

INTERNATIONAL MONETARY FUND  
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

CÔTE D'IVOIRE

**Interim Poverty Reduction Strategy Paper  
Joint Staff Assessment**

Prepared by the staffs of the IMF and IDA

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**I. INTRODUCTION**

1. Over the past ten months, the government of Côte d'Ivoire has developed an interim poverty reduction strategy paper (I-PRSP) that takes stock of current policies and challenges facing the government and that outlines the main strategy to reduce poverty. The paper presents the participatory process used in preparing the I-PRSP and describes the future plan for an even broader consultation process under the PRSP. The paper meets the requirements for an I-PRSP and provides a sound basis for developing a fully participatory PRSP, as well as an adequate framework for continued Fund and IDA assistance to Côte d'Ivoire.

2. This I-PRSP has three main strengths: (i) a solid assessment of the existing poverty data and diagnostics and a good indication of knowledge and data gaps; (ii) a good analysis of the government policies designed to ensure macroeconomic stability and the impact of these policies on the government's poverty reduction objectives; and (iii) a strong involvement of civil society and other major stakeholders in the preparatory process. However, much remains to be done in the final document to produce a strategy that fully integrates poverty reduction and economic growth. The poverty reduction strategy aims to reduce the poverty rate from 33.6 percent in 1998 to 30 percent in 2005, which is far less ambitious than the international development community's goal of halving poverty by 2015. The modest improvement targeted by the I-PRSP should be reexamined to assess whether increased efforts could not accelerate the reduction in poverty. Further, the 2005 poverty targets may need to be revisited, as poverty levels increased following the economic crisis of 1999-2001.

**II. THE ELEMENTS OF THE INTERIM PRSP**

3. The I-PRSP provides a clear statement of the government's strategy on poverty reduction, which rests on six pillars: (i) macroeconomic stability; (ii) promotion of private sector and rural development; (iii) improvement in the access to and quality of basic social

services; (iv) decentralization; (v) promotion of good governance and capacity building to allow for better resource allocation and use; and (vi) strengthening of the security of people and property.

4. The preparation of a poverty reduction strategy document and the participative approach were fully endorsed by the government in the May 2001 speech of the Prime Minister to a workshop of public officials, members of civil society, traditional chiefs, the private sector, and representatives of political parties. The antipoverty strategy was regarded as being grounded in the President's earlier workshop, which was held to achieve a consensus on the redesign of the cultural, political, economic, and social foundations of the country. The agenda of the PRSP was reviewed by the National Consultative Committee, which was established in mid-2001. A PRSP Supervision Committee was given the task of preparing the PRSP agenda and supervising and coordinating the preparatory work in consultation with concerned parties. A regional consultative group was also set up with links to the Secretariat for Structural Reforms.

#### **A. Poverty Analysis**

5. The poverty analysis presented in the I-PRSP is limited by the availability of data, but it does provide useful information about the overall scale of poverty, including poverty profiles across regions and in relation to income level, access to health, education services, and gender issues. The poverty profiles draw on the analysis and findings of household surveys. These surveys are well done and provide a sound basis for an analysis of the correlation between poverty indicators and inequality trends. In late 2001, the government launched a new survey and its results should be incorporated in the full PRSP. In order to produce a meaningful program to reduce poverty, its causes by order of importance need to be better understood. Such an analysis would assess the availability of basic social services (education and health) and infrastructure (access to roads, electricity, water, etc.). The analysis should be buttressed by quantitative indicators of the vulnerability of the poor to unemployment, epidemics, the fragility of land rights, and access to urban housing. The poverty analysis should examine rural poverty issues and characteristics associated with rural poverty and inequality (land distribution, income sources, and participation in product and factor markets).

6. The full PRSP should expand on the analysis of interdependencies of the determinants of poverty, and establish more clearly the link between these and the policy priorities of the poverty reduction strategy. Based on this analysis, the full PRSP should also prioritize actions (both across and within sectors/themes) and sharpen its focus on issues of strategic importance that can offer synergies. Government is encouraged to present the objectives of the national poverty reduction strategy in the context of the Millennium Development Goals for 2015, namely, to indicate to what extent progress has been made thus far and to assess the feasibility of achieving these goals.

## **B. Macroeconomic Framework**

7. The medium-term macroeconomic policy framework provides an appropriate basis for the formulation of the poverty reduction strategy. A stable macroeconomic environment, together with broad-based structural reforms as set out in the I-PRSP, will be key in supporting more rapid private sector-led growth and poverty reduction. The government aims to gradually raise the annual GDP growth rate to 5 percent in order to bring about a meaningful reduction in poverty; at the same time, it will aim to reduce inflation to 3 percent and contain the external current account deficit (including grants) at 1 percent of GDP. These objectives are consistent with the macroeconomic framework underpinning the PRGF arrangement. The authorities are prepared to adjust the objectives and targets of the macroeconomic framework in light of the results of the PRSP and to accommodate specific poverty reduction measures, while ensuring macroeconomic stability.

8. The I-PRSP recognizes the central importance of increasing government revenue as a means of enhancing the government's ability to pursue poverty-reducing policies effectively. On the expenditure side, the government will intensify ongoing efforts to enhance the efficiency and transparency of public spending. It has also implemented a series of measures to improve budget preparation and implementation in the areas of budget classification, government procurement, computerization of the expenditure tracking system, and dissemination of budget information. For the full-PRSP, it is envisaged that the policy priorities will be integrated into the budgetary process through a medium term expenditure framework to be produced in 2002.

9. The macroeconomic analysis needs to better integrate poverty reduction with growth. The foundation should be the maintenance of competitiveness, and emphasis on the pivotal role of the private sector and the necessary enabling environment. Such a strategy would lead to an analysis of the prospects for employment and the development of human resources to support an expanding economy. The proposed private sector-led strategy envisioned as the main basis for reducing poverty is not fully developed in the I-PRSP. The strategy to attract foreign direct investment, and develop infrastructure, for example, is not clearly defined in the I-PRSP. The full PRSP will need to pay greater attention to these issues and the sectoral impact of structural policies on the poor. This could include ways of improving access to markets for the poor, reducing regulatory barriers to private enterprise, and improving access to financial and nonbanking institutions for different segments of the population.

10. The government should expand in the full PRSP on the objectives and strategies for dealing with the high population growth, including actions to be taken to strengthen family reproductive and planning health services. It could expand on how cuts in mortality rates will be achieved and how population information systems will be strengthened.

11. The interim PRSP also reviews the track record of policy implementation since the 1994 devaluation, with an emphasis on the performance achieved under the staff-monitored program in reestablishing macroeconomic stability as a necessary condition for achieving sustained economic growth and poverty reduction, as well as structural reforms in

conjunction with Bank programs. Key results include an improvement in the overall fiscal balance, owing to increased government revenue, the normalization of relations with the donor community, and a relaunching of structural reforms.

### **C. Sectoral and Social Policies**

12. The sectoral analysis is exhaustive and covers more than could be expected in an I-PRSP. Nevertheless, the final document should take better account of the sectoral strategies being pursued by line ministries, such as in education. The sections on rural development could benefit from a specification of clear operational objectives concerning the main crops, including an analysis of the market, which, in turn, raises the competitiveness issue. In the end, a rural development strategy is key to a national growth strategy; it involves the organization of public services, the liberalization of the main sectors (coffee/cocoa and cotton), decentralization, and the building of capacity in rural areas.

13. The I-PRSP underscores the need to address poverty reduction from a complex, cross-sectoral perspective, as evidenced by the discussions on energy, transport, rural development, and environmental protection strategies. Sectoral strategies were designed around 16 thematic group meetings, with particular emphasis placed on infrastructure, urban poverty, decentralization, child poverty, and employment. However, the strategy outlined in the I-PRSP places too much emphasis on developing infrastructure in the social sectors and contains little or no analysis of the current inefficiencies in the allocation of resources, the quality of services delivered, or the effectiveness of programs in achieving specified goals. If attention were not paid to these inefficiencies, the proposed infrastructure improvements would be neither cost-effective nor sustainable.

14. Key among the factors influencing poverty is the availability and allocation of public resources for primary health, education and social infrastructure. The well-being of the population depends importantly on the capacity of the public and private health and education systems to contribute to human resource development. The intention of the government to bring the delivery of services closer to the beneficiaries through decentralization is commendable. The I-PRSP contains a sound strategy regarding HIV/AIDS, and there is a good breakdown of sectoral priorities by region.

15. The I-PRSP gives high priority to gender issues as part of the national antipoverty program. The proposals are, however, general and could be followed in the PRSP by a detailed analysis of the role played by women. Such an approach would enable the authorities to eliminate the constraints to improving the condition of women. The PRSP could also discuss the progress made in formulating policies to promote greater gender equity, in terms of both educational and employment opportunities. Such a strategy could include a discussion of how women could become more involved in formulating and monitoring public actions.

#### **D. Governance and Public Sector Management**

16. The I-PRSP discusses governance issues and rightly stresses the importance of improving public resource allocation, increasing the effectiveness of government spending, and strengthening judicial capacity. The government confirms its commitment to improve governance, combat corruption, and pursue budget reform, all actions closely linked to poverty reduction. It recognizes that good governance is a vital part of poverty reduction as it relates to the efficient use of public resources.

17. However, the PRSP would benefit from a more explicit treatment of the issue of strengthening personal and institutional accountability within the government, so as to lend credence to the anticorruption effort. The PRSP would also benefit from a fuller treatment of the question of access to justice by the poor.

#### **E. Consultation and Participation**

18. The I-PRSP incorporates the views of the private sector, civil society and partners in development. Prior to the completion of the draft I-PRSP, ten regional workshops were held in order to ensure the meaningful participation of all stakeholders in different parts of the country. These workshops were designed to reflect the regional diversity of the country and to incorporate the goals of the regional decentralization program under way. The topics discussed included human resource development, the adequacy of social services and basic infrastructure, private sector promotion, and good governance. The I-PRSP reports that stakeholders expressed their desire to participate in the process of development from conception to execution and evaluation. The elaborate plans for workshops and preparatory steps leading to a full PRPS should be supplemented by the presentation of a timeline and consultative process by which the PRSP will be developed.

19. The government has fully owned and led the process of preparing the I-PRSP, and consultations within government and with the civil society on the I-PRSP have been remarkable. The initial I-PRSP was revised several times in the course of these consultations, and comments from the Fund and World Bank staffs were solicited. In the next phase, it is envisaged that the PRSP policy priorities will be integrated in the budgetary process through the production of a medium-term expenditure framework in 2002. The staffs commend the authorities for their efforts to develop a participatory I-PRSP and encourage them to continue to broaden the process to bring in more nongovernmental and nontraditional partners.

### **III. RISKS**

20. The main risks associated with the PRSP process are the following: (i) the possibility that the government may not be able to meet its deadline of July 2002 for producing a first draft of the full PRSP, given the time it has taken to produce the I-PRSP; (ii) the likely delays in preparing the proposed medium-term expenditure framework; and (iii) the possibility that the elaborate consultation process and supporting institutional structure may not fully involve the sectoral ministries and important groups in civil society, leading to a strategy that does

not reflect the views of those responsible for carrying it out and those whose support would be needed to ensure success.

#### **IV. THE FULL PRSP**

21. In order to achieve a full poverty reduction strategy, more work is needed to strengthen the database, develop coherent antipoverty sectoral strategies, understand the roots of poverty, define priorities, further analyze the poverty implications and costs of various policy options, and build consensus among elected officials and the public for implementing the strategy. The full PRSP should provide an analysis of the poverty impact of past sectoral programs, as well as a public expenditure analysis that would look at the poverty incidence of key social and productive sector programs. The full PRSP is expected to provide indicators for monitoring progress in the implementation of the overall poverty reduction strategy. Also needed for the PRSP is a more detailed elaboration of the three-year macroeconomic framework underpinning the I-PRSP, including a list of actions to be undertaken each year to promote growth and reduce poverty. This could be put in matrix form and added to the medium-term budgetary framework. Finally, the issues of costing, sequencing, and prioritization need to be fully addressed in the full PRSP.

#### **V. BANK AND IMF PLANNED ACTIVITIES**

22. The Bank is preparing an Interim CAS and a possible Economic Recovery Credit for presentation to the Board in the coming months. Following the PRSP, a full CAS will be prepared. The IMF will present a PRGF-supported program to its Board accompanied by the I-PRSP, the JSA and the preliminary HIPC document. Progress under the PRGF will be reviewed prior to declaring Côte d'Ivoire eligible for the HIPC decision point.

#### **VI. CONCLUSIONS**

23. The staffs of the World Bank and IMF consider that this I-PRSP provides a sound basis for the development of a fully participatory PRSP and for Bank-Fund concessional assistance. The staffs recommend that the respective Executive Directors of the World Bank and the IMF reach the same conclusion.