The fall of the elephant: Two decades of poverty increase in Côte d’Ivoire (1988-2008)

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Following the end of the cocoa boom, and 3rd SAP, the golden age was already past in 1988...
Nine decades ago...
Cash crop story

After 1988, cash crops still over-determine the story:
- international prices / producer prices
- output (forest & investment in cocoa trees)
- fiscal income → public wages & expenditures
- even with civil war & partition: coastal Sth producing cocoa, landlocked Nth producing cotton

Secondary determinants: foreign aid inflows
+ oil (since mid-2000s)
1988-2011

1988-1993:
Cocoa crisis

1994-1999:
CFAF deval.
short-lived
bounce-back

2000-2011:
Civil conflict at
intervals

![Graph showing economic indicators from 1988 to 2011](chart.png)

- Red line: GDP per capita (constant 2000 USD)
- Green line: Cocoa+Coffee+Cotton output per capita at int. prices (GDP deflator; 2000 USD)
- Purple line: Crude oil output per capita at int. prices (GDP deflator; 2000 USD)
In short:

1988 → 1993: Halving of cocoa/coffee prod. prices + large cuts in public expenditures

(Dec. 1993: Death of Houphouet-Boigny)


Liberalization without progress in rule of law

“12 works of the elephant of Africa”


2002 → 2008: Civil war, N-S partition of the country, stagnation in the Sth, P0 +22 pp in the Nth
Figure 10: Civil conflict

Note: Number of political violence events, 1997-2011. Source: ACLED (Armed Conflict Location and Event Dataset), http://www.acleddata.com/data/africa/. Note: Political violence events reported are violence against civilians that occurs during civil and communal conflicts, battles, and riots or protests.
See also Dabalen & Saumik (2013) + Beegle et al. (2012)
Before and after cocoa crisis

Figure 6: Cumulative distribution function of consumption per capita across time
Figure 7: Growth incidence curves

Despite the crisis...

Accumulation of durable goods, whose relative prices decrease

After a drop in 1988-93, primary school enrollment recovered (but not to 1988 levels)
Issues ahead (1)

Whither reconciliation?

A very divided country at 2010 elections and again today:

North/Center-South axis (renewed "Houphouetian alliance" : Ouattara & Konan Bedie).

vs. South-West/South-East (the « cocoa autochtonns » alliance : Gbagbo)
Issues ahead (2)

On the economic side:

- Will new natural resources rents like oil or minerals allow going back to the old days' political-economic equilibrium (Boone 2007), involving a cautious balance in the distribution of state resources: jobs, public investments.

- Or will things change? Will malthusian constraints come to bind? (end of forest)
The story (1)

1988 → 1993: The great cocoa shock

Cocoa (and coffee) producer prices halved
4th SAP with IMF: public expenditures cuts
→ Rather evenly distributed income losses, except cocoa producers who suffered more
School enrollment decreased and nutrition status of children worsened (e.g. Cogneau & Jedwab EDCC 2012)
The story (2)

1993 → 1998: Devaluation bounce-back

Devaluation of the CFAF (50%)
International commodity prices gains and large amounts of foreign aid. Producer price increases, especially for coffee and cotton. But also rather unexpected cocoa output growth, as well as cotton
→ Large producers ('gros planteurs') benefited more
– Real wages losses at the top of distribution (civil servants)
– But increased employment thks to recovery in investment
The story (3)

1998 → 2002 The elephant doesn’t take off

Liberalisation of the marketing board (Caissttab)

Coffee prices collapsed → rural income losses, biased against the poorest: why exactly? Increasing spread of producer prices?

Public investment halved (in % of GDP) → informal employment & earnings (bottom of urban income distribution)

At the same time, civil servant real wages recover (+15 % according to fiscal accounts) → growth at the top
The story (4)

2002 → 2008 : A country splitted in two

- South : Cocoa, coffee, coast, main infrastructures, legal state, 80 % of pop. : not that much impacted economically

- In contrast, poverty exploded in the North : +22 pp

- Progresses in primary school enrollment were stopped