

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

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with contributions of

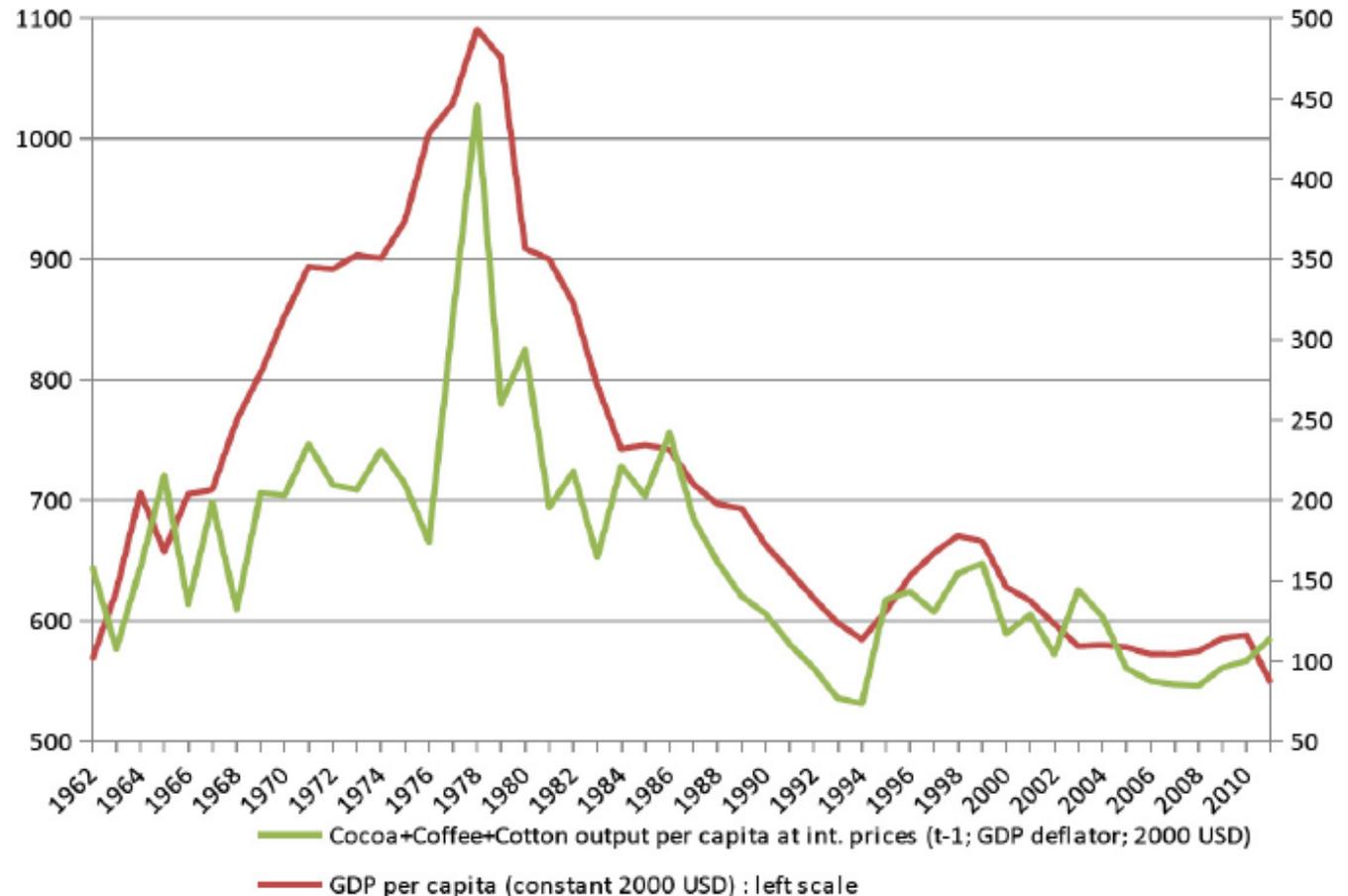
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# Boom and crisis

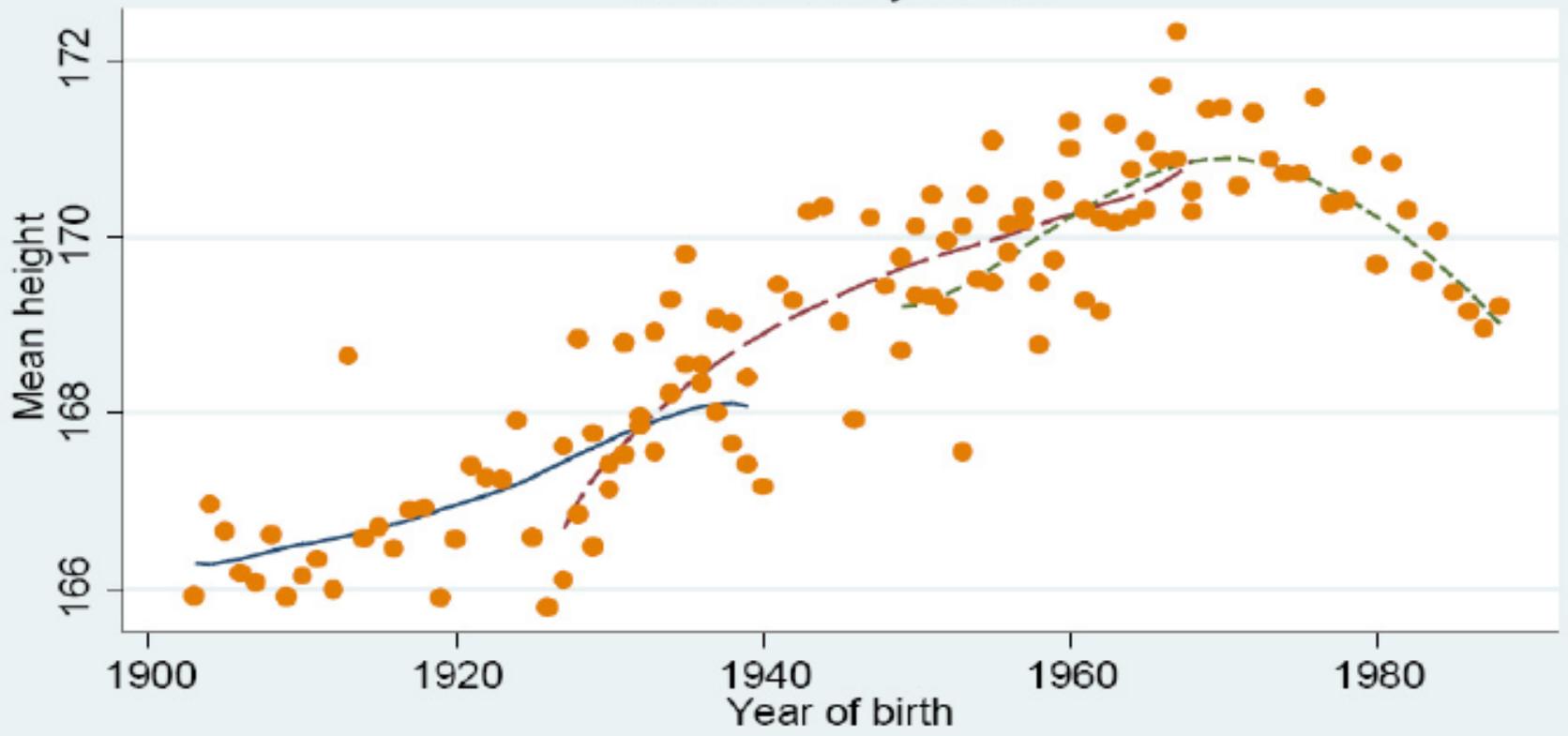
Following  
the end of  
the cocoa  
boom,  
and 3rd SAP,  
the golden  
age was  
already past  
in 1988...

Figure 1: GDP per capita and cash crop income 1960-2010



# Nine decades ago...

Height stature 1900-1990  
Males 20-59 year-old



# 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)

Figure 8: Cocoa and coffee output

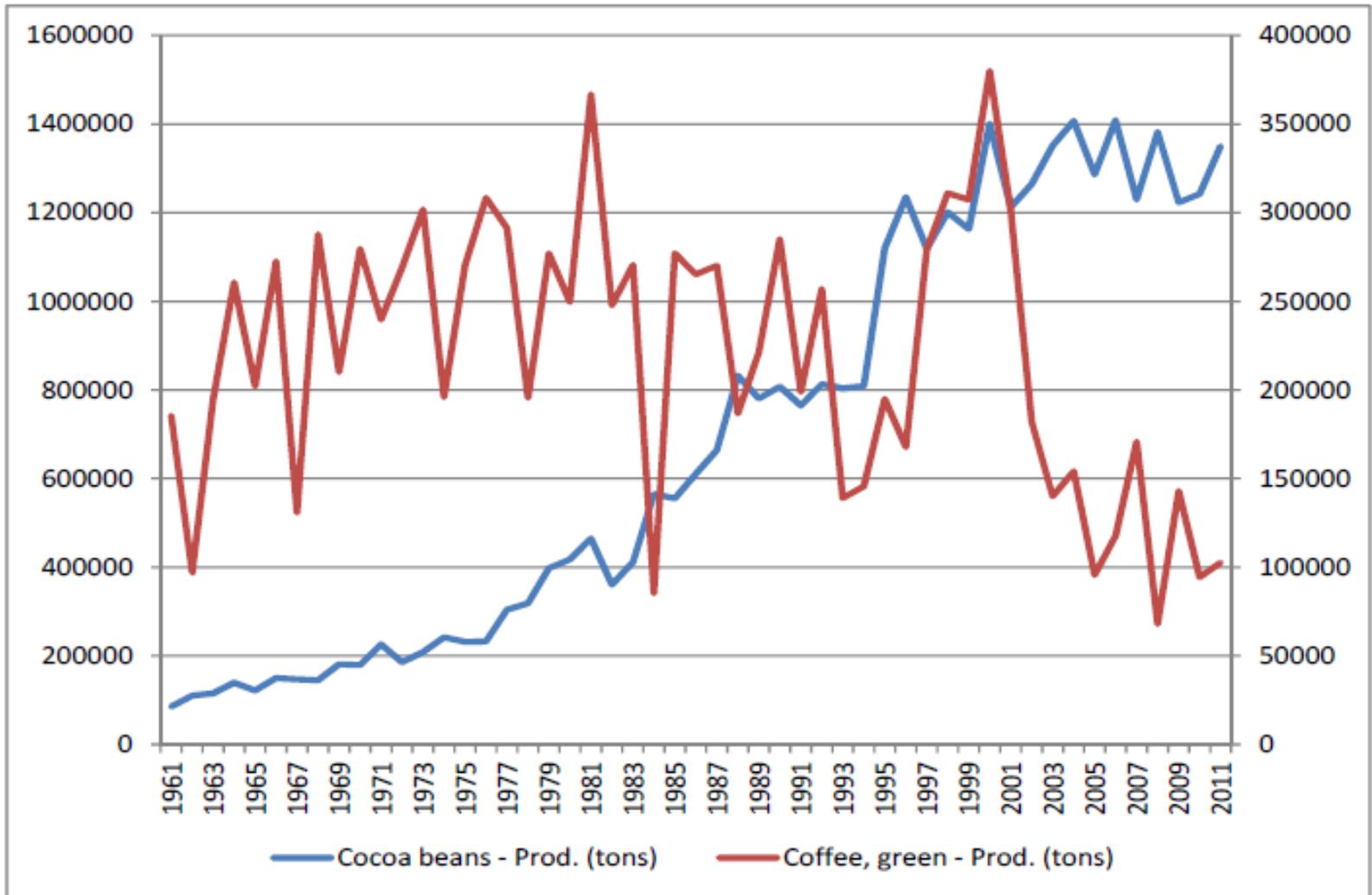
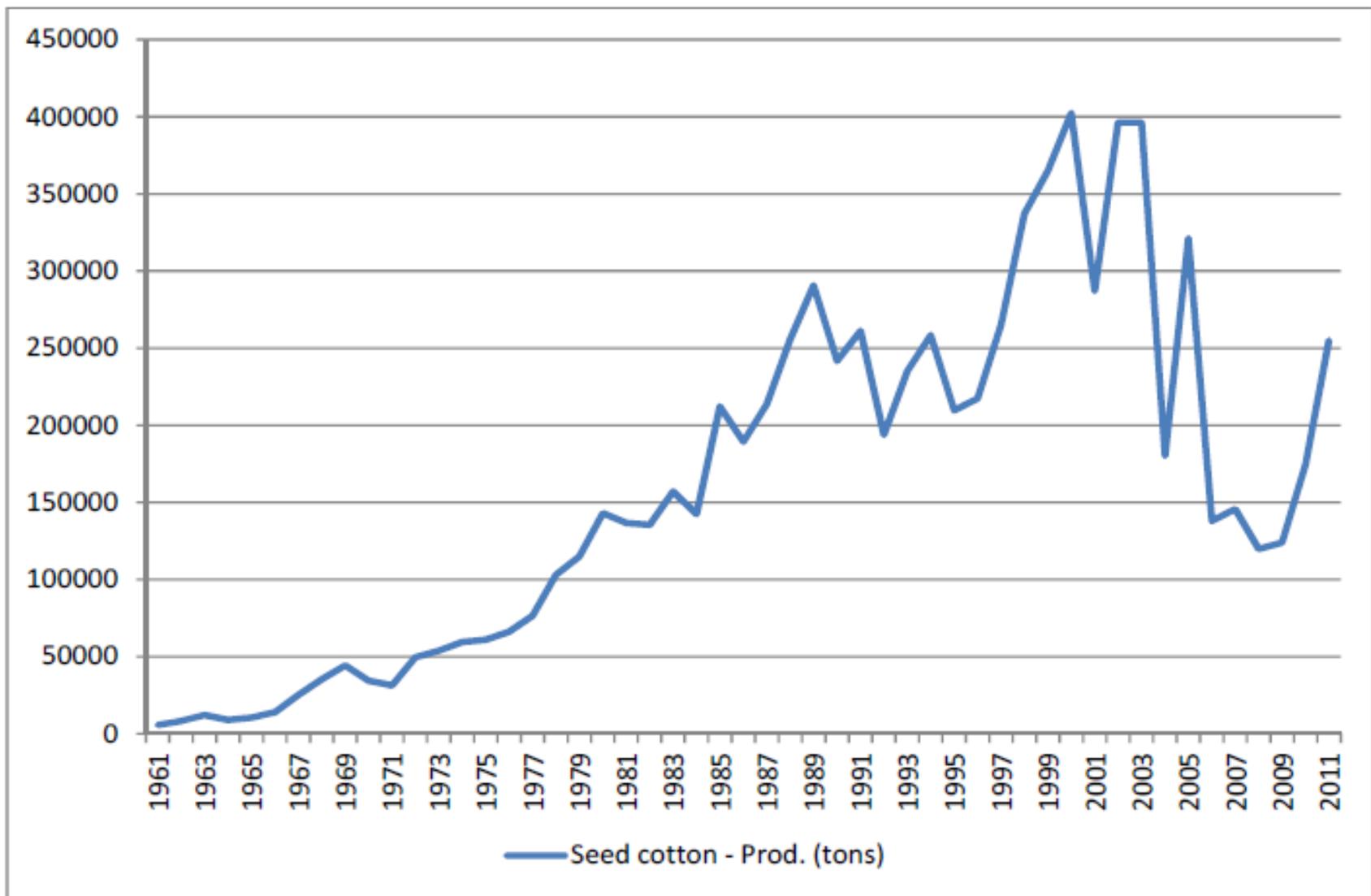


Figure 9: Cotton output



# 1988-2011

1988-1993:

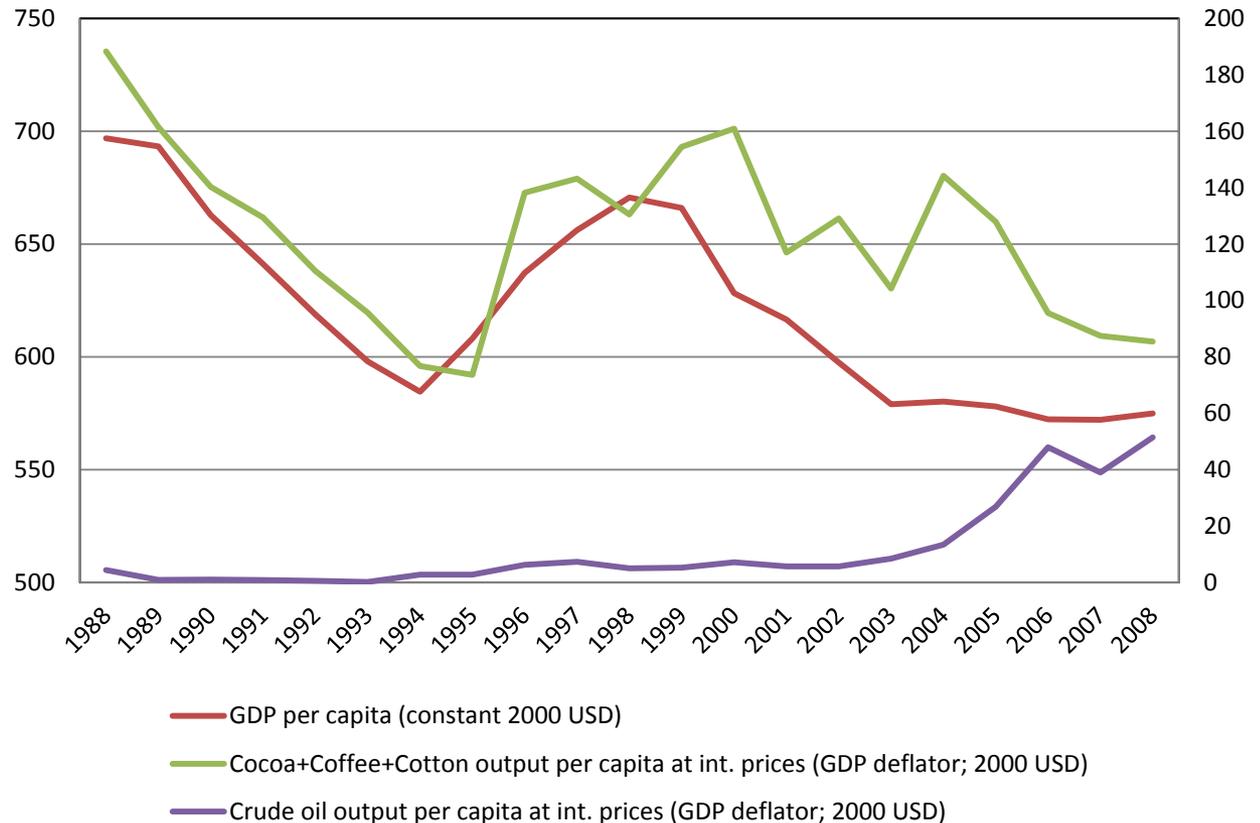
Cocoa crisis

1994-1999:

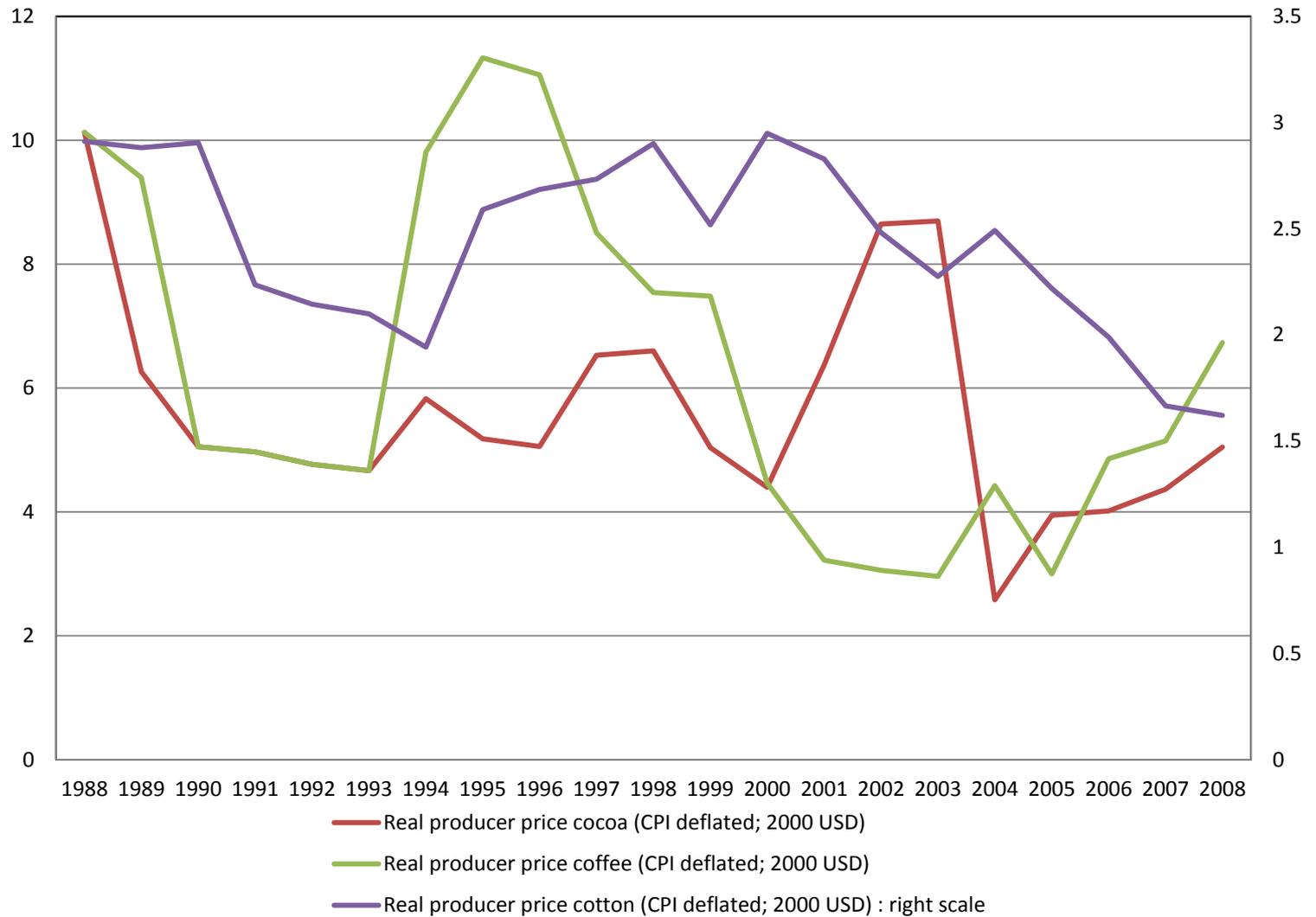
CFAF deval.  
short-lived  
bounce-back

2000-2011:

Civil conflict at  
intervals



# Real producer prices



# In short:

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

(Dec. 1993: Death of Houphouet-Boigny)

1994 → 1998: Devaluation bounce back. Aid ↑

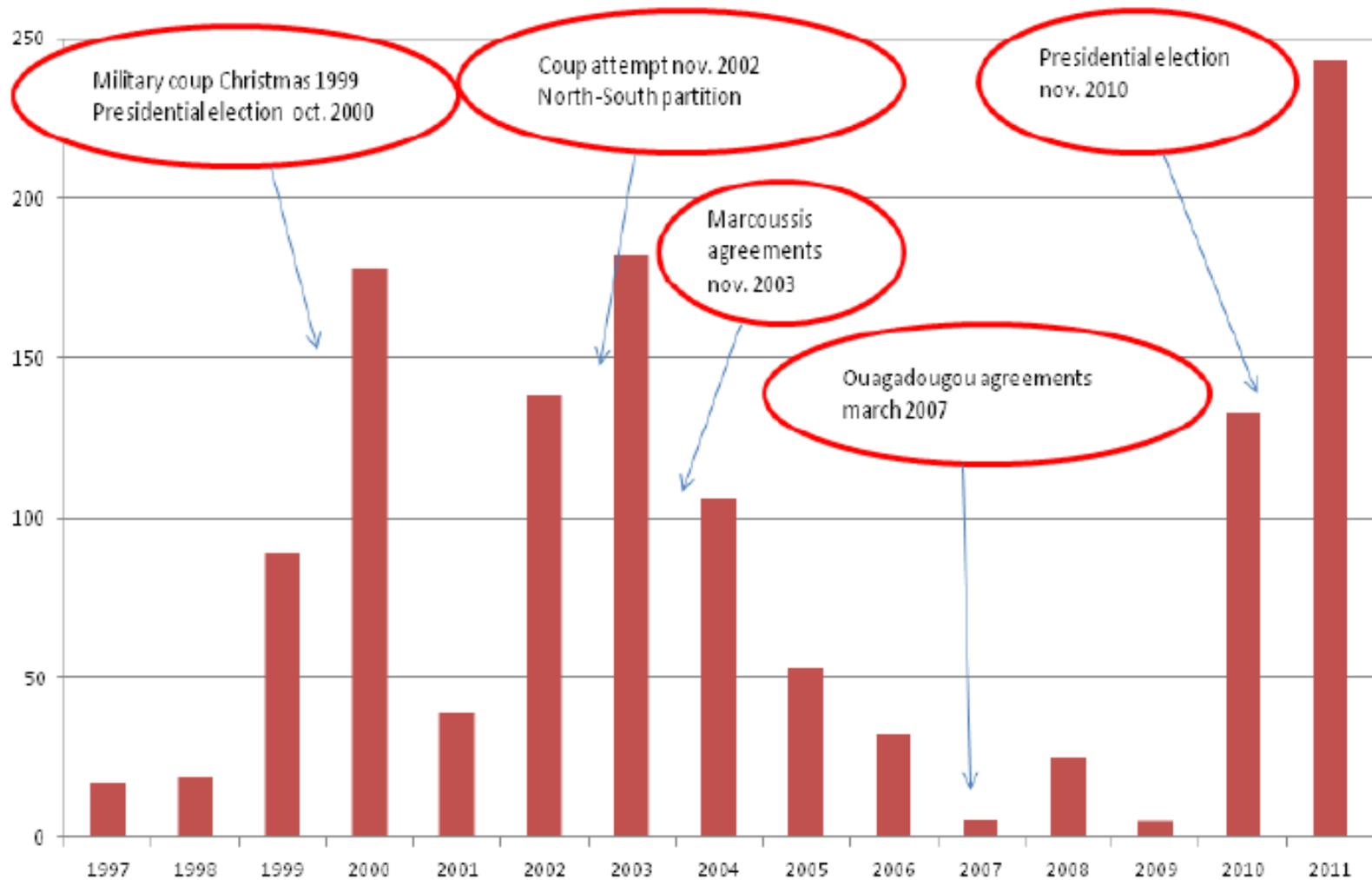
Liberalization without progress in rule of law

“12 works of the elephant of Africa”

1998 → 2002: Disillusion + Stagnation. Cocoa output no longer growing. Aid ↓

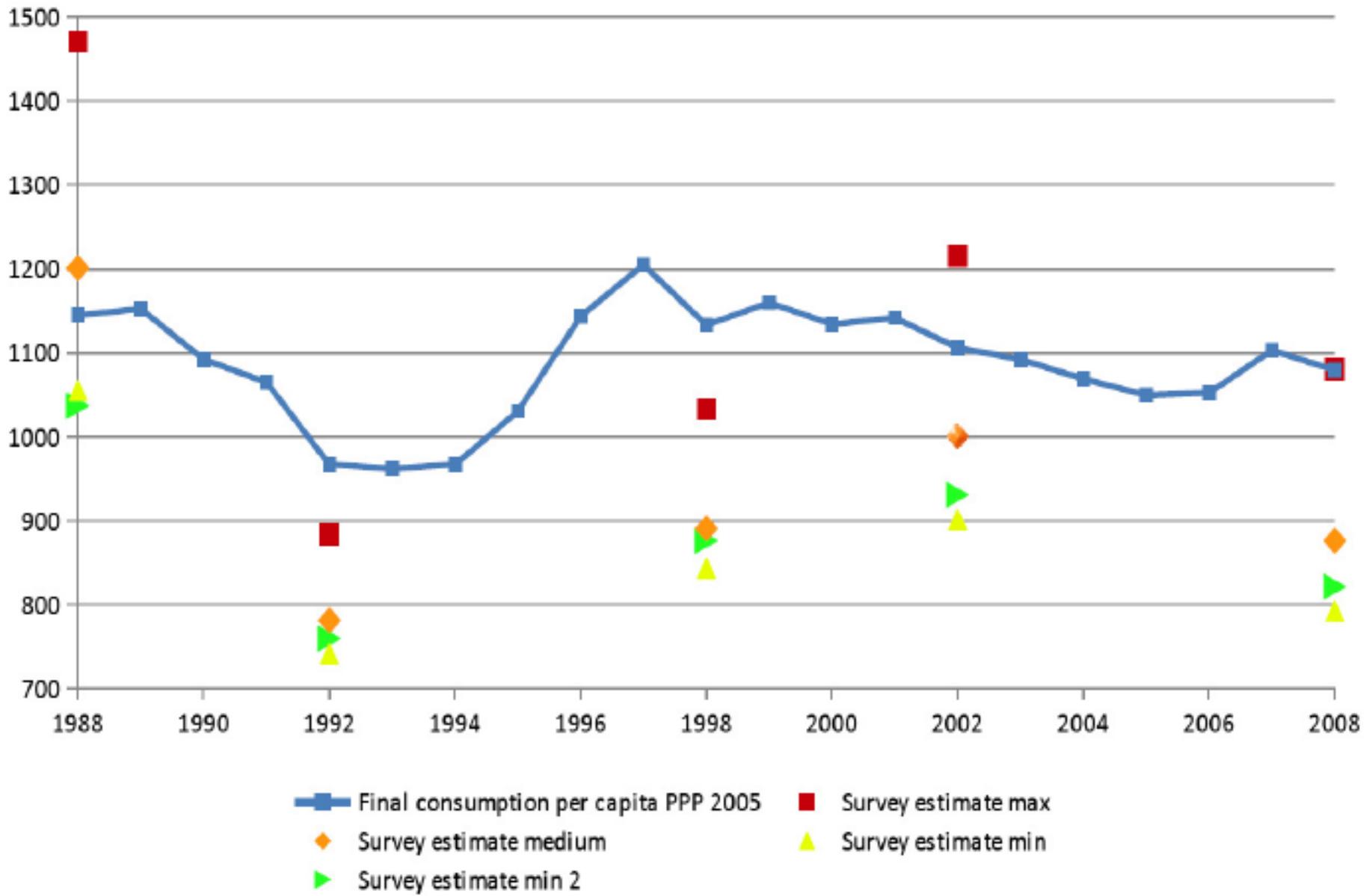
2002 → 2008: Civil war, N-S partition of the country, stagnation in the Sth, P0 +22 pp in the Nth

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.

Figure 3: Comparison of consumption per capita estimates



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

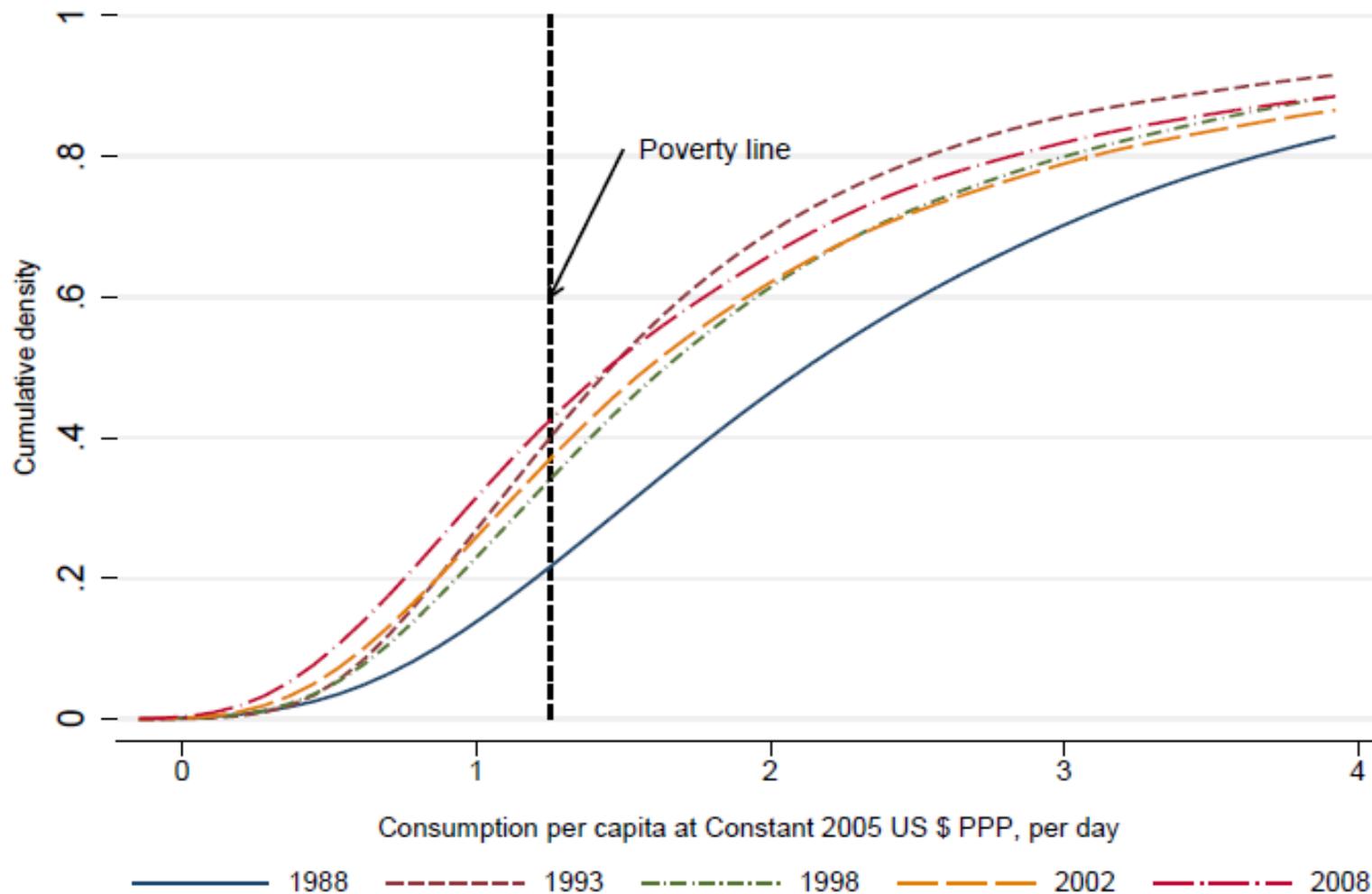
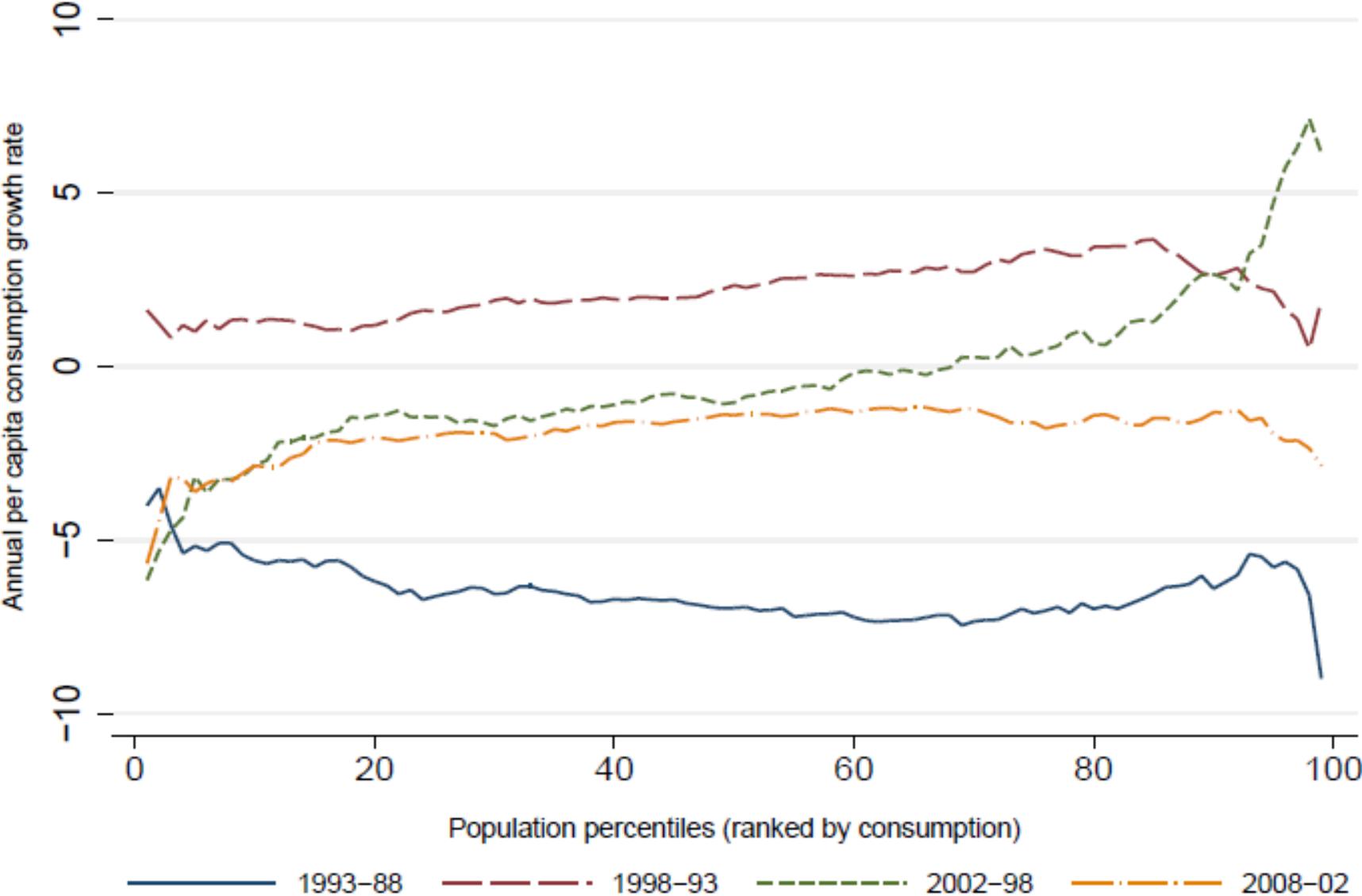
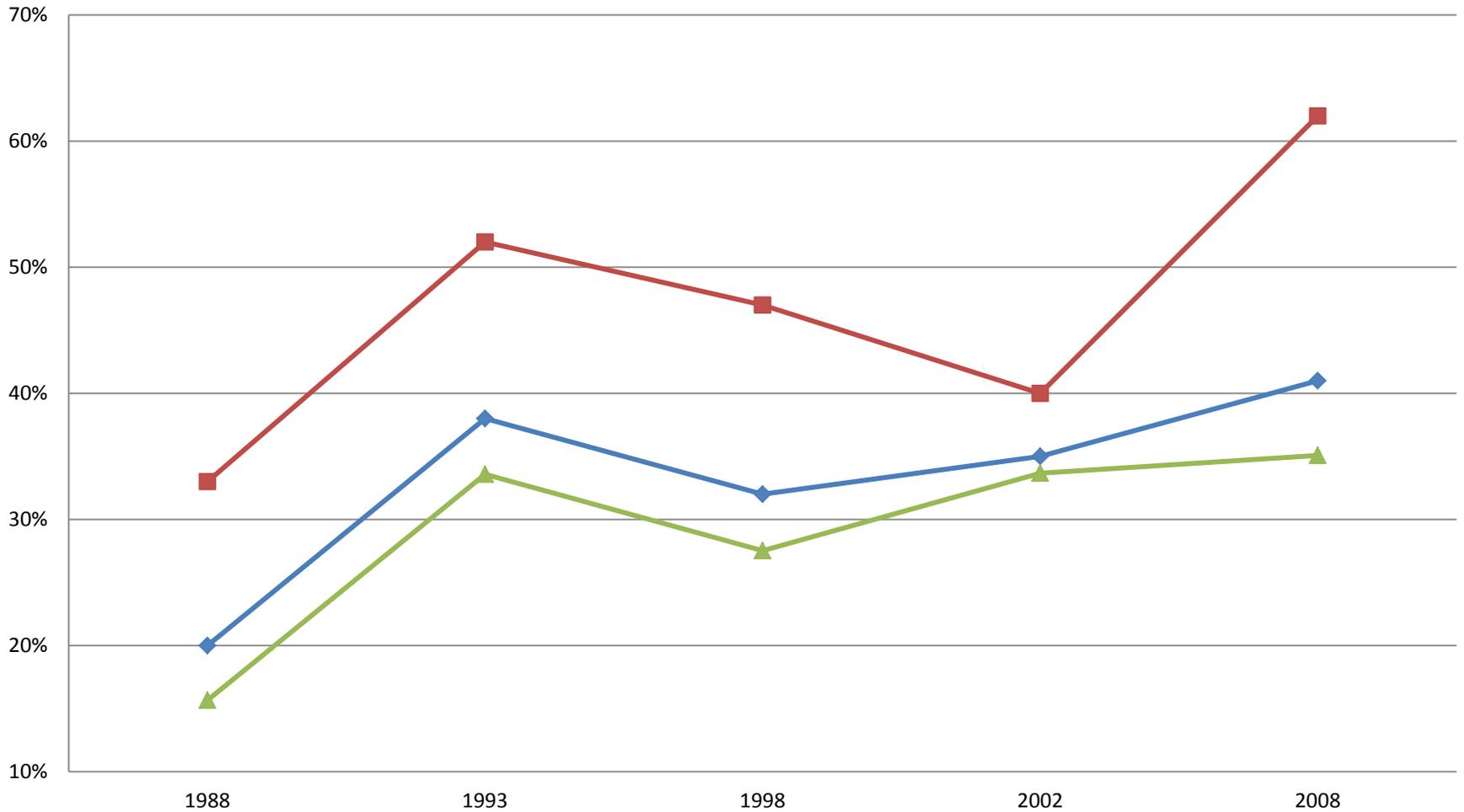


Figure 7: Growth incidence curves



# Headcount (1.25 int. 2005\$)



◆ National

■ North

▲ South

# 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  
autochtons » 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 (Caisstab)

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