INTERNATIONAL MONETARY FUND

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COTE D'IVOIRE

December 2019

SIXTH REVIEWS UNDER THE ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, AND REQUEST FOR EXTENSION AND AUGMENTATION OF ACCESS; PRESS RELEASE; STAFF REPORT; STAFF SUPPLEMENT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR COTE D'IVOIRE

In the context of the SIXTH REVIEWS UNDER THE ARRANGEMENT UNDER THE EXTENDED CREDTI 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** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on December 6, 2019, following discussions that ended on October 1, 2019, with the officials of Cote 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 19, 2019.
- A **Debt Sustainability Analysis** prepared by the staff[s] of the IMF and the World Bank.
- A **Staff Supplement** updating information on recent developments.
- A **Statement by the Executive Director** for Cote d'Ivoire.

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

- Letter of Intent sent to the IMF by the authorities of Cote d'Ivoire*
- Memorandum of Economic and Financial Policies by the authorities of Cote d'Ivoire*
- Technical Memorandum of Understanding*

*Also included in 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

COMMUNICATIONS DEPARTMENT

Press Release No. 19/444
FOR IMMEDIATE RELEASE
December 6, 2019

International Monetary Fund
700 19th Street, NW
Washington, D. C. 20431 USA

IMF Executive Board Completes the Sixth Review under the Extended Credit Facility and the Extended Fund Facility Arrangements for Côte d'Ivoire, and Approves One-Year Program Extension

- The completion of the review enables an immediate disbursement of US$133.4 million.
- The country's economic outlook remains strong, with growth projected at about 7½ percent in 2019-20. The budget deficit is projected to converge to the WAEMU regional norm of 3 percent of GDP in 2019 and the authorities have committed to the same target for 2020.
- The IMF supported program aims to foster inclusive growth and poverty reduction, support fiscal discipline, enhance domestic revenue mobilization, ensure debt sustainability, and achieve a sustainable balance of payments position.

On December 6, 2019, the Executive Board of the International Monetary Fund (IMF) completed the sixth review under the Extended Credit Facility (ECF)[1] and the Extended Fund Facility (EFF)[2] Arrangements and approved the request to extend the IMF support to the end of 2020 and increase Côte d'Ivoire access to SDR 843.972 million (about US$1,1163.6 million or 129.8 percent of Cote d'Ivoire's quota).

The three-year ECF/EFF arrangements with a total access of SDR 650.4 million (about US$896.7 million or 100 percent of Côte d'Ivoire's quota) were approved by the IMF Executive Board on December 12, 2016. Completion of the sixth review enables the immediate disbursement of SDR 96.784 million (about US$133.4 million), bringing total disbursements under the arrangements to SDR 650.4 million (about US$896.7 million).

[1]The ECF is a lending arrangement that provides sustained program engagement over the medium to long term in case of protracted balance of payments problems.

[2]The EFF was established to provide assistance to countries: (i) experiencing serious payments imbalances because of structural impediments; or (ii) characterized by slow growth and an inherently weak balance of payments position.

Following the Executive Board discussion, Mr. Mitsuhiro Furusawa, Acting Chair and Deputy Managing Director, made the following statement:

"Côte d'Ivoire has been pursuing a development-oriented policy agenda, and the IMF-supported program in place since 2016 has supported that focus, paving the way for the private sector to become the main driver of growth. The performance under the program has been strong. The medium-term growth prospects remain robust, predicated on continuing prudent macroeconomic policy, furthering financial sector reforms and sustaining structural reforms to bolster private sector-led inclusive growth.

"The authorities recommitted to the regional budget deficit target of 3 percent of GDP in 2019 and 2020. This objective is crucial to macroeconomic stability and should be supported by a combination of domestic revenue mobilization measures, such as broadening the tax base, curtailing exemptions and swiftly digitalizing the revenue administration, and through current expenditure restraint. This will help Côte d'Ivoire finance its ambitious development projects. To preserve debt sustainability, the budget deficit target needs to be complemented by a balanced mix of external and domestic sources of financing and continued prudent debt management will also be imperative. The one-year extension of the current ECF and EFF arrangements through 2020 will provide an important anchor for prudent policies.

"Accelerating public bank restructuring will also be essential to further strengthen the resilience of the banking sector. Further strengthening the AML/CFT frameworks and their implementation is also important.

"Côte d'Ivoire's reform efforts have resulted in improvements in its business climate in recent years. It will be imperative to continue the reform agenda to further stimulate private sector activity and support inclusive growth, including by improving the energy sector, human capital and financial inclusion, accelerating digitalization, enhancing trade connectivity and governance, expanding the coverage of social safety nets, and reinforcing the statistical apparatus to help better inform economic policy."

Côte d'Ivoire: Selected Economic Indicators: 2016–21

	2016	2017	2018	2019	2020	2021
				Est.	Projections	
	(Annual percentage changes, unless otherwise indicated)					
National income						
GDP at constant prices	8.0	7.7	7.4	7.5	7.3	7.0
GDP deflator	-1.1	-1.7	0.4	1.0	1.7	1.7
Consumer price index (annual average)	0.7	0.7	0.4	1.0	2.0	2.0
External sector						
Exports of goods, f.o.b., at current prices	-7.0	6.8	-4.8	10.3	5.4	6.4
Imports of goods, f.o.b., at current prices	-8.5	6.4	7.1	6.8	5.5	6.2
Central government operations						
Total revenue and grants	6.9	8.0	5.3	10.4	8.6	8.4
Total expenditure	12.8	9.5	3.4	6.0	8.7	8.2
Money and credit						
Money and quasi-money (M2)	10.1	8.8	13.5	11.6	7.3	10.7
Credit to the economy	13.3	15.2	11.3	11.6	13.0	13.0
	(Percent of GDP unless otherwise indicated)					
Central government operations						
Total revenue and grants	20.0	20.4	19.9	20.3	20.2	20.1
Total revenue	18.6	19.2	18.9	19.1	19.0	19.1
Total expenditure	24.1	24.9	23.9	23.3	23.2	23.1
Overall balance, incl. grants, payment order basis	-4.1	-4.5	-4.0	-3.0	-3.0	-3.0
Gross investment	17.7	19.5	20.8	22.0	23.1	23.9
Central government	7.4	7.5	7.1	6.7	7.0	7.4
Nongovernment sector	10.3	12.0	13.7	15.3	16.0	16.5
Gross domestic saving	20.3	22.1	21.4	23.3	24.4	25.4
Central government	2.1	2.0	2.4	3.1	3.5	4.0
Nongovernment sector	18.2	20.2	18.9	20.1	20.9	21.5
External sector balance						
Current account balance	-1.2	-2.7	-4.7	-4.0	-3.8	-3.5
Overall balance	-1.3	1.6	0.8	1.0	0.2	0.9
Public sector debt						
Central government debt, gross	48.4	49.8	53.2	52.6	49.9	48.5
Central government debt (excluding C2D)	43.1	45.3	49.7	50.0	48.1	46.9
External debt	29.0	30.5	36.5	37.7	37.2	36.9
External debt (excluding C2D)	23.4	25.4	32.5	34.7	35.0	35.0
Memorandum items:						
Nominal GDP (CFAF billions)	20,931	22,151	23,900	25,956	28,309	30,788

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

CÔTE D'IVOIRE

November 19, 2019

SIXTH REVIEWS UNDER THE ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, AND REQUEST FOR EXTENSION AND AUGMENTATION OF ACCESS

EXECUTIVE SUMMARY

Context. Political uncertainty has risen ahead of the 2020 presidential elections, after the ruling coalition between President Ouattara's and former President Bédié's parties ended in the summer of 2018. The authorities have requested a one-year program extension to provide an important stability anchor through 2020. The extension will help meet balance of payment needs, foster fiscal discipline, and sustain reforms, in turn helping support the West African Economic and Monetary Union's external stability. Policies will center on preserving the program's momentum, particularly adhering to the 3 percent of GDP budget deficit ceiling, preserving a moderate risk of debt distress and fostering private-sector-led growth.

The macroeconomic outlook is positive. Building on the current strong momentum, 2019-20 growth is expected to remain at 7½ percent, supported by resilient investment, higher incomes for cocoa producers, and increased emphasis on social spending. Robust medium-term growth prospects hinge on continued prudent macroeconomic policy and sustained progress in structural reforms. Downside risks include domestic political uncertainty, the global slowdown, and rising security concerns.

Program policies. Program performance was good, with all end-June continuous performance criteria and all indicative targets met. The latter pertained to VAT audits, retail fuel price adjustments, monitoring state-owned enterprises (SOEs) and procurement management. The authorities recommitted to the regional budget deficit target of 3 percent of GDP in 2019 and 2020.

Staff supports the authorities' requests for the completion of the sixth reviews under the ECF and EFF arrangements, which would release disbursements equivalent to SDR 96.784 million, and the extension and augmentation of access.

Approved By
Dominique Desruelle (AFR) and Mary Goodman (SPR)

Discussions were held in Abidjan during September 18 to October 1, 2019. The mission team comprised Ms. Céline Allard (head), Ms. Dominique Simard, Ms. Genet Zinabou (All AFR), Mr. Jean-Marc Fournier (FAD), Ms. Anna Fruttero (SPR), Mr. José Gijon (IMF resident representative) and Mr. Hermann Yohou (local economist). Mr. Marcellin Koffi Alle (OED) participated in the discussions. Mr. Li and Mr. Magno assisted the team from headquarters.

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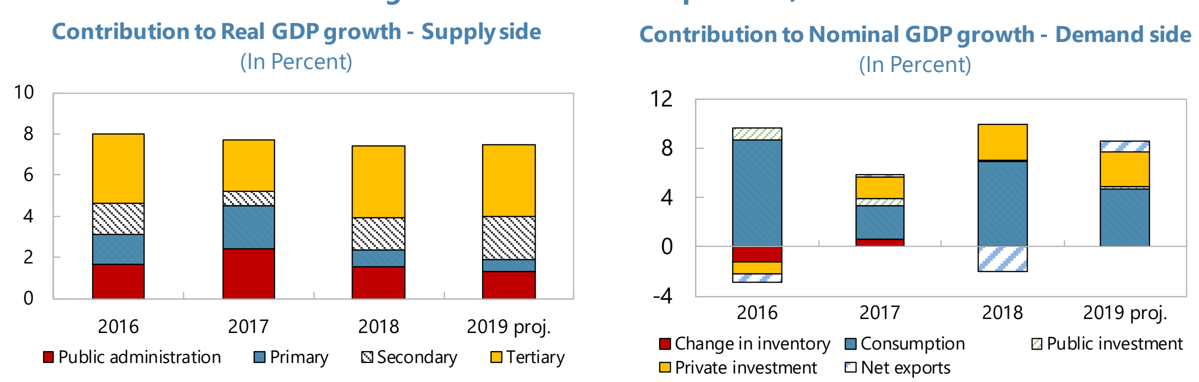
CONTEXT, RECENT ECONOMIC DEVELOPMENTS, OUTLOOK AND RISKS

1. **Côte d'Ivoire remains on a strong growth path**. The economy has benefitted in recent years from solid macroeconomic stability, upgrades to the infrastructure stock and improvements in the business climate, paving the way for the private sector to gradually take over as a sustainable source of growth. Economic indicators point to continued strong momentum in the first half of 2019, driven notably by agro-processing, construction, telecommunications and other services, while moderate food and energy price increases have kept overall inflation muted, at 0.7 percent at end-September (Figure 1).

2. **The macroeconomic outlook is positive**. In addition to the strong momentum currently in place, the authorities have launched a country-wide social plan and are supporting the agro-business sector, with a view to fostering structural transformation, job creation, and inclusive growth. Consequently, 2019-20 growth is expected to stay on its recent trend, at around 7½ percent, supported by resilient investment, higher cocoa sector incomes and the increased emphasis on social spending. Predicated on continued prudent macroeconomic policy and sustained progress in structural reforms, the medium-term growth prospects remain robust (Figure 2).

Text Figure 1. Growth Decomposition, 2016-19



Sources: Ivoirien authorities; and IMF staff estimates.

3. **The current account deficit is forecast to remain somewhat elevated in the near-term**. Strong growth and continued investment, including in the import-heavy sector of oil and mining exploration, will keep imports of intermediate goods and services strong in the short term, while exports will be somewhat less dynamic given slowing global growth. Thus, after a sharp deterioration in 2018 to 4.7 percent of GDP, the current account deficit is expected to recover only gradually. It is foreseen to improve to 4.0 percent of GDP in 2019, in part thanks to higher cocoa prices and strong petroleum product exports, and to 3.8 percent of GDP in 2020, narrowing further by the mid-2020s as agribusiness exports gather momentum.

Côte d'Ivoire: Selected Economic Indicators, 2017-24
(Percent of GDP unless otherwise indicated)

	2017	2018	2019		2020	2021	2022	2023	2024
		Est.	Prog.	Proj.	Projections				
GDP growth, percent	7.7	7.4	7.5	7.5	7.3	7.0	6.7	6.5	6.4
Inflation, percent	0.7	0.4	1.0	1.0	2.0	2.0	2.0	2.0	2.0
Current account balance	-2.7	-4.7	-3.5	-4.0	-3.8	-3.5	-3.2	-3.0	-3.0
Total revenue and grants	20.4	19.9	20.3	20.3	20.2	20.1	20.1	20.2	20.0
Non-earmarked tax revenues	15.6	15.3	15.8	15.6	15.9	16.1	16.2	16.4	16.5
Current expenditure	18.0	17.4	17.0	17.2	16.8	16.3	16.4	16.5	16.6
Capital expenditure	6.9	6.5	6.3	6.2	6.4	6.8	6.7	6.7	6.5
Fiscal balance (including grants)	-4.5	-4.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Public debt	49.8	53.2	52.5	52.6	49.9	48.5	47.7	47.0	46.7
Nominal GDP (FCFA billion)	22,151	23,900	25,955	25,956	28,309	30,788	33,405	36,188	39,186

Sources: Ivoirien authorities; and IMF staff estimates.

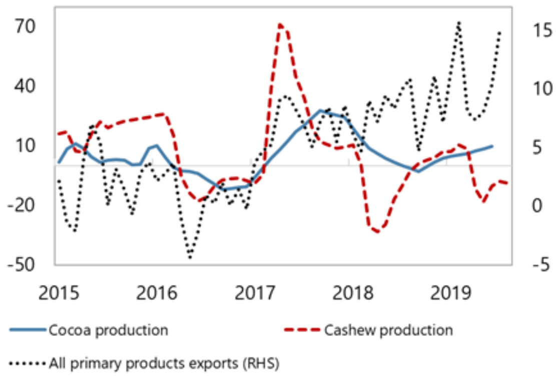
4. **The political context ahead of the 2020 presidential elections adds uncertainty to the otherwise favorable economic outlook**. Following the fracture of the ruling coalition between President Ouattara's and former President Bédié's parties in the summer of 2018, the uncertainty about potential candidates and alliances remains high and is likely to persist until mid-2020. A new independent electoral commission was appointed to supervise the elections, but part of the opposition claims that the new commission favors the ruling party.

5. **In addition to this domestic political uncertainty, the global economic slowdown and rising security concerns constitute downside risks** (Annex I). Rising pressures, including social demands, ahead of the 2020 elections could hamper revenue mobilization and affect public spending. While positive investor sentiment of Côte d'Ivoire has not so far been affected by greater uncertainty, this could potentially change as the political landscape evolves or risks of negative security spillovers from the Sahel rise. Slower global growth, rising protectionism in trading partners, and lower risk appetite in international markets could depress external demand and investment.

Figure 1. Côte d'Ivoire: Recent Economic Developments, 2015–19

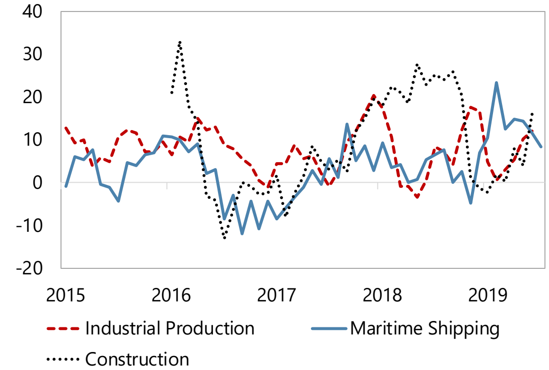
Strong cocoa and cotton crops offset contractions in coffee and cashew…

Agricultural Production
(YOY percent change; 12-month moving average)



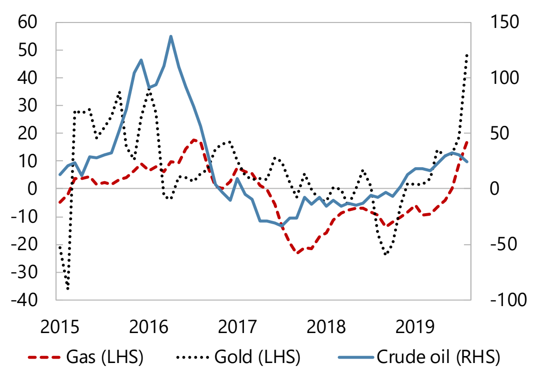
…while industrial production, construction and transportation services picked up through end-June.

Industry and Services
(YOY percent change; 3-month moving average)



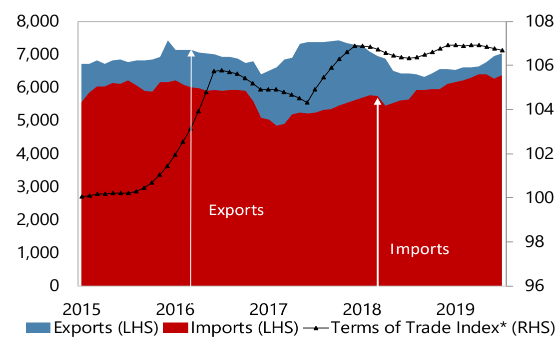
Buoyant oil and gold extraction drove growth in mining, while gas production lagged behind.

Mining Output
(YOY percent change; 3-month moving average)



Exports further recovered through end-August, but imports kept pace, with a mildly positive trade balance.

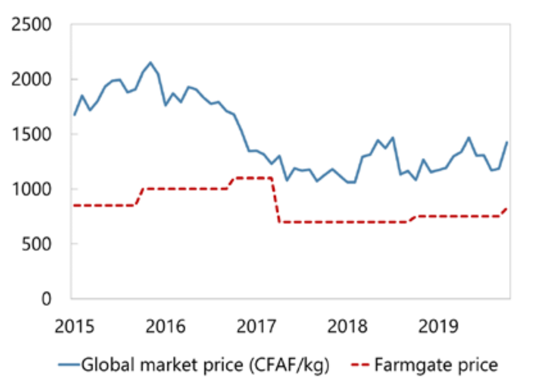
Trade
(CFAF millions, 12-month moving sum)



*12-month MA; higher terms of trade reflect higher relative prices of exports to imports.

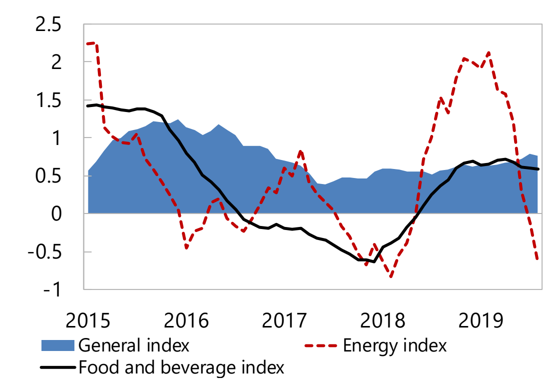
Farmgate cocoa prices were raised to 825CFAF/kg in October for the 2019–20 season…

Cocoa Price
(CFAF/kg)



…while inflation remained muted around 1 percent during the first nine months of 2019.

Inflation
(YOY percent change; 12-month moving average)

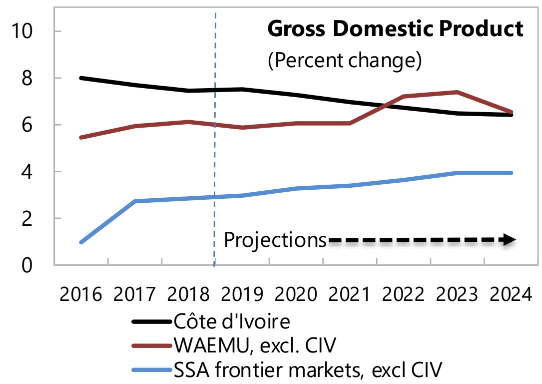


Sources: Ivoirien authorities; and IMF staff estimates.

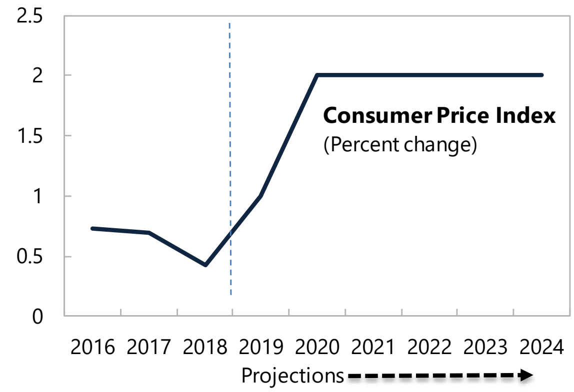
Figure 2. Côte d'Ivoire: Medium-Term Outlook, 2016–24

(Percent of GDP, unless otherwise indicated)

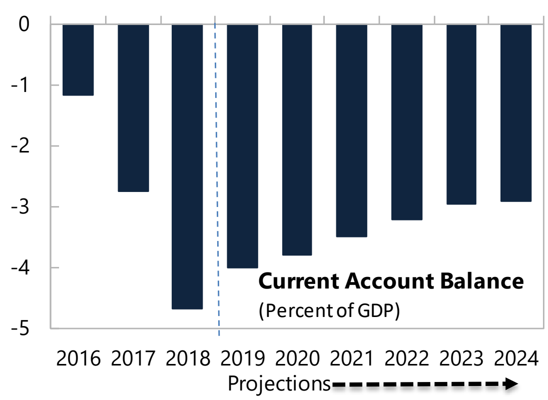
Growth will taper but remain strong...



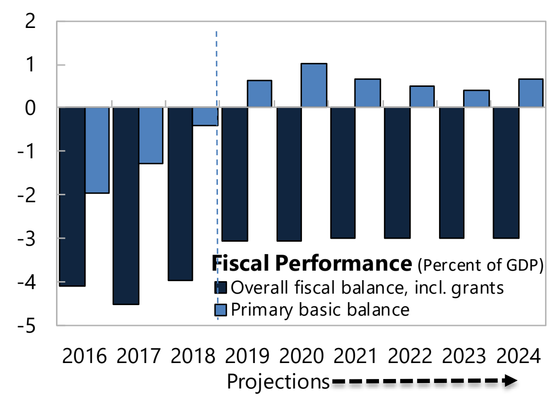
...while inflation will remain subdued.



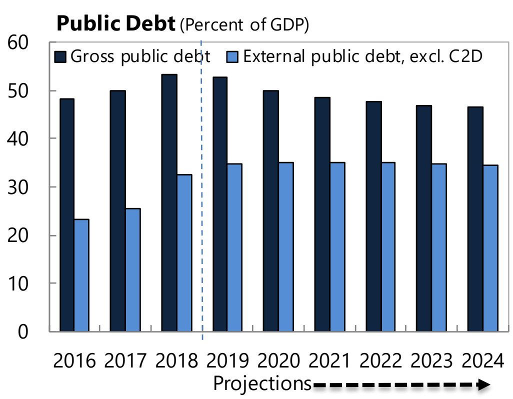
Higher value-added in exports will gradually narrow the current account...



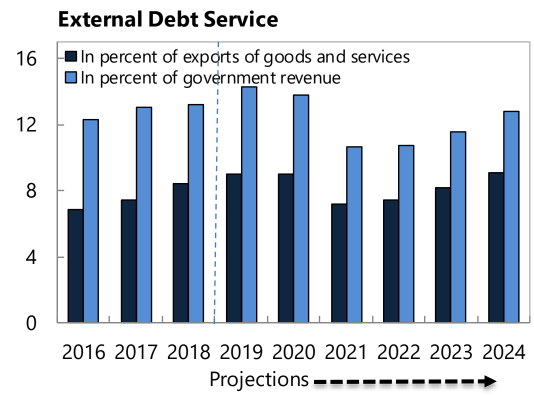
...and the fiscal deficit is still on track to meet the 3 percent target in 2019.



Public debt will remain under control...



... and debt service costs increased, but remain manageable.



Sources: Ivoirien authorities; and IMF staff estimates.

PROGRAM PERFORMANCE

Program performance was good at end-June 2019.

6. **All-end June and continuous performance criteria (PC) and all indicative targets were met** (MEFP ¶¶7, 11–12 and MEFP Table 1). The budget deficit, at 1.4 percent of annual GDP met the program ceiling (Text Table 1), reflecting spending execution and tax collection aligned with the mid-year targets. Underperformance in profit taxes from the banking and telecom sectors were offset by stronger collections of indirect taxes, higher oil sector profit taxes, and arrears clearance of energy companies to the central government. Bank profit receipts underperformed as the impact of the bankruptcy of a cocoa exporter on some banks' results was stronger than expected. Customs receipts rebounded from the disappointing results at the end of 2018, after adjustments to the enhanced import quality controls were made and the control of import values was successfully transferred to the government from a private provider. Pro-poor spending and domestic arrears clearance met program targets.

Text Table 1. Côte d'Ivoire: Fiscal Operations of the Central Government, end-June 2019
(Percent of GDP)

	Prog.	Est.	Diff.
Total revenue and grants	9.7	9.9	0.2
Total revenue	9.1	9.4	0.3
Tax revenue	8.0	8.1	0.1
Nontax revenue	1.0	1.3	0.3
Grants	0.6	0.5	-0.1
Total expenditure	11.3	11.3	0.0
Current expenditure	8.4	8.3	-0.1
Capital expenditure	2.9	2.9	0.0
Domestically financed	1.5	1.5	0.0
Foreign-financed, *of which*	1.4	1.4	0.0
Foreign loan-financed	1.1	1.2	0.1
Primary basic balance	0.3	0.7	0.4
Overall balance	**-1.6**	**-1.4**	**0.2**
Domestic arrears and float	-0.2	-0.3	-0.1
Overall balance (cash basis)	-1.8	-1.7	0.1

Sources: Ivoirien authorities; and IMF staff estimates.

7. **All applicable structural benchmarks (SB) for end-June 2019 were met** (MEFP ¶13 and Text Table 2). Those pertained to VAT audits, the retail fuel price adjustment mechanism, both meant to support domestic revenue mobilization, as well as monitoring of state-owned enterprises (SOEs) and procurement management, with a view to containing fiscal risks.

Text Table 2. Côte d'Ivoire: Structural Benchmarks (SB) Due by end-June 2019

Measures	Timetable
Every six months submit a report on the financial situation of Air Côte d'Ivoire	**SB** for end-June 2019 **Met**
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** for end-June 2019 **Met**
Apply the retail fuel price mechanism to preserve fuel tax revenue at a level envisaged in the budget law.	**SB** for end-June 2019 **Met**
Audit at least 20 percent of the companies that benefited from a VAT credit refund the previous year.	**SB** for end-June 2019 **Met**
Set up a Monitoring Committee and a financial performance monitoring dashboard for performance contracts signed at the end of December 2018.	**SB** for end-June 2019 **Met**
Deploy the Integrated Public Procurement Management System in at least 5 local communities.	**SB** for end-June 2019 **Met**

ECONOMIC POLICIES FOR 2019 AND 2020

8. The authorities have requested a one-year extension of the current ECF and EFF arrangements, which will provide an important domestic and regional stability anchor through 2020. At the national level, this will help meet balance-of-payment needs arising from a slower-than-expected recovery of the external position in the context of a less supportive external environment, foster fiscal discipline through the election period, and sustain progress in ongoing reforms in a more uncertain international and domestic environment. On the regional front, it will provide an important anchor to the WAEMU currency union, whose external stability critically hinges on prudent fiscal policies in key members at a time when security threats are exerting spending pressures on neighboring Sahel countries. In that context, the authorities' policy efforts will need to be centered on preserving the momentum from the first years of the program, particularly with respect to adhering to the 3 percent of GDP budget deficit ceiling, mobilizing fiscal revenues, preserving a moderate risk of debt distress, and fostering private sector-led growth.

A. Maintaining Fiscal Discipline

9. The authorities recommitted to the regional budget deficit target of 3 percent of GDP in 2019 and 2020 (MEFP ¶18). This objective is crucial to macroeconomic stability, both to preserve adequate financing resources for the private sector in Côte d'Ivoire and to buttress regional foreign exchange reserves. For 2019, this implies a fiscal consolidation of 1 percent of GDP, which the authorities intend to meet by raising tax revenue by 0.4 percent of GDP and restraining expenditure by 0.6 percent of GDP.[1] Cognizant that spending pressures were rising, the authorities reiterated that they would continue to adjust the expenditure structure in 2020 to make room for their priorities while adhering to the 3 percent deficit target.

10. The bulk of the government's social program will be accommodated within the budget (MEFP ¶¶ 3,15, 28, 29). Launched in early 2019, the PSGouv program seeks to accelerate the execution of projects spelled out in the authorities' National Development Plan (NDP) that have the strongest identified social impact. These programs target improved access to education, health care, electricity, potable water, social transfers, and youth employment, as well as improved connectivity, particularly in rural areas. Government spending on these programs amounts to close to 1 percent of GDP in 2019 and 1½ percent of GDP

Text Table 3. Côte d'Ivoire: Government Social Plan Spending, 2019-20

(Percent of GDP)

	2019	2020 Proj.
Total social plan	1.5	1.8
Government Budget Expenditures	0.9	1.5
Wage bill	0.0	0.0
Subsidies and transfers	0.1	0.1
Other current spending	0.1	0.1
Investment spending	0.7	1.3
Project grants	0.2	0.0
Project loans	0.0	0.6
Domestically financed	0.5	0.7
State electricity company (CI-Énergies)	0.6	0.3

Sources: Ivoirien authorities; and IMF staff estimates.

[1]Compared to the 5th review, the structure of spending for 2019 has been marginally adjusted to allow for higher social safety net transfers with slighter lower projected capital expenditures by 0.1 ppt of GDP.

in 2020 are included in the budget, with a strong focus in investment outlays.[2] The part of the plan focused on access to electricity, namely rural electrification and social tariffs for poorer households, will be carried out by the state electricity company CI-Energies, in line with its mandate, for about 1 percent of GDP over 2019-20. A universal health care system is being gradually introduced as of October 2019, based on new social contributions and conservative initial service coverage. The authorities committed to evaluate the system's financial balance after one year of operation. Overall, after the focus of the recent years on public physical investment, this shift towards human capital should, over time, improve access to opportunities for the population.

11. Meanwhile, expenditure adjustment will complement revenue mobilization efforts. The authorities will continue to implement their wage bill strategy, replacing only one out of two departures except for the priority sectors of education and health (MEFP ¶27), generating projected savings of ½ ppt of GDP over 2019-20.[3] Similarly, subsidies and other current spending are projected to be curtailed by ½ ppt of GDP over the period, underpinned by improved controls over operating costs. These savings are expected to support fiscal consolidation, provide space to cover rising interest payments, and preserve space for overall investment spending, including in social sectors.

Text Table 4. Côte d'Ivoire: Expenditure of the Central Government, 2018-20
(Percent of GDP)

	2018	2019	2020
	Est.	Projections	
Current expenditure	17.4	17.2	16.8
Wages and salaries	6.8	6.6	6.3
Social security benefits	1.2	1.2	1.2
Subsidies and other current transfers	1.7	1.6	1.5
Other current expenditure	4.8	4.5	4.4
Earmarked and crisis-related expenditure	1.1	1.1	1.2
Interest due	1.8	2.0	2.2
Capital expenditure	6.5	6.2	6.4
Total expenditure	23.9	23.3	23.2

Sources: Ivoirien authorities; and IMF staff estimates.

12. Continued implementation of the Public Financial Management reform agenda should improve public spending efficiency. Coordination with, and monitoring of, line ministries' spending should be improved with the launch of program and multi-year budgeting in 2020. To better support investment programming, the Public Investment Program's procedures manual will be published by end-2019 and more attention will be paid to the assessment of projects' recurrent costs. Continuing computerization should strengthen the governance of public procurement processes (MEFP ¶37), although more efforts are needed to increase the share of PPPs attributed through competitive calls for tender (MEFP ¶14). Meanwhile, the transition to the Treasury Single Account continues, with additional closing of commercial bank accounts (MEFP ¶40). Annual fiscal accounts will be prepared for 2018 under GFSM 2001/14 standards with extended coverage to include local governments, public institutions, and some extrabudgetary funds (proposed new SB by end-June 2020).

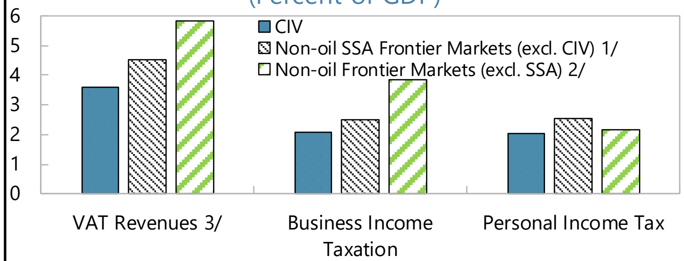
[2] IMF Country Report No. 19/197, Box 2, page 52. An additional ¼ ppt of GDP could be added in 2020 contingent on securing additional financing and would be accommodated within the overall budget envelope

[3] Payments to 10,300 contractual-teachers-in-training hired in 2019 are recorded under other current expenditures until they are integrated into the civil service in 2021.

B. Supporting Domestic Revenue Mobilization

Text Figure 2. Tax Revenues, 2017

(Percent of GDP)



Sources: Government Finance Statistics; OECD; and World Economic Outlook.

1/ Ethiopia, Ghana, Kenya, Mauritius, Mozambique, Rwanda, Senegal, Tanzania, Uganda, and Zambia.

2/ Bangladesh, Bolivia, Honduras, Mongolia, Papua New Guinea and Vietnam.

3/ VAT Revenues net of Refund.

13. Stronger domestic revenue mobilization is a prerequisite for sustained development, as it represents the only permanent source of financing to meet the authorities' ambitious social and infrastructure objectives identified in their NDP and, ultimately, tackle poverty, improve education and health outcomes, and promote inclusive growth. While tax revenues have increased on average by 7¼ percent annually since the beginning of the program, they have barely kept up with nominal GDP growth, going from 16 percent of GDP in 2016 to 16.2 percent in 2018. This is in part because key drivers of economic growth remain relatively untaxed. By the authorities' own estimates, annual tax exemptions reached at least 1½ percent of GDP annually over 2017–18, and those estimates do not account for all VAT products taxed at zero or reduced VAT rates.[4] As a consequence, tax revenue performance lags that in frontier peers and emerging markets.

14. The authorities have committed to increase tax revenue by 0.4 ppt of GDP in 2019, with further improvements in 2020, mostly through revenue administration measures.

- ***They are taking corrective measures to offset recent underperformance in direct taxation***. Beyond the measures implemented in the 2019 budget, the authorities have identified additional one-off measures to ensure that their annual target is met, including by intensifying collection of 2018 tax arrears, strengthening control of petroleum imports and integrating additional earmarked revenue in fiscal accounts to more accurately account for tax effort (MEFP ¶27). Yet, given the authorities' backloading of their efforts in 2019, decisive implementation at the end of the year will be essential.

- ***Further increase in revenue is foreseen for 2020***. The draft 2020 budget proposes raising excises on tobacco, strengthening property taxes and taxing on-demand videos. Combined with the effects of the recovery of banking and telecom profits and of further implementation of digitalization, these measures are projected to raise tax revenue by 0.2 pp of GDP in 2020. However, the budget also reaffirms the tax exemptions embedded in the Investment Code,[5] which continues to constrain the tax-to-GDP ratio over the medium-term. Finally, the authorities have decided to suspend for 2020 the "impôt minimum forfaitaire", a tax paid by enterprises in lieu of corporate income tax when the latter is low,

[4] http://budget.gouv.ci/uploads/docs/Rapport_sur_la_Depense_Fiscales_2018_Budget_2019.pdf.

[5] Côte d'Ivoire: IMF Staff Report for the fourth review under the ECF and EFF arrangements.

on the argument that it negatively affects companies with losses or low profitability. This temporary suspension will provide time to identify a more permanent solution that minimizes those concerns while retaining the tax's role as an effective anti-abuse provision.[6]

- ***Digitalization is producing benefits, with key steps underway***. Since its implementation in February 2019 for large taxpayers, the authorities' Integrated Tax Management System (SIGICI) has already boosted VAT collections; it will continue to be deployed. A new online tax filing module for firms is being rolled out, and the authorities plan to develop electronic invoicing to help curb VAT avoidance (MEFP ¶25). The authorities committed to assigning a single tax identification number (STIN) to all new businesses and re-registering at least 40 percent of existing medium and large firms under the STIN by the end of the year (missed SB in March 2019, new proposed SB for end-December 2019), a critical step to allow exchanges of information between revenue collecting administrations. Finally, the ongoing introduction of an online cadaster has the potential to boost property tax revenues over the medium-term.

- ***The customs administration aims to further improve controls***, including by preparing a report, and associated action plan, on discrepancies between Ivoirien import data and international data on exports to Côte d'Ivoire for 20 high-volume import products (proposed new SB for end-March 2020), following recent IMF TA provision.

15. The authorities recognized that, beyond 2020, efforts should also include fiscal policy measures, but implementation will be key. As outlined in their commitments both in national budget strategy documents[7] and to the WAEMU, they identified key areas of VAT, corporate income tax and property taxes as good candidates to complement the ongoing tax administration reforms (MEFP ¶25 and Annex II). Revenues from the VAT and business income taxes could be increased by reducing pervasive exemptions to broaden the tax base and share the tax burden more evenly between households and firms. In addition, administrative improvements in recent years have accelerated the VAT credit refunds process, making the VAT less distortionary and burdensome—this should now pave the way for systematically eliminating VAT exemptions for investment. Modernizing business profits taxation and the presumptive tax should further lower distortions while simplifying the task of the revenue administration, an area in which the authorities are receiving IMF TA. In March 2019, the government's adopted a plan to streamline tax exemptions over the medium term. This provides a good starting point, but implementation will be key and a decrease in corporate tax rates should be resisted until exemptions have been sufficiently streamlined and the tax revenue to GDP ratio placed on an upward trend.

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[6]Enterprises with turnover above 50 million FCFA pay corporate income tax based on their profit. However, this tax liability cannot be lower than the "impot minimum forfaitaire", computed as a percentage of turnover. Such a provision is common across the region and emerging and developed economies more generally, with a view to protecting the tax base against abusive manipulation of business profits.

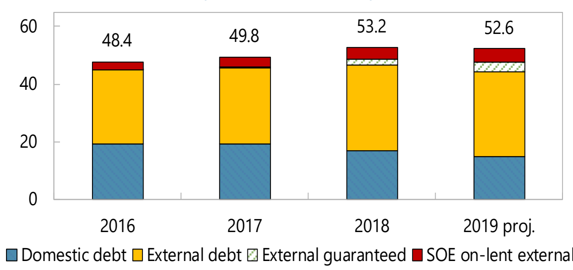
[7]République de Côte d'Ivoire, « Document de Programmation Budgétaire et Economique Pluriannuel 2020–22 », June 12, 2019 version.

C. Preserving Debt Sustainability

16. Given rising external debt, the authorities recommitted to a balanced mix of foreign and domestic currency financing of the deficit. Over 2016–18, the increase in indebtedness was mainly driven by higher recourse to external debt. As access to new concessional financing is constrained and Côte d'Ivoire's status as frontier market is now firmly established, commercial debt, including Eurobonds, represents about half of total external debt. In light of this, the authorities reaffirmed their medium-term debt strategy of balanced sources for their gross financing needs (MEFP ¶¶ 30, 31), including through lower recourse to international capital markets than in 2017–18 when Côte d'Ivoire issued its largest Eurobonds. Conversely, for 2019 and 2020, that recourse is planned not to exceed US$900 million annually beyond liability management operations (MEFP ¶32).

Text Figure 3. Central Government Debt

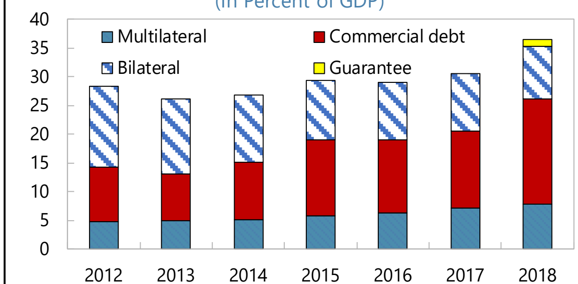
(In Percent of GDP)



Sources: Ivorien authorities; and IMF staff estimates.

Text Figure 4. External Debt and Composition

(In Percent of GDP)



Sources: Ivorien authorities; and IMF staff estimates.

17. With this strategy, Côte d'Ivoire remains at moderate risks of debt distress, but external debt risks warrant close attention. According to the debt sustainability assessment (DSA), all liquidity and solvency external debt and total public debt indicators remain below their threshold under the macroeconomic framework of this staff report. However, the external debt service-to-revenue ratio is on an upward trend starting in 2021. Stress tests also show that Côte d'Ivoire is vulnerable to adverse shocks on exports or growth. This highlights the crucial need to properly balance developments needs with recourse to debt and to decisively boost domestic revenue mobilization to preserve medium-term debt sustainability. In addition, the authorities should remain mindful not to excessively reduce their recourse to the regional financial market in the next few years, as this would run counter to the WAEMU-wide efforts to support the development of this market.

18. The authorities are cognizant of the imperative of containing debt-related risks.

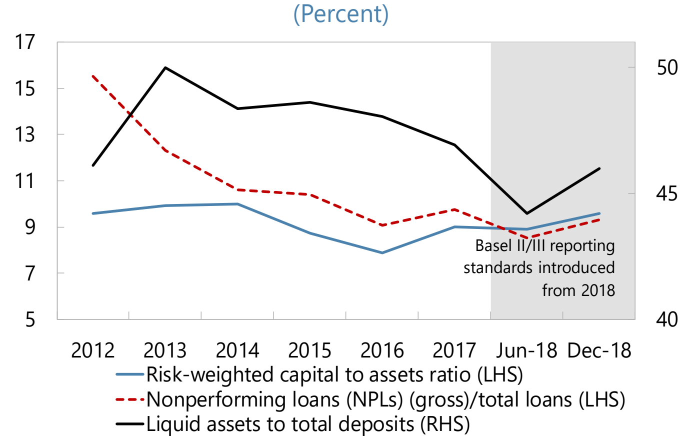
- They maintain an ***active debt management strategy***, favoring borrowing in euros to limit currency risk, while increasing the average maturity of external debt to reduce rollover risks. They also conducted a liability management operation in October 2019 to smooth repayment peaks in 2024, 2025, and 2032 stemming from bullet-payment Eurobonds.[8] Recourse to international markets in 2019 has aimed at expanding the range of investors, including via structured loans targeted at institutional investors.

- ***Monitoring of state-owned enterprises*** is being reinforced. SOE debt has been rising steadily, from 2.9 percent of GDP to 7.7 percent at end-2018—although 80 percent of this is already accounted in central government debt, either through on-lent or guaranteed debt. To ensure the capacity of the DSA to capture overall public sector liabilities, the authorities have agreed to integrate the largest 20 SOEs in the DSA (MEFP ¶34), and IMF TA will be provided in early 2020 to help gather the required data. Further, the authorities are developing a comprehensive dashboard to improve real-time monitoring of SOEs' financial position (proposed new SB for end-March 2020 and end-June 2020).

D. Strengthening the Banking Sector

19. The banking sector appears sound overall, but there are pockets of vulnerability (Table 6). Liquid assets represented 46 percent of total deposits at end-2018, and the capital adequacy ratio increased to 9.6 percent, above the new Basel II/III regulatory norm of 8.625 percent for 2018 and 9.5 percent for 2019. However, about a fifth of banks remain relatively illiquid or undercapitalized, including two public banks representing 3 percent of risk-weighted assets. While still strong, credit to the economy has moderated from 11.3 percent (y/y) at end-2018 to 7.4 percent in August, reflecting banks' adjustment to higher regulatory norms and the government's heavier reliance on domestic bank financing compared to 2018. Non-performing loans remained elevated although they declined to 9.3 percent at end-2018.

Text Figure 5. Financial Soundness Indicator, 2012-18
(Percent)



Sources: Ivorien authorities; and IMF staff estimates.

20. The restructuring of public banks remains a work in progress. Although they account for a very small portion of total assets, their vulnerabilities can dampen confidence in the overall banking sector. One public bank is engaged in a privatization process and two others do not comply with prudential ratios. Recent recapitalizations and asset sales have involved social security

[8]In October 2019, the authorities issued a EUR 1.7 billion Eurobond. A significant part of it, EUR 1.4 billion, was used to refinance debt repayment peaks coming due in 2024, 2025, and 2032 and switch some Eurobonds from dollars into euros. Half of the Eurobond issuance was with a 12-year maturity at 5.875 percent and the other half with a 32-year maturity at 6.875 percent. The operation has resulted in an increase in average maturity of external debt from 10.4 to 11.1 years, a reduction of 6 percentage points of external debt in dollars, and a reduction of the peaks in the ratio of external debt service to exports in 2024 and 2025.

institutions, although in both cases, they represented a small share of the funds' total assets (MEFP ¶14). Going forward, it will be essential to diversify the pool of new shareholders and accelerate the restructuring process to ensure swift return to profitability.

21. The authorities are implementing their strategy for AML/CFT (MEFP ¶14). They are enforcing their AML/CFT law, building capacities of the financial crime section of the Abidjan public prosecution offices, and preparing with World Bank support the report on existing risks ahead of the 2021 assessment of Côte d'Ivoire by the Intergovernmental Action Group Against Money Laundering in West Africa (GIABA). Moreover, the High Authority for Good Governance is preparing a communication to the public by end-June 2020 to improve the implementation of the AML law.

E. Reinforcing the Enabling Environment for the Private Sector

22. The authorities aim to continue improving the business climate to support private-led growth. Over the last 8 years, Côte d'Ivoire has made steady progress in reforming its business environment, evidenced by its significant rise in the World Bank Doing Business country rankings since 2012.[9] Digitalization of tax and business services, reforms to strengthen contract enforcement, streamlining of business procedures, energy sector clean-up, and investments in transportation all underpin these improvements (MEFP ¶14). The authorities are also preparing the ground for projects to be executed under the Compact with Africa initiative. Nevertheless, continued strong policy effort is required to keep the momentum going, including in the areas of governance, access to finance, logistics, digital connectivity and human capital.

- ***The energy sector's health is improving***. Following recent debt restructuring operations, the public refinery (SIR) and electricity company's (CI-Energies) have cleared most of their arrears to suppliers and reduced their financial costs. The government, the SIR and the state-owned petroleum company (Petroci) have also netted out cross-debts and arrears and agreed on a repayment schedule for remaining liabilities owed by Petroci. Combined with efficiency gains, these developments have strengthened the sector's financial situation and allowed independent electricity producers to expand their supply.

- ***Increased reliance on digitalization is expected to facilitate the conduct of business*** Electronic tax filing will gradually help reduce the tax compliance burden for businesses and individuals, while the implementation of an electronic cadaster, once fully operational, should facilitate using real estate property as collateral and improve access to credit. Expanding digital connectivity will be key, however, to reaping the full benefits of these reforms.

- ***Côte d'Ivoire could potentially become a key trade hub for West Africa***. Enhancing connectivity is critical for strengthening value-added, including in the agricultural sector. Following the successful upgrades to the Vridi canal in the Abidjan port, the authorities plan

[9] World Bank. 2020. Doing Business 2020: Comparing Business Regulation in 190 Economies. Washington, DC: World Bank. © World Bank.

to further invest in port infrastructure, continue road construction and urban transportation infrastructure, and further develop industrial zones (MEFP ¶57). However, to maximize the benefits of these reforms, it will be important to continue improving access to finance for farmers and SMEs, enhance competition by ensuring a level playing field for all businesses, and upgrade workers' skills through quality training and education.

23. Securing long-term growth also hinges on strengthening economic inclusion to ensure better access to opportunities.

- ***The authorities are working to improve agricultural incomes***. The agricultural sector employs about ¾ of rural workers and is therefore key to the country's development strategy.[10] The government and Ghanaian authorities are negotiating with cocoa buyers to raise farmgate cocoa prices beyond the 825 FCFA/kg announced on October 1, 2019 (MEFP ¶35). While these negotiations may succeed in buttressing rural incomes in the short term, they will only deliver long-term price support if combined with sustainable forest and cocoa production management, including to avoid over-supply. More broadly, diversification is key to ensuring broad-based growth. Cognizant of this, the authorities are implementing policies to foster agricultural transformation and increase value-added (MEFP ¶58).

- ***The authorities are extending the coverage of social safety nets (MEFP ¶15 Box 1 and ¶29)***. With World Bank and AfDB support, the authorities have elaborated a single social registry to better target poor households and increased the number of those receiving cash transfers from 35,000 at end-2018 to 50,000 at end-March 2019; they aim to reach 80,000 households by end-2019. These steps still need to be complemented with measures to promote productive activities to ensure durable exit from poverty, and while funding has been secured through 2020, the government needs to identify its own, more permanent, resources for the medium-term.

- ***Finally, the authorities are supporting financial inclusion and better access to long term credit for SMEs***. (MEFP ¶14). They are strengthening the credit bureau, where registrations have increased by 11.8 percent over the first half of 2019. They launched their financial inclusion strategy in May 2019 and are restructuring the largest microfinance cooperative network, UNACOOPEC. As in other countries in the region, the authorities are setting up a Caisse de Dépôts et de Consignation (CDC) to foster longer term credit to infrastructure and SMEs, a segment currently underserved by the banking sector, by leveraging institutional long-term deposits. It will be essential to keep the CDC's activities narrowly focused on this mandate and to ensure proper lending safeguards.

24. The authorities have committed to strengthening the compilation and timely dissemination of national statistics. They plan to submit for parliamentary adoption by end-2019 a bill that will update the 2013 Statistics Law, operationalize the National Council of Statistics and

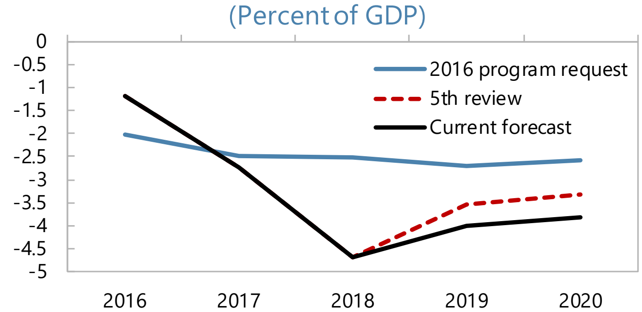
[10] Jobs Notes issue no. 3 based on World Bank Côte d'Ivoire Jobs Diagnostics (2017).

create the Fund for the National Development of Statistics (MEFP ¶61). In parallel, and with ongoing TA support by AFRITAC West, the National Statistics Institute is working to enhance the quality and coverage of high frequency data, with a view to strengthening the production of quarterly national accounts. A national account rebasing exercise is underway and is expected to be finalized by end-2019. Results from a regional survey on living standards, which will update the poverty rate last computed in 2015, are also expected by end-2019.

PROGRAM MODALITIES AND FINANCING ASSURANCES

25. The authorities have requested a one-year extension and augmentation of the ECF/EFF arrangements. The extension will ensure policy continuity and anchor fiscal discipline throughout the October 2020 elections. The augmentation will help meet emerging balance of payments needs: in view of a less supportive global environment, the projected 2020 current account deficit is ½ ppt of GDP wider and financing is ½ ppt of GDP lower compared to the 5th review (Text table 5). In this context, the augmentation would also play a catalytical role for external and public sector financing. The extension request is supported by the satisfactory program performance and the maintenance of a strong fiscal position envisaged for 2020. The extension—two disbursements of 14.88 percent of quota each—would bring the total access under the program to SDR 844 million (129.76 percent of quota) (Table 8).

Text Figure 6. Current Account Balance
(Percent of GDP)



Sources: Ivoirien authorities; and IMF staff estimates.

Text Table 5. Côte d'Ivoire: Balance of Payments, 2020
(In Percent of GDP)

	5th Rev. Proj.	6th Rev. Proj.
Current account	-3.3	-3.8
Capital account and Financial account	4	3.4
Overall balance	0.6	-0.4

Sources: Ivoirien authorities; and IMF staff estimates.

26. The extended program is fully financed (Tables 6a and 6b). The country's external financing needs in 2019-20 will be covered by market borrowing, donor financing and Fund disbursements including the proposed extension. Disbursements of the projected financing from donors is expected to be timely for the remainder of the program. Access to both domestic and external debt markets will be maintained during the program, catalyzed by Fund financing. If global financing conditions were to tighten substantially in 2020, a higher recourse to the regional market could be envisioned.

27. Capacity to repay the Fund is good, including with Côte d'Ivoire's solid track record of meeting its obligations. Obligations to the Fund would peak in 2021 at 1.8 percent of government revenue or 0.4 percent of GDP (Table 7).

28. Program implementation risks. Program performance was good through end-June 2019, but revenue mobilization and expenditure challenges pose risks to fiscal consolidation, particularly as fiscal pressures may mount in a challenging political environment. The authorities have stated that they would adjust expenditures if revenues were to underperform to adhere to the budget deficit target (MEFP ¶27).

29. Capacity development. TA priorities are aligned with the program objectives (Annex III). The focus is on revenue administration, public financial management, debt management, tax policy, and real sector statistics.

30. Safeguards assessments. The 2018 updated safeguards assessment of the BCEAO found that the central bank has maintained a strong control environment, audit arrangements were in broad conformity with international standards, and the financial statements were prepared according to International Financial Reporting Standards (IFRS). The BCEAO has also enhanced the oversight role of its audit committee in line with the assessment recommendations.

STAFF APPRAISAL

31. Since the inception of the program in 2016, Côte d'Ivoire has pursued a development-oriented policy agenda, paving the way for the private sector to emerge as the main growth driver. The Ivoirien economy has been resilient, despite the deteriorating international environment. Growth has been supported both by a robust agricultural sector and dynamic industry and services and, on the demand side, by private investment. Inflation has remained low. Côte d'Ivoire remains at moderate risk of debt distress, although public indebtedness has increased somewhat, with some risks on the external side.

32. The government's fiscal position and public sector, particularly in the energy sector, are strengthening. The authorities' commitment to consolidate the budget deficit from 4 percent of GDP in 2018 to 3 percent of GDP in 2019 and maintain that prudent position in 2020 is welcomed, as is the beneficial impact of the recent debt restructuring of CI-Énergies. This operation has enhanced the financial soundness of independent electricity producers, an important step given the role of electrification in Côte d'Ivoire's structural transformation.

33. The authorities' renewed focus on human capital investment and its better dissemination throughout the country should foster more inclusive growth. The authorities' have appropriately committed to accommodate their social program within the budgetary envelope bounded by the 3 percent of GDP budget deficit target from 2019 onward. Regarding the recently launched health insurance scheme, its fiscal impact will need to be carefully assessed before expanding its mandate.

34. To preserve the debt's sustainability and moderate risk of distress, the budget deficit target needs to be complemented by a balanced mix of external and domestic sources of financing. Striking the right balance between development and debt and boosting domestic revenue mobilization will be critical to preserve medium-term debt sustainability. The authorities' ongoing work to include state-owned enterprises in the DSA will enhance transparency and strengthen the communication about Côte d'Ivoire's indebtedness.

35. Notwithstanding these recent achievements, Côte d'Ivoire will not be able to reach emerging market status without accelerating domestic revenue mobilization and fostering financial sector reforms. Mobilizing more tax revenue will help finance the ambitious development projects that are the foundation of an emerging market economy, while further reforming the financial sector will improve its capacity to intermediate savings and fund private sector investment.

36. Significantly raising tax revenue hinges critically on broadening the tax base, through swiftly digitalizing the revenue administration but also by implementing tax policy reforms. There remains vast potential for broadening the tax base and taxing everyone more uniformly. The authorities' commitment to accelerate the re-registration of existing businesses with a STIN is welcomed. Moreover, the ongoing reflection on tax policy reform and its eventual implementation over the medium-term will be very helpful to yield the resources needed to place the country on a faster development path. In particular, there is a clear need to take a comprehensive look at scaling back pervasive tax exemptions—a priority for tax policy reforms—and resist ad hoc granting of new exemptions.

37. Public bank restructuring needs to be accelerated. The persistence of a small and non-systemic minority of banks, including public banks, that do not comply with prudential ratios, introduce fragilities that can hamper the confidence in the overall banking sector. This situation should be corrected quickly. The pool of new shareholders involved in the restructuring of public banks should be further diversified to limit exposure of social security funds and instill better management practices. Finally, the CDC's mandate to fund small businesses is appropriate given their difficulty in tapping resources for their expansion; that narrow focus should be strictly observed and sustained by strong governance and lending safeguards.

38. Reinforcing the statistical apparatus would help better inform economic policy. Speedy adoption of a bill revising the 2013 Statistics Law is required to operationalize the National Council of Statistics and set up the Fund for the National Development of Statistics. The latter is urgently needed to enable the National Statistics Institute to carry out its ambitious mandate for 2019–20 and the medium-term.

39. Staff supports the authorities' request for the completion of the sixth reviews under the ECF and EFF arrangements and the request for extension and augmentation of access. Completion of the sixth reviews would release disbursements equivalent to SDR 96.784 million (Table 8). The attached Letter of Intent (LOI) and Memorandum of Economic and Financial Policies (MEFP) set out appropriate policies to pursue the extended program's objectives. The capacity to repay the Fund is good, and risks to program implementation are manageable given the government's solid track record on policy implementation.

Table 1. Côte d'Ivoire: Selected Economic Indicators, 2016–24

	2016	2017	2018	2019		2020	2021	2022	2023	2024
			Est.	Prog.	Proj.	Projections				
	(Annual percentage changes, unless otherwise indicated)									
National income										
GDP at constant prices	8.0	7.7	7.4	7.5	7.5	7.3	7.0	6.7	6.5	6.4
GDP deflator	-1.1	-1.7	0.4	1.1	1.0	1.7	1.7	1.7	1.7	1.8
Consumer price index (annual average)	0.7	0.7	0.4	1.0	1.0	2.0	2.0	2.0	2.0	2.0
External sector (on the basis of CFA francs)										
Exports of goods, f.o.b., at current prices	-7.0	6.8	-4.8	7.9	10.3	5.4	6.4	7.2	8.2	8.6
Imports of goods, f.o.b., at current prices	-8.5	6.4	7.1	2.9	6.8	5.5	6.2	6.0	6.5	6.8
Export volume	-7.4	13.5	-1.9	8.8	7.9	7.6	7.6	7.8	8.0	8.3
Import volume	0.5	10.3	4.2	4.9	4.5	6.8	6.9	6.4	6.0	5.8
Terms of trade (deterioration –)	11.9	-0.8	-11.2	1.0	0.0	-0.8	-0.5	-0.2	-0.3	-0.7
Nominal effective exchange rate	1.2	1.1	2.8	...	...	...	...	...	...	...
Real effective exchange rate (depreciation –)	0.2	-0.1	1.0	...	...	...	...	...	...	...
Central government operations										
Total revenue and grants	6.9	8.0	5.3	10.6	10.4	8.6	8.4	8.5	8.8	7.5
Total expenditure	12.8	9.5	3.4	6.2	6.0	8.7	8.2	8.5	8.7	7.6
	(Changes in percent of beginning-of-period broad money unless otherwise indicated)									
Money and credit										
Money and quasi-money (M2)	10.1	8.8	13.5	11.0	11.6	7.3	10.7	9.5	12.2	12.2
Net foreign assets	-0.7	0.1	3.0	1.6	2.7	0.2	2.0	0.5	2.7	2.6
Net domestic assets	10.8	8.7	10.6	9.4	8.9	7.1	8.8	9.0	9.5	9.6
Of which : government	3.4	3.1	3.7	0.4	1.0	-1.7	-0.6	-0.5	-0.3	-0.3
private sector	8.5	10.0	7.8	9.0	7.9	8.8	9.3	9.5	9.8	9.9
Credit to the economy (percent)	13.3	15.2	11.3	13.2	11.6	13.0	13.0	13.0	13.0	13.0
	(Percent of GDP unless otherwise indicated)									
Central government operations										
Total revenue and grants	20.0	20.4	19.9	20.3	20.3	20.2	20.1	20.1	20.2	20.0
Total revenue	18.6	19.2	18.9	19.0	19.1	19.0	19.1	19.4	19.6	19.8
Total expenditure	24.1	24.9	23.9	23.3	23.3	23.2	23.1	23.1	23.2	23.0
Overall balance, incl. grants, payment order basis	-4.1	-4.5	-4.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Primary basic balance [1/]	-2.0	-1.3	-0.4	0.6	0.6	1.0	0.7	0.5	0.4	0.7
Gross investment	17.7	19.5	20.8	22.0	22.0	23.1	23.9	24.2	24.4	24.3
Central government	7.4	7.5	7.1	6.9	6.7	7.0	7.4	7.3	7.4	7.1
Nongovernment sector	10.3	12.0	13.7	15.1	15.3	16.0	16.5	16.8	17.1	17.2
Gross domestic saving	20.3	22.1	21.4	23.7	23.3	24.4	25.4	25.8	26.4	26.6
Central government	2.1	2.0	2.4	3.3	3.1	3.5	4.0	4.2	4.3	4.4
Nongovernment sector	18.2	20.2	18.9	20.4	20.1	20.9	21.5	21.7	22.1	22.2
Gross national saving	16.1	16.8	16.1	18.4	18.0	19.2	20.4	20.9	21.5	21.3
Central government	2.5	2.4	2.5	3.2	3.1	3.4	3.8	3.7	3.7	3.5
Nongovernment sector	13.6	14.4	13.6	15.2	14.9	15.9	16.6	17.2	17.7	17.8
External sector balance										
Current account balance (including official transfers)	-1.2	-2.7	-4.7	-3.5	-4.0	-3.8	-3.5	-3.2	-3.0	-3.0
Current account balance (excluding official transfers)	-2.6	-3.9	-5.7	-4.8	-5.2	-5.0	-4.5	-3.9	-3.6	-3.2
Overall balance	-1.3	1.6	0.8	-0.1	1.0	0.2	0.9	0.2	1.1	1.1
Public sector debt										
Central government debt, gross	48.4	49.8	53.2	52.5	52.6	49.9	48.5	47.7	47.0	46.7
Central government debt (excluding C2D)	43.1	45.3	49.7	49.9	50.0	48.1	46.9	46.1	45.6	45.4
External debt	29.0	30.5	36.5	37.8	37.7	37.2	36.9	36.9	36.5	36.0
External debt (excluding C2D)	23.4	25.4	32.5	34.7	34.7	35.0	35.0	35.2	34.9	34.6
External debt-service due (CFAF billions)	481	556	599	732.0	706	741	626	696	824	996
Percent of exports of goods and services	6.9	7.5	8.4	9.6	9.0	9.0	7.2	7.5	8.2	9.1
Percent of government revenue	12.3	13.1	13.3	14.8	14.3	13.8	10.6	10.7	11.6	12.8
Memorandum items:										
Nominal GDP (CFAF billions)	20,931	22,151	23,900	25,955	25,956	28,309	30,788	33,405	36,188	39,186
Nominal exchange rate (CFAF/US$, period average)	593	581	555	...	...	...	...	...	...	...
Nominal GDP at market prices (US$ billions)	35.3	38.1	43.0	45.2	44.4	48.4	53.1	58.0	62.9	68.1
Population (million)	24.3	25.0	25.6	26.3	26.3	27.0	27.7	28.4	29.1	29.9
Nominal GDP per capita (CFAF thousands)	860	887	933	988	988	1,050	1,113	1,177	1,243	1,312
Nominal GDP per capita (US$)	1,451	1,528	1,681	1,722	1,691	1,794	1,920	2,045	2,160	2,279
Real GDP per capita growth (percent)	5.2	5.0	4.7	4.8	4.8	4.6	4.3	4.0	3.8	3.7

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 2a. Côte d'Ivoire: Balance of Payments, 2016–24

(Billions of CFA francs; unless otherwise indicated)

	2016	2017	2018	2019		2020	2021	2022	2023	2024
			Est.	Prog.	Proj.	Projection				
Current account	-246	-608	-1,122	-921	-1,037	-1,086	-1,091	-1,080	-1,077	-1,157
Current account excl. grants	-538	-874	-1,368	-1,235	-1,351	-1,426	-1,390	-1,311	-1,288	-1,251
Trade balance	1,818	1,955	1,274	1,638	1,591	1,673	1,791	1,992	2,270	2,589
Exports, f.o.b.	6,449	6,885	6,553	7,071	7,231	7,624	8,109	8,692	9,405	10,212
Of which: cocoa	2,740	2,905	2,532	2,627	2,777	2,854	2,920	3,026	3,161	3,266
Of which: crude oil and refined oil products	868	806	951	1,198	1,187	1,107	1,084	1,086	1,114	1,152
Imports, f.o.b.	4,631	4,930	5,279	5,434	5,640	5,951	6,318	6,700	7,134	7,623
Of which: crude oil and refined oil products	872	925	1,325	1,296	1,352	1,317	1,342	1,396	1,482	1,585
Services (net)	-1,179	-1,372	-1,142	-1,188	-1,257	-1,299	-1,328	-1,427	-1,546	-1,674
Primary Income (net)	-638	-892	-949	-1,064	-1,065	-1,133	-1,188	-1,236	-1,346	-1,458
Of which: interest on public debt	-177	-176	-228	-321	-321	-386	-351	-389	-429	-465
Secondary Income (net)	-246	-299	-304	-306	-306	-326	-366	-409	-455	-614
General Government	83	88	159	314	170	169	159	160	162	54
Other Sectors	-329	-388	-462	-620	-476	-496	-525	-570	-617	-668
Capital and financial account	26	928	1,314	902	1,190	969	1,353	1,160	1,481	1,588
Financial account (excl. exceptionnal financing)	-85	816	1,225	812	1,047	797	1,213	1,090	1,431	1,548
Foreign direct investment	325	173	333	360	360	388	452	490	542	626
Portfolio investment, net	349	782	977	471	492	459	509	548	618	707
Acquisition of financial assets	-23	-29	17	-49	-48	-40	-5	-6	-6	-7
Incurrence of liabilities	372	811	961	520	540	500	515	554	625	714
Of which: Eurobonds	0	1,144	1,115	500	500	493	500	500	500	500
Other investment, net	-758	-137	-85	-20	195	-50	252	52	271	215
Official, net	6	401	342	237	347	459	579	547	472	375
o.w. Project loans	262	486	569	592	592	694	764	768	778	823
o.w. Central government amortization due	-270	-711	-290	-342	-342	-392	-172	-209	-293	-436
o.w. Net acquisition of financial assets	0	0	-12	-13	-13	-13	-13	-13	-13	-13
Nonofficial, net	-784	-644	-427	-257	-152	-509	-326	-495	-201	-160
Errors and omissions	-54	45	0	0	0	0	0	0	0	0
Overall balance	-273	365	192	-19	153	-117	262	80	404	431
Financing	271	-370	-192	19	-153	117	-262	-80	-404	-431
Reserve assets, includes reserve position in the Fund	255	-370	-192	-192	-231	-39	-262	-80	-404	-431
Operations account	231	-461	-264	-107	-225	47	-159	18	-302	-336
IMF (net)	23	91	72	-85	-7	-86	-103	-98	-102	-95
Disbursements	57	145	157	...	79	...	...	...	...	...
Repayments	-34	-63	-82	-85	-85	-86	-103	-98	-102	-95
Financing gap	16.5	0.0	0.0	210.1	78.1	156.1	0.0	0.0	0.0	0.0
Expected financing (excluding IMF)	...	...	...	55.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual gap/ IMF financing, *of which*	...	...	...	155.1	78.1	156.1	...	...	...	...
IMF-ECF [1/]	...	...	...	51.7	26.0	52.0	...	...	...	...
IMF-EFF [1/]	...	...	...	103.4	52.1	104.1	...	...	...	...
Memorandum items:										
Overall balance (percent of GDP)	-1.3	1.6	0.8	-0.1	0.6	-0.4	0.9	0.2	1.1	1.1
Current account inc. grants (percent of GDP)	-1.2	-2.7	-4.7	-3.5	-4.0	-3.8	-3.5	-3.2	-3.0	-3.0
Current account exc. grants (percent of GDP)	-2.6	-3.9	-5.7	-4.8	-5.2	-5.0	-4.5	-3.9	-3.6	-3.2
Trade balance (percent of GDP)	8.7	8.8	5.3	6.3	6.1	5.9	5.8	6.0	6.3	6.6
WAEMU gross official reserves (billions of US$)	10.5	13.0	14.9	...	...	...	...	...	...	...
(percent of broad money)	60.6	69.8	69.1	...	...	...	...	...	...	...
(months of WAEMU imports of GNFS)	3.9	3.8	4.3	...	...	...	...	...	...	...
Nominal GDP (billions of CFA francs)	20,931	22,151	23,900	25,955	25,956	28,309	30,788	33,405	36,188	39,186
Exchange rate (CFAF/US$) average	593.0	580.9	555.2	...	...	...	...	...	...	...
Exchange rate (CFAF/US$) end-of-period	622.3	546.9	562.7	...	...	...	...	...	...	...

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 2b. Côte d'Ivoire: Balance of Payments, 2016–24
(Percent of GDP; unless otherwise indicated)

	2016	2017	2018		2019		2020	2021	2022	2023	2024
			Prog.	Est.	Prog.	Proj.	Projection				
Current account	-1.2	-2.7	-3.5	-4.7	-3.5	-4.0	-3.8	-3.5	-3.2	-3.0	-3.0
Current account excl. grants	-2.6	-3.9	-4.8	-5.7	-4.8	-5.2	-5.0	-4.5	-3.9	-3.6	-3.2
Trade balance	8.7	8.8	5.3	5.3	6.3	6.1	5.9	5.8	6.0	6.3	6.6
Exports, f.o.b.	30.8	31.1	27.4	27.4	27.2	27.9	26.9	26.3	26.0	26.0	26.1
Of which: cocoa	13.1	13.1	10.6	10.6	10.1	10.7	10.1	9.5	9.1	8.7	8.3
Of which: crude oil and refined oil products	4.1	3.6	4.7	4.0	4.6	4.6	3.9	3.5	3.3	3.1	2.9
Imports, f.o.b.	22.1	22.3	22.1	22.1	20.9	21.7	21.0	20.5	20.1	19.7	19.5
Of which: crude oil and refined oil products	4.2	4.2	5.5	5.5	5.0	5.2	4.7	4.4	4.2	4.1	4.0
Services (net)	-5.6	-6.2	-4.8	-4.8	-4.6	-4.8	-4.6	-4.3	-4.3	-4.3	-4.3
Primary Income (net)	-3.0	-4.0	-4.0	-4.0	-4.1	-4.1	-4.0	-3.9	-3.7	-3.7	-3.7
Of which: interest on public debt	-0.8	-0.8	-1.0	-1.0	-1.2	-1.2	-1.4	-1.1	-1.2	-1.2	-1.2
Secondary Income (net)	-1.2	-1.4	-1.3	-1.3	-1.2	-1.2	-1.2	-1.2	-1.2	-1.3	-1.6
General Government	0.4	0.4	1.0	0.7	1.2	0.7	0.6	0.5	0.5	0.4	0.1
Other Sectors	-1.6	-1.8	-2.3	-1.9	-2.4	-1.8	-1.8	-1.7	-1.7	-1.7	-1.7
Capital and financial account	0.1	4.2	5.5	5.5	3.5	4.6	3.4	4.4	3.5	4.1	4.1
Capital account	0.5	0.5	0.4	0.4	0.3	0.6	0.6	0.5	0.2	0.1	0.1
Financial account (excl. exceptional financing)	-0.4	3.7	5.1	5.1	3.1	4.0	2.8	3.9	3.3	4.0	3.9
Foreign direct investment	1.6	0.8	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.6
Portfolio investment, net	1.7	3.5	3.9	4.1	1.8	1.9	1.6	1.7	1.6	1.7	1.8
Acquisition of financial assets	-0.1	-0.1	0.1	0.1	-0.2	-0.2	-0.1	0.0	0.0	0.0	0.0
Incurrence of liabilities	1.8	3.7	3.8	4.0	2.0	2.1	1.8	1.7	1.7	1.7	1.8
Of which: Eurobonds	0.0	5.2	4.7	4.7	1.9	1.9	1.7	1.6	1.5	1.4	1.3
Other investment, net	-3.6	-0.6	-0.1	-0.4	-0.1	0.8	-0.2	0.8	0.2	0.8	0.5
Official, net	0.0	1.8	1.4	1.4	0.9	1.3	1.6	1.9	1.6	1.3	1.0
o.w. Project loans	1.3	2.2	2.4	2.4	2.3	2.3	2.5	2.5	2.3	2.2	2.1
o.w. Central government amortization due	-1.3	-3.2	-1.2	-1.2	-1.3	-1.3	-1.4	-0.6	-0.6	-0.8	-1.1
o.w. Net acquisition of financial assets	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Nonofficial, net	-3.7	-2.9	-1.6	-1.8	-1.0	-0.6	-1.8	-1.1	-1.5	-0.6	-0.4
Errors and omissions	-0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-1.3	1.6	0.8	0.8	-0.1	0.6	-0.4	0.9	0.2	1.1	1.1
Financing	1.3	-1.7	-0.8	-0.8	0.1	-0.6	0.4	-0.9	-0.2	-1.1	-1.1
Reserve assets, includes reserve position in the Fund	1.2	-1.7	-0.8	-0.8	-0.7	-0.9	-0.1	-0.9	-0.2	-1.1	-1.1
Operations account	1.1	-2.1	-1.1	-1.1	-0.4	-0.9	0.2	-0.5	0.1	-0.8	-0.9
IMF (net)	0.1	0.4	0.3	0.3	-0.3	0.0	-0.3	-0.3	-0.3	-0.3	-0.2
Disbursements	0.3	0.7	0.6	0.6	…	…	…	…	…	…	…
Repayments	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2
Financing gap	0.1	0.0	0.0	0.0	0.8	0.3	0.6	0.0	0.0	0.0	0.0
Expected financing (excluding IMF)	…	…	…	…	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Residual gap/ IMF financing, *of which*	…	…	…	…	0.6	0.3	0.6	…	…	…	…
IMF-ECF [1/]	…	…	…	…	0.2	0.1	0.2	…	…	…	…
IMF-EFF [1/]	…	…	…	…	0.4	0.2	0.4	…	…	…	…
Memorandum items:											
WAEMU gross official reserves (billions of US$)	10.5	13.0	…	14.9	…	…	…	…	…	…	…
(percent of broad money)	60.6	69.8	…	69.1	…	…	…	…	…	…	…
(months of WAEMU imports of GNFS)	3.9	3.8	…	4.3	…	…	…	…	…	…	…
Nominal GDP (billions of CFA francs)	20,931	22,151	23,892	23,900	25,955	25,956	28,309	30,788	33,405	36,188	39,186
Exchange rate (CFAF/US$) average	593.0	580.9	…	555.2	…	…	…	…	…	…	…
Exchange rate (CFAF/US$) end-of-period	622.3	546.9	…	562.7	…	…	…	…	…	…	…

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, 2017–24

(Billions of CFA francs, unless otherwise indicated)

	2017	2018	2019		2020	2021	2022	2023	2024
		Est.	Prog.	Proj.	Projections				
Total revenue and grants	4,523.4	4,764.1	5,256.2	5,259.0	5,711.4	6,191.6	6,716.7	7,306.1	7,852.1
Total revenue	4,257.3	4,517.9	4,942.5	4,945.3	5,370.7	5,892.6	6,486.3	7,094.5	7,757.9
Tax revenue	3,660.8	3,882.4	4,326.6	4,299.4	4,742.1	5,216.8	5,733.1	6,278.5	6,874.3
Non-earmarked taxes	3,458.1	3,651.1	4,098.7	4,056.6	4,487.5	4,961.7	5,425.5	5,945.4	6,483.6
Direct taxes	948.3	1,093.9	1,275.4	1,203.6	1,364.6	1,540.4	1,720.5	1,861.4	2,045.6
Indirect taxes	2,509.8	2,557.2	2,823.3	2,852.9	3,122.9	3,421.3	3,705.0	4,083.9	4,438.0
Earmarked taxes	202.7	231.2	227.8	242.8	254.5	255.1	307.5	333.2	390.8
Nontax revenue	596.5	635.6	615.9	645.9	628.7	675.8	753.2	816.0	883.6
Grants, *of which*	266.1	246.2	313.7	313.7	340.7	299.0	230.5	211.6	94.2
Project grants	115.2	87.4	143.9	143.9	171.4	140.0	70.0	50.0	40.0
Total expenditure	5,521.8	5,708.2	6,046.4	6,049.2	6,574.2	7,115.1	7,718.7	8,391.5	9,027.3
Current expenditure	3,995.0	4,161.0	4,414.7	4,452.8	4,758.0	5,020.5	5,482.5	5,953.2	6,488.6
Wages and salaries	1,512.3	1,621.9	1,720.8	1,720.8	1,770.2	1,910.8	1,991.5	2,125.7	2,221.1
Social security benefits	263.7	296.3	323.7	323.7	346.1	469.6	543.9	617.9	728.5
Subsidies and other current transfers	430.1	403.7	400.1	420.2	427.2	508.5	607.2	672.6	758.0
Other current expenditure	1,060.8	1,141.0	1,187.5	1,176.9	1,239.8	1,348.4	1,463.0	1,584.9	1,716.2
Expenditure corresponding to eamarked taxes	202.7	231.2	227.8	242.8	254.5	255.1	307.5	333.2	390.8
Crisis-related expenditure[1/]	145.7	32.6	22.7	36.2	95.9	5.0	5.0	5.0	5.0
Interest due	379.5	434.2	532.1	532.1	624.3	523.1	564.3	613.9	669.0
On domestic debt	203.6	206.1	211.6	211.6	238.8	172.5	174.9	185.1	204.2
On external debt	175.8	228.0	320.5	320.5	385.5	350.6	389.4	428.8	464.7
Capital expenditure	1,526.8	1,547.2	1,631.6	1,596.4	1,816.1	2,094.6	2,236.2	2,438.2	2,538.7
Domestically financed	927.2	891.2	895.7	860.5	950.5	1,190.9	1,397.9	1,610.2	1,675.8
Foreign-financed, *of which*	599.6	656.0	735.9	735.9	865.6	903.7	838.3	828.0	862.9
Foreign loan-financed	484.4	568.6	592.0	592.0	694.2	763.7	768.3	778.0	822.9
Primary basic balance	-281.4	-99.2	164.0	164.0	286.5	204.3	170.1	145.0	262.4
Overall balance, including grants	-998.3	-944.2	-790.2	-790.2	-862.8	-923.6	-1,002.0	-1,085.4	-1,175.2
Overall balance, excluding grants	-1,264.5	-1,190.3	-1,103.9	-1,103.9	-1,203.5	-1,222.5	-1,232.5	-1,297.0	-1,269.4
Change in domestic arrears and float (excl. on debt service)	-200.2	-109.7	-25.0	-25.0	-25.0	-25.0	0.0	0.0	0.0
Overall balance (cash basis)	-1,198.5	-1,053.9	-815.2	-815.2	-887.8	-948.6	-1,002.0	-1,085.4	-1,175.2
Financing	1,198.5	1,053.9	815.2	815.2	887.8	948.6	1,002.0	1,085.4	1,175.2
Domestic financing	74.3	136.5	-192.0	-202.0	-246.4	-172.4	-165.6	-148.8	-140.8
Bank financing (net)	65.9	203.0	-284.3	-65.3	-372.9	-172.7	-165.9	-149.1	-141.2
Nonbank financing (net)	8.5	-66.5	92.2	-136.7	126.6	0.3	0.3	0.3	0.4
External financing	1,124.2	917.4	797.0	939.1	978.0	1,121.0	1,167.6	1,234.2	1,316.0
Regional financing (WAEMU)	96.7	-551.6	47.3	79.2	13.5	29.6	107.9	249.0	428.7
Foreign financing (net)	1,027.4	1,469.0	749.7	859.9	964.6	1,091.3	1,059.7	985.1	887.3
Financing gap (+ deficit / – surplus)	0.0	0.0	210.1	78.1	156.1	0.0	0.0	0.0	0.0
Expected financing (excluding IMF)	...	...	55.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual gap/IMF financing, *of which*	...	...	155.1	78.1	156.1	...	...	...	...
IMF-ECF[2/]	...	...	51.7	26.0	52.0	...	...	...	...
IMF-EFF[2/]	...	...	103.4	52.1	104.1	...	...	...	...
Memorandum items:									
Nominal GDP	22,151	23,900	25,955	25,956	28,309	30,788	33,405	36,188	39,186
External debt (central government)	6,765	8,722	9,798	9,786	10,528	11,375	12,318	13,198	14,108
Pro-poor spending (including foreign financed)	2,110	2,361	2,505	2,505	2,761	3,033	3,291	3,565	3,861

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

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

2/ 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, 2017–24

(Percent of GDP, unless otherwise indicated)

	2017	2018	2019		2020	2021	2022	2023	2024
		Est.	Prog.	Proj.	Projections				
Total revenue and grants	20.4	19.9	20.3	20.3	20.2	20.1	20.1	20.2	20.0
Total revenue	19.2	18.9	19.0	19.1	19.0	19.1	19.4	19.6	19.8
Tax revenue	16.5	16.2	16.7	16.6	16.8	16.9	17.2	17.3	17.5
Non-earmarked taxes	15.6	15.3	15.8	15.6	15.9	16.1	16.2	16.4	16.5
Direct taxes	4.3	4.6	4.9	4.6	4.8	5.0	5.2	5.1	5.2
Indirect taxes	11.3	10.7	10.9	11.0	11.0	11.1	11.1	11.3	11.3
Earmarked taxes	0.9	1.0	0.9	0.9	0.9	0.8	0.9	0.9	1.0
Nontax revenue	2.7	2.7	2.4	2.5	2.2	2.2	2.3	2.3	2.3
Grants, *of which*	1.2	1.0	1.2	1.2	1.2	1.0	0.7	0.6	0.2
Project grants	0.5	0.4	0.6	0.6	0.6	0.5	0.2	0.1	0.1
Total expenditure	24.9	23.9	23.3	23.3	23.2	23.1	23.1	23.2	23.0
Current expenditure	18.0	17.4	17.0	17.2	16.8	16.3	16.4	16.5	16.6
Wages and salaries	6.8	6.8	6.6	6.6	6.3	6.2	6.0	5.9	5.7
Social security benefits	1.2	1.2	1.2	1.2	1.2	1.5	1.6	1.7	1.9
Subsidies and other current transfers	1.9	1.7	1.5	1.6	1.5	1.7	1.8	1.9	1.9
Other current expenditure	4.8	4.8	4.6	4.5	4.4	4.4	4.4	4.4	4.4
Expenditure corresponding to eamarked taxes	0.9	1.0	0.9	0.9	0.9	0.8	0.9	0.9	1.0
Crisis-related expenditure[1/]	0.7	0.1	0.1	0.1	0.3	0.0	0.0	0.0	0.0
Interest due	1.7	1.8	2.0	2.0	2.2	1.7	1.7	1.7	1.7
On domestic debt	0.9	0.9	0.8	0.8	0.8	0.6	0.5	0.5	0.5
On external debt	0.8	1.0	1.2	1.2	1.4	1.1	1.2	1.2	1.2
Capital expenditure	6.9	6.5	6.3	6.2	6.4	6.8	6.7	6.7	6.5
Domestically financed	4.2	3.7	3.5	3.3	3.4	3.9	4.2	4.4	4.3
Foreign-financed, *of which*	2.7	2.7	2.8	2.8	3.1	2.9	2.5	2.3	2.2
Foreign loan-financed	2.2	2.4	2.3	2.3	2.5	2.5	2.3	2.2	2.1
Primary basic balance	-1.3	-0.4	0.6	0.6	1.0	0.7	0.5	0.4	0.7
Overall balance, including grants	-4.5	-4.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Overall balance, excluding grants	-5.7	-5.0	-4.3	-4.3	-4.3	-4.0	-3.7	-3.6	-3.2
Change in domestic arrears and float (excl. on debt service)	-0.9	-0.5	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0
Overall balance (cash basis)	-5.4	-4.4	-3.1	-3.1	-3.1	-3.1	-3.0	-3.0	-3.0
Financing	5.4	4.4	3.1	3.1	3.1	3.1	3.0	3.0	3.0
Domestic financing	0.3	0.6	-0.7	-0.8	-0.9	-0.6	-0.5	-0.4	-0.4
Bank financing (net)	0.3	0.8	-1.1	-0.3	-1.3	-0.6	-0.5	-0.4	-0.4
Nonbank financing (net)	0.0	-0.3	0.4	-0.5	0.4	0.0	0.0	0.0	0.0
External financing	5.1	3.8	3.1	3.6	3.5	3.6	3.5	3.4	3.4
Regional financing (WAEMU)	0.4	-2.3	0.2	0.3	0.0	0.1	0.3	0.7	1.1
Foreign financing (net)	4.6	6.1	2.9	3.3	3.4	3.5	3.2	2.7	2.3
Financing gap (+ deficit / – surplus)	0.0	0.0	0.8	0.3	0.6	0.0	0.0	0.0	0.0
Expected financing (excluding IMF)	…	…	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Residual gap/IMF financing, of which	…	…	0.6	0.3	0.6	…	…	…	…
IMF-ECF [2/]	…	…	0.2	0.1	0.2	…	…	…	…
IMF-EFF [2/]	…	…	0.4	0.2	0.4	…	…	…	…
Memorandum items:									
External debt (central government)	30.5	36.5	37.8	37.7	37.2	36.9	36.9	36.5	36.0
Pro-poor spending (including foreign financed)	9.5	9.9	9.7	9.7	9.8	9.9	9.9	9.9	9.9

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

[1/] In 2017, includes one-off payments to soldiers of about 0.5 percent of GDP.

[2/] 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, 2016–24

	2016	2017	2018	2019	2020	2021	2022	2023	2024
				Projections					
	(Billions of CFA francs)								
Net foreign assets	1,753	1,763	2,032	2,306	2,325	2,566	2,630	3,033	3,463
Central bank	1,399	1,551	1,702	2,220	2,439	2,881	3,234	3,637	4,067
Banks	354	212	330	86	-114	-314	-604	-604	-604
Net domestic assets	6,593	7,316	8,275	9,193	10,011	11,091	12,324	13,745	15,357
Net credit to the government	1,727	1,983	2,320	2,425	2,227	2,157	2,089	2,042	1,996
Central Bank	487	450	421	480	436	355	274	213	152
Banks	1,240	1,534	1,899	1,945	1,791	1,803	1,815	1,829	1,844
Credit to the economy	5,468	6,300	7,009	7,822	8,839	9,988	11,289	12,757	14,415
Crop credits	425	439	752	819	832	852	884	924	955
Other credit (including customs bills)	5,043	5,861	6,257	7,003	8,006	9,136	10,405	11,834	13,461
Other items (net) (assets = +)	-601	-967	-1,054	-1,054	-1,054	-1,054	-1,054	-1,054	-1,054
Broad money	8,346	9,079	10,307	11,499	12,336	13,658	14,954	16,778	18,820
Currency in circulation	2,500	2,521	2,671	2,865	3,073	3,402	3,725	4,180	4,688
Deposits	5,844	6,553	7,634	8,631	9,260	10,252	11,224	12,594	14,126
Other deposits	3	5	3	3	3	4	4	5	5
Memorandum item:									
Velocity of circulation	2.5	2.4	2.3	2.3	2.3	2.3	2.2	2.2	2.1
	(Changes in percent of beginning-of-period broad money)								
Net foreign assets	-0.7	0.1	3.0	2.7	0.2	2.0	0.5	2.7	2.6
Net domestic assets	10.8	8.7	10.6	8.9	7.1	8.8	9.0	9.5	9.6
Net credit to the government	3.4	3.1	3.7	1.0	-1.7	-0.6	-0.5	-0.3	-0.3
Central bank	-1.0	-0.4	-0.3	0.6	-0.4	-0.7	-0.6	-0.4	-0.4
Banks	4.4	3.5	4.0	0.4	-1.3	0.1	0.1	0.1	0.1
Credit to the economy	8.5	10.0	7.8	7.9	8.8	9.3	9.5	9.8	9.9
Broad money	10.1	8.8	13.5	11.6	7.3	10.7	9.5	12.2	12.2
	(Changes in percent of previous end-of-year)								
Net foreign assets	-2.9	0.5	15.3	13.5	0.8	10.4	2.5	15.3	14.2
Net domestic assets	14.2	11.0	13.1	11.1	8.9	10.8	11.1	11.5	11.7
Net credit to the government	17.5	14.9	17.0	4.5	-8.2	-3.1	-3.2	-2.3	-2.3
Central bank	-13.3	-7.7	-6.3	13.9	-9.1	-18.6	-22.8	-22.3	-28.7
Banks	36.5	23.7	23.8	2.4	-8.0	0.7	0.7	0.8	0.8
Credit to the economy	13.3	15.2	11.3	11.6	13.0	13.0	13.0	13.0	13.0
Broad money	10.1	8.8	13.5	11.6	7.3	10.7	9.5	12.2	12.2

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, 2014–18

(Percent)

	2014	2015	2016	2017	2018 June	2018 December
Capital adequacy						
Regulatory capital to risk-weighted assets (CAR)	10.0	8.7	7.9	9.0	8.9	9.6
Regulatory tier 1 capital to risk-weighted assets	8.7	7.1	6.9	7.9	8.2	8.6
General provisions to risk-weighted assets	8.4	9.5	7.1	6.6	6.0	6.0
Capital to total assets	5.5	3.9	4.3	5.1	5.8	6.1
Asset quality						
Total loans to total assets	54.8	57.1	57.3	57.3	56.6	58.8
Concentration: Loans to the 5 biggest borrowers to capital	70.6	145.8	129.1	108.9	98.4	91.0
Sectoral composition of loans [1/]						
Agriculture, forestry and fisheries	5.6	5.9	6.4	8.0	8.2	9.2
Extractive industries	2.6	2.3	2.2	1.5	1.1	0.5
Manufacturing industries	24.6	25.1	24.1	23.9	21.7	23.0
Electricity, water, gas	4.7	6.3	8.4	11.2	12.1	13.2
Construction, public works	3.2	3.3	5.9	6.0	5.8	5.4
Commerce, restaurants, hotels	34.3	31.6	27.3	21.9	25.4	25.9
Transport, storage and communications	10.1	9.3	11.4	13.9	14.1	9.3
Insurance, real estate, business services	9.8	11.4	8.5	7.9	7.1	9.0
Miscellaneous services	5.1	4.8	5.8	5.7	4.5	4.5
Non-performing loans to total gross loans	10.6	10.4	9.1	9.8	8.5	9.3
General provisions to non-performing loans	72.6	66.6	70.5	63.0	75.8	64.9
Non-performing loans net of provisions to total loans	3.2	3.7	2.9	3.8	2.2	3.5
Non-performing loans net of provisions to capital	31.7	54.2	37.6	43.0	21.4	33.8
Earnings and profitability [2/]						
Average cost of borrowed funds	2.1	2.0	2.1	2.1	...	...
Average interest rate on loans	9.7	9.2	8.9	8.6	...	...
Average interest rate margin [3/]	7.6	7.2	6.8	6.5	...	...
Return on assets (ROA) net of tax	1.5	1.4	1.6	1.4	0.8	0.7
Return on average equity (ROE) net of tax	24.4	24.5	29.2	21.5	9.6	9.4
Non-interest expenses to net banking income	62.2	59.6	57.5	55.6	53.2	53.2
Personnel expenses to net banking income	27.3	26.3	25.5	23.8	23.8	23.8
Liquidity						
Liquid assets to total assets	35.6	35.5	33.7	32.0	31.4	31.7
Liquid assets to total deposits	48.4	48.6	48.1	46.9	44.2	46.0
Total loans to total deposits	80.6	84.1	87.2	89.5	85.3	90.7
Total deposits to total liabilities	73.67	72.95	70.16	68.21	71.00	68.94

Source: BCEAO.

1 / Provisional data reported in accordance with Basel II / III prudential norms.
2 / Income statement items at semi-annual frequency.
3 / Excluding tax on banking transactions.

Table 6a. Côte d'Ivoire: External Financing Requirements, 2016–24
(Billions of CFA francs)

	2016	2017	2018	2019		2020	2021	2022	2023	2024
			Est.	Prog.	Est.	Projections				
External financing requirements	-530	-1,975	-2,088	-1,706	-1,563	-1,684	-1,563	-1,499	-1,490	-1,417
Current account balance (excluding official transfers)	-538	-874	-1,368	-1,235	-1,351	-1,426	-1,390	-1,311	-1,288	-1,251
Amortization and net acquisition of financial assets	-270	-711	-303	-355	-355	-405	-185	-221	-306	-448
Fund repayments	-34	-63	-82	-85	-85	-86	-103	-98	-102	-95
Private capital, net	80	135	-71	75	453	186	274	113	509	713
Change in official reserves without IMF (- = increase)	231	-461	-264	-107	-225	47	-159	18	-302	-336
Available financing	514	1,975	2,088	1,496	1,484	1,528	1,563	1,499	1,490	1,417
Capital transfers	111	112	89	90	144	171	140	70	50	40
Project financing	262	486	569	592	592	694	764	768	778	823
Eurobond	0	1,144	1,115	500	500	493	500	500	500	500
Fund disbursements	57	145	157	0	79	0	0	0	0	0
Official transfers	83	88	159	314	170	169	159	160	162	54
Financing gap	-16	0	0	-210	-78	-156	0	0	0	0
Expected financing	...	...	...	55.0	0.0	0.0	0.0	0.0	0.0	0.0
World Bank	...	...	...	55.0	0.0	0.0	...	...	...	...
AfDB	...	...	...	0.0	0.0	0.0	...	...	...	...
EU	...	...	...	0.0	0.0	0.0	...	...	...	...
Residual gap / IMF financing 1/	...	...	...	155.1	78.1	156.1	...	...	...	...
IMF-ECF Financing	...	...	...	51.7	26.0	52.0	...	...	...	...
IMF-EFF Financing	...	...	...	103.4	52.1	104.1	...	...	...	...

Sources: Ivoirien authorities; and IMF staff estimates and projections.
1/ Numbers may not sum up exactly because of rounding.

Table 6b. Côte d'Ivoire: External Financing Requirements, 2016–24
(Percent of GDP, unless otherwise indicated)

	2016	2017	2018	2019		2020	2021	2022	2023	2024
			Est.	Prog.	Proj.	Projections				
External financing requirements	-2.5	-8.9	-8.7	-6.6	-6.0	-5.9	-5.1	-4.5	-4.1	-3.6
Current account balance (excluding official transfers)	-2.6	-3.9	-5.7	-4.8	-5.2	-5.0	-4.5	-3.9	-3.6	-3.2
Amortization and net acquisition of financial assets	-1.3	-3.2	-1.3	-1.4	-1.4	-1.4	-0.6	-0.7	-0.8	-1.1
Fund repayments	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2
Private capital, net	0.4	0.6	-0.3	0.3	1.7	0.7	0.9	0.3	1.4	1.8
Change in official reserves without IMF (- = increase)	1.1	-2.1	-1.1	-0.4	-0.9	0.2	-0.5	0.1	-0.8	-0.9
Available financing	2.5	8.9	8.7	5.8	5.7	5.4	5.1	4.5	4.1	3.6
Capital transfers	0.5	0.5	0.4	0.3	0.6	0.6	0.5	0.2	0.1	0.1
Project financing	1.3	2.2	2.4	2.3	2.3	2.5	2.5	2.3	2.2	2.1
Eurobond	0.0	5.2	4.7	1.9	1.9	1.7	1.6	1.5	1.4	1.3
Fund disbursements	0.3	0.7	0.7	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Official transfers	0.4	0.4	0.7	1.2	0.7	0.6	0.5	0.5	0.4	0.1
Financing gap	-0.1	0.0	0.0	-0.8	-0.3	-0.6	0.0	0.0	0.0	0.0
Expected financing	...	...	...	0.2	0.0	0.0	0.0	0.0	0.0	0.0
World Bank	...	...	...	0.2	0.0	0.0	...	...	...	...
AfDB	...	...	...	0.0	0.0	0.0	...	...	...	...
EU	...	...	...	0.0	0.0	0.0	...	...	...	...
Residual gap / IMF financing 1/	...	...	...	0.6	0.3	0.6	...	...	...	...
IMF-ECF Financing	...	...	...	0.2	0.1	0.2	...	...	...	...
IMF-EFF Financing	...	...	...	0.4	0.2	0.4	...	...	...	...
Nominal GDP (billions of CFA francs)	20,931	22,151	23,900	25,955	25,956	28,309	30,788	33,405	36,188	39,186

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, 2019–27

	2019	2020	2021	2022	2023	2024	2025	2026	2027
Fund obligations based on existing credit									
(In millions of SDRs)									
Principal	39.4	112.8	133.4	123.8	133.8	132.6	113.1	98.4	77.4
Charges and interest 1/	1.8	6.7	6.7	6.4	5.7	4.7	3.6	2.4	1.4
Fund obligations based on existing and prospective credit 2/									
(In millions of SDRs)									
Principal	39.4	112.8	133.4	123.8	133.8	148.7	155.0	150.0	129.1
Charges and interest 1/	2.1	9.1	10.2	9.9	9.2	8.1	6.6	4.9	3.3
Total obligations based on existing and prospective credit 2/									
In millions of SDRs	41.4	121.9	143.6	133.7	143.0	156.9	161.6	155.0	132.3
In billions of CFA francs	33.5	98.3	115.3	107.0	114.5	125.6	129.4	124.1	105.9
In percent of government revenue	0.6	1.7	1.9	1.6	1.6	1.6	1.5	1.3	1.1
In percent of exports of goods and services	0.4	1.2	1.3	1.2	1.1	1.1	1.1	1.0	0.8
In percent of debt service 3/	4.7	13.3	18.4	15.4	13.9	12.6	10.5	9.8	8.0
In percent of GDP	0.1	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.2
In percent of quota	6.4	18.7	22.1	20.6	22.0	24.1	24.8	23.8	20.3
Outstanding Fund credit									
In millions of SDRs	1,073.8	1,154.5	1,021.1	897.3	763.5	614.8	459.8	309.7	180.7
In billions of CFA francs	867.0	930.9	819.6	718.4	611.2	492.2	368.1	247.9	144.6
In percent of government revenue	16.5	16.3	13.2	10.7	8.4	6.3	4.3	2.7	1.4
In percent of exports of goods and services	11.1	11.3	9.4	7.7	6.1	4.5	3.1	1.9	1.1
In percent of debt service	122.8	125.7	130.9	103.3	74.2	49.4	29.8	19.7	10.9
In percent of GDP	3.3	3.3	2.7	2.2	1.7	1.3	0.9	0.5	0.3
In percent of quota	165.1	177.5	157.0	138.0	117.4	94.5	70.7	47.6	27.8
Net use of Fund credit (millions of SDRs)	154.2	80.7	-133.4	-123.8	-133.8	-148.7	-155.0	-150.0	-129.1
Disbursements	193.6	193.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and Repurchases	39.4	112.8	133.4	123.8	133.8	148.7	155.0	150.0	129.1
Memorandum items:									
Nominal GDP (billions of CFA francs)	25,956	28,309	30,788	33,405	36,188	39,186	42,333	45,661	49,025
Exports of goods and services (billions of CFA francs)	7,803	8,202	8,700	9,302	10,066	10,928	11,825	12,761	13,557
Government revenue and grants (billions of CFA francs)	5,259	5,711	6,192	6,717	7,306	7,852	8,544	9,297	10,062
Debt service (billions of CFA francs)	706	741	626	696	824	996	1,237	1,261	1,322
CFA francs/SDR (period average)	807	806	803	801	801	801	801	801	801

Sources: IMF staff estimates and projections.

1/On May 24, 2019 the IMF Executive Board approved a modified interest rate setting mechanism which effectively sets interest rates to zero on ECF and SCF through June 2021 and possibly longer. The Board also decided to extend zero interest rate on ESF till end June 2021 while interest rate on RCF was set to zero in July 2015. Based on these decisions and current projections of SDR rate, the following interest rates are assumed beyond June 2021: 0/0/0/0 percent per annum for the ECF, SCF, RCF and ESF, respectively. The Executive Board will review the interest rates on concessional lending by end-June 2021 and every two years thereafter.

2/ Including the proposed disbursements under the ECF/EFF arrangements.

3/Total debt service includes IMF repurchases and repayments.

Table 8. Côte d'Ivoire: Schedule of Disbursements and Timing of Reviews Under ECF/EFF Arrangements, 2016–20

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.	69.686	23.229	46.457	10.714	3.571	7.143
April 15, 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. [1/]	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. [1/]	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. [1/]	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
April 15, 2020	Observance of PCs for end-December 2019, continuous PCs and completion of the seventh reviews. [2/]	96.786	32.262	64.524	14.881	4.960	9.921
October 15, 2020	Observance of PCs for end-June 2020, continuous PCs and completion of the eighth reviews. [2/]	96.786	32.262	64.524	14.881	4.960	9.921
	Total	843.972	281.324	562.648	129.762	43.254	86.508

Côte d'Ivoire's quota is SDR 650.40 million

[1/] Actual Board approval dates were June 19, 2017 for the first review, December 8, 2017 for the second review, June 18, 2018 for the third review, and December 12, 2018 for the fourth review, and June 14, 2019 for the fifth review.

[2/] Proposed additional disbursements under the extension of the ECF/EFF arrrangements.

Annex I. Risk Assessment Matrix[1]

Sources of Risks	Relative Likelihood	Impact if Realized	Recommended Policy Response
Rising protectionism and retreat from multilateralism	**High**	**Medium/High** Escalating and sustained trade actions and isolationism could reduce international inflows and impede export market access.	Strengthen regional bond markets and trade, rebuild fiscal buffers through domestic revenue mobilization, further improve public financial management, and design prudent public investment plans.
Sharp rise in risk premia	**High**	**Medium/High** Sharp increases in risk premia could jeopardize access to international debt markets, increase funding and debt service costs, raise the risk of debt distress, and lead to crowd-out of private sector credit via increased government reliance on domestic financing.	
Weaker-than-expected global growth	**Medium/ High**	**High** A global growth slowdown could reduce infrastructure investments and FDI as well as affect demand for exports.	Improve the business climate to diversify investor base and export markets. Preserve fiscal space for countercyclical policy. Reinforce the banking sector by building up countercyclical capital buffers.
Intensification of geopolitical tensions and security risks	**High**	**Medium/High** Rising security risks in the Sahel could put pressure on fiscal expenditure and have adverse socio-economic impact.	Rebuild fiscal buffers, promote inclusive growth and strengthen social safety nets. Facilitate job creation in the private sector.
Large swings in energy prices	**Medium**	**Medium** Large increases in global energy prices could lower fiscal revenues if price changes are not passed through to consumers, while higher domestic energy prices would raise living costs.	Apply the retail fuel price mechanism to reflect world energy prices and monitor inflation. Mitigate the impact on the poor through targeted fiscal transfers.

[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.

Sources of Risks	Relative Likelihood	Impact if Realized	Recommended Policy Response
Decline in cocoa prices	**Medium**	**High** Lower cocoa prices would adversely impact cocoa producers, fiscal revenues, and economic growth.	Adjust regulated cocoa prices in line with the world market price. Mitigate the impact on the poor through targeted fiscal transfers.
Higher frequency and severity of natural disasters	**Medium/ Low**	**High** Adverse weather conditions would reduce agricultural output and exports, lower cocoa tax revenues, increase subsidy needs, and reduce the population's living standards.	Mitigate the impact on the poor through targeted fiscal transfers. Monitor second-round effects on inflation.
Policy implementation risks stemming from fragile political and social environment	**High**	**Medium/High** Policy slippage can result in lower than expected revenue mobilization, higher fiscal deficit and financing needs, and less resources available for growth-enhancing expenditure and debt service. A fragile social and political environment could also affect investors' confidence, FDI and economic growth.	Adopt additional revenue mobilization measures, optimize current spending, and re-prioritize public investments.
Financial difficulties of public enterprises and banks	**Medium**	**Low/Medium** Financial difficulties of public enterprises and/or banks could adversely impact the budget, the stock of public debt and the banking sector.	Restructure loss-making public companies; enhance monitoring of public enterprises; recapitalize and restructure ailing public banks.

Annex II. Options for Medium-Term Tax Reforms

Mobilizing more tax revenues is critical to financing the authorities' priorities while preserving fiscal sustainability. This annex presents options to increase tax revenues, in particular via tax policy reforms, after the 2020 presidential elections, building on the authorities' medium-term plan, the WAEMU action plan for revenue mobilization which the authorities have signed, and IMF Technical Assistance (TA).

Context

1. The medium-term plans of the government[1] and the June 2019 WAEMU action plan for revenue mobilization[2] support ambitious reforms to boost revenue mobilization. Côte d'Ivoire's tax-to-GDP ratio reached 16.2 percent of GDP in 2018, falling short of 20 percent revenue target under the WAEMU's Convergence, Stability, Growth and Solidarity Pact. The authorities have launched an ambitious program to digitalize the revenue administration operations and have stated their goal of broadening the tax base and simplifying tax schemes—notwithstanding the recently-revised Investment Code that still grants extensive tax exemptions.[3] In particular, in March 2019, they approved an action plan to streamline tax exemptions over 2020–23.[4] The WAEMU action plan, adopted by the council of finance ministers on June 21, 2019, is consistent with the authorities' plans. It includes a commitment to broaden the VAT and income tax bases, raise excise duties, modernize property taxes, limit intra-WAEMU tax competition, and further strengthen the revenue administration.

VAT

2. Broadening the VAT base would be particularly helpful in Côte d'Ivoire. Côte d'Ivoire's VAT revenues are relatively weak, below 4 percent of GDP with a low C-efficiency ratio[5] (0.25 percent), indicating substantial scope for revenue mobilization. Low VAT revenues can be attributed to a large extent to VAT exemptions, although recent enhancements in tax administration that have improved the effectiveness of VAT credit refunds also played a role.[6] At this point, these progresses have made VAT more neutral and less costly, strengthening the case for removing exemptions:

[1]Schéma Directeur de la Réforme des Finances Publiques 2018-2020 and Document de Programmation Budgétaire et Economique Pluriannuel 2020–22.

[2]Decision N° 02/CM/2019/UEMOA Portant Adoption du Plan d'actions pour la Mobilisation Optimale Des Recettes Fiscales Dans Les Etats Membres de l'UEMOA.

[3]Ordonnance N° 2018 - 646 du 01 Aout 2018 Portant sur le Code Des Investissements.

[4]Secrétariat d'Etat charge du budget et du portefeuille de l'Etat (2019), Plan de rationalisation des exonérations fiscales et douanières.

[5]The C-efficiency ratio is the ratio of actual VAT receipts to notional receipts that would be collected if the tax was levied at a uniform rate on all consumption and fully applied across the board.

[6]Rota-Graziosi, G. G. Gilbert, and S. Leduc (2018) report that VAT credit refunds are more effective than in countries peers.

- The WAEMU action plan calls for adopting the regular VAT rate in several sectors in which Côte d'Ivoire has exemptions, such as agrobusiness and transports. For instance, VAT-exempt sectors such as grains and oilseeds industries represent about 2.5 percent and 2 percent of GDP, respectively.

- The removal of VAT exemption in the transportation sector is included in the government action plan to rationalize tax exemption, but since only a small part of the sector is exempted (mainly small informal firms), there is likely less scope for VAT gains.

- IMF technical assistance has also identified food products as candidates for inclusion in the VAT tax net, for which the VAT would mainly be applied to imported goods—as most domestic producers' revenues are below the VAT threshold. In particular, imported rice represents about 1.5 percent of GDP.

- Another important sector that should be taxed at regular VAT rate is construction services, which account for 0.5 percent of GDP.

Taxing all these sectors at regular VAT rate could yield about 1 percent of GDP in revenue, assuming consumption shares remain constant.

Excise taxes

3. Further excise tax increases, including on alcohol and tobacco, would be consistent with the regional reform agenda. Côte d'Ivoire already raised tobacco taxes by 2 ppts between 2017 and 2019, bringing the overall taxation rate to 44 percent, including an excise tax of 37 percent, while the WAEMU directive calls for 50 percent. These increases also go in the direction of recommendations from the *Tobacco Free Initiative* of the World Health Organization targeting tobacco taxes of at least 70 percent of the consumer price. Regarding taxes on alcohol, the rate on beer and cider was increased by 2 ppts in 2018—against the initially-planned increase of 10 ppts. At 17 percent, it remains below the 20 to 70 percent bracket recommended for WAEMU countries.

CIT and presumptive tax

4. Broadening the corporate income tax base would limit the need for increasing its rates. The WAEMU action plan includes appropriate measures to increase the corporate tax base, such as suppressing advantages granted to the agricultural sector and to resources exploitation. In contrast, the WAEMU action plan recommendation to raise the tax rate to 30 percent (from the current 25 percent) would increase pressures for special exemptions, compound the distortion between non-exempted and exempted sectors and undermine efforts to reduce informality.

5. In parallel, a reform of the presumptive tax should aim at improving incentives and simplifying tax administration. The presumptive tax is paid by small enterprises in lieu of VAT, CIT and the "patente", and is based on a series of amounts depending on the turnover. Its threshold has not been updated since 2001. Switching to a proportional tax on turnover and increasing the threshold would ease tax compliance burdens for firms and simplify tax administration.[7] Such a move should however be part of a broader reform along the following principles: (i) it should avoid favoring small firms as that would prevent firms from growing above the presumptive tax threshold; (ii) it should ensure consistency across different taxation regimes; (iii) it should rationalize existing tax schemes, especially for the smallest firms. Future TA can assist the government in designing a reform implementing and refining these principles.

Firm-specific tax exemptions

6. Removing tax exemptions granted through state conventions as planned by the authorities could yield about ½ percent of GDP of revenue. This is the main lever that they identified in their action plan to rationalize tax exemptions, including on VAT, custom duty, corporate and property taxes. This is welcome as such exemptions are opaque and create distortions between eligible firms and their competitors. However, in parallel, the 2018 revised Investment Code still provides a framework to sign conventions with discretionary tax exemptions. Removing this room for discretion would be more consistent with the authorities' intentions, stated in their multi-annual budget programing document, to progressively replace investment incentives with a global approach based on moderate tax rates.

Property taxes

7. Property tax revenues could be simplified. Property taxes are collected by the central government and finance local governments and local public services such as garbage collection. Revenues from property taxes (0.4% of GDP) are lower than those observed in comparable countries, reflecting complex tax schemes with numerous tax exemptions. Effective registration of property sales in Côte d'Ivoire and the on-going introduction of an online cadaster should support property taxes collection capacity. Property taxation could be simplified with a move toward a single tax on both built and unbuilt land.

Tax administration reform

8. Reforms in tax administration will still need to be continued over the medium-term. Côte d'Ivoire needs to sustain the momentum of ongoing reforms, with a view to support tax mobilization capacities and tax exemption removal plans discussed above. A key element is the introduction of a single tax identification number (STIN). While this STIN is now systematically issued for new firms in the Abidjan Metropolitan area, the transition to the STIN remains to be implemented for existing firms. Once completed, this reform will facilitate standardized exchanges of information between the tax and custom administrations and therefore improve controls over taxpayer declarations. Complementary to this, the comprehensive digitalization of the tax and custom administrations' processes, already initiated, needs to be completed. IMF Technical Assistance provides support for all these reforms (Annex III). These are deep reforms which also require organization changes and staff retraining to adapt to new tasks.

[7]This could build on the reforms initially proposed at the time of the 2018 budget, but the authorities should ensure consensus building through proper involvement of the private sector ahead of any reform.

Annex III. Côte d'Ivoire's Program Objectives and IMF Technical Assistance

An extensive agenda of IMF Technical Assistance (TA) has been implemented since the beginning of the ECF/EFF-supported program to advance the program's objectives in line with the National Development Plan. In particular, TA supported the program's goal of strengthening the fiscal position and domestic revenue mobilization, with a view to sustaining strong growth, reducing poverty, and promoting inclusiveness. TA also supported the program's dual objective of ensuring macroeconomic stability and building resilience to future economic shocks by underpinning fiscal consolidation and debt sustainability and further strengthening the financial sector. So far, the implementation of TA recommendations has been uneven. Actions to enhance revenue administration and public finance management have been relatively more sustained than those targeted at improving the design of the tax system.

1. To create fiscal space by boosting tax revenue and mobilization, containing current spending and improving the efficiency of government outlays, the following TA was provided:

2. *Tax Policy*: Comprehensive TA activities were undertaken in 2012 and 2013 and touched upon all major components of the tax system. It was proposed to prioritize VAT and excise tax reforms, while leaving income tax reforms to the medium term. More recent TA focused on the VAT, the informal economy and property taxation. It was suggested to adopt a multi-year tax reform strategy and expand the VAT base through gradual taxation of the agricultural sector. Recommendations from these past missions focused on aligning indirect tax rates and tax exemption coverage with WAEMU directives, expanding the tax base, mainly in agriculture, transportation, and real estate, but also in financial services, the digital economy, and telecommunication. It was recommended to rationalize investment tax incentives including through better targeting and clearer design.[1,2,3] Some recommended measures were presented in the 2018 Budget Law and approved by the National Assembly. However, after the private sector raised concerns, the tax package initially adopted was rescinded, and instead of raising excises and phasing out VAT exemptions, the authorities levied a new export tax on cashew nuts and relied on accelerated reforms in tax and customs administration. In the 2018 and 2019 budgets, some indirect tax rates (e.g., excise rates on beverages and tobacco, VAT rate on tobacco) were more closely aligned with regional directives. In addition, the plan to rationalize tax exemptions adopted

[1] Fossat, P., V. de Paul Koukpaïzan, and G. Chambas (2012), "Côte d'Ivoire–Poursuite de la modernisation de l'administration fiscale." IMF Technical Assistance Report.

[2] Mansour M., C. Waerzeggers, and J.-F. Brun (2013), "La Poursuite des réformes de la politique fiscale." IMF Technical Assistance Report.

[3] Rota-Graziosi, G. G. Gilbert, and S. Leduc (2018). "Côte d'Ivoire. La Taxe sur la valeur ajoutée, la fiscalisation du secteur informel et l'impôt foncier." IMF Technical Assistance Report, October.

in March 2019 built on some of the TA recommendations. The government has also established the Tax Reform committee to improve the dialogue with the private sector on tax policy reforms.

3. ***Revenue Administration****:* TA has aimed at improving monitoring, supervision, control, and risk analysis. The implementation of measures was accompanied by improved revenue performance since 2012. Control functions of the revenue administration are improving, with risk analysis integrated into the tax audit system and firms mandated to produce certified financial statements. Recommendations have also focused on the following three main aspects:

- *Modernizing tax and customs administration* through targeted streamlining of the tax registry and improving the IT system.[4] Increasing the VAT threshold was recommended as key to improving revenue administration performance over the medium term. Other areas of recommendations focused on dematerializing customs clearance procedures, simplifying custom transit and strengthening monitoring, optimizing control of custom values.[5,6] In relation to these recommendations, progress has been made in restructuring and modernizing the tax and customs administrations, enhancing compliance and taxpayer base reliability, and reducing informality. The restructuring of the DGI's organization (including strengthening HQ functions and establishing Medium Taxpayer Offices), implemented digitalization measures (see below), improvement in the risk-based tax audit, and launch of the taxpayer census (e.g., to identify property owners and taxpayers of various taxes in several communities) are some examples of these efforts. Moreover, benefiting from TA support, VAT refund processing improved significantly. However, the recommended increase in the VAT threshold has not been implemented yet.

- *Digitalizing the tax administration.* TA activities are focused on fully instituting electronic payment of taxes, improving the DGI's capacity to collect and analyze tax data, implementing a single taxpayer identification number and transiting of existing firms to the new system, securing digital transactions and extracting key performance indicators.[7,8] Following the 2018 Hackathon that grouped national, regional, and international representatives from both the private and public sectors, the authorities have accelerated these efforts. On-line tax filing and payment has been generalized to all large and medium firms in 2018. For instance, the VAT e-filling rate has increased from one third in 2017 to

[4]Schlotterbeck, S., F. Gheriss, A. Soubrie, and S. Mani (2018). "Côte d'Ivoire. Action Plan for the Implementation of the February 2018 Hackathon's Winning Solutions." IMF Technical Assistance Report, October.

[5]Montagnat-Rentier, G., G. Parent, and J. Barnett (2017). "Côte d'Ivoire. Poursuite de la modernisation de l'administration douanière." IMF Technical Assistance Report, July.

[6]Bremeersch, C. (2019). "Côte d'Ivoire. Poursuite de la modernisation de l'administration douanière." IMF Technical Assistance Report, February.

[7]Schlotterbeck, S., F. Gheriss, A. Soubrie, and S. Mani (2018). "Côte d'Ivoire. Action Plan for the Implementation of the February 2018 Hackathon's Winning Solutions." IMF Technical Assistance Report, October.

[8]Jarry-Bouabid, A.-C. (2019). "Côte d'Ivoire. Indicateurs de Performance de l'Administration Fiscale Ivoirienne." IMF Technical Assistance Report, August.

four fifth in 2018. Moreover, all new firms now receive a unique tax identification number. A long-term expert mission started in June 2019 is supporting the tax administration in the implementation of this digitalization strategy.

- *Modernizing the management of human resources* through redesigning managerial procedures and staff evaluation guidance, enhancing skills and competencies, reducing fragmentation, improving communication, and building closer relationships with taxpayers.[9,10]

4. ***Public Financial Management****:* TA has focused on improving fiscal transparency and accountability, containing fiscal risks, and strengthening public investment management. The main recommendations targeted the following areas:

- *Increasing transparency of public finance* through strengthening the framework for cash advances, consolidating revenues in the Treasury Single Account by curbing the recourse to unorthodox spending procedures, improving information-sharing and controls across government units,[11] integrating cash and debt management, building a state opening balance sheet,[12] extending coverage of financial reporting beyond the central government, improving data availability and compatibility (e.g., publication of financial data and their reconsolidation reports), and enhancing internal and external communication within administration entities and with the general public.[13] With respect to implementation, progress towards enhancing transparency in the execution of expenditure and revenue collection was achieved as more revenue and expenditure transactions were moved to the Treasury Single Account with the closing of commercial bank accounts.

- *Enhancing management of fiscal risks related to SOEs, PPPs, local governments, and extra-budgetary funds* through their more systematic and comprehensive identification, analysis, and communication (e.g., fiscal risk reports). Other key recommendations include strengthening the strategic role and capacities of the General Directorate of shareholders.[14] Progress has been achieved in improving management of fiscal risk related

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[9]Andre, N. (2018). "Côte d'Ivoire. Modernisation de la gestion des ressources humaines à la Direction Générale des Impôts." IMF Technical Assistance Report, December.

[10]Andre, N. (2019). "Côte d'Ivoire. Poursuite de la modernisation de la gestion des ressources humaines à la Direction Générale des Impôts." IMF Technical Assistance Report, February-March.

[11]Roumegas, Pierre (2015). "Côte d'Ivoire: Appui à l'amélioration de la balance générale des comptes de l'État." IMF Technical Assistance Report AFRITAC de l'ouest, June.

[12]Roumegas, Pierre (2019). "Côte d'Ivoire : Appui à la préparation du bilan d'ouverture de l'État." IMF Technical Assistance Report AFRITAC de l'ouest, July.

[13]Wiest, B., M.-L. Lelong, P. Rouegas, et C. Wendling (2019). "Côte d'Ivoire : Renforcer la transparence et valoriser l'information portant sur les Finances Publiques." IMF Technical Assistance Report, January.

[14]Gonguet, F., T. Kurkdjian, C. Mungenast, and R. Tapsoba (2017). "Cote d'Ivoire. Moderniser l'analyse, le suivi et la communication sur les risques budgétaires." IMF Technical Assistance Report, September.

to PPPs and SOEs (including by preparing a report).[15] The capacities of the DGSP and communication have been strengthening. The draft fiscal risks statement is an example of best regional practices.

- *Reinforcing the surveillance and management of SOEs* (beginning with the largest ones) through the development of monitoring tools, stronger oversight of performance contracts, greater accountability of all stakeholders, and better leveraging of the strategic role played by the DGSP.[16] The authorities have enhanced the monitoring of SOE financial and debt performance (including by producing a summary table on SOEs debt service and continuing to publish reports on strategic SOEs).

- *Strengthening Public Investment Management* through tighter coordination on the National Development Plan between the central government and local governments, better integration between planning and budgeting (e.g., implementation of multi-year commitment budgeting tool); intensified risk monitoring (e.g., control of recurrent investment costs, financial transparency and strategic management of PPPs);[17] and more credible planning and budgeting for public investments.[18]

5. To help foster a sustainable level of public debt, TA also centered on strengthening debt management and sharpening tools for debt sustainability assessment (DSA).

6. ***Debt management***: The authorities received support in developing and implementing a Medium-Term Debt Management Strategy,[19] which informed the need to lengthen the maturity profile of domestic debt and increase the share of external debt denominated in Euros as opposed to U.S. dollars. It was recommended to more closely reflect evolving market conditions and improve the communication of the approved strategy. Broadening the investor base and developing the regional market for sovereign debt were identified as priorities. The authorities also received training on the new DSA framework.

7. To better inform economic policy, TA was delivered to strengthen the statistical system.

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[15]Queyranne, M., B. Wiest, J.-Y. Gacon, and V. Piron (2017). "Cote d'Ivoire. Gestion des risques budgétaires liés aux partenariats public-privé." IMF Technical Assistance Report, March.

[16]Tenne, A. (2018). "Cote d'Ivoire. Surveillance des entreprises publiques : suivi et analyse de la performance et des risques." IMF Technical Assistance Report, October.

[17]Fouad, M. F. Gonguet, H. Vu, P. Roumegas, S. Ba. M. Fam, and A. Mfombouot (2017). "Côte d'Ivoire. Evaluation de la Gestions des Investissement Publics—PIMA." IMF Technical Assistance Report, January.

[18]Kone, B. and E. Du Payrat (2019). "Côte d'Ivoire. Quatrième mission d'appui a la mise en œuvre des Autorisations d'engagement et Crédits de paiement." IMF Technical Assistance Report, July.

[19]Dissou, O., Rivetti, D., Perez, Joanne, Scipioni, A. (2018). "Côte d'Ivoire. Amélioration des pratiques d'élaboration et de mise en œuvre de la stratégie de la dette à moyen terme." IMF Technical Assistance Report, November.

8. ***Statistics**:* To help enhance the visibility of fiscal operations by extending the perimeter of fiscal accounts, ongoing TA in fiscal statistics is focused on integrating local governments and extrabudgetary units in the fiscal accounts according to GFSM 2001/2014.[20] TA is supporting the elaboration of quarterly national accounts,[21] the construction of high-frequency indicators of economic activity,[22] and the rebasing of GDP from 1996 to 2015 according to the SNA 2008 methodology.[23] It is also helping to improve statistics of the Balance of Payments, including for trade in goods and services and the international investment position.[24] TA recommendations extended to the organizational structure of the National Committee for the Harmonization of External Trade Statistics and contributed to the National Strategy of Statistics, which is expected to secure regular and adequate funding for the National Institute of Statistics (INS).

[20]Kacou, N. (2018) "Côte d'Ivoire. Élargissement du champ de couverture des statistiques de finances publiques selon le Manuel des Statistiques de Finances Publiques 2001/2014." IMF Technical Assistance Report, Novembre.

[21]Ndiaye, F. (2018). "Côte d'Ivoire. Mission d'Assistance Technique en Statistiques de Comptabilité Nationale." IMF Technical Assistance Report, June.

[22]Ngampana, R.F. (2019). "Côte d'Ivoire. Rapport de Mission d'Assistance Technique en Statistiques de Conjoncture." IMF Technical Assistance Report, January.

[23]Couaillac, P. (2019). "Côte d'Ivoire. Rapport de mission d'Assistance Technique en Statistiques de Comptabilité Nationale." IMF Technical Assistance Report, February.

[24]Djoufack, Y.M. (2018). "Côte d'Ivoire. Rapport de la Mission d'Assistance Technique sur les Statistiques du Secteur Extérieur." IMF Technical Assistance Report, November.

Appendix I. Letter of Intent

MINISTRY OF THE ECONOMY AND FINANCE

THE MINISTER

REPUBLIC OF COTE D'IVOIRE

Unity-Discipline-Work

N° 07896 MEF/DGE/DPPSE/SDPPE/AJC

Abidjan, on November 18, 2019

To

Madame Managing Director of the International Monetary Fund

WASHINGTON DC, 20431

Subject: **Letter of intent**

Dear Madame Managing Director,

1. **Since 2012, Côte d'Ivoire has recorded a solid economic performance, enabling it to consolidate the resilience of its economy**. Over the period 2012–18, the Ivoirien economy averaged growth of 8.6 percent, the second highest among frontier economies, after Ethiopia. Real per capita income rose by 36.4 percent. Inflation has been kept below the WAEMU regional threshold of 3 percent. This performance is the result of the sound execution of the National Development Plans (PNDs) and the implementation of major structural reforms. The country has thus begun its structural transformation, notably with the reduction in the weight of the primary sector (22.2 percent in 2012 versus 19.8 percent in 2018) to the benefit of secondary and tertiary sectors and is now included among the frontier economies, according to the classification of the Bretton Woods Institutions. The economic policy conducted over the period was adequate, particularly in terms of fiscal matters and price regulation. These achievements have enabled the Ivoirien economy to withstand shocks, including the sharp depreciation in its terms of trade since 2016. Consequently, the budget deficit improved from 4.5 percent of GDP in 2017 to 4.0 percent of GDP in 2018, the external current account deficit was contained to 4.7 percent of GDP at end-2018, and the country's risk of excessive debt distress remained at a moderate level. Lastly, the solidity of the banking system is reinforced with a solvency ratio of 9.55 percent at end-2018 compared to 8.91 percent at end-June 2018 and above the WAEMU prudential minimum of 8.625 percent.

2. **To make economic growth more inclusive, the government stepped up its efforts on behalf of the most disadvantaged populations by implementing the Government Social Program (PSGouv) for the period 2019–20**. This program aims to accelerate the pace of poverty and inequality reduction in the context of the implementation of the 2016–20 PND, while respecting the budget deficit target of 3 percent of GDP. At end-August 2019, eight months after its launch, tangible results in terms of its implementation had been achieved. These include the recruitment of 10,300 pre-school, primary and secondary school teachers for the 2019–20 school year, the purchase of 186,000 bench desks to improve learning conditions, and the electrification of 285 communities. Achievements under the PSGouv also include: (i) the connection of 109,592 households to the power grid through the Electricity for All Program (PEPT); (ii) the enrollment of 1,902,712 people under the Universal Health Insurance Plan (CMU); (iii) the broadening of vaccination coverage under the Expanded Vaccination Program (PEV); (iv) the free distribution of 326,840 childbirth kits in the first half of 2019; (v) the regrading of 17,295 kilometers of roads, representing 901 routes; (vi) the transfer of CFAF 36,000 per quarter to 50,000 vulnerable households; and (vii) the provision of internship, skills development, employment, and self-employment opportunities for 25,015 young people. PSGouv will also help resolve problems of access to drinking water in rural areas by refurbishing and/or replacing 21,000 manually-operated pumps.

3. **The government is working to maintain a calm socio-political climate and to hold peaceful presidential elections in 2020**. In this context, actions aimed at reassuring political players are being taken, including strengthening security throughout the country, guaranteeing the free exercise of democracy, the vote and the promulgation of Law No. 2019-908 reforming the Independent Electoral Commission (CEI) on August 5, 2019. This reform improves the balance in composition of CEI central commission bodies, the Bureau, and its local commissions and is in line with the recommendations of the African Court on Human and Peoples' Rights. Furthermore, the government is committed to maintaining social and political dialogue with all of the nation's key stakeholders.

4. **The attached supplement to the Memorandum on Economic and Financial Policies describes the progress made over the period covered by the Economic and Financial Program supported by the Extended Credit Facility and Extended Fund Facility**. In particular, it highlights the achievements as of end-June 2019, presents the main lines of action for the end of 2019 and for 2020, and outlines the medium-term prospects. In line with the commitments made by the Government, the Economic and Financial Program has generally been well implemented. In fact, at the end of June 2019, all performance criteria and indicative benchmarks of the program had been met. Regarding the structural benchmarks, only one had not been implemented.

5. **The government's objectives continue to be to strengthen the structural transformation of the economy and to considerably reduce poverty by accelerating the implementation of the NDP 2016–20 supported by the PSGouv 2019–20**. In addition to the overall strengthening of the business and governance climate, special focus will be placed on attracting private investment in strategic sectors, particularly agro-industry. To that end, the processing of agricultural products will be boosted by accelerating the implementation of programs to improve competitiveness of cocoa and cashew nut processing companies. Efforts will also focus on building structural socioeconomic infrastructure, increasing human capital and implementing environmental conservation initiatives. Furthermore, to make growth more inclusive, the government plans to speed up the implementation of 2016–20 PND projects with high social impact through the execution of the PSGouv 2019–20, while adhering to fiscal consolidation objectives. With the goal of elevating Côte d'Ivoire to the rank of an emerging country, discussions are underway on the preparation of the NDP 2021–25, following the NDP 2012–15 evaluation and the NDP 2016–2020 midterm evaluation. These discussions are based on the national prospective study "Côte d'Ivoire 2040" as well as on the strategic study conducted by an international firm and the analyses of technical and financial partners, including the European Union, the World Bank, and the IMF. A conference will be organized before the end of 2019 to launch the NDP 2021–25, the preliminary draft of which should be available in the first half of 2020.

6. **The Government intends to maintain the solidity of the macroeconomic framework in the medium term and to pursue poverty reduction efforts as Côte d'Ivoire pursues its path to emergence**. In this context, the authorities commit to pursue the implementation of major reforms in 2020 and over the medium term in order to aid the structural transformation of the economy and to preserve internal and external balances. In particular, efforts to boost fiscal revenue and streamline expenditure will be reinforced in order to ensure that important needs, including socio-economic infrastructure, are financed in a sustainable and lasting manner. The business climate will continue to be improved with the goal of making it one of the best in Africa.

7. **Under the "2016-2019 ECF/EFF" program, the Government is requesting the conclusion of the sixth review and a disbursement of 96.784 million SDRs, as well as the extension of the ECF/EFF agreement until December 11, 2020, with proportional augmentation of access, in order to maintain a sound macroeconomic framework**. The deterioration of the international economic environment, namely the slowdown in the global economy marked by increased trade tensions and uncertainties related to Brexit, has led to the emergence of a need for additional balance of payments financing in comparison to what was envisaged with the 5th review of the program. Specifically, the extension will contribute to (i) ensuring compliance with the WAEMU budget deficit norm of 3 percent of GDP in 2019, 2020,

and in the medium term, (ii) strengthening economic policies to maintain debt sustainability, (iii) supporting the authorities in their efforts to mobilize domestic revenues to create the necessary fiscal space for poverty reduction, human capital development, and infrastructure strengthening, and (iv) supporting continued structural reform in areas such as taxation, financial sector development, business climate improvement, and governance.

8. As part of extending the program, we are also committed to accelerating the implementation of the single tax identification number, which had been subject to a structural benchmark that was not achieved by the end of March 2019. This benchmark could not be achieved for technical reasons that were not sufficiently anticipated. The Government is committed to implementing this reform in the form of a new structural benchmark, namely the assignment of a Single Tax Identification Number (STIN) to all new businesses and the re-registration with a STIN of at least 40 percent of firms recorded in the large and medium-sized firm directorates by the end of December 2019. The government is also convinced that the policies set out in this Memorandum are adequate to achieve the program objectives. Consequently, it will take all additional measures that may be necessary to achieve them. The Government will consult IMF staff prior to the adoption of these additional measures and in the event of any changes to the policies contained in this Memorandum, in accordance with IMF policies on this issue.

9. The Government agrees to make available to the IMF staff all necessary information to monitor the implementation of program measures and the achievement of the program objectives as provided for in the attached Technical Memorandum of Understanding, on dates agreed between the two parties. In addition, the Government authorizes the IMF to publish and post this letter and its attachments as well as the staff report on its website, following approval of the program by the IMF Executive Board.

Yours sincerely,

_________/s/__________

Adama COULIBALY

The Minister of Economy and Finance

Attachments:

- Supplement to the MEFP;
- Technical Memorandum of Understanding

Attachment I. Supplement to the Memorandum of Economic and Financial Policies, 2016–19

November 5, 2019

BACKGROUND

1. **Since 2012, Côte d'Ivoire has recorded a solid economic performance, enabling it to consolidate the resilience of its economy**. Over the period 2012–18, the Ivoirien economy averaged growth of 8.6 percent, the second highest among frontier economies, after Ethiopia. Real per capita income rose by 36.4 percent. Inflation has been kept below the WAEMU regional threshold of 3 percent. This performance is the result of the sound execution of the National Development Plans (PNDs) and the implementation of major structural reforms. The country has thus begun its structural transformation, notably with the reduction in the weight of the primary sector (22.2 percent in 2012 versus 19.8 percent in 2018) to the benefit of secondary and tertiary sectors and is now included among the frontier economies, according to the classification of the Bretton Woods Institutions. The economic policy conducted over the period was adequate, particularly in terms of fiscal matters and price regulation. These achievements have enabled the Ivoirien economy to withstand shocks, including the sharp depreciation in its terms of trade since 2016. Consequently, the budget deficit improved from 4.5 percent of GDP in 2017 to 4.0 percent of GDP in 2018, the external current account deficit was contained to 4.7 percent of GDP at end-2018, and the country's risk of excessive debt distress remained at a moderate level. Lastly, the solidity of the banking system is reinforced with a solvency ratio of 9.55 percent at end-2018 compared to 8.91 percent at end-June 2018 and above the WAEMU prudential minimum of 8.625 percent.

2. **The private sector is playing a larger role in the economy and has the means to become the main driver of growth in the medium term owing to an improved business climate and stronger governance**. Côte d'Ivoire achieved notable improvements in its business environment, gaining 20 positions between June 2015 and June 2018 to rank 122nd according to the World Bank's *Doing Business 2019* report. Business leaders in Africa view Côte d'Ivoire as the most attractive destination for investment on the continent, according to the 2019 Deloitte report entitled "Africa CEOs Survey: Scale up the Momentum." With respect to good governance, the 2018 report on the Mo Ibrahim Index states that Côte d'Ivoire rose 19 positions between 2008 and 2017, the most significant increase over that period. As a sign of this progress, the number of businesses registered via the Center for the Promotion of Investment (*Centre de Promotion des Investissements en Côte d'Ivoire* – CEPICI) one-stop window increased 15.1 percent in the first half of 2019 (8,547 compared to 7,423 in the first half of 2018), which bodes well for private investment. The operationalization of the SME promotion agency Agence Côte d'Ivoire PME and the implementation of reforms and projects arising from agreements concluded under the

G20 Compact with Africa initiative, the Millennium Challenge Corporation (MCC), and the Debt Reduction-Development Contract (C2D) should also help increase private-sector participation in wealth creation.

3. **To make economic growth more inclusive, the government stepped up its efforts on behalf of the most disadvantaged populations by implementing the Government Social Program (PSGouv) for the period 2019–20**. This program aims to accelerate the pace of poverty and inequality reduction in the context of the implementation of the 2016–20 PND, while respecting the budget deficit target of 3 percent of GDP. At end-August 2019, eight months after its launch, tangible results in terms of its implementation had been achieved. These include the recruitment of 10,300 pre-school, primary and secondary school teachers for the 2019–20 school year, the purchase of 186,000 bench desks to improve learning conditions, and the electrification of 285 communities. Achievements under the PSGouv also include: (i) the connection of 109,592 households to the power grid through the Electricity for All Program (PEPT); (ii) the enrollment of 1,902,712 people under the Universal Health Insurance Plan (CMU); (iii) the broadening of vaccination coverage under the Expanded Vaccination Program (PEV); (iv) the free distribution of 326,840 childbirth kits in the first half of 2019; (v) the regrading of 17,295 kilometers of roads, representing 901 routes; (vi) the transfer of CFAF 36,000 per quarter to 50,000 vulnerable households; and (vii) the provision of internship, skills development, employment, and self-employment opportunities for 25,015 young people. PSGouv will also help resolve problems of access to drinking water in rural areas by refurbishing and/or replacing 21,000 manually-operated pumps.

4. **The government is working to maintain a calm socio-political climate and to hold peaceful presidential elections in 2020**. In this context, actions aimed at reassuring political players are being taken, including strengthening security throughout the country, guaranteeing the free exercise of democracy, the vote and the promulgation of Law No. 2019-908 reforming the Independent Electoral Commission (CEI) on August 5, 2019. This reform improves the balance in composition of CEI central commission bodies, the Bureau, and its local commissions and is in line with the recommendations of the African Court on Human and Peoples' Rights. Furthermore, the government is committed to maintaining social and political dialogue with all of the nation's key stakeholders.

5. **The government is requesting a one-year extension of the 2016–19 ECF-EFF to maintain a sound macroeconomic framework**. The deterioration of the international economic environment, namely the slowdown in the global economy marked by increased trade tensions and uncertainties related to Brexit, has led to the emergence of a need for additional balance of payments financing in comparison to what was envisaged with the 5th review of the program. Specifically, the extension will contribute to (i) ensuring compliance with the WAEMU budget deficit norm of 3 percent of GDP in 2019, 2020, and in the medium term, (ii) strengthening economic

policies to maintain debt sustainability, (iii) supporting the authorities in their efforts to mobilize domestic revenues to create the necessary fiscal space for poverty reduction, human capital development, and infrastructure strengthening, and (iv) supporting continued structural reform in areas such as taxation, financial sector development, business climate improvement, and governance.

6. The attached supplement to the Memorandum on Economic and Financial Policies describes the progress made over the period covered by the Economic and Financial Program supported by the Extended Credit Facility and Extended Fund Facility. In particular, it highlights the achievements as of end-June 2019, presents the main lines of action for the end of 2019 and for 2020, and outlines the medium-term prospects.

RECENT DEVELOPMENTS AND PROGRAM IMPLEMENTATION

A. Macroeconomic and Financial framework

7. Economic activity continued to be dynamic in the first half of 2019 in a context of improved competitiveness.

- The primary sector posted good results in export-oriented agriculture in the first half of 2019, supported mainly by the implementation of the National Agricultural Investment Program 2 (*Programme National d'Investissement Agricole 2* – PNIA 2) and favorable weather conditions. Positive developments were observed in the production of key crops, including cocoa (+9.9 percent), banana (+23.4 percent), pineapple (+11.8 percent), and cotton (+29.5 percent). The secondary sector saw an increase in industrial production of 7.4 percent at end-June 2019 owing to mining, food processing, and other manufacturing industries. The tertiary sector also performed well, with notable growth in the turnover index for retail trade (+6.8 percent), voice traffic in telecommunications (+13.4 percent), road transport (+7.6 percent), and overall marine freight traffic (+12.0 percent).

- **The average inflation rate** on a year-on-year basis was 0.8 percent in August 2019, far below the WAEMU community standard of 3 percent. Inflation excluding energy and food products was 1.0 percent.

- **Budget execution at end-June 2019** was marked by good performance in revenue and grant collection, which totaled CFAF 2.5626 trillion against a target of CFAF 2.5082 trillion, that is, CFAF 54.4 billion more, despite lower-than-expected grants (CFAF -20.3 billion). This is due to the strong collection of (i) tax revenue (CFAF +12.6 billion) from taxes on petroleum products and general merchandise, and (ii) non-tax revenue (CFAF +62.1 billion) from social security contributions, telecommunications licenses, and transfer fees. Net lending and expenditures totaled CFAF 2.9268 trillion, against a target of

CFAF 2.9356 trillion, which translates into underconsumption of CFAF 8.8 billion as a result of wage bill and private school subsidy savings. Specifically, investment expenditure totaled CFAF 764.2 billion, against a target of CFAF 753.2 billion, an additional expense of CFAF 11.0 billion. The fiscal deficit was CFAF 364.2 billion, compared to the CFAF 427.3 billion forecast, thus lower by CFAF 63.2 billion. Financing needs were covered by a recourse to financial and money markets in the amount of CFAF 988.4 billion, compared to a forecast of CFAF 950.5 billion.

- **External trade was marked by a higher trade surplus despite the continued deterioration in the terms of trade**. Excluding exceptional goods, exports and imports rose +8.5 percent and +5.1 percent, respectively, during the first half of 2019. The trade balance posted a surplus of CFAF 961.8 billion, up 36.3 percent from June 2018 (CFAF +705.7 billion). Export prices dropped 6.7 percent, while import prices rose 4.3 percent.

- **Côte d'Ivoire saw a gain in competitiveness in the second quarter of 2019** compared to the same period in 2018 and to the first quarter of 2019, with the real effective exchange rate down 4.85 percent and 1.34 percent, respectively. This development is linked to a favorable inflation differential and an appreciation in the U.S. dollar against the euro.

- **The monetary situation at end-June 2019 is marked by 8.2 percent growth in the money supply owing to a surge in domestic loans**. The central government's net claims rose 73.1 percent, reflecting use of the banking system instead of international financial markets. Credit to the economy increased 9.4 percent. In contrast, net external assets declined 29.2 percent from the same time in 2018 as a result of contracting less international bank loans in the first half of 2019 than the Eurobond amount mobilized over the same period in 2018.

8. Public-sector debt remains sustainable with a moderate risk of debt distress. The stock of central government debt, including on-lent debt (*dette rétrocédée*), plus state-guaranteed debt, was 49.5 percent of GDP at end-June 2019, compared to 50.6 percent of GDP at end-2018. The stock of public enterprise debt at end-2018 was 7.4 percent of GDP, of which 3.9 percent was on-lent debt, 2.0 percent was guaranteed debt, and 1.5 percent was non-guaranteed debt. At end-June 2019, the stock of public enterprise debt was 7.7 percent of GDP, of which 3.8 percent was on-lent debt, 2.9 percent was guaranteed debt, and 1.0 percent was non-guaranteed debt. External debt, including state-guaranteed debt, was 33.5 percent of GDP at end-June 2019, compared to 33.8 percent at end-2018. Domestic debt was 16.0 percent of GDP at end-June 2019, compared to 16.8 percent at end-2018. Enterprises serviced CFAF 11.0 billion in debt from on-lending at end-June 2019, compared to the CFAF 29.31 billion predicted for 2019, a 37.5 percent completion rate.

9. The banking sector continues to strengthen as Basel II/III standards enter into force. The financial soundness indicators (FSIs) at end-December 2018 constitute the first reporting according to the new standards. At that date, the sector's solvency ratio was 9.55 percent, compared to 8.79 percent at end-June 2018, for a WAEMU-wide prudential minimum of 8.625 percent. At end-June 2019, developments in the sector further confirmed continued strengthening. The quality of banks' credit portfolio has improved, with a NPL rate of 8.27 percent, compared to 9.16 percent at end-December 2018 and 8.68 percent at end-June 2018. The FSIs for June 2019 are being developed according to the new standards. However, existing indicators reveal an improvement in the provisioning rate from 65.08 percent at end-December 2018 to 72.26 percent in June 2019. The sector's net capital increased 12.5 percent at end-June 2019 from December 2018. Moreover, the liquidation of SAF CACAO did not weaken sector soundness owing to the Banking Commission's instruction for 100 percent provisioning of bank claims on this company, although it affected profits of the banks concerned.

10. The Regional Stock Exchange (*Bourse Régionale des Valeurs Mobilières* – BRVM) is continuing its efforts to revitalize its activities and boost stakeholder confidence. In order to increase market capitalization and foster market development, the BRVM is working to launch a unit dedicated to small and medium-sized enterprises (SMEs) through the "ELITE BRVM LOUNGE" Program and raise awareness on compliance with float rules by listed companies. On June 30, 2019, out of the 45 companies listed, 36 had float levels above the minimum regulatory threshold of 20 percent. Furthermore, to strengthen and diversify financial service offerings, the BRVM initiated (i) the promotion of common debt securitization funds; (ii) the creation of the agricultural commodities exchange, the basic training phase of which was successfully completed with more than 600 people trained; and (iii) the development of the private equity/venture capital industry in Côte d'Ivoire with technical assistance from the World Bank.

B. Program Implementation in the First Half of 2019

11. All the program performance criteria at end-June 2019 were met; the budget balance was CFAF -364.2 billion, against a target of CFAF -427.3 billion, leaving a margin of CFAF 62.3 billion. This margin stems mainly from higher tax revenue (CFAF +12.6 billion), coupled with savings in subsidies and transfers (CFAF 15.7 billion) due primarily to delays in executing certain expenditures. The current net present value of new external debt is US$1.3768 billion, compared to a ceiling of US$2.2316 billion. No external or domestic arrears were accumulated during budget execution at end-June 2019. Net domestic financing is CFAF 138.6 billion, compared to an adjusted ceiling of CFAF 241.1 billion, leaving a margin of CFAF 102.5 billion. This reflects the offsetting of a delay in mobilizing a part of external financing by tapping into the sub-regional market. Of the CFAF 500 billion in international bank financing expected, only CFAF 150.9 billion had been mobilized at end-June 2019.

12. All indicative benchmarks at end-June 2019 were met. Tax revenue totaled CFAF 1.9851 trillion, relative to a floor of CFAF 1.9732 trillion, a gain of CFAF 11.9 billion. Expenditures by advanced procedures totaled CFAF 46.7 billion, compared to a ceiling of CFAF 90.3 billion. "Pro-poor" expenditures totaled CFAF 1.1929 trillion, against a floor of CFAF 1.0816 trillion, a gain of CFAF 111.3 billion. The net reduction in the stock of amounts payable was CFAF -89.3 billion, against a target floor of CFAF -40.5 billion. The basic primary balance was CFAF 189.9 billion, against a target floor of CFAF 72.5 billion, yielding a margin of CFAF 117.3 billion.

13. All except one structural benchmark at end-March 2019 and end-June 2019 were met.

- The action plan to streamline tax exemptions was adopted by the Council of Ministers in March 2019.
- The summary table of public enterprise debt service was produced on time at end-March and end-June 2019.
- The financial position report for Air Côte d'Ivoire at end-June 2019 was produced.
- The pump prices of petroleum products continue to reflect international trends in oil prices, in accordance with the automatic price adjustment mechanism, and the fuel tax revenue targets provided for in the 2019 budget law were achieved.
- Of a total of 203 enterprises that received VAT credit refunds in 2018, 51 (or 25 percent) were audited in the first half of 2019.
- Financial performance monitoring committees were created, and dashboards were developed for performance contracts signed at end-December 2018.
- The Integrated Public Procurement Management System (*Système Intégré de Gestion des Marchés Publics* – SIGMAP) was deployed in five communities outside Abidjan: Autonomous District of Yamoussoukro, Regional Council of Gontougo (Bondoukou), Regional Council of Poro (Korhogo), Regional Council of Tonkpi (Man), and Regional Council of Haut Sassandra (Daloa).
- However, the Single Taxpayer Identification Number (STIN) could not be assigned to all new enterprises as of end-March 2019 and, at this stage, the registration of new enterprises is limited to the district of Abidjan and interior cities subject to the Abidjan Trade Tribunal under CEPICI jurisdiction. This is because the structures are being deployed across the territory. Nevertheless, more than 80 percent of new enterprises created from October 2018 to August 2019 have been assigned a STIN. The re-registration of existing enterprises based on the STIN did not start, initially because of technical issues and subsequently due to delays in the availability of funds.

14. The government has implemented other major reforms since the fifth review.

Price Adjustment

- The price of coffee and cocoa guaranteed to producers continued to reflect trends in international prices, in accordance with the price guarantee mechanism. Therefore, the farm-gate price of cocoa was maintained at CFAF 750 for the 2018–19 season, whereas that of coffee was set at CFAF 750 for 2017–18.

- The farm-gate price of cashew nuts was set at CFAF 375/kg in 2019, compared to CFAF 500/kg in 2018.

- The floor price for cottonseed was set at CFAF 265/kg for the 2018–19 season.

Fiscal Policy

- The single exit tax on cashew nuts was raised to 7 percent on April 1, 2019, from 3.5 percent between August 2018 and March 2019.

- Côte d'Ivoire enhanced its mechanism for fighting tax evasion and the illicit transfer of profits through its adhesion to Base Erosion and Profit Shifting (BEPS) in January 2018 and to the multilateral tax information exchange framework. On January 1, 2019, it began to overtax transfers to low-tax jurisdictions, the definition of which was also reinforced. It further introduced sanctions for enterprises that do not fulfill the country-by-country reporting obligation.

- The cocoa registration tax was re-introduced as of the 2018 season at a rate of 1.5 percent.

- A total of CFAF 52.2 billion in tax arrears was recovered at end-June 2019, compared to the CFAF 51.9 billion recovered over the same period in 2018.

- The action plan to streamline tax exemptions in 2020–2023 was adopted by the Council of Ministers on March 27, 2019 (structural benchmark at end-March 2019). It provides for the nonrenewal of temporary exemptions that are expiring and the elimination of certain exemptions that do not comply with WAEMU directives.

- A 10 percent excise tax was introduced on vehicles with horsepower equal to or greater than 13 as well as on marble.

- The excise tax on tobacco was raised by 1 percentage point.

Tax Administration

- Côte d'Ivoire's Integrated Tax Management System (*Système intégré de gestion des impôts* – SIGICI), designed to secure tax revenue, provide reliable information for tax audits, track the status of compliance with tax obligations in real time, and provide decision-makers with relevant information for effective control, is being deployed gradually in the Directorate General of Taxes (*Direction Générale des Impôts* – DGI) and has been in effect in the Large Enterprises Directorate (*Direction des Grandes Entreprises*) since February 2019 and in the Medium-Sized Enterprise (*Direction des Moyennes Entreprises*) Directorate since July 2019.

- The Property Tax Collection Optimization Committee (*Comité d'Optimisation du Rendement de l'Impôt Foncier* – CORIF) continued its work in 2019, particularly by adding 19,468 new plots to the database, bringing the total number of taxable plots to 257,628 at end-June 2019. Cadastral work continues with the implementation of a dedicated application (E-Cadastre Côte d'Ivoire) in since April 2019. This application enables parcel identification and will cover the entire territory. Targeted censuses of landowners were conducted in high potential areas (Assinie, Songon, San-Pedro, Cocody, and Yopougon) and were used to populate the E-Cadastre application.

Customs Administration

- The Côte d'Ivoire and Burkina Faso customs systems were interconnected effective March 22, 2019.
- The visit management module in the SYDAM World system was finalized in June 2019. It is being tested until end-2019. Once operational, it will allow tracking of all customs operations and will automate adjustments based on simplified electronic minutes.
- The used vehicle customs clearance computer system (SYDAM AUTO) was extended to border offices in January 2019.
- The customs/oil sector coordination framework (Decision No. 028/SEPMBPE/DGD of 3/11/2019) was revived with the help of more regular meetings in order to better fight against petroleum product fraud.
- Effective April 1, competencies under the Webb Fontaine contract were transferred to the Directorate General of Customs. This transition was prepared over nine months before the end of the contract through the establishment of a committee in charge of coordinating this transition and did not cause disruptions in revenue collection.
- A new pilot phase of the import conformity verification program took place from February 15 to June 30, 2019, with ongoing development of the procedures for obtaining certificates of conformity. Import revenue mobilization was not found to be negatively affected during this pilot phase. The program entered its active phase on July 1, 2019. Care must be taken to ensure that the shift to the active phase does not cause revenue mobilization issues.

Fiscal Risk Management

- The audit on the quantification of fiscal risks related to public-private partnerships (PPPs) was finalized in July 2019 and concluded that most commitments do not expose the State to fiscal risk in the short term. The audit report will be updated by the CNP-PPP every year to take account of new production and changes to past projects.
- Pursuant to Decree No. 2018-358 of March 29, 2018, the extraordinary PPP contracting methods (direct negotiation and competitive dialogue) are systematically submitted ahead of time to the CNP-PPP for no objection and transmitted to the Minister of Budget for approval. The share of PPP contracts awarded according to an extraordinary method dropped from 100 percent of the value of PPP contracts in 2014 to 85 percent in 2018, a reflection of the commitment to favor competitive bidding in PPPs. It should also be noted that a significant share of contracts awarded using an extraordinary method are actually extensions of existing contracts or renewals of contracts that have expired but where there is a clear economic advantage to continue the project with the operator. For example, in 2018, 71 percent of the contracts awarded through an extraordinary method were contract extensions (50 percent) or renewals (21 percent).
- The decree establishing the borrowing and guarantee threshold for state-owned enterprises was issued in April 2019.

Public Finances

- The 2019-20 Action Plan of the Public Finance Reform Blueprint (*Schéma Directeur de la Réforme des Finances Publiques* – SDRFP) adopted in August 2018 was enhanced to take into account the recommendations stemming from the public finance management system evaluation carried out according to the Public Expenditure and Financial Accountability Assessment (PEFA) 2016 methodology, particularly the effective transition to program budgeting, the implementation of internal control by public administrations, and the strengthening of transparency in public financial management.
- The citizen budget was prepared and published in March 2019, and disseminated among the public.
- The cash advance management module is operational. It was used to earmark allocations by ministry in order to regularize the advances granted.
- The Integrated Public Financial Management System (*Système intégré de gestion des finances publiques* – SIGFiP) continued to be deployed, with the connection of 11 new national representative offices abroad and 6 domestic locations since the start of 2019. The total number of national representative offices abroad connected now stands at 43 out of the 52 planned.

- The "Preparation of Budgetary Measures" module in the Integrated Fiscal Management System (SIB) is operational and was used to prepare the 2020 budget.
- The SIB "State Budget Execution" module is being finalized for program budget execution in 2020. Tests are carried out regularly as it is being developed.
- The implementation of phase 1 of the e-procurement application to render public procurement paperless as part of the 2019 management process has begun with 25 ministries. Ministries use the application to plan their procurement operations and prepare tender documents.
- SIGMAP was deployed in five communities outside Abidjan (structural benchmark at end-June 2019).
- In 2019, the State Asset and Subscription Control Brigade (*Brigade de Contrôle des Abonnements et du Patrimoine de l'Etat* – BCAPE) continued to check electricity and water installations (for 100 water meters) in the district of Abidjan.
- The transition to program budgeting is entering its active phase with the adoption of regulations, the adaptation of management tools to the new budget preparation mode, namely the Multiyear Economic and Budget Programming Document (DPBEP), the Budget Orientation Debate (DOB), the Multiyear Expenditure Programming Document – Annual Performance Project (DPPD-PAP), the Performance Contract, and the Operational Contract, as well as the development of computer tools (Budget act development module) and training for key stakeholders. Commitment authorizations and payment appropriations are included in the DPPD 2020–22 and in the 2020 budget law.
- The Treasury Single Account (TSA) became operational on June 3, 2019, for the central government. At end June 2019, 486 accounting items (DGI, DGD, DGTCP) were connected to the TSA revenue component and 285 public treasury payer accounting items were connected to the expenditure component. However, 99 accounting agencies of national public institutions (EPNs) have yet to be connected, as do 60 co-financed projects, which require negotiation with donors. In the first half of 2019, 408 accounts in public and commercial banks were closed, while another 1,216 accounts yet remain to be closed.
- With respect to the preparation of the government fiscal reporting table (TOFE) according to the *Government Finance Statistics Manual* (*GFSM*) 2001/2014, work continues on broadening the scope with a view to including, in addition to the central government, social security funds, EPNs, and four extrabudgetary units, namely the Road Maintenance Fund (*Fonds d'Entretien routier* – FER), the Coffee-Cocoa Board (*Conseil Café-cacao* – CCC), the National Universal Telecommunication Services Agency (*Agence Nationale des Services Universels de Télécommunication* – ANSUT), and the Industrial Development Fund (*Fonds pour le Développement Industriel* –FODI). The 2016 annual TOFE including these elements

was prepared and validated in October 2019. In addition, the 2018 annual TOFE for the central government, social security funds, and EPNs was prepared and validated in October 2019. Lastly, the quarterly TOFE at end-June 2019 for the central government according to the *GFSM 2001/2014* was produced in August 2019.

Energy Sector Equilibrium

- All electricity sector arrears to independent gas producers and suppliers, except for Soubré, were reduced from CFAF 138.96 billion at end-December 2018 to CFAF 27.7 billion at end-July 2019 following the CI-Energie debt restructuring that took place through market fundraising. The arrears balance at end-July 2019 now equals one month of overdue invoices for gas suppliers and independent power producers, except Soubré, in keeping with the clearance plan. The stock of arrears at Soubré was CFAF 62 billion at end-June 2019. The clearance of these arrears with a time horizon of 2022 is incorporated into the sector's financial planning.

- A memorandum of understanding (MOU) on the clearance of cross debt and claims as of December 31, 2018 was signed between the State, SIR, and PETROCI in June 2019. In this respect, the State has surrendered to PETROCI its CFAF 29.6 billion claim on SIR, SIR and PETROCI have offset claims in the amount of CFAF 30 billion, and the State and PETROCI have equally offset claims in the amount of CFAF 18.2 billion. Upon completion of these operations, the remaining SIR and State claims on PETROCI, totaling CFAF 48.3 billion and CFAF 26.9 billion, respectively, will be cleared according to the agreed timelines.

Financial Sector Development

- The Credit Information Bureau database (CréditInfo Volo) was strengthened with the registration of new persons, bringing the number of registered individuals at June 30, 2019 to 3.13 million, 10,996 of whom are legal persons. This is compared to 2.8 million total and 9,105 legal persons at end-2018. Credit scoring services were developed by CreditInfo Volo and are available to financial institutions. The procedure for integrating large public utilities in the Credit Information Bureau database was completed.

- The activities of the Financial Services Quality Observatory (*Observatoire de la Qualité des Services Financiers* – OQSF) were launched in April 2019 to increase user confidence in financial institutions and promote the principles of financial transparency.

- The National Financial Inclusion Strategy (*Stratégie Nationale d'Inclusion Financière* – SNIF) 2019–2024 was adopted in May 2019. It seeks to raise the financial inclusion rate from 41 percent in 2017 to 60 percent in 2024 by (i) improving access to financial services for vulnerable and excluded populations; (ii) promoting digital finance; (iii) providing financial education and client protection; (iv) ensuring adapted, evolving regulation and effective supervision; and (v) implementing an appropriate fiscal and policy framework.

- The recapitalization plan of the National Union of Savings and Loan Cooperatives (*Union Nationale des Coopératives d'Epargne et de Crédit de Côte d'Ivoire* – UNACOOPEC) has been implemented, with a CFAF 10.9 billion contribution at end-May 2019 from members, against a target of CFAF 38.8 billion.

- An interim report on mapping existing risks associated with the fight against money laundering, the financing of terrorism, and the proliferation of weapons of mass destruction (AML/CFT/WMD) was produced in September 2019 and submitted to World Bank experts.

Banks and Public Financial Entities

- The Government created the Caisse de Dépôts et Consignations de Côte d'Ivoire (CDC-CI) in June 2018. The main mission of this office is to ensure the secure management and preservation of public and private funds and to contribute to the financing of the economy by mobilizing long-term resources. To that end, it ensures financing of national development infrastructure and very small, small, and medium-sized enterprises, a segment that is insufficiently covered by current financial actors. The Supervisory Board was established on February 25, 2019, and the Directorate General was put in place with the appointment of the Director General and the Secretary General in March 2019. Furthermore, a roadmap, adopted for 2019, enabled the CDC Directorate General to start its activities with, in particular, the acquisition of space, the launch of a staff recruitment process, and the implementation of a minimum organizational framework. In accordance with the Act creating the CDC-CI, the Caisse's resources are derived mainly from the funds of clients in legal professions (including notaries, lawyers, and court clerks), deposits and funds from subject or requesting agencies, a portion of funds from the government's social welfare policy, dormant funds, and fundraising on the capital market. The securing of resources and managing of funds is mainly governed by the Act to create the CDC, which defines the management and governance framework for funds managed by the CDC-CI.

- The implementation of the restructuring plan for the public savings bank (*Caisse Nationale des Caisses d'Épargne* – CNCE) continued with the creation of specialized (Risk and Audit) committees in May 2019, the sale of assets worth CFAF 21.9 billion in July 2019, and the change in name and graphic charter by end 2019 for "rebranding."

- The share capital of the National Investment Bank (*Banque Nationale d'Investissement* – BNI) was raised to CFAF 20 billion with the entry of the National Social Security Fund (*Caisse Nationale de Prévoyance Sociale* – CNPS) as a shareholder in March 2019. However, overall capital is not yet in line with the prudential level.

- The capital of Versus Bank was built up to the required level following the entry of the Civil Service Pension Fund (*Caisse Générale de Retraite des Agents de l'État* – CGRAE) as a new shareholder.

- The process of transferring government shares in the Côte d'Ivoire Housing Bank (*Banque de l'Habitat de la Côte d'Ivoire* – BHCI) to a private operator was completed in May 2019, in accordance with regulatory provisions. The BHCI is now a private bank. However, State reimbursement and the injection of liquidity for recapitalization have not yet taken place. A report on the BHCI's current situation was submitted to the Banking Commission in September 2019 and will be used as a basis to identify appropriate measures.

Business Climate

- The online land registry application E-Cadastre was deployed in April 2019.
- Statistics on the judicial activity of the Abidjan Trade Tribunal were published online in April 2019.
- The time it takes to conduct geotechnical studies was reduced from 25 to 10 days in April 2019, whereas fire safety notice issuance times were reduced from 10 to 2 days in April 2019.
- Certificate of conformity issuance times were reduced from 73 to 10 days in May 2019.
- Online reporting of social security contributions began in July 2019.

Good Governance

- The collection of asset declarations by the High Authority for Good Governance (*Haute Autorité pour la Bonne Gouvernance* – HABG) from various public agents and figures subject to this obligation continued. At end-July 2019, the overall asset reporting rate was 78.6 percent, compared to 77.7 percent at end-December 2018 and 62.86 percent in 2017.
- Awareness-raising activities on good governance continued among the population; five regions were visited, five local integrity committees comprising unions, non-governmental organizations, and women's and youth groups were set up; and five anti-corruption platforms composed of the local public administration, elected officials, and the local integrity committee were put in place.
- HABG investigations were stepped up with the opening of 19 inquiries into alleged acts of corruption and similar offenses.

15. The implementation of the PSGouv led to the completion of major projects in favor of the poorest populations (Box 1). In the first half of 2019, CFAF 112 billion was executed against an annual target of CFAF 359.1 billion, a budget execution rate of 31.2 percent. Expenditures pertained mainly to village electrification, electricity for all, youth employment, the regrading of rural roads, education, and the operationalization of the CMU, among other things.

Box 1. Main PSGouv Achievements in the First Half of 2019

- As of the first quarter of 2019, 50,000 rural households each received CFAF 36,000 quarterly in monetary transfers under the social net program, compared to 35,000 households at end-2018, for a total of CFAF 3.7 billion.
- The operationalization of the CMU continued with (i) the identification of 1,764,364 people at end-June 2019 for whom 1,191,414 cards were produced, including 352,149 withdrawn by holders; (ii) the start of work to refurbish 86 of the 301 first-contact health facilities; and (iii) the deployment of National Health Insurance Fund (*Caisse Nationale d'Assurance Maladie* – CNAM) management tools in 581 health centers out of the 725 identified.
- In all, 12,806 young people received entrepreneurship training, skills development, and internship opportunities as part of the employment and empowerment support program.
- Schol access, retention, and education conditions were strengthened with (i) the launch of a process to recruit 10,300 preschool, primary and secondary school teachers, who should be available for the 2019–2020 school year; (ii) the addition of 524 preschool and 2,553 primary school classrooms; (iii) the opening of 34 colleges at the secondary school level, including the Grand Bassam upper secondary school of excellence, the expansion of 12 colleges with the introduction of graduate-level classes, and the transformation of six colleges into upper secondary schools, and (iv) the ordering of 140,000 bench desks out of the 250,000 planned for 2019.
- The procurement process in 1,154 rural localities was completed, with 169 localities already electrified out of the 1,838 to be connected in 2019–2020 as part of the National Rural Electrification Program (*Programme National d'Electrification Rurale* – PRONER).
- A total of 92,557 households were connected/subscribed to the power grid, out of an annual target of 200,382, under the Electricity for All Program (*Programme Electricité Pour Tous* – PEPT).
- In all, 19,251 connections were made, 5 localities were connected to the public urban drinking water service, and 21 improved urban and village water infrastructure systems were built to improve access to drinking water.
- From March to June 2019, 15,871 km of dirt and rural roads were regraded.

ECONOMIC AND FINANCIAL PROGRAM FOR 2019–20

A. Program Objectives for the Rest of 2019 and for 2020

16. The government's objectives continue to be to strengthen the structural transformation of the economy and to considerably reduce poverty by accelerating the implementation of the NDP 2016–20 supported by the PSGouv 2019–20. In addition to the overall strengthening of the business and governance climate, special focus will be placed on attracting private investment in strategic sectors, particularly agro-industry. To that end, the processing of agricultural products will be boosted by accelerating the implementation of programs to improve competitiveness of cocoa and cashew nut processing companies. Efforts will also focus on building structural socioeconomic infrastructure, increasing human capital and implementing environmental conservation initiatives. Furthermore, to make growth more inclusive, the government plans to speed up the implementation of 2016–20 PND projects with high social impact through the execution of the PSGouv 2019–20, while adhering to fiscal consolidation objectives. With the goal of elevating Côte d'Ivoire to the rank of an emerging country, discussions are underway on the preparation of the NDP 2021–25, following the NDP 2012–15 evaluation and the NDP 2016–2020 midterm evaluation. These discussions are based on the national prospective study "Côte d'Ivoire 2040" as well as on the strategic study conducted by an international firm and the analyses of technical and financial partners, including the European Union, the World Bank, and the IMF. A conference will be organized before the end of 2019 to launch the NDP 2021–25, the preliminary draft of which should be available in the first half of 2020.

17. The Economic and Financial Program 2016–19, and its extension to 2020, seek to support the proper implementation of the NDP 2016–20 by maintaining the solidity of the macroeconomic framework. It focuses on:

- preserving the soundness of the macroeconomic framework and government fiscal space through continued efforts to mobilize domestic revenue;
- strengthening public financial management and public enterprises;
- improving the business climate and developing the private sector;
- consolidating and developing the financial sector; and
- strengthening the statistical system.

18. The Economic and Financial Program aims to maintain domestic and external balances, while ensuring strong and sustained growth. For 2019 and 2020, the overall fiscal deficit is expected to be 3.0 percent of GDP, in line with the WAEMU community standard, compared to 4.0 percent in 2018. Inflation should be contained below the community standard of 3 percent, and the current account deficit should remain contained at around 4.2 percent of GDP. These balances will be maintained in the medium term through continued efforts on public financial management consolidation and structural transformation of the economy.

19. Moreover, as part of the Economic and Financial Program, the authorities committed to the following actions supported by structural benchmarks (SB):

- Apply the retail fuel price adjustment mechanism to preserve fuel tax revenue above the minimum level specified in the budget law. *(Quarterly SB)*
- Assign a Single Taxpayer Identification Number (STIN) to all new businesses and re-register at least 40 percent of firms recorded in the large and medium-sized firm directorates with a STIN. *(SB at end-December 2019)*
- Produce a report on discrepancies between Ivoirien import data and international data on exports to Côte d'Ivoire for 20 large products in terms of customs import revenue and

prepare an action plan to respond to identified shortcomings. *(SB at end-March 2020)*

- Produce, by the end of each quarter, a summary table of public enterprise debt service in the preceding quarter, based on progress in data availability. *(Quarterly SB)*

- Submit a report on the financial situation of Air Côte d'Ivoire every six months. *(SB at end-December 2019 and end-June 2020)*

- Develop a dashboard and produce, at the end of each quarter, the main financial indicators for state enterprises and enterprises which are majority owned by the government for the preceding quarter. *(SB at end-March 2020 and end-June 2020)*

- Extend the 2018 TOFE coverage according to *GFSM 2001/2014* standards to include the central government, two social security funds (CNPS and CGRAE), local governments, four extrabudgetary units (FER, CCC, FODI, and ANSUT), and EPNs. *(SB at end-June 2020)*

B. Macroeconomic Framework

20. Economic activity should remain dynamic for the rest of 2019 and in 2020. Overall, growth should continue to be driven by the momentum of the private sector and the accelerated implementation of investment projects under the NDP 2016–2020. It should particularly benefit from (i) good PSGouv execution; (ii) the beneficial effects of cooperation agreements between Côte d'Ivoire and Ghana in the coffee-cocoa industry, particularly on producers' revenue; (iii) the implementation of programs to improve the competitiveness of cocoa and cashew nut processing companies; and (iv) the consolidation of the financial position of the electricity and hydrocarbon sectors.

- **Growth in 2019**, projected to be 7.5 percent (compared to 7.4 percent in 2018), should be driven, on the demand side, by dynamic household final consumption and private investment. On the supply side, growth should be carried mainly by the secondary and tertiary sectors. The secondary sector is expected to gain 9.7 percent, buoyed by construction and public works (+18.0 percent), energy (+7.0 percent), petroleum products (+17.7 percent), other manufacturing industries (+6.0 percent), and the agri-food industry (+15.0 percent) in connection with the processing of agricultural products. The tertiary sector should grow 9.1 percent owing to all its components, namely transportation (+9.2 percent), telecommunications (+12.0 percent), trade (+8.6 percent), and other services (+8.5 percent). The primary sector should post a growth rate of 2.3 percent owing to subsistence farming (+3.8 percent), which is benefiting from the implementation of the second National Agricultural Investment Program (*Programme National d'Investissement Agricole* – PNIA 2) under the National Rice Development Strategy (*Stratégie Nationale de Développement du Riz* – SNDR) and the revitalization of professional organizations. Export-oriented agriculture is expected to stagnate under the combined effects of declined production of some crops, including coffee (-24.2 percent), cocoa (-0.6 percent), and cashew nuts (-4.1 percent), and an increase in others, such as banana (+23.4 percent), cotton (+13.7), and pineapple (+11.8 percent).

- **For 2020**, the growth rate is projected to be 7.3 percent and should be driven mainly by a substantial increase in subsistence farming (+4.0 percent), agri-food industries (+12.6 percent), energy (+8.2 percent), mining (+5.9 percent) related to ongoing investments, construction and public works (+17.0 percent), and services (+8.9 percent). On the demand side, investment, especially private investment, and final consumption should drive growth.

21. Average annual inflation is projected to be 0.8 percent in 2019 and 2020, below the 3.0 percent community standard.

22. The current account deficit should be contained around 4.2 percent of GDP in 2019 and 2020. For 2019, the current account deficit is expected to improve to 4.2 percent of GDP, from 4.7 percent in 2018, thanks to a strong trade balance resulting from higher cocoa prices and an increase in cocoa processing as well as a rise in gold, petroleum products, and cotton production. In 2020, the current account deficit should also be 4.2 percent of GDP.

23. The money supply should increase 8.9 percent in 2019 and 14.2 percent in 2020, after 13.4 percent in 2018. The change in the money supply in 2019 is expected to stem from the increase in domestic credits, owing mainly to the increase in credits to the economy (+11.6 percent) related to dynamic activity in the private sector, and the +3.9 percent rise in net claims on the government. In contrast, net external assets are expected to contract 1.4 percent. In 2020, growth in the money supply should be driven mainly by dynamic domestic claims.

C. Fiscal Policy

24. The government will continue its fiscal consolidation policy in public financial management in 2019 and 2020. As such, it will continue its efforts to:

- reduce the overall fiscal deficit to 3 percent of GDP in 2019 and 2020 and in the medium term;
- improve tax revenue collection;
- control operating expenditures, while prioritizing expenditure for fighting poverty and reducing social disparities;
- improve the efficiency of capital expenditure and strengthen fiscal risk management; and

- improve public finance management performance, including by operationalizing program budgeting.

25. These objectives are part of continued efforts beyond the program's duration and over the medium term, particularly as concerns the mobilization of domestic revenue. Aside from the tax and customs administration and digitization reform initiatives, longer-term efforts will also be made on fiscal policy. In March 2019, the government adopted a plan to streamline tax exemptions, slated to begin in 2020 and ramp up in 2021–22. Furthermore, and in keeping with the commitments made by the government in its Decision No. 02/CM/2019/UEMOA adopting the action plan on the optimal mobilization of tax revenue in WAEMU countries, endorsed during the WAEMU Council of Finance Ministers meeting in June 2019, the government plans to develop the following: (i) broadening of the VAT tax base; (ii) property tax reform; and (iii) direct taxation reform, particularly to reduce the effects of the SME taxation threshold. To that end, the government plans to carry out the following:

Fiscal Policy

- Define a fiscal policy that will effectively close tax loopholes.
- Define appropriate taxation for SMEs/SMIs and micro-enterprises.
- Continue to streamline exemption regimes, including the VAT.
- Continue to simplify the tax mechanism.

Tax and Customs Administration

- Build on the digitization accomplishments (SIGICI, database of financial statements and taxpayer invoices, E-Cadastre, UIN) to connect the different databases, strengthen risk analysis, and focus control.
- Continue to reorganize the tax administration to meet taxpayer monitoring efficiency requirements. In particular, the positive experiences of the large and medium-sized enterprise directorates will be extended to micro and small enterprises.
- Strengthen customs transit and border control oversight, continue efforts to fight against fraud by continuing to equip border offices, while putting in place an economic operator certification program to encourage good practices.

26. The fiscal deficit will be brought back to 3 percent of GDP in 2019 after 4 percent in 2018.

- Total revenue, including grants, should reach 20.3 percent of GDP. The tax burden is expected to be 16.6 percent of GDP, compared to 16.2 percent of GDP in 2018, in accordance with the commitments made during the fourth review. In light of the BIC mobilization revenue shortfall in the first half of 2019, offsetting measures were taken to preserve the program target for the tax ratio. This notably includes (i) taking into account the road tax allocated to the Road Maintenance Fund; (ii) taking into account stamp duties on biometric passports; (iii) holding auctions for long-term containerized goods abandoned at the Autonomous Port of Abidjan; (iv) strengthening control over petroleum products by cross-checking delivery slips and declarations; (v) strengthening control over the clearance of suspensive procedures; and (vi) strengthening the recovery of customs duty arrears. Revenue of CFAF 5 billion is expected with respect to the latter point, and an implementation report will be produced in January 2020.

- Total expenditures and net loans should be 23.3 percent of GDP. Investment expenditure is expected to be 6.2 percent of GDP.

- The State's financing need will be met through the regional market in the amount of CFAF 871.5 billion and through foreign-currency financing in the amounts of CFAF 592.0 billion from project loans, CFAF 152.5 billion from donors, including the IMF, and CFAF 500 billion from international financial markets.

27. The government reaffirms its desire to keep the fiscal deficit at 3 percent of GDP in 2020.

- To do this, it plans to continue with revenue mobilization efforts. Revenue, including grants, should total 20.2 percent of GDP owing mainly to an additional increase in the tax burden of 0.2 of a point of GDP, reaching 16.8 percent of GDP in 2020. This increase in the tax ratio will be supported through continued digitization efforts and, consequently, stronger control. Furthermore, the Ministry in charge of the Budget will continue its efforts to identify and integrate all affected revenues not yet recorded in the TOFE.

- Total expenditures and net loans are expected to be 23.2 percent of GDP, down 0.1 of a percentage point of GDP from 2019. In this context, the government will continue efforts to control operating expenditures. Current expenditure should therefore drop 0.6 of a percentage point of GDP to 13.3 percent of GDP in 2020. This would free up the necessary fiscal space to strengthen investment expenditure while responding efficiently to social needs. In particular, investment expenditure should rise 0.3 of a percentage point of GDP to 6.4 percent of GDP in 2020.

- With regard to the wage bill, the government will continue to implement the wage bill control strategy in order to maintain the downward trend of the "wage bill-to-tax revenue" ratio, which should be 40.3 percent in 2019, 37.5 percent in 2020, and 34.9 percent in 2023, despite the addition of trainee teachers to the civil service in 2022. To do this, the government will maintain its policy to decrease recruitment in sectors other than education/training and health through its recruitment policy of one new hire for every two departures, along with the voluntary separation policy included in the military planning law.

- The State's financing need will be met through the regional market in the amount of CFAF 1.002 trillion and through foreign-currency financing in the amounts of CFAF 694.2 billion from project loan disbursements, CFAF 321.7 billion from donor programs, including the IMF, and CFAF 492.9 billion from international financial markets. Privatization operations are expected to bring CFAF 116 billion. If these privatization revenues do not materialize, they would be offset through the sub-regional financial market for the same amount.

- The government plans to continue to implement fiscal regulation to align the consumption of budget appropriations with the rate of revenue collection in order to meet program targets. In the event of unfavorable revenue collection trends, the government will thus take equivalent compensatory measures on the revenue side or adjust expenditures. The government also intends to protect high-impact spending on poverty reduction.

D. Social Policy and Employment

28. The government put in place a mechanism to monitor PSGouv implementation through monthly reporting and a quarterly review in the Council of Ministers in order to improve the effectiveness of project execution. PSGouv implementation in the second half of 2019 and in 2020 should provide electricity to all 1,838 villages with more than 500 inhabitants in Côte d'Ivoire and the procurement process was finalized for 1,160 of them. The CMU mainstreaming phase should begin in October 2019 with the goal of providing health coverage to vulnerable and indigent populations (see Box 2). PSGouv should also provide internship, skills development, self-employment, and employment opportunities to close to 305,000 young people and help to reduce information asymmetry between job offerors and applicants through lower costs of accessing information by bringing employment centers closer to the populations and improving the collection of information. In rural areas, PSGouv will continue to help improve the living conditions of the population through the combined effect of programs involving village pump repairs, the regrading of rural roads, electrification, and grid connection, in addition to policies to improve the revenue of producers in rural areas.

Box 2. CMU Operationalization: Achievements and Outlook

The CMU, introduced through Law No. 2014-131 of March 24, 2014, aims to provide all Ivoirien citizens and permanent residents equitable access to quality health care at affordable prices. It is managed by the Social Welfare Institution – National Universal Health Insurance Fund (IPS-CNAM) created for that purpose.

Implementation achievements as at end-July 2019

Formalization of legal framework

- All implementing decrees of the Law establishing the CMU were adopted.
- Nearly all implementing orders of the Law and the aforementioned decrees were signed, except for those on the modalities for collecting contributions from employees in the informal sector (agriculture, small merchants, artisans, etc.) which are currently in development.

Pilot phase: student coverage

- The CMU pilot phase was launched on April 25, 2017, with students from Abidjan, Daloa, Bouaké, Yamoussoukro, and Korhogo.
- Of the 150,000 students, 78.3 percent were enrolled and 57.45 percent withdrew their insurance cards.
- Student contributions were covered by the State in the amount of CFAF 900 million.
- Nine university health care centers were renovated for a total of CFAF 2.2 billion.
- During this phase, 66,613 benefit documents were produced.

Identification of target populations

- The biometric enrollment of target populations (indigent individuals, students, retirees, formal and informal sector workers, and dependents) enabled the registration of 1,764,364 people, with 1,191,414 cards produced, including 352,149 withdrawn by holders.

Roll-out process

- The roll-out phase, launched on July 1, 2019, will be carried out through the gradual integration of target populations while expanding the network and the health care basket.

Contributions from insured persons

- The total target population to be covered at end-2020 is estimated to be 5.3 million people.
- The collection of contributions from formal sector workers and retirees began on July 1, 2019; these individuals represent a population of 1,923,173 people (including dependents) covered at end-August 2019, for a target of 2.5 million for 2020.
- With respect to the informal sector and the self-employed, the target for 2020 is to cover 935,550 million people. At end-August 2019, 6,680 informal sector workers began to pay their contributions. Agreements were signed between the IPS-CNAM, mobile telephone companies, and banking and financial institutions to facilitate payment of contributions by the target populations. Sectoral studies were carried out following a mapping of the informal sector in order to find additional institutional collection modalities adapted for retaining and sustaining the contributions of this target group.
- The indigent population expected to benefit from the medical assistance regime is estimated to be 800,000 people at end-2020. The process for integrating this population began on October 1, 2019. The State will provide coverage for this population.

Box 2. CMU Operationalization: Achievements and Outlook (Concluded)

- Unlike during the pilot phase, students will have to make their contributions themselves, in accordance with the interministerial order establishing the terms for their contributions. The student population targeted at end-2020 is 135,000 people.

Health care services

- For the time being, a fairly reduced health care basket has been selected.
- Enrolled retirees, formal and informal sector workers, and their dependents can receive health care as of October 1, 2019.
- The deployment of CMU management tools in the first health care network began in July 2019 in 725 health care institutions located around locations with at least 1,000 enrolled individuals. The deployment in the second network began in October 2019, covering localities with at least 500 enrolled persons. The process will continue until the entire territory is covered.

CMU viability

- The target for the CMU population coverage rate is 17 percent in 2019 and 23 percent in 2020 and should grow gradually to 44 percent in 2024, which is approximately 11.2 million people.
- The monthly contribution per beneficiary is CFAF 1,000.
- The coverage rate is 70 percent, with a user fee of 30 percent to be paid by the insured.
- The State will provide support to the CMU by financing investments, recruiting operational agents (doctors, specialists), and covering the contributions of the indigent population.

The CMU model should generate sufficient resources (contributions from insured persons) to meet the coverage commitments for the insured. Since the process is entirely new and because it is difficult to predict the financial balances that will emerge during CMU implementation in 2020, an evaluation of the first year of coverage rollout will be carried out at end-2020 and will allow for adjustments to be made if deemed necessary.

29. PSGouv financing is consistent with the State's budgetary framework and all utilized resources come from the State and technical financial partners (TFPs). To use resources efficiently and bearing in mind the importance of traceability, financing which is not eligible for a second budgeting round is tracked for certain PSGouv projects. Out of an overall cost of CFAF 934.2 billion, including CFAF 401.2 billion covered in 2019, the PSGouv budget should reach CFAF 496.0 billion in 2020 (see Table 1). PSGouv financing will be covered with budgetary resources and through extrabudgetary financing.

- For 2019, budgetary expenditures are expected to be CFAF 246.3 billion, including CFAF 34.8 billion in subsidies and transfers. Investment expenditures should be CFAF 172.0 billion, including CFAF 119.2 billion financed through the Treasury and CFAF 74.3 billion through project loans and grants. Extrabudgetary resources should total CFAF 154.9 billion, derived from the PRONER and PEPT programs.

- In 2020, financing will be covered through the State budget in the amount of CFAF 417.4 billion, including CFAF 379.3 billion in investment expenditures split between

Treasury financing in the amount of CFAF 203.1 billion and project loans and grants in the amount of CFAF 176.2 billion. Extrabudgetary resources should be CFAF 233.5 billion.

- Treasury-financed expenditures include social net extension, with financial support from the World Bank. This will increase the number of beneficiaries in rural areas and take into account peri-urban areas. The number of beneficiaries should therefore increase to 80,000 households at end-2019 from 50,000 since March 2019 and 35,000 in 2018. Also, the African Development Bank (AfDB) is providing the government with budgetary support (CFAF 48.6 billion) and multisectoral support (CFAF 72.9 billion), which can be mobilized in 2019 and 2020.

- In 2020, additional projects totaling CFAF 58.8 billion could be considered if financing is identified. In this event, reallocations will be made in the budget to keep the fiscal deficit at 3 percent of GDP.

Transcription of the PSGOUV 2019–20 in the Fiscal Accounts

LIBELLE	TOFE 2018 and prior (cash accounting)	TOFE 2019	TOFE 2020	TOTAL	Financing to be identified	TOTAL (including financing to be identified)
Wage bill	0	0	0	0.0		
Subsidies and transfers	0.0	34.8	14.9	49.7		
Scholarships and school kits (allowance for teacher trainees)	*0*	*5.8*	*14.5*			
Other	*0*	*29.0*	*0.4*			
Other current spending	0.0	18.0	18.0	36.0		
SIGFiP	*0*	*18.0*	*18.0*			
Targeted social spending	0.0	0.0	5.3	5.3		
Domestically financed investment	37.1	119.2	203.1	359.4		
SIGFiP	*0*	*54.6*	*107.8*			
C2D	*37.1*	*16.1*	*39.6*			
CMU	*0*	*1.5*	*8.7*			
FER	*0*	*47.0*	*47.0*			
Investment via project grants	0.0	63.5	13.5	76.9		
Investment via project loans	0.0	10.8	162.7	173.5		
TOTAL FISCAL ACCOUNTS	37.1	246.3	417.4	700.7	58.8	759.5
PSGOUV SPENDING 2019-2020 OUTSIDE THE FISCAL ACCOUNTS						
Côte d'Ivoire Energies		154.9	78.6		10.5	10.5
Rural electrification (PRONER)		*120.0*	*64.0*			
Household subscription at 1000 FCFA (PEPT)		*34.9*	*14.6*		*10.5*	
TOTAL OUTSIDE THE FISCAL ACCOUNTS		154.9	78.6	233.5	10.5	244.0
TOTAL PSGouv	37.1	401.2	496.0	934.2	69.3	1,003.5

E. Debt Policy and Strategy

30. The debt sustainability analysis (DSA) conducted in December 2018 shows a moderate risk of debt distress for Côte d'Ivoire. This analysis is based on the assumption that gross financing needs will be covered on the basis of a balanced ratio between financing instruments in CFAF and in foreign exchange for the period 2019–39. Solvency and liquidity indicators are all below their maximum thresholds over the ten years of the projection period in the baseline scenario owing to a good economic outlook and prudent fiscal policy. However, they are closer than in the past to the external debt threshold maximums, which calls for both a prudent external debt policy and bolstered tax revenue collection (reflected in the debt service-to-revenue ratio). Furthermore, Côte d'Ivoire remains vulnerable to adverse macroeconomic shocks that would notably affect exports and the growth rate. The DSA results stress the need to carefully control debt indicators, ensure that growth projections are made prudently, and implement sound policies to preserve macroeconomic stability. This analysis also highlights the need not to increase the already high concentration of debt repayments in 2024 and 2025.

31. The Medium-Term Debt Strategy (MTDS) 2019–23 aims to finance needs while guaranteeing debt sustainability by relying on a slightly more equal ratio between financing instruments in CFAF and in foreign exchange. This strategy is consistent with maintaining a moderate risk of debt distress as part of the DSA. It ensures the management of costs and risks associated with new financing and could be revised if the parameters determining sustainability change. As part of this strategy, the government will limit the exchange risks related to external loans by favoring borrowing in euros. Moreover, the legal debt management framework should be strengthened with the adoption in the Council of Ministers of the following statutory instruments, slated for the first quarter of 2020: (i) draft law establishing the national debt policy and public debt management policy; (ii) decree establishing the Ministry of Economy and Finance referral procedures regarding public debt; and (iii) decree amending Decree No. 83-501 of 6/2/1983 laying down the conditions for granting modalities to manage State approvals and on-lending. The drafts have already been prepared and submitted to the State's legal office.

32. In addition, to smooth out debt service peaks and lengthen debt maturity, a restructuring operation was conducted in October 2019. This operation to manage Eurobond liabilities is consistent with the 2019 financing strategy objectives in the context of a particularly favorable market. It aims to minimize public debt portfolio risks by, in particular, (i) reducing refinancing peaks in 2024 and 2025; (ii) increasing flexibility vis-à-vis DSA ratios; and (iii) reducing exposure to exchange rate fluctuations. The operation has yielded an additional budget financing envelope in the amount of CFAF 185 billion, which falls within the CFAF 500 billion international market financing envelope for 2019.

33. **In keeping with the program objectives, the government plans to not contract or guarantee new external loans of more than US$3.4805 billion in present value in 2019 and US$3.6945 billion in present value in 2020**.

34. **The government commits to gathering the necessary data to integrate 20 public enterprises subject to close monitoring under the program into the DSA**. A technical assistance mission was requested from the IMF in October 2019 to that end. Based on the results of this technical assistance, a schedule can be established to include these enterprises in the DSA, in accordance with the DSA guidelines.

F. Structural Reforms

Price Regulation

35. **To reflect international price movements, the government will take the necessary measures to adjust prices in relevant sectors**.

- The minimum farm-gate prices guaranteed to cocoa, coffee, and cashew nut producers will continue to be set according to the mechanism in effect. With respect to cocoa specifically, to guarantee a profitable price for producers, the cooperation agreement with Ghana has been strengthened with the signature of an agreement to harmonize the commercialization policy. The two countries established a Living Income Differential of US$400 per ton for any cocoa sales contract in the 2020–21 season with the aim of achieving a floor price of US$2,600 (approximately CFAF 1.5 million) per ton, which will affect the farm-gate price beginning in October 2020. For the 2019–20 season, the farm-gate price of cocoa was CFAF 825/kg in October 2019, compared to CFAF 750/kg for the 2018–19 season. The farm-gate price of coffee dropped from CFAF 750/kg in 2017–18 to CFAF 700/kg for the 2019–20 season. The farm-gate price of cashew nuts of CFAF 375/kg in 2019, compared to CFAF 500/kg in 2018, will be adjusted in 2020 based on prevailing prices. For the 2019–20 season, the farm-gate price of cotton was set at CFAF 300/kg in May 2019 compared to CFAF 265/kg for the 2018–19 season. To ensure compliance with these farm-gate prices, commercialization channels will be further fluidified and controls strengthened.

- The retail price of petroleum products will continue to reflect the retail fuel price adjustment mechanism while maintaining adequate tax revenue levels in 2019 and 2020.

36. **To increase domestic revenue mobilization, the government plans to**:

Tax Administration

- Set up a telecommunication flow control system as developed in other countries of sub-Saharan Africa, in order to better assess turnover in the sector.

- Accelerate the STIN assignment process. The assignment of a STIN to any newly created enterprise will be extended across the entire territory by December 2019. Furthermore, the NUI re-registration process for existing enterprises will begin with the re-registration of at least 40 percent of enterprises recorded in the large and medium-sized enterprise directorates within the same timeframe *(SB at end-December 2019)*. Once the STIN is in place, the DGI information systems will be gradually interconnected with the DGTCP, DMP, DGBF, CNPS, financial institutions, and the like, over a time horizon extending beyond 2020. These interconnections will provide relevant information on taxpayers and will guide targeted action based on risk analysis models.

- Develop an electronic billing solution for tracking basic commercial transactions with an implementation target of 2020. This solution aims to build a database of taxpayer operations for the purpose of cross-checking, risk analysis, and control. Its impact on 2020 tax revenue will depend on the exact implementation date.

- Continue SIGICI deployment in all departments of the tax administration. The operations of large and medium-sized enterprises have been tracked in SIGICI since July 2019. Deployment to all regional directorates will begin in December 2019.

- Finalize the new software for the online submission of financial statements which replaces the unsatisfactory "E-liasse". It was integrated into SIGICI and became operational in October 2019 so that all enterprises could use it to carry out the mandatory submission of their financial statements.

- Continue raising awareness about the use of the DGI mobile app by small contributors (property taxes, synthetic tax).

- Strengthen the activities of the Committee for the Optimization of Property Tax Yields (CORIF) to increase the property tax by 12.8 percent. The main actions are to expand the base of taxable parcels by identifying properties, having main utilities (water and electricity corporation) contribute, and taking a physical census of nationally existing parcels. Regulatory provisions will have to be made to allow for data sharing. Furthermore, actions will be taken to promote the use of the Electronic Land Registry (*Livre Foncier Électronique* – LIFE) by all stakeholders in the property chain. The purpose of this reform is to secure real estate transactions and make them easier.

Customs Administration

- Produce a report on discrepancies between Ivoirien import data and international data on exports to Côte d'Ivoire for 20 key products in terms of customs revenue and prepare an action plan to respond to the identified shortcomings. *(SB at end-March 2020)*

- Strengthen oversight in border offices not equipped with scanners for better control of goods following the diversion of traffic to these offices.

- Implement the pilot phase for the use of the visit management module in SYDAM World as of November 2019 for full operationalization in the first half of 2020.

- Step up ex-post control of customs clearance operations involving petroleum products by cross-checking delivery slips and declarations.

37. The government will continue to improve public financial management performance by implementing the SDRFP 2018–20 and the DPBEP 2020–22. To that end, it will do the following:

- It will continue to transition to program budgeting mode in 2020 by (i) finalizing the development of the SIB "State budget execution" module by end-December 2019; (ii) issuing two orders to implement the decree on control and instruction relating to the program budget execution circuit before end-March 2020; and (iii) training all public expenditure stakeholders on the budget execution module. In addition, capital expenditures are recorded under commitment authorization and payment appropriation.

- The government will improve fiscal risk management by continuing to produce the Fiscal Risk Statement, to be appended to the budget law as of 2020. This document will be strengthened for the years to come with a better assessment of fiscal impacts for all risks.

- It will also continue the main public procurement reforms by:

  - reviewing the procurement code to take into account new contracting and bid evaluation methods for greater efficiency in public procurement procedures. This code will be published in the official journal in 2019;

  - continuing initiatives to automate procedures, with the extension of phase 1 modules to all ministries at end-December 2020. Phase 2 targeting the private sector will be implemented with support from the World Bank; and

  - continuing to connect 10 EPNs and 6 state-owned enterprises to SIGMAP between now and end-2020.

- The government will develop a dashboard and produce, at the end of each quarter, the main financial indicators for state enterprises and enterprises which are majority owned by the government for the preceding quarter. *(SB at end-March 2020 and end-June 2020 – list of indicators detailed in the TMU).*

With respect to managing capital expenditure specifically: (i) a draft procedure manual on elaborating the public investment program was prepared and will be officially validated and published by end-2019. Its effective use will be backed by appropriate legislation; (ii) a study on the evaluation of recurrent expenditures is being prepared with the support of the AfDB, in order to improve their consideration in the selection of investment projects.

38. The government plans to continue to expand the scope of the TOFE according to the *GFSM 2001/2014* to include the remaining extrabudgetary units. After having produced annual TOFEs (2012 to 2017) for the central government, EPNs, and social security agencies according to the *GFSM 2001/2014*, the government plans to produce a consolidated TOFE (central government, national public institutions, and social security funds) for 2018 in the second half of 2019. Furthermore, the government will continue to produce the quarterly TOFE according to the *GFSM 2001/2014*, initially limited to the central government, 60 days after the end of each quarter. Following the integration of the FER, Coffee-Cocoa Board, FODI, and ANSUT for data at end-2016, the integration of these four extrabudgetary units for 2019 will be carried out by end-2020. Furthermore, the TOFE expansion will continue with the gradual integration of four other extrabudgetary units in 2020. Given this dynamic, the 2018 TOFE according to the *GFSM 2001/2014* for the central government, social security agencies, EPNs, local governments, and first four extrabudgetary units will be produced at end-June 2020 (structural benchmark). Lastly, the government plans to: (i) shift to recording operations on an accrual basis; (ii) produce all four minimum analysis framework tables for the public administration sector; and (iii) develop the table of other economic flows for all public administrations.

39. The PPP contract management framework will continue to be strengthened. With TFP support, the government will continue to build the capacities of PPP stakeholders, including those of CNP-PPP experts, particularly with respect to detailed PPP project evaluation frameworks and the PPP Fiscal Risk Assessment Model (PFRAM) developed by the IMF. The CNP-PPP will also ensure that the operational methodology guide is appropriated for the preparation and conduct of PPP processes by the stakeholders. Furthermore, to maintain the strict application of procedures provided for by the PPP decree, especially the need for a prior favorable opinion from the CNP-PPP, followed by authorization from the Minister of Budget, the CNP-PPP will continue to raise awareness on the PPP procurement process among project promoters and PPP focal points.

40. The operationalization of the TSA will be strengthened. To this end, user capacity for the TSA Automated Management System will be enhanced. The next steps are to connect EPNs following a change in their regulation, supervise commercial banks with regard to new account openings, closing 1,216 public accounts, including 1,213 at the BNI, and integrating co-financed projects into the TSA as soon as possible following agreement by the Technical and financial partners. As for the rest of the accounts, the TSA steering committee will meet before end-2019 to define the terms and conditions for their closure.

Public Sector

41. The government plans to continue its efforts to improve the financial position of public enterprises. To that end, it is therefore continuing to sign performance contracts with public enterprises. For the first phase, seven performance contracts were signed and monitoring, and coordination committees were put in place. For the second phase, two contracts were signed in 2019, with five other signatures planned for 2020.

42. Consolidation of the financial stability of the hydrocarbon sector will continue with the sound execution of plans to restructure the sector's enterprises and clear cross debts.

- PETROCI's financial position is consolidating. After a profit of CFAF 13.94 billion in 2017, the net provisional earnings for 2018 are CFAF 22.04 billion. Midway through 2019, the net earnings are estimated at CFAF 16.85 billion, which is better than expected. This performance is due to previous investments and the sound execution of the organizational, social, and strategic restructuring plan. As part of the implementation of this plan, the transfer of butane gas distribution activities should be completed in 2020. The signature of various Joint Development Agreements between PETROCI and strategic partners should speed up the development of the logistics base, particularly the mass storage of petroleum products in Abidjan and in the country's interior.

- As for the SIR, the implementation of the 2015-20 Business Model extended to 2030 and follow-up on the audit recommendations enabled it to improve its competitiveness, and the outlook is good. The company's performance, combined with State support at the margin, is helping consolidate its commercial results. SIR should also benefit from (i) strong demand in petroleum products and (ii) improvement in its cash and financial position following the finalization of the restructuring of its CFAF 378.9 billion debt that took place in December 2018. Lastly, SIR plans to comply with international environmental standards on fuel quality and will seek out the additional financing this requires.

- Regarding cross debt and claims between the State, PETROCI, and SIR, the clearance plan adopted in the first half of 2019 will be implemented. Following the netting out of claims and debts as of December 31, 2018, residual PETROCI debts to SIR and the State will be repaid in equal installments totaling CFAF 4.028 trillion over 12 years and CFAF 2.8 billion over 10 years, respectively, with the first installment of CFAF 1.7 billion being paid in November 2019.

43. The financial position of the electricity sector should continue to consolidate. The sector's operating balance improved markedly between 2017 and 2018 and should remain in surplus in 2019 and in the medium term, despite the 20 percent downward revision of social tariffs in 2019 (the annual cost of which is estimated to be CFAF 3.2 billion in 2019). This performance is the result of reforms and investments, the reduction in operating expenses, and anti-fraud efforts.

To strengthen the sector's viability, particular focus is placed on clearing the arrears of independent power producers and natural gas suppliers and collecting overdue amounts from export clients and state-owned companies.

- With regard to independent power producers and gas suppliers, after the refinancing of the stock of arrears due from the sector in the first half of 2019, which reduced the stock of arrears to one month of overdue invoices at end-July 2019, the improvement in the sector's performance should considerably reduce arrears to 0.2 months at end-December 2019 and wipe them out completely in the first quarter of 2020.
- In the context of the implementation of the "State–Energy Sector" MOU, payments to the central government and EPNs and payments for street and traffic lights in Abidjan will continue to be made on a regular basis. In addition to existing MOUs, new ones will be signed with other state enterprises if needed to reduce payment arrears to CI-Energies, which total CFAF 9.1 billion.
- Actions will be taken to facilitate collection of export claims. In the short term, debtor countries are expected to repay following their negotiation with commercial banks and the World Bank regarding arrears settlement. In the medium term, a mechanism called "Energy Commerce" will be introduced with support from the World Bank to facilitate energy transactions in the subregion and guarantee payment of electricity bills to exporting countries and the settlement of arrears.

In this context of consolidation of the electricity sector's financial position, the government commits to not lower electricity rates in the medium term beyond the social tariff reduction that took place in January 2019.

44. The government will continue to develop the projects currently underway in the electricity sector with the goal of guaranteeing a sufficient supply of power to support strong economic activity and turn Côte d'Ivoire into a sub-regional energy hub. To achieve the production capacity targets by 2030, the government plans to (i) step up production of renewable energy with the commissioning of a number of solar energy plants, including those of Boundiali (37.5 MW), Korhogo (25 MW), and Poro (66 MW) planned for between 2020 and 2021; (ii) develop combined-cycle thermal gas power at the Azito (253 MW) and CIPREL 5 (390 MW) sites; (iii) implement coal power projects through the development of a new electricity generating center in San-Pedro with the construction of a 700 MW coal power plant; (iv) continue project analyses to supply Côte d'Ivoire with liquefied gas; and (v) continue the development of local natural gas and exploration on Ivoirien sedimentary basin blocks. In addition to solar and hydro power, the government plans to promote another source of renewable energy, namely biomass. Negotiations are underway for the construction of a 46 MW palm oil-based biomass plant in the Aboisso (eastern) region. In addition, two bids were made for the installation of two 20 MW and 25 MW biomass plants that use cotton and cocoa as fuel, respectively, in the Boundiali (northern) and Gagnoa (central-western) regions.

45. The implementation of strategic plans by state-owned enterprises in the transportation sector continues.

- Air Côte d'Ivoire will continue to expand its fleet with the acquisition of three aircraft, including one in 2020 and two in 2021. Furthermore, to improve its performance and guarantee its profitability in the medium and long term, the government will provide support for the implementation of the company's competitiveness plan, which should be validated by the Council of Ministers in 2019. Moreover, the appointment to the Board of Directors of two new independent directors with extensive air transportation experience further strengthens its governance. With regard to the company's capital increase, the government will take steps to pay the balance of its share of the recapitalization. Lastly, the government will continue to produce and submit a biannual report on the company's financial position (structural benchmark).

- With respect to SOTRA, operating profits continue to improve with the implementation of the strategic plan. In accordance with this plan, following delivery of 500 buses in 2017, another 120 were delivered in 2018, out of a target of 450; the rest are supposed to be delivered in 2019. Steps to acquire the third wave of 500 buses are underway. The SOTRA strategic plan was also updated with regard to the failed materialization of expected investment, which led to the signature in January 2019 of a performance contract with the State for the period 2018–20.

- As for the FER, work undertaken as part of the MCC made it possible to obtain from the State (i) a 20 percent increase in the resources allocated to the FER in the first year of Compact implementation and at least 10 percent in the other years of the Compact term; (ii) a FER commitment to erase all of its debt by the end of the Compact (reduction of debt to zero) and define a prudential ratio for potential fundraising; and (iii) the introduction of parity (six private members and six government members) on the Board of Directors, which had initially been controlled by the State. Technical work in connection with the performance contract is ongoing.

46. The government will continue to implement its plan for divestment from productive sectors. Under the coordination of the National Privatization Committee, out of the 18 privatization or asset sales involving corporations with public shareholding, 8 were completed while 7 others are being finalized.

Financial Sector Development and Financial Inclusion

47. With the implementation of the Financial Sector Development Strategy (*Stratégie de Développement du Secteur Financier* – SDSF), the government plans to establish a modern, well-functioning financial system that can support economic growth and promote financial inclusion. Adopted in May 2014, the SDSF is focused mainly on consolidating and developing the sector. To that end, the government is firmly committed to continuing the reforms needed to modernize the financial system, strengthen the soundness of the banking sector, consolidate the microfinance sector, increase SME financing, and promote financial inclusion.

48. The regulatory and institutional framework of the banking sector will continue to be modernized to reduce the cost of risk and further increase financing of the economy. To this end:

- after operationalizing the BIC, special focus will be placed on raising awareness of the addition of natural and legal persons to the BIC database, enhancing the information gathered on borrowers, and ensuring that banks systematically consult customers' credit records prior to loan operations, including through the appropriate regulatory provisions;

- The activities of the Financial Services Quality Observatory (OQSF) will be strengthened, particularly the financial mediation center; and

- lastly, concerning the Caisse des Dépôts et Consignations (CDC-CI), after the establishment of its governance bodies, the government will complete its operationalization by, in particular, (i) adoption of various texts implementing the Law creating the CDC-CI, and (ii) finalization of the procedures for the effective transfer of resources held by various stakeholders covered by the Law creating the CDC. Internally, a set of measures is being finalized for the mobilization and practical management of resources. This notably includes the development of, on the one hand, resource management and restitution procedures and, on the other, an investment doctrine backed by a prudential model consistent with best practices and respecting international standards which will strengthen the credibility, performance, and sustainability of the CDC economic model. At the level of the BCEAO, discussions are underway to implement a community-level supervision mechanism for Caisses des Dépôts et Consignations.

49. The public bank restructuring processes will continue in order to restore bank profitability, render public banks compliant with prudential ratios and enhance the soundness of the banking sector.

- The process to recapitalize the CNCE should accelerate to raise the currently negative equity to CFAF 10 billion, as required under existing regulation. After taking into account, in May 2019, of the payment of the final tranche of the State's equity contribution and the 2018 provision reversals, action will be taken to finalize the land transfer operations, ramp up recovery of doubtful and disputed debts, and optimize expenses. In accordance with the strategic plan 2019–22 adopted by the Board of Directors in June 2019, the CNCE should gradually become profitable by 2022. Furthermore, strategic shareholders should be identified in order to support the CNCE in increasing its equity so that it reaches the requisite minimum level of share capital of CFAF 10 billion by end-2020.

- As regards the BNI, actions to enhance its soundness and ensure compliance with prudential standards are being implemented through a five-year strategic plan and a plan to return to conformity. To that end, the execution of the "Excellence 2021" strategic plan for the period 2017–21 continues through strengthening the offer of services, the deployment of targeted commercial actions in the short term, the development and optimization of the agency model, and the strengthening of risk arrangements. The quality of electronic banking services has also improved. Information systems, organization, and operation are being optimized to reduce management expenses. Actions to recover and sell assets other than real estate have also been scaled up. All these measures should enable the bank to improve its profitability by 2021. The bank's recapitalization and all the work underway will ensure compliance with four of the five prudential ratios as of 2020 and all the ratios in 2021.

- The Versus Bank recapitalization, which increased share capital to CFAF 10 billion from the previous CFAF 3 billion, enabled this bank to comply with the new WAEMU prudential rules. Further to this operation, shareholders plan to work on (i) strengthening the bank's governance system in compliance with the new BCEAO circulars published in 2018; (ii) putting in place a risk management and internal control system consistent with prudential measures by the monetary authorities; and (iii) ensuring control of lending operations and monitoring of commitments in line with management standards and delegations.

- The privatization of the BHCI will be finalized after execution of the remaining actions associated with this operation. The government will carry out the measures agreed in the terms of sale, particularly with respect to bringing the bank up to prudential standards.

50. The government will consolidate and strengthen the viability of the microfinance sector in order to allow the sector to play its role as the engine of SME financing. The sector's consolidation efforts will continue with special monitoring of nonviable decentralized financial systems (SFDs) and delicensing operations, which led to the discontinuation of operations of 3 SFDs in the first half of 2019, bringing the cumulative total to 142. The government also hopes to intensify awareness campaigns on the consolidation of SFDs and continue to modernize sector supervision and control tools. Once the design work is finalized by end 2019, the Management Information System (*Système d'Information et de gestion* – SIG) will be operationalized at the Directorate in charge of monitoring SFD activities. At the same time, the Internal Control Electronic Framework (*Canevas Électronique de Contrôle Interne* – CECI) will continue to be promoted to SFDs. These tools should automate certain tasks, facilitate the circulation of information, and improve internal control reporting. The government is also working on implementing a SFD refinancing and restructuring fund with support from the World Bank.

51. The COOPEC network restructuring process will continue.

- Regarding the resizing, after the adoption by the governance bodies of the grouping of 133 service points into 24 cooperatives, the process to bring the network into compliance will be completed in 2020 with the finalization of enrollment, advertising, and registration formalities and the authorization of the Minister of Economy and Finance, on the advice of the BCEAO.
- Regarding recapitalization, actions will be taken to improve member contributions. The asset disposal process should accelerate with the support of the Treasury Judicial Officer.
- As for the creation of a bank-type financial entity in the form of an incorporated company, the applicable operating and organization documents have been adopted. The main purpose of this entity will be to centralize and manage surplus network resources.
- The implementation of the SIG will continue with the support of an international consultant and the selection of a software publishing company or solutions to improve the management and internal control of the umbrella organization.

52. The government will continue to promote financial inclusion. As part of the implementation of the National Financial Inclusion Strategy (*Stratégie Nationale de l'Inclusion Financière* – SNIF) 2019–24, adopted in May 2019, a National Financial Education Program (*Programme National d'Education Financière* – PNEF) will be adopted before end-2019 to develop means of strengthening consumer protection and building financial and digital skills with the aim of reducing the population's vulnerability. The government will also continue its awareness campaigns promoting the use of banking services, targeting primarily rural populations. Furthermore, the MOU signed with the IDH Sustainable Trade Initiative should help improve access to financial services for agricultural producers.

53. The government is continuing its efforts to fight money laundering, the financing of terrorism, and the proliferation of weapons of mass destruction (AML/CFT/WMD). A national AML/CFT/WMD strategy will be developed on the basis of the findings of a report mapping existing AML/CFT/WMD risks. In particular, this strategy will define the actions for the government to implement in order to effectively fight against AML/CFT/WMD. The government will also continue to ensure that the law cracking down on AML/CFT/WMD adopted in 2016 is enforced and that the capacity of the financial arms of the Abidjan judicial authorities are strengthened, including through training.

Strengthening of the Business Environment and Private Sector Development

54. The government plans to consolidate the leading role of the private sector in the economy. Building on past achievements, it will continue to implement the actions set forth in the Reform Agenda 2018–20 to attract more domestic and international private investment. It will also strengthen the partnership with the private sector, including as part of the G20 Compact with Africa initiative, and will place special emphasis on the execution of the MCC program and the use of PPPs in building large-scale socioeconomic infrastructure, while continuing to control contingent liabilities. The government will also step up its efforts to accelerate the development of industrial infrastructure and the processing of agricultural products and to support and promote SMEs. Lastly, special attention will be paid to strengthening governance.

55. The government plans to accelerate the implementation of the remaining projects from the *Doing Business 2018–2020* Reform Agenda. With the help of this agenda, the government plans to make Côte d'Ivoire one of the most attractive investment destinations by ensuring that it stays as one of the top 10 reform countries and becomes one of the 50 best economies in the medium term in terms of business climate. In that respect, it plans to mobilize all stakeholders and make available the budgetary resources necessary to complete the remaining 44 reforms. These reforms were divided according to theme into 12 projects (Box 3) within the *Doing Business 2018–2020* Reform Agenda. Two other projects have been added to the above 12 and seek to measure the effectiveness and impact of the reforms.

Box 3. Projects to Improve the Business Environment

- Apply the STIN to newly registered enterprises in the country's interior.
- Regularize enterprises already registered by assigning them a STIN in Abidjan and in the country's interior.
- Automate the issuance of business permits and licenses.
- Set up a support mechanism for newly created enterprises.
- Put in place the collaborative platform and remove the requirement to prove ownership, topographic extraction approvals and urban planning certificates.
- Operationalize the unique parcel identifier and set up a unified geographic information system.
- Conduct studies relating to electricity connection, international trade, and urban planning easement updates.
- Improve the efficiency of tax procedures.
- Make the judicial system more efficient and transparent.
- Strengthen business regulation and support struggling enterprises.
- Regulate the mass of untitled parcels in the Autonomous District of Abidjan.
- Follow other reforms involving stakeholders such as electricity and water companies, social security institutions, tax and judicial administrations, and the Ministry of Commerce.

56. The private sector should also benefit from the implementation of reforms and projects arising from agreements concluded as part of the MCC, TICAD,[1] C2D, and

[1] *Tokyo International Conference on African Development.*

G20 Compact with Africa initiative.

- In connection with the G20 Compact with Africa initiative, the private sector should take advantage of the operationalization of projects related to the concluded bilateral agreements on German business investment in Côte d'Ivoire, particularly in the renewable energy sector.
- As for the MCC, the actions taken in 2019 helped meet all the prerequisites for the Compact's entry into force in August 2019. The government will also continue efforts to implement its strategy to improve MCC indicator performance in order to fulfill the 17 MCC indicators by end-2019, compared to 14 at end-2018. With an envelope equivalent to CFAF 315 billion, the implementation of the MCC will help finance socioeconomic projects focused on "Skills for Employability and Productivity" and "Abidjan Transportation" to improve the quality of the labor force and reduce transportation costs.
- At the conclusion of the 7th TICAD, the Ivoirien government signed a partnership agreement with Japanese industrial group TOYOTA for the installation of a car assembly plant in Côte d'Ivoire, which should stimulate the auto sector in the medium term. The forthcoming creation of the Japan Desk at CEPICI and the impending signature of an investment protection agreement between Côte d'Ivoire and Japan should send a positive signal to other Japanese enterprises about investing in Côte d'Ivoire. The government will therefore place particular interest on Japanese foreign investments involving technology transfer.
- As for the C2D, the implementation of projects identified in the second agreement will continue. The main areas concerned are transportation infrastructure, urban development, water and sanitation, agriculture and rural development, education/training and employment, and health and social protection.

57. The government plans to continue investments aimed at developing industrial infrastructure and to improve the competitiveness of the economy. To that end, the availability and quality of industrial zones will be increased.

- Following the rehabilitation of the Yopougon industrial zone, additional work on securing the zone, providing local services such as shopping centers, bank branches, and restaurants, and upgrading roads will be carried out to make it more accessible and attractive.
- The rehabilitation of the Koumassi and Vridi industrial zones should be entering its active phase once technical studies are finalized.
- After the development of the first phase of the new Akoupé-Zeudji PK-24 Abidjan industrial zone on 62 hectares, work will continue on the four other phases. This development work pertains to the following parcels: (i) 124 hectares, 59 of which are dedicated to cement companies; (ii) 127 hectares financed by Eximbank China; (iii) 112 hectares as part of a PPP

with Afreximbank; and (iv) 300 hectares dedicated to a logistics zone and an industrial park.

- Technical studies on industrial zones in the country's interior are underway for the development stage of industrial platforms dedicated to cashew nut processing, a non-polluting agri-food industry, and the construction and operation of a duty-free textile zone under a PPP. These zones are expected to become operational in the second half of 2020.

Moreover, the government will continue to support the implementation of strategic action plans for the two autonomous ports. After expanding and deepening the Vridi canal, it plans to facilitate the financing of other projects to restore and modernize existing port infrastructure as well as projects to develop new infrastructure.

58. To take better advantage of the cocoa and cashew nut value chains, as Côte d'Ivoire is the world's top cocoa and cashew nut producer, the government plans to increase processing rates. In so doing, it hopes to capitalize on the implementation of programs to improve the competitiveness of companies that process these crops, centered around: (i) securing the supply of grinders; (ii) reducing the single exit tax (DUS) by differentiated product, and (iii) implementation of an investment code favoring the installation of grinding units. On this basis, agreements were signed with about ten enterprises. To ensure compliance with the set-out conditions, the government will follow up on enterprise commitments. The overall improvement of the business climate, coupled with the availability of dedicated industrial zones, should draw new investors in cocoa and cashew nut processing. The objective is to achieve cocoa and cashew nut processing levels of 50 percent and 25 percent, respectively, by 2022, compared to 30 and 9 percent in 2018.

59. SME promotion and support actions will be strengthened by accelerating the implementation of the Phoenix program. In the context of an SME mapping exercise, Agence Côte d'Ivoire PME will complete the establishment of the electronic entrepreneur identification and status platform. To address the issue of SME access to financing, two agreements have been signed with two private banks for financing totaling CFAF 15 billion, and initiatives are underway to sign other agreements. With the support of an international business financing and development organization, the agency is also working to set up a guarantee fund equipped with an SME risk rating tool. Moreover, measures will be taken to create incubators in Abidjan and Yamoussoukro based on an agreement with an internationally renowned entity. Also, a multiyear capacity-building program for managers, executives, and associations of SMEs is underway.

60. Efforts to improve governance will be continued.

- In the first half of 2020, the government will adopt, in the Council of Ministers, draft amendments to three existing regulatory documents and one new decree to strengthen the anti-corruption mechanism with the goal of making it more binding. It will also adopt a decree on the establishment, organization, and operation of the witness protection office by end-December 2020.

- The HABG will finalize, by end-June 2020, its analysis work, the census of all parties subject to asset reporting requirements, and the updating of declarations and will continue actions to raise awareness and the issuance of writs served by a court bailiff on non-filers.

- A conflict of interest prevention and management guide for administrations and parapublic entities will be developed by end-March 2020.

- A collaboration framework between the HABG and public control bodies, particularly the State Inspectorate General (*Inspection Générale d'Etat* – IGE) and ministerial inspection offices, to increase the repression of acts of corruption and similar offenses in liaison with the financial division of the public prosecutor's office, will be put in place by end-June 2020.

- The National Strategy to Combat Corruption and Similar Offenses will be developed and anti-corruption systems will be put in place in 10 pilot administrations by end-December 2020. These systems will include procedure manuals, codes of ethics, and various governance strengthening tools.

- Considering the recommendations of the July 2018 external evaluation mission of African experts from the African Peer Review Mechanism (APRM), the government initiated the elaboration of a national governance plan (PNG) in 2019. Under the coordination of key entities in charge of governance promotion (HABG, IGE, and APRM National Commission), a participative approach, including civil society, was selected. This plan, which should be adopted by end-2020, will be the single reference framework for improving governance. The national governance program will ensure synergy among actions by different stakeholders and will allow the production of a comprehensive annual report on improving governance in accordance with international standards.

G. Strengthening of the Statistical System

61. The government will continue to strengthen the National Statistics System (SSN) through the implementation of the National Statistics Development Strategy (SNDS) for the period 2017–2021, adopted on December 12, 2018. To that end, it plans to:

- adopt the draft Law revising the 2013 Statistics Law in December 2019, which defines the legal and mandatory framework for the creation of the National Statistics Development Fund (FNDS) and the establishment of the National Statistics Council (CNStat) in 2020;

- conduct a midterm review of the SNDS in March 2020 to ensure regular follow-up on its implementation before the full operationalization of the CNStat;

- allocate sufficient budgetary resources for the FNDS in the 2020 budget law. The fund should include a statistical fee to guarantee regular financing of statistics activities. The necessary resources will be provided to finance the activities of the National Statistics Institute in 2020;

- develop and implement a centralized system to support sectoral statistical services and a career profile for SSN statisticians and demographers in June 2020; and
- put in place and operationalize a capacity-building program for SSN employees in June 2020.

62. The government will continue to work on producing quality statistics and guaranteeing that economic data are published on time. With TFP support, the government has committed to:

- regularly publish data and indicators on the websites of the National Statistics Institute (www.ins.ci), the Ministry of the Economy and Finance (www.finances.gouv.ci), and the BCEAO (www.bceao.int), in accordance with the timetable approved for the dissemination of Côte d'Ivoire's National Summary Data Page (PNRD);
- finalize the production of new economic indicators (high-frequency indicators) for the secondary and tertiary sectors. The new indicators, that is, the Harmonized Industrial Production Index (IHPI), the Index of Industrial Production Prices IPPI), and the Business Turnover Index (ICA) for the industry, trade, and construction sectors will be available at end-2019. The ICA for the services sector, currently awaiting financing, will be available in 2020;
- enhance the robustness and reliability of quarterly national accounts (QNAs) based, in particular, on new high-frequency indicators. The INS will strive to resume the regular publication of QNAs starting from the first quarter of 2020 and will begin to produce QNAs from an expenditure perspective in 2020;
- finalize the work to change the 2015 baseline year and implement the System of National Accounts (SNA) 2008. In particular and with this in mind, the compilation of annual national accounts (ANAs) for 2015, 2016, 2017, and provisionally 2018 will be available no later than end-2019;
- finalize and disseminate the results of the Harmonized Household Living Conditions Survey (EHCVM) in December 2019.
- complete the General Population and Housing Census (RGPH) currently underway, the preliminary data for which should be available in June 2020 and the final results in July 2020.

63. The government plans to further improve economic and financial programming in Côte d'Ivoire. To that end, actors involved in developing the macroeconomic and financial framework received training on financial programming from the IMF Institute for Capacity Development (ICD) in April 2019. Furthermore, in keeping with the recommendations of technical assistance missions received from the ICD, the government undertakes to create and operationalize an interministerial macro-budgetary framework committee in 2019. With support from the ICD and AFRITAC West, this committee will develop an improved economic and financial programming tool adapted to Côte d'Ivoire data. It will also work on strengthening the consistency of macroeconomic aggregates.

PROGRAM FINANCING AND MONITORING

64. The program financing requirements will be covered. Financing will be covered mainly by borrowing on the regional and international financial markets in the form of medium- and long-term instruments, in accordance with the Medium-Term Debt Management Strategy. In this context, primary dealers will continue to take part in issuances and placements of Treasury securities and will ensure that there is liquidity on the WAEMU secondary market for public securities. Moreover, assistance is expected from technical and financial partners, mainly the World Bank, IMF, AfDB, French Development Agency, and European Union.

65. The IMF Executive Board will continue to monitor the program biannually on the basis of the quantitative indicators and structural benchmarks (see Table 2). These indicators are defined in the attached Technical Memorandum of Understanding (TMU), which includes a summary of the assumptions underlying the projections and the basis for evaluating performance in specific areas. The seventh and the final program reviews will be based on data and performance criteria at end-December 2019 and end-June 2020, respectively. To this end, the government commits, in particular:

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

Table 1. Côte d'Ivoire: Performance Criteria (PC) and Indicative Targets (IT), ECF/EFF 2019–20[1/]

(Billions of CFA francs, unless otherwise indicated)

	2019						2020 (proposed)			
	June				September	December	March	June	September	December
	PC	Adj. PC	Est.	Status	IT	Proposed PC	IT	PC	IT	proj.
A. Performance criteria										
Floor on the overall fiscal balance (incl. grants)	-427.3		-363.3	MET	-614.0	-790.2	-274.3	-493.5	-794.5	-862.8
Ceiling on net domestic financing (incl. WAEMU paper)	-108.9	241.1 [2/]	137.8	MET	-15.6	-4.7	206.1	166.6	106.0	-36.8
Ceiling on the present value of new external debt contracted by the central government ($ million)	2,541.9	2,273.9 [3/]	1,376.8	MET	…	3,480.5	…	2,265.3	…	3,694.6
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	1,973.2		1,985.9	MET	2,983.6	4,056.6	1,028.4	2,245.9	3,300.9	4,487.5
Ceiling on expenditures by treasury advance	90.3		46.7	MET	142.2	190.4	50.6	104.3	162.6	211.7
Floor on pro-poor expenditure	1,081.6		1,192.9	MET	1,690.1	2,505.5	623.0	1,326.8	2,052.2	2,754.9
Floor on net reduction of central government amounts payable (- = reduction)	-40.5		-89.2	MET	-32.7	-25.0	-60.0	-71.5	-51.5	-25.0
Floor on primary basic fiscal balance	72.5		190.7	MET	119.0	164.0	61.7	156.2	124.8	286.5
Memorandum items:			118.2							
Program grants	79.4		79.4		79.4	169.9	0.0	80.6	80.6	169.3
Program loans	76.2		0.0		76.2	156.3	0.0	76.2	76.2	156.1
Project grants	71.9		51.6		107.9	143.9	42.8	85.7	128.5	171.4
Project loans	277.8		322.1		416.7	592.0	173.6	368.5	520.7	694.2
Budget support from the European Union, World Bank, and African Development Bank	0.0		0.0		0.0	114.8	0.0	0.0	0.0	177.1
Fuel tax revenues	188.6		206.0		287.2		112.8	228.2	341.6	465.7

Sources: Ivoirien authorities; and IMF staff estimates.

1/ For 2019, cumulative amount from January 1, 2019. For 2020, cumulative amount from January 1, 2020.

2/ Adjusted upward by the difference between programmed and disbursed budget support from the European Union, the World Bank and the African Development Bank, and the difference between the recourse to international capital markets envisaged under the program and the actual recourse.

3/ 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 CI-Energies and downward by the difference between the recourse to international capital markets envisaged under the program and actual recourse.

Table 2a. Côte d'Ivoire: Structural Benchmarks (SB) at end-June 2019			
Measures	**Timetable**	**Macroeconomic Rationale**	**Documentation**
Price Adjustment Mechanism			
Apply the retail fuel price mechanism to preserve fuel tax revenue at a level envisaged in the budget law.[1]	Quarterly **SB** **Met**	Improve fiscal revenue	Interministerial decree
Tax Policy and Administration			
Audit at least 20 percent of the companies that benefited from a VAT credit refund the previous year.	**SB** for end-June 2019 **Met**	Improve tax collection and the quality of the database	Implementation report
Public Enterprises			
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.	Quarterly **SB** **Met**	Reduce fiscal risks	Summary debt service table
Every six months submit a report on the financial situation of Air Côte d'Ivoire.	Semi-annual **SB** **Met**	Reduce fiscal risks	Report submitted to the Minister in charge of the Budget and Government Portfolio
Set up a Monitoring Committee and a financial performance monitoring dashboard for performance contracts signed at the end of December 2018.	**SB** for end-June 2019 **Met**	Reduce fiscal risks	Implementation report and monitoring table
Public Financial Management			
Deploy the Integrated Public Procurement Management System in at least 5 local communities.	**SB** for end-June 2019 **Met**	Improve public expenditure management	Implementation report

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

Table 2b. Côte d'Ivoire: Structural Benchmarks (SB) at the end of September 2019 and end of September 2020

Measures	Timetable	Macroeconomic Rationale	Documentation
Price Adjustment Mechanism			
Apply the retail fuel price mechanism to preserve fuel tax revenue at a level envisaged in the budget law.[1]	Quarterly **SB**	Improve fiscal revenue	Interministerial decree
Tax Policy and Administration			
Assign a Single Taxpayer Identification Number (STIN) to all new businesses and re-register at least 40 percent of firms recorded in the large and medium-sized firm directorates with a STIN.	**New SB proposed** for end-December 2019	Improve the quality of the database	Implementation report
Produce a report on discrepancies between Ivoirien import data and international data on world exports to Côte d'Ivoire for 20 large products in terms of customs import revenue and draw up an action plan to address identified deficiencies.	**New SB proposed** for end-March 2020	Improve customs administration	Implementation report and action plan
Public Enterprises			
By the end of each quarter produce a summary table of public enterprise debt service in the previous quarter based on progress in data availability.	Quarterly **SB**	Reduce fiscal risks	Summary debt service table
Every six months submit a report on the financial situation of Air Côte d'Ivoire.	Semi-annual **SB**	Reduce fiscal risks	Report submitted to the Minister in charge of the Budget and Government Portfolio
Develop a dashboard and produce, at the end of each quarter, the main financial indicators for state enterprises and enterprises which are majority owned by the government for the preceding quarter.[2]	**New SB proposed** for end-March 2020 and end-June 2020.	Reduce fiscal risks	Implementation report and scorecard
National Statistics			
Extend the 2018 annual fiscal tables (TOFE) coverage under GFSM 2001/14 standards to include the central government, two social security funds, local governments, four extrabudgetary funds and national public institutions (EPNs).[3]	**New SB proposed** for end-June 2020	Improve fiscal transparency	Extended TOFE tables

[1]See memorandum item "Fuel tax revenues" in Table 1.
[2]See the list of indicators in the technical memorandum of understanding (TMU).
[3]See the list of social security funds and extra-budgetary funds in the TMU.

Attachment II. Technical Memorandum of Understanding Arrangement Under the Extended Credit Facility and Extended Fund Facility, 2016–20

October 28, 2019

1. **This Technical Memorandum of Understanding (TMU) describes the quantitative and structural assessment criteria established by the Ivorian 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 December 31, 2019, and June 30, 2020; the same variables are indicative targets for March 31, 2020, and September 30, 2020**.

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, 2019 for the 2019 targets and from January 1, 2020 for the 2020 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 which have been assumed 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 114.8 billion in 2019 and CFAF 177.1 billion in 2020 (MEFP Table 1).

- Program projections for end-June 2019 and end-December 2019 include the issuance of Eurobond or the contracting of loans from international banks by the Government in foreign currency, up to US dollar 880.2 million, an amount equivalent to CFAF 500 billion, calculated at the average exchange rate for August 2018 (US dollar 1 = CFAF 568.0, as defined in paragraph 15). In the event that the Eurobond issuance in foreign currency or the contracting of loans from international Banks by the Government is for an amount less than expected or in the absence of an issuance, the end-June 2019 and end-December 2019 ceiling for net domestic financing (NDF) will be adjusted upwards by the total amount of the difference between the projected amount of the issuance and the actual issuance of the Eurobond in foreign currency or the loans from international banks converted in CFAF at the average exchange rate for August 2018 (US dollar 1 = CFAF 568.0).

- Program projections for end-June 2020 include the issuance of Eurobonds or the contracting of loans from international banks by the Government in foreign currency, up to USD 848.1 million, an amount equivalent to CFAF 500 billion, calculated at the average exchange rate for August 2019 (US dollar 1 = CFAF 589.6, as defined in paragraph 15). In the event that the Eurobond issuance in foreign currency or the contracting of loans from international banks by the Government is for an amount less than expected or in the absence of an issuance, the end-June 2020 ceiling for net domestic financing (NDF) will be adjusted upwards by the total amount of the difference between the projected amount of the issuance and the actual issuance of the Eurobond in foreign currency or the loans from international banks converted in CFAF at the average exchange rate for August 2019 (US dollar 1 = CFAF 589.6).

G. External Debt (PC)

13. For program purposes, the definition of debt is set out in paragraph 8 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.

[1] https://www.imf.org/external/SelectedDecisions/Description.aspx?decision=15688-(14/107).

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 concessional) contracted or guaranteed, including commitments contracted or guaranteed for which no value has been received. In addition, guarantees by the central government denominated in CFAF but guaranteeing an external debt are also guarantees for purposes of this PC. Furthermore, guarantees by the central government guaranteeing contingent obligations or indemnifying a guarantor of external debt also constitute guarantees for purposes of this PC. For program monitoring purposes, guarantees over external debt encompass: (i) explicit guarantees of the government; and (ii) contingent commitments or undertakings by the government, upon the occurrence of certain events, to pay, reimburse, transfer, or otherwise assume responsibility for any external debt payments due. 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: (i) at the date of its approval by the government of Côte d'Ivoire (Council of Ministers); or (ii) for those operations considered as guarantees in this TMU but for which adoption by the Council of Minister is not required, signature of the relevant document(s) by the Minister of Economy and Finance of Côte d'Ivoire or by any other person authorized to sign such document(s). 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, (i) the value in U.S. dollars of new external debt of 2019 is calculated using the average exchange rate for August 2018 in the IMF's International Financial Statistics (IFS) database; (ii) the value in U.S. dollars of new external debt of 2020 is calculated using the average exchange rate for August 2019 in the IMF's 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

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

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 3.44 percent for the period between January 1, 2019 and December 31, 2019. It will then be 2.42 percent for the period from January 1, 2020 to December 31, 2020. The margin between the euro six-month LIBOR and the US$ six-month LIBOR is -400 basis points for 2019 and -250 basis points for 2020. The margin between the yen six-month LIBOR and the US$ six-month LIBOR is -300 basis points for 2019 and -250 basis points for 2020. The margin between the pound sterling six-month LIBOR and the US$ six-month LIBOR is -250 basis points for 2019 and -150 basis points for 2020. 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 for 2019 and -150 basis points for 2020.[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. These rates will remain fixed and will not be revised until every Fall edition of the 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 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 ceiling will exclude external borrowing which is for the sole purpose of refinancing existing public sector external debt and which helps to improve the profile of the repayment schedule.

- 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 CI-Energies, up to EUR 300 million, or

[3]The program reference rate and margins are based on the "average projected rate" for the US$ six month LIBOR from the fall 2018 edition of World Economic Outlook (WEO). Rates will be updated annually starting with the fall editions of the WEO.

CFAF 196.8 billion, calculated using the average exchange rate for January 2019 (EUR 1 = CFAF 655.994).

- Program projections for end-June 2019 and end-December 2019 include the issuance of Eurobond or the contracting of loans from international banks by the Government in foreign currency, up to US dollar 880.2 million, an amount equivalent to CFAF 500 billion, calculated at the average exchange rate for August 2018 (US dollar 1 = CFAF 568.0). In the case of an actual Eurobond issuance or a contracting of loans from international banks by the Government by an amount less than the expected or of the non-issuance of Eurobond or non-contracting of the loans from international banks, the program ceiling applicable to the PV of new external debt at end-June 2019 and end-December 2019 will be adjusted downward by the total amount of the difference between the projected and the actual Eurobond issuance or loans contracted with the international banks, calculated at the average exchange rate for August 2018 (US$ 1 = CFAF 568.0).

- Program projections for end-June 2020 include the issuance of Eurobonds or the contracting of loans from international banks by the Government in foreign currency, up to USD 848.1 million, an amount equivalent to CFAF 500 billion, calculated at the average exchange rate for August 2019 (US dollar 1 = CFAF 589.6). In the event that the Eurobond issuance in foreign currency or the contracting of loans from international Banks by the Government is for an amount less than expected or in the absence of an issuance, the end-June 2020 ceiling for the PV of the new external debt will be adjusted downwards by the total amount of the difference between the projected amount of the issuance and the actual issuance of the Eurobond in foreign currency or the loans from international banks, calculated in CFAF at the average exchange rate for August 2019 (US dollar 1 = CFAF 589.6).

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 for 2019 is summarized in Table 1. In this table, the dollar value of the new external debt is calculated using the average euro-dollar exchange rates of August 2018 (1 dollar =[0.87] euros) for January-June 2019 and January-December 2019 (see above). The authorities' current borrowing plan for January-December 2020 is summarized in Table 2. In this table, the dollar value of the new external debt is calculated using the average euro-dollar exchange rates of August 2019 (1 dollar =[0.90] euros) for January-June 2020 and January-December 2020.

Table 1. Current Levels of External Borrowing (January-December 2019)
(Millions of US dollars)

	janvier-juin 2019						janvier-décembre 2019	
	Programme		Programme ajusté 1/		Réalisation		Programme	
	Volume de la nouvelle dette, millions US$ 2/	VA de la nouvelle dette, millions US$ 2/	Volume de la nouvelle dette, millions US$ 2/	VA de la nouvelle dette, millions US$ 2/	Volume de la nouvelle dette, millions US$ 2/	VA de la nouvelle dette, millions US$ 2/	Volume de la nouvelle dette, millions US$ 2/	VA de la nouvelle dette, millions US$ 2/
Source de l'endettement	**3,145.5**	**2,541.9**	**2,876.8**	**2,231.6**	**1,899.8**	**1,376.8**	**4,114.3**	**3,480.5**
Dette concessionnelle, dont 3/	**635.1**	**362.2**	**635.1**	**362.2**	**1,012.4**	**567.8**	**635.1**	**362.2**
Multilatérale	635.1	362.2	635.1	362.2	867.1	520.1	635.1	362.2
Bilatérale	0.0	0.0	0.0	0.0	145.3	47.8	0.0	0.0
Dette non concessionnelle	**2,510.3**	**2,179.7**	**2,235.7**	**1,869.4**	**887.4**	**808.9**	**3,479.1**	**3,118.3**
Semi-concessionnelle 4/	1,630.1	1,299.5	1,976.1	1,609.9	831.7	753.2	2,508.9	2,148.1
Commerciale 5/	880.2	880.2	259.6	259.6	55.7	55.7	970.2	970.2
Emploi de l'endettement	**3,145.5**	**2,541.9**	**2,868.2**	**1,921.2**	**1,899.8**	**1,376.8**	**4,114.3**	**3,480.5**
Infrastructure	2,265.2	1,661.7	2,265.2	1,661.7	1,233.5	845.6	3,129.0	2,499.8
Dépenses sociales	0.0	0.0	0.0	0.0	145.3	47.8	0.0	0.0
Financement budgétaire	880.2	880.2	256.6	259.6	29.7	20.4	880.2	880.2
Autres	0.0	0.0	346.4	0.0	491.2	463.0	105.0	100.4

Source: MPMEF/DGTCP/DDP

1/Adjusted by the amount of the guarantee of 300 million euros for Ci-Energie and the difference between the CFAF 500 billion available in bank loans and the CFAF 265.5 billion used.

2/ Contracting and guaranteeing of new debt. The present value of the debt is calculated using the terms of each loan by applying the program's 5 percent discount rate.

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

4/ Debt with a positive grant element that does not meet the minimum grant element.

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

Table 2. Summary Table on External Borrowing Program (January-December 2020)
(Millions of US dollars)

New external contracted or guaranteed debt	January-June 2020 Volume of new debt[1/]	January-June 2020 PV of new debt[1/]	January-December 2020 Volume of new debt[1/]	January-December 2020 PV of new debt[1/]
Sources of debt financing	**2791.5**	**2098.0**	**4681,7**	**3694,6**
Concessional debt [2/]	***356,3***	***211,4***	***671,9***	***394,7***
Multilateral debt	289,0	168,3	604,7	351,6
Bilateral debt	67,3	43,1	67,3	43,1
Non-concessional debt	***2435,2***	***1886,6***	***4009,7***	***3299,9***
Semi-concessional [3/]	2435,2	1886,6	4009,7	3299,9
Commercial terms [4/]	0.0	0.0	0.0	0.0
Uses of debt financing	**2791,5**	**2098,0**	**4681,7**	**3694,6**
Infrastructure	1770,4	1415,6	2491,6	1995,9
Social spending	364,8	254,9	364,8	254,9
Budget financing	0.0	0.0	1035,2	932,8
Other	656,4	427,5	790,1	511,1

Source: MPMEF/DGTCP/DDP

[1/] Contracting and guaranteeing of new debt. The present value of the debt is calculated using the terms of each loan by applying the program's 5 percent 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 that 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 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. There will be no accumulation of new external payment arrears. 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 of the TMU.

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, 2017–20

(Billions of CFA francs)

	2017	2018	2018	2019	2020
		Authorities' Projections		Budget	Draft Budget
01 Agriculture and rural development	**84,3**	**105,9**	**79,1**	**120,3**	**135,0**
01.0 General administration	45,0	55,7	39,8	76,0	78,2
01.1 Agriculture promotion and development program	5,9	16,2	4,5	15,9	15,0
01.2 Training of supervisory staff	15,1	13,2	14,2	14,4	33,0
01.3 Water system works	4,7	7,4	7,1	1,4	1,3
01.4 Other investments in the rural area (FRAR, FIMR)	13,6	13,4	13,4	12,5	7,7
02 Fishing and animal husbandry	**10,2**	**15,7**	**12,1**	**17,9**	**19,2**
02.0 General administration	6,0	7,9	7,8	8,1	8,4
02.1 Milk production and livestock farming	2,2	1,0	1,8	1,1	1,4
02.2 Fishing and aquaculture	1,9	6,8	2,5	8,7	9,4
03 Education	**1 085,5**	**1 263,1**	**1 194,5**	**1 315,6**	**1 342,7**
03.0 General administration	35,0	32,9	26,9	25,6	54,2
03.1 Pre-schooling and primary education	480,2	540,1	528,0	557,0	567,5
03.2 Literacy	0,5	0,5	0,4	0,5	0,4
03.3 Secondary education and vocational training	357,3	463,4	407,8	481,9	478,5
03.4 University and research	212,5	226,3	231,3	250,6	242,1
04 Health	**338,9**	**356,1**	**305,6**	**376,3**	**446,2**
04.00 General administration	165,0	175,5	174,1	192,0	214,5
04.01 Primary health system	70,6	88,1	60,9	73,1	60,7
04.02 Preventive healthcare (enlarged vaccination program)	1,5	2,0	4,5	1,5	15,6
04.03 Disease-fighting programs	20,4	29,2	14,8	36,1	47,5
04.04 Infant/mother health and nutrition	11,3	11,3	0,8	12,6	33,5
04.05 HIV/Aids	23,3	11,8	11,9	18,5	24,7
04.06 Health centers and specialized programs	46,8	38,1	38,6	42,5	49,7
05 Water and De-contamination	**48,3**	**107,0**	**57,6**	**100,0**	**108,3**
05.1 Access to drinking water and de-contamination	47,5	96,8	49,1	40,4	56,6
05.2 Environmental protection spending	0,8	10,2	8,5	59,6	51,7
06 Energy	**113,9**	**90,1**	**189,5**	**131,2**	**143,4**
06.1 Access to electricity	113,9	90,1	189,5	131,2	143,4
07 Roads and Art Works	**329,4**	**216,5**	**426,7**	**296,8**	**396,0**
07.1 Road maintenance	22,3	6,6	28,4	2,4	2,7
07.2 Construction of art works	9,2	0,5	15,2	1,0	1,5
07.3 Other road projects	297,9	209,4	383,0	293,4	391,8
08 Social spending	**27,2**	**40,0**	**24,6**	**39,2**	**46,7**
08.0 General administration	19,3	21,9	16,4	18,2	19,7
08.1 Training for women	0,6	0,4	1,1	0,5	1,3
08.2 Orphanages, day nurseries, and social centers	3,9	3,4	3,8	3,3	1,7
08.3 Training of support staff	1,6	1,6	1,5	1,5	2,1
08.4 Indigents and victims of war or disaster	1,8	12,6	1,7	15,6	21,8
09 Decentralization (excl. education, health and agriculture)	**55,0**	**65,7**	**59,6**	**76,5**	**81,2**
09.1 Decentralization	55,0	65,7	59,6	76,5	81,2
10 Reconstruction	**12,7**	**9,6**	**8,8**	**9,5**	**18,7**
10.1 Reconstruction and rehabilitation	0,0	0,5		0,3	1,0
10.2 Social housing	12,7	9,2	8,8	9,2	17,7
11 Other poverty-fighting spending	**4,3**	**21,1**	**3,5**	**22,3**	**17,3**
11.1 Promotion and insertion of youth	2,6	18,7	2,4	21,1	15,2
11.2 Support and follow-up of DSRP	0,1	1,5			
11.3 Development of tourism and craftmanship	1,6	0,9	1,1	1,2	2,0
TOTAL	**2 109,6**	**2 290,8**	**2 361,4**	**2 505,5**	**2 754,9**

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
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

Table 4. Côte d'Ivoire: Document Transmittal for Program Monitoring (concluded)			
Sector	**Type of data**	**Frequency**	**Transmittal deadline**
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

List of Funds for the Government Fiscal Reporting Table (TOFE) According to the *Government Finance Statistics Manual (GFSM)* 2001/14:

Extrabudgetary units

- Coffee-Cocoa Board (Conseil Café Cacao (CCC))
- Road Maintenance Fund (Fonds d'entretien routier (FER))

- National Universal Telecommunication Services Agency (Agence nationale du service universel de télécommunications (ANSUT))

- Industrial Development Fund (Fonds pour le Développement Industriel (FODI))

Social Security Funds

- Civil Service Pension Fund (Caisse générale de retraite des fonctionnaires (CGRAE)) ;

- National Social Security Fund (Caisse nationale de prévoyance sociale (CNPS)), in charge of workers from the private sector.

List of Quarterly Indicators Dashboard for State Enterprises and Enterprises with Publicly-owned Majority Shareholding
Indicator
- Turnover
- Operating expenses (as transmitted by public enterprises)
- Investment expenditure (realized investments, as transmitted by public enterprises)
- EBE
- Interest payments
- Net profit
- Treasury position (net treasury position as transmitted by public enterprises if available
- Total debt
- External debt (as defined for the state in
- Debt maturing in less than one year
- Debt to suppliers if available
- State guarantees (in the context of monitoring indebtedness) if available
- Working capital (estimated on the basis of projections).

CÔTE D'IVOIRE

November 19, 2019

SIXTH REVIEWS UNDER THE ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, AND REQUEST FOR EXTENSION AND AUGMENTATION OF ACCESS—DEBT SUSTAINABILITY ANALYSIS[1]

Approved by
Dominique Desruelle and Mary Goodman (IMF); and Marcello Estevão (IDA)

Prepared by the International Monetary Fund and the International Development Association

Risk of external debt distress	*Moderate*
Overall risk of debt distress	*Moderate*
Granularity in risk rating	*Some space to absorb shocks*
Application of judgment	*No*

Côte d'Ivoire has a moderate risk of external debt distress, with some space to absorb shocks. All liquidity and solvency external debt indicators lie below their thresholds under the baseline scenario. However, the ratio of external debt service to revenue is on an upward gradual trend starting in 2021 and an export or market financing shock would cause a breach of the liquidity indicators. This underscores the downside risks originating from external shocks and the need to boost domestic revenue mobilization. The overall risk of public debt distress is also moderate, with public debt expected to gradually decrease over the projection horizon, though the growth in SOE debt and guarantees is a source of risk. Prudent fiscal policies, in line with the WAEMU fiscal deficit criterion, and a prudent external borrowing strategy balancing the costs and economic return of new loans will be crucial to preserve borrowing space and debt sustainability. The authorities also need to remain mindful not to excessively reduce recourse to the regional financial market, as this would run counter to the WAEMU-wide efforts to support the development of that market and their published medium-term debt management strategy.

[1]This DSA updates the previous Joint DSA dated December 14, 2018 (IMF Country Report No. 18/367). Côte d'Ivoire's debt carrying capacity, calculated based on the October 2019 WEO and the World Bank's 2018 CPIA is classified as medium. The applicable thresholds to the public and publicly guaranteed external debt are: 40 percent for the PV of debt-to-GDP ratio, 180 percent for the PV of debt-to-exports ratio, 15 percent for the debt service-to-exports ratio, and 18 percent for the debt service-to-revenue ratio. The applicable benchmark for the PV of total public for medium debt carrying capacity is 55 percent of GDP.

PUBLIC DEBT COVERAGE

1. **The definition of public debt covers the central government, social security, and government guarantees to other entities in the public and private sectors, including to state-owned enterprises** (Text Table 1). Debt includes state-owned enterprises (SOEs) guaranteed debt by the government (2.2 percent at end-2018) and on-lent debt from the government (4 percent). The rest of SOEs debt (that is, the part that is neither guaranteed nor on-lent by the government), which represents 1.5 percent of GDP at end-2018, is currently not included in the baseline due to limited information on revenues. The authorities are working on compiling the missing information. A contingent liability tailored test is designed to fully capture risks associated with SOEs' debt, as well as public-private partnership (PPP) capital stock (Text Table 1).

Text Table 1. Côte d'Ivoire: Coverage of Public Sector Debt and Design of the Contingent Liability Stress Test

	Subsectors of the public sector	Check box
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	X
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	

Public debt coverage and the magnitude of the contingent liability tailored stress test

1	The country's coverage of public debt	The central government plus social security, central bank, government-guaranteed debt		
		Default	Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0 percent of GDP	0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	2.00	
4	PPP	35 percent of PPP stock	1.24	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5	
	Total (2+3+4+5) (in percent of GDP)		8.2	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

DEBT LANDSCAPE

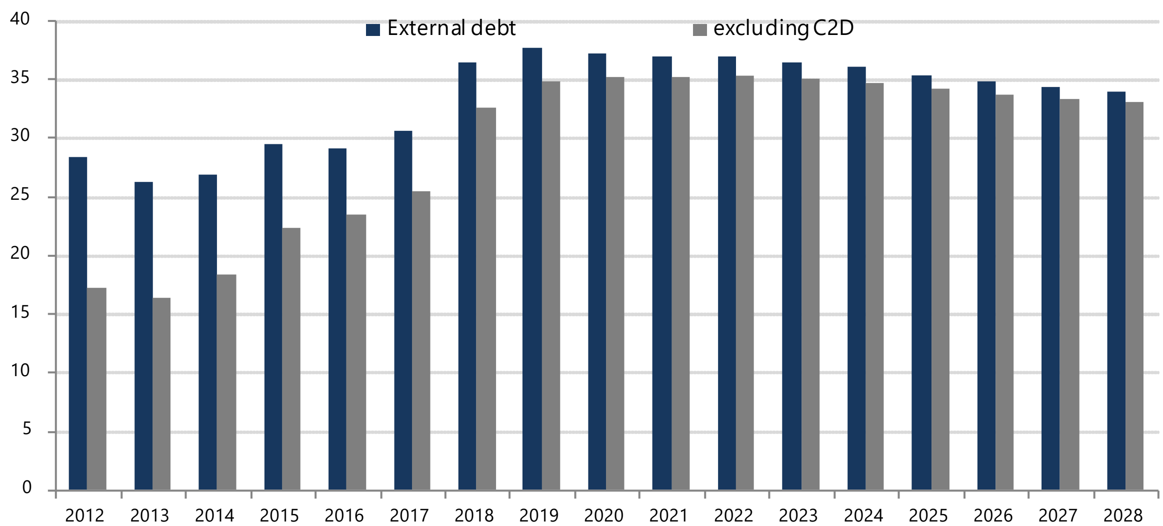
2. **External debt, defined on a currency basis, increased by 6.1 percentage points of GDP in 2018 and is projected to increase by 1.5 percentage points of GDP in 2019, before gradually declining in percent of GDP.**[2] The increase in 2018 includes the two Eurobonds issued in March 2018 (4.7 percent of GDP) and the government-guaranteed loan to restructure the debt of the state-owned oil refining company (SIR) in December 2018 (1.4 percent of GDP). The projected increase in 2019 includes a counter-guarantee for a World Bank guarantee and a comfort letter, both to back a loan to support arrears clearance at CI-ENERGIES and enhance its credit quality (0.8 percent of GDP). External debt

[2]In this DSA, Public and Publicly Guaranteed external debt 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 as grants to the government to finance development projects. Flows associated with the C2D process are included by IMF staff in the external and fiscal accounts to capture gross cash flows (debt service and grants). See IMF Country Report nº14/358 and Supp.1, 11/21/2014 for a detailed discussion. The amount in the DSA also excludes CFAF-denominated external debt.

excluding C2D[3] is therefore projected to reach 34.7 percent of GDP at end-2019. It is then projected to gradually decline over the 2020-28 period.

Figure 1. Côte d'Ivoire: Stock of External Public Debt, 2012–28

(Percent of GDP)



Sources: Ivoirien authorities and IMF staff estimates.

3. **Reflecting in large part the Eurobond issuances, the share of commercial creditors in external debt rose in 2018**. It reached over 54.4 percent at end-2018 from 52.8 percent at end-2017 (Text Table 2), which is fully accounted by the Eurobond issuances. Multilateral creditors represented 24.2 percent of external debt, while bilateral creditors accounted for 18.5 percent of the external debt stock at end-2018.

Text Table 2. Côte d'Ivoire: Composition of External Debt per Creditor Group

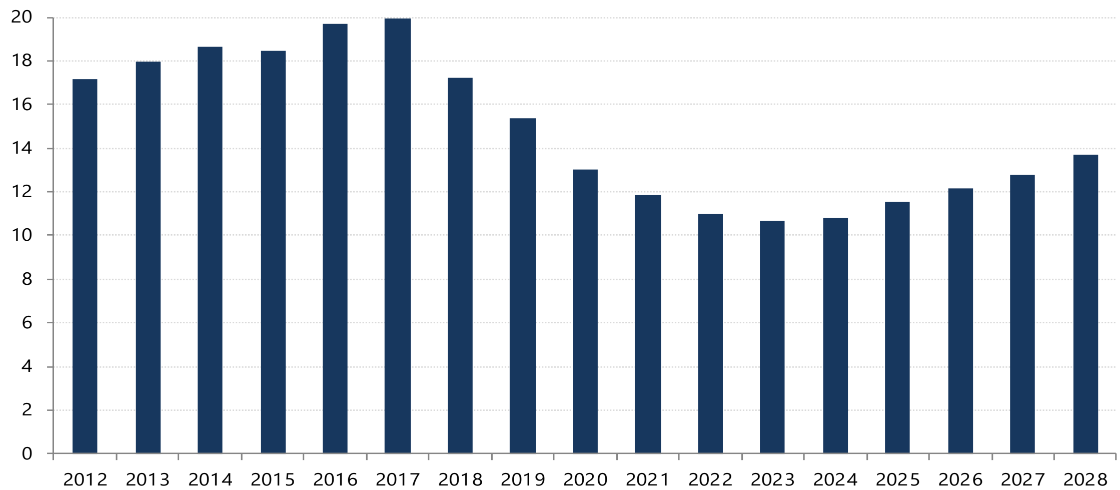
	2017	2018	
	Million USD	Million USD	Percent of total
Total (excluding C2D)	**10,292.7**	**13,616.2**	**100.0**
Multilateral creditors	**2,691.3**	**3,195.6**	**23.5**
IMF	1,291.1	1,327.6	9.8
World Bank	779.2	923.7	6.8
AfDB group	191.0	288.5	2.1
Other multilaterals	429.9	655.7	4.8
Official bilateral creditors	**2,169.6**	**2,517.8**	**18.5**
Commercial creditors	**5,431.8**	**7,410.9**	**54.4**
London Club	5,397.8	7,045.7	51.7
Other commercials	34.0	365.2	2.7
SOE Guarantee		**492.0**	**3.6**

Sources: Ivoirien authorities; and IMF staff estimates.

[3] The Debt Reduction-Development Contract (C2D) is a debt restructuring tool under which Côte d'Ivoire continues to service its bilateral debts to France and Spain until repayment, but the amounts are transferred back to the country as grants to finance poverty reduction programs.

4. Reliance on domestic sources of financing is expected to decline further in 2019–23, before rebounding. Domestic debt had increased by 2.7 ppt of GDP between 2012 and 2017, reaching 19.9 percent of GDP in 2017.[4] Reversing that trend, domestic debt was back to 17.2 percent of GDP in 2018 and is projected to decrease further by about 2 percent of GDP in 2019. It would continue decreasing until 2023, before picking up again over 2023–28. This reflects the combination of (i) the authorities' strategy to fund gross financing needs in a balanced way between domestic and foreign currency sources, and (ii) the fact that rollover needs of domestic debt are larger than those of external debt in the next few years. The scenario assumes that after substantial Eurobond issuances in 2017–18 and more moderate recourse to international financial markets in 2019 and projected for 2020, the authorities would continue to tap international markets every year going forward in the same manner. However, the authorities should remain mindful not to not excessively reduce their recourse to the regional financial market in the next few years, as this would run counter to the WAEMU-wide efforts to support the development of that market.

Figure 2. Côte d'Ivoire: Stock of Domestic Public Debt1/, 2012-2028
(Percent of GDP)



1/ Central government only.
Sources: Ivoirien authorities; and IMF staff estimates.

UNDERLYING ASSUMPTIONS

5. The assumptions in the baseline scenario are consistent with the macroeconomic framework outlined in the staff report for the sixth reviews under the EFF/ECF blended arrangements (Text Table 3). These include sustained but moderating GDP growth, subdued inflation, a gradual improvement in the external position, compliance with WAEMU fiscal deficit convergence criterion of 3 percent of GDP from 2019 onward, and a move toward more commercial debt to cover the gross financing needs as Côte d'Ivoire transitions to emerging market status.

- **Sustained but moderating GDP growth over the medium term**. Real GDP growth is expected to remain broadly unchanged in the medium-term compared to the previous DSA,

[4]A large part of the domestic debt consists of securities issued in the regional auction and syndication debt markets.

averaging 6.9 percent during the first five years of the projection period (2019–24). Growth is supported by robust domestic demand and positive net exports in the medium term. Reflecting a stabilization process, real GDP is projected to grow by almost 5.7 percent over 2025–30 on average and 5.6 percent over 2031–39 as investment normalizes and net trade contributions lessen further into the projection period.

- **Subdued inflation**. Inflation is expected to remain subdued at about 2 percent, reflecting good domestic supply conditions and the strength of the Euro to which the CFA Franc is pegged.

- **A stabilized deficit at 3 percent**. This reflects the government's efforts to mobilize domestic revenue and contain non-priority expenditure to meet the WAEMU fiscal deficit convergence criterion of 3 percent of GDP from 2019 onward.

- **The current account deficit is projected to narrow over the projection horizon**. It is projected to gradually narrow from 4.7 percent of GDP in 2018 to 3 percent by 2024, reflecting higher exports of transformed primary products and slower import growth as investment and associated service and equipment imports normalize. These assumptions are subject to downside risks including unfavorable terms-of-trade shocks and weaker-than-expected global growth in the context of rising protectionism.

- **Commercial debt financing**. Côte d'Ivoire's financing needs are expected to be covered mainly by commercial debt in the medium term as it transitions toward an emerging market economy. The government is expected to rely on both concessional and non-concessional lending to satisfy its financing needs. This is consistent with the authorities' medium-term debt management strategy, which envisages a balanced split between sources in domestic and foreign currencies to meet gross financing needs over the period 2019–23.

6. The realism of the macroeconomic framework is confirmed by several checks (Figure 6). The projected medium-term debt-creating flows do not deviate significantly from the historical outturns. The projected fiscal adjustment for the next three years is below the top quartile of the distribution of approved Fund-supported programs for LICs since 1990. The assumed fiscal consolidation plans are consistent with the WAEMU regional fiscal deficit convergence criterion of 3 percent of GDP, to which the authorities have committed starting from 2019. Regarding the relation between fiscal adjustment and growth paths, the baseline projection does not deviate significantly in 2019 from the growth paths with LIC's typical fiscal multipliers extracted from the empirical literature in 2019. The contribution of government capital to real GDP growth is projected to increase slightly over the medium term.

Text Table 3. Côte d'Ivoire: LIC DSA Macroeconomic Assumptions

	Previous DSA			*Current DSA*		
	2018-23	2024-29	2030-38	2018-23	2024-29	2030-38
Nominal GDP (USD Billion) 1/	54.0	86.8	147.6	51.6	82.7	143.4
Real GDP (y/y % change)	7.1	5.9	5.5	7.1	5.9	5.6
Fiscal (central government)						
Revenue and grants 2/	20.7	21.3	22.9	20.1	20.5	22.7
of which: grants	1.0	0.1	0.0	0.9	0.1	0.0
Primary expenditure	21.7	21.8	23.4	21.4	21.7	23.9
Primary basic balance (excluding C2D grants)	0.5	1.2	1.2	0.5	0.7	0.8
Balance of payments						
Exports of goods and services	35.6	33.0	27.7	28.8	27.6	25.4
Imports of goods and services	35.0	31.0	25.6	27.4	24.8	22.7
Non-interest current account deficit 3/	1.9	0.9	1.2	1.7	0.6	0.8
New foreign direct investment (net inflows)	1.8	2.3	2.2	1.4	1.7	2.1

Sources: Ivoirien authorities, and IMF staff estimates

1/ Changes from the 4th review DSA reflects an updated nominal GDP following the release of final 2017 national accounts and estimates 2018 national accounts and revised CFA/USD exchange rate assumptions.

2/ C2D grants are excluded from revenue and grants.

3/ C2D grants are excluded from official transfers.

COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

7. Côte d'Ivoire has a medium debt carrying capacity. As in the latest DSA, the debt carrying capacity depends on a Composite Indicator (CI) that includes the CPIA and other variables from the macroeconomic framework.[5] With a CI score of 2.97, Côte d'Ivoire has a medium debt carrying capacity, which determines the relevant external debt burden thresholds and total public debt benchmarks.

Text Table 4. Côte d'Ivoire: CI Score

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.386	1.30	44%
Real growth rate (in percent)	2.719	7.562	0.21	7%
Import coverage of reserves (in percent)	4.052	39.075	1.58	53%
Import coverage of reserves^2 (in percent)	-3.990	15.269	-0.61	-21%
Remittances (in percent)	2.022	0.446	0.01	0%
World economic growth (in percent)	13.520	3.499	0.47	16%
CI Score			2.97	100%
CI rating			Medium	

[5]The other variables from the macroeconomic framework consist of five variables: real GDP growth, remittances, import coverage of reserves, the square of import coverage of reserves, and world economic growth. The CI uses ten years of data (5 years of history and 5 years of projections) to smooth out economic cycles.

8. Given Côte d'Ivoire's continuous reliance on global capital markets, a tailored test for international market financing was conducted. Côte d'Ivoire issued sizeable Eurobonds in 2017 and 2018 and is tapping international markets for smaller amounts in 2019. Its debt management strategy aims at leveraging global capital markets to finance part of the country's gross financing needs over 2019–23. Consequently, a tailored test for market financing assumes a temporary increase in the cost of new commercial external borrowing by 400 basis points combined with a nominal depreciation of 15 percent of the CFAF vis-à-vis the US$ and a shortening of maturities and of grace periods.[6]

9. A contingent liability tailored shock was conducted to capture potential fiscal risks arising from SOEs, PPPs, and the financial market. This tailored stress tests include the standardized 2 percent of GDP— which is in the order of magnitude of the 1.5 percent of GDP SOEs' debt stock that is not already included in the debt stock. It also includes a 1¼ percent of GDP shock to accommodate potential fiscal risks on 35 percent of the PPP capital stock, and a financial sector shock of 5 percent of GDP.

10. Standard stress tests on real GDP growth, primary balance, exports, current transfers, foreign exchange (FX) depreciation, and tailored test on commodity price have also been applied. The first four shocks set each of the above variables to its historical average minus one standard deviation, or to its baseline projection minus one standard deviation, whichever is lower, for 2019 and 2020. The FX depreciation considers a nominal depreciation of 30 percent of the CFAF vis-à-vis the US$ in the first year of the projection. The commodity price shock captures the impact of a sudden one standard deviation decline in commodity prices.

EXTERNAL DEBT SUSTAINABILITY ANALYSIS

11. The external DSA assessment indicates that all Public and Publicly Guaranteed (PPG) debt indicators are below their corresponding thresholds for the next ten years in the baseline scenario. The PV of external debt-to-GDP is expected to decrease from 28 percent in 2019 to 26 percent in 2029 (Text table 1 and Figure 3) as growth continues, fiscal consolidation takes place in 2019 and the tight fiscal position is maintained throughout the projected horizon and as the authorities rely on a balanced mix of loans in domestic and foreign currencies to meet their gross financing needs. A liability management operation, conducted in October 2019,[7] has resulted in smoother repayment peaks in 2024, 2025, and 2032, and lower indicators over 2019–29 compared to the December 2018 DSA. The two new Eurobonds will be due in 2029–31 and 2038–40. The peak in debt service-to-revenue ratio will be reached in 2031 and is projected to decrease henceforth.

[6] The share of USD denominated debt is estimated to be decreasing over time. The considered shortening of maturities of commercial external borrowing are as follows. If the original maturity is greater than 5 years, the new maturity is set to 5 years. If the original maturity is less than 5 years, the new maturity is shortened by 2/3.

[7] In October 2019, the authorities issued a EUR 1.7 bn Eurobond. A significant part of it, EUR 1.4 bn, was used to refinance debt repayment peaks coming due in 2024/2025/2032 and switch some Eurobonds from dollars into euros. Half of the Eurobond issuance was with a 12-year maturity at 5.875 percent and the other half with a 32-year maturity at 6.875 percent.

12. Among all the considered shock scenarios, the one on exports has the largest negative impact on Côte d'Ivoire's external debt sustainability. Under the standard stress test on exports, the debt-service-to-revenue ratio breaches the threshold starting in 2025. Likewise, under the market financing stress test the debt service-to-export ratio breaches the threshold starting in 2025. These results underscore the downside risks for debt sustainability originating from external shocks (such as negative terms of trade shocks) and to market financing (such as rising interest rates) that could hit the Ivoirian economy. While the stock indicators remain below their respective thresholds under the most extreme shock scenarios, they are close to them from 2021 onwards.

PUBLIC DEBT SUSTAINABILITY ANALYSIS

13. Under the baseline scenario, the PV of public debt-to-GDP ratio is below its threshold of 55 percent (Figure 4). The PV of public debt-to-GDP is expected to slightly decrease over the projection period, from 43.1 percent in 2019 to 39.7 percent in 2029. Meanwhile, the PV of debt-to-revenue ratio decreases from 212.7 percent in 2019 to 189.9 percent in 2029. Finally, the debt service-to-revenue ratio remains in the region of 32 percent, with its level initially declining somewhat from 2019 to 2023, before increasing again to reach in 2029 a level similar to the one in 2019.

14. Stress tests highlight that Côte d'Ivoire's most extreme public debt vulnerability could emerge from a shock to GDP growth and commodity prices (Figure 4 and Table 4). Under the standard stress test of real GDP growth shock, the PV of public debt-to-GDP would breach its corresponding threshold of 55 percent starting in 2022, to reach 89.9 percent in 2029. This shock would lead to an explosive pattern of the three debt and debt service indicators. In addition to highlighting the very strong sensitivity to GDP growth shocks, this underscores the importance of minimizing forecast errors by pinpointing projections of real GDP growth as precisely as possible through a strong statistical system and capacities. Under the tailored test of commodity price, PV of public debt breaches the threshold in 2023 and remain above until 2029.

RISK RATING AND VULNERABILITIES

15. The debt sustainability analysis under the new DSA indicates that Côte d'Ivoire remains at moderate risk of external debt distress as in the December 2018 DSA. While none of the external debt indicators breaches their corresponding threshold under the baseline scenario, the ratios of the external debt service-to-revenue and debt service-to-exports increase gradually starting in 2021, and standard stress tests show that they would cross the threshold in the most extreme shock scenarios. This reinforces the need to intensify revenue mobilization and diversify the export base through structural transformation over the medium term. It is also crucial to have a prudent external borrowing strategy aimed at balancing the costs and risks of new loans to preserve Côte d'Ivoire's borrowing space and medium-term debt sustainability.

16. The new DSA also indicates that the overall risk of debt distress is moderate, but stress tests highlight vulnerabilities to shocks both on the external and total debt. While the overall debt sustainability risk is moderate, the PV of public debt-to-GDP breaches its threshold of 55 percent starting in 2023 under the most extreme shock (growth) arising from the standard stress tests. While the October 2019 liability management operation has resulted in a smoother path for liquidity indicators, external debt service ratios to GDPs and exports would still breach their threshold starting in 2025 under the most extreme shock (exports and market financing).

17. The authorities may have reduced vulnerabilities related to repayment peaks in the short run, but they need to continue building resilience against shocks to debt sustainability (Figure 7). The DSA results highlight the need to carefully monitor debt indicators, ensure that GDP growth projections are conducted in a cautious way, implement judicious policies to preserve macroeconomic stability and have full oversight of SOE debt contracting. Within this context, the authorities should work toward fully integrating SOE debt in their debt sustainability assessment. To create fiscal space, the authorities should also increase their efforts in mobilizing domestic revenue while containing public expenditure.

AUTHORITIES' VIEWS

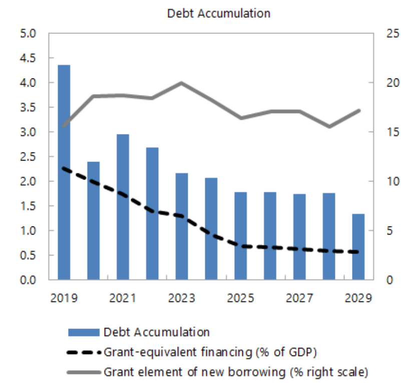
18. The authorities broadly agreed with the main conclusions of the DSA, particularly that Côte d'Ivoire remains at moderate risk of debt distress. They concurred with the importance of strengthening the monitoring of public sector debt and intend to maintain a medium-term debt management strategy that ensures continued moderate risk of debt distress. They also stressed their active debt management approach, favoring borrowing in euros to limit currency risk, while increasing the average maturity of external debt to reduce rollover risks. In particular, they pointed to the liability management operation conducted in October 2019 to smooth repayment peaks in 2024, 2025, and 2032 in relation with existing bullet-payment Eurobonds. Recognizing the risk related to repeated and substantial reliance on foreign currency borrowing in the recent years, their medium-term debt management strategy envisages a balanced split between sources in domestic and foreign currency to meet their financing needs over 2019-23. While they acknowledged the need to foster the deepening of the regional debt market to better leverage domestic savings for development objectives, they flagged that sustained presence on international capital markets helped reinforcing their status as a frontier economy and protected against the limited liquidity and depth of the regional market.

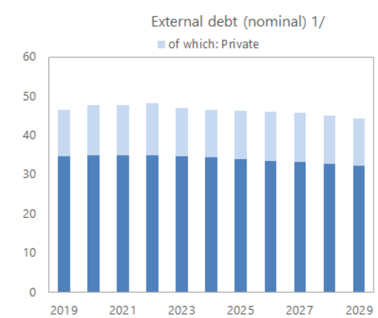
Table 1. Côte d'Ivoire: External Debt Sustainability Framework, Baseline Scenario, 2016–39

(Percent of GDP; unless otherwise indicated)

	Actual			Projections								Average 8/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029	2039	Historical	Projections
External debt (nominal) 1/	38.9	40.1	46.0	46.6	47.8	47.8	48.2	47.1	46.6	44.4	37.8	49.5	46.5
of which: public and publicly guaranteed (PPG)	23.4	25.4	32.5	34.7	34.8	35.0	35.0	34.8	34.5	32.2	24.6	30.4	34.0
Change in external debt	1.8	1.2	5.9	0.6	1.2	0.0	0.4	-1.2	-0.5	-0.7	-0.5		
Identified net debt-creating flows	0.5	0.6	1.5	2.0	2.1	2.0	1.8	1.6	1.8	2.2	2.5	-2.0	1.9
Non-interest current account deficit	-0.4	1.2	3.1	1.7	1.5	1.8	1.4	1.2	1.2	0.9	0.6	-2.5	1.2
Deficit in balance of goods and services	-3.0	-2.6	-0.5	-1.3	-1.3	-1.5	-1.7	-2.0	-2.3	-2.7	-2.9	-5.6	-2.2
Exports	33.4	33.6	29.8	30.1	29.0	28.3	27.8	27.8	27.9	27.0	24.2		
Imports	30.3	31.0	29.2	28.8	27.7	26.8	26.2	25.8	25.6	24.3	21.3		
Net current transfers (negative = inflow)	1.2	1.4	1.3	1.2	1.2	1.2	1.2	1.3	1.6	1.7	1.7	1.3	1.5
of which: official	-0.4	-0.4	-0.7	-0.7	-0.6	-0.5	-0.5	-0.4	-0.1	0.0	0.0		
Other current account flows (negative = net inflow)	1.4	2.4	2.4	1.8	1.7	2.1	1.9	2.0	2.0	1.9	1.9	1.8	1.9
Net FDI (negative = inflow)	1.6	0.8	1.4	1.4	1.4	1.5	1.5	1.5	1.6	1.8	2.3	1.3	1.6
Endogenous debt dynamics 2/	-0.7	-1.3	-3.0	-1.0	-0.8	-1.3	-1.2	-1.1	-1.0	-0.5	-0.5		
Contribution from nominal interest rate	1.6	1.6	1.6	2.3	2.3	1.8	1.8	1.8	1.8	1.8	1.5		
Contribution from real GDP growth	-2.8	-2.8	-2.6	-3.3	-3.1	-3.0	-2.9	-2.9	-2.8	-2.3	-2.0		
Contribution from price and exchange rate changes	0.5	-0.1	-1.9	...	...	...	...	...	...	...	...		
Residual 3/	1.3	0.5	4.4	-1.5	-0.9	-1.9	-1.3	-2.7	-2.2	-2.9	-3.0	-1.9	-2.0
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		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	24.6	28.0	28.0	28.2	28.2	28.0	27.8	26.0	19.5		
PV of PPG external debt-to-exports ratio	...	...	82.5	93.2	96.5	99.7	101.4	100.8	99.7	96.2	80.4		
PPG debt service-to-exports ratio	4.4	5.2	6.0	8.7	8.7	6.9	7.2	7.9	8.9	10.5	9.8		
PPG debt service-to-revenue ratio	7.9	9.0	9.5	13.8	13.3	10.3	10.3	11.3	12.5	13.7	9.8		
Gross external financing need (Million of U.S. dollars)	2563.1	3430.3	4550.9	4005.2	3434.4	4127.0	4267.9	4826.0	4863.7	7245.8	15997.0		
Key macroeconomic assumptions													
Real GDP growth (in percent)	8.0	7.7	7.4	7.5	7.3	7.0	6.7	6.5	6.4	5.6	5.7	6.1	6.4
GDP deflator in US dollar terms (change in percent)	-1.3	0.3	5.1	-4.0	1.4	2.6	2.4	1.7	1.8	1.7	1.8	0.1	1.3
Effective interest rate (percent) 4/	4.6	4.4	4.5	5.2	5.3	4.1	4.1	4.0	4.0	4.3	4.2	3.6	4.3
Growth of exports of G&S (US dollar terms, in percent)	-5.7	8.8	0.0	4.2	4.9	7.1	7.7	8.2	8.6	6.0	6.9	1.4	6.8
Growth of imports of G&S (US dollar terms, in percent)	-5.6	10.3	6.5	1.6	4.6	6.2	6.9	6.9	7.2	6.4	7.0	3.1	6.0
Grant element of new public sector borrowing (in percent)	...	...	...	15.7	18.6	18.7	18.4	20.0	18.3	17.2	16.8	...	17.5
Government revenues (excluding grants, in percent of GDP)	18.6	19.2	18.9	19.1	19.0	19.1	19.4	19.6	19.8	20.9	24.1	17.9	19.9
Aid flows (in Million of US dollars) 5/	556.3	577.6	589.9	1026.2	1134.1	1107.4	986.5	933.3	741.1	660.1	945.0		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	2.3	2.0	1.7	1.4	1.3	0.9	0.6	0.5	...	1.2
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	28.5	36.7	34.3	30.9	31.4	23.3	17.4	16.9	...	24.7
Nominal GDP (Million of US dollars)	35,297	38,134	43,048	44,440	48,356	53,099	58,044	62,880	68,089	98,263	202,769		
Nominal dollar GDP growth	6.5	8.0	12.9	3.2	8.8	9.8	9.3	8.3	8.3	7.4	7.6	6.1	7.8
Memorandum items:													
PV of external debt 7/	...	...	38.1	39.9	40.9	41.0	41.5	40.4	40.0	38.2	32.7		
In percent of exports	...	...	127.9	132.9	141.2	145.0	148.9	145.1	143.3	141.4	134.8		
Total external debt service-to-exports ratio	18.4	21.0	20.4	19.7	14.4	16.0	15.9	17.9	15.6	17.0	20.2		
PV of PPG external debt (in Million of US dollars)			10582.6	12458.2	13527.0	14954.8	16382.6	17637.4	18939.3	25552.7	39507.5		
(PVt-PVt-1)/GDPt-1 (in percent)				4.4	2.4	3.0	2.7	2.2	2.1	1.3	1.0		
Non-interest current account deficit that stabilizes debt ratio	-2.2	0.0	-2.8	1.1	0.4	1.7	1.0	2.4	1.7	1.6	1.2		

Definition of external/domestic debt	Currency-based
Is there a material difference between the two criteria?	Yes





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

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

6/ 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).

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

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

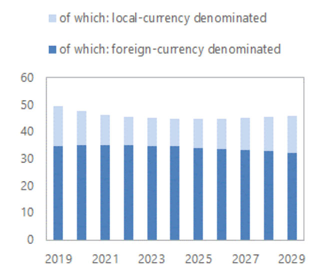
Table 2. Côte d'Ivoire: Public Sector Debt Sustainability Framework, Baseline Scenario, 2016-2039

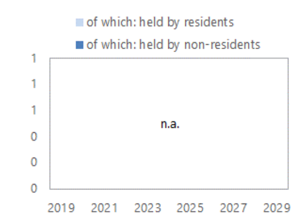
(Percent of GDP; unless otherwise indicated)

	Actual			Projections								Average 6/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029	2039	Historical	Projections
Public sector debt 1/	43.1	45.3	49.7	49.6	47.6	46.4	45.5	45.0	44.7	45.9	52.9	48.2	45.8
of which: external debt	23.4	25.4	32.5	34.7	34.8	35.0	35.0	34.8	34.5	32.2	24.6	30.4	34.0
Change in public sector debt	2.4	2.2	4.4	-0.1	-2.0	-1.3	-0.9	-0.5	-0.3	0.5	0.9		
Identified debt-creating flows	2.1	-0.6	1.3	1.0	-1.6	-0.9	-0.6	-0.7	-0.7	-0.9	-0.7	-0.3	-0.7
Primary deficit	2.4	2.8	2.1	1.0	0.8	1.3	1.3	1.3	1.3	1.1	1.3	1.4	1.2
Revenue and grants	20.0	20.4	19.9	20.3	20.2	20.1	20.1	20.2	20.0	20.9	24.1	18.9	20.3
of which: grants	1.4	1.2	1.0	1.2	1.2	1.0	0.7	0.6	0.2	0.0	0.0		
Primary (noninterest) expenditure	22.4	23.2	22.1	21.3	21.0	21.4	21.4	21.5	21.3	22.0	25.4	20.3	21.5
Automatic debt dynamics	-0.1	-3.3	-0.8	0.0	-2.0	-2.2	-1.9	-2.0	-2.0	-2.0	-2.0		
Contribution from interest rate/growth differential	-1.3	-1.3	-2.0	-1.7	-1.9	-2.1	-1.8	-2.0	-1.9	-1.6	-2.0		
of which: contribution from average real interest rate	1.7	1.8	1.2	1.8	1.4	1.0	1.1	0.8	0.8	0.8	0.8		
of which: contribution from real GDP growth	-3.0	-3.1	-3.1	-3.5	-3.4	-3.1	-2.9	-2.8	-2.7	-2.4	-2.8		
Contribution from real exchange rate depreciation	1.2	-2.0	1.2	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	-0.1	-0.1	0.0	0.0	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	-0.1	-0.1	0.0	0.0	-0.4	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (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		
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 debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	0.3	2.8	3.0	0.6	-0.4	-0.5	-0.4	0.3	0.5	1.4	1.7	-1.8	0.5
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	42.1	43.1	40.6	39.4	38.6	38.2	38.0	39.7	47.7		
PV of public debt-to-revenue and grants ratio	...	...	211.4	212.7	201.4	196.0	192.1	189.3	189.5	189.9	198.2		
Debt service-to-revenue and grants ratio 3/	11.9	13.2	29.1	32.6	32.0	27.1	26.2	25.2	27.5	32.1	41.8		
Gross financing need 4/	4.6	5.4	7.9	7.6	6.9	6.8	6.6	6.4	6.8	7.9	11.3		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	8.0	7.7	7.4	7.5	7.3	7.0	6.7	6.5	6.4	5.6	5.7	6.1	6.4
Average nominal interest rate on external debt (in percent)	4.0	4.1	3.9	5.5	5.2	3.5	3.5	3.5	3.6	3.9	3.6	2.8	3.9
Average real interest rate on domestic debt (in percent)	6.4	7.1	4.5	4.4	3.6	4.9	6.1	7.2	8.0	9.5	7.7	2.4	7.2
Real exchange rate depreciation (in percent, + indicates depreciation)	5.5	-8.9	4.9	...	...	...	...	...	...	...	...	1.5	...
Inflation rate (GDP deflator, in percent)	-1.1	-1.7	0.4	1.0	1.7	1.7	1.7	1.7	1.8	1.7	1.8	2.1	1.7
Growth of real primary spending (deflated by GDP deflator, in percent)	13.5	11.7	2.1	3.5	6.1	9.0	6.8	6.9	5.6	6.0	6.8	8.7	6.4
Primary deficit that stabilizes the debt-to-GDP ratio 5/	0.0	0.6	-2.2	1.1	2.8	2.6	2.2	1.8	1.6	0.7	0.4	-0.6	1.5
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**Yes**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government plus social security, central bank, government-guaranteed debt . Definition of external debt is Currency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

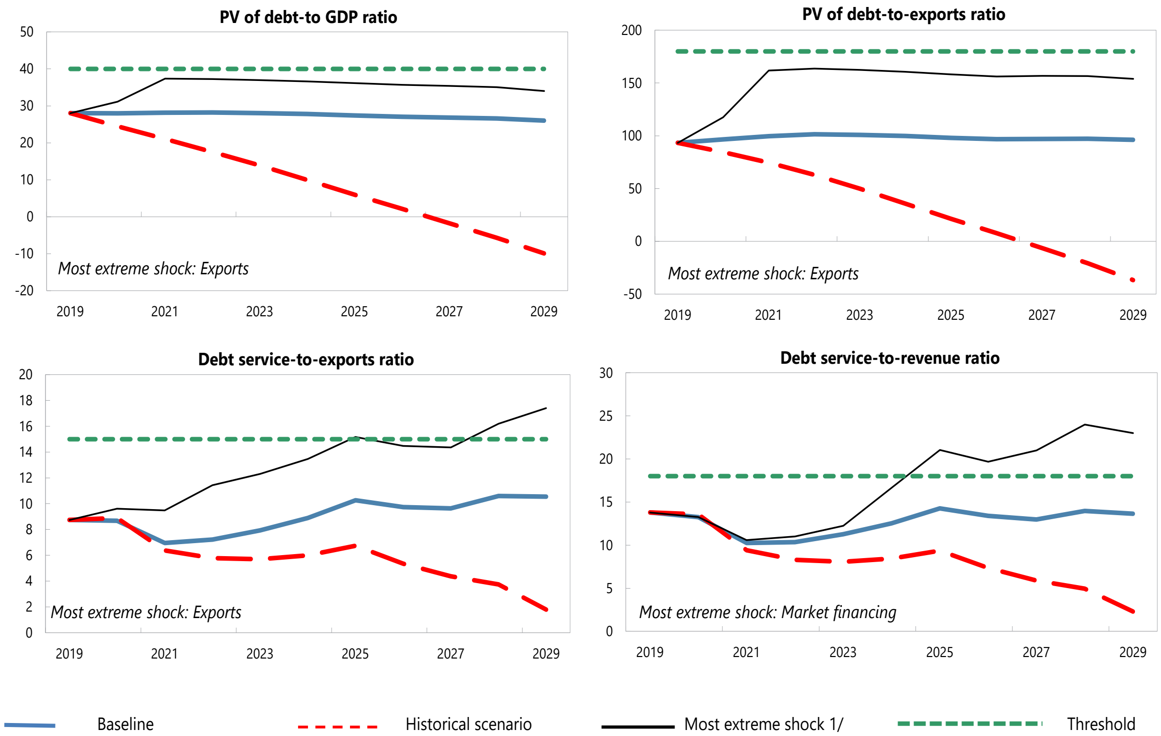
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ 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 and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 3. Côte d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, 2019–29 1/



Customization of Default Settings	Size	Interactions
Tailored Stress		
Combined CL	No	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	No	No

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	3.9%	7.0%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	18	18
Avg. grace period	7	7

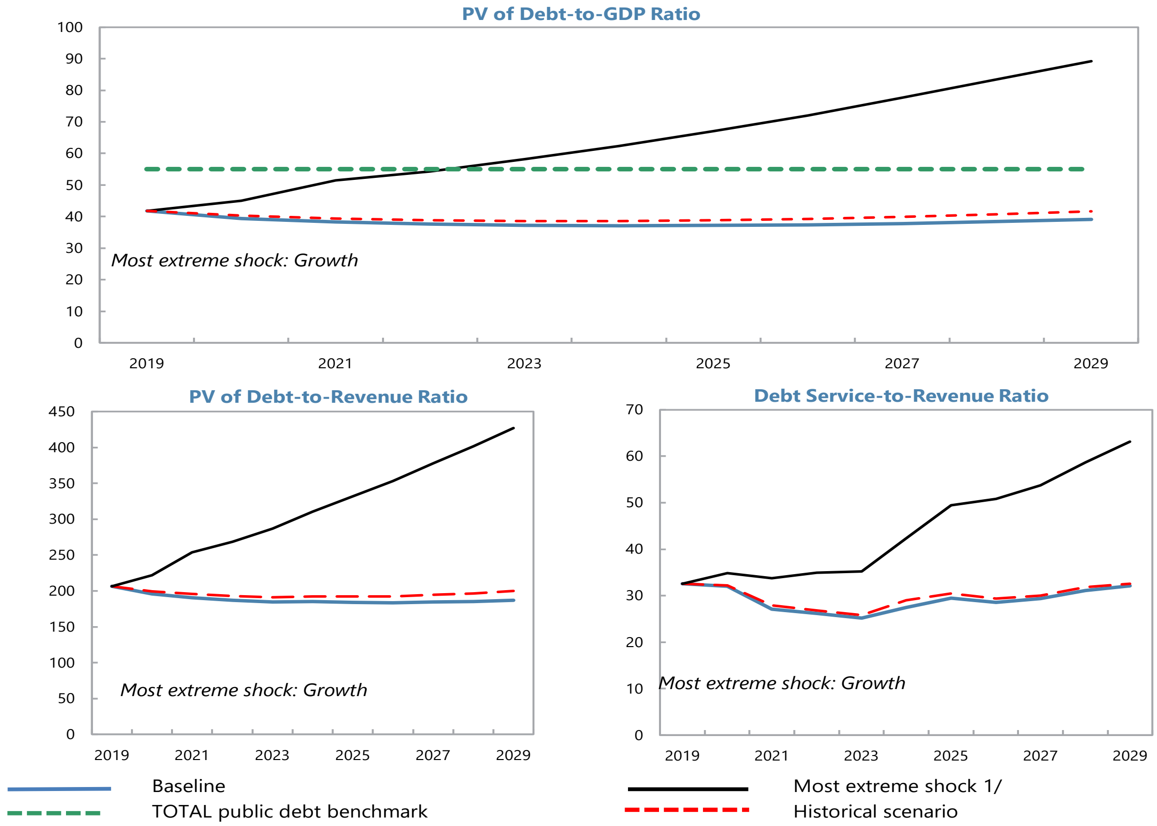
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 4. Côte d'Ivoire: Indicators of Public Debt Under Alternative Scenarios, 2019–29



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	58%	46%
Domestic medium and long-term	33%	42%
Domestic short-term	9%	12%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	3.9%	7.0%
Avg. maturity (incl. grace period)	18	18
Avg. grace period	7	7
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.4%	4.4%
Avg. maturity (incl. grace period)	4	4
Avg. grace period	3	3
Domestic short-term debt		
Avg. real interest rate	3.9%	3.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 3. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2019–29

(Percent)

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of debt-to GDP ratio											
Baseline	28.0	28.0	28.2	28.2	28.0	27.8	27.4	27.0	26.8	26.6	26.0
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	28.0	24.5	21.0	17.6	13.9	9.9	6.0	2.2	-1.8	-5.7	-9.9
B. Bound Tests											
B1. Real GDP growth	28.0	30.7	33.7	33.7	33.5	33.2	32.7	32.3	32.0	31.8	31.1
B2. Primary balance	28.0	28.7	29.9	29.9	29.7	29.6	29.4	29.0	28.8	28.6	28.0
B3. Exports	28.0	31.1	37.4	37.2	37.0	36.6	36.1	35.7	35.4	35.0	34.0
B4. Other flows 3/	28.0	28.9	29.9	30.0	29.8	29.5	29.1	28.7	28.5	28.2	27.5
B5. Depreciation	28.0	35.3	32.9	33.0	32.8	32.6	32.1	31.7	31.4	31.1	30.5
B6. Combination of B1-B5	28.0	33.3	33.5	33.6	33.4	33.2	32.7	32.3	32.0	31.7	31.0
C. Tailored Tests											
C1. Combined contingent liabilities	28.0	31.8	32.3	32.3	32.0	32.9	32.6	32.3	32.0	32.1	31.6
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	28.0	28.3	29.0	29.2	29.2	29.1	28.8	28.5	28.3	28.2	27.6
C4. Market Financing	28.0	31.2	31.5	31.7	31.7	31.6	31.1	30.6	30.1	29.6	28.8
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	93.2	96.5	99.7	101.4	100.8	99.7	98.1	96.8	96.9	97.2	96.2
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	93.2	84.5	74.4	63.0	49.9	35.6	21.3	7.8	-6.4	-20.8	-36.7
B. Bound Tests											
B1. Real GDP growth	93.2	96.5	99.7	101.4	100.8	99.7	98.1	96.8	96.9	97.2	96.2
B2. Primary balance	93.2	99.0	105.7	107.5	106.8	106.3	105.2	103.9	104.1	104.4	103.7
B3. Exports	93.2	117.5	161.7	163.6	162.5	160.6	158.2	156.2	156.7	156.6	153.9
B4. Other flows 3/	93.2	99.7	106.0	107.6	107.0	105.8	104.1	102.8	103.0	103.1	101.9
B5. Depreciation	93.2	96.5	92.3	94.1	93.6	92.6	91.1	89.8	89.9	90.1	89.5
B6. Combination of B1-B5	93.2	111.1	102.2	121.3	120.8	119.6	117.7	116.2	116.5	116.4	115.3
C. Tailored Tests											
C1. Combined contingent liabilities	93.2	109.6	114.1	115.8	115.1	117.9	116.9	115.5	115.8	117.4	117.0
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	93.2	97.9	102.7	105.1	105.1	104.4	103.0	101.9	102.4	102.9	102.1
C4. Market Financing	93.2	96.5	99.9	102.0	102.1	101.4	99.9	98.1	97.5	97.1	95.5
Threshold	180.0	180.0	180.0	180.0	180.0	180.0	180.0	180.0	180.0	180.0	180.0
Debt service-to-exports ratio											
Baseline	8.7	8.7	6.9	7.2	7.9	8.9	10.3	9.7	9.6	10.6	10.5
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	8.7	8.9	6.4	5.8	5.7	6.0	6.7	5.3	4.4	3.7	1.8
B. Bound Tests											
B1. Real GDP growth	8.7	8.7	6.9	7.2	7.9	8.9	10.3	9.7	9.6	10.6	10.5
B2. Primary balance	8.7	8.7	7.2	7.7	8.4	9.3	10.7	10.2	10.1	11.2	11.3
B3. Exports	8.7	9.6	9.5	11.4	12.3	13.5	15.2	14.5	14.4	16.2	17.4
B4. Other flows 3/	8.7	8.7	7.2	7.6	8.3	9.3	10.7	10.1	10.0	11.2	11.3
B5. Depreciation	8.7	8.7	6.9	6.7	7.5	8.4	9.8	9.3	9.2	10.1	9.7
B6. Combination of B1-B5	8.7	9.3	8.7	8.7	9.6	10.7	12.3	11.6	11.5	13.1	12.7
C. Tailored Tests											
C1. Combined contingent liabilities	8.7	8.7	7.8	8.2	8.9	9.8	11.4	11.0	10.9	11.8	11.9
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	8.7	8.7	7.1	7.5	8.2	9.2	10.7	10.1	10.1	11.1	11.1
C4. Market Financing	8.7	8.7	7.2	7.7	8.6	11.8	15.1	14.3	11.8	10.6	10.6
Threshold	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Debt service-to-revenue ratio											
Baseline	13.8	13.3	10.3	10.3	11.3	12.5	14.3	13.4	13.0	14.0	13.7
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	13.8	13.6	9.4	8.3	8.1	8.4	9.4	7.4	5.9	4.9	2.3
B. Bound Tests											
B1. Real GDP growth	13.8	14.5	12.3	12.4	13.5	15.0	17.0	16.0	15.5	16.7	16.3
B2. Primary balance	13.8	13.3	10.6	11.0	11.9	13.1	14.9	14.1	13.7	14.8	14.6
B3. Exports	13.8	13.4	11.4	13.4	14.3	15.5	17.2	16.3	15.8	17.5	**18.4**
B4. Other flows 3/	13.8	13.3	10.6	10.9	11.8	13.1	14.8	13.9	13.5	14.7	14.6
B5. Depreciation	13.8	16.7	12.9	12.2	13.4	15.0	17.2	16.1	15.6	16.9	15.8
B6. Combination of B1-B5	13.8	14.7	12.8	12.4	13.5	15.0	17.0	15.9	15.5	17.2	16.4
C. Tailored Tests											
C1. Combined contingent liabilities	13.8	13.3	11.5	11.7	12.6	13.8	15.9	15.1	14.7	15.6	15.4
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	13.8	14.0	10.9	11.2	12.1	13.3	15.0	13.9	13.6	14.6	14.4
C4. Market Financing	13.8	13.3	10.6	11.0	12.3	16.6	**21.0**	**19.7**	16.0	14.0	13.7
Threshold	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.

Table 4. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public Debt, 2019–29

(Percent)

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of Debt-to-GDP Ratio											
Baseline	43.1	40.6	39.4	38.6	38.2	38.0	38.0	38.1	38.5	39.1	39.7
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	43.1	41.5	40.5	39.8	39.5	39.4	39.6	39.9	40.6	41.4	42.3
B. Bound Tests											
B1. Real GDP growth	43.1	46.3	52.8	**55.5**	**59.3**	**63.4**	**67.9**	**72.8**	**78.4**	**84.1**	**89.9**
B2. Primary balance	43.1	42.1	42.4	41.6	41.6	41.9	42.6	43.6	45.0	46.6	48.2
B3. Exports	43.1	43.4	47.8	46.8	46.3	46.0	45.9	46.0	46.3	46.7	46.9
B4. Other flows 3/	43.1	41.5	41.2	40.4	39.9	39.7	39.6	39.8	40.2	40.7	41.2
B5. Depreciation	43.1	46.9	43.5	40.7	38.8	37.3	36.1	35.3	35.0	34.8	34.7
B6. Combination of B1-B5	43.1	41.3	41.9	41.5	42.0	42.8	43.9	45.3	47.2	49.3	51.3
C. Tailored Tests											
C1. Combined contingent liabilities	43.1	48.9	47.4	46.5	46.5	46.7	47.3	48.2	49.6	51.2	52.7
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	43.1	43.7	47.6	51.9	**56.8**	**61.6**	**66.5**	**71.4**	**76.9**	**82.5**	**88.2**
C4. Market Financing	43.1	40.6	39.5	38.8	38.6	38.5	38.5	38.5	38.7	39.0	39.5
TOTAL public debt benchmark	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0
PV of Debt-to-Revenue Ratio											
Baseline	212.7	201.4	196.0	192.1	189.3	189.5	188.1	187.2	187.6	188.3	189.9
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	212.7	205.4	201.2	198.0	195.8	196.8	196.1	196.1	197.8	199.6	202.5
B. Bound Tests											
B1. Real GDP growth	212.7	228.3	260.0	274.2	292.1	315.6	336.4	357.6	381.9	405.4	430.6
B2. Primary balance	212.7	208.9	211.0	206.8	206.2	209.3	211.2	214.0	219.3	224.4	230.7
B3. Exports	212.7	215.1	237.5	232.8	229.3	229.4	227.3	225.7	225.7	225.2	224.5
B4. Other flows 3/	212.7	205.9	204.8	200.8	197.8	198.0	196.4	195.4	195.7	196.1	197.2
B5. Depreciation	212.7	233.4	217.0	202.8	192.6	186.2	179.1	173.5	170.4	167.6	166.0
B6. Combination of B1-B5	212.7	204.7	208.3	206.4	208.0	213.5	217.6	222.6	230.1	237.4	245.8
C. Tailored Tests											
C1. Combined contingent liabilities	212.7	242.2	235.9	231.2	230.1	233.0	234.4	236.8	241.8	246.6	252.6
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	212.7	226.1	247.3	269.6	290.5	314.2	333.1	350.7	374.7	397.7	422.3
C4. Market Financing	212.7	201.4	196.3	193.0	191.0	191.9	190.6	189.0	188.4	188.2	189.0
Debt Service-to-Revenue Ratio											
Baseline	32.6	32.0	27.1	26.2	25.2	27.5	29.4	28.5	29.4	31.1	32.1
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	32.6	32.2	27.9	26.8	25.8	29.0	30.5	29.3	30.0	31.9	32.6
B. Bound Tests											
B1. Real GDP growth	32.6	34.9	33.8	35.0	35.2	42.4	49.5	50.8	53.7	58.6	63.2
B2. Primary balance	32.6	32.0	28.5	27.9	26.4	30.9	32.8	30.4	30.9	33.4	34.6
B3. Exports	32.6	32.0	28.0	28.8	27.8	30.1	32.0	31.1	31.9	34.2	36.5
B4. Other flows 3/	32.6	32.0	27.4	26.7	25.8	28.0	30.0	29.1	29.9	31.9	33.0
B5. Depreciation	32.6	32.1	28.5	27.0	26.5	28.8	29.7	29.5	29.9	31.2	31.6
B6. Combination of B1-B5	32.6	31.7	28.4	27.7	26.8	29.3	32.5	31.6	32.7	34.6	36.1
C. Tailored Tests											
C1. Combined contingent liabilities	32.6	32.0	34.0	29.3	27.9	42.6	35.5	32.5	32.9	38.3	36.9
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	32.6	33.6	31.1	33.3	33.9	42.1	49.6	50.7	53.1	57.8	62.4
C4. Market Financing	32.6	32.0	27.5	26.8	26.2	31.6	36.2	34.8	32.4	31.2	32.2

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

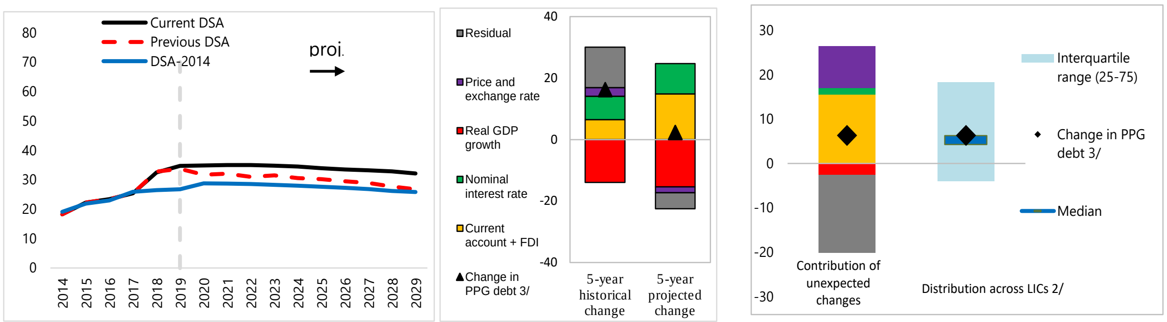
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

Figure 5. Côte d'Ivoire: Drivers of Debt Dynamics – Baseline Scenario

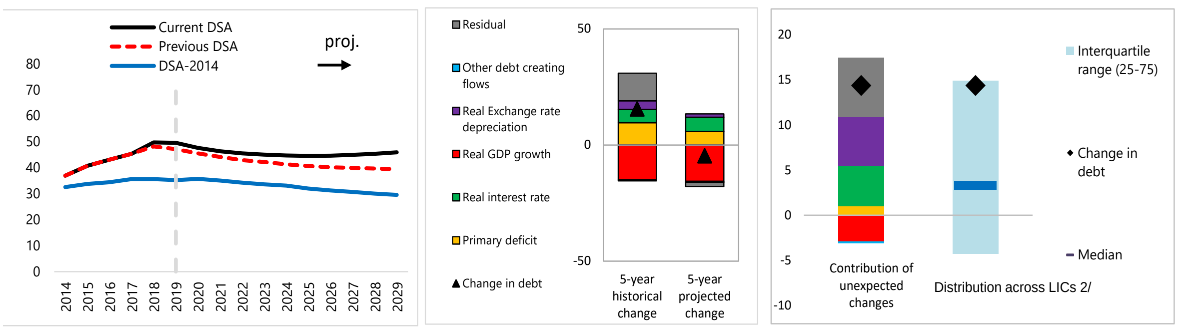
External debt

Gross Nominal PPG External Debt (in percent of GDP; DSA vintages) | Debt-creating flows (percent of GDP) | Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)



Public debt

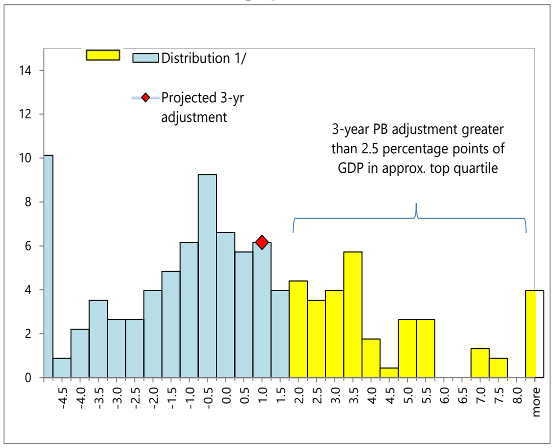
Gross Nominal Public Debt (in percent of GDP; DSA vintages) | Debt-creating flows (percent of GDP) | Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)



1/ Difference between anticipated and actual contributions on debt ratios.
2/ Distribution across LICs for which LIC DSAs were produced.
3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

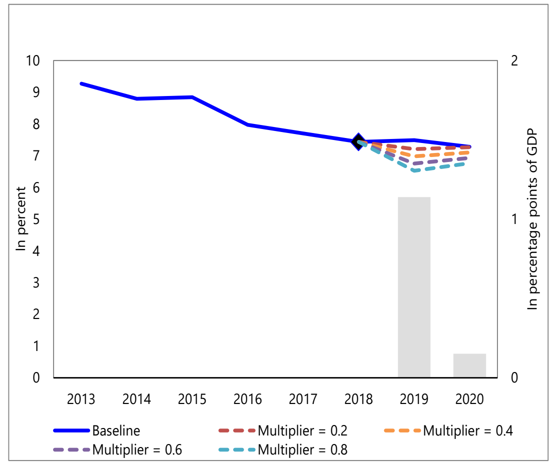
Figure 6. Côte d'Ivoire: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



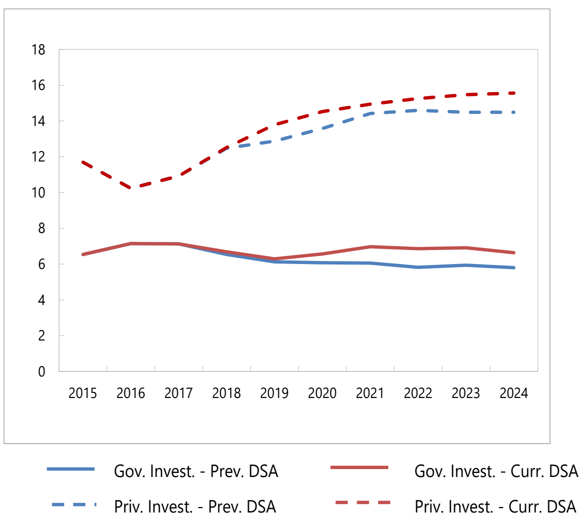
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment in terms of primary balance (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(percent of GDP)



Contribution to Real GDP growth
(percent, 5-year average)

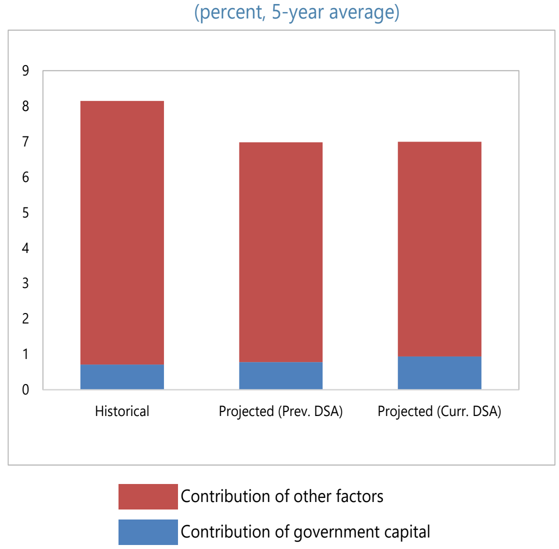
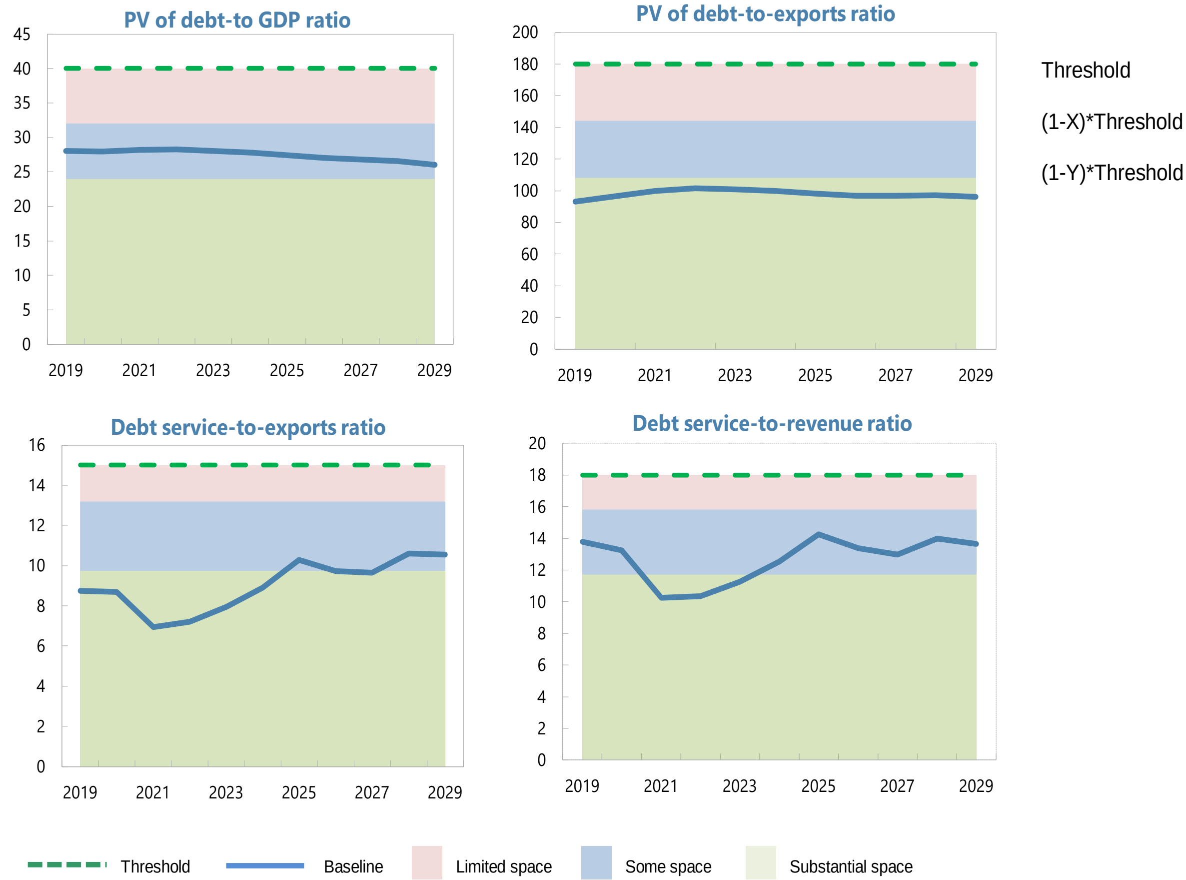


Figure 7. Côte d'Ivoire: Qualification of the Moderate Category, 2019–29[1/]



Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

December 2, 2019

SIXTH REVIEWS UNDER THE ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, AND REQUESTS FOR EXTENSION AND AUGMENTATION OF ACCESS—SUPPLEMENTARY INFORMATION

Approved By
Dominique Desruelle (AFR) and Mary Goodman (SPR)

Prepared by the African Department in consultation with other Departments

1. **This supplement provides an update on developments since the issuance of the staff report on November 21, 2019**. The additional information does not change the thrust of the staff appraisal, but further underlines the need to accelerate domestic revenue mobilization and public bank restructuring.

2. **Recent indicators confirm continued growth with low inflation**. Third quarter data shows healthy growth in agriculture, including cocoa, and sustained pick-up in oil and gold production. Growth in domestic electricity consumption, transportation and imports of intermediate goods remained strong. CPI inflation remained modest, at 0.7 percent (y/y) at end-October.

3. **According to preliminary data, both structural benchmarks (SBs) and eight out of nine quantitative indicative targets (ITs) for end-September 2019 were met** (Tables 1 and 2). Regarding SBs, the authorities produced a summary table of public enterprises' debt service at end 2019 Q3 and the retail fuel price mechanism was applied to preserve tax revenue at the level envisaged in the budget law. While all other ITs were met, including on the fiscal balance and net domestic financing, the IT on the floor of government tax revenue was not met, with deviation from target of 0.17 percent of GDP, mainly due to the continued underperformance of non-oil profit taxes. The authorities' committed to offsetting revenue measures for 2019Q4 during the mission including intensified collection of 2018 tax arrears and strengthened control over petroleum imports.

4. The authorities rescinded the privatization of a small public bank in mid-November.

- *At the time of the mission*, the privatization of a small public bank was ongoing: following the approval of the Banking Commission, the entry of private shareholders had become effective on April 30, 2019, contingent on the new shareholders recapitalizing the bank within three months of that date. As this did not occur, the banking commission had given them until end of October 2019 to fulfill the recapitalization requirement.

- *Since then*, the new shareholders did not comply with those requirements by the end-October 2019 deadline and liquidity pressures appeared. The authorities and private shareholders jointly agreed to rescind the privatization on November 13, 2019. The bank is non systemic, as it accounted for less than 1 percent of the banking sector's assets at end-June 2019. However, the authorities felt this decision was necessary to avoid potential negative spillovers from its liquidity challenges. They are currently assessing the situation, including through a planned audit of the bank. They have stated their intention to re-launch the privatization process.

Table 1. Côte d'Ivoire: Indicative Targets (IT) for end-September 2019[1/]
(Billions of CFA francs, unless otherwise indicated)

	IT	Adj. IT	Est.	Status
A. Performance criteria				
Floor on the overall fiscal balance (incl. grants)	-614.0		-594.6	MET
Ceiling on net domestic financing (incl. WAEMU paper)	-15.6	207.2 [2/]	165.7	MET
Ceiling on accumulation of new external arrears by the central government (continuous basis)	0.0		0.0	MET
Ceiling on accumulation of new domestic arrears by the central government (continuous basis)	0.0		0.0	MET
B. Indicative targets				
Floor on government tax revenue	2,983.6		2,938.4	NOT MET
Ceiling on expenditures by treasury advance	142.2		95.5	MET
Floor on pro-poor expenditure	1,690.1		1,855.1	MET
Floor on net reduction of central government amounts payable (- = reduction)	-32.7		-59.1	MET
Floor on primary basic fiscal balance	119.0		144.1	MET
Memorandum items:				
Program grants	79.4		79.4	
Program loans	76.2		78.1	
Project grants	107.9		56.1	
Project loans	416.7		408.3	
Budget support from the European Union, World Bank, and African Development Bank	0.0		0.0	
Fuel tax revenues	287.2		313.2	

Sources: Ivoirien authorities; and IMF staff estimates.
1/ For 2019, cumulative amount from January 1, 2019.
2/ Adjusted upward by the difference between programmed and disbursed budget support from the European Union, the World Bank and the African Development Bank, and the difference between the recourse to international capital markets envisaged under the program and the actual recourse.

Table 2. Côte d'Ivoire: Structural Benchmarks for end-September 2019[1]

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
Public Debt Management			
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

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

Statement by Mr. Mohamed-Lemine Raghani, Executive Director for Côte d'Ivoire and Mr. Marcellin Koffi Alle, Senior Advisor to the Executive Director

Executive Board Meeting

December 6, 2019

1. Our Ivorian authorities would like to thank the Board, Management and Staff for the Fund's continued engagement with Côte d'Ivoire. Supported by the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF) arrangements, the government's economic and financial policies continue to deliver macroeconomic stability and a strong growth momentum. The continuous policy dialogue between staff and the authorities, including in the context of the sixth reviews under the ECF/EFF arrangements, confirms the country's major achievements while shedding light on the challenges still facing the economy. Our authorities broadly share the thrust of the staff report and have committed to implement the needed policies in the period ahead, to address the challenges fairly pointed out.

2. Côte d'Ivoire remained on its robust growth path throughout the period of the 6th reviews of the ECF/EFF. Thanks to the authorities' relentless efforts in enhancing the business climate, private investment has gradually taken over public investment as the main driver of growth. Fiscal consolidation is also well on track to meet the WAEMU deficit target of 3 percent of GDP in 2019. Going forward, the authorities are committed to maintaining this reform momentum to further enhance the macroeconomic framework which will also contribute to the region's external stability. In this regard, they have requested a one-year extension of the ECF/EFF arrangements. This will also help smooth out the transition to the 2020 presidential election.

3. As regards the political environment, the authorities continue to take steps to ensure a peaceful socio-political climate in the run-up to, and during, the contest. Following measures toward political appeasement a year ago, notably the granting of presidential pardon to jailed political actors, additional efforts have encompassed reforms to the electoral commission, enhanced security conditions across the country and maintained dialogue with political stakeholders to improve the overall electoral process. The authorities are committed to continuing their efforts to organize a peaceful and democratic election, with a view to locking in the favorable investor sentiment and the economic and social gains of the past years.

Recent Developments, Program Performance and Outlook

4. Côte d'Ivoire continued to post a strong performance over the program review period. All end-June 2019 and continuous performance criteria (PCs), all indicative targets (ITs) and all structural benchmarks (SB) were met. This performance owes to strong revenue collection, including of indirect taxes, higher oil profit taxes, customs receipts and arrears clearance by energy companies to the central government. These positive developments offset the underperforming banking and telecom sectors' profit taxes. In addition, the authorities continue to demonstrate strong commitment to structural reforms.

5. Key macroeconomic indicators also displayed buoyancy. Dynamism in agro-processing, construction, telecommunications and other services supported the strong growth impetus. Paired with resilient investment and the impact of the government's actions in the social and rural areas, real GDP growth is projected to stay robust at 7.5 percent in 2019–20. Inflation remains low, at 0.7 percent at end-September owing to moderate food and energy price increases. The still elevated imports stemming from strong investment will continue to impact the current account deficit, which will however gradually improve from 4.7 percent in 2018 to 4.0 percent and 3.8 percent in 2019 and 2020 respectively.

6. The authorities share staff's optimism about the macroeconomic outlook. They are confident that as their current country-wide social plan bears fruits, it will add to the higher cocoa sector incomes to make growth more inclusive. The subsequent overall improvement in the drivers of domestic consumption should help cushion the expected effects of slower global growth and rising protectionism in trading partners.

Policies for 2019-20 and Beyond

7. Our authorities have agreed with staff on their priority policy areas for the remainder of 2019 and the year 2020. These policies would make the bulk of the program extension and would be centered around: (i) pursuing revenue-based fiscal consolidation to meet deficit targets; (ii) maintaining debt sustainability; (iii) furthering financial sector reforms; and (iv) accelerating structural reforms to bolster the private sector participation and promote inclusive growth.

Stepping up fiscal reforms

8. While a combination of tax policy and administrative measures has helped increase revenue over the program period, our authorities are mindful that more effort is needed to improve the revenue-to-GDP ratio to the level of frontier market peers. Digitalization through the Integrated Tax Management System (SIGICI) has started to bear fruit in terms of higher VAT collections. Similar improvements include the introduction of a Single Tax Identification Number (STIN) to all new businesses, which in its final phase will significantly advance information sharing between revenue administrations. Likewise, the ongoing development of an online cadaster will help boost property tax revenue. Digitalization is planned to be stepped up in 2020 with further gains, in addition to measures such as raising excises on tobacco and further refining controls at the customs administration. Beyond 2020, the authorities will prepare further tax policy measures in the areas of VAT, corporate income tax and property taxes. As well, the government's plan adopted in March 2019 to streamline tax exemptions should start yielding results. All these efforts are expected to broaden the tax base and boost the tax revenue-to-GDP ratio.

Securing deficit targets

9. The authorities have re-committed to their objective of meeting the WAEMU fiscal deficit target of 3 percent of GDP in 2019 and forward. To this end, they plan to complement revenue mobilization measures with expenditure adjustment with a view to locking in these targets. Thus for 2019, fiscal consolidation is projected to amount to 1 percent of GDP, with expenditure restraint worth 0.6 percent of GDP and a revenue effort of 0.4 percent. Fiscal discipline will be maintained in 2020; expenditure adjustment efforts will include curtailing subsidies and other current spending by 0.5 ppt of GDP over 2019-20 and maintaining the wage bill strategy of "two out, one in" except for the education and health sectors. Besides fiscal consolidation efforts, the authorities are committed to furthering PFM reforms, including through the introduction in 2020 of program and multi-year budgeting, the computerization of public procurements and the transition to the Treasury Single Account.

Maintaining debt sustainability

10. Preserving debt sustainability is a key priority to our authorities' development strategy. They therefore welcome the conclusion of staff DSA that both the external and the overall public debt point to a moderate risk of debt distress. Moreover, the external debt presents some space to absorb shocks while public debt is expected to gradually decrease over the projection horizon. The authorities are committed to maintaining this situation by sticking to their prudent external borrowing strategy. Furthermore, they are confident that as their efforts to increase domestic revenue bears more fruits, and the regional market deepens further, they will reduce recourse to external non-concessional borrowing. In addition, steps to limit exchange rate and rollover risks and the recent liability management operation to smooth future repayment peaks highlight the authorities' active debt management strategy, which should ease somewhat debt servicing pressures. As well, the ongoing development of a dashboard for monitoring the financial operations of public enterprises should help capture and keep in check the overall public sector liabilities and preserve medium-term debt sustainability.

Enhancing financial sector and structural reforms for bolstering private sector participation

11. Policies in 2020 and beyond put an emphasis on structural reforms aimed at bolstering the private sector as the main engine of growth. The financial sector remains a priority in this regard. Following measures in recent years to boost capital, the banking sector is sound overall albeit effort is still needed on restructuring public banks. The two banks – *CNCE* turned *Banque Populaire* and *BNI* - whose restructuring was still in progress recently benefitted from capital boost from new shareholders. Ongoing asset sales should also further improve the situation of *Banque Populaire* as its new management also overhauls the bank's development strategy. In addition, steps are being taken to support financial inclusion and access to long-term credit for SMEs, including launching the financial inclusion strategy in May 2019, strengthening the credit bureau and creating the *Caisse de Dépôts et de Consignation* (CDC) to supply longer term credit to the underserved sectors of infrastructure and SMEs. At the same time, the authorities are ensuring that the financial circuits are not conducive to money laundering and illicit financing, notably by enforcing the AML/CFT law and taking preparatory steps for the upcoming assessment of the country by the Intergovernmental Action Group Against Money

Laundering in West Africa. (GIABA). They are also contributing to fighting financial crime through empowering the relevant unit in the largest city's prosecution offices.

12. Reforms in the key area of business climate continue to also rank high on the authorities' agenda. Following the progress made since 2012 in this sector, which translated in a significant improvement in Cote d'Ivoire's World Bank Doing Business rankings, future efforts will lie more acutely in the areas of governance, access to finance, logistics, digital connectivity and human capital.

Fostering inclusive growth

13. Cognizant of the need to make growth more inclusive, the authorities have accelerated actions on two fronts. First, they are expanding the coverage of social safety nets with the support of the World Bank and the African Development Bank. The elaboration of a single social registry now helps target better poor households, and the number of beneficiaries of cash transfers increased from 35,000 households at end-2018 to 50,000 at end-March 2019 and should reach 80,000 by end-2019.

14. Second, the government launched a comprehensive social program – PSGouv - aimed at providing basic services mainly to rural areas across the country. The PSGouv program is mostly accommodated within the budget and would cost close to 1 percent of GDP in 2019 and 1½ percent of GDP in 2020. It is made of the projects of the National Development Plan with the expected strongest social impact, such as those targeting increased access to education, health care, electricity and potable water, as well as those promoting social transfers, youth employment and increased connectivity, particularly in rural areas. A universal health care system is also being gradually introduced to complement the authorities' actions to share the growth dividends, reduce poverty and improve the living standards for the populations.

Conclusion

15. Côte d'Ivoire's economy maintained its strong growth momentum over the past period amid a stable macroeconomic framework, thanks to the authorities' sound policymaking and renewed reform commitment. Fund's support under the ECF and EFF arrangements has been instrumental in helping enhance macroeconomic stability and implement far-reaching structural reforms. Program performance continues to be strong and Côte d'Ivoire is on track to meeting the WAEMU fiscal target in 2019 and forward, and hence contributes to strengthening the region's external stability. Moreover, they remain committed to pursuing their prudent debt strategy with a view to preserving debt sustainability. For 2020 and beyond, they are determined to step up structural reforms to continue to pave the way for robust and sustained private sector-led growth.

16. In view of Côte d'Ivoire' strong economic performance and the authorities' renewed commitment to the objectives of the program, we would appreciate Executive Directors' support for the completion of the sixth reviews under the ECF and EFF arrangements and the requests for extension and augmentation of access.