INTERNATIONAL MONETARY FUND

IMF Country Report No. 17/372

CÔTE D'IVOIRE

December 2017

SECOND REVIEWS UNDER AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY—PRESS RELEASE; AND STAFF REPORT

In the context of the second reviews under an arrangement under the extended credit facility and the extended arrangement under the extended fund facility, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on lapse of time basis, following discussions that ended on October 15, 2017, with the officials of Côte d'Ivoire on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the staff report was completed on November 21, 2017.
- An **Informational Annex** prepared by the IMF.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.

The documents listed below have been or will be separately released.

Letter of Intent* sent to the IMF by the authorities of Côte d'Ivoire.

Supplement to the Memorandum of Economic and Financial Policies* by the authorities of Côte d'Ivoire.

Technical Memorandum of Understanding*.

*Also included in the Staff Report.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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**International Monetary Fund
Washington, D.C.**

Press Release No. 17/472
FOR IMMEDIATE RELEASE
December 8, 2017

International Monetary Fund
Washington, D.C. 20431 USA

IMF Executive Board Completes Second Reviews of the ECF and the EFF Arrangements for Côte d'Ivoire and Approves US$136.5 Million Disbursement

On December 8, 2017, the Executive Board of the International Monetary Fund (IMF) completed the second reviews of Côte d'Ivoire program supported by the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF). The decision was taken without a Board meeting[1] and enables the disbursement of SDR 96.786 million (about US$136.5 million), bringing total disbursements under the arrangements to SDR 263.258 million (approximately US$371.3million).

Performance under the EFC/EFF-supported program was strong in the first half of 2017. All performance criteria and indicative targets for end-June 2017 were observed and all structural benchmarks were met. Sound policies implemented by the authorities in the context of the IMF-supported program have helped secure confidence of the international financial markets, which enabled a successful Eurobond issuance in June.

Economic activity remains strong in 2017. The economy has coped well with the terms of trade shocks and social tensions. Real GDP growth is expected to stay above 7 percent in 2017-19, with broadly balanced risks to the outlook. Inflation is expected to remain subdued. The fiscal budget deficit is expected to be contained to 4.5 percent of GDP in 2017 and converge to the WAEMU regional norm of 3 percent of GDP in 2019.

The authorities are advancing structural reforms, including on program budgeting and streamlining the expenditure chain, strengthening public investment management and monitoring fiscal risks stemming from public enterprises and PPPs. It will be essential that they continue to maintain debt sustainability, while making space to finance their National Development Program (2016-2020) by stepping up revenue mobilization, rationalizing tax exemptions, and strengthening the evaluation and prioritization of new investment projects.

[1] The Executive Board takes decisions under its lapse of time procedure when it is agreed by the Board that a proposal can be considered without convening formal discussions.

It will be equally important for the authorities to accelerate structural reforms critical to sustaining private sector-led economic development, which would spur growth and reinforce the country's regional economic role. In this regard, the measures implemented by the Ivoirien authorities in the energy sector will improve its financial viability. Alongside, the recapitalization of one public bank will contribute to financial sector stability.

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

November 21, 2017

SECOND REVIEWS UNDER AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY

EXECUTIVE SUMMARY

Context. Meeting the demands of mutinous soldiers and striking civil servants secured social peace and stability. The authorities tightened security measures to address sporadic attacks on police and security installations that occurred over the summer.

Economic outlook. Economic growth remains strong despite terms of trade and domestic shocks. Growth is projected to stay above 7 percent per year in 2017–19, with broadly balanced risks to the outlook. Inflation is expected to remain subdued.

Program policies. Program performance has been strong in 2017. All end-June 2017 performance criteria and structural benchmarks have been met, and the criteria for end-year are within reach. New revenue mobilization measures and rationalization of current expenditure are projected to limit the fiscal deficit to 3.75 percent of GDP in 2018 and ensure convergence to the WAEMU regional norm of 3 percent of GDP by 2019.

Staff views. Staff supports the authorities' requests for completion of the second reviews of the program supported by the ECF and EFF arrangements, which would release disbursements equivalent to SDR 96.79 million.

Approved By
Dominique Desruelle (AFR) and Daria Zakharova (SPR)

Discussions were held in Abidjan during September 19–October 3 and in Washington during October 12–15, 2017. The mission team comprised Messrs. Dhaneshwar Ghura (head), Michael Gorbanyov, Matthieu Bellon, Kader Amadou (all AFR), Benoit Wiest (FAD), Fabio Comelli (SPR), Jose Gijon (IMF resident representative) and Hermann Yohou (local economist). Mr. Marcellin Koffi Alle (OED) participated in the discussions.

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Glossary

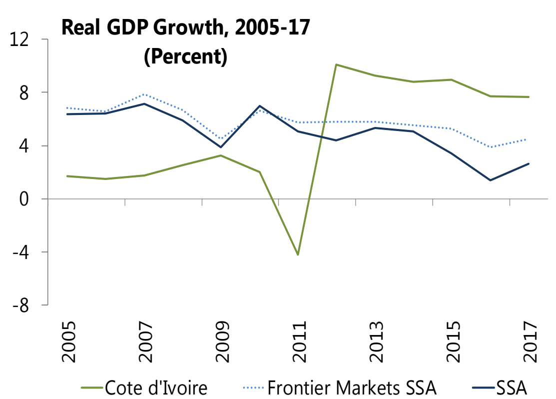
AfDB	African Development Bank
BADEA	Banque Arabe de Développement Économique
BCEAO	Central Bank of West African States
C2D	Debt Reduction and Development contract
CGRAE	Civil Service Pension Fund
CME	Medium-Sized Enterprise Centers
CNDP	National Public Debt Committee
CNPS	Private Sector Pension Fund
DGBF	General Directorate of Budget and Finance
DGD	General Directorate of Customs
DGTCP	General Directorate of the Treasury and Public Accounting
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
EFF	Extended Fund Facility
E-GDDS	Enhanced General Data Dissemination System
EIB	European Investment Bank
EPN	National Public Establishments
FDI	Foreign Direct Investment
FIRST	Financial Sector Reform and Strengthening Initiative
FISF	Financial Inclusion Support Framework
GCI	Global Competitiveness Index
GFSM	Government Finance Statistics Manual
IHPI	Harmonized Industrial Production Index
MEFP	Memorandum of Economic and Financial Policies
MTAP	Multi-year Technical Assistance Project
MTBF	Medium-Term Budget Framework
MTEF	Medium-Term Expenditure Framework
NDF	Net Domestic Financing
NDP	National Development Plan
NSDP	National Summary Data Page
PDESFI	Financial Sector Development Program
PFM	Public Financial Management
PIMA	Public Investment Management Assessment
PINA	National Agricultural Investment Program
PRGF	Poverty Reduction and Growth Facility
TMU	Technical Memorandum of Understanding
TOFE	Tableau des Opérations Financières de l'État
TSA	Treasury Single Account
UNDP	United Nations Development Program
WAEMU	West African Economic and Monetary Union
WEO	World Economic Outlook

CONTEXT

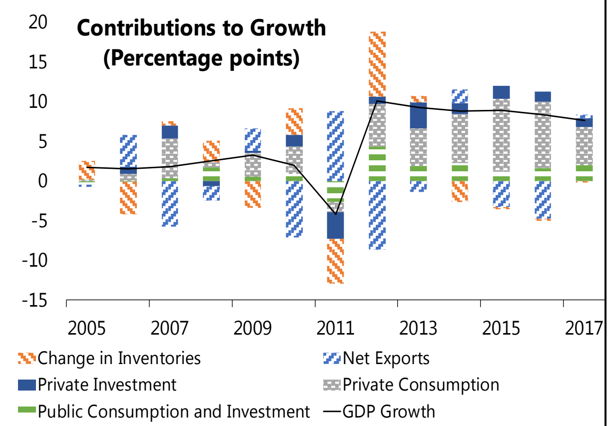
1. **Understandings reached between the authorities and mutinous soldiers and striking civil servants on meeting their demands secured social peace and stability.** The authorities paid the equivalent of about 0.5 percent of GDP to soldiers to end quickly their mutinies in January and May 2017. Furthermore, the authorities tightened security measures after attacks on police and security installations over the summer. Reflecting improving security situation, the mandate of the UN peacekeeping forces in the country officially ended at end-June 2017. In early 2017, the authorities reached understandings with public civil servants who went on a general strike. The government recognized wage arrears of about 1.1 percent of GDP claimed by the civil servants and agreed to repay them over 8 years from 2018. In exchange, trade unions agreed to a 5-year truce aimed at avoiding new strikes and maintaining social peace.

Figure 1. Côte d'Ivoire: Economic Growth, 2005–17

GDP growth was strong in 2012-17…



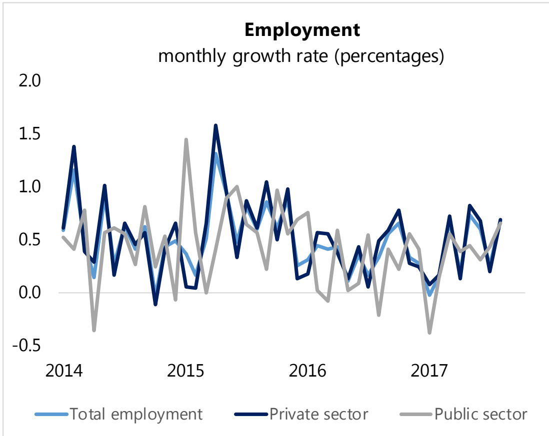
… driven largely by domestic consumption and investments.



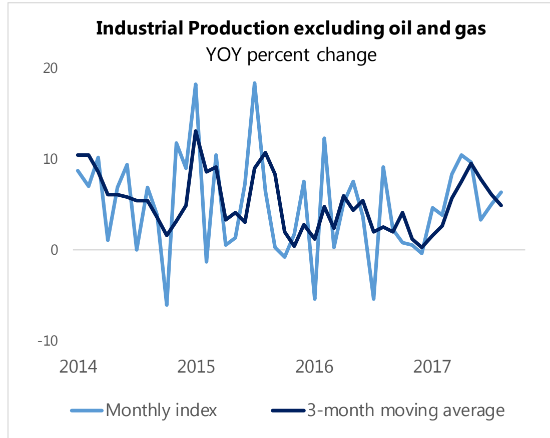
Sources: Ivoirien authorities; UNDP; and IMF staff estimates.

Figure 2. Côte d'Ivoire: Recent Economic Developments, 2014–17

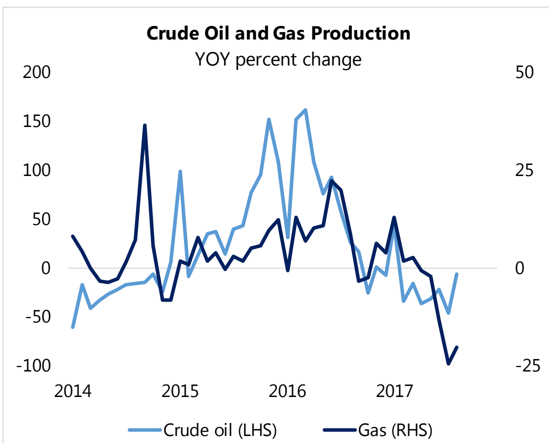
Employment is growing …



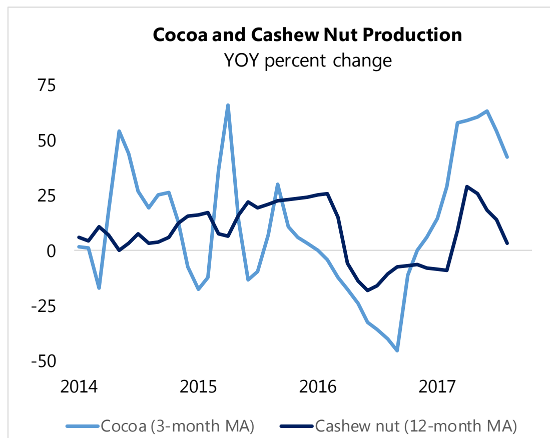
… supported by strong industrial growth.



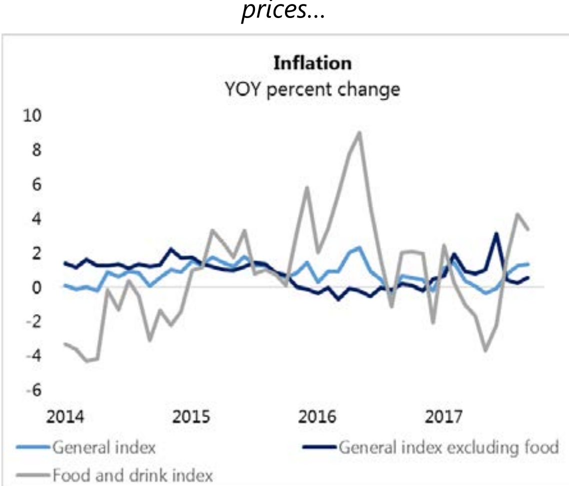
Extractive sectors have slowed down…



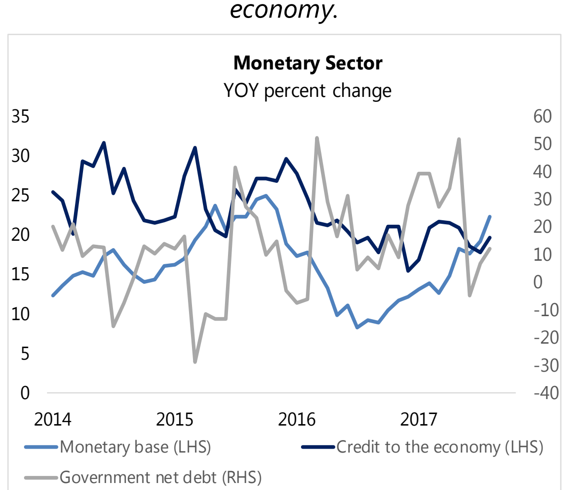
…but agricultural output rebounded due to favorable weather conditions.



Inflation is subdued despite volatile food prices…



… and steadily expanding credit to the economy.



Sources: Ivoirien authorities; and IMF staff estimates.

RECENT ECONOMIC DEVELOPMENTS AND PROGRAM PERFORMANCE

2. **Despite social tensions, economic activity remains strong in 2017.** High-frequency indicators point to growth of about 7.6 percent in 2017, slightly above the program projection. Inflation is projected to remain low at about 1 percent in 2017, benefitting from the price stability in the WAEMU monetary zone. The current account deficit is projected to widen to slightly above 2 percent of GDP this year, largely reflecting the cocoa price drop (Tables 1-2).

3. **The end-June budget deficit target was met with a comfortable margin.** Tax revenues exceeded budget objective by about 0.1 percent of GDP, mainly reflecting better-than-expected cocoa-related tax revenues. Meanwhile, current and capital expenditure were compressed, reflecting shortage of financing until Eurobond proceeds and Fund disbursements arrived at end-June. Thus, commitment-based overall fiscal balance was tighter than programmed by 1.3 percent of GDP (Tables 3a, 3b).

Text Table 1. Côte d'Ivoire: Fiscal Operations of the Central Government, 2017:H1

(Percent of GDP)

	Prog.	Est.
Total revenue and grants	10.1	10.0
Total revenue	9.4	9.4
Tax revenue	8.0	8.1
Nontax revenue	1.4	1.3
Grants	0.7	0.5
Total expenditure	12.2	10.8
Current expenditure	9.0	8.1
Capital expenditure	3.2	2.7
Domestically financed	1.6	1.4
Foreign-financed, *of which*	1.6	1.3
Foreign loan-financed	1.3	1.1
Overall balance	**-2.1**	**-0.8**
Domestic arrears and float	-0.5	-1.0
Overall balance (cash basis)	-2.6	-1.8

Sources: Ivoirien authorities; and IMF staff estimates.

4. **The banking system supported economic growth while rebuilding capital**. Despite the BCEAO monetary policy tightening in December 2016, banking credit to economy expanded at a strong pace of about 20 percent in the first half of 2017. The capital adequacy ratio improved from 8 percent at end-2016 to nearly 10 percent at end-June (Tables 4–5).

5. **Program performance was strong in 2017.** All end-June and continuous performance criteria (PCs) and indicative targets (IT) were observed and all structural benchmarks (SBs) were met. On October 1, the authorities decided to maintain the cocoa farm-gate price for the main 2017/18 harvest season at the low level of April 2017, which is consistent with low world prices. Debt service data for more than 12 enterprises were added to the public enterprise debt database, a quarterly debt service table for public enterprises was produced, and two new medium-sized enterprise centers (CMEs) in Abidjan were created (end-June SBs); wholesale electricity prices were increased by 2.5 percent (end-July SB); and a report on the investment code was completed (end-September SB). Fuel tax revenues exceeded program projections, and a report on the financial situation of Air Côte d'Ivoire was produced (quarterly and semi-annual SBs) (MEFP Tables 1 and 2).

OUTLOOK AND RISKS

6. **The economy is coping well with the terms of trade shocks and social tensions.** International cocoa prices dropped by about 45 percent since their peak in 2016 amidst bumper 2016/17 harvest in Côte d'Ivoire and Ghana. As cocoa accounts for about 1/3 of the country's goods exports, the price drop—partially offset by higher export volumes—is depressing merchandise exports and is projected to widen the current account deficit in 2017. Despite this external shock and uncertainties related to the socio-economic tensions, buoyant activity so far this year augurs well for continued strong growth in 2017 and over the medium term (Figures 2 and 3).

Text Table 2. Côte d'Ivoire: Selected Economic Indicators, 2016–20

(Percent of GDP unless otherwise indicated)

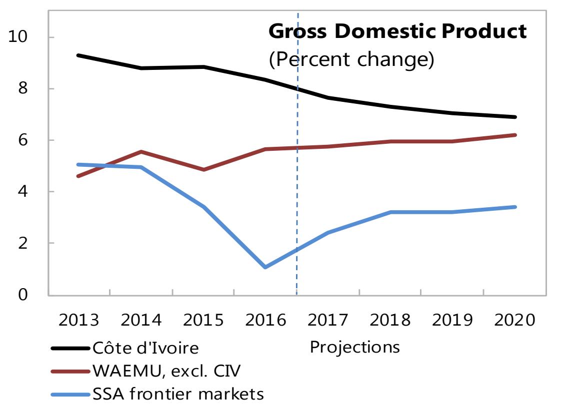
	2016	2017	2018	2019	2020
	Est.	Proj.	Proj.	Projections	
GDP growth, percent	8.3	7.6	7.3	7.1	6.9
Inflation, percent	0.7	1.0	2.0	2.0	2.0
Current account balance	-1.1	-2.1	-2.8	-2.4	-2.3
Total revenue and grants	19.4	19.5	19.5	20.1	20.2
Non-earmarked tax revenues	14.8	14.7	14.9	15.2	15.4
Current expenditure	16.7	17.1	16.3	15.8	16.0
Capital expenditure	6.5	6.9	7.0	7.3	7.2
Fiscal balance (including grants)	-3.9	-4.5	-3.8	-3.0	-3.0
Public debt	47.1	50.7	50.0	48.1	47.3
Nominal GDP (FCFA billion)	21,562	23,436	25,460	27,704	30,100

Sources: Ivoirien authorities; and IMF staff estimates.

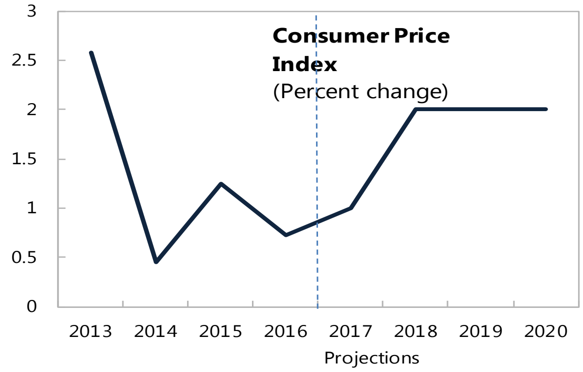
Figure 3. Côte d'Ivoire: Medium-Term Outlook, 2013–20

(Percent of GDP, unless otherwise indicated)

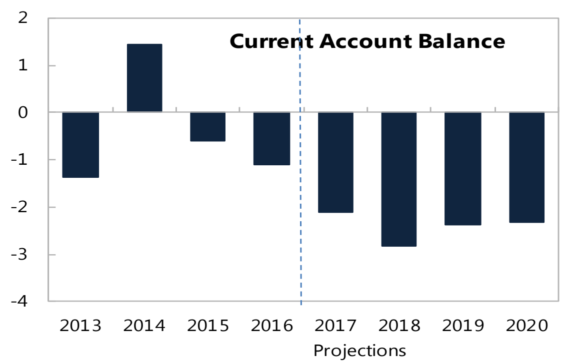
Growth will taper but remain strong.



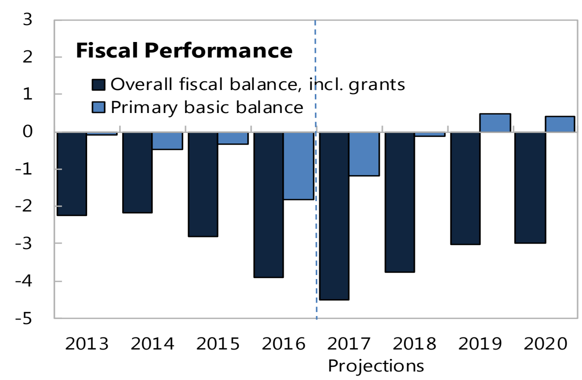
Inflation will remain subdued.



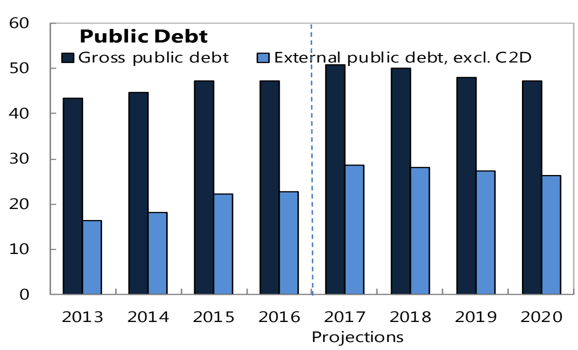
External shocks have widened the current account deficit in 2017.



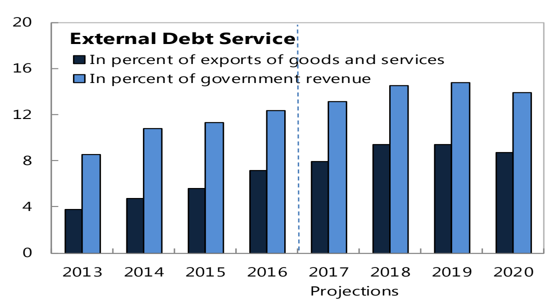
After accommodating these shocks, fiscal deficit will converge to the WAEMU norm by 2019.



Public debt will remain under control…



… though debt service costs will increase.



Sources: Ivoirien authorities; and IMF staff estimates.

7. The risks to the macroeconomic outlook are balanced. The external sector assessment for the 2017 WAEMU regional consultation did not find significant misalignments of the current account or the real effective exchange rate for the region (IMF Country Report No. 17/99, Annex I). New social demands from various groups, larger than expected cocoa smuggling to neighboring Ghana with higher regulated prices, adverse movement in oil process could put pressures on the fiscal position. At the same time, favorable export price movements, a rise in investors' confidence after the successful Eurobond placements, ongoing and additional structural reforms as well as the G20 Compact with Africa can translate into higher private investment and consumption, contributing to faster economic growth (Annex I).

ECONOMIC POLICIES FOR 2017–19

8. Economic policies in Côte d'Ivoire, the largest WAEMU member, will contribute to regional stability and growth. Côte d'Ivoire and the entire WAEMU region experienced strong growth over the last five years, but regional vulnerabilities have increased (IMF Country Report No. 17/99). After shrinking in 2016, the common international reserves increased in 2017, in part reflecting successful Eurobond issuances by Senegal and Côte d'Ivoire in May-June. Going forward, the Ivoirien authorities will contribute to regional stability by converging to the WAEMU fiscal deficit norm of 3 percent of GDP by 2019 and relying on a balanced mix of domestic and external sources for deficit financing.

A. Fiscal Policy: Converging to the WAEMU Deficit Norm

9. Revenues and expenditures are broadly in line with the program objectives for 2017, while investment financing has shifted to domestic sources. The first program review raised the fiscal deficit ceiling to 4.5 percent of GDP in 2017, largely due to lower cocoa and higher oil prices as well as payments to mutinous soldiers. This target is on track to be met, as a small projected shortfall in the non-tax revenue (about 0.1 percent of GDP) will be offset by expected savings on the debt service. In view of the slower than budgeted disbursements of foreign-financed project loans, staff supported the authorities' request to increase domestically-financed priority investments. This required relaxing the indicative target for the primary basic balance for end-2017 by about 0.4 percent of GDP. While the envisaged investments will support growth and poverty reduction, switching from foreign to domestic financing is expected to have a limited impact on the financial sector and credit growth, as the banking system is highly segmented, and on debt sustainability given the current low interest rates. While the changing composition of deficit financing is not going to affect the outlook for the total public, lower disbursements of the foreign loans will improve somewhat the external debt sustainability

10. The authorities have reaffirmed their commitment to fiscal adjustment over the medium term, though the programmed revenue mobilization ratios proved difficult to attain. For 2018, the authorities have committed to new revenue measures of about 0.45 percent of GDP. They will phase out VAT exemptions (new SB), limit issuance of other specific tax exemptions, rationalize investment tax incentives and loopholes, raise excise rates on beverages, cosmetic products and luxury vehicles, and further improve tax and customs administrations (Text Table 3; MEFP ¶¶26–27). However, downward revisions of the projected cocoa-related revenues reflecting lower prices than at the time of the previous review, lower social security contributions, and higher than projected nominal GDP growth have resulted in a reduction of projected total revenues (after measures) of 0.4 percent of GDP. Still, total fiscal revenues in real terms (adjusted for inflation) are projected to increase by 9 percent in 2018, on top of their increase by 8 percent in 2017. Meanwhile, the agreed repayment of arrears to the civil servants over 8 years will add about 0.1 percent of GDP to the annual wage bill from 2018. To ensure the programmed fiscal deficit consolidation, the authorities plan to optimize other current expenditures (0.2 percent of GDP) and reduce debt service costs benefitting from lower interest rates than projected in the first program review (0.3 percent of GDP). They will also rationalize investments (MEFP ¶30), where the expected reduction in foreign-financed projects will be partially offset by higher domestically financed outlays. These measures are expected to restrain the fiscal deficit to 3.75 percent of GDP in 2018 and enable its convergence to the WAEMU regional norm of 3 percent of GDP in 2019 (Figure 4).

Text Table 3. Côte d'Ivoire: New Fiscal Revenue Measures, 2018

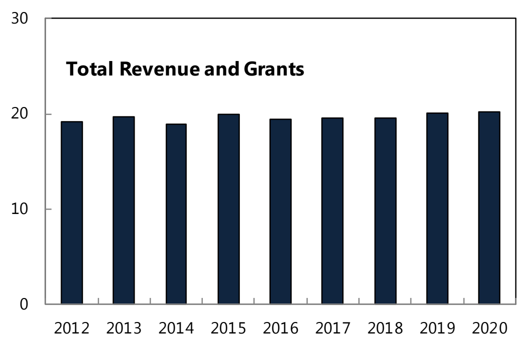
(Percent of GDP)

	Percent of GDP
New taxes (excises) on cosmetic products and luxury vehicles	0.12
Phasing out VAT exemptions	0.07
Tax and customs administration improvements	0.05
Recovery of overdue tax payments (such as cashew nut export taxes)	0.04
Raise excise rates on beverages and tobacco	0.04
Other measures	0.14
Total	**0.45**

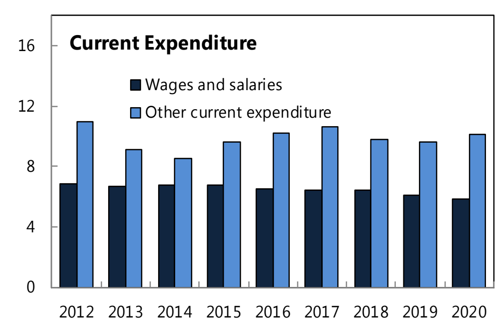
Sources: Ivoirien authorities; and IMF staff estimates.

Figure 4. Côte d'Ivoire: Fiscal Developments and Projections, 2012–20
(Percent of GDP, unless indicated otherwise)

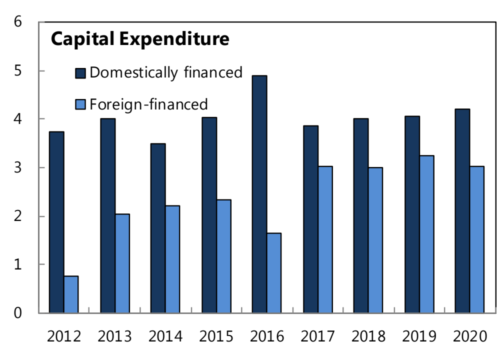
Gradually increasing revenue mobilization…



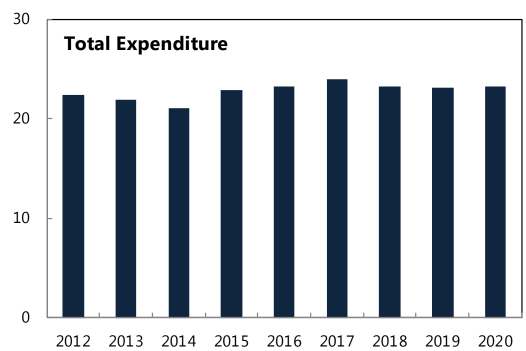
… and keeping recurrent spending under control…



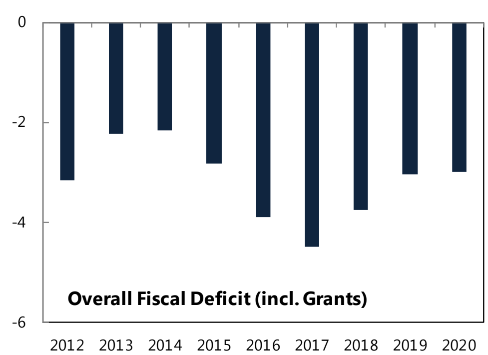
… is creating room for capital outlays…



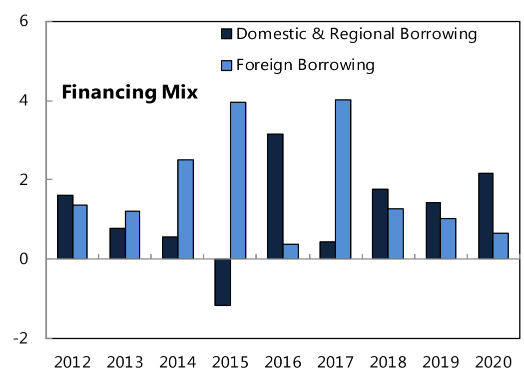
… while stabilizing the total expenditure…



… and gradually reducing the fiscal deficit…



… financed mostly by foreign and regional borrowing.



Sources: Ivoirien authorities; and IMF staff estimates.

11. The program provides for resolving legacy budget claims and repayment of public sector arrears to the energy sector.

- **Unpaid bills and past liabilities.** By mid-2018, the authorities will finalize audits and resolution plans for liabilities of up to FCFA 150 billion dating back to extrabudgetary spending of 1993–2002. The immediate budget impact will be small as most liabilities would be securitized in medium-term domestic debt (MEFP ¶36). The new debt will not change the country's debt sustainability risk classification.
- **Energy sector arrears.** To tackle unpaid bills and liabilities to independent power and natural gas producers (estimated at 1.1 percent of GDP), the authorities have adopted a plan to (i) clear, by the end of 2018, central government unpaid bills of about FCFA 11 billion and (ii) securitize arrears repayment of about FCFA 43 billion for other public entities (including district of Abidjan). The budget provides for full payment of the current electricity bills, and the authorities are aware of the need to avoid unbudgeted consumption in the future. The authorities will also adopt a treatment protocol to solve past cross-debts with public oil producing holding company PETROCI (SB).

12. Poverty reduction is a key priority of the government. The Government's National Development Plan (NDP) prioritizes pro-poor investment, and the budget envisages an increase in pro-poor spending of 0.2 percent of GDP in 2018 compared to 2017 (MEFP ¶30). The government is rolling out Universal Health Care aimed at accelerating enrollment (MEFP ¶11), improving health infrastructures (MEFP ¶13), and reinforcing the education system to make it more inclusive (MEFP ¶12). In addition, and to discourage speculations, the authorities introduced temporary six-month price caps on rice, sugar, tomato pasta, cooking oil and cement from mid-2017. The effectiveness of the measure, introduced in consultation with retail operators and implying no budget costs, will be reassessed by the authorities at end-2017. Staff advised them not to extend the caps beyond the original six months and, instead, expand the social safety nets for the poorest, in consultation with the World Bank.

B. Public Financial Management (PFM): Consolidating Reforms

13. Staff welcomes progress made in PFM reforms. The authorities are advancing reforms on program budgeting, curbing unorthodox spending procedures and streamlining the expenditure chain. They will issue decrees to implement the new PFM legal framework and make Integrated Financial Management Information System upgrades operational in 2018 (MEFP ¶33).

14. The authorities are strengthening public investment management (PIM). Procurement units will be fully operational in most line ministries by end 2017 and the roll-out of web-based public tender management, and procurement IT systems would be completed in the second half of 2018. To enhance transparency, PPPs will be included in the 2018–20 multi-year investment plan (MEFP ¶34–35).

15. The government is monitoring fiscal risks stemming from public enterprises and PPPs (MEFP ¶36):

- Performance contracts, including performance indicators, will be finalized and signed with 7 public enterprises, including *CI-Energies* that oversees the electricity sector, by end-2017, and would be extended to other key public enterprises in 2018. The public enterprise debt database, which now includes the debt stock for 23 enterprises, has been expanded to include the debt service for most of these enterprises as of mid-2017 (end-June SB).
- The authorities are enhancing the existing PPP database to include key information such as contingent liabilities (end-December SB) and will present an analysis on fiscal risks stemming from PPPs in the 2018–20 medium term budget framework document, following recent Fund technical assistance. Construction of the Abidjan metro through a public tender procedure (rather than PPP) should help contain fiscal risks.

16. The authorities are making progress on transitioning to a Treasury Single Account (TSA). They have undertaken a new census of open government accounts in commercial banks. They plan to close half of them in 2018 and implement other technical aspects of the TSA to centralize cash movements and enhance cash management (MEFP ¶39).

17. Strengthening revenue and customs administration is on track. Building on the creation of two new Medium-Sized Enterprise Centers (CMEs) in Abidjan and reduction of the threshold for coverage by the CMEs (end-June SB), the authorities are planning (i) an enhancement of risk-based audits to improve the fight against fraud; (ii) further reforms to ease tax payment (online and mobile payment); and (iii) the adoption of an action plan to strengthen monitoring of goods in transit (new SB).

C. Debt Management Policy: A Balanced Financing Mix

18. The successful Eurobond issuance in June covered most of the financing needs for 2017 and improved the debt repayment profile. In December 2016, the BCEAO tightened monetary policy and refinancing conditions to ensure stability and stem foreign exchange reserve losses. This pushed Côte d'Ivoire and other WAEMU countries to increase reliance on external sources of deficit financing. In June 2017, the country issued a 16-year US dollar-denominated bond, with principal repayments spread over three years, as well as an 8-year euro-denominated bond (the latter one of the first among frontier markets). A part of the proceeds was used to buy back a portion of outstanding bonds maturing in 2024 and 2032. In net terms, these operations raised about US$ 1.2 billion (equivalent to about 3 percent of GDP).

19. The authorities will rely mostly on regional and domestic sources to finance the budget deficit in 2018. Regional financing is projected to gradually resume as liquidity conditions in the regional bond market normalize. This approach could be revisited in the third program review, subject to regional market conditions and developments.

Text Table 4. Côte d'Ivoire: Total Public and Publicly Guaranteed Debt
(Percent of GDP)

	2016	2017
Central government debt	41.5	46.0
External government debt	22.7	28.5
Domestic government debt	18.8	17.5
Memorandum items		
Net Eurobond issuance		3.0
SIR loan guarantee		1.6
Other new external debt (net)		1.2

Sources: Ivoirien authorities; and IMF staff estimates.

20. **Côte d'Ivoire remains at moderate risk of debt distress.** The debt sustainability analysis (DSA) incorporates the June 2017 Eurobond issuance (net of the buy-back operations), and the expected bank loan guarantee by the government for the debt restructuring of the national oil refining (*Société Ivoirienne de Raffinage*, SIR). The loan should be contracted by December (SB). Thus, the DSA projects the external debt to increase by up to 6 percentage points of GDP by end-2017. The rise in external debt is responsible for the increase in total public debt (see Text Table 4). The authorities are closely monitoring rising gross debts of the public enterprises and extra-budgetary entities, which amounted to 3 percent of GDP at mid-2017. Of this amount, about 0.2 percent of GDP is guaranteed by the government and thus included in the government debt stock (see DSA, and TMU Tables 1–2). The stress test results highlight the downside risks to debt sustainability in case Côte d'Ivoire is hit by adverse shocks, and advocate for a prudent approach in contracting new external debt to preserve the moderate risk of debt distress,

21. **The authorities' Medium-Term Debt Strategy (MTDS) aims at keeping debt at a sustainable level.** The MTDS envisages merging the domestic and external debt units of the Public Debt Directorate, reinforcing cash management operations, and setting up a network of Primary Dealers to promote the issuance and secondary market trading of CFA-denominated government debt securities in the regional market (MEFP ¶43). The MTDS also foresees the centralization of all public debt and government cash flow management operations, including switching to the TSA.

D. Financial Sector: Resolving Vulnerabilities

22. **The banking system remains generally stable and sound.** The share of NPLs declined to 9.3 percent at end-June 2017 (from 10.3 percent at end-March), with 66 percent of them covered by provisions. The average capital adequacy ratio for the banking system improved to nearly 10 percent at mid-2017 after briefly touching the regulatory minimum of 8 percent at end-2016. Most banks complied with the new minimum bank capital requirement of FCFA 10 billion before the mid-2017 deadline, but stronger enforcement of capital standards is still needed for 4 smaller banks, of which 3 public banks (Table 5).

23. Credit expansion is projected to converge to more sustainable levels. Credit growth to the economy is projected to decelerate from nearly 20 percent in 2017 to 15–16 percent in 2018–19, broadly consistent with the projected annual real GDP growth (Table 4).

24. The authorities are resolving weaknesses in public banks:

- A recapitalization of the public savings bank CNCE envisages a mix of bank's own efforts and transfers from the central budget. The ongoing sales of land owned by banks and recovery of non-performing loans are expected to raise up to 0.3 percent of GDP. Budget transfers of about 0.2 percent of GDP in 2016-17 covered the bank's operating losses and sustained its liquidity (MEFP ¶52). Another contribution of about 0.05 percent of GDP is budgeted for 2018:Q1 (new SB).
- The government's stake in one smaller public bank has been privatized, which opened the way for recapitalization by the new owner. The privatization of another small bank is on hold due to a former owner's claim (MEFP ¶52).

E. Structural Reforms: Improving the Business Climate

Public Enterprise Reform

25. The authorities are implementing a strategy for restoring financial viability of the national oil refinery (SIR), which includes restructuring its debt. The authorities are on track to contract a long-term bank loan with a state guarantee for SIR debts of about 1.6 percent of GDP (end-December SB). Its repayment within the agreed timeline will be backed with the increased fuel surcharge. SIR's operational performance is improving as the company is implementing a plan to boost efficiency and progressively eliminate operational losses, which involves cost reduction and technical performance ratio improvements.

26. The authorities are making progress in restructuring other large public enterprises (MEFP ¶¶48–49). Restructuring of SIR's debt will improve its financial results and, together with productivity gains, should return the company to profitability. The recent capital increase of Air Côte d'Ivoire was successful and positive net results are expected from 2018. The first semiannual report on the financial situation of Air Côte d'Ivoire was submitted to the Minister of Budget (end-June SB). The financial and cash position of PETROCI is improving while short-term debt is abating progressively and the on-going restructuring plan—including transfer of gas stations—should be completed by 2018.

Improving the Business Climate

27. The authorities are stepping up reforms to improve the business climate. They are simplifying administrative procedures by deepening the ongoing digitalization of public services, reducing administrative delays, and strengthening the legal framework (MEFP ¶57). The government is examining the results of the study of the investment code (end-September SB) and will develop an action plan informed by its recommendations to improve the investment environment. They plan to strengthen the financial regulatory framework by supporting the development and full operation of credit bureaus and by setting up the Observatory of Financial Services Quality (MEFP ¶55). For the coming years, they plan additional administrative reforms to (i) foster business creation and investment (assign companies a unique identification number, issue licenses and permits online, create "one-stop shops" for investors and for international traders); (ii) improve contract enforcement (shorten time frames for enforcing court decisions, make the Commercial Court operational); and (iii) strengthen the insolvency law (improve the dissemination of documentations and create support mechanisms for businesses under judicial review)—(MEFP Box 3). On governance, the independent High Authority on Good Governance continues to improve the reporting of high officials' assets and the publication of its reports. Further work towards the criminalization of corruption, in line with the United Nations Convention against Corruption, and the strengthening of the asset declaration regime could be key.

28. Côte d'Ivoire was among the first countries to join the G20 Compact with Africa (CWA) initiative, aimed at promoting private investment. With the support of the staffs of the Fund, World Bank, AfBD, and IFC, the authorities have completed their "compact," a document that identifies actions to boost private investment flows. They have also created a Steering Committee, which includes all the major IFIs and bilateral donors, to follow up the implementation of the CWA's reforms. The latter focuses on preserving macroeconomic stability, strengthening domestic revenue mobilization, enhancing public investment management and improving business climate.[1]

Electricity Sector Reforms

29. The authorities have taken measures to improve the energy sector's financial viability:

- **Fuel price adjustment mechanism (quarterly SB).** To safeguard budgeted fiscal revenues, fuel prices went up by about 2 percent in October 2017, following an upward trend in world oil price (MEFP ¶15).
- **Cost recovery in the electricity sector.** The wholesale electricity price was increased by 2.5 percent from July 1 (end-July SB). The completion of Soubré Dam in November 2017 and further plans for dam construction and new combined cycles for CIPREL and AZITO thermal power plants are expected to lower electricity production costs.

Strengthening Statistics

30. The authorities are addressing weaknesses in the compilation and dissemination of economic statistics. They are benefitting from technical assistance from the IMF and

[1] https://www.compactwithafrica.org/content/compactwithafrica/home/compact-countries/cote-d_ivoire.html.

development partners in this endeavor. The authorities' new 2017 –21 national development plan of statistics aims at enhancing the human and material resource capacities across seven ministries. High-frequency statistics is expected to improve with the (i) implementation of new surveys (in the agriculture, construction and retail sectors and on industrial prices); and (ii) creation of a new digital platform to collect and disseminate statistical and financial data. The authorities aim to finalize the work on updating the base year and implement the 2008 System of National Accounts (SNA 2008) by 2019. They have committed to complete the implementation of the Enhanced General Data Dissemination System (GDDS-e) and making the National Summary Data Page (NSDP)—installed in April 2016 with the help of IMF technical assistance—available by December 2017 (MEFP ¶62).

31. Quarterly National Accounts (QNA) are expected to be published by end-2017. Benefitting from Afritac West technical assistance, the authorities will begin regular publication of QNA starting from 2017:Q2 by end-December 2017 (new SB; MEFP ¶63).

32. Despite good progress, the switch to the GFSM 2001 standard of fiscal data presentation is delayed. Due to capacity constraints and recent team reshuffling, converting central government financial reporting to the 2001 GFSM is still work in progress. Expansion of fiscal coverage to include extra budgetary entities, which would enhance transparency and monitoring of quasi-fiscal operations, has been postponed to 2018 (MEFP ¶29).

PROGRAM MODALITIES AND FINANCING ASSURANCES

33. Program conditionality. The program is monitored in semiannual reviews (Table 8) through quantitative PCs, ITs, and SBs (MEFP Tables 1–2). New PCs are proposed for end-June 2018 and new ITs until end-2018. Staff supported the authorities' request for revising one IT for end-2017 to bring it in line with the updated fiscal projections. The PCs and ITs are defined in the Technical Memorandum of Understanding (TMU).

34. The program is fully financed. Financing needs for 2017 –18 are expected to be met by a combination of external borrowing, donor support and Fund financing. The projected financing gap for the remainder of 2017 will be covered by budget support from the World Bank (FCFA 75 billion), the EU (FCFA 16 billion), and increased disbursements from the AfDB (FCFA 40 billion), while the previously expected sovereign loan from a bilateral donor (CFAF 23 billion) did not materialize. The residual financing gap of about 0.3 percent of GDP will be covered by disbursements from the Fund under three-year ECF and EFF blended arrangements totaling SDR 96.79 million (14.88 percent of quota), of which SDR 64.52 million (9.92 percent of quota) under EFF and SDR 32.26 million (4.96 percent of quota) under ECF.[2] The

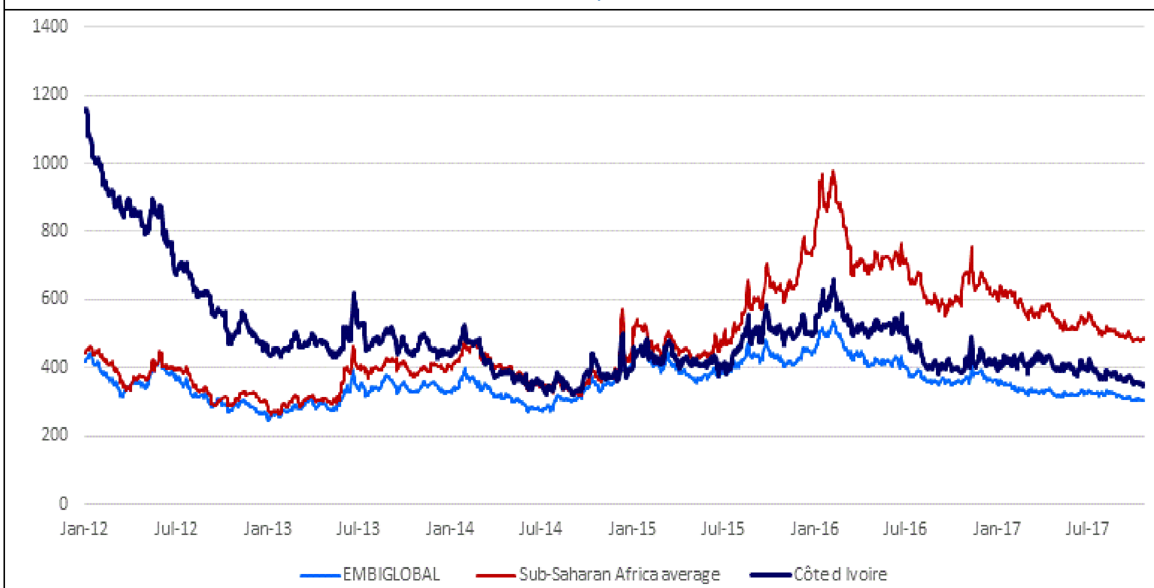
[2] With GNI per capita of US$1,518 in FY2016, which is above the IDA operational cutoff of US$1,165, Côte d'Ivoire is classified as presumed blender, eligible for accessing both concessional and non-concessional IMF resources.

program projections for 2018 envisage continued donor support and coverage of the residual financing gap by the Fund (Tables 6 and 8). There are good prospects for the availably of adequate financing in 2018 and for the remaining program period, given Côte d'Ivoire's continued access to both regional and international bond markets as well as donor support.

35. Program implementation risks are manageable and the capacity to repay the Fund is adequate. This reflects the government's good record in implementing the 2012–15 Fund-supported program and the new policy adjustment measures agreed by the authorities in the context of this and previous reviews. Risks to the program implementation could increase in case of deterioration of the external environment or rising domestic social tensions. In this case, keeping the program on track would require deeper adjustment in macroeconomic policies, in consultation with Fund staff. The capacity to repay the Fund is assessed to be adequate (Table 7).

36. Côte d'Ivoire is expected to retain external debt market access. Current market conditions are favorable for Côte d'Ivoire. According to the EMBI Global Index, Côte d'Ivoire's bond yield spread over U.S. Treasury securities of comparable maturities tightened to 350 basis points at end-October 2017, against an average spread of 488 basis points for selected sub-Saharan African economies (Figure 5). The authorities' debt management strategy should help prevent excessive increases in the country's external debt service due to the concentration of maturities or U.S. dollar appreciation.

Figure 5. Côte d'Ivoire: Sovereign Bond Yield Spreads, 2012–17
(Basis points)



Sources: J.P. Morgan and Staff calculations.

37. Safeguards Assessment. The 2013 assessment of the WAEMU regional central bank, BCEAO, found a continuing strong control environment. All recommendations from the assessment have been implemented.[3] An update safeguards assessment is planned for 2017, in line with the four-year cycle for regional central banks.

STAFF APPRAISAL

38. After years of favorable conditions, external shocks and domestic events tested the economy's resilience in the first half of 2017. Favorable external environment, internal stability, and structural reforms have supported high growth in the past five years, as real GDP grew by about 9 percent on average during 2012–16. The drop in cocoa world price, regional monetary policy tightening, and social unrests weighed on the economic outlook. However, reflecting the adjustment measures and policy reforms adopted by the government and owing to diversification, investments (in mining and agriculture), growth is expected to remain strong at about 7½ percent this year.

39. Tapering productivity boost from post-conflict catch-up and the uneven distribution of gains from growth pose challenges. Despite high FDI inflows and public investment, growth is projected to taper to around 7 percent by 2020, and poverty remained high at about 46 percent in 2015. This underscores the importance of continuing structural reforms and improving business climate, better targeting public investments, and increasing pro-poor spending. Risks to growth are balanced and mostly relate to the pace of reforms, movements in export prices, and possible domestic socio-economic tensions.

40. The Fund-supported program is contributing to the authorities' growth objectives by addressing impediments to a sustainable balance of payments position and instilling confidence. The program helps to consolidate macroeconomic stability, lower external financing risks and catalyze both official and private financing. The agreed new fiscal revenue measures contribute to creating fiscal space and diversifying fiscal revenues, with the goal of rebuilding buffers, strengthening resilience and allowing for future increases in pro-poor spending and investment.

41. Bolstering fiscal revenues and keeping expenditures under control is crucial for achieving the programmed fiscal consolidation. The authorities have committed to raise extra revenues by 0.4 percent of GDP in 2018. However, the overall revenue mobilization proved short of program objectives as some revenue projections were marked down. This increases the importance of containing non-priority spending while meeting the social demands and safeguarding pro-poor outlays.

[3] See ¶40 of IMF Country Report No. 16/383.

42. Prudent public financial and debt management practices, along with public enterprise reform, will help ensure debt sustainability. The strategy to preserve Côte d'Ivoire's classification of moderate risk of external debt distress involves avoiding concentration of maturities that could create acute increases in the debt service, and avoiding an excessively rapid accumulation of new external debt. The reform of public enterprises, whose total debt was estimated at 3 percent of GDP at end-June 2017, is equally important to debt sustainability.

43. The authorities are strengthening the balance sheets of the energy sector companies and public banks. Restructuring of SIR debts (1.6 percent of GDP) and resolving electricity sectors' arrears provide for uninterrupted functioning of the energy sector and makes it more attractive for private investors. Recapitalizing savings banks, CNCE, and privatizing small public banks improves the banking sector soundness and stability.

44. Continued efforts to improve the quality and dissemination of economic statistics would support policymaking and private investment. Staff encourages the authorities to continue expanding the collection of high frequency indicators, upgrade existing methodologies by adopting the GFSM 2001 and the SNA 2008, and improve dissemination processes, starting with the QNA publication.

45. Staff supports the authorities' requests for completion of the second reviews under the ECF and EFF arrangements. The attached Letter of Intent (LOI) and Memorandum of Economic and Financial Policies (MEFP) set out appropriate policies to pursue the program's objectives. The capacity to repay the Fund is adequate, and risks to program implementation are manageable given the government's solid track record for policy implementation.

Table 1. Côte d'Ivoire: Selected Economic Indicators, 2014–20

	2014	2015	2016		2017		2018	2019	2020
			Prog.	Est.	Prog.	Proj.	Projections		
	(Annual percentage changes, unless otherwise indicated)								
National income									
GDP at constant prices	8.8	8.8	7.7	8.3	7.1	7.6	7.3	7.1	6.9
GDP deflator	3.9	3.1	1.4	1.6	2.4	1.0	1.2	1.6	1.6
Consumer price index (annual average)	0.4	1.2	0.7	0.7	2.0	1.0	2.0	2.0	2.0
External sector (on the basis of CFA francs)									
Exports of goods, f.o.b., at current prices	7.6	8.3	-9.1	-9.0	4.6	3.7	3.3	11.1	11.1
Imports of goods, f.o.b., at current prices	0.4	12.7	-14.0	-14.0	16.9	5.2	7.6	11.7	11.5
Export volume	3.0	6.8	-10.0	-10.0	7.5	8.8	9.9	9.9	11.3
Import volume	4.2	19.7	5.8	5.8	11.5	6.5	7.2	11.0	11.2
Terms of trade (deterioration –)	4.6	15.7	21.1	21.1	-10.7	-2.7	-6.4	0.5	-0.5
Nominal effective exchange rate	2.6	-3.9	1.2	1.2	…	…	…	…	…
Real effective exchange rate (depreciation –)	1.0	-4.4	0.2	0.4	…	…	…	…	…
Central government operations									
Total revenue and grants	8.4	18.9	6.6	6.6	10.2	9.5	8.7	11.8	9.5
Total expenditure	8.4	21.8	12.2	12.2	12.8	12.2	5.3	7.9	9.2
	(Changes in percent of beginning-of-period broad money unless otherwise indicated)								
Money and credit									
Money and quasi-money (M2)	16.1	18.8	12.1	12.1	12.9	16.5	13.9	14.4	13.9
Net foreign assets	4.1	3.2	-2.4	-2.4	4.1	5.3	0.9	2.5	2.2
Net domestic assets	12.0	15.6	14.5	14.5	8.8	11.2	13.1	11.9	11.7
Of which: government	3.4	-0.7	5.3	5.9	-0.5	0.5	3.1	2.0	2.0
private sector	11.2	16.0	9.1	8.9	9.3	10.7	9.9	9.8	9.7
Credit to the economy (percent)	21.7	29.6	15.4	15.0	15.3	17.7	16.2	15.8	15.3
	(Percent of GDP unless otherwise indicated)								
Central government operations									
Total revenue and grants	18.9	20.0	19.8	19.4	19.8	19.5	19.5	20.1	20.2
Total revenue	17.1	18.5	18.4	18.0	18.4	18.1	18.3	18.5	18.7
Total expenditure	21.0	22.8	23.7	23.3	24.4	24.0	23.3	23.1	23.2
Overall balance, incl. grants, payment order basis	-2.2	-2.8	-4.0	-3.9	-4.5	-4.5	-3.8	-3.0	-3.0
Primary basic balance 1/	-0.5	-0.3	-1.9	-1.8	-0.8	-1.2	-0.1	0.5	0.4
Gross investment	16.6	16.9	19.6	17.2	20.2	17.9	18.8	19.9	20.7
Central government	7.0	6.7	8.3	6.6	8.8	7.0	7.1	7.4	7.3
Nongovernment sector	9.7	10.1	11.4	10.6	11.4	10.9	11.7	12.5	13.4
Gross domestic saving	21.5	20.3	22.3	20.2	19.7	19.7	19.8	20.9	21.8
Central government	2.3	2.9	2.2	2.1	2.1	1.7	2.9	3.5	3.6
Nongovernment sector	19.2	17.5	20.1	18.1	17.6	17.9	16.9	17.5	18.2
Gross national saving	18.1	16.3	18.5	16.5	16.4	15.8	16.0	17.5	18.4
Central government	3.5	3.5	2.5	2.5	2.7	2.4	3.3	4.3	4.2
Nongovernment sector	14.6	12.7	16.0	14.0	13.7	13.4	12.7	13.3	14.2
External sector balance									
Current account balance (including official transfers)	1.4	-0.6	-1.1	-1.1	-3.8	-2.1	-2.8	-2.4	-2.3
Current account balance (excluding official transfers)	-0.3	-2.0	-2.5	-2.4	-5.3	-3.6	-4.0	-3.9	-3.8
Overall balance	2.3	2.0	-1.1	-1.1	0.2	1.9	-0.6	0.4	0.7
Public sector debt									
Central government debt, gross	44.8	47.3	48.5	47.1	48.7	50.7	50.0	48.1	47.3
Central government debt (excluding C2D)	36.2	40.0	42.5	41.5	43.9	46.0	46.3	45.4	45.4
External debt	26.8	29.5	28.6	28.3	31.6	33.2	31.7	30.0	28.2
External debt (excluding C2D)	18.3	22.2	22.6	22.7	26.8	28.5	28.1	27.3	26.3
External debt-service due (CFAF billions)	324	412	481	481	575	557	680	755	781
Percent of exports of goods and services	4.7	5.6	7.1	7.1	8.2	8.0	9.4	9.4	8.8
Percent of government revenue	10.8	11.3	12.4	12.4	13.5	13.2	14.6	14.8	13.9
Memorandum items:									
Nominal GDP (CFAF billions)	17,461	19,595	21,146	21,562	23,198	23,436	25,460	27,704	30,100
Nominal exchange rate (CFAF/US$, period average)	494	591	592.8	593	…	…	…	…	…
Nominal GDP at market prices (US$ billions)	35.4	33.1	35.7	36.4	37.6	40.3	45.7	49.9	54.3
Population (million)	23.1	23.7	24.3	24.3	25.0	25.0	25.6	26.3	27.0
Nominal GDP per capita (CFAF thousands)	756	826	869	886	929	939	994	1,054	1,117
Nominal GDP per capita (US$)	1,531	1,398	1,466	1,495	1,505	1,615	1,783	1,900	2,015
Real GDP per capita growth (percent)	6.2	6.2	5.1	5.7	4.5	5.0	4.7	4.5	4.3
Poverty rate (in percent)	…	46.3	…	…	…	…	…	…	…

Sources: Ivoirien authorities; and IMF staff estimates and projections.

1/ Defined as total revenue minus total expenditure, excluding all interest and foreign-financed investment expenditure.

Table 2. Côte d'Ivoire: Balance of Payments, 2014–20

(Billions of CFA francs; unless otherwise indicated)

	2014	2015	2016	2017		2018		2019	2020
			Est.	Prog.	Proj.	Prog.	Proj.	Projection	
Current account	252	-119	-235	-879	-494	-765	-716	-659	-699
Current account excl. grants	-52	-401	-528	-1,222	-837	-1,161	-1,017	-1,094	-1,157
Trade balance	1,912	1,873	1,953	1,512	1,961	1,795	1,830	2,004	2,200
Exports, f.o.b.	6,401	6,935	6,308	6,600	6,542	7,119	6,760	7,510	8,342
Of which: cocoa	2,289	3,031	2,740	2,306	2,622	2,432	2,320	2,429	2,455
Of which: crude oil and refined oil products	1,544	1,121	785	1,068	915	1,030	871	986	1,021
Imports, f.o.b.	4,489	5,061	4,355	5,088	4,581	5,324	4,930	5,506	6,142
Of which: crude oil and refined oil products	1,676	1,196	906	1,313	1,119	1,400	1,068	1,146	1,236
Services (net)	-1,066	-1,193	-1,396	-1,624	-1,547	-1,772	-1,579	-1,718	-1,866
Primary Income (net)	-449	-595	-620	-704	-712	-742	-721	-785	-844
Of which: interest on public debt	94	152	177	206	192	253	219	222	282
Secondary Income (net)	-145	-204	-173	-63	-196	-46	-247	-161	-188
General Government	124	98	292	343	343	396	300	435	459
Other Sectors	-269	-302	-465	-406	-539	-443	-547	-596	-647
Capital and financial account	198	537	2	935	948	721	575	761	906
Financial account (excl. exceptionnal financing)	60	381	-127	801	821	586	454	640	786
Foreign direct investment	209	284	365	428	409	594	483	567	616
Portfolio investment, net	462	574	53	592	1,115	75	143	231	374
Acquisition of financial assets	-2	-13	-39	-100	-62	77	1	87	114
Incurrence of liabilities	464	587	92	692	1,177	-1	142	145	260
Of which: Eurobonds	357	585	0	690	1,144	0	0	0	0
Other investment, net	-611	-477	-545	-218	-703	-83	-172	-159	-204
Official, net	234	134	-21	270	-215	404	311	272	185
Project loans	249	328	262	586	512	759	621	622	610
Central government amortization due	-226	-231	-270	-303	-714	-341	-298	-338	-413
Net acquisition of financial assets	0	0	-14	-14	-13	-14	-12	-12	-12
Nonofficial, net	-845	-611	-524	-488	-487	-487	-483	-430	-389
Errors and omissions	-50	-31	0	0	0	0	0	0	0
Overall balance	400	387	-234	56	454	-44	-141	101	208
Financing	-400	-395	234	-56	-454	44	141	-101	-208
Reserve assets, includes reserve position in the Fund	-400	-395	234	-356	-662	-168	-92	-289	-281
Operations account	-483	-447	210	-293	-677	-86	-10	-204	-195
IMF (net)	83	52	23	-63	15	-82	-82	-85	-86
Disbursements	87	81	57	…	77	…	…	…	…
Repayments	-3	-29	-34	-63	-63	-82	-82	-85	-86
Financing gap	0.0	0.0	0.0	299.9	208.6	212.6	233.0	187.5	73.6
Expected financing (excluding IMF)	…	…	…	138.2	130.7	50.6	81.0	35.9	73.6
Residual gap/ IMF financing, *of which*	…	…	…	161.7	77.9	162.0	152.0	151.6	…
IMF-ECF [1/]	…	…	…	53.9	26.0	54.0	50.7	50.5	…
IMF-EFF [1/]	…	…	…	107.8	52.0	108.0	101.4	101.1	…
Memorandum items:									
Overall balance (percent of GDP)	0.4	0.3	-0.3	1.0	1.0	1.1	1.0	0.7	0.2
Current account inc. grants (percent of GDP)	1.4	-0.6	-1.1	-3.8	-2.1	-3.0	-2.8	-2.4	-2.3
Current account exc. grants (percent of GDP)	-0.3	-2.0	-2.4	-5.3	-3.6	-4.6	-4.0	-3.9	-3.8
Trade balance (percent of GDP)	10.9	9.6	9.1	6.5	8.4	7.1	7.2	7.2	7.3
WAEMU gross official reserves (billions of US$)	13.0	12.4	10.4	…	…	…	…	…	…
(percent of broad money)	86.5	72.3	55.4	…	…	…	…	…	…
(months of WAEMU imports of GNFS)	4.8	5.1	4.1	…	…	…	…	…	…
Nominal GDP (billions of CFA francs)	17,461	19,595	21,562	23,197.9	23,436	25,308	25,460	27,704	30,100
Exchange rate (CFAF/US$) average	493.6	591.2	592.8	…	…	…	…	…	…
Exchange rate (CFAF/US$) end-of-period	540.3	602.5	622.3	…	…	…	…	…	…

Sources: Ivoirien authorities; and IMF staff estimates and projections.

[1/] In the CFA franc zone, Fund resources are channeled via the regional central bank that provides equivalent domestic currency credit to the relevant government.

Table 3a. Côte d'Ivoire: Fiscal Operations of the Central Government, 2015–20

(Billions of CFA francs, unless otherwise indicated)

	2015	2016	2017		2018		2019		2020
			Prog.	Proj.	Prog.	Proj.	Prog.	Proj.	Proj.
Total revenue and grants	3,916.8	4,176.6	4,603.1	4,573.4	5,121.2	4,969.7	5,688.5	5,555.3	6,083.8
Total revenue	3,634.6	3,884.2	4,260.0	4,230.3	4,724.7	4,669.3	5,236.9	5,120.6	5,625.1
Tax revenue 1/	2,954.9	3,352.6	3,627.4	3,629.7	4,057.2	4,042.3	4,558.5	4,514.2	4,955.3
Non-earmarked taxes	2,954.9	3,197.7	3,435.5	3,437.7	3,849.5	3,803.2	4,330.2	4,220.3	4,636.0
Direct taxes	788.4	851.9	964.7	960.4	1,092.1	1,111.4	1,253.5	1,250.9	1,382.4
Indirect taxes 2/	2,166.5	2,345.8	2,470.7	2,477.2	2,757.5	2,691.8	3,076.7	2,969.4	3,253.6
Earmarked taxes 1/	…	154.9	191.9	192.0	207.7	239.1	228.3	293.9	319.3
Nontax revenue	679.8	531.6	632.7	600.6	667.5	627.0	678.4	606.5	669.8
Grants, *of which*	282.2	292.4	343.1	343.1	396.4	300.4	451.6	434.6	458.7
Project grants	128.6	105.9	195.5	195.5	248.9	144.3	304.0	275.9	300.0
Total expenditure 3/	4,469.8	5,014.6	5,655.1	5,625.7	6,069.3	5,924.5	6,522.7	6,395.4	6,984.3
Current expenditure	3,222.7	3,606.2	3,986.2	4,013.5	4,189.3	4,139.0	4,433.2	4,377.0	4,812.4
Wages and salaries	1,331.6	1,400.8	1,508.1	1,512.2	1,601.3	1,635.4	1,686.0	1,697.2	1,754.8
Social security benefits	255.4	260.7	325.2	310.8	338.4	323.2	351.9	335.2	410.8
Subsidies and other current transfers 2/	414.7	385.8	418.0	424.7	438.9	441.4	457.6	452.3	572.1
Other current expenditure	814.8	931.0	999.4	1,072.7	1,094.3	1,055.0	1,169.0	1,104.9	1,231.4
Expenditure corresponding to eamarked taxes 3/	…	138.4	153.1	149.7	170.0	198.6	186.0	246.7	268.1
Crisis-related expenditure 4/	108.7	129.4	148.8	134.2	5.0	23.8	5.0	26.5	5.0
Interest due	297.5	360.1	433.6	409.2	541.3	461.7	577.5	514.2	570.2
On domestic debt	145.3	183.2	227.2	217.3	288.6	242.9	336.1	292.3	287.7
On external debt	152.2	177.0	206.4	191.8	252.7	218.7	241.4	221.9	282.5
Capital expenditure	1,247.3	1,408.4	1,668.9	1,612.2	1,880.0	1,785.5	2,089.5	2,018.4	2,171.9
Domestically financed	790.9	1,054.0	887.3	905.2	872.5	1,020.3	894.8	1,120.4	1,261.6
Foreign-financed, *of which*	456.3	354.4	781.6	707.1	1,007.5	765.2	1,194.7	897.9	910.3
Foreign loan-financed	327.7	248.4	586.2	511.6	758.6	620.9	890.7	622.0	610.3
Primary basic balance	-68.1	-394.9	-179.8	-274.4	204.2	-28.3	486.4	137.4	121.2
Overall balance, including grants	-553.0	-837.9	-1,052.0	-1,052.3	-948.1	-954.8	-834.2	-840.1	-900.6
Overall balance, excluding grants	-835.2	-1,130.4	-1,395.0	-1,395.4	-1,344.6	-1,255.1	-1,285.8	-1,274.7	-1,359.3
Change in domestic arrears and float (excl. on debt service) 5/	1.5	78.9	-75.0	-199.2	-50.0	-50.0	-25.0	-25.0	-25.0
Overall balance (cash basis)	-551.5	-759.1	-1,127.0	-1,251.5	-998.1	-1,004.8	-859.2	-865.1	-925.6
Financing	551.5	759.1	1,127.0	1,251.5	998.1	1,004.8	859.2	865.1	925.6
Domestic financing	-241.6	310.1	-294.5	-32.4	32.1	64.8	-192.8	56.9	134.0
Bank financing (net)	-151.3	357.4	-208.7	-86.2	-19.1	-6.7	-109.4	-92.7	92.8
Nonbank financing (net)	-90.3	-47.3	-85.9	53.8	51.2	71.5	-83.4	149.6	41.2
External financing	793.0	449.0	1,121.6	1,075.3	753.4	707.0	854.0	620.6	718.0
Regional financing (WAEMU)	16.5	367.3	148.3	134.4	335.7	383.8	327.5	336.8	520.4
Foreign financing (net)	776.5	81.6	973.4	940.9	417.7	323.2	526.5	283.9	197.6
Financing gap (+ deficit / – surplus)	0.0	0.0	299.9	208.6	212.6	233.0	197.9	187.5	73.6
Expected financing (excluding IMF)	…	…	138.2	130.7	50.6	81.0	35.9	35.9	73.6
Residual gap/IMF financing, *of which*	…	…	161.7	77.9	162.0	152.0	162.0	151.6	…
IMF-ECF 6/	…	…	53.9	26.0	54.0	50.7	54.0	50.5	…
IMF-EFF 6/	…	…	107.8	52.0	108.0	101.4	108.0	101.1	…
Memorandum items:									
Nominal GDP	19,595	21,562	23,198	23,436	25,308	25,460	27,596	27,704	30,100
External debt (central government)	5,772	6,110	7,323.5	7,778	7,896.6	8,082	8,553.1	8,314	8,486
Pro-poor spending (including foreign financed)	1,770	2,015	2,070.1	2,070	2,328.3	2,291	2,566.4	2,549	2,829

Sources: Ivoirien authorities; and IMF staff estimates and projections.

1/ Includes earmarked taxes from 2016 on.

2/ From 2017, includes the fuel price surcharge benefitting the national oil refinery, SIR.

3/ Includes expenditure corresponding to earmarked taxes from 2016 on.

4/ In 2017, includes one-off payments to soldiers of FCFA 101 billion.

5/ In 2017, includes repayments of balances due to local authorities and public entities previously classified in domestic financing.

6/ In the CFA franc zone, Fund resources are channeled via the regional central bank that provides equivalent domestic currency credit to the relevant government.

Table 3b. Côte d'Ivoire: Fiscal Operations of the Central Government, 2015–20

(Percent of GDP, unless otherwise indicated)

	2015	2016	2017		2018		2019		2020
			Prog.	Proj.	Prog.	Proj.	Prog.	Proj.	Proj.
Total revenue and grants	20.0	19.4	19.8	19.5	20.2	19.5	20.6	20.1	20.2
Total revenue[1/]	18.5	18.0	18.4	18.1	18.7	18.3	19.0	18.5	18.7
Tax revenue	15.1	15.5	15.6	15.5	16.0	15.9	16.5	16.3	16.5
Non-earmarked taxes	15.1	14.8	14.8	14.7	15.2	14.9	15.7	15.2	15.4
Direct taxes	4.0	4.0	4.2	4.1	4.3	4.4	4.5	4.5	4.6
Indirect taxes[2/]	11.1	10.9	10.7	10.6	10.9	10.6	11.1	10.7	10.8
Earmarked taxes[1/]	...	0.7	0.8	0.8	0.8	0.9	0.8	1.1	1.1
Nontax revenue	3.5	2.5	2.7	2.6	2.6	2.5	2.5	2.2	2.2
Grants, *of which*	1.4	1.4	1.5	1.5	1.6	1.2	1.6	1.6	1.5
Project grants	0.7	0.5	0.8	0.8	1.0	0.6	1.1	1.0	1.0
Total expenditure[3/]	22.8	23.3	24.4	24.0	24.0	23.3	23.6	23.1	23.2
Current expenditure	16.4	16.7	17.2	17.1	16.6	16.3	16.1	15.8	16.0
Wages and salaries	6.8	6.5	6.5	6.5	6.3	6.4	6.1	6.1	5.8
Social security benefits	1.3	1.2	1.4	1.3	1.3	1.3	1.3	1.2	1.4
Subsidies and other current transfers[2/]	2.1	1.8	1.8	1.8	1.7	1.7	1.7	1.6	1.9
Other current expenditure	4.2	4.3	4.3	4.6	4.3	4.1	4.2	4.0	4.1
Expenditure corresponding to eamarked taxes[3/]	...	0.6	0.7	0.6	0.7	0.8	0.7	0.9	0.9
Crisis-related expenditure[4/]	0.6	0.6	0.6	0.6	0.0	0.1	0.0	0.1	0.0
Interest due	1.5	1.7	1.9	1.7	2.1	1.8	2.1	1.9	1.9
On domestic debt	0.7	0.8	1.0	0.9	1.1	1.0	1.2	1.1	1.0
On external debt	0.8	0.8	0.9	0.8	1.0	0.9	0.9	0.8	0.9
Capital expenditure	6.4	6.5	7.2	6.9	7.4	7.0	7.6	7.3	7.2
Domestically financed	4.0	4.9	3.8	3.9	3.4	4.0	3.2	4.0	4.2
Foreign-financed, *of which*	2.3	1.6	3.4	3.0	4.0	3.0	4.3	3.2	3.0
Foreign loan-financed	1.7	1.2	2.5	2.2	3.0	2.4	3.2	2.2	2.0
Primary basic balance	-0.3	-1.8	-0.8	-1.2	0.8	-0.1	1.8	0.5	0.4
Overall balance, including grants	-2.8	-3.9	-4.5	-4.5	-3.7	-3.8	-3.0	-3.0	-3.0
Overall balance, excluding grants	-4.3	-5.2	-6.0	-6.0	-5.3	-4.9	-4.7	-4.6	-4.5
Change in domestic arrears and float (excl. on debt service)[5/]	0.0	0.4	-0.3	-0.8	-0.2	-0.2	-0.1	-0.1	-0.1
Overall balance (cash basis)	-2.8	-3.5	-4.9	-5.3	-3.9	-3.9	-3.1	-3.1	-3.1
Financing	2.8	3.5	4.9	5.3	3.9	3.9	3.1	3.1	3.1
Domestic financing	-1.2	1.4	-1.3	-0.1	0.1	0.3	-0.7	0.2	0.4
Bank financing (net)	-0.8	1.7	-0.9	-0.4	-0.1	0.0	-0.4	-0.3	0.3
Nonbank financing (net)	-0.5	-0.2	-0.4	0.2	0.2	0.3	-0.3	0.5	0.1
External financing	4.0	2.1	4.8	4.6	3.0	2.8	3.1	2.2	2.4
Regional financing (WAEMU)	0.1	1.7	0.6	0.6	1.3	1.5	1.2	1.2	1.7
Foreign financing (net)	4.0	0.4	4.2	4.0	1.7	1.3	1.9	1.0	0.7
Financing gap (+ deficit / – surplus)	0.0	0.0	1.3	0.9	0.8	0.9	0.7	0.7	0.2
Expected financing (excluding IMF)	...	...	0.6	0.6	0.2	0.3	0.1	0.1	0.2
Residual gap/IMF financing, of which	...	...	0.7	0.3	0.6	0.6	0.6	0.5	...
IMF-ECF [6/]	...	...	0.2	0.1	0.2	0.2	0.2	0.2	...
IMF-EFF [6/]	...	...	0.5	0.2	0.4	0.4	0.4	0.4	...
Memorandum items:									
External debt (central government)	29.5	28.3	31.6	33.2	31.2	31.7	31.0	30.0	28.2
Pro-poor spending (including foreign financed)	9.0	9.3	8.9	8.8	9.2	9.0	9.3	9.2	9.4

Sources: Ivoirien authorities; and IMF staff estimates and projections.

1/ Includes earmarked taxes from 2016 on.

2/ From 2017, includes the fuel price surcharge benefitting the national oil refinery, SIR.

3/ Includes expenditure corresponding to earmarked taxes from 2016 on.

4/ In 2017, includes one-off payments to soldiers of 0.5 percent of GDP.

5/ In 2017, includes repayments of balances due to local authorities and public entities previously classified in domestic financing.

6/ In the CFA franc zone, Fund resources are channeled via the regional central bank that provides equivalent domestic currency credit to the relevant government.

Table 4. Côte d'Ivoire: Monetary Survey, 2014–20

	2014	2015	2016	2017	2018	2019	2020
				Projections			
	(Billions of CFA francs)						
Net foreign assets	1,785	1,989	1,809	2,256	2,342	2,622	2,907
Central bank	1,559	1,791	1,552	1,939	2,255	2,785	3,270
Banks	226	198	257	317	87	-163	-363
Net domestic assets	4,579	5,573	6,669	7,618	8,906	10,243	11,752
Net credit to the government	1,490	1,445	1,888	1,929	2,238	2,467	2,730
Central Bank	591	494	527	639	844	1,057	1,119
Banks	900	951	1,362	1,290	1,394	1,410	1,611
Credit to the economy	3,446	4,467	5,137	6,045	7,025	8,133	9,378
Crop credits	276	390	460	415	370	388	393
Other credit (including customs bills)	3,171	4,077	4,677	5,631	6,654	7,745	8,984
Other items (net) (assets = +)	-358	-339	-357	-357	-357	-357	-357
Broad money	6,364	7,562	8,478	9,874	11,249	12,865	14,659
Currency in circulation	1,878	2,138	2,309	2,591	2,952	3,376	3,846
Deposits	4,424	5,333	5,973	7,056	8,038	9,193	10,475
Other deposits	62	91	195	227	259	296	338
Memorandum item:							
Velocity of circulation	2.7	2.6	2.5	2.4	2.3	2.2	2.1
	(Changes in percent of beginning-of-period broad money)						
Net foreign assets	4.1	3.2	-2.4	5.3	0.9	2.5	2.2
Net domestic assets	12.0	15.6	14.5	11.2	13.1	11.9	11.7
Net credit to the government	3.4	-0.7	5.9	0.5	3.1	2.0	2.0
Central bank	-1.0	-1.5	0.4	1.3	2.1	1.9	0.5
Banks	4.4	0.8	5.4	-0.8	1.1	0.1	1.6
Credit to the economy	11.2	16.0	8.9	10.7	9.9	9.8	9.7
Broad money	16.1	18.8	12.1	16.5	13.9	14.4	13.9
	(Changes in percent of previous end-of-year)						
Net foreign assets	14.5	11.4	-9.1	24.8	3.8	12.0	10.9
Net domestic assets	16.7	21.7	19.7	14.2	16.9	15.0	14.7
Net credit to the government	14.1	-3.0	30.7	2.2	16.0	10.2	10.7
Central bank	-8.5	-16.4	6.6	21.4	32.0	25.2	5.9
Banks	36.1	5.7	43.2	-5.3	8.1	1.1	14.3
Credit to the economy	21.7	29.6	15.0	17.7	16.2	15.8	15.3
Broad money	16.1	18.8	12.1	16.5	13.9	14.4	13.9

Sources: Central Bank of West African States (BCEAO); and IMF staff estimates and projections.

Table 5. Côte d'Ivoire: Financial Soundness Indicators for the Banking Sector, 2013–17

(Percent)

	2013	2014	2015	2016	2017	
					March	June
Capital adequacy						
Risk-weighted capital to assets ratio	10.0	10.1	8.2	8.0	8.4	9.8
Asset quality						
Total loans/total assets	55.4	53.7	55.7	56.2	54.6	53.9
Concentration of loans to the 5 biggest borrowers to capital 1/	63.2	76.3	109.5	126.8	130.8	102.9
Nonperforming loans (NPLs) (gross)/total loans	12.3	11.3	10.6	9.0	10.3	9.3
Provisions/NPLs	73.6	77.1	68.6	71.1	65.5	65.8
NPLs net of provisions/total loans	3.6	2.9	3.8	2.8	3.8	3.5
NPLs net of provisions/capital	49.0	28.2	47.0	36.5	50.8	35.9
Earnings and profitability						
Return on assets (net income/total assets)	1.2	...	...	...	...	...
Return on net income (net income/equity)	17.4	...	...	...	...	...
Personnel costs/net revenu	28.9	...	...	...	...	...
Liquidity						
Liquid assets/total assets	37.1	49.8	52.0	50.8	50.8	52.9
Liquid assets/total deposits	50.0	67.5	71.0	73.8	73.2	76.3
Loans/deposits	82.0	72.8	76.1	81.7	78.7	77.9

Source: BCEAO.

1/ The indicator was revised by the BCEAO in 2017.

Table 6. Côte d'Ivoire: External Financing Requirements, 2015–19

(Billions of CFA francs)

	2015	2016	2017		2018		2019	
		Est.	Prog.	Proj.	Prog.	Proj.	Prog.	Proj.
External financing requirements	-1,248	-741	-2,053	-2,410	-1,502	-1,276	-1,722	-1,412
Current account balance (excluding official transfers)	-401	-528	-1,222	-837	-1,161	-1,017	-1,267	-1,094
Amortization and net acquisition of financial assets	-231	-283	-316	-727	-355	-310	-378	-350
Fund repayments	-29	-34	-63	-63	-82	-82	-85	-85
Private capital, net	-140	-106	-159	-106	182	143	233	321
Change in official reserves without IMF (- = increase)	-447	210	-293	-677	-86	-10	-225	-204
Available financing	1,248	741	1,754	2,202	1,290	1,043	1,524	1,224
Capital transfers	156	129	134	126	135	121	135	121
Project financing	328	262	586	512	759	621	891	622
Eurobond	585	0	690	1,144	0	0	0	0
Fund disbursements	81	57	0	77	0	0	0	0
Official transfers	98	292	343	343	396	300	499	482
Financing gap	0	0	-300	-209	-213	-233	-198	-188
Expected financing	...	...	138.2	130.7	50.6	81.0	35.9	35.9
World Bank	...	...	75.0	75.0	30.0	60.0	30.0	30.0
AfDB	...	...	21.0	40.0	0.0	0.0	0.0	0.0
EU	...	...	19.2	15.7	20.6	21.0	5.9	5.9
France (sovereign loan)	...	...	23.0	0.0	0.0	0.0	0.0	0.0
Residual gap / IMF financing 1/	...	...	161.7	77.9	162.0	152.0	162.0	151.6
IMF-ECF Financing	...	...	53.9	26.0	54.0	50.7	54.0	50.5
IMF-EFF Financing	...	...	107.8	52.0	108.0	101.4	108.0	101.1

Sources: Ivoirien authorities; and IMF staff estimates and projections.

1/ Numbers may not sum up exactly because of rounding.

Table 7. Côte d'Ivoire: Indicators of Capacity to Repay the Fund, 2017–25

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fund obligations based on existing credit [1/]									
(In millions of SDRs)									
Principal	18.2	109.6	113.2	112.8	133.4	107.7	86.5	67.0	44.2
Charges and interest [2/]	0.0	2.5	2.5	2.5	2.5	2.2	1.9	1.6	1.3
Fund obligations based on existing and prospective credit [1, 3/]									
(In millions of SDRs)									
Principal	18.2	109.6	113.2	112.8	133.4	123.8	133.8	143.4	130.3
Charges and interest [2/]	0.3	4.7	6.9	7.8	7.7	7.5	6.8	5.8	4.6
Total obligations based on existing and prospective credit [1, 3/]									
In millions of SDRs	18.5	114.3	120.1	120.6	141.2	131.3	140.6	149.1	134.9
In billions of CFA francs	14.9	89.8	94.1	94.3	110.7	103.3	110.6	117.3	106.1
In percent of government revenue	0.3	1.8	1.7	1.6	1.7	1.4	1.4	1.4	1.2
In percent of exports of goods and services	0.2	1.2	1.2	1.1	1.1	0.9	0.9	0.8	0.7
In percent of debt service [4/]	2.7	13.2	12.5	12.1	16.7	15.0	14.3	10.4	7.7
In percent of GDP	0.1	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2
In percent of quota	2.8	17.6	18.5	18.5	21.7	20.2	21.6	22.9	20.7
Outstanding Fund credit									
In millions of SDRs	909.4	993.4	1,073.8	961.0	827.5	703.7	569.9	426.6	296.3
In billions of CFA francs	732.4	780.3	841.0	751.8	649.0	553.7	448.4	335.6	233.1
In percent of government revenue	16.0	15.7	15.1	12.4	9.8	7.8	5.8	4.0	2.5
In percent of exports of goods and services	10.5	10.8	10.5	8.4	6.5	4.9	3.6	2.4	1.6
In percent of debt service	131.5	114.8	111.3	96.3	98.1	80.2	58.1	29.9	17.0
In percent of GDP	3.1	3.1	3.0	2.5	2.0	1.6	1.2	0.8	0.5
In percent of quota	139.8	152.7	165.1	147.8	127.2	108.2	87.6	65.6	45.6
Net use of Fund credit (millions of SDRs)	175.4	84.0	80.4	-112.8	-133.4	-123.8	-133.8	-143.4	-130.3
Disbursements	193.6	193.6	193.6	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and repurchases [1/]	18.2	109.6	113.2	112.8	133.4	123.8	133.8	143.4	130.3
Memorandum items:									
Nominal GDP (billions of CFA francs)	23,436	25,460	27,704	30,100	32,653	35,345	38,232	41,344	44,728
Exports of goods and services (billions of CFA francs)	6,987	7,244	8,037	8,914	10,007	11,225	12,593	13,868	14,993
Government revenue (billions of CFA francs)	4,573	4,970	5,555	6,084	6,604	7,143	7,719	8,398	9,152
Debt service (billions of CFA francs)	557	680	755	781	662	690	772	1,123	1,375
CFA francs/SDR (period average)	805	785	783	782	784	787	787	787	787

Sources: IMF staff estimates and projections.

[1/] As of November 2, 2017. Data for current year shows remaining payments in the year.

[2/] On October 3, 2016, the IMF Executive Board approved a modified interest rate setting mechanism which effectively sets interest rates to zero on ECF and SCF through December 31, 2018 and possibly longer. The Board also decided to extend zero interest rate on ESF until end 2018 while the interest rate on RCF was set to zero in July 2015. Based on these decisions and current projections of the SDR rate, the following interest rates are assumed beyond 2018: projected interest charges between 2019 and 2020 are based on 0/0/0/0.25 percent per annum for the ECF, SCF, RCF and ESF, respectively, and beyond 2020, 0/0.25/0/0.25 percent per annum. The Executive Board will review the interest rates on concessional lending by end-2018 and every two years thereafter.

[3/] Including the proposed disbursements under the new ECF/EFF.

[4/] Total debt service includes IMF repurchases and repayments.

Table 8. Côte d'Ivoire: Schedule of Disbursements and Timing of Reviews Under ECF/EFF Arrangements, 2016–19

Date of availability	Condition for disbursement	Amount (millions of SDRs)			Percent of Quota		
		Total	ECF	EFF	Total	ECF	EFF
December 12, 2016	Executive Board approval of the ECF/EFF arrangements. 1/	69.686	23.229	46.457	10.714	3.571	7.143
June 19, 2017	Observance of PCs for end-December 2016, continuous PCs and completion of the first reviews. 1/	96.786	32.262	64.524	14.881	4.960	9.921
October 15, 2017	Observance of PCs for end-June 2017, continuous PCs and completion of the second reviews.	96.786	32.262	64.524	14.881	4.960	9.921
April 15, 2018	Observance of PCs for end-December 2017, continuous PCs and completion of the third reviews.	96.786	32.262	64.524	14.881	4.960	9.921
October 15, 2018	Observance of PCs for end-June 2018, continuous PCs and completion of the fourth reviews.	96.786	32.262	64.524	14.881	4.960	9.921
April 15, 2019	Observance of PCs for end-December 2018, continuous PCs and completion of the fifth reviews.	96.786	32.262	64.524	14.881	4.960	9.921
October 15, 2019	Observance of PCs for end-June 2019, continuous PCs and completion of the sixth reviews.	96.784	32.261	64.523	14.881	4.960	9.920
	Total	650.400	216.800	433.600	100.000	33.333	66.667

Côte d'Ivoire's quota is SDR 650.40 million

1/ For the Board approval and first reviews, the actual Board dates are shown.

Annex I. Risk Assessment Matrix (RAM)[1]

Sources of Risks	Relative Likelihood	Impact if Realized	Recommended Policy Response
Retreat from cross-border integration	**Medium**	**Medium/High** Reversals in policy coordination could reduce international aid and impede export market access.	Strengthen regional bond markets and trade, rebuild fiscal buffers through domestic revenue mobilization, and design prudent public investment plans.
Policy uncertainty related to two-sided risks to U.S. growth.	**High**	**Medium/High** Capital flow volatility as well as decompression of term premia could jeopardize access to international debt markets, increase funding and debt service costs.	
Tighter global financial conditions	**High**		
Significant growth slowdown in China and its spillovers	**Medium**	**High** Could reduce infrastructure investments financed by China.	Strengthen the business climate to diversify investor base and exports markets. Preserve fiscal space for countercyclical policy. Strengthen the resilience of the banking sector by building up countercyclical capital buffers.
Significant slowdown in other large EMs/frontier economies	**Medium**	**Medium/High** Adverse impact on exports growth.	
Structurally weak growth in key advanced economies	**High**	**Medium/High** Adverse impact on growth through less FDI inflows.	
Adverse weather conditions	**Medium**	**High** Adversely affect agricultural output and exports, lower cocoa tax revenues, increase subsidy needs, and reduce the population's living standards.	Manage the fiscal position to mitigate the impact on poor through targeted spending. Monitor the second-round effects on inflation.
Financial difficulties of public enterprises and banks	**Medium**	**Low/Medium** Adverse effect on the budget and banking sector.	Restructure loss-making public companies; enhance monitoring of public enterprises; recapitalize and restructure ailing public banks.
Further drop of cocoa prices	**Medium**	**High** Adverse impact on cocoa producers, fiscal revenues, and economic growth.	Adjust regulated cocoa prices in line with the world market price.

1/ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood of risks listed is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly.

Appendix I. Letter of Intent

Ministry of Economy and Finance

MINISTER'S OFFICE

Republic of Côte d'Ivoire

Union-Discipline-Travail

No. 006141 MEF/DGE/DPPSE/SDPPE/AJC

Abidjan, November 17, 2017

To

The Managing Director of the
International Monetary Fund
WASHINGTON DC, 20431

Subject: Letter of intent

Dear Madame Managing Director:

1. **By implementing the 2016–20 National Development Plan (*Plan national de développement* – PND), supported by the "2016–19 ECF-EFF" Economic and Financial Program (EFP), Côte d'Ivoire was able to keep growth strong and inclusive in a stable macroeconomic framework**. In 2016, Côte d'Ivoire was the second most dynamic economy in Africa, with a growth rate three times higher than the African average and with subdued inflation. Backed by decent contribution from the private sector, which is enjoying steady improvement in the business climate, this momentum is expected to continue in 2017. Thus, GDP growth is forecast to be [8.1 percent] despite a less favorable international context, performance that speaks to the resilience of the Ivoirien economy. From a social perspective, the government is continuing its efforts to improve living conditions for the entire population notably by stepping up youth integration and employment programs and projects, implementing reforms to promote "school for all," and rolling out Universal Medical Coverage (*Couverture Maladie Universelle*), which entered its test phase in the first quarter of 2017.

2. **Côte d'Ivoire continues to have investor confidence and is displaying favorable economic prospects.** This confidence is reflected in the successful issuance of the Eurobond in June 2017 and the retention of a "B+" financial rating from Fitch Ratings, with a stable outlook. Moreover, on the basis of the good governance reforms it has undertaken, Côte d'Ivoire is one of

seven countries selected for the "Compact with Africa" initiative. Its membership in the Open Government Partnership (OGP) demonstrates the government's commitment to improving public services and public resource management, in particular. These achievements should help the country meet the 2016–20 PND targets of average growth around [8 percent] over the 2018–20 period.

3. The attached supplement to the Memorandum of Economic and Financial Policies (MEFP) describes the progress that has been made as at end-June 2017, and outlines the key directions for 2017 and 2018 as well as the medium-term outlooks. At end-June 2017, implementation of the EFP was good. All performance criteria and indicative benchmarks were met, and all structural benchmark measures were implemented, in accordance with the commitments made by the government. This successful implementation helped limit the impact of shocks associated with the rise in oil prices and the substantial drop of about [35 percent] in cocoa prices, and keep the economic outlook favorable. For the rest of 2017, the main projected equilibria will be reached; the fiscal deficit, in particular, is expected to be 4.5 percent of GDP as forecast.

4. To help achieve the 2016–20 PND targets, the government plans to continue implementing the EFP. To that end, it intends to gradually reduce the fiscal deficit to reach the community standard of the West African Economic and Monetary Union (WAEMU) of 3 percent of GDP in 2019 by increasing revenues, cutting spending, and managing fiscal risks more effectively. The government will also continue to improve the efficacy of public investment as recommended by IMF technical assistance. Also, in order to promote private investment, the government will continue to implement reforms aimed at improving the business climate. It will also implement its Financial Sector Development Program (*Programme de Développement du Secteur Financier* – PDESFI) with a view to further strengthening and developing the banking system. Furthermore, it will place special emphasis on consolidating the financial equilibrium of the energy sector, in particular by restructuring the sector's enterprises.

5. Under the "2016–19 ECF-EFF" supported program, we hereby request the completion of the second review and a disbursement of SDR 96.786 million. The government believes that the policies set forth in this Memorandum are appropriate for meeting the program objectives. To that end, it will take any further measures that may become necessary to achieve those objectives. The government will consult Fund staff prior to adopting such measures and in advance of revisions to the policies contained in the MEFP, in accordance with Fund policies on such consultations.

6. The government agrees to provide Fund staff with any information that may be required for monitoring the implementation of program measures and the achievement of program objectives, as set out in the attached Technical Memorandum of Understanding, on the dates agreed between the two parties. The government also authorizes the IMF to publish and post this letter and its attachments on its website, along with the IMF staff report, following approval of the program by the IMF Executive Board.

Very truly yours,

_____________/s/_______________

Adama KONE
Minister of Economy and Finance

Attachments:

- Supplementary MEFP
- Technical Memorandum of Understanding

Attachment I. Supplementary Memorandum of Economic and Financial Policies for 2017–19

November 17, 2017

CONTEXT

1. **Côte d'Ivoire is maintaining strong, sustained, inclusive growth in a stable macroeconomic framework despite a challenging international context.** The Ivoirien economy has shown resilience to exogenous and endogenous shocks. In 2016, the economy grew at a rate three times the continental average, placing Côte d'Ivoire second among African countries with high growth rates in a context of controlled inflation. This buoyancy is expected to continue in 2017 with a GDP growth rate estimated at 8.1 percent. This performance reflects the strong contribution of the private sector, which is benefiting from continued improvements in the business climate including the automation of administrative documents and procedures and improvement of the legal framework. In terms of social progress, the government is continuing its efforts to improve living conditions for all segments of the population. To this end, particular emphasis is given to intensified projects and programs to provide jobs and support the socioeconomic integration of youths. In line with the government's commitment to promote socioeconomic integration and empowerment of young women, at least 30 percent of the beneficiaries of the various programs and projects will be women. In the education sector, a number of reforms to promote "Education for All" were implemented and will be continued to further the goal of improving the performance and capacity of the educational system. And the government's universal health coverage initiative entered the experimental phase in the first quarter of 2017. The government plans to extend the program nationwide in the coming years.

2. **Investors' and the technical and financial partners' confidence in the Ivoirien economy bodes well for Côte d'Ivoire**. Their trust was reflected in the success of the June 2017 Eurobond issue and helped maintain Côte d'Ivoire's Fitch rating of B+ with stable outlook. Moreover, based on reforms under way in the area of governance, Côte d'Ivoire was selected among the seven countries eligible to receive the 2017 envelope under the G-20 Compact with Africa. It is a model in the Millennium Challenge Compact eligibility process, complying with 14 indicators in 2017 compared to five in 2011. Its membership in the Open Government Partnership reflects the government's commitment to improve public services and the management of public resources. These gains are expected to lead to the achievement of the 2016–20 National Development Plan (PND) objectives, including average growth above 8 percent over the 2018–20 period.

3. The positive economic outlook is expected to continue with improved social cohesion and the normalization of security conditions. A five-year truce was concluded between the government and union officials representing government employees. The government also reached an agreement with the military on claims and expect to improve their living and working conditions with the implementation of the December 2016 military programming law. These various initiatives are helping to establish a peaceful social and security environment, in which Côte d'Ivoire has hosted a number of international summits and successfully held the 2017 Jeux de la Francophonie. And in a first for sub-Saharan Africa, the fifth summit between the European Union and the African Union, slated for November 2017, will be held in Côte d'Ivoire.

4. To maintain a solid outlook in a less favorable international context, appropriate measures have been taken in the context of the economic and financial program. In the context of external shocks, marked by increasing oil prices and the substantial drop of roughly 35 percent in the price of cocoa, the government adjusted operating and investment expenditure in the supplemental budget to take account of project preparation status as well as consistency with the 2016–20 PND. It applied the automatic adjustment mechanism to pump prices to preserve tax revenue derived from petroleum products. Price guarantees for cocoa producers were also adjusted in line with trends in international prices. The government also helped finance the budget by raising funds on the international financial market, extending the maturity of the debt, and bolstering WAEMU international reserves, which stood at the equivalent of 5.2 months of imports at end-June 2017 compared to 4.2 months at end-December 2016.

5. The government intends to carry on with the good implementation of its 2016–19 Economic and Financial Program (PEF) supported by arrangements under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF)**.** To that end, it plans to gradually reduce the budget deficit to conform to the community standard by end-2019. In that context, it will continue reform efforts to improve tax collection, rationalize expenditure, and more effectively manage fiscal risks. The government will continue improving the efficiency of public investment and implementing reforms to improve the business environment. It will continue implementation of the Financial Sector Development Program (PDESFI) to consolidate the soundness and development of the banking system. It will also give particular emphasis to consolidating the financial stability of the energy sector.

6. This supplement to the Memorandum on Economic and Financial Policies reviews progress under the PEF as at end-June 2017 and present the main strategy objectives for 2017 and 2018 and the medium-term outlook.

RECENT DEVELOPMENTS AND PROGRAM IMPLEMENTATION

A. Macroeconomic and Financial Context

7. The Ivoirien economy continues to show resilience to the internal and external shocks arising during the first half of 2017. Despite the sharp drop in the price of cocoa, the Ivoirien economy posted improvements in terms of trade following an increase in the prices of other principal exports and lower import prices. Côte d'Ivoire was therefore able to raise external resources at lower cost to finance critical projects, in particular in view of the soundness of its macroeconomic framework and continued improvements in governance.

8. Economic performance at end-June 2017 points to a general upturn in economic activity.

- **The economy posted buoyant performance in all sectors.** The primary sector gradually recovered, reflecting in particular the recovery of agricultural exports sustained by cocoa production (+59.8 percent), which benefited from increased rainfall. In the secondary sector, the growth of industrial activity (+3.1 percent) is driven by solid performance in manufacturing (+7.7 percent) and increased energy production (electricity, gas, and water) (+3.4 percent), despite the retreat of extractive activities (-18.3 percent). The tertiary sector, in turn, was driven by trade (+7.5 percent) and transport. The inflation rate stood at 0.7 percent, well below the community maximum of 3 percent.

- **Public finances** generated a surplus of CFAF 2.7 billion for total revenue and grant relative to the programmed objectives, reflecting improved tax collection. Total expenditure and net lending saw under-consumption by CFAF 292.9 billion, primarily due to the government reorganization at the start of the year. The basic primary balance posted a surplus of CFAF 182.8 billion. The fiscal balance (payment order basis) stood at a deficit of CFAF 197.4 billion, which was covered with funds raised on the subregional and international financial and money markets.

- **Foreign trade benefited from improved terms of trade**. The balance of trade posted a surplus reflecting buoyant exports, which increased by 19.4 percent, combined with higher prices and sales volumes for primary and processed products. Imports fell by 8.1 percent, reflecting lower prices and overall volume. However, consumer goods imports increased by 3.7 percent in terms of volume.

- **Monetary conditions** were marked by an increase in the money supply 7.0 percent with respect to December 2016, driven by increased net foreign assets 56.9 percent, attributable in particular to the 2017 Eurobond issue. Net domestic credit, in turn, declined by 4.2 percent due to the improved net government position. Credit to the economy increased by 1.6 percent, driven by medium- and long-term credit.

9. Public sector debt remains sustainable. Central government borrowing represented 41.2 percent of GDP at end-June 2017, which includes 24.4 percent for external debt. The May 2017 debt sustainability analysis for the 2017–37 period concluded that Côte d'Ivoire's risk of debt distress remains moderate. In addition, the reforms implemented by the government improved Côte d'Ivoire's score in the World Bank Country Policy and Institutional Assessment (CPIA) from 3.24 in 2016 to 3.29 in 2017. With respect to public enterprises, improved management of statistics and payments facilitated more effective monitoring of their debt. The stock of public enterprises' medium-term and long-term debt stood at 3 percent of GDP at end-June 2017 compared to 3.5 percent of GDP at end-December 2016, of which debt guaranteed by the government represented 0.17 percent of GDP.

10. The financial soundness of the banking sector was clearly improved as at end-June 2017. The solvency ratio stood at 9.8 percent following 8.6 percent in June 2016, above the international standard of 8 percent, reflecting inter alia increased bank capital. In fact, a number of banks that already complied with the regulation on CFAF 10 billion minimum capital proceeded to increase their capital ahead of the implementation of Basel II and III regulations planned in 2018. The banks not in compliance also increased their capital. There were six such banks at end-July 2017, and their balance sheet totals represent 3 percent of all banks. The ratio of liquid assets to total assets stood at 52.88 compared to 50.76 as at June 2016.

B. Social Policy and Employment

11. The government is implementing an ambitious job policy, particularly for youths. In that context, youth training is a particular priority. In the first half of 2017, 22,498 youths received services from the Youth Employment Agency (AEJ) under the "Training, my passport to employment" (*Une formation, mon passeport pour l'emploi*) program. Initiatives were also carried out to support youths in self employment and entrepreneurship. In that context, over 13,000 individual and collective projects were financed with government resources and support from the French Development Agency (AFD). Also in the context of supporting youths in finding paid employment, 1133 youths were placed in pre-employment internships and 409 youths were placed directly in jobs. The total number of youths holding paid jobs increased by 2.3 percent, corresponding to a net creation of 21,215 jobs, as at end-June 2017. This favorable trend is attributable primarily to the private sector (+2.6 percent), with the net addition of 18,286 jobs, thereby contributing 86.2 percent of net job creation and continuing to serve as the principal driver of the job market.

12. The government has accelerated the deployment of universal health coverage. As at July 31, 2017, a total of 2,218,076 individuals were enrolled out of an initial target population of 3,169,382, or a coverage rate of roughly 70 percent. The operation is to be extended to poor individuals during the second half of 2017. The mechanism for collecting contributions from the formal sector is already defined; for the other sectors, a study to determine the modalities of collecting contributions will be conducted in cooperation with the World Bank and the AFD. The experimental phase, concerning a population of 150,000 individuals, began on April 25, 2017. In that context, the 18 enrollment health centers selected for the pilot were brought up to standards, and 43,740 insurance cards were distributed enabling the holders to access healthcare services in the first seven health centers opened. General distribution of the carts is planned for November 2017.

13. The government is continuing to strengthen the educational system in order to promote education for all. To this end, it is working to increase supply by building classrooms and hiring teachers. In addition, enrollment costs were reduced, especially for the poorest, through the distribution of school supplies at no cost to children enrolled in public primary schools. A number of outreach campaigns were also conducted, primarily to promote girls' education, leading to an improvement of the net primary enrollment rate from 72.9 percent during the 2012–13 school year to 91 percent in 2016–17. The government intends to continue this trend with the implementation of the education and training sector plan covering the 2016–25 period. The plan aims to expand equitable access at the different educational levels in terms of quality as well as the diversity of educational programming offered.

14. The government is continuing to improve the public health system through the implementation of the second National Health Development Plan (PNDS) for the period 2016–20. The plan aims to increase the availability of quality healthcare services to provide adequate care for populations, particularly the vulnerable. In the context of implementing the plan, the government increased the supply of community health services in 2016 through: (i) building and re-equipping healthcare centers; (ii) stepping up efforts to combat HIV/AIDS and malaria; and (iii) training healthcare workers, particularly in Integrated Management of Childhood Illnesses (IMCI). In addition, to make reliable healthcare information available, the Annual Public Health Survey (RASS) is to be produced each year.

C. Program Implementation During the First Half of 2017

15. All the performance criteria and quantitative indicative benchmarks at end-June 2017 were met. Efforts to increase revenue combined with rationalization of expenditure resulted in an overall fiscal balance of CFAF -197.4 billion compared to CFAF 493.0 billion in the program (commitment basis). The net domestic financing stood at CFAF -348.1 billion below the ceiling of CFAF -142.7 billion. The present value of new external debt contracted by the government, including the Eurobond, stood at US$ 2,060 billion, below the adjusted ceiling of US$2,728.8 billion. No external or domestic payment arrears were accumulated during budget execution. The basic primary balance stood at CFAF 182.8 billion above the floor of CFAF -64.2 billion. Treasury advances totaled CFAF 62.1 billion compared to a ceiling of CFAF 95.3 billion. Net reduction of payables totaled CFAF -179.1 billion compared to a floor of CFAF -105.7 billion. Continuation of the government's social policy resulted in an estimated CFAF 945.3 billion in pro-poor spending, exceeding the objective by CFAF 3.9 billion.

16. All measures associated with the structural benchmarks at end-June 2017 were implemented in accordance with the government's commitments.

Price Adjustment Mechanisms:

- Cocoa prices guaranteed to producers were adjusted based on international price trends in accordance with the price guarantee mechanism. In April 2017, the minimum price guaranteed to producers was set at CFAF 700 for the 2016–17 intermediate harvest compared to CFAF 1100 for the main harvest;
- The pump price adjustment mechanism was continually applied to preserve tax revenue associated with fuels at the minimum provided in the 2017 supplemental budget law;
- Electricity tariffs were adjusted beginning June 28, 2017 pursuant to interministerial decision No. 027/MPEDER/MBPE/MEF.

Tax Policy and Administration:

- Two (2) new medium-size business taxpayer centers (CME) created by Decision No. 879/MPMBPE/DGI of December 21, 2016 were open for business, bringing the total number of CMEs to four. Also, the eligibility threshold for taxpayers managed by the CME was reduced from CFAF 400 million to CFAF 200 million.

Public Debt Management:

- The database of public enterprises' debt was improved by incorporating the debt service of 20 enterprises compared to an initial target of 12;
- The dashboard used to monitor public enterprises debt service was produced for the first six months of 2017.

Public Enterprises:

- The report on Air Côte d'Ivoire's financial position for the first half of 2017 is available.

17. Significant reforms were implemented in the area of tax policy and administration:

- segmentation of taxpayer services was consolidated, with the creation and start of operations of the Directorate of Medium-Sized Business Taxpayers (DME);
- the tax audit function was devolved to regional ("deconcentrated") units of the Directorate General of Taxes (DGI);
- the DGI Directorate of Investigation, Crosschecks, and Risk Analysis started operations;
- the requirement of auditor certification of financial statements was established for economic operators not subject to the requirement of an audit by statutory auditors;
- online tax filing and payments were effectively implemented for firms with turnover of more than CFAF 200 million; and
- two new scanners were purchased and deployed at border posts.

18. Additional Structural Reforms

- The database of public-private partnership (PPP) projects was made available online;
- In the context of efforts to boost cross-border trade, the web portal for trade information was completed;
- The process of privatizing the Banque de l'Habitat (BHCI) was completed as provided by the financial sector development program. The NSIA Banque was also privatized and is now listed on the stock exchange.

D. Outlook for End-2017

19. The macroeconomic framework continues to be solid in 2017.

- Economic activity is expected to post 8.1 percent growth, driven by strong performance in all sectors. The primary sector growth rate should reach 9.9 percent, supported by the principal cash crops, particularly cocoa. Secondary sector growth should stand at 7.3 percent, reflecting the performance of other manufacturing industries, energy, and construction and public works. The tertiary sector is expected to post 9.1 percent growth, sustained by transportation, telecommunications, and trade. On the demand side, activity is expected to be driven by strong consumption 7.1 percent and a recovery in exports 7.4 percent, which should benefit from increase in agricultural export production, especially cocoa. Total investment would increase by 11.3 percent, the result of increased industrial capacity and building construction.
- The inflation rate should be contained at 1 percent, below the community norm of 3 percent.
- The money supply should expand by 12.4 percent, to CFAF +1052.8 billion through the consolidation of net foreign assets by +24.2 percent and domestic credit by +9.1 percent. The increased external assets would be the result of improved repatriation of export revenue and the proceeds of the June 2017 Eurobond.

20. The budget deficit in 2017 will stand at 4.5 percent of GDP, as planned.

- Total revenue including grants will represent 19.4 percent of GDP compared to an objective of 19.6 percent due to corrections of the amount of social security contributions. The tax ratio will be maintained at 15.4 percent of GDP compared to 15.6 percent in 2016.
- Total expenditure and net lending will stand at 23.0 percent of GDP compared to the program projection of 23.2 percent. Investment expenditure will represent 6.8 percent of GDP compared to 7.1 percent planned, or an execution rate of over 95 percent.

21. The financing requirement for 2017 will be covered by raising CFAF 1155.2 billion on the regional financial market and CFAF 1143.5 billion abroad. In accordance with the new IMF policy on borrowing, the government intends to contract new loans (not including the Eurobond) within the limit of US$2,043.5 billion in present value. The proposed loans will be used in particular to improve transportation, access to electricity in Côte d'Ivoire, and access to safe drinking water.

ECONOMIC AND FINANCIAL PROGRAM IN 2018 AND IN THE MEDIUM TERM

A. Program Objectives for 2018–19

22. Consistent with the initial objectives, the aim of the PEF during the 2018–19 period is to support the effective implementation of the 2016–20 PND while ensuring a stable macroeconomic framework. In that context, particular emphasis will be given to increasing the amount and efficiency of public investment in infrastructure and establishing an environment even more conducive to private sector activity. To this end, the program will focus on the following actions:

(i) preserving the stability of the macroeconomic framework and fiscal headroom for the government, notably by increasing tax revenue and maintaining debt sustainability;

(ii) strengthening public financial management and the management of public enterprises;

(iii) improving the business environment and developing the private sector;

(iv) restructuring and developing the financial sector; and

(v) strengthening the statistics system.

23. The main domestic and external balances provided for the program period are maintained.

- The budget deficit is expected to stand at 3.75 percent of GDP in 2018 and 3 percent of GDP in 2019; and
- Inflation will remain below 3 percent in accordance with the community standard.

B. Medium-Term Macroeconomic and Fiscal Framework

Macroeconomic Framework

24. Implementation of the 2016–20 PND is expected to generate average medium-term growth of 8% over the 2018–20 period. The program is based on the continuation of critical investments and ambitious structural reforms. The real GDP growth rate is expected to stand at 8.3 percent in 2018 and 8.0 percent in 2019, driven by the primary, secondary, and tertiary sectors, which will grow respectively by 5.3 percent, 10.9 percent, and 8.9 percent. The overall rate of investment is projected at 14.6 percent of GDP on average over the 2018–19 period, with an average private investment rate of 16.5 percent. Inflation is projected at 2.0 percent over the 2018–19 period, below the community standard.

Fiscal Policy

25. Consistent with the medium-term fiscal policy, the proposed 2018 budget adopted by the government on October 4, 2017 provides for a fiscal deficit of 3.75 percent of GDP compared to 4.5 percent of GDP in 2017. This improvement reflects the combined effect of optimized revenue potential, controlled spending, and sound management of budget execution. Accordingly, in 2018:

- Total revenue and grants will represent 19.2 percent of GDP in 2018 following 19.4 percent of GDP in 2017. Tax ratio will stand at 15.6 percent of GDP following 15.4 percent in 2017;
- Expenditure and net lending will total 21.9 percent of GDP compared to 23.0 percent of GDP in 2017. Operating expenditure will be controlled at 3.9 percent of GDP following 4.8 percent of GDP in 2017. The wage bill will represent 6.3 percent of GDP, consistent with the updated wage bill management strategy. Investment expenditure, in turn, will total 6.9 percent of GDP compared to 6.8 percent of GDP in 2017; and
- Budget regulation will continue by aligning the consumption of budget appropriations with the pace of revenue collection.

26. Fiscal policy will aim to strengthen public financial management. The overall fiscal balance should total -3.75 percent of GDP in 2018 then converge toward the target of -3.0 percent of GDP in 2019, consistent with the program objectives. Continued improvement of tax collection and control of operating expenditure should create the fiscal headroom needed to finance public investment and social expenditures.

27. On the revenue side, the government plans to implement the measures provided with respect to domestic taxation as well as import duties. The measures are part of the government policy to rationalize tax exemptions and expand the tax base while maintaining a business environment conducive to investment. The government will amend the Investment Code, drawing on the latest studies on the subject and considering the strategic objectives of sector development of the economy and rationalization of exemptions. An action plan will be prepared following review of the conclusions of the Investment Code study. In addition, an inventory of quasi-fiscal levies will be completed in 2018 and will serve as the basis to gradually enlarge the tax base.

Box 1. Measures Provided in the 2018 Annex on Tax Measures (*Annexe Fiscale*)

The tax measures entail, inter alia:

Domestic taxation:

- amendment of the minimum flat tax and the minimum business tax;
- amendment of the regulatory and legislative framework and the adoption of complementary measures to more effectively combat tax optimization and tax evasion;
- the adoption of measures to prevent under-capitalization;
- the phase-out through non-renewal of tax exemptions expiring in 2018 that do not comply with WAEMU directives;
- the limitation of targeted exemptions to the social sectors;
- the revision of excise taxes on specific products to conform to applicable WAEMU provisions;
- the alignment of VAT rates with the community standard and strict observance of neutrality;
- the adjustment of excise taxes on targeted products; and
- the gradual elimination of VAT exemptions except those provided by the WAEMU directive.

Import duties:

- the application of VAT to the export of certain products; and
- the gradual collection of export duties on certain agricultural products.

28. The government will continue its efforts to keep gradually improving the collection of domestic taxes and import duties. In this context, priority will be given to accelerating the simplification of the tax system already begun with the minimum flat tax. Studies on the optimal tax scheme for SMEs and optimizing the revenue potential of e- commerce are expected to help in establishing a tax base that will serve to increase government revenue. The combination of these efforts and administrative measures are expected to increase the tax ratio to 15.6 percent of GDP in 2018 and 15.9 percent of GDP in 2019.

29. The government will continue implementing the strategy to control the wage bill. This effort will be aligned with the government priorities defined in the 2016–20 PND, specifically as concerns hiring in the education and health sectors. The budget impact of the entry into force of military programming and domestic security laws, as well as impact of accords reached with the unions representing civil servants were taken into account in the proposed 2018 budget law. The wage bill in proportion to tax revenue will continue on a downward trend and is expected to converge with the community standard in 2020. Also, in the context of modernization and rationalization of civil service procedures and practices, the government is expected to adopt a proposed law on reform of the general statute.

30. The government will continue work on developing the government financial operations table (TOFE) in accordance with the 2001/2014 Government Financial Statistics Manual (GFSM). In that context, the minimum framework is in place with the transcription of central government financial operations in accordance with GFSM 2001. Further action will also be taken to ensure the compatibility of data transmitted by the national public entities (EPN) and social security institutions. The data will be gradually integrated starting in late 2018. Work is also in progress to finalize the tables presenting financial assets and liabilities, the debt position, and the cash flow position.

31. The government will pursue its policy of rationalizing expenditure. To that end, it plans to control operating expenses and accord priority to critical capital expenditures and pro-poor spending.

- Operating expenditure will be contained through stricter controls, including control of government utilities accounts, and continued implementation of the strategy to control the wage bill, which is expected to be adjusted in 2018 without financial impact. This adjustment will be consistent with the government priorities defined in the 2016–20 PND.
- The government will continue to enforce the provisions limiting the use of exceptional procedures, including strict application of Decision No. 178/MEF/CAB-01/20 of March 13, 2009 concerning Treasury advances.
- In the context of its anti-poverty strategy, the government will continue to make pro-poor spending a priority. This spending, which is expected to increase by 10.7 percent in 2018 will address the needs of the most disadvantaged segments of the population, including in the areas of rural electrification, village water systems, food crop production, and job creation. Particular attention will continue to be given to the education and health sectors, with the entry into force of the law on mandatory schooling and upgrade of the healthcare system in connection with implementation of universal health coverage. The government has also forgone cocoa registration duties (*droits d'enregistrement*) on cocoa in order to support producer prices. Accordingly, around CFAF 50 billion in 2018, or 0.2 percent of GDP, will be redistributed to rural populations hard hit by the shock to international commodity prices.

32. The current account deficit will be contained during the 2018–19 period. The trade balance will continue to generate a surplus, while the service balance deficit will widen.

33. Monetary conditions will be marked by an increase in the money supply resulting from increased domestic credit and the consolidation of net foreign assets.

Public Financial Management

34. The government will continue the modernization of public financial management (PFM) in line with the strategy for implementation of fiscal reforms. To this end, it plans a new Public Expenditure and Financial Accountability Assessment (PEFA) in cooperation the Union European and the World Bank. It will also finalize the regulatory texts implementing the framework laws on the harmonized PFM framework. This will include, inter alia, orders on financial and fiscal control, the program management charter, materials accounting, and reform of budget execution channels and procedures. In preparation for the transition to program budgets, the government will complete the design of the Budget Information System (SIB) execution module in 2018. Also, in order to integrate payment in the automated expenditure cycle and improve the monitoring of exceptional expenditure, the government will (i) complete the interface between the Integrated Public Financial Management System (SIGFiP) and the Accounting Management System (ASTER). The government will also work to put the automated Treasury advance management module by end-2018. It will pursue efforts to improve consistency between public procurement, commitments, and cash flow plans, inter alia, with the procurement plans and commitment plans to be prepared by the technical ministries.

35. The government will continue to modernize the public procurement system by automating procedures and strengthening actors' capacities. The Public Contracts Code will be amended to provide for the use of automated procedures in contract award, delegated project management, and delegated public services in accordance with the framework law on the Transparency Code. In regard to strengthening actors' capacities, information and training sessions will be organized to disseminate the new simplified contracting procedures. The automation process will continue in 2018: the web version of the Integrated Public Contracts Management System (SIGMAP) was completed and will be deployed and operational by June 2018. Also, 28 of the 30 planned contracting units were installed and will be fully in operation by December 2017. The government will also continue the automation of contracting procedures by putting the "e-contracts," e-learning," and "decision support" modules in operation by the end of 2018.

36. The government will accord particular priority to the efficiency of public investment. To this end, measures will be taken to closely monitor the recommendations of the Public Investment Management Assessment (PIMA) mission, in particular:

- increasing transparency as to the strategic and financial management of PPP projects;
- improving the institutional mechanism for PPPs to handle a growing volume of projects;

- improving coordination between the different capital investment programming and budgeting tools; and
- including PPPs in the public investment program (PIP), which will be in effect for the 2018–20 PIP.

37. The government will continue implementing measures to strengthen management of budget risks.

- Regarding the use of PPPs, no PPP project currently receives a direct government guarantee of debt. The study to evaluate projects financed under the PPP mechanism and identify explicit and implicit budget risks will be finalized by end-2017, and will provide input to the database of budget commitments and revenue guarantees for all PPPs currently in progress or for which conventions have been signed. In particular, the study will review contracts signed to date and identify commitments that could potentially entail future budget risks for the government. With respect to the Abidjan Metro project in particular, the operation contract could take the form of a facility operation contract, which would essentially limit budget commitments to the investments.
- Following the IMF technical assistance on surveillance of budget risks, the government plans to annex a document on budget risks beginning in 2019.
- The government will continue its oversight actions with respect to public enterprises. The database of debt service will be regularly updated and periodically forwarded to the Directorate of Public Debt and Grants for input to the Debt Management and Analysis System (DMAS). The database, which covers 23 public enterprises, will be expanded as information becomes available. The government will continue to produce the quarterly summary table on public enterprises' debt service. Ultimately, an interface will be developed between DMAS and the Public Enterprise Information Management System (SIGEP), making the information available in real time. The government will also ensure that those enterprises comply with the decision on borrowing terms and will continue the presentation of annual reports on public enterprises economic and financial position in the Council of Ministers and as an annex to the proposed annual budget law. The reorganization of the Directorate General of the State Portfolio (DGPE) by sector of activity has been completed and put in operation. Performance contracts, which will be finalized with seven public enterprises, define performance indicators and will be monitored by portfolio managers. The mechanism will be extended to other public enterprises in 2018.

- Validated liabilities for the period 2000–10 totaled CFAF 150 billion. The government will prepare and adopt a plan to clear the validated amount, possibly applying a discount, by June 2018. Pending adoption, the government provisioned CFAF 9.1 billion in the 2018 budget as a precaution. The dossier relating contract payments outstanding since 1992 was closed with no budget impact for the government.

38. The government will continue the implementation of tax and customs administration reforms to increase revenue collection, especially VAT. To this end, it will gradually phase in online tax declarations and payment for all taxpayers beginning in 2018. Also in 2018 it will launch tax payments by mobile telephone for one category of taxpayers and individuals subject to real property tax. The procedure of certifying financial statements in order to improve the quality of financial reporting will continue in 2018. Regarding taxpayer segmentation, the government will regularly monitor the performance of CMEs to confirm that performance is in line with the initial encouraging results observed. In connection with the start of operations of the Directorate of Investigation, Crosschecks, and Risk Analysis, the government will increase directorate staff and capacities as recommended by the IMF technical assistance mission to better address the data analysis dimension. Regarding import taxes, the two mobile scanners recently installed are now operational. The government will also continue efforts to better monitor merchandise in transit in order to reduce the risk of fraud. Finally, capacity-building efforts will continue for both the tax and customs administration.

39. The government will continue its efforts to contain spending within the limits established in order to adhere to the agreed overall fiscal balance. Reforms in this regard will aim to better control current spending through continued budget regulation to adapt the rate of expenditure commitments to the rate at which revenue is raised. In regard to investment and pro-poor spending, efforts will focus on improving effectiveness in order to address the dual objective of reducing poverty and boosting economic growth.

40. The launch of the Treasury single account (TSA) in 2018 will help improve cash flow management (Box 2).

Box 2. Treasury Single Account

The purpose of the TSA is to facilitate control over all public funds in real time and optimize cash flow and public debt management. To this end, all public funds are to be paid into a settlement account (*compte de règlement*) at the BCEAO from which all government expenditure will be executed.

To this end, the government began an inventory of government accounts opened primarily at commercial banks and the Treasury deposits bank (ACCD). The account closing process began with dormant or duplicate accounts. A pilot of the TSA revenue component was also launched; for this purpose, the ACCD units were provided with all necessary equipment to scan bank records in order to accelerate the collection of revenue through the TSA. This operation is expected to accelerate the processing of bank accounts held by those units.

To fully implement the TSA as planned in 2018, the following actions will be taken:

Continue and complete deployment of the TSA revenue component in the accounting units;

Finish capacity testing of the automated TSA management system (SyGACUT) and begin the experimental phase for the TSA expenditure component;

Finish transferring all bank accounts of entities covered by the TSA from commercial banks and the BCEAO to the ACCD and ensure the accounts are operational;

Implement remote payments;

Secure transactions in SyGACUT;

Reduce the number of accounts with commercial banks and the BCEAO from 2745 to 1000.

Borrowing Policy and Strategy

41. **Consistent with the 2016–19 PEF, the borrowing policy aims to contain the ratio of the present value of public debt in proportion to GDP in order to minimize the risk of debt distress and strengthen resilience to external shocks**. During 2018–19, the borrowing policy will take account of refinancing and exchange risk as well as any volatility in the financial markets and tightening of lending conditions. It will also seek to expand and diversify Côte d'Ivoire's national and regional creditors, including through efforts in cooperation with regional institutions to develop the secondary debt market. For 2018, the ceiling for new government's external borrowings is set at US$2,400.0 million in present value, equivalent to US$ 3,316.8 million in nominal terms.

42. **The 2017–22 Medium-Term Debt Strategy (MTDS) consists of meeting the government financing requirements and payment obligations at the lowest possible cost while maintaining a moderate level of risk**. Consistent with the 2017 debt sustainability analysis, the strategy accords priority to domestic financing through the issuance of medium- and long-term public securities, predominantly long-term instruments. External financing will represent 30 percent by giving preference to the prudent use of semi-concessional facilities. The strategy also aims to limit

exchange risk relating to external borrowing by borrowing in euros where possible and avoiding concentration of maturities. The government will cover its exchange risk on dollar issues by means of a euro/dollar swap. Finally, it will continue to avoid the accumulation of new external and domestic payment arrears, thereby sending a favorable signal to investors while substantially reducing the cost of the debt.

43. The government will continue improving the public debt management framework in accordance with WAEMU community standards. To this end, it will carry out the capacity-building program for staff of the Directorate of Public Debt and Grants, with technical and financial support from a number of development partners including the African Development Bank, the IMF, and the Arab Bank for Economic Development in Africa (BADEA). Also, to facilitate stricter and more efficient public debt management, it will adopt measures to strengthen the legal framework, i.e., the proposed law on the national borrowing and public debt management policy and the decree amending Decree No. 83-501 of June 2, 1983 on the terms and conditions of providing and managing government guarantees and onlending.

Structural Reforms

44. To account for changes in international prices, the government will take the following measures, if needed, to adjust prices in the principal sectors concerned:

- Guaranteed minimum farm gate price for cocoa producers; and
- Maintaining the automatic pump price adjustment mechanism to preserve tax revenue.

45. To address recent speculation as to a number of commodities prices, the government temporarily capped prices in accordance with applicable regulations. The ceilings were established in consultation with private sector actors and are consistent with normal market functioning. The government will continue to evaluate market dysfunctions with respect to certain commodities and will take further measures should they prove necessary.

46. The government intends to continue efforts to improve the financial stability of the electricity sector.

Box 3. Consolidation of Electricity Sector Finances

The electricity sector operating account is improving. As at end-2016, the operating balance stood at a surplus of CFAF 5.280 billion compared to a deficit of CFAF 39.901 billion in 2015. The financial flows projected over 2017–19 also indicate constantly improving surpluses, in line with booming demand, the adjustment of industrial tariffs, avoidance of use of heavy vacuum oil (HVO), and improved performance following investments.

However, sector financial stability remains fragile in view of cash flow pressures due to delays in payment of electricity bills; the accumulation of domestic payment arrears, particularly with the public sector; and exports. This situation has led to payment arrears to the Independent Electricity Producers.

To improve the sector cash flow position, an agreement was reached concerning reciprocal debts and claims between the government and its instrumentalities and the sector. Under the agreement, the government will draw up a plan to clear net central government liabilities to the sector by December 2017. It will continue paying current invoices, and the 2018 budget will also provide sufficient appropriations to cover central government electricity consumption.

A second plan will be prepared to clear the outstanding liabilities of local governments and public administrative establishments.

Regarding exports, the government will continue efforts to collect from the entities concerned.

Regarding supplier debts, a loan from commercial banks guaranteed by the World Bank is under discussion.

47. **The continued improvement of the energy sector financial position is expected to help expand the supply of electricity in order to support the booming economy**. Continued efforts to improve network output and reduce production costs, with the start of operations of the Soubré hydropower plant at end-2017 (275 MW; first generator commissioned in May 2017) and combined-cycle operations of the Ciprel and Azito plants will generate operating surpluses and build reserves to fund new production works. The production capacity as at end-2017 will be 2199 MW. To achieve the objective of 4000 MW in 2020, the government plans to implement a number of projects, including: (i) the construction of two hydropower plants (Singrobo, Gribopopoli); (ii) expand thermal production capacities with the start of operations of new thermal plants (Azito and Ciprel); (iii) the construction of a 700 MW coal plant; and (iv) renewable energies projects representing additional capacity of over 200 MW. In addition, the feasibility study for the liquefied natural gas (LNG) project is expected to be completed in the second half of 2018. The aim of the project is basically to provide for total coverage of the natural gas sector requirements.

48. **The government will continue restructuring enterprises of the hydrocarbons sector.**

- The financial and cash flow positions of the national petroleum company (Société Nationale d'Opérations Petrolière, PETROCI) are consolidated, supporting a gradual reduction of the stock of short-term debt. This situation is expected to continue in view of the positive outlook for production. Also, in the context of implementing the applicable restructuring plan, the transfer of the service station network is expected to be finalized in early 2018.

Other projects are also planned including (i) the creation of a co-enterprise for pipeline operation and development; (ii) importation and massive storage of LNG; and (iii) the transfer of gas distribution activities to private parties.

- The operating results of the national oil refining corporation (Société Ivoirienne de Raffinage, SIR) are improving, but its debt burden must be lightened. The debt restructuring plan is envisaged before end-2017, and funds will be raised to restructure a portion of the debt, amounting to CFAF 368 billion, in 2018 through a syndicated loan from commercial and development banks. Government support, representing CFAF 26.7 per liter will be fully allocated to repaying the debt. The refinancing of short-term debt combined with other SIR initiatives undertaken in 2016 to reduce operating costs and achieve productivity gains are expected to help achieve financial stability.

49. The government will continue to ensure the stability of the cocoa sector. The producer price for the principal 2017–18 harvest was fixed at CFAF 700 per kilogram, in line with international prices at 60 percent of the average approved export price (*prix de déblocage*). And as provided by Decree No. 2012-765 of August 1, 2012 on the coffee-cocoa sector reserve fund, the government contracted an independent institutional, technical, and financial audit of the Average Sales Advance Program (PVAM) and the reserve fund in preparation for an in-depth evaluation of the domestic and international cocoa commercialization system and the mechanisms for projecting harvest and monitoring marketing activities.

50. Reporting by the Coffee-Cocoa Board (CCC) will be improved. Information on coffee-cocoa segment physical and financial flows will be published on the Ministry of Economy and Finance website beginning from end-March 2018.

51. Public enterprises in the transportation sector are continuing to implement their strategic plans.

- Air Côte d'Ivoire (ACI) is seeing a boom in activity, with a 58.3 percent increase in passenger traffic for the domestic network and 15.9 percent for the regional network. In connection with its development strategy, the company prepared a new 201722 business plans with the main objective of acquiring five new aircraft for a total of CFAF 163 billion and achieving financial stability in 2018. The business plan calls for a capital increase by 2019. The government will continue producing and presenting a semiannual report on the company's financial position.

- Urban bus transport operator Abidjan Transport Company (SOTRA) posted net earnings of CFAF 1.3 billion in 2016 and is expected to continue generating positive results in the coming years. According to its business plan, the government acquired 500 new buses and launched new lines dedicated to intra-commune service (WIBUS). The plan provides for the purchase of 2500 buses by end-2020. These actions are expected to help consolidate its financial position.

Financial Sector Development and Financial Inclusion

52. The government intends to develop a modern, efficient financial system that promotes financial inclusion through the implementation of the Financial Sector Development Program (PDESFI). The plan aims in particular to improve the soundness of the banking sector by re-sizing public banks, improving financial inclusion, and reducing information asymmetries.

53. The government will finish re-sizing the portfolio of public banks in the context of divesting its interests in the productive sectors. The strategy provides for privatizing two majority-held banks, the transfer of minority interests in two other banks, strengthening the capital of one of the banks, restructuring and recapitalizing another, and liquidating the last bank. At this date, the process of divesting the government's interests for two of the seven banks concerned was completed concomitantly with the initial offering of their shares on the regional stock exchange (BRVM). The privatization process was completed for one of the banks. For the other four banks, the restructuring of one will be completed through measures including capital strengthening. To this end, the government will pay the balance of its contribution in the bank's recapitalization in 2018. Steps will be taken to sell land owned by the bank pursuant to competitive bidding. Vigorous measures will also be adopted to improve the collection of receivables. The liquidation of the second bank previously begun is now in the final stages, with 2 percent of liabilities remaining to be cleared. The privatization of the third bank is suspended pending litigation. However, negotiations are continuing on a potential settlement. Finally, the strategic plan for the fourth bank is being implemented with technical support from Boston Consulting Group. The plan provides for (i) intensified business activities; (ii) redefinition of missions; (iii) improved governance through the appointment of independent directors; and (iv) securing risky operations.

54. The government will step up the rehabilitation and surveillance of the microfinance sector. Microfinance activity continues on a growth trend, particularly in deposit taking and credit activities. The sector's buoyancy is expected to continue on a sound and sustainable footing through measures including implementation of the National Microfinance Strategy. In the context of sector reorganization, in addition to revoking the licenses of illegal and unsustainable Decentralized

Financial Systems (SFD), the terms and conditions of licensing have been tightened in order to limit the sector to financially sound, professional entities. In addition, enhanced sector supervision will continue with modernization of desk-based reviews through the use of the Electronic Internal Control Form (CECI) to support the efficient collection and analysis of internal control reports.

55. The government will continue implementing the reorganization plan for the National Union of Savings and Loan Cooperatives (UNACOOPEC) adopted on October 1, 2016. The plan provides for restructuring and recapitalization of the savings and loan cooperative network over the period 2017–19. The restructuring will include (i) ensuring the conformity of member institutions by restructuring the network as 24 viable, accredited savings and loan cooperatives; (ii) redefining the umbrella organization's mission; and (iii) creating a financial entity in the form of a stock corporation whose shares are held by a third entity. An expert has been retained to define UNACOOPEC's missions and prepare a new business plan, including a financial entity that will intervene toward the end of the network restructuring process. The recapitalization will address the deficit of CFAF -27 billion to be cleared by end-2019 through measures including contributions from members and the sale of some network assets. When the process is completed, the umbrella organization's capital is expected to be in surplus and the financial entity's capital will be offered to specialized investors.

56. The government continues to establish a modern regulatory framework intended, inter alia, to reduce information asymmetries and further increase financing of the economy. To increase the availability of reliable financial information, the government plans to support the full operationalization of the credit reporting bureau (BIC), which should eventually lead to borrowers' ratings. In addition, the establishment of an Observatory on Financial Services Quality will provide comprehensive and comparable information to financial services consumers on fees charged by banks and financial institutions and a precise description of the financial products offered. The Observatory will also expedite the resolution of disputes and sustainably improve relations between the different parties.

Strengthening the Business Environment and Private Sector Development

57. The government will continue to make the private sector the driver of growth. Building on the gains from reforms in the context of Doing Business, it will continue to improve the business environment to make the economy more attractive to investors. Also, consistent with the 2016–20 PND, it expects to make greater use of PPPs to implement significant investment projects. It will also work to improve private sector productivity and promote SMEs and SMIs.

58. The government plans to implement its "2017–19 Reform Agenda." The reforms are geared mainly toward automating administrative services, reducing turnaround times for issuing documents and instruments, and improving the legal framework for businesses (Box 4).

Box 4. Principal Measures Provided in the 2017–19 Reform Agenda

Business Creation

- Implement online business creation in Côte d'Ivoire.
- Update the registrations of businesses previously registered by assigning them a unique identifier.
- Make business license and permit information available online.
- Gradually automate the issuance of business licenses and permits (authorizations, accreditations, certificates).

Electricity Connections

- Establish a viable economic model for reducing the initial cost of electricity connections.
- Establish a virtual window for electricity connections.

Transfer of Ownership

- Institute online processing and publication of property transfer instruments.

Payment of Taxes

- Implement online payment of taxes and social security contributions.

Investor Services

- Establish a one-stop window for investor services.

Construction Permits

- Optimize the one-stop window for construction permits by adopting the law on the construction and building code.

Cross-border Trade

- Take all remaining steps to make the one-stop window for international trade and cross-border trade fully operational.
- Finish implementing the trade information web portal.

Enforcement of Contracts

- Establish a six-month deadline for decisions in civil cases.
- Reduce the time to enforce judicial decisions to 90 days.
- Finalize and implement the judicial activities module at the Commercial Tribunal.

Resolving Insolvency

- Create a dedicated website to publish information on insolvency procedures and hold online auctions.
- Establish a mechanism to provide economic support to businesses in court-supervised reorganization.

59. The government plans to carry out an investment targeting strategy. A strategic plan was adopted for this purpose to increase foreign direct investment (FDI) and domestic investment in the priority sectors identified in the 2016–20 PND. The FDI targeting strategy relies on information on recent flows and the stated intentions of emerging country authorities with respect to investment. To target domestic investment, the strategy is based on regional investment opportunities suited to the decentralization process, the identification of financing and partnership models adapted to the needs of SMEs and SMIs, and support for prospective national champions.

60. The government will accord preference for PPP projects in implementing the 2016–20 PND. It will focus on implementing important structural projects over the 2017–20 period. In that context, a number of contracts have been signed, including (i) expansion and deepening of the Vridi Canal and construction of the second container terminal; (ii) relocation and expansion of the container terminal at the San Pédro Port; (iii) construction and launch of lines 1 and 2 of the Abidjan metro; (iv) rehabilitation and launch of the Abidjan-Ouagadougou-Kaya railroad line; (v) construction and start of operations of the San Pédro coal plants; and (vi) supplying Côte d'Ivoire with liquefied natural gas.

61. The government will continue investments to reduce the cost of factors of production so as to improve the productivity and competitiveness of the private sector. In that context, it established the Industrial Infrastructure Development Agency (AGEDI) and the Industrial Infrastructure Development Fund (FODI) to optimize the monitoring of rehabilitation work in industrial zones. The government also plans to build additional industrial zones in the different regions in the context of developing competitive economic centers and strengthening of the network of economic infrastructures (telecommunication, transportation, and energy) to support the industrialization policy. In addition, the government is continuing the execution of investments to increase the supply of electricity at lower costs to meet the increasing energy needs of industries as well as the population nationwide.

62. The government will promote the development and growth of SMEs through the implementation of its "Program Phoenix" Strategic Development Plan. The program objective is to create a critical mass of competitive, dynamic, and innovative SMEs by 2020 that will significantly contribute to the sustainable socioeconomic development of Côte d'Ivoire. To this end, the institutional framework was strengthened by the adoption of a law on the national SME development policy. The creation of the executing agency, CI-PME, responsible for coordinating program implementation and business incubators and centers is part of the arsenal aimed at promoting SMEs. To promote access to markets and financing, the government is working to establish a rating tool and a dedicated SME guarantee fund. The initial conclusions of the consulting firms are available. The subcontracting and co-contracting charter of 2015 between large businesses and SMEs aims to help SMEs launch their development process with the help of more and larger markets.

IMPROVING THE STATISTICS SYSTEM

63. The government will continue improving the statistics system by carrying out the new National Statistics Development Strategy covering the period 2017–21. The strategy will correct weaknesses in the production of statistics by improving statistical production and dissemination, archiving, and the statistics culture. The following actions are planned in that context:

- The establishment of a continuous financial statements processing mechanism to support the regular production of the national accounts, in order to reduce the turnaround times for publication of the national accounts and various indices. In this regard, the development of an IT platform for automation and electronic collection of statistical and financial reports (DSF) is planned for the second half of 2017;
- The implementation of the improved General Data Dissemination System (GDDS-i). The national data summary page (NDSP) and training for operators (contributors, managers, and contact person) in charge of updating the GDDS-i dissemination tool were completed following the IMF technical assistance conducted during the second quarter of 2016. The NDSP will be put online in December 2017;
- The establishment of a permanent agricultural statistics system. The terms of reference for the system audit are being prepared and expected to be completed in 2017 in parallel with the dissemination of results of the Agricultural Operations and Operators Survey (REEA);
- The completion of work on changing the base year and implementing the SNA 2008. The government authorized financing for the project, which will extend over the period 2017–18.

The National Statistics Development Strategy also provides for the strengthening of management and governance mechanisms and human, material, and financial resources.

64. The National Quarterly Accounts (CNT) will be disseminated starting from end-December 2017. Fine-tuning of the CNT is continuing along with capacity strengthening for INS managers responsible for the CNT, with support from AFRITAC West. The capacity strengthening should ensure publication of the CNT within 90 days from the close of each quarter.

PROGRAM FINANCING AND MONITORING

65. The program financing requirements will be covered. Financing will be raised primarily on the subregional financial and money markets by means of predominantly medium- and long-term instruments in accordance with the MTDS. In that context, primary dealers will participate in issues and placements of Treasury securities and will provide liquidity on the secondary market for WAEMU public securities. Assistance is also anticipated from the technical and financial partners including the World Bank, the IMF, the African Development Bank, the ASD, and the European Union.

66. The program will continue to be monitored semiannually by the IMF Executive Board based on quantitative indicators and structural benchmarks (Tables 1 and 2). Those indicators are defined in the accompanying Technical Memorandum of Understanding (TMU) which provides a summary of the assumptions underlying projections and the basis for evaluating performance in specific areas. The third semiannual review will be based on data and performance criteria at end-December 2017 and can be completed on or after April 15, 2018. The fourth semiannual review will be based on data and performance criteria at end-June 2018 and can be completed on or after October 15, 2018. To this end, the government undertakes, in particular:

- to refrain from accumulating any new domestic payment arrears; providing any form of advance against revenue; or contracting non-concessional loans other than those specified in the TMU;
- to issues government securities only by auctions through the BCEAO or any form of competitive bidding on the local financial market and the WAEMU market, and to consult with IMF staff regarding any new financing;
- to refrain from introducing or tightening restrictions on payments and transfers relating to current international transactions, introducing multiple currency practices, entering into bilateral payment arrangements not in accordance with Article VIII of the IMF Articles of Agreement, or imposing or tightening restrictions on imports for balance of payments purposes; and
- to adopt further financial or structural measures that may prove necessary for the success of their policies, in consultation with the IMF staff.

Table 1. Côte d'Ivoire: Performance Criteria (PC) and Indicative Targets (IT), ECF/EFF 2017–18 1/

(Billions of CFA francs, unless otherwise indicated)

	2017							2018 (proposed)			
	June				September	December		March	June	September	December
	PC	Adj. PC	Est.	Status	IT	PC	Rev. IT	IT	PC	IT	IT
A. Performance criteria											
Floor on the overall fiscal balance (incl. grants)	-493.0		-197.4	MET	-772.9	-1,052.0		-171.2	-358.8	-661.5	-954.8
Ceiling on net domestic financing (incl. WAEMU paper)	-142.7		-348.1	MET	24.8	179.7		167.1	379.5	410.2	640.6
Ceiling on the present value of new external debt contracted by the central government ($ million) 2/	1,528.8	2,728.8	2,060.1	MET	…	2,043.5		…	1,839.5	…	2,400.0
Ceiling on accumulation of new external arrears by the central government (continuous basis)	0.0		0.0	MET	0.0	0.0		0.0	0.0	0.0	0.0
Ceiling on accumulation of new domestic arrears by the central government (continuous basis)	0.0		0.0	MET	0.0	0.0		0.0	0.0	0.0	0.0
B. Indicative targets											
Floor on government tax revenue	1,760.4		1,820.7	MET	2,568.7	3,435.5		878.8	1,913.6	2,790.5	3,803.2
Ceiling on expenditures by treasury advance	95.3		62.1	MET	141.4	188.8		39.3	88.7	139.0	194.3
Floor on pro-poor expenditure	941.4		945.3	MET	1,437.1	2,070.1		411.0	914.9	1,502.3	2,290.8
Floor on net reduction of central government amounts payable (- = reduction)	-105.7		-179.1	MET	-55.7	-75.0		-112.2	-131.5	-34.3	-50.0
Floor on primary basic fiscal balance	-64.2		182.8	MET	-134.0	-179.8	-274.4	44.4	73.0	-2.8	-28.3
Memorandum items:											
Program grants	73.8		73.8		73.8	147.6		0.0	78.0	78.0	156.1
Program loans	80.9		78.3		80.9	161.7		0.0	76.0	76.0	152.0
Project grants	78.2		50.2		117.3	195.5		58.4	92.7	118.4	144.3
Project loans	293.8		261.5		410.8	586.2	511.6	144.2	279.4	403.6	620.9
Budget support from the European Union, World Bank, and African Development Bank	0.0		0.0		0.0	115.2	130.7	0.0	0.0	81.0	81.0
Fuel tax revenues	150.5		162.8		228.5	322.8		102.9	227.3	321.0	415.0

Sources: Ivoirien authorities; and IMF staff estimates.

1/ Cumulative amount from January 1, 2017 for 2017 targets and from January 1, 2018 for 2018 targets.

2/ The number for end-June 2017 includes proceeds from the Eurobond issuance (about US$1.2 billion).

Table 2. Côte d'Ivoire: Structural Benchmarks (SBs) for 2017–18			
Measures	**Timetable**	**Macroeconomic rationale**	**Documentation**
Price adjustment mechanism			
Apply the retail fuel price mechanism to preserve fuel tax revenue at a level not below the level in the supplementary budget law.[1]	**SB (quarterly)** **MET**	Improve budget revenue	Inter-ministerial decree
Adjust electricity rates in accordance with the plan discussed with IMF staff.	**SB** end-July 2017 **MET**	Recoup the costs of the electricity sector	Communication in the Council of Ministers
Tax policy and administration			
Do not renew the temporary exemptions that expire at end-December 2017 except for those related to grants and the social sectors (education, health).	**SB** end-December 2017	Improve the collection of taxes and fees	2018 draft budget law
In the Council of Ministers, adopt the upward revision of excise taxes on beverages.	**SB** end-December 2017	Improve the collection of taxes and fees	2018 draft budget law
Conduct a study of the investment code	**SB** end-September 2017 **MET**	Optimize tax potential	Study report
Create two new Medium-Sized Enterprise Centers (CMEs) in Abidjan and reduce the threshold for coverage by the CMEs	**SB** end-June 2017 **MET**	Improve the collection of taxes and fees	Ministerial decree
Prepare action plan to improve tracking of merchandise in transit.	**New SB** for end-March 2018	Improve collection of customs duties and fees	Action plan
Prepare action plan to rationalize tax exemptions.	**New SB** for end-June 2018	Improve tax collection	Action plan

Table 2. Côte d'Ivoire: Structural Benchmarks (SBs) for 2017–18 (concluded)

Measures	Timetable	Macroeconomic Rationale	Documentation
Public Debt Management			
Strengthen the public enterprise debt database by including debt service for 12 enterprises	**SB** end-June 2017 **MET**	Improve public debt management	Public enterprise debt monitoring databases
By the end of each quarter produce a summary table of public enterprise debt service in the previous quarter based on progress in the data availability	**SB (quarterly)** starting from end-June 2017 **MET**	Enhance monitoring of debt service by public enterprises	Summary debt service table
Public Enterprises			
Every six months submit a report on the financial situation of Air Côte d'Ivoire.	**SB** (continuous starting from June 2017) - **MET**	Reduce budget risks	Report submitted to the Minister in charge of the Budget and Government Portfolio
Finalize the SIR debt restructuring plan	**SB** end-December 2017	Reduce budget risks	Debt restructuring agreement
Adoption by the Council of Ministers of a treatment protocol to settle cross-debt and claims between the government and PETROCI.	**New SB** for end-December 2017	Reduce budget risks	Treatment protocol
Public Financial Management			
Develop the PPP database to include the main PPP projects.	**SB** end-December 2017	Reduce budget risks	Database
Financial Sector			
Pay the remainder of government contribution for the recapitalization of the *Caisse Nationale des Caisses d'Épargne* (CNCE).	**New SB** for end-March 2018	Strengthen banking system and promote financial inclusion	Budget execution report
Real Sector Statistics			
Start regular publication of the quarterly national accounts	**New SB** for end-December 2017	Support macroeconomic analysis and policymaking	Publication by the National Institute of Statistics

[1] See memorandum item "fuel tax revenues" in Table 1.

Attachment II. Technical Memorandum of Understanding

November 17, 2017

1. This Technical Memorandum of Understanding (TMU) describes the quantitative and structural assessment criteria established by the Ivoirien authorities and the staff of the International Monetary Fund (IMF) to monitor the program supported by the Fund's Extended Credit Facility (ECF) and Extended Fund Facility (EFF). It also specifies the periodicity and the deadlines for the transmission of data to Fund staff for program monitoring purposes.

2. Unless otherwise specified, the government is defined in this TMU as the central government of Côte d'Ivoire, including the National Social Security Fund (Caisse Nationale de Prévoyance Sociale, CNPS) and the Civil Service Pension Fund (Caisse Générale de Retraite des Agents de l'État, CGRAE), and Treasury operations for public companies in liquidation; it does not include any local government authorities, the Central Bank of West African States (BCEAO), or any other government-owned entity with separate legal status.

3. Unless otherwise indicated, public entities are defined in this TMU as majority government-owned companies, the Société Ivoirienne de Raffinage (SIR), and other public entities receiving earmarked tax and quasi-tax revenues.

QUANTITATIVE INDICATORS

4. For program monitoring purposes, performance criteria (PCs) and indicative targets (IT) are set for June 30, 2017, December 31, 2017 and June 30, 2018; the same variables are indicative targets for September 30, 2017, March 31, 2018, September 30, 2018 and December 31, 2018.

The PCs include:

(a) a floor for the overall fiscal balance (including grants);

(b) a ceiling on net domestic financing (including the issuance of securities in francs of the Financial Community of Africa (CFA)—or *Communauté Financière Africaine* in French);

(c) a ceiling on the present value of new external debt (with a maturity of more than one year) contracted by the central government;

(d) a zero ceiling on the accumulation of central government new external arrears; and

(e) a zero ceiling on the accumulation of central government new domestic arrears.

The ITs are:

a) a floor for government tax revenues;

b) a ceiling on expenditures by treasury advance;

c) a floor for "pro-poor" expenditures;

d) a floor for the net reduction of the stock of amounts payables; and

e) a floor for the basic primary balance.

5. The PCs, ITs and adjustors are calculated as the cumulative change from January 1, 2016 for the 2016 targets and from January 1, 2017 for the 2017 targets (Table 1 of the Memorandum of Economic and Financial Policies, or MEFP)**.**

A. Government Tax Revenue (IT)

6. Total tax revenue is defined as all fungible tax revenue (excluding earmarked revenue) collected by the General Directorate of Taxes (DGI), the General Directorate of the Treasury and Public Accounting (DGTCP) and the General Directorate of Customs (DGD), as defined in the fiscal reporting table (TOFE).

B. Pro-poor Expenditures (IT)

7. Pro-poor expenditures are derived from the detailed list of "pro-poor expenditures" in the SIGFIP system (see Table 3).

C. Treasury Advances (IT)

8. Within the framework of the program, Treasury advances are defined as spending paid for by the Treasury outside normal and simplified execution and control procedures (see Decree No. 1998-716) that have not been subject to prior commitment and authorization. They exclude the "*régies d'avances*", as set out in the ministerial decree n° 2013-762, as well as the extraordinary procedures set out in decree n° 1998-716 for expenditures financed by external resources, wages, subsidies and transfers, and debt service. The cumulative amount of expenditures by treasury advance as defined by the program will not exceed the cumulative quarterly ceilings representing 10 percent of quarterly budget allocations (excluding externally financed expenditures, wages, subsidies and transfers, and debt service). The nominative and restrictive list of expenditures eligible as treasury advances is as defined by ministerial Decree No. 178/MEF/CAB-01/26 of March 13, 2009.

D. Primary Basic Fiscal Balance (IT)

9. The primary basic balance is the difference between the government's total revenue (excluding grants) and total expenditure (including expenditure corresponding to earmarked revenues) plus net lending, excluding interest payments and externally financed capital expenditure. Government expenditures are defined as expenditures for which payment orders have been issued and which have been assumed by the Treasury:

Fiscal revenue (tax and nontax revenue, excluding grants) – {Total expenditure + Net lending – Interest payments – Externally financed capital expenditure (on a payment order basis for all expenditure items)}

E. Overall Fiscal Balance (Including Grants) (PC)

10. The overall fiscal balance is the difference between the government's fiscal revenue (including grants other than World Bank and African Development Bank budget support program grants) and total expenditure (including expenditure corresponding to earmarked revenue and net lending). Government expenditures are defined as expenditures for which payment orders have been issued and taken over by the Treasury:

{Fiscal revenue (tax and nontax) + (Grants – World Bank budget support grants – AfDB budget support grants)} – {Expenditure + Net lending (on a payment order basis)}

F. Net Domestic Financing (PC)

11. The net domestic financing of the central government is defined as the sum of (i) the banking system's net claims on the government (including C2D deposits); (ii) net non-bank financing (including proceeds from privatizations and sales of assets, and of correspondent sub-accounts of the Treasury); and (iii) any financing denominated and serviced in Francs of the Financial Community of Africa (CFAF). This ceiling includes a margin of CFAF 10 billion above the net cumulative flow projected for each quarter.

Net domestic financing (NDF) = Variation of banking system's net claims on the government (TOFE) + Net non-bank domestic financing (excluding the net variation of amounts payable and clearance of obligations to local governments and national public entities (NPE)) + Borrowing denominated and serviced in Francs of the Financial Community of Africa (CFAF) + Financing margin of CFAF 10 billion.

This ceiling does not apply to new agreements for the restructuring of domestic debt or the securitization of domestic arrears. For any new borrowing over and above a cumulative amount of CFAF 50 billion, the government undertakes to issue government securities only by auction through the BCEAO or by competitive bidding (*appel d'offres compétitif*) on the WAEMU financial market registered with the Regional Council for Public Savings and Financial Markets (CREPMF), in consultation with Fund staff.

12. The adjustor for the performance criterion on the net domestic financing. The NDF ceiling will be adjusted upward by the full amount of the difference between the effectively disbursed and the projected budget support from the European Union, the World Bank and the African Development Bank projected at CFAF 130.7 billion in 2017 and CFAF 81 billion in 2018 (MEFP Table 1).

G. External Debt (PC)

13. For program purposes, the definition of debt is set out in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to IMF Executive Board Decision No. 15688-(14/107), adopted on December 5, 2014.[1]

(a) For the purpose of these guidelines, the term "debt" will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:

(i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

(ii) suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

(iii) leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of these guidelines, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.

(b) Under the definition of debt set out in this paragraph, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

14. External debt is defined as debt contracted or serviced in a currency other than the franc of the Financial Community of Africa (CFAF).

15. The performance criterion (PC) concerning the present value (PV) of new external debt contracted by the central government applies to all external debt (whether or not

[1] http://www.imf.org/external/pp/longres.aspx?id=4927.

concessional) contracted or guaranteed, including commitments contracted or guaranteed for which no value has been received. This performance criterion does not apply to:

- normal import-related commercial debts having a maturity of less than one year;
- rescheduling agreements;
- IMF disbursements.

For program monitoring purposes, external debt is deemed to be contracted or guaranteed at the date of its approval by the government of Côte d'Ivoire (Council of Ministers). In the case of the issuance of euro bonds, the amount deemed contracted is the amount subscribed/purchased at the end of the subscription/purchase period as specified in the final clauses of the exchange. For program purposes, the value in U.S. dollars of new external debt of 2017 is calculated using the average exchange rate for January 2017 in the IMF's International Financial Statistics (IFS) database.

16. The PV of new external debt is calculated by discounting all future debt service payments (principal and interest) on the basis of a program discount rate of 5 percent and taking account of all loan conditions, including the maturity, grace period, payment schedule, front-end fees and management fees. The PV is calculated using the IMF model for this type of calculation[2] based on the amount of the loan. A debt is considered concessional if on the date on which it is contracted the ratio of its present value to its face value is less than 65 percent (equivalent to a grant element of at least 35 percent). In the case of loans for which the grant element is zero or less than zero, the PV is set at an amount equal to the face value.

17. In the case of variable interest rate debt in the form of a reference interest rate plus a fixed margin, the PV of the debt is calculated on the basis of the program reference rate plus a fixed margin (in basis points) specified in the loan agreement. The program reference rate for the US$ six-month LIBOR is 3.04 percent and will remain unchanged until December 31, 2017. The margin between the euro six-month LIBOR and the US$ six-month LIBOR is -300 basis points. The margin between the yen six-month LIBOR and the US$ six-month LIBOR is -300 basis points. The margin between the pound sterling six-month LIBOR and the US$ six-month LIBOR is -250 basis points. For interest rates applicable in currencies other than the euro, yen and pound sterling, the margin vis-à-vis the US$ six-month LIBOR is -250 basis points.[3] When the variable rate is linked to a reference interest rate other than the US$ six-month LIBOR, a margin corresponding to the difference between the reference rate and the US$ six-month LIBOR (rounded to the closest 50 basis points) is added. For the period January 1, 2018 to December 31, 2018 these rates will be fixed and will remain fixed based on the fall 2016 edition of World Economic Outlook (WEO).

18. The adjustors for the performance criterion on the PV of new external debt:

- The program ceiling applicable to the PV of new external debt is adjusted upward up to a

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[2] http://www.imf.org/external/np/spr/2015/conc/index.htm.

[3] The program reference rate and margins are based on the "average projected rate" for the US$ six-month LIBOR over a period of 10 years as from the fall 2016 edition of World Economic Outlook (WEO). The rate will be updated each year on the basis of the fall edition of the WEO.

maximum of 5 percent of the ceiling on the PV of external debt in cases in which differences vis-à-vis the PC on the PV of new debt are caused by a variation in financing conditions (interest, maturity, grace period, payment schedule, front-end fees, management fees) of the debt or debts. The adjustor may not be applied when the differences are the result of an increase in the face value of the total debt contracted or guaranteed.

- The program ceiling applicable to the PV of new external debt is adjusted upward by the full amount of the new Eurobond issued by the government up to US$ 1.2 billion in 2018.
- The ceiling will exclude external borrowing which is for the sole purpose of refinancing existing public sector debt and which helps to improve the profile of public sector debt.
- The program ceiling applicable to the PV of new external debt is adjusted upward by the total amount of the new external debt contracted or guaranteed by the government for the purpose of restructuring the debt of *Société Ivoirienne de Raffinage* (SIR), up to an equivalent of CFA francs 368 billion, or US$ 596 million, calculated at the January 2017 average exchange rate (CFAF 618.01).

19. The authorities will inform IMF staff of any planned external borrowing and the conditions on such borrowing before the loans are either contracted or guaranteed by the government. The current government borrowing plan is summarized in Tables 1 and 2. In these tables, the value in U.S. dollars of the new external debt is calculated on the basis of the average exchange rates of January 2017 for January–June 2017 and January–December 2017 and that of August 2017 (average euro-dollar exchange rate of 0.84701) for January–June 2018 and January–Decembe 2018 (see below).

Table 1. Côte d'Ivoire: Summary Table on External Borrowing Program (January–December 2017)
(Millions of US dollars)

	January-June 2017		January-December 2017	
External debt contracted or guaranteed	Volume of new debt, US$ million 1/	PV of new debt, US$ million 1/	Volume of new debt, US$ million 1/	PV of new debt, US$ million 1/
Source of debt financing	**2,475.9**	**1,528.8**	**3,328.0**	**2,043.5**
Concessional debt 2/	***2,152.5***	***1,224.4***	***2,659.6***	***1,453.6***
Multilateral debt	1,653.6	929.6	1,909.1	1,062.8
Bilateral debt	498.9	294.8	750.5	390.7
Non-concessional debt	***323.4***	***304.0***	***668.4***	***590.0***
Semi-concessional debt 3/	323.4	304.0	581.0	502.5
Commercial terms 4/	0.0	0.0	87.5	87.5
Uses of debt financing	**2,475.9**	**1,528.8**	**3,328.0**	**2,043.5**
Infrastructure	1,748.2	1,111.8	2,387.5	1,491.8
Social expenditure	0.0	0.0	125.4	47.2
Budget financing	371.5	219.5	371.5	219.5
Other	356.2	197.6	43.7	285.0

Source: Ivoirien authorities.

1/ Contracting and guaranteeing of new debt. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.

2/ Concessional debt is defined as debt with a grant element that exceeds the minimum threshold of 35 percent.

3/ Debt with a positive grant element which does not meet the minimum grant element.

4/ Debt without a positive grant element. For commercial debt, the present value would be defined as the nominal/face value.

Table 2. Côte d'Ivoire: Summary Table on External Borrowing Program (January–December 2018)
(Millions of US dollars)

	January-June 2018		January-December 2018	
External debt contracted or guaranteed	Volume of new debt, US$ million 1/	PV of new debt, US$ million 1/	Volume of new debt, US$ million 1/	PV of new debt, US$ million 1/
Source of debt financing	**2,533.1**	**1,839.5**	**3,316.8**	**2,400.0**
Concessional debt 2/	***1,178.3***	***676.0***	***1,691.8***	***969.6***
Multilateral debt	1,178.3	676.0	1,691.8	969.6
Bilateral debt	0.0	0.0	0.0	0.0
Non-concessional debt	***1,354.8***	***1,163.5***	***1,625.0***	***1,430.1***
Semi-concessional debt 3/	1,354.8	1,163.5	1,472.9	1,277.9
Commercial terms 4/	0.0	0.0	152.1	152.1
Uses of debt financing	**2,533.1**	**1,839.5**	**3,316.8**	**2,400.0**
Infrastructure	1,997.0	1,510.3	2,386.0	1,732.1
Social expenditure	479.9	277.7	604.5	349.8
Budget financing	0.0	0.0	0.0	0.0
Other	56.1	51.4	326.3	318.1

Source: Ivoirien authorities.

1/ Contracting and guaranteeing of new debt. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.

2/ Concessional debt is defined as debt with a grant element that exceeds the minimum threshold of 35 percent.

3/ Debt with a positive grant element which does not meet the minimum grant element.

4/ Debt without a positive grant element. For commercial debt, the present value would be defined as the nominal/face value.

H. External Payments Arrears (PC)

20. External arrears correspond to the nonpayment of any interest or principal amounts on their due dates (taking into account any contractual grace periods). This performance criterion applies to arrears accumulated on external debt contracted by the government and external debt guaranteed by the government for which the guarantee has been called by the creditors. This performance criterion is monitored on a continuous basis.

I. Amounts Payable, Including Domestic Payment Arrears (IT and PC)

21. "Amounts payable" (or "balances outstanding") include domestic arrears and floating debt and represent the government's overdue obligations. They are defined as expenditures assumed (*prise en charge*) by the public accountant, but yet to be paid. For purposes of the program, these obligations include (i) bills due and not paid to nonfinancial public and private companies; and (ii) the domestic debt service.

22. For program purposes, domestic payment arrears are balances outstanding to suppliers and on domestic debt service. Arrears to suppliers are defined as overdue obligations of the government to nonfinancial and private companies for which the payment delay exceeds the regulatory delay of 90 days; arrears on the domestic debt service refer to debt service obligations for which the payment delay exceeds 30 days.

23. Floating debt refers to balances outstanding for which the payment delay does not exceed the regulatory delay (90 days for debt to nonfinancial companies and 30 days for debt service).

24. Balances outstanding are broken down by payer and type, as well as by maturity and length of time overdue (< 90 days, 90–365 days, > 1 year for amounts owing to nonfinancial companies, and <30 days, 30-365 days, > 1 year for amounts owing to financial institutions).

25. For program purposes, the ceiling on the accumulation of new domestic payments arrears is zero.

MEMORANDUM ITEMS

A. Net Banking System Claims on the Government

26. Net banking system claims on the government are defined as the difference between government debts and government claims vis-à-vis the central bank and commercial banks, (including the C2D deposits). The scope of net banking system claims on the government is that used by the BCEAO and is the same as that shown in the Net Government Position (NGP) (including the C2D deposits).

B. External Financing (Definitions)

27. Within the framework of the program, the following definitions apply: (i) project grants refer to non-repayable money or goods intended for the financing of a specific project; (ii) program grants refer to non-repayable money or goods not intended for the financing of a specific project; (iii) project loans refer to repayable money or goods received from a donor to finance a specific project on which interest is charged; and (iv) program loans are repayable money or goods received from a donor and not intended for the financing a specific project on which interest is charged.

C. Fuel Tax Revenues

28. The fuel tax revenue is defined as revenues from oil products taxation collected by the General Directorate of Customs (DGD) as reported in the fiscal reporting table (TOFE) under the line "taxes sur les produits pétroliers".

D. Program Monitoring and Data Reporting

29. A quarterly assessment report on the monitoring of the quantitative performance criteria, indicative targets, and structural benchmarks will be prepared by the authorities no later than 45 days following the end of each quarter.

30. The government will report the information specified in Table 4 no later than 45 days following the month-end or quarter-end, except in the case of the information that will be provided later, as specified in Table 4.

31. The government will report final data provided by the BCEAO within 45 days following the month-end. The information provided will include a complete, itemized listing of public sector assets and liabilities vis-à-vis: (i) the BCEAO; (ii) the National Investment Bank (*Banque Nationale d'Investissement*, or BNI); and (iii) the banking system (including the BNI).

32. The government will provide a detailed statement of payment orders and payments on IMF financing related to Ebola expenditures within 45 days of the end of each month. These expenditures are included in the government budget. The authorities will consult with Fund staff on any proposed new external debt. The authorities will inform Fund staff of the signature of any new external debt contracted or guaranteed by the government, including the conditions on such debt. Data on new external debt, the amount outstanding, and the accumulation and repayment of external payments arrears will be reported monthly within six weeks of the end of each month.

33. More generally, the authorities will report to the IMF staff any information needed for effective monitoring of the implementation of economic policies.

Table 3. Côte d'Ivoire: Pro-Poor Spending (incl. Social Spending), 2014–18

(Billions of CFA francs)

	2014	2015	2016	2017 Budget	2018 Budget
Agriculture and rural development	**140.5**	**111.2**	**124.0**	**73.3**	**105.9**
General administration	62.8	47.7	58.6	34.8	55.7
Agriculture promotion and development program	31.1	24.0	24.5	9.0	16.2
Training of supervisory staff	19.2	19.4	10.2	12.2	13.2
Water system works	27.4	9.2	17.1	2.9	7.4
Other investments in the rural area (FRAR, FIMR)	0.0	10.9	13.6	14.5	13.4
Fishing and animal husbandry	**8.9**	**9.8**	**9.1**	**11.9**	**15.7**
General administration	4.9	6.6	5.6	5.8	7.9
Milk production and livestock farming	2.7	2.7	2.3	1.6	1.0
Fishing and aquaculture	1.3	0.5	1.2	4.6	6.8
Education	**818.8**	**991.6**	**1,179.3**	**1,111.7**	**1,263.1**
General administration	23.5	26.2	32.8	35.1	32.9
Pre-schooling and primary education	307.4	399.7	531.1	473.5	540.1
Literacy	0.4	0.3	0.6	0.5	0.5
Secondary education and vocational training	291.8	320.9	359.9	411.6	463.4
University and research	149.2	198.0	211.4	191.1	226.3
Emergency/Presidential program/Education	46.5	46.5	43.5	0.0	...
Health	**228.9**	**279.5**	**330.4**	**379.7**	**356.1**
General administration	121.8	133.4	157.0	164.3	175.5
Primary health system	47.9	62.3	59.5	97.7	88.1
Preventive healthcare (enlarged vaccination program)	1.2	2.9	4.0	2.8	2.0
Disease-fighting programs	1.4	5.3	38.5	20.5	29.2
Infant/mother health and nutrition	0.7	10.7	1.4	11.5	11.3
HIV/Aids	1.6	1.8	3.2	23.0	11.8
Health centers and specialized programs	34.3	43.1	46.9	59.9	38.1
Emergency/Presidential program/Health	20.0	20.0	20.0	0.0	...
Water and De-contamination	**146.6**	**74.8**	**58.6**	**80.3**	**107.0**
Access to drinking water and de-contamination	103.0	32.5	21.6	79.2	96.8
Environmental protection spending	16.6	15.3	7.1	1.2	10.2
Emergency/Presidential program/healthiness and de-contamination	13.5	13.5	13.5	0.0	...
Emergency/Presidential program/drinking water	13.5	13.5	16.5	0.0	...
Energy	**50.6**	**53.6**	**45.5**	**74.8**	**90.1**
Access to electricity	37.1	40.1	32.0	74.8	90.1
Emergency/Presidential program/Electricity	13.5	13.5	13.5	0.0	...
Roads and Art Works	**138.6**	**155.6**	**153.8**	**215.0**	**216.5**
Road maintenance	4.4	7.3	20.1	13.4	6.6
Construction of art works	11.7	12.1	8.2	7.8	0.5
Other road projects	122.5	108.0	100.6	193.8	209.4
Emergency/Presidential program/maintenance and development	0.0	28.2	25.0	0.0	...
Social spending	**25.3**	**28.8**	**38.4**	**36.3**	**40.0**
General administration	19.5	23.1	31.2	27.5	21.9
Training for women	1.1	0.5	1.6	0.7	0.4
Orphanages, day nurseries, and social centers	2.2	2.9	3.1	3.6	3.4
Training of support staff	2.1	1.9	1.8	1.7	1.6
Indigents and victims of war or disaster	0.4	0.3	0.7	2.9	12.6
Decentralization (excl. education, health and agriculture)	**54.9**	**48.0**	**55.1**	**63.3**	**65.7**
Decentralization	54.9	48.0	55.1	63.3	65.7
Reconstruction	**1.5**	**14.2**	**11.3**	**12.8**	**9.6**
Reconstruction and rehabilitation	0.0	0.1	0.0	0.1	0.5
Emergency/Presidential program	1.5	14.1	11.3	12.7	9.2
Other poverty-fighting spending	**8.0**	**3.1**	**9.2**	**10.8**	**21.1**
Promotion and insertion of youth	6.3	1.2	6.6	7.2	18.7
Support and follow-up of DSRP	0.1	0.1	0.1	1.0	1.5
Development of tourism and craftmanship	1.6	1.8	2.5	2.6	0.9
TOTAL	**1,622.4**	**1,770.2**	**2,014.8**	**2,070.1**	**2,290.8**

Source: Ivoirien authorities.

Table 4. Côte d'Ivoire: Document Transmittal for Program Monitoring			
Sector	Type of data	Frequency	Transmittal deadline
Real sector	Cyclical indicators	Monthly	End of month + 45 days
	Provisional national accounts	Annually	End of year + 9 months
	Final national accounts	Variable	60 days after revision
	Disaggregated consumer price indices	Monthly	End of month + 45 days
Energy sector	Crude oil: offtake report	Quarterly	End of quarter + 45 days
	Oil product price structure	Monthly	End of month + 45 days
Public finances	Fiscal reporting table (TOFE)	Monthly	End of month + 45 days
	Budget execution report	Quarterly	End of quarter + 45 days
	Report on the public procurement operations	Quarterly	End of quarter + 45 days
	Estimated tax revenue	Monthly	End of month + 45 days
	Summary statement of VAT credit refunds	Monthly	End of month + 45 days
	Summary statement of tax and customs exemptions	Monthly	End of month + 45 days
	Pro-poor expenditures	Monthly	End of month + 45 days
	Treasury advances	Monthly	End of month + 45 days
	Central government domestic arrears	Monthly	End of month + 45 days
	Consolidated Treasury balances outstanding	Monthly	End of month + 45 days
	Annual cash flow plan	Annually	End of year + 45 days
	Execution of cash flow plan	Quarterly	End of quarter + 45 days
	General balance of the Treasury accounts	Quarterly	End of quarter + 45 days

Table 4. Côte d'Ivoire: Document Transmittal for Program Monitoring (concluded)

Sector	Type of data	Frequency	Transmittal deadline
Domestic debt	Detailed domestic debt statement	Monthly	End of month + 45 days
	Breakdown of new domestic loans and guarantees	Monthly	End of month + 45 days
	Detailed projected domestic debt service	Quarterly	End of quarter + 45 days
	Statement of issuances and redemptions of securities	Monthly	End of month + 45 days
External debt	Detailed external debt statement	Monthly	End of month + 45 days
	Breakdown of new external loans and guarantees	Monthly	End of month + 45 days
	Table of disbursements on new loans	Monthly	End of month + 45 days
	Projected external debt service	Quarterly	End of quarter + 45 days
Public companies	Debt statement of public companies	Quarterly	End of quarter + 45 days
	List of public companies	Quarterly	End of quarter + 45 days
Balance of payments	Provisional balance of payments (provisional)	Annually	End of year +9 months
	Provisional balance of payments (final)	Annually	End of year + 12 months
Monetary and financial sectors	Banking system statement	Monthly	End of month + 45 days (preliminary); end of month + 60 days (final)
	BCEAO summary statement	Monthly	End of month + 45 days (preliminary); end of month + 60 days (final)
	Monetary sector statement	Monthly	End of month + 45 days (preliminary); end of month + 60 days (final)
	Government net financial position	Monthly	End of month + 45 days
	Banks's prudential ratios	Monthly	End of month + 45 days
	Financial soundness indicators	Quarterly	End of month + 45 days
	Lending and borrowing interest rates, BCEAO intervention rate and compulsory reserves	Monthly	End of month + 45 days

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

SECOND REVIEWS UNDER AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY—INFORMATIONAL ANNEX

November 21, 2017

Prepared By

African Department
(In Consultation with other Departments)

CONTENTS

RELATIONS WITH THE FUND

(As of October 31, 2017)

Membership Status: Joined March 11, 1963 — Article VIII

General Resources Account:	SDR Million	%Quota
Quota	650.40	100.00
Fund holdings of currency (Exchange Rate)	678.90	104.38
Reserve tranche position	82.50	12.68

SDR Department:	SDR Million	% Allocation
Net cumulative allocation	310.90	100.00
Holdings	204.23	65.69

Outstanding Purchases and Loans	SDR Million	% Quota
RCF loans	65.04	10.00
ECF Arrangements	654.83	100.68
Extended Arrangements	110.98	17.06

Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	Dec 12, 2016	Dec 11, 2019	216.80	55.49
EFF	Dec 12, 2016	Dec 11, 2019	433.60	110.98
ECF	Nov 04, 2011	Dec 31, 2015	520.32	520.32
ECF[1]	Mar 27, 2009	June 23, 2011	373.98	230.89
ECF[1]	Mar 29, 2002	Mar 28, 2005	292.68	58.54

Overdue Obligations and Projected Payments to Fund[2]
(SDR Million; based on existing use of resources and present holdings of SDRs):

	2017	2018	2019	2020	2021
Principal	18.21	109.59	113.17	112.84	133.44
Charges/Interest	0.57	2.49	2.49	2.49	2.47
Total	18.79	112.08	115.66	115.34	135.91

[1] Formerly PRGF.

[2] When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Implementation of HIPC Initiative:

		Original Framework	Enhanced Framework	Total
I.	Commitment of HIPC assistance			
	Decision point date	Mar 1998	April 2009	
	Assistance committed by all creditors (US$ Million)[3]	345.00	3,109.58	
	of which: IMF assistance (US$ Million)	22.50	38.66	
	(SDR equivalent in millions)	16.70	25.85	
	Completion point date:	--	June 2012	
II.	Disbursement of IMF assistance (SDR Million)			
	Assistance disbursed to the member	--	25.85	25.85
	Interim assistance	--	15.13	15.13
	Completion point balance	--	10.72	10.72
	Additional disbursement of interest income[4]	--	0.57	0.57
	Total disbursements	--	26.42	26.42

Implementation of Multilateral Debt Relief Initiative (MDRI): Not Applicable

Implementation of Post-Catastrophe Debt Relief (PCDR): Not Applicable

[3]Assistance committed under the original framework is expressed in net present value (NPV) terms at the completion point, and assistance committed under the enhanced framework is expressed in NPV terms at the decision point. Hence these two amounts cannot be added.

[4] Under the enhanced framework, an additional disbursement is made at the completion point corresponding to interest income earned on the amount committed at the decision point but not disbursed during the interim period.

As of February 4, 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief (CCR) Trust.

Decision Point—point at which the IMF and the World Bank determine whether a country qualifies for assistance under the HIPC Initiative and decide on the amount of assistance to be committed.

Interim Assistance—amount disbursed to a country during the period between decision and completion points, up to 20 percent annually and 60 percent in total of the assistance committed at the decision point (or 25 percent and 75 percent, respectively, in exceptional circumstances).

Completion Point—point at which a country receives the remaining balance of its assistance committed at the decision point, together with an additional disbursement of interest income as defined in footnote 4 above. The timing of the completion point is linked to the implementation of pre-agreed key structural reforms (i.e., floating completion point).

Safeguards Assessments—the Central Bank of West African States (BCEAO) is a common central bank of the countries of the West African Economic and Monetary Union (WAMU). The latest assessment of the BCEAO was completed on December 13, 2013. The assessment found that the bank continued to have a strong control environment and has, with the implementation of the 2010 Institutional Reform of the WAMU, enhanced its governance framework. Specifically, an audit committee was established to oversee the audit and financial reporting processes, transparency has increased with more timely publication of the audited financial statements, and the BCEAO committed to implement IFRS by end-2014. The assessment also identified some limitations in the external audit process and recommended that steps be taken to ensure the adequacy of the mechanism through selection of a second experienced audit firm to conduct joint audits. All recommendations from the assessment have been implemented.

Exchange Arrangements:

Côte d'Ivoire is a member of the WAEMU; the exchange system, common to all members of the union, is free of restrictions on payments and transfers for current international transactions (as is the exchange system of Côte d'Ivoire). The common currency, the CFA franc, is pegged to the euro at the rate of €1 = CFAF 655.957.

Article IV Consultation:

Côte d'Ivoire is on the 24-month Article IV consultation cycle. The Executive Board concluded the last Article IV consultation with Côte d'Ivoire in May 2016.

Technical Assistance:

	Area	Focus
2012	Government financial statistics (January/February, November/December)	TOFE follow-up
	Tax administration (January; September)	Workshop
	Customs (February)	Workshop
	Tax administration (February; December)	Modernization of fiscal administration in Côte d'Ivoire
	Public wage bill management (December)	
	Customs (March/April)	Follow-up
	Multi-topic (April)	AFRITAC Steering Committee
	Fuel pricing (June)	Workshop
	National accounts (July, Oct/Nov)	Set up quarterly national accounts
	Debt Management (May, September)	Medium Term Debt Strategy (MTDS)
	Tax policy (July/August)	Review and diagnosis
2013	Public expenditure management	Budgeting strategy
	Public Debt Management (January/October)	Workshop on Debt sustainability analysis
	Customs/tax administration (January)	Workshop
	Statistic real sector (January/March/November)	Quarterly national accounts
	Strategy and Roadmap to Program Budgeting (January)	Workshop
	Cash management (February)	Treasury Single Account
	Debt management (February)	Reorganization of the Debt directorate
	Government Finance Statistics (March)	Migration to GFSM 2001
	Customs administration (March/September/December)	Modernization of customs administration
	Public wage bill management (April)	Regional workshop (AFRITAC)
	Multi-topic (April)	AFRITAC Steering Committee
	Wage bill management strategy (May)	Budgeting strategy
	Medium-term expenditure framework (June)	Budgeting strategy
	Accounting (July)	Accrual accounting
	Tax policy (August)	VAT reform
	Banking sector (August)	Public bank restructuring
	Tax administration (September)	Modernization of tax administration
	Tax Policy	Follow-up on tax policy reform
	Debt management (September)	Update the DSA
	Public financial management (September)	Medium-term expenditure framework
	National Accounts-AFRITAC (November)	Quarterly GDP
	Customs Administration-AFRITAC (May/November)	Risk-based analysis in Customs
	Revenue administration (November)	Strengthen tax administration
	Public financial management-AFRITAC (November)	Financial information system reform
	Government Finance Statistics -AFRITAC (November)	Producing the TOFE based on the trial balance and implementing WAEMU directives
	Public financial management-AFRITAC (December)	Support the formulation of a strategy to improve accounting procedures, consistent with WAEMU directives

	Area	Focus
2014	Public Financial Management (January)	Budget execution and spending procedures
	Government Finance Statistics -AFRITAC (January)	Producing the TOFE based on the Treasury Accounts and implementing WAEMU directives
	Customs administration – AFRITAC (February)	Human resources management
	Debt management-AFRITAC (February)	Debt sustainability analysis
	Customs Administration -AFRITAC (March)	Modernize customs
	Cash management (April)	Treasury Single Account
	Multi-topic (April)	AFRITAC Steering Committee
	National Accounts-AFRITAC (May)	Quarterly GDP
	Tax administration– AFRITAC (May)	VAT management
	Customs – AFRITAC (June)	Risk management for control purpose
	Banking sector– AFRITAC (June)	Implementation of the Treasury Single Account
	Budget management– AFRITAC (June)	Budget classification
	Budget management – AFRITAC (July)	Budget Management Information System modernization
	Accounting and financial reporting – AFRITAC (July)	Trial balance improvement – AFRITAC (July)
	Customs administration – AFRITAC (July/September)	Risk-based management and intelligence
	Accounting - AFRITAC (October)	Revenue administration and accounting
	National accounts- AFRITAC (October)	Strengthening economic statistics
	Public Financial Management	Medium term expenditure framework
	Tax Policy	VAT and income tax system
	Public Financial Management	Finalization of medium term expenditure framework
	Revenue Administration	Tax administration capacity
	Public Financial Management	Expenditure chain
	Revenue Administration (September)	Setting up a large taxpayers office
	Revenue Administration	IT systems for VAT administration
2015	Revenue Administration	Diagnostic of customs administration
	Debt management- AFRITAC (January)	Workshop on Rate of return of government securities
	Debt management – AFRITAC (October)	Debt management framework
	Customs administration – AFRITAC (January/April)	Risk-based management
	Customs administration – AFRITAC (March)	Customs informations
	Customs administration – AFRITAC (June)	Exceptional customs procedures
	Revenue Administration-AFRITAC (April)	Medium taxpayers directorate
	National Accounts-AFRITAC (April/September)	Quarterly GDP
	Government Finance Statistics -AFRITAC (April/August)	Producing the TOFE based on the Treasury's accounts and implementing WAEMU directives
	Macroeconomics (May)	Technical assistance needs identification
	Macroeconomics Analysis and Forecasting (June)	Regional workshop (AFRITAC)

	Area	Focus
	Macroeconomics (December)	Tax revenue forecasting
	Accounting and financial reporting – AFRITAC (May/June)	Improvement of Treasury's Accounts
	Customs administration – AFRITAC (June)	Exemption regimes at Customs
	Revenue Administration	IT systems for VAT administration
	Revenue Administration	Follow-up in tax administration
	Public Financial Management	Budget preparation and credibility
	Public Financial Management	Revenue forecasting
	Public Financial Management	Public accounting
	Revenue administration	Tax administration
	Tax Policy-AFRITAC (June)	Auditing of large taxpayers
	Revenue administration – AFRITAC (December)	Custom administration
	Public Financial Management – AFRITAC (May/July)	Budget information system
	Public Financial Management – AFRITAC (May/June)	Public accounting
	National accounts statistics (July)	GDP
2016	Revenue administration – AFRITAC (January)	Custom administration
	Revenue Administration (January)	Tax administration organization
	Revenue Administration (February)	Follow-up in tax administration
	Revenue Administration (March)	Tax administration IT system and tax procedures
	Public Finance Management (April)	Improve budget management
	Customs administration – AFRITAC	Risk-based management system assessment
	Government Finance Statistics – AFRITAC (April)	Producing a GFSM 2001 based TOFE and expanding its institutional scope
	Macroeconomic Statistics (April)	Implementing the e-GDDS and developing a suitable National Summary Data Page
	Budget Management (April-May)	Strengthen budget preparation and execution, implement program-based budgeting
	National Accounts – AFRITAC Regional Workshop (June-July)	Harmonization of work methods and tools of ERETES National Accounts IT system
	Revenue Administration (July)	Assess improvements in organization, enforcement, and HR regime
	External Sector Statistics (August-September)	Opening workshop to explain the scope and prepare work plans for the three-year project
	Revenue Administration (October)	Strengthen VAT administration
	Customs administration – AFRITAC (September-December)	Customs administration
	Expenditure Policy – FAD (June)	Investment/PPP
	Public Financial Management (June)	Budget Execution and fiscal Reporting
	Public Financial Management – AFRITAC (September)	Overall balance clearing
	Public Financial Management (November)	Public Investment management assessment (PIMA)
	Tax Administration – AFRITAC (April)	Administration of Mid-Sized Enterprise Centers
	Tax Administration – AFRITAC (June)	Seminar RA-FIT
	Tax Administration – AFRITAC (December)	Budget operations
	Debt Management – AFRITAC (January)	Debt Management
	Liability Management (June)	Treasury bond issuance and refinancing risk management

	Area	Focus
2017 (up to September)	Government Finance Statistics – AFRITAC (February-July)	Government Finance Statistics
	National Accounts Statistics – STA (February)	National Accounts
	Balance of Payment Statistics – STA (April)	Diagnostic Mission - Data sources and methods assessment
	Public Financial Management – FAD (March)	Improve budget management (JSA 7 Project)
	Revenue Administration – FAD (March)	RA-GAP, Strengthen VAT administration
	Tax Administration – FAD (January-April)	Tax administration
	Capital Market Development – MCM (February)	Medium term debt strategy – Annual borrowing plan

Resident Representative: A Fund resident representative was first posted in Abidjan in 1984. There were interruptions for security reasons in 2005–06 and 2010–11, but a resident representative has been continuously assigned since May 2011.

JOINT BANK-FUND WORK PROGRAM, 2017–18

(As of October 01, 2017)

Title	Products	Provisional Timing of Missions	Expected Delivery Date
A. Mutual Information on Relevant Work Programs in the Next 12 Months			
World Bank Work Program			
Strategy and Operations			
	Active Projects		**Closing dates**
	Agriculture Sector Support Project	May 22 - 29	30-Oct-17
	Emergency Youth Employment & Skills Dev. Project		30-Jun-19
	CI Emergency Infrastructure Renewal	Dec 2017	31-Jan-20
	CI-Productive Social Safety Net	Sept 18 - 6	30-Oct-20
	Health Systems Strengthening and Ebola Preparedness Project	Sept 29 – Oct 3	31-Jan-20
	Transport Sector Modernization and Trade Facilitation Project	Sept 18 - 27	30-Jun-21
	CI – Emergency Basic Edu Support Project	Aug 7 - 18	30-Aug-17
	Obsolete Pesticides Management Project		30-Oct-20
	Social Inclusion & Improvement of Livelihood		17-Oct-17
	REDD+ Readiness Preparation in RCI		30-Sep-17
	Abidjan-Lagos Trade and Transport Facilitation Program - APL-2	Sept 27 – Oct 6	30-Jun-18
	West Africa Agriculture Prod Program (WAAPP-1B)		30-Jun-18
	African Centers of Excellence		31-Dec-19
	Sahel Women's Empowerment & Demographics Project		30-Jun-19
	CI-Infrastructure for Urban Development and Competitiveness of Second Cities		6-Mar-17
	Financial Sector Development	Oct 2 - 11	15-Dec-16
	Urban Water Supply Project	Oct 2 - 7	10-Jan-17
	Cote d'Ivoire - Electricity Transmission and Access Project		31-Mar-17
	Cote d'Ivoire Land Policy Improvement and Implementation Project	Sept 11 - 22	20-Oct-17
	CI-DPO Series on Fiscal Management		9-Dec-16
	Cashew Value-Chain Competitiveness Project		22-Jun-17
	Port-City Integration-Greater Abidjan and Port Development P	Oct 30 – Nov 3	24-May-18
	Public Financial Management Modernization and Accountability		7-Dec-17
	Digital Solutions for Sustainable Development and eAgriculture	Sept 18 - 29	11-Jul-17
	Multisectoral Nutrition Support Project	Oct 9 - 13	18-Jan-18
	CI-Infrastructure for Urban Development and Competitiveness of Second		6-Mar-17

	Technical Assistance/Economic Sector Work/Other Analytical		
	CI- Assessing the impact of Crises on Human Capital		17-Oct-16
	Cote d'Ivoire Jobs Agenda	Sept 18 – Oct 6	30-Sep-16
	Governance and Anti-Corruption Study		20-Apr-17
	CI Electricity Access Scale Up Program		30-Nov-17
	CI - Universal Health Coverage (FY16)	Sept 29 – Oct 3	15-Mar-17
	Higher Education Governance & Financing		30-Nov-16
	Review of the Cocoa and Cashew Value Chains in Cote d'Ivoire		28-Oct-16
	Strengthening Social Protection and Labor Delivery Platforms	Sept 18 – Oct 6	1-Apr-17
	Cote d'Ivoire - MTDS		29-Jul-16
	Cote d'Ivoire Infrastructure Financing		15-May-17
	Operational Service Delivery Platform		28-Apr-17
	ICR – Regional DPO Abidjan & Ouagadougou	Oct 2 - 7	
	Light Manufacturing Competitiveness	Oct 2 - 14	
IMF Work Program			
	2nd ECF/EFF Review Mission		September 2017
	3rd ECF/EFF Review Mission and 2018 Article IV consultation		March 2018
	4th ECF/EFF Review Mission		September 2018
B. Requests for Work Program Inputs			
Fund requests to Bank	Regular updates on budget implications of reforms coffee/cocoa sector, electricity sector as well as financial sector.		Ongoing
Bank requests to Fund	Regular updates on macro-economic and fiscal projections.		Ongoing

AFRICAN DEVELOPMENT BANK GROUP OPERATIONS AND STRATEGY IN CÔTE D'IVOIRE

Bank Group Portfolio

Since it started operations in Côte d'Ivoire in 1971, the AfDB has so far approved 79 operations for the country, of which 50 have been fully completed, 14 cancelled, 15 ongoing. All approved operations amount to a net commitment of UA 2.02 million (USD 2.84 billion). AfDB Group-financed operations have been mainly loan-based and channeled, by order of importance, infrastructure (48 %); rural development and agriculture (22 %), the social sector (18%), the capacity building and structural reforms sector (multisector, 12 %). The operations were financed mainly with resources from the ADB window (more than 70%). The bulk of these funds (92, 36%) were directed towards the public sector. It should be noted that funding for the private sector concerns electricity, telecommunications, transport and industry.

After a few years of cooperation based on short-term strategies set out in two country briefs, the Bank normalized its relations with Côte d'Ivoire in 2013 with a medium-term commitment by approving the Country Strategy Paper (CSP) 2013–17 on 4 December 2013. Prepared within a post-conflict context, the CSP has the double objective of contributing to respond to the urgent and pressing need to normalize socio-political life and handle structural development issues, especially in connection with the construction/reconstruction of infrastructure indispensable for building new economic momentum. These two objectives form the two CSP pillars, namely: (i) Strengthen governance and accountability; and (ii) Develop economic support infrastructure. The implementation of the strategy contributed to the achievement of tangible results in terms of social inclusion/cohesion, infrastructure development.

As concerns reinsertion, the strategy contributed decisively to enhancing social cohesion and economic inclusion by supporting the professional integration of nearly 15,500 ex-combatants, the organization of awareness-raising campaigns and measures to facilitate the demarcation of village lands (the absence of which was one of the causes of the conflict). The CSP also contributed to improving the access of the active population, especially youths and women, to decent employment by promoting economic inclusion (matching training to employment and putting 1,000 youths to work in Côte d'Ivoire's 18 municipalities, of which 49.8% women).

At the infrastructure front, the CSP positioned the Bank as a key Côte d'Ivoire partner in terms of support to agricultural sector recovery. Action in this sector involved the development and operationalization of land, rural roads, product pooling centres, rural markets, etc. Regarding transport infrastructure, it is worth mentioning the construction of the Henri Konan Bédié Bridge, which restructured traffic in Abidjan, and the imminent start of works on integrating roads linking Côte d'Ivoire to Mali, Guinea and Liberia (these links will also open up Côte d'Ivoire's North, North-West and West regions). Lastly, in the area of electricity and especially through the private sector window, the Bank participated with other donors in the extension of the AZITO and CIPREL power plants by contributing to the financing of combined cycle facilities that increased the respective capacities from 278 MW to 417 MW (AZITO) and from 210 MW to 321 MW (CIPREL), thus raising the installed capacity by 250 MW. The strategy was also implemented with much flexibility in order to better respond to extremely urgent situations. For instance, a regional programme to fight the Ebola virus which affected three of Côte d'Ivoire's five neighbours was deployed very rapidly.

The table below gives an overview of Bank's active portfolio status in Côte d'Ivoire.

Status of Bank Active Portfolio as of October 2017—in UA Million (1 UA=1SDR)

Operations	Amount (in UA million)	Purpose/Remarks
On-going projects (public window)		
Gourou Basin Integrated Management Project (Sanitation of Indenié junction and the Lagoon).	23	The ADF Board of Directors on November 24, 2010 approved a grant of UA 23 million to finance this project. This grant was put in place in June 2011.
Agricultural infrastructure support project in Indéné-Djuablin Region (PAIA-ID).	21.6	The project will contribute to improving food security and reducing poverty in rural areas. Specifically, it aims to increase, on a sustainable basis, the production and productivity of major crops, as well as improve marketing conditions.
Strengthening systems to protect economies against health shocks (regional operation, approved in October 2014).	6	The program constitutes a response to both the emergency created by the Ebola epidemic, and the need to address the longer term requisites for the economic resilience of the concerned countries and the prevention of similar public health shocks in the future.
Côte d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) Interconnection Project –Multinational	33,00	The project supports the energy sector in the context of a regional operation aimed at interconnecting the power grids of Côte d'Ivoire with other Mano River Union member countries (Liberia, Sierra Leone and Guinea).
Road Development and transport Facilitation Programme within the Mano River Union (MRU) countries (Côte d'Ivoire, Guinea and Liberia), December 2014.	97	The overall objective of the Programme is to boost the post-conflict economic recovery of the MRU area by improving road infrastructure and promoting intra-community trade. Specifically, the programme seeks to improve transport conditions on the roads concerned in order to reduce transport costs, facilitate the free movement of persons and goods between the three countries and improve the living conditions of programme area communities.
The Support to Industrial Competitiveness Enhancement Project (PARCSI).	10	Two specific objectives are to support the restructuring and modernization of businesses by conducting a strategic assessment to identify needs and provide technical assistance to 50 firms that have signed up for the programme (out of a total of 270 businesses approached and support the industrial development of the fruit and vegetables sector, with a view to promoting investment in the sector in order to increase the industrial processing rate (which stood at 2% in 2014).

Status of Bank Active Portfolio as of October 2017—in UA Million (1 UA=1SDR) (concluded)		
Operations	**Amount (in UA million)**	**Purpose/Remarks**
Bamako-San Pedro (CIV/Mali) Corridor Road Project.	70	The goal is to link Côte d'Ivoire and Mali, in developing the Kani-Boundiali road (140 km) and the construction of check points at the Mali/CI border. The project aims to open up potential agricultural areas and regional headquarters with abundant natural resources by facilitating road transport between these two countries and providing a link between San Pedro Port (PASP) and Mali.
Regional African Trade Insurance Agency (ATI) Country Membership Programme (RACMP).	10	The main objective of the program is to strengthen the capacity of Cote d'Ivoire with the necessary financial resources for membership subscription in to the ATI to allow greater underwritten insurance cover for private sector and socio economic development. The expected outcomes are i) Increased participation of the private sector in large scale projects through ATI facilitation; (ii) increased trade flows in Africa; and (iii) ATI attracts additional members.
Belier region agro-industrial pole project	80	The project will support the development of agropoles following a new integrated approach (agriculture, stockbreeding, transport, electrification, water and sanitation, socio-economic infrastructure, ICTs, reforestation, etc.). This support will include nutrition, mechanization, youth employment, the processing of agricultural products and mainstreaming of climate change, in synergy with global climate funds.
Abidjan urban transport project	188	The Bank will particularly support sustainable urban infrastructure systems to ease traffic in the city through the construction of the fifth bridge (Youpougon-Plateau), bypass roads and Abidjan-exit (East, West) motorways, and construction of interchanges. In the face of Abidjan's growing urbanization, the Bank's interventions will contribute to improve the people's quality of life by reducing pollution and improving the delivery of basic services, with a view to building a sustainable city to curb the risk of disasters
Support to economic and Financial Management project	16	The project's overall objective is to optimize budgetary resource mobilization and strengthen the public expenditure management framework to contribute to the effective implementation of the National Development Plan 2016–20.
Economic governance and growth support programme (PAGEC)	36	PAGEC is a budget support. The main objective is to consolidate macroeconomic stability through strengthening of public finance management efficiency and transparency and consolidating strong, diversified and inclusive growth.
Power transmission and distribution networks reinforcement project (PRETD)	110	The project will contribute through the Grid Reinforcement and Rural Electrification. The aim will be to: (i) construct a line between Soubré and San Pedro; (ii) build sub-stations; (iii) transform the Bingerville sub-station into a source sub-station and structure the city's HV network; and (iv) carry out the rural electrification of 270 localities.

Status of Bank Non sovereign Active Portfolio as of October 2017—in UA Million		
Operations	**Amount (in UA million)**	**Purpose/Remarks**
Private sector		
Project construction of bridge toll Henri Konan BEDIE	50	Henri Konan Bédié Bridge is a public private partnership (PPP) based on a Build Operate Transfer (BOT) concession of 30 years. It involves the building of a toll bridge over the Ebrié Lagoon linking the South and North shores of Abidjan.
Azito power expansion project	26	Expansion of the Azito power plant in Côte d'Ivoire, by converting the existing simple-cycle power plant of 2 x 144 MW gas-fired turbines to a combined-cycle power plant, thereby increasing the capacity of the facility to approximately 430 MW
Ciprel power expansion project	44	Expansion of the Ciprel power plant to a combined cycle turbine facility in Côte d'Ivoire to be built in two phases: phase A, construction of a gas turbine (111MW of power), phase B deployment of a combined cycle turbine for additional 111MW of generation. The project will increase the capacity of the plant by 222MW.
Microcredit Côte d'Ivoire (equity participation and technical assistance)	1.5	It is a microfinance project which comprises two parts. The equity participation part was signed on June 2013; the technical assistance part will be signed on November 2013.
Sucres & Denrées (SUCDEN) soft commodity programm	EUR 100 million	Provision of two successive Soft Commodity Facilities, the second effective only after full repayment of the first for a maximum exposure of EUR 100 million within a tenor not exceeding 2 years. A Soft Commodity Program (SCP) to support SUCDEN's participation in cocoa value chain financing in Côte d'Ivoire. SUCDEN will use the funds to provide pre-export financing to local suppliers.

AfDB's Ongoing Strategy for Côte d'Ivoire

The progress made at mid-term shows that the implementation of the current AfDB's strategy contributed to the achievement of tangible results in terms of development of electricity, agricultural, industrial, and regional integration infrastructure through transport. The CSP mid-term review provides an opportunity for consolidating ongoing actions, while repositioning the Bank in the 2016–20 PND. Following dialogue with the authorities and other stakeholders, it appears that the initial two CSP strategic pillars continue to be well aligned on national priorities. The anchoring point of the Bank's interventions will be the agro-industrial centres being built to accelerate the structural transformation of the agricultural sector and economy in the 2016–20 PND. In this regard, the first pillar will continue to include the existing initiatives and contribute to strengthening economic and social inclusion, competitiveness, and employment in the productive sectors. The second pillar will build on gains in infrastructure made during the first CSP (2013–17), with particular emphasis on infrastructure for transformation of the agricultural sector in agropoles identified in the 2016–20 PND.

Indicative Work Program for 2017 and 2018		
Description	**Amount (in UA million)**	**Year**
Air Cote d'Ivoire modernisation and expansion programme	80	2017
Project to strengthen the scientific technological and professional skills for the competitiveness of the economy	30	2018
Gourou integrated watershed management project, phase 2	100	2018
Project to support the initiative for improvement of access to financing for SMEs and financial reforms	15	2019

STATISTICAL ISSUES

(As of November 2017)

I. Assessment of Data Adequacy for Surveillance
General: Data provision is broadly adequate for surveillance, even though there are some shortcomings. There are weaknesses in the areas of national accounts, balance of payments, and public finance statistics, as well as in the reconciliation of fiscal and monetary data. Generally, the authorities provide the required statistical indicators to the Fund on a timely basis. In February 2013, Côte d'Ivoire ratified the African Statistics Chart, adopted by the African Union in February 2009 in Addis Ababa to have reliable data for its internal governance, and also for positioning the country in the regional and international trade. The new law organizing national statistics was approved in July 2013.
National Accounts: Comprehensive national accounts data for 1996 onwards was compiled in line with the 1993 System of National Accounts methodologies, using 1996 as the base year. STA conducted a diagnostic mission on in July 2015 to identify strengths and weaknesses in the area of NA statistics and made a series of recommendations which the authorities have started implementing, especially with regard to the human and financial resources of the National Institute of Statistics (NIS). The NIS has put in place a strategy for implementing the 2008 SNA that will integrate the change to a new base year, address current weaknesses in the national accounts and implement other recommendations of July 2015 mission. Final annual accounts for 2015 and provisional accounts for 2016 are available. Quarterly national accounts are compiled with the Fund support through AFRITAC WEST, but are not published pending further improvements in methodology.
Price Statistics: A harmonized consumer price index (CPI) has been adopted by all WAEMU members. The current base year (2008) was adopted in 2010. A new CPI (base 2014) covering the whole country will soon be available.
Labor Market Statistics: Data on employment in the formal sector is published monthly.
Government Finance Statistics: The authorities provide annual data on the budgetary central government for publication in the *Government Finance Statistics Yearbook*. While no monthly or quarterly fiscal data are provided for publication, they are made available to the IMF African Department, although metadata is lacking. The authorities have committed to addressing weaknesses in coverage of general government units and public enterprises and are making efforts to improve the consistency of fiscal and monetary data. In addition, the authorities are seeking the assistance of AFRITAC WEST to improve the compilation of government finance statistics and to implement the 2009 WAEMU TOFE directive for transition to GFSM 2001.
Monetary and Financial Statistics: Monetary data for Côte d'Ivoire are prepared by the national agency of the BCEAO, which reports them to STA on a monthly basis with a timeliness of about two months after the reference period. Some shortcomings of the monetary statistics are common to all eight member countries of the WAEMU, while others relate to systemic issues in Côte d'Ivoire's bank and nonbank financing of the operations of the central government and the rest of the public sector.
Financial Soundness Indicators (FSIs): Key FSI indicators are provided by BCEAO.

External Sector Statistics: The national agency of the BCEAO in Abidjan is responsible for compiling and disseminating annual balance of payments statistics and the international investment position. BOP and IIP data are reported to STA in BPM6 format. BCEAO headquarters determines the methodology and calculates international reserves managed for WAEMU countries. With respect to merchandise trade, the customs computer system allows for satisfactory monitoring of trade data, but the coverage of services and transfers, has shortcomings. Concerning the financial accounts, foreign assets of the private nonbanking sector are not adequately covered, while reporting of private capital flows, especially foreign direct investment in Côte d'Ivoire, is weak. There is also not sufficient information on private debt stocks and debt service flows. The IMF's Statistics Department has embarked on a three-year project funded by the Japan Administered Account (JSA) from May 2016 with French speaking countries in West and Central Africa to improve their capacity in producing and disseminating better quality external sector statistics; this project targets 17 countries and will benefit WAEMU member states.

II. Data Standards and Quality	
Côte d'Ivoire has participated in the General Data Dissemination System (GDDS) since May 2000, and has posted the metadata on the Data Standards Bulletin Board. The authorities have committed to implementing the e-GDDS to improve data dissemination.	No data ROSC is available. Côte d'Ivoire regularly reports data to STA for re-dissemination in IMF statistical publications.

Côte d'Ivoire: Table of Common Indicators Required for Surveillance
(As of November 2017)

	Date of Latest Observation	Date Received	Frequency of Data[6]	Frequency of Reporting[6]	Frequency of Publication[6]
Exchange Rates	Current	Current	M	M	M
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	08/17	10/17	M	M	M
Reserve/Base Money	08/17	10/17	M	M	M
Broad Money	08/17	10/17	M	M	M
Central Bank Balance Sheet	08/17	10/17	M	M	M
Consolidated Balance Sheet of the Banking System	08/16	10/17	M	M	M
Interest Rates[2]	09/17	10/17	I	M	M
Consumer Price Index	09/17	10/17	M	M	M
Revenue, Expenditure, Balance and Composition of Financing[3]–General Government[4]	08/17	10/17	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt[5]	08/17	10/17	M	M	M
External Current Account Balance	2015	9/17	A	A	A
Exports and Imports of Goods and Services	08/17	10/17	M	M	M
GDP/GNP	2015	9/17	A	A	A
Gross External Debt	08/17	10/17	M	M	M

[1] Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.

[2] Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

[3] Foreign, domestic bank, and domestic nonbank financing.

[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

[5] Including currency and maturity composition.

[6] Daily (D), weekly (W), monthly (M), quarterly (Q), annually (A), irregular (I); and not available (NA).

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

November 21, 2017

SECOND REVIEWS UNDER AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY—DEBT SUSTAINABILITY ANALYSIS

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Prepared by the International Monetary Fund and the International Development Association

This debt sustainability analysis (DSA) concludes that Côte d'Ivoire remains at a moderate risk of debt distress, in line with the DSA carried out in June 2017 for the requests for an arrangement under the Extended Fund Facility and an arrangement under the Extended Credit Facility (Country Report 17/165).[1] *All external debt burden indicators lie below their thresholds under the baseline. However, under the worst-case stress scenarios, all solvency and liquidity indicators breach their respective thresholds (as was the case in the June 2017 DSA update), reflecting vulnerability to adverse domestic and external shocks. Under the baseline scenario, total public debt stabilizes only in the long term. Stress tests scenarios confirm the existence of non-negligible risks to public debt sustainability. Finally, existing data gaps on public enterprises debt remain a challenge which is being gradually addressed under the program, and further progress would allow treatment of related contingent liabilities in the DSA.*

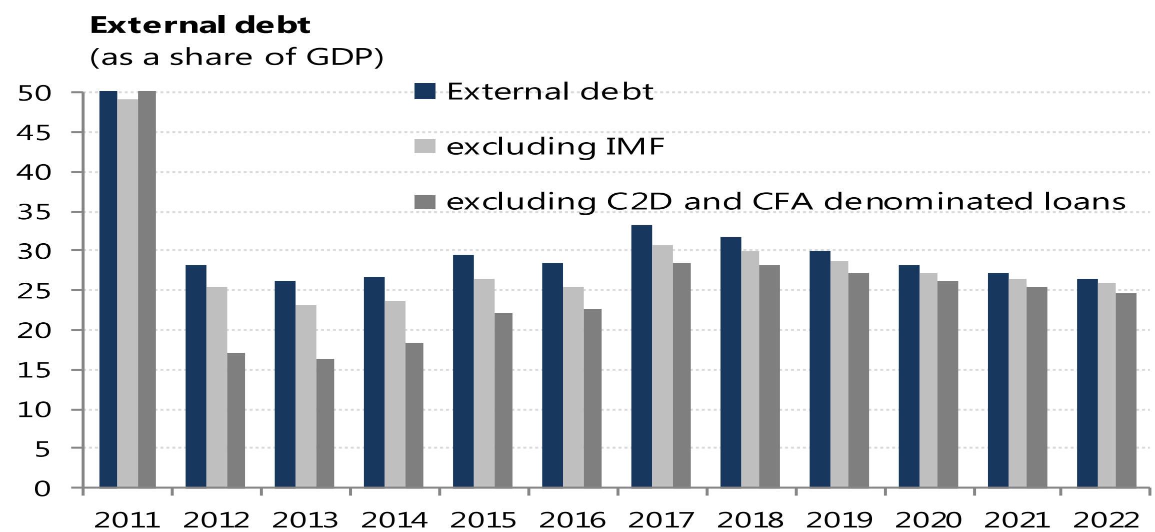
[1] In the LIC-DSA framework Côte d'Ivoire is classified as having weak policy performance with a Country Policy and Institutional Assessment (CPIA) average of 3.29 for the period 2014–16 (http://databank.worldbank.org/data/download/CPIA_excel.zip). With the progress in the CPIA score (the 3-year average for the period 2013–15 stood at 3.24), Côte d'Ivoire is on the cusp of a medium policy performance category, which would raise from 30 to 40 percent the threshold of the PV of external debt-to-GDP ratio, from 100 to 150 the threshold for the PV of external debt-to-exports ratio, and from 200 to 250 the threshold for the PV of external debt-to-revenue ratio. In addition, the threshold for the external debt service-to-exports ratio would raise from 15 to 20 percent, and the threshold for the external debt service-to-revenues ratio would raise from 18 to 20 percent.

BACKGROUND

1. **External public and publicly guaranteed debt stock marginally declined in 2016 (as a percentage of GDP), but is projected to increase in 2017.**[2] Excluding concessional lending from the IMF, CFA-denominated loans, and the Caisse Française de Development claims (not counted as external liabilities since the HIPC Initiative completion point), total public and publicly guaranteed external debt has increased from 22.2 percent of GDP in 2015 to 22.7 percent of GDP in 2016 (see Figure 1). However, in 2017, total public and publicly guaranteed external debt is projected to rise to 28.5 percent of GDP. The projected increase in external debt reflects the issuance of two Eurobonds in June 2017, which allowed raising a gross amount of nearly US$ 2 billion (net amount of about US$ 1.2 billion).[3] In addition, the new external debt includes a US$ 600 million bank loan, guaranteed by the government, to be used to restructure the debt of the state-owned oil-refining company (Société Ivoirienne de Raffinage, SIR).

Figure 1. Côte d'Ivoire: Stock of External Public Debt, 2011–22

(Percent of GDP)



Sources: Ivoirien authorities and IMF staff estimates.

[2] In this DSA, PPG external debt covers only the central government. It excludes French claims under C2D debt-for-development swaps, which were cancelled in the context of beyond HIPC debt relief. Under the C2D mechanism, debt service due on these claims is returned in the form of grants to the government to finance development projects. In the staff report the flows associated with the C2D process are included in the external and fiscal accounts so as to capture the gross cash flows (debt service and grants). See IMF Country Report n°14/358 and Supp.1, 11/21/2014 for a detailed discussion.

[3] Part of the proceeds raised from the bond issuance was used to buy back portions of two outstanding Eurobonds: USD 520 million were used to buy back part of the Brady bond maturing in 2032, and USD 260 million were used to buy back part of the bullet Eurobond maturing in 2024.

2. The composition of external debt was little changed in 2016. The share of multilateral creditors in Côte d'Ivoire's external debt increased from 24.2 percent in 2015 to 26.2 percent in 2016. During the same period, the share of official bilateral creditors increased from 16.1 percent to 19.6 percent. By contrast, the share of commercial creditors has declined from 59.8 percent of the total in 2015 to 54.2 percent in 2016. Despite this decline, the figure confirms the high reliance of Côte d'Ivoire on commercial debt for external financing (Text Table 1).

Text Table 1. Côte d'Ivoire: Composition of External Debt per Creditor Group

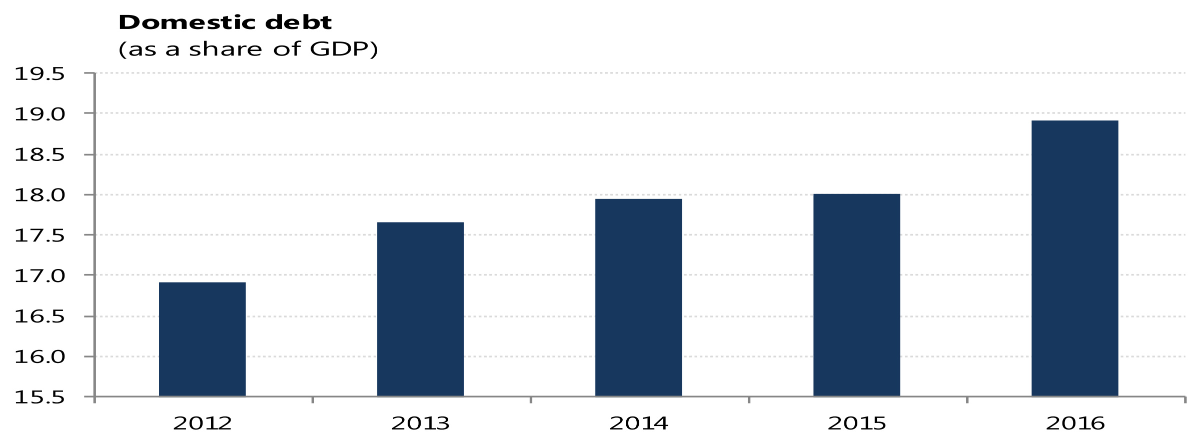
	2015	2016			2017	2018	2019	2020	2021	2022
		Million USD	Percent of total	Percent of GDP	Million USD					
Total	**7233.8**	**7867.4**	**100.0**	**22.7**	**11621.9**	**12871.6**	**13655.7**	**14259.8**	**14889.8**	**15649.6**
including C2D and FCFA-denominated loans	9580.5	9818.3	124.8	28.3	13531.1	14529.4	14999.7	15290.6	15900.4	16638.4
Multilateral creditors	**1748.5**	**2064.2**	**26.2**	**6.0**	**2084.5**	**1957.4**	**1765.6**	**1556.7**	**1297.3**	**1064.4**
IMF	983.8	991.8	12.6	2.9	963.4	847.5	697.2	541.5	353.7	200.6
World Bank	394.5	522.0	6.6	1.5	562.4	576.6	573.7	567.8	548.9	520.3
AfDB group	47.0	45.5	0.6	0.1	49.2	50.9	51.1	51.0	50.6	50.1
Other multilaterals	323.2	505.0	6.4	1.5	509.5	482.4	443.5	396.4	344.1	293.5
Official bilateral creditors	**1161.4**	**1541.0**	**19.6**	**4.4**	**1584.5**	**1550.5**	**1472.0**	**1377.3**	**1289.4**	**1228.3**
Paris Club	307.0	241.5	3.1	0.7	189.6	124.6	55.3	19.6	18.3	17.5
Non-Paris Club	854.4	1299.6	16.5	3.8	1394.9	1425.9	1416.8	1357.7	1271.1	1210.8
Commercial creditors	**4323.9**	**4262.2**	**54.2**	**12.3**	**3753.9**	**3780.0**	**3684.5**	**3571.0**	**3444.3**	**3309.6**
London Club	4272.8	4219.7	53.6	12.2	3716.7	3751.1	3663.9	3559.0	3444.3	3309.6
Other commercials	51.0	42.5	0.5	0.1	37.2	29.0	20.6	12.1	0.0	0.0
New debt					4199.0	5583.7	6733.6	7754.7	8858.7	10047.3

Sources: Ivoirien authorities; and IMF staff estimates.

3. The domestic public debt has recorded a modest but steady increase. From 16.9 percent of GDP in 2012, the stock of public debt has increased by two percentage points to 18.9 percent in 2016. More than 80 percent of the government domestic debt consists of government securities issued in the regional bond market.

Figure 2. Côte d'Ivoire: Stock of Domestic Public Debt[1/], 2012-16

(Percent of GDP)



1/ Central government only.

Sources: Ivoirien authorities; and IMF staff estimates.

4. The government has started monitoring fiscal risks stemming from public enterprises and public-private partnerships (PPPs). The development of a centralized database on public enterprises and government guaranteed debt is an important tool to prevent an unsustainable accumulation of debt by public sector entities (see list of Structural Benchmarks for 2017–18, page 64 of the Staff Report). Most recent available data show that as of end-June 2017, the debt stock of public enterprises amounted to 3 percent of GDP, of which only about 0.2 percent of GDP is directly guaranteed by the government and thus included in the government debt stock.[4] The authorities are also developing a PPPs database which will include key information on contingent liabilities (see paragraph 15 of the Staff Report). They intend to present an analysis of fiscal risks stemming from PPPs in the 2018-2020 medium-term budget framework document. In addition, both the IMF and the World Bank have been providing technical assistance on PPPs, to better identify the contingent liabilities' fiscal risks for the central government.

5. The previous DSA assessed Côte d'Ivoire's risk of debt distress to be at a moderate level. All external debt burden indicators were below their thresholds under the baseline. Under worst-case stress scenarios, however, all solvency and liquidity indicators in the framework breached their respective thresholds, largely reflecting the legacy of macroeconomic volatility that disrupted the Ivoirian economy prior to 2012 coupled with the fast pickup in economic activity thereafter. In the previous DSA, the probability approach to risk assessment showed that Côte d'Ivoire remained below threshold levels under the baseline, confirming the moderate risk of external debt distress rating. Total public debt indicators (including domestic liabilities) showed a projected deterioration in Côte d'Ivoire's public debt in the short-term. In the outer years of the projection period, however, public debt stabilized around 20 percent of GDP.

[4] It should be noted that the absence of consolidated fiscal accounts for the public enterprise sector and central government precludes the integration of non-government guaranteed public enterprise debt in the DSA.

UNDERLYING ASSUMPTIONS AND BORROWING PLANS

Text Table 2. Côte d'Ivoire: LIC DSA Macroeconomic Assumptions: Comparison with the 2016 LIC DSA
(Percent of GDP, unless otherwise indicated)

	Previous DSA			Current DSA		
	2016-21	2022-27	2028-36	2017-22	2023-28	2029-37
Nominal GDP (USD Billion) 1/	46.4	77.3	134.4	52.0	83.4	143.7
Real GDP (y/y % change)	7.5	6.3	5.5	7.0	6.0	5.5
Fiscal (central government)						
Revenue and grants 2/	21.3	22.1	23.0	20.0	20.5	21.7
of which: grants	1.6	0.9	0.3	1.4	0.7	0.3
Primary expenditure	23.2	23.3	23.8	22.1	22.8	23.3
Primary basic balance (excluding C2D grants)	1.8	1.2	0.9	0.8	2.2	1.9
Balance of payments						
Exports of goods and services	37.2	39.2	43.5	28.3	32.1	35.6
Imports of goods and services	36.7	37.4	40.4	28.2	29.5	32.4
Non-interest current account deficit 3/	0.9	0.5	0.5	1.4	0.3	0.4
New foreign direct investment (net inflows)	3.6	3.6	2.9	3.2	3.1	2.4

Source: Ivoirien authorities and IMF staff estimates
1/ Changes from the 8th review DSA reflects an updated nominal GDP series and revised CFA/USD exchange rate assumptions.
2/ C2D grants are excluded from revenue and grants.
3/ C2D grants are excluded from official transfers.

6. **This DSA is consistent with the macroeconomic framework underlying the Staff Report prepared for the second review of the three-year EFF/ECF blended arrangements.** Côte d'Ivoire has been adversely affected by a terms of trade shock as well as domestic shocks. At the WAEMU level, with the monetary policy tightening by the regional central bank, BCEAO, the cost of funds has increased. The macro framework assumes a gradual convergence towards a more sustainable growth path in the long run, an increasing contribution of domestic demand to GDP, a gradual moderation of investment (offset by an increase in private consumption), and steady progress towards the fiscal target of the government, consistent with Côte d'Ivoire's WAEMU membership commitments.

7. **Key macroeconomic assumptions are as follows:**

- **Global environment.** The external demand from Côte d'Ivoire's trading partners is projected to gradually increase in the long term. This assumption is subject to the downside risk of continued sluggish recovery in global demand.

- **GDP over the medium term.** In the current DSA, real GDP growth is expected to be slower on average during the first five years of the projection (7 percent) than in the last DSA (7.5 percent). This reflects the impact of the terms of trade shock involving a decline in cocoa prices and higher uncertainty originating from the episodes of social unrest at the beginning of 2017. In the short-term, real GDP growth is supported initially by robust investment growth and increasingly by private consumption. Real GDP is projected to grow by 6 percent over 2023–28 on average and 5.5% over 2029–37 as investment normalizes and net trade contribution becomes more negative.
- **The primary fiscal balance is expected to gradually improve over the baseline horizon.** In the current DSA, the primary fiscal balance is assumed to be lower on average during the first five years of the projection than in the last DSA, reflecting the adverse impacts of the external and internal shocks on government finances. The expected trajectory of the fiscal position remains anchored on a convergence of the fiscal deficit to the 3 percent of GDP target in 2019 and continued consolidation thereafter. A steady improvement in the primary fiscal balance is expected in the medium-to-long term.
- **The non-interest current account deficit is projected to widen to 1.4 percent of GDP (from 0.9 percent in the previous DSA) on average in the first five years of the projection, reflecting the unfavorable terms-of-trade shock.** The current account deficit is projected to shrink and stabilize at about 0.4 percent of GDP over the longer term, reflecting an improvement in trade, and, to a lesser extent, the services' balances. These assumptions are subject to downside risks including weaker-than-expected global economic growth and changes in commodity prices, which may trigger unfavorable terms-of-trade shocks. In the long term, exports are projected to become larger in percent of GDP as the country is expected to increase extraction of its natural resources, to do more of the processing of the commodities it currently exports, as well as to increase its role as a regional service hub (in terms of transportation, communication, and financial services).

DEBT STRATEGY AND COMPOSITION

8. **The authorities' Medium Term Debt Strategy (MTDS) aims to keep debt at a sustainable level.** The MTDS objectives for the domestic bond market are to lengthen the average maturity of domestic debt securities, contribute to the development of the domestic bond market, and reduce the cost of local issuance. Regarding external debt, the MTDS objectives are to increase semi-concessional borrowing while at the same time tapping the international sovereign debt market if necessary, limit foreign exchange risk and channel external financing primarily towards infrastructure investment. A set of ongoing initiatives will support the achievement of this strategy and help make debt management operations more efficient. These include the finalization of the operational restructuring of the debt policy directorate (Front, Middle and Back Office), reinforcement of cash management operations, the setting-up of a network of Primary Dealers to promote the issuance and secondary market trading of CFA-denominated debt issued in the regional market, broadening the investor base, and issuing CFA-denominated debt securities in the international market.

DEBT SUSTAINABILITY ANALYSIS

A. External Debt Sustainability Analysis

9. **The external DSA incorporates the June 2017 Eurobond issuance, net of buy back operations, which covered most of the 2017 budget financing needs and improved debt repayment profile.** In June 2017, Côte d'Ivoire issued a long-term US dollar-denominated bond, with principal repayments spread over three years and a medium-term euro-denominated bond, one of the first among frontier markets. A part of the proceeds was used to buy back a portion of outstanding bonds maturing in 2024 and 2032. In net terms, these operations raised about US$ 1.2 billion (about 3 percent of GDP).

10. **The external DSA also incorporates the expected bank loan guaranteed by the government for the debt restructuring of the state-owned oil refining company (*Société Ivoirienne de Raffinage*, SIR).** The loan will likely be contracted by December 2017. The DSA highlights that external debt is projected to increase by about 6 percentage points at the end of 2017, reflecting primarily Eurobond issuance and the expected debt restructuring of SIR. The authorities are also closely monitoring the rising gross debts of the public enterprises, which amounted to 3 percent of GDP at mid-2017. Of this amount, less than 0.2 percent of GDP is guaranteed by the government and included in the government debt stock.

11. **The external DSA assumes that all existing Eurobonds would be rolled over during the whole horizon of the DSA.** Specifically, bullet Eurobonds would be rolled over in the year they mature, while Eurobonds whose principal is amortized over two or three years would be rolled over in the first year of principal amortization. The assumption of external debt rollover implies that, going forward, Côte d'Ivoire will increasingly rely on commercial debt and rely less on concessional loans to finance its public investment projects. This is reflected in the variation of the grant element during the projection period (Figure 3, panel a).

12. **The results of the external DSA confirm that Cote d'Ivoire's debt dynamics are sustainable under the baseline scenario.** The present values of the debt-to-GDP ratio, debt-to-exports ratio, debt-to-revenue ratio, and liquidity measures of debt service to exports and revenues (excluding grants) all remain under the debt distress thresholds in the baseline scenario (Figure 3). However, the debt service-to-revenues indicator is anticipated to increase toward the threshold in 2025, the maturity year of the euro-denominated bullet Eurobond issued in June 2017.

13. **The debt indicators breach the thresholds in the most extreme shock scenario.** Under the latter—i.e., a shock hitting the country in the first two years of the projection consisting in a combination of lower real GDP growth, exports, foreign inflation, current transfers and FDI inflows—substantial and prolonged breaches for the PV of debt-to-GDP and the PV of debt-to-export ratios occur. Specifically, the PV of debt-to-GDP ratio would reach 42.2 percent in 2019, before returning to more sustainable levels in 2027. The PV of debt-to-exports ratio would reach 150 percent in 2019, before declining below the threshold in 2025. Debt service measures, which are sensitive to the repayment of the principal of maturing Eurobonds, also breach the thresholds under the most extreme shock scenario. These results underscore the considerable downside risks for debt sustainability originating from higher (domestic and external) macroeconomic volatility which may hit the economy.

B. Fiscal Debt Sustainability Analysis

14. Under the baseline scenario, the PV of the public debt-to-GDP ratio in 2017 is projected to reach 43.8 percent. This implies that in each year between 2017 and 2026, the PV of total public debt is projected to be on average higher than its prudential benchmark by 2.8 percent of GDP. The level of the PV of total public debt in 2017 reflects an increase originating from new official bilateral debt contracted (mainly Non-Paris Club debt) and new commercial lending (Eurobond issuance and the expected bank loan guaranteed by the government for the debt restructuring of SIR). In subsequent years, the PV of debt-to-GDP ratio declines gradually moving below 38 percent in 2027 and reaching 32 percent in the long run. The trend reflects a gradual decline through time of both components of total public sector debt (foreign and domestic currency-denominated components).[5] Similarly, the PV of debt-to-revenue ratio starts at 224 percent in 2017 and declines gradually below 150 percent only in the long run. By contrast, the debt service to revenue ratio deteriorates as it is projected to reach 19.6 percent in 2025, before stabilizing around 13 percent in the long run.

15. Stress tests highlight a number of potential vulnerabilities. In the scenario of constant primary balance, all debt indicators increase over the long run. Similarly, the most extreme shock scenario (real GDP growth at its historical average minus one standard deviation in the first two years of the projection) suggests rising public debt vulnerability for all debt burden indicators. In this most extreme shock scenario, the PV of debt-to-GDP ratio would reach 80 percent at the end of the projection horizon.

16. The results of the fiscal DSA highlight the need of prudence and careful monitoring of public debt stock and flow indicators, as they illustrate non-negligible risks to public debt sustainability under the baseline in the short- and medium-term. In the outer years of the projections, under the baseline, the PV of the public debt-to GDP ratio and the PV of public debt-to-exports ratio are projected to gradually decline over time. The public debt service-to-revenue ratio is the most volatile public debt indicator under all scenarios—reflecting the amortization of medium- and long-term debt—and does not decline over the medium term.

CONCLUSIONS

17. Côte d'Ivoire remains at moderate risk of external debt distress in 2017, as in the 2016 DSA. However, importantly, in 2017 new external debt is projected to rise by almost 6 percent of GDP compared to 2016. While in the baseline scenario, all debt burden indicators remain under their respective debt distress thresholds, in the most extreme stress test scenario, all the debt stock and debt service indicators breach the thresholds of debt distress. In this context, the authorities' efforts are geared to mobilize revenues and contain public expenditure—including that on the wage bill and subsidies—to create fiscal space. The authorities are also conducting liability management operations to lower the debt service and smooth its profile over the short-and medium-term. Yet, the limited distance between the debt service-to-

[5] It should be noted that if the fiscal perimeter included also the debt of state-owned enterprises, the PV of the public debt-to-GDP ratio would reach 46.8 percent.

(continued)

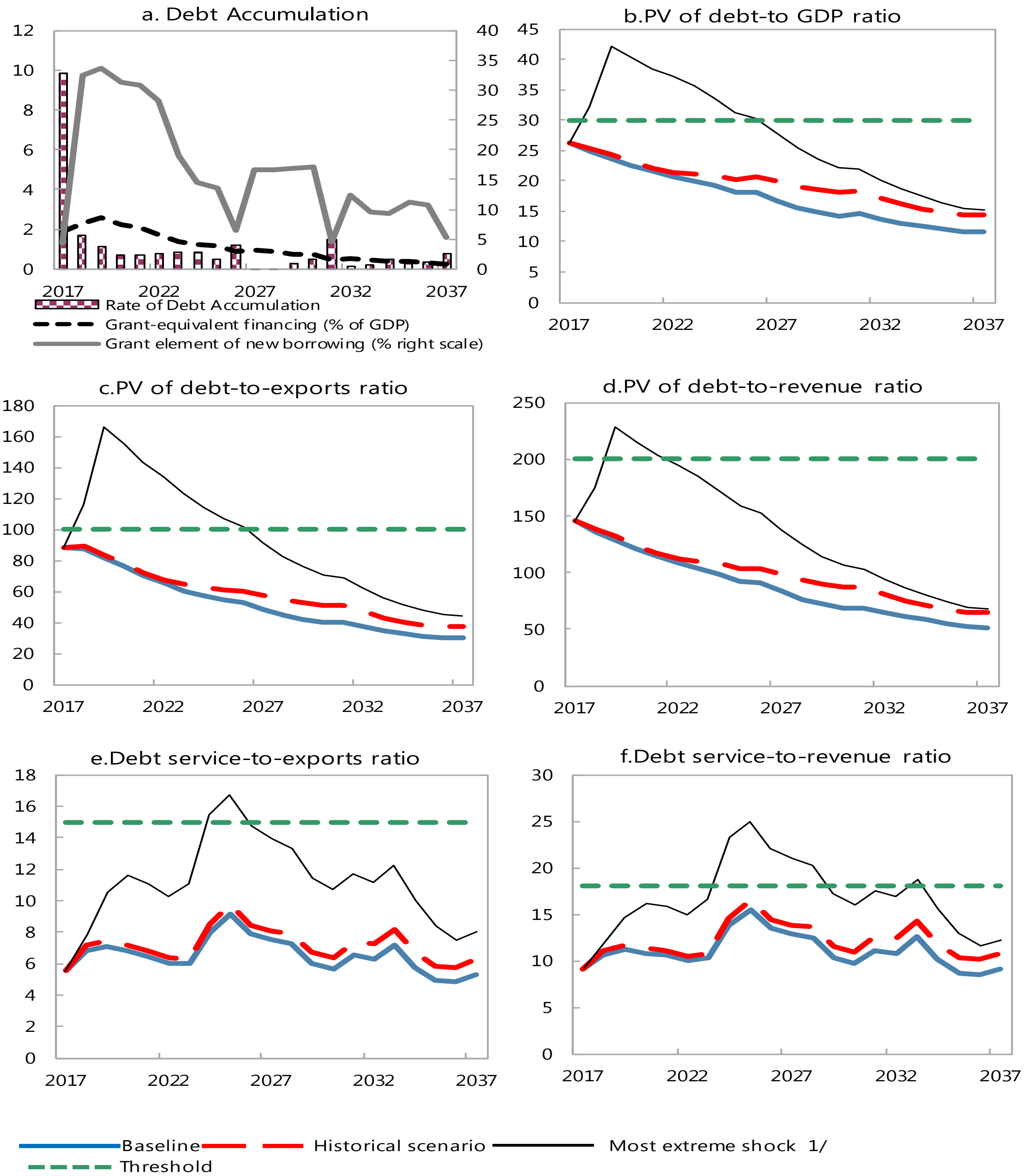
revenue ratio and its risk threshold over the medium-term (see Figure 3) poses a constraint on the available fiscal space, and calls for greater efforts on revenue mobilization as well as careful debt management.[6]

18. Against this background, sound macroeconomic policies and an effective debt management strategy continue to be essential in maintaining a sustainable external position. Policies to maintain a sustainable fiscal position are also an essential prerequisite to stabilizing debt over time, and enhanced mobilization of domestic revenues would help to achieve this goal. In addition, the medium-term debt management strategy aimed at increasing reliance on domestic sources of financing, smoothing out the pattern of debt amortization by avoiding too large refinancing spikes, and optimizing the cost of funding of the sovereign would help maintain a sustainable debt position. Measures aimed at increasing the liquidity of the primary and secondary markets of regionally-issued domestic debt (e.g., the creation of a network of primary dealers) would contribute to a more cost-effective pricing of Ivoirian sovereign securities. An effective management and monitoring of public enterprises debt and PPPs will also help contain fiscal risk and contingent liabilities. Data gaps on public enterprise debt, PPPs and related contingent liabilities remain a challenge. These gaps are being gradually addressed under the program, and further progress would allow treatment of related contingent liabilities in the DSA.

19. The authorities of Côte d'Ivoire broadly concur with the main conclusions of this DSA, particularly that Côte d'Ivoire's risk of external debt distress is moderate. They noted with satisfaction that, in the context of the Fund's new debt limits policy, staff considers Côte d'Ivoire's debt monitoring capacity to be adequate. They agreed that it was important to continue to strengthen debt management, to refine the database for public enterprises, and to maintain a prudent borrowing policy. They concurred with staff on the importance of fostering private sector development to preserve high and sustained growth, while maintaining a sound macroeconomic environment. That said, the authorities stressed that they considered the baseline macroeconomic assumptions used in this report too conservative and that these assumptions do not sufficiently reflect the future dividends of recent strong economic performance and of the reforms taken since 2012. In particular, they posit the confirmation of political stability following the peaceful presidential election of October 2015 and constitutional referendum of October 2016 to have very positive impacts on growth. In this context, the authorities would have appreciated the inclusion of another scenario based on higher growth rates driven by a stronger level of private investment.

[6] It should be added that the new Debt Sustainability Framework for Low-Income Countries, due to be operational in July 2018, will include a methodology to assess the availability of fiscal space.

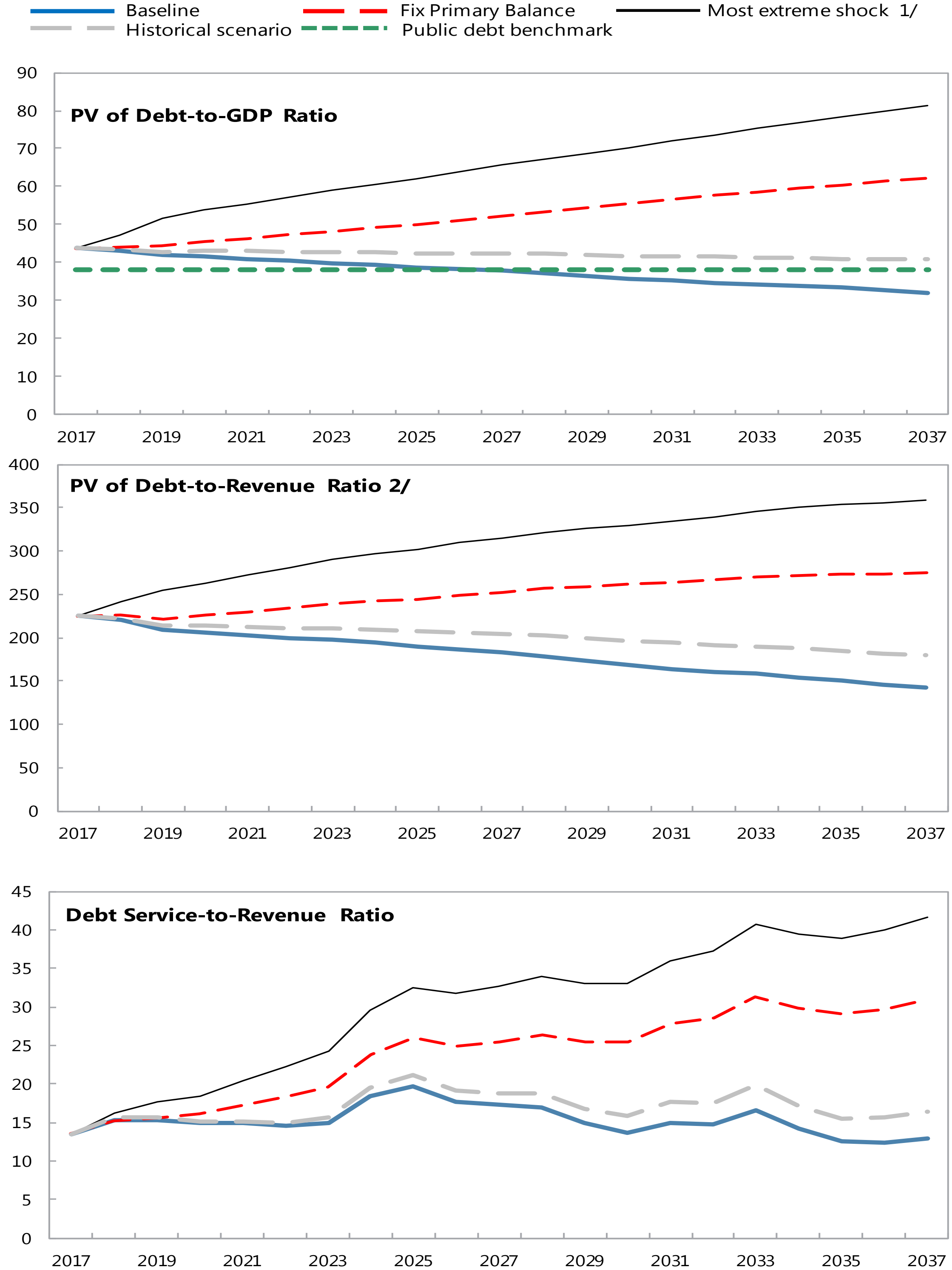
Figure 3. Côte d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, 2017–37[1/]



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 2027. 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 4. Côte d'Ivoire: Indicators of Public and Publicly Guaranteed Debt Under Alternative Scenarios, 2017–37[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 2027.

2/ Revenues are defined inclusive of grants.

Table 1. Côte d'Ivoire: External Debt Sustainability Framework, Baseline Scenario, 2017–37[1/]

(Percent of GDP, unless otherwise indicated)

	Actual			Historical [6/]	Standard [6/]	Projections									
				Average	Deviation							2017-2022			2023-2037
	2014	2015	2016			2017	2018	2019	2020	2021	2022	Average	2027	2037	Average
External debt (nominal) 1/	**34.3**	**37.1**	**36.9**			**42.0**	**41.3**	**40.5**	**39.3**	**38.5**	**37.5**		**34.2**	**28.3**	
of which: public and publicly guaranteed (PPG)	18.3	22.2	22.7			28.2	27.7	27.2	26.2	25.4	24.9		20.7	14.9	
Change in external debt	2.6	2.8	-0.2			5.2	-0.8	-0.8	-1.2	-0.7	-1.0		-1.6	0.4	
Identified net debt-creating flows	-6.3	1.5	-3.9			-2.1	-1.8	-2.3	-2.3	-2.4	-2.5		-2.6	-2.1	
Non-interest current account deficit	**-2.8**	**-0.9**	**-0.4**	**-3.5**	**4.1**	**0.5**	**1.0**	**0.7**	**0.7**	**0.7**	**0.6**		**0.2**	**-0.3**	0.6
Deficit in balance of goods and services	-4.8	-3.5	-2.6			-1.8	-1.0	-1.0	-1.1	-1.4	-1.8		-2.6	-2.9	
Exports	39.2	37.7	31.2			29.8	28.5	29.0	29.6	30.6	31.8		34.7	38.8	
Imports	34.4	34.2	28.6			28.0	27.5	28.0	28.5	29.3	30.0		32.0	36.0	
Net current transfers (negative = inflow)	0.8	1.0	0.8	1.3	0.5	0.8	1.0	0.6	0.6	0.8	1.1		1.5	2.0	1.7
of which: official	-0.7	-0.5	-1.4			-1.5	-1.2	-1.6	-1.5	-1.4	-1.1		-0.6	-0.1	
Other current account flows (negative = net inflow)	1.2	1.5	1.4			1.5	1.0	1.2	1.2	1.3	1.3		1.3	0.5	
Net FDI (negative = inflow)	**-1.2**	**-1.4**	**-1.7**	**-1.5**	**0.3**	**-1.7**	**-1.9**	**-2.0**	**-2.0**	**-2.1**	**-2.3**		**-2.4**	**-1.5**	-2.4
Endogenous debt dynamics 2/	**-2.4**	**3.9**	**-1.8**			**-0.9**	**-0.9**	**-1.0**	**-1.0**	**-0.9**	**-0.8**		**-0.4**	**-0.2**	
Contribution from nominal interest rate	1.3	1.6	1.5			1.6	1.8	1.6	1.6	1.5	1.5		1.4	1.2	
Contribution from real GDP growth	-2.5	-3.2	-2.8			-2.5	-2.7	-2.7	-2.6	-2.4	-2.3		-1.8	-1.5	
Contribution from price and exchange rate changes	-1.2	5.5	-0.5			...	...	...	...	...	...		...	...	
Residual (3-4) 3/	**8.9**	**1.3**	**3.7**			**7.3**	**1.0**	**1.5**	**1.1**	**1.6**	**1.6**		**1.0**	**2.5**	
of which: exceptional financing	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
PV of external debt 4/	...	...	34.6			40.0	38.4	37.0	35.6	34.5	33.4		30.2	24.8	
In percent of exports	...	...	110.9			134.1	135.0	127.6	120.1	112.7	105.1		87.2	64.0	
PV of PPG external debt	**...**	**...**	**20.5**			**26.2**	**24.8**	**23.7**	**22.5**	**21.5**	**20.7**		**16.8**	**11.5**	
In percent of exports	**...**	**...**	**65.5**			**87.8**	**87.2**	**81.8**	**76.0**	**70.1**	**65.1**		**48.4**	**29.6**	
In percent of government revenues	**...**	**...**	**113.5**			**145.0**	**135.3**	**128.4**	**120.5**	**113.8**	**108.0**		**83.2**	**51.0**	
Debt service-to-exports ratio (in percent)	**6.7**	**9.1**	**17.1**			**11.6**	**12.6**	**12.3**	**11.7**	**11.2**	**10.5**		**11.4**	**7.0**	
PPG debt service-to-exports ratio (in percent)	**2.5**	**3.5**	**4.6**			**5.5**	**6.8**	**7.1**	**6.8**	**6.5**	**6.0**		**7.5**	**5.3**	
PPG debt service-to-revenue ratio (in percent)	**5.7**	**7.0**	**8.0**			**9.1**	**10.6**	**11.2**	**10.7**	**10.5**	**10.0**		**12.9**	**9.1**	
Total gross financing need (Billions of U.S. dollars)	0.3	2.1	2.2			1.8	2.1	2.0	2.0	1.9	1.8		3.3	3.4	
Non-interest current account deficit that stabilizes debt ratio	-5.4	-3.7	-0.2			-4.6	1.8	1.5	1.9	1.4	1.6		1.8	-0.7	
Key macroeconomic assumptions															
Real GDP growth (in percent)	8.8	8.8	8.3	5.1	4.7	7.6	7.3	7.1	6.9	6.6	6.5	7.0	5.5	5.6	5.7
GDP deflator in US dollar terms (change in percent)	4.0	-13.9	1.3	2.7	8.9	2.9	5.6	2.1	1.8	1.4	1.2	2.5	1.7	1.8	1.7
Effective interest rate (percent) 5/	4.7	4.3	4.5	3.3	1.1	4.9	4.8	4.3	4.2	4.2	4.1	4.4	4.3	4.7	4.4
Growth of exports of G&S (US dollar terms, in percent)	6.8	-9.9	-9.1	2.3	8.8	5.8	8.1	11.5	11.1	11.9	11.7	10.0	9.2	6.8	9.0
Growth of imports of G&S (US dollar terms, in percent)	0.7	-6.7	-8.2	3.8	12.0	8.5	10.9	11.3	10.9	11.0	10.5	10.5	8.4	6.8	8.8
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	4.3	32.4	33.6	31.3	30.8	28.2	26.8	16.6	5.3	12.3
Government revenues (excluding grants, in percent of GDP)	17.1	18.5	18.0			18.1	18.3	18.5	18.7	18.9	19.1		20.1	22.5	20.9
Aid flows (in Billions of US dollars) 7/	0.6	0.5	0.5			1.0	1.3	1.6	1.6	1.8	1.7		1.5	1.3	
of which: Grants	0.6	0.5	0.5			0.6	0.5	0.8	0.8	0.8	0.7		0.6	0.2	
of which: Concessional loans	0.0	0.0	0.0			0.4	0.7	0.8	0.8	1.0	1.0		0.9	1.1	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			1.9	2.3	2.5	2.2	2.1	1.7		1.0	0.2	0.7
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			16.7	50.0	56.8	58.9	56.6	50.7		36.0	9.3	24.8
Memorandum items:															
Nominal GDP (Billions of US dollars)	35.4	33.1	36.4			40.3	45.7	49.9	54.3	58.7	63.3		92.4	188.1	
Nominal dollar GDP growth	13.1	-6.3	9.7			10.8	13.3	9.3	8.8	8.1	7.8	9.7	7.3	7.5	7.5
PV of PPG external debt (in Billions of US dollars)			7.1			10.7	11.4	11.9	12.2	12.6	13.1		15.4	21.6	
(PVt-PVt-1)/GDPt-1 (in percent)						9.9	1.7	1.1	0.7	0.7	0.8	2.5	0.0	0.8	0.5
Gross workers' remittances (Billions of US dollars)	-0.5	-0.5	-0.7			-0.8	-0.9	-1.0	-1.0	-1.1	-1.2		-1.8	-3.6	
PV of PPG external debt (in percent of GDP + remittances)	...	...	20.9			26.7	25.3	24.2	23.0	21.9	21.1		17.1	11.7	
PV of PPG external debt (in percent of exports + remittances)	...	...	69.8			94.3	93.5	87.6	81.3	74.7	69.3		51.2	31.1	
Debt service of PPG external debt (in percent of exports + remittanc	...	...	4.9			5.9	7.3	7.6	7.2	6.9	6.4		7.9	5.6	

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = 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 2. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2017–37[1/]

(Percent)

	Projections							
	2017	2018	2019	2020	2021	2022	**2027**	2037
PV of debt-to GDP ratio								
Baseline	26	25	24	23	21	21	**17**	11
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2017-2037 1/	26	25	24	23	22	21	**20**	14
A2. New public sector loans on less favorable terms in 2017-2037 2	26	26	25	25	24	24	**23**	21
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2018-2019	26	27	27	26	24	24	**19**	13
B2. Export value growth at historical average minus one standard deviation in 2018-2019 3/	26	29	35	33	32	31	**23**	13
B3. US dollar GDP deflator at historical average minus one standard deviation in 2018-2019	26	28	29	28	26	25	**20**	14
B4. Net non-debt creating flows at historical average minus one standard deviation in 2018-2019 4/	26	26	27	26	25	24	**19**	12
B5. Combination of B1-B4 using one-half standard deviation shocks	26	32	42	40	38	37	**28**	15
B6. One-time 30 percent nominal depreciation relative to the baseline in 2018 5/	26	35	33	31	30	29	**23**	16
PV of debt-to-exports ratio								
Baseline	88	87	82	76	70	65	**48**	30
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2017-2037 1/	88	89	84	78	72	67	**57**	37
A2. New public sector loans on less favorable terms in 2017-2037 2	88	90	87	83	79	76	**65**	55
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2018-2019	88	87	82	76	70	65	**48**	30
B2. Export value growth at historical average minus one standard deviation in 2018-2019 3/	88	116	166	155	143	134	**91**	44
B3. US dollar GDP deflator at historical average minus one standard deviation in 2018-2019	88	87	82	76	70	65	**48**	30
B4. Net non-debt creating flows at historical average minus one standard deviation in 2018-2019 4/	88	93	95	88	81	75	**54**	30
B5. Combination of B1-B4 using one-half standard deviation shocks	88	111	150	140	130	121	**83**	40
B6. One-time 30 percent nominal depreciation relative to the baseline in 2018 5/	88	87	82	76	70	65	**48**	30
PV of debt-to-revenue ratio								
Baseline	145	135	128	120	114	108	**83**	51
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2017-2037 1/	145	138	132	124	117	112	**99**	64
A2. New public sector loans on less favorable terms in 2017-2037 2	145	140	137	132	128	126	**113**	95
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2018-2019	145	145	147	137	130	123	**95**	58
B2. Export value growth at historical average minus one standard deviation in 2018-2019 3/	145	156	189	178	169	161	**114**	56
B3. US dollar GDP deflator at historical average minus one standard deviation in 2018-2019	145	153	158	148	139	132	**102**	62
B4. Net non-debt creating flows at historical average minus one standard deviation in 2018-2019 4/	145	144	148	139	132	125	**93**	52
B5. Combination of B1-B4 using one-half standard deviation shocks	145	175	228	215	204	194	**138**	67
B6. One-time 30 percent nominal depreciation relative to the baseline in 2018 5/	145	189	180	168	159	151	**116**	71

Table 2. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2017–37[1/] (concluded)

(Percent)

				Debt service-to-exports ratio				
Baseline	6	7	7	7	6	6	**7**	5
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2017-2037 1/	6	7	7	7	7	6	**8**	6
A2. New public sector loans on less favorable terms in 2017-2037 2	6	7	5	5	5	4	**6**	6
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2018-2019	6	7	7	7	6	6	**7**	5
B2. Export value growth at historical average minus one standard deviation in 2018-2019 3/	6	8	11	12	11	10	**14**	8
B3. US dollar GDP deflator at historical average minus one standard deviation in 2018-2019	6	7	7	7	6	6	**7**	5
B4. Net non-debt creating flows at historical average minus one standard deviation in 2018-2019 4/	6	7	7	7	7	7	**8**	5
B5. Combination of B1-B4 using one-half standard deviation shocks	6	8	10	10	10	9	**13**	7
B6. One-time 30 percent nominal depreciation relative to the baseline in 2018 5/	6	7	7	7	6	6	**7**	5
				Debt service-to-revenue ratio				
Baseline	9	11	11	11	11	10	**13**	9
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2017-2037 1/	9	11	12	11	11	11	**14**	11
A2. New public sector loans on less favorable terms in 2017-2037 2	9	11	8	7	7	7	**10**	11
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2018-2019	9	11	13	12	12	11	**15**	10
B2. Export value growth at historical average minus one standard deviation in 2018-2019 3/	9	11	12	13	13	12	**17**	10
B3. US dollar GDP deflator at historical average minus one standard deviation in 2018-2019	9	12	14	13	13	12	**16**	11
B4. Net non-debt creating flows at historical average minus one standard deviation in 2018-2019 4/	9	11	12	12	11	11	**14**	9
B5. Combination of B1-B4 using one-half standard deviation shocks	9	12	15	16	16	15	**21**	12
B6. One-time 30 percent nominal depreciation relative to the baseline in 2018 5/	9	15	16	15	15	14	**18**	13
Memorandum item:								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	4	4	4	4	4	4	**4**	4

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 3. Côte d'Ivoire: Public Sector Debt Sustainability Framework, Baseline Scenario, 2017–37[1/]

(Percent of GDP, unless otherwise indicated)

	Actual					Estimate	Projections								
	2014	2015	2016	Average 5/	Standard Deviation 5/	2017	2018	2019	2020	2021	2022	2017-22 Average	2027	2037	2023-37 Average
Public sector debt 1/	36.2	40.3	41.6			45.9	46.0	45.4	45.4	45.0	44.6		41.8	35.6	
of which: foreign-currency denominated	18.3	22.2	22.7			28.2	27.7	27.2	26.2	25.4	24.9		20.7	14.9	
Change in public sector debt	2.3	4.0	1.4			4.3	0.1	-0.6	0.1	-0.4	-0.4		-0.5	-0.6	
Identified debt-creating flows	0.2	0.6	0.8			-0.5	-0.8	-1.2	-0.6	-0.5	-0.5		-0.5	-0.6	
Primary deficit	1.0	1.3	2.2	1.0	1.2	2.6	1.6	1.1	1.1	1.1	1.0	1.4	0.7	0.5	0.6
Revenue and grants	18.9	20.0	19.4			19.5	19.5	20.1	20.2	20.2	20.2		20.8	22.6	
of which: grants	1.7	1.4	1.4			1.5	1.2	1.6	1.5	1.4	1.1		0.6	0.1	
Primary (noninterest) expenditure	19.8	21.3	21.6			22.2	21.1	21.1	21.3	21.3	21.2		21.4	23.1	
Automatic debt dynamics	-0.7	-0.5	-1.3			-3.1	-2.4	-1.8	-1.7	-1.6	-1.5		-1.1	-1.1	
Contribution from interest rate/growth differential	-2.5	-2.2	-2.0			-1.6	-1.7	-1.9	-1.8	-1.7	-1.7		-1.2	-1.2	
of which: contribution from average real interest rate	0.3	0.8	1.1			1.4	1.5	1.2	1.1	1.1	1.1		1.0	0.8	
of which: contribution from real GDP growth	-2.7	-2.9	-3.1			-3.0	-3.1	-3.0	-2.9	-2.8	-2.7		-2.2	-1.9	
Contribution from real exchange rate depreciation	1.7	1.6	0.6			-1.5	-0.7	0.0	0.1	0.2	0.2		...	...	
Other identified debt-creating flows	-0.1	-0.2	-0.1			-0.1	0.0	-0.4	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	-0.1	-0.2	-0.1			-0.1	0.0	-0.4	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)	0.0	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	2.1	3.4	0.6			4.8	0.8	0.5	0.7	0.1	0.0		0.0	0.0	
Other Sustainability Indicators															
PV of public sector debt	...	...	39.4			43.8	43.1	41.9	41.7	41.0	40.4		37.8	32.1	
of which: foreign-currency denominated	...	...	20.5			26.2	24.8	23.7	22.5	21.5	20.7		16.8	11.5	
of which: external	...	...	20.5			26.2	24.8	23.7	22.5	21.5	20.7		16.8	11.5	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 2/	4.3	6.5	8.1			9.1	6.8	6.8	7.0	7.1	7.0		7.2	6.1	
PV of public sector debt-to-revenue and grants ratio (in percent)	...	...	203.3			224.7	221.0	209.1	206.4	203.0	199.8		182.3	142.0	
PV of public sector debt-to-revenue ratio (in percent)	...	...	218.6			242.9	235.2	226.8	223.3	217.6	210.9		187.9	142.7	
of which: external 3/	...	...	113.5			145.0	135.3	128.4	120.5	113.8	108.0		83.2	51.0	
Debt service-to-revenue and grants ratio (in percent) 4/	10.3	12.8	12.0			13.6	15.3	15.3	14.9	14.9	14.6		17.3	12.9	
Debt service-to-revenue ratio (in percent) 4/	11.4	13.8	12.9			14.7	16.3	16.6	16.1	15.9	15.4		17.8	13.0	
Primary deficit that stabilizes the debt-to-GDP ratio	-1.3	-2.7	0.9			-1.6	1.5	1.7	1.0	1.5	1.5		1.1	1.1	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	8.8	8.8	8.3	5.1	4.7	7.6	7.3	7.1	6.9	6.6	6.5	7.0	5.5	5.6	5.7
Average nominal interest rate on forex debt (in percent)	3.6	4.3	4.1	2.4	1.5	4.5	4.4	3.9	3.7	3.6	3.6	3.9	3.7	3.9	3.7
Average real interest rate on domestic debt (in percent)	0.1	1.5	3.5	1.0	1.7	4.5	5.0	4.2	4.2	3.9	3.8	4.3	3.4	2.5	3.0
Real exchange rate depreciation (in percent, + indicates depreciation)	11.3	9.3	3.0	0.5	6.9	-6.9	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	3.9	3.1	1.6	3.6	2.0	1.0	1.2	1.6	1.6	1.7	1.7	1.5	1.7	1.8	1.7
Growth of real primary spending (deflated by GDP deflator, in percent)	5.3	16.8	10.0	3.3	5.8	10.3	2.3	7.0	7.8	6.6	6.1	6.7	6.5	6.7	6.3
Grant element of new external borrowing (in percent)	...	...	...	...	...	4.3	32.4	33.6	31.3	30.8	28.2	26.8	16.6	5.3	...

Sources: Country authorities; and staff estimates and projections.

1/ Includes general government debt.

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 4. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public Debt 2017–37[1/]

	Projections							
	2017	2018	2019	2020	2021	2022	2027	2037
PV of Debt-to-GDP Ratio								
Baseline	44	43	42	42	41	40	38	32
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	44	43	43	43	43	43	42	41
A2. Primary balance is unchanged from 2017	44	44	44	46	46	47	52	62
A3. Permanently lower GDP growth 1/	44	44	43	44	44	45	52	81
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2018-2019	44	47	52	54	55	57	66	81
B2. Primary balance is at historical average minus one standard deviations in 2018-2019	44	44	44	43	43	42	39	33
B3. Combination of B1-B2 using one half standard deviation shocks	44	45	46	47	48	49	54	62
B4. One-time 30 percent real depreciation in 2018	44	53	51	50	49	48	45	41
B5. 10 percent of GDP increase in other debt-creating flows in 2018	44	53	51	51	50	49	45	38
PV of Debt-to-Revenue Ratio 2/								
Baseline	225	221	209	206	203	200	182	142
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	225	222	213	213	212	211	203	180
A2. Primary balance is unchanged from 2017	225	226	222	226	230	234	252	275
A3. Permanently lower GDP growth 1/	225	224	215	217	219	222	248	356
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2018-2019	225	242	255	263	272	280	315	359
B2. Primary balance is at historical average minus one standard deviations in 2018-2019	225	224	217	214	211	207	189	147
B3. Combination of B1-B2 using one half standard deviation shocks	225	230	228	233	237	242	259	274
B4. One-time 30 percent real depreciation in 2018	225	272	255	249	244	239	218	180
B5. 10 percent of GDP increase in other debt-creating flows in 2018	225	271	256	252	247	243	219	168
Debt Service-to-Revenue Ratio 2/								
Baseline	14	15	15	15	15	15	17	13
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	14	16	16	15	15	15	19	16
A2. Primary balance is unchanged from 2017	14	15	16	16	17	18	26	31
A3. Permanently lower GDP growth 1/	14	15	16	15	16	16	24	39
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2018-2019	14	16	18	18	20	22	33	42
B2. Primary balance is at historical average minus one standard deviations in 2018-2019	14	15	15	16	16	16	18	14
B3. Combination of B1-B2 using one half standard deviation shocks	14	16	17	16	17	18	26	30
B4. One-time 30 percent real depreciation in 2018	14	17	20	19	20	20	27	26
B5. 10 percent of GDP increase in other debt-creating flows in 2018	14	15	18	23	23	23	22	17

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.