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Côte d'Ivoire: Request for a Three-Year Arrangement Under the Poverty Reduction and Growth Facility—Staff Report; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Côte d'Ivoire

In the context of Côte d'Ivoire's request for a three-year arrangement under the poverty reduction and growth facility, the following documents have been released and are included in this package:

- The staff report for the Request for a Three-Year Arrangement Under the Poverty Reduction and Growth Facility, prepared by a staff team of the IMF, following discussions that ended on February 13, 2009, with the officials of Côte d'Ivoire on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on March 13, 2009. The views expressed in the staff report are those of the staff team and do not necessarily reflect the views of the Executive Board of the IMF.

- A Press Release summarizing the views of the Executive Board as expressed during its March 27, 2009 discussion of the staff report that completed the request.

- A statement by the Executive Director for Côte d'Ivoire.

The documents listed below have been separately released.

Letter of Intent sent to the IMF by the authorities of Côte d'Ivoire*
Memorandum of Economic and Financial Policies by the authorities of Côte d'Ivoire*
Technical Memorandum of Understanding*
*Also included in Staff Report

The policy of publication of staff reports and other documents allows for the deletion of market-sensitive information.

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INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

Request for a Three-Year Arrangement Under the Poverty Reduction and Growth Facility

Prepared by the African Department
(In consultation with other departments)

Approved by Thomas Krueger and Anthony Boote

March 13, 2009

Background. Côte d'Ivoire is recovering from a prolonged period of civil conflict and economic hardship. The 2007 Ouagadougou Accord yielded progress toward peace and reunification. Presidential elections, critical for domestic consensus building, are expected in late 2009. Economic recovery is taking hold, helped by high export prices, but the situation remains fragile. Performance since mid-2007 under two EPCAs has been broadly satisfactory. Côte d'Ivoire is a member of the West African Economic and Monetary Union (WAEMU). Its currency, the CFA franc, is pegged to the Euro.

New PRGF Arrangement. The Ivoirien authorities request a three-year PRGF arrangement with access of 115 percent of quota (SDR 373.98 million), including 25 percent for an immediate EPCA repurchase. Côte d'Ivoire's outstanding use of Fund resources was SDR122.28 million (37.6 percent of quota) at end-February 2009. Côte d'Ivoire is current in payments to the Fund.

Objectives. The PRGF-supported program builds on Côte d'Ivoire's PRSP for 2009–11 and aims to maintain macroeconomic stability, boost growth and reduce poverty by (i) continuing fiscal consolidation, while creating fiscal space for pro-poor and pro-growth spending; (ii) reducing public debt to a sustainable level through HIPC/MDRI debt relief and gradual fiscal adjustment; and (iii) pursuing an ambitious structural reform agenda in public finance management, civil service, the coffee/cocoa and energy sectors, and private sector development, including the financial sector.

Policy discussions. Discussions on performance under the 2008 EPCA program and on a new PRGF arrangement were held in Abidjan during September 25–October 8, 2008 and February 5–13, 2009. The team consisted of Mr. Kouwenaar (head), Ms. Ross (incoming mission chief), Mr. Egoumé (resident representative), Mr. Kireyev, Mr. Le Hen, Ms. Minoiu (all AFR), and Messrs. de Schaetzen and Dicks-Mireaux (SPR). Mr. Allé, senior advisor to the Executive Director for Côte d'Ivoire, participated in the discussions. The mission—joined by World Bank and AfDB teams—was received by President Gbagbo and Prime Minister Soro, and held discussions with Minister of Finance Diby and other senior officials. The mission met with representatives of key political parties, the private sector, and the international community.

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Annex

Acronyms

AfDB	African Development Bank
AFRITAC-West	Africa Technical Assistance Center–West (Bamako)
BCEAO	Central Bank of West African States
BNI	National Investment Bank
CET	Common External Tariff
CGRAE	Civil Service Pension Fund
CNCE	Postal Savings Fund
CNPS	Private Sector Social Security Fund
CNW	Center-North-West (of Côte d'Ivoire)
DDR	Disarmament, Demobilization, and Reintegration
DPO	Development Policy Operation (World Bank)
DRA	Debt Relief Analysis
DSA	Debt Sustainability Analysis
ECOWAS	Economic Community of West African States
EGRG	Economic Governance and Recovery Grant
EITI	Extractive Industries Transparency Initiative
EPA	Economic Partnership Agreement
EPCA	Emergency Post-Conflict Assistance
EU	European Union
FED	European Development Fund
FSF	Fragile States Facility (AfDB)
FSAP	Financial Sector Assessment Program
GFS	Government Finance Statistics
HIPC	Heavily Indebted Poor Country
JSAN	Joint Staff Advisory Note
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MEFP	Memorandum of Economic and Financial Policies
NEER	Nominal effective exchange rate
NPV	Net present value
PCAP	Post-Conflict Assistance Project (World Bank)
PEMFAR	Public Expenditure Management and Financial Accountability Review
PETROCI	Government-Owned Petroleum Company
PFM	Public Finance Management
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
REER	Real effective exchange rate
SIGFIP	Integrated Public Finance Management System
TMU	Technical Memorandum of Understanding
UNSC	United Nations Security Council
VAT	Value-Added Tax
WAEMU	West African Economic and Monetary Union
WAMU	West African Monetary Union

EXECUTIVE SUMMARY

- **Côte d'Ivoire is making progress toward reunification, peace and elections**. The political situation remains difficult but is stable. Presidential elections were postponed to late 2009 because of delays in voter enrollment.

- **Overall performance under two successive EPCA-supported programs has been broadly satisfactory, except for important fiscal slippages and delays in structural measures**. Fiscal targets were largely met, but the composition of spending improved less than envisaged. The authorities made significant efforts to pay debt service to the AfDB and World Bank. A range of structural measures was implemented, albeit with delays. This was achieved with little external support and despite a difficult socio-political situation and the unfolding world financial crisis.

- **Fiscal slippage in the form of extrabudgetary spending on large public works distorted the overall positive performance**. The authorities took remedial measures to partly offset the extrabudgetary spending and put in place safeguards against such spending while ensuring full transparency of investment spending and oil revenue.

- **The authorities have achieved significant progress in clearing external arrears.** They have cleared arrears to the World Bank and AfDB, and have taken steps to regularize relations with remaining multilateral, bilateral, and commercial creditors.

- **The authorities have adopted a medium-term economic program and request IMF support under the PRGF and the HIPC Initiative**. The program's objectives are to create fiscal space for pro-growth and pro-poor spending, re-establish debt sustainability, enhance public finance management, pursue civil service reform, improve transparency and efficiency in the energy and cocoa/coffee sectors and pursue financial sector reform. These policies draw on the recently adopted Poverty Reduction Strategy.

- **There are important risks to the program**. There are risks of spending overruns related to the presidential elections and the implementation of the crisis-exit programs, as well as revenue shortfalls as a result of the global financial crisis, which could lead to curtailing pro-poor spending and to domestic arrears. The domestic consensus to pursue structural reforms is fragile and the modest progress on the governance front may stall. Also, a decline in oil and cocoa prices could worsen the growth outlook and lower government revenue.

I. Introduction

1. **The political situation in Côte d'Ivoire remains difficult but is stabl**e. The 2007 Ouagadougou Accord and its supplements provide the roadmap toward peace and reunification. Presidential elections are now expected in late 2009 because identification of the population and voter enrollment have taken longer than expected. All key Ivoirien political leaders support the delay as they consider these processes critical for resolving the problem of *Ivoirité* that led to the civil conflict in 2002. There has been progress in reunification of the country and the redeployment of the civil service, but the ex-rebels still largely control the Center-North-West (CNW) zones of the country.

II. Recent developments and Performance Under Two Emergency Post-Conflict Assistance Programs (EPCA)

2. **Following several years of distress as a result of the 2002 crisis, the economic recovery is taking hold**. Growth picked up slightly to 2.3 percent in 2008 helped by high export prices in the first half of the year (Tables 1–2). Growth continues to be driven by construction, food production, and telecommunications, while oil output declined. Export agriculture stagnated as disease slowed cocoa expansion, and coffee and cotton output declined because of structural problems. So far, Côte d'Ivoire's economy has been resilient to the global downturn, but there are indications of a slowdown in certain economic activities, such as mining investment and non-traditional exports (Box 1).

Text Table 1. Côte d'Ivoire: Summary of Key Economic Indicators
(Percent)

	2004	2005	2006	2007	2008 Prov.	2009-11 Avg. Proj.
Real GDP growth	1.6	1.9	0.7	1.6	2.3	4.2
Real per capita GDP growth	-3.5	-0.8	-2.3	-1.4	-0.7	1.2
CPI inflation (annual average)	1.5	3.9	2.5	1.9	6.3	4.0
Primary basic balance in percent of GDP 1/	0.9	0.4	0.3	0.6	0.3	1.1
Overall budget balance (excluding grants) in percent of GDP	-2.6	-2.8	-2.4	-1.3	-2.3	-2.6
Overall budget balance (including grants) in percent of GDP	-1.7	-1.7	-1.8	-0.8	-0.6	-1.7
Stock of external and domestic debt in percent of GDP	84.9	86.3	84.2	75.6	71.8	60.3
Of which: in arrears	18.3	24.0	26.6	24.1	25.3	1.4
External current account (incl. official transfers) in percent of GDP	1.6	0.2	2.8	-0.7	2.4	-1.5

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

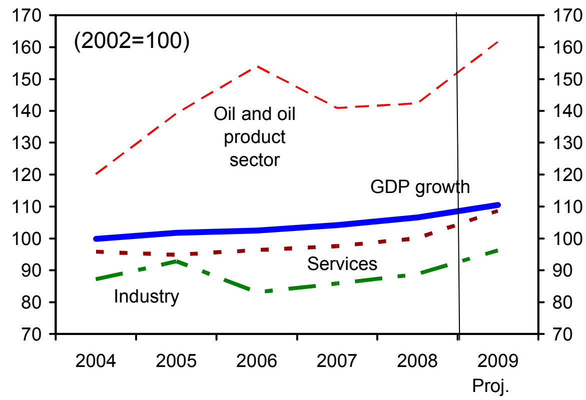
1/ Total revenue (excluding grants) less total expenditure net of interest and foreign-financed capital expenditure.

3. **Inflation accelerated in 2008, fueled by imported food prices and domestic price adjustments**. Because of high world food prices and adjustments in domestic petroleum prices in 2008, the 12-month consumer price index (CPI) PI inflation rose to 9 percent at year-end. Since April, the surge in retail food prices was tempered by the reduction in Valued-added tax (VAT) and import duties on essential items. As food and oil prices are declining, inflation is now slowing.

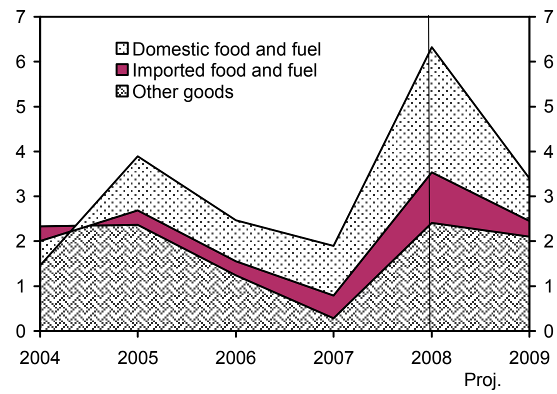
4. **The external current account improved thanks to more favorable terms of trade.** High export prices for crude oil and agricultural commodities boosted exports earlier in the year. Although oil export prices declined thereafter, persistently high cocoa prices helped improve the current account balance (excluding official transfers) to a surplus of 1 percent of GDP, compared with a deficit of 1.5 percent a year earlier. The real effective exchange rate appreciated mainly on account of the temporary increase in CPI inflation (Figure 1).

Figure 1. Côte d'Ivoire: Selected Macroeconomic Indicators, 2004-09
(Percent of GDP, unless otherwise indicated)

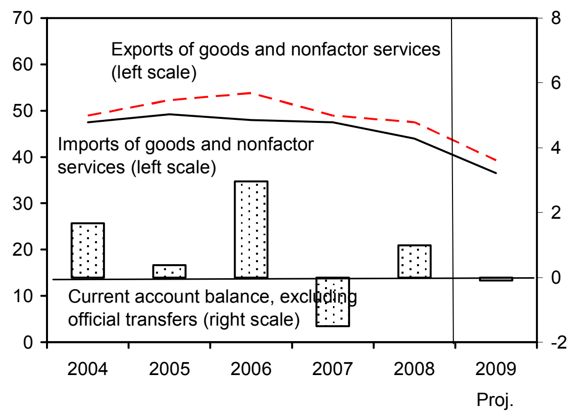
Growth is recovering in the aftermath of the crisis, but remains below potential...



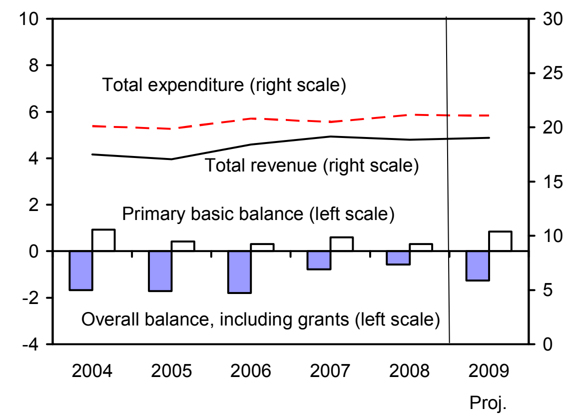
…while inflation accelerated mainly because of higher import food and fuel prices.



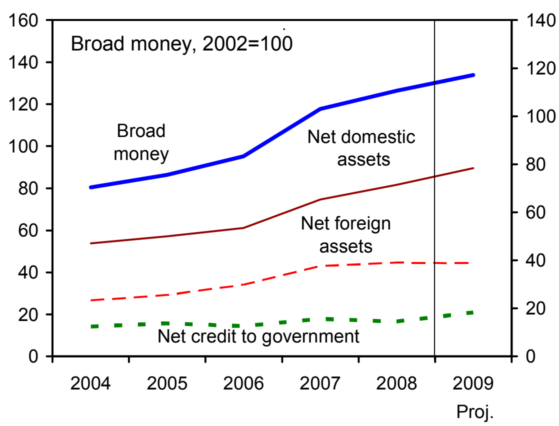
Higher prices for primary commodities helped improve the current account...



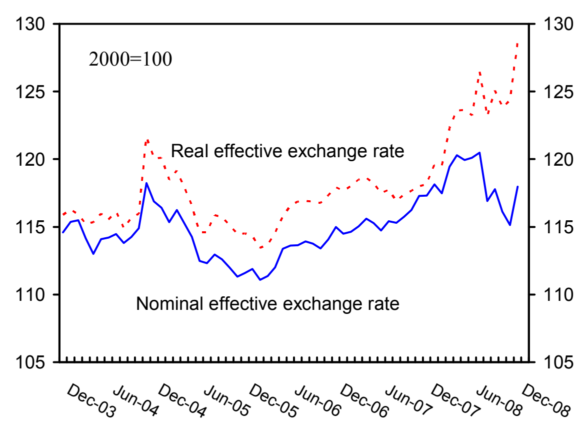
…and the primary fiscal balance remained in surplus.



While monetary developments were driven by some NFA accumulation and credit to private sector...



...the real effective exchange rate appreciated slightly due to temporary price increases.



Sources: Ivoirian authorities; IMF staff estimates and projections.

Box 1. Côte d'Ivoire: Commodity Price Shocks, Global Downturn, and Policy Response

Food and fuel price shocks. The significant surge in global commodity prices between mid-2007 and mid-2008 exerted inflationary pressures in Côte d'Ivoire, with CPI inflation peaking in August 2008 at 10 percent. Price increases for basic necessities were met with public protests. While the shock had a favorable impact on the fiscal and external accounts as Côte d'Ivoire is a net commodity exporter, the subsequent decline in commodity prices partly reversed these gains.

In response to the fuel and food price surge, the government took the following measures in April 2008:

- **Food tax measures**: (i) a VAT reduction from 18 to 9 percent on basic food items (milk, palm oil, canned tomatoes, sugar) and cement; (ii) suspension of import duties for basic food items (as before plus rice, wheat flour, fish) and cement; and (iii) maintaining the 2007 suspension of import taxes on wheat. The tax reductions were introduced in April 2008 and ended, except for ordinary rice, in January 2009. The budget cost was 0.5 percent of GDP.
- **Food-related structural measures**: (i) reducing racketeering at roadblocks; (ii) increasing supply of locally-produced food; (iii) agreeing with producers and retailers on "indicative prices" to avoid excessive increases in trading margins while safeguarding profit margins; (iv) stimulating local rice production through suspension of a special tax.
- **Fuel price measures**. At the onset of the fuel price shock, domestic pump prices were left unchanged, leading to large revenue losses in the first half of 2008. To make up for this, the government raised pump prices (last raised in 2005) by 25 percent on average in July 2008. The prices were reduced by 10 percent in November, in line with falling world prices.

Staff supported these measures, but cautioned against universal subsidies. It recommended that (i) policy responses in the area be harmonized at the WAEMU level; (ii) food tax reductions be replaced by better targeted subsidies to be developed; and (iii) the automatic petroleum pricing mechanism be introduced as soon as possible. The authorities implemented steps (i) and (iii), and, in early 2009, step (ii), with an additional allocation in the revised 2009 budget for targeted programs for vulnerable groups.

Price impact of the 2007–08 fuel/food crisis and 2008–09 downturn

	2008 1/				2009 2/		
	Food	Cocoa	Fuel	**Total**	Cocoa	Fuel	**Total**
Fiscal balance	-0.5	0.1	0.3	**-0.1**	-0.2	-0.8	**-1.1**
Current account balance 3/	-1.3	1.5	0.1	**0.2**	-2.1	-0.3	**-2.3**

1/ Estimates reflect the impact of 2008 prices, assuming 2007 volumes.

2/ Estimates reflect the impact of a 33 percent drop in oil and cocoa prices from their average 2008 levels, assuming 2008 volumes.

3/ Excluding official transfers.

Impact of the world price fluctuations in 2008 and 2009. The net impact of the food/fuel price surge in 2008 was slightly negative for the fiscal balance and slightly positive for the external current account. The sharp drop in commodity prices projected for 2009 should worsen these balances by an estimated 1.1 and 2.3 percent of GDP, respectively.

5. **Program performance under two successive EPCAs since mid-2007 was broadly satisfactory, except for important fiscal slippages and some delays in structural measures.** Under both programs, revenue performance was close to target thanks to strong collection efforts on nonoil revenue and, in 2008, to favorable oil revenue which partly offset revenue shortfalls from temporary tax exemptions on food. In both years, total primary spending was broadly on target, 'sovereignty' spending (discretionary spending by the Presidency and Prime Minister's Office, which excludes the extrabudgetary spending on large public works) was contained, and social spending targets were met. The authorities reduced the stock of domestic arrears and cleared arrears to the World Bank (in early 2008) and AfDB (in early 2009). Total payments of arrears and debt service to World Bank and AfDB since mid-2007 amounted to 3 percent of GDP and net repayments (after program disbursements) to 2.7 percent of GDP. These results have been achieved with little external support and despite a difficult socio-political situation, food and fuel price hikes, and the unfolding world financial crisis.

6. **Fiscal performance through end-2008 was close to targets after the authorities took measures to partly offset extrabudgetary spending on public works** (MEFP ¶8–9)**.** Extrabudgetary spending on the transfer of the capital and other large public works (*grands travaux*) amounted to 0.7 percent of GDP—mandated by the Presidency and paid for in kind through oil shipments. Since September, the authorities implemented corrective measures including tax measures and expenditure cuts. Social spending was protected, but basic infrastructure projects suffered. Despite these efforts, the program target for the primary basic surplus was missed by 0.4 percent of GDP.

7. **The authorities took steps to enhance transparency of the execution of the large public works** (MEFP ¶11). A Prime Ministerial instruction in November stipulates that (i) all oil revenue will be channeled through the Treasury and will no longer be used to pay directly for any public works; (ii) all spending for the large public works will go through the budget; (iii) the large public works will be monitored by an interministerial committee, which will validate the execution of the works through quarterly reports that are included in the budget execution statements. Furthermore, the General Finance Inspectorate is preparing a report on past spending on these works to be finalized by end-March 2009.

8. **With a lower-than-planned primary surplus, the financing situation in 2008 was further complicated by delays in donor disbursements and tight domestic liquidity conditions** (MEFP ¶10). World Bank budget support (0.4 percent of GDP) did not materialize as planned in the third quarter, and the government prefinanced some crisis-exit programs pending donor disbursements. Moreover, the liquidity situation on the WAEMU financial market proved tight and the government did not raise the expected amounts. As a result, the authorities accumulated new domestic arrears of 1 percent of GDP, resorted to relatively expensive borrowing from cocoa and other companies, in part against future tax proceeds, and delayed AfDB arrears clearance to 2009.

9. **Most structural indicators under the EPCA were observed, although some with delays** (MEFP, ¶12–13). While the authorities discontinued the use of treasury advances, they resorted again to advance discounted payments of the cocoa export tax from exporters as well as borrowing from other enterprises, at annual interest costs of over 20 percent. The government further improved the quarterly budget execution statements and started posting them on the internet. It adopted, with a few months delay, a domestic arrears clearance plan for the inventoried stock at end-2007. While pump prices were increased by 25 percent on average in July and reduced by 10 percent in November in line with world prices, the government postponed implementation of the automatic petroleum pricing mechanism to early 2009.

10. **The authorities achieved progress on a range of other structural measures, especially in the last quarter.** In the public finance area, they took steps to improve financial control and procurement, initiated the audit of crisis-exit spending, submitted the 2005–07 budget execution laws to the Accounts Chamber of the Supreme Court, and adopted a public financial management action plan, based on the findings of the recent Public Expenditure Management and Financial Accountability Review (PEMFAR).

11. **Reforms continued in the energy sector and accelerated in the coffee/cocoa sector** (MEFP ¶15–16). The authorities continued publishing quarterly reports on the physical and financial flows in both sectors. They increased electricity tariffs by 10 percent to reduce the deficit of the subsector, offset cross-debts accumulated in 2007–08, completed the financial audit of the state oil company (PETROCI), and made progress in preparing EITI-compliant reports for 2006 and 2007. The reform of the coffee/cocoa sector gained momentum: the authorities established a new steering committee (CGFCC) to manage the 2008–09 crop season and develop a new strategy for the sector.

12. **Progress was made in restructuring undercapitalized banks and strengthening the banking system** (MEFP ¶14). Two of the five banks which had negative net worth at end-June 2008 formulated recapitalization plans approved by the Banking Commission. One bank is currently under Interim Administration. The remaining two are being taken over by the government through conversion of illiquid deposits into share capital. High credit growth reduced the nonperforming loans ratio from 21.5 to 17.7 percent of the total since end-2007 (Table 9).

III. The Proposed PRGF Arrangement

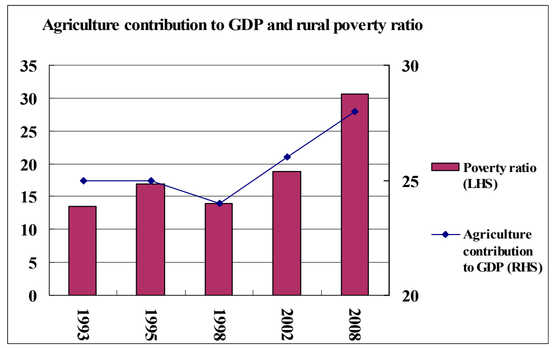
A. Program objectives

13. **Building on progress under EPCA, the government has adopted an ambitious reform program for the period 2009–11** (MEFP ¶18–22). The broad objectives are to create fiscal space for pro-growth and pro-poor spending; establish debt sustainability and make progress toward meeting the WAEMU convergence criteria; and advance the reform agenda for public financial management, the civil service, the energy and cocoa/coffee

sectors, and private sector development, including financial sector reform. The main macroeconomic objectives include raising average 2009–11 growth to 4.2 percent, reducing inflation to 3 percent and keeping the overall budget deficit at around 2 percent, which is consistent with debt sustainability after HIPC and MDRI debt relief. The revised 2009 budget adopted in early March reflects these objectives. The program's goals are consistent with the Poverty Reduction Strategy Paper (PRSP), adopted in February 2009, which is also the focal point for coordination with civil society and development partners (Box 2).

Box 2. Côte d'Ivoire: Poverty Diagnostic and PRSP

Côte d'Ivoire's income distribution worsened since 2002 and poverty increased. The 2008 nationally representative household survey found that 49 percent of the population is below the poverty line; that is 10 percentage points more than in 2002, before the crisis. The rural poverty ratio is 63 percent and 85 percent in the north. While inequality improved at the country level (with the Gini index declining from 0.50 to 0.42 over 2002–08), it rose slightly in rural areas (from 0.41 to 0.42). The contribution of agriculture—a proxy for rural GDP—to GDP increased, suggesting a further deterioration in the income distribution.



Côte d'Ivoire has prepared a Poverty Reduction Strategy Paper (PRSP, www.imf.org, 3/13/09). Following nation-wide public consultations, regional reports identified priorities for poverty reduction at the grassroots level. As outlined in the PRSP, the government's strategy for reducing poverty focuses on improving the provision of social services, boosting agricultural productivity and access to markets, promoting the private sector, and extending fiscal decentralization. As detailed in the Joint Staff Advisory Note (JSAN, www.imf.org, 3/13/09), it will be important to develop a precise timetable and clearly defined responsibilities for implementing the poverty reduction strategy.

B. The medium-term macroeconomic framework

14. **The authorities aim to return fast to the pre-crisis growth path of 5–6 percent and the WAEMU inflation norm of 3 percent, and to gradually adhere to the WAEMU fiscal convergence criteria, anchor of the zone's fixed parity to the euro** (MEFP ¶20–22). The projected rise in medium-term growth takes into account full political normalization, return to full capacity utilization and normal levels of public and private investment, and structural reforms. However, growth in 2009 is projected to strengthen only slightly, to 3.7 percent, because of the impact of the global downturn, mainly through lower commodity prices. These projections are subject to downside risks related to the global environment. Alternative scenarios show that growth would be 1 percentage point lower in the medium term, if commodity prices were permanently 20 percent lower than in the baseline (Table 8).

C. Fiscal policies for 2009

15. **Fiscal policies for 2009 aim at continued consolidation, while creating fiscal space to address social and reconstruction needs** (MEFP ¶24–28**).** The revised 2009 budget, approved in early March 2009, targets an overall deficit of 1.3 percent of GDP (Table 3). It significantly increases pro-poor spending and concentrates investment spending on the rehabilitation of basic infrastructure.

16. **The fiscal program aims to stabilize revenue at 19 percent of GDP with strong tax administration efforts offsetting declining oil and cocoa revenue** (MEFP ¶25–26). The authorities intend to strengthen customs control of oil and petroleum product flows, ensure tax collection in the CNW zone by stepping up redeployment of tax offices, and rationalize the system of tax exemptions. They discontinued the tax exemptions for food, except for ordinary rice. The authorities have also put in place mechanisms to ensure that all oil shipments (including the part of PETROCI) will be monitored through monthly reports validated by the customs/tax departments and a reputable independent expert, and all oil proceeds will be received by the treasury and reflected in the quarterly budget execution statements. Tax efforts also include ½ percent of GDP higher taxes on petroleum products, partly offsetting lower oil revenue because of world price developments.

17. **The authorities intend to restrain the wage bill and non-priority spending, while giving priority to pro-poor and crisis-exit spending** (MEFP ¶28–30). Despite the full-year impact of several concessions granted to workers in the social sector and justice, the wage bill will be kept at 6.8 percent of GDP mainly by limiting new recruitment to education and health. Furthermore, the authorities intend to contain sovereignty expenditure and other nonpriority spending and reduce subsidies to the electricity sector (0.2 percent of GDP); the latter through a range of measures to contain fuel costs and increase revenues. The fiscal space created is allocated to pro-poor spending (defined in the TMU), which increases by 0.8 percent of GDP to reach 7.7 percent of GDP in 2009. Crisis-related expenditure will increase to 1.4 percent of GDP, of which 0.3 percent (mainly for elections and reinsertion of ex-soldiers) will be financed from external resources; another part is cash payments to ex-rebels and militia called for by the end-2008 Ouagadougou Accord Supplement 4.

18. **The authorities intend to reorient investment spending towards rehabilitation of basic infrastructure** (MEFP ¶31). In light of large post-conflict reconstruction needs, they plan to limit spending on large public works in 2009 to 0.4 percent of GDP and focus them on the renovation of a state-owned hotel. More generally, they intend to reassess the scope and phasing of these works in light of the Poverty Reduction Strategy. To increase transparency and value for money on the public works, the authorities have decided to convert framework agreements for ongoing projects, that had been attributed without tender, into regular public contracts with renegociated prices and specifications. They have also decided to subject all projects that have not yet started and all new projects to tender in accordance with the Public Procurement Code (MEFP ¶34).

19. **Structural public finance reforms in 2009 aim at further improving governance and transparency** (MEFP ¶32–33). The measures in the 2009 program draw on the ambitious PFM action plan, which is based on the recent PEMFAR and draws on technical assistance from Fund and World Bank (Annex 1). The program includes several measures to limit the use of treasury advances and avoid any extrabudgetary spending, including through quantitative ceilings (MEFP, Table 3 and ¶34). The low ceiling on treasury advances—to be phased out progressively—will help monitor a reduction in this practice over time as the authorities fully return to normal budget execution procedures.

20. **The government intends to adopt, by end-June 2009, a program of civil service reform to enhance efficiency and reduce the wage bill burden** (MEFP ¶35). For 2009, key measures include a census of government employees, introduction of an integrated civil service/payroll system, and start of the reform of the civil service pension fund (CGRAE).

D. Other structural reforms

21. **In the financial sector, the program aims at strengthening bank supervision, putting microfinance on a sound basis, and restructuring public financial institutions** (MEFP ¶36–38). The government supports the efforts of the WAMU Banking Commission to ensure compliance of banks with prudential ratios and restructuring of problem banks. The government plans to partially recapitalize two small banks, as no investors could be found (a cost of 0.2 percent of GDP), by converting its deposits (that were already illiquid) into capital. The upcoming FSAP mission will discuss with the authorities plans for restructuring the banks and reselling government shares. The government intends to transfer supervisory responsibilities for large microfinance institutions to the Banking Commission, as foreseen in the new WAMU banking law, which is part of the regional institutional reform. The National Microfinance Strategy aims at consolidating the ailing sector, characterized by high levels of nonperforming loans and overall negative net worth. Reforms of public financial institutions include: the conversion of the postal savings fund (CNCE) into a commercial bank, restructuring of the national investment bank (BNI) based on the results of the audit and the recommendations of the Banking Commission, and an overhaul of the social security system (CNPS and CGRAE) to ensure its long-run equilibrium.

22. **Reforms of the energy sector—with World Bank support—focus on improving governance and efficiency while safeguarding government resources** (MEFP ¶39). Key elements of the 2009 program include: reducing fuel costs and revising the level and structure of electricity tariffs so as to improve the financial viability of the electricity sector; continuing regular publication of reports on financial and fiscal flows in the whole sector; and regularly preparing EITI-compliant reports for oil/gas extraction and application of the automatic petroleum product pricing mechanism, revised in line with FAD recommendations.

23. **Reform of the coffee/cocoa sector aims to enhance supply and quality through lower taxation and an overhaul of the institutional framework** (MEFP ¶40). To enhance farmers incomes, indirect taxation of cocoa will be reduced stepwise, from the current level

of over 32 percent of the CIF price to 22 percent by 2011. A streamlined and more transparent institutional structure is being put in place with support from the World Bank.

24. **The program also contains significant steps to improve the business climate, relaunch public enterprise reform, and boost trade integration reforms** (MEFP ¶41–43). Regarding competitiveness, despite appreciation during 2007–08, the REER has remained broadly stable in recent years, whereas the sharp increase in oil exports has likely appreciated the equilibrium REER. Côte d'Ivoire's competitiveness is nevertheless hampered by the concentration of exports in commodities whose shares in world trade decline, as well as by structural impediments, which these reforms seek to address (Figure 2).

IV. PROGRAM DESIGN, FINANCING, AND RISKS

A. External arrears, debt, and program financing

25. **Côte d'Ivoire has cleared arrears with most multilaterals and agreed on a plan to clear arrears with all others; it intends to regularize arrears with all other creditors** (MEFP ¶49). Arrears with the World Bank were cleared in April 2008. Arrears with the AfDB were cleared in early March 2009 under the AfDB's Fragile States Facility (FSF). With help of a bridge loan from an external partner, Côte d'Ivoire paid one-third of the April 2007 stock of arrears, while the AfDB cancelled two-thirds and disbursed new budget support. The EU (FED-X) is expected to provide a grant for its one-third share in EIB arrears, while the EIB has agreed in principle on a restructuring of the remainder. The authorities have initiated discussions with Paris Club and London Club creditors on a restructuring of arrears and maturities during 2009–11 (totaling over 25 percent of GDP, of which four-fifths in arrears). The authorities continue to make good-faith efforts to negotiate treatment of arrears with private external creditors. The Paris Club provided financing assurances for the program on March 10, 2009.

26. **Côte d'Ivoire's external debt is unsustainable.** Public external debt is estimated at US$14.3 billion (65 percent of GDP) at end-2007. The DRA for the preliminary HIPC document[1]—based on end-2007 data—shows that Côte d'Ivoire would qualify for HIPC relief under the "fiscal window" because the NPV of debt-to-revenue ratio, at 327 percent, is above the 250 percent threshold.

27. **The financing gaps during 2009–11 (totaling 31.4 percent of GDP) are expected to be mostly filled by debt restructuring and some budget support** (Table 10, MEFP ¶50)**.** Given a modest primary basic surplus and a small net reduction in domestic arrears, the financing gap in 2009 reflects mainly the regularization of reschedulable arrears (10 percent

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[1] The preliminary HIPC document (IMF Country Report No. 09/33. 12/01/08) was discussed by the Board on December 12, 2008. The HIPC Decision Point Document is being circulated to the Board (www.imf.org, 3/16/09).

of GDP) and nonreschedulable arrears on post-cutoff date (PCOD) debt to the Paris Club (9 percent). Budget support, equivalent to 1.5 percent of GDP, is expected from the World Bank's second Economic Governance and Recovery Grant and the AfDB. Any residual financing gap in 2010–11 after PRGF disbursements (up to 1/4 percent of GDP) would be filled by net domestic/WAEMU borrowing, which should be feasible notwithstanding the tightening credit market; the amount of net borrowing would be well below that in recent years.

Text Table 2. Côte d'Ivoire: Summary of fiscal operations and Financing, 2007-11
(in percent of GDP)

	2007	2008		2009	2010	2011
	Est.	EPCA-2	Est..	Proj.	Proj.	Proj.
Primary basic balance	0.6	0.8	0.3	0.9	1.2	1.2
Total revenue	18.4	19.4	18.9	19.0	19.4	19.7
Primary basic expenditure	17.8	18.6	18.5	18.2	18.2	18.5
of which: crisis-related expenditure	0.8	1.9	1.2	1.4	0.3	0.1
Change in domestic arrears	-1.7	-0.1	1.0	-0.5	-0.7	-0.6
Net domestic financing (incl. interest, PETROCI)	0.5	0.9	0.3	-0.3	-0.5	-0.6
External debt service payments incl. arrears clearance (WB, AfDB)	0.0	-6.2	-2.9	-25.6	-3.3	-3.0
Crisis-related grants and program grants	0.6	0.7	1.3	0.3	0.2	0.1
Financing gap (-)	0.0	-3.8	*0.0* [1/]	-25.3	-3.1	-3.0
Identified Financing [1/]		3.8	*1.5* [1/]			
IMF EPCA		0.3	*0.3*			
World Bank arrears clearance grant and budget support		1.6	*1.2*	1.0	0.6	0.6
AfDB arrears clearance grant and budget support		1.7	*0.0*	2.2		
EU financing for partial EIB arrears clearance		0.1	*0.0*	0.3		
Arrears restructuring				18.9	0.0	0.0
Of which, post-cut off date Paris club				8.8	0.0	0.0
Current maturities restructuring				2.0	1.9	1.8
Of which, post-cut off date Paris club				0.7	0.5	0.5
Residual financing gap (-)		0.0	0.0	-0.8	-0.6	-0.6
possible IMF PRGF (90 percent of quota)				0.8	0.5	0.4

[1/] Gap financing in 2008 is included in net domestic financing (IMF) and program grants (World Bank).

B. Program design

28. **PRGF access is proposed at 115 percent of quota, including 25 percent for immediate repurchase of EPCA.** Access above the norm for fourth-time PRGF/ESAF users (45 percent of quota) would be justified by (i) the high balance of payments needs; (ii) the large efforts expected from other external partners and the catalytic role of the Fund (providing less than 7 percent of the total financing need); (iii) the strength of fiscal policies and the structural reform program; (iv) and the very small drawings under the 1998 (second) and 2002 (third) PRGF arrangements (43 and 20 percent of committed resources, respectively), which were interrupted because of political instability. Furthermore,

Côte d'Ivoire has a strong track record of repayment to the Fund through the BCEAO,[1] whose international reserves are at five months of imports (Tables 11–12).

29. **The program will be monitored through quantitative performance criteria and indicative targets, and structural benchmarks** (MEFP Tables 3 and 4)**.** A fuller move to review-based structural conditionality will be considered at the first program review. Structural conditionality focuses on public finance management in support of fiscal consolidation.

C. Program risks and mitigation

30. **The track record under two EPCAs and the broad based commitment to the program by all political parties in Côte d'Ivoire provide a reasonable basis for successful program implementation. Nonetheless, significant risks remain**:

- Expenditure overruns related to the presidential elections and crisis-exit programs could lead to curtailing pro-poor spending and to new domestic arrears. The large public works, if insufficiently kept in check, would absorb the fiscal space created by the program and may deter donor support.

- Governance problems, notably in public finance management, and the coffee/cocoa and energy sectors (including oil/gas extraction) could hinder program implementation, notwithstanding the deep and broad set of actions undertaken.

- Further delays in elections may prolong uncertainty and reduce donor assistance, investment, and growth. Exogenous shocks, in particular a decline in cocoa and oil prices and production, could lower government revenue.

To mitigate these risks, fiscal policy should respond flexibly to shocks, while envisaged structural reforms would help strengthen competitiveness.

V. Staff Appraisal

31. **Côte d'Ivoire's overall performance under two successive EPCAs was broadly satisfactory, except for important fiscal slippages and delays in structural measures.** Progress toward peace and reunification has created solid ground for the upcoming elections. Economic recovery continues, as growth gradually recovers to pre-crisis levels. The government achieved primary basic surpluses and made significant payments to multilaterals. Structural reforms advanced in a range of areas and sectors, but more slowly than planned. Progress was achieved in a difficult post-conflict environment, with little external support and against the backdrop of the global financial crisis.

[1] See Informational Annex (www.imf.org, Sup. 1; 03/16/09) for information on the safeguards assessment of the BCEAO.

32. **Fiscal performance was broadly satisfactory, except for the extrabudgetary spending in 2008.** The overall fiscal outcome was close to the targets in both programs. The authorities' consistent efforts to mobilize nonoil revenue, restrain 'sovereignty' spending, increase social expenditure, and improve overall fiscal transparency are commendable. However, staff is concerned with the incident of extrabudgetary expenditure, the overall uneven performance in shifting spending toward social and post-crisis needs, and the insufficient progress in reducing domestic arrears.

33. **In the year ahead, the authorities need to steadfastly implement their ambitious plans to improve public resource management**:

- Continued fiscal consolidation is critical for long-term fiscal and debt sustainability. The authorities plan to maintain modest primary basic surpluses in the medium term is welcome. Within those targets, the composition of expenditure is to be improved to provide room for higher pro-growth and pro-poor expenditure.

- The authorities must adhere strictly to the safeguards in place to avoid extrabudgetary expenditure and enhance transparency of public works spending. This includes channeling all oil revenue through the budget and treasury and executing all spending on large public works within budget envelopes, through normal procedures, and in conformity with the Public Procurement Code. They also must adhere strictly to all budget execution procedures and significantly reduce the practice of treasury advances.

- Spending critical for poverty reduction, social reconciliation, and peace should be protected.

- The ambitious reform program for public finance management and the civil service is critical for fiscal sustainability and for gaining domestic support for reforms and donor confidence.

34. **Structural reforms in other macro-critical areas need to be accelerated as they are key for growth and poverty reduction:**

- In the cocoa/coffee sector, the authorities should implement vigorously the institutional reform and continue reducing overall taxation of farmers, while taking tax administration measures to offset revenue losses.

- In the energy sector, the authorities are encouraged to fully implement the automatic petroleum pricing mechanism, improve transparency in conformity with EITI procedures, and improve the financial viability of the electricity sector.

- In the financial sector, the authorities should seek an orderly resolution for problem banks while minimizing recourse to public funds; and support the Banking

Commission in ensuring banks' compliance with prudential norms and the needed restructuring of public financial institutions.

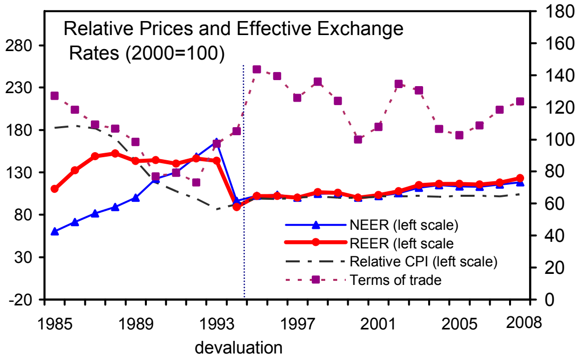
35. **Coordinated efforts by the authorities and the development partners are critical to the program's success**. Côte d'Ivoire's external public debt is unsustainable. Cooperation of donors and creditors in arrears clearance, debt relief, and program and project financing is critical for implementing reforms and closing the financing gaps in 2009 and beyond.

36. **Risks to the program are substantial but manageable.** Strong ownership of the program by the current government and a new government after the upcoming elections is critical for the program success. The risk from persistent governance problems can be reduced by structural reforms that lead to greater transparency and accountability. The risks of exogenous shocks can be addressed by appropriate macroeconomic policies.

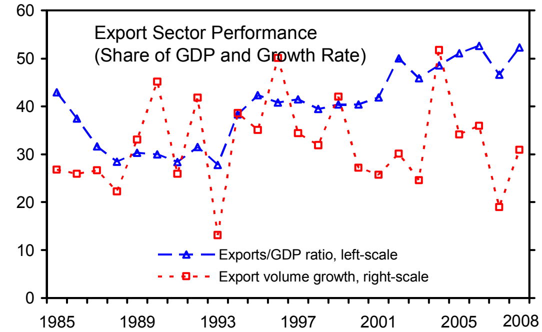
37. **On balance, given Côte d'Ivoire's track record of programs supported by two EPCAs, the staff recommends approval of the authorities' request for a three-year PRGF arrangement**.

Figure 2. Côte d'Ivoire: Competitiveness Indicators
(1985-2008, unless indicated otherwise)

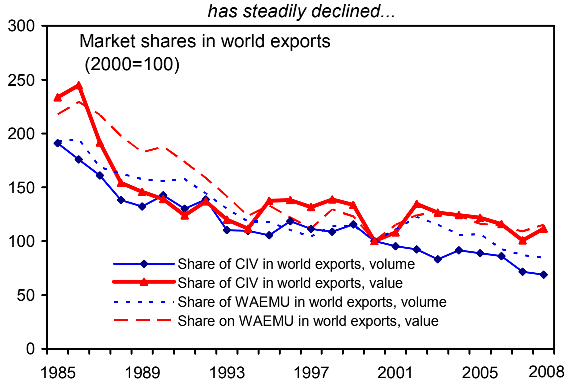
The real effective exchange rate has appreciated recently...



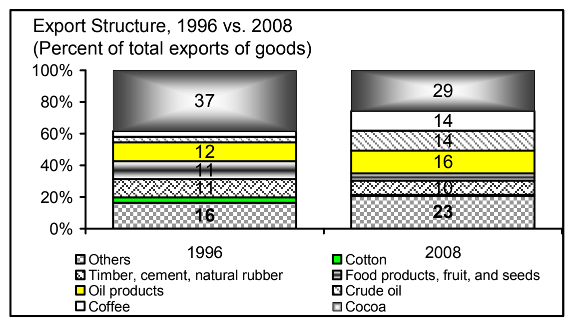
... and the export sector has expanded, though export volumes have been volatile.



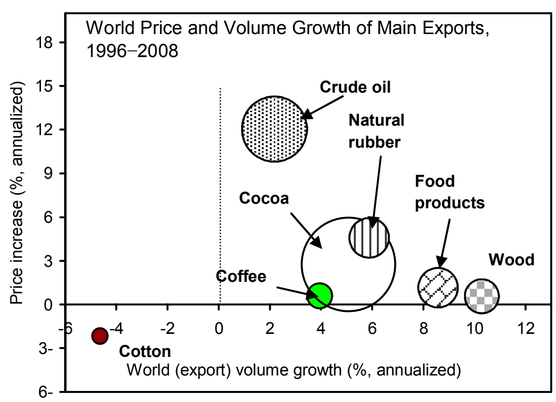
Côte d'Ivoire's share in world exports -- like WAEMU's -- has steadily declined...



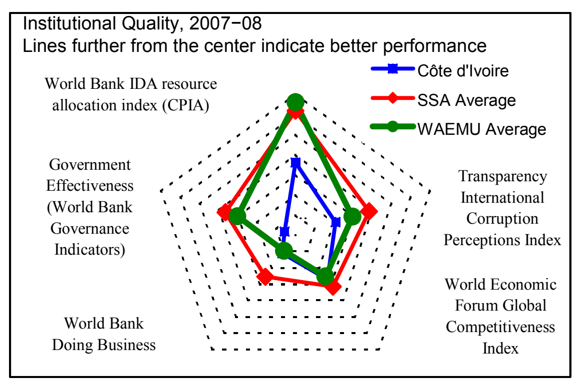
... reflecting the relatively concentrated export structure (of mainly natural resources)...



... and the reliance on export commodities whose demand and average price increases have been modest.



Côte d'Ivoire is outperformed on nonprice (structural) competitiveness by both the WAEMU and the average SSA country.



Sources: IMF World Economic Outlook, Information Notice System; World Bank databases; UN COMTRADE database; and Staff estimates and projections.
Notes: WAEMU averages exclude Côte d'Ivoire.

Table 1. Côte d'Ivoire: Selected Economic and Financial Indicators, 2006-13

	2006	2007	2008		2009	2010	2011	2012	2013
			EPCA-2	Prov.			Proj.		
	(Annual percentage changes, unless otherwise indicated)								
National income									
GDP at constant prices	0.7	1.6	2.9	2.3	3.7	4.2	4.7	5.3	5.8
GDP deflator	4.5	2.7	4.7	8.1	0.6	2.7	3.0	3.1	3.0
Consumer price index (annual average)	2.5	1.9	4.3	6.3	5.9	3.2	2.9	2.7	2.5
Consumer price index (end of period)	2.0	1.5	6.8	9.0	3.4	3.0	2.9	2.7	2.5
External sector (on the basis of CFA francs)									
Exports, f.o.b., at current prices	9.3	-5.7	12.8	8.3	-16.2	6.0	7.2	8.6	8.8
Imports, f.o.b., at current prices	1.3	4.7	17.8	3.1	-19.6	15.3	14.5	15.3	13.7
Export volume	6.0	-8.4	1.6	-7.8	6.1	4.5	5.3	7.4	7.3
Import volume	3.9	5.1	4.0	-4.6	4.5	5.6	6.8	8.4	9.4
Terms of trade (deterioration –)	5.8	3.3	-2.1	8.7	2.7	-7.1	-5.0	-4.9	-2.5
Nominal effective exchange rate	-0.4	2.2	...	-0.3	...	...	...	...	...
Real effective exchange rate (depreciation –) [1/]	-0.4	1.6	...	0.4	...	...	...	...	...
Central government operations									
Total revenue and grants	10.3	10.7	11.7	15.2	0.3	10.1	9.4	11.3	11.4
Total expenditure	10.3	3.1	9.6	14.0	3.7	11.9	12.1	13.5	13.5
	(Changes in percent of the beginning-of-periof broad money)								
Money and credit									
Money and quasi-money (M2)	10.3	23.6	7.6	7.4	6.0	…	…	…	…
Net foreign assets	5.7	9.4	1.4	1.4	-0.3	…	…	…	…
Net domestic assets	4.6	14.2	6.2	6.0	6.3	…	…	…	…
Of which: government	-1.6	3.7	3.3	-1.1	3.4	…	…	…	…
private sector	4.9	10.0	3.9	6.4	2.9	…	…	…	…
Velocity of money	4.0	3.3	3.5	3.4	3.4	…	…	…	…
	(Percent of GDP, unless otherwise indicated)								
Central government operations									
Total revenue and grants	19.0	19.7	20.7	20.6	19.8	20.4	20.7	21.3	21.7
Total revenue	18.4	19.2	19.4	18.9	19.0	19.4	19.7	20.1	20.5
Total expenditure	20.8	20.5	21.1	21.1	21.0	22.0	22.9	24.0	25.0
Overall balance, incl. grants, payment order basis	-1.8	-0.8	-0.4	-0.6	-1.3	-1.6	-2.2	-2.8	-3.3
Primary basic balance [2/]	0.3	0.6	0.8	0.3	0.9	1.2	1.2	1.2	1.2
Gross investment	9.3	8.7	10.4	10.1	11.3	13.4	14.9	16.6	18.1
Central government	3.1	2.6	3.1	3.0	3.0	4.5	5.5	6.8	7.7
Nongovernment sector	6.3	6.1	7.4	7.1	8.3	8.9	9.3	9.8	10.4
Gross domestic saving	19.6	14.6	16.8	17.9	18.1	17.9	17.4	17.2	17.3
Central government	2.4	2.8	2.5	2.1	2.9	3.5	3.8	4.2	4.5
Nongovernment sector	17.2	11.8	14.3	15.7	15.2	14.4	13.6	13.0	12.8
Gross national saving	12.1	8.0	11.6	12.6	11.8	11.8	11.5	11.7	12.3
Central government	0.9	2.2	2.8	2.6	1.9	3.0	3.4	4.2	4.5
Nongovernment sector	11.2	5.8	8.8	9.9	9.8	8.8	8.1	7.6	7.8
External sector									
Current account balance (including official transfers)	2.8	-0.7	1.2	2.4	0.4	-1.6	-3.3	-4.8	-5.8
Current account balance (excluding official transfers)	3.0	-1.5	-0.6	1.0	-0.1	-2.3	-4.1	-5.8	-6.8
Overall balance	-2.7	-0.5	-0.8	0.1	-3.7	-2.5	-2.4	-3.3	-2.1
External public debt	71.4	64.8	66.8	60.7	53.7	51.3	49.4	48.6	48.1
Public external debt-service due before rescheduling (CFAF billions)	396	384	364	426	380	310	319	312	265
Percent of exports of goods and services	8.3	8.5	7.2	8.7	9.1	7.0	6.7	6.1	4.7
Percent of government revenue	23.7	20.7	19.1	21.6	18.2	13.6	12.8	11.4	8.7
Memorandum items:									
Public debt in arrears (percent of GDP)	26.6	24.1	21.3	25.3	2.0	1.2	0.5	0.3	0.0
Domestic (after securitization)	4.5	2.5	1.6	2.7	2.0	1.2	0.5	0.3	0.0
External	22.1	21.6	19.7	22.6	0.0	0.0	0.0	0.0	0.0
Nominal GDP (CFAF billions)	9,081	9,487	10,103	10,485	10,925	11,690	12,587	13,637	14,854
Nominal exchange rate (CFAF/US$, period average)	522	479	446	446	498	496	494	492	489
Nominal GDP at market prices (US$ billions)	17.4	19.8	22.7	23.5	21.9	23.6	25.5	27.7	30.4
Population (million)	19.6	20.2	19.0	20.8	21.4	22.0	22.7	23.4	24.1
Population growth (percent)	3.0	3.0	1.5	3.0	3.0	3.0	3.0	3.0	3.0
Nominal GDP per capita (CFAF thousands)	464	471	531	505	511	531	555	584	617
Nominal GDP per capita (US$)	888	983	1,190	1,132	1,026	1,070	1,123	1,187	1,262
Real GDP per capita growth (percent)	-2.3	-1.4	1.4	-0.7	0.7	1.2	1.7	2.3	2.8

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

1/ Based on end-of-period changes in relative consumer prices and the nominal effective exchange rate.

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

Table 2. Côte d'Ivoire: National Accounts and Savings-Investment Balance, 2006-13

	2004 poids	2006	2007	2008 Prov.	2009	2010	2011 Proj.	2012	2013
			(Annual percentage change at constant price)						
Primary Sector	0.29	3.2	0.2	0.4	3.3	3.9	4.8	5.2	5.0
Agriculture (including livestock and fishing)	0.18	2.6	2.3	2.4	2.4	3.9	5.3	5.1	5.6
Export agriculture	0.09	-0.8	0.1	-2.7	4.3	3.8	2.9	5.1	4.6
Oil/gas	0.01	36.4	-18.7	-5.2	8.6	5.2	9.1	6.2	0.7
Secondary Sector	0.20	-7.1	1.2	3.3	4.9	4.4	5.2	5.9	6.8
Food and drink	0.03	-16.4	4.1	1.6	3.1	4.6	5.8	6.1	6.7
Energy (incl. oil product)	0.05	3.3	-4.7	3.1	7.3	5.6	5.8	6.1	6.7
Petroleum products	0.02	6.9	-8.3	1.2	7.5	5.6	5.8	6.1	6.7
Energy	0.02	-0.4	-0.7	5.0	7.0	5.6	5.8	6.1	6.7
Construction	0.02	-3.4	9.6	9.3	7.0	1.6	4.8	10.1	10.7
Other industries	0.10	-10.4	1.7	2.2	3.5	4.6	4.8	4.6	5.7
Tertiary Sector	0.40	2.3	2.3	2.9	3.6	4.5	4.5	5.2	5.9
Transportation, Telecomunications	0.03	4.8	5.4	6.3	3.9	4.0	3.8	4.9	6.7
Of which: Telecomunications	0.01	12.5	12.8	10.9	6.5	6.6	5.8	7.6	0.0
Services	0.12	-1.8	0.9	1.2	4.0	3.6	5.8	6.1	6.7
Trade	0.11	4.1	0.4	2.5	3.5	5.6	5.8	6.1	6.7
Public services	0.14	3.6	4.0	3.5	3.2	4.5	2.8	4.0	4.4
Indirect taxes	0.12	3.2	4.8	2.7	2.0	3.0	3.0	3.0	5.0
Real GDP	1.00	0.7	1.6	2.3	3.7	4.2	4.7	5.3	5.8
				(Share of nominal GDP)					
Exports of goods and nonfactor services		52.7	47.8	46.5	38.2	37.9	37.7	37.8	37.7
Exports of goods		47.4	42.8	42.0	33.7	33.4	33.3	33.4	33.3
of which: oil and petroleum products		15.1	14.6	12.6	6.6	7.7	8.5	9.0	8.1
Exports of services		5.2	5.0	4.5	4.5	4.5	4.4	4.4	4.4
Imports of goods and nonfactor services		42.4	41.9	38.8	31.4	33.4	35.2	37.1	38.5
Imports of goods		29.9	30.0	28.0	21.6	23.2	24.7	26.3	27.5
of which: oil		9.3	9.8	11.4	5.6	6.4	6.8	7.1	6.8
Imports of services		12.5	12.0	10.8	9.8	10.2	10.5	10.8	11.0
Resource balance (excl. factor payement and transfers)		10.3	5.9	7.7	6.8	4.5	2.5	0.7	-0.8
Oil Balance (exports of oils (products) - imports of crude)		5.9	4.9	1.2	1.0	1.3	1.7	2.0	1.3
Current account balance (including official transfers)		2.8	-0.7	2.4	0.4	-1.6	-3.3	-4.8	-5.8
Total consumption		80.4	85.4	82.1	81.9	82.1	82.6	82.8	82.7
Government		8.3	8.7	8.6	8.6	8.5	8.3	8.2	8.2
Private sector		72.0	76.8	73.6	73.2	73.7	74.3	74.5	74.5
Gross domestic investment		9.3	8.7	10.1	11.3	13.4	14.9	16.6	18.1
Fixed capital formation		9.3	8.7	10.1	11.3	13.4	14.9	16.6	18.1
Government		3.1	2.6	3.0	3.0	4.5	5.5	6.8	7.7
Nongovernment		6.3	6.1	7.1	8.3	8.9	9.3	9.8	10.4
Gross domestic saving		19.6	14.6	17.9	18.1	17.9	17.4	17.2	17.3
Government		2.4	2.8	2.1	2.9	3.5	3.8	4.2	4.5
Nongovernment		17.2	11.8	15.7	15.2	14.4	13.6	13.0	12.8

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

Table 3a. Côte d'Ivoire: Central Government Financial Operations, 2006–13 [1/]

(Billions of CFA francs, unless otherwise indicated)

	2006	2007	2008		2009	2010	2011	2012	2013
			EPCA-2	Prov.	Prog.		Proj.		
Total revenue and grants	1,727.5	1,871.2	2,090.2	2,156.2	2,161.8	2,380.0	2,603.1	2,898.5	3,229.8
Total revenue	1,672.1	1,817.6	1,960.5	1,976.8	2,080.9	2,271.1	2,480.6	2,734.4	3,047.5
Tax revenue	1,399.8	1,468.1	1,618.8	1,638.0	1,771.6	1,951.6	2,132.4	2,354.3	2,614.0
Direct taxes	441.1	425.2	480.0	541.7	504.6	611.4	675.2	734.3	832.2
Of which : profit tax on oil	68.9	66.8	110.0	138.6	67.2	66.1	75.4	84.5	81.9
Indirect taxes	958.7	1,042.9	1,138.8	1,096.3	1,267.0	1,340.1	1,457.2	1,620.0	1,781.7
Nontax revenue	272.3	349.5	341.7	338.8	309.3	319.5	348.3	380.1	433.6
Social security contributions	122.1	129.6	143.4	141.4	150.6	164.8	177.5	192.3	239.1
Oil and gas revenue	68.6	66.9	110.0	138.6	67.2	66.1	75.4	84.5	81.9
Other	81.6	153.0	88.3	58.8	91.5	88.6	95.4	103.3	112.6
Of which : PETROCI dividends	2.0	13.6	35.0	27.0	35.0	13.2	15.1	16.9	16.4
Of which: toxic waste damage		76.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	55.5	53.6	129.7	179.5	80.9	108.9	122.5	164.1	182.2
Projects	55.5	43.6	43.9	38.8	48.2	85.0	110.5	158.1	182.2
Programs (incl. crisis-related) [3/]	0.0	10.0	85.8	140.7	32.7	23.9	12.0	6.0	0.0
Total expenditure	1,889.8	1,944.9	2,131.2	2,217.2	2,299.7	2,572.8	2,884.0	3,273.9	3,717.3
Current expenditure	1,588.4	1,666.8	1,805.0	1,879.9	1,953.1	2,030.8	2,171.7	2,331.0	2,558.3
Wages and salaries	589.1	640.3	687.5	711.7	745.0	758.4	802.9	841.1	901.2
Social security benefits	167.6	182.7	194.9	188.6	198.0	230.6	247.6	281.9	321.9
Subsidies and other current transfers (incl. education and health)	178.0	157.5	151.6	164.7	189.9	252.3	296.8	335.2	365.1
of which: Versus Bank restructuring					7.0				
Other current expenditure	423.5	447.0	446.7	504.3	451.1	532.8	586.3	648.8	743.9
of which: toxic waste damage	15.7	27.8	20.0	7.7	0.0	0.0	0.0	0.0	0.0
of which BFA Bank restructuring					6.0				
Crisis-related expenditure	68.1	73.1	190.9	122.5	148.7	37.5	18.8	9.4	0.0
Interest due	162.1	166.2	133.5	188.1	220.4	219.2	219.4	214.5	226.2
On domestic debt	29.5	50.9	34.7	64.5	32.2	48.7	48.7	48.7	48.7
On external debt	132.6	115.3	98.8	123.6	188.2	170.5	170.7	165.8	177.1
Before rescheduling/refinancing					91.3	79.6	73.5		
On new financing					96.9	90.9	97.2		
of which on rescheduling					88.3	88.3	88.3		
of which others					8.6	2.5	8.9		
Capital expenditure	279.4	249.3	311.2	319.6	327.5	527.1	697.4	928.0	1,142.8
Domestically financed	211.3	183.2	209.0	230.3	225.8	302.4	363.3	434.5	517.9
Foreign-financed	68.1	66.1	102.2	77.7	91.7	224.7	334.1	493.5	624.9
Net lending	22.1	28.8	15.0	17.7	19.1	14.8	14.8	14.9	16.2
of which Versus Bank restructuring					15.1				
of Which BFA Bank restructuring					-6.0				
Primary basic balance [2/]	28.1	56.4	84.9	33.1	93.3	142.2	150.1	168.6	181.3
Overall balance, including grants [1/ 3/]	-162.3	-73.8	-41.0	-61.0	-137.9	-192.8	-280.9	-375.4	-487.5
Overall balance, excluding grants [1/ 3/]	-217.7	-127.4	-170.7	-240.4	-218.8	-301.7	-403.3	-539.5	-669.8
Change in domestic arrears (excl. on debt service)	3.2	-164.3	-15.0	104.8	-60.0	-80.0	-70.0	-30.0	-38.9
Net change in external arrears (interests)	129.0	92.4	-55.1	30.1	-1,035.1	0.0	0.0	0.0	0.0
Change in existing arrears	0.0	-8.3	-132.9	-55.2	-1,035.1	0.0	0.0	0.0	0.0
Accumulation of new arrears	129.0	100.7	77.8	85.2	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-30.1	-145.7	-111.0	73.9	-1,233.0	-272.8	-350.9	-405.4	-526.4

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

[1/] Payment order basis.

[2/] Total revenue (excl. grants) minus expenditure net of scheduled interest and foreign-financed capital expenditure.

[3/] Program and arrear clearance grants in 2008 are below the line in the program column, and above the line in the projection column.

Table 3a. Côte d'Ivoire: Central Government Financial Operations, 2006–13[1/] (concluded)
(Billions of CFA francs, unless otherwise indicated)

	2006	2007	2008		2009	2010	2011	2012	2013
			EPCA-2	Prov.	Prog.		Proj.		
Financing	30.1	145.7	111.0	-73.9	1,233.0	272.8	350.9	405.4	526.4
Domestic financing	27.1	102.6	34.4	96.6	-1.8	-14.6	-32.7	-30.5	-6.9
Bank financing (net)	-32.7	85.9	-11.9	-25.0	18.5	-14.6	-32.7	-30.5	-6.9
Net use of Fund resources [6/]	-30.8	4.1	-24.2	3.6	-10.9	-14.6	-32.7	-30.5	-6.9
Central bank credit (net)	-35.4	-19.3	-11.2	39.2	-19.7	0.0	0.0	0.0	0.0
Other domestic bank financing (net) [5/]	33.5	101.1	23.5	-67.8	49.1	0.0	0.0	0.0	0.0
of which Versus Bank restructuring					22.0				
Nonbank financing (net)	59.9	16.7	46.3	121.6	-20.4	0.0	0.0	0.0	0.0
External financing	2.9	43.1	-410.9	-170.5	-1,526.5	-75.6	11.2	-44.1	96.0
Consolidation (bonds)	-10.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project loans	12.2	22.5	58.3	38.9	43.5	139.7	223.6	335.4	442.7
Program loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WAEMU financing (in CFAF)	23.3	69.2	-17.1	76.2	40.9	0.0	0.0	0.0	0.0
Amortization due	-257.6	-222.9	-248.0	-280.8	-277.3	-215.3	-212.4	-379.5	-346.7
of which: CFA debt hold by non-WAEMU residents	-0.5	-23.1	-43.2	-43.2	-43.2	-9.6	0.0	0.0	0.0
Net change in external arrears (principal)	235.2	174.3	-204.0	-4.8	-1,333.6	0.0	0.0	0.0	0.0
Change in existing arrears	-15.9	-0.3	-326.9	-171.5	-1,333.6	0.0	0.0	0.0	0.0
Accumulation of new arrears	251.1	174.6	122.8	166.7	0.0	0.0	0.0	0.0	0.0
Debt relief and rescheduling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap (+ deficit / – surplus)	0.0	0.0	487.6	0.0	2,761.4	363.0	372.4	479.9	437.4
Identified financing 2008									
IMF EPCA [6/]			27.3						
World Bank arrears clearance grant (50% of arrears)			112.8						
World Bank budget support operations			60.2						
AfDB arrears clearance grant (67% of arrears)			154.0						
AfDB budget support			27.2						
EU financing for partial EIB arrears clearance and debt service			13.6						
EU budget support			0.0						
Possible financing 2009-11									
Program grants (World Bank, AfDB, EU)					351.8	75.0	75.0	0.0	0.0
World Bank budget support					112.1				
AfDB arrears clearance grant					171.4				
AfDB budget support					68.3				
Arrears restructuring [4/]					2,102.7	0.0	0.0	0.0	0.0
EIB					34.2	0.0	0.0	0.0	0.0
Paris Club restructuring					1,688.6	0.0	0.0	0.0	0.0
Post-cut off arrears					956.8	0.0	0.0	0.0	0.0
Pre-cut off arrears					731.8	0.0	0.0	0.0	0.0
London Club Rescheduling of arrears					379.8	0.0	0.0	0.0	0.0
Current maturities restructuring [4/]					221.3	216.9	223.5	0.0	0.0
Paris Club restructuring					143.4	130.2	127.6	0.0	0.0
Post-cut off current maturrities					76.4	61.4	56.7	0.0	0.0
Pre-cut off current maturrities					67.0	68.7	70.8	0.0	0.0
London Club Rescheduling of current maturities					77.9	86.7	96.0	0.0	0.0
Residual gap			92.6	0.0	85.5	71.1	73.9	479.9	437.4
of which IMF-PRGF [10/]					85.5	53.7	53.6	26.8	0.0
Memorandum items:									
Nominal GDP	9,081	9,487	10,103	10,485	10,925	11,690	12,587	13,637	14,854
Domestic debt (including financial debt) [7/]	1,166	1,024	1,174	1,155	1,104	1,024	954	924	885
Of which: in arrears [8/]	405	240	158	279	219	139	69	39	0
External debt	6,484	6,149	6,734	6,369	5,872	6,003	6,216	6,621	7,148
Of which: in arrears [9/]	2,011	2,050	1,992	2,369	0	0	0	0	0
Pro-poor spending (including foreign financed)	510.3	563.8	…	726.8	838.8	911.9	1,040.8	1,195.8	1,381.8
of which : Education	318.8	345.0	…	496.9	536.6	564.7	638.4	726.3	830.6
Health	77.4	88.8	…	98.3	118.8	133.8	158.9	189.8	227.9
Defense spending	0.0	151.2	154.0	154.0	…	155.0	158.5	163.2	168.8

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

[4/] Based on standard treatment of reschedulable Paris and London Club debt in context of HIPC.
[5/] Includes all government papers in CFAF issued to Ivoirien banks (including to Ecobank in early 2008).
[6/] The purchase of 12.5 percent of quota in April 2008 upon approval of EPCA-2 is recorded under bank financing.
[7/] Domestic debt stocks have been revised upward compared to previous staff reports.
[8/] Changes in stocks including reductions through securitization and compensation with the electricity sector.
[9/] Changes in stocks also reflect valuation changes.
[10/] Assume access of 90 percent; 24 percent upon approval, and six equal tranches of 11 percent of quota.

Table 3b. Côte d'Ivoire: Central Government Financial Operations, 2006-13 [1/]
(Percent of GDP, unless otherwise indicated)

	2006	2007	2008		2009	2010	2011	2012	2013
			EPCA-2	Prov.	Prog.		Proj.		
Total revenue and grants	19.0	19.7	20.7	20.6	19.8	20.4	20.7	21.3	21.7
Total revenue	18.4	19.2	19.4	18.9	19.0	19.4	19.7	20.1	20.5
Of which : non-oil revenue	16.9	17.6	16.9	16.0	17.5	18.2	18.4	18.7	19.3
Tax revenue	15.4	15.5	16.0	15.6	16.2	16.7	16.9	17.3	17.6
Direct taxes	4.9	4.5	4.8	5.2	4.6	5.2	5.4	5.4	5.6
Of which : profit tax on oil	0.8	0.7	1.1	1.3	0.6	0.6	0.6	0.6	0.6
Indirect taxes	10.6	11.0	11.3	10.5	11.6	11.5	11.6	11.9	12.0
Nontax revenue	3.0	3.7	3.4	3.2	2.8	2.7	2.8	2.8	2.9
Social security contributions	1.3	1.4	1.4	1.3	1.4	1.4	1.4	1.4	1.6
Oil and gas revenue	0.8	0.7	1.1	1.3	0.6	0.6	0.6	0.6	0.6
Other	0.9	1.6	0.9	0.6	0.8	0.8	0.8	0.8	0.8
Of which : PETROCI dividends	0.0	0.1	0.3	0.3	0.3	0.1	0.1	0.1	0.1
Of which: toxic waste damage		0.8	0.0	0.0					
Grants	0.6	0.6	1.3	1.7	0.7	0.9	1.0	1.2	1.2
Projects	0.6	0.5	0.4	0.4	0.4	0.7	0.9	1.2	1.2
Programs (incl. crisis-related) [3/]	0.0	0.1	0.8	1.3	0.3	0.2	0.1	0.0	0.0
Other (*filière cacao*)	0.0				0.0	0.0	0.0	0.0	0.0
Tax and nontax revenue adjustment	0.0				0.0	0.0	0.0	0.0	0.0
Total expenditure	20.8	20.5	21.1	21.1	21.0	22.0	22.9	24.0	25.0
Current expenditure	17.5	17.6	17.9	17.9	17.9	17.4	17.3	17.1	17.2
Wages and salaries	6.5	6.7	6.8	6.8	6.8	6.5	6.4	6.2	6.1
Social security benefits	1.8	1.9	1.9	1.8	1.8	2.0	2.0	2.1	2.2
Subsidies and other current transfers (incl. education and health)	2.0	1.7	1.5	1.6	1.7	2.2	2.4	2.5	2.5
Other current expenditure	4.7	4.7	4.4	4.8	4.1	4.6	4.7	4.8	5.0
Of which: discretionary presidential	2.6	2.4	2.1	2.4					
Of which: toxic waste damage	0.2	0.3	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Crisis-related expenditure	0.7	0.8	1.9	1.2	1.4	0.3	0.1	0.1	0.0
Interest due	1.8	1.8	1.3	1.8	2.0	1.9	1.7	1.6	1.5
Domestic interest	0.3	0.5	0.3	0.6	0.3	0.4	0.4	0.4	0.3
Foreign interest (incl. gap)	1.5	1.2	1.0	1.2	1.7	1.5	1.4	1.2	1.2
Before rescheduling/refinancing					0.8	0.7	0.6	0.0	
On new financing					0.9	0.8	0.8	0.0	
of which on rescheduling					0.8	0.8	0.7	0.0	
of which others					0.1	0.0	0.1	0.0	0.0
Capital expenditure	3.1	2.6	3.1	3.0	3.0	4.5	5.5	6.8	7.7
Domestically-financed	2.3	1.9	2.1	2.2	2.1	2.6	2.9	3.2	3.5
Foreign-financed	0.7	0.7	1.0	0.7	0.8	1.9	2.7	3.6	4.2
Net lending	0.2	0.3	0.1	0.2	0.2	0.1	0.1	0.1	0.1
Primary basic balance [2/]	0.3	0.6	0.8	0.3	0.9	1.2	1.2	1.2	1.2
Overall balance, including grants [1/ 3/]	-1.8	-0.8	-0.4	-0.6	-1.3	-1.6	-2.2	-2.8	-3.3
Overall balance, excluding grants [1/ 3/]	-2.4	-1.3	-1.7	-2.3	-2.0	-2.6	-3.2	-4.0	-4.5
Change in domestic arrears (excl. on debt service)	0.0	-1.7	-0.1	1.0	-0.5	-0.7	-0.6	-0.2	-0.3
Net change in external arrears (interest) [3/]	1.4	1.0	-0.5	0.3	-9.5	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-0.3	-1.5	-1.1	0.7	-11.3	-2.3	-2.8	-3.0	-3.5

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

[1/] Payment order basis.

[2/] Total revenue (excl. grants) minus expenditure net of scheduled interest and foreign-financed capital expenditure, excluding net compensation proceeds from toxic waste damage.

[3/] Program and arrear clearance grants in 2008 are below the line in the program column, and above the line in the projection column.

Table 3b. Côte d'Ivoire: Central Government Financial Operations, 2006–13 (continued)
(Percent of GDP, unless otherwise indicated)

	2006	2007	2008		2009	2010	2011	2012	2013
			EPCA-2	Prov.	Prog.		Proj.		
Financing	0.3	1.5	1.1	-0.7	11.3	2.3	2.8	3.0	3.5
Domestic financing	0.3	1.1	0.3	0.9	0.0	-0.1	-0.3	-0.2	0.0
Bank financing (net)	-0.4	0.9	-0.1	-0.2	0.2	-0.1	-0.3	-0.2	0.0
Net use of Fund resources [6/]	-0.3	0.0	-0.2	0.0	-0.1	-0.1	-0.3	-0.2	0.0
Central bank credit (net)	-0.4	-0.2	-0.1	0.4	-0.2	0.0	0.0	0.0	0.0
Other domestic bank financing (net) [5/]	0.4	1.1	0.2	-0.6	0.4	0.0	0.0	0.0	0.0
Nonbank financing (net)	0.7	0.2	0.5	1.2	-0.2	0.0	0.0	0.0	0.0
External financing	0.0	0.5	-4.1	-1.6	-14.0	-0.6	0.1	-0.3	0.6
Consolidation (bonds)	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project loans	0.1	0.2	0.6	0.4	0.4	1.2	1.8	2.5	3.0
Program loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization due	-2.8	-2.3	-2.5	-2.7	-2.5	-1.8	-1.7	-2.8	-2.3
WAEMU financing (in CFAF)	0.3	0.7	-0.2	0.7	0.4	0.0	0.0	0.0	0.0
Net change in external arrears (amortization) [4/]	2.6	1.8	-2.0	0.0	-12.2	0.0	0.0	0.0	0.0
Debt relief and rescheduling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.2	0.3	-0.2	0.1	0.0	0.0	0.0	0.0	0.0
Treasury bills	0.0	0.4	0.0	0.1	-0.4	0.0	0.0	0.0	0.0
Financing gap (+ deficit / – surplus)	0.0	0.0	4.8	0.0	25.3	3.1	3.0	3.5	2.9
Identified financing 2008									
IMF EPCA			0.3						
World Bank arrears clearance grant (50% of arrears)			1.1						
World Bank budget support operations			0.6						
AfDB arrears clearance grant (67% of arrears)			1.5						
AfDB budget support			0.3						
EU financing for partial EIB arrears clearance and debt service			0.1						
EU budget support			0.0						
Possible financing 2009-11									
Program grants (World Bank, AfDB, EU)					3.2	0.6	0.6	0.0	0.0
World Bank budget support					1.0				
AfDB arrears clearance grant					1.6				
AfDB budget support					0.6				
Arrears restructuring [4/]					19.2	0.0	0.0	0.0	0.0
EIB					0.3	0.0	0.0	0.0	0.0
Paris Club restructuring					15.5	0.0	0.0	0.0	0.0
Post-cut off arrears					8.8	0.0	0.0	0.0	0.0
Pre-cut off arrears					6.7	0.0	0.0	0.0	0.0
London Club Rescheduling of arrears					3.5	0.0	0.0	0.0	0.0
Current maturities restructuring [4/]					2.0	1.9	1.8	0.0	0.0
Paris Club restructuring					1.3	1.1	1.0	0.0	0.0
Post-cut off current maturrities					0.7	0.5	0.5	0.0	0.0
Pre-cut off current maturrities					0.6	0.6	0.6	0.0	0.0
London Club Rescheduling of current maturities					0.7	0.7	0.8	0.0	0.0
Residual gap			0.9	0.0	0.8	0.6	0.6	3.5	2.9
of which IMF-PRGF [10/]					0.8	0.5	0.4	0.2	0.0
Memorandum items:									
Domestic debt [7/]	12.8	10.8	11.6	11.0	10.1	8.8	7.6	6.8	6.0
Of which: in arrears [8/]	4.5	2.5	1.6	2.7	2.0	1.2	0.5	0.3	0.0
External debt	71.4	64.8	66.7	60.7	53.7	51.3	49.4	48.6	48.1
Of which: in arrears [9/]	22.1	21.6	19.7	22.6	0.0	0.0	0.0	0.0	0.0
Pro-poor spending (including foreign financed)	5.6	5.9	…	6.9	7.7	7.8	8.3	8.8	9.3
of which: Education	3.5	3.6	…	4.7	4.9	4.8	5.1	5.3	5.6
Health	0.9	0.9	…	0.9	1.1	1.1	1.3	1.4	1.5
Defense spending	0.0	1.6	1.5	1.5	…	1.3	1.3	1.2	1.1
Wage bill in percent of tax revenue (WAEMU criteria)	42.1	43.6	42.5	42.0	42.1	38.9	37.7	35.7	34.5

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

[4/] Based on standard treatment of reschedulable Paris and London Club debt in context of HIPC .

[5/] Includes all government papers in CFAF issued to Ivoirien banks (including to Ecobank in early 2008).

[6/] The purchase of 12.5 percent of quota in April 2008 upon approval of EPCA-2 is recorded under bank financing.

[7/] Domestic debt stocks have been revised upward compared to previous staff reports.

[8/] Changes in stocks including reductions through securitization and compensation with the electricity

[9/] Changes in stocks also reflect valuation changes.

[10/] Assume access of 90 percent; 24 percent upon approval, and six equal tranches of 11 percent of quota.

Table 3c. Côte d'Ivoire: Crisis Exit Programs 2007-09
(in billions of CFAF unless otherwise indicated)

	2007	2008		2009
		Prog.	Prov.	Prov.
General crisis-exit efforts	42.8	52.1	45.0	29.9
Frontline bonuses	40.1	32.0	39.7	26.4
Transition payments *Forces Nouvelles*	0.0	5.0	3.9	0.0
Civil Service program	0.0	12.0	0.5	3.0
Financed by government ressources	0.0	12.0	0.5	3.0
Financed by external ressources (EU)	0.0	0.0	0.0	0.0
Peace accords	3.6	1.0	0.8	0.5
Other	1.4	2.1	0.0	0.0
DDR, reinsertion and community rehabilitation (RRC)	7.0	18.9	9.0	16.0
Financed by government resources	7.0	8.0	5.2	6.0
DDR-CCI (army unification)	...	3.3	3.0	3.3
Community rehabilitation	...	4.7	2.2	2.7
Financed by external sources	0.0	10.9	3.8	10.0
EU (RRC program contribution)	0.0	0.9	0.0	0.0
World Bank (community rehabilitation)	0.0	10.0	1.8	10.0
France (community rehabilitation)	0.0	0.0	0.0	0.0
Other	0.0	0.0	2.0	0.0
Redeployment of public administration (RPA)	3.5	27.2	5.3	10.6
Financed by government resources	3.5	8.0	3.6	4.3
National RPA program contribution	...	6.0	2.0	2.3
Other sources (FISDES)	...	2.0	1.6	2.0
Financed by external sources	0.0	19.2	1.7	6.3
EU (RPA program contribution)	0.0	3.5	0.0	0.0
World Bank (RPA program contribution)	0.0	5.2	0.0	0.0
AfDB	0.0	10.5	1.7	5.1
Other	0.0	0.0	0.0	1.2
Identification	11.8	33.5	47.9	37.0
Financed by government resources	11.8	25.0	41.6	37.0
National Identification Office, CNSI	...			0.0
Mobile identifcation hearings	...			0.0
Operator	0.0			37.0
Financed by external sources	0.0	8.5	6.3	0.0
EU (mobile identification hearings)	0.0	2.3	1.0	0.0
World Bank	0.0	6.2	2.6	0.0
Japan	0.0	0.0	0.2	0.0
Operator	0.0	0.0	0.0	0.0
Other	0.0	0.0	2.5	0.0
Elections	8.0	36.0	12.3	26.4
Financed by government resources	8.0	16.0	12.3	10.0
Election list	...	8.0	6.3	5.0
Elections (CEI)	...	8.0	6.0	5.0
Financed by external sources	0.0	20.0	0.0	16.4
EU	0.0	3.9	0.0	10.0
World Bank	0.0	0.0	0.0	3.5
Japan	0.0	3.8	0.0	0.0
South Korea	0.0	2.5	0.0	0.0
France	0.0	0.7	0.0	0.0
Other sources	0.0	9.1	0.0	2.9
National reconciliation program	0.0	3.2	2.9	3.8
Financed by government resources	0.0	0.0	2.6	3.8
Financed by external sources - AfDB	0.0	3.2	0.3	0.0
Financed by external sources - EU	0.0	0.0	0.0	0.0
Crisis intervention program	0.0	20.0	0.0	0.0
Financed by government resources (FISDES)	0.0	3.0	0.0	0.0
Financed by external sources (EU)	0.0	17.0	0.0	0.0
Supplement to Ouagadougou agreement (APO 4)				25.0
Financed by government resources				25.0
Financed by external sources				0.0
Total	73.1	190.9	122.4	148.7

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

Table 4. Côte d'Ivoire: Balance of Payments, 2006-13
(Billions of CFA francs, unless otherwise indicated)

	2006	2007	2008		2009	2010	2011	2012	2013
			EPCA-2	Prov.	Proj.	Proj.	Proj.	Proj.	Proj.
Trade balance	1,593.3	1,219.4	1,449.9	1,468.1	1,330.1	1,190.9	1,077.7	961.1	866.5
Exports, f.o.b.	4,307.2	4,062.2	4,557.7	4,400.0	3,687.0	3,908.7	4,190.2	4,549.5	4,947.8
Of which: cocoa	1,063.1	1,053.8	1,342.7	1,263.2	1,161.1	1,142.7	1,152.6	1,160.4	1,193.4
Of which: crude oil and refined oil products	1,374.5	1,389.5	1,573.7	1,324.4	719.9	904.6	1,075.1	1,231.6	1,209.7
Imports, f.o.b.	-2,713.9	-2,842.8	-3,107.8	-2,931.9	-2,356.9	-2,717.8	-3,112.5	-3,588.4	-4,081.4
Of which: crude oil	-841.0	-926.1	-1,072.7	-1,194.4	-609.0	-746.8	-860.0	-962.0	-1,011.6
Services (net)	-1,064.9	-1,085.2	-1,262.3	-1,095.0	-1,033.7	-1,131.5	-1,241.5	-1,373.4	-1,516.8
Receipts	576.6	577.3	578.8	581.8	599.8	638.0	682.8	735.6	796.7
Factor income	102.5	103.0	111.9	105.0	109.4	117.1	126.1	136.6	148.8
Other services	474.1	474.3	466.9	476.8	490.4	520.9	556.8	599.0	648.0
Payments	-1,641.5	-1,662.5	-1,841.1	-1,676.8	-1,633.5	-1,769.5	-1,924.4	-2,108.9	-2,313.6
Factor income	-508.9	-526.2	-566.5	-540.2	-559.0	-581.4	-607.3	-637.7	-673.1
Of which: central government interest due	-132.6	-115.3	-98.8	-123.6	-188.2	-170.5	-170.7	-165.8	-177.1
Before rescheduling/refinancing					-91.3	-79.6	-73.5		
On new financing					-96.9	-90.9	-97.2		
of which on 2008 rescheduling					-88.3	-88.3	-88.3		
of which others					-8.6	-2.5	-8.9		
Other services	-1,132.6	-1,136.3	-1,274.6	-1,136.6	-1,074.5	-1,188.1	-1,317.1	-1,471.2	-1,640.4
Transfers (net)	-277.8	-199.0	-66.2	-119.5	-247.6	-242.6	-256.1	-246.0	-214.5
Private	-259.2	-277.3	-244.3	-269.4	-306.8	-328.3	-353.5	-383.0	-357.1
Official [1/]	-18.6	78.3	178.1	149.9	59.2	85.7	97.4	137.0	142.7
Current account including official transfers	250.6	-64.8	121.4	253.6	48.8	-183.3	-419.9	-658.3	-864.8
Current account excluding official transfers	269.2	-143.1	-56.7	103.7	-10.4	-269.0	-517.3	-795.2	-1,007.5
Capital account	-512.1	13.0	-205.2	-238.9	-452.1	-103.4	113.6	209.8	552.6
Official medium- and long-term loans (net)	-245.4	-200.4	-146.5	-241.9	-233.8	-75.6	11.2	-44.1	96.0
Project loans	12.2	22.5	58.3	38.9	43.5	139.7	223.6	335.4	442.7
Other bilateral and multilateral loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central government amortization due	-257.6	-222.9	-204.8	-280.8	-277.3	-215.3	-212.4	-379.5	-346.7
On new financing					0.0	0.0	0.0		
2008 rescheduling					0.0	0.0	0.0		
new projects and financing gap					0.0	0.0	0.0		
Foreign Direct Investments	166.8	204.6	215.9	215.9	227.1	259.8	293.1	332.9	342.8
Other private capital	-433.5	8.8	-274.6	-212.9	-445.3	-287.6	-190.7	-79.0	113.7
oil sector	-201.8	-69.0	-140.8	-77.6	-150.8	-113.0	-108.5	-100.3	-102.0
government securities sold to WAEMU banks	23.3	69.2	-17.1	76.2	40.9	0.0	0.0	0.0	0.0
others (incl commercial debt)	-254.9	8.5	-116.6	-211.5	-335.4	-174.6	-82.1	21.4	215.7
Errors and omissions	15.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-246.4	-51.8	-83.8	14.6	-403.3	-286.7	-306.3	-448.5	-312.2
Financing	246.4	51.8	-403.8	-14.7	-2,358.1	-76.3	-66.1	-31.5	-125.1
Official net reserves (increase -)	-158.2	-218.3	-141.2	-15.5	10.7	-76.3	-66.1	-31.5	-125.1
Operations account	-127.4	-223.9	-130.3	-12.3	25.3	-43.6	-35.7	-24.5	-125.1
IMF (net)	-30.8	5.6	-10.9	-3.2	-14.6	-32.7	-30.5	-6.9	0.0
Disbursements	0.0	29.8	0.0	27.3	0.0	0.0	0.0	0.0	0.0
Repayments	-30.8	-24.2	-10.9	-30.5	-14.6	-32.7	-30.5	-6.9	0.0
Commercial banks (net)	40.4	3.4	-3.4	-24.4	0.0	0.0	0.0	0.0	0.0
Debt relief obtained	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net change in external arrears (principal and interest)	364.2	266.6	-259.1	25.3	-2,368.7	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	487.6	0.0	2,761.4	363.0	372.4	479.9	437.4
Possible financing 2009-11									
Program grants (World Bank, AfDB, EU)	…	…	…	…	351.8	75.0	75.0	0.0	0.0
Arrears restructuring	…	…	…	…	2,102.7	0.0	0.0	0.0	0.0
EIB					34.2	0.0	0.0	0.0	0.0
Paris Club restructuring					1,688.6	0.0	0.0	0.0	0.0
Post-cut off arrears					956.8	0.0	0.0	0.0	0.0
Pre-cut off arrears					731.8	0.0	0.0	0.0	0.0
London Club Rescheduling of arrears	…	…	…	…	379.8	0.0	0.0	0.0	0.0
Current maturities restructuring	…	…	…	…	221.3	216.9	223.5	0.0	0.0
Paris Club restructuring					143.4	130.2	127.6	0.0	0.0
Post-cut off current maturrities					76.4	61.4	56.7	0.0	0.0
Pre-cut off current maturrities					67.0	68.7	70.8	0.0	0.0
London Club Rescheduling of current maturities	…	…	…	…	77.9	86.7	96.0	0.0	0.0
Residual gap	…	…	…	…	85.5	71.1	73.9	479.9	437.4
of which IMF-PRGF	…	…	…	…	85.5	53.7	53.6	26.8	0.0
Memorandum items:									
Overall balance (percent of GDP)	-2.7	-0.5	-0.8	0.1	-3.7	-2.5	-2.4	-3.3	-2.1
Current account incl. official transfers (percent of GDP)	2.8	-0.7	1.2	2.4	0.4	-1.6	-3.3	-4.8	-5.8
Current account excl. official transfers (percent of GDP)	3.0	-1.5	-0.6	1.0	-0.1	-2.3	-4.1	-5.8	-6.8
Trade balance (percent of GDP)	17.5	12.9	14.4	14.0	12.2	10.2	8.6	7.0	5.8
Cocoa exports (thousand tons)	1,226	1,111	1,302	1,124	1,141	1,158	1,193	1,229	1,265
Cocoa export price, f.o.b (CFAF/kg)	804	855	976	1,008	875	828	803	778	774
Gross official reserves									
(months of imports of goods and services)	2.8	3.4	3.1	3.4	3.9	3.6	3.2	2.9	2.8
Outstanding arrears (year-end)	2,011	2,050	1,992	2,369	0.0	0.0	0.0	0.0	0.0
Public external debt service/exports g&s (percent)	8.3	8.5	7.2	8.7	9.1	7.0	6.7	6.1	4.7
Nominal GDP	9,081	9,487	10,103	10,485	10,925	11,690	12,587	13,637.1	14,853.8
Nominal exchange rate (CFAF/US$; average)	522	479	446	446	498	496	494	491.7	489.1

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

Table 5a. Côte d'Ivoire: Monetary Survey, 2005-09

	2005	2006	2007 [4/]	2008	2009
				Prov.	Proj.
			(Billions of CFA francs)		
Net foreign assets	704.0	821.8	1036.6	1076.5	1065.9
Central bank [1/]	617.8	776.0	994.2	1009.7	999.1
Banks	86.2	45.8	42.4	66.8	66.8
Net domestic assets	1376.9	1473.0	1798.9	1967.9	2159.8
					104.0
Net credit to the government [2/ 3/]	379.3	345.3	429.7	399.0	503.1
Central Bank	286.7	214.7	194.2	236.2	291.1
Banks	84.4	117.8	218.6	145.0	194.1
of which: customs bills	-13.6	-13.3	-10.1	-10.4	-10.4
Postal savings (CNCE)	8.2	12.8	16.9	17.9	17.9
Credit to the economy	1189.4	1290.5	1520.4	1700.8	1788.6
Crop credits	69.8	65.7	96.6	94.7	98.6
Other credit (including customs bills)	1119.5	1225.3	1435.2	1609.4	1690.0
Other items (net) (assets = +)	-181.0	-162.8	-151.2	-131.9	-131.9
Broad money	2081.0	2294.8	2835.5	3044.4	3225.7
Currency in circulation [1/]	754.1	815.2	1043.8	1128.6	1181.0
Deposits	1312.0	1454.4	1753.6	1889.3	2009.4
Other deposits	6.7	12.4	21.2	8.6	17.4
Postal savings (CNCE)	8.2	12.8	16.9	17.9	17.9
Memorandum item:					
Velocity of circulation	4.1	4.0	3.3	3.4	3.4
			(Changes in percent of beginning-of-period broad money)		
Net foreign assets	3.2	5.7	9.4	1.4	-0.3
Net domestic assets	4.2	4.6	14.2	6.0	6.3
Net credit to the government [2/ 3/]	1.8	-1.6	3.7	-1.1	3.4
Central bank	0.1	-3.5	-0.9	1.5	1.8
Banks	1.6	1.6	4.4	-2.6	1.6
Credit to the economy	0.8	4.9	10.0	6.4	2.9
Broad money	7.4	10.3	23.6	7.4	6.0
			(Changes in percent from previous end-of-year)		
Net foreign assets	9.7	16.7	26.1	3.8	-1.0
Net domestic assets	6.3	7.0	22.1	9.4	9.8
Net credit to the government [2/ 3/]	10.3	-9.0	24.4	-7.1	26.1
Central bank	0.7	-25.1	-9.6	21.6	23.3
Banks	58.0	39.7	85.5	-33.7	33.9
Credit to the economy	1.3	8.5	17.8	11.9	5.2
Broad money	7.4	10.3	23.6	7.4	6.0

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

[1/] In August 2005, BCEAO substantially lowered calculations of bank notes in circulation, affecting the money supply and NFA of the central bank, beginning December 2003.

[2/] Exclues sales to nonresidents of consolidated BCEAO claims on the government.

[3/] Including net use of Fund resources before 2009. Excluding use of Fund resources from 2009.

[4/] Since IMF Country Report No. 08/42, 3/21/2008 end-2007 figures have been revised by the BCEAO to reflect recalculation of CIV's share in the WAEMU reserves and currency in circulation. The 2008 projection has been updated accordingly.

Table 5b. Côte d'Ivoire: Summary Accounts of the Central Bank and Commercial Banks, 2005-09
(Billions of CFA Francs)

	2005	2006	2007	2008 Prov.	2009 Proj.
Central Bank					
Net foreign assets [1]	617.8	776.0	994.2	1,009.7	999.1
Gross foreign assets	768.6	888.8	1,111.2	1,143.8	1,207.8
Credit: p*osition compte exterieur*	758.5	893.5	1,119.9	1,108.0	1,172.4
IMF	9.6	-5.6	-10.5	34.3	34.3
Others	0.5	0.8	1.8	1.5	1.1
Liabilities	150.8	112.8	117.0	134.0	208.7
Debit: *position compte exterieur*	0.0	0.0	0.0	0.0	0.0
IMF	110.3	74.7	77.3	93.7	168.3
SDR allocation	30.1	28.3	26.6	29.0	28.4
Others	10.4	9.7	13.1	11.3	12.0
Net domestic assets	305.4	226.3	260.6	347.2	385.3
Net credit to government	286.7	214.7	194.2	236.2	291.1
Claims on the government (excluding IMF)	195.0	172.9	164.1	164.1	144.4
Statutory advance (Article 16)	190.6	172.9	153.6	192.8	173.1
Others (excluding securitized debt)	4.4	0.0	0.0	0.0	0.0
Counterpart to net Fund resources	118.7	87.9	92.0	95.6	170.3
Government deposits [2]	27.0	46.1	61.9	23.6	23.6
Claims on deposit money banks	9.4	0.4	52.1	95.7	78.9
Claims on other financial institutions	0.0	0.9	0.0	0.0	0.0
Other items net	9.3	10.3	14.3	15.4	15.4
Monetary base	923.2	1,002.3	1,254.8	1,357.0	1,384.4
Currency in circulation [3]	754.1	815.2	1,043.8	1,128.6	1,181.0
Bank deposits	162.5	174.7	189.8	219.7	186.0
Other deposits	6.7	12.4	21.2	8.6	17.4
Commercial Banks					
Net foreign assets	86.2	45.8	42.4	66.8	66.8
Banks and correspondants	102.0	50.1	20.7	64.2	64.2
Others	-15.8	-4.3	21.7	2.6	2.6
Net domestic assets	1,225.8	1,408.6	1,711.2	1,822.5	1,991.5
Net position from the BCEAO	142.3	173.8	126.4	120.8	156.0
Reserves	162.5	174.7	189.8	219.7	186.0
Of which currency held	43.1	54.4	75.2	72.6	56.3
Liabilities to the BCEAO	9.1	0.4	52.1	95.7	30.0
Net credit to government	97.9	131.2	228.7	155.4	204.5
Claims on the government	283.3	309.1	423.9	329.5	378.6
Deposits of the government [4]	185.4	178.0	195.2	174.1	174.1
Credit to the private sector	1,175.8	1,276.7	1,521.6	1,693.6	1,778.3
Crop credit	69.8	65.7	96.6	94.7	98.6
Ordinary credit	1,106.0	1,211.0	1,425.0	1,599.0	1,679.7
short-term	821.2	883.2	1,058.2	1,083.6	1,142.7
medium-term	214.7	257.8	316.0	424.2	442.0
long-term	70.1	70.0	50.9	91.1	94.9
Other items, net	-190.2	-173.2	-165.5	-147.2	-147.2
Private sector deposits	1,312.0	1,454.4	1,753.6	1,889.3	2,009.4
Memorandum item					
Excess reserves [5]	98.2	79.4	65.0	…	…

Sources: BCEAO and IMF staff estimates and projections.

[1] In August 2005, BCEAO substantially lowered calculations of bank notes in circulation, affecting the money supply and NFA of the central bank, beginning December 2003.

[2] Including cash holdings.

[3] Excluding cash holdings of banks and of the government.

[4] Including customs bills, excluding CNCE deposits.

[5] Deposits of the banking sector at the BCEAO in excess of required reserves (end-of-year values). The 2008 figure is for November.

Table 6. Côte d'Ivoire: External Debt Outstanding, 2006-13

	2006		2007		2008		2009		2010		2011		2012		2013	
	Debt Outstanding	*Of which:* Arrears	Debt Outstanding	*Of which:* Arrears	Debt Outstanding	*Of which:* Arrears	Debt Outstanding Proj.	*Of which:* Arrears Proj.	Debt Outstanding Proj.	*Of which:* Arrears Proj.	Debt Outstanding Proj.	*Of which:* Arrears Proj.	Debt Outstanding Proj.	*Of which:* Arrears Proj.	Debt Outstanding Proj.	*Of which:* Arrears Proj.
								(Billions of CFA francs, end of period)								
Total debt outstanding, including arrears	6,483.8	2,010.7	6,149.2	2,050.4	6,369.1	2,368.7	5,871.5	0.0	6,002.6	0.0	6,216.1	0.0	6,621.5	0.0	7,147.9	0.0
Multilateral	1,883.9	430.6	1,806.4	503.4	1,582.6	299.3	1,190.0	0.0	1,120.9	0.0	1,040.0	0.0	966.2	0.0	924.1	0.0
IMF	87.9	0.0	92.0	0.0	95.6	0.0	84.7	0.0	70.1	0.0	37.4	0.0	6.9	0.0	0.0	0.0
World Bank	1,205.0	190.3	1,137.7	226.0	870.9	0.0	822.6	0.0	795.8	0.0	771.1	0.0	745.6	0.0	719.8	0.0
AfDB Group	468.4	215.5	470.8	263.6	444.6	257.2	166.8	0.0	151.2	0.0	138.3	0.0	127.4	0.0	123.8	0.0
Other multilateral	122.6	24.8	106.0	13.8	171.5	42.1	115.9	0.0	103.8	0.0	93.1	0.0	86.3	0.0	80.5	0.0
BCEAO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Official bilateral	3,225.7	1,340.8	2,980.1	1,251.7	3,343.8	1,689.5	3,141.7	0.0	3,140.6	0.0	3,137.5	0.0	3,012.3	0.0	2,915.8	0.0
Paris Club	3,184.4	1,340.8	2,945.7	1,251.5	3,304.5	1,688.6	3,104.6	0.0	3,104.6	0.0	3,104.6	0.0	2,983.0	0.0	2,890.5	0.0
Pre-cutoff date	57.6	22.0	53.6	24.5	65.0	38.2	65.5	0.0	65.5	0.0	65.5	0.0	63.8	0.0	62.5	0.0
Rescheduled	1,935.9	685.5	1,724.4	533.4	1,881.3	693.6	1,714.2	0.0	1,887.7	0.0	1,659.8	0.0	1,577.7	0.0	1,509.2	0.0
Post-cutoff date	1,190.9	633.3	1,167.7	693.6	1,358.3	956.8	1,324.9	0.0	1,151.4	0.0	1,379.3	0.0	1,341.5	0.0	1,318.9	0.0
Non-Paris Club	41.3	0.0	34.4	0.2	39.3	0.9	37.0	0.0	36.0	0.0	32.8	0.0	29.3	0.0	25.3	0.0
Commercial debt	1,374.2	239.3	1,362.7	295.3	1,442.7	379.8	1,455.6	0.0	1,446.0	0.0	1,446.0	0.0	1,235.0	0.0	1,019.9	0.0
London Club	1,300.9	225.4	1,268.3	274.4	1,353.9	379.8	1,409.9	0.0	1,409.9	0.0	1,409.9	0.0	1,199.0	0.0	983.9	0.0
Other commercial	73.3	13.9	94.4	21.0	88.9	0.0	45.6	0.0	36.0	0.0	36.0	0.0	36.0	0.0	36.0	0.0
New debt	0.0	0.0	0.0	0.0	0.0	0.0	84.3	0.0	295.2	0.0	592.7	0.0	1,408.0	0.0	2,288.1	0.0
								(Percent of GDP)								
Total debt outstanding, incl. arrears	71.4	22.1	64.8	21.6	60.7	22.6	53.7	0.0	51.3	0.0	49.4	0.0	48.6	0.0	48.1	0.0
Multilateral	20.7	4.7	19.0	5.3	15.1	2.9	10.9	0.0	9.6	0.0	8.3	0.0	7.1	0.0	6.2	0.0
IMF	1.0	0.0	1.0	0.0	0.9	0.0	0.8	0.0	0.6	0.0	0.3	0.0	0.1	0.0	0.0	0.0
World Bank	13.3	2.1	12.0	2.4	8.3	0.0	7.5	0.0	6.8	0.0	6.1	0.0	5.5	0.0	4.8	0.0
AfDB Group	5.2	2.4	5.0	2.8	4.2	2.5	1.5	0.0	1.3	0.0	1.1	0.0	0.9	0.0	0.8	0.0
Other multilateral	1.4	0.3	1.1	0.1	1.6	0.4	1.1	0.0	0.9	0.0	0.7	0.0	0.6	0.0	0.5	0.0
BCEAO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Official bilateral	35.5	14.8	31.4	13.2	31.9	16.1	28.8	0.0	26.9	0.0	24.9	0.0	22.1	0.0	19.6	0.0
Paris Club	35.1	14.8	31.0	13.2	31.5	16.1	28.4	0.0	26.6	0.0	24.7	0.0	21.9	0.0	19.5	0.0
Pre-cutoff date	0.6	0.2	0.6	0.3	0.6	0.4	0.6	0.0	0.6	0.0	0.5	0.0	0.5	0.0	0.4	0.0
Rescheduled	21.3	7.5	18.2	5.6	17.9	6.6	15.7	0.0	16.1	0.0	13.2	0.0	11.6	0.0	10.2	0.0
Post-cutoff date	13.1	7.0	12.3	7.3	13.0	9.1	12.1	0.0	9.8	0.0	11.0	0.0	9.8	0.0	8.9	0.0
Non Paris Club	0.5	0.0	0.4	0.0	0.4	0.0	0.3	0.0	0.3	0.0	0.3	0.0	0.2	0.0	0.2	0.0
Commercial debt	15.1	2.6	14.4	3.1	13.8	3.6	13.3	0.0	12.4	0.0	11.5	0.0	9.1	0.0	6.9	0.0
London Club	14.3	2.5	13.4	2.9	12.9	3.6	12.9	0.0	12.1	0.0	11.2	0.0	8.8	0.0	6.6	0.0
Other commercial	0.8	0.2	1.0	0.2	0.8	0.0	0.4	0.0	0.3	0.0	0.3	0.0	0.3	0.0	0.2	0.0
New debt	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	2.5	0.0	4.7	0.0	10.3	0.0	15.4	0.0
Memorandum item:																
Nominal GDP (CFAF billions)	9,081	9,081	9,487	9,487	10,485	10,485	10,925	10,925	11,690	11,690	12,587	12,587	13,637	13,637	14,854	14,854

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

Table 7. External Debt Service, 2006-13
(Billions of CFA francs, unless otherwise indicated)

	2006			2007			2008			2009			2010			2011			2012			2013		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal Proj.	Interest Proj.	Total Proj.	Principal Proj.	Interest Proj.	Total Proj.	Principal Proj.	Interest Proj.	Total Proj.	Principal Proj.	Interest Proj.	Total Proj.	Principal Proj.	Interest Proj.	Total Proj.
Debt service (scheduled)	276.5	120.0	396.5	279.4	104.2	383.5	302.6	123.6	426.3	288.3	91.3	379.5	229.9	79.6	309.6	245.1	73.5	318.6	244.1	67.5	311.6	202.9	61.9	264.8
Multilateral	128.3	26.6	154.9	97.3	19.8	117.1	112.0	35.7	147.6	93.4	17.1	110.5	69.1	12.2	81.2	80.9	10.8	91.6	73.8	9.3	83.1	42.1	8.2	50.3
IMF	30.8	0.5	31.3	25.6	0.4	26.0	24.2	0.4	24.6	10.9	0.5	11.4	14.6	0.4	15.0	32.7	0.3	33.0	30.5	0.1	30.6	6.9	0.0	7.0
World Bank	52.5	13.5	66.0	38.7	10.2	48.9	46.8	12.0	58.7	48.3	8.9	57.2	26.8	6.5	33.3	24.6	6.1	30.7	25.6	5.8	31.3	25.8	5.6	31.3
AfDB Group	35.7	10.5	46.2	33.1	7.6	40.6	28.5	21.5	49.9	20.7	4.2	24.9	15.6	3.0	18.6	12.8	2.2	15.1	10.9	1.5	12.5	3.6	1.1	4.6
Other multilateral	9.3	2.0	11.3	0.0	1.6	1.6	12.6	1.8	14.4	13.4	3.6	17.0	12.0	2.2	14.3	10.7	2.1	12.8	6.9	1.9	8.8	5.8	1.6	7.4
Official bilateral	134.3	70.9	205.2	123.4	57.5	180.9	103.5	59.2	162.6	93.9	51.5	145.4	83.3	48.3	131.5	85.5	45.5	131.0	87.4	42.6	130.0	73.8	39.7	113.5
Paris Club	133.3	70.7	204.0	111.2	57.2	168.5	102.3	58.6	160.9	92.6	50.8	143.4	82.2	47.9	130.2	82.4	45.2	127.6	83.8	42.3	126.1	69.9	39.5	109.3
Pre-cutoff date	4.5	0.8	5.2	5.6	0.5	6.1	2.6	0.4	3.0	2.0	0.2	2.2	1.7	0.2	1.9	1.7	0.2	1.8	1.7	0.2	1.8	1.3	0.1	1.5
Rescheduled	41.7	49.6	91.3	30.0	42.3	72.4	19.8	46.8	66.6	22.9	42.0	64.8	26.0	40.8	66.9	29.4	39.6	69.0	43.8	37.8	81.6	45.8	35.7	81.5
Post-cutoff date	87.1	20.3	107.4	75.6	14.4	90.0	79.9	11.4	91.3	67.8	8.7	76.4	54.5	6.9	61.4	51.3	5.5	56.7	38.4	4.4	42.7	22.7	3.6	26.3
Non Paris Club	1.0	0.2	1.2	12.2	0.3	12.5	1.2	0.6	1.7	1.3	0.7	2.0	1.0	0.3	1.4	3.1	0.3	3.4	3.6	0.3	3.8	4.0	0.2	4.2
Commercial debt	13.9	22.5	36.4	58.6	26.9	85.5	87.2	28.8	116.0	101.0	22.6	123.6	77.6	19.2	96.8	78.7	17.2	96.0	82.9	15.6	98.5	87.0	13.9	100.9
London Club	13.4	22.3	35.7	35.5	23.7	59.2	44.0	24.3	68.3	57.8	20.1	77.9	68.0	18.7	86.7	78.7	17.2	96.0	82.9	15.6	98.5	87.0	13.9	100.9
Other commercial	0.5	0.2	0.6	23.1	3.2	26.3	43.2	4.5	47.7	43.2	2.5	45.7	9.6	0.5	10.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:																								
Debt service (percent of GDP)	3.0	1.3	4.4	2.9	1.1	4.0	2.9	1.2	4.1	2.6	0.8	3.5	2.0	0.7	2.6	1.9	0.6	2.5	1.8	0.5	2.3	1.4	0.4	1.8
Nominal GDP	9,081	9,081	9,081	9,487	9,487	9,487	10,485	10,485	10,485	10,925	10,925	10,925	11,690	11,690	11,690	12,587	12,587	12,587	13,637	13,637	13,637	14,854	14,854	14,854

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

Table 8. Côte d'Ivoire: Medium-Term Scenario 2007-13

	2007	2008		2009	2010	2011	2012	2013
		Prog.	Prov.			Proj.		
	IMF Country Report No. 08/42							
				Baseline scenario				
				(Annual percentage changes)				
Real sector								
Real GDP growth	1.6	2.9	2.3	3.7	4.2	4.7	5.3	5.8
GDP Deflator	2.7	4.7	8.1	0.6	2.7	3.0	3.1	3.0
				(Percent of GDP)				
Gross investment	8.7	10.4	10.1	11.3	13.4	14.9	16.6	18.1
Central government	2.6	3.1	3.0	3.0	4.5	5.5	6.8	7.7
Nongovernment sector	6.1	7.4	7.1	8.3	8.9	9.3	9.8	10.4
Gross domestic saving	14.6	16.8	17.9	18.1	17.9	17.4	17.2	17.3
Central government	2.8	2.5	2.1	2.9	3.5	3.8	4.2	4.5
Nongovernment sector	11.8	14.3	15.7	15.2	14.4	13.6	13.0	12.8
Fiscal sector								
Primary basic balance	0.6	0.8	0.8	0.9	1.2	1.2	1.2	1.2
Overall balance, including grants, payment order basis	-0.8	-0.4	-0.4	-1.3	-1.6	-2.2	-2.8	-3.3
				(Percent of GDP, unless otherwise indicated)				
External sector								
Current account balance (including official transfers)	-0.7	1.2	2.4	0.4	-1.6	-3.3	-4.8	-5.8
Current account balance (excluding official transfers)	-1.5	-0.6	1.0	-0.1	-2.3	-4.1	-5.8	-6.8
External public debt	70.1	66.8	64.4	53.7	51.3	49.4	48.6	48.1
Assumptions								
Crude oil spot price (US$/barrel)	71.1	95.5	97.0	44.0	52.0	57.5	61.5	62.7
Crude oil production (millions of barrels)	17.4	17.9	17.9	17.9	18.9	20.7	22.0	22.0
Cocoa beans world market price (US$/kg)	1.96	2.20	2.57	2.00	1.90	1.85	1.80	1.75
Cocoa production in thousands of tons	1,111	1,302	1,124	1,141	1,158	1,193	1,229	1,265
				Downside scenario 1/				
				(Annual percentage changes)				
Real sector								
Real GDP growth					4.0	4.3	4.6	4.8
GDP deflator					0.9	3.0	3.1	3.0
				(Percent of GDP)				
Gross investment					12.8	13.9	14.4	15.8
Central government					4.5	5.4	6.3	7.1
Nongovernment sector					8.2	8.4	8.1	8.7
Gross domestic saving					15.5	15.0	14.7	15.1
Central government					3.1	3.3	3.7	3.9
Nongovernment sector					12.5	11.7	11.0	11.3
Fiscal sector								
Primary basic balance					0.8	0.7	0.7	0.6
Overall balance, including grants, payment order basis					-2.1	-2.7	-2.9	-3.3
				(Percent of GDP, unless otherwise indicated)				
External sector								
Current account balance (including official transfers)					-3.3	-4.8	-5.3	-5.8
Current account balance (excluding official transfers)					-4.1	-5.5	-6.3	-6.7
External public debt					53.5	51.9	51.3	50.9
Assumptions								
Crude oil spot price (US$/barrel)					52.0	57.5	61.5	62.7
Crude oil production (millions of barrels)					18.9	20.7	22.0	22.0
Cocoa beans world market price (US$/kg)					1.52	1.48	1.44	1.40
Cocoa production in thousands of tons					1,158	1,193	1,229	1,265

Sources: IMF staff calculations.

1/. Compared to the baseline, the alternative scenario assumes for 2010 and beyond:
(i) 1.5 percentage points of GDP lower average private investment, half of which being a decline in foreign direct investment.
(ii) 20 percent lower cocoa prices.

Table 9. Côte d'Ivoire: Financial Soundness Indicators for the Banking Sector, 2001–08

	2001	2002	2003	2004	2005	2006	2007	Nov-08 1/
	(Percent, end of period)							
Capital Adequacy								
Risk-weighted capital to assets ratio	13.0	12.5	15.7	17.0	13.7	12.4	9.5	9.4
Percentage of banks greater or equal to 10	66.7	75.0	62.5	50.0	50.0	44.4	33.3	57.9
Percentage of banks below 10 and above 6	6.7	18.8	31.3	37.5	25.0	27.8	22.2	21.1
Percentage of banks below 6 percent minimum	26.7	6.3	6.3	12.5	25.0	27.8	44.4	21.1
Capital (net worth) to assets 2/	7.2	8.3	9.7	9.4	8.8	8.9	8.6	8.6
Asset quality								
Total loans/total assets	67.5	67.0	65.4	68.0	66.2	66.1	61.1	72.4
Nonperforming loans (NPLs)								
NPLs/total loans	19.3	21.3	25.1	26.2	21.0	20.0	21.5	17.7
NPLs net of provisions/total loans	5.8	6.7	8.7	10.4	4.4	3.3	2.2	3.2
Provisioning rate	70.1	68.5	65.4	60.5	79.0	83.7	89.8	81.8
Management								
Personnel costs/revenue	22.2	22.2	22.8	20.5	21.3	23.0	20.4	19.8
Noninterest expenses/revenue	30.8	29.3	31.0	32.9	25.0	26.4	28.2	6.2
Earnings and profitability								
Net income (CFAF billion)	-3.7	5.9	4.5	8.1	3.2	15.0	23.1	33.7
Return on assets	-0.3	0.4	0.6	0.6	0.3	1.1	0.9	0.2
Return on equity	-2.7	4.5	3.0	5.1	2.3	10.0	14.8	2.6
Interest rate spread (percentage points)	6.7	7.6	7.9	7.8	7.7	7.9	…	…
Liquidity								
Liquid assets/total assets	35.8	42.9	43.5	44.9	43.2	44.7	41.9	43.7
Liquid assets/short term liabilities	62.1	71.8	80.6	87.5	84.8	85.4	82.4	87.6
Loans/deposits	106.6	91.4	87.3	90.8	88.7	88.2	80.3	100.5
Liquid assets/total deposits	54.8	57.3	57.0	58.9	54.7	59.1	55.0	58.1
Memorandum items								
Côte d'Ivoire								
Number of financial institutions (incl. nonbanks)	...	...	20	18	19	20	21	21
Share in total WAEMU assets	...	...	32.0	31.3	29.5	29.0	…	…
WAEMU								
Number of financial institutions (incl. nonbanks)	...	86	87	93	114	112	…	…
Risk-weighted capital to assets ratio	...	11.7	10.6	11.4	11.8	8.5	6.2 3/	…
NPLs/total loans	...	20.0	19.7	20.7	19.8	18.5	…	…
Provisioning rate	...	65.9	67.7	61.1	66.8	62.5	…	…

Sources: BCEAO, Banking Commission, APBEF-CI, and IMF staff calculations.

1/ Provisional.

2/ Combined *Fonds propres nets* divided by combined assets of the banking sector.

3/ June 2007 estimate.

Table 10. Côte d'Ivoire: External Financing Requirements, 2006-09
(Billions of CFA francs)

	2006	2007	2008 Prov.	2009 Proj.
External financing requirements	6.4	-127.8	-216.1	-2864.0
Current account deficit (excluding official transfers)	269.2	-143.1	103.7	-10.4
Amortization	-257.6	-222.9	-280.8	-277.3
Of which: government	-257.6	-222.9	-280.8	-277.3
Fund repurchases and repayments	-30.8	-21.4	-3.2	-14.6
Private capital, net (including commercial banks, errors&omissions)	-211.2	216.8	-21.4	-218.2
Net change in external arrears (interest and principal) (+=accumulation)	364.2	266.6	25.3	-2368.7
Of which: World Bank arrears repayment		0.0	-223.1	0.0
Change in net external reserves without IMF (- = increase)	-127.4	-223.9	-39.6	25.3
Available financing	-6.4	127.8	216.0	102.7
Project financing	12.2	22.5	38.9	43.5
Program financing	0.0	0.0	0.0	0.0
Fund disbursements [1/]	0.0	27.0	27.3	0.0
Official transfers	-18.6	78.3	149.9	59.2
Crisis-related financing	0.0	0.0	11.8	32.7
Of which: *for* DDR	0.0	0.0	3.8	10.0
Of which: *for* elections/identification	0.0	0.0	1.7	6.3
Of which: *from* World Bank	0.0	0.0	6.3	16.4
Project grants and other transfers (net)	-18.6	78.3	138.1	26.5
Debt relief obtained	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	0.0	-2761.4
Expected sources of financing				
IMF PRGF				85.5
Program grants (World Bank, AfDB, EU)				351.8
Arrears restructuring				2102.7
Current maturities restructuring				221.3
Residual gap				0.0

Sources: Ivoirien authorities; IMF staff estimates and projections.

[1/] Possible PRGF is not included.

Table 11. Cote d'Ivoire: Indicators of Capacity to Repay the Fund, 2007-18

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
			Projections									
Fund obligations based on existing credit												
(in millions of SDRs)												
Principal	30.6	28.1	11.7	16.8	42.2	41.4	10.2	-	-	-	-	-
Charges and interest 1/	2.5	4.0	1.8	1.6	1.3	0.7	0.3	0.2	0.2	0.2	0.2	0.2
Fund obligations based on existing and prospective credit 2/												
(in millions of SDRs)												
Principal	30.6	28.1	93.0	11.7	11.7	5.9	-	15.9	42.6	56.9	71.2	74.8
Charges and interest	2.5	4.0	1.5	1.5	1.8	2.0	2.1	2.1	1.9	1.7	1.3	1.0
Total obligations based on existing and prospective credit 2/												
In millions of SDRs	33.1	32.1	94.5	13.2	13.5	7.9	2.1	18.0	44.5	58.6	72.6	75.8
In billions of CFA francs	24.2	22.8	66.9	9.3	9.5	5.5	1.5	12.6	31.2	41.1	50.9	53.1
In percent of government revenue	1.3	1.1	3.1	0.4	0.4	0.2	0.0	0.3	0.8	0.9	1.0	1.0
In percent of exports of goods and services	0.5	0.5	1.6	0.2	0.2	0.1	0.0	0.2	0.4	0.5	0.5	0.5
In percent of debt service 3/	6.3	5.3	17.6	3.0	3.0	1.8	0.6	4.8	11.2	13.7	16.5	22.2
In percent of GDP	0.3	0.2	0.6	0.1	0.1	0.0	0.0	0.1	0.2	0.2	0.2	0.2
In percent of quota	10.2	9.9	29.1	4.1	4.1	2.4	0.6	5.5	13.7	18.0	22.3	23.3
Outstanding Fund credit 2/												
In millions of SDRs	109.8	122.3	224.4	284.2	344.1	374.0	374.0	358.1	315.4	258.5	187.3	112.5
In billions of CFA francs	80.3	86.7	158.9	200.8	242.2	262.2	262.2	251.1	221.2	181.3	131.3	78.9
In percent of government revenue	4.3	4.0	7.4	8.4	9.3	9.0	8.1	7.0	5.4	4.0	2.6	1.4
In percent of exports of goods and services	1.8	1.8	3.8	4.5	5.1	5.1	4.7	3.9	3.0	2.2	1.4	0.8
In percent of debt service 3/	20.9	20.3	41.9	64.9	76.0	84.2	99.0	95.5	79.4	60.6	42.7	33.0
In percent of GDP	0.8	0.8	1.5	1.7	1.9	1.9	1.8	1.5	1.3	0.9	0.6	0.3
In percent of quota	33.8	37.6	69.0	87.4	105.8	115.0	115.0	110.1	97.0	79.5	57.6	34.6
Net use of Fund credit (millions of SDRs)	10.0	12.5	102.1	59.8	59.8	29.9	-	(15.9)	(42.6)	(56.9)	(71.2)	(74.8)
Disbursements	40.7	40.7	195.1	71.5	71.5	35.8	-	-	-	-	-	-
Repayments and Repurchases	30.6	28.1	93.0	11.7	11.7	5.9	-	15.9	42.6	56.9	71.2	74.8
Memorandum items:												
Nominal GDP (in billions of CFA francs)	9,487	10,485	10,925	11,690	12,587	13,637	14,854	16,272	17,657	19,171	20,811	22,671
Exports of goods and services (in billions of CFA francs)	4,537	4,877	4,177	4,430	4,747	5,148	5,596	6,428	7,318	8,288	9,288	10,503
Government revenue (in billions of CFA francs)	1,871	2,156	2,162	2,380	2,603	2,899	3,230	3,610	4,070	4,481	5,007	5,496
Debt service (in billions of CFA francs) 3/	384	426	380	310	319	312	265	263	279	299	308	239
CFA francs/SDR (period average)	732	709	708	706	704	701	701	701	701	701	701	701

Sources: IMF staff estimates and projections.

1/ No subsidization of EPCA credit is assumed.
2/ Assuming a new PRGF in an amount of SDR 373.98 million (115 percent of quota) in seven disbursements. The entire EPCA credit of SDR 81.3 million (25 percent of quota) is expected to be repurchased by the first PRGF disbursement.
3/ Total debt service includes IMF repurchases and repayments.

Table 12. Côte d'Ivoire: Proposed Schedule of Disbursements and Timing of Reviews under PRGF Arrangement (SDR millions), 2009-12

Amount	Date of availability	Condition for disbursment
159.348	March 27, 2009	Executive Board approval of the three-year arrangement under the PRGF, of which 81.300 will be used to repurchase EPCA credit.
35.772	September 15, 2009	Observance of performance criteria for June 2009 and completion of the first review under the PRGF arrangement.
35.772	March 15, 2010	Observance of performance criteria for December 2009 and completion of the second review under the PRGF arrangement.
35.772	September 15, 2010	Observance of performance criteria for June 2010 and completion of the third review under the PRGF arrangement.
35.772	March 15, 2011	Observance of performance criteria for December 2010 and completion of the fourth review under the PRGF arrangement
35.772	September 15, 2011	Observance of performance criteria for June 2011 and completion of the fifth review under the PRGF arrangement
35.772	March 1, 2012	Observance of performance criteria for December 2011 and completion of the sixth review under the PRGF arrangement

Annex 1. Public Finance Management (PFM) Measures in the Government Action Plan, 2009

The PEMFAR, undertaken jointly by World Bank, AfDB, EC, and IMF between November 2007 and mid-2008, concluded that Côte d'Ivoire's public finance system was overall below the average for comparable countries, with high financial risks in the areas of expenditure execution (lack of controls at the commitment, validation, and payment stages) and reporting. Based on the 2008 PEMFAR, the government adopted a PFM action plan in March 2009.

PFM Objectives	Measures under program supported by PRGF (F) and World Bank DPO (B)	
1. Harmonize the PFM legal framework with WAEMU Directives (end-2009)	F/B	• Moving forward in the negotiation and implementation of WAEMU PFM directives, with the aim of harmonizing PFM within the WAEMU and complying with international best practices, notably in the areas of decentralization.
	F	• Defining the calendar for implementation of the new WAEMU directives and the modalities of the transition process and accompanying measures.
2. Improve budget preparation and incorporate PRSP objectives (end 2009)	F/B	• Incorporation of a new functional classification (in line with 2001 GFS) and poverty reduction spending in the budget classification.
	B/F	• Implementation of a medium-term expenditure framework, consistent with the PRSP.
	B/F	• Increase shares of education, health and agricultural sectors in total spending.
3. Improve budget execution (from end-2009 onward)	B	• Improve capacity to use SIGFIP at decentralized levels.
	F	• Establish interface between budget execution (SIGFIP) and accounting (ASTER) systems. Evaluation and accounting (ASTER) systems.
Reduce domestic arrears (from early 2009 onward)	F	• Adopt domestic arrears clearance plan.
	F	• Integrate donor-funded project/program spending in SIGFIP and ensure consistency ("bridge table") between budget execution reports (CGAF) and TOFE report.
	F/B	• Progressively reduce the practice of treasury advances and limit them to a restrictive list specified by ministerial decree.
4. Increase transparency in public procurement (second half of 2009)	B	• Amend the Ivoirien Procurement Code to be fully compliant with the WAEMU directives (No. 04/2005/CM and No.05/2005/CM); establishing procedures for the award, implementation and payment of public contracts and their control.
	B	• Create operational entity (National Observatory in Public Procurement) separate from ex ante control and execution; widen use of SIGMAP to all contracting authorities.
	B	• Ensure access of general public to internal control reports on public procurement; creation, adoption and dissemination of code of ethics on public procurement.
5. Improve budget execution reporting (ongoing)	F/B	• Improve quarterly reporting of budget execution to the Council of Ministers and publish it on the internet, including poverty reduction spending, tracking of HIPC and donor-funded project/program spending, and spending on treasury advances.
6. Rationalize administrative budget control (from end-2009)	B	• Annual certification of conformity by the accounts chamber (*Chambre des comptes*) of the draft budget execution laws (*Loi de règlements*) within 10 months after the end of the fiscal year and publication of posting of the BEL.
	B	• Making the accounts chamber operational and transform it into an Accounts Court (*Cour des comptes*) in line with WAEMU directives.

Appendix I—Letter of Intent

Abidjan, March 13, 2009

Mr. Dominique Strauss-Kahn
Managing Director
International Monetary Fund
Washington, DC 20431

Sir:

1. **Côte d'Ivoire is in the process of overcoming the sociopolitical and military crisis since September 2002, and to return to a path of growth and poverty reduction.** The government is facing the multiple challenges of consolidating peace, unifying and rebuilding the country, re-invigorating the economy, and reducing poverty that affects almost one-half of the population. The exit from the crisis of our country was made more difficult by an unfavorable international environment due to the global economic crisis, and the decline in commodity prices. Also, high external and domestic debt constrain the management of our public finances.

2. **Côte d'Ivoire is well on the way of reunification, the electoral process, and lasting peace.** The implementation of the Ouagadougou Political Accord has brought about significant progress, particularly in regard to redeployment of the civil service throughout the country, the regrouping and beginning demobilization of former combatants, identification of the population through public hearings (*audiences foraines*) and voter registration. These advances have been made under difficult social conditions characterized by various claims and pressures. Nonetheless, the crisis-exit process is irreversible, and presidential elections are envisaged for the fourth quarter of 2009.

3. **The government has put in place the main measures of its Emergency Post-Conflict Assistance (EPCA) program with the IMF.** In implementing the 2008 budget, the efforts to raise revenues and bring expenditures under control have resulted in a primary basic surplus. However, some objectives could not be met due to expenditure overruns for the transfer of the capital city to Yamoussoukro, an essential element of the unification process of the country. To avoid a recurrence of such overruns, the government has taken appropriate remedial actions. Since November 2008, the government has regularized these expenditures with a supplementary budget, and it has established mechanisms ensuring that any expenditure on major projects (*grands travaux*) of this nature goes through the budget, is monitored by an interministerial committee under the aegis of the Prime Minister, and is reflected in the quarterly budget execution reports. Furthermore, regarding the projects executed thus far, we have begun an investigative report (*évaluation contradictoire*) by the General Inspection Office (*Inspection Générale des Finances, IGF*) with assistance from an appropriate expertise, which will be completed by end-March 2009. The existing framework agreements (*conventions cadres*) will be converted into government procurement contracts. The specifications and corresponding prices (*cahiers de charges*) will be renegotiated or subjected to tendering in accordance with the public procurement code.

4. **Progress has been achieved in implementing the program's structural measures, with particular emphasis on good governance.** We have further enhanced transparency in the execution of the government budget, and in the management of public resources in the coffee/cocoa and energy sectors. In response to delays in certain EPCA-2 measures identified in September 2008, we have expedited our efforts to achieve all of the structural objectives under the program. In addition, we have further normalized relations with international financial institutions by staying current in our debt service vis-à-vis the World Bank and the African Development Bank (AfDB). With respect to the latter, the arrears were settled in early March 2009.

5. **The government adopted the Poverty Reduction Strategy Paper (PRSP).** First, we conducted a wide-ranging consultation of the population throughout the country in order to ascertain their priorities in terms of improving living conditions. Also, a survey of household incomes found that almost half of the population live below the poverty line. In order to reverse this trend, we are counting on the support of the international community to implement the PRSP.

6. **There is a strong national consensus in favor of implementing a program supported under the Poverty Reduction and Growth Facility (PRGF), and reaching the decision point under the Heavily Indebted Poor Countries Enhanced Heavily Indebted Poor Countries (HIPC) Initiative as soon as possible.** As peace and national unity take hold, pointing to a lasting return to normality, the government is resolutely focused on the need to reduce poverty and improve the welfare of the population ill-served by years of crisis. We reiterate our hope that when an arrangement under the PRGF is approved, Côte d'Ivoire will be able to reach the decision point under the HIPC Initiative.

7. **The attached Memorandum of Economic and Financial Policies (MEFP) describes progress made under EPCA-2 as well as the objectives of the economic program for 2009–11, in particular for 2009.** In support of this program, the government requests assistance in the amount of SDR 373.98 million from the IMF under the PRGF, i.e., 115 percent of our quota, of which an amount of SDR 81.3 million, or 25 percent of quota, is to allow Côte d'Ivoire to repay IMF lending under EPCA. We are also requesting access to interim assistance equivalent to US$7.5 million under the HIPC Initiative, and have provided all the necessary information to IMF and World Bank staffs in support of our request for enhanced HIPC assistance.

8. **The main budgetary objectives for 2009 are to improve the mobilization of resources and to refocus expenditure in favor of poverty reduction and crisis-exit programs.** The government plans to redouble its efforts to collect taxes and duties throughout the national territory and to incorporate the full range of public resources into the budget. In particular, the government intends to press ahead with collection of taxes, duties, and fees in the central, northern, and western zones. The government will continue to pursue greater frugality by reducing 'sovereignty' spending and limiting other nonessential outlays while enhancing pro-poor spending, in particular, social and basic infrastructure spending.

9. **The government intends to build on achievements in the area of good governance and to undertake in-depth structural reforms.** The government will

strengthen its efforts to achieve efficiency and transparency in public resource management within the budget and in the coffee/cocoa and energy sectors. With respect to the latter, the government will comply with the Extractive Industries Transparency Initiative procedures. The program envisages the implementation of major reforms of the civil service, the social security system, the financial sector, and as well as measures to improve the business climate.

10. **The government believes that the policies and measures set forth in this Memorandum are adequate for attaining the program objectives.** The government will adopt any other additional measures that it deems necessary to achieve these objectives. The government will consult with IMF staff, whether on its own initiative or at the request of the IMF Managing Director, prior to the adoption of such measures, or in the event of changes to the policies set forth in this Memorandum. The government will provide the IMF with such information as IMF staff may request regarding progress achieved in implementing the economic and financial policies and in attaining the program objectives.

11. **The Ivoirien authorities consent to the release to the public of this Letter of intent, the attached MEFP, and the attached Technical Memorandum of Understanding (TMU), as well as the IMF staff report relating to the request for a PRGF arrangement.** We hereby authorize their publication and inclusion on the IMF website, following approval of the IMF Executive Board.

Very truly yours,

________/s/_________

Charles Koffi Diby
Minister of Economy and Finance

___________/s/__________

Guillaume Kigbafori Soro
Prime Minister

Annexes: - Memorandum of Economic and Financial Policies (MEFP)

- Technical Memorandum of Understanding (TMU)

Attachment I. Côte d'Ivoire—Memorandum of Economic and Financial Policies

March 13, 2009

I. Introduction

1. **Côte d'Ivoire is in the process of overcoming the social, political and military crisis that took hold in September 2002, and to return to a path of growth and poverty reduction.** Notwithstanding the resilience of the economy, growth during the six years of crisis has been very weak, and the incidence of poverty rose fro 38.4 percent in 2002 to 48.9 percent in 2008. The Government faces many challenges including consolidating peace, reunifying and reconstructing the country, re-starting the economy, and raising living standards. In addition, there are external and domestic constraints, notably an unfavorable global environment, a heavy external and domestic debt burden, and difficult access to financing.

2. **Côte d'Ivoire is making progress on reunification, the electoral process, and durable peace.** The Ouagadougou Political Accord (*APO*) signed on March 4, 2007 paved the way for national reconciliation and elections, laying the groundwork for political dialogue and the long-term solution to the crisis. Substantial progress has been recorded in the process for organizing elections and in the identification process designed to establish new identity cards and voter identification, which started in October 2008 and is to be completed by end-March 2009. The reconstruction of the civil status records began in November 2008. Although there is still work to be done in the run-up to the elections, the social and political situation continues to improve thanks to the steady implementation of measures resulting from the *APO*.

3. **The implementation of crisis-exit programs has been progressing well.** At end-2008, most government employees—notably the prefectural staff and general, health care and education personnel—had been redeployed and are working in the Center-North-West zones (CNW). The redeployment of the civil service was accompanied by the reopening of certain financial institutions, notably banks and financial institutions, in these zones allowing pensions and wages to be paid locally. Following the opening of tax offices in these zones, taxes have began to be collected normally in these zones and the return to a single treasury for the whole country is almost met.

4. **The government has adopted a three-year economic and financial program for the period 2009-11.** This program—built on the results achieved by our program supported by IMF Emergency Post-Conflict Assistance (EPCA) since August 2007—could be supported by the IMF's Poverty Reduction and Growth Facility (PRGF). The Government expects to reach the Decision Point under the HIPC Initiative at the same time, which would allow Côte d'Ivoire to benefit—at the completion point—from substantial debt relief under the Initiative, as well as under the Multilateral Debt Relief Initiative (MDRI).

5. **This memorandum reviews program implementation under the EPCA at end-2008, and describes the objectives and policies of the PRGF-supported program**

for 2009–11. These objectives and policies are in line with those in the Poverty Reduction Strategy Paper (PRSP) that was adopted by the government in February 2009 as well as with the guidelines of the WAEMU Convergence, Stability, Growth, and Solidarity Pact.

II. Recent Economic Developments

6. **The implementation of the EPCA and the progress in exiting from the crisis made an economic recovery possible; yet inflation accelerated in 2008.** GDP growth in 2008 reached 2.3 percent, an improvement over the average for the period 2005–07 (1.4 percent). The gradual normalization of the social and political situation and the recovery in the sectors of construction, agro-food, telecommunications, and energy are key factors underpinning this favorable trend. However, owing to the surge in international food and oil prices, inflation as measured by the Harmonized Consumer Price Index (HCPI) accelerated to 6.3 percent on average in 2008, as against the WAEMU ceiling of 3 percent and an average of 2.8 percent in 2005–07. Compared to end-December 2007, the HCPI increased by 9 percent. In response to the pressures on prices and the purchasing power of vulnerable groups, the Government temporarily reduced the VAT rate in April and suspended customs duties on a number of basic consumption goods.

7. **In 2008, the external current account improved because of favorable cocoa and crude oil prices, which more than offset an increase in food imports.** This, combined with the partial resumption of external debt service payments, resulted in an overall balance of payments surplus of 0.1 percent of GDP. During 2008, Côte d'Ivoire received exceptional financing in the form of an arrears clearance grant from the World Bank and accumulated arrears to bilateral and commercial creditors.

III. Implementation of the EPCA Program in 2008

A. Fiscal outcome in 2008

8. **Budget execution during the first three quarters led to the nonobservance of three quantitative indicators (Table 1).** The primary basic balance at end-September 2008 was 0.2 percent of GDP, short of the target, adjusted for the windfall in oil revenues, of 0.8 percent of GDP. Non-oil fiscal revenue performance was good despite shortfalls related to tax reductions on some food items and higher world petroleum product prices. At the same time, expenditures exceeded the target, while social expenditures, crisis-exit spending and reconstruction investment fell short. The expenditure overruns mostly occurred on subsidies to the electricity sector (on account of gas price increases) and unbudgeted capital expenditures for large public construction projects (*grands travaux*; 0.7 percent of GDP), in particular, for the transfer of the capital city to Yamoussoukro, the renovation of the *Hôtel Ivoire*, and the extension of the Abidjan port (*Port Autonome d'Abidjan*) on Boulay Island. Primarily financed by the windfall oil revenue, these activities were executed outside the budget and paid for through direct oil shipments to the contractor.

9. **Against this background, the Government took remedial measures since September in order to remain close to the fiscal EPCA targets; however, these efforts proved insufficient and—with the unfavorable global environment—the targets for the**

primary basic balance and domestic arrears at end-2008 could not be observed. The corrective measures comprised: (i) a strengthened collection of direct taxes; (ii) a temporary increase, for the 2008–09 crop season, in cocoa registration duties, from 5 to 10 percent of the c.i.f. value, in light of the significant rise in world prices; (iii) a reduction in current and investment spending (other than large construction projects) of CFAF 20 and 30 billion, respectively, and the halt of spending commitments in mid-November; and (iv) the safeguarding—as foreseen in the program—of social spending, by accelerating transfers to local governments and private schools. These measures allowed a level of social spending of CFAF 572.3 billion compared to CFAF 563.1 billion programmed. However, the decline in oil revenues, weaker-than-expected cocoa exports during the last quarter of 2008, the revenue losses related to the reduction in taxes on certain food items (½ percent of GDP), and the larger-than-planned subsidy to the electricity sector (0.2 percent of GDP) reduced the primary basic surplus to 0.3 percent of GDP compared with 0.8 percent of GDP in the program.

10. **The cash-flow pressures were exacerbated by expenditures for the large construction projects, which were higher than initially planned, as well as insufficient new financing raised abroad and on the WAEMU financial market.** The latter tightened and the government was unable to raise the anticipated amounts. Moreover, there were delays in donor disbursements for crisis-exit programs, and in budget support from the World Bank, initially scheduled for the third quarter of 2008. Despite these cash-flow difficulties, the government had to make exceptional efforts to finance the crisis-exit program from its own resources, in an amount of 1 percent of GDP. As a result, the Government had to postpone the payment of arrears to the AfDB and incurred domestic arrears such that net reduction in arrears was 1.2 percent of GDP lower than the program objective.

11. **As regards the extrabudgetary spending for large construction projects, the government undertook several actions to shed light on this spending and to prevent a recurrence.** In particular, it regularized the 2008 expenditure through adoption of a 2008 supplementary budget; limited this expenditure to the specified amount (CFAF 82 billion); initiated an investigative report (*évaluation contradictoire*) of the large public construction projects executed at end-2008—under the aegis of the General Finance Inspectorate (*IGF*) with the assistance of appropriate expertise. The assessment will include the cost of works executed and the related government payment obligations, and must be completed before end-March 2009. The government has also initiated reports on the execution of these works at end-2008 for the Council of Ministers, to be finalized before end-March 2009. Moreover, for future budgets, it put in place a new transparent framework for the execution of large public construction projects (see ¶26 and ¶34).

B. Structural reforms in 2008

12. **Implementation of structural measures progressed, despite some delays and the partial implementation of two structural indicators (Table 2)**. As regards public finances, the return to fiscal orthodoxy has been reflected in several improvements:

- Reduced use of treasury advances, compliance with monthly budget allocations, and the monitoring of processing times for documents in SIGFIP;

- Recourse to costly financing from enterprises due to cash-flow pressures has been stopped since January 2009;

- Improvements in the quarterly reports to the Council of Ministers on budget execution, including, since June 2008, the status of payments, and their publication, including on the internet. An audit of crisis-exit expenditures financed by own resources during 2006–08 was launched at the beginning of March 2009, to be finalized before end-June 2009;

- Submission to the Accounts Chamber (*Chambre des comptes*) of the preliminary draft budget execution laws (*Lois de Réglements*) for 2005 and 2006 (in September 2008) and for 2007 (in February 2009);

- Adoption of a public finance reform plan in February 2009, based on findings of the PEMFAR technical assistance mission, and the start of its implementation;

- Adoption of a roadmap for strengthening public procurement, which will separate the regulatory, executive, and control functions.

13. As regards domestic financing, several measures are aimed at reinforcing relations with the private sector. In consultation with suppliers, in November 2008 the Government adopted a plan to clear arrears outstanding at end-2007 during 2008–10, and began its implementation, including through the securitization of some CFAF 41.6 billion of claims. With cash payments made in 2008 or programmed for 2009–10, the whole end-2007 stock will be regularized under the plan. To improve liquidity management and better plan its recourse to the financial market, the government reactivated the Treasury Committee and strengthened coordination with the Monitoring Committee of Government Securities and Financing (COSTEIF).

14. **Banking sector reform has progressed despite some delays**.

- Two of the six banks posting negative equity at end-June 2008 completed their recapitalization program and now have positive equity. One bank has begun its recapitalization program, and another has been placed under temporary administration. Regarding the other two banks, no investors could be found, and the government decided to increase its participation—by converting its deposits into capital (with no cash payments)—and submit these cases, in March 2009, to the Banking Commission for approval.

- The financial and operational audit of the National Investment Bank (*BNI*) was finalized in November 2008. The audit revised downward the level of equity at end 2007, and identified weak compliance with prudential ratios. The level of equity fell once again below the threshold of solvency as a result of a sale, at a discount, of claims on the government to a foreign investor in 2008.

- The National Microfinance Strategy was adopted by the government in October 2008.

- Draft amendments to the Social Security Code were prepared following an actuarial study of the CNPS, whose pension branch is currently in deficit, in order to restore financial equilibrium and introduce a supplementary pension plan.

- Following the audit of the accounts and information system of the CNCE in July 2008, the plan to write off it bad debts assets was endorsed and a request for a banking license was resubmitted to the Banking Commission in November 2008. A schedule for the repayment of its debt to the government (*nivellement décadaire*) was concluded with the government in November 2008.

15. The government has continued its efforts to improve transparency and governance in the coffee/cocoa sector. **The main actions include:**

- Quarterly reports on physical and financial flows are submitted to the Council of Ministers and published.

- At end-2007, the Rural Investment Fund (*Fonds d'Investissement en Milieu Rural ; FIMR)*—supervised by the Committee for the Review and Monitoring of Coffee/Cocoa Sector Projects and Programs (*Comité d'Examen et de Suivi des Projets et Programmes de la filière café/cacao; CESPPCC)*—began to implement social projects (health, education, community-based water supply, and rural roads) for the benefit of the rural population. At end-2008, CFAF 11.6 billion of these projects had been completed.

- Regarding institutional reform, the Attorney General (*Procureur de la République)* took steps to clarify past management of the sector's resources; as a result, the main decision makers in the sector were put under detention orders. In September 2008 the old sector entities were stripped of their functions in favor of a temporary Management Committee (the *CGFCC*), which is mandated to manage the 2008–09 crop season and to develop a new strategy for the sector.

- The government continued the gradual reduction in the quasi-fiscal levies and set total levies for the 2008–09 crop season at CFAF 31.3/kg (down from CFAF 46.5/kg in 2007–08), including CFAF 12.5/kg for the FIMR, CFAF 5/kg in a special account for investment, and the remainder for operating costs of the entities.

16. **Progress was made on transparency issues and reforms of the energy sector**. The actions taken in 2008 include:

- **Transparency:** (i) quarterly reports to the Council of Ministers on physical and financial flows in the sector and their publication; (ii) in the context of the Extractive Industries Transparency Initiative (EITI), preparation of reports for the years 2006 and 2007 (expected for end-April and end-September 2009, respectively); and (iii) completion of the external audit of PETROCI in February 2009.

- **Petroleum products:** (i) reduction of the 'k' factor (protection for the refinery: *Société Ivoirienne de Raffinage−SIR*) from 6 to 5 percent in May 2008; (ii) the increase in pump prices by 25 percent on average in July 2008, followed by average reductions of 10 percent in November 2008 and 7.5 percent in January 2009, reflecting the evolution of world prices. The social upheaval triggered by the high cost of living left the government with no choice but to delay the introduction of the automatic petroleum pricing mechanism (initially scheduled for July 2008). The mechanism (including a margin of 3 percent to replace the "k" factor) was adopted (by interministerial order) at end-February 2009, and will become effective beginning April 1, 2009.

- **Electricity:** (i) an average increase of 10 percent in electricity tariffs (for enterprises) in early 2008, as well as a 10 percent increase for households (excluding low-consumption households, which account for 40 percent of total household consumption) at the end of the year; (ii) the start of negotiations with the gas operators with a view to revising the indexation of gas prices to world prices; and (iii) the compensation of cross-debts and claims between the Government and the electricity company (*CIE*) for 2007 (in March 2008) and for 2008 (in February 2009).

17. **The government has pursued its efforts on other structural reforms.** The organizational, legal, operational, and financial audit of the government employee pension fund (*CGRAE*), the review of its legislative and regulatory framework, as well as the actuarial study were completed in March 2008. These documents propose rehabilitation plans to ensure the long-term financial viability of the *CGRAE*. Furthermore, the retirement age for civil servants was increased from 55 to 57 years effective from January 1, 2009. As for the Autonomous Port of Abidjan (*PAA*), the financial audit launched in August 2008 was completed in February 2009.

IV. Medium-Term Program and Poverty Reduction Strategy

18. **Building on progress achieved under EPCA, the government has prepared an economic program for the period 2009–11.** The main objectives of the program are to accelerate the reconstruction of the country and growth, fight against poverty, and make progress toward the MDGs in a reunified country and a climate of durable peace. These objectives are in line with the PRSP, which also serves as benchmark for coordinating the program with civil society and development partners.

19. **To achieve these objectives, the program aims to reduce macroeconomic and financial imbalances, attain debt sustainability, expedite structural reforms, and create an institutional environment supportive of the private sector.** Efforts to improve

public resource management will continue with the goals of creating the fiscal space needed for social services and basic socio-economic infrastructure, and assuring greater transparency. The government also intends to pursue the restructuring of the coffee/cocoa and energy sectors; the reform of the civil service to attain greater efficiency; the reform of the social security system to achieve financial rebalancing; and the strengthening of the financial system. Close attention will be paid to promoting good governance and improving the legal and regulatory framework so as to strengthen the rule of law and ensure the security and freedom of movement of persons and goods.

20. **The main macroeconomic objectives for the period 2009–11 are:** (i) average real GDP growth above 4.2 percent per year, thus raising income per capita; (ii) a reduction in inflation to below 3 percent from 6.3 percent estimated for 2008; (iii) keeping the overall budget deficit at around 2 percent of GDP (and a primary basic surplus of 1 percent of GDP or greater); and (iv) an external current account deficit (excluding official transfers) not greater than 5 percent of GDP. Attainment of the growth objective will reflect increased capacity utilization and a significant pick-up in investment, especially in post-crisis reconstruction. The investment rate is expected to climb from 10.1 percent of GDP in 2008 to 14.9 percent of GDP in 2011.

21. **The medium-term fiscal objectives are to improve transparency and create fiscal space to increase resources for poverty-reducing measures.** Accordingly, the government has identified "pro-poor spending" budget lines (in particular, health, education, basic infrastructure, agriculture, and rural development), and will monitor them continuously and, more generally, will continue the regular publication of budget execution data.

22. **With a view to achieve these objectives, Côte d'Ivoire intends to resume fully its leadership role within the WAEMU in observing the common norms.** The WAEMU Convergence, Stability, Growth, and Solidarity Pact requires that each member country prepare annually a three-year convergence plan, which is consistent with the programs agreed with the Bretton Woods institutions. In its program for 2009–11, the government intends to pursue fiscal and economic reforms with a view to complying with the eight convergence criteria of the Pact over the timeframe envisaged by the community. Furthermore, the government will adopt measures to fully implement the Customs Union (see ¶43).

A. Program for 2009

23. **In line with medium-term program objectives, the 2009 program is designed to:** (i) achieve real GDP growth of 3.7 percent; (ii) reduce HCPI inflation to 3 percent; and (iii) stabilize the overall budget deficit (including grants, but excluding the reduction of external arrears) at 1.2 percent of GDP. The government will do its best to fulfill the completion point triggers under the HIPC Initiative as soon as possible.

B. Fiscal policy

24. **The fiscal framework for 2009 pursues fiscal consolidation while addressing crisis-exit needs in the context of normalizing financial relations with external partners.** The 2009 Budget, adopted at end-2008, targets a primary basic surplus of about 1 percent of GDP, which allows progress toward debt sustainability and a reduction in domestic arrears. To reflect new requirements of the *APO* and the worsened international environment, the government has adopted—in early March 2009—a revised Budget for 2009 in line with the program's fiscal framework (prior action).

25. **The 2009 budget reflects the mobilization of revenues by administrative measures, an increase in excise tax on petroleum products, and a reduction in the taxation of cocoa.** These measures should lead to an increase in revenues to 19.0 percent of GDP compared to 18.9 percent in 2008, despite a decline in oil/gas revenues (due mainly to lower world prices). Tax administration efforts include the effective resumption of tax and customs duty collection in the CNW zones (single treasury for the whole country), strengthened customs and tax administration (especially for hydrocarbons and transit), stepped up efforts against tax fraud and evasion, better control and harmonization of exemption regimes, and the systematic collection of public enterprise dividends (Box 1). Also, the government intends to strictly apply the automatic pricing mechanism for the pump prices of petroleum products, with a level of excise taxes (*TSPP*) that ensures an adequate contribution to total revenue (1.7 percent of GDP). Furthermore, in light of the envisaged harmonization of tax rates in the subregion, the government has reduced the profit tax (*BIC*) rate from 27 to 25 percent effective from 2009. In order to ease the tax burden on cocoa producers, the government will reduce for the 2009/10 crop season the cocoa registration duties to their 2007/08 level of 5 percent, and lower the single export duty (*DUS*) on cocoa from CFAF 220/kg to CFAF 210/kg, beginning with the 2009/10 crop season (¶ 40). Given the decline in world prices, the government ended the temporary tax suspensions on foodstuffs as of January 1, 2009, with the exception of rice consumed by vulnerable social groups. It intends to put in place better targeted and more effective social measures, budgeted for an amount of CFAF 5.6 billion (¶29).

26. **The government will continue to include all oil and gas revenues in the budget and in the quarterly budget execution reports.** For this purpose, the monitoring of oil shipments will be the focus of monthly reports on volumes and values by the tax and customs services (*DGI* and *DGD*, with the assistance of an independent verification office). These reports will specify the respective shares of the government, the state oil company (*PETROCI*), and all other operators for each shipment. All proceeds of shipments that flow to the Government will be paid to the Treasury. The Government acknowledges its obligation to pay the cost of the large public works already completed but not yet paid. For future such works, it undertakes to revoke any contractual provision conferring the government's oil share to any private operator. In particular, there will be no link between payment for the works and crude oil world prices and volumes extracted. The government agrees to pay all its suppliers in compliance with regular budget and payment procedures.

27. **Primary expenditures (excluding interest and externally financed expenditures) will be contained at 18.2 percent of GDP with a re-orientation toward pro-poor**

spending (social sectors and basic infrastructure). This spending concerns, in particular, education, health, rural roads and highways, community-based water supply, rural electrification, rice farming, and security; it has been identified in specific budget lines (including those financed by HIPC debt relief) and their execution will be monitored in the budget execution reports. The "pro-poor" spending allocation will increase to 7.7 percent of GDP from 6.9 percent in 2008, of which 6.0 percent of GDP will be for education and health (5.7 percent in 2008).

Box 1: Revenue Measures for 2009

Taxes (*DGI*)

- Restoration of the effective functioning of tax and customs administrations in the CNW zones, in particular the recovery of car registration taxes (*vignettes*), transport tax, VAT, profit (*IS*) and income (*IT*) taxes, as well as a census and registration of taxpayers.
- More widespread application and control of the standardized VAT invoice with the help of, inter alia, the creation of new control units.
- Improved tax administration of the petroleum sector (extraction and distribution) with the new unit (*sous-direction*) for petroleum activities in the DGI. Strengthened verification of "cost-oil" of operators in the sector to determine, inter alia, the government's share in the production of crude oil and gas.
- Setting up of, or increase in, the level of withholding taxes at source for certain economic agents, notably in agriculture.
- Better organization of the fight against fraud through strengthened coordination between DGI and DGD, the verification of declarations of warehouse storage, as well as the start up of the risk management unit.

Customs (*DGD*)

- Apply better customs verification of oil/gas exports and flows of petroleum products, notably by specifying the measurement methods, using technical documentation of the refinery and of bonded warehouses (*entrepôts sous douane*), and by color-marking petroleum products subject to special tax regimes.
- Strengthen efforts to combat fraud/evasion, in particular by basing verification on risk analysis, by making the management of international transit by the border offices and the surveillance of border zones operational.
- Improved verification of values by submitting all containers disembarked at the Autonomous Port of Abidjan to risk analysis to determine those selected for inspection by scanner.
- More effective control over exemptions, by integrating the authorization of exemptions with the customs clearance system and by generating data on foregone revenues. A review of all exemption regimes will be initiated with IMF assistance before June 2009, with a view to their streamlining from January 1, 2010.

Other measures

- Recognition of government debts to the refinery (*SIR*) in the form of the operating deficit ("*SSH négatif*"), the gaz deficit ("*butane*"), and fuel deliveries to the army. Elimination in 2009 of all these deficits by applying the petroleum product pricing mechanism, and by budgeting for any subsidies or operating expenses, and consolidation of the debt vis-à-vis *SIR*.
- Improved collection of social security contributions, in particular the collection of employer contributions from enterprises, including public enterprises.
- Systematic collection of dividends from public enterprises, notably those that manage significant public resources, such as the Autonomous Port of Abidjan and *PETROCI*.

28. **Within current expenditures (excluding interest), the wage bill will be contained and priority given to the social sectors.** The government will limit the increase in the wage bill, so as to reduce the ratio of the wage bill to tax revenues to 42.1 percent (compared with 43.4 percent in 2008), and will continue to move towards the WAEMU norm. This wage bill reflects the full-year impact of most of the emoluments given in July 2008, the new regulations governing teachers and employees in the health sector and for certain officers of the judiciary, as well as new recruits. Mindful of the fact that staffing levels have been increasing for several years, the Government intends to limit the wage bill of government bodies to the level of the 2008 Budget, in particular by strictly respecting the monthly budget allocations. It will limit net recruitment to 7317 staff in 2009, of which 5579 in education (including the volunteers in the CNW zones who meet qualification requirements), and 1734 in the other sectors, corresponding to the number of candidate civil servants completing the high-level public administration schools. Furthermore, new recruitment for the health sector will be 1666 staff, with a budget impact only in 2010.

29. **In order to reorient the budget towards pro-poor spending, the government is committed to reduce operating expenses, in particular through the following actions:**

- Sovereign spending will be limited (to CFAF 9.5 billion), spending on travel, fuel, and utilities to CFAF 58.7 billion reflecting better control of implementation and use.
- Subsidies to the electricity sector will be limited to CFAF 25 billion, on the basis of a better price for gas purchases negotiated with the gas producers, a revision of the electricity tariff structure and, as needed, an increase in tariffs (¶39). The Government will also set up a mechanism for quarterly payment of electricity bills of government agencies, and at the same time the *CIE* will be required to pay regularly the bills for its gas consumption. Furthermore, the government will pay its water bills on a quarterly basis and will reduce its arrears to the water sector by CFAF 8.7 billion in 2009.
- To improve the delivery of social services throughout the country, the budget allocations for transfers to private schools have been increased while remaining arrears will be reduced. The government has increased allocations for investment transfers to local governments and will ensure the effective transfer of funds, particularly in the CNW zones. It will also ensure regular transfers to the Road Maintenance Fund (*Fonds d'Entretien Routier; FER*) of at least 12.5 percent of *TSPP* receipts.
- The revised 2009 Budget envisages an amount of CFAF 10 billion for social programs targeted at vulnerable groups, of which CFAF 5.6 billion will used for a pilot project with technical assistance from the World Bank in the context of its post-conflict assistance project (*PAPC*).

30. **Crisis-exit expenditures will amount to 1.4 percent of GDP, of which 0.3 percent of GDP will be contributed by external partners.** The government's

crisis-exit program, which is based on the *APO* roadmap and supplementary agreements, obtained the support of donors in July 2007. It will be continued in 2009, with the following main components: (i) elections; (ii) restructuring and re-establishment of defense and security forces; (iii) restoration of the authority of the government and redeployment of the civil service; (iv) consolidation of the national reconciliation, peace, security, and freedom of movement of persons and goods; and (v) the Special Emergency Program (*Programme Spécial d'Urgence; PSU*). To meet the additional needs stemming from the 4th supplementary *APO* agreement of end-2008, the Government adjusted the budget allocations for the crisis-exit program and other current expenditures, so as to finance the cost of demobilizing ex-rebels and ex-militia.

31. **Capital expenditures will stabilize at 3.0 percent of GDP in 2009, however with a increased share directed to social services and the rehabilitation of basic infrastructure.** Investment financed from own resources will amount to CFAF 235.8 billion, primarily allocated to the rehabilitation of basic infrastructure, part of which is related to projects adopted under the WAEMU Regional Economic Program, notably the construction of 300 wells in the Eastern and Western regions. An amount of CFAF 10 billion is envisaged for the start of construction of a third bridge in Abidjan, for which half of the financing comes from external loans (Islamic Development Bank, OPEC Fund, BOAD and BIDC). In view of post-crisis reconstruction needs, the government has slowed the pace of the large public construction projects, pending an evaluation of their scale and phasing. In 2009, the budget allocation for these large construction projects amounts to CFAF 40 billion, (including advances of CFAF 15.6 billion made in 2008), and the focus will be on the renovation of the *Hôtel Ivoire* and the Autonomous Port of Abidjan. All the works will be based on contracts that conform to the public procurement code (¶34).

C. Governance and structural reforms in public finance

32. **The government has placed good governance and transparency at the center of its economic program.** The Government intends to implement its action plan for public financial management (adopted in February 2009). Measures focus on improving the tax and public expenditure management systems to harmonize them with WAEMU directives, strengthening controls, and systematically publishing reports on budget execution and the use of other public resources (including of the coffee-cocoa sector). Particular attention will be given on the Government's relation with suppliers, notably the non-accumulation of new arrears and the repayment—in a transparent manner—of its debts to suppliers ("*restes à payer*"), as is foreseen in the new arrears clearance plan for 2008-11 that takes into account the arrears accrued in 2008. Arrears of VAT credits that have been evaluated and verified by the *DGI* in consultation with the private sector, will be covered by a clearance plan, including through securitization. In addition to the quantitative and structural indicators in Tables 3 and 4, the program incorporates the measures shown in Box 2.

33. **The government intends to adopt a National Plan for Good Governance and Fight Against Corruption in the course of 2009.** In addition, a draft law on unlawful enrichment will be adopted by the Government before end-2009. Also, the government intends to prepare a code of ethics for senior public officials that is to be adopted before end-2009.

Box 2: Structural Budget Reforms in 2009

Revenue

- Budgetization and fiscalization of quasi-fiscal levies on coffee/cocoa, earmarked for investment, beginning with the 2010 budget, with the counterpart in investment spending. Improvement of the traceability of resources used for operating costs of the agencies of the sector through their inclusion in reports to the Council of Ministers at end-June 2009 and end-December 2009.
- Finalization of a detailed inventory of quasi-fiscal and administrative fees charged by ministries (before end-September 2009), with a view to rationalizing and budgetizing them.
- Annual publication of the summary of the certified accounts of PETROCI.
- Preparation of an annual report, submitted to the Council of Ministers, on the financial performance of enterprises in the Government's portfolio, and publication of the report after adoption by the Council.

Expenditure

- Strict limitation and monitoring of the use of treasury advances; and no recourse to extrabudgetary expenditures (Table 4 and Technical Memorandum of Understanding ¶14–15).
- Further decentralization of the Integrated Fiscal Management System (SIGFIP) and improvement in the interface between SIGFIP and ASTER (budget execution−accounting) (2009–10).
- Timely submission of the preliminary draft budget execution law to the Audit Chamber (Chambre des comptes) for certification (by end-October 2009 for the 2008 accounts).
- Phasing in of medium-term expenditure frameworks starting with social ministries (education and health) for the period 2009–11 (end-October 2009).
- Development of an integrated career and payroll management system for military and police (end-2009).

34. **Several actions—described in the Prime Minister's Instruction of November 13, 2009—will ensure the transparency of large public construction projects:**

- As regards the large public construction projects envisaged in the 2009 Budget (CFAF 40 billion), the framework agreements will be regularized as public procurement contracts, on the basis of a list of specifications and prices determined by the National Bureau for Technical and Development Studies (*BNETD*), in consultation with the contractor before mid-March 2009. These contracts will be published.

- The framework agreements for which a contractor has already been assigned (for a total of CFAF 818 billion over several years, excluding CFAF 235 billion already executed at end-2008 or foreseen in 2009) will be amended after technical studies of the remaining work by the *BNETD* to determine the specifications and prices. The government commits to renegotiate contracts with the operator with a view to reduce the scale of the works. These framework agreements will be converted into public procurement contracts and published, with costs set by the *BNETD* in consultation with the contractor. Execution of the contracts will be done on an annual basis within the limits set in the budget.

- All works related to the transfer of the capital for which there is no specific contract yet and which have not yet been executed (for a total of CFAF 529 billion over several years, of which CFAF 261 billion of contracts where the initial assignment has been revoked, and CFAF 268 billon for works not yet started) and any other future project will be done through public tender according to the Public Procurement Code.

- Expenditure execution will be done in SIGFIP and will be covered in the budget execution statements; it will be subject to control under the auspices of the *IGF*.

- Operational and financial control of the implementation of all these investment projects will henceforth be assured by an Interministerial Oversight Committee under the auspices of the Prime Minister, with monthly financial reports, and all payments will be made directly by the Treasury.

35. **The government intends to adopt by end-June 2009 a civil service reform program.** The objective is to create an administration that is slimmer, more efficient and oriented to serving the public, while maintaining a qualified and motivated staff, and reducing the weight of the wage bill on government revenues. To prepare and implement this program for 2009–11, the Government hopes to benefit from the support of external partners.

Box 3: Civil Service Reform Plan and Measures in 2009

- Preparation before end-2009 of a civil service reform program, based on the findings of the organizational studies of ministries, including the appointment of secretary-generals for the ministries.
- Increase in the retirement age from 55 to 57 for all civil servants with effect from January 1, 2009, and its further increase in stages to 60 years for all civil servants from 2011.
- Census of civil servants and elimination of ghost workers (before end-October 2009).
- Setting up of an integrated government personnel management system (excluding the military and police; "fichier unique de référence"), to be operational at the start of 2010.
- Validation of actuarial, legal, and institutional studies for the CGRAE. Preparation of a plan by end-2009 to restructure the CGRAE (on the basis of the results of the studies, including through institutional strengthening and the introduction of a fully funded pension plan).
- Limiting the deficit of CGRAE that is borne by the budget in 2009 to CFAF 56.5 billion (compared to CFAF 54.3 billion in 2008), in particular by reducing the operating costs of the management system.

D. Monetary policy and financial sector reform

36. **Fiscal policy will conform with regional monetary policy.** The government will participate in regional liquidity management in accordance with WAEMU rules, and will plan the issuance of securities on the regional financial and money markets according to the financing needs of the budget. It will approach the BCEAO to seek a restructuring of arrears on the consolidated statutory overdraft. Regarding the WAMU institutional reform, the government plans to adopt the amendments of the WAMU Treaty and of the Banking Law with a view to their ratification (before end-June 2009).

37. **The government will continue to support the efforts of the WAMU Banking Commission to ensure that banks meet prudential ratios and implement the Commission's recommendations.** In the context of the Financial Sector Assessment Program (FSAP) of the IMF and World Bank (for which the mission is planned for May 2009), the government will seek to recapitalize and/or restructure banks in distress. The authorities will strengthen the surveillance over microfinance institutions (the largest of which will be monitored by the Banking Commission as soon as the revised Banking Law comes into effect), and initiate the restructuring of the sector on the basis of the National Microfinance Strategy (SNM). The anti-money laundering (*LBC*) framework is in place, and the adoption of the national law combating the financing of terrorism is scheduled for mid-2009. The National Financial Intelligence Unit (*CENTIF*), which is already operational, will monitor compliance with these two laws, and will attach particular importance to the education and training of stakeholders, inter alia through its website.

Box 4: Financial System Reform Measures in 2009

- Develop an action plan for the restructuring of the BNI on the basis of the recommendations of the Banking Commission and those of the financial and operational audit before end-April 2009, and adopt it before end-June 2009.
- Regarding the Postal Savings Bank (CNCE), limit the implicit government subsidy related to the "10-day settlements" (nivellements décadaires) to CFAF 10 billion in 2009, in accordance with CNCE's change of status.

38. **The government will pursue the reform of public financial institutions.** With regard to the *BNI*, the government intends to prepare an action plan based on the recommendations of the Banking Commission and those of the recent audit, with the aim of restructuring the bank, notably by restoring its solvency and compliance with prudential norms. This plan will be submitted to the Banking Commission; in the meantime, the government will abstain from any direct or indirect subsidy to the *BNI*. As regards the two banks in which the government recently became the majority shareholder, private investors will be sought with the aim of recapitalizing the banks by the date set by the Banking Commission. With respect to the social security fund (*CNPS*), the government intends to launch the reform using the findings of the actuarial study, in order to reduce the deficit of the pension branch from 2009. Furthermore, the government will require that any sale of government debt owed to a public entity (in which the government holds a share of more than 50 percent) to a third party at a discount of more than 10 percent should be authorized in writing by the Minister of Finance.

E. Sectoral reforms

39. **The government is determined to pursue its efforts to achieve transparency and reform in the energy sector, in order to enhance its efficiency and contribution to government revenue, with assistance from the World Bank (Box 5).** With regard to the hydrocarbon subsector, the government intends to review the existing legal and regulatory framework in the context of international standards for the oil/gas production, strengthen its capacity to negotiate and monitor contracts, and, based on the financial audit, develop an action plan to improve government revenue. Following Côte d'Ivoire's adherence to the EITI, the Government has committed to take further steps to comply with the EITI

validation framework, managed by the EITI National Council, particularly by producing and publishing annual reports in line with EITI criteria. In this regard, the Government intends to prepare the 2008 report before end-2009. In the electricity subsector, the Government intends to adopt and implement a restructuring strategy (described in its Letter on Electricity Sector Policy of January 2009 and based on the 2008 audit), in order to restore financial equilibrium, strengthen public-private partnerships, increase the supply of electricity, and improve interconnections at the subregional level. As regards petroleum product prices, the Government commits to apply the automatic pricing mechanism and to improve it further, based on the recommendations of the recent distribution audit and IMF technical assistance.

Box 5: Measures in the Energy Sector in 2009

- Submission to the Council of Ministers of quarterly reports within a time-lag of 45 days—and their publication— on: physical, financial, and tax flows in the crude oil/gas subsector; production, export, and release for consumption and taxation of petroleum products; and production, costs, and financial flows in the electricity subsector.
- Revision of the structure of petroleum product prices based on the recommendations of the recent audit of distribution and of IMF technical assistance (revision of cross-subsidies for transport and butane, quasi-fiscal levies for the national security reserve, the distribution margins, as well as the protective margin for the refineries, by end-September 2009.
- To limit the deficit of the electricity sector, renegotiation with the gas producers of the price of gas purchases, renegotiation of the export price of electricity, and revision of the tariff structure before end-June 2009; and, if necessary, increasing tariffs before end-2009.

40. **The government will pursue its efforts to achieve transparency and institutional reform of the coffee/cocoa sector in order to raise farmers' incomes (Box 6).** It will prepare—with World Bank assistance— a strategy for the coffee/cocoa sector comprising a new institutional, regulatory, and legal framework. The strategy will focus on improving the marketing and intermediation system to ensure that the projected decline in coffee/cocoa taxation will mainly benefit farmers. For this purpose, the strategy will aim at strengthening the marketing capacity of the farmers' cooperatives (through investments in rural areas) and competition among buyers (through the mandatory publication of domestic prices and international market quotations). All of these actions will take account of the need to preserve efficient small and medium exporters (*PMEX*) and the *COOPEX*.

Box 6: Reforms in the coffee/cocoa sector in 2009

- Submission to the Council of Ministers of quarterly analytical reports within a time lag of 45 days—and their publication—on the collection and use of coffee/cocoa levies and on the balances in the bank accounts of the sector's entities, as well as on realized F.O.B. export and farmgate prices.
- Adopt a roadmap to prepare and implement a new strategy for the coffee/cocoa sector, comprising a new institutional and regulatory framework, on the basis of existing studies and audits (end-2009).
- With the aim of gradually lowering total cocoa taxation to a rate of 22 percent of the C.I.F. price in 2011, a reduction for the 2009/10 crop season of the registration duty from 10 to 5 percent, of the single export duty (DUS) from CFAF 220/kg to CFAF 210/kg, and of other quasi-fiscal levies of at least CFAF 5/kg. Preparation of the transformation of these levies to a single ad valorem tax (before the 2010/11 crop season).

41. **The government intends to improve the business environment by implementing policies to encourage private investment and the processing of local primary products (Box 7).** In 2009, it intends to implement the following actions with the support of external partners, notably the EU, AfDB, the World Bank, and Germany.

Box 7: Measures to improve the business climate in 2009

- Adopt the law on mandatory enforcement (exéquatur) of decisions of Arbitration Boards, thereby expediting the resolution of business disputes and helping to unclog the courts (by end-2009).
- Creation of commercial courts (tribunaux de commerce) (by decree, by end-2009); and training of judiciary staff in commercial matters (2009).
- Preparation of a reform plan to enhance the efficiency and fairness of the judicial system; and publication of judicial decisions (by end-2009).
- Reform of the Law on Competition (Loi sur la concurrence), notably to combat noncompetitive practices (before end-2009).
- Accelerate administrative procedures for processing the reimbursement of VAT credits to enterprises, such that the outstanding stock of verified VAT credits awaiting reimbursement does not exceed CFAF 10 billion during 2009 (compared with CFAF 28.4 billion at end-2008).

42. **The government intends to resume the reform of public enterprises.** By end-2009 it will devise a strategy for its portfolio with a view to restructuring or privatizing public enterprises. It will step up the supervision and monitoring of public enterprises through regular independent audits of the main public enterprises and the preparation of an annual report on their financial situation by the Directorate of Participations and Privatization (*DPP*) and the General Finance Inspectorate (*IGF*), and the control of transfers of social contributions to the *CNPS*. For this purpose, the staff and technical capacities of the *IGF* and of the *DPP* will be strengthened.

F. Regional integration and foreign trade policy

43. **The government intends to pursue its participation in regional integration within the WAEMU and ECOWAS, as well as in world trade through the WTO.** It will support the extension of the WAEMU Common External Tariff and the rules of origin to all ECOWAS countries, and will promote the freedom of movement of persons and goods within the subregion. Regarding the Economic Partnership Agreement (EPA) with the European Union, following the signing of an interim agreement at end-2007, Côte d'Ivoire will continue to support the signing of a regional EPA. The Government is pursuing its efforts, in conjunction with other countries in the subregion and the EU, to formulate accompanying programs foreseen under the EPA and thereby secure the "development and financing mechanisms" component.

G. Social sector policies and monitoring of the PRSP

44. **The government is firmly committed to reversing the deterioration in the social situation caused by the crisis. As described in the PRSP, indicators of poverty and social indicators have deteriorated substantially.** The Government's social and poverty reduction strategy described in the PRSP is predicated on measures designed to make an

enhanced and better targeted impact on the priority sectors of education, health, security, and basic infrastructure. It intends to develop medium-term expenditure frameworks starting with the education and health sectors, and increase budget allocations for these sectors from 4.7 and 0.9 percent of GDP in 2008 to 4.9 and 1.1 percent of GDP in 2009, respectively.

45. **Social policies.** With the aim of achieving universal education by 2015, the Government has prepared the National Plan for the Development of Education and Training (*Plan National de Développement de l'Éducation et de la Formation−PNDEF*), based on Côte d'Ivoire's Status Report on the National Education System (*RESEN*). The plan is designed inter alia to enhance access to education and to improve the quality and retention of pupils in the education system. For this purpose, the government envisages an increase in the numbers of teachers and classes (at a rate exceeding the growth in the school age population) in order to reduce class size (from 55 today) and is considering an extension of training capacity. With regard to health, the government has prepared the second National Health Development Plan (*Plan National de Développement Sanitaire−PNDS*) for the period 2009–11. It aims to improve the population's access to the health care system while enhancing its effectiveness and efficiency. For this purpose, the government will progressively rehabilitate and construct the infrastructure for all health care centers and improve accessibility of essential drugs in line with the program envisaged in the PRSP.

46. **The Government has set up a unit for monitoring implementation of the PRSP.** The PRSP Supervisory Committee (created by Prime Ministerial decree in March 2009) is responsible for implementing national poverty reduction strategies in Côte d'Ivoire, and for preparing and publishing regular reports on its implementation.

H. Statistics and capacity-building

47. **The government undertakes to adopt and implement the Master Plan for Statistics 2008–10.** This master plan has been developed with a view to ensuring the regular development of economic and financial data. For 2009, it plans to produce new statistics for the informal sector, social accounting, livestock and industrial fisheries.

48. **Côte d'Ivoire will continue to strengthen its administrative capacity, especially in areas affected by the crisis.** The government expects to benefit from assistance from the IMF and other development partners to: (i) strengthen tax and customs administration; (ii) review tax exemptions, (iii) help implement the action plan for public financial management reforms; and (iv) improve national accounts with a view to constructing a social accounting matrix.

V. External Debt and Financing of the Program

49. **The government intends to complete the normalization of financial relations with its development partners**. The clearance of arrears to the World Bank was completed in February 2008, and those to the AfDB in early March 2009 thanks to a grant from the AfDB's Fragile States Facility and with the help of a bridge loan from an external partner. An agreement in principle on clearance of arrears to the EIB has been reached. With respect

to the Paris Club, arrears at end-2008 amount to CFAF 1,689 billion, including CFAF 732 billion in pre-cutoff-date debt (eligible for Paris Club rescheduling) and CFAF 957 billion in post-cutoff-date debt not eligible for Paris Club treatment. In view of the very large arrears on post-cutoff-date debt and taking account of the financial difficulties of the crisis-weakened country, Côte d'Ivoire intends to request an exceptional treatment of these arrears from the Paris Club. For current maturities on pre-cutoff-date debt (including on earlier reschedulings) totaling CFAF 207 billion for 2009–11, the government hopes to obtain treatment on Cologne terms. With respect to the "Brady" debt (London Club), for which arrears at end-2008 are estimated at CFAF 380 billion and the stock of principal at CFAF 974 billion, the government is discussing debt relief with its creditors. Moreover, a HIPC debt sustainability analysis was carried out jointly with the staffs of the World Bank and IMF, on the basis of end-2007 data. The government hopes to reach the decision point under the HIPC Initiative no later than end-March 2009.

50. **In spite of considerable fiscal efforts, the need to regularize all external arrears generates sizable financing gaps for the program period 2009–11.** Taking into account primary basic surpluses, the external project financing already identified, and net financing on the WAEMU financial market, the financing gap amounts to CFAF 2,761 billion in 2009, CFAF 364 billion in 2010, and CFAF 373 billion in 2011. The Government hopes to fill these gaps with debt restructurings and cancellations from Paris Club and London Club creditors, and assistance from multilateral institutions (IMF, World Bank, AfDB, and EU) and bilateral partners.

VI. Program Monitoring

51. **Implementation of the program will be monitored through semi-annual reviews conducted by the IMF Executive Board on the basis of quantitative indicators and structural benchmarks.** These indicators are defined in the attached Technical Memorandum of Understanding (TMU). The quantitative indicators for end-June and end-December for each year under the program will be performance criteria, and the quantitative indicators for end-March and end-September will be benchmarks. The first year of the program will cover the period January-December 2009. The first review of the program will be based on the end-June 2009 performance criteria and is scheduled to be completed by end-September 2009.The second review of the program will be based on the end-December 2009 performance criteria and is scheduled to be completed by end-March 2010.

52. **To ensure that the program is effectively implemented, the government has set up several interministerial committees.** The Steering Committee for Economic and Structural Reforms, under the aegis of the Prime Minister—created in March 2009—will monitor the implementation of the program for 2009–11 and will be supported for day-to-day monitoring purposes by the Technical Unit for Monitoring the Economic and Financial Program. The Committee will coordinate the work of specific interministerial committees, including the Coffee/Cocoa Sector Management Committee, the Interministerial Commodities Committee, the PRSP Committee, as well as with the Treasury Committee. This MEFP will be disseminated within the Government, government agencies, public entities, and Ivorian society.

53. **For the duration of the program, the government undertakes to refrain from external borrowing on non-concessional terms other than specified in the TMU.** For any new domestic borrowing, it undertakes to issue government securities by auction through the BCEAO or through any other form of competitive tendering on the domestic or WAEMU financial market, and to consult with IMF staff. The government also undertakes not to introduce or intensify restrictions on payments and transfers for current international transactions, introduce multiple currency practices, conclude any bilateral payments agreements that are inconsistent with Article VIII of the Fund's Articles of Agreement, or impose or intensify any import restrictions for balance of payments purposes. Moreover, the authorities, in consultation with IMF staff, undertake to adopt any new financial or structural measures that may be necessary for the success of the program.

________/s/___________

Charles Koffi Diby
Minister of Economy and Finance

Table 1. Côte d'Ivoire - Quantitative indicators, EPCA program 2007-08, CFAF Billions 1/

	2007		2008					
	Dec.		Sept.			Dec.		
	EPCA-1	Est.	EPCA-2	EPCA-2 Adjusted 9/	Est.	EPCA-2	EPCA-2 Adjusted 9/	Est.
Quantitative indicators								
Floor on primary basic fiscal balance 2/	95.3	52.1	17.9	86.3	44.4	84.9	101.2	33.1
Floor on social expenditure (education and health) 3/	491.4	506.2	420.5	420.5	403.4	563.1	563.1	572.3
Floor on cash repayment (+) of government domestic payment arrears 4/	51.4	164.3	0.0	0.0	-83.9	15.0	15.0	-104.8
Ceiling on net domestic financing (incl. WAEMU paper) 5/	-49.8	171.3	196.1	172.3	142.2	162.1	191.3	171.4
Ceiling on new nonconcessional external borrowing 6/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:								
Ceiling on stock of external arrears 7/	1923.6	2294.8	1954.8	1954.8	2040.4	1992.4	1992.4	2039.4
Multilateral	265.8	499.6	0.0	0.0	55.1	0.0	0.0	-30.0
Bilateral and commercial	1657.8	1795.2	1954.8	1954.8	1985.3	1992.4	1992.4	2069.4
Total government revenue	1847.7	1817.6	1320.1	1320.1	1436.1	1960.5	1960.5	1976.8
Government wage bill	610.0	640.3	511.0	511.0	523.8	687.5	687.5	711.7
Net banking sector claims on government (BCEAO definition, including CECP)	-42.7	84.4	105.7	105.7	-5.2	95.4	95.4	-30.7
Crisis-related expenditure (excluding frontline bonuses)	116.5	33.0	118.5	118.5	71.5	158.9	158.9	82.8
Of which: foreign-financed	75.0	0.0	59.1	59.1	6.8	78.8	78.8	12.2
Of which: domestically financed	41.5	33.0	59.3	59.3	64.7	80.1	80.1	70.6
Budgetary support (grants and loans)	0.0	0.0	60.2	…	14.8	87.4	87.4	14.8
Oil/gas production revenues, including PETROCI, excluding from refined products	146.0	147.3	159.8	159.8	228.2	255.0	255.0	304.2
Of which: PETROCI	10.0	13.6	35.0	35.0	25.0	35.0	35.0	27.0
Primary basic expenditure excluding wages, externally financed crisis-related expenditure and social security spending	802.0	866.1	591.9	591.9	724.5	914.3	914.3	1031.1

1/ Cumulative change from beginning of the year, unless otherwise indicated. See Technical Memorandum of Understanding (TMU) for detailed definitions of adjusters.

2/ Difference between government revenue (excluding grants) and total expenditure and net lending, excluding interest payments and excluding foreign-financed capital expenditure, excluding net compensation proceeds from toxic waste damage.

3/ Includes expenditure on health and education, as defined in the classification of the Integrated Financial Management System (SIGFiP); see TMU Table 1.

4/ Domestic payment arrears as defined in the TMU.

5/ Quantitative indicator for 2008 (numbers for 2007 are reported for comparison only) on the issuance by the central government of all debt instruments in CFAF to domestic and WAEMU financial market creditors and borrowing from the BCEAO. The ceiling excludes domestic arrears and their securitization, rescheduling agreement of central government debt and new borrowing for projects from the regional development bank, BOAD. The ceiling applies to net domestic borrowing, which is defined as the amount of gross domestic borrowing minus repayments on such domestic borrowing. If external budget support for crisis-exit programs is lower than the programmed amount, the ceiling will be adjusted upwards correspondingly up to a maximum of 30 billion CFAF. The ceiling includes a margin of 25 billion CFAF over the net cumulative flows projected for each period (see TMU).

6/ Continuous indicator on all non-concessional borrowing as defined in the TMU. This ceiling does not apply to normal import-related commercial credits that have a maturity of up to one year, rescheduling agreements, West African Development Bank (BOAD) loans up to the equivalent of US$ 30 million, drawings on the Fund, public offerings in CFAF through competitive bidding on the West African Economic and Monetary Union financial markets, and a possible bridge loan used to cover part of the government's share in clearing arrears to the AfDB, in anticipation of prospective AfDB budget support (see TMU).

7/ Including external debt to the BCEAO. External payments arrears are defined as the sum of external payments due but unpaid on outstanding external debt that has been contracted or guaranteed by the government.

8/ Net banking system claims on the government represent the difference between government debt and its claims on the central bank and commercial banks as defined in the TMU.

9/ The Floor on primary basic surplus has been adjusted upward - according to the TMU - for the oil revenues exceeding the program numbers ; the ceiling for domestic financing has been adjusted upward - according to the TMU - for the amounts of program grants and budget support missing compared to the program numbers; and downward for the oil revenues exceeding the program numbers.

Table 2. Côte d'Ivoire: Prior Actions and Structural Indicators, 2008 EPCA

Measure	Deadline/Status	
Prior Actions		
• Adoption by the government of the 2008 Budget in conformity with program objectives.	Done (2008 Budget adopted December 28, 2007; revisions in conformity with program adopted in late March, 2008)	
• Increase weighted average electricity rates by 10 percent.	Done (on February 1, 2008 for enterprises; on March 1, 2008 for low-voltage users (except for low-income households)	
• Reporting to IMF staff on the 2007 budget execution (in the form of the fiscal reporting table–TOFE, table of indicators (*tableaux de bord*)). Reporting of budget execution statements (see structural indicator below).	Done in late March 2008	
Structural Indicators:		
• Limitation of the use of treasury advances by reducing their amount to under CFAF 120 billion for all 2008 Budget allocations (excluding externally-financed expenditure, wages, and debt servicing). Elimination of the practice of advance, discounted payment of the Single Export Duty (DUS) on cocoa/coffee.	From March 2008 (continuous indicator)	Partially implemented (treasury advances have been limited as planned ; advance discounted DUS payments have continued)
• Report to the Council of Ministers (quarterly, with a maximum time lag of 45 days) budget execution statements (revenue and expenditure), and release them to the public. The statements will show expenditure classified by type, function and administration/type, as set forth in TMU. From the second quarter of 2008, the statements will include information on payments.	Quarterly indicator	Implemented
• Adoption by government of a domestic arrears clearance plan (stock at end-2007) over the 2008–10 period. Net cash reduction of domestic arrears by CFAF 15 billion during 2008 (see Table 1), including CFAF 5 billion for the water sector.	End-May 2008	Plan adopted with delay in November 2008. Net cash reduction not observed.
• Implementation of the automatic petroleum product pricing mechanism based on Import Parity Prices (IPP) and reduction of the coefficient "k" from 6 percent to 5 percent.	From the beginning of July 2008	Implemented with delay in February 2009; coefficient "k" reduced in May 2008.

Table 3. Côte d'Ivoire: Performance criteria and Indicative targets, PRGF 2009, billions of CFA francs 1/

	2008	2009			
	Dec.	March	June	Sept.	Dec.
	Est	Indicative Target	PC	Indicative Target	PC
Performance criteria					
Overall balance (including grants) 2/	-61.0	-13.8	-16.2	-71.8	-137.9
Ceiling on net domestic financing (incl. WAEMU paper) 3/	171.4	30.4	31.8	77.2	149.6
Ceiling on new nonconcessional external borrowing 4/		0.0	0.0	0.0	0.0
Ceiling on accumulation of new external arrears 5/		0.0	0.0	0.0	0.0
Ceiling on accumulation of new domestic arrears		0.0	0.0	0.0	0.0
Ceiling on extra-budgetary spending 5/		0.0	0.0	0.0	0.0
Indicative targets					
Primary basic fiscal balance	33.1	10.2	68.1	91.3	93.3
Ceiling on expenditures by treasury advance		25.0	50.0	65.0	82.2
Floor on pro-poor expenditure 6/	726.8	200.5	398.1	614.2	838.8
Floor on cash repayment (+) of government domestic payment arrears	-104.8	12.0	30.0	40.0	60.0
Total government revenue	1976.8	420.2	959.1	1495.8	2080.9
Government wage bill	711.7	175.4	328.1	544.2	745.0
Memorandum items:					
Net banking sector claims on government (BCEAO definition, including CECP) 7/		-0.4	53.3	48.3	104.0
Program grants		16.0	21.0	23.0	32.7
Program loans		0.0	0.0	0.0	0.0
Project grants		12.7	12.7	27.6	48.2
Project loans		2.7	10.7	20.8	43.5

1/ Cumulative change from beginning of the year, unless otherwise indicated. See Technical Memorandum of Understanding (TMU) for detailed definitions, including of adjusters.

2/ This floor will be adjusted: i/ downward/upward for higher/lower than programmed external project loans; ii/ downward for higher than programmed program loans, iii/ downward for lower than programmed program grants - up to a a ceiling of CFAF 40 billion, iv/ upward for a shortfall in program loans in excess of CFAF 40 billion.

3/ Performance criteria for 2009 (numbers for 2008 are reported for comparison only) on the issuance by the central government of all debt instruments in CFAF to domestic and WAEMU financial market creditors and borrowing from the BCEAO. The ceiling excludes domestic arrears and their securitization, rescheduling agreement of central government debt and new borrowing for projects from the regional development banks (BOAD, BIDC). If program loans or grants are lower than programmed, the ceiling will be adjusted upwards in the amount of the shortfall, up to a maximum of CFAF 40 billion. The ceiling includes a margin of CFAF 25 billion over the net cumulative flows projected for each period (see TMU).

4/ Continuous performance criterion on all non-concessional borrowing as defined in the TMU. This ceiling does not apply to normal import-related commercial credits that have a maturity of up to one year; rescheduling agreements; loans from regional development banks BOAD and BIDC of up to CFAF 25 and 20 billion respectively; drawings on the Fund; public offerings in CFAF of government debt initially issued to resident of the WAEMU (see TMU).

5/ Continuous performance criterion (see TMU)

6/ Includes pro-poor expenditure, as defined in the classification of the Integrated Financial Management System (SIGFiP); see TMU Table 1.

7/ Net banking system claims on the government represent the difference between government debt and its claims on the central bank and commercial banks as defined in the TMU.

Table 4. Côte d'Ivoire: Structural Conditionality, PRGF 2009

Measures	Date Structural Benchmarks (SBM)	Macroeconomic rationale
Prior Actions		
• Adoption by the government of a supplementary budget for 2009 in line with program objectives (MEFP ¶24)	Done mid-March 2009	Ensure a budget that reflects macroeconomic conditions, available resources and crisis-exit and reform objectives.
• Adoption by the government of a decree limiting the use of treasury advances to specific budget lines under certain conditions (MEFP ¶32)	Done mid-March 2009	Improve budget execution.
• Publication of budget execution statements for the year 2008	Done mid-March 2009	Improve monitoring of budget execution.
• Implementation of automatic petroleum pricing mechanism	Done end-February 2009	Improve consistency between pump prices and world prices, preserve tax revenue.
• Adoption of a public finance management action based on the PEMFAR	Done mid-March 2009	Improve transparency of public finance and efficiency of revenue collection and spending.
• Completion of the audit of the national petroleum company PETROCI	Done end-February 2009	Improve transparency in the petroleum sector.
Tax policy/administration		
• Elimination of the practice of advance payments of the Single Export Duty (DUS) on cocoa/coffee and of any other taxes	**Continuous SBM**	Improve good governance and ensure a financing cost close to market conditions.
• Completion of inventory of service charges/fees by ministries with a view to their streamlining and budgetization (MEFP ¶32)	End-June 2009 **SBM**	Improve good governance and transparency.
• Rationalization of exemptions, including crisis-related regimes, (in line with IMF technical assistance) for adoption in the 2010 budget	End-September 2009 **SBM**	Improve transparency and eliminate distortions; improve revenue.
• Implementation of an automatic transit module of SYDAM (SYDONIA) between the Port of Abidjan and the three main border posts (MEFP ¶25)	End-September 2009 **SBM**	Improve transparency and revenue.
Public expenditure management		
• Adoption by the government of the 2010 budget with the budgetization and fiscalization of all quasi-fiscal levies for investment in the coffee/cocoa sector (MEFP ¶32)	End-November 2009 **SBM**	
• Publication within 45 days of the end of each quarter, budget execution statements, including pro-poor spending (MEFP ¶21)	Each quarter **SBM**	Improve monitoring and transparency of budget execution.
• Submission of draft budget execution law (*Loi de réglements*) for 2008 to the Accounts Chamber for certification and submission to parliament (MEFP ¶32)	End-October 2009 **SBM**	Improve transparency and *ex-post* control of the budget and its execution.
• Formulation of medium-term expenditure frameworks for the education and health ministries (MEFP ¶32)	End-October 2009 **SBM**	Put in place a medium-term social strategy consistent with the PRSP and the budget framework.

Attachment II. Côte d'Ivoire—Technical Memorandum of Understanding Arrangement under the Poverty Reduction and Growth Facility 2009−11

1. This Technical Memorandum of Understanding describes the quantitative program indicators agreed between the Ivoirien authorities and the staff of the International Monetary Fund (IMF) to monitor the program supported by the Poverty Reduction and Growth Facility (PRGF). It also specifies the periodicity and deadlines for transmission of data to the staff of the IMF for program monitoring purposes. Unless otherwise specified, the government is defined 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'Etat*, CGRAE), and Treasury operations for public companies in liquidation; it does not include any local government, the Central Bank of West African States (BCEAO), or any government-owned entity with separate legal status.

I. Quantitative Program Indicators

2. For program-monitoring purposes, the performance criteria are set for June 30, 2009 and December 31, 2009; these are indicative targets for March 31, 2009, and September 30, 2009. The performance criteria include: (a) a floor on the overall fiscal balance (including grants); (b) a ceiling for net domestic financing, including the issuance of securities on the WAEMU financial market; (c) a zero ceiling on new nonconcessional external borrowing (notwithstanding ¶16 below); (d) a zero ceiling for the accumulation of new external arrears; (e) a zero ceiling for the accumulation of new domestic arrears; and (f) a zero ceiling on extrabudgetary spending. Indicative targets include: (i) a floor on the primary basic fiscal balance; (ii) a ceiling on expenditures by treasury advance; (iii) a floor on "pro-poor" spending; (iv) a floor on the cash repayment of government domestic balances outstanding ("*restes a payer*", excluding securitization); (v) a floor on total government revenue; and (vi) a ceiling on the government wage bill. The performance criteria, indicative targets, and adjustors are calculated as cumulative change from January 1, 2009 (Table 3 of the Memorandum of Economic and Financial Policies, MEFP).

A. Overall fiscal balance (including grants) (performance criterion)

3. **The overall fiscal balance** is the difference between the government's budget revenue (including grants) and total expenditure plus net lending (on a payment order basis). It includes crisis-exit spending, which is defined as domestically and externally financed government outlays on the national community reinsertion and rehabilitation program (PNRRC); the redeployment of public administration; the identification process and the elections; and the civil service.

4. The floor on the overall fiscal balance will be adjusted downward (upward) for an excess (shortfall) of program loans relative to the programmed amount. It will be adjusted downward by the program-grants shortfall relative to the programmed amount up to a cumulative maximum of CFAF 40 billion. It will be adjusted downward for higher-than-programmed program loans. It will be adjusted upward for a shortfall of program loans in excess of CFAF 40 billion.

5. Part or all of the excess revenues from petroleum/gas extraction (including dividends paid by the national petroleum corporation of Côte d'Ivoire, PETROCI, to the government) above the programmed amount will be used to offset revenue shortfalls and/or be allocated to "pro-poor" spending up to a maximum cumulative amount of CFAF 50 billion. The floor on the overall fiscal balance will be adjusted upward by the remaining excess not used to offset revenue shortfalls or for additional "pro-poor" spending (see Table 1). The remainder of the excess petroleum/gas revenues will be used to reduce the government's domestic debt, including "balances outstanding" (see ¶11–12).

6. The petroleum/gas revenues estimate for 2009 is based on: an average crude oil price of US$50.0 per barrel; a volume of 17.9 million barrels; and an average exchange rate of CFAF 500.0 = US$1.

B. Basic primary balance (indicative target)

7. **The basic primary balance** is the difference between the government's budgetary revenue (excluding grants) and total expenditure plus net lending (on a payment order basis), excluding interest payments and externally-financed capital expenditure. It includes crisis-exit spending (see ¶3). Net lending includes government stakes in banks under restructuring.

C. Government revenue (indicative target)

8. Total government revenue is defined as revenue collected by the Tax Administration (*Direction Générale des Impôts*, DGI), the Directorate-General of the Treasury and Public Accounting (*Direction Générale du Trésor et de la Comptabilité Publique*, DGTCP), and the Customs Administration (*Direction Générale des Douanes*, DGD), the CNPS, and the CGRAE; and other nontax revenue as defined in the fiscal reporting table (*Tableau des Opérations Financières de l'Etat*, TOFE). Government tax receipts include all tax payments as well as excess/surplus embedded in the petroleum product price structure.

D. Government wage bill (indicative target)

9. The government wage bill is defined as all expenditures (on a commitment basis) on pay, bonuses, and allowances paid to government employees, military personnel (excluding front premia), and other law and order personnel, and includes expenditures on special contracts and other temporary or permanent government jobs.

E. External payment arrears (performance criterion)

10. External payment arrears are defined as the sum of external payments due but unpaid on outstanding external debt that has been contracted or guaranteed by the government, excluding those subject to rescheduling or restructuring with the Paris Club, the London Club, or other creditors. The accumulation of external payment arrears is the difference between (a) the gross amount of maturities due on external debt service (principal and interest) and (b) the amount actually paid during the period under consideration.

F. Balances outstanding and domestic payment arrears (quantitative indicators and performance criterion)

11. The "balances outstanding" (or "amounts payable") comprise domestic payment arrears and domestic floating debt and represent the government's overdue obligations. They are defined as expenditures committed (*engagées et liquidées*), validated *(visées par le contrôleur financier*), subject to payment order (*ordonnancées*), but not paid. These include bills due and not paid to public and private enterprises, but exclude domestic debt service (principal and interest). For program purposes, domestic payment arrears are those balances outstanding for which the payment delay exceeds the time frame for payment stipulated by the administrative regulations in force (90 days). The floating debt are those balances outstanding for which the payment delay does not exceed the time frame for payment stipulated by the administrative regulations in force (90 days). The balances outstanding are broken down by payer/type as well as by maturity and length of overdue period (< 90 days, 90–365 days, > 1 year). By way of illustration, the stock of balances outstanding totaled CFAF 272.2 billion at end-December 2008 and comprised the following:

• Treasury balances outstanding	248.1
Treasury debt (Treasury General Pay Office (PGT); Abidjan Main Treasury Office (TPA); General Treasury Office for external affairs (TGE); Public Debt Accounting (ACDP); PGFDS)	196.4
Arrears on EPN subsidies (excluding CNPS, CGRAE)	40.5
Arrears to local governments (General Councils, Municipalities, and Districts)	11.2
• Adjustment for orders validated by the Financial Comptroller, (*PEC comptable*)	0.0
• Arrears to CI-Telecom, CIE, SODECI for current consumption	24.1
Of which : SODECI (water)	10.8
• Compensation agreement for gas and electricity consumption	0.0
Total balances outstanding central government	272.2
Of which: floating debt (<90 days)	160.2

In general, the stock of floating debt will not exceed three months' worth of current operating expenditure (excluding utilities) as well as investment and crisis-exit expenditure financed from own resources. By way of illustration, for 2008, all such expenses amounted to CFAF 720 billion, and three months' worth of expenses was CFAF 180 billion.

12. Within the framework of the program, the government, in 2009, will (i) undertake a cash reduction of CFAF 60 billion in the stock of balances outstanding at end-2008 as defined in ¶11 (quantitative indicator); (ii) not accumulate new domestic payment arrears in the current fiscal exercise from January 1, 2009 (performance criterion). Any excess external budget support (program loans) above the programmed amount, not used to finance a downward adjustment in the government's overall fiscal balance as specified in ¶4, will be used to reduce the government's domestic debt, including balances outstanding. Any excess petroleum/gas extraction revenues above the programmed amount, not used as specified in ¶5, will also be used to reduce the government's domestic debt.

13. "Expenditures committed and subject to payment order" (*dépenses engagées non encore ordonnancées,* ECPO) are potential obligations of the government and are defined as expenditures which have been committed but not yet validated. The stock of ECPO will be subject to continuous monitoring by the Directorate-General of Budget and Finances (DGBF) and monthly reporting in the TOFE.

G. Treasury advances (indicative target) and extrabudgetary spending (continuous performance criterion)

14. Within the framework of the program, Treasury advances are defined as spending paid for by the Treasury outside normal execution and control procedures, and which have not been subject to prior commitment and authorization. They exclude the *régies d'avances* as set out through ministerial decree. The cumulative amount of expenditures by treasury advance as defined by the program will not exceed cumulative quarterly ceilings representing 10 percent of quarterly budget allocations (excluding externally-financed expenditures, wages, subsidies and transfers, and debt service) (indicative target). The nominative and restrictive list of expenditures eligible as treasury advances is as defined by ministerial decree no. 178/MEF/CAB-01 of March 13, 2009.

15. Extrabudgetary spending are expenses (i) which have not been subject to normal or simplified budget execution procedures, or is not a Treasury advance authorized by the relevant text (see ¶14) or (ii) for which the corresponding budget allocation (budget line) does not exist or is insufficient. Within the framework of the program, the government will not undertake any extrabudgetary spending (continuous performance criterion).

H. New nonconcessional external borrowing (performance criterion)

16. The term "external debt" has the meaning set forth in point 9 of the IMF Executive Guidelines Board Guidelines on performance criteria concerning external debt.[1] The quantitative indicators concerning foreign borrowing apply to all nonconcessional external debt, irrespective of maturity, and whether it has been contracted or guaranteed by the government. They apply not only to the debt as defined above, but also to commitments contracted or guaranteed for which no value has been received. These quantitative indicators do not apply to:

- normal import-related commercial loans having a maturity of less than one year;
- rescheduling agreements;
- West African Development Bank (BOAD) loans up to the equivalent of CFAF 25 billion or ECOWAS Bank of Investment and Development (BIDC) loans, up to the equivalent of CFAF 20 billion;
- drawings on the Fund; and
- CFAF-denominated government securities (or CFAF-denominated debt contracted or guaranteed by the government) which are initially purchased (or contracted) by WAEMU residents.

17. A loan is considered concessional if its grant element is at least 35 percent, the net present value (NPV) of the loan being calculated using a discount rate based on the average of the OECD's Commercial Interest Reference Rates (CIRRs) over the last ten years for loans with a maturity of at least 15 years. For loans with a maturity of less than 15 years, the NPV is based on the average CIRRs of the preceding 6-month period (February 15 to August 14 or August 15 to February 14). The same margins for differing repayment periods are added to both the 10-year and 6-month averages (0.75 percentage point for repayment periods of less than 15 years, 1 percentage point for 15 to 19 years, 1.15 percentage points for 20 to 29 years, and 1.25 percentage points for 30 years or more).

18. Within the framework of the program, the government undertakes not to contract or guarantee nonconcessional external loans under the conditions defined in ¶16–17, with the exception of loans constituting rescheduling of maturities (performance criterion).

[1] See "Guidelines on Performance Criteria with Respect to External Debt in Fund Arrangements," Executive Board Decision No. 6230–(79/140), as amended by Executive Board Decisions No. 11096–(95/100) and No. 12274–(00/85).

I. Domestic and WAEMU market borrowing

19. Domestic borrowing by the central government is defined as the issuance of all debt instruments in CFAF to domestic creditors and the WAEMU financial market, borrowing from the BCEAO (including drawings from the IMF), and the contraction of any kind of other liability in CFAF toward these creditors. The program ceiling on net domestic financing applies to net amounts of domestic/WAEMU borrowing defined as the gross amount of domestic/WAEMU borrowing less amortization during the period under consideration; this ceiling includes a margin of CFAF 25 billion over the net cumulative flow projected for each period. This ceiling does not apply to new agreements on restructuring domestic debt or securitization of domestic arrears, nor to new BOAD and BIDC project loans (see ¶16). In the event of program grants and program loans shortfalls relative to programmed amounts, the ceiling on net domestic financing will be adjusted upward accordingly up to a cumulative maximum of CFAF 40 billion. For any new borrowing over and above a cumulative amount of CFAF 30 billion over the year 2009, the government undertakes not to issue government securities except by auction through the BCEAO or through public auction (*appel d'offres compétitif*) on the domestic or WAEMU financial markets registered with the Regional Council for Public Savings and Financial Markets (CREPMF), in consultation with Fund staff.

J. External financing (definitions)

20. Within the framework of the program, the following definitions apply: (i) project grants are non-reimbursable amounts of money or goods received from a donor and aimed at financing a specific project; (ii) program grants are non-reimbursable amounts of money or goods received from a donor and *not* aimed at financing a certain project; (iii) project loans are non-reimbursable amounts of money or goods received from a donor at an interest rate to finance a specific project; and (iv) project loans are non-reimbursable amounts of money or goods received from a donor at an interest rate and *not* aimed at financing a specific project.

II. Memorandum Item: Net Bank Credit to the Government

21. Net bank credit to the government is defined as the difference between government debts and government claims with the central bank and commercial banks. The coverage of net bank credit to the government is that used by the BCEAO, and is the same as that shown in the net government position (NGP). Unless otherwise stated, government is defined as the central government of Côte d'Ivoire and does not include local governments, the central bank, or any other public body with separate legal status. By way of illustration, this stock totaled CFAF 399.0 billion on December 31, 2008, broken down as follows:

	CFAF billion
Net banking system claims on the government	**399.0**
Claims of BCEAO	164.1
Of which: Statutory advances	164.1
Plus counterpart to uses of Fund resources	95.6
Plus claims of commercial banks	329.5
Plus private sector deposits with postal checking and savings bank (CNCE)	17.9
Less deposits at the BCEAO	22.7
Less cash holdings of the Treasury (*encaissés du Trésor*)	0.9
Less deposits at commercial banks	174.1
Less guaranteed bonds	10.4

III. Structural Benchmarks

22. The program includes structural benchmarks (see MEFP, Table 4).

IV. Program Monitoring and Data Reporting

23. A quarterly assessment report on the monitoring of the quantitative performance criteria, indicative targets, and structural benchmarks will be produced by the authorities within one and a half months of each quarter-end, and will assist with assessing performance in terms of the program's quantitative and structural objectives.

24. The authorities will report to Fund staff immediately if they sign or guarantee any new foreign borrowing contracts, as well as the terms of such contracts. Data on the contract, the amount outstanding, the accumulation, and repayment of the external payment arrears will be reported monthly within the six weeks from the end of each month.

25. Based on data already reported to the IMF, the authorities will, in cooperation with Fund staff, prepare a set of consistent tables on the budget and the energy sector and coffee/cocoa sector and send them monthly or quarterly to the IMF starting on February 15, 2009, as follows:

a. **Budget**: a quarterly report (within 45 days following the end of each quarter) showing the budget execution position (revenues and expenditures), with expenditure classified by type, function, and administration/type, at the various stages of the expenditure process (budget allocation, commitment, payment order, and payment).

b. **Energy Sector**: the following quarterly tables (within 45 days after each quarter-end):

- Table 1: Summary of crude oil and gas production and Tables 1(a)-(d): Crude oil and gas production by field. These tables will show clearly the actual oil and gas

- prices, the swap conditions, the physical hydrocarbon production quantities, their values before and after swap, the tax and nontax revenues for the government, and the revenues for PETROCI and the private sector.

- Table 2: Volumes, prices, and financial flows. This table will clearly indicate the sharing conditions among the government, PETROCI, and the private operators, and the resulting financial flows, in particular for the government and PETROCI.

- Table 3: Activities of the *Société Ivoirienne de Raffinage* (SIR). This table will show (i) the refining sector's purchases of crude oil by supplier, including purchases originating in Côte d'Ivoire; (ii) the production, consumption, and imports of petroleum products.

- Table 4: Activities of the SIR – Transfers to storage facilities and exports.

- Table 5: Petroleum products – Government/marketing agent activities, a comparison between supply and sales of the marketing agents.

- Table 6: Release for consumption of petroleum products by tax type.

- Table 7: Petroleum product pricing structure, including for imported and domestic butane. This table will also include the release for consumption by petroleum product for the current month and the cumulative total for the current year.

- Table 8: Summary of the electricity sector, including the electricity sector purchases of gas by supplier (including the government); electricity production; prices applicable by voltage and by consumer group; electricity sector revenues; and the sector's cross arrears and unpaid amounts.

- Table 9: Financial flows of the electricity sector asset management company (*Société de Gestion du Patrimoine du Secteur Electricité* – SOGEPE), both on payment order and cash basis.

c. **Coffee/Cocoa Sector:**

- Quarterly information (within 45 days of quarter-end) on the collection and use of quasi-fiscal levies and the bank account balances for the Coffee-Cocoa Sector Management Committee (CGFCC), the FDPCC Investment Fund, the FRC (prudential reserve), and the *Fonds d'Investissement en Milieu Rural* (FIMR), the *Sacherie* and the coffee sector recovery fund.

- Quarterly information (within 45 days of quarter-end) on the budget execution statements for FIMR projects.

- Quarterly information on international prices (c.i.f.), export registration prices (c.i.f.), indicative purchase prices, and farmgate prices.

26. The BCEAO will report provisional data on the net government position (NGP) to the IMF within 30 days of the end of the period under review and will provide final data within 45 days of the end of the period in question. The information provided will include the complete, itemized listing of public sector liabilities and assets with (i) the BCEAO; (ii) the *Banque Nationale d'Investissement* (BNI); and (iii) the banking sector (including the BNI). This will include:

- the balance of amount received in compensation for toxic waste;
- detailed information on all accounts relating to the issuance and payment of interest and amortization on government securities issued on the WAEMU financial market;
- the statements of the FIMR; and
- the balances of the accounts for the quasi-fiscal levies of the coffee/cocoa sector.

27. The government will report the information specified in Table 2a on a monthly basis, within 45 days of month-end unless otherwise indicated. The government will report the information specified in Table 2b quarterly, within one month of quarter-end.

28. More generally, the government will report to the IMF any information needed for effective program monitoring.

Table 1. Côte d'Ivoire: Pro-poor Spending (incl. Social Spending), 2007–09 [1/]
(Billions of CFA francs)

		2007	2008	2009
			Est.	Budget
1	**Agriculture and rural development**	**20.7**	**26.5**	**45.1**
	General administration	5.8	9.2	8.5
	Agriculture promotion and development program	5.1	3.4	9.5
	Training and formation of supervisory staff	7.8	8.3	8.4
	Water system works	1.3	2.2	3.7
	Other	0.7	3.3	14.9
2	**Fishing and husbandry**	**5.3**	**6.1**	**6.7**
	General administration	3.6	3.7	3.7
	Milk production and livestock farming	1.5	1.9	2.5
	Fishing and aquaculture	0.1	0.4	0.6
3	**Education**	**345.0**	**496.9**	**536.6**
	General administration	17.8	18.7	18.5
	Pre-schooling and primary education	273.7	313.5	329.3
	Literacy	0.3	0.2	0.2
	Secondary education and vocational training	53.2	67.8	84.8
	University and research		96.8	103.8
4	**Health**	**88.8**	**98.3**	**118.8**
	General administration	36.6	45.6	52.2
	Primary health system	24.7	23.8	31.7
	Preventive healthcare (enlarged vaccination program)	1.6	1.2	1.5
	Disease-fighting programs	0.6	1.1	2.0
	Infant health and nutrition	0.2	0.3	0.6
	HIV / Aids	3.4	4.3	5.3
	Health centers and specialized programs	21.6	22.0	25.5
5	**Water**	**16.0**	**15.3**	**19.5**
	Access to drinking water and de-contamination	6.4	5.0	7.0
	Environmental protection spending	9.6	10.4	12.5
6	**Energy**	**1.2**	**9.6**	**9.3**
7	**Roads**	**40.0**	**20.3**	**33.1**
8	**Social spending**	**3.2**	**9.2**	**12.6**
	General administration	0.2	6.4	7.8
	Training for women	0.6	0.3	0.5
	Orphanages, day nurseries, and social centers	0.9	0.6	1.5
	Training and formation of support personnel	1.5	1.2	1.7
	Indigent and victims of war or disaster		0.7	1.1
9	**Decentralization**	**31.1**	**30.1**	**32.3**
10	**Reconstruction**		**10.4**	**5.2**
11	**Other poverty-fighting spending**	**12.7**	**4.1**	**19.5**
	Total	**563.8**	**726.8**	**838.8**
	of which: Treasury - financed		707.1	794.6
	of which: foreign-financed		19.7	44.2

[1/] See detailed list of pro-poor spending produced in the SIFBUD /SIGFIP system.

Table 2a. Côte d'Ivoire: Data Provision for Program Monitoring Purposes (monthly)

Priority I: Essential data 1/	Frequency	Format 2/	Dept.	Indicators 3/
I. BUDGET				
TOFE and *tableaux de bord*	M	FI	DGE/DGB	X
Tax revenue estimate				
Nontax revenue summary				
CNPS: contributions, benefits				
CGRAE: contributions, benefits				
Personnel expenditure				
Grants and transfers, and targeted social expenditure				
Other operating expenditure				
Capital expenditure by type of financing				
Expenditure related to the crisis, elections, CNPRA, etc.				
Statement of budget execution by nature, function, administration/nature (showing each stage of expenditure				
Treasury operations – CECP				
Committed expenditures w/o payment order (DENO)				
Most recent versions of quantitative tables for energy sector, per para. 21 of TMU				X
Financial statement of the electricity sector CIE (claims and cash flow); stock of unpaid invoices (gas,	M	FI	SOGEPE, DGE	
Cash-flow monitoring	M	FI	DTCP	X
Cash-flow plan				
Treasury advances and their settlement				
Table to track Treasury balances outstanding				
Other detailed tables on balances outstanding (PGT, TPA, TGE, ACDP, etc.)				
II. DEBT/FINANCING				
II.A. External debt	M	FX	DTCP	X
Stock of external debt and arrears (by creditor)				
Detailed statement of public debt (by creditor) (stock, service due, service paid on arrears/maturities, arrears)				
Bridge table from "Stock of external debt and arrears" to TOFE				
Statement of drawings on loans and grants (by creditor)				
External debt agreements signed during current year				
II.b. Domestic debt	M	FX	DTCP	X
Stock of domestic debt and arrears (by creditor)				
Table for monitoring domestic debt				
Comprehensive statement of domestic debt				
Detailed statement of domestic debt under agreements				
Bridge table from the "Comprehensive statement"/"Monitoring table" to TOFE				
New debt issues / new securities (by type, original creditor)				
III. Monetary/financial sector	M	FI	BCEAO	X
Monetary statistics (of the BCEAO, commercial banks, NGP)				
Summary tables on financial viability indicators				
IV. Real sector	M	FI	DGE	
Consumer, producer price indices				
V. Coffee/cocoa sector			DGE	
Levies on coffee/cocoa	M	FX		
Single Export Duty (DUS) (advance payments)				
Para-fiscal levies (by structure and by fund: ARCC, BCC, FRC, FDPCC)				
Uses of levies (by fund: FDPCC-Investment; FRC-Reserve Fund, Rural Investment Fund)				
Bank account balances (by fund)				
Half-yearly closing of accounts (by structure)				
VI. Balance of payments	M	FI	BCEAO	
Foreign trade by product (E, M: value, price, volume)				

1/ Prepared and forwarded monthly (M) within 30 days of the end of the month. Electronic transmission to IMF HQ and IMF Office in Abidjan.
2/ FI: file, electronic transmission to IMF HQ and IMF Office in Abidjan. FX: hard copy, transmission to IMF Office in Abidjan (for faxing to IMF staff)
3/ Data on quarterly quantitative indicators specified in MEFP, Table 1.

Table 2b. Côte d'Ivoire: Data Provision for Program Monitoring (quarterly)

Priority II: important data 1/	**Frequency**	**Format 2/**	**Dept.**
I. BUDGET			
Changes in staff levels for wage bill; breakdown of staff by category, ministry	Q	FX	DGB
Breakdown of contract expenses			
Budget execution statement (SIGFiP) (breakdown by heading)			
Summary report on Customs/DGI revenues			
Oil production revenues (BIC, royalties, dividends); PETROCI revenues	Q	FI	DGH
2007-08, updated forecasts for 2009-11			
II. DEBT/FINANCING			
Financing	Q	FI	DGE/DGB
New financing: projects, budgetary support, programs (DDR, CNPRA, elections, etc.) (by creditor,			
Forecast and actual external debt service for current year (monthly).			DGB/DTCP
Quaterly forecasts for future years (quarterly, at start of year)			
III. Energy sector	Q	FI	
Projection of oil/gas production and estimated values 2009-11 (by field, swap, sharing: government, PETROCI,			Monitoring Cttee
Projection of refining capacity 2009-11			
Energy balance sheets: crude oil (production, imports, exports); refined products (production, (re)exports,			Monitoring Cttee
Forecast and actual electricity sector production, consumption, exports, revenues, expenditures, and taxes (VAT)			
IV. Real sector	Q	FX	DGE/INS
Production of main agricultural products			
Production, export, export prices, producer prices, estimate, projection (coffee/cocoa)			
Revised and actual macroeconomic framework, projections			
Economic indicators (industry, sector); INS, BCEAO surveys			
V. Balance of payments	Q	FI	BCEAO
Actual and projected 2009-11			

1/ Preparation and monthly (M) or quarterly (Q) transmission within one month of the end of the quarter.
2/ FI: file, electronic transmission to IMF staff and IMF Office in Abidjan. FX: hard copy, transmission to IMF Office in Abidjan (for faxing to IMF staff).

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

Request for Three-Year Arrangement Under the Poverty Reduction and Growth Facility

Informational Annex

Prepared by the African Department
(In collaboration with other departments)

Approved by Thomas Krueger

March 13, 2009

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I. Relations with the Fund

(As of February 28, 2009)

I. Membership Status: Joined March 11, 1963; Article VIII

II. General Resources Account:	SDR million	Percent Quota
Quota	325.20	100.00
Fund holdings of currency	405.74	124.76
Reserve position in Fund	0.76	0.23
Holdings exchange rate		

III. SDR Department:	SDR million	Percent Allocation
Net cumulative allocation	37.83	100.00
Holdings	0.58	1.54

IV. Outstanding Purchases and Loans:	SDR million	Percent Quota
PRGF arrangements	40.98	12.60
Post-Conflict Emergency Assistance	81.30	25.00

V. Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR million)	Amount Drawn (SDR million)
PRGF	3/29/2002	3/28/2005	292.68	58.54
PRGF	3/17/1998	3/16/2001	285.84	123.86
PRGF	3/11/1994	6/13/1997	333.48	333.48

VI. Projected Payments to Fund:[1]

(SDR million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2009	2010	2011	2012	2013
Principal	11.71	16.79	42.20	41.42	10.16
Charges/Interest	1.31	1.62	1.34	0.69	0.26
Total	13.02	18.41	43.53	42.11	10.43

VII. Implementation of HIPC Initiative:

	Original Framework
I. Commitment of HIPC assistance	
Decision point date	March 1998
Assistance committed by all creditors (US$ million)[2]	345.00
Of which:	
IMF assistance in US$ million	22.50
SDR equivalent in millions	16.70
Completion point date	--
II. Disbursement of IMF assistance (SDR million)	
Assistance disbursed to the member	--
Interim assistance	--
Completion point balance	--
Additional disbursement of interest income[3]	--
Total disbursements	--

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

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

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

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

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

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

Completion point - point at which a country receives the remaining balance of its assistance committed at the decision point, together with an additional disbursement of interest income as defined in footnote 2 above. The timing of the completion point is linked to the implementation of pre-agreed key structural reforms (i.e., floating completion point).

IX. Safeguards Assessments:

The Central Bank of West African States (BCEAO) is the common central bank of the countries of the West African Economic and Monetary Union, which includes Côte d'Ivoire. The most recent safeguards assessment of the BCEAO was completed on November 4, 2005. The assessment indicated progress has been made in strengthening the bank's safeguards framework since the 2002 assessment and identified some areas where further steps would help solidify it.

The BCEAO now publishes a full set of audited financial statements and improvements have been made to move financial reporting closer to International Financial Reporting Standards (IFRS). Furthermore, an internal audit charter has been put in place, mechanisms for improving risk management have been established, and follow-up on internal and external audit recommendations has been strengthened.

The results of continuous safeguards monitoring indicate that while certain vulnerabilities remain in internal control systems and legal structure, there has been some progress in other areas, including through: (i) improving the external audit process by adopting a multi-year audit program; (ii) establishing an audit committee; (iii) expanding disclosures on financial positions of WAEMU countries with the Fund in the notes to the annual financial statements; and (iv) further strengthening of the effectiveness of the internal audit function.

X. Exchange Arrangements:

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

XI. Article IV Consultation:

Côte d'Ivoire is on the standard 12-month Article IV consultation cycle. The Executive Board completed the 2007 consultation on August 3, 2007.

XII. Technical Assistance:

A. AFRITAC West

	Area	Focus
2007		
	Public Debt Management (January 2007)	Diagnostic mission, identification of needs.
	(August 2007)	Mid-term debt strategy and debt sustainability.
	(September 2007)	Debt management and HIPC Initiative
	Public Expenditure Management (February 2007)	Diagnostic mission, identification of needs.
	Public Finance Statistics (February 2007)	Diagnostic mission, identification of needs.
	Tax administration (August 2007)	Diagnostic mission on ongoing reforms.
	Microfinance (May and August 2007) (October 2008)	Support of Microfinance Directorate.
	National Accounts (August 2007)	Techniques of measurement of certain services in national accounts. Review of deflators.
	Customs administration (August 2007)	Combating fraud.
	Financial supervision and regulation (September–October 2007)	Propose analysis methods of financial statements. Personnel training.
2008		
	Public Expenditure Management (February 2008)	Assessment of integrated budget execution information system.
	Customs Administration (March 2008)	Combating fraud.
	Public Finance Statistics (March 2008)	Preparation of GFS metadata.
	National Accounts (April 2008)	Assess work program of the National Statistical Office.
	National Accounts (August 2008)	Review choice of base year (2006) for compilation of National Accounts estimates.

	Area	Focus
2009	Public Expenditure Management (March–April, 2009)	Interface budget execution (SIGFIP) and accounting (ASTER).
	Government finance statistics (March 2009)	Training in use of GFS methodology.
	Customs administration (February 2009)	Control of value and origin, ex-post inspection, and customs surveillance.

B. Headquarters

Department	Date	Purpose
Fiscal Affairs	December 2001	Public Expenditure Management.
Fiscal Affairs	February /March 2008	Petroleum pricing and taxation.
	March 2008	Customs administration.
	February/March 2009	Tax administration.
Monetary and Capital Markets	October-December 2007	Regional FSAP.

XIII. Resident Representative:

A Fund resident representative was posted in Abidjan in January 2007 after an interruption of one and a half years.

II. Joint Bank-Fund Work Program, 2009
(As of February 28, 2009)

Title	Products	Provisional timing of missions	Expected delivery date
A. Mutual information on relevant work programs			
World Bank work program in the next 12 months	**Operations:**		
	1. DPO—Economic Governance and Recovery Grant II	September 2008	March 2009
	2.Emergency Electricity Rehabilitation Project	October 2008; February 2009	May 2009
	3. Emergency SME Revitalization and Governance Project		June 2009
	Economic and Sector Work		
	Post-Conflict Environmental Assessment		March 2009
	Education Country Status Report		March 2009
	Health Country Status Report		July 2009
	Technical assistance/other analytical		
	PEMFAR follow-up		
	Economic and Poverty Monitoring		
	PSIA impact of possible new electricity tariff structures		Q2 2009
	Competition in cocoa marketing and improving farmers' incomes		Q3 2009
	Review of agricultural export crop subsectors		Q3 2009
	Private Sector Development Reengagement Dialogue/TA		December 08 – June 09
IMF work program in the next 12 months	New PRGF arrangement	February 4–11, 2009	March 2009 (SR and Board)
	First review under PRGF and Article IV consultation	August 2009	September 2009 (SR and Board)
	Second review under PRGF	February 2010	March 2009 (SR and Board)
	Technical assistance:		
	Tax/customs administration follow-up	2009	2009
	Public financial management follow-up PEMFAR	Q2 2009	2009
	Microfinance supervision, AFRITAC West; Anti-money laundering/FT framework	Q2 2009	2009
	Statistics: public finance, real sector, and BoP, AFRITAC-West		2009

B. Requests for work program inputs			
Fund requests to Bank	• Periodic updates on budget implications of electricity sector and financial sector reform		Ongoing
	•		
Bank request to Fund	Regular updates on macro-economic and fiscal projections		Ongoing
C. Agreement on joint products and missions			
Joint Bank-Fund products in the next 12 months	JSAN on full PRSP		March 2009 (Board)
	HIPC Decision Point document including LIC DSA		March 2009 (SR, Board)
	FSAP and assistance with Financial Sector Strategy	May 2009	August 2009

III. African Development Bank Group Operations Strategy

1. **Bank Group Portfolio and Management**. Of a total of 49 operations approved since the start of intervention in Côte d'Ivoire,[4] for a net commitment of UA1.030 million, the current project portfolio comprises two active operations, namely the National Good Governance and Capacity Building Program (PNBGRC) financed with a UA3.7 million ADF grant and the Institutional Support to the national Crisis-Exit Program financed with a UA20.0 million ADF grant. The PNBGRC is an institutional support project whose activities will contribute to improving governance and capacities of several ministries. Specifically, its purpose is to (i) contribute to improving the functioning of the legal system; (ii) strengthen structures and institutions involved in the decentralization process; and (iii) support public resources management capacity. Several activities are under implementation within this project including: (i) creation of a Geographical Information System (GIS) in 11 communes; (ii) support to the Accounts Chamber and (iii) training of magistrates and other staff within the judiciary system. The project is expected to be finalized in 2009. As regards the Institutional support to the national crisis-exit program, 56 percent of project funds were disbursed as of end-December 2008. It is noteworthy that several activities have already been completed under this second project, including: (i) launching the tender for equipment for students and teachers from the Center, North and West (CNW) zone; (ii) purchasing equipment for health centers; (iii) earmarking of the health centres to be rehabilitated; and (iv) elaborating an action plan for capacity building to assist women who are victims of domestic violence.

2. **Portfolio management**. The current projects have been seriously affected by the crisis arising from the suspension of disbursements starting in February 1 2003. Following discussions with an Ivoirien delegation in Tunis in July 2004 and July 2005, the AfDB began canceling the balances of 10 operations in accordance with its procedures. As of February 2007, the total amount cancelled was UA65.7 million. However, following several requests from the Ivorian government in 2008, the AfDB has not made any further cancellations because there is strong hope of resumption of financial cooperation with Côte d'Ivoire in early 2009. In light of the renewal of full cooperation since March 2009, the AfDB is envisaging a portfolio restructuring exercise in the second quarter of 2009. Although loan disbursements have been suspended because of arrears accumulation, the AfDB has continued to implement operations financed with grants, among which the two above-referenced active operations as well as studies for the formulation of the irrigation development plan, the road toll and weighbridge study plan, and the Agneby plan, which have been completed.

3. **Status of Arrears to the AfDB Group and payment schedule**. As of the cut-off date of end-April 2007, Côte d'Ivoire's arrears vis-à-vis the Bank Group stood at UA352.25 million. Under the AfDB's Fragile State Facility (FSF) mechanism, adopted by the Board of Directors in March 2008, Côte d'Ivoire has been earmarked as a Fragile State and can benefit from a two-tier burden sharing, whereby a maximum of 1/3 of the arrears burden will be borne by the country and a minimum of 2/3 under the Arrears Clearance Window of the FSF.

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[4] Not including four projects initiated by the private sector, for a total of UA33 million.

Projected Reimbursements by Côte d'Ivoire in UA (millions) at end-December 2008[1]

Window	Type	2009	2010	2011	2012	TOTAL
ADB	Charges	18.07	10.59	7.64	6.27	42.57
	Principal	27.50	21.24	17.06	13.65	79.45
ADB TOTAL		**45.57**	**31.82**	**24.70**	**19.92**	**122.01**
ADF	Charges	1.56	1.55	1.54	1.53	6.18
	Principal	0.98	1.43	1.50	2.03	5.94
ADF TOTAL		**2.53**	**2.98**	**3.05**	**3.57**	**12.12**
OVERALL TOTAL		**48.10**	**34.80**	**27.75**	**23.49**	**134.14**

[1]Figures are subject to exchange rate fluctuations.

4. **Steps by the AfDB to facilitate arrears clearance**. After arrears were cleared in early 2002, the Board approved an interim strategy under ADF-VII on April 3, 2002, but the strategy could not be implemented since arrears began accumulating again in February 2003. Hence, in conformity with its Sanctions Policy, the AfDB suspended all disbursements on loans, and no operations were approved under ADF-IX and ADF-X. However, the AfDB maintained a continued dialogue with the government in order to find a solution to the arrears problem. During several consultative missions, the Ivoirien authorities reaffirmed their commitment to stabilize arrears and stay current on maturities.

5. On April 28, 2007, the Ivoirien authorities and the Bank came to an agreement on the modalities of an arrears clearance scheme, which was concluded under the AfDB's previous Post-Conflict Countries Facility (PCCF) framework, replaced since March 2008 by the Fragile State Facility (FSF). The agreed arrears clearance scheme entailed moving the cut-off date from end-December 2003 to end-April 2007, effective arrears clearance in April 2008 and start of payment of the maturities falling due between May 2007 and April 2008 no later than September 2007 and in full by April 2008. By this date, Côte d'Ivoire was to pay 1/3 of arrears outstanding as of the cut-off date of April 2007. In spite of domestic financial constraints, principally linked to the financing of crisis-exit programs, the government has made notable efforts in staying current with its maturities between end-April 2007 and has cleared its share in arrears with the AfDB in early March 2009.

6. **Strategy for reengagement by AfDB in Côte d'Ivoire**. On March 6, 2009, sanctions were lifted on the country, following the clearance of arrears by the country vis-à-vis the Bank Group. The AfDB's reengagement strategy focuses on contributing to help the country out of its current situation of fragility. AfDB's focus for 2009–10 will be to provide support to the government for strengthening governance, including through capacity building and developing economic infrastructure to reinforce regional integration. The AfDB reengagement strategy was approved by its Board of Directors on March 6, 2009.

IV. Statistical Issues

1. While adequate for surveillance purposes, and the authorities have generally provided the required statistical indicators to the Fund (see attached table) on a timely basis, there are weaknesses in the areas of national accounts, balance of payments, and public finance, and in conciliation of fiscal and monetary data. Côte d'Ivoire has participated in the General Data Dissemination System (GDDS) since May 2000, but the metadata posted on the Data Standards Bulletin Board have not been updated since June 2001.

Real sector statistics

2. The authorities have published comprehensive national accounts data for 1987–95 using 1986 as the base year and a new set covering the period 1996–2006 aligned with the 1993 System of National Accounts using 1996 as the base year. Technical assistance (TA) on national accounts has been provided by AFRITAC West in August 2007 and August 2008 covering several topics including a review of implicit deflators. A harmonized consumer price index (CPI) (base 1996) has been adopted by all members of the West African Economic and Monetary Union (WAEMU). There are no regular publications on wages and employment.

Public finance statistics

3. The Ministry of Finance has reported data up to 2007 for publication in the *Government Finance Statistics Yearbook*. The authorities do not provide monthly or quarterly fiscal data for publication, but the Ministry of Finance has generally made available to the IMF African Department detailed monthly government finance data. Documentation on the coverage of general government units and public enterprises is lacking. While the government has committed to addressing this weakness and making a comprehensive effort to reconcile fiscal and monetary data, there has been little progress to date. Deficiencies in the recording of expenditures undermine sound fiscal reporting.

Monetary and financial statistics

4. Monetary data for Côte d'Ivoire are prepared by the national agency of the Central Bank of West African States (BCEAO) and officially released by BCEAO headquarters. Some of the problems with monetary statistics are common to all eight member countries of the WAEMU; others are specific to systemic issues in Côte d'Ivoire's bank and nonbank financing of the operations of the central government and the rest of the public sector. There has been improvements in the timeliness of depository corporations and interest rate data. The authorities now report monetary data to the IMF Statistics Department (STA) regularly, and the lag has been reduced from about six months to four or less. The BCEAO has also improved the estimates of currency in circulation in each WAEMU member country by addressing the large backlog of unsorted banknotes held by the BCEAO's national agencies. In 2005 the BCEAO made substantial revisions to the estimates of banknotes in circulation in member states resulting from cross-border banknote movement. These revisions were due to changes in the method of estimating currency in circulation in the WAEMU. The revised method, based on updated sorting coefficients (initially established in 1990), has been

applied retroactively from December 2003. The BCEAO is using sorting coefficients to evaluate the amounts of currency issued by each country, which in turn are used to estimate currency in circulation and to adjust the net foreign assets of each member country.

5. A monetary and financial statistics mission visited BCEAO headquarters in May 2001, and STA participated in a BCEAO-sponsored seminar on monetary statistics in April 2003. In these regional forums STA reviewed with BCEAO representatives methodological issues that concern WAEMU member countries and discussed the BCEAO's plans to adopt the *Monetary and Financial Statistics Manual.*

Balance of payments

6. Since December 1998 responsibility for compiling and disseminating balance of payments statistics has been formally assigned to the BCEAO by legislation adopted by all WAEMU member countries. The national agency of the BCEAO in Abidjan is responsible for completing and disseminating the balance of payments statement while BCEAO headquarters delineates the methodology and calculates international reserves managed on behalf of participating countries. Data consistency has significantly improved over the past few years with the full transition to the *Balance of Payments Manual, Fifth edition (BPM5)*, improved sourcing methods, and the training of staff. The BCEAO national agency disseminates balance of payments statistics with a seven months lag, longer than the recommendation of the GDDS, as well as annual international investment position data. External sector data are reported regularly to STA for publication.

7. Regarding trade, the customs computer system allows for satisfactory monitoring of trade data, but the coverage of services and transfers (especially worker remittances) needs to be improved.

8. Concerning the financial accounts, foreign assets of the private nonbanking sector are not adequately covered. Reporting of private capital flows, especially foreign direct investment in Côte d'Ivoire, is unsatisfactory. There is also not sufficient information on private debt stocks and debt service flows.

9. The new BCEAO compilation system allows commercial banks to report data on payments involving nonresidents. The balance of payments compilers receive payment statements every 10 days. However, the information is used not in compilation of the annual balance of payments but to support data quality controls and provide for early information to the BCEAO authorities.

CÔTE D'IVOIRE: TABLE OF COMMON INDICATORS REQUIRED FOR SURVEILLANCE

(As of March 12, 2009)

	Date of latest observation	Date received	Frequency of Data[6]	Frequency of Reporting[6]	Frequency of Publication[6]
Exchange Rates	Current	Current	M	M	M
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	12/08	02/09	M	M	M
Reserve/Base Money	12/08	02/09	M	M	M
Broad Money	12/08	02/09	M	M	M
Central Bank Balance Sheet	12/08	02/09	M	M	M
Consolidated Balance Sheet of the Banking System	12/08	02/09	M	M	M
Interest Rates[2]	03/09	03/09	I	M	M
Consumer Price Index	12/08	02/09	M	M	M
Revenue, Expenditure, Balance and Composition of Financing[3] – General Government[4]	12/08	02/09	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt[5]	12/08	02/09	M	M	M
External Current Account Balance	12/08	02/09	A	A	A
Exports and Imports of Goods and Services	12/08	02/09	A	A	A
GDP/GNP	2008	02/09	A	M	M
Gross External Debt	12/08	02/09	M	M	M

[1] Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.
[2] Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.
[3] Foreign, domestic bank, and domestic nonbank financing.
[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.
[5] Including currency and maturity composition.
[6] Daily (D), weekly (W), monthly (M), quarterly (Q), annually (A), irregular (I); and not available (NA).

INTERNATIONAL MONETARY FUND
EXTERNAL RELATIONS DEPARTMENT

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International Monetary Fund
Washington, D.C. 20431 USA

IMF Executive Board Approves US$565.7 Million PRGF Arrangement for Côte d'Ivoire

The Executive Board of the International Monetary Fund (IMF) today approved a three-year, SDR 373.98 million (about US$565.7 million) arrangement under the Poverty Reduction and Growth Facility (PRGF) for Côte d'Ivoire to support the authorities' economic program aimed at achieving sustainable growth, reducing poverty, and advancing the country's economic reform agenda. The decision will enable Côte d'Ivoire to draw the equivalent of SDR 159.348 million (about US$241.1 million) from the IMF immediately.

At the conclusion of the Executive Board's decision, Mr. Lipsky, First Deputy Managing Director and Acting Chair, made the following statement:

"The Ivoirien authorities are to be commended for the progress toward peace and the broadly satisfactory track record of performance under two Emergency Post-Conflict Assistance programs since 2007, in a difficult post-conflict and global economic environment. Côte d'Ivoire has adopted a strong economic program that will be supported by a new three-year arrangement under the IMF's Poverty Reduction and Growth Facility.

"The economic recovery is continuing, although the global economic downturn has slowed Côte d'Ivoire's return to its pre-crisis economic growth levels. Fiscal developments in 2008 were broadly satisfactory, except that spending on large public works was executed outside the budget and at the expense of basic infrastructure rehabilitation and other priority spending. The authorities have taken steps to limit extrabudgetary spending, including a revision of budgetary procedures. The authorities have also initiated reforms in the key cocoa/coffee and energy sectors, and have started to improve, among other things, transparency, pricing, and taxation in these sectors.

"Côte d'Ivoire's economic program aims at consolidating macroeconomic stability, increasing economic growth, and reducing poverty. The planned further fiscal consolidation and improved public resource management will be critical for creating room for higher spending on basic infrastructure, poverty reduction, and other post-conflict needs.

Comprehensive structural reforms in the coffee/cocoa, energy, and financial sectors are set to support private sector development, while safeguarding public resources.

"The achievement of the authorities' medium-term poverty reduction objectives, set out in a new Poverty Reduction Strategy that was recently adopted, hinges on public finance reforms, strict adherence to budget execution procedures, enhanced transparency of spending on public works, and observance of the Public Procurement Code.

"The continued and well-coordinated support of the international community remains critical for the program's success and Côte d'Ivoire's return to a path of sustained peace and economic recovery," Mr. Lipsky stated.

The PRGF is the IMF's concessional facility for low-income countries. PRGF-supported programs are based on country-owned poverty reduction strategies. These strategies are adopted after an inclusive process involving civil society and development partners and articulated in a Poverty Reduction Strategy Paper (PRSP). This is intended to ensure that PRGF-supported programs are consistent with a framework for macroeconomic, structural, and social policies to foster growth and reduce poverty. PRGF loans carry an annual interest rate of 0.5 percent and are repayable over 10 years with a 5 ½-year grace period on principal payments.

ANNEX

Recent Economic Developments

Following several years of civil strife, Côte d'Ivoire continued its economic rebound in 2008. Real GDP growth picked up to 2.3 percent in 2008 from 1.6 percent in 2007, driven by construction, food production, and telecommunications. Meanwhile, higher prices for imported food and adjustments in domestic oil prices pushed up inflation in 2008, which reached 9 percent by year-end. As food and oil prices declined, inflation has slowed since then.

Fiscal performance under the IMF's Emergency Post-Conflict Assistance (EPCA) since mid-2007 was broadly satisfactory, except for important fiscal slippages in the form of extrabudgetary spending of 0.7 percent of GDP for large-scale public works. Thanks to corrective actions in the last quarter, the deviation from the 2008 program objective for the primary fiscal surplus was limited to 0.4 percent of GDP, but rehabilitation investment suffered.

The external current account deficit in 2008 improved driven by favorable terms of trade. Higher prices for crude oil and other commodities boosted export revenues during the first half of the year. Despite the ensuing decline in commodity prices, the current account showed a surplus of 1 percent of GDP, compared with a 1.5 percent of GDP deficit in 2007.

Program Summary

The government's medium-term macroeconomic program supported by the PRGF is designed to help create fiscal space for pro-growth and pro-poor spending, improve the prospect for debt sustainability, and make progress towards the West African Economic and Monetary Union (WAEMU) convergence criteria. The program also advances reforms in public finance management, the civil service, the energy and cocoa/coffee sectors, and promotes private sector development, including strengthening of the financial sector.

The macroeconomic framework for 2009-11 aims to achieve:

- An annual real GDP growth of about 4.2 percent on average.

- A reduction of inflation to 3 percent per year, in line with WAEMU targets.

- An overall budget deficit of about 2 percent of GDP, consistent with debt sustainability after prospective debt relief.

The structural program focuses on meeting the completion point triggers under the Heavily Indebted Poor Countries (HIPC) Initiative.

To achieve these objectives, medium-term policies include:

- Further fiscal consolidation with a view to improving tax revenue, through strong tax administration efforts which would offset reduction in oil and cocoa revenues.

- Improvement of the composition of expenditure by giving priority to pro-poor and crisis-exit spending and restraining the wage bill.

- Reorientation of investment towards rehabilitation of basic infrastructure and post-conflict recovery, while reassessing the scale and phasing of the large public works.

- Structural reforms to improve governance and transparency, including through an ambitious Public Finance Management action plan and a civil service reform plan.

- Reform of the coffee/cocoa sector aimed at enhancing supply and quality through lower taxation and an overhaul of the institutional framework.

- Reform of the energy sector aimed at enhancing governance and efficiency, with special focus on improving the financial viability of the electricity sector.

- Restructuring of public financial institutions and strengthening banking supervision.

Côte d'Ivoire: Selected Economic and Financial Indicators, 2006-09

	2006	2007	2008		2009
			EPCA-2	Prov.	Proj.
	(Annual percentage changes, unless otherwise indicated)				
National income					
GDP at constant prices	0.7	1.6	2.9	2.3	3.7
GDP deflator	4.5	2.7	4.7	8.1	0.6
Consumer price index (annual average)	2.5	1.9	4.3	6.3	5.9
Consumer price index (end of period)	2.0	1.5	6.8	9.0	3.4
External sector (on the basis of CFA francs)					
Exports, f.o.b., at current prices	9.3	-5.7	12.8	8.3	-16.2
Imports, f.o.b., at current prices	1.3	4.7	17.8	3.1	-19.6
Export volume	6.0	-8.4	1.6	-7.8	6.1
Import volume	3.9	5.1	4.0	-4.6	4.5
Terms of trade (deterioration –)	5.8	3.3	-2.1	8.7	2.7
Nominal effective exchange rate	-0.4	2.2	...	-0.3	...
Real effective exchange rate (depreciation –) 1/	-0.4	1.6	...	0.4	...
Central government operations					
Total revenue and grants	10.3	10.7	11.7	15.2	0.3
Total expenditure	10.3	3.1	9.6	14.0	3.7
	(Changes in percent of the beginning-of-periof broad money)				
Money and credit					
Money and quasi-money (M2)	10.3	23.6	7.6	7.4	6.0
Net foreign assets	5.7	9.4	1.4	1.4	-0.3
Net domestic assets	4.6	14.2	6.2	6.0	6.3
Of which: government	-1.6	3.7	3.3	-1.1	3.4
private sector	4.9	10.0	3.9	6.4	2.9
Velocity of money	4.0	3.3	3.5	3.4	3.4
	(Percent of GDP, unless otherwise indicated)				
Central government operations					
Total revenue and grants	19.0	19.7	20.7	20.6	19.8
Total revenue	18.4	19.2	19.4	18.9	19.0
Total expenditure	20.8	20.5	21.1	21.1	21.0
Overall balance, incl. grants, payment order basis	-1.8	-0.8	-0.4	-0.6	-1.3
Primary basic balance 2/	0.3	0.6	0.8	0.3	0.9
Gross investment	9.3	8.7	10.4	10.1	11.3
Central government	3.1	2.6	3.1	3.0	3.0
Nongovernment sector	6.3	6.1	7.4	7.1	8.3
Gross domestic saving	19.6	14.6	16.8	17.9	18.1
Central government	2.4	2.8	2.5	2.1	2.9
Nongovernment sector	17.2	11.8	14.3	15.7	15.2
Gross national saving	12.1	8.0	11.6	12.6	11.8
Central government	0.9	2.2	2.8	2.6	1.9
Nongovernment sector	11.2	5.8	8.8	9.9	9.8
External sector					
Current account balance (including official transfers)	2.8	-0.7	1.2	2.4	0.4
Current account balance (excluding official transfers)	3.0	-1.5	-0.6	1.0	-0.1
Overall balance	-2.7	-0.5	-0.8	0.1	-3.7
External public debt	71.4	64.8	66.8	60.7	53.7
Public external debt-service due before rescheduling (CFAF billions)	396	384	364	426	380
Percent of exports of goods and services	8.3	8.5	7.2	8.7	9.1
Percent of government revenue	23.7	20.7	19.1	21.6	18.2
Memorandum items:					
Public debt in arrears (percent of GDP)	26.6	24.1	21.3	25.3	2.0
Domestic (after securitization)	4.5	2.5	1.6	2.7	2.0
External	22.1	21.6	19.7	22.6	0.0
Nominal GDP (CFAF billions)	9,081	9,487	10,103	10,485	10,925
Nominal exchange rate (CFAF/US$, period average)	522	479	446	446	498
Nominal GDP at market prices (US$ billions)	17.4	19.8	22.7	23.5	21.9
Population (million)	19.6	20.2	19.0	20.8	21.4
Population growth (percent)	3.0	3.0	1.5	3.0	3.0
Nominal GDP per capita (CFAF thousands)	464	471	531	505	511
Nominal GDP per capita (US$)	888	983	1,190	1,132	1,026
Real GDP per capita growth (percent)	-2.3	-1.4	1.4	-0.7	0.7

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

1/ Based on end-of-period changes in relative consumer prices and the nominal effective exchange rate.

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

Statement by Laurean Rutayisire, Executive Director for Côte d'Ivoire
March 27, 2009

My Ivoirien authorities are thankful for the fruitful discussions they have held with staff and for the policy advice provided since the conclusion of the first EPCA-supported program in 2007. My authorities would also like to express their gratitude to the Executive Board and Management for the continuous support that has helped the country make inroads towards restoration of the post-conflict economy.

Côte d'Ivoire is at an important juncture. Long time viewed as a dynamic and leading economy in the West African sub-region, the country has paid a huge toll attributing to civil conflict. In addition to the output losses and the deterioration of social conditions, Côte d'Ivoire also experienced disruptions in engagement with the international donor community. This caused a set back for the country to benefit from debt relief.

Under the two successive EPCA programs concluded in 2007 and 2008, my Ivoirien authorities have achieved impressive results in implementing substantial reforms albeit in a fragile socio-political environment and post-conflict situation. As a result of their efforts, the economy has progressively regained, and all factors now indicate that recovery is taking hold. Output growth picked up to 2.3 percent in 2008 against 1.7 percent in 2007. The government achieved primary budget surplus despite huge spending pressures and loss of part of the tax base due to the split of the country, compounded by the food price crisis. Moreover, my authorities made significant debt repayments to multilateral donors. The authorities also implemented structural reforms, some of which with delay taking account of the need for an appropriate pace and sequencing in a fragile social climate.

I. Recent Developments and Performance under the EPCA Programs

Thanks to an improved and stable political situation in 2008, my authorities achieved good results on many fronts. The peace roadmap is proceeding well, the measures of the EPCA-2 were implemented satisfactorily, and the government issued its full PRSP. My authorities also took corrective actions to address public financial management weaknesses, especially regarding the extra-budgetary spending that occurred in 2008. Moreover, my authorities completed all the six prior actions for the 2009 PRGF.

A stable macroeconomic situation and sound fiscal policy

Output regained momentum with 2.3 percent growth recorded in 2008, driven by construction, food production, and telecommunications. Although inflation rose to 9 percent at year-end because of high world food prices and adjustments in domestic petroleum prices in 2008, my authorities are closely monitoring the trend with the view to maintaining inflation within WAEMU convergence targets, and easing pressures on the real effective exchange rate. The external current account improved as a result of favorable cocoa and crude oil prices, which more than offset an increase in food imports.

As regard **fiscal policy**, my authorities performed well in non-oil revenue collection, thanks to many reforms in the tax and customs administrations, which offset the loss of revenue from the CNW zones. On the expenditure side, global budget allocations were kept in check, while safeguarding social spending. My authorities also took remedial measures to fix the issue of extra-budgetary spending related to the large construction projects in Abidjan and Yamoussoukro. Measures encompassed the reduction of non-essential current spending to secure fiscal targets, as well as the establishment of a new framework to foresee these public works and enhance transparency. Going forward, as evidenced by recent agreement between my authorities and staff and Management, my Ivoirien authorities are committed to fully communicate expenditures on these projects and take the appropriate measures to ensure their being within the budget.

A strong commitment to structural reforms

On the **structural front**, my Ivoirien authorities have implemented tough reforms amid a fragile environment, in areas of public financial management, banking and finance, cocoa/coffee, and energy. In the **public financial management sector**, my authorities have significantly corrected past weaknesses. They have restored regular budget operations, ended recourse to treasury advances and stopped costly financing from enterprises since January 2009. Financial control also has been improved. Budget is executed in a more transparent manner, through the automated system of SIGFIP and the information is released to the public via internet. My authorities also launched an audit of the domestically financed crisis-exit spending for the period 2006-08. They also adopted a roadmap for strengthening public procurement, which will separate the regulatory, executive, and control functions. Finally, a public finance reform plan was adopted in February 2009, based on the findings of the PEMFAR technical assistance mission.

In the **financial sector**, my authorities have made progress in their agenda of building strong banks. Over the six institutions that were posting negative equity at end-June 2008, two turned to positive equity after completing their recapitalization and one is still recapitalizing. For the others, the government has taken temporary measures with the view to making them viable to potential private investors. The audit of BNI and CNCE were completed in 2008, and a plan to address weaknesses is under implementation. The government also adopted a National Microfinance Strategy in October 2008 that will help increase credit opportunities for non-banked populations.

In the **sectors of cocoa/coffee and energy,** my authorities have furthered their efforts to improve governance and transparency. Quarterly reports on physical and financial flows continue to be published for both sectors. My authorities have continued the gradual reduction in the quasi-fiscal levies and set total levies for the 2008–09 crop season at

CFAF 31.3/kg (down from CFAF 46.5/kg in 2007–08), part of which will be entitled for infrastructure investment in rural areas. Regarding the reform of the cocoa/coffee sector, the President recently signed a decree establishing the committee that will develop a new and comprehensive strategy for the sector. In the energy sector, amid a socially charged environment of high food prices, my authorities increased electricity tariffs by 10 percent to reduce the deficit of the sub-sector. To increase transparency, they completed the financial audit of the state oil company (PETROCI), while actively drafting EITI-compliant reports for 2006 and 2007. Moreover, taking advantage of the current favorable environment, my authorities have adopted at end-February 2009, the automatic petroleum pricing mechanism that will become effective beginning April 1, 2009.

A decisive effort of clearing external arrears and servicing debt

Besides actions taken in 2008 to implement the EPCA program and pave the way for further recovery, my authorities have also made impressive effort to clear external debt arrears. In that regard, arrears to the World Bank that constituted a gridlock to normal cooperation for months were cleared in early 2008, followed by a similar effort vis-à-vis the African Development Bank in early 2009, setting the total payments of arrears and debt service to the two institutions since mid-2007 at 3 percent of GDP.

A steady peace building process

My Ivoirien authorities have also achieved noticeable results in the consolidation of peace and the rehabilitation of the social sector. Notably, they have made progress on important steps in the peace process, namely demobilization of ex-combatants, reunification of the two armies, redeployment of government services and civil servants. My authorities are currently working expeditiously on identification and voter registration preceding presidential elections. According to the latest data from the electoral commission, 5.5 million voters have already been registered on an estimated voting population of 8 million. Despite the delay, there is an unyielding consensus among all political leaders and the populations on the need to thoroughly conduct this operation to ensure fair presidential elections expected no later than end-2009. On the social front, my authorities are taking actions to fix the damages caused by the conflict, by rehabilitating basic services, namely in education, health and village water supply infrastructures. Most of government services are working again in rebels-controlled CNW zones where many social related emergency operations are being conducted for the populations.

II. The Medium-Term Agenda: Economic Recovery, Debt Relief and Poverty Reduction

Implementing a bold agenda for economic recovery

Building on the results achieved under the two EPCA programs, my Ivoirien authorities have prepared an **economic program for the period 2009–11** whose main objectives are to accelerate the reconstruction of the country and growth, fight against poverty, and make progress toward the MDGs in a reunified country and a climate of durable peace. More specifically, policies emphasize reducing macroeconomic and financial imbalances, attaining debt sustainability, expediting structural reforms, and creating an institutional environment conducive to private sector growth. For the macroeconomic framework, my authorities' main objectives over the 2009-11 period are: (i) average real GDP growth above 4.2 percent per year; (ii) inflation below 3 percent; (iii) overall budget deficit at around 2 percent of GDP (and a primary basic surplus of 1 percent of GDP or greater); and (iv) external current account deficit (excluding official transfers) not greater than 5 percent of GDP. To attain the growth objective, my authorities project the investment rate to increase from 10.1 percent of GDP in 2008 to 14.9 percent of GDP in 2011.

My authorities are committed to **fiscal consolidation** starting in 2009. This year, budget targets a primary basic surplus of about 1 percent of GDP, and emphasis is laid on debt sustainability, addressing crisis-exit needs and reduction of domestic arrears. The revenue side measures include tax administration efforts involving strengthening of customs control of oil and petroleum product flows, the effective resumption of tax and customs duty collection in the CNW zones, stepped up efforts against tax fraud and evasion, better control and harmonization of exemption regimes, and the systematic collection of public enterprise dividends. With these policies, my authorities expect an increase in revenues to 19.0 percent of GDP compared to 18.9 percent in 2008. As regards expenditures, the wage bill and non-priority spending will be contained, subsidies to the electricity sector be reduced and priority given to the social sectors.

The 2009 program also contains a range of **structural measures**. My authorities will start implementing their ambitious PFM action plan designed with the assistance of the World Bank. A reform of the civil service will also be launched, measures for 2009 including a census of government employees, the introduction of an integrated civil service/payroll system, and the start of the reform of the civil service pension fund (CGRAE). Other structural reforms relate to the strengthening of bank supervision, the enhancement of the microfinance sector, and the restructuring of public financial institutions. In the energy sector, my authorities intend to revise the level and structure of electricity tariffs so as to improve the financial viability of the electricity sub-sector. Cognizant of the key role the private sector will have to play in reconstruction, my authorities' program also include actions to improve the business climate, including: (i) reform of the Law on Competition, notably to combat noncompetitive practices; (ii) preparation of a reform plan to enhance the efficiency and fairness of the judicial system; (iii) creation of commercial courts and training of judiciary staff in business matters; and (iv) adoption of the law on mandatory enforcement of decisions of Arbitration Boards, thereby expediting the resolution of business disputes and helping to unclog the courts.

Moving expeditiously towards debt relief and poverty reduction

My Ivoirien authorities are strongly committed to implement their **poverty reduction strategy** with the view to curbing the poverty rate that climbed to 48.9 percent in 2008 compared with 38.4 percent in 2002 and 33.6 percent in 1998. The PRS, drafted with the participation of diverse stakeholders, targets four principal outcomes: (i) re-establishment of the foundations of the Republic; (ii) transformation of Côte d'Ivoire into an emerging economy; (iii) social well-being for all; and (iv) a dynamic actor on the regional and international scene. The government recently set up a Supervisory Committee to monitor the implementation of the PRS, prepare, and publish regular reports.

In line with the main goal of reducing poverty, the government has identified specific budget lines as **pro-poor spending**, in areas of education, health, rural roads and highways, community-based water supply, rural electrification, rice farming, and security. The budget allocation for the pro-poor spending will increase from 6.9 percent of GDP in 2008 to 7.7 percent, of which 6.0 percent will be for education and health. Furthermore, to achieve universal education by 2015, the Government has prepared the National Plan for the Development of Education and Training (*Plan National de Développement de l'Éducation et de la Formation−PNDEF*). A similar work has been done for the health sector; the National Health Development Plan (*Plan National de Développement Sanitaire−PNDS*) for the period 2009–11 aims to improve the population's access to the health care system while enhancing its effectiveness and efficiency.

Cognizant of the importance of the **debt issue**, my authorities intend to endeavor concurrently on the HIPC process and the poverty reduction strategy. In that regard, while proceeding with the PRS, the government will give a special attention to the implementation of the triggers set forth for the HIPC floating completion point. It is my authorities' belief that a quick and bold assistance under the Enhanced HIPC initiative will give a better chance to their economic program to succeed. Accordingly, my authorities would like to request assistance from the donor community.

Conclusion

Since August 2007, my Ivoirien authorities have successfully implemented two EPCA programs built around strong measures and reforms, amid a difficult domestic environment of institutional fragility, crisis-exit needs, and an unfavorable external environment involving exogenous food and oil price shocks, global economic slowdown and a heavy external debt burden. Overall, Côte d'Ivoire has met the performance criteria set forth under the EPCA. Furthermore, my authorities have responded appropriately to correct weaknesses in public financial management. My Ivoirien authorities have also made tremendous effort to clear arrears with development partners. My authorities are also fully aware of the challenges ahead, namely the need to foster growth, reduce poverty, and address the debt issue in a sustainable manner. That is why, after setting the basis for crisis-exit and economic recovery, the country has geared up for a new program with bold medium term objectives and for assistance under the Enhanced HIPC Initiative.

Cognizant of the milestone that would be embodied in a new arrangement with the IMF and the HIPC decision point, my authorities are committed to carry out their medium term policies set forth in the MEFP and the PRSP. In that endeavor, my authorities count on the international financial community to assist Côte d'Ivoire especially through quick and substantial debt relief. This will be key to help the authorities in enhancing their reform efforts to achieve stronger output growth and regaining the leading role the country had in the whole West African economic sub-region. My Ivoirien authorities request the support of the Board for a three-year arrangement under the Poverty Reduction and Growth Facility for the period 2009–11 and the benefit of the decision point debt relief under the Enhanced HIPC Initiative.