



# CÔTE D'IVOIRE

## SIXTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND REQUESTS FOR WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION, AUGMENTATION OF ACCESS, AND TWELVE-MONTH EXTENSION OF THE CURRENT ARRANGEMENT—DEBT SUSTAINABILITY ANALYSIS

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- Côte d'Ivoire continues to face a moderate risk of debt distress.
- Compared to the last DSA, the current DSA includes (i) additional Eurobond issuances of to \$250 million and \$1 billion in 2014 and 2015, respectively, (ii) slightly revised disbursement schedules, borrowing terms and amounts on four large project loans, (iii) an increase in the ECF-supported program's new non-concessional external borrowing window, and (iv) excludes French claims which were cancelled in 2012 under debt-for-development swaps (C2D).
- The exclusion of the C2D debt and related debt service does not change Côte d'Ivoire's moderate debt distress rating. More specifically, under the baseline scenario, all debt indicators are below their policy-dependent thresholds. However, stress tests point to vulnerabilities to macroeconomic shocks, in particular to negative shocks to growth, exports, FDI and fiscal performance.
- External borrowing during 2013–17 is being guided by Côte d'Ivoire's Medium-Term Debt Strategy (MDTS), and is geared towards diversifying financing sources and lengthening the average maturity of debt. The large-scale project loans are expected to provide considerable benefits to the economy and help underpin prospects for sustained strong growth.
- The buildup of external debt in the near term, in particular non-concessional debt, should be monitored closely and additional borrowing guided by prudent debt management. It would be important to avoid an excessive concentration of maturities in the mid-2020s, and to take adequate account of rollover and foreign exchange risks.

- *Sound macroeconomic policies and prudent debt management will be important to maintain a sustainable external position. Key to this will be sound project selection and further reforms to overcome bottlenecks to growth and to enhance the contribution of the private sector, in particular improvements in the business climate. Ongoing measures to strengthen debt management will also help.*

## INTRODUCTION

**1. This debt sustainability analysis (DSA) updates the joint Bank-Fund LIC-DSA that was considered by the Executive Board in November 2013 at the 2013 Article IV Consultation and 4<sup>th</sup> Review under the ECF Arrangement.**<sup>1</sup> For the first time, the DSA excludes French claims which were cancelled in 2012 under debt-for-development swaps. Côte d'Ivoire continues to be assessed as being a weak policy performer (CPIA) and a moderate risk of debt distress. A proposed Eurobond issue equivalent to \$1 billion plus \$2 billion in non-concessional external borrowing (contractual basis) in 2015, would lead to some deterioration in external debt indicators, but would diversify financing sources (addressing difficulties in raising sufficient resources in the regional financial market) and lengthen the average maturity of debt in line with Côte d'Ivoire's Medium-Term Debt Strategy. However, it would increase foreign exchange and rollover risks, in particular as the new borrowing leads to an increasing concentration of debt service maturities in the mid-2020s.

## BACKGROUND

**2. A large share of Côte d'Ivoire's external debt (36.4 percent or \$3 billion) at end-2013 represents official French claims under C2D debt-for-development swaps (Contrats de Désendettement et Développement).** In the context of providing beyond HIPC initiative debt relief France effectively cancelled its outstanding ODA claims on Côte d'Ivoire, and this was to be carried out through the C2D process. The C2D mechanism involves returning the debt service due on these claims in the form of grants for the government to use for development projects. This is done through two agreements: one provides for the cancellation of the claims and the other covers the amounts each year that are to be paid as debt service and returned as grants for development projects.<sup>2</sup> For accounting purposes, these claims/debts remain on the creditor/debtor debt stock balance sheets and are reduced in line with the annual debt service payments made under the C2D agreement. For this reason, staff had included the stock of C2D debt in previous DSAs, but following clarification with the relevant authorities that these claims are effectively cancelled this debt and associated debt service payments are excluded in the current DSA.<sup>3</sup>

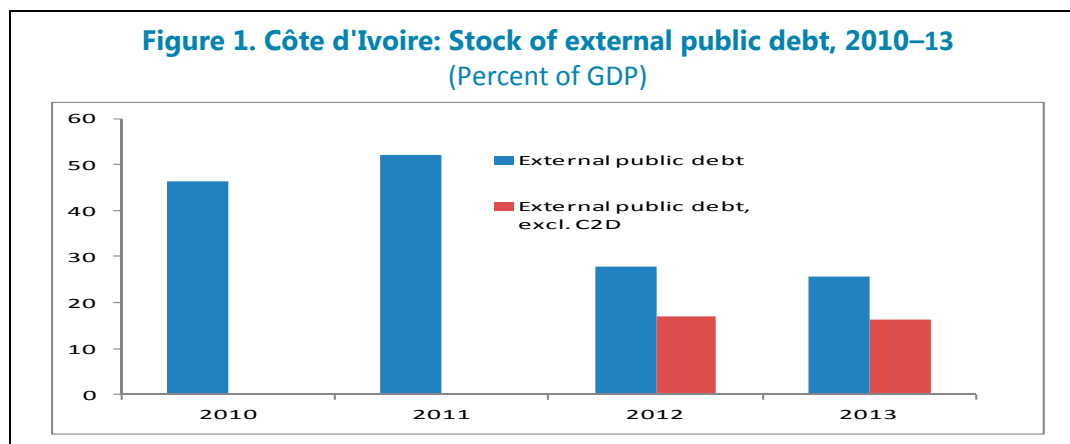
**3. Following Côte d'Ivoire's attainment of the enhanced HIPC initiative in 2012, external debt sustainability and vulnerability to shocks improved, and this has provided space for the government**

<sup>1</sup> The DSA was prepared jointly by the staff of the IMF and World Bank, in collaboration with the authorities of Côte d'Ivoire. The 2013 DSA can be found in IMF Country Report n°13/367, December 19, 2013. Due to data limitations, the DSA covers central government debt as regards domestic debt, but total debt for external debt.

<sup>2</sup> In practice these is being done through successive 5-year agreements specifying the amounts due by Côte d'Ivoire on these claims and the use of the amounts for project spending. Côte d'Ivoire pays the debt service due to France which is then returned in the form of grants for use as specified in the C2D agreement.

<sup>3</sup> However, in the staff report the debt service associated with the C2D process is recorded in the fiscal and external tables to capture the gross cash-flows (debt service and grants) associated with C2D and the annual corresponding reduction in external debt. At end-2013, C2D obligations accounted for 36 percent of outstanding external debt. During 2014–25 projected C2D related debt service flows on average account for slightly under 60 percent of total debt service on outstanding loans as of end-2013.

**to increase its external borrowing to finance its ambitious investment plan.** In 2012, as a result of debt relief stemming from the enhanced HIPC initiative and MDRI, the stock of public and publicly guaranteed (PPG) external debt (excluding C2D debt) fell sharply by 63 percent in 2012, and then rose slightly by 12 percent in 2013; at end-2013, the debt stock was \$5.25 billion (excluding C2D) (Table 1).<sup>4</sup> However, in terms of GDP the ratio of PPG external debt fell in both 2012 and 2013: from 52.1 percent in 2011 to 17 percent (2012) and 16.4 percent (2013). At end-2013, official bilateral creditors accounted for about 23 percent of PPG external debt, commercial creditors accounted for 50.2 percent, and multilateral creditors 26.8 percent.



**Table 1. Côte d'Ivoire: Composition of External Debt**  
**Per Creditor Group<sup>1</sup>**  
(As of end-2013, nominal)

	Million US dollars	Percent of total	Percent of GDP
<b>Total (excluding C2D)</b>	<b>5,250</b>	<b>100.0</b>	<b>16.4</b>
<i>Including C2D</i>	<i>8,258</i>		<i>25.8</i>
<b>Multilateral creditors</b>	<b>1,407</b>	<b>26.8</b>	<b>4.4</b>
IMF	955	18.2	3.0
World Bank	169	3.2	0.5
AfDB group	41	0.8	0.1
Other multilaterals	242	4.6	0.8
<b>Official bilateral creditors</b>	<b>1,205</b>	<b>23.0</b>	<b>3.8</b>
Paris Club	670	12.8	2.1
Non-Paris Club	535	10.2	1.7
<b>Commercial creditors</b>	<b>2,638</b>	<b>50.2</b>	<b>8.2</b>
London club	2,570	49.0	8.0
Other commercials	68	1.3	0.2

Sources : Ivoirien authorities; and IMF staff estimates.  
<sup>1</sup>Currency definition of external debt.

<sup>4</sup> For the purpose of the DSA, external debt is defined as debt borrowed or serviced in a currency other than the franc of the African Financial Union (*Communauté Financière Africaine*, FCFA). If defined on the basis of residency, the stock of external PPG debt (excluding C2D) would amount to \$5.06 billion or 15.8 percent of GDP.

**4. Domestic public debt (central government only) was equivalent to 17.3 percent of GDP at end-2013.** The bulk of this amount consisted of government securities issued on the regional bond market (74.2 percent) and debt owed to the BCEAO (15.6 percent). In line with the medium-term debt strategy, the government has undertaken to lengthen the relatively short maturity structure of domestic public debt.

## UNDERLYING ASSUMPTIONS

**5. The baseline macroeconomic assumptions underlying this DSA are summarized in Box 1 and Table 2.** In the staff's baseline projection, growth would be underpinned by public investment, as well private investment in agriculture, mining, housing and services. The growth in output would contribute to the expansion of exports, in particular agricultural production and processing and mining output, areas in which the government continues to implement significant structural reforms. The growth in exports would however be outstripped by imports over the long term, reflecting in part high levels of investment. These assumptions are similar to those in the previous DSA.

**6. The borrowing assumptions are consistent with the government's medium-term debt strategy (MTDS) for 2014–17.** The government's MTDS envisages a diversification of financing sources, notably a shift from domestic to external borrowing and a lengthening of maturities. This shift in financing sources was in part motivated by the limited funding available on the regional financial market reflecting its shallowness. Thus far external borrowing in 2013 and realized/assumed in 2014, has been somewhat larger than in the MTDS, reflecting a larger issuance of Eurobonds following the favorable reception of the debut bond in 2014.<sup>5</sup> In addition, the authorities have experienced difficulty in identifying external funding for large-scale projects on concessional terms, and have relied more heavily on semi-concessional loans during 2013–14 than assumed in the MTDS.

**7. The major share of new external borrowing in 2014–15 is accounted for by four large project loans and two Eurobond issues.** The four large project loans (for the Soubre hydroelectric dam, Abidjan potable water project, extension of the Port of Abidjan, and extension and rehabilitation of the electricity network),<sup>6</sup> are expected to have a considerable impact on growth prospects, help avoid major bottlenecks, and improve competitiveness; the existing port is overstretched and has led to high costs for importers. The loans have been, or are expected to be, contracted on semi-concessional terms with a grant element in the range of 27–34 percent. The projected strong sustained growth rate in the baseline takes into account the impact of the projects. As regards the Eurobonds, the proceeds of the 2014 Eurobond were used to fund the budget but also for asset-liability management (retirement of domestic debt, repayment of supplier arrears and of the securitized domestic debt). The 2015 Eurobond will help alleviate the government's financing challenges on the shallow regional market. Both Eurobonds would help diversify financing sources and lengthen the maturity of debt.

<sup>5</sup> The MTDS assumed two Eurobond issues of \$500 million each compared with the now-envisaged \$1.75 billion. The 2014 issuance was preceded by debut sovereign ratings ("B1 with positive outlook" from Moody's and "B with positive outlook" from Fitch) and the July 2014 Eurobond was more than six times oversubscribed. These factors contributed to a favorable yield at issue of 5.625 percent, lower than the cost of borrowing on the regional market and lower than that of any other 2014 issue by an African country on the international bond market.

<sup>6</sup> Of the four project loans only that for the Soubre hydroelectric dam has been contracted thus far (in early 2013).

### Box 1. Côte d'Ivoire: Key Baseline Macroeconomic Assumptions

*The macroeconomic scenario underlying the current DSA is predicated on socio-political stability, high levels of public investment, and a sustained structural reform effort, including the removal key impediments to growth and improvements in the business climate and governance, which would translate into stronger private investment.*

- Staff projects real GDP would grow by 7-8 percent over the medium term, driven by public investment in basic infrastructures and social sectors, and strong private investment in agriculture, mining, housing and services. Growth would moderate to about 5.1 percent over the long run. Over the projection period, growth is expected to be broad-based, with growing contribution from the secondary and tertiary sectors.
- Inflation would remain below the WAEMU 3 percent target.
- The primary fiscal deficit would remain at a moderate level: 1.6 percent of GDP in 2014–19 and 1.1 percent of GDP in 2020–34. Total revenue and grants would increase gradually from 20.5 percent of GDP in 2014–19 to 24 percent of GDP on average in 2020–34, as fiscal reforms are brought to fruition. Primary (non-interest) expenditures would rise from 22.1 percent of GDP in 2014–19 to 25 percent of GDP on average in 2020–34, as a gradual reduction in the wage bill and capital spending would be outweighed by higher outlays on goods and services.
- The trade balance surplus would decline over time, driven by continued strong imports of goods and services, while export growth would slow slightly. The reduction in the trade surplus and an increase in outflows of transfers would lead to a widening of the non-interest current account deficit from 1.8 percent of GDP in 2014–19 to 5 percent of GDP on average in 2020–34. This would be partly financed by higher FDI inflows (3.5 percent of GDP in 2014–19, and 2.2 percent of GDP in the long term).
- New external borrowing is projected to decline over time to 2.6 percent of GDP in 2020–34 from 4.1 percent of GDP in 2014–19. More specifically, the baseline scenario includes the US\$750 million Eurobond issued in July 2014, and assumes a new US\$1 billion Eurobond issuance in 2015, both would be rolled over in 2024–25. It also incorporates the projected disbursements of four large semi-concessional loans during 2014–17 (in total US\$100 million in 2014, US\$620.5 million in 2015, US\$ 615 million in 2016, and US\$513.5 million in 2017) for infrastructure and energy projects (expansion of access to potable water, extension of the Port of Abidjan, the Soubre hydro-electricity dam, rehabilitation and expansion of the electricity transmission network). Finally, it includes a new non-concessional window of US\$400 million. While the main source of new borrowing, other than the two Eurobonds, is multilateral and official bilateral creditors during 2014–19, over time this source gradually declines to about 18 percent of total new borrowing during 2030–34 while that of commercial creditors rises to 82 percent.

**Table 2. Côte d'Ivoire LIC DSA Macroeconomic Assumptions: Comparison with the Article IV LIC DSA**

(Percent of GDP, unless otherwise indicated)

	Previous LIC DSA			Current LIC DSA Update		
	2014	2015	2019-33	2014	2015	2019-34
Nominal GDP (\$ Billion) 1/	32.1	35.9	99.4	35.8	40.3	115.2
Real GDP (percent change)	8.2	8.1	5.2	8.0	8.0	5.2
<b>Fiscal (central government)</b>						
Revenue and grants	22.0	21.5	24.1	19.6	19.6	23.8
<i>of which</i> : grants	2.4	2.2	1.0	1.9	1.9	0.7
Primary expenditure	23.0	23.1	25.7	20.9	21.9	24.9
Primary fiscal deficit	1.0	1.6	1.6	1.4	2.3	1.1
<b>Balance of payments</b>						
Exports of goods and services	50.7	50.2	66.8	44.5	45.2	55.4
Imports of goods and services	49.6	50.0	71.4	42.7	42.4	55.3
Non-interest current account deficit	1.7	2.4	6.1	1.9	0.8	4.9
New external borrowing 2/	3.5	2.7	2.8	4.1	5.5	2.7
Net foreign direct investment	3.0	3.0	2.2	2.7	2.9	2.2

Sources: Ivoirien authorities; and IMF staff estimates.

1/ The changes from the Article IV LIC DSA reflect the updated nominal GDP historical series and the revised exchange rate assumptions of CFA/USD.

2/ Includes publicly guaranteed external borrowing.

**8. The key changes in the baseline macroeconomic assumptions relative to the Article IV LIC DSA are as follows:**

- The authorities have revised the historical series for the nominal GDP and exports upward. This also leads to higher projected GDP and exports because of the base effect; the ratio of exports to GDP is however lower.
- Revenue and expenditure projections have been revised down based on the 2013 outcome, 2014 estimates and 2015 budget projections. The primary fiscal deficit is projected to be slightly higher than previously envisaged, particularly over the medium term.
- External borrowing has been updated to reflect: (i) revised disbursement schedules for four large loans (Soubre hydroelectric dam, Abidjan water project, extension of the Port of Abidjan, electricity network), including slightly revised (hardening) terms for the latter three loans and somewhat smaller loans for the Port and electricity network; (ii) a larger Eurobond issue in 2014 than previously assumed (\$750 compared to \$500 million) and a new Eurobond issue in 2015 (US\$1 billion); (iii) the two Eurobonds (ten-year bullets) are assumed to be rolled over in 2024-25; and (iv) a proposed increase in the program's new nonconcessional external borrowing window (US\$ 400 million) for 2015.
- The external current account deficit is now expected to be lower than previously projected, reflecting a lower elasticity assumption of imports.

## EXTERNAL DEBT SUSTAINABILITY ANALYSIS

**9. The results of the external DSA confirm that Côte d'Ivoire's debt dynamics are sustainable (Figure 2; Tables 3a and 3b).<sup>7</sup>** They also confirm that Côte d'Ivoire's risk of debt distress has not changed and remains at a moderate level, notwithstanding the higher assumed level of external borrowing. The exclusion of C2D debt and related debt service leads to an improvement in the debt indicators and to provide an appropriate basis of comparison, including to assess whether the additional borrowing would lead to a change in Côte d'Ivoire's risk of debt distress, the previous DSA was rerun excluding C2D (Figure 4). A comparison of the debt indicators in the current and previous DSAs illustrates the impact of the changes in the borrowing and macroeconomic assumptions while removing the impact of excluding C2D.

**10. The baseline and stress test debt indicators have for the most part improved somewhat compared to the previous DSA.** Compared to the previous DSA, the main changes to the borrowing and macroeconomic assumptions are higher projected non-concessional borrowing, largely on account of the two Eurobond issues in 2014 and 2015, and higher projected levels of exports and GDP which primarily reflects the base effect of upward revisions to historical data rather than significant changes in projected

<sup>7</sup> In the LIC-DSA framework Côte d'Ivoire is rated as a weak performer with a Country Policy and Institutional Assessment (CPIA) average rating for 2011–13 of 3.04.



growth rates. As a result, notwithstanding the higher borrowing, the debt stock indicators improve relative to the last DSA except for the historical scenario: the debt service-to-exports indicators are broadly similar and the debt service-to-revenue indicators show an improvement. Under the historical scenario, all the debt service indicators show deterioration because the use of historical average values for the external primary deficit and nominal GDP growth removes the positive impact on the indicators of the upward revision in projected GDP and exports; for the debt-to-revenue and debt-service-revenue indicators, the deterioration reflects a higher primary fiscal deficit.<sup>8</sup> The stress tests do however indicate that Côte d'Ivoire remains vulnerable to economic shocks, in particular to negative shocks to growth, exports, FDI and fiscal performance.

## PUBLIC DEBT SUSTAINABILITY ANALYSIS<sup>9</sup>

**11. When domestic public debt is included in the analysis, Côte d'Ivoire's debt situation deteriorates modestly (Figure 3; Table 4a).** Public debt indicators would gradually improve over the long term in line with the projected positive macroeconomic prospects. Under the baseline scenario, the PV of total public debt would decrease to 17.6 percent of GDP at the end of the projection period from 30.1 percent of GDP in 2014, while debt service indicators would go up in the medium term before slowing down at the end of the projection period.

**12. An analysis of the stress tests of total public debt does not identify additional debt vulnerabilities (Table 4b).** In the staff's view, the breach of the indicative policy threshold for the PV of public debt does not reflect an additional vulnerability to those stemming from central government external debt. Indeed, a comparison of the path of the total public debt ratio and the external PPG debt ratio under the stress test shows that the trajectory of debt is driven primarily by external PPG debt rather than a vulnerability specific to domestic debt or private external debt. Furthermore, the breach of the indicative policy threshold of the PV of public debt is also the product of an unrealistic stress test, in this case the low growth bound test.<sup>10</sup>

## CONCLUSIONS

**13. Côte d'Ivoire remains at a moderate risk of debt distress.** This is unchanged from the last DSA in November 2013 (adjusted to exclude C2D obligations); including C2D obligations in the current scenario would also not change the rating (Figure 5). In the baseline scenario, all debt indicators remain below their respective policy-dependent thresholds. However, the stress tests show that the external debt outlook

<sup>8</sup> The larger primary deficit results from the fact that the period covered by 10-year average used in the stress test has changed by one year.

<sup>9</sup> In the current absence of statistical information on the general government and of the public sector, the DSA covers only central government operations.

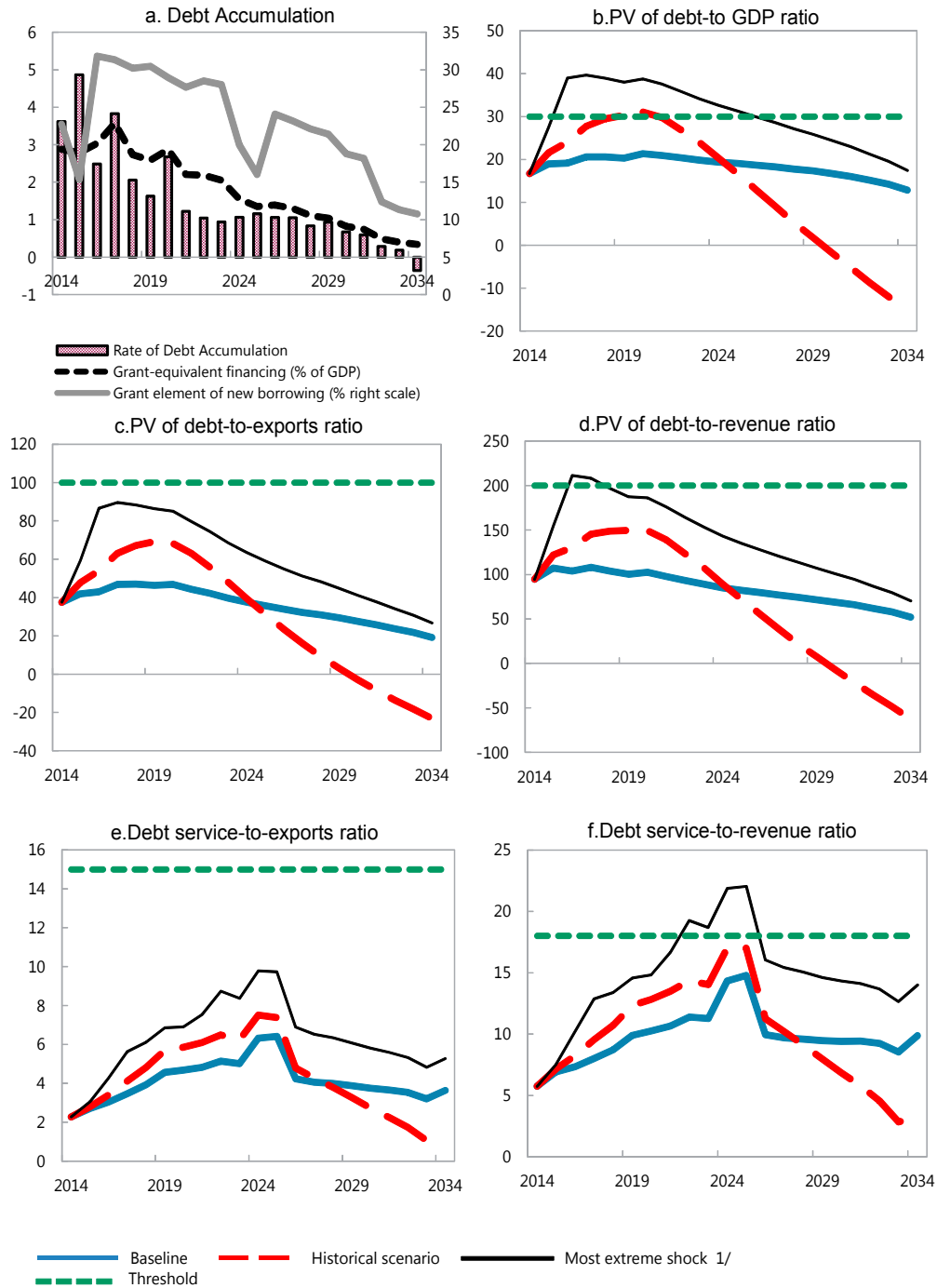
<sup>10</sup> This is unrealistic because the historical series covers an exceptional period (a decade of political crisis and low growth and a heightened volatility in the growth rates stemming from the sharp post-election crisis growth contraction and subsequent strong recovery) that leads to a low mean growth rate and high standard deviation. In addition, there has been a clear structural break in economic policies since 2011.

continues to be vulnerable to adverse macroeconomic shocks, in particular to exports and growth, as well as to fiscal performance. In addition, the buildup of external debt in the near term has an upward impact on the debt indicators. However, the new borrowing should benefit the economy and economic prospects, and also diversifies Côte d'Ivoire's financing sources, lengthens the average maturity of debt and has in part been used to retire debt, securitize other domestic debts, and repay supplier arrears. It has also helped reduce the bunching of maturities arising from restructured post-election crisis arrears.

**14. Sound macroeconomic policies and prudent debt management will be important to maintain a sustainable external position.** Key to this will be a sustained structural reform effort to overcome bottlenecks to strong growth and to enhance the contribution of the private sector, in particular through improvements in the business climate. As regards public debt management, the government intends to implement further improvements. First, an updated medium-term debt strategy for 2015–19 is to be finalized by end-2014, which would overlap with the second National Development Plan (2016–20). Second, to broaden the monitoring of public debt, a centralised database covering public enterprises, including debt data, will be created in 2015. Third, a planned front-middle-back office re-organization of the debt department, which has been delayed partly because of a need for further technical assistance, is now expected to be completed by mid-2015. However, an excessive concentration of maturities, especially in the mid-2020s should be avoided, and, in particular for the 2014 and proposed 2015 Eurobonds which have bullet repayments, debt management should take adequate account of potential rollover and foreign exchange risks. Also, plans to raise resources on international financial markets, such as the 2015 Eurobond issue, should take account of the potential volatility in these markets and should avoid the issuance to the extent possible when markets conditions are unfavorable. In addition, a deeper regional market would help expand the potential of financing sources, and measures to achieve this, including the establishment of primary dealers and the creation of a secondary market for sovereign financing, are needed.

**15. The authorities of Côte d'Ivoire agree with the conclusions of this DSA.** However, they consider that the baseline macroeconomic assumptions used in this report are too conservative and do not sufficiently factor in the future dividends of recent progress. In particular, in the authorities' view, the long-term growth rates are too low. The authorities would have appreciated the inclusion of another scenario based on higher growth rates that would have been driven by a stronger level of private and public investment. Such a scenario would have been more in line with their objective to transform Côte d'Ivoire into an emerging country by 2020 and significantly reduce poverty. The authorities believe that they have been implementing appropriate measures to improve the business climate, the capacity to absorb investment, as well as domestic and external resource mobilization, in particular to broaden the tax base, while adopting a prudent approach to current spending. They underscored that for the second year in a row, according to the World Bank's 2015 Doing Business report, Côte d'Ivoire is among the 10 economies that have made the most progress in improving their business climate. The authorities thanked staff for their advice and recommendations presented in the current DSA report. They are committed to continuing to implement a policy of sustainable public debt management and adopting ambitious structural reform policies, while maintaining a sound macroeconomic environment.

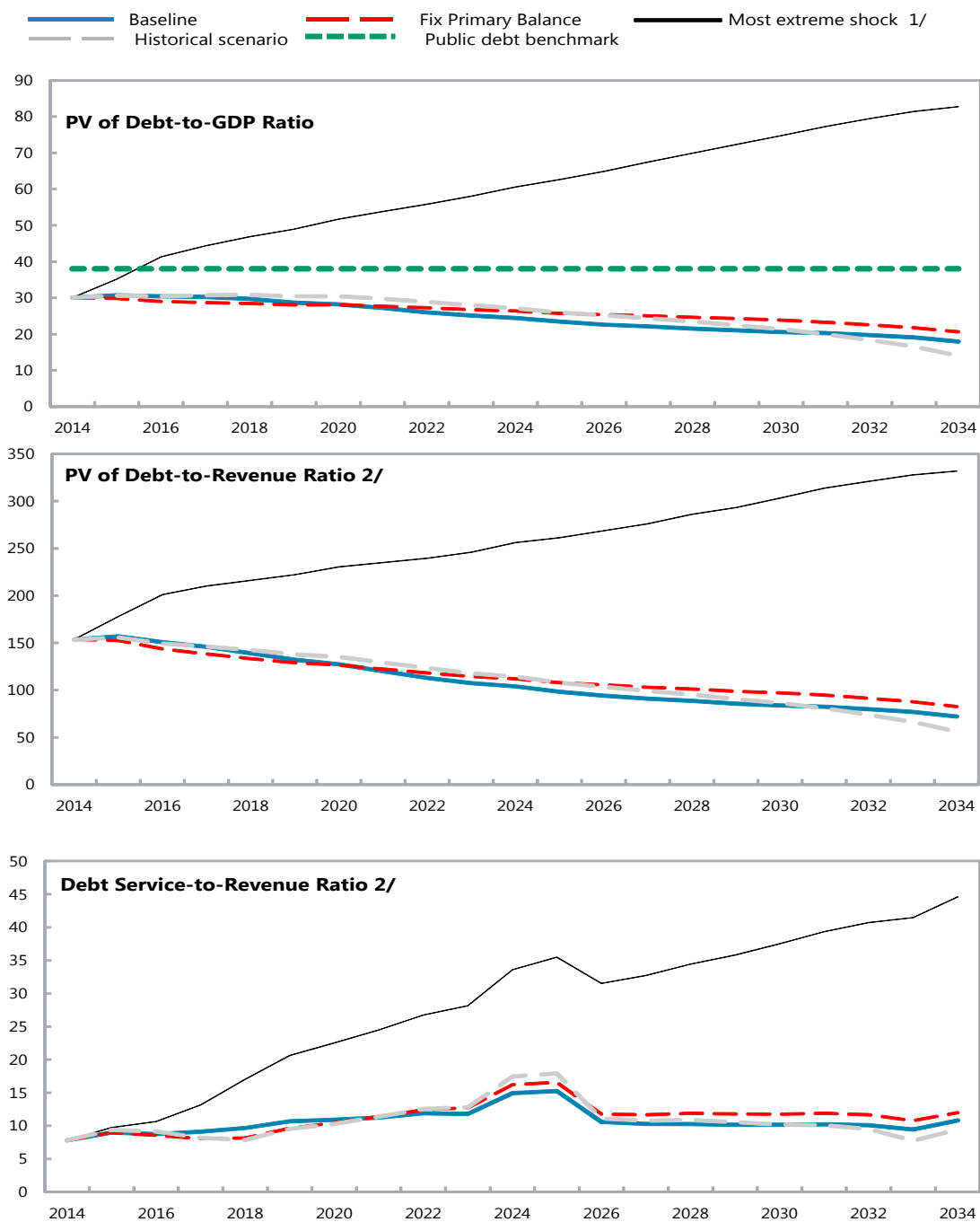
**Figure 2. Côte d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt Under Alternatives Scenarios, 2014–34 1/**



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio on or before 2024. In figure b. it corresponds to a Combination shock; in c. to a Exports shock; in d. to a Combination shock; in e. to a Exports shock and in figure f. to a Combination shock

**Figure 3. Côte d'Ivoire: Indicators of Public Debt Under Alternative Scenarios, 2014–34 1/**



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio on or before 2024.

2/ Revenues are defined inclusive of grants.

**Table 3a. Côte d'Ivoire: External Debt Sustainability Framework, Baseline Scenario, 2011–34 1/**  
(Percent of GDP, unless otherwise indicated)

	Actual			Historical Average <sup>6/</sup>	Standard Deviation <sup>6/</sup>	Projections						2014-2019 Average	2024	2034	2020-2034 Average
	2011	2012	2013			2014	2015	2016	2017	2018	2019				
<b>External debt (nominal) 1/</b>	<b>72.7</b>	<b>35.6</b>	<b>31.9</b>			<b>32.1</b>	<b>33.2</b>	<b>32.8</b>	<b>34.5</b>	<b>34.0</b>	<b>33.5</b>		<b>31.8</b>	<b>19.2</b>	
<i>of which: public and publicly guaranteed (PPG)</i>	52.1	17.0	16.4			18.9	21.6	22.7	25.6	26.1	26.4		27.6	19.2	
Change in external debt	2.6	-37.1	-3.7			0.2	1.1	-0.4	1.6	-0.4	-0.5		-0.8	-3.1	
Identified net debt-creating flows	-12.9	-4.5	-2.2			-1.8	-3.2	-3.0	-3.1	-2.8	-2.1		2.3	3.5	
<b>Non-interest current account deficit</b>	<b>-12.3</b>	<b>-0.2</b>	<b>3.5</b>	<b>-4.2</b>	<b>4.3</b>	<b>1.9</b>	<b>0.8</b>	<b>1.5</b>	<b>1.8</b>	<b>2.1</b>	<b>2.5</b>		<b>4.8</b>	<b>5.9</b>	5.0
Deficit in balance of goods and services	-16.5	-4.1	0.3			-1.9	-2.7	-2.0	-1.6	-0.9	-0.6		0.1	-0.4	
Exports	53.8	48.4	45.4			44.5	45.2	44.6	44.0	43.9	43.8		51.7	67.1	56.2
Imports	37.3	44.2	45.6			42.7	42.4	42.5	42.4	43.0	43.2		51.7	66.7	56.1
Net current transfers (negative = inflow)	2.1	1.9	0.9	1.9	0.8	0.8	0.7	1.0	1.2	1.4	1.6		2.9	4.1	3.3
<i>of which: official</i>	0.1	0.2	-1.1			-1.7	-1.7	-1.6	-1.5	-1.4	-1.3		-0.5	0.0	
Other current account flows (negative = net inflow)	2.0	2.0	2.4			3.0	2.8	2.5	2.3	1.6	1.6		1.8	2.3	
<b>Net FDI (negative = inflow)</b>	<b>-1.1</b>	<b>-1.2</b>	<b>-2.7</b>	<b>-1.7</b>	<b>0.5</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-3.4</b>	<b>-3.9</b>	<b>-3.9</b>	<b>-3.9</b>		<b>-1.9</b>	<b>-1.9</b>	-2.2
<b>Endogenous debt dynamics 2/</b>	<b>0.5</b>	<b>-3.1</b>	<b>-3.1</b>			<b>-1.0</b>	<b>-1.0</b>	<b>-1.1</b>	<b>-1.0</b>	<b>-0.9</b>	<b>-0.7</b>		<b>-0.5</b>	<b>-0.5</b>	
Contribution from nominal interest rate	1.9	1.4	1.4			1.2	1.3	1.2	1.2	1.2	1.2		1.0	0.5	
Contribution from real GDP growth	3.0	-7.3	-2.7			-2.2	-2.3	-2.3	-2.2	-2.2	-1.9		-1.5	-1.1	
Contribution from price and exchange rate changes	-4.3	2.7	-1.8			-	-	-	-	-	-		-	-	
<b>Residual (3-4) 3/</b>	<b>15.6</b>	<b>-32.6</b>	<b>-1.5</b>			<b>2.1</b>	<b>4.2</b>	<b>2.7</b>	<b>4.7</b>	<b>2.4</b>	<b>1.5</b>		<b>-3.1</b>	<b>-6.5</b>	
<i>of which: exceptional financing</i>	-0.1	-29.8	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
PV of external debt 4/	...	...	30.5			30.0	30.5	29.3	29.5	28.5	27.4		23.6	12.9	
In percent of exports	...	...	67.1			67.4	67.6	65.8	67.0	64.9	62.5		45.6	19.2	
<b>PV of PPG external debt</b>	<b>...</b>	<b>...</b>	<b>14.9</b>			<b>16.7</b>	<b>18.9</b>	<b>19.2</b>	<b>20.6</b>	<b>20.6</b>	<b>20.3</b>		<b>19.4</b>	<b>12.9</b>	
<b>In percent of exports</b>	<b>...</b>	<b>...</b>	<b>32.9</b>			<b>37.6</b>	<b>41.9</b>	<b>43.0</b>	<b>46.8</b>	<b>46.9</b>	<b>46.4</b>		<b>37.5</b>	<b>19.2</b>	
<b>In percent of government revenues</b>	<b>...</b>	<b>...</b>	<b>80.8</b>			<b>94.7</b>	<b>107.3</b>	<b>103.9</b>	<b>108.1</b>	<b>104.1</b>	<b>100.3</b>		<b>85.0</b>	<b>52.0</b>	
<b>Debt service-to-exports ratio (in percent)</b>	<b>26.7</b>	<b>9.8</b>	<b>10.5</b>			<b>5.6</b>	<b>5.8</b>	<b>6.3</b>	<b>6.5</b>	<b>6.6</b>	<b>7.0</b>		<b>7.9</b>	<b>3.6</b>	
<b>PPG debt service-to-exports ratio (in percent)</b>	<b>4.8</b>	<b>1.8</b>	<b>2.1</b>			<b>2.3</b>	<b>2.7</b>	<b>3.0</b>	<b>3.5</b>	<b>3.9</b>	<b>4.6</b>		<b>6.3</b>	<b>3.6</b>	
<b>PPG debt service-to-revenue ratio (in percent)</b>	<b>18.3</b>	<b>4.6</b>	<b>5.1</b>			<b>5.7</b>	<b>6.9</b>	<b>7.3</b>	<b>8.0</b>	<b>8.7</b>	<b>9.9</b>		<b>14.3</b>	<b>9.9</b>	
Total gross financing need (Billions of U.S. dollars)	1.2	1.8	2.6			1.4	1.0	1.2	1.1	1.3	1.7		6.7	12.2	
Non-interest current account deficit that stabilizes debt ratio	-15.0	36.9	7.2			1.6	-0.3	1.8	0.2	2.5	3.1		5.5	9.0	
<b>Key macroeconomic assumptions</b>															
Real GDP growth (in percent)	-4.4	10.7	8.7	2.9	4.2	8.0	8.0	7.7	7.5	7.0	6.0	7.4	5.1	5.1	5.1
GDP deflator in US dollar terms (change in percent)	6.6	-3.6	5.4	4.5	6.4	6.7	4.2	3.7	3.7	2.9	3.0	4.0	2.5	2.5	2.5
Effective interest rate (percent) 5/	2.7	2.1	4.6	2.9	0.8	4.3	4.4	4.2	4.2	3.9	3.9	4.1	3.4	2.5	3.2
Growth of exports of G&S (US dollar terms, in percent)	8.5	-4.0	7.5	8.5	7.3	13.0	14.2	10.2	10.1	9.7	9.1	11.1	11.3	10.4	10.8
Growth of imports of G&S (US dollar terms, in percent)	-12.1	26.6	18.2	11.8	12.2	7.7	12.0	11.9	11.1	11.8	9.7	10.7	11.1	10.3	10.9
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	22.7	15.4	31.8	31.3	30.2	30.5	27.0	20.0	10.8	20.8
Government revenues (excluding grants, in percent of GDP)	14.1	18.4	18.5			17.7	17.7	18.4	19.1	19.8	20.3		22.8	24.7	23.3
Aid flows (in Billions of US dollars) 7/	0.1	0.2	0.4			1.2	1.1	1.5	2.5	2.2	2.3		2.3	1.3	
<i>of which: Grants</i>	0.1	0.2	0.4			0.7	0.8	0.8	0.9	0.9	0.9		0.6	0.3	
<i>of which: Concessional loans</i>	0.0	0.0	0.0			0.6	0.3	0.7	1.6	1.3	1.4		1.7	0.9	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			2.9	2.8	3.0	3.6	2.7	2.6		1.5	0.3	1.3
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			45.8	36.7	52.7	46.6	50.7	50.5		31.8	19.1	33.0
<b>Memorandum items:</b>															
Nominal GDP (Billions of US dollars)	25.4	27.1	31.1			35.8	40.3	45.0	50.2	55.2	60.3		87.4	184.5	115.2
Nominal dollar GDP growth	1.9	6.7	14.6			15.2	12.6	11.7	11.5	10.1	9.2	11.7	7.7	7.8	7.7
PV of PPG external debt (in Billions of US dollars)	...	...	4.8			5.9	7.7	8.7	10.4	11.4	12.3		17.0	23.8	
(Pvt-Pvt-1)/GDPT-1 (in percent)	...	...	...			3.6	4.9	2.5	3.8	2.1	1.6	3.1	1.1	-0.4	0.9
Gross workers' remittances (Billions of US dollars)	-0.5	-0.5	-0.6			-0.9	-1.0	-1.2	-1.4	-1.6	-1.8		-3.1	-7.6	
PV of PPG external debt (in percent of GDP + remittances)	...	...	15.3			17.2	19.4	19.7	21.2	21.2	20.9		20.1	13.4	
PV of PPG external debt (in percent of exports + remittances)	...	...	34.5			39.8	44.4	45.7	49.9	50.1	49.7		40.3	20.4	
Debt service of PPG external debt (in percent of exports + remittances)	...	...	2.2			2.4	2.9	3.2	3.7	4.2	4.9		6.8	3.9	

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as  $[r - g - \rho(1+g)] / (1+g+\rho+gp)$  times previous period debt ratio, with  $r$  = nominal interest rate;  $g$  = real GDP growth rate, and  $\rho$  = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Assumes that PV of private sector debt is equivalent to its face value.

5/ Current-year interest payments divided by previous period debt stock.

6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

7/ Defined as grants, concessional loans, and debt relief.

8/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

**Table 3b. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2014–34**  
(Percent)

	Projections							
	2014	2015	2016	2017	2018	2019	2024	2034
<b>PV of debt-to GDP ratio</b>								
<b>Baseline</b>	17	19	19	21	21	20	<b>19</b>	13
<b>A. Alternative Scenarios</b>								
A1. Key variables at their historical averages in 2014-2034 1/	17	22	24	28	29	30	<b>20</b>	-16
A2. New public sector loans on less favorable terms in 2014-2034 2	17	20	22	25	26	27	<b>31</b>	30
<b>B. Bound Tests</b>								
B1. Real GDP growth at historical average minus one standard deviation in 2015-2016	17	21	22	24	24	24	<b>23</b>	15
B2. Export value growth at historical average minus one standard deviation in 2015-2016 3/	17	24	31	32	31	31	<b>27</b>	15
B3. US dollar GDP deflator at historical average minus one standard deviation in 2015-2016	17	20	22	23	23	23	<b>22</b>	15
B4. Net non-debt creating flows at historical average minus one standard deviation in 2015-2016 4/	17	22	26	27	27	26	<b>23</b>	14
B5. Combination of B1-B4 using one-half standard deviation shocks	17	27	39	40	39	38	<b>33</b>	17
B6. One-time 30 percent nominal depreciation relative to the baseline in 2015 5/	17	27	27	29	29	29	<b>27</b>	18
<b>PV of debt-to-exports ratio</b>								
<b>Baseline</b>	38	42	43	47	47	46	<b>38</b>	19
<b>A. Alternative Scenarios</b>								
A1. Key variables at their historical averages in 2014-2034 1/	38	48	54	63	67	69	<b>39</b>	-23
A2. New public sector loans on less favorable terms in 2014-2034 2	38	45	48	56	59	61	<b>60</b>	45
<b>B. Bound Tests</b>								
B1. Real GDP growth at historical average minus one standard deviation in 2015-2016	38	42	43	47	47	47	<b>38</b>	19
B2. Export value growth at historical average minus one standard deviation in 2015-2016 3/	38	59	87	90	88	86	<b>64</b>	27
B3. US dollar GDP deflator at historical average minus one standard deviation in 2015-2016	38	42	43	47	47	47	<b>38</b>	19
B4. Net non-debt creating flows at historical average minus one standard deviation in 2015-2016 4/	38	49	58	61	61	60	<b>45</b>	21
B5. Combination of B1-B4 using one-half standard deviation shocks	38	61	85	88	86	84	<b>61</b>	25
B6. One-time 30 percent nominal depreciation relative to the baseline in 2015 5/	38	42	43	47	47	47	<b>38</b>	19
<b>PV of debt-to-revenue ratio</b>								
<b>Baseline</b>	95	107	104	108	104	100	<b>85</b>	52
<b>A. Alternative Scenarios</b>								
A1. Key variables at their historical averages in 2014-2034 1/	95	122	130	146	149	150	<b>89</b>	-63
A2. New public sector loans on less favorable terms in 2014-2034 2	95	115	117	130	131	132	<b>137</b>	121
<b>B. Bound Tests</b>								
B1. Real GDP growth at historical average minus one standard deviation in 2015-2016	95	116	122	127	122	117	<b>100</b>	61
B2. Export value growth at historical average minus one standard deviation in 2015-2016 3/	95	134	170	168	159	152	<b>117</b>	59
B3. US dollar GDP deflator at historical average minus one standard deviation in 2015-2016	95	114	117	122	117	113	<b>96</b>	59
B4. Net non-debt creating flows at historical average minus one standard deviation in 2015-2016 4/	95	127	141	142	135	129	<b>103</b>	56
B5. Combination of B1-B4 using one-half standard deviation shocks	95	155	211	208	197	187	<b>143</b>	70
B6. One-time 30 percent nominal depreciation relative to the baseline in 2015 5/	95	151	146	152	147	141	<b>120</b>	73

**Table 3b. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2014–34 (concluded)**

(Percent)

<b>Debt service-to-exports ratio</b>								
<b>Baseline</b>	2	3	3	3	4	5	<b>6</b>	4
<b>A. Alternative Scenarios</b>								
A1. Key variables at their historical averages in 2014-2034 1/	2	3	3	4	5	6	<b>8</b>	1
A2. New public sector loans on less favorable terms in 2014-2034 2	2	3	3	3	4	4	<b>5</b>	5
<b>B. Bound Tests</b>								
B1. Real GDP growth at historical average minus one standard deviation in 2015-2016	2	3	3	3	4	5	<b>6</b>	4
B2. Export value growth at historical average minus one standard deviation in 2015-2016 3/	2	3	4	6	6	7	<b>10</b>	5
B3. US dollar GDP deflator at historical average minus one standard deviation in 2015-2016	2	3	3	3	4	5	<b>6</b>	4
B4. Net non-debt creating flows at historical average minus one standard deviation in 2015-2016 4/	2	3	3	4	5	5	<b>7</b>	4
B5. Combination of B1-B4 using one-half standard deviation shocks	2	3	4	5	6	7	<b>9</b>	5
B6. One-time 30 percent nominal depreciation relative to the baseline in 2015 5/	2	3	3	3	4	5	<b>6</b>	4
<b>Debt service-to-revenue ratio</b>								
<b>Baseline</b>	6	7	7	8	9	10	<b>14</b>	10
<b>A. Alternative Scenarios</b>								
A1. Key variables at their historical averages in 2014-2034 1/	6	7	8	10	11	12	<b>17</b>	3
A2. New public sector loans on less favorable terms in 2014-2034 2	6	7	7	8	9	9	<b>11</b>	14
<b>B. Bound Tests</b>								
B1. Real GDP growth at historical average minus one standard deviation in 2015-2016	6	7	9	9	10	12	<b>17</b>	12
B2. Export value growth at historical average minus one standard deviation in 2015-2016 3/	6	7	8	11	11	12	<b>18</b>	12
B3. US dollar GDP deflator at historical average minus one standard deviation in 2015-2016	6	7	8	9	10	11	<b>16</b>	11
B4. Net non-debt creating flows at historical average minus one standard deviation in 2015-2016 4/	6	7	8	9	10	11	<b>16</b>	11
B5. Combination of B1-B4 using one-half standard deviation shocks	6	8	10	13	13	15	<b>22</b>	14
B6. One-time 30 percent nominal depreciation relative to the baseline in 2015 5/	6	10	10	11	12	14	<b>20</b>	14
<i>Memorandum item:</i>								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	8	8	8	8	8	8	<b>8</b>	8

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline, while grace and maturity periods are the same as in the baseline.

3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).

4/ Includes official and private transfers and FDI.

5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.

6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

**Table 4a. Côte d'Ivoire: Public Sector Debt Sustainability Framework, Baseline Scenario, 2011–34**  
(Percent of GDP, unless otherwise indicated)

	Actual			Average	5/	Standard Deviation	5/	Estimate						Projections			
	2011	2012	2013					2014	2015	2016	2017	2018	2019	2014-19 Average	2024	2034	2020-34 Average
<b>Public sector debt 1/</b>	69.9	33.7	34.2					32.2	33.4	34.0	35.2	35.2	34.8		32.7	24.2	
<i>of which: foreign-currency denominated</i>	52.3	17.2	16.4					18.9	21.6	22.7	25.6	26.1	26.4		27.6	19.2	
Change in public sector debt	6.9	-36.2	0.4					-2.0	1.2	0.6	1.3	0.0	-0.4		-0.5	-1.6	
Identified debt-creating flows	-27.7	-6.1	-1.8					-1.5	-0.6	-0.4	-0.8	-1.0	-0.9		-0.4	0.1	
Primary deficit	2.9	2.4	1.2	0.7		1.3		1.4	2.3	2.0	1.6	1.1	0.9	1.6	1.1	1.3	1.1
Revenue and grants	14.4	18.9	19.8					19.6	19.6	20.2	20.8	21.4	21.7	20.5	23.5	24.9	24.0
<i>of which: grants</i>	0.3	0.6	1.3					1.9	1.9	1.8	1.7	1.6	1.5		0.7	0.2	
Primary (noninterest) expenditure	17.3	21.3	21.0					20.9	21.9	22.2	22.4	22.5	22.6	22.1	24.6	26.2	25.0
Automatic debt dynamics	3.2	-8.4	-3.0					-2.7	-2.8	-2.4	-2.4	-2.1	-1.8		-1.4	-1.2	
Contribution from interest rate/growth differential	2.8	-7.5	-2.2					-2.6	-2.2	-2.0	-2.0	-1.9	-1.6		-1.3	-1.1	
<i>of which: contribution from average real interest rate</i>	0.0	-0.8	0.5					-0.1	0.2	0.4	0.4	0.4	0.4		0.3	0.1	
<i>of which: contribution from real GDP growth</i>	2.9	-6.7	-2.7					-2.5	-2.4	-2.4	-2.4	-2.3	-2.0		-1.6	-1.3	
Contribution from real exchange rate depreciation	0.4	-0.9	-0.8					-0.1	-0.7	-0.4	-0.3	-0.2	-0.2		...	...	
Other identified debt-creating flows	-33.7	0.0	0.0					-0.2	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	0.0					-0.2	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0					0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Debt relief (HIPC and other)	-33.7	0.0	0.0					0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0					0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes	34.6	-30.1	2.2					-0.5	1.8	1.0	2.0	1.0	0.5		-0.1	-1.7	
<b>Other Sustainability Indicators</b>																	
<b>PV of public sector debt</b>	...	...	32.7					30.1	30.7	30.4	30.3	29.7	28.7		24.5	17.9	
<i>of which: foreign-currency denominated</i>	...	...	14.9					16.7	18.9	19.2	20.6	20.6	20.3		19.4	12.9	
<i>of which: external</i>	...	...	14.9					16.7	18.9	19.2	20.6	20.6	20.3		19.4	12.9	
PV of contingent liabilities (not included in public sector debt)	...	...	...					...	...	...	...	...	...		...	...	
Gross financing need 2/	6.0	3.7	2.7					2.9	4.1	3.8	3.5	3.2	3.2		4.6	4.0	
PV of public sector debt-to-revenue and grants ratio (in percent)	...	...	165.3					153.7	157.0	150.7	145.8	138.9	132.1		104.0	72.0	
PV of public sector debt-to-revenue ratio (in percent)	...	...	177.0					170.0	174.0	165.1	158.8	150.1	141.7		107.3	72.5	
<i>of which: external 3/</i>	...	...	80.8					94.7	107.3	103.9	108.1	104.1	100.3		85.0	52.0	
Debt service-to-revenue and grants ratio (in percent) 4/	22.1	6.9	7.3					7.8	9.0	8.8	9.1	9.7	10.7		14.9	10.8	
Debt service-to-revenue ratio (in percent) 4/	22.5	7.1	7.8					8.7	10.0	9.6	9.9	10.4	11.5		15.4	10.9	
Primary deficit that stabilizes the debt-to-GDP ratio	-4.0	38.6	0.8					3.4	1.1	1.5	0.3	1.1	1.3		1.6	2.9	
<b>Key macroeconomic and fiscal assumptions</b>																	
Real GDP growth (in percent)	-4.4	10.7	8.7	2.9		4.2		8.0	8.0	7.7	7.5	7.0	6.0	7.4	5.1	5.1	5.1
Average nominal interest rate on forex debt (in percent)	1.8	1.0	4.3	1.9		1.0		3.8	4.1	3.8	3.9	3.6	3.6	3.8	3.1	2.7	3.0
Average real interest rate on domestic debt (in percent)	0.5	-2.3	0.4	-0.5		2.7		-2.4	-1.3	-0.2	-0.2	0.5	0.3	-0.6	0.4	0.3	0.3
Real exchange rate depreciation (in percent, + indicates depreciation)	0.7	-2.0	-4.8	-1.4		7.7		-0.4	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	1.6	4.4	2.0	2.7		3.0		4.6	5.1	3.1	2.8	2.2	2.4	3.4	2.5	2.5	2.5
Growth of real primary spending (deflated by GDP deflator, in percent)	-16.0	36.7	7.2	2.8		13.2		7.5	12.8	9.5	8.1	7.5	6.8	8.7	6.5	5.2	6.2
Grant element of new external borrowing (in percent)	...	...	...	...		...		22.7	15.4	31.8	31.3	30.2	30.5	27.0	20.0	10.8	...

Sources: Country authorities; and staff estimates and projections.

1/ [Indicate coverage of public sector, e.g., general government or nonfinancial public sector. Also whether net or gross debt is used.]

2/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period.

3/ Revenues excluding grants.

4/ Debt service is defined as the sum of interest and amortization of medium and long-term debt.

5/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.



**Table 4b. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public Debt, 2014–34**

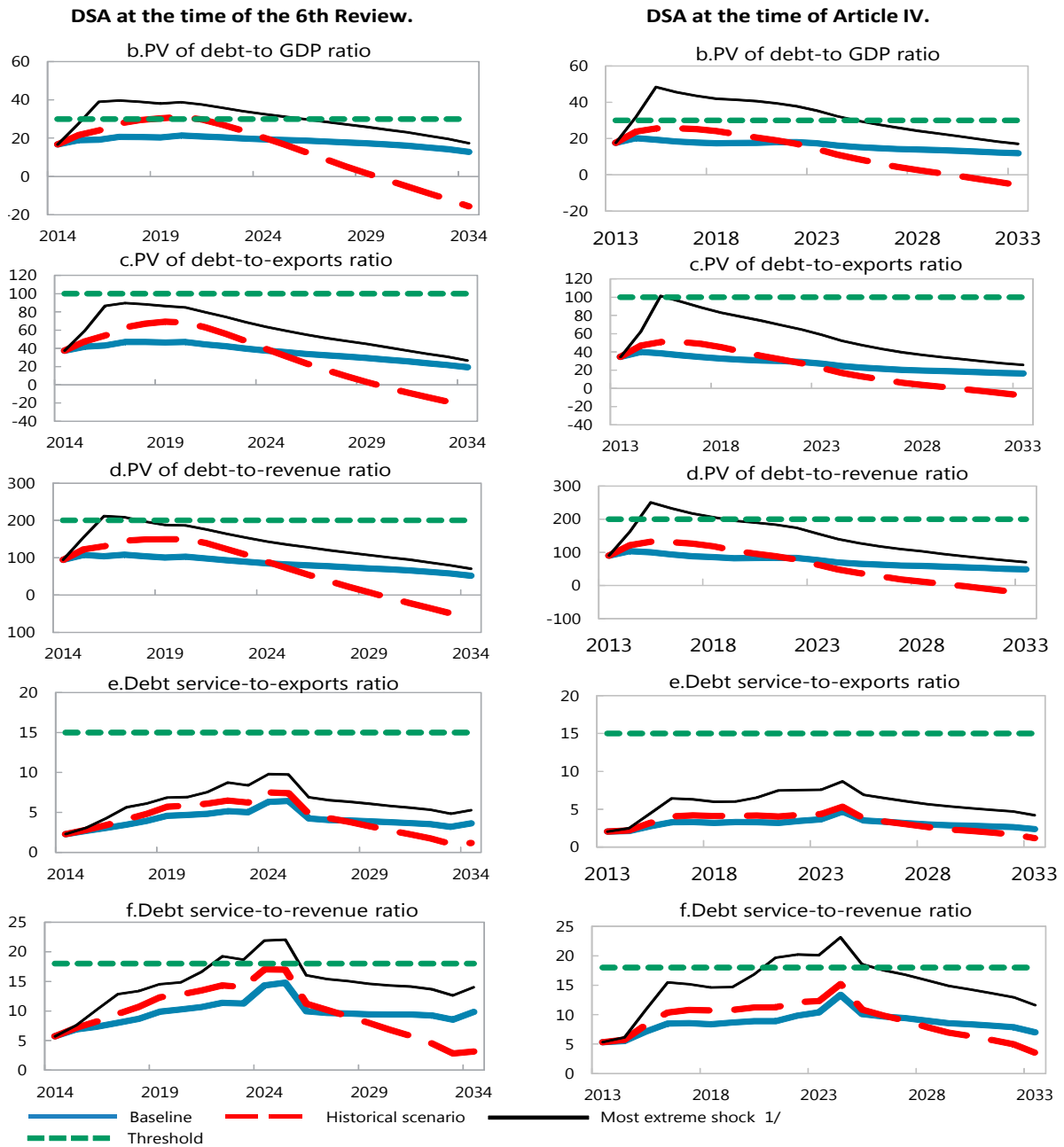
	Projections							
	2014	2015	2016	2017	2018	2019	2024	2034
<b>PV of Debt-to-GDP Ratio</b>								
<b>Baseline</b>	30	31	30	30	30	29	24	18
<b>A. Alternative scenarios</b>								
A1. Real GDP growth and primary balance are at historical averages	30	31	30	31	31	30	27	14
A2. Primary balance is unchanged from 2014	30	30	29	29	28	28	26	21
A3. Permanently lower GDP growth 1/	30	31	31	32	32	32	36	59
<b>B. Bound tests</b>								
B1. Real GDP growth is at historical average minus one standard deviations in 2015-2016	30	35	41	44	47	49	61	83
B2. Primary balance is at historical average minus one standard deviations in 2015-2016	30	30	30	30	29	28	24	18
B3. Combination of B1-B2 using one half standard deviation shocks	30	32	33	35	37	39	47	63
B4. One-time 30 percent real depreciation in 2015	30	37	36	35	34	32	27	23
B5. 10 percent of GDP increase in other debt-creating flows in 2015	30	40	39	39	38	36	31	23
<b>PV of Debt-to-Revenue Ratio 2/</b>								
<b>Baseline</b>	154	157	151	146	139	132	104	72
<b>A. Alternative scenarios</b>								
A1. Real GDP growth and primary balance are at historical averages	154	156	149	146	142	138	114	56
A2. Primary balance is unchanged from 2014	154	152	144	138	133	129	112	83
A3. Permanently lower GDP growth 1/	154	159	155	153	150	148	152	235
<b>B. Bound tests</b>								
B1. Real GDP growth is at historical average minus one standard deviations in 2015-2016	154	178	201	210	216	222	256	332
B2. Primary balance is at historical average minus one standard deviations in 2015-2016	154	155	149	144	138	131	103	71
B3. Combination of B1-B2 using one half standard deviation shocks	154	162	161	168	173	177	200	254
B4. One-time 30 percent real depreciation in 2015	154	189	178	167	157	148	116	93
B5. 10 percent of GDP increase in other debt-creating flows in 2015	154	205	195	186	176	167	132	91
<b>Debt Service-to-Revenue Ratio 2/</b>								
<b>Baseline</b>	8	9	9	9	10	11	15	11
<b>A. Alternative scenarios</b>								
A1. Real GDP growth and primary balance are at historical averages	8	9	9	8	8	10	17	9
A2. Primary balance is unchanged from 2014	8	9	9	8	8	10	16	12
A3. Permanently lower GDP growth 1/	8	9	9	10	11	12	21	31
<b>B. Bound tests</b>								
B1. Real GDP growth is at historical average minus one standard deviations in 2015-2016	8	10	11	13	17	21	34	45
B2. Primary balance is at historical average minus one standard deviations in 2015-2016	8	9	9	9	9	11	15	11
B3. Combination of B1-B2 using one half standard deviation shocks	8	10	10	9	9	14	27	34
B4. One-time 30 percent real depreciation in 2015	8	10	12	13	14	16	24	22
B5. 10 percent of GDP increase in other debt-creating flows in 2015	8	9	11	19	19	14	18	14

Sources: Country authorities; and staff estimates and projections.

1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of the length of the projection period.

2/ Revenues are defined inclusive of grants.

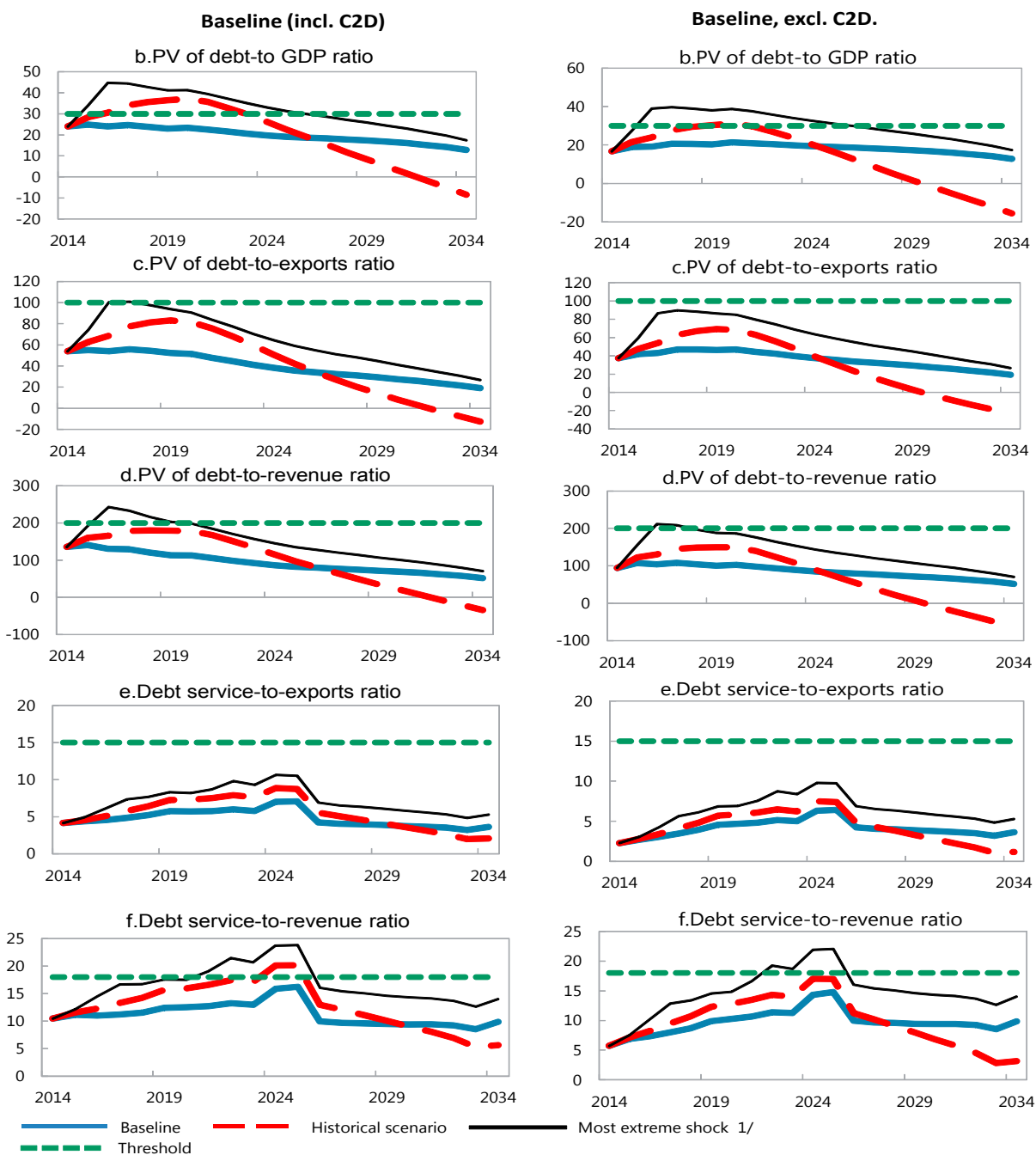
Figure 4. Côte d'Ivoire: Comparison Current Vs. Article IV DSA



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio on or before 2024. In figure b. it corresponds to a Combination shock; in c. to a Exports shock; in d. to a Combination shock; in e. to a Exports shock and in figure f. to a Combination shock.

**Figure 5. Côte d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt Under Alternatives Scenarios, 2014–34 1/**



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio on or before 2024. In figure b. it corresponds to a Combination shock; in c. to a Exports shock; in d. to a Combination shock; in e. to a Exports shock and in figure f. to a Combination shock.



INTERNATIONAL MONETARY FUND



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Washington, D.C. 20431 USA

### **IMF Executive Board Completes Sixth Review under the ECF Arrangement for Côte d'Ivoire, Approves US\$94.7 Million Disbursement, and Augments Access and Extends the Arrangement**

The Executive Board of the International Monetary Fund (IMF) today completed the sixth review of Côte d'Ivoire's performance under an economic program supported by an Extended Credit Facility (ECF) arrangement. The decision enables the disbursement of SDR 65.04 million (about US\$94.7 million, 20 percent of quota), bringing total disbursements under the arrangement to SDR 422.76 million (about US\$615.9 million, 130 percent of quota). In completing the review, the Executive Board granted a waiver of the non-observance of the continuous performance criterion on contracting or guaranteeing of new non-concessional external debt.

In addition, the Executive Board approved a twelve-month extension and augmentation of access under the arrangement of SDR 130.08 million (about \$189.5 million, 40 percent of quota), including SDR 32.52 million (about \$47.4 million, 10 percent of quota) to meet additional balance of payment needs generated by the Ebola prevention plan.

The Executive Board approved the ECF arrangement for Côte d'Ivoire on November 4, 2011 (see [Press Release No. 11/399](#)).

Following the Executive Board's discussion on Côte d'Ivoire, Mr. Shinohara, Deputy Managing Director and Acting Chair, made the following statement:

“Recent macroeconomic performance in Côte d'Ivoire has been strong. Growth performance since 2012 has been among the highest in Sub-Saharan Africa and per capita income has increased by almost 20 percent. High public investment has supported growth and improved access to public services. Inflation remains moderate. Program performance under the ECF arrangement has been strong, which was reflected in Côte d'Ivoire's improved ranking in the 2015 *Doing Business* survey, the favorable debut 2014 sovereign bond ratings, and the low yield of the July 2014 Eurobond. Continued commitment to prudent policies and structural reforms will be necessary to increase private sector activity and to sustain high growth to achieve the ambitious goals set in the National

Development Plan. A cautious approach to debt accumulation of non-concessional debt and further strengthening of debt management will be critical to maintain macroeconomic stability.

“The near-term macroeconomic outlook remains positive, driven by continued high public investment and rising private investment. The draft budget for 2015, which includes, in particular, a provision for Ebola prevention is appropriately marked by a limited expansion of the overall fiscal deficit to accommodate growth-friendly investment in key economically viable infrastructure projects. Establishing a Treasury single account will be important going forward. To create fiscal space needed for infrastructure and social spending, priority should be given to mobilizing tax and customs revenues and eliminating exemptions.

“The authorities are taking steps to regularize domestic arrears and to pay delayed budget subsidies to the electricity sector, while also adopting additional measures to improve the financial situation of the energy sector over the medium term. Further structural reforms are necessary to improve the business climate and governance to promote private sector investment and reduce the reliance of the growth strategy on the public sector.”

**Statement by Ngueto Tiraina Yambaye, Executive Director for Côte d'Ivoire  
and Marcellin Koffi Alle, Senior Advisor to the Executive Director**

**December 5, 2014**

**The ECF-supported program has proved an appropriate anchor for Côte d'Ivoire's efforts towards achieving the ambitious goals set in its National Development Plan 2012–15.** Our Ivorian authorities would like to thank the Board, Management and Staff for their support, which has been instrumental in the dramatic changes that the country underwent over the past years. The fruitful discussions recently held with Staff in Abidjan are further signs of the excellent cooperation between Côte d'Ivoire and the Fund, and the authorities broadly share the thrust of the report put forward.

**As end-2014 marks an important milestone, it is worth emphasizing some key achievements recorded since the conclusion of the program in 2011.** The authorities' strong resolve and sound policymaking have resulted in strong economic growth starting in 2012, and is projected to reach 8 percent in 2014. The macroeconomic framework has improved significantly. Fiscal policy has favored growth-enhancing public investments, clearing arrears to strengthen the private sector's balance sheets and improving the delivery of key basic services to the populations. The authorities have also implemented major structural reforms in key economic sectors, including the cocoa-coffee sector, energy, the financial sector and the business environment. All these reform efforts have been accompanied by considerable progress in the area of domestic peace and security and in the overall political environment. The positive outlook has helped Côte d'Ivoire successfully tap the international bond market in July 2014 with a 10-year \$750 million Eurobond, which was more than six times oversubscribed and secured a historically favorable yield of 5.625 percent at issue.

**Yet, the Ivorian authorities are cognizant of the challenges still facing the economy and the country as a whole.** For the remainder of 2014 and 2015, they are committed to address key bottlenecks to growth and to continue to lay the foundations for a thriving private sector capable of creating large job opportunities. The government's 2015 budget has been built on these grounds while taking account of the need to maintain the fiscal stance in a context of presidential elections and to preserve long-term debt sustainability. The authorities also intend to pursue their successful efforts of ring-fencing against Ebola. The ECF arrangement continues to serve the country well at this juncture. In particular, an augmentation in access will bolster the authorities' effort that has preserved Côte d'Ivoire from the Ebola crisis to date. The Ivorian authorities have therefore requested the extension of the current ECF program on the basis of their recent performance and as an appropriate anchor for their policies planned for 2015 and ahead. We would value the Board's support in this regard.

**Recent Developments and Program Performance**

**The Ivorian authorities have kept up the momentum and continue to make progress in implementing reforms.** As a result, **program performance** continues to be strong as shown

by the observance of all end-June performance criteria and indicative targets and the completion of all structural benchmarks, albeit with minor delays. The authorities request a waiver for the nonobservance of the continuous performance criterion on the ceiling on new nonconcessional external debt, which occurred in July with the issuance of the US\$750 million Eurobond. The bond that moderately exceeded the US\$500 million program ceiling was subscribed at US\$ 4.8 billion. With such a success, the authorities saw scope to raise more than planned. They liaised with staff and both parties agreed to use the excess to clear domestic arrears. Furthermore, as assessed by staff, the excess proceeds do not impact Côte d'Ivoire's risk of debt distress and rather help improve the maturity structure of domestic debt.

**Key macroeconomic indicators have shown buoyancy over the period under review, though staff and the authorities slightly diverge on growth projections.** Staff project real GDP to grow by 8 percent both in 2014 and 2015 against 9 percent and 10 percent from the authorities' side. The harmonization of methodologies agreed upon should help address this issue. Growth will be driven in 2014-15 by the dynamism of all sectors, in particular cocoa, energy, construction, services and commerce. Low food prices have kept inflation subdued. Owing to high revenue, the end-June fiscal stance was strong, better than programmed, and the primary basic balance displayed a surplus against a deficit projected under the program. Pro-poor spending also performed well, exceeding program target. The authorities are working expeditiously to address issues at the custom administration with the view to further enhance revenue collection and hence the fiscal balance. The external position has benefitted from falling oil price and high cocoa price.

**As regards structural reforms, the authorities have made progress on many fronts and are committed to continue their efforts in 2015 and ahead.** In the fiscal sector, the transposition of the directives on public finances initiated by the West African Economic and Monetary Union (WAEMU) in national laws is in its final stage. A clear strategy and an action plan have been adopted to put in place a Treasury single account. Likewise, notable improvements have been brought to the public procurement sector, bringing the amount of public procurement granted on a non-competitive basis to 5.8 percent of the value of contracts against 65 percent for the first semester of 2013. The restructuring of public banks has reached an important milestone with the closing down on September 30th of the *Banque de Financement de l'Agriculture* (BFA) and the other banks are proceeding with the options adopted by the government. The authorities have also brought major improvements to the business climate. Notable improvements include simplified procedures for incorporating companies, streamlined regulations, settlements of business lawsuits in a commercial tribunal, and lower business registration fees. As a result, the number of business start-ups and private investment has continued to increase and for the second consecutive year, Côte d'Ivoire is ranked among the world's ten countries that stand out as having improved the most in performance on the Doing Business indicators – as indicated by the 2015 Doing Business Report.

## **Policies in 2015 and the Medium-Term**

**The authorities' medium-term policies are meant to contribute to the achievement of the overarching goal of the economic transformation of Côte d'Ivoire envisaged in the National Development Plan (NDP).** The progress made in the implementation of the NDP 2012–15, which is under review, should serve as a basis for the preparation of the successor NDP 2016-20. Policies for 2015 are consistent with this framework, and will evolve around stepped up efforts to further enhance macroeconomic stability and accelerate reforms. These include pursuing a fiscal policy geared towards growth while preserving debt sustainability, proceeding with the restructuring of public banks and taking steps in the overall financial sector reform and addressing the remaining bottlenecks related to the business climate.

**Gearing fiscal policy towards growth while preserving debt sustainability.** The authorities' 2015 fiscal stance will be characterized by an increase of the overall deficit to 3.4 percent of GDP from 2.3 percent in 2014. This reflects the financing of key growth-enhancing public investments. While having recourse to debt, the authorities are mindful that the fiscal potential is yet to be realized. In this regard, the government has initiated a commission to study tax policy reform. The aim is to raise the revenue to GDP ratio to support the country's ambitious infrastructure program and to generate high and sustained growth for the years to come. In the meantime, measures for 2015 include the inception of tax collection centers for medium-sized enterprises, developing the tax bases of excise taxes on tobacco and beverages, modernizing tax management by introducing online tax returns, and simplifying business tax systems.

**The authorities are of the view that their efforts in financing public investments need to be supplemented by the appropriate external level of external resources if they are to sustain the growth momentum, crowd in the private sector investment and help create jobs especially for the youths.** It is in this regard and given the scarcity of concessional resources that they are requesting an increase in the program ceiling on new nonconcessional external debt in 2015. The new window would accommodate the planned 2015 Eurobond and projects in the energy, infrastructure and transport sectors. These have been discussed in detail with Staff who supports the requests, assessing that the new window will not deteriorate Côte d'Ivoire's risk of external debt distress and that the projects would have considerable benefits to the economy.

**Going forward, our authorities would like to reaffirm their commitment to preserve the hard-won achievement regarding debt sustainability.** In this vein, the authorities take good note of the fact that the new DSA while factoring in the government's planned new nonconcessional borrowing concludes that Côte d'Ivoire remains at a moderate risk of debt distress. The authorities will closely monitor debt developments according to their Medium-Term Debt Strategy (MDTS). Moreover, they will continue their efforts to enhance debt management capacity as well as the institutional framework.

**Stepping up financial sector reforms.** The closing down of the BFA marked an important step in the government's strategy to divest from the banking sector. This process will be accelerated in the period ahead. The privatization committee has made considerable progress in negotiating with entities interested in acquiring the government's shares in public banks



and the authorities expect to close the deals in 2015. In the same vein, the restructuring options chosen for a few of these banks should enter the implementation phase. As regards the broader reform of the financial sector, after conducting the necessary studies, which was a lengthy process, the authorities have adopted the financial sector development strategy. They are now putting in place the organizational structure including all relevant participants to implement the strategy with the support of partners such as the World Bank and the Fund. In this process, the national effort will also reap the benefits of the reforms initiated by the BCEAO for the whole WAEMU financial sector.

**Leveraging the improved business climate to create jobs.** Making the private sector the main engine of growth remains a major goal on the Ivorian authorities' agenda. To this end, they are pursuing the reforms to further improve the business climate with the aim of ranking Côte d'Ivoire among the leading African countries in this area. Additional measures for 2015 have been identified accordingly, ranging from introducing online incorporation of companies to reducing red tape in import/export procedures. Furthermore, the government is supplementing these actions with initiatives to facilitate the physical settlement of businesses for increased job creation. In this line, it has embarked on a vast program of rehabilitation of industrial zones and the creation of new ones for a total cost of CFAF 75 billion. This effort goes hand in hand with the provision of economic infrastructures notably telecommunications, energy, roads and port facilities. The overarching goal is to diversify the industrial base for job creation, including by promoting SMEs.

## **Conclusion**

**Over the past years, Côte d'Ivoire has made considerable progress in enhancing macroeconomic stability and implementing structural reforms to engineer sustained and broad-based growth.** In an environment of improved security, the authorities have continued to record a strong performance under the ECF-supported program. The recent period has kept up with this momentum of high growth, backed by buoyant public investment, and important structural reforms that are crowding in increasing private investment, including FDI.

**Going forward, the Ivorian authorities are fully aware of the challenges still facing their development agenda.** Fostering domestic revenue mobilization to realize the fiscal potential, ensuring the smooth financing of major growth-enhancing infrastructure projects without jeopardizing the hard-won debt sustainability, making growth more inclusive by creating jobs remain among the top challenges. The authorities are committed to take on these endeavors, with the support of the Fund and development partners.