCI find a meeting place for its first congress, when local authorities blocked the union officials from doing so themselves. Although the FPI continues to be helpful, however, the union has distanced itself from political groups, according to the secretary general and conseillers.

The organization grew from the top down. Initially, SYNAGCI assembled delegates from each sous-préfecture (five per sous-préfecture) and facilitated formation of regional branches, with two directors per region. The delegates and regional directors were responsible for contacting villages and establishing unités polyvalentes, or cells, in each, and regrouping these into sections representing each sous-préfecture. The union now has sections throughout the country, with especially "militant" participation from Abengourou, Aboisso, Divo, Adzopé, and Agboville. The only parts of the country under-represented at the end of 1992 were the northeast, where organizers lacked the money to make visits to villages, and in the central area around Bouaké, where cash-crop production is limited. It costs 200 FCFA per year to belong to SYNAGCI.

#### *Objectives and Activities*

To date, SYNAGCI has concentrated on its first two aims: serving as an interlocuter with the government and developing a network of cooperatives that will sell their harvests directly to exporters.

The group has represented farmers in discussions of agricultural policy, although its points of contact are relatively limited at this stage. Most of the intervention of officers with government officials occurs through meetings with the Minister of Agriculture, Lambert Kouassi Konan, whom the SYNAGCI officers consider sympathetic with their demands and well-versed in agricultural matters. They point out that he is himself a farmer and therefore understands their problems.

In October 1992, SYNAGCI presented a cahiers de doléances to the government and set a limit on the amount of time the government could take to convene a meeting with the Prime Minister. They threatened first to withhold cotton deliveries to protest the low price of these and to withhold food crops from the cities unless a meeting with the Prime Minister could be obtained. In addition to protesting the reduction in the cotton producer price without concomitant changes in fertilizer prices, SYNAGCI demanded relief for farmers from some education charges (FCFA 2000 inscription fee, uniforms for children), maintenance of the FCFA 200 official producer price for cocoa, and relief from harassment by local officials. Within short order, the Prime Minister did briefly receive the group, as did the president, who set as his terms for an audience his selection as official patron of the

union and joint appearance with the Union des GVCs, whom some believed a "PDCI farmers' union." The SYNAGCI officials debated whether to accept the offer of an audience with Houphouët and only decided to accept hours before the meeting was to take place. The FPI people never objected to the meeting, and although the Union des GVCs is seen by some as a PDCI agricultural syndicat, the officers of SYNAGCI do not consider either group so strongly linked to political parties that they cannot work together. The SYNAGCI officials secured some of their demands, including elimination of the school uniform requirement and a deferment of the inscription fee until after the January cocoa harvest. The officers believe that the meeting with the president was helpful in signaling to préfets and sous-préfets that harassment of the union should stop. They are no longer forbidden by local officials to hold meetings.

The SYNAGCI has no continuing contact with the Primature. The union finds the Prime Minister evasive on many of the policy questions that concern farmers. They appear to have no contact with the Ministre Délégué in charge of commodity exports, Alain Gauze.

The SYNAGCI has also not considered it worthwhile to maintain strong ties with députés, whom it considers useless as representatives of farmer interests. At an individual level, some of the députés appear sympathetic, but they do not pursue farm interests effectively in the National Assembly. Monnet noted that in 1980, when the country moved to a multi-candidate single-party system from a single-party system with party-list voting, députés established many rural development associations. These existed only on paper, however, and all have disappeared. After the politicians were elected, they neglected the associations.

The rapport with public officials is not strong. The SYNAGCI leaders see the sous-préfets as major obstacles to their activities. The strained relationship has three main roots. First, préfets and sous-préfets advance in their careers partly by presiding over the creation of dispensaries, classrooms, etc. in the villages under their jurisdiction. The funding for these projects comes from the ristournes of the GVCs, matched with FRAR support. The COOPAGCI cooperatives reduce the size of the existing GVCs and the amount of money available for building rural amenities. The sous-préfets thus view SYNAGCI as an obstacle to their own career advancement, according to the union's officers.

Second, until recently, many sous-préfets were responsible for issuing licenses to acheteurs and used this power to collect rents. They distributed permits to acheteurs who would kick back a share of the proceeds from the sale of coffee and cocoa. The acheteurs remitted this sum from the planters' receipts, paying a producer price below the official rate, in consequence. When SYNAGCI expressed interest in selling directly to exporters, it threatened this system. In the end, the liberalization of coffee-cocoa policy eliminated the licensing system and partly undermined the relationship between sous-préfets, but the sous-préfets remain very resentful, and SYNAGCI is often called upon to intercede with sous-préfets on behalf of farmers. Some local officials continue to favor certain acheteurs over others by providing laissez-passer for illegal roadblocks in their areas to some and not others.

A third reason for the poor relationship with local officials stemmed from the reimbursement of acheteurs according to the distance they had to travel --another provision eliminated by the liberalization. In previous years, reimbursement for travel costs provided an inducement for acheteurs to strike deals with préfets. For a price, buyers could secure papers from préfets saying they had travelled from far-removed points, such as Man, when

in fact their harvests had come from much closer locations, such as Aboisso. COOPAGCI threatened that arrangement by cutting out the acheteurs.<sup>6</sup>

The efforts to create cooperatives have proceeded unevenly. According to the leadership, COOPAGCI cooperatives are now commercializing most of the cotton in the north and are very active in Aboisso--and especially in Mafere, where farmers solicited their assistance just three months after the union formed. Problems have arisen, however. COOPAGCI encouraged villages to buy coffee decorticators, using scarce capital to do so. Collusion between buyers and exporters made marketing the shelled beans difficult, however; many exporters refused to deal with the farmers' cooperatives. Monnet noted that in consequence, the union was in hot water with some of its adherents in the Aboisso area.

#### *Perspectives on Economic Reforms*

The SYNAGCI leaders expressed approval of "le liberalisme economique" to the extent that these reforms meant getting the administration out of the agricultural sector. They pointed to the salutary effects of open competition among acheteurs and elimination of the transportation differentials in reducing predatory rent-seeking (not their term). In general, they felt that there were too many administrative blockages. They said the aim should be to make the remaining government activities in the sector transparent. For example, introducing competitive bidding for provision of agricultural inputs to cotton-growers might help reduce the costs of these, they noted.

They remarked that farmers had footed the bill for wasteful government agencies--agencies that were grossly over-staffed. Monnet cited as evidence the recent announcement that 1000 employees would be laid off by the CIDT. He regarded these employees as a drain on farmers' resources. Other officers of the union noted that the CAISTAB had not done its job; in addition to managing the stabilization program more effectively, it should have anticipated the increasing production levels of Malaysia and Thailand.

The union's officers were partly optimistic, partly cautious on the subject of privatization. They noted that the impending privatization of Palmindustrie might hurt the "petit planteur," who stood to lose many services the company provided. It was likely, they thought, that a private company would tell the village producers farthest from the factory that they would no longer buy harvests. They were also concerned that a few large plantation owners with political connections had started to buy villagers' land in order to supply a private sector company--or in order to use the land for other purposes. They noted that the aim of privatization was to make enterprises more efficient but often the government seemed more interested in "liquidity" and just wanted to sell the companies quickly. Further, in their view, it wasn't necessarily the case that private companies were always more efficient. Monopoly, public or private, was a bad idea, in their view.

Devaluation was a reform the union had not given much thought, the officers said. Monnet and his advisers understood that devaluation might increase demand for exported agricultural products, but they noted that the country, including the farmers, were heavily dependent upon imports, and these would increase in cost. Monnet pointed out that small farmers used considerable amounts of imported fertilizer, roofing materials, cement, rice, and bread. The economic conseillers suggested that the FCFA might not really be

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<sup>6</sup>This informal arrangement among buyers and local officials has long skewed coffee and cocoa production statistics for the country. Data from the 1980s suggest that production and yields from the western areas, especially from far-removed areas, are much higher than those of Aboisso and Abengourou. In fact, the data reflect the false-sourcing of crops.

overvalued and noted that the heavy dependence on imports would mean that the standard of living would deteriorate further in the event of a devaluation.

Asked about farmers' perceptions of conditions in Ghana after the reforms, SYNAGCI officers said that some of the union's farmers thought Ghana offered a very good policy environment for agriculture. The cost of living in Côte d'Ivoire is excessive, by comparison, they noted. Tools are two- to five-times more expensive in Côte d'Ivoire than in Ghana. They also believed that farmers suffered less government intervention and could run their own enterprises. They noted that the financial system seemed to operate more effectively. Ghana presented a model for cacao-*café*, they suggested. Sansan Kouau, the farmer who heads the organization, has fields on both side of the border.<sup>7</sup>

The union's economic conseillers cautioned that unemployment resulting from factory layoffs and reduction of the public sector payrolls was a problem for farmers. Not only did it reduce incomes of relatives, but many of those who lost their jobs would try to return to the village. For many farmers, the layoffs presaged a future drain on their limited capital, as they had to install city-folk on the land.

They noted that there were increasing signs of severe economic distress in the country. Ivoirien women had started to engage in prostitution, something previously reserved for Ghanaian women. There were increasing numbers of loubards or thugs in the countryside, threatening security. The younger loubards had formed gangs with their own coded languages.<sup>8</sup> Nonetheless, the union leaders consider the country's problems "maîtrisable," unless the 1995 elections trigger street demonstrations and violent encounters that then have "cascading" effects. The, they said, Côte d'Ivoire might look like Togo does now.

Finally, they noted that the liquidity problems of the banking system also constituted a severe problem for farmers. Farmers need to make large expenditures at certain times of the year, but often they find they cannot withdraw large portions of their deposits--or they experience disastrous two-week waiting periods. Farmers and SYNAGCI itself also appear poor credit risks to bankers. SYNAGCI envisions helping farmers negotiate better terms with banks.

#### *Access to Information*

The leaders of SYNAGCI suggested that they needed two types of information. Their greatest need was for information about foreign markets, foreign prices, buyers, and distributors. They wanted market and commercial information, not just for coffee and cocoa but for *buerre de karité*, pineapple, bananas, etc. They noted that a French NGO had plans to help market pineapples, including provision of "pre-financement," in parts of the

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<sup>7</sup>The results of the Widner survey suggest that not all of the farmers share these views. There is considerable disagreement about living conditions in Ghana. Some farmers who buy their inputs in Ghana and engage in arbitrage benefit from the current system.

<sup>8</sup>These were primarily an urban phenomenon. The conseillers echoed concerns of others interviewed. They pointed with particular concern to the emergence of the "nouchis," gangs of unemployed teenagers who named themselves after the film bandits in American westerns, who usually sport moustaches ("nouchi"). The music of the nouchis, zougloou, talks of the problems the gang members experience during the economic crisis that has long-plagued the country. The university students have picked up the music as a theme of their protests, too.

south, where dishonest business practices by quotataires in the past had precipitated the collapse of production.<sup>9</sup>

In the view of the syndicat's officers, relatively few farmers understand the concept of the market. They simply want higher prices. They know the Caistab exists and when they see the building, they wonder why they receive such a limited share of what they have produced, while the Caistab is housed so lavishly. The farmers only learned of the differences between producer prices and world market prices in the 1990 elections, say the union officers. At that time, political parties revealed the share of the world price farmers received. For the union, which is now engaged in commercializing production, there is a need to explain to farmers that there will always be a difference between the producer price and the world market price because of marketing costs. The real question is what constitutes a reasonable difference.

Second, SYNAGCI leaders noted the need for agricultural information in local languages. They said farmers wanted information about world prices but also needed to be aware that the world price and the farmgate price could not be the same--marketing margins were essential, although they had to be kept under control through competition. They said they had to spend a lot of time explaining the system as did the sous-préfets. They felt the relationships between farmers and sous-préfets might improve and become more useful if the villagers understood agricultural marketing better. They criticized existing efforts, saying that local language broadcasts were a) too short, b) concerned things farmers considered frivolous--like marriages or the visit of the French president, and c) came on late at night while farmers slept. *Télé pour tous* was useless because it was in French, dealt with subjects of limited interest, and assumed access to television, which is rare in villages. They also noted that the coup national for planters was also conducted in French and that even advertisements were in French, limiting farmers' knowledge of competing products.

#### *Relationships With Other Groups*

The leaders of SYNAGCI said they had few contacts with other groups and were "seul sur le terrain." As the conversation progressed, however, it appeared they had several types of relationships with other associations, however.

Although the FPI was a willing collaborator, SYNAGCI's leaders said they did not want strong ties with explicitly political groups. They feared they might be coopted, as the Syndicat Agricole Africain was at independence. They did not wish to be beholden to a single politician, they said. The actions of political parties in 1990 provided an opening for new organizations, in their view, but now the parties were too strong. That is, they always tried to involve themselves in association affairs.

Other agricultural unions exist. Although COOPAGCI may potentially undermine economies of scale for GVCs, the Union des GVCs and SYNAGCI appeared to have reached an entente by the end of 1992. They sit at government meetings together. There are two other farmers' unions as well: the Association de Petits Producteurs d'Heveas (APPH) and the Association de Planteurs de Palmier de Côte d'Ivoire (APPCI). SYNAGCI did not concern itself with oil palms or rubber and so divided the labor of

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<sup>9</sup>Previously the government had licensed quotataires (provided them with export quotas), who contracted in advance to buy specified tonnages from farmers. The quotataires purchased less than they contracted for, forcing farmers to sell surplus produce by the side of the road, for local consumption. They then cheated the European buyers, who took them to court. When the quotataires had to pay up after the court inveighed against them, they went back to the farmers and said the debts were theirs. Most land once allocated to pineapple is now fallow.

representing farmer interests with these groups. Monnet suggested that the APPCI had formed largely out of concern about the effects of privatizing Palmindustrie. It is headed by the son of a combattant de premiere heure, Delafosse. The fear is that the many services Palmindustrie provides plantation workers and village producers will not continue if a private purchaser (most likely the French multinational, Terre Rouge) takes over.<sup>10</sup>

The other groups with which SYNAGCI has limited contact are the Union national des parents d'élèves (Koffi Lucien) and the FPI equivalent of that union, the Association des parents d'élèves de Côte d'Ivoire. The contacts have concerned efforts to lobby for change in the school calendar. The high cost of hired labor means that many farmers have to use family labor more intensively than they have in the recent past. They take their children out of school. If the vacation period extended from October to January, the students could help in the fields of cocoa, coffee, and cotton, while remaining in school.

#### *Proposals for USAID*

The leaders of SYNAGCI offered several policy proposals in addition to the views expressed about the reforms under way.

- 1) They want a representatives who can sit in on meetings at the Caistab, to help ensure transparent management.
- 2) Change the vacation period for schools so that children can work on the farm (see above).
- 3) Develop local-language information programs, and broadcast these early in the evening.
- 4) Assist SYNAGCI and other associations in preparing a public relations packet and in communicating about their objectives and activities with the press.
- 5) Help provide training. It is expensive to prepare union delegates in the field.
- 6) The officers need to learn how to run enterprises so that they can manage the COOPAGCI more efficiently.

### **The Economic Gate-keepers**

Whether structural adjustment works depends not only on the responses of consumers and or producers groups but also on the behavior of people who are in key economic gate-keeping positions. That is, whether Ivoirians who provide critical services--services needed by the government and by most citizens--believe the reforms are in their long-run self-interest shapes the ease of implementation and the success of the effort to re-start growth. Côte d'Ivoire's future economic and political health depends heavily on the extent to which these communities object to the actions taken, because they have not been

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<sup>10</sup>Palmindustrie currently loses about \$350 on each of the approximately 120,000 tons of palm oil it exports each year. The rubber industry, also on the list to be privatized, is much healthier and may well prove profitable.

party to the division of burdens and benefits or because they perceive that there will not be a reward for short-term sacrifices, and take their concerns to the street.

There are several groups of Ivoirians who occupy such "gate-keeping" positions. At the top of the list are the transporters, on whose services businesses and farmers, civil servants, and most other Ivoirians depend on a daily basis. General strikes and slowdowns by transport workers can bring the economy to a standstill. For that reason, the design and implementation of structural adjustment reforms must take their concerns into account. Doctors, pharmacists, and other health-care workers constitute a second such group. Bank employees constitute a third. Electricity workers constitute a fourth.

Federations of workers' unions constitute a fifth, although government efforts to limit the power of these and divisions of opinion among member syndicats weaken the ability of these groups to provide the unified front that would be necessary to protest existing policy or disrupt a reform process, whether the claims advanced were justified or not. In the past, a single syndicat, recognized by the government, defended the rights of workers in each kind of enterprise or part of the public service. After 1990, which unleashed not just "multi-partisme" but also "multi-syndicalisme," these centralized, corporatist structures fragmented. As some unions sought to become more autonomous and removed themselves from the PDCI, the government encouraged the formation of break-away unions, in some cases. To most Ivoirians, these became the "PDCI syndicats," while the autonomous unions tended toward the opposition parties. A partial listing of syndicats appears in the chart on the next page.

Two federations currently promote communication between workers' unions, although both suffer from either management problems or meeting fatigue on the part of the officers of member-unions. The Union des Groupements des Travailleurs de Côte d'Ivoire (UGTCI) regroups many of the unions popularly known as "PDCI" unions as well as some of the older syndicats. It was the original labor federation recognized by the government of Houphouët-Boigny. The UGTCI claims to have 198 member syndicats (up from 126 in early 1992) and 400,000 total adherents.

The second main federation is the Fédération des Syndicats Autonomes de Côte d'Ivoire (FESACI),<sup>11</sup> which regroups the nine most active public- and private-sector unions in the country, under the current leadership of Etti Marcel, head of the main university teachers union. Many of these groups participated in the series of strikes that precipitated the move to multi-party rule in May 1990. (See Table 2.2.)

A third federation, Dignité, is linked to a Belgian social democratic labor group, but it appears to have little following in the country and few know much about it. Led by Mahan Gahé Basile (Secretary General), Dignité got its start in 1988 and received official recognition from the Ministry of Interior in June 1991. Dignité was created as a counterweight to the UGTCI, which some syndicats considered too centralized and too tightly allied with the PDCI to act effectively on behalf of union interests. Dignité claims to represent 75 syndicats, although there is no information to confirm that figure.

FESACI's current leaders said in an interview that the main goal of the federation was the defense of *droits acquis*--in particular, defense of the country's existing labor code, which makes it very difficult for enterprises to lay off employees or to alter salary scales.

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<sup>11</sup>FESACI should not be confused with one of the university students' unions, FESCI, the Fédération estudiantine et scolaire de Côte d'Ivoire, led by Martial Ahipeaud.

Table 2.2

**Autonomous Unions in Côte d'Ivoire****(Members of the Fédération des Syndicats Autonomes de Côte d'Ivoire--  
FESACI)****Syndicat National des Enseignants du Secondaire Catholique (SYNESCA)**

Represents teachers in the Catholic Schools, which comprise about 35% of the country's secondary education system. The union started in 1990 and had its first national congress at the end of 1992.

**Syndicat National des Agents des Banques, Etablissements Financiers, et Assurances de Côte d'Ivoire (SYNABEF-CI)**

Represents bank workers. This union sponsors seminars on unionism and multipartyism for members and is quite active. Its current leader is Raymond Djadou.

**Syndicat National de la Recherche et l'Enseignement Supérieur (SYNARES)****Syndicat National de Cadres Supérieurs de la Santé (SYNACSSCI)****Syndicat National des Douanes de Côte d'Ivoire (SYNADCI)**

Secretary General is Traoré Dohia Mamadou

**Syndicat National des Transports SOTRA (SYNTRAS)****Syndicat Autonome des Agents de l'Information du Secteur Public (SYNINFO)****Syndicat National des Agents des Secteurs d'Electricité et du Gaz (SYNASEG)****Syndicat National des Informaticiens de Côte d'Ivoire (SYNIFCI)**

Its member-unions vary in the strength of their attachment to this goal. Some are willing to accept new salary schemes that reward workers on the basis of merit; others are not. The leaders characterized their stance on economic issues as in line with European social democratic parties, which, they suggested, accepted neither liberalism nor dirigisme. They advocate worker participation in management as a way of improving management quality instead of privatization or increased competition within sectors. Although heightened levels of consultation is a demand of the member-unions interviewed, explicit demands for worker participation in management did not emerge as a high priority in interviews conducted as part of this study. The federation's leadership also made the argument that the World Bank, France, and the United States were all-powerful and could effect changes in Côte d'Ivoire if they really wanted these. In this respect, as well, the federation leadership appeared to hold stronger views than the leaders of the member unions interviewed, who placed greater emphasis on the need for Ivoirians to take responsibility for change in their country.

To convey some sense of the views of the "gate-keepers," this report profiles the transporters, one of the transport unions attached to FESACI, the autonomous electricity workers' union, and one of the doctor's unions. The views of SYNINFO, the FESACI-linked media union, appears under "Opinion Shapers" below.

### **Transporters' Groups**

At the end of 1992, there were four transporters' unions and two SOTRA bus unions in Côte d'Ivoire. These associations wield particular power in the current economic climate. Not only do they hold important economic gate-keeping positions, with the capacity to cripple commerce and the operation of the government in the event of a strike, they are also important shapers of public opinion. Said one journalist interviewed, "transporters have at least as much power to inform and shape views as the press." Because their members travel, they have the information to make broad comparisons of standards of living. Further, all Ivoirians use their services and are exposed to their points of view. "The elections in the transporters' unions are as important as national legislative elections," he concluded.

### Syndicat National des Transport des Marchandises et Voyageurs (SNTMV)

The SNTMV is the largest of the four transporters' syndicats and has existed since 1952. Its members include taxi owners<sup>12</sup> as well as proprietors of large trucks and passenger buses. The leadership was uncertain about the numbers of members in the union but placed the figure above 6,000. About 10,000 voted in the most recent election, but schisms followed that exercise and some operators joined new unions.

### *Objectives and Activities*

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<sup>12</sup>The taxi cab drivers have engaged in enterprise-level strike activity. For example, the "St-Christophe" taxis went on strike in early December 1992 over compensation issues. Drivers who work for such companies are paid salaries but must bring in about 26,000 CFA per day. The Christophe drivers had been required to bring in 28,500 CFA per day, but the management raised that sum to 30,500 CFA in December. The 800 company drivers objected, and the company returned to 28,500 CFA. Because it is so difficult to secure 28,500 per day, many taxi drivers take amphetamines; hence the nickname "café noir," an insult hurled at chauffeurs who make mistakes.

The SNTMV's officers say that their organization has two roles. First, it is supposed to defend the interests of operators vis-à-vis the government. Second, it is supposed to help promote the transport industry.

Along with the new unions, the SMTMV enters into direct discussions with the Ministère du Transport, the customs and police, and the Primature. The SNTMV leaders thus have access to decision making, but they believe that most senior officials view them as adversaries. They note that the government helps many other groups of Ivoirians, but it does not aid transporters.

#### *Perspectives on Economic Problems*

The leaders of the SNTMV prefaced their analysis of the problems associated with economic reform by pointing out that the welfare of transporters was directly linked to the health of the economy as a whole. Brisk trade in agricultural commodities, building supplies, and manufactured goods favored income-growth in the transport sector. They pointed out that whether the commodities were exports or imports or non-tradeables made no difference to them, as long as the economy was growing.

The leaders were most eager to speak about the concrete problems they faced, rather than the broader policy issues discussed in the Ouattara and Bédié televised press conferences, for example. They enumerated several main concerns.

The SNTMV leaders said that the major problem they faced was one of financing. Most of their members finance new vehicles and parts through SAFCA, the Société Africaine de Credit Autonome.<sup>13</sup> In the past, to get a loan, an operator had to have the confidence of SAFCA--had to convince SAFCA that he or she had a clear plan for reimbursing the debt. The current period is difficult, however. An honest operator who has a record as a good businessman now has a tough time getting a loan. That is partly because SAFCA knows that revenues barely cover costs for many operators during the crisis. It is also because SAFCA has "made its loans too expensive for most operators," according to the SNTMV leaders interviewed. SAFCA requires a 20% down-payment, a higher interest rate, and many more guarantees than it did in the past, according to those interviewed. The high cost of capital makes it difficult for most operators to maintain their enterprises. Even operators who do a high volume of business find themselves made uncompetitive by the high debt service levels. Increasingly, too, it is impossible to get credit at all, even when past records of timely repayment exist and regardless of how much collateral the operator offers. The officials suggested that SAFCA is a private monopoly and that its unchallenged market position had generated management abuses. Several of the union's larger truck concerns represented at the interview said they could no longer secure credit even though they could fully collateralize the loans.

Second, the leaders commented that poor public sector management was a serious problem. They had several concerns.

1. They noted that the customs service often sought to impound their trucks at the port. The officials claim the trucks carry goods for which tariff duties have not been paid. It is the buyers' responsibility

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<sup>13</sup>SAFCA is a grouping of automobile dealers that finances car purchases. It has existed since 1958. Renault holds about 33.94%, CFAO (Nissan), about 19.98%, Concessions et Assurances Ivoiriennes, 18.24%; SCOA, 7.9%. Private Ivoirien equity amounts to 9.576% and private European equity totals 10.371%. In 1992, the PDG was Diack Diawar and the adjoint was Philippe de LaPlagnolle. The firm has total capital of about 1 billion CFA. Its financial problems probably stem from government arears.

to pay the taxes, and the truckers are not really part of the deal. The truckers are the ones who suffer, however. They have to pay to get their trucks out of customs.

This practice makes business extremely difficult. Even if a truck is impounded, the operator has to continue to pay monthly taxes on it. If the truck is impounded for four months, then it brings in no revenue, and there is a net outflow of capital from the operator to the government. The operators are at the mercy of customs.

The transporters interviewed believed that these rules were applied selectively so as to discriminate against some and favor others.

2. The truckers also consider tariff levels too high. In other countries, the tariffs on vehicles and parts are much lower, they say. In Côte d'Ivoire, they must pay a 104% tariff, 25% Value-Added Tax, and 5% "for the Plan Alasanne Ouattara."

They said that harmonizing tax and tariff levels throughout the region would help them considerably. Their costs were higher than those of truckers in neighboring countries.

3. They also commented that the cost of petroleum in Côte d'Ivoire was the highest in the region. They claimed that for the price of 5 liters of petrol in Ghana, an operator could secure only 1 liter in Côte d'Ivoire. Even in Burkina and Mali, whose petrol travels through Côte d'Ivoire, fuel was cheaper.

4. Payments required at road blocks also added to the costs of doing business. The leaders estimated that there were about 1,500 roadblocks in the country, currently, despite the government's claim that only 18 existed. In the estimate of the SNYMV leaders, these "barrages" double the length of time required for most trips, increasing the trip from the port to the northern border from two days to four.

The leaders said that the government justifies the absence of any reduction in the number of roadblocks by saying that not all are official. "But if someone has a gun or has placed spiked barriers in the road, that is a problem. We cannot just ignore it."

The SNTMV truckers earlier obtained laissez-passer from high officials and hired an agent to wave the pass at the police and other agents at the blocks (and pay small bribes). The cost of the services of these "sociétés de convoyages," as the protection rackets became known, was less than the cost of traveling to the border alone. That system was abandoned during 1992, and the truckers now purchase such services from an "escorte douanier" that takes convoys to the border three times a week. The SNTMV leaders appeared satisfied with this arrangement. They did not reveal the cost of the service.

Third, the SNTMV leaders commented that the insurance system in Côte d'Ivoire is also a drag on the competitiveness of the Ivoirien transport industry. They noted that for a small passenger van (15 places), insurance costs 90,000 CFA per month, and the operator has to pay three months at a time. Some firms even require payment of six months at a time. These charges have forced some operators out of business. For large trucks and buses, the problem is even more severe.

Fourth, the operators noted that the administration of the patente or business license is also a problem. The patente is too high in their view (on top of insurance and other costs). Currently an operator pays 200,000 CFA per year for a camionette à 15 places, 180,000 CFA for a large truck, 100,000 CFA for a bus (250 CFA=\$1 US.)

With regard to the concrete problems facing transporters, there is little difference of opinion between the operators with no formal education, based at the Gare Routière d'Adjamé and the officers of the union, at the Treichville headquarters. The transporters at the Gare d'Adjamé said that the most immediate problems for them were three.

1. Transporters encountered cash flow problems during this period of economic crisis and needed to be able to make monthly payments for insurance instead of paying three months at a time, as required.
2. The prices for vehicles and spare parts continually increased, in their view. They contended that the increase came largely as a result of the TVA or value-added tax.
3. The tax burden on transporters had increased. The operators said they all had to pay multiple taxes. a) They insisted that they paid the patente, the business license fee, while other types of businessmen did not. They objected to what they considered selective collection of the patente and to the fact that there was no diminution of the patente for aging vehicles. b) They noted that they also had to purchase government permits at rates that varied according to the type of vehicle. c) On top of these charges, they complained about the costs associated with informal road-blocks. Although the government said there were only 18 of these in the country, there were in fact 36 between Abidjan and Odiénne, and there were over 1,600 in the country as a whole. The government's promises about removing roadblocks only last two to three weeks.

They also observed that import duties rendered vehicles far more expensive for Ivoirien buyers than for their neighbors. They contended that whereas a camionette à 18 places cost 12,000,000 CFA for an Ivoirien, it cost only 6,000,000 for a Guinéen who came to the port in Côte d'Ivoire to pick up his vehicle.

They objected that the government did not routinely consult transporters. During the Jours de Dialogue, transporters could voice opinions, but in their view, the government always took its decisions and consulted afterwards. "Les syndicats n'ont pas de force," they argued. They pointed out that they had asked for adjustment of the patente but no change had occurred.

#### Syndicat National des Transporteurs Terrestres de Côte d'Ivoire (SYNTTCI)

In 1989-90, the Syndicat National des Transports des Marchandises et Voyageurs (SNTMV) split into multiple transport unions, although it remains the largest of the four. The second biggest is the Syndicat National des Transporteurs Terrestres de Côte d'Ivoire (SYNTCCI), known as the Syndicat de s or the Syndicat de Fofana, after its president, Fofana Yaya. SYNTCCI broke with SNTMV over irregularities in the transporters' elections of 1989, when the vote was allegedly manipulated to favor particular regions, and over management problems. With the growing spirit of pluralism in the country, the

leaders did not believe they were required to resolve their differences and remain within the SNTMV. There is now "multi-syndicalisme," as one operator put it.

SYNTCCI has broad national representation, with 3,000-4,000 adherents in 80 sections. It may have special strength among transporters from the Divo area and other parts of the center-west, but that is not certain. The members include proprietors of grosses camions as well as owners of camionettes that carry passengers. One member of the Abidjan staff said that most members were proprietors of between 3 and 8 vehicles (not the largest transport firms), but there was some disagreement with this generalization.

#### *Objectives and Activities*

The SYNTCCI acts as an interlocutor with the government on behalf of its members and brokers their contacts with the police and customs agents.

In its role as a lobby for transporters' interests, SYNTCCI acts in concert with the other three unions. They meet frequently with the Minister of Transport and have twice spoken with members of the Primature. They consider both open to their demands. They draw a distinction between the behavior of the country's leaders and the behavior of agents in government, whose informal toll-collection on the roads they deplore. They do believe the leaders want to keep the number of road-blocks to 18, the number negotiated with the World Bank, and say that, yes, maybe there are more than 18 "barrages" between Abidjan and Yamoussoukro but that these are necessary to guard the president's own security. They said they had convinced the government to convene a meeting, December 17-18, 1992, to discuss the control of police behavior, and that they anticipate that all four transporters' unions would attend. At that meeting, they intended to discuss the problem of informal toll collection with "nos amis--la police, les Eaux et Forêts, etc."

The syndicat also seeks to protect members against tolls at un-official road blocks. It has cut a deal directly with the customs service for "escortes douanières." Instead of purchasing protection from sociétés de convoys, it runs convoys of large trucks from the port to the border three times a week (Tuesday, Thursday, Saturday), with a laissez-passer and a customs representative. One-third of the trucks must belong to Ivoirien transporters (per Côte d'Ivoire's arrangements with neighboring countries). The remainder are usually trucks from Mali, Burkina, and other countries. The cost of this service is apparently lower than the cost of paying off individual agents of the government. The "program," as they called it, has been effect for three years, they say.

#### *Perceptions of Economic Reform*

The officers of SYNTCCI enumerated four main problems they faced and emphasized that "concrete problems" concerned them, not broad matters of policy. They said that the most severe problem was not the high costs that informal road blocks generated but the lack of financing on reasonable terms. The state of the banking system is such that little credit is available on terms transporters can afford. Banks require that transporters be able to pay 20% down from their own resources. That is, for an 18-seat camionette, the buyer must put down about 3,000,000 CFA (total cost is about 14,000,000). The bank will then loan 11,000,000 CFA but only on the condition that the transporter reimburse the bank, with interest, in 24 months. Gross earnings for a camionette are 20,000-25,000 CFA per day, and from that sum must come payments for gasoline, oil, parts, the driver and attendants. For these reasons, the officers of the union estimated that the size of the sector had contracted recently. Some transporters had gone out of business, unable to afford new vehicles on these terms.

The behavior of police ranked second on the list of concerns, but the officers spoke hesitantly of these problems, at first ignoring them, then saying that they had initiated steps to solve this problem themselves (see previous section).

The third concern was the high cost of parts and insurance.

In addition, the officers noted that their interests were closely linked to the fortunes of farmers. Much of their business consists in hauling produce. If the collapse of producer prices affects volume of marketed production, that influences transporters' profits too.

In a general discussion of the country's economic situation, the officers said that despite increasing unemployment they did not envision a breakdown of public order. They noted that Ivoirien consumption patterns were changing; people were eating locally-produced foodstuffs (indeed, they were beginning to export attieke to Burkina and other places) and so were not going hungry. At the point people no longer had enough to eat, they would go into the streets. Only under those conditions would Côte d'Ivoire begin to share Togo's problems. They deplored the degree of income inequality in Côte d'Ivoire, however, saying that it undermined the ability to secure agreement on a reform strategy.

#### *Relationships with Other Groups*

Despite earlier differences with other unions, SYNTTICI appears to work in concert with SNTMV, the Union des Transports Routières de Côte d'Ivoire (UNITRACI) and with the Union des Transports Internes et Inter-Etat de Côte d'Ivoire (UNITIICI), two smaller associations.

#### Syndicat National des Transports SOTRA (SYNTRAS)

There are two main unions representing the personnel of SOTRA, the bus company that carries Abidjan residents between their homes and their offices or schools. SYNTRAS is the autonomous union, a member of FESACI. It has about 3,500 members. The Syndicat National de Personnel de la SOTRA (SYNAPES) is the main alternative union and has about 1,000 members. SYNAPES is linked to the PDCI, according to the members of SYNTRAS. A third union may also be in formation.

Between 1974 and 1989, there was only one union for SOTRA employees. That union became the base of SYNTRAS, which declared itself autonomous with the advent of multi-party rule in 1990. SYNAPES, a member-union of the UGTICI, was created in 1991. The SYNTRAS leaders claim that their members are subject to considerable harassment from the government, and they were very careful to meet the interviewer outside of work hours and away from their places of business.

#### *Objectives and Activities*

SYNTRAS is a trade union and represents the rights of its members in the workplace. Because of the existence of competitor unions, however, its leaders consider their bargaining power limited. In their diagnosis of the problems their members face, the leaders locate the source of responsibility not so much in the company, SOTRA, but in the government, which is only a part-owner and which is substantially in arrears to the company.

The leaders say they have received no real audience with the Primature but did approach the Ministère du Transport to explain why they left the UGTICI.

SYNTRAS has not succeeded in meeting with the company's directors, because the management considers it an "opposition" union.

*Perspectives on Economic Problems*

The SOTRA bus company, which operates Abidjan's public bus system, is widely considered one of the country's most efficient. When the company formed in 1960, the government owned 60% of the equity, while Renault and private share-holders held 40%.

In the view of SYNTRAS leaders, the company's current financial difficulties stem from the government's failure to pay arrears. The government has long sought to subsidize transport for students, civil servants, gendarmes, and military personnel. These categories of people traveled free of charge or at reduced rates on SOTRA buses. As recession hit the country in the early 1980s, the government successively lowered its reimbursement of the company for the subsidy provided, from 12 billion CFA in 1980 to 8 billion in 1983 to 3.5 million in 1991. During this same period, the actual costs of carrying these passengers increased, in part because there were more students and in part because of fraud. At the same time, the government refused to allow the company to increase the price of tickets, which have not altered in cost since 1982. Now, the government is paying nothing, say the members of the autonomous SOTRA union. Indeed, it owes the company 32 billion CFA. When the Prime Minister attempted to change the rules and required university students to pick up 3,000 CFA of the monthly cost of 11,000 CFA of their SOTRA transport, the students protested and burned 12 SOTRA buses.

In the view of the leaders of the autonomous SOTRA union, the company's current problems and the insecurity of its employees result from the government's failure to adhere to its obligations. Because the government does not compensate the company for the free passes it is required to issue, SOTRA cannot pay its own suppliers, and many of these have started to refuse to do business. Many buses are in disrepair in the stations for want of parts. The company's revenues diminish steadily, in consequence. These problems have their root in the government's inability to manage its own affairs, in the view of SYNTRAS's officers. "These problems did not fall from the sky," said one officer: "People created them."

The employees suffer in several ways. 1) The government has failed to pay some workers (those below grade 15, which is the grade for civil servants). It is likely to lay off considerable numbers of employees in early 1993. 2) SOTRA is no longer able to pay into the country's social security fund, the CNPS. Most workers have lost their social security in consequence. 3) Tickets the company issues for pharmacy purchases are not honored, because the pharmacies know that the SOTRA workers are not being paid.

In addition, the members have several other concerns that pre-date the current crisis. First, they complain that although the company has a medical staff and infirmaries, there are no work safety rules. They think that health costs could be reduced if such rules were promulgated and enforced. Second, many of their workers come to the job by boat, and SOTRA will not help its own employees pay the fares on these, although it does compensate those who arrive by SOTRA bus. Third, the company offers employees no school fee advances to help smooth payments of school costs for employees' children.

There is an "equilibrium plan" in effect, but the union was not consulted in the plan's design. Among the measures taken to try to stabilize the company's economic situation is a voluntary early retirement scheme (*départs volontaires*). Layoffs will follow shortly.

The leaders of the union are thoughtful and are not monolithically opposed to the reforms that are part of structural adjustment. They object to the manner in which the structural adjustment program was adopted and implemented. Like many other unions, they dislike the lack of consultation and what they consider "the authoritarian style in which the government has made changes." They speculate that the structural adjustment program is simply a vehicle for the country's "recolonization." They note that so far the people who have suffered are not those who created the problem in the first place.

To improve the quality of management in the country's basic industries and enterprises, the SYTRAS leaders favor not privatization of public-sector functions but a combination of management contracts and merit-pay schemes. Like the members of the autonomous electricity workers' union (see below), they distrust the country's leaders but do not want to see the country surrender its equity in enterprises; thus, they prefer what they call the "Air Afrique model" to privatization. Further, they urge the elimination of favoritism and adoption of merit advancement in government and the private sector. Finally, employees can be encouraged to monitor the activities of their firms, if they know their rights and know more about the economics of the enterprise. Training, through the syndicates, is an important component of the greater transparency that will lead to better management, in their view.

Some of the officers expressed the fear that if the management problems that plague the government and enterprises are not addressed, and the standards of living of Ivoirians continue to fall, then uncontrollable street demonstrations could result and a coup d'état could follow.

### **Electricity Workers**

The electricity industry was one of the first public enterprises to undergo privatization in the current reform program in Côte d'Ivoire. The privatization was highly controversial. Possibly because the parastatal, the EECI, was losing money rapidly, the government put the company up for sale with little or no public information available on its potential profitability. The popular perception is that the purchase was "wired" for the benefit of the powerful French construction tycoon, Martin Bouygues, who had no prior experience in managing electric companies and secured a highly favorable no-lose contract, with the French electricity company, EDF, as a partner. Some of the shares were reserved for purchase by private buyers on the country's stock exchange. By the end of 1992, these had sold poorly, at least in part because of the absence of a real prospectus that potential investors could use to examine the advantages of putting their money into the company. Many Ivoirians consider the sale of all but the infrastructure of the company to private buyers, as the CIE, a sale of the country's "patrimoine" and the mere substitution of a private monopoly for a public monopoly. Electricity prices have remained extremely high, although Ivoirians do believe that service has improved in the months since the Bouygues-EDF consortium purchased the firm.

There are two electricity workers' unions, one autonomous and a member of FESACI, the other popularly believed an inspiration of the government, although its leader ran the single union that existed before 1990.

### **Syndicat National des Agents des Secteurs d'Electricité et du Gaz (SYNASEG)**

Before 1990, the government managed electricity provision through a public enterprise, the EECI. Not all of the employees in the sector were satisfied with the sale of the commercialization and distribution functions of the company to private owners. When the sale took place, they broke with the existing union, originally constituted in 1974. The

management of the original union had been highly personalized, and it was not until 1984, ten years after its formation, that a congress of the members actually took place. Money changed hands during the 1984 meeting and election, according to the SYNASEG leadership, and the union failed to act on behalf of its members. When the older union was inactive during the privatization negotiations, about 80% of the members voted to create a new syndicat, and SYNASEG was born.

The particular issue that gave rise to the union was the re-negotiation of the salary scale between the government and the CIE, the new private firm. The scale did not conform to the pattern previously accepted by the Ivoirien government. In addition, the CIE refused to agree to provide end-of-the-year bonuses that have long been a custom in the country.

The union held its first assembly with considerable press participation in February 1992. There is a core membership of about 500 people, and over 700 have attended the more recent meetings. The group issues an occasional newsletter.

#### *Objectives and Activities*

The main aims of the union are 1) to defend the salaries of members, 2) to prevent lay-offs, and 3) to work to maintain to members' "droits acquis" or "avantages acquis." It shares these objectives with other unions that are members of FESACI.

The union also has some social objectives. It has created a semi-independent "mutuelle" during the last half of 1992. The objective is to help pay for the education costs of members and their families, secure reductions in interest rates on credit union and bank loans, as well as insurance, and eventually to help build housing.

#### *Perspectives on Economic Problems*

For this study, the author interviewed both the leaders of the union and a selection of members. Both groups were most concerned about the immediate problems they faced as a result of privatization: loss of some privileges and continuing problems in securing audiences with management.

#### Members' Concerns:

The members, men and women, spoke first about what had altered as a result of privatization, at the interviewers' instigation. The change in management brought the elimination or reduction in the end-of-year bonus that most Ivoirien workers are accustomed to receiving. Although the CIE had neither fired large numbers of workers nor demanded straight-forward salary cuts, it had sought to lower costs by reducing the automatic end-of-year bonus and by altering the salary scale, limiting pay increases. It had moved to cut costs in other ways as well, according to the workers.

- It had stopped village electrification (most likely because, under the privatization contract, the government-owned EECI retained responsibility for major maintenance and construction of infrastructure).

- It had also eliminated sub-contracts with the many small enterprises that had previously supplied maintenance and construction services. (Although the workers interviewed initially expressed dismay about the unemployment this change triggered in these small enterprises, they later commented that sub-contracting procedures had been a source of considerable corruption previously. The small sub-contracting firms were often owned by managers of the EECI or by

politicians, and contracts were let to these firms without competitive bidding.)

- The union members said that the CIE had also reduced insurance benefits for employees. That meant that vaccinations for children and purchases of Nivaquine for treating malaria were no longer covered. When pressed on this issue, however, the union members present said that these were expenses they could cover themselves without too much difficulty.

The union members said that there were clear management problems in the EECI during the 1980s. They all cited instances of practices that had led the EECI to be at once a source of regular financial losses to the government and a provider of electricity at rates that were among the highest in Africa. They noted that the managers had run the enterprise for the benefit of their friends and that nepotism was rampant. Important politicians were never required to pay for the extension of service to their homes and the company never collected overdue electric bills from them. Further, these men were able to secure electrification for their villages when the firm could expect a higher return on such investments made in other parts of the country. The EECI had also extended credits to firms owed by senior political figures and then failed to secure reimbursement (they referred to the celebrated case of Prima).

The union members were angered by the failure of the firm's management and the government to consult with those who made the organization function, either before or during the sale of the enterprise. They believed that the country had surrendered part of its common heritage, its "patrimoine," in the sale of shares to Saur (Bouygues-EDF), as part of a deal between individuals, not between the country's representatives and a firm subject to competition. The workers were cut out of having any say in the process, they argued, because senior politicians and French businessman Martin Bouygues had made a private arrangement that worked to their individual benefit but not to the benefit of employees or the country. They suspected that the deal was handed to Bouygues as overdue payment to the Bouygues firm that had carried out much of the construction at Yamoussoukro. They said that under the terms of this deal, the company was no longer contributing to the community. It had stopped maintaining facilities and it had ceased to invest in the extension of electrical service.

The union members present said they did not trust the old managers to run the company well, but they would have preferred "the Air Afrique model," in which an outside manager is hired to run the firm on a renewable contract but no equity is actually sold. They said the World Bank had suggested such an arrangement in the mid-1980s but that the government had turned down the proposal.

The union members disagreed among themselves about what course of action they could have taken to force a more transparent arrangement. The women members present noted that the union had not taken its concerns to the street and that it could not expect the government to listen to its demands unless it was prepared to take such action.

When asked to reflect on the country's general economic problems, the union members were of different opinions. Some noted that the social situation had disintegrated. It was now a case of "sauve qui peut." In the crisis, each person was looking after himself or herself, and collective action was difficult. They remarked that the UGTICI-affiliated electricity workers' union was aware of the problems facing members, but it did not react. The members of that union were probably scared that they would lose their jobs. For that reason, an effective strike would be difficult to mount. They suggested that the

government was pursuing a "divide and rule" policy with regard to unions, capitalizing on fear. Others disagreed. They said that if the *droits acquis* were reduced, even the members of the other union would be in the streets.

The union members interviewed objected to any economic reforms they thought might lead to reduced purchasing power. When people had difficulty buying rice, fuel, matches, and other basic items, there would be no holding them back. They suspected that devaluation would reduce salaries and said they would go into the streets, in that event. They said they would not accept short-term sacrifices because they lacked confidence that the country's leaders would deliver the benefits they promised at a later date. They noted that for many years the politicians had forced the country's poorest, the "little people," to bear the burdens of reform.

When asked for their own proposals about what the Prime Minister's office should do, they suggested that donors and government should provide funds for creation of small and medium enterprises. Because the politicians and senior civil servants could not be trusted with these monies, the funds should go directly to the unions or to other non-governmental groups. These organizations could supervise the projects and reimbursement of loans effectively, in their view. Some members also suggested that cultural communities might be able to provide the monitoring necessary to improve enterprise management. They cited the example of the Lebanese community, which was flourishing, in their view. They noted that other communities could do the same. The real solution to management problems was to make sure that those who work in organizations are themselves invested in the enterprises so that they see a direct relationship between their behavior and the revenues they receive over the long-run.

#### Union Leaders

The Union leaders agreed with most aspects of the members' diagnosis. Very well-educated, the senior officers also possessed greater knowledge of the country's economic problems. 1) They did not reject privatization in all cases but insisted that private monopolies were no better than monopolies managed by government. Both required surveillance and regulation. They feared that such monitoring was not present in the case of the electricity union. 2) They rejected changes in the *code de travail*. 3) They noted that the effects of devaluation were not easy to predict, given the high level of dependence on imports. They also remarked that many Ivoirians rejected the notion of devaluation because of the connotations of the term; to "devalue" means to make worthless.

The leaders emphasized that there was a great need for a system that would allow those who wanted to improve their lots to take responsibility for their own improvement. They noted that the power of example was very important in convincing their fellow citizens to adopt the spirit of enterprise. They emphasized the need for both merit-pay schemes in enterprises and targeted assistance in agriculture. There was no need to assist those who are not willing to work. It was important that all aid include both means for starting new enterprises (financing) and training.

#### Doctors and Pharmacists

Another important economic gate-keeping group includes the doctors and pharmacists who treat the country's sick. This occupational segment includes two unions with partly divergent interests. The *Syndicat National de Cadres Supérieurs de la Santé (SYNACSSCI)* de Côte d'Ivoire encompasses public-sector health care providers. It is the largest of the two groups, and it was active in the series of strikes that precipitated the move to multi-party rule in May 1990. It is a member-union of FESACI, the federation of autonomous unions. The second and much smaller group is the *Syndicat National des*

Médecins et Pharmaciens de Côte d'Ivoire (SYNAMPCI), an association of private-sector care providers.

Of these two groups, the research team was able to interview only the private care providers, in the time available. The leader of the public sector union, Assoua Adou, was deeply engaged in constituting a new political party, a break-away from the Parti Ivoirien des Travailleurs (PIT), to which he had provided considerable financial support earlier.

#### Syndicat National des Médecins et Pharmaciens de Côte d'Ivoire (SYNAMPCI)

SYNAMPCI has represented private medical practices and pharmacists for about thirty years, although, until recently, it had difficulty making its views known to or respected by government officials. It has about 100 members and encompasses almost all of the doctors in private practice in the country. Of the 100, about 35 are women. The comparatively high proportion of women in the organization results from a tendency for the daughters of *sages femmes* to enter the medical profession, just as sons of doctors have. The members include people of various political leanings. Political party affiliation is not a criterion of membership.

#### *Objectives and Activities*

SYNAMPCI plays a limited role as a representative of the medical profession in policy decisions. The officers lament that their proposals have fallen on deaf ears over the years. In 1990, the union presented its concerns at the PDCI congress, but the party took no action. Since that time, it has had some contact with the Minister of Health, whom the officers consider knowledgeable and sympathetic but unable to exercise influence. They note that others in government take the decisions. The Primature has insisted that SYNAMPCI address the Minister of Health, however.

The specific proposals SYNAMPCI has made to the government include a call for companies to levy a charge on employees so that employees can have group health insurance and preventive health care. It has also asked that charges for services be tied to the income levels of the clients. Finally, it suggested that health insurance not cover all services but only basic health needs. That would make health insurance more affordable.

#### *Perspectives on Economic Reform*

The members of SYNAMPCI have several specific concerns. They also articulated perspectives on some of the broader economic problems facing the country.

Doctors in private practice face a number of problems, the officers suggested.

1. Financing entry into private medical practice is extremely difficult. A medical school diploma is not a guarantee that a loan applicant will be able to attain the salary level required to pay off debts. In the U.S., the diploma is a near guarantee of sufficient earnings to reimburse credit used in launching a practice. In Côte d'Ivoire it is not, and banks are very hesitant to loan the large amounts of money needed to purchase equipment. Unless a young doctor comes from a very wealthy family, he or she will have to acquire equipment gradually, over 5 to 6 years. Because the office will not support some of the kinds of services ordinarily expected of a practice during that period, young doctors have a hard time establishing credibility and clientele.
2. Interest rates on loans are extremely high (18 to 20.5%) and make entry into private practice or purchase of new equipment extremely difficult. Interest rates are strangling the profession, say SYNAMPCI members.

3. Moreover, equipment used in doctors' offices is two to three times more expensive than it is in Europe. Tariffs on imported equipment are at least 100%. It is twice as expensive to establish a practise here as in France, they say.
4. Tax rates on medical practices are very high--50-55% of revenues for more successful practices. Doctors pay the patente, which varies according to the rent the doctor pays (a doctor with an office in Plateau pays about 1,200,00 CFA per year or \$4,600 for a business license, roughly 30% of the rent he pays). In addition, the doctor must pay benefits and CNPS taxes on employees' salaries. There is, third, a general revenue tax and city levy (usually fairly modest, they say). The high tax burden is encouraging doctors to hide income in order to sustain their practices.

The doctors also note that their own earnings are linked directly to the economic welfare of Ivoirien citizens. It had always been extremely difficult to maintain private doctors in villages, but the drop in farmers' earnings now precluded any possibility that private doctors could serve villagers. In both city and country, Ivoirians were increasingly turning to guerisseurs, sometimes with life-threatening consequences.

Another source of high medical costs is the packaging of European-produced medicines in quantities that are often unnecessarily large. The doctors were quick to add that this problem was complex, however. Prescribing exact amounts of medicine, as in the United States, would lower costs to the consumer. The doctors noted that the risk was that inadequately trained pharmacists' assistants and poorly educated patients could result in wrong prescriptions or inadequate instructions. They thought use of generic drugs would help lower costs, without need to alter the whole system in place for dispensing medicine. A European consortium (SIPAM) produces medicines in Côte d'Ivoire and receives tariff protection. It charges more for these drugs than imports cost, according to the doctors. They comment that the Ivoirien population has, in effect, paid for the private, multinational operation.

Finally, with regard to the medical system in particular, the doctors noted that economic liberalism must be tempered by some regulation. Part of the high cost of medicine in Côte d'Ivoire comes from purchase of incompatible types of equipment. The hospitals in Abidjan each use equipment from a different country. That has several consequences. One is that many equipment manufacturers don't do enough business in the country to make it economically worthwhile to keep repair services and spare parts in the Côte d'Ivoire. Equipment often has to be shipped to France when it breaks down. They noted that purchase of equipment from diverse sources also complicates the tariff structure unnecessarily.

The doctors also discussed the country's general economic problems. They expressed deep concern about growing unemployment and noted that whereas 10 years ago many people managed businesses as a supplemental source of income, now multiple income sources are very rare. Second, they consider the plight of the "brave paysans" the shame of the country. They commented that because the government paid farmers with redeemable coupons instead of cash and because farmers needed cash to pay Burkinabé workers, increasing numbers of planters were selling their harvests at low prices to Lebanese traders flush with currency.

Third, bad management was a problem, they noted. People must learn to take pride in the work they do. Instead, now, too many secure and retain their jobs through nepotism. They waste the assistance others provide the country.

Fourth, the country continued to provide inappropriate and expensive education, in their view. The current educational system does not prepare youth for trades. They must learn the skills needed to make things like light bulbs and telephones efficiently. The doctors considered medical education abroad inappropriate because it accustomed students to high levels of luxury and because it was geared toward very different institutional environments and problems than doctors encountered in Côte d'Ivoire.

Dr. Pascal Adou, the leader of the group, was extremely pessimistic about the outlook for the country. His pessimism had several sources, he said. First, the leaders lacked ideas and foresight and would not be able to guide the country out of its current problems. Second, income inequality in the country made Ivoirians unwilling to sacrifice now to improve their futures. They each believed the other should carry the burdens of reform. Nothing would happen, and violence could well result, in his view. He also noted that he knew of no cases of economic successes in among comparable countries. He suggested that more public information about successes in Latin America and Southeast Asia might help alleviate the great discouragement he and other Ivoirians felt.

#### *Ties with Other Associations*

SYNAMPCI's officers said they had limited contacts with the other doctors' union, the SYNACSSCI, led by Assoua Adou. There are some conflicts of interest between the two groups, however. Those present noted that public-sector doctors often used their public offices to provide private services after hours. Thus, they did not face the same high equipment costs and operating expenses as SYNAMPCI's members. There was also some concern (and amusement) about the involvement of SYNACSSCI in opposition politics. Although a member of FESACI, the federation of autonomous unions, SYNACSSCI had an affiliation with the Parti Ivoirien des Travailleurs (PIT), a party of urban professionals and university instructors, for the most part. The leader of SYNACSSCI had recently broken that relationship and was constituting his own political party. SYNAMPCI's leaders noted that party politics in Africa was highly personalized. "There are no programs," they said. SYNAMPCI tries to keep its distance from political parties, in consequence.

### **Opinion Shapers**

How Ivoirians acquire information and construct scenarios about their economic futures varies dramatically, depending on income-level and education. Most farm families have very limited access to the media (newspapers, television, and even radio), despite the fact that Côte d'Ivoire has more television receivers per 1000 population than other African countries (see chapter three). Urban relatives, teachers, government officials, and religious groups are their main points of contact with information about the state of the economy and about policy. The urban-based "groupes de ressortissants," teachers, and religious organizations are also important shapers of public opinion in the cities, but the expanding news media and the syndicates are beginning to exercise significant new influence there.

The results of this study suggest that all of the "opinion shapers" perceive the need for economic reform and especially for improved public management. Most consider giving citizens a direct stake in the product of the organizations for which they work an important step toward more efficient operation. They are willing to entertain greater reliance on private-sector provision of goods and services and/or higher levels of worker participation in management as means. Most express concern that the government's current privatization program is simply substituting private monopolies for public monopolies, however, and that the extent of the distortions in the Ivoirien economy will make it difficult

for enterprises to respond to new incentives as economists and the Ouattara government anticipate.

### **Groupes de Ressortissants**

Since independence, many urban dwellers have organized themselves into village development associations or social groups. Urban-based civil servants, teachers, domestic help, students, and unemployed relatives of village families meet a few times each year to discuss village affairs and contribute to a fund that helps in case of the illness or death of family members. In some cases, these groups take on explicit development activities, such as construction of classrooms or water towers, too. Most went into a period of dormancy with the recession of the mid-1980s. Recently, many urban dwellers (citadins) have taken steps to rejuvenate the groups, in part because of the increasing need to resettle chronically unemployed members and youth on the land. These associations link urban and rural interests and are important in shaping opinions in rural areas.

To provide some sense of the views and activities of these kinds of organizations, this section offers sketches of three such groups.

#### The Ressortissants de Zouanou (Abengourou region)

The ressortissants de Zouanou, a village in the Niablé area, launched a mutuelle in 1989 to initiate and help manage economic and social projects in their village. In the past, such associations levied regular dues from urban ressortissants to help pay funeral expenses if a relative died and to defray costs of medical treatment, in some cases. Later, they took on "development" functions. This group is of recent origin, and it has experienced little success in its efforts thus far, because of the economic difficulties members face.

The group has about 55 members, led by Azan Niamiké. It includes salaried workers, professionals, students, and some people who are looking for jobs. Azan Niamiké himself was employed by the BNDA, until the development bank was liquidated. He had joined with 10 other former BNDA employees to buy a mini-van (using funds provided by the BNDA), hoping to capture some of the demand for transportation services in the city. That project failed, and Azan Niamké now drives a taxi, from time to time (he nonetheless considers himself unemployed).

The members range from youth to men in their fifties. The group meets at least bi-monthly in town and there is a joint meeting with villagers every August 15-16. When the villagers meet, the migrants who have settled in the area participate, as do the "originaires."

#### *Objectives and Activities*

The aim of the association or mutuelle is to help maintain relationships with rural relatives and make it easier for urban, unemployed members to return to the land. According to its members, however, it exists mostly on paper. It initiated a project to construct a dispensary and a house for a resident nurse in 1990. Villagers and ressortissants alike agreed on the need for the project. With the crisis, however, it was hard to raise enough money. Most of the funds contributed came from the villagers, not the ressortissants. Unfortunately, the sum was insufficient to carry out the project. Other projects the group hoped to pursue included construction of a classroom and village electrification.

The other concern of the mutuelle is to ease the "retour à la terre" of those who migrated to urban areas. This function is not one the members discuss formally at their meetings, but it is an important theme nonetheless. The leaders talk about how to convince members to return to the land and about how to assemble the capital necessary to install

them successfully. Those who can't find work or are laid off try to resettle in the bafonds or on fallow land. Access to land is not the real difficulty, say the leaders, because the farmers in the area really haven't sold their plots, knowing that a family member would eventually need them. The real problem is that it takes capital to secure the necessary tools, seeds, plants, and other inputs. It is also difficult to organize the youth into labor groups that can clear the fallow land; the young people simply won't work with one another, complain the leaders.

Third, the mutuelle occasionally tries to intercede with civil servants in town on behalf of villagers. Some groups petition the government for changes in policies, but this group operates "informally," said its president. It tries to talk with the civil servants.

#### *Perception of Reforms*

The members of the group do not discuss the country's economic problems formally. These are not part of the "agenda" of the bi-monthly meetings. Nonetheless, there is considerable informal exchange.

The debate is largely framed by the televised October 1992 press conferences of Alassane Ouattara and Henri Konan Bedié, president of the Assembly, speeches and is uninformed by a clear understanding of what it means to lift tariff barriers, end non-tariff barriers, or devalue the currency--all topics removed from the everyday lives of members. The Ouattara and Bedié speeches generated discussion. The Laurent Gbagbo speech did not attract much comment.

The group focused on Bedié's proposal that Ivoirians buy shares in their government. At first, this proposal sounded like a good idea, according to the leaders. But then people decided that they didn't have enough confidence in the government to expect good management of the funds collected. Who will manage the money is the question, they said. There is not any control over the management right now. "Our institutions are too fragile."

The second problem that attracts attention is the collapse of producer prices for coffee and cocoa. When the ressortissants return to the village, they explain that world prices have dropped. They offer multiple explanations (although some of the ressortissants view the collapse as an act of God). There is some discussion of bad management of cocoa revenues and some allusion to international speculation.

The third issue to attract notice was the potential for local production of goods currently imported. The ressortissants noted that rice and meat were often imported, but Ivoirians can produce both. "We could save money by producing them here," they said.

The ressortissants say that the villagers do not understand much about the economy, and they say the farmers don't ask questions. They are concerned that elections have divided villages and undermined both labor teams and GVCs. They say the municipal elections in their area were hotly contested by three candidates. The youth who used to form labor teams divided over the elections, and the teams fell apart. The laureat planters who usually instigated these groups also split over the choice of mayor, as well, and their efforts to put together labor groups suffered in consequence. The GVCs divided too, in some areas. In this village, one of the GVCs allied with the mayoral candidate closest to the Front Populaire Ivoirien (FPI). The 1990 legislative and presidential elections were of little consequence; higher government officials were too removed from local affairs to generate the same passions.

One of the mutuelle's aims is to unify the GVCs again. It convened the three candidates and the chef des jeunes at Abidjan to resolve their differences and succeeded in creating an entente. The GVCs remain divided, however.

#### *Access to Information*

The groupe de ressortissants appears to have relatively little access to economic information. The Ouattara and Bédié speeches had an educational role. Those who did not watch them, either heard about them second hand or read about the extensive coverage in the newspapers. The process of reform has also educated people. The liquidation of the BNDA, for example, increased awareness of the need to remedy poor management.

When asked about what information they thought they needed, the ressortissants suggested that they wanted to know about the demand for goods and services so that they could "se débrouiller." They sought to identify markets for farm products and for services they could provide in urban areas.

When asked the best way to communicate information, the ressortissants had few ideas, other than formal educational programs associated with "micro-projects." They commented that "télé pour tous," the Wednesday evening information special, was an abject failure; no one except expatriates watches it, they said. They also took issue with Gbagbo's proposal that local-language radio and television programs would help. They said use of local languages did catch people's attention (even the civil servants would sit up and listen) but they did not think people would listen regularly.

#### *Relationships with Other Groups*

The president of the mutuelles said that the political parties (notably the FPI) had approached the group to help campaign for its candidate. The mutuelle officers had refused, believing it important to keep politics out of its affairs.

The mutuelle is developing ties with other such associations. It is part of a union of mutuelles that has emerged in the Niablé area. The new union des mutuelles has scheduled its first meeting for January 1-2, 1993.

The leaders of the new union said that a precursor group had existed in the mid-1980s, formed in 1983 as a response to the recession and the return of many young people to the land.<sup>14</sup> This group atrophied during the late 1980s and many member-mutuelles suffered divisions during the 1990 municipal elections. There ceased to be meetings or projects in consequence. The new union aims to help solve the management and interpersonal problems that fragmented the mutuelles in the area, organize a collective search for new opportunities, promote tourism in the area, and create a number of sociétés d'exploitation agricoles.

#### The Ressortissants de Bouaké (Amicale des Jeunes de Trainou à Abidjan)

The Amical des Jeunes de Trainou formed as a social group in 1985, but it established an office and embarked on projects in 1991. It has about sixty members, who

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<sup>14</sup>One of the union des mutuelles officers contacted during this project commented that in 1983, the pressures created by the return of many young people were less severe than those these same communities experienced currently. During the early 1980s, there was a mini "demographic transition," and many of the household heads, who had arrived in the area as young men, passed away, leaving parcels of land to the returning sons. This time, there was no such coincidence. Moreover, coffee and cocoa prices have collapsed.

come from four large villages near the town of Bouaké. The members include a wide range of people, from cadres to chomeurs. These villages lie in the savannah zone, but they are largely outside of the cotton-growing areas. Villagers have engaged in subsistence agriculture and limited production of yams for the market. Usually a member of the household also works in a local factory or business and helps support the rest of the household.

There is an initial inscription fee of 2,000 CFA and a levy of 500 CFA per month. The cadres occasionally give large gifts for projects. The comparatively low fees are designed to put membership with the range of others, however.

The Amical meets each month (the first Sunday) and convenes frequently with both the chiefs of the villages and the youth.

### *Objectives and Activities*

Like other groupes de ressortissants, the Amical des Jeunes de Trianou was formed to assist relatives in the village. In 1985, the motivating factor was a sharp increase in the number of déscolarisés in the villages. With the recession that began in the early 1980s, parents could no longer afford to send their children to school. More recently, layoffs from businesses and public enterprises in the Bouaké area have sharply increased the level of hardship in these communities. The leaders of the group seek to generate economic activity that will employ youth and provide funds to keep children in school.

The association seeks to start several agro-pastoral projects, including raising pigs and launching an aquaculture program. Although the association's president also contemplated the prospects of poultry production, the cost of feed for chickens is prohibitively high, he said. The association is trying to figure out how to market the pigs it plans to raise, before investing in the venture.

### *Perceptions of Economic Problems*

The head of the association identified unemployment as his area's major problem. He noted that the CIDT, the cotton parastatal, had just laid off 1,000 employees. The factories that produced cordage and cigarettes had also closed, and Gonfrevilles had laid off many workers too. Those who had worked in these factories had each supported about 10 people. The officers noted that although the government invested in socio-economic projects in the north (for example, the Soja project), it had located no such projects in the center of the country. The new chomeurs thus had no opportunities for gainful employment in the area. Koffi N'Dri, the president of the group, noted that the only result of privatization his area had seen was unemployment, and he was therefore skeptical of the country's privatization program. He said that people in his part of the country rarely understood that bad management had created the problems that provoked the layoffs.

The ressortissants discuss the country's economic problems among themselves. In their view, privatization is not bad in itself, but other measures must accompany it. For example, the government must reduce taxes so that even if purchasing power declines, people can survive.

The ressortissants also noted that the banking system worked poorly. Interest rates were so high that it was very difficult to launch enterprises. Further, at certain times of the month the banks had no cash available to depositors who wished to withdraw funds. Finally, the lines at the banks were always very long and cost depositors much time.

Devaluation was "in the air," but no one really understood what it meant, according to the groups leaders. M. N'Dri pointed out that even the cadres were not informed; the

government had made no effort to speak with them about devaluation. N'Dri noted that Ivoirians had a strong currency, which made it possible to buy a lot in Ghana. For Ghanaians, however, everything was expensive. If there is a devaluation, he suggested, government would have to raise salaries. N'Dri worried that with devaluation, Côte d'Ivoire would be like Zaire; that is, "devaluation would not happen once but many times, and the currency would become worthless." M. N'Dri also referred to the case of Mali, where he believed that devaluation was responsible for many problems.

### *Information Needs*

The ressortissants said that farmers do not really understand much about the state of the Ivoirien economy. They need information about foreign markets for what they produce.

In general, the ressortissants said, information about the economy had been highly political in the past. Free information is important. Multi-partyism led *Fraternité-Matin*, the government newspaper, to start printing international prices of primary commodities, and it has increased the amount of information available, they noted. With more information, it is possible to make comparisons between policies and countries, and that is very important. "We are capable of making our own decisions, but we need information to do so."

### *Contacts with Other Groups*

There were no evident ties between these ressortissants and other groups. GVCs do not exist in the Bouaké area because farmers do not produce cotton, cocoa, or coffee.

### The Ressortissants d'Assouba (Aboisso)

The Ressortissants d'Assouba began in 1968 and included planters, civil servants, students and others from the village of Assouba, next to the Unicafé factory in Aboisso. The aim of the association was village development, especially creating opportunities for students and constructing a primary school. The chief of the village organized a "bureau" so that the association des ressortissants could be involved in village decision-making. Although the association once included all members of the village, it now includes 30 to 40 people who actually pay dues and a large number of "sympathizers." Its members include both urban dwellers and their village relatives. The dues are 1000 CFA per month (200 CFA for women, however, and 100 CFA for students).

Assouba is a village relatively well-off compared to many. It has had electricity since 1970. It also has a chateau d'eau that the groupe de ressortissants built. It suffers now from the effects of the collapse of producer prices for coffee and cocoa.

### *Objectives and Activities*

The Ressortissants d'Assouba re-think their program every two years. At the end of 1992, they were in the process of re-designing a program to help youth in the village.

In the view of the officers, resettling youth on the land is the most serious problem facing villagers and urban relatives right now. They observed that when young people are unoccupied, they create problems. Because the Aboisso area had started to suffer shortages of land, many feared that disruptions by under-employed or unemployed youth would begin to plague the village and the surrounding area.

The officers thought that one way to prevent the returnees from becoming bored and from sowing discord was to build a special "foyer des jeunes" with a meeting place, a television, and a small library and study area. They had commissioned the services of an

television, and a small library and study area. They had commissioned the services of an architect and proudly displayed the plans, which also included a storage area for farm products. They lacked the money to proceed, however.

They are also trying to involve young people in cultivating market gardens--lettuce and other fresh vegetables for the Abidjan market and for other towns and beach resorts in the area.

#### *Perspectives on Economic Problems*

In addition to the problems associated with the return of young people to the land, the groupe de ressortissants expressed concern about the difficulty of selling harvests. Unicafé had recently closed because so many villages in the area had started to shell their own beans and to sell their crops directly to exporters (with limited success). Now, farmers can neither sell their crops to Unicafé, nor can they convince exporters to take their beans in many cases. The village GVC does not work well, according to the group's officers.

The recession has meant that many maintenance projects and public works projects remain on hold. That has contributed to shortages of water, growing problems of solid waste disposal, and inability to complete construction of sewage canals.

The villagers understand the economic problems facing the country primarily in terms of the collapse of producer prices for major crops. They are also concerned that the banking system has failed them. They no longer have any confidence in the banks, so often have they been unable to withdraw money deposited. The ressortissants noted that the growing lack of confidence in the banking system could have severe consequences for a developing country.

When asked about their own views of the reforms the government was contemplating, the ressortissants offered several observations. First, they suggested that bad management of the public sector and of enterprises lay at the heart of many of the country's difficulties. Privatization could be a way to obtain better management in some sectors. They worried that some of the sales of public enterprises had been undertaken with too little preparation and that the actions would not have the intended results, however. They noted that this reform was proceeding very slowly in any case and expressed hope that the government would do a better job of managing the process in the future.

Second, they noted that the concrete problems most pressing for urban dwellers were unemployment, the increasing tendency of families to withdraw students from school, and the high cost of rent.

Third, the members of the group said that in their view devaluation would have very bad consequences for the country. They noted that the country currently imports many goods and that a devaluation would increase the cost of these. They feared that there would have to be a series of devaluations, and they pointed to the steep drop in the value of the zaire, in Zaire, as an example of what would happen in Côte d'Ivoire.

Fourth, the ressortissants said that it was difficult for the government to communicate with citizens about the country's economic problems. The farmers did not have the money to pay for the electricity that would support television in their communities, even if electric lines were in place. Therefore, Télé pour Tous does not provide an adequate medium for communication. Those in the city who had access to television had

found the Bédié, Gbagbo, and Ouattara press conferences too long and pedantic. They said they wanted to hear their leaders talk about concrete problems facing the country.

### *Relationships with Other Groups*

The officers of the group consider politicians responsible for sowing the seeds of division in their areas. They have thus insisted that the group be apolitical and include people from many different political perspectives. They emphasize to their members that "village problems are not political problems." Because of this stance, one of their officers was able to run for député without politicizing the whole organization. The other officers explained to the members that their colleague was running in his capacity as an individual, not as a representative of the group.

The officers also noted that a number of agricultural unions had recently formed. They were suspicious that these groups might have political connections; therefore, they had declined contacts with them. They included among the new unions SYNAGCI (see above), the APPH (see above), the Union des GVCs, and three lesser-known unions: a syndicat des agriculteurs et éleveurs, a syndicat des planteurs d'ananas, and a syndicat des planteurs de bananes. They commented that the vice-president of their group was also president of the Union des GVCs in Aboisso, however.

Finally, the officers of the group noted that their village had a "twin" or partner in the village of Maféré, a village the SYNAGCI officers considered a hotbed of farmer radicalism. This group made no mention of Maféré's reputation, however, and appeared largely unaware of conditions there.

### **The Media**

Among the groups that shape the information and views available to the public concerning economic reform are journalists, as well as ressortissants. Prior to the move to multi-party rule in 1990, the government exercised strict control over the media, and reporters had little experience in serious coverage of economic issues and did little to provide media users with information. The free press that began to flourish prior to the elections in 1990 challenged the leadership of the main government paper, *Fraternité Matin*, and forced the government press to improve the quality of its reportage. Although most journalists are scrambling to learn more about economic affairs and acquire sources of information, already the quality economic coverage has started to improve, in both government and non-governmental papers.

The "free press" includes a number of newspapers linked to political parties as well as one "independent" paper, *Notre Temps*. The party papers and government papers vary from day-to-day in the degree to which they offer balanced coverage, as opposed to polemics. The willingness of most of the opposition press to eschew virulent attacks against senior politicians may account for the relative lack of interference and gradual improvement in quality observed in Côte d'Ivoire compared to other countries.

Television and radio reporting has expanded to include more foreign news and more coverage of different points of view in Côte d'Ivoire, but it remains under government control (some elements of the government media are on the list of enterprises to be privatized, however). Ivoirians were installing about 50 satellite dishes per month at the end of 1992 (by comparison with Senegal, which still has fewer than 100 total) so that they can gain access to 8 to 9 television channels.

The party affiliations of the main opposition papers are

PDCI:	<i>Le Démocrate, Le Patriote, Fraternité Matin, Ivoire-Soir</i>
PIT:	<i>Téré</i>
FPI:	<i>La Voie, Nouvel Horizon, Liberté, Tribune du Banco, L'Oeil du Peuple</i>
Independent:	<i>Notre Temps, L'Indépendant</i>
USD:	<i>Le Jeune Démocrate</i>

Journalists and public relations specialists have organized themselves into two groups. Those who work for the public sector have a trade union, the Syndicat Autonome des Agents de l'Information du Secteur Public (SYNINFO). SYNINFO is a member of the federation of autonomous unions, FESACI, that includes the university teachers, government computer specialists, customs agents, etc. Journalists in both public agencies and in the new press also have a professional development association, the Union des Journalistes de Côte d'Ivoire (UNJCI).

During 1992, the country's newspapers offered a panoply of views on the subject of economic reform. Their commentaries used the televised "press conferences and speeches of Alassane Ouattara, Henri Konan Bédié, and Laurent Gbagbo, during the month of October, as points of departure. Depending on the political party affiliation of the newspaper concerned, the assessment of the leadership capacities of the Prime Minister varied considerably. Even the FPI-linked *La Voie* presented a variety of views on its pages. Although some its columnists referred to Ouattara as an "Ivoir-Bukinabé" who aimed to sell off the Ivoirien "patrimoine," others offered more measured criticism.

The opposition newspapers take a variety of positions on the Plan Ouattara. *Nouvel Horizon* reported in early October, just after the Ouattara press conference, that Ouattara's alleged program of reform had resulted in a proliferation of types of taxes and an extension of the value-added tax. It asked, "How can one pretend to re-start an economy by depressing domestic consumption so drastically?"<sup>15</sup>

After the early October Ouattara press conference, *La Voie* expressed agreement with the Prime Minister's attack on mediocrity. It commented that the worst mediocrity was to have book-learning without any knowledge of local conditions, however, and that was precisely the problem with the Prime Minister himself. "The [Prime Minister's] horizons are more limited than he thinks they are," wrote one correspondent. "He lacks the language that is necessary to solve the country's problems. The danger is to want to address problems specific to Côte d'Ivoire using experience acquired from other places, without taking into account the influences of the unknown."<sup>16</sup> Others commented that Ouattara was trying to use the unfamiliar language of university economics to convince Ivoirians to accept a package of reforms that could well be justified but which they could not understand.

At about the same time, *Nouvel Horizon*, also an opposition, FPI-linked paper, called Ouattara the archetype of the "Ivoirocrate." "L'Ivoirocratie...is the oldest daughter of the system that has ruled this country for thirty years....[technocrats]...supposedly competent or quite simply men to whom has been given exorbitant power and wealth....These men endowed with great power, richly paid, expatriate all of their

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<sup>15</sup>*Nouvelle Horizon*, October 9, 1992, p. 9.

<sup>16</sup>*La Voie*, October 6, 1992, p. 2.

earnings."<sup>17</sup> The newspaper echoed the concerns many citizens displayed when the Prime Minister, once billed as the abstemious, more "American" leader, suddenly built himself a very expensive house in Cocody, divorced his Jamaican wife, who remained in the United States, and married the French woman who acted as the president's real estate broker. In the eyes of some Ivoirians, these actions compromised Ouattara and associated him with the "old" style of leadership to which they attributed the country's current woes.

The press has offered several different explanations of devaluation, some of them seriously flawed and others, more informed. *Nouvel Horizon* reported in August 1992 that devaluation was certain to cause severe deprivation in a developing economy that was strongly outward-oriented, such as Côte d'Ivoire. It suggested that a devaluation would make the debt more difficult to repay, imported products would cost more, and any dividends that might come from stronger sales of coffee and cocoa (paid in dollars) would dissipate like smoke.<sup>18</sup>

*La Voie*, an FPI paper, ran a piece in December 1992 entitled "A qui profiterait la dévaluation?"<sup>19</sup> The article said it sought to portray the arguments for and against devaluation in a balanced fashion. It took issue with both proponents and opponents of devaluation. "The proponents believe that the CFA is over-valued, in light of the fact that African products are not currently competitive in the world market," it suggested. "Proponents think that this policy measure could diminish considerably the cost of living, notably in boosting trade between countries within the Franc Zone." It cautioned that such improvements from trade would have to come from the "microscopic" exchanges of countries within the CEDEAO. This scenario is utopian, in its view. Opponents of devaluation argue that the policy will trigger the collapse of the Franc Zone, first because devaluation will bring a reduction in the cost of primary agricultural commodities, already buffeted by the actions of the West in the international market. Second, it will bring a reduction in salaries, a rise in prices, and a heavier debt burden. The *La Voie* reporter does not rebut this case, but instead says that, "The real problem causing the gnashing of teeth on the part of the Africans is what effect suppressing the Franc Zone will have on the standard of living and incomes of inhabitants... In the case of devaluation, the French enterprises located in the periphery--Senegal, Côte d'Ivoire, Cameroon, Gabon--will capture the benefits. They will buy our primary commodities at reduced prices in order to re-sell them in the European community at higher prices."

#### Union des Journalistes de Côte d'Ivoire (UNJCI)

The Union des Journalistes is an association to promote the professional development of members and to defend the idea of a free press. Its leaders do not consider it a "syndicat," although it has the capacity to act as a lobby group for journalists' professional interests; to members, "syndicat" generally refers to groups organized to secure material interests. It is the main interlocutor with the government in drafting laws regarding the operation and freedom of the press.

The group formed in 1991. Its members come from both government radio, television, and newspaper organizations as well as from the ranks of the new press. The group has over 200 participants and a 13-member conseil.

<sup>17</sup>*Nouvelle Horizon*, October 2, 1992, p. 7.

<sup>18</sup>*Nouvelle Horizon*, August 14, 1992, p. 12.

<sup>19</sup>*La Voie*, December 3, 1992, p. 5.

### *Objectives and Activities*

The Union des Journalistes holds regular meetings of members, often in the form of seminars designed to help educate members of the press about important national issues or about the practice of journalism. For example, in an effort to develop the quality of economic reporting, the Union invited high-ranking World Bank officials to speak about the problems of the economy and about the role of the World Bank. Similar seminars have taken place in other issue areas.

The Union has also lobbied for the rights of journalists before the National Assembly. Its leaders wanted a role in drafting new press laws. They contacted National Assembly député Paul Akoto Yao, who arranged a meeting with Assembly president Henri Konan Bédié. Bédié convened the appropriate committee and put the Union in contact with députés reviewing existing laws.

### *Perspectives on Economic Problems*

The Union's conseil agreed to speak briefly about the economic problems facing the country. The members held widely disparate views on the advisability of speaking with an outsider at all. Some were voluble and held forth at some length. Others believed that they had no privileged knowledge about the problems fellow countrymen considered most important and that it was inappropriate to speak with outsiders on such a topic.

Of the journalists who were willing to speak, most agreed that the press was not alone in shaping the information and opinions Ivoirians had available to them. They credited the teachers and transporters with the most influence and noted that the elections for officers of the transporters' unions were always the focus of at least as much national attention as the elections for the National Assembly.

The views articulated by those who spoke were diverse, and many expressed reservations about reforms that would lead to more open market competition in some areas. The journalists said that their fellow Ivoirians placed restoration of the purchasing power of farmers, the country's poorest group, at the top of list of economic priorities. Right after that in importance were growing problems of unemployment, especially among those with diplomas ("those who worked for diplomas, especially young doctors, should not lack jobs"). Third, they said problems of bank liquidity were strangling enterprises and had to be solved.

When pressed to elaborate, the most out-spoken of the journalists expressed several reservations about on-going reform efforts. The journalists understood that the theoretical aim of privatization was to improve the quality of enterprise management. They wondered out loud whether this reform would not bring a return of colonial rule, noting that most Ivoirians were without the capital to purchase shares in the new companies. Further, some aspects of the privatization process had themselves remained opaque (they noted the lack of information about the availability of CIE, electric company, shares, for example). Finally, they worried about the effects of privatization on employment. The unions were likely to oppose changes in the Code de Travail, which strictly constrained the ability of companies to fire employees. The new private sector firms sought greater flexibility in hiring practices, however, and many were likely to lay off workers, in view of the journalists. Most of those present did not consider a free market in labor a good thing.

The journalists also said that it was very hard for them or for other Ivoirians either to form opinions about the reforms or to monitor the behavior of government in the economy, because they lacked information and background knowledge. They said they often did not know what information to seek or where to turn to get answers to questions.

They suggested that USAID might usefully support the creation of a data center or data bank and help develop a series of internships that would help economic reporters learn more about the areas they were supposed to cover.

### Syndicat Autonome des Agents de l'Information du Secteur Public (SYNINFO)

The main representative of the economic interests of journalists and archivists is SYNINFO, a trade union formed in 1975, representing the public sector radio and television workers, Agence ivoirienne de presse, and the documentalists in the ministries. Whereas UNJCI is an organization for professional development and defense of the rights of the press, SYNINFO is an organization developed to secure the material interests of workers in the sector, vis-à-vis government. Its express purpose is to help members protect their standards of living. It has 1,700 members.

#### *Objectives and Activities*

The SYNINFO intervenes on behalf of its members with government leaders and has successfully organized strikes when the membership deems these necessary to defend their stances in negotiations. Its principal contacts in government both the ministries and the Primature, but the leaders were distinctly displeased by the amount of time (two months) it takes to get appointments with senior government officials. The Primature may have much work to do, said Deby Dialli, the president, but the newsletter on economic conditions the Primature issues is inadequate.

Principal among SYNINFO's objectives is support and expansion of its efforts to create a "cité" for its members. The union is in the process of constructing 200 to 300 houses. They seek more public sector and international financial support for this project and for the green spaces, jardin d'enfants, infirmerie, and space for the "formation des femmes" that are supposed to accompany the project.

The union also lobbies against layoffs or salary reductions and for improved working conditions. First, SYNINFO objects to revision of the pay scale so that government can hire people with diplomas at lower base salaries. Second, they object to the need to clear travel by reporters through several layers of bureaucracy. "We can't do that and report events in a timely fashion," said Deby Dialli, SYNINFO's leader. Dialli thinks that some measure of privatization would help reduce bureaucratic barriers to good reporting. The members prefer a "société mixte" status for media organizations, but would like more information about the privatizations under way. Third, the SYNINFO would like to see more support for ESTC, the center for professional education in communication, whose fate is endangered by the government's current financial difficulties. The opportunity for training is necessary for members to advance in their careers, argued the union leaders.

SYNINFO launched a bitter strike in July and again in December 1991.

#### *Perspectives on Economic Problems*

SYNINFO's leader, Deby Dialli, believes that the country's structural adjustment program has been developed and presented in a highly authoritarian manner, dictated by the World Bank. There is no real strategy, he suggested. The architects of the program "don't understand the interests of the people." People must have the opportunity to discuss and accept the program.

Deby Dialli warned that reductions in public sector employment or cuts in salaries would be very dangerous for the country. It isn't the fault of the workers that salaries take up so much of the budget, he said. The government should bear the burden; its bad

management is responsible for the deficit. In 1990, the street demonstrations were not organized responses to salary reductions; they were spontaneous. They will happen again, if the government tries to reduce pay levels.

### Religious Groups

This project did not permit extensive interviewing of religious groups, either in town or in the countryside. It is therefore difficult to gauge the power of these communities in shaping attitudes toward economic crisis and reform. The Catholic Church has organized development associations in some parts of the rural areas and "human rights" groups in Abidjan; a Catholic group is also launching its own broadcasting station near the airport. The Muslim community also maintains a national organization and a national youth group, which broadcast by radio to youth in rural areas, with government support, during the mid-1980s. New evangelical and syncretic groups have emerged during the past ten years and are flourishing during the economic crisis, but the views they project and the character of their activities remain largely unknown. Some have attracted sufficient interest that the government has intervened to sequester their leaders, but there is little systematic evidence about either evangelical/syncretist behavior or government attitudes toward these communities.

### Association des Musulmans

The head of the Association des Musulmans, Fofana Boikary, stressed that Côte d'Ivoire was not the Middle East and the Islam had few political overtones. "It is an Islam in search of itself," he observed. "It is not an organization hostile to the established order, but increasingly the government worries that it poses a threat," he commented. The events in Algeria altered the government's attitudes, and increasingly the "ordre établi" sought to intervene in Muslim affairs. In particular, it had tried to impose a group of leaders, bypassing the Conseil des Imams, the true religious authorities.

Fofana Boikary's depiction of Islam as an Islam in search of itself is born out by the little western observers know of the recent history of the faith in this area. At no point has Islam been monolithic in Côte d'Ivoire. In 1978, there was an effort to re-group all Muslims in the country under the umbrella of an Association Musulmane pour l'Organisation du Pèlerinage, which constituted a Conseil Supérieur Islamique a year later. Many movements have co-existed in Abidjan and in the countryside, however, and that diversity prevents simple generalization about the influence the content of a faith has on patterns of associational life. As in much of West Africa, Ivoirien Dioula Muslims, who comprised a large proportion of the traders who eventually settled in the forest zone, were largely adherents of the Suwarian tradition, based on the teachings of al-Hajj Salim Suware, and rejected the big reformist movements that have attracted so much academic attention.<sup>20</sup> This tradition of scholarship emphasized religious coexistence between believers and unbelievers and the need to separate religion from politics. Writing about Dioula Muslims in more northern parts of the country, Robert Launay has observed that, "The Suwarian tradition not only fostered the development of a relatively peaceful co-existence between Muslim minorities and their neighbors, but also sanctioned the existence of different hereditary categories within the Muslim community itself, making outward piety an obligation for some Muslims, especially scholars themselves, but only an ideal for others."<sup>21</sup> The tradition venerated the founders of some scholarly lines, allocated a role for magic, insisted on the distribution of gifts known as saraka or sadaka, and maintained

<sup>20</sup>Robert Launay. *Beyond the Stream: Islam and Society in a West African Town*. Berkeley: University of California Press, 1992, p. 21.

<sup>21</sup>Launay, *Beyond the Stream*, pp. 80-81.

requirements for giving at certain ceremonies during the year and at funerals, births, or weddings.

Muslim migrants from Senegal, Mali, and Burkina Faso brought other traditions with them. Although the biggest group in the capital was the Tidjaniya Suni order, the Quadriya Suni order predominated in many rural areas, especially where the migrants came from Mali, as they did in many parts of the forest zone.<sup>22</sup> Beginning in the late 1950s, non-traditionalist movements also took root in Abidjan and found some followers in rural areas. These included the Union culturelle Musulmane, the oldest of these associations, founded in 1953 in Senegal and in 1954 in Abidjan.<sup>23</sup> The second group was the reformist Wahhabi movement, organized through two associations, the Organisation des Musulmans Orthodoxes de la Côte d'Ivoire and the Associations des Musulmans Sunnites. Protests by early adherents of this group had occurred in Bouaké, in the center of the country, during the late 1950s.<sup>24</sup> The Wahhabis objected to the formalism of the Sunni legal schools, criticized veneration of scholars or saint-worship, attacked the practice of magic, and sought to abolish saraka and the gift-giving associated with holidays and "life-crises" such as funerals.<sup>25</sup> Its adherents came principally from the wealthier Muslims in urban areas and the young, two groups who may well have seen their assets dwindle in the face of demands for extensive gift-giving. The Ahmadi movement took root primarily in urban areas and among urban women in particular. Inspired and partly directed by the movement of the same name based in Pakistan, this version of Islam rejected primary ethnic ties as a basis for solidarity, and most Ahmadis chose to live alone or with migrants.<sup>26</sup>

A fourth group, the Association des Étudiants et Élèves Musulmans de Côte d'Ivoire (AEEMCI), arose in 1972 initially in response to concerns of parents that their children were losing Muslim traditions when they attended the "école des Blancs." The AEEMCI succeeded in stirring interest in Islam among members of the younger generation, and its control moved from parents to students, although the Ivoirien government also provided some assistance. The AEEMCI reached young people in villages through weekly broadcasts on national television and through sponsorship of study groups throughout the country, and annually it drew delegates from different regions to a national conference, often with speakers and assistance drawn from the Arab world. Like the Wahhabi movement, the AEEMCI broadcasts warned against lavish gift-giving, especially at funerals. Launay has observed that for young people, "The Suwarian tradition, stressing so heavily the importance and obligations (monetary and otherwise) of community membership, is associated...with the heavy demands that the home community makes on them. The kind of Muslim identity advocated by the AEEMCI still permits them to express their solidarity with their home communities...without making the same kind of demands on their resources."<sup>27</sup>

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<sup>22</sup>Raymond Delval. "Les Musulmans d'Abidjan." *Cahiers du Centre de Haute Études Sur l'Afrique et L'Asie Moderne* 10. Paris: Fondation Nationale des Sciences Politiques, April 1981, pp. 44-45.

<sup>23</sup>Delval, *Musulmans*, p. 47.

<sup>24</sup>Delval, *Musulmans*, p. 59.

<sup>25</sup>Launay, *Beyond the Stream*, pp. 82-95 *passim*.

<sup>26</sup>Yacoob, May. "Ahmadiyya and Urbanization: Easing the Integration of Rural Women in Abidjan." in *Rural and Urban Islam in West Africa*, edited by Nehemia Levtzion and Humphrey J. Fisher. Boulder, CO: Lynne Rienner Publishers, 1987, p. 121.

<sup>27</sup>Launay, *Beyond the Stream*, p. 96.

Boikary suggested that the Wahabi tendency in the country was not strong and that "traditional" Muslims were far more numerous.

### *Objectives and Activities*

Fofana Boikary was deeply concerned about efforts to monitor the affairs of the Muslim community, fearing that this form of government intervention and entreaties by opposition parties in search of the community's support would transform a purely personal, religious group into a political organization. He stated that the Muslim community did not want to be used for political purposes. They did not want to have to report their activities to the government and they did not want to dictate the party allegiances of followers of the faith. "Members can be of the left or the right," he said. "We accept the legitimacy of the state, but we do not wish to be part of the state."

The leaders of the community have specific concerns about the economic problems facing the country, but it is not clear that they have either the will or the capacity to direct the responses members of the community pursue.

### *Perspectives on Economic Problems*

Fofana Boikary expressed considerable concern about the ability of the country to navigate the process of economic reform and the move to a multi-party system. He emphasized his belief that the country suffered both from a lack of moral leadership and from an individual acquisitiveness that threatened trouble in the years ahead. In effect, he believed that two "moral transformations" were necessary. First, honest government was essential; no change could take place without it. The country's governors should make known their plans to improve the quality of public management. Second, in Boikary's view, Ivoirians need to live more modestly, to economize, to save, and to learn to manage what they earn. There must be a spiritual revolution, of sorts, he said. All Ivoirians will have to contribute to the solution of the country's problems, he emphasized.

Boikary expressed fear about the way social relationships had changed in Côte d'Ivoire in recent years and the absence of clear lines of communication and authority within and between communities during these times of crisis. He called the country's social situation "a solid negative" right now. For every individual with a job, there are ten waiting at home without a way of supporting themselves, he noted--and most of those at home are very young. Establishing young people on the land is imperative, in his view, so that they can take responsibility for themselves. They need training, and their parents will have to agree to re-divide and share fallow land. The country must figure out how to employ these youth--whether in craft production, animal husbandry, or agriculture.

Further, in Boikary's view, many Ivoirians, including a substantial proportion of the Muslim community, are not adjusted to the demands of a western-style market economy. They need to learn how to support themselves in that kind of system. Educational programs have to work from within the cultural idiom but should aim to develop a better understanding of what "work" means in this new market economy.

Religious education in the Muslim community can support collective efforts to solve problems. The secular media must also make an effort to provide information and views that can promote development. Without the concerted attention of all Ivoirians, the country's economic and social problems could produce serious disorder, in Boikary's view. Alluding to Liberia and Somalia, he remarked that "the same causes could have the same effects;" Côte d'Ivoire could not count itself immune from the kinds of conflicts that raged in other parts of the world.

With regard to specific proposals for reform, Boikary offered several observations. First, he commented that although privatization could result in better management of enterprises, it assumed the existence of "a private sector" or private sector agents. It was not clear that Côte d'Ivoire actually possessed such a community, in his view. Further, short-term unemployment could worsen the social problems the country currently faced and could render the tensions explosive. It must be privatization with a human face, he said. The demonstrations in support of the Front Populaire Ivoirien are not really manned by voters but by the unemployed, he observed.

Second, devaluation could trigger social problems. Devaluation in the Franc Zone would not work the way devaluation does in other countries, he said. Already salaries are insufficient and unemployment is considerable. Devaluation may lead to greater investment in the country over the long run, he noted, but in the short-run there may be grave social consequences.

The Muslim community also had other concerns of a more "political" nature. Nonetheless, the way the country addressed these concerns could affect the willingness of members of the community to accept promises of long-term improvement. First, the Muslim community had few vehicles for offering its youth serious formal education and religious education at the same time. It could communicate more effectively with "les jeunes" and prepare them better for the challenges ahead if it could sponsor its own schools, just as the Catholics and Protestants were allowed to do. The government tolerates Koranic schools, but these do not usually provide their students with preparation for work in enterprise.

Second, Boikary expressed concern about growing ethnic division. He commented that although "northerners" (mostly Muslim) were currently more numerous in the country and although they succeeded in business, few ran for public office in the elections. "The originaires" did that. Further, some of the political parties appeared to draw on ethnic bases. For example, he said, the FPI is a Bété party; the PIT, a party of Lagunaires; and the PDCI, a party made up of people from the center and the north. Education and training may help resolve these false divisions. There should be a national discussion before the problem gets out of hand, in Boikary's view, and schools should orient students away from ethnic allegiances. Boikary considers the politicians as the main obstacle to effective resolution of these tensions. "When we think about democracy we think in terms of ethnicity and money, not in terms of ideas."

Third, there are many long-term residents of Côte d'Ivoire who still do not have Ivoirien nationality, even if born in the country. That could become a source of tension in future years, when it comes time to decide once again who can vote and who cannot.

### **Teachers**

Although teachers are important shapers of opinion in Côte d'Ivoire, the limited scope of this study meant that it was not possible to interview many of their representatives. There are multiple teachers' unions in Côte d'Ivoire. Typically, these groups have been outspoken and have moved quickly and publicly to make their demands known. Etté Marcel, head of the autonomous university teachers' syndicat, is also the current head of FESACI, the federation of autonomous unions. Fragmentation in recent months may have reduced the ability of these groups to act in concert, however.

It is important to note that most of these groups are trade unions designed to defend *droits acquis*, such as salary levels and housing privileges. They do not articulate strong or coherent views on the strategy government should pursue in re-structuring the economy to produce growth.

A better understanding of the discussions of economic reform current among Ivoirien university economists and students comes from a review of the books most frequently checked out of the library of the Centre Ivoirien des Recherches Economiques et Sociale (CIREs). These include *Et si l'Afrique refusait le développement* (Axelle Kabou), *Le libéralisme: nouveau départ pour l'Afrique noire* (Mamadou Koulibaly), and *Besoin d'Afrique* (Eric Fottorino, Christopher Guillemin, and Erik Orsenna). The fact that these books are currently among the most-read does not mean that instructors or students agree with what the authors have to say. It does suggest an interest in new ways of thinking about the economic problems facing the country, however. The three texts vary greatly in style, but they all champion departures from the strategies of the past thirty years.

*Et si l'Afrique refusait le développement?*

At the top of the list of books Ivoirien university students and economists are reading is a forceful critique of the dependency theories propagated by many of the continent's leaders. The author is a 38-year old Cameroonian woman, Axelle Kabou, who holds a diploma from the Chambre de Commerce et d'Industrie in Paris. Kabou's argument is that Africa's elites have propagated myths of dependency, the continent's uniqueness, racialism, and authenticity to secure benefits for themselves without aggressively seeking knowledge and opportunities that would generate growth. Kabou's argument is a strong denunciation of past ways of thinking.

"Development is perceived at all levels of society as an unrealizable aspiration," she writes. "There is nothing surprising in this if one recalls that the African political class draws its legitimacy and credibility from the widespread belief in the existence of a neo-colonial plot."<sup>28</sup> "Most literate Africans continue to see the problems of debt, deteriorating terms of trade, as new manifestations of an old tendency for the West to trick others into bartering their precious stones for glass beads."<sup>29</sup>

Axelle Kabou says that these political elites have done nothing to favor the emergence of a new vision--quite the opposite. "One cannot help being struck by the obstinance with which Africans refuse the ways and the organization required for advancement. They waste their meager resources...They detest clarity, openness, rigor."<sup>30</sup> Certain of the "wealthy" of African countries are, after all, richer than the wealthy of the rich countries, What do they do with their money?<sup>31</sup>

If there is a massive injection of capital, as these leaders demand, will that really help, Kabou asks. She offers three reasons why it will not. First, capital cannot generate growth because the aptitude for directing its use and for motivating investment are totally unfamiliar. Second, to use money for growth supposes at least that one is terrified by the prospect of marginality or misery. Is that really the case in Africa, she asks? "The history of humanity shows that use of resources for development consists in searching for lasting solutions to recurrent problems and in reformulating strategies in the face of new challenges, instead of seeking windfalls."<sup>32</sup> Third, Africa is far from having created the material and psychological conditions that allow it to profit from innovations developed elsewhere in the world or from the inventiveness of the growing number of Africans,

<sup>28</sup>Axelle Kabou. *Et si l'Afrique refusait le développement?* pp. 19-20.

<sup>29</sup>Kabou, *Et si l'Afrique*, p. 21.

<sup>30</sup>Kabou, *Et si l'Afrique*, p. 23.

<sup>31</sup>Kabou, *Et si l'Afrique*, p. 24.

<sup>32</sup>Kabou, *Et si l'Afrique*, p. 24.

literate or not, who have concrete proposals to offer."<sup>33</sup> Africa is instead distinguished by "a disdain for creativity and for technical knowledge, by a terrifying absence of imagination, and by a fatal conformism."<sup>34</sup> She concludes, "Africans are largely persuaded that their destiny must inevitably be the task of strangers."<sup>35</sup>

This "refus du développement" flourishes less in the realm of village tradition, where what is useful always has integrity, Kabou argues, but on the macadam of the capital cities.<sup>36</sup> Far from being a marginal phenomenon, as certain analysts believe, the "refus du développement" is the thing the best managed and the most evenly distributed in black Africa.<sup>37</sup> Kabou says that, "Africa isn't dying: she is committing suicide in a sort of cultural drunkenness." Kabou calls this syndrome the "revanche de Vendredi," in an allusion to Defoe's *Robinson Crusoe*.

The slightest complacency on this subject will only reinforce an appeal to re-colonization already deeply rooted ("One must have the decency to call things what they are," she notes).<sup>38</sup> There is a taboo against speaking of "African mentalities," but talk one must, she writes. Despite growing acceptance of economic liberalism, Africans should not rest content that they have found a solution to their problems. The West has a long critical tradition, culturally supple enough to correct problems liberalism may create in their countries.<sup>39</sup> The spirit of enterprise that emerged in 1990 in Africa is still an unknown quantity. Moreover, in a context of failed banking systems and reduced foreign aid, the withering away of the commercial activities of the state means that liberalism is a dream: No one wants to take risks. In the top ranks, people still wait impatiently to receive the severance pay promised by governments to those people who have opted for early retirement, so they can open a little business in sodas at the corner of the street. At the bottom of the social scale, people ask themselves of what the immediate future will consist, when the ambition is only to find a tiny segment of the market in the informal sector already over-crowded.<sup>40</sup> The social and psychological conditions for the success of liberal enterprise are far from being assembled in black Africa, Kabou writes.

Kabou points to the deleterious consequences of a deep distrust of foreign innovations. In contrast to Japan, which borrowed from other cultures for its own benefit, Africans refuse to learn from others, Kabou argues. "The majority of Africans are convinced that they were colonized because of their skin color and the lack of understanding of their cultural values on the part of whites. The main technique of the 'refus de développement' consists in overweighting these two things and in adopting or excluding on the basis of these."<sup>41</sup> Africa hates researchers, she writes, and it has never launched an inventory of its dynamic "traditional value"--values that could not only be the base of development policy but could also help minimize the perverse effects of external

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<sup>33</sup>Kabou, *Et si l'Afrique*, p. 25.

<sup>34</sup>Kabou, *Et si l'Afrique*, p. 25.

<sup>35</sup>Kabou, *Et si l'Afrique*, p. 27.

<sup>36</sup>Kabou, *Et si l'Afrique*, p. 26.

<sup>37</sup>Kabou, *Et si l'Afrique*, p. 27.

<sup>38</sup>Kabou, *Et si l'Afrique*, p. 27.

<sup>39</sup>Kabou, *Et si l'Afrique*, p. 82.

<sup>40</sup>Kabou, *Et si l'Afrique*, p. 84.

<sup>41</sup>Kabou, *Et si l'Afrique*, p. 93.

domination."<sup>42</sup> Kabou singles out the belief in Africa's uniqueness and particularism as a problem. The rehabilitation of the black man does not mean that it is necessary to succumb to a "cult of particularism," she argues.<sup>43</sup> She is highly critical of African intellectuals and of the OAU for this reason.

Attitudes are now changing, Kabou thinks. Africans are learning to economize, for fear of social explosion. Whether these changes take place quickly enough is still to be seen.

*Le libéralisme: Nouveau départ pour l'Afrique Noire*

The second most frequently read book is *Le libéralisme: Nouveau départ pour l'Afrique Noire* by Ivoirien economist Mamadou Koulibaly. Mamadou Koulibaly teaches in the department of economics at the Université Nationale. He is becoming something of a public figure and has contributed interviews about privatization and other topics to some of the local newspapers. Against an inherited colonial model of an administered national economy and an ideologically-inspired model proposed by theories of neo-colonialism (a model that is "anti-marchand, anti-capitaliste, anti-démocratique), Mamadou Koulibaly counterposes greater recourse to the market. He opposes the monopolies that government leaders have created and urges a transition to a free-market system, or at least to substantial deregulation. He argues that political liberalization or democratization is an essential part of that process. The book draws on the public choice literature and makes occasional reference to Alfred Hirschman, whose writings the author clearly appreciates.

There are three necessary conditions for this transition to a market system to succeed, says Mamadou Koulibaly. First, he notes that under the conditions that currently prevail in Africa, governments believe their populations are content with the conduct of public affairs because these groups do not exercise voice. It is a false contentment, however. Political repression increases the already high costs of collective action. Until people are able to associate freely and to vote with their feet within their own societies, economic development cannot take place, and until there are market alternatives, citizens will necessarily tolerate the dominance of a few.<sup>44</sup> Democracy and the market must develop in tandem. Second, single-party dominance is not acceptable. As long as one party is sufficiently powerful that there is no real competition, that party will use its monopoly position to prevent others from securing a hearing for their proposals. Third, the justice system must be independent of political influence. If courts perform efficiently and fairly, even the abuse of power in a single-party system may be curbed.

In the final chapters, Mamadou Koulibaly writes that democracy (la concurrence politique) is not the invention of a particular people, time, or place. African heads of state have tried to argue that democracy is a import from the West so that that they can preserve their own political monopolies. The result has not been stability and development but, rather, bad management.<sup>45</sup>

In sum, many Ivoirien intellectuals, students as well as faculty, are thinking broadly about solutions to their country's problems at the same time their unions fervently defend their droits acquis.

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<sup>42</sup>Kabou, *Et si l'Afrique*, p. 97

<sup>43</sup>Kabou, *Et si l'Afrique*, p. 118.

<sup>44</sup>Mamadou Koulibaly. *Le libéralisme: Nouveau départ pour l'Afrique noire*. Paris: L'Harmattan, 1992, passim pp. 125-128.

<sup>45</sup>Mamadou Koulibaly, *Le libéralisme*, pp. 163-166.

### *Besoin d'Afrique*

Besoin d'Afrique is a collection of vignettes about Africa. Some are commentaries on government, and others are about culture. *Le Monde* reporter Eric Fottorino wrote the essays on economics and politics, many of which have the same general themes as the other books cited, although the authors do not argue the case as strongly as Kabou or Koulibaly. The book attracted enough attention in Côte d'Ivoire that it attracted press reviews (as did Koulibaly's book). *Fraternité-Matin* entitled its review, "Besoin d'Afrique: Un ouvrage accusateur" but concluded with the words, "Besoin d'Afrique is a good book...In well-chosen words, it tells us what we know about our continent: the forces vives that fashion its destiny, but also the forces obscures (the underground manoeuvring of politicians), the forces de l'ombre (the spiritual powers) that each day affect the direction of that destiny."<sup>46</sup>

### **Citizens' Groups**

Various types of citizens' groups play more minor roles as shapers of public opinion. These groups include some of the new consumer groups, women's organizations, and human rights groups. The first two types are probably most influential. To date, the country's new human rights groups have concerned themselves primarily with the transparency and fairness of elections. With the exception of MIFED, the Mouvement Ivoirien des Femmes Démocrates, most are elite groups and are relatively ineffective. Most have not sought to develop views on the economic problems facing the country. By the end of 1992, there were eight groups in this category. They included the Ligue Ivoirienne des Droits de L'Homme (LIDHO), the oldest of the groups; the Mouvement Ivoirien des Droits de l'Homme et Des Peuples (MUDHOP), the Association Ivoirienne pour la Promotion des Droits de l'Homme (AIPDH), the Groupe d'Etudes et de Recherche Sur la Démocratie (GERDES-CI), the Comité Catholique Contre la Faim et Pour le Développement (CCFD; used to be called Secours Catholique); the Association Catholique Contre la Torture; the Bureau Catholique pour l'Enfance; and MIFED.

For the purposes of this study, the author concentrated on the large, middle-class consumers' union, led by the popular mayor of Cocody, Mel Théodore.

### Union National Ivoirien des Consommateurs (UNICO)

Influential in shaping the views of middle-class groups toward reform is the Union National Ivoirien des Consommateurs (UNICO), led by Mel Théodore, the mayor of Cocody. UNICO's leaders consider the group the principal interlocutor with the government on consumer issues, a counter-weight to a government that does not always consider the effects of higher price levels on the standards of living of Ivoirians. It started, cautiously, in 1988, before the shift to multi-party rule, and at that time it published a newsletter. In 1990 it received formal recognition.

### *Objectives and Activities*

UNICO's aim is to monitor the effects of policies on consumer prices and to lobby for pro-consumer policies, no matter which political party assumes power in the country. It considers itself a watch-dog organization, with government waste a main object of its concerns. To these ends, it has produced a set of proposals and presented these to the

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<sup>46</sup>*Fraternité-Matin*, December 15, 1992, p. 6.

government. Its leaders have met with the staff of the Prime Minister's office and consider their contacts there sympathetic to their concerns.

The Union's demands are diverse and include the following, according to its leader, Mel Théodore:

1. Better labelling of alcohol and cigarettes to explain the health effects associated with using the products. The health problems generated by these cost the government a lot of money, and problems linked to smoking and alcohol absorb a far larger share of the budget than is reasonable.
2. Medicines to treat malaria are poorly labelled and very expensive. Prices need to come down on these drugs, and it should be possible to purchase the drugs in smaller quantities than is currently possible. Informally, in Treichville, for example, drugs are sold in small quantities, but this practice is currently illegal. People should not be forced to buy more tablets than they need, however.
3. Prices should be posted, not negotiated, in small stores.
4. The government should make a better effort to let people know which products it evaluates and grades for quality and which it does not. In purchasing tires for their automobiles, for example, too many Ivoirians have purchased "manufacturers rejects" or defective products at full price, because Ivoirien intermediaries have purchased the products at discount but have failed to inform buyers about the quality problems and often fail to reduce prices to buyers. Unknowing purchase of defective tires and automobile parts accounts for many of the country's traffic accidents, in Mel Théodore's view. Mel views better labelling and information as a key part of the fight against fraud. There is currently no accountability.
5. UNICO has solicited the Ministère of Communication for changes in taxes on cable television. The government charges a separate cable television tax. In the view of the union, however, television is really a public service. Consumers should not have to pay both a tax at the time they purchase their television sets and a subsequent tax. "We pay general taxes for that."
6. UNICO considers the providers of telephone service too powerful. Bills do not enumerate calls and costs, as they do in industrial countries. Instead, the bill arrives with only a single figure on it. There is often mis-billing, but there is no way for the consumer to monitor the calls for which he or she is charged. It is impossible for a consumer to assemble the proof to support his claim against the company.  
 Moreover, the telephone operators often go on strike, but consumers must continue to pay for service, even though they cannot use their telephones. The disputes between management and labor are not the consumer's problem, and consumers should not be billed.
7. The Union has several concerns about the operation of the country's banks. The first is the hefty, \$2.50 fee for making checking account deposits. The Union argues that it should cost the consumer nothing to make a deposit. After all, its members argue, the banks make their money on deposits. They ought to be happy to have the account. Ivoirians would keep more of their money in banks if this charge was eliminated.

Second, consumers usually receive variable interest rate loans, but that means that every time the BCEAO alters the interest rate, "the debt of the individual increases." Consumers cannot pay off their loans, in consequence.

Third, consumers receive no interest on checking account deposits. If they did, they would deposit more money, and that would improve the health of the banking system and the economy.

Fourth, there are excessive waiting periods before consumers may withdraw funds from checks they have deposited. The official waiting period is 48 hours, but usually consumers must wait longer than that.

The minutes of UNICO meetings from the 1990 project a slightly different list of concerns. The original focus of discussion was the tax burden born by salaried employees of the government and private enterprise, which the organization's members estimated at 52.8%. UNICO's members demanded tax relief and reductions in the costs of electricity (a 25% cut), tariffs on imported construction materials (a cut of 30%), charges for public transportation (a 10.5% cut), medical care from private physicians (a cut of 10%), hospital costs (20%), the prices of fish and sugar, and the cost of fertilizer (a 20% cut).

Mel Théodore believes UNICO could spearhead efforts to convince Ivoirians to use locally-produced products, such as manioc flour, as part of a country-wide effort to adjust to austerity. He notes that when shortages of wheat flour occur, bakers mixed the wheat flour with farine de manioc, and few people noticed the difference.<sup>47</sup>

The Union's 600 or so members meet on an occasional basis.

#### *Perspectives on Economic Problems*

UNICO's leadership was skeptical of many of the reforms that are part of the medium-term structural adjustment program.

The government subsidizes the prices of some consumer goods, and the World Bank wants that practice stopped. Mel Théodore disagrees with the Bank's position and argues that, for example, the west must reduce the prices it charges for wheat. If the prices for basic commodities increase, there will be street demonstrations.<sup>48</sup> If the population is rich, he argued, it is one thing to withdraw subsidies. In Côte d'Ivoire, it is entirely different, he said.

Agricultural-sector liberalization is also mis-directed, in Mel Théodore's view. The reason Ivoirien cocoa and coffee is not selling at higher prices, he argues, is that

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<sup>47</sup>Other countries have discovered that it is also possible to mix sorghum flour with wheat flour to produce bread that is similar to white wheat loaves. The keeping power is reduced (it becomes stale more rapidly), but the taste and texture are little-affected.

<sup>48</sup>Most Ivoiriens are unaware that foreign producers sell low-quality rice to Côte d'Ivoire at \$250 a ton but that it sells at \$500 a ton, before milling. That is an exceptionally large mark-up, and the beneficiaries are not clearly identifiable. This brown rice then goes to mills, where it is processed, eventually to be sold as white rice. Local rice is currently "artisanal." The mills could not clear a profit at the former producer price and many closed. Over the years, producers allowed multiple varieties to grow in their plots. The result is that now locally-produced rice mingles varieties with grains of different sizes, and the mills cannot process the harvests without considerable breakage.

The story for wheat is similar. The country imports 200,000 to 250,000 tons of wheat each year. The Ivoirien flour price is fixed at \$500 a ton, but the world price for wheat flour is \$250 a ton. The country could lower wheat costs by buying flour directly at world market prices. Eighty percent of the wheat used in the country's single flour mill comes from France, which supplied all the demand until two years ago. Now 20 percent comes from the United States.

multinationals have created plantations in Malaysia and Thailand, where they can pay workers unacceptably low wages, and they have used production from Southeast Asia to force the prices of African cocoa and coffee down. The companies are reaping super-profits, using this strategy. Ivoirien workers cannot subsist on a shrimp or a minnow and a ball of rice. As soon as the companies such as Phibro begin to pay Malaysians lower prices for their cocoa, the farmers there will rebel too and they will support Côte d'Ivoire's claims. Right now, it is impossible for Côte d'Ivoire to organize a cartel on behalf of higher prices because Malaysian planters belong to the companies.

UNICO's leaders expressed reservations about the way in which the government was pursuing privatization. The aim should be to create transparency in management, but that is not what the program has achieved so far. The major example used was the case of the electricity privatization; the CIE, the private buyer of the EECI, did not take the interests of consumers seriously and was securing monopoly benefits. Mel Théodore was especially concerned that deposits consumers made in order to secure service were very high and because few people moved, unnecessary. Instead of asking consumers to pay deposits they would never be able to retrieve (because they would not move), the company should simply cut service to those who fail to pay. UNICO is also skeptical about the benefits from privatization of Palminindustrie, still in the planning stages at the time of this report. They expressed concern that the buyer would try to eliminate services provided to workers and village producers--or stop buying village produce at all. Mel Théodore remarked that his mother grew oil palms but that the producer price had dropped so low that production was no longer very "interesting." If his mother owned shares in the new company, then that would be a different matter. It is very important for Ivoirians to own shares in the new firms, in his view.

Union leaders also expressed grave reservations about devaluation. Mel Théodore predicted dire effects of devaluation for the economy, for three reasons. First, he said, exchange between regions is very limited; thus, even if Côte d'Ivoire's products become more attractive to African buyers, that won't really enhance incomes. Second, devaluation will increase consumer prices, given the heavy dependence of the economy on imports. Third, the debt service will increase, and the government will have to increase taxes on coffee and cocoa to make the payments. Devaluation is only workable if debt is "forgiven" or if the devaluation is "financed."

### **Interest Groups and Economic Reform: Problems of Trust and Coordination**

Interviews with several of the new Ivoirien interest groups suggest several conclusions about the "politics of structural adjustment" in Côte d'Ivoire.

1. First, among interest groups there is a general recognition that poor management of public-sector institutions has contributed to the economic problems Ivoirians now face. Few interest group leaders or members accord blame to "international speculators" or to manipulation of world markets. They speak openly of the abuses of power that attend monopolies, public or private. With a few exceptions, most have broken with the "dependency theories" of the past.

The groups disagree about the best way to *reduce the cost of government*. Most object to reducing the size of the public sector through *layoffs*. They staunchly defend their "droits acquis." Some of the unions say that they will go into the streets to

defend themselves. Others regard some layoffs as inevitable and have started to think about criteria that should be used in dismissing and advancing employees. Regardless of the flexibility union leaders show on this issue, they all agree that increasing unemployment in the country is a strong threat to public order. They generally do not perceive that farmers are paying the bill for the civil servants and believe that their rural relatives will take their side in conflict with the government over dismissals.

The preference is to reduce the costs of government through better management, but they articulate a range of opinions about the best way to achieve that end. Most interest group leaders perceive *privatization* as the government's preferred approach to improving the quality of public management. Proposals to sell public enterprises to private buyers do not currently elicit vehement objections. The lack of transparency surrounding the process has done considerable damage to the government's legitimacy, however. First, there is widespread concern that "wired" sales of firms to individuals with contacts in government only transform public monopolies into private monopolies and that these deals will not work to the advantage of the country. The handling of the sale of the electricity and gas enterprise tarnished the faith in the Prime Minister's office as a haven from the personal politics of the pre-1990 era. Second, some interest group leaders suggest that there may be other, better ways to improve the quality of management. They suggest greater worker participation in the management of public and private enterprises or expanded use of "management contracts" while the government retains equity in enterprises, along the lines of Air Afrique. The FESACI-affiliated unions in particular appear to prefer these options and the reduced risk of "re-colonization" they seem to imply, in some minds.

With regard to the rest of the structural adjustment program, there little such unanimity on which reforms are essential. *Financial sector reform*, already under implementation, is the main point of agreement. Most of the interest group representatives interviewed for this study said that the liquidity problems, high interest rates on loans, and uncertainty surrounding the ability to withdraw funds already deposited in a timely fashion (only partly a function of liquidity) hampered the ability of enterprises to adapt to new incentives and proved a major source of frustration to consumers. Unless the health of the financial sector improves, other reforms will not have the effect intended, they argue.

There is considerable disagreement on *policy reforms designed to increase industrial competitiveness*, including elimination of non-tariff barriers, tariff reform, and revision of the labor code. Although many Ivoirians stand to benefit from elimination of *non-tariff barriers*, which currently prevent some lower cost goods (such as generic pharmaceuticals) from entering the country, some parts of the business community are opposed to this reform. The fear of firms that are not currently competitive in the international arena is that they will be driven out of business. For that reasons, the largely foreign-controlled textile industry forced repeal of such measures in 1987. The division of interests within its ranks means that the Union Patronale cannot act as an effective lobbyist for this kind of reform in its discussions with government. The industries adversely affected use the specter of greater unemployment as a way of convincing government leaders to maintain the barriers. A few senior politicians also have a vested interest in preserving the system, as they currently benefit from being able to exploit loopholes in the rules to their own advantage. The potential beneficiaries of the elimination of non-tariff barriers are so many, and their shares in the outcome are so evenly distributed, that it is difficult to mobilize support for this kind of change.

*Reducing tax and tariff burdens* and improving the efficiency and fairness of the customs administration has broader support. Because of the general perception among members of need for this type of reform, the Union Patronale and the Syndicat des Industriels are both strong supporters of this change. Although the groups have not joined

forces as effectively as they might, the manufacturers have a potential ally in the transporters' unions, whose members suffer from the high cost of vehicles and imported parts and from irregularities in the administration of customs. There are many other potential partners in a coalition for tariff reform. For example, costs of some staple items could be held steady, even with a devaluation, if the country eliminated the up to 100% difference between purchasing prices and selling prices of imported wheat, flour, and rice. All Ivoirians are potential beneficiaries of more transparent administration of the tariff system and of reductions in tariff levels. Although the government fears a short-term fiscal shortfall immediately after the reduction in tariff levels, its leaders have shown themselves unwilling to take the steps necessary to reduce tax evasion. Tariff reform is one policy sphere where the interests of a few individuals appear to have greater influence than interest groups.

*Revision of the labor code* evokes more emotion than other reforms. Most of the unions steadfastly oppose reductions in their *droits acquis*, as costs of living increase and many employed workers have to support unemployed relatives. Business enterprises argue that they will either go bankrupt or flee the country if they can secure no additional flexibility in the power to fire employees and use overtime, however. There are some indications that grounds for accommodation exist, nonetheless. Even some of the more militant FESACI syndicates are willing to consider merit-pay schemes, which constitute a departure from the country's current regulations, and some of the *petits et moyennes entreprises* suggest that the rules as they stand are not quite so rigid with regard to employee benefits as they claim, publicly. The National Assembly is scheduled to address the revision of the labor code in 1993, although the Prime Minister's office has some discretionary power in this area and the government still retains the power to initiate legislation. Because contacts between interest groups and the *députés* are limited, it is not clear how the negotiations will proceed. Clear consultation of trade union interests as well as business interests will be important to avoid social disruption over this issue, especially if public sector layoffs continue apace. Although farmers are potential gainers from labor code reform, the dependence of some farm families on the incomes of a salaried son or daughter is so great and the benefits are so diffuse that planters cannot be considered "pro-reform."

*Devaluation* is not formally part of the medium-term structural adjustment program, although there is widespread suspicion among interest group leaders that it will take place during 1993. It is the one element of standard structural adjustment packages against which there is widespread opposition in Côte d'Ivoire, although much of the concern derives from partial and therefore misleading information about the likely effects of the change. Devaluation will increase the costs of imported goods, and, unless accompanied by debt forgiveness, it may increase the country's debt burden. At the same time, it will render the country's exports more competitive, halt the ever-growing reliance on imports, and help invite foreign investment, which may help to expand the employment base in the medium- and long-term.

Not surprisingly, some of the major opponents of exchange rate reform are foreign-owned businesses that deal in imported products and urban unions, which forecast significant increases in the costs of living for their members. There was considerable capital flight on the part of business and a consequent liquidity crisis in Côte d'Ivoire during the third quarter of 1992, when it appeared that a devaluation in the Franc Zone was imminent. In an effort to try to limit the inclination of those foreign-owned businesses that did not take their capital out to block exchange rate reform, it is rumored that the French Caisse Centrale is arranging medium-term financial support to enterprises. Urban consumers may be less easily appeased, although a simultaneous reduction in tariff rates and informal "mark-ups" at the Caisse de Péréquation would keep prices of wheat flour,

rice, and a few other basic commodities fairly stable. Mixing manioc flour or sorghum with wheat would also help keep bread prices low.

The potential beneficiaries of devaluation are enterprises that produce exports, including farmers who grow coffee, cocoa, cotton, rubber, oil palms, or export-grade fruits. These planters do not necessarily see themselves as "winners," however. Most use imported roofing materials for their houses and consume bread baked with French- and American-grown wheat. They fear that their costs of living will rise more than sales of the commodities they produce. To the extent that exporters and acheteurs are allowed to cartelize and to depress the share of the world price farmers receive, smallholders could see a decline in living standards as a result of devaluation. Only if trade liberalization and monitoring of the behavior of exporters and buyers accompanies devaluation will smallholders see improvement in their standards of living.

The author encountered repeated references to the case of Zaire as an example of what devaluation would trigger in Côte d'Ivoire. This fear stems from lack of information about the circumstances in Zaire and the unwillingness of the Ivoirien government to explain how devaluation works. Added one respondent, "It is important to explain to our citizens that 'devaluation' is a neutral term in economics and that it carries no pejorative connotations."

2. Second, there are no institutions or forums for "interest intermediation" in Côte d'Ivoire, currently, and that means that there are few opportunities for new groups to adjust their demands in the light of discussions with others or to frame choices based on evaluation of opportunity costs. None of the interest group leaders interviewed had contact with leaders of groups in other sectors or had approached these groups as potential partners in a coalition for economic reform, as distinct from a joint defense of *droits acquis*. Moreover, except for the journalists, none had allies in the National Assembly, who could help negotiate demands with representatives of other sectors. Absent a forum to facilitate concertation, the different interest groups frame their programs in isolation from one another. Many of the programs individual groups frame are at once idealistic and without sufficiently broad backing to force serious consideration by the government, in consequence.

3. Third, many of the interest groups want the government to address concrete problems that are not part of the structural adjustment package. Action to resolve the difficulties the groups find particularly irksome or to promote changes they consider desirable need not be viewed as an additional burden on government. Instead, serious negotiations and consultations to support economic reform could include these measures as inducements, to secure acceptance of uncertainties or short-term sacrifices some leaders could not persuade their members to support otherwise. The absence of a tradition of consultation or of institutions to facilitate such a process need not restrict current negotiations. Among the problems that might usefully be placed on the bargaining table for discussion is that of re-settling youth on the land, given the deep and widespread concern most groups have expressed about this matter.

4. Fourth, lack of trust of the governed in the governors is an important obstacle to reform. Without confidence that parties to negotiations over reform will adhere to their commitments, it is difficult to secure acceptance of uncertainty and sacrifice. The perception that a few Ivoirians continue to benefit disproportionately from the country's resources while others suffer is one component of the growing lack of trust. The style and tone set by the Prime Minister and the officials around him affects these perceptions strongly.

Another contributing factor to the crisis of confidence is the lack of transparency surrounding government activities. Interest groups have no way to monitor whether their governmental negotiating partners are adhering to their commitments (and vice-versa). For that reason, a free press, improved economic reportage, and a neutral, public facility for collecting and disseminating information about the economy could prove an important stabilizing measure in the months and years to come.

5. Fifth, the frequency of allusions to Togo, Zaire, Liberia, Somalia, and Yugoslavia suggests an increasing deficit of hope among the country's interest group leaders. Even two years ago, Ivoirians rarely considered that their country might experience such civil strife. The references to these cases suggest that for many, the faith that changes in policies and management could stabilize the economy and bring eventual improvement is slipping away. Without such hope, it is very difficult for a political leader to broker a coalition for reform. Parties to a coalition only compromise and adhere to agreements when they think there will be a "long-term." If levels of uncertainty and despair rise too high, group leaders will pursue short-term interests, which are likely to take the form of more strident demands, not more measured responses. Preserving hope is one of the tasks of leaders who govern where interest groups, not patrons, organize public opinion and public action. The leaders of Côte d'Ivoire have the difficult task of negotiating reform in a system where personal rule and interest group politics now compete for supremacy. Thus, they cannot afford to forget their responsibility to generate hope if they want their efforts to succeed.

## **Appendix 2.1: Structure of the Prime Minister's Office (Primature)**

Premier Ministre	Alassane Ouattara
Directeur du Cabinet	Toure Sidya
Directeur adjoint de Cabinet	Koupaki Pascal
Chef de Cabinet	Gomis Jean-Baptiste
Conseiller Technique	Coulibaly Amadou Gon
Conseiller Economique	Brou Kassi Jean-Claude
Chargé d'études	Amani Philippe
Chargé d'études	Anthony Kangah Marius
Attaché de Cabinet	Cisse Moussa

Ministres Délégués Auprès du Premier Ministre:  
de l'Economie, des Finances et du Plan  
des Matières Premières

Daniel Kablan Duncan  
Guy-Alain Emmanuel Gauze

Departments coming under the Prime Minister's Office:

Inspection Générale des Services Public  
Contrôle Financier  
Commission Nationale de l'Informatique et le Secrétariat Général à l'Informatique  
Grands Travaux

## Chapter Three

### Is There a Rural Constituency for Structural Adjustment in Côte d'Ivoire?

by  
Barbara C. Lewis

During the 1960s and 1970s, many African governments squeezed rural productivity, extracting revenue from farm communities to benefit the urban sector. Reformers have long called for policy changes to redress this urban-rural imbalance and restore productivity by improving price incentives in the rural sector. To the extent that farmers have been "losers" in the policies that prevailed during the 1970s and early 1980s in Africa, can these entrepreneurs be recruited into a political coalition supporting needed policy reform? Can the rural population be mobilized to support policy changes that will both improve the relative position of the rural population and revitalize the national economy?

This chapter asks whether there is a rural constituency for economic reform in Côte d'Ivoire. Typically, economists argue that farmers are among the "winners" from structural adjustment. Measures such as devaluation and trade liberalization both increase the attractiveness of crops to foreign buyers, expanding the volume of sales, and reduce marketing costs, leaving a greater proportion of the world price for distribution among growers and middlemen and/or exporters. Farmers' losses through increased import costs would be less severe than the losses of urbanites, who consume a higher proportion of foreign-produced goods. Cutting civil servants' earnings or jobs reduces the need to tax agriculture at past levels.

In Cote d'Ivoire, cocoa and coffee farmers in the Ivoirien forest belt would appear particularly likely to become politically mobilized. First, they were the core of President Félix Houphouët-Boigny's political power in the 1940s and 50s. They are well aware that the cocoa and coffee they produce has been the source of the Ivoirien "miracle," providing the lion's share of government revenues. The 1989 reduction in coffee and cocoa producer prices, coupled with the elimination of most subsidies during the mid-1980s and the recent liquidation of the Banque Nationale de Développement Agricole (BNDA) appear likely to galvanize demands to improve their relative political status.<sup>1</sup> These changes marked a sharp break with forty years of steady revenues and reliable state-sponsored marketing in which modest earnings had been balanced by great economic security.

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<sup>1</sup>As founder of the Syndicat Agricole Africain (SAA) in the late 1940s, Houphouët-Boigny had built his political base and the national mythology on African cocoa and coffee producers. The Syndicat Agricole Africain had supported the creation of the agricultural marketing board formed in the 1950s, for the express purpose of creating a financial reserve to maintain producer prices when international prices fell. The government's inability to support producer prices in the face of falling world prices in the late 1980s could only be construed by farmers as a political betrayal and a literal breach of contract.

The question is whether farmers' perceptions and attitudes put them in (or makes them accessible to) such a pro-policy reform coalition. This portion of the report identifies the problems to which Côte d'Ivoire's cocoa and coffee growers assign priority and assesses farmer reactions to reforms that are part of the structural adjustment package. It concludes with a discussion of the effects of political liberalization on the propensity of smallholders to organize.

To evaluate farmers' knowledge of and responses to the reforms underway, the author conducted a series of open-ended interviews in three regions of Côte d'Ivoire: the Abengourou region on the eastern border, Aboisso region near the coast, and Divo region in the center west. All three are cocoa and coffee areas, but they differ in their ethnic mix and the duration of export crop production. Abengourou region is a very old coffee and cocoa growing area with a number of well established large scale planters among the Agni "originaires" (i.e. claimants of indigenous status and rights) and a fair number of migrant smallholders from the Ivoirien savannah, Guinea, Mali, and Burkina Faso. The Aboisso villages vary in ethnic makeup, including Attie and Agni from the area or nearby, as well as immigrants from the savannah. Villages here vary in ethnic composition: some villages are dominantly Dioula, some Baoule, and some Attie and Agni. The heterogeneity of immigration to the region is marked.<sup>2</sup> Divo, in the homeland of the Dida, an area of somewhat more recent export crop farming, has received the greatest total influx of migrants. Like the neighboring Bete in the west, the Dida ceded much of their land to ambitious immigrants. Thus Dida are frequently a numerical minority in "their own villages", while immigrants from Odiene, Korhogo, Burkina Fasso and Mali are established small holders with equal or larger export earnings than the Dida "originaires."

Following a brief sketch of the medium-term structural adjustment program for Ivoirien agriculture, this chapter explores farmers' attitudes toward trade liberalization, cutting salaries or laying off civil servants, and the prospect of currency devaluation. Although these policy reforms may appear consistent with farmers' interests, the author concludes that at present farmers do not support these reforms and suggests why. Second, the report explores the proliferation of organizations competing to address farmers' interests and mediating government policies: parties, farmers' unions and marketing cooperatives. Although currently fragmented and in flux, these organizations reflect efforts to resolve the new economic dilemmas Ivoirien farmers address. This makes them potentially key links in government and international efforts to promote economic reform.

### **The Medium-Term Structural Adjustment Program for Agriculture**

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<sup>2</sup>"Dioula" is a general term for immigrants from the mande speaking populations of Guinea, Mali, and northeastern Cote d'Ivoire; Burkinabe are from Burkina Faso. Usually working on southerners' plantations as sharecroppers on arrival, the immigrants which concern us here have received land and become small holders. Baoule, from the central area around Bouake are also very numerous among the immigrants to the coffee/cocoa growing zone in the forest; they too have obtained land from the "originaires", original inhabitants. The market and Ivoirien prosperity have created an extremely heterogeneous population which contains considerable socio-cultural tension.

Before the government took steps to liberalize cocoa and coffee marketing, the Ivoirien system offered farmers a stable real producer price without imposing a single state agency as the sole buyer of harvests. Licensed private traders competed with one another to get the produce to the port and the exporters. They paid farmers a fixed price set annually by the government and were, in turn, reimbursed for marketing costs, the price paid to farmers, and a margin. Farmers could sell to local traders at the official rate, or they could turn to the village marketing cooperative, the *groupelement à vocation cooperative* (GVC), which could negotiate with buyers for purchase of the crop.

The main elements of Côte d'Ivoire's medium-term structural adjustment program for agriculture were negotiated between the World Bank and the country's government in 1989. As originally designed, the program had several components, all designed to alter the cocoa and coffee marketing systems. The program featured extension of the value-added tax in order to base taxation on consumption, not production, on the grounds that heavier reliance on a VAT tax would encourage consumption of locally-produced goods and permit an increase in prices offered to farmers by agro-industries by reducing the costs of processing. Second, the program urged adoption of several measures to increase the efficiency of the CAISTAB and Caisse de péréquation. Third, it required trade liberalization with the eventual aim of providing effective protection of 20 percent to agricultural products. Fourth, it provided for liberalization of rice and meat marketing, both industries that draw heavily on imported production and regulated through use of non-tariff barriers. Fifth, it called for introduction of greater flexibility in establishing producer prices, including use of pass-through systems to shift more of the risk to marketing agents. In addition, it recommended improving the rural road network, to reduce costs to farmers, and offering a quality premium for coffee, along with other interventions designed to encourage coffee cultivation instead of continued expansion of the cocoa orchard.

As eventually presented in the Côte d'Ivoire Financial Sector Adjustment Program, Medium Term Framework for Economic and Financial Policies 1991-1995, the program's priorities were slightly different:

- 1) to shift incentives towards crops with higher comparative advantage, including export premiums for non-traditional crops;
- 2) to improve financial intermediation and access to savings/credit facilities;
- 3) to liberalize export and import marketing of food crops, reducing state marketing subsidies;
- 4) to reduce the government's role in direct production;
- 5) to better integrate young farmers into productive agriculture.

By the end of 1992, the government had liquidated the Banque Nationale de Développement Agricole (BNDA) and had taken several steps to liberalize agricultural marketing. These measures included

- 1) elimination of government licensing of private traders in cocoa and coffee marketing
- 2) replacement of the old system of trader reimbursement,

which compensated traders in accordance with the distance travelled, with a new system, which eliminated transport differentials in cocoa and coffee

- 3) authorization of farmers' cooperatives to market village production of coffee and cocoa directly to exporters
- 4) introduction of quality premia in the coffee sector
- 5) implementation of limited changes in the operation of the CAISTAB, including reduction in the parastatal's payroll, redeployment of some employees, and reservation of board seats for appointed farmers' representatives.

The government maintained its policy of establishing fixed producer prices for most major industrial crops, although buyers purchased harvests at well below these levels in many instances. It also declined to implement changes in the management of the Caisse de Péréquation.

### **Farmers' General Perceptions of the Economic Problems They Face**

Cocoa- and coffee-growers' perceptions of public policy changes are informed and shaped largely by experience, not by government exhortation or explanation, or by the efforts of newly-formed interest groups. Indeed, most farmers have relatively little access to information through government, which severely cut extension services during the 1980s, or through the media. Most radio and television broadcasts are in French, which most heads of household do not speak fluently, and local-language programs often focus on "cultural" affairs, not economic issues. Relatively few smallholders have access to television on a regular basis (although almost half view television from time to time), and in these hard times, the numbers who can afford batteries for radios are dwindling. (See Table 3.1 for patterns in media access among farmers.)

These interviews permit several general observations about the way farmers understand the problems they face.

First, farmers clearly perceive deterioration in their standards of living. Data collected by another member of the research team suggest that farmers are evenly divided in their evaluation of whether their standards of living are higher than their counterparts in Ghana, where structural adjustment reforms were implemented during the 1980s. About 28% thought that Ivoirien farmers had a higher standard of living; 29.5% thought that Ivoirien farmers were less well off than their Ghanaian neighbors; and 28.5% said they did not know.<sup>3</sup> Over half believed that their standards of living had declined by comparison with Ghana's since 1987. Lack of money to finance the education of children was the most severe consequence of economic decline, said most, followed by increased

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<sup>3</sup> See data collected by Jennifer Widner in surveys administered to farmers in Abengourou and Aboisso regions, near the Ghanaian border, December 1992.

**Table 3.1**  
**Patterns of Media Use Among Farmers**

Proportion of Heads of Farm Households Who Listen to the Radio News

daily	39.4%
at least once a week, but not daily	3.8%
occasionally	29.8%
never	26.9%

Proportion of Heads of Farm Households Who Read a Newspaper

daily	10.7%
at least once a week, but not daily	3.9%
occasionally	11.7%
never	73.8%

Source: Data drawn from survey research by Jennifer A. Widner in Abengourou and Aboisso regions, 1990.

difficulty in negotiating with crop buyers, inability to help offspring launch their own farms, and insufficient food. (See Table 3.2.)

Second, coffee and cocoa farmers believe that their produce has been the mainspring of the much vaunted Ivoirien miracle and that the government has failed them. Their anger at the political elite, the president and his entourage focuses on the inability of the country's governors to manage wisely. They have a clear memory of the government spending spree of the 1970s, to which they attribute a long-term decline in their purchasing power. They see the national debt as the sole result of misuse of fabulous cocoa and coffee revenues during the boom years of the 1970s. They are unaware of other causes of the current depression, including the seductive nature of international credit markets in the 1970s, or creditors' erroneous beliefs that Cote d'Ivoire would become a world class oil producer.

**Table 3.2:**  
**How Farmers Rank the Importance of the Problems**  
**the Economic Crisis Has Generated**

<b>Problems Considered First Most Important</b>	
Lack of money to finance childrens' education	45.1%
Increased difficulty negotiating with crop buyers	22.9%
Inability to help children start their own farms	13.7%
Not enough food	9.7%
<b>Problems Considered Second Most Important</b>	
Lack of money to finance children's education	28.0%
Not enough food	22.9%
Inability to help children start their own farms	22.3%
Increased difficulty negotiating with crop buyers	9.7%
Security problems in the village	6.9%
<b>Problems Considered Third Most Important</b>	
Not enough food	24.7%
Increased difficulty negotiating with crop buyers	15.9%
Lack of money to finance childrens' education	15.9%
Need to offer financial help to relatives	13.5%
Inability to help children start their own farms	11.8%
Security problems in the village	10.0%

Source: Data drawn from survey research by Jennifer A. Widner in Abengourou and Aboisso regions, December 1992.

If the government is responsible for its current fiscal shortfall, the farmers reason, then the solution for government bankruptcy is first to restore to the state treasury the extensive funds they believe the elite has taken. In short, farmers seem to accept the argument of opposition parties and of the functionaries, often repeating the thesis that government elites have stolen vast amounts, which they have placed in European banks.<sup>4</sup> Some repeated opposition leader Laurent Gbagbo's demand that these vast sums be returned to Cote d'Ivoire before "ordinary Ivoirians" are asked to make further further sacrifices.

Third, these interviews suggest that most farmers lack knowledge of international prices of key exports or the operation of the markets in which they participate. Further, few search for data they can use to shape their own economic strategies. Their lack of aggressiveness in pursuing this information may reflect life-long experience with prices set by the state; they have never had incentive to follow international prices. They tend to believe that government "makes prices" and that the current low prices (and farmers' current plight) are the result of avaricious and wasteful government decision makers, not international markets.

### **Farmers' Perception of the Effects of Reform on Their Interests**

As of the end of 1992, the farmers interviewed suggest that rural Ivoirians do not see the recent changes in their lives as part of purposive and ultimately beneficial reform. To them, agricultural policy lacks a coherent form; "liberalization" suggests rather a void, a vacuum deserted by government. The changes in agricultural policy since 1989 indicate, in their view, not so much adjustment as decay.

#### **Trade Liberalization**

Trade liberalization in agriculture has several components, including more flexible producer pricing, elimination of rules limiting the number of buyers to those licensed by the state, and removal of subsidies. The "liberalization" of coffee and cocoa marketing was implemented perforce, following the collapse of government ability to finance payment of the official producer price, although not in the manner either the World Bank or the government envisioned. Instead of replacing the existing stabilization program with more a more flexible pricing system (for example, using a floor price and an indexed premium), the government allowed buyers to ignore the official, lower rates, and to purchase at whatever prices the market would bear. They eliminated the licensing requirement for buyers, increasing competition and getting rid of one source of rent-seeking by public officials. The government did not seek to monitor collusion between established buyers and some of the exporters, however, and ignored an important barrier to the operation of a competitive market, in consequence.

#### Increasing the Flexibility of Producer Pricing

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<sup>4</sup> This is not ill-founded rumor-mongering; respondents cite Houphouët-Boigny's 1983 speech, in which he stated "J'ai des milliards en Suisse." Rural Ivoirians concur with the opposition parties in rejecting the president's claim that he was referring to his personal and private fortune, just as they reject his claim that Notre Dame of Yamoussoukro was built with his private fortune.

The effort to adjust price policies to better reflect the country's comparative advantage had encountered a series of unanticipated difficulties. A liquidity crisis in the banking system, coupled with uncertainty surrounding the government's ability to reimburse the traders who purchase harvests and sell them to exporters, led to payment of producer prices below official rates, in many cases. Farmers with big plantations often managed to get the full official price, while small producers suffered great losses. Those who insisted that they needed cash payment accepted as little as 40 to 40 CFA/kg.<sup>5</sup> Traders who had issued IOUs in lieu of cash payment sometimes disappeared, and the farmers who sold to them were left with nothing.

According to interviews conducted for this study, many farmers believed that the traders who failed to pay them or paid below the official rate, had done so in search of high profits. They usually assumed the government had reimbursed the traders. Few understood that the traders themselves had financial problems as a result of the government's management of cocoa exports. Instead, they assumed collusion between big farmers and officialdom.

Few farmers accepted the argument projected by senior government officials that international speculators had forced the country to accept reduced prices for its cocoa beans (see previous chapter). They were skeptical of the view that the president, "the first peasant of Cote d'Ivoire," had struggled against bankers and international creditors to defend the producer price. Surely the delay in lowering the official price indicated another scam to skim profits: Weren't the president and his family all part owners in the big export houses? Many farmers perceived their misfortune as the result of others' profits. Farmers' bitterness toward the governmental elite was direct and personal. As of the end of 1992, Ivoirien authorities perceived that further changes in coffee and cocoa pricing policies were too politically sensitive, and movement toward indexation or other arrangements halted.

The reduction in cocoa and coffee producer prices hit at a time when other policy changes had already started to reduce the purchasing power of farmers. During the early-1980s, the government curtailed most input subsidies for coffee and cocoa, while the free distribution of improved rice and corn seeds has ended since. Agricultural extension workers' services for farmers declined in availability and value, as their agencies' operating budgets dwindled. Farmers lost income to increasing frequent demands for bribes from police, gendarmes, foresters, customs officers as well as school officials and agricultural agents. Some villages hired Malian "security guards" at their own expense to protect themselves from increasing rural crime levels.

Infrastructure problems also proliferated. Nearly one-third of medical dispensaries and maternities, most in rural areas and built in part with farmers'

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<sup>5</sup> Farmers often have cash needs which will not permit them to await payment when they harvest and sell their crops. To meet school fees in October, to pay for medical emergencies or funeral costs, farmers could negotiate a loan against delivery of their crop with a local traders willing to advance them the cash. But for this service, the trader paid the farmer considerably less than the official producer price. Alternatively, farmers could theoretically meet emergency cash needs by borrowing from the GVC. Indeed the promise of loans at reasonable or no cost was one of the great appeals of the GVC movement. But "favoritism" on behalf of GVC leaders in determining who got the cheap loans through the GVC was one of the sources of factionalism in the cooperative movement.

contributions, have now closed due to government failure to pay personnel or provide medicines. Wells pumping clean filtered water, purchased and installed as a gift from the President before the crisis-laden 1980s, are largely in disrepair, as villagers have failed to assume new, heavy maintenance costs. Maintenance of dirt access roads to villages has declined so sharply that some villages have paid government road crews to repair their access roads with government equipment, to ensure transport of goods to market.

### Liberalization of Marketing

The long-term benefits of eliminating licensing requirements -- that competing, private-sector actors will deliver services better and more efficiently out of rational self interest -- are not entirely evident to most farmers. Private merchants are seen as price gougers and monopolists. Long accustomed to more or less fixed prices and stable supplies, to be now confronted with profound scarcities and unstable producer prices does not lead farmers to equate reform with improvement in their standards of living.

Nonetheless, many farmers are eager to have the chance to try to sell directly to exporters, securing for themselves the marketing margins typically paid to traders. Some village marketing cooperatives have organized themselves to do so, with varying degrees of success. Others have tried but encountered resistance from cartels of traders and exporters. Still others prefer the old system.

Some export houses are also attempting to form marketing firms with larger cooperatives. The most extensive is Sogepag in the San Pedro area where Jean Abilgal has taken the initiative in forming a partnership with regional GVCs, sweetening the deal with vehicles and storage barns. Another politician who owns an export house has attempted, but failed, to establish such an enterprise in Divo.

However ill-planned these changes, they do appear to have reduced marketing costs, as elites lose monopolistic access to rents. The end of subsidized coffee and cocoa transport is further reducing inflated marketing costs by ending falsified billing of the state for transport of coffee and cocoa to the port.

The unions that have recently emerged as interlocutors between the farmers and the government believe that these changes represent an improvement over the previous system.

### Eliminating Subsidies

Inequitable implementation and governmental malfeasance also plagued termination of free distribution of superior quality corn and rice seeds. Farmers reported being told by agricultural agents that government distribution of free high yield variety seeds was terminated, then watching the agents planting the seeds in their own fields. In some cases agricultural agents bartered free seed for a loan of village land; the agents then planted the agency seeds for their own profit. The lesson the farmers drew from the extension agents' behavior was that officials would "look out for number 1" in the face of the collapsing state delivery system.

### **Restructuring of the Banque Nationale de Développement Agricole (BNDA)**

A substantial portion of agricultural credit and loans to cooperatives was earlier channeled through a special agricultural development bank, the BNDA.

Plagued by management problems and high rates of default, the BNDA's portfolio included steadily increasing numbers of bad loans, until, by the end of the 1980s, over 90% of the loans extended were in default. The Medium-Term Structural Adjustment Program included provision for liquidating the bank.

Lack of careful consideration of local conditions caused implementation of this reform measure to inflict unnecessary pain on the rural population. Under the terms of the structural adjustment plan, farmers who had deposits in the BNDA could receive reimbursement. The government and World Bank agreed to announce this option through the media. Because most farmers are illiterate and do not speak French fluently and because less than half have regular access to radio news, to whom the BNDA owed money failed to claim reimbursement. They lost their savings, in consequence. Ire toward the World Bank and the government increased in rural areas as a result.

### **Resettling Youth on the Land**

The integration of young farmers into agricultural production called for in the Medium Term Adjustment Program into farming remains un-implemented, with the exception of a highly visible and heavily funded pilot project in Yamoussoukro. Unemployed village youth remain a source of deep concern to villagers, who worry about both the political and security implications. The xenophobia of Ivoirien southerners against immigrants who have become agricultural smallholders in the past thirty years is exacerbated by the growing land shortage. The unemployed youth want to regain family lands. They are blamed in return for thefts and rural family conflicts. A land registration pilot project aimed ultimately at a privatized system of land tenure is in its initial stages. If carried to fruition, this may result in more rational land use, and perhaps the integration of the unemployed youth into capitalist agriculture. But this is at best a long term prospect; in the short term, government pronouncements have raised but not satisfied expectations of access to land and capital. <sup>6</sup>

### **Reducing Government Spending**

Farmers were affected not only by the Medium-Term Structural Adjustment Program for Agriculture but also by measures included in the country's broader structural adjustment package. At the end of 1989, having lowered producer prices, the government faced the even tougher political task of reducing state spending. Lowering the salaries of parastatal and civil service workers was one way to proceed. When the President announced the 50% reduction in producer cocoa prices, he attempted to use the farmers' "cooperation" as leverage against the more politically powerful urban work force. He expansively praised the farmers for accepting "their sacrifice" of income for national revitalization. He made clear that salaried employees in the public and private sectors would be called upon to make their sacrifice as well. But when the government eventually announced the "sacrifices" to be made by the urban employees, demonstrations and strikes forced the government to put the issue on hold. In 1992, the government moved instead to lay off large numbers of state employees.

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<sup>6</sup> The land tenure situation and barriers to policy solutions are not addressed in this study. On land tenure and land conflict, see Lewis, "Land, Property, and Politics: Rural Divo at the Fin de Regime." Paper presented at the annual meeting of the African Studies Association. St. Louis, MO, November 23-26, 1991.

According to the author's interviews, farmers are well aware that public employees have thus far successfully resisted the political elite's attempts to lower state spending by cutting the government wage bill. None of the rural respondents said they approved of government efforts to cut civil servant wages, however, even though they had already made comparable sacrifices. They all rejected the government's interpretation that functionaries are culpable or anti-patriotic for refusing to shoulder their "share" of costs. Farmers focus their resentment on the state elite, the President and the "barons" of the regime; they explicitly reject the governmental claim that the functionaries should take a wage cut comparable to their own.

Although farmers' understanding of the source of the country's agricultural problems locates responsibility in senior government officials and suggests low regime legitimacy and credibility, farmers explained their disapproval of government efforts to cut civil service salaries on prudential grounds. The violent confrontation precipitated by the 1990 effort to cut salaries was clear in the minds of respondents, who said they feared the consequences of another government effort to do the same. Several respondents said that "war" or "civil war" would result from government wage cuts. They made explicit reference to the decay and collapse of public order in neighboring countries, such as Togo and Liberia. They certainly did not see themselves as "winners" in such a conflict; indeed, they seemed persuaded that the entire country would lose in the process.

The interviews also explored the hypothesis that opposition to salary reduction is based on farmers' dependence upon urban kin. Farmers might lose financial assistance if functionaries lose income or become unemployed. Farmers may also depend on urban-based relatives for information and other services, tips on when to buy or sell, or introductions to government gatekeepers of vital services.

Farmers in all three regions interviewed in August-October 1992 denied any regular receipt of money from urban kin.<sup>7</sup> They lamented the economic crisis which was hurting everyone, saying that they used to get assistance from urban kin, but had not in recent years. But while insisting that they receive no regular or even occasional financial assistance from city folk, however, rural respondents certainly did not preclude the possibility of such aid. Several made clear that the 1992 drought worried them deeply; they said that they would turn to their salaried kinsmen to provide them food money as a last resort.

Respondents in villages talked about valuable assistance other than cash transfers which urban kin do provide. One noted that he had been able to withdraw his money from the BNDA before it failed because a son in the civil service had warned him in time. Others noted that salaried kinsmen have made it possible for villagers to place their most successful children in secondary schools. Increased scarcity of resources mean that places in schools, medical care, government affidavits of residence and birth, etc. are all harder to obtain now; a "brother" in the

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<sup>7</sup> Evidence of farmers' direct financial dependence on urban kin is hard to gather systematically, but various indicators suggest that farmers continue to look to salaried kinsmen for emergency assistance. The 1985 World Bank Living Standards survey finds that 20% of households in the forest belt receive money from another area. These data do not differentiate urban and rural residence, which make their interpretation highly problematic. Nonetheless it appears likely that rural recipients of cash aid are at least as numerous as urban recipients.

right post can always be of assistance. Urban kin remain vital assets in realizing dreams of upward mobility for children and a source of assistance for elders.

Hometown associations, usually called "associations des originaires", are another channel for aid from city to village. These associations are unable to offer the kind of assistance they once provided. Their members were once a major avenue to government funding for village projects; indeed leadership selection was often influenced by individual's access to patronage, but these funds have nearly dried up. Urban kinsmen who still have their jobs have endured over a decade of frozen salary levels; faced with inflation, their real incomes have dropped decisively. Nonetheless, hometown associations still produce occasional services, although more modest ones than before. One group provided a brick press, so that members of their ethnic group can repair their own houses without recourse to the Beninois specialized masons they had employed in the past. Another association helped fund the visit by road repair officials, which improved the access road and ensured market access.<sup>8</sup>

The economic hard times have certainly reduced everyone's ability to provide resources to those to whom they are socially obligated. Many relationships show the stress of disappointment, feelings of deception and grievances resulting from hard times. But it does not appear that individualistic self sufficiency or a new isolation of the nuclear family has resulted: risk spreading through investment in reciprocal relationships is a vital adaptive mechanism. And while townsmen may be pressed for money, they look more than before to "leur village" as a fallback position, a place to invest in farming, as their last resort. While rural respondents deny that urban kin are a regular source of economic assistance, they undeniably look to salaried kin as a source of possible assistance in acute need. Thus they have a personal stake in the welfare of urban kin consistent with their position that functionaries' salaries not be cut.

### Devaluation

Currency devaluation is a leading policy reform proposed by international donors, who see export crop producers as the unambiguous winners of such reform. The author sought to determine whether farmers understood the meaning of devaluation or believed they understood what it entails. We also determined whether respondents favored devaluation, whether they thought it would improve their economic situation.

Devaluation has not been an accepted subject of public debate in Côte d'Ivoire, in part because, as a member of the Franc Zone, the government cannot unilaterally decide to engage in exchange rate reform. Earlier, some journalists said they feared arrest if they publicly discussed the subject, although the opposition newspapers printed several stories about devaluation during 1992.<sup>9</sup> Thus

<sup>8</sup> See Alain Dubresson and Claudine Vidal, *Loin d'Abidjan: Les Cadres, Urbanistes de l'intérieur*, ORSTOM, April 1991, for an excellent study of the evolution of "associations d'originaires" of Toumodi and its adjacent village. In this Baoule area, they show a "boom" of such associations in the 1970s, and a sharp decline and concentration of power in the associations in the 1980s. They also demonstrate the considerable variation in villages' success in obtaining development project, and villagers' keen awareness of how greatly entire villages' economic status differs as a consequences of these patronage arrangements.

<sup>9</sup> The rise of the dollar in summer 1992 led the Ivoirians to raise the question of devaluation with the UMOA. The membership rejected the proposal. Although clearly an issue in commercial and

devaluation has been a far less salient public issue than most other aspects of reform.

The low salience of devaluation and the relative technical nature of devaluation made it unclear how much respondents would have to say. The author sought first to determine what, if anything, respondents thought devaluation meant; only then did she ask what impact they thought it would have on them and the Ivoirien economy. When respondents clearly indicated that they did not know what "devaluation" meant, the interpreter explained the term and offered examples of specific devaluations: Ghana in the '80s, Cote d'Ivoire in 1948. If the respondent still had nothing to say I did not pursue the question. Most respondents did not indicate an unwillingness to discuss devaluation; most of them appeared unclear about the consequences of devaluation, for themselves and for others.

Villagers' awareness of devaluation varied far more than their views on other topics. Respondents living close to the Ghana-Cote d'Ivoire border and those who had experience in long distance trade talked easily about devaluation because of their first hand experience with it. Respondents in Niablé near Abengourou on the Ghanaian border understood immediately what devaluation means; their point of reference was Ghana, where they have been "playing the exchange rate" for years. They were open about their current practice of selling their cocoa in Ghana, where they are paid better than they are in Cote d'Ivoire. However, this practice did not lead them to reach the conclusion that devaluating the CFA franc would improve their earnings. Instead they were very much opposed to devaluation, saying that it would make their machetes and other essentials impossibly expensive. All prices would rise painfully, making life very hard. The oldest respondents remembered the devaluation of the late 1940s, but they said that the only effect they remembered was that purchased goods became very expensive. They did not see devaluation in that instance as raising the real income from cocoa or coffee. The rise in import prices, however, was more bearable then, as villagers were not highly dependent on purchases of imports "other than salt." Now even for country people, everything is "une affaire d'argent." Devaluation would only cause suffering.

Villagers in Niablé drew extensively on their perceptions of Ghana's fortunes for the last twenty years to illustrate their view regarding the undesirable effects of devaluation. After the Busia devaluation, they said, Ghanaians had become so poor that they were unable to buy medicine, rice, and basic tools. Respondents did not think that devaluation had eventually improved the Ghanaian economy or the economic position of farmers. Rather they pointed to the coup against Busia which followed devaluation, and the subsequent economic decline and civil violence.

When asked to forecast the impact of devaluation on sales of export crops, the farmers said they did not believe demand would improve. Even if exports earned more local currency, farmers could not conceive of government passing this benefit on to them. But they were sure that all their purchases, including agricultural

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financial circles, its debate has not been publicly legitimated. FPI journalists claim that under the 1992 law curbing free speech "damaging national credibility" they fear prosecution should they discuss devaluation. The Prime Minister himself stated in his October 1, 1992 press conference that devaluation is a topic that should not be publicly debated. Nonetheless, several newspapers have published assessments of devaluation as a policy tool.

inputs, would cost them more. In their view devaluation would not be a step toward reversing the urban bias to the benefit of farmers; rather it would impoverish all Ivoirians. Thus those who claimed to understand devaluation did not seem themselves as beneficiaries of such a change; Ivoirians to date have benefited from having "good money," in their view.

Most respondents in Aboisso or Divo were far less able to express any views on devaluation than those in Niablé. With the exception of the few Dioula who were or had been traders, respondents in Divo and Aboisso were unable to explain the meaning of devaluation. Those with experience as long distance traders were well aware of the commercial advantages of selling agricultural goods against manufactures where official exchange rates and market exchange rates were the same, as in Ghana. But they still did not see any benefit of devaluation; from their perspective, devaluations among neighbors of Cote d'Ivoire (Mali, Guinea, Ghana) had created political instability and hurt those populations, to the benefit of Ivoirians. They believed that devaluation would reverse this situation. Everyone worried about runaway inflation in Cote d'Ivoire, with economic pain likely to be worsened by increased civil unrest.

Contrary to their presumed interest, farmers do not support projected policy reforms--currency devaluation or reduction of the civil service. Their views are pessimistic regarding the impact of reforms and they express considerable skepticism regarding the will and capability of government to enact reforms. This pessimism derives in part from their generally negative appraisal of the regime, their experience with recent reforms and their lack of accurate information regarding the meaning/impact of reforms such as devaluation.

### **The Effects of The Shift to Multi-Party Rule on Collective Action in Rural Areas**

Ivoirien farmers are still attempting to find organizational forms addressing the great economic and political changes that have occurred since 1989. Economic liberalization, the termination of government controlled marketing, and the collapse of real producer prices correlated with the advent of competing political parties and the fragmentation of the changing cooperative structure. There follows a sketch of the changing cooperative organization, the nature and effect of new competitive party politics on rural life, and the links between these party politics and the new farmers' unions.

The advent of multi-party rule in 1990 brought new vehicles for collective action and new sources of division among smallholders as well. Expanded freedoms of association did not lead all farmers to participate in new interest-driven coalitions, although it did spur creation of new farmers unions. At the village level, in several regions, political liberalization generated fragmentation.

#### **Fragmentation of Marketing Cooperatives**

The shift to multi-party rule in 1990 exacerbated pre-existing tensions within village GVCs and encouraged formation of new cooperatives, based on lineage, "stranger status," or affiliation with a political candidate.

### The GVCs Before 1989

The mouvement coopérative was never very strong in Côte d'Ivoire. Farmers could achieve economies of scale through participation in marketing cooperatives, but the GVCs also imposed burdens on those who sold their harvests in this manner. Through participation in a village GVC, farmers could receive a small ristourne or commission (ranging from about 9 CFA to 16 CFA per kilogram) at the end of the season. The GVC ordinarily retained a portion of this sum to finance public goods such as wells or classrooms. The allocation of these burdens and the division of the revenues often provoked considerable disagreement.

The GVC members were theoretically free to divide the ristournes among themselves or to spend the money for collective good. This group project could be a GVC project such as a GVC warehouse or even a vehicle to pick up produce at the farmgate of members. Or it could be a community project, such as a village water tower or a school or a medical dispensary. In fact, local administrators played an important role in determining how the GVC's ristourne revenue should be spent. GVCs were strongly encouraged, even constrained, by préfets and sous-préfets to spend this money for village improvement projects, matched by funds from a government agency, the FRAR. Indeed these projects played a big part in career advancements for sous-préfets. Thus these officials put great pressure on GVCs to spend their annual ristournes for village projects, rather than distributing the funds to members.

Members' uneven support for village development projects funded with their coffee and cocoa commissions was a cause for many farmers' dissatisfaction with the GVCs. When ristournes were commandeered for such projects, a villager's "tax rate" was determined by the tonnage he shipped through the GVC. Thus bigger farmers using the GVC would be taxed far more than small farmers. Thus, big farmers rarely made more than a symbolic shipment via the GVC. In the 1980s, although most villages had a GVC, GVC tonnages were only a small percentage (10% to 20%) of total marketed production. Thus a great many farmers clearly sold only a portion of their production via the GVC.

The failure of the GVCs to attract a greater share of farmers' production generally stemmed from a combination of management problems and communal divisions. In some cases, GVC accounting systems were simply insufficient to prevent mis-use of funds. In others, intra-village conflicts based on lineage, ethnic, or stranger-originaire status disrupted cooperation. These tensions were manifest in accusations of corrupt leadership, of favoritism regarding GVC loans disagreement to members, and of unwillingness to contribute commission fees to the "collective good" projects.

The dissenting GVC group, whether ethnically differentiated or not, generally complained that the insiders enjoyed privileged access to union benefits. Who got GVC loans and whether they were promptly reimbursed was a perennial source of conflict. (Unpaid loans meant that the BNDA would not advance more funds to the GVC.) Access to the GVC truck to bring crops from farmgate to village was another scarce good rarely distributed in a manner all members found satisfactory. Where stranger-originaire conflict was salient, strangers objected that originaires distributed these divisible benefits only to their own; indeed even

originaires complained that the dominant clique in the GVC often hoarded these benefits. GVC councils, responsible for getting the shipments produce to the port in Abidjan sometimes claimed extensive, largely unverifiable costs. They charged the GVC for bribes to policemen, bribes to port authorities, and costs of overnight lodging in Abidjan while they waited to unload the truck. Shipping and unloading delays also drove up truck rental fees. Claims of such expenses are difficult to document, even where transparency of accounts well established in Ivoirien GVCs, which is not the case. Dissenting villagers are clearly inclined to believe that such charges are fabricated or at least heavily padded.<sup>10</sup>

The use of ristournes as a tax levied on GVC members for village projects revealed another conflict between strangers and originaires. Strangers objected to forced contribution to a village which was not "their" village and in which they would have no decision making role. Originaires complained that strangers preferred to send their savings home to their village of origin, whether to support sick or elderly kinsmen, to pay the (Malian) head tax or other costs, or to invest in building the home to which they will retire. Originaires argued that many strangers had magnificent villas in their regions of origin, to underline the strangers' lack of proper participation in their forest residence. Strangers denied this or pointed to originaires' unwillingness to recognize their full ownership of the land they have brought into production. Strangers often maintained that they never received any of the individual rewards of GVC membership, such as loans.

The extent and character of these tensions varied by region. The stranger-originaire conflict appears strongest in Divo region and the center west.

#### The GVCs after 1989

Prior to 1989, the préfets deployed considerable pressure to ensure that every village had only one GVC. When factions broke away, administrators made clear that Ivoirien unity meant one government, one party, one GVC per village. The dissenting faction accepted the requirement of at least formal participation in the village GVC, although they often sold their crops through other channels. The breakaway group were often composed of migrants to the village -- strangers who had become smallholders. In these cases, the strangers complained that the originaires claimed leadership of the GVC as their right, selecting the president and the other members of the conseil d'administration from among their notables.

As part of market liberalization préfets were ordered to end their oversight of coffee and cocoa marketing. The immediate consequence of villagers' new freedom to form more than one GVC per village was the proliferation of GVCs. Often strangers were the quickest to strike out and form their own GVCs; some GVCs were Dioula, some Mossi and some Baoule. But the new GVCs were not made up solely of strangers: dissenting factions of originaires also formed their own GVCs. By 1990, some villages had as many as 7 GVCs; in one case, the prior GVC was left with 8 members, down from over 200 members (Sissoko). Villagers thus appear ready to give up the economies of scale offered by a big GVC, in return for leadership of their choice.

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<sup>10</sup> There is no doubt that GVC marketing agents did and still do encounter considerable charges due to corruption. Villagers' disbelief may be well grounded; it may also result from villagers' own underestimation of transit costs and charges between farmgate and exporter.

At the core of the new GVCs is often a "big man" from the village, either a big tonnage farmer or a man with established experience as a trader or a pisteur (a buyer for a private trader in the region). By joining with other farmers, these "big men" increase their total tonnage and thus secure economies of scale regarding transport costs and the commission they can claim from whoever buys from them. Some own their own trucks, which they may fill to capacity with the business of their own GVC. Thus, presidency of a GVC appears to be a business asset for these entrepreneurial cooperators.

How GVCs headed by traders or big men will serve the cooperative members is unclear. Farmers are aware that one way a pisteur increases his profits is by paying less to the producer. Nonetheless they insist that a trader "who is one of us" will be more likely to serve members well than one from outside the village. Besides, they argue that the new GVC president has an established record of public service, having contributed significantly to the construction of a village school, being well acquainted with regional *hommes politiques*, having lent money to planters, etc. Thus the GVC president is described in classical patron-client language. For a small planter to put his weight behind such a "big man" enhances the big man's power; the client in turn hopes to derive benefit as well.

Although villagers roundly condemn bad management at all levels, from their village GVC to the national political elite, they do not appear to see public scrutiny of financial transactions as an antidote to this widespread problem. Accountability and transparency do not appear thus far to be a major concern of the new GVCs.

In probing this puzzle of members' expectations regarding cooperative functioning, the author asked villagers what GVCs needed in order to serve villagers well. Their responses suggest that leaders should have personal virtue and share a common fate with members. Villagers said that a good GVC leader will, like a good father, manage the "family" wealth in the best interests of his dependents. His moral qualities and his reciprocal dependence on his children is what ensures conduct responsible to the membership. Members, like clients, can leave a GVC which does not satisfy them, or sell quietly to other buyers as farmers have for years. But farmers do not appear to believe that they can devise procedures to police the probity of their leader, an elder or patron. Nor did any GVC presidents interviewed suggest that they could make themselves accountable by public accounting of GVC finances. At this point in time, villagers seem to depend, in Albert Hirschman's terms, to rely on loyalty or exit, but not voice to remedy GVC shortcomings.

### **Political Parties and the Farmers of the Forest Zone**

Political liberalization in Côte d'Ivoire is visible on every newsstand, where the newspapers of new competing political parties now replace the 30-year monopoly of the PDCI press. Popular singers, who are PDCI supporters, mock opposition leaders, while others call for the ejection of the PDCI or the national party barons. To what extent and how do the new political parties effect opinion and day to day village politics? What is the linkage between the political parties and farmers' organizations born since political liberalization? How does the proliferation of GVCs interact with both political parties and new *Syndicat National Des Agriculteurs de Côte d'Ivoire* (SYNAGCI)? Do the cleavages reflected in the recent proliferation of GVCs reappear in rural partisan politics or farmers' union politics?

Of the many opposition parties formed since political liberalization, only the Front Populaire Ivoirien (FPI) has captured a widespread visible and vocal followership in Ivoirien villages. The FPI presence varies by region. FPI support in villages is often directly linked to xenophobic resentment of migrants; this politicized resentment is found in turn in several regions which actively opposed the PDCI in the 1950s. The FPI's strong support among the Bété, one of the large ethnic groups in the Ivoirien forest, is historically and ethnically defined in this manner.

The FPI is headed by Laurent Gbagbo, a professor of history from Gagnoa who has opposed Houphouët-Boigny for many years. Exiled in France for a long period, his political focus has not been on village problems. However, through his regional origin he to some degree inherits the anti-Houphouët and anti-Baoule mantle from Bailley, also a Bété from Gagnoa, who ran for deputy in the French parliament and for Ivoirien leadership on the SFIO ticket against the RDA prior to Independence. Gagnoa was the site of particularly harsh labor practices by French planters in the 1930s and 1940s, and subsequently an area of massive immigrant settlement. Resentment of Dioula and Baoule immigrants is long standing among the Bété, originaires of the region; this tension found expression in election violence in the 1950s. In 1971, a Bété political radical, exiled from Abidjan to his village outside Gagnoa, organized a violent peasant-based jacquerie which briefly seized Gagnoa town by force. Government troops harshly suppressed the uprising; the number of Bété said to have been killed grows with the passage of time, while references to "les événements de Gagnoa" rekindles deep resentment of the regime.

This political history and the underlying tensions between strangers and originaires, present in variable degree in much of the forest, form the backdrop to the rebirth of rural partisan politics in the 1990s. Baoule, Dioula, and Burkinabe migrants, hardworking sharecroppers and smallholders, benefited from Ivoirien land policy: "the land belongs to whoever brings it into production." Originaires could not adjudicate their territorial claims to un-farmed forest after 1960. Ivoirien administrators decided boundary disputes in favor of the land's cultivator regardless of the disputant's claim to the land. This administrative stance encouraged massive immigration, providing the labor force to clear and plant cocoa and coffee. The result was the remarkable increase in export production, with Cote d'Ivoire become the world's leading cocoa producer, and the regime prosperity on which urban fortunes depend.

The current collapse of urban employment, re-migration of southern youth to their villages, and fragmentation of village GVCs inevitably find expression in rural politics. Xenophobia, sometimes highly localized to a small regional ethnic group of originaires, sometimes broadly nationalistic, is an undercurrent of Ivoirien politics. It is complicated by the fact that many who settled in Côte d'Ivoire before Independence never sought Ivoirien nationality and are not currently citizens, while, in some regions, "originaires" refuse to recognize either length of residence in the village or citizenship as criteria for distinguishing "foreigners" from "originaires," attaching the "stranger" label to Ivoiriens from the north too. (See Table 3.3)

**Table 3.3**  
**Whether Household Head Holds Ivoirien Nationality By Length of Residence in Village**

<b>Length of Residence in Village</b>	<b><u> Holds Ivoirien Nationality</u></b>
12 years or less	88.9%
13-24 years	61.1%
25-36 years	51.9%
37-48 years	70.5%
49-60 years	82.9%
more than 60 years	95.5%

Source: Data drawn from survey research by Jennifer A. Widner in Abengourou and Aboisso regions, December 1992.

The "stranger"- "originaire" issue plays a variable role in political loyalties and farmers' organizations. The center-west forest, target of massive Baoule, Dioula and Mossi immigration since the 1940s, is the region where the originaires' support for the FPI has been correlated with xenophobia. In Gagnoa and Divo, strangers are now established small holders, often outdoing the originaires in number, acreage farmed, and tonnage marketed. Resentment of strangers has been sharpened once again by the current economic depression, as the sons and daughters of the original inhabitants now return to their villages because they cannot find urban jobs. The youth angrily accuse their elders of having given away or sold land rights to migrants, so that they, sons of the region, are now unable to find land in their own villages. The elders also resent the strangers because of their wealth.

In these areas, the originaires, Bété and Dida, are often considered core FPI supporters. In a number of villages near Divo, Dida were disenfranchised in the 1990 elections by omission of their names from the electoral lists. These farmers blame this on the Baoule regime; they also say they support the FPI because it will "chase away the strangers when it comes to power". In Daloa, during the election campaign, large "Xs" were painted on Dioula homes. FPI supporters were said to have done this to mark the homes to be attacked following FPI victory. Political sparring with the administration continues. Farmers believe that administrative services are withheld from them for political reasons. The recent two week punitive occupation of Divo by the regime's commandos is also seen politically motivated.

To the south of Divo and Lakota, towards Sassandra, the sparse originaire population means that immigrants make up over 80% of farmers. Here the FPI is not a significant force, perhaps because the originaires do not reach a critical mass.

In the Agni region in the southeast, FPI affiliation does not follow ethnic lines. The Agni have resented the Baoule since the 1950s, when the Baoule displaced the Agni in the national elite. But within the Agni region strangers have not obtained the considerable land or economic power within villages they have in the Center-west. The stranger/originaire split is less likely to be the driving force in village politics. Thus the old PDCI hierarchy is generally still in place, with an Agni faction supporting the FPI. These opposition factions often include the landless youth as well as older men who have long opposed the local chief or the PDCI secretary general. The youth often adhere not to the Catholic Church, but to the evangelical protestant sects, to which some of them converted while in the city.

The FPI's ability to recruit farmer support extends beyond the Ivoirien forest belt. In the Center-north, Senoufo farmers similarly look to the FPI to support them in their disputes with (Malian) strangers. Their grievance is not with migrant farmers but with pastoralist Fulani herders, whose animals damage their crops, and the PDCI officials who fail to support the growers' claims for monetary damages. FPI support is strengthened by farmers' anger with the ruling party and government because the official producer price of cotton has been reduced, while the cost of essential fertilizer inputs has risen sharply.<sup>11</sup>

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<sup>11</sup> The author did not conduct any research in the savannah. These remarks are based on an August 1992 conversation with an American geographer at the University of Illinois, Tom Bassett, who knows the area extremely well. He had returned from an extended research trip to the greater Korhogo region at the time.

Whether the FPI is xenophobic and encourages xenophobic nationalism among groups of originaires is hotly contested. The evidence accumulated during the study period suggests only that some farmers, themselves originaires of their regions, have enthusiastically supported FPI because of reported promises to return land to its initial "owners". However, FPI journalists and other followers have long argued that Gbagbo never made such a promise. They blame the whole story on the PDCI's anti-FPI election campaign propaganda. The PDCI did indeed claim that Gbagbo intended to run out all the strangers, presumably to win votes among the strangers. But during the 1990 electoral campaign Gbagbo never publicly disclaimed the argument. Furthermore, voters know that xenophobic nationalism has long been particularly strong in the center-west, especially Gagnoa which is Gbagbo's hometown. Gbagbo thus appears to have been at least initially willing to ride on these powerful sentiments.

The FPI leadership appears gradually to have rethought its silence on the "stranger issue". The dangers of fuelling such xenophobic nationalism are readily apparent. Further, the long term electoral payoff of playing the "xenophobic card" is uncertain. The number of strangers throughout the Ivoirien south is very high. Most accounts place the proportion of non Ivoirians in the forest-zone population between 40% and 60%. Because villagers tend to construe "strangers" broadly to include Ivoirien northerners from Odienne, Korhogo, Mankano, etc., the xenophobes are clearly a national minority. The success of the PDCI campaign strategy of accusing the FPI of stirring up xenophobia was considerable: Baoule, Dioula, Burkinabe are generally believed to have voted solidly for the PDCI on these grounds.

The 1990 elections were the first to be contested by any of the new opposition parties; they may be expected to adjust their strategies in the interim preceding the 1995 elections. The PDCI called the 1990 election abruptly to maximize disorganized campaigns among the regime opponents; since then the FPI appears to be rethinking its strategy regarding rural voters and policy.

Clearly the PDCI's failure to protect farmers' income or to ensure reliable marketing circuits places the FPI in a position of strength among farmers. The mismanagement of pricing policy and the dissipation of Caistab reserves left the government with no defense against the obvious criticisms. The FPI made much of the regime's "betrayal" of cocoa and coffee farmers and government misspending of "farmers' savings." It explained in detail the differential between past world prices and Ivoirien producer prices. It further stated that the difference had been siphoned off for the political elite via merchants, quotataires, exporters and the Caistab. It appears that this was the first time many farmers had heard this; they were repeating the FPI arguments immediately after the 1990 elections and they continue to do so to date. The FPI's case is highly persuasive; these regime opponents seem hardly to have needed to mobilize originaire ethnic groups in order to get rural votes in 1990. The opposition's case condemning the government has only been strengthened by the continued economic uncertainty and falling returns. The FPI has ample material to attract farmers without permitting itself to be identified with divisive xenophobic interests.

Recent FPI activities suggest an effort to overcome identification with the interests of forest belt originaires by building political bridges to immigrant groups. The FPI leadership has recruited some important Dioula notables. Further, when

the 1992 June-July-August rains failed, the FPI distributed rice in Baoule and Dioula villages in a clear effort to court the rural population.

### New Union Activity

Although tensions between strangers and originaires have played an important role in voting patterns and GVC organizational politics, farmers share a desire for reliable and secure marketing conditions. In an atmosphere of greater freedom of association, new unions are developing to articulate these concerns. Formed in July 1991, the Syndicat National des Agriculteurs de Côte d'Ivoire, earlier linked to the FPI, reminds Ivoirians of the Syndicat Agricole Africain (SAA), which carried Houphouët-Boigny to power in the 1950s. SYNAGCI has recently started marketing cooperatives (COOPAGCI) competing for the same niche the GVCs are trying to capture. This organizational flux presents a complex of political tendencies and possibilities.

SYNAGCI was launched 7 months after the 1990 elections. Although not a party organization, its officers invited Laurent Gbagbo to address its inaugural conference in Boudépé. Its founding president was a successful planter, Sansan Kouaou, from Niable, on Ghanaian border to the Southeast.<sup>12</sup> Although a man with little formal education, Kouaou is a well-known farmer, who had received the presidential award for excellence in agriculture. He made it clear that he opposed the regime because of its betrayal of Ivoirien farmers. He vigorously attacked Houphouët-Boigny for his regime's waste of the coffee and cocoa stabilization funds that accrued during the 1977-78 boom. He further criticized the president's response to the economic crisis, particularly the construction of the President's basilica, Notre Dame of Yamoussoukro.

Although Kouaou and the other officers of SYNAGCI certainly have ties with the FPI, they emphasize that they are a farmers' interest group (a syndicat), not a political party. Nonetheless, the political significance of a farmers' association critical of the government, as was Houphouët-Boigny's Syndicat Agricole Africain, is lost on neither the FPI nor SYNAGCI.

Farmers look to SYNAGCI to offer some relief from their current problems. They want a return to the higher producer prices of the past and an end to their difficulties getting paid for their produce. Thus SYNAGCI faces a tactical quandary posed by the conflict between FPI's long term opposition strategy and farmers' search for some immediate economic relief. Farmers cannot eat opposition rhetoric; they are hunting ways to negotiate the current flux in produce marketing arrangements. But attempting to satisfy farmers' marketing needs is certainly a steep challenge.

The issues most salient to farmers are illustrated by the hopes that SYNAGCI supporters expressed to the author in August 1992. They reported that

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<sup>12</sup> Niable is on the Ghana border outside Abengourou. In addition to being a major transit point for goods going to and from Ghana, Niablé houses an inordinate number of very wealthy planters with big land holdings. Yao Ble Pascal is one such planter, recipient of the Coupe Nationale du Progrès, and frequent representative of farmers' interests to Houphouët-Boigny's government. Bouadou, the president of the Federation of Union of GVCs and GVC representative on the Caistab board in another "son of Niable". Sansan Kouaou is another rich planter, also a holder of the Coupe Nationale de Progres. These men are extremely competitive, each seeking recognition as the most successful in their community.

Gbagbo, recently freed from prison, had gone to Europe in order to find a European purchaser for SYNAGCI cocoa and coffee. Whether Gbagbo did so or not is unclear. The farmers believed Gbagbo had carried out such a mission, however, and they believed that by selling directly to a European firm, they would get higher prices and avoid the gauntlet of middlemen and parasites they must deal with from village to port. To them, this action connotes a tax revolt, because it implies a circumvention of the Caistab and the Ivoirien government or even a confrontation between SYNAGCI and the Ivoirien state. Farmers also believe that the government depends on their coffee and cocoa sales -- via the Caistab -- to the regime's "revenue imperative." Some SYNAGCI activists envision the day the planters will destroy the PDCI by withdrawing the state's principal source of revenue--that is, by boycotting cocoa and coffee exports through the Caistab. Farmers' grandiose accounts of what SYNAGCI will do for them now underlines the popular pressure on SYNAGCI to address immediate dilemmas.

The Caistab's efforts to revitalize and adapt the GVCs to the new liberalized market further challenge SYNAGCI to provide practical results for farmers. The Caistab has embarked on a project to restructure the GVCs in order to better empower farmers. The project entails grouping the GVCs from every region into Unions des GVCs. This effort may counterbalance the recent fragmentation of GVCs, as the Unions should be big enough to achieve economies of scale in shipping produce and buying inputs. The Fonds de Garantie, a guarantee fund financed by the European Fund for Development, is designed to permit the different Unions des GVCs to borrow money from banks, so that the Union can pay its farmers cash on delivery. The bank loans will be guaranteed by the FED, in case of a Union's failure to pay off loans as contracted. Another agency at Caistab, the Direction de la Mutualité, assisted by the International Labor Organization and Canadian aid, works with the GVCs at the grassroots level to facilitate adaptation to new marketing conditions.

This Caistab cooperative restructuring project is ambitious: it entails organizing the GVCs so that they can fill the middleman role between farmgate and exporter. In short, the project plan is to promote farmers' interests in the new liberalized marketing system. The hope is that farmers will increase their income by marketing their produce directly to exporters. This is the farmers' only option to recoup some of the losses from reduced producer prices, short of dramatically improving yields. An additional benefit of this reorganization would be increased political competence for Ivoirien agricultural producers: the restructured GVCs would become both commercial problem-solving organizations and the basis of an articulate occupational interest group.

The new overarching structure of GVCs, the Federation of the Unions des GVCs, claims to be strictly non-partisan. Its president, Bouadou, and the European technical assistants assigned to the project, deny that the organization has any political affiliations. It is funded by money paid to Cote d'Ivoire under the Stabex clause of the Lome Agreement between the EEC and the ACP (Africa, Caribbean and Pacific) countries. These EEC payments are to compensate APC agricultural producers for losses resulting from declining world market prices. The EEC members were apparently eager to ensure that these funds would directly

benefit the peasant producer; they also appear to be active proponents<sup>13</sup> of the "disengagement" of the government from the cocoa and coffee marketing structures. This model is a liberal pluralist one, with non-partisan occupational interest groups resolving farmers' needs through the private sector and articulating farmers' interests to the regime as needed.

The Federation of GVCs' efforts to bring farmers organization in the commercial sphere may not be without partisan implication, however. Bouadou, the Federation president, ran unsuccessfully for mayor of his city and then fought a close election to lead the GVC Federation. He is widely perceived as "PDCI." The GVC concept and basic structure, dating from the single-party era, is still associated with the PDCI. Furthermore, should the Federation of GVCs succeed in giving farmers the opportunity to market their produce with better profits, much of the the frustration which drives SYNAGCI supporters will be diffused. Some farmers may perceive cooperatives that belong to the "Union" as competitors with those SYNAGCI has recently constituted to serve the same functions.

How are farmers likely to fare in this highly pluralistic, even chaotic, situation? The numerous aspiring middlemen, private traders, exporter-GVC partnerships, GVC Unions, and COOPAGCI appear to be engaged in healthy competition to ship farmers' goods. If they continue to do so, competition should keep costs low while helping farmers secure a higher share of the international price. However, the efforts to empower farmers are threatened by the many small-town "cadres" seeking to secure their political and economic future. In an era where the numerous patronage and employment opportunities have dried up, the interest of the educated sub-elite in structures promising to control cocoa and coffee marketing is keen. Thus those structures claiming to serve and protect farmers' interests in the face of a reportedly voracious trading sector may succumb to "capture" by urban interests, as have those state structures created in the 1960s to the same end.

A second pitfall lies in failing to provide services to farmers under such difficult circumstances. An example will suggest that neither the GVCs or COOPAGCI is immune to problems. When the government announced that farmers could once again use artisanal coffee hullers to increase the value of the beans they sell, the Niablé Union des GVCs bought a huller to service its members. But the huller arrived after the date by which the Union was legally bound to deliver the treated beans. Thus the Union had to buy hulled beans from a factory, leaving its own members to find ways to sell their harvests. The Niablé Union lost money on the hulled beans and angered members by failing to sell their beans. A very similar imbroglio angered COOPAGCI members in Anyama. Similarly both Union de GVC and COOPAGCI leaders complained of bribes and punitive delays en route to and at the Abidjan port driving up their marketing costs.

The organizational picture of rural Côte d'Ivoire reflects the new associational freedoms of legalized multi-partyism and a scramble to address the new decentralized marketing structure. The marketing cooperatives, the political parties and the farmers' unions are all part of this scramble. All of these are

<sup>13</sup> It may be that the STABEX contributors and other international donors are the prime movers behind the "disengagement" of the state apparatus and the produce marketing structures in Cote d'Ivoire.

"players" in the changing rural political economy and should be mobilized in any donor effort to assist economic revitalization. But they do not yet have the organizational capacity to form a cohesive or powerful farmers' group imposing policy preferences on the government.

### Conclusion

Cocoa and coffee growers do not currently constitute a constituency for the reforms that are part of the package the government negotiated with the World Bank. The absence of powerful, organized farmer support has three sources. First, farmers have extremely limited access to information about the reform program, and most do not grasp the effect of the changes on their own economic interests. The majority of household heads in rural areas do not speak French fluently and therefore have restricted access to news. Most are also illiterate. They learn about the dynamics of the market through the experience of fluctuations, abuses, and reforms. Indeed, for many, "the market" is an unfamiliar concept, although they are themselves price-responsive.

Second, the liberalization of coffee and cocoa marketing to date has been characterized by hesitant and conflict-ridden planning and implementation, compounded by inadequate publicity and communication with farmers. Although the government has carried out some of the reforms negotiated, it has proceeded haltingly with regard to others. Some of the proposals were poorly-framed from the outset, based on incomplete knowledge of the local situation. For this reason, farmers do not view recent policy reform as part of a benign plan, and they do not characterize themselves as "winners" in a structural adjustment process.

Third, the move to multi-party rule in 1990 precipitated conflict in several rural regions, disrupting marketing cooperatives and village labor teams, in some cases, and generating new kinds of barriers to collective action by farm communities. Stanger-originaire distinctions and ethnic differences have hampered the ability of farmers to work together in the center-west areas and in some other parts of the country as well. Although the recent formation of farmers' unions (see previous chapter) has countered some of the fragmentation, organized agriculture is still a weak political force in Côte d'Ivoire.<sup>14</sup>

## Conclusion

### Monitoring Interest Group Perceptions

The authors of this study found that most interest group leaders and members were willing to speak about the concrete economic problems they faced, the sources of these, and responses to government policies. Most deplored the lack of consultation on the part of both the government and the World Bank, although the business associations have a relatively high level of contact with both.

#### Questions to Ask

Whatever medium used to ascertain the changing perspectives of the country's new interest groups, there are several key questions to pose. It is useful to know 1) Which concrete economic problems loom most important in the respondent's life? Which have affected daily existence most? Which does the respondent consider most likely to shape his or her standard of living over the next year? 2) How does the respondent understand the source of the country's current economic problems? What is the relative weight accorded high-level corruption, public sector mismanagement? Manipulation of international markets by foreign governments?, etc.) 3) What does the respondent know about the content of the structural adjustment program? Which elements are familiar? Unfamiliar? What are the respondents major sources of information? 4) On what parts of the structural adjustment program are perceived as acceptable and by which groups? Where is the common ground? 5) Which parts of the program appear unacceptable? Why? On what information or assumptions about causal relationships are these objections or fears founded? 6) What are the parameters of agreement? Under what conditions would the respondent be willing to accept sacrifices of benefits (e.g., specific kinds of changes in the labor code, devaluation, etc.) in order to put the economy back on track? If the respondent objects that the "pouvoirs en place" subvert reform and take the benefits for themselves, ask whether there are some leaders or institutions who could manage the reform process more honestly and effectively? What kinds of scenarios envision for the country's future? Which kinds of comparative cases and images does the respondent use to describe these? 7) How extensive are the respondent's contacts with a) government, b) députés, c) other unions or associations? If the group has worked together with others, which groups are the locus of collective activity?

It is useful to begin with the concrete economic problems leaders and members have faced during carefully demarcated time periods, e.g., during the past year, since privatization of the respondent's employer, etc. By beginning in this manner, the respondent first has a chance to indicate the relative importance of different problems and policies, before the direction of the interviewer's questions influences answers. It may well be that the concrete problems the respondents identify have little to do with the structural adjustment reforms and are perceived to have no relation to the program. That is useful information. It suggests items for inclusion in compromise proposals to secure support for reform.

#### Methods and Vehicles for Identifying Attitudes

There are several possible approaches to monitoring the attitudes of interest groups. They vary considerably in expense and in likely acceptability to the government of Côte d'Ivoire.

1. The easiest approach is to draw the leaders of key interest groups into a dialogue with USAID. This report was one step in that direction. USAID

could appoint an informal consultative group to advise its new mission. It could monitor attitudes by:

- a) returning to each of the groups interviewed and repeating the questions on a semi-annual basis
- b) drafting summaries of the responses and circulate it among these advisory group members
- c) drawing the members together in a semi-annual conversation to try to determine where there is common ground for reform--that is, help them engage one another

This approach is probably the least expensive and the least likely to elicit government concern.

2. One alternative is to carry out the functions in 1 above through an Ivoirien institution, with broader interest group representation. USAID could include such consultative meetings as part of a project to provide greater public access to information about the economy and the process of reform. That is, it could create a data center that would provide journalists, business groups and others with access to the information they need to monitor the condition of the economy; sponsor short seminars on how to measure the impact of different policy proposals--or government practices--on their enterprises; finance meetings about particular aspects of reform; and gather members of different interest groups, government representatives, and/or députés together to discuss shared economic problems.

Of the existing groups, the Centre Ivoirien des Recherches Economique et Sociale (CIRES) is the most likely candidate to host such a program. Because of the organization's current financial and staffing constraints, however, USAID would have to help build a special unit for this purpose, in consultation both with the organization's management and with representatives of the Université de Laval, which currently operates a substantial program there.

3. A more expensive and intrusive way of monitoring interest group attitudes is to support survey research, through CIRES or through other groups. Systematic surveys are difficult in the Ivoirien context for several reasons, including a) the difficulty of framing questions that will yield answers to the kinds of questions featured here (open-ended discussions can sometimes produce better results), b) the risk that delays in collecting or analyzing data will yield results long after these are out-dated, c) hesitance on the part of those interviewed to answer questions fully and honestly if they are unsure of the end-use of the information and the interviewer's identity, and d) Ivoirien government concern that the survey constitutes undue interference in the country's internal affairs. The advantage of this approach is that it potentially a) helps build the analytic skills of Ivoirien researchers and journalists and b) is likely to provide better information about the views of "followers" compared to their leaders.

It is important to note that ascertaining views of farmers is a far more difficult task than is identifying the perspectives of urban interest groups. Rural folk tend to be far more suspicious of outsiders than urban, and interviewers are highly visible. Further, préfets and sous-préfets often consider this function inappropriate for foreigners, especially foreign governments, and seek to turn

interviewing activities into ceremonial contacts between official delegations. Finally, it is difficult to administer this kind of research because of the multiple languages involved and the need to work within the constraints set by farm activities (interviews must often take place in the early evening).

Periodic panel interviews of selected villagers (annual or twice yearly) could be usefully undertaken by two Ivoirien institutions. One, CIRES, would be most useful for strictly economic concepts. Another, the Institute of Ethnosociologie at the University which has a focus lying between development anthropology and sociology, could be used to explore rural perspectives, both knowledge and attitudes. Monitoring efforts should seek to link the key concepts of structural adjustment with major preoccupations of villagers. These include land issues, basic security and state services (agricultural extension, education and medical care). Specific groups should be interviewed. In addition to cocoa and coffee farmers, elite or capitalist farmers and young men seeking a livelihood in agriculture should be included. (Neither group was interviewed during this initial study.)