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Côte d'Ivoire: 2009 Article IV Consultation, First Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, Request for Waiver of Nonobservance of Performance Criteria, and Financing Assurances Review—Staff Report; Public Information Notice and Press Release on the Executive Board Discussion; and Statement by the Executive Director for Côte d'Ivoire

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of a combined discussion of the 2009 Article IV consultation with Côte d'Ivoire, first review under the three-year arrangement under the Poverty Reduction and Growth Facility, request for waiver of nonobservance of performance criteria, and financing assurances review, the following documents have been released and are included in this package:

- The staff report for the 2009 Article IV consultation, First Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, Request for Waiver of Nonobservance of Performance Criteria, and Financing Assurances Review, prepared by a staff team of the IMF, following discussions that ended on September 17, 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 November 4, 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 Public Information Notice (PIN) and Press Release summarizing the views of the Executive Board as expressed during its November 18, 2009, discussion of the staff report on issues related to the Article IV consultation and the IMF arrangement, respectively.

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

Staff Report for the 2009 Article IV Consultation, First Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, Request for Waiver of Nonobservance of Performance Criteria, and Financing Assurances Review

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

Approved by Sean Nolan and Dominique Desruelle

November 4, 2009

- Ms. Ross (head), Mr. Egoume Bossogo (resident representative), Mr. Kireyev, Mr. Le Hen (all AFR), Mr. Dicks-Mireaux (SPR), and Mr. Gerard (FAD) visited Abidjan September 2–17, 2009 to conduct discussions for the Article IV consultation and first review of the PRGF arrangement. Mr. Allé, Senior Advisor to the Executive Director for Côte d'Ivoire, and World Bank staff participated in the discussions.
- The mission was received by President Gbagbo and Prime Minister Soro and held discussions with Minister of Finance Diby, other senior officials, and representatives of the diplomatic community, the private sector, and civil society organizations.
- Côte d'Ivoire's PRGF arrangement was approved on March 27, 2009, and the HIPC decision point was reached on March 31.
- In the attached Letter of Intent, the authorities request completion of the first review, which would make available SDR 35.772 million (11 percent of quota).

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ACRONYMS

AfDB	African Development Bank
BCEAO	Central Bank of West African States
BNI	National Investment Bank
CGRAE	Civil Service Pension Fund
CNCE	Postal Savings Fund
CNPS	Private Sector Social Security Fund
CNW	Center-North-West (of Côte d'Ivoire)
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
FDI	Foreign direct investment
FED	European Development Fund
FSAP	Financial Sector Assessment Program
FSSA	Financial System Stability Assessment
GFS	Government Finance Statistics
HIPC	Heavily indebted poor country
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MEFP	Memorandum of Economic and Financial Policies
PC	Performance criterion
PEMFAR	Public Expenditure Management and Financial Accountability Review
PETROCI	Government-owned petroleum company
PFM	Public financial 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
VAT	Value-added tax
WAEMU	West African Economic and Monetary Union
WAEMU	West African Monetary Union

EXECUTIVE SUMMARY

- **As Côte d'Ivoire makes progress toward full reunification, peace, and political normalization, the longer-term outlook is positive**. The country has been resilient to the global economic crisis, and—provided the elections take place soon in a peaceful environment—growth could firm up considerably. Structural reforms to improve governance and the business climate will be essential to strengthen competitiveness, raise investment from low levels, and diversify the economy away from the traditional reliance on a small number of export products with volatile prices. This is consistent with the poverty reduction strategy (PRS) adopted in early 2009, and will strengthen macroeconomic stability and contribute to the external stability of the WAEMU.

- **Performance on the PRGF-supported program has been satisfactory**. Most quantitative performance criteria (PCs) through June 2009 were met, but waivers are requested for two small deviations. Fiscal targets were generally met. The authorities have made significant efforts to pay domestic arrears. Some structural reforms were implemented, although the general pace has been slow.

- **The authorities have made significant progress in clearing external arrears.** They have regularized relations with multilateral creditors and obtained a rescheduling agreement from the Paris Club in May 2009. A preliminary debt restructuring agreement was reached in September with the coordination committee of Brady bond holders, and negotiations have begun with other commercial creditors to restructure other external debt.

- **The 2010 program continues to follow the program's medium-term plan.** Growth should rise to 4 percent with further political stabilization and a return in confidence, and inflation should stay low. This would allow the government to continue its fiscal discipline and advance the structural reform agenda to build competitiveness and allow a much-needed improvement in social indicators.

- **The risks seem manageable**. Besides political uncertainties, the risks include overruns in the electricity subsidy, accumulated unpaid wage commitments, the sizable pension fund deficit, weaknesses in the financial sector, and a slowdown in structural reforms. However, with timely implementation of the authorities' program, these risks should be manageable.

INTRODUCTION

1. **Even though the situation remains fragile, after its sociopolitical crisis Côte d'Ivoire is moving toward peace, reunification, and political normalization** (MEFP ¶ 1). It has made significant progress in preparing for presidential elections and finalizing the electoral list. Voting was scheduled for end-November 2009 but has now been delayed; a new date is expected to be announced shortly. There has been progress in the administrative reunification of the country through redeployment of government agencies and staff to the Center-North-West (CNW) regions, but the disarmament of former combatants has been very sluggish.

2. **The medium-term framework underlying the PRGF arrangement and Côte d'Ivoire's poverty reduction strategy remains valid** (MEFP ¶ 6). The economic recovery is taking hold, and progress has been made in fiscal consolidation, governance, and some structural reforms, although more needs to be done to invigorate private sector activity. Côte d'Ivoire has benefited from significant debt relief, and the authorities aim to reduce the debt stock to sustainable levels at the HIPC completion point.

I. RECENT ECONOMIC DEVELOPMENTS—EMERGING FROM SOCIOPOLITICAL CRISIS, THE ECONOMY STRENGTHENS

3. **The global crisis is having little impact on Côte d'Ivoire as the economy continues to recover from the protracted internal crisis.** Favorable terms of trade since 2007 have supported the recovery of real GDP growth. Growth is projected to accelerate to 3.7 percent in 2009, increasing per capita income for the first time since 1998 (Tables 1–2). Growth reflects the effect of good rains on agriculture and agroprocessing as well as strong mining, refining, and chemical industry activity. Yet investment has held at about 10 percent of GDP, too low to meet the needs of a growing economy.

Text Table 1. Côte d'Ivoire: Summary of Key Economic Indicators, 2007–14

(Percent)

	2007	2008	2009	2010	2011	2012-14
				Proj.		Avg. Proj.
Real GDP growth	1.6	2.3	3.7	4.0	4.5	5.6
Real per capita GDP growth	-1.4	-0.7	0.7	0.7	1.0	3.6
CPI inflation (annual average)	1.9	6.3	5.9	3.2	3.2	2.5
Primary basic balance in percent of GDP 1/	0.6	0.3	0.7	0.6	1.0	1.2
Overall budget balance (excluding grants) in percent of GDP	-1.3	-2.3	-2.1	-1.9	-3.8	-4.7
Overall budget balance (including grants) in percent of GDP	-0.8	-0.6	-1.4	-1.6	-2.8	-3.5
Stock of external and domestic debt in percent of GDP	75.6	73.2	70.7	68.0	65.5	31.7
Of which: in arrears	24.1	26.2	1.9	2.0	0.5	0.1
External current account (incl. official transfers) in percent of GDP	-0.7	2.4	2.7	-0.2	-2.1	-2.2

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

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

4. **After a temporary spike in late 2008, inflation has declined to about 3 percent** (MEFP ¶ 6)**,** the target for the West African Economic and Monetary Union (WAEMU). At the end of 2008 inflation reached 9 percent because of high international food and fuel prices. It has since eased with an ample harvest and lower import prices, and in the year through August 2009 consumer prices have declined by 1.8 percent. The automatic fuel price mechanism has been operational since April, and pump prices for fuel are adjusted monthly to track international market developments.

5. **Monetary policy is conducted at the regional level**. During the internal crisis Côte d'Ivoire's share in WAEMU financial services declined. The recent Financial Sector Assessment Program (FSAP) mission pointed to vulnerabilities in the Ivorian financial system (see section II.C) that mainly involve locally-owned banks. Credit to the private sector has been expanding strongly since 2006, and double-digit growth is projected for 2009, reflecting large unmet credit demand (Tables 3a–b). Market interest rates in the region increased in late 2008 as governments issued more paper in the regional market to meet their financing needs as export-based revenues fell. Since early 2009 interest rates have been declining as the BCEAO cut its policy rate to limit the regional impact of the global financial crisis.

6. **The external current account improved in 2008–09 owing to strong cocoa exports and favorable terms of trade.** After a small deficit in 2007 the current account moved into surplus and is projected to reach 2.7 percent of GDP in 2009, aided by a 30 percent increase in cocoa export prices (Table 4). In a climate of continuing political uncertainty and weak confidence, the strong current account performance is expected to feed increased private capital outflows as foreign companies repatriate profits rather than invest and domestic exporters only partially repatriate their proceeds. Also, Côte d'Ivoire's share in the reserves of WAEMU is expected to rise in 2009.

7. **The government has begun to implement its Poverty Reduction Strategy (PRS).** The PRS was adopted in February 2009, and in September the government put in place arrangements to monitor its implementation (MEFP, ¶8–13). It is also formulating matrices of priority actions and medium-term programs for various ministries—these are most advanced for the health, education, and judicial systems. The aim is to finalize the costing of some of these plans by year-end so as to identify external donors and domestic sources of financing.

II. Economic Challenges—Moving from Recovery to Sustained Robust Growth and Broader Poverty Reduction

8. **Policy discussions for the Article IV consultation focused on the challenges of building growth, reducing poverty, and restoring a sustainable fiscal and external position.** Priorities that emerged confirmed the focus of key objectives addressed in the

authorities' medium-term economic program supported by the three-year PRGF arrangement (see IMF Country Report No. 09/133). These priorities informed the discussions, namely to

- Accelerate the pace of structural reforms to remove impediments to growth and improve the business climate (MEFP ¶ 45–48). Improving cocoa sector productivity, and hence farm incomes, would have a major impact on poverty, which is concentrated in rural households. Restoring the viability of the electricity sector was also viewed as critical. Strengthening the judicial system is vital to encouraging private sector activity and investment.

- Create fiscal space for pro-poor expenditures and much-needed infrastructure outlays, which had been cut back during the crisis years (MEFP ¶ 35–36). Debt relief and a more sustainable wage bill are essential for managing spending generally and expanding high-priority spending. These elements, together with continued efforts to increase revenue, will be essential ingredients for a sustainable fiscal position over the medium term.

- Address vulnerabilities in the financial system, including the pensions funds, and define a clear role for the government in the banking system, especially to improve financial intermediation and provide support for domestic investment (MEFP ¶ 40–44).

- Make further progress on debt restructuring and strengthening competitiveness (MEFP ¶ 19–20 and 45–50). Early attainment of HIPC and MDRI debt relief would have a major impact on external and fiscal sustainability. Building competitiveness is necessary to diversify the economy and reduce the vulnerability of the export base to volatile commodity prices and the projected terms of trade decline over the medium term.

A. Growth and Poverty: The Macroeconomic Framework and Outlook

9. **The outlook for 2009–10 tracks the program's medium-term macro-framework, with sustained real GDP growth, low inflation, and rising investment**. Growth should reach 4 percent in 2010 with further political stabilization, rising public and private investment, a return in confidence, and a gradually improving global environment. Inflation should continue at the low WAEMU norm.

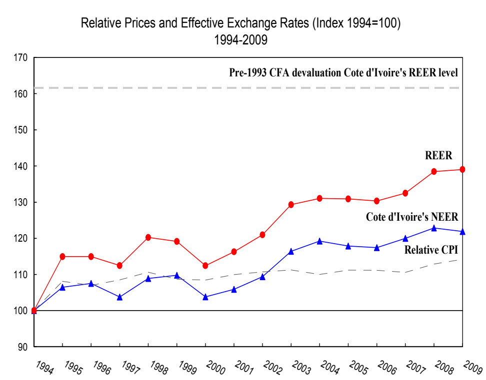
10. **In the medium term, Côte d'Ivoire's economy should firm up as confidence returns and structural reforms are undertaken** (MEFP ¶ 33). The baseline scenario assumes a gradual recovery in private investment from less than 7 percent of GDP in 2009 to about 9½ percent in 2014 and increased public investment, especially in infrastructure (Table 5). As the sizable output gap gradually narrows and efficiency improves over the

medium term,[1] average GDP growth of 5 percent is projected. Oil extraction and export agriculture are assumed to grow somewhat less than activities like food agriculture and processing, construction, and services. The external current account balance (excluding grants) is expected to weaken gradually with increased import demand, especially for investment, and by 2014 reach a deficit of 5–6 percent of GDP, which could be financed by foreign direct investment, enhanced donor support, and private capital inflows. Fiscal consolidation should result in a primary surplus of 1¼ percent of GDP. Fiscal consolidation, measures to tackle structural impediments to growth, and monetary restraint will contribute to domestic stability as well as to the external stability of the WAEMU.

11. **Nonetheless, significant risks remain.** The authorities' track record under two EPCAs and the PRGF arrangement to date was broadly in line with Fund advice under the 2007 Article IV consultation, and the commitment to the program by all political parties in Côte d'Ivoire provides a reasonable basis for continued successful program implementation. An illustrative downside scenario highlights the risks for growth of a too-protracted political normalization, faltering implementation of structural reforms, and a continued lack of confidence. The scenario projects average annual growth of some 2 percentage points lower than in the baseline (Table 5). It assumes a lack of cocoa sector reforms resulting in 30 percent lower output by 2014 compared to the baseline, and 20 percent less oil extraction. These would delay the narrowing of the output gap, so there would be little per capita growth, and would worsen the outlook for public finances, possibly leading to unsustainable deficits. The external current account would deteriorate more abruptly and possibly endanger the aim of reaching external debt sustainability.

B. Competitiveness and the Business Climate

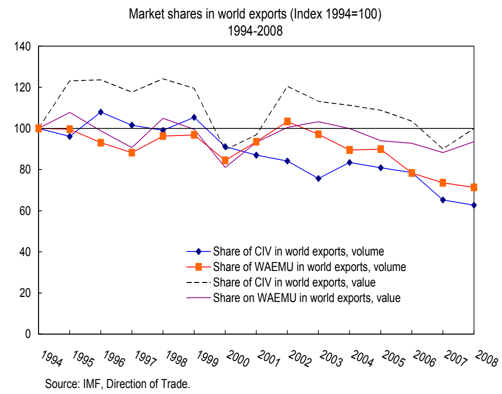
12. **Authorities and staff agreed that competitiveness needed to be strengthened.** The real effective exchange rate (REER) is still some 15 percent below where it was before the 1994 devaluation of the CFAF. Côte d'Ivoire's REER appears to be broadly in line with fundamentals, though quantitative estimates of the equilibrium real exchange rate are subject to broad margins of uncertainty and poor data quality. The Ivorian REER closely tracks the WAEMU REER, which, as the last external stability assessment concluded, is generally in line with fundamentals. However, export performance has been held back by the

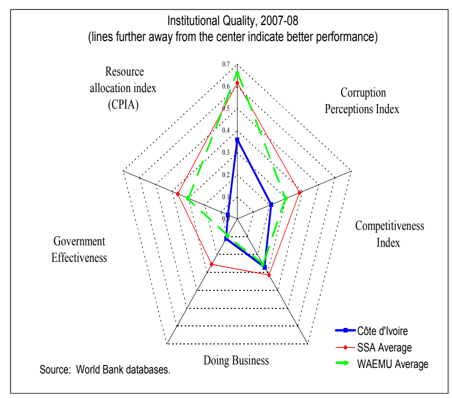


[1] When considering investment efficiency, the incremental capital-output ratio (ICOR) serves as a guide. Côte d'Ivoire's ICOR has been trending upward since the crisis began, indicating a decline in investment efficiency. The baseline scenario assumes a gradual decrease of the ICOR to the precrisis level.

deterioration in the business environment and the inability to sustain structural reforms since the internal crisis began.[2] Looking ahead, the projected decline in the terms of trade over the short term would also depress export performance and the current account.

13. **The authorities agreed that the gradual weakening in international competitiveness stems primarily from structural factors.** Côte d'Ivoire's share in world exports continues to decline because its export base is relatively narrow—consisting mainly of cocoa/coffee (44 percent of exports), oil and oil products (16 percent), and timber, lumber, and cotton (15 percent). Worse, the main exports are primary commodities whose international prices are volatile. Structural deficiencies and a poor business environment are the main drags on competitiveness, as mentioned by the mission's numerous private sector contacts. Also, the World Bank's survey-based "Doing Business" indicators rank Côte d'Ivoire among the least competitive countries—well below both the sub-Saharan African average and that of the other WAEMU countries: financial intermediation is low, with credit to the private sector amounting to only 13 percent of GDP (the SSA average is 36 percent); and annual foreign direct investment is only 2 percent of GDP. To redress this, the authorities agreed on the crucial importance of structural reforms for re-establishing business confidence and raising investment and growth. In particular, they are preparing a comprehensive reform of the coffee/cocoa sector, the driving force of the economy, in order to improve productivity. They also intend to raise oil production with technology upgrades and build up the traditional rubber, timber, and food-processing industries, which have substantial export potential. These measures are to be supported by judicial reform.





14. **Côte d'Ivoire contributes to regional integration within the WAEMU and ECOWAS, which should promote efficiency in tradable goods production and create new export opportunities.** The authorities indicated that a fifth tariff band (35 percent) has been added to the ECOWAS common external tariff, and the products it will cover are being identified (MEFP ¶ 49). Staff noted this with regret, and suggested limiting the products included in the new band, and working towards reducing the rate, and eventually returning to the previous maximum tariff of 20 percent. Discussions with the European Union have

[2] The REER has appreciated in recent years because of the strength of the euro and a temporary spike in domestic prices in 2008 driven by the food and fuel crisis.

resulted in a regional interim Economic Partnership Agreement (EPA) that is to be signed in October. The accompanying development program has been adopted by the countries in the subregion, the support program for regional trade and integration is being implemented, and EPA financing programs are being drafted.

C. Strengthening the Financial Sector

15. **The authorities agreed with staff on the need to reduce vulnerabilities in the financial sector, expand access to financial services, and deepen financial intermediation.** They also agreed with the major findings of the FSAP, namely that there are pockets of weakness in the banking system, with some locally owned banks faring significantly worse than others; the insurance and pension sectors require major reforms; and the viability of the microfinance sector is fragile (Box 1, Table 6, and Appendix I; MEFP ¶ 38–44).

16. **The authorities generally agreed with the FSAP's main recommendations:**

- Bank solvency and asset quality should be improved and certain banks should be recapitalized but, unlike the recapitalization of three small insolvent banks in 2008 and early 2009 (at a cost of 0.4 percent of GDP), with limited, if any, government intervention.
- To reduce default risks, loan concentration and connected lending should be reduced and regulations on connected lending should be strictly enforced.
- The increase in government ownership of banks should be reversed, the role of some government-sponsored banks active in investment and housing finance needs to be better defined, and the postal savings bank's initial lending as a commercial bank should proceed cautiously and benefit from learning by doing.
- The stability of the insurance sector and the viability of the pension funds should be significantly improved
- Urgent action is needed to turn the troubled microfinance sector around.

However, the authorities seriously disagreed with the recommendations on possible liquidation of some troubled banks, the continued existence of which they considered important to reassuring their clientele. They also considered that the postal savings institution (CNCE), in its new role as a commercial bank, has the capacity and expertise to manage lending operations without any special restrictions.

Box 1: Vulnerabilities in the Financial Sector—
Main Findings of the FSAP

The banking sector (19 banks) is relatively liquid and profitable, but the situation of locally-owned banks (5, with 20.7 percent of assets) should be improved. Many locally-owned banks have liquidity levels below the prudential limit (75 percent). Average return on assets and on equity rose in 2008 (reaching 1.6 percent and 16 percent, respectively). The ratio of nonbank revenue to gross proceeds (30 percent) and the interest spread (7 percent) have remained stable since 2001.

Bank solvency and asset quality is uneven. The banking sector's risk-weighted capital-asset ratio (CAR) was 9¼ percent at end-2008 (but below 8 percent for local banks) and declining, reflecting rapid credit growth and risk taking. The system-wide nonperforming loan ratio stood at 19 percent, with almost half more than 6 months overdue, indicating a need to improve asset quality. The provisioning rate was about 77 percent.
Loan concentration and connected lending is high. At end-2008, the 10 largest borrowers accounted for 22 percent of all loans, and regulatory limits on connected lending were breached in many cases, particularly in banks controlled by local or regional private shareholders.

Government ownership of banks has increased. In 2006–08, the government raised its share in bank capital from 21.5 percent to 28.6 percent to support troubled institutions. The role of partly state-owned BHCI in financing housing and that of the fully state-owned investment finance bank, BNI, are not well-defined. The postal savings institution (CNCE) has just been granted a commercial bank license.

The stability of the insurance sector and the viability of the public pension funds are at risk. The insurance sector suffers from underpricing and difficulty in settling damages, low minimum capital requirements, and lack of strong regulation that facilitates prompt liquidation of failed companies. As for pension funds, both the CNPS (private sector) and the CGRAE (public sector) incur sizable deficits, and recent actuarial studies highlighted the need for urgent reforms.

The microfinance sector is very weak. Overall, it has negative equity.

Stress Tests

Stress tests confirm the segmentation of the banking system and suggest that further bank failures are possible. On credit risks if the largest debtor were to default, the sector's CAR would drop to 6.9 percent; and if the five largest debtors were to default, it would drop to 4.8 percent. Moreover, if 40 percent of loans to major businesses operating in the cocoa sector were to become nonperforming, the banking sector's CAR would drop to 2.6 percent. Exposure to exchange risk and liquidity risk is low and interest rate risk limited. However, a combination of a deterioration in the quality of credit, currency depreciation, and a drop in interest rates could lead to negative CAR and many bank failures. The eight banks and one nonbank financial institution that faced problems in 2008 are individually modest in scale but systemically significant in the aggregate (30 percent of total assets).

D. Debt Restructuring and Sustainability

17. **Restoring debt sustainability will be the foundation for improved growth prospects and will require continued prudent fiscal policies, debt relief, and concessional donor support** (MEFP ¶ 19–20). Côte d'Ivoire has made significant progress in recent years on fiscal prudence and external debt relief. Sizable external debt service arrears to multilateral institutions have been cleared, the HIPC decision point was reached in March 2009, Côte d'Ivoire has benefited from a Paris Club debt restructuring, and it has recently reached preliminary agreement on debt restructuring with the coordination

committee of Brady bond holders (Box 2, Tables 7–8). Also, discussions with other external commercial creditors on a restructuring of their claims are ongoing. The normalization of financial relations with external creditors and donors, together with the normalization of the political and social situation in the near future, should unlock access to sizable donor support.

Box 2: External Debt and Rescheduling

Debt Stock

Côte d'Ivoire's total external public debt at the end of 2008 is estimated at about US$13.3 billion (61 percent of GDP), of which US$5.0 billion was in arrears (including late and penalty interest). Some 25 percent of this debt is owed to multilateral creditors, 52 percent to Paris Club creditors, 1 percent to non-Paris Club bilateral creditors, and 22 percent is commercial and short-term debt.

Paris Club Rescheduling

Côte d'Ivoire reached the decision point for the enhanced HIPC Initiative in March 2009. In May Paris Club creditors agreed with the Government of Côte d'Ivoire on debt restructuring on Cologne terms, including, on an exceptional basis, post-cut-off date (July 1, 1983) debt, short-term debt, and moratorium interest. Paris Club debt at the end of 2008 was estimated at US$7.0 billion, of which US$3.6 billion was in arrears and 42 percent was granted after the cut-off date. Côte d'Ivoire had previously had a number of Paris Club debt rescheduling agreements, most recently in April 2002 on Lyon terms. The participating creditor countries were Austria, Belgium, Brazil, Canada, France, Germany, Italy, Japan, the Netherlands, Norway, Spain, Switzerland, the United Kingdom, and the United States.

The key terms of this year's agreement were:

- Pre-cut-off date debt maturities falling due during the consolidation period (April 1, 2009–March 31, 2012) were rescheduled on Cologne terms.
- Arrears on pre-cut-off date debt as of March 2009 were rescheduled on Naples terms.
- Post-cut-off date maturities falling due during the consolidation period were deferred and made payable in seven installments in 2012–18.
- Arrears on post-cut-off date and short-term debt were deferred, payable on a rising scale September 2009–March 2017.
- Moratorium interest on the consolidation and deferral was capitalized (deferred) and made payable in seven installments during 2012–18. Interest payments on deferred (capitalized) moratorium interest fall due starting in September 2009.
- Bilateral implementation agreements are to be signed before December 2009.

Brady Bond Restructuring

On September 28, 2009, the Government of Côte d'Ivoire and the coordination committee of Brady bond holders reached a preliminary agreement on restructuring debt outstanding (including arrears) at the end of 2008 of about $2.8 billion. The Government will offer holders of Brady Bonds to exchange them for a new U.S. dollar-denominated bond, with a discount of 20 percent, a term of 23 years, and six years' grace. The amortization profile provides for increasing payments over the repayment period. The interest rate increases in two steps from 2.5 percent to 5.75 percent in year four. The exchange will occur no later than March 2010.

Box 2: External Debt and Rescheduling (concluded)

Other Commercial Debt

Other external commercial creditors hold three types of instruments (Standard Bank/BNI securitizations, Sphynx 2007–10, and Sphynx 2008–11), each of which are pass-through notes sold to external investors, backed by Ivorian government securities (MEFP ¶19). At end-2008, outstanding debt (including arrears) related to these instruments amounted to about $290 million, all of which was due to be repaid during 2009–11. Following previous agreements on rescheduling arrears and outstanding amounts over 2009–11, arrears again began accruing early in 2009 and debt service ceased on all three of these instruments. Recently, the authorities publicly announced their intention to seek to restructure these notes on terms consistent with the Paris Club's comparability of treatment requirements and with HIPC requirements. The government has engaged financial and legal advisors to assist them in negotiations with creditors.

18. **Nevertheless, the conclusion of the low-income country debt sustainability analysis at the time of the HIPC decision point (see IMF Country Report No. 09/190) is still valid: Côte d'Ivoire is at high risk of debt distress.** The macroeconomic assumptions underlying the earlier LIC-DSA are broadly unchanged, though export performance and the fiscal primary surplus in the medium term are slightly stronger. The LIC-DSA also found that debt relief from the HIPC Initiative, the MDRI, and possible bilateral and multilateral debt forgiveness beyond HIPC assistance at the completion point (assumed, for illustrative purposes, to be in 2011) would reduce external debt indicators below the relevant thresholds.

III. Program Discussions

A. Program Performance and Financing Through June 2009

19. **Program implementation at the end of June 2009 was broadly on track** (MEFP ¶14–16)**.** The authorities met four of the six performance criteria (PC) and missed the others (overall balance and external arrears) by only small margins (Table 9). The deviation on the overall balance reflected a programming error.[3] The structural benchmarks were mostly met (Table 10).

- **The overall balance was substantially within the corrected program target**, and both revenues and expenditures were more than programmed.

- **Revenues exceeded the program by ½ percent of GDP,** helped by favorable cocoa exports and oil extraction (Table 11 a–b; MEFP ¶ 3, 15). Export duty collection from cocoa was boosted by exceptionally high world prices and late shipments from the 2008/09 crop. Tax revenue from oil was higher than expected reflecting more

[3] For June the indicative wage bill target had been set too low due to a technical error. This also affected two PCs—overall balance and net domestic financing—and the indicative target for the primary balance (Table 9).

production and world prices above the budgeted US$50 per barrel; however, the envisaged transfer of dividends from the national oil company was deferred until the second half of the year, thus not activating the adjustor for excess oil revenue. VAT revenue was also healthy, but somewhat inflated by slow credit refunds. These factors more than offset the serious shortfall in import duties caused by lower import volume and prices, administrative problems and strikes, and the unplanned continuation of the import tax exemption for rice.

- **Expenditures were also ½ percent of GDP above target** owing to overruns on the electricity subsidy and the wage bill (MEFP ¶ 3, 16). Most current expenditure items and investment spending were held within objectives. However, subsidies to cover the deficit of the electricity sector rose with suppliers' gas prices and exceeded the program objective (by 0.2 percent of GDP), despite an increase in electricity tariffs for most households at the end of 2008. Transfers to some educational and health structures also exceeded the program target (by 0.1 percent of GDP). There was a small wage bill overrun above the indicative target due to early wage payments for a number of public entities. Other current expenditures were above program objectives (by 0.4 percent of GDP), reflecting inter alia compensation of cross-liabilities with suppliers and discretionary presidential spending. Crisis-exit and pro-poor spending was slightly below plans, despite a significant acceleration in outlays since March. Interest savings on foreign debt after Paris Club debt relief were partly absorbed by higher domestic interest costs, as the government had recourse to costly short-term domestic financing (short-term Treasury bills and nonbank financing).

20. **The authorities limited spending on large public works (*grands travaux)* to the budget envelope and moved ahead on transparency, although more slowly than expected** (MEFP ¶28). The Inter-Ministerial Monitoring Committee approved an audit of the government's debt to the dominant operator in May 2009 that should be completed before year-end. The first five framework agreements signed with this operator are now being converted to conform to the Public Procurement Code. As the timetable for these projects has been stretched out, the conversion of the other contracts will take longer.

21. **While the fiscal deficit was substantially on target, tight domestic liquidity conditions made its financing challenging**, especially in the first quarter (MEFP ¶ 4, 18). Because the WAEMU financial market proved tight, the government did not raise the expected amounts of new funds. Thus domestic arrears increased throughout the first quarter. However, the World Bank and IMF disbursements in April and the Paris Club debt restructuring in May eased the financing constraints. Overall, domestic arrears reduction through June exceeded the program. At the same time, however, external debt service arrears were accumulated to multilateral financial institutions owing to a lack of coordination between debt and treasury managers. Measures to ensure better coordination and give priority to external debt service payments have since been introduced, and these external arrears were cleared in September–October 2009.

22. **Structural reforms are advancing in revenue administration and public expenditure management, but slowly** (Tables 10 and 12; MEFP ¶ 7**).** Although progress was made in inventorying quasi-fiscal fees levied by ministries (the structural benchmark for June 2009), the work could not be completed because some ministries failed to cooperate. The audit of crisis-exit spending foreseen in the PFM plan has been delayed to year-end. However, reporting on budget execution reporting is better and implementation of the government's PFM action plan has begun. Treasury advances have been contained.

B. The 2009 and 2010 Budgets and Financing

The 2009 fiscal program

23. **With budget revenue and expenditure running somewhat ahead of the targets, the authorities now expect the budget deficit for the year to be marginally higher than programmed**, in part because some election-related outlays were brought forward into 2009.

- Revenue should reach 19.6 percent of GDP, an overperformance of 0.6 percent of GDP that arose from both higher oil and cocoa revenues and more forceful collection of VAT and income tax (MEFP ¶ 15).

- Outlays are projected at 21.7 percent of GDP, an overshooting of 0.7 percent of GDP, due mainly to growing electricity subsidies (to offset losses) and the advancing of payments on the voter registration contract to 2009. The authorities are seeking a lasting solution to the problems of the power sector, including a mix of new investment, renegotiation of input contracts, and tariff adjustments (MEFP ¶ 16).

Text Table 2. Côte d'Ivoire: Summary of fiscal operations and Financing, 2008–10

(Percent of GDP)

	2008	2009		2010
		Prog.	Proj.	Proj.
Primary basic balance	0.3	0.9	0.7	0.6
Total revenue	18.9	19.0	19.6	19.2
Primary basic expenditure	18.5	18.2	19.0	18.7
Of which: crisis-related expenditure	1.2	1.4	1.5	0.9
Change in domestic arrears	1.0	-0.5	-0.6	-0.5
Net domestic financing (incl. interest, PETROCI)	0.4	-0.3	0.5	-0.1
External debt service payments, incl. arrears clearance	-3.0	-25.6	-27.0	-3.7
Crisis-related grants and program grants	1.3	0.3	1.5	0.2
Debt relief and rescheduling		…	24.6	
Financing gap (-)	0.0	-25.3	-0.2	-3.4
Identified Financing 1/				
World Bank arrears clearance grant and budget support		1.0		0.6
AfDB arrears clearance grant and budget support		2.2		
EU financing for partial EIB arrears clearance		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	0.0	2.4
Of which: post-cut off date Paris Club		0.7	0.0	0.6
Residual financing gap (-)		-0.8	-0.2	-0.4
IMF drawings		0.8	0.2	0.4

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

1/ Gap financing in 2008 and projected in 2009 is included in net domestic financing (IMF) and program grants (World Bank).

24. **The budget deficit is expected to be fully financed from external debt relief and additional BCEAO funding** (Box 3 and MEFP ¶ 50–51), creating room for larger than programmed clearance of domestic payments arrears and a shrinking of the year-end float (MEFP ¶18). Interim assistance from multilateral financial institutions and the debt relief granted by the Paris Club is projected to be 20.9 percent of GDP, and the World Bank, AfDB, and the Fund are providing 2.3 percent of GDP in new money.

25. **The government obtained additional BCEAO funding in the amount of the general allocation of Special Drawing Rights (SDRs) by the Fund (**1.6 percent of GDP**)** (MEFP ¶ 18). The WAEMU Council of Ministers in August decided that the BCEAO could extend new CFAF credit lines to member states (at 3 percent interest over 10 years with 3 years' grace) up to the equivalent of the recent general allocation for the purpose of reducing domestic arrears at the end of 2008 by two-thirds; no timeframe was specified for the arrears reduction. The authorities have used the new BCEAO funding in part to substitute for other more expensive forms of regional funding.

The 2010 fiscal program

26. **Fiscal prudence is to continue in 2010, with new developments including a decline in cocoa taxation and a winding down of crisis-exit spending** (MEFP ¶ 33–36).

- Revenues are projected to decline by 0.4 percent of GDP in the absence of the oil and cocoa windfalls of 2009 and the programmed reduction in cocoa taxation (MEFP ¶34).[4] The latter is intended to increase farm incomes and is one of the completion point triggers. The authorities intend to continue their efforts to strengthen revenue administration, including in the CNW. The tax exemptions on rice imports, which were introduced in 2008 on a temporary basis but continued through 2009, will be revoked and the supplementary income tax for reconstruction reintroduced.

- The authorities expect spending to decline in 2010, but will continue to reallocate resources toward pro-growth and pro-poor spending ((MEFP ¶ 35–36, Box 2). The accumulation of unpaid and unbudgeted wage commitments (about 25 percent of the wage bill) is putting heavy pressure on the wage bill (Figure 2), and the authorities have agreed to design a comprehensive medium-term solution. They have also agreed on the need for early action to limit subsidies to the electricity sector and the civil service pension fund (CGRAE). They intend to freeze large public works spending in nominal terms.

27. **The projected financing gap (3.5 percent of GDP) is expected to be filled mostly by budget support from multilateral financial institutions, more debt relief than initially programmed, and domestic financing** (Text Table 2 and Table 13; MEFP ¶ 50–51). The authorities plan to continue to reduce domestic arrears. The amounts to be raised in the regional market are in line with the level of such financing in the past.

[4] Effective with the start of the 2009–10 crop year, the cocoa export registration tax was further reduced from 10 to 5 percent of the CIF price (estimated cost: 0.5 percent of GDP), and the single export duty on cocoa was further decreased from CFAF 220 to CFAF 210 per kilogram (cost: 0.1 percent of GDP).

C. Structural Reforms in 2009–10

Public financial management

28. **Structural reforms in public finances in the rest of 2009 seek to further improve transparency, the use of public resources, and budget execution** (MEFP ¶ 21–32, 37).

- *Rationalizing revenue collections* (MEFP Box 3). The authorities intend to complete the inventory of ministries' administrative fees and budgetize them, along with the quasi-fiscal levies in the cocoa/coffee sector earmarked for investment. VAT credits awaiting reimbursement are to be reduced and capped. Also, the authorities intend to establish a strategy to rationalize tax exemptions.

- *Improving expenditure management and treasury operations* (MEFP ¶ 22–23). Implementation of the PFM action plan is to gather momentum. In particular, the interface between the budget execution (SIGFiP) and public accounts (ASTER) software is to be made operational before year-end, along with an application for managing treasury advances.

- *Strengthening the budgetary framework* (MEFP ¶ 24). The authorities are preparing to adopt a new functional classification in line with the 2001 *Government Finance Statistics Manual*, and to harmonize the budgetary framework with other WAEMU member countries. Medium-term expenditure frameworks (MTEF) are being prepared for education and health, to be phased in with the 2011 budget to facilitate the shift toward pro-poor expenditures. The authorities plan to begin developing multiyear budgeting in other ministries in the coming months.

29. **Major steps are to be taken to reinforce public procurement** (MEFP ¶ 27). The authorities plan to set up a National Procurement Regulation Authority by year-end that would enforce the new Public Procurement Code. Bids to tender for public procurements will be published, and a unified threshold above which contracts must abide by the procurement code is to be established. The remaining framework agreements on large public works are to be converted into contracts that conform with the procurement code.

30. **The authorities intend to implement decisive civil service reforms in 2010** (MEFP ¶ 26). Although delayed, the census of civil servants is underway, and an integrated personnel management system is to be set up that covers both civil servants and the police. The government is committed to putting together a sustainable medium-term wage bill strategy (to be discussed during the second PRGF review in early 2010). A new supervisory body is to prepare a plan for restructuring of the Civil Service Pension Fund (*CGRAE*) before year-end.

31. **Further action is needed to strengthen the monitoring and restructuring of public enterprises** (MEFP ¶ 27–29). The General Finance Inspectorate (*IGF*) report on the

financial situation of state-owned enterprises is now available, audits of specific firms have started, and more attention is being paid to the collection of dividends. Preparation of a strategy to restructure the sector should be accelerated.

Financial sector reform

32. **Building on the recommendations of the FSAP the authorities aim to reduce vulnerabilities and clarify the government's role in the financial system** (MEFP ¶38–44). A broader assessment of technical assistance needs is planned for early 2010.

- The authorities intend to strengthen the prudential and supervisory framework (adoption of amendments to the banking law and the law on combating the financing of terrorism, and support for the work of the Banking Commission) (MEFP ¶ 41).
- They have taken steps to enforce minimum capital requirements, monitor carefully those banks subject to Banking Commission injunctions, and restructure and recapitalize commercial banks in distress, but without injection of budgetary resources (MEFP ¶ 40).
- A feasibility study is planned to define the role of *BHCI*, the social housing bank, in housing finance (MEFP ¶40).
- The authorities are requesting technical assistance from the World Bank on rehabilitating microfinance institutions (MEFP ¶ 42–43).
- The authorities intend to prepare a Financial Sector Development Strategy (FSDS) that would define a reduced role of the state in the financial sector, and have initiated a request to Financial Sector Reform and Strengthening (FIRST) Initiative to finance technical assistance for this purpose.
- They have requested technical assistance in public debt management.
- To improve regional liquidity management, the government intends to better plan its issuance of securities in the regional market and coordinate monthly with other WAEMU members (MEFP ¶ 38–39). It will also seek the restructuring of arrears on the consolidated statutory overdraft from the BCEAO.

Other structural reforms

33. **The authorities also aim to enhance the efficiency of the economy and improve the business climate (MEFP ¶45–49).** They agreed on the urgent need for action, but also cited constraints in the current political climate. Nonetheless, recognizing the slow progress in implementing their reform agenda in the first half of 2009, the authorities committed to complete a number of actions by year-end, especially in the areas of transparency (submitting

2006–07 EITI reports; auditing a number of public enterprises) and in preparing reforms of the electricity sector, pension funds, and the judicial system (Table 12).

34. **Reform plans for 2010 are vital to improve the business climate and productivity** (MEFP ¶ 46–48). They cover the cocoa and energy sectors and the judicial system.

- The authorities recognize that the cocoa/coffee sector is a driver of growth and the reduction of rural poverty (MEFP ¶ 47). While the interim administration in 2008 improved transparency, the government is now designing a more effective and transparent institutional and regulatory framework for the sector with support from the World Bank. To increase farm incentives and incomes, cocoa taxation will be further reduced and the registration and single export duties will be consolidated into a single ad valorem tax for the 2010–11 crop year.

- Crucial for robust growth will be restoration of the financial viability of the electricity sector (MEFP ¶ 48). The authorities intend to address immediate financing needs based on discussions with all stakeholders and to advance the restructuring of the sector to limit operating deficits and generate adequate resources for much-needed investment in generation capacity and transmission.

- The judicial system reform program includes adoption of the law on mandatory enforcement of decisions of the Arbitrations Board to help unclog the regular courts (MEFP ¶ 46 and Box 7). Also, the authorities plan to set up commercial courts and train judiciary staff in commercial matters, and more broadly to enhance the efficiency and fairness of the judicial system.

IV. PROGRAM MONITORING

35. **The authorities request for two waivers of performance criteria (PCs) and propose slight program modifications.** The deviation from the PC on the overall fiscal balance reflected a programming error in constructing the quarterly targets for the wage bill (Table 9); the seasonal factors used in deriving the quarterly targets have been revised and agreed between the authorities and the staff. The accumulation of new external debt service arrears to multilateral financial institutions was the result of inadequate internal communications between debt and treasury managers. The arrears have been cleared and internal coordination improved through weekly meetings, and priority is to be given to the payment of debt service falling due.[5] The authorities request minor modifications to the definition of the PC on the overall fiscal balance and treasury advances (indicative target), and a more extensive reformulation of the PC on the accumulation of new external arrears,

[5] Also, the authorities have requested technical assistance from the World Bank and the Fund on debt management.

which is intended to tighten the original definition of the PCs (see supplement to the Technical Memorandum of Understanding). These changes would take effect with the approval of this review.

36. **Regarding the Financing Assurances Review,** the authorities have made significant progress in clearing external arrears and assuring full financing of the program. They have regularized relations with multilateral creditors, despite modest temporary arrears to some. A comprehensive Paris Club rescheduling agreement was reached in May 2009, and the authorities are pursuing discussions with other official bilateral creditors. A preliminary debt restructuring agreement was reached in September 2009 with the coordination committee of Brady bond holders. The government is committed to engaging in collaborative discussions with its other external commercial creditors with a view to reaching an agreement through an open and transparent dialogue based on the principle of inter-creditor equity.[6] Staff believes that the government's strategy is consistent with the "good faith" criterion of the Fund's lending into arrears policy.

37. **The authorities have made progress so far in 2009 on structural reforms in line with program objectives (and met or partially met the structural benchmarks), though at a pace slower than envisaged earlier.** The focus to date was on revenue administration and public expenditure management, and these areas will remain important in the period ahead. The second PRGF review will concentrate on progress regarding the year-end structural benchmarks in these areas (Table 10 and MEFP Table 3), and will set benchmarks for 2010. Progress in other areas (the business climate, competitiveness, reforms in the cocoa/coffee, electricity and financial sectors, and the judicial system) will also be assessed. In addition, the implementation of the PRSP will be reviewed.

V. Staff Appraisal

38. **Côte d'Ivoire's economy has been resilient to the global economic crisis, and growth has strengthened as the political normalization and reunification of the country nears completion.** The domestic recovery from the prolonged crisis has been helped by favorable terms of trade, especially with respect to exports of cocoa, an industry that is the source of livelihood of a large part of the rural population. The temporary spike in inflation in 2008 stemming from the high cost of food and fuel imports subsided quickly in 2009 as international prices eased and ample rainfall resulted in strong growth in agriculture and related processing. Higher growth and lower inflation have helped to arrest the severe deterioration in social indicators that occurred during the crisis. At the same time, the country's external position has strengthened and regularization and eventual reduction of its external debt to sustainable levels is underway. The REER appears to be broadly in line with fundamentals, but structural reforms are badly needed to strengthen competitiveness and improve the business climate.

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[6] Arrears accumulated during the program period to these creditors are not considered arrears for program purposes as they are subject to rescheduling or restructuring.

39. **The authorities have significantly strengthened macroeconomic management.** Their efforts began in 2007–08 with the support of two EPCAs and continued with the adoption of the PRSP in early 2009 and the design of the medium-term program that is supported by the PRGF arrangement. Despite setbacks and the need for continued, perhaps even stronger, efforts, the authorities have improved the fiscal position and public financial management and begun to embark on much-needed structural reforms.

40. **Côte d'Ivoire's performance in the first six months of the PRGF-supported program was satisfactory.** The government achieved a primary budget surplus and cleared arrears to multilaterals while restructuring its debt to Paris Club and, on a preliminary basis, London Club creditors; discussions with remaining external commercial creditors continue. Structural reforms have made some advances, though more slowly than planned, but deployment of the poverty reduction strategy has as yet been more institutional than substantive.

41. **The overall fiscal outcome substantially met the targets**. The authorities are making commendable sustained efforts to redeploy tax administration in the CNW, mobilize non-oil revenue, increase pro-poor expenditure, clear domestic arrears, and improve fiscal transparency. The authorities share the staff's concerns about the large contingent wage commitments accumulated over the years and the unsustainable deficits in the electricity sector and the pension funds. These take a major toll on any fiscal space arising from reforms, political normalization, or economic growth, at the expense of urgent reconstruction and social needs.

42. **Staff regrets the accumulation of external arrears to multilateral creditors. However, staff supports the authorities' request for two waivers of the PCs on the overall fiscal balance and the injunction against new external arrears in light of the strong corrective actions undertaken, which are designed to prevent a recurrence.**

43. **In the year ahead, the authorities need to press ahead with their plans to improve public resource management.** They include continued fiscal consolidation and civil service reform, which is critical for long-term fiscal and debt sustainability. Also, the authorities should continue to make public spending more transparent, especially for large public works, in conformity with the Public Procurement Code. Staff supports the authorities' intention to continue to reorient spending to areas critical for poverty reduction, social reconciliation, and peace, as well as much-needed investment in infrastructure.

44. **Staff supports the structural reforms in other macro-critical areas as outlined in the PRSP.** These need to be accelerated because they are key to promoting growth and reducing poverty, as well as to addressing medium-term challenges of improving the business climate, attracting investors, and strengthening competitiveness in light of the projected deterioration in the terms of trade. The reforms include, in the *cocoa/coffee sector*, the further reduction of taxation of farmers while improving general tax administration to

offset the related revenue loss. In the *energy sector*, the authorities are encouraged to move urgently on the electricity sector deficit and to improve transparency in conformity with EITI procedures. In the *financial sector*, the authorities should address the serious vulnerabilities identified by the 2009 FSAP: decline of bank solvency, undercapitalized small local banks, and near-insolvent major microfinance networks. The authorities should also support the Banking Commission in ensuring bank compliance with prudential norms. No further public resources should be used to support nonsystemic troubled banks subject to Banking Commission injunctions.

45. **Staff welcomes the progress made by the authorities in normalizing financial relations with external creditors.** Their good faith efforts to achieve a restructuring consistent with the Paris Club's comparability of treatment requirements and with the principle of intercreditor equity should be continued in order to restore a sustainable debt position and normal relations with creditors. While Côte d'Ivoire remains at high risk of debt distress, prospective debt relief at and after the HIPC completion point, together with a continued prudent borrowing policy, would be able to reduce Côte d'Ivoire's debt to sustainable levels over the medium term.

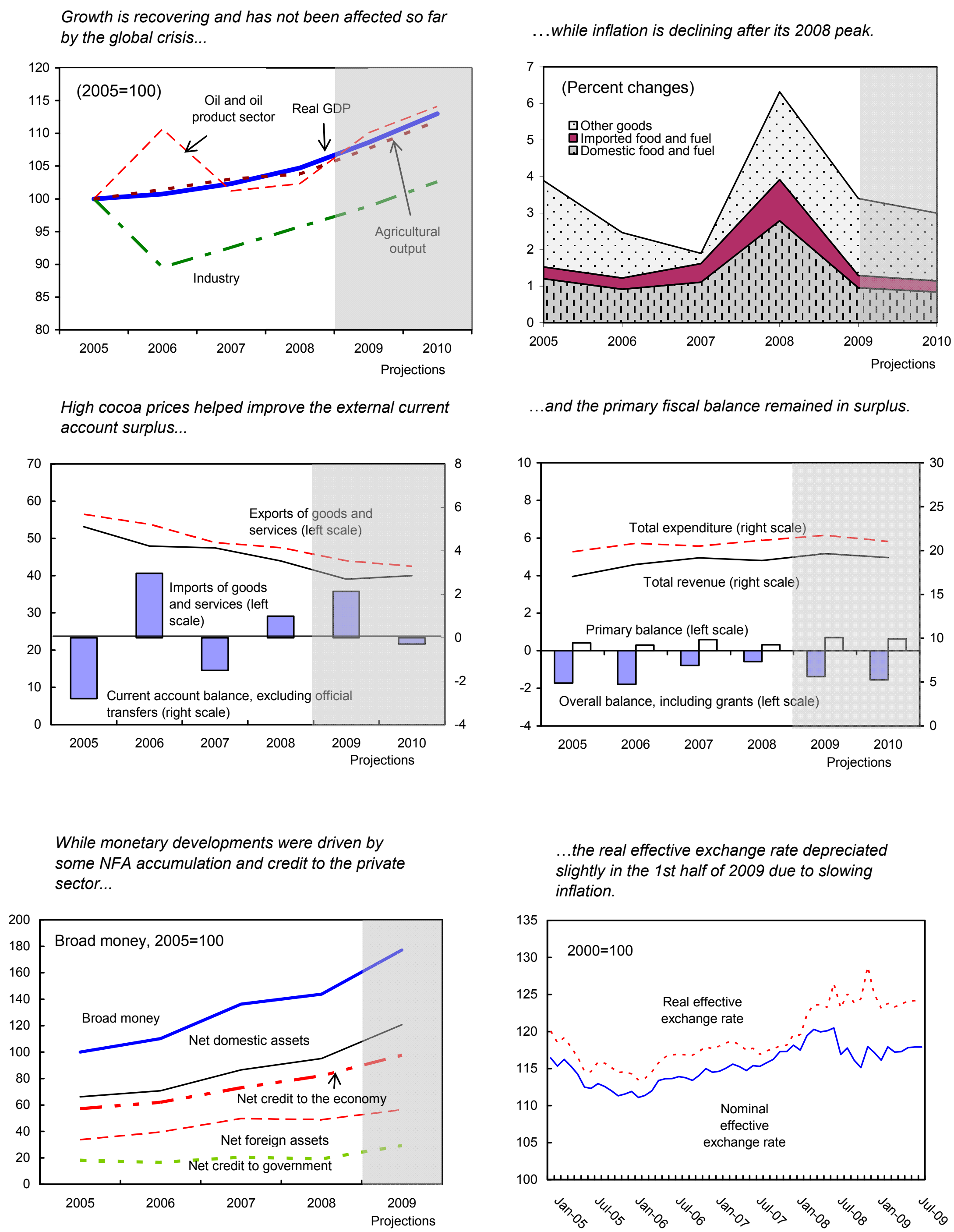
46. **Implementation of the envisaged macroeconomic policies should contribute to both domestic stability and the external stability of the WAEMU, and over time also help Côte d'Ivoire to comply with the WAEMU convergence criteria**.

47. **The risks to the program appear manageable.** Strong ownership of the program by the current government and all presidential candidates is critical. The risk from persistent governance problems should be reduced by structural reforms that lead to greater transparency and accountability. The risk from fiscal slippages should be reduced by determined implementation of PFM and sectoral reforms that facilitate reduction in subsidies and better control of the wage bill.

48. **On the basis of the authorities' record so far and their commitment to determined implementation of their program, staff recommends completion of the first review of the PRGF arrangement and of the financing assurances review.**

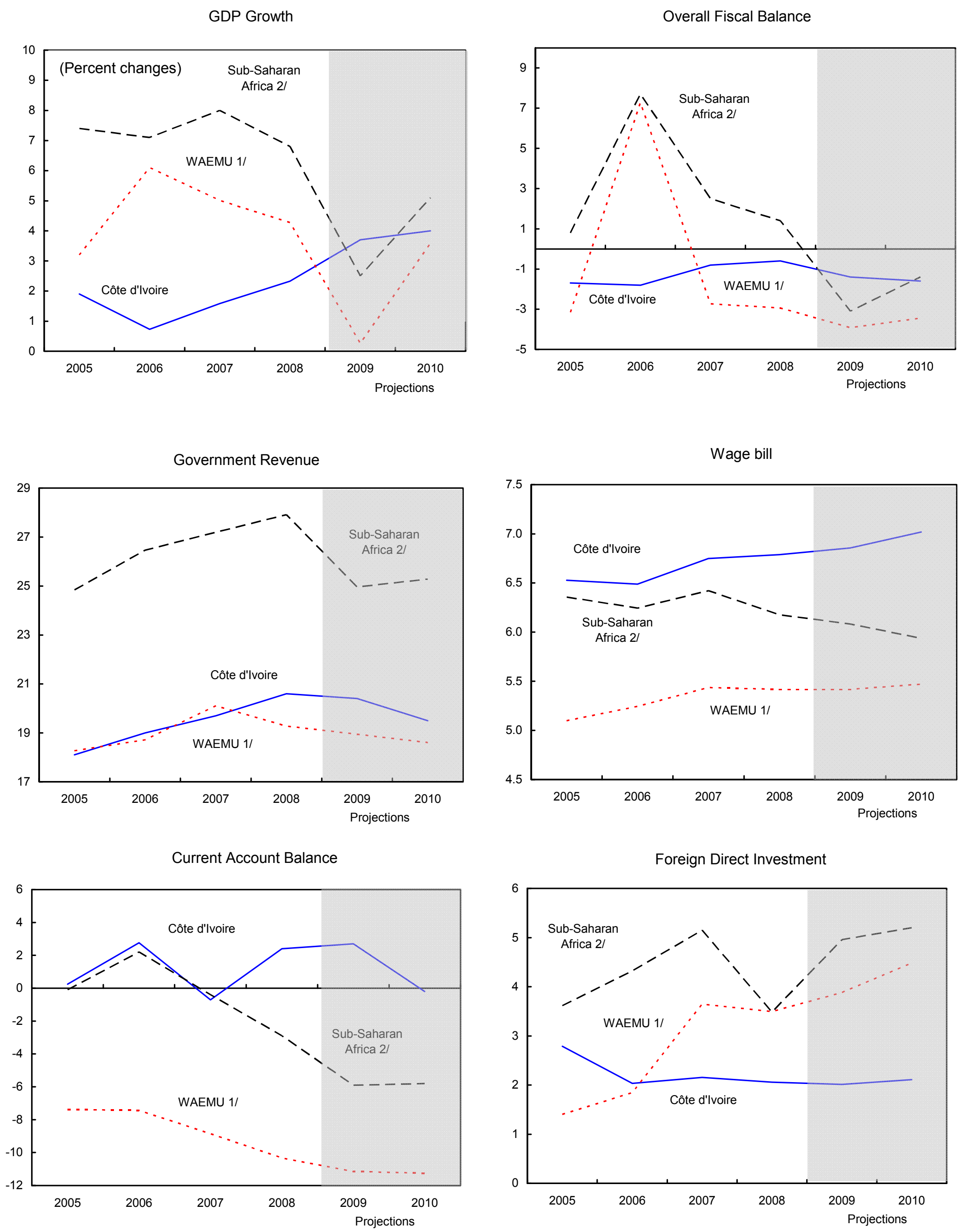
49. It is proposed that during the PRGF arrangement Côte d'Ivoire move to a 24-month Article IV consultation cycle in accordance with the decision on consultation cycles approved on July 15, 2002.

Figure 1. Côte d'Ivoire: Selected Macroeconomic Indicators, 2005-10
(Percent of GDP, unless otherwise indicated)



Sources: Ivorian authorities; IMF staff estimates and projections.

Figure 2. Côte d'Ivoire: WAEMU, and SSA - Macroeconomic Development and Outlook, 2005-10
(Percent of GDP, unless otherwise indicated)



Sources: WEO; and IMF staff estimates and projections.
1/ WAEMU, excluding Côte d'Ivoire.
2/ SSA, excluding Nigeria and South Africa.

Table 1. Côte d'Ivoire: Selected Economic and Financial Indicators, 2007–14

	2007	2008	2009	2010	2011	2012	2013	2014
		Proj.			Proj.			
	(Annual percentage changes, unless otherwise indicated)							
National income								
GDP at constant prices	1.6	2.3	3.7	4.0	4.5	5.1	5.7	6.0
GDP deflator	2.7	8.1	0.6	2.1	2.4	2.7	2.9	2.9
Consumer price index (annual average)	1.9	6.3	5.9	3.2	2.9	2.7	2.5	2.5
Consumer price index (end of period)	1.5	9.0	3.4	3.0	2.9	2.7	2.5	2.5
External sector (on the basis of CFA francs)								
Exports, f.o.b., at current prices	-5.7	8.3	-4.5	2.3	1.1	5.9	10.3	10.7
Imports, f.o.b., at current prices	4.7	3.1	-11.6	10.2	9.3	10.9	16.9	11.2
Export volume	-8.4	-7.8	6.0	3.4	4.8	7.1	8.1	7.8
Import volume	5.1	-4.6	5.7	6.3	7.2	7.4	7.6	8.2
Terms of trade (deterioration –)	3.3	8.7	7.7	-4.5	-5.4	-4.2	-6.0	-0.1
Nominal effective exchange rate	2.2	-0.3	...	...	...	...	...	...
Real effective exchange rate (depreciation –) 1/	1.6	0.4	...	...	...	...	...	...
Central government operations								
Total revenue and grants	10.7	15.2	3.2	1.7	12.8	10.6	11.7	10.9
Total expenditure	3.1	14.0	7.2	2.8	18.6	12.0	13.0	12.1
	(Changes in percent of the beginning-of-periof broad money)							
Money and credit								
Money and quasi-money (M2)	23.6	5.6	18.9	…	…	…	…	…
Net foreign assets	9.4	-0.7	5.3	…	…	…	…	…
Net domestic assets	14.2	6.3	13.6	…	…	…	…	…
Of which : government	3.7	-1.1	6.7	…	…	…	…	…
private sector	10.0	6.6	6.9	…	…	…	…	…
Velocity of money	3.3	3.5	3.1	…	…	…	…	…
	(Percent of GDP, unless otherwise indicated)							
Central government operations								
Total revenue and grants	19.7	20.6	20.4	19.5	20.6	21.1	21.7	22.1
Total revenue	19.2	18.9	19.6	19.2	19.6	20.0	20.5	20.9
Total expenditure	20.5	21.1	21.7	21.1	23.4	24.3	25.2	26.0
Overall balance, incl. grants, payment order basis	-0.8	-0.6	-1.4	-1.6	-2.8	-3.2	-3.5	-3.9
Primary basic balance 2/	0.6	0.3	0.7	0.6	1.0	1.2	1.2	1.2
Gross investment	8.7	10.1	10.1	11.2	13.3	14.4	15.7	16.8
Central government	2.6	3.0	3.0	3.3	5.0	5.6	6.3	6.9
Nongovernment sector	6.1	7.1	7.1	7.9	8.3	8.8	9.4	9.9
Changes in stocks	9.8	9.7	9.6	9.6	9.5	9.4	9.4	9.3
Gross domestic saving	14.6	17.9	19.1	17.7	17.0	16.6	16.1	17.0
Central government	2.8	2.1	2.4	2.9	2.6	3.1	3.3	3.4
Nongovernment sector	11.8	15.7	16.7	14.8	14.4	13.6	12.9	13.6
Gross national saving	8.0	12.6	12.8	11.0	11.2	11.0	11.1	12.1
Central government	2.2	2.6	1.7	1.8	2.3	2.6	2.9	3.1
Nongovernment sector	5.8	9.9	11.1	9.2	8.9	8.4	8.1	8.9
External sector								
Current account balance (including official transfers)	-0.7	2.4	2.7	-0.2	-2.1	-3.4	-4.7	-4.7
Current account balance (excluding official transfers)	-1.5	1.0	2.1	-0.3	-2.9	-4.3	-5.6	-5.6
Overall balance	-0.5	-0.4	-1.9	-1.0	-3.1	-4.7	-3.6	-3.9
External public debt	64.8	62.0	53.7	58.5	57.2	56.0	55.0	53.8
Public external debt-service due before rescheduling (CFAF billions)	385	428	413	361	345	329	284	285
Percent of exports of goods and services	8.5	8.8	8.8	7.5	7.1	6.3	5.0	4.5
Percent of government revenue	20.8	21.6	19.3	16.2	14.2	12.3	9.5	8.6
Memorandum items:								
Public debt in arrears (percent of GDP)	24.1	26.2	1.9	1.1	0.5	0.2	0.0	0.0
Domestic (after securitization)	2.5	2.7	1.9	1.1	0.5	0.2	0.0	0.0
External	21.6	23.5	0.0	0.0	0.0	0.0	0.0	0.0
Nominal GDP (CFAF billions)	9,487	10,485	10,925	11,600	12,405	13,374	14,536	15,842
Nominal exchange rate (CFAF/US$, period average)	479	446						
Nominal GDP at market prices (US$ billions)	19.8	23.5	22.6	24.5	26.2	28.2	30.5	33.1
Population (million)	20.2	20.8	21.4	22.0	22.7	23.4	24.1	24.8
Population growth (percent)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Nominal GDP per capita (CFAF thousands)	471	505	511	527	547	572	604	639
Nominal GDP per capita (US$)	983	1,132	1,056	1,113	1,156	1,207	1,268	1,333
Real GDP per capita growth (percent)	-1.4	-0.7	0.7	1.0	1.5	2.1	2.7	3.0

Sources: Ivorian 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, 2007–14

	2007	2008	2009	2010	2011	2012	2013	2014
		Prel.			Proj.			
	(Annual percentage change at constant price)							
Primary Sector	0.2	0.4	4.0	3.5	4.5	5.1	5.3	5.3
Agriculture (including livestock and fishing)	2.3	2.4	3.5	3.9	5.3	5.1	5.6	5.8
Export agriculture	0.1	-2.7	4.3	3.8	2.9	5.1	4.6	4.6
Oil/gas	-18.7	-5.2	8.6	-2.8	4.4	3.9	6.0	3.1
Secondary Sector	1.2	3.3	4.3	4.3	5.0	5.4	6.1	6.7
Food and drink	4.1	1.6	3.1	1.6	4.8	6.1	6.7	7.1
Energy (incl. oil product)	-4.7	3.1	7.3	5.6	5.8	6.1	6.7	6.7
Petroleum products	-8.3	1.2	7.5	5.6	5.8	6.1	6.7	6.8
Energy	-0.7	5.0	7.0	5.6	5.8	6.1	6.7	6.6
Construction	9.6	9.3	2.5	3.0	4.0	6.0	6.0	6.3
Other industries	1.7	2.2	3.5	4.6	4.8	4.6	5.7	6.6
Tertiary Sector	2.3	2.9	3.7	4.5	4.5	5.2	5.8	6.0
Transportation, Telecomunications	5.4	6.3	3.9	4.0	3.8	4.9	6.7	7.6
Of which: Telecomunications	12.8	10.9	6.5	6.6	5.8	7.6	7.5	7.6
Services	0.9	1.2	4.0	3.6	5.8	6.1	6.7	6.9
Trade	0.4	2.5	3.5	5.6	5.8	6.1	6.7	7.1
Public services	4.0	3.5	3.4	4.5	2.8	4.0	4.4	4.6
Indirect taxes	4.8	2.7	1.3	3.0	3.0	3.0	5.0	6.0
Real GDP	1.6	2.3	3.7	4.0	4.5	5.1	5.7	6.0
	(Share of nominal GDP)							
Exports of goods and nonfactor services	47.8	46.5	43.0	41.5	39.5	38.8	39.3	39.8
Exports of goods	42.8	42.0	38.5	37.0	35.0	34.4	34.9	35.4
Of which: oil and petroleum products	14.6	12.6	8.8	9.7	10.1	10.4	9.4	8.5
Exports of services	5.0	4.5	4.5	4.5	4.4	4.4	4.4	4.4
Imports of goods and nonfactor services	41.9	38.8	33.9	35.0	35.7	36.6	38.9	39.6
Imports of goods	30.0	28.0	23.7	24.6	25.2	25.9	27.8	28.4
Of which: oil	9.8	11.4	7.4	8.3	8.5	8.6	8.4	8.3
Imports of services	12.0	10.8	10.2	10.4	10.5	10.7	11.1	11.2
Resource balance (excl. factor payment and transfers)	5.9	7.7	9.1	6.5	3.8	2.2	0.4	0.2
Current account balance (including official transfers)	-0.7	2.4	2.7	-0.2	-2.1	-3.4	-4.7	-4.7
Total consumption	85.4	82.1	80.9	82.3	83.0	83.4	83.9	83.0
Government	8.7	8.6	8.7	8.8	8.8	8.7	8.6	8.8
Private sector	76.8	73.6	72.2	73.5	74.1	74.7	75.3	74.2
Gross domestic investment	8.7	10.1	10.1	11.2	13.3	14.4	15.7	16.8
Fixed capital formation	8.7	10.1	10.1	11.2	13.3	14.4	15.7	16.8
Government	2.6	3.0	3.0	3.3	5.0	5.6	6.3	6.9
Nongovernment	6.1	7.1	7.1	7.9	8.3	8.8	9.4	9.9
Gross domestic saving	14.6	17.9	19.1	17.7	17.0	16.6	16.1	17.0
Government	2.8	2.1	2.4	2.9	2.6	3.1	3.3	3.4
Nongovernment	11.8	15.7	16.7	14.8	14.4	13.6	12.9	13.6

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

Table 3a. Côte d'Ivoire: Monetary Survey, 2005–09

	2005	2006	2007 3/	2008	2009 Proj.
			(Billions of CFA francs)		
Net foreign assets	704.0	821.8	1036.6	1016.8	1174.3
Central bank	617.8	776.0	994.2	950.0	1107.5
Banks	86.2	45.8	42.4	66.8	66.8
Net domestic assets	1376.9	1473.0	1798.9	1977.7	2385.5
Net credit to the government 1/ 2/	379.3	345.3	429.7	399.7	600.4
Central Bank	286.7	214.7	194.2	236.2	425.2
Banks	84.4	117.8	218.6	145.6	157.3
Of which : customs bills	-13.6	-13.3	-10.1	-10.4	-1.4
Postal savings (CNCE)	8.2	12.8	16.9	17.9	17.9
Credit to the economy	1189.4	1290.5	1520.4	1706.5	1913.5
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	1814.9
Other items (net) (assets = +)	-181.0	-162.8	-151.2	-128.4	-128.4
Broad money	2081.0	2294.8	2835.5	2994.5	3559.7
Currency in circulation	754.1	815.2	1043.8	1078.7	1303.2
Deposits	1312.0	1454.4	1753.6	1889.3	2219.4
Other deposits	6.7	12.4	21.2	8.6	19.2
Postal savings (CNCE)	8.2	12.8	16.9	17.9	17.9
Memorandum item:					
Velocity of circulation	4.1	4.0	3.3	3.5	3.1
			(Changes in percent of beginning-of-period broad money)		
Net foreign assets	3.2	5.7	9.4	-0.7	5.3
Net domestic assets	4.2	4.6	14.2	6.3	13.6
Net credit to the government 1/ 2/	1.8	-1.6	3.7	-1.1	6.7
Central bank	0.1	-3.5	-0.9	1.5	6.3
Banks	1.6	1.6	4.4	-2.6	0.4
Credit to the economy	0.8	4.9	10.0	6.6	6.9
Broad money	7.4	10.3	23.6	5.6	18.9
			(Changes in percent from previous end-of-year)		
Net foreign assets	9.7	16.7	26.1	-1.9	15.5
Net domestic assets	6.3	7.0	22.1	9.9	20.6
Net credit to the government 1/ 2/	10.3	-9.0	24.4	-7.0	50.2
Central bank	0.7	-25.1	-9.6	21.6	80.0
Banks	58.0	39.7	85.5	-33.4	8.0
Credit to the economy	1.3	8.5	17.8	12.2	12.1
Broad money	7.4	10.3	23.6	5.6	18.9

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

1/ Excludes sales to nonresidents of consolidated BCEAO claims on the government.

2/ Including net use of Fund resources before 2009. Excluding use of Fund resources from 2009.

3/ Since (see IMF Country Report No. 08142) end-2007 figures have been revised by the BCEAO to reflect recalculation of Côte d'Ivoire's share in the WAEMU reserves and currency in circulation.

Table 3b. Côte d'Ivoire: Summary Accounts of the Central Bank and Commercial Banks, 2005–09

(Billions of CFA francs)

	2005	2006	2007	2008	2009 Proj.
Central bank					
Net foreign assets	617.8	776.0	994.2	950.0	1,107.5
Gross foreign assets	768.6	888.8	1,111.2	1,078.0	1,487.8
Credit: p*osition compte exterieur*	758.5	893.5	1,119.9	1,059.4	1,272.2
IMF	9.6	-5.6	-10.5	17.6	214.6
Others	0.5	0.8	1.8	1.0	1.0
Liabilities	150.8	112.8	117.0	128.0	380.3
Debit: *position compte exterieur*	0.0	0.0	0.0	0.0	0.0
IMF	110.3	74.7	77.3	88.8	143.5
SDR allocation	30.1	28.3	26.6	27.5	224.8
Others	10.4	9.7	13.1	11.7	12.0
Net domestic assets	305.4	226.3	260.6	352.7	474.6
Net credit to government	286.7	214.7	194.2	236.2	425.2
Claims on the government (excluding IMF)	195.0	172.9	164.1	164.1	298.4
Statutory advances and credit lines	190.6	172.9	153.6	192.8	327.1
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	150.4
Government deposits 1/	27.0	46.1	61.9	23.6	23.6
Claims on deposit money banks	9.4	0.4	52.1	95.7	28.6
Claims on other financial institutions	0.0	0.9	0.0	0.0	0.0
Other items net	9.3	10.3	14.3	20.8	20.8
Monetary base	923.2	1,002.3	1,254.8	1,302.7	1,582.1
Currency in circulation 2/	754.1	815.2	1,043.8	1,078.7	1,303.2
Bank deposits	162.5	174.7	189.8	215.4	259.6
Other deposits	6.7	12.4	21.2	8.6	19.2
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	1,821.2	2,151.2
Net position from the BCEAO	142.3	173.8	126.4	120.8	229.6
Reserves	162.5	174.7	189.8	215.4	259.6
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	156.0	167.7
Claims on the government	283.3	309.1	423.9	329.5	350.2
Deposits of the government 3/	185.4	178.0	195.2	173.5	182.5
Credit to the private sector	1,175.8	1,276.7	1,521.6	1,693.6	1,903.1
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	1,804.5
short-term	821.2	883.2	1,058.2	1,083.6	1,267.5
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	-149.2	-149.2
Private sector deposits	1,312.0	1,454.4	1,753.6	1,889.3	2,219.4
Memorandum item:					
Excess reserves 4/	98.2	79.4	65.0	87.6	…

Sources: BCEAO; and IMF staff estimates and projections.

1/ Including cash holdings.
2 Excluding cash holdings of banks and of the government.
3/ Including customs bills, excluding CNCE deposits.
4/ Deposits of the banking sector at the BCEAO in excess of required reserves (end-of-year values).

Table 4. Côte d'Ivoire: Balance of Payments, 2007–14

(Billions of CFA francs, unless otherwise indicated)

	2007	2008		2009	2010	2011	2012	2013	2014
		EPCA-2		Proj.					
Trade balance	1,219.4	1,449.9	1,468.1	1,610.8	1,441.6	1,221.4	1,138.2	1,028.3	1,115.9
Exports, f.o.b.	4,062.2	4,557.7	4,400.0	4,201.9	4,297.6	4,343.7	4,600.5	5,074.1	5,615.0
Of which: cocoa	1,053.8	1,342.7	1,263.2	1,465.6	1,375.9	1,192.5	1,119.0	1,161.8	1,208.8
Of which: crude oil and refined oil products	1,389.5	1,573.7	1,324.4	961.1	1,119.6	1,251.3	1,388.5	1,367.8	1,349.5
Imports, f.o.b.	-2,842.8	-3,107.8	-2,931.9	-2,591.0	-2,856.0	-3,122.3	-3,462.3	-4,045.9	-4,499.1
Of which: crude oil	-926.1	-1,072.7	-1,194.4	-813.3	-957.1	-1,056.8	-1,153.4	-1,223.4	-1,322.2
Services (net)	-1,085.2	-1,262.3	-1,095.0	-1,070.7	-1,149.6	-1,235.7	-1,341.3	-1,497.2	-1,630.0
Receipts	577.3	578.8	581.8	602.6	636.0	675.2	723.6	782.7	856.8
Factor income	103.0	111.9	105.0	109.4	116.2	124.2	133.9	145.6	160.2
Other services	474.3	466.9	476.8	493.2	519.8	551.0	589.7	637.1	696.6
Payments	-1,662.5	-1,841.1	-1,676.8	-1,673.4	-1,785.6	-1,910.9	-2,064.9	-2,279.9	-2,486.8
Factor income	-526.2	-566.5	-540.2	-559.1	-580.4	-605.4	-634.6	-669.1	-707.4
Of which: central government interest due	-115.3	-98.8	-123.6	-159.8	-164.4	-165.8	-216.1	-225.1	-237.0
Before rescheduling/refinancing				-102.5	-97.0	-89.0	-82.8	-78.5	-73.8
On new financing				-57.3	-67.4	-76.8	-133.3	-146.6	-163.2
Of which: on 2008 rescheduling				-48.7	-48.7	-48.9	-92.6	-78.5	-63.7
Of which: others				-8.6	-18.6	-28.0	-40.7	-68.1	-99.5
Other services	-1,136.3	-1,274.6	-1,136.6	-1,114.3	-1,205.2	-1,305.5	-1,430.2	-1,610.8	-1,779.5
Transfers (net)	-199.0	-66.2	-119.5	-247.5	-313.0	-248.4	-250.0	-211.7	-230.7
Private	-277.3	-244.3	-269.4	-306.8	-325.8	-348.4	-375.6	-348.2	-379.5
Official	78.3	178.1	149.9	59.3	12.7	100.0	125.6	136.5	148.8
Current account including official transfers	-64.8	121.4	253.6	292.6	-21.1	-262.7	-453.0	-680.6	-744.9
Current account excluding official transfers	-143.1	-56.7	103.7	233.3	-33.8	-362.7	-578.6	-817.1	-893.7
Capital account	13.0	-205.2	-298.6	-500.2	-99.1	-118.5	-172.4	160.1	120.2
Official medium- and long-term loans (net)	-200.4	-146.5	-243.2	-268.1	-224.7	-43.7	-215.7	-141.5	-98.7
Project loans	22.5	58.3	38.9	43.5	75.0	256.7	308.0	415.8	498.9
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	-222.9	-204.8	-282.1	-311.6	-299.7	-300.3	-523.7	-557.3	-597.6
2008 PC & LC rescheduling			0.0	-12.1	-50.5	-76.7	-308.2	0.0	0.0
New projects and financing gap			0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign direct investments	204.6	215.9	215.9	193.1	228.9	258.2	293.2	302.0	311.0
Other private capital	8.8	-274.6	-271.3	-425.2	-103.2	-333.0	-249.9	-0.3	-92.2
Oil sector	-69.0	-140.8	-77.6	-170.6	-129.4	-119.0	-106.9	-115.2	-107.3
Government securities sold to WAEMU banks	69.2	-17.1	76.2	21.0	35.2	0.0	0.0	0.0	0.0
Others (incl commercial debt)	8.5	-116.6	-269.9	-275.5	-9.0	-214.0	-143.1	114.9	15.1
Errors and omissions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-51.8	-83.8	-45.0	-207.6	-120.2	-381.2	-625.4	-520.5	-624.7
Financing	51.8	-403.8	45.1	45.5	-283.9	-110.4	-72.1	-172.8	-87.3
Official net reserves (increase -)	-218.3	-141.2	44.2	-157.5	-283.9	-110.4	-72.1	-172.8	-87.3
Operations account	-223.9	-130.3	47.4	-212.2	-269.3	-77.7	-41.7	-172.8	-87.3
IMF (net)	5.6	-10.9	-3.2	54.7	-14.6	-32.7	-30.5	0.0	0.0
Disbursements	29.8	0.0	27.3	65.6	0.0	0.0	0.0	0.0	0.0
Repayments	-24.2	-10.9	-30.5	-10.9	-14.6	-32.7	-30.5	0.0	0.0
Commercial banks (net)	3.4	-3.4	-24.4	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief obtained	0.0	0.0	0.0	2,686.6	0.0	0.0	0.0	0.0	0.0
Net change in external arrears (principal and interest)	266.6	-259.1	25.3	-2,483.7	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	487.6	0.0	162.1	404.1	491.5	697.6	693.4	712.1
Possible financing 2009-11									
Program grants (World Bank, AfDB)	…	…		135.9	74.7	75.0			
Arrears restructuring	…	…			0.0	0.0			
Current maturities restructuring	…	…			277.5	258.3			
Paris Club restructuring					138.0	140.1			
Post-cut off current maturities					65.2	65.2			
Pre-cut off current maturities					72.8	75.0			
Non Paris Club official bilateral					1.8	4.1			
Commercial (incl. Brady Bonds) -	…	…							
Rescheduling of current maturities					137.7	114.0			
Residual gap	…	…	0.0	26.2	53.6	162.4	697.6	693.4	712.1
Of which: IMF-PRGF	…	…	0.0	26.2	51.9	51.7	25.9	0.0	0.0
Memorandum items:									
Overall balance (percent of GDP)	-0.5	-0.8	-0.4	-1.9	-1.0	-3.1	-4.7	-3.6	-3.9
Current account incl. official transfers (percent of GDP)	-0.7	1.2	2.4	2.7	-0.2	-2.1	-3.4	-4.7	-4.7
Current account excl. official transfers (percent of GDP)	-1.5	-0.6	1.0	2.1	-0.3	-2.9	-4.3	-5.6	-5.6
Trade balance (percent of GDP)	12.9	14.4	14.0	14.7	12.4	9.8	8.5	7.1	7.0
Cocoa exports (thousand tons)	1,111	1,302	1,124	1,141	1,158	1,193	1,229	1,265	1,303
Cocoa export price, f.o.b (CFAF/kg)	855	976	1,008	1,105	997	831	750	753	758
Gross official reserves									
(months of imports of goods and services)	3.4	3.1	3.2	4.2	4.6	4.4	4.1	3.9	3.7
Outstanding arrears (year-end)	2,050	1,992	2,466	0	0	0	0	0	0
Public external debt service/exports g&s (percent)	8.5	7.2	8.8	8.8	7.5	7.1	6.3	5.0	4.5
Nominal GDP	9,487	10,103	10,485	10,925	11,600	12,405	13,374	14,536	15,842
Nominal exchange rate (CFAF/US$; average)	479	446	446						

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

Table 5. Côte d'Ivoire: Medium-Term Scenario 2007–14

	2007	2008	2009	2010	2011	2012	2013	2014
		Prov.			Proj.			
				Baseline scenario				
				(Annual percentage changes)				
Real sector								
Real GDP growth	1.6	2.3	3.7	4.0	4.5	5.1	5.7	6.0
GDP Deflator	2.7	8.1	0.6	2.1	2.4	2.7	2.9	2.9
				(Percent of GDP)				
Gross investment	8.7	10.1	10.1	11.2	13.3	14.4	15.7	16.8
Central government	2.6	3.0	3.0	3.3	5.0	5.6	6.3	6.9
Nongovernment sector	6.1	7.1	7.1	7.9	8.3	8.8	9.4	9.9
Gross domestic saving	14.6	17.9	19.1	17.7	17.0	16.6	16.1	17.0
Central government	2.8	2.1	2.4	2.9	2.6	3.1	3.3	3.4
Nongovernment sector	11.8	15.7	16.7	14.8	14.4	13.6	12.9	13.6
Fiscal sector								
Primary basic balance	0.6	0.8	0.7	0.6	1.0	1.2	1.2	1.2
Overall balance, including grants, payment order basis	-0.8	-0.4	-1.4	-1.6	-2.8	-3.2	-3.5	-3.9
				(Percent of GDP, unless otherwise indicated)				
External sector								
Current account balance (including official transfers)	-0.7	2.4	2.7	-0.2	-2.1	-3.4	-4.7	-4.7
Current account balance (excluding official transfers)	-1.5	1.0	2.1	-0.3	-2.9	-4.3	-5.6	-5.6
External public debt	70.1	64.4	60.3	58.5	57.2	56.0	55.0	53.8
Assumptions								
Crude oil spot price (US$/barrel)	71.1	97.0	61.5	76.5	79.5	81.0	83.0	84.8
Crude oil production (millions of barrels)	17.4	16.5	17.9	17.5	18.3	19.0	20.0	20.5
Cocoa beans world market price (US$/kg)	1.96	2.57	2.70	2.40	2.00	1.80	1.75	1.75
Cocoa production in thousands of tons	1,111	1,124	1,141	1,158	1,193	1,229	1,265	1,303
				Downside scenario 1/				
				(Annual percentage changes)				
Real sector								
Real GDP growth				2.0	3.0	3.7	4.2	4.0
GDP deflator				2.8	2.9	3.0	2.9	2.9
				(Percent of GDP)				
Gross investment				10.6	13.2	13.9	15.2	15.3
Central government				3.3	5.8	6.6	7.8	8.2
Nongovernment sector				7.2	7.4	7.3	7.4	7.1
Gross domestic saving				16.4	14.6	13.9	12.6	13.2
Central government				2.1	1.1	1.0	1.3	0.8
Nongovernment sector				14.3	13.6	12.9	11.3	12.5
Fiscal sector								
Primary basic balance				-0.2	-1.3	-1.7	-1.9	-2.5
Overall balance, including grants, payment order basis				-2.4	-5.2	-6.2	-7.0	-7.9
				(Percent of GDP, unless otherwise indicated)				
External sector								
Current account balance (including official transfers)				-2.1	-4.4	-5.5	-7.6	-6.9
Current account balance (excluding official transfers)				-2.3	-5.2	-6.5	-8.5	-7.9
External public debt				59.5	58.9	58.2	58.0	57.9

Source: IMF staff calculations.

1/ Compared to the baseline, the alternative scenario assumes for 2010 and beyond:
(i) 1.5 - 2 percentage points of GDP lower average private investment.
(ii) 30 percent lower cocoa production, 20 percent lower oil production.
(iii) government expenditures (wage bill, subsidies and capital expenditures) do not adjust to the lower GDP.

Table 6. Côte d'Ivoire: Financial Soundness Indicators for the Banking Sector, 2001–08

	2001	2002	2003	2004	2005	2006	2007	2008
	(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	9.3
Percentage of banks greater or equal to 10	66.7	75.0	62.5	50.0	50.0	44.4	33.3	…
Percentage of banks below 10 and above 6	6.7	18.8	31.3	37.5	25.0	27.8	22.2	…
Percentage of banks below 6 percent minimum	26.7	6.3	6.3	12.5	25.0	27.8	44.4	…
Capital (net worth) to assets 1/	7.2	8.3	9.7	9.4	8.8	8.9	6.0	5.9
Asset quality								
Total loans/total assets	67.5	67.0	65.4	68.0	66.2	66.1	61.1	72.7
Nonperforming loans (NPLs)								
NPLs/total loans	19.3	21.3	25.1	26.2	21.0	20.0	21.5	19.5
NPLs net of provisions/total loans	5.8	6.7	8.7	10.4	4.4	3.3	2.5	5.2
Provisioning rate	70.1	68.5	65.4	60.5	79.0	86.6	88.3	77.3
Management								
Personnel costs/revenue	22.2	22.2	22.8	20.5	21.3	23.0	20.4	…
Noninterest expenses/revenue	30.8	29.3	31.0	32.9	25.0	26.4	28.2	…
Earnings and profitability								
Net income (CFAF billion)	-3.7	5.9	4.5	8.1	3.2	15.0	23.1	46.4
Return on assets	-0.3	0.4	0.6	0.6	0.3	1.1	0.9	1.6
Return on equity	-2.7	4.5	3.0	5.1	2.3	10.0	14.8	16.3
Interest rate spread (percentage points)	6.7	7.6	7.9	7.8	7.7	7.9	…	7.2
Liquidity								
Liquid assets/total assets	35.8	42.9	43.5	44.9	43.2	44.7	41.9	42.0
Liquid assets/short term liabilities	62.1	71.8	80.6	87.5	84.8	85.4	82.4	79.0
Loans/deposits	106.6	91.4	87.3	90.8	88.7	88.2	80.3	95.8
Liquid assets/total deposits	54.8	57.3	57.0	58.9	54.7	59.1	55.0	55.4
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 2/	…
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/ Combined *Fonds propres nets* divided by combined assets of the banking sector.
2/ June 2007 estimate.

Table 7. 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.	Debt Outstanding Proj.	Debt Outstanding Proj.	Debt Outstanding Proj.
Total debt outstanding, including arrears	6,483.8	2,010.7	6,152.4	2,050.4	6,505.5	2,465.8	6,583.2	0.0	6,787.6	7,100.5	7,483.6	7,988.4
Multilateral	1,883.9	430.6	1,806.4	503.4	1,574.4	291.1	1,208.5	0.0	1,138.0	1,057.2	983.4	941.3
IMF	87.9	0.0	92.0	0.0	95.6	0.0	84.7	0.0	70.1	37.4	6.9	0.0
World Bank	1,205.0	190.3	1,137.7	226.0	870.9	0.0	822.6	0.0	794.5	768.4	740.0	711.1
AfDB Group	468.4	215.5	470.8	263.6	438.8	251.4	166.8	0.0	150.5	137.2	125.9	122.2
Other multilateral	122.6	24.8	106.0	13.8	169.1	39.7	134.5	0.0	122.9	114.1	110.5	108.1
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
Official bilateral	3,225.7	1,340.8	2,980.1	1,251.7	3,421.5	1,767.2	3,224.9	0.0	3,230.0	3,207.7	2,968.5	2,692.1
Paris Club	3,184.4	1,340.8	2,945.7	1,251.5	3,382.2	1,766.3	3,188.4	0.0	3,194.8	3,176.1	2,941.0	2,668.6
Pre-cutoff date	57.6	22.0	53.6	24.5	64.1	37.4	55.5	0.0	56.4	57.3	55.2	53.4
Rescheduled	1,935.9	685.5	1,724.4	533.4	1,907.2	719.5	1,733.4	0.0	1,950.8	1,768.4	1,672.4	1,589.3
Post-cutoff date	1,190.9	633.3	1,167.7	693.6	1,410.9	1,009.4	1,399.6	0.0	1,187.6	1,350.5	1,213.4	1,025.9
Non-Paris Club	41.3	0.0	34.4	0.2	39.3	0.9	36.5	0.0	35.2	31.6	27.5	23.5
Commercial debt	1,374.2	239.3	1,365.9	295.3	1,509.6	407.5	1,528.3	0.0	1,487.4	1,478.1	1,260.4	1,038.1
Brady Bonds	1,300.9	225.4	1,268.3	274.4	1,371.5	397.4	1,444.0	0.0	1,444.0	1,444.0	1,226.4	1,004.1
Other commercial	73.3	13.9	97.7	21.0	138.1	10.0	84.3	0.0	43.4	34.0	34.0	34.0
New debt	0.0	0.0	0.0	0.0	0.0	0.0	621.5	0.0	932.1	1,357.6	2,271.4	3,316.9
Total debt outstanding, incl. arrears	71.4	22.1	64.8	21.6	62.0	23.5	60.3	0.0	58.5	57.2	56.0	55.0
Multilateral	20.7	4.7	19.0	5.3	15.0	2.8	11.1	0.0	9.8	8.5	7.4	6.5
IMF	1.0	0.0	1.0	0.0	0.9	0.0	0.8	0.0	0.6	0.3	0.1	0.0
World Bank	13.3	2.1	12.0	2.4	8.3	0.0	7.5	0.0	6.8	6.2	5.5	4.9
AfDB Group	5.2	2.4	5.0	2.8	4.2	2.4	1.5	0.0	1.3	1.1	0.9	0.8
Other multilateral	1.4	0.3	1.1	0.1	1.6	0.4	1.2	0.0	1.1	0.9	0.8	0.7
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
Official bilateral	35.5	14.8	31.4	13.2	32.6	16.9	29.5	0.0	27.8	25.9	22.2	18.5
Paris Club	35.1	14.8	31.0	13.2	32.3	16.8	29.2	0.0	27.5	25.6	22.0	18.4
Pre-cutoff date	0.6	0.2	0.6	0.3	0.6	0.4	0.5	0.0	0.5	0.5	0.4	0.4
Rescheduled	21.3	7.5	18.2	5.6	18.2	6.9	15.9	0.0	16.8	14.3	12.5	10.9
Post-cutoff date	13.1	7.0	12.3	7.3	13.5	9.6	12.8	0.0	10.2	10.9	9.1	7.1
Non Paris Club	0.5	0.0	0.4	0.0	0.4	0.0	0.3	0.0	0.3	0.3	0.2	0.2
Commercial debt	15.1	2.6	14.4	3.1	14.4	3.9	14.0	0.0	12.8	11.9	9.4	7.1
Brady Bonds	14.3	2.5	13.4	2.9	13.1	3.8	13.2	0.0	12.4	11.6	9.2	6.9
Other commercial	0.8	0.2	1.0	0.2	1.3	0.1	0.8	0.0	0.4	0.3	0.3	0.2
New debt	0.0	0.0	0.0	0.0	0.0	0.0	5.7	0.0	8.0	10.9	17.0	22.8
Memorandum item:												
Nominal GDP (CFAF billions)	9,081	9,081	9,487	9,487	10,485	10,485	10,925	10,925	11,600	12,405	13,374	14,536

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

Table 8. External Debt Service, 2006–13

(Billions of CFA francs, unless otherwise indicated)

	2006			2007			2008			2009			2010			2011			2012			2013		
	Principa	Interest	Total	Principa	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	280.7	104.4	385.0	304.0	123.9	427.9	105.5	65.8	171.3	121.0	61.6	182.6	157.6	59.6	217.2	558.7	176.3	735.0	568.8	157.7	726.5
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	70.5	12.9	83.3	80.9	10.8	91.6	78.4	10.3	88.6	46.6	9.0	55.6
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	28.0	7.4	35.5	26.1	7.1	33.2	28.4	6.8	35.3	28.9	6.7	35.6
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	16.2	3.1	19.3	13.3	2.3	15.6	11.3	1.6	12.9	3.7	1.1	4.8
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	11.6	1.9	13.5	8.7	1.1	9.9	8.1	0.8	9.0	7.0	0.5	7.5
Official bilateral	134.3	70.9	205.2	123.4	57.5	180.9	103.5	59.2	162.6	12.1	2.2	14.4	50.5	2.3	52.8	76.7	2.4	79.1	239.2	104.0	343.2	276.4	96.1	372.5
Paris Club	133.3	70.7	204.0	111.2	57.2	168.5	102.3	58.6	160.9	12.1	2.0	14.1	50.5	2.1	52.6	76.7	2.2	78.9	235.1	103.1	338.3	272.4	95.3	367.7
Pre-cutoff date	4.5	0.8	5.2	5.6	0.5	6.1	2.6	0.4	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	1.1	3.1	1.8	1.1	2.8
Rescheduled	41.7	49.6	91.3	30.0	42.3	72.4	19.8	46.8	66.6	0.0	1.3	1.3	0.0	1.4	1.4	0.0	1.5	1.5	56.6	74.1	130.6	58.8	71.2	130.0
Post-cutoff date	87.1	20.3	107.4	75.6	14.4	90.0	79.9	11.4	91.3	12.1	0.6	12.8	50.5	0.6	51.1	76.7	0.6	77.4	176.5	27.9	204.5	211.8	23.0	234.8
Non-Paris Club	1.0	0.2	1.2	12.2	0.3	12.5	1.2	0.6	1.7	0.0	0.2	0.2	0.0	0.2	0.2	0.0	0.2	0.2	4.1	0.9	4.9	4.0	0.8	4.9
Commercial debt	13.9	22.5	36.4	59.9	27.1	87.0	88.5	29.1	117.6	0.0	46.4	46.4	0.0	46.4	46.4	0.0	46.4	46.4	241.1	62.0	303.1	245.8	52.6	298.4
Brady Bonds	13.4	22.3	35.7	35.5	23.7	59.2	44.0	24.3	68.3	0.0	37.0	37.0	0.0	37.0	37.0	0.0	37.0	37.0	217.6	54.5	272.2	222.3	47.0	269.3
Other commercial	0.5	0.2	0.6	24.4	3.4	27.8	44.5	4.8	49.4	0.0	9.4	9.4	0.0	9.4	9.4	0.0	9.4	9.4	23.5	7.5	31.0	23.5	5.6	29.1
Memorandum items:																								
Debt service (percent of GDP)	3.0	1.3	4.4	3.0	1.1	4.1	2.9	1.2	4.1	1.0	0.6	1.6	1.0	0.5	1.6	1.3	0.5	1.8	4.2	1.3	5.5	3.9	1.1	5.0
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	11,600	11,600	11,600	12,405	12,405	12,405	13,374	13,374	13,374	14,536	14,536	14,536

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

Table 9. Côte d'Ivoire: Performance Criteria (PC) and Indicative targets, PRGF 2009

(Billions of CFA francs 1/)

	2008	2009							
	Dec.	March		Juin				Sept.	Dec.
	Actual	Indicative Target	Actual	PC	PC adjusted	PC adj. & corr.	Actual	Indicative Target	PC
Performance criteria									
Overall balance (including grants) 2/	-61.0	-13.8	13.7	-16.2	-28.2	-72.5	-57.2	-71.8	-137.9
Ceiling on net domestic financing (incl. WAEMU paper) 3/	171.4	30.4	12.0	31.8	43.8	88.2	31.7	77.2	149.6
Ceiling on new nonconcessional external borrowing 4/		0.0	0.0	0.0			0.0	0.0	0.0
Ceiling on accumulation of new external arrears 5/		0.0	0.0	0.0			7.5	0.0	0.0
Ceiling on accumulation of new domestic arrears		0.0	106.8	0.0			0.0	0.0	0.0
Ceiling on extra-budgetary spending 5/		0.0	0.0	0.0			0.0	0.0	0.0
Indicative targets									
Primary basic fiscal balance	33.1	10.2	71.2	68.1		23.8	39.9	91.3	93.3
Ceiling on expenditures by treasury advance		25.0	3.6	50.0			22.0	65.0	82.2
Floor on pro-poor expenditure 6/	726.8	200.5	156.9	398.1			390.0	614.2	838.8
Floor on cash repayment (+) of government domestic arrears	-104.8	12.0	28.6	30.0			52.7	40.0	60.0
Total government revenue	1976.8	420.2	453.2	959.1			1003.7	1495.8	2080.9
Government wage bill	711.7	175.4	176.9	328.1		372.5	388.0	544.2	745.0
Memorandum items:									
Net banking sector claims on government 7/		-0.4	4.0	53.3		75.5	47.9	48.3	104.0
Program grants		16.0	0.0	21.0			6.0	23.0	32.7
Program loans		0.0	0.0	0.0			0.0	0.0	0.0
Project grants		12.7	3.1	12.7			22.9	27.6	48.2
Project loans		2.7	3.1	10.7			18.7	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 markets 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, respectivement; 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 10. Côte d'Ivoire: Structural Conditionality, 2009

Measures	Timetable Structural Benchmarks	Macroeconomic significance	Status
Prior Actions			
• Eliminate arrears to multilateral institutions and remain up-to-date with debt servicing; produce a monthly cash-flow statement incorporating multilateral debt service payments.	1st report mid-October 2009	Improve the cash-flow management. Maintain normal financial relations with external creditors and institutions	Done
• Inform all creditors, through a public announcement, of the strategy and status of negotiations on external debt restructuring.		Strengthen transparency and partner confidence	Done
• Issue the texts reducing the Single Export Duty (DUS) from CFAF 220 to CFAF 210 and the registration fee on cocoa and coffee from 10 percent to 5 percent.	September 2009	Improve incomes of cocoa farmers and orchard maintenance.	Done
• Provide IMF staff with copies of the provisional audit report on debt owed to PFO and of the contracts resulting from the modification of the five major public works agreements conforming to the Public Procurement Code.		Improve expenditure transparency	Done
Structural Benchmarks (SBM) for end-2009			
Tax policy/administration (2009)			
• Elimination of the practice of advance payment of the DUS on coffee/cocoa, and of any other taxes.	Continuous **SBM**	Improve governance and ensure the government's financing costs are close to market terms	Ongoing
• Completion of inventory of service charges/fees by ministries (MEFP ¶26).	**SBM** end-June 2009	Improve governance and transparency	Significant progress made, but completion of exercise will take more time.
• Adoption of a plan to rationalize exemptions, including crisis-related regimes (in line with IMF technical assistance), for adoption in the 2010 budget (MEFP ¶ 26) .	**SBM** end-September 2009	Improve transparency and reduce distortions; improve revenue	Some progress made, but overall project is delayed
• Implementation of the computerized transit module of SYDAM (SYDONIA) between the Port of Abidjan and the three main border posts.	**SBM** end-September 2009	Improve transparency and revenue	Some progress made, but recent TA mission pointed out remaining dysfunctions.
• Reduce the outstanding verified and validated VAT credit balance to CFAF 10 billion or less at end-2009, and remain within that ceiling in 2010.	Continuous **SBM**	Improve the business climate and the confidence of enterprises	Major effort required
• Eliminate exemptions on imported rice.	Starting January 1, 2010	Rationalization of exemptions and improvement in revenues	Draft decree under discussion

Table 10. Côte d'Ivoire: Structural Conditionality, 2009 (concluded)

Measures	Timetable Structural Benchmarks	Macroeconomic significance	Status
Public expenditure management (2009)			
• Adoption by the government of the 2010 budget tracing all quasi-fiscal levies for investment in the coffee/cocoa sector (MEFP Box 3).	**SBM** end-November 2009	Improve governance and transparency	On track – FCFA 10 bn expected.
• Publication within 45 days of quarterly budget execution statements, including pro-poor spending (MEFP ¶24).	**SBM** each quarter	Improve monitoring and transparency of budget execution	On track – analytical content to be improved.
• Submission of draft budget execution law (*Loi de réglements*) for 2008 to the Audit Office (*Chambre de Comptes*) for certification and submission to the National Assembly (MEFP ¶21).	**SBM** end-October 2009	Improve transparency and *ex-post* verification of the budget and its execution	On track
• Formulation of medium-term expenditure frameworks (MTEF) for the education and health ministries (MEFP ¶25).	**SBM** end-October 2009	Put in place a medium-term social strategy consistent with the PRSP and the budget framework.	Good progress, but costing delayed beyond inclusion in 2010 draft budget.
• Production of a report including different scenarios for reducing subsidies to the electricity sector to CFAF 50 billion in 2010, including the projected reduction of the cost of gas and rate increase.	**SBM** end-2009	Improve electricity sector deficit and reduce government subsidies	
• Adoption of the CNPS Reform Plan and the decree establishing the Inter-ministerial Committee in charge of monitoring the reform of the CGRAE.	**SBM** end-2009	Limit deficit and improve long-term fiscal sustainability.	
• No new injection of public funds in the two banks in difficulty.	Continuous **SBM**	Improve governance and Improve management of the financial sector	Ongoing

Table 11a. Côte d'Ivoire: Central Government Financial Operations, 2007–14 1/

(Billions of CFA francs, unless otherwise indicated)

	2007	2008	2009						2010	2011	2012	2013	2014
			Q1 Prog.	Q1 Est.	Q2 Prog.	Q2 Est.	Q4 Prog.	Q4 Proj.			Proj.		
Total revenue and grants	1,871.2	2,156.2	448.9	456.3	992.7	1,035.6	2,161.8	2,226.0	2,262.8	2,553.1	2,823.7	3,154.8	3,498.6
Total revenue	1,817.6	1,976.8	420.2	453.2	959.1	1,003.7	2,080.9	2,145.0	2,227.0	2,428.4	2,671.5	2,979.4	3,307.4
Tax revenue	1,468.1	1,638.0	373.3	401.3	852.3	907.7	1,771.6	1,898.6	1,975.0	2,098.2	2,315.6	2,569.9	2,848.8
Direct taxes	425.2	541.7	86.4	90.7	273.7	296.8	504.6	566.3	608.4	677.3	730.2	801.8	886.1
Of which: profit tax on oil	66.8	138.6	12.9	17.7	27.7	50.0	67.2	124.0	131.0	83.6	90.1	91.5	96.2
Indirect taxes	1,042.9	1,096.3	287.0	310.6	578.6	610.9	1,267.0	1,332.3	1,366.6	1,420.9	1,585.5	1,768.1	1,962.7
Nontax revenue	349.5	338.8	46.9	51.9	106.7	96.1	309.3	246.4	252.0	330.2	355.9	409.5	458.6
Social security contributions	129.6	141.4	35.6	36.8	49.4	75.1	150.6	150.6	159.5	174.9	188.6	234.0	270.9
Oil and gas revenue	66.9	138.6	5.9	0.0	17.1	0.0	67.2	0.0	0.0	83.6	90.1	91.5	96.2
Other	153.0	58.8	5.4	15.1	40.3	21.0	91.5	95.7	92.5	71.7	77.3	84.0	91.5
Of which: PETROCI dividends	13.6	27.0	0.0	0.0	20.0	0.0	35.0	35.0	35.0	16.7	18.0	18.3	19.2
Of which: toxic waste damage	76.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	53.6	179.5	28.7	3.1	33.7	31.9	80.9	81.0	35.8	124.7	152.2	175.4	191.2
Projects	43.6	38.8	12.7	3.1	12.7	22.9	48.2	48.2	10.6	112.7	152.2	175.4	191.2
Programs (incl. crisis-related) 3/	10.0	140.7	16.0	0.0	21.0	9.0	32.7	32.8	25.2	12.0	0.0	0.0	0.0
Total expenditure	1,944.9	2,217.2	462.7	442.6	1,008.9	1,092.8	2,299.7	2,375.8	2,443.0	2,898.3	3,245.1	3,668.2	4,112.0
Current expenditure	1,666.8	1,879.9	432.6	415.8	878.5	962.8	1,953.1	2,042.2	2,056.7	2,268.8	2,478.9	2,729.9	3,001.1
Wages and salaries	640.3	711.7	175.4	176.9	328.1	388.0	745.0	749.0	814.1	850.9	904.0	968.0	1,055.0
Social security benefits	182.7	188.6	49.5	53.6	99.0	101.0	198.0	198.0	206.4	241.5	260.3	283.0	340.1
Subsidies and other transfers (incl. education and health)	157.5	164.7	34.2	29.1	78.7	108.0	189.9	228.2	226.8	280.1	302.0	313.7	341.9
Of which: Versus Bank restructuring			7.0	7.0	7.0	7.0	7.0	7.0	-1.0	0.0	0.0	0.0	0.0
Other current expenditure	447.0	504.3	93.7	84.0	199.4	219.4	451.1	492.1	506.2	658.5	743.3	886.6	966.2
Of which: discretionary presidential	224.1	249.4	37.3	44.8	78.2	92.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: toxic waste damage	27.8	7.7	0.0	1.0	0.0	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: BFA Bank restructuring			6.0	6.0	6.0	6.0	6.0	6.0	0.0	0.0	0.0	0.0	0.0
Crisis-related expenditure	73.1	122.5	42.0	18.8	78.6	61.4	148.7	168.8	109.8	18.8	0.0	0.0	0.0
Interest due	166.2	188.1	37.8	53.4	94.6	83.9	220.4	206.0	193.4	219.0	269.3	278.6	297.9
On domestic debt	50.9	64.5	3.4	10.1	11.6	20.3	32.2	46.2	29.0	53.2	53.2	53.2	60.5
On external debt	115.3	123.6	34.4	43.3	83.0	64.7	188.2	159.8	164.4	165.8	216.1	225.1	237.0
Before rescheduling/refinancing			0.0	0.0	0.0	0.0	91.3	102.5	97.0	89.0	82.8	78.5	73.8
On new financing			0.0	0.0	0.0	0.0	96.9	57.3	67.4	76.8	133.3	146.6	163.2
Of which : on rescheduling			48.7	48.7	48.7	48.7	88.3	48.7	48.7	48.9	92.6	78.5	63.7
Of which: others			0.0	0.0	0.0	0.0	8.6	8.6	18.6	28.0	40.7	68.1	99.5
Capital expenditure	249.3	319.6	27.6	19.8	116.4	107.8	327.5	329.6	381.3	614.9	751.6	922.5	1,093.5
Domestically financed	183.2	230.3	9.7	8.6	88.1	77.2	225.8	227.9	280.7	245.5	291.4	331.3	403.4
Foreign-financed	66.1	77.7	14.9	6.2	23.3	25.5	91.7	91.7	85.6	369.4	460.2	591.2	690.1
Net lending	28.8	17.7	2.5	7.0	14.0	6.1	19.1	4.0	5.0	14.6	14.6	15.9	17.3
Of which: versus Bank restructuring			0.0	0.0	0.0	0.0	15.1	0.0	0.0	0.0	0.0	0.0	0.0
Of which: BFA Bank restructuring			0.0	0.0	0.0	0.0	-6.0	-6.0	0.0	0.0	0.0	0.0	0.0
Primary basic balance 2/	56.4	33.1	10.2	71.2	68.1	39.9	93.3	76.9	73.0	118.5	155.8	181.0	183.5
Overall balance, including grants 1/ 3/	-73.8	-61.0	-13.8	13.7	-16.2	-57.2	-137.9	-149.8	-180.2	-345.2	-421.4	-513.4	-613.4
Overall balance, excluding grants 1/ 3/	-127.4	-240.4	-42.5	10.6	-49.8	-89.1	-218.8	-230.8	-216.0	-469.9	-573.6	-688.8	-804.6
Change in domestic arrears (excl. on debt service)	-164.3	104.8	-12.0	-53.4	-30.0	-154.6	-60.0	-67.4	-55.0	-70.0	-30.0	-31.5	0.0
Net change in external arrears (interests)	92.4	30.1	-93.6	-61.2	-1,035.1	-47.7	-1,035.1	-1,132.5	0.0	0.0	0.0	0.0	0.0
Change in existing arrears	-8.3	-55.2	0.0	0.0	-1,035.1	0.0	-1,035.1	-1,132.5	0.0	0.0	0.0	0.0	0.0
Accumulation of new arrears	100.7	85.2	0.0	0.0	0.0	49.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-145.7	73.9	-119.4	-100.9	-1,081.3	-259.5	-1,233.0	-1,349.7	-235.2	-415.2	-451.4	-544.9	-613.4

Table 11a. Côte d'Ivoire: Central Government Financial Operations, 2007–14 1/ (concluded)

(Billions of CFA francs, unless otherwise indicated)

	2007	2008	2009						2010	2011	2012	2013	2014
			Q1 Prog.	Q1 Est.	Q2 Prog.	Q2 Est.	Q4. Prog.	Q4 Proj.	Proj.				
Financing	145.7	-73.9	119.4	100.9	1,081.3	259.5	1,233.0	1,349.7	235.2	415.2	451.4	544.9	613.4
Domestic financing	102.6	107.3	-15.5	29.0	-101.8	22.4	-1.8	99.2	20.6	-32.7	-30.5	-6.9	0.0
Bank financing (net)	85.9	-25.0	-23.9	8.8	-44.6	47.9	18.5	209.7	25.8	-32.7	-30.5	-6.9	0.0
Net use of Fund resources	4.1	3.6	-10.9	0.0	-10.9	54.7	-10.9	54.7	-14.6	-32.7	-30.5	-6.9	0.0
Central bank credit (net)	-19.3	39.2	-8.0	-13.1	-12.0	-19.4	-19.7	134.3	-20.3	0.0	0.0	0.0	0.0
Other domestic bank financing (net)	101.1	-67.8	-5.0	21.9	-21.7	12.6	49.1	20.7	60.7	0.0	0.0	0.0	0.0
Of which: versus Bank restructuring			0.0	0.0	0.0	0.0	22.0	0.0	-1.0	0.0	0.0	0.0	0.0
Nonbank financing (net)	16.7	132.3	8.4	20.2	-57.2	-25.5	-20.4	-110.5	-5.1	0.0	0.0	0.0	0.0
External financing	43.1	-181.1	-26.9	-39.5	-1,440.6	27.5	-1,526.5	1,088.4	-189.6	-43.7	-215.7	-141.5	-98.7
Consolidation (bonds)	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
Project loans	22.5	38.9	2.7	3.1	10.7	18.7	43.5	43.5	75.0	256.7	308.0	415.8	498.9
Program loans	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
WAEMU financing (in CFAF)	69.2	76.2	21.0	21.0	21.0	21.0	40.9	21.0	35.2	0.0	0.0	0.0	0.0
Amortization due	-222.9	-282.1	-36.7	-51.5	-124.2	-108.4	-277.3	-311.6	-299.7	-300.3	-523.7	-557.3	-597.6
Of which : CFA debt hold by non-WAEMU residents	-24.4	-44.5	-1.0	-0.6	-24.4	-0.5	-43.2	-53.9	-40.9	-9.3	0.0	0.0	0.0
Net change in external arrears (principal) 4/	174.3	-4.8	60.0	62.2	-1,333.6	100.0	-1,333.6	-1,351.1	0.0	0.0	0.0	0.0	0.0
Change in existing arrears	-0.3	-171.5	0.0	0.0	-1,333.6	0.0	-1,333.6	-1,351.1	0.0	0.0	0.0	0.0	0.0
Accumulation of new arrears	174.6	166.7	60.0	62.2	0.0	100.0	0.0	0.0	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	2,686.6	0.0	0.0	0.0	0.0	0.0
Official bilaterals, incl. Paris Club								1,930.1					
Commercial (incl. Brady Bonds)								539.1					
AfDB arrears clearance grant								183.9					
Others								33.4					
Financing gap (+ deficit / – surplus)	0.0	0.0	161.8	111.4	2,623.7	209.6	2,761.4	162.1	404.1	491.5	697.6	693.4	712.1
Possible financing 2009-11													
Program grants (World Bank, AfDB)							351.8	135.9	74.7	75.0	0.0	0.0	0.0
World Bank budget support							112.1	71.9					
AfDB arrears clearance grant							171.4						
AfDB budget support							68.3	64.0					
Arrears restructuring 4/							2,102.7						
EIB							34.2						
Paris Club restructuring							1,688.6						
Post-cut off arrears							956.8						
Pre-cut off arrears							731.8						
Commercial (incl. Brady Bonds) - Rescheduling of arrears							379.8						
Current maturities restructuring 4/							221.3		277.5	258.3			
Official bilaterals restructuring							221.3		139.8	144.3			
Of which : Paris Club restructuring							143.4		138.0	140.1			
Post-cut off current maturities							76.4		65.2	65.2			
Pre-cut off current maturities							67.0		72.8	75.0			
Commercial (incl. Brady Bonds) - Rescheduling of current maturities							77.9		137.7	114.0			
Memorandum items:													
Nominal GDP	9,487	10,485					10,925	10,925	11,600	12,405	13,374	14,536	15,842.0
Domestic debt (including financial debt)	1,024	1,166					1,104	1,143	1,098	1,028	998	967	1,101
Of which: in arrears 6/	240	279					219	212	132	62	32	0	0
External debt	6,152	6,506					5,872	6,620	6,866	7,192	7,552	8,033	8,549
Of which: in arrears 7/	2,050	2,466					0	0	0	0	0	0	0
Pro-poor spending (including foreign financed)	563.8	726.8					838.8	838.8	967.0	1,069.7	1,222.2	1,408.2	1,627.7
Of which: Education	345.0	496.9					536.6	536.6	619.0	681.1	771.1	880.0	1,007.0
Health	88.8	98.3					118.8	118.8	137.3	155.5	184.8	221.5	266.1
Defense spending	151.2	154.0					…	…	…	…	…	…	…

Sources: Ivorian 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 2009 are below the line.
4/ Based on standard treatment of reschedulable Paris and London Club debt in context of HIPC.
5/ Assume access of 90 percent; 24 percent upon approval, and six equal tranches of 11 percent of quota.
6/ Changes in stocks including reductions through securitization and compensation with the electricity sector.
7/ Changes in stocks also reflect valuation changes.

Table 11b. Côte d'Ivoire: Central Government Financial Operations, 2007–14 1/

(Percent of GDP, unless otherwise indicated)

	2007	2008	2009		2010	2011	2012	2013	2014
			Q4 Prog.	Q4 Proj.	Proj.				
Total revenue and grants	19.7	20.6	19.8	20.4	19.5	20.6	21.1	21.7	22.1
Total revenue	19.2	18.9	19.0	19.6	19.2	19.6	20.0	20.5	20.9
Of which: nonoil revenue	17.6	16.0	17.5	18.2	17.8	18.1	18.5	19.1	19.5
Tax revenue	15.5	15.6	16.2	17.4	17.0	16.9	17.3	17.7	18.0
Direct taxes	4.5	5.2	4.6	5.2	5.2	5.5	5.5	5.5	5.6
Of which: profit tax on oil	0.7	1.3	0.6	1.1	1.1	0.7	0.7	0.6	0.6
Indirect taxes	11.0	10.5	11.6	12.2	11.8	11.5	11.9	12.2	12.4
Nontax revenue	3.7	3.2	2.8	2.3	2.2	2.7	2.7	2.8	2.9
Social security contributions	1.4	1.3	1.4	1.4	1.4	1.4	1.4	1.6	1.7
Oil and gas revenue	0.7	1.3	0.6	0.0	0.0	0.7	0.7	0.6	0.6
Other	1.6	0.6	0.8	0.9	0.8	0.6	0.6	0.6	0.6
Of which: PETROCI dividends	0.1	0.3	0.3	0.3	0.3	0.1	0.1	0.1	0.1
Of which: toxic waste damage	0.8	0.0							
Grants	0.6	1.7	0.7	0.7	0.3	1.0	1.1	1.2	1.2
Projects	0.5	0.4	0.4	0.4	0.1	0.9	1.1	1.2	1.2
Programs (incl. crisis-related) 3/	0.1	1.3	0.3	0.3	0.2	0.1	0.0	0.0	0.0
Total expenditure	20.5	21.1	21.0	21.7	21.1	23.4	24.3	25.2	26.0
Current expenditure	17.6	17.9	17.9	18.7	17.7	18.3	18.5	18.8	18.9
Wages and salaries	6.7	6.8	6.8	6.9	7.0	6.9	6.8	6.7	6.7
Social security benefits	1.9	1.8	1.8	1.8	1.8	1.9	1.9	1.9	2.1
Subsidies and other transfers (incl. education and health)	1.7	1.6	1.7	2.1	2.0	2.3	2.3	2.2	2.2
Other current expenditure	4.7	4.8	4.1	4.5	4.4	5.3	5.6	6.1	6.1
Of which: discretionary presidential	2.4	2.4	…	… .	…	…	…	…	…
Of which: toxic waste damage	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Crisis-related expenditure	0.8	1.2	1.4	1.5	0.9	0.2	0.0	0.0	0.0
Interest due	1.8	1.8	2.0	1.9	1.7	1.8	2.0	1.9	1.9
Domestic interest	0.5	0.6	0.3	0.4	0.2	0.4	0.4	0.4	0.4
Foreign interest (incl. gap)	1.2	1.2	1.7	1.5	1.4	1.3	1.6	1.5	1.5
Before rescheduling/refinancing			0.8	0.9	0.8	0.7	0.6		
On new financing			0.9	0.5	0.6	0.6	1.0		
Of which: rescheduling			0.8	0.4	0.4	0.4	0.7		
Of which: others			0.1	0.1	0.2	0.2	0.3	0.5	0.4
Capital expenditure	2.6	3.0	3.0	3.0	3.3	5.0	5.6	6.3	6.9
Domestically-financed	1.9	2.2	2.1	2.1	2.4	2.0	2.2	2.3	2.5
Foreign-financed	0.7	0.7	0.8	0.8	0.7	3.0	3.4	4.1	4.4
Net lending	0.3	0.2	0.2	0.0	0.0	0.1	0.1	0.1	0.1
Primary basic balance 2/	0.6	0.3	0.9	0.7	0.6	1.0	1.2	1.2	1.2
Overall balance, including grants 1/ 3/	-0.8	-0.6	-1.3	-1.4	-1.6	-2.8	-3.2	-3.5	-3.9
Overall balance, excluding grants 1/ 3/	-1.3	-2.3	-2.0	-2.1	-1.9	-3.8	-4.3	-4.7	-5.1
Change in domestic arrears (excl. on debt service)	-1.7	1.0	-0.5	-0.6	-0.5	-0.6	-0.2	-0.2	0.0
Net change in external arrears (interest) 3/	1.0	0.3	-9.5	-10.4	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-1.5	0.7	-11.3	-12.4	-2.0	-3.3	-3.4	-3.7	-3.9

Table 11b. Côte d'Ivoire: Central Government Financial Operations, 2007–14 1/ (concluded)

(Percent of GDP, unless otherwise indicated)

	2007	2008	2009		2010	2011	2012	2013	2014
			Q4 Prog.	Q4 Proj.	Proj.				
Financing	1.5	-0.7	11.3	12.4	2.0	3.3	3.4	3.7	3.9
Domestic financing	1.1	1.0	0.0	0.9	0.2	-0.3	-0.2	0.0	0.0
Bank financing (net)	0.9	-0.2	0.2	1.9	0.2	-0.3	-0.2	0.0	0.0
Net use of Fund resources	0.0	0.0	-0.1	0.5	-0.1	-0.3	-0.2	0.0	0.0
Central bank credit (net)	-0.2	0.4	-0.2	1.2	-0.2	0.0	0.0	0.0	0.0
Other domestic bank financing (net)	1.1	-0.6	0.4	0.2	0.5	0.0	0.0	0.0	0.0
Nonbank financing (net)	0.2	1.3	-0.2	-1.0	0.0	0.0	0.0	0.0	0.0
External financing	0.5	-1.7	-14.0	10.0	-1.6	-0.4	-1.6	-1.0	-0.6
Consolidation (bonds)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project loans	0.2	0.4	0.4	0.4	0.6	2.1	2.3	2.9	3.1
Program loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization due	-2.3	-2.7	-2.5	-2.9	-2.6	-2.4	-3.9	-3.8	-3.8
WAEMU financing (in CFAF)	0.7	0.7	0.4	0.2	0.3	0.0	0.0	0.0	0.0
Net change in external arrears (amortization) 4/	1.8	0.0	-12.2	-12.4	0.0	0.0	0.0	0.0	0.0
Debt relief and rescheduling	0.0	0.0	0.0	24.6	0.0	0.0	0.0	0.0	0.0
Bonds	0.3	0.1	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Treasury bills	0.4	0.1	-0.4	-0.1	0.0	0.0	0.0	0.0	0.0
Financing gap (+ deficit / – surplus)	0.0	0.0	25.3	1.5	3.5	4.0	5.2	4.8	4.5
Possible financing 2009–11									
Program grants (World Bank, AfDB)			3.2	1.2	0.6	0.6	0.0	0.0	0.0
World Bank budget support			1.0	0.7					
AfDB arrears clearance grant			1.6	0.0					
AfDB budget support			0.6	0.6					
Arrears restructuring 4/			19.2						
EIB			0.3						
Paris Club restructuring			15.5						
Post-cut off arrears			8.8						
Pre-cut off arrears			6.7						
Commercial (incl. Brady Bonds) - Rescheduling of arrears			3.5						
Current maturities restructuring 4/			2.0		2.4	2.1			
Official bilaterals restructuring			2.0		1.2	1.2			
Of which : Paris Club restructuring			1.3		1.2	1.1			
Post-cut off current maturities			0.7		0.6	0.5			
Pre-cut off current maturities			0.6		0.6	0.6			
Commercial (incl. Brady Bonds) - Rescheduling of current maturities			0.7		1.2	0.9			
Residual gap		0.0	0.8	0.2	0.5	1.3	5.2	4.8	4.5
Of which: IMF-PRGF			0.8	0.2	0.4	0.4	0.2	0.0	0.0
Memorandum items:									
Domestic debt	10.8	11.1	10.1	10.5	9.5	8.3	7.5	6.7	6.9
Of which : in arrears 5/	2.5	2.7	2.0	1.9	1.1	0.5	0.2	0.0	0.0
External debt	64.8	62.0	53.7	60.6	59.2	58.0	56.5	55.3	54.0
Of which : in arrears 6/	21.6	23.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pro-poor spending (including foreign financed)	5.9	6.9	7.7	7.7	8.3	8.6	9.1	9.7	10.3
Of which : Education	3.6	4.7	4.9	4.9	5.3	5.5	5.8	6.1	6.4
Of which : Health	0.9	0.9	1.1	1.1	1.2	1.3	1.4	1.5	1.7
Defense spending	1.6	1.5	…	…	…	…	…	…	…
Wage bill in percent of tax revenue (WAEMU criteria)	43.6	42.0	42.1	39.5	41.2	40.6	39.0	37.7	37.0

Sources: Ivorian 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 2009 are below the line.

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

5/ Changes in stocks including reductions through securitization and compensation with the electricity sector.

6/ Changes in stocks also reflect valuation changes.

Table 12. Côte d'Ivoire: Structural Reforms, 2009–10

Areas of interventions	Action	Deadline	Source 1/	Status/Revised deadline
General PFM issues				
WAEMU harmonization	Move forward in implementing WAEMU PFM directives, notably in the area of decentralization	End-2009	PFM plan	Implementation of directives only required before end 2011 under WAEMU rules, some might be transposed in 2010
Budget execution reporting	Publish quarterly budget execution reporting, including pro-poor spending, on the Internet within 45 days	Quarterly	October 2009 MEFP, Tbl 3	On track - Analytical content could be improved
Budget adoption	2010 budget adopted with the budgetization and fiscalization of all quasi-fiscal levies for investment in the coffee/cocoa sector	November 2009	October 2009 MEFP, Tbl 3	On track - 10bn FCFA expected, 6bn already earmarked within the FIMR in June
Budget execution certification	Submit a draft budget execution law (loi de reglement) for 2008 to Account Chamber for certification	October 2009	October 2009 MEFP, Tbl 3	On track
Revenue side				
Extra-budgetary fees	Proceed to a detailed inventory of service charges/administrative fees charged by Ministries, with a view to their streamlining and budgetization	June 2009	October 2009 MEFP, Tbl 3	Some progress - 15 *regies d'avance* created, 7 under creation, to put an end to unmandated public funds management (*gestion de fait)* under supervision of IGF. Existing *regies* should be included in 2010 budget.
Exemptions	Rationalize exemptions, including crisis-related regimes, (in line with IMF technical assistance) for adoption in the 2010 budget	September 2009	October 2009 MEFP, Tbl 3	Some progress made, but overall project is delayed
Customs	Implement automatic transit module of SYDAM (SYDONIA) between the Port of Abidjan and the three main border posts	September 2009	October 2009 MEFP, Tbl 3	Implementation ongoing
Expenditure side				
Functional classification	Incorporate new functional budget classification in line with 2001 GFS and poverty reduction spending	End-2009	PFM plan	Delayed--awaiting adoption of organic law on budget (WAEMU directive)
SIGFIP and ASTER integration	- Establish interface between budget execution (SIGFIP) and accounting (ASTER) systems	From end-2009 onwards	PFM plan	On track, but feeding in the software will require progress on the above and adoption of decree on SIGFIP revision
	- Integrate donor-funded project in SIGFIP and provide "bridge table" between budget execution (CGAF) and TOFE reports	From early 2009 onwards	PFM plan	Reportedly done
Treasury advances	Reduce practice of treasury advances, limited by a ministerial decree	From early 2009 onwards	PFM plan	Done - wages not covered by decree
Wage bill management	- Prepare study of past unpaid wage commitments	End-2009	October 2009 MEFP ¶26	
	- define strategy to deal with these commitments over the medium term	March 2010	October 2009 MEFP ¶26	
Procurement (*marches*	- Adopt public procurement code	Second half 2009	PFM plan	Done
publics)	- Adopt decree setting up an independent regulatory authority	Second half 2009	PFM plan	To be finalized
	- Publish monitoring reports on public procurements	Second half 2009	PFM plan	
Grands travaux	- Regularise framework agreements of public procurement contracts, on the basis of specifications and prices provided by the BNETD	End 2009	PFM plan	In progress for existing conventions, delays expected for others; pending phasing and tax exemption issues
	- Proceed to expenditure execution through SIGFIP		PFM plan	On track
Domestic arrears	Implement domestic arrears clearance plan	From early 2009 onwards	PFM plan	On track
Crisis-exit spending	Perform an audit	June 2009	MEFP ¶12	Delayed to year-end
Pro-poor spending	Increase share of education, health and agricultural sectors in total spending	End-2009	PFM plan	In progress
Medium term expenditure framework	Formulation of a MTEF for the education and health ministries	October 2009	October 2009 MEFP, Tbl 3	Progress made, but completion delayed

Table 12. Côte d'Ivoire: Structural Reforms, 2009–10 (continued)

Areas of interventions	Action	Deadline	Source	Status/Revised deadline
Sectoral and public enterprise issues				
Monitoring of public enterprises	- Define a strategy to restructure state-owned enterprises	End-2009	MEFP ¶42	Off track
	- Submit to Council of Minister and publish annual report on financial performance of public enterprises	End-2009	MEFP ¶42	IGF report available; audits under way for some enterprises
	- Collect dividends on a regular basis, notably from the Autonomous Port of Abidjan or Petroci	As of April 2009	MEFP Box 1	On track
Energy (general issues)	- Publish quarterly reports on financial and fiscal flows, within 45 days	Quarterly	MEFP Box 5	On track
	- Prepare EITI-compliant reports for oil/gas extraction	April for 2006, September for 2007, end-2009 for 2008 reports	MEFP ¶39	Delayed - publication of a preliminary note on the expected coverage of the reports. New timetable: 2006 and 2007 reports at end-2009, 2008 in September 2010, start 2009 report in 2010
Electricity	- Revise the level and structure of electricity tariffs and reduce fuel costs	June 2009	MEFP Box 5	Delayed to 2010
	- Renegociate gaz price with suppliers	June 2009	MEFP Box 5	Negotiations were unsuccessful, to be further pursued
	- Renegotiate better export prices	June 2009	MEFP Box 5	Partly done
Petroleum/oil products	- Publish annual summary of certified account of PETROCI	During 2009	MEFP Box 2	MEF audit completed February 2009
	- Apply the automatic petroleum product pricing mechanism	As of April 2009	MEFP ¶16	On track
	- Rationalize price structure, based on IMF TA and audit	September 2009	MEFP Box 5	Draft decree under discussion
	- Strengthen government monitoring of exports, while hiring an independent assessor	2009	MEFP ¶26	reportedly on track
Coffee/Cocoa	- Submit to the Council of Ministers and publish quarterly reports on collection and use of quasi-fiscal levies as well as realized FOB exports and farmgate prices, within 45 days	Quarterly	MEFP Box 6	On track
	- Include operating costs of agencies in reports to the Council of Ministers	June and December 2009	MEFP Box 2	On track
	- Budgetize quasi-fiscal levies earkmarked for investment	2010 budget	October 2009 MEFP, Tbl 3	On track
	- Eliminate the practice of advance payments of the DUS or other taxes	2009	October 2009 MEFP, Tbl 3	Done
Social security				
	- Prepare a plan to restructure the CGRAE on the basis of actuarial, legal and institutional studies	End-2009	MEFP Box 3	Draft law setting up authority in charge by the Council of Minister.
	Ensure payment of government contributions to CNPS	Continuous	MEFP ¶42	On track
Other public governance issues				
Civil service	Come up with a strategy for public administration reforms, including creating "*Secretariat generaux*" within Ministries	End-2009	MEFP Box 3	delayed - Interim agency in charge of follow-up staffed only recently
	- Proceed to a census of civil servants with the aim of eliminating ghost workers	October 2009	MEFP Box 3	Delayed to end-2009
	- Set up an integrated government personel management system (excluding military and police)	End-2009, to be operational in 2010	MEFP Box 3	Some delays, but planned to include police
Ethics	- Adopt a National Plan for Good Governance and Fight against Corruption	End-2009	MEFP ¶33	delayed
	- Adopt a draft law on unlawful enrichment	End 2009	MEFP ¶33	delayed
	- Adopt a code of ethics for senior public officials	End 2009	MEFP ¶33	delayed

Table 12. Côte d'Ivoire: Structural Reforms, 2009–10 (continued)

Areas of interventions	Action	Deadline	Source	Status/Revised deadline
Financial sector				
Regional bond issuance	Participate in regional liquidity management and planning of securities issuance	Continuous	MEFP ¶36	Room for improvement: Annual schedules of securities' issuance prepared and sent to BCEAO. However, these are often not adhered to and there is no intra-year coordination of countries' issuances
Consolidated statutory overdraft at BCEAO	Approach BCEAO to seek a restructuring of arrears	n.a.	MEFP ¶36	Not done
Amendments of the WEAMU Treaty	Adopt and ratify	June 2009	MEFP ¶36	Done: Order 2009-68 of 3/16/2009
Amendments of the Banking Law	Adopt and ratify	June 2009	MEFP ¶36	Draft law with Council of Ministers
WAEMU Banking Commission	Continue to support its recommendations	n.a.	MEFP ¶37	ongoing
Commercial banks in distress (2)	Seek private investors to recapitalize and/or restructure in context of FSAP recommendations and by the date set by the Banking Commission	n.a.	MEFP ¶37	Not done: the two banks have been recapitalized by the government but remain in distress
Action plan for restructuring of BNI	- Launch based on Banking Commission recommendations and audit	April 2009	MEFP ¶38 and Box 4.1	Done
	- Adopt action plan	June 2009	MEFP Box 4.1	Done
	- Submit action plan to Banking Commission		MEFP ¶38	Done
Subsidy to Postal Savings Bank (CNCE)	Limit to CFAF 10 billion in 2009	December 2009	MEFP Box 4.2	On track
Microfinance institutions	strengthen surveillance and initiate restructuring on the basis of the National Microfinance Strategy		MEFP ¶37	Awaiting WB-funded studies
Law on combatting the financing of terrorism	Adoption	Mid-2009	MEFP ¶37	Draft law with Council of Ministers
Reform of CNPS	Launch based on actuarial study, reduce deficit of pension branch from 2009		MEFP ¶38	Study on financial viability done, but full reform not yet formulated/launched. Government increased retirement age from 55 to 60 years during 2009-2011.
Government debt owed to any public entity to a 3rd party	Sale at a discount of more than 10 percent should be authorized in writing by the Minister of Finance	Continuous	MEFP ¶38	There have been no sales up to early Sept. 2009
Business climate				
Arbitration Boards	Adopt law on mandatory enforcement (*exequatur*) of decisions	December 2009	MEFP Box 7.1	On track
Commercial Courts (*tribuneaux de commerce)*	Create by decree and train judiciary staff in commercial matters	December 2009	MEFP Box 7.2	On track
Judicial system	Prepare reform plan to enhance efficiency and fairness; publication of judicial decisions	December 2009	MEFP Box 7.3	On track
Competition law (*Loi sur la concurrence*)	Reform, notably to combat noncompetitive practices	December 2009	MEFP Box 7.4	On track
Reimbursement of VAT credits	Accelerate procedures and reduce stock of verified credits awaiting reimbursement to CFAF 20 billion during 2009 (from CFAF 28.4 billion at end-2008)	continuous	MEFP Box 7.5	Not done--level increased through QIII; to be reduced to CFAF 10 billion by end-2009 and maintained at/below that level thereafter
Regional integration and trade policy				
WAEMU Common External Tariff (CET) and rules of origin	Support extension to all ECOWAS countries and promote freedom of persons and goods within subregion	Continuous	MEFP ¶43	CET extension adopted in Oct. 2008 by the introduction of a 5th tariff band of 35 percent, but product coverage of band remains to be determined
Economic Partnership Agreement (EPA) with European Union	Support signing of a regional EPA and formulation of accompanying programs to secure "development and financing mechanisms"	Continuous	MEFP ¶43	Interim regional agreement to be signed in Oct. 2009 covering market access and "financing for development" components

Table 12. Côte d'Ivoire: Structural Reforms, 2009–10 (concluded)

Areas of interventions	Action	Deadline	Source	Status/Revised deadline
Social sector and PRSP monitoring				
Medium-term expenditure frameworks (MTEF)	Develop, starting with health and education sectors; increase budget allocations for ;	Continuous	MEFP ¶44	Action plans prepared for health and education, but costing still ongoing. Slow progress for other ministries.
	- education, from 4.7 to 4.9% of GDP from 2008 to 2009	December 2009	MEFP ¶44	On track
	- health, from 0.9 to 1.1% of GDP from 2008 to 2009	December 2009	MEFP ¶44	On track
National Education Plan (*PNDEF*)	Prepare, based on status report (*RESEN*); aim is to achieve universal education by 2015	continuous	MEFP ¶45	On track
Health sector	based on 2nd national health plan (*PNDS*) for 2009-11, improve infrastructure for health care centers and accessibility of essential medication in line with PRSP	Continuous	MEFP ¶45	On track
PRSP implementation and monitoring	Decree of March 2009 created Supervisory Committee; it is to prepare and publish regular reports on PRSP implementation	Continuous	MEFP ¶46	Slow progress--1st report expected for early 2010. Preparation by Ministries of priority action matrices.
Statistics and capacity building				
Master Plan for Statistics 2008-11	Implement; in 2009 produce new statistics on the informal sector, social accounting, livestock and industrial fisheries	December 2009	MEFP ¶47	Ongoing. Master plan shifted to 2009-13.
Administrative capacity	Strengthen, especially in areas affected by the crisis:	Continuous	MEFP ¶48	
	(i) strengthen tax and customs administrations;	December 2009	MEFP ¶48	Some progress made, more needed
	(ii) review tax exemptions;	December 2009	MEFP ¶48	Some progress made, more comprehensive approach needed
	(iii) help implement action plan for public financial management reforms;	December 2009	MEFP ¶48	Progress very slow
	(iv) improve national accounts with a view to constructing a social accounting matrix.	December 2009	MEFP ¶48	Ongoing

Table 13. Côte d'Ivoire: External Financing Requirements, 2006–10

(Billions of CFA francs)

	2006	2007	2008	2009 Proj.	2010 Proj.
External financing requirements	6.4	-130.6	-216.0	-3,017.1	-491.8
Current account deficit (excluding official transfers)	269.2	-143.1	103.7	233.3	-33.8
Amortization	-257.6	-222.9	-282.1	-311.6	-299.7
Of which : government	-257.6	-222.9	-282.1	-311.6	-299.7
Fund repurchases and repayments	-30.8	-24.2	-30.5	-10.9	-14.6
Private capital, net (including commercial banks, errors&omissions)	-211.2	216.8	-79.8	-232.1	125.6
Net change in external arrears (interest and principal) (+=accumulation)	364.2	266.6	25.3	-2,483.7	0.0
Of which : World Bank arrears repayment		0.0	-223.1	0.0	0.0
Change in net external reserves without IMF (- = increase)	-127.4	-223.9	47.4	-212.2	-269.3
Available financing	-6.4	130.6	216.0	2,855.0	87.7
Project financing	12.2	22.5	38.9	43.5	75.0
Program financing	0.0	0.0	0.0	0.0	0.0
Fund disbursements	0.0	29.8	27.3	65.6	0.0
Official transfers	-18.6	78.3	149.9	59.3	12.7
Crisis-related financing	0.0	0.0	11.8	32.7	0.0
Of which : for DDR	0.0	0.0	3.8	9.2	0.0
Of which : for elections/identification	0.0	0.0	1.7	6.3	0.0
Of which : from World Bank	0.0	0.0	6.3	17.2	0.0
Project grants and other transfers (net)	-18.6	78.3	138.1	26.6	12.7
Debt relief obtained	0.0	0.0	0.0	2,686.6	0.0
Financing gap	0.0	0.0	0.0	-162.1	-404.1
Expected sources of financing					
IMF PRGF				26.2	51.9
Program grants (World Bank, AfDB, EU)				135.9	74.7
Official bilaterals debt restructuring (current maturities)					139.8
Commercial (incl. Brady Bonds) debt restructuring (current maturities)					137.7
Residual gap				0.0	0.0

Sources: Ivorian authorities; IMF staff estimates and projections.

Table 14. Côte d'Ivoire: Indicators of Capacity to Repay the Fund, 2008–19

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
							Projections					
Fund obligations based on existing credit												
(millions of SDRs)												
Principal	28.1	90.5	11.7	11.7	5.9	-	15.9	31.9	31.9	31.9	31.9	15.9
Charges and interest 1/	4.0	1.6	1.0	1.0	0.9	0.9	0.9	0.8	0.6	0.4	0.3	0.1
Fund obligations based on existing and prospective credit 2/												
(millions of SDRs)												
Principal	28.1	90.5	11.7	11.7	5.9	-	15.9	42.6	56.9	71.2	74.8	58.8
Charges and interest 1/	4.0	1.6	1.4	1.7	2.0	2.0	2.0	1.8	1.6	1.2	0.9	0.5
Total obligations based on existing and prospective credit 2/												
In millions of SDRs	32.1	92.2	13.1	13.4	7.8	2.0	17.9	44.4	58.5	72.4	75.6	59.3
In billions of CFA francs	22.8	65.3	9.3	9.4	5.5	1.4	12.6	31.1	41.0	50.8	53.0	41.6
In percent of government revenue	1.1	2.9	0.4	0.4	0.2	0.0	0.4	0.8	1.0	1.1	1.0	0.8
In percent of exports of goods and services	0.5	1.4	0.2	0.2	0.1	0.0	0.2	0.4	0.5	0.6	0.5	0.4
In percent of debt service 3/	5.3	15.8	2.6	2.7	1.7	0.5	4.4	10.5	13.0	15.8	18.7	22.9
In percent of GDP	0.2	0.6	0.1	0.1	0.0	0.0	0.1	0.2	0.2	0.3	0.2	0.2
In percent of quota	9.9	28.3	4.0	4.1	2.4	0.6	5.5	13.7	18.0	22.3	23.3	18.2
Outstanding Fund credit												
In millions of SDRs	122.3	224.4	284.2	343.9	373.8	373.8	357.9	315.2	258.4	187.2	112.4	53.6
In billions of CFA francs	86.7	158.9	200.7	242.1	262.1	262.1	250.9	221.0	181.1	131.2	78.8	37.6
In percent of government revenue	4.0	7.1	8.9	9.5	9.3	8.3	7.2	5.8	4.3	2.8	1.5	0.7
In percent of exports of goods and services	1.8	3.4	4.2	4.9	5.0	4.6	4.0	3.1	2.2	1.4	0.8	0.3
In percent of debt service	20.3	38.5	55.6	70.1	79.7	92.3	88.2	74.3	57.3	40.8	27.8	20.7
In percent of GDP	0.8	1.5	1.7	2.0	2.0	1.8	1.6	1.3	1.0	0.6	0.4	0.2
In percent of quota	37.6	69.0	87.4	105.8	114.9	114.9	110.0	96.9	79.4	57.6	34.6	16.5
Net use of Fund credit (millions of SDRs)	12.5	104.6	59.8	59.7	29.9	-	(15.9)	(42.6)	(56.9)	(71.2)	(74.8)	(58.8)
Disbursements	40.7	195.1	71.5	71.4	35.7	-	-	-	-	-	-	-
Repayments and Repurchases	28.1	90.5	11.7	11.7	5.9	-	15.9	42.6	56.9	71.2	74.8	58.8
Memorandum items:												
Nominal GDP (billions of CFA francs)	10,485	10,925	11,600	12,405	13,374	14,536	15,842	17,305	18,754	20,274	21,950	23,729
Exports of goods and services (billions of CFA francs)	4,877	4,695	4,817	4,895	5,190	5,711	6,312	7,189	8,182	9,119	10,164	11,604
Government revenue (billions of CFA francs)	2,156	2,226	2,263	2,553	2,824	3,155	3,499	3,822	4,198	4,691	5,110	5,492
Debt service (billions of CFA francs)	428	413	361	345	329	284	285	298	316	322	284	181
CFA francs/SDR (period average)	708.8	708.1	706.4	703.9	701.2	701.2	701.2	701.2	701.2	701.2	701.2	701.2

Sources: IMF staff estimates and projections.

1/ No temporary interest relief assumed pending receipt of required consents to the LIC reforms from lenders and contributors to the PRGF-ESF Trust.
2/ Assuming PRGF disbursement of the entire amount of SDR 373.98 millions (115 percent of quota).
3/ Total debt service includes IMF repurchases and repayments.

Table 15. 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	November 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
373.98	TOTAL	

Table 16. Côte d'Ivoire: Millennium Development Goals

	1990	1995	2000	2005	2008
Goal 1: Eradicate extreme poverty and hunger					
Employment to population ratio, 15+, total (%)	*62*	63	61	60	*60*
Employment to population ratio, ages 15-24, total (%)	*51*	52	48	46	*45*
GDP per person employed (annual % growth)	*-3*	3	-6	-1	1
Income share held by lowest 20%	*6.8*	7.1	*5.0*	..	..
Malnutrition prevalence, weight for age (% of children under 5)	..	*20.9*	*18.2*	*16.7*	*16.7*
Poverty gap at $1.25 a day (PPP) (%)	*3*	5	*7*	..	..
Poverty headcount ratio at $1.25 a day (PPP) (% of population)	*14*	21	*23*	..	..
Prevalence of undernourishment (% of population)	*15*	*16*	..	14	..
Vulnerable employment, total (% of total employment)	..	..	..	..	..
Goal 2: Achieve universal primary education					
Literacy rate, youth female (% of females ages 15-24)	*38*	..	52	..	..
Literacy rate, youth male (% of males ages 15-24)	*60*	..	71	..	..
Persistence to last grade of primary, total (% of cohort)	..	..	86	*75*	*75*
Primary completion rate, total (% of relevant age group)	41	37	39	*43*	*45*
Total enrollment, primary (% net)	..	..	53	*56*	..
Goal 3: Promote gender equality and empower women					
Proportion of seats held by women in national parliaments (%)	6	*8*	*8*	9	9
Ratio of female to male enrollments in tertiary education	..	..	39	*49*	*50*
Ratio of female to male primary enrollment	71	73	75	*79*	*79*
Ratio of female to male secondary enrollment	*48*	..	54	..	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	..	..	*20.6*	..	..
Goal 4: Reduce child mortality					
Immunization, measles (% of children ages 12-23 months)	56	57	73	84	*67*
Mortality rate, infant (per 1,000 live births)	104	100	95	91	*89*
Mortality rate, under-5 (per 1,000)	151	143	136	129	*127*
Goal 5: Improve maternal health					
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	*137*	136	132	*130*
Births attended by skilled health staff (% of total)	..	*45*	63	*57*	*57*
Contraceptive prevalence (% of women ages 15-49)	..	*11*	*15*	*13*	*13*
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	810	..
Pregnant women receiving prenatal care (%)	..	*83*	88	*85*	*85*
Unmet need for contraception (% of married women ages 15-49)	..	*27*	*28*	*29*	*29*
Goal 6: Combat HIV/AIDS, malaria, and other diseases					
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	58	*36*	*36*
Condom use, population ages 15-24, female (% of females ages 15-24)	..	*11*	..	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	*41*	..	..	..
Incidence of tuberculosis (per 100,000 people)	177	255	368	443	*420*
Prevalence of HIV, female (% ages 15-24)	..	..	..	*2.4*	*2.4*
Prevalence of HIV, male (% ages 15-24)	..	..	..	*1*	*1*
Prevalence of HIV, total (% of population ages 15-49)	2.2	5.8	6.3	4.6	*3.9*
Tuberculosis cases detected under DOTS (%)	..	53	34	34	*42*
Goal 7: Ensure environmental sustainability					
CO2 emissions (kg per PPP $ of GDP)	0.3	0.3	0.2	0.3	..
CO2 emissions (metric tons per capita)	0.4	0.5	0.3	0.5	..
Forest area (% of land area)	32	32	32	33	..
Improved sanitation facilities (% of population with access)	20	21	22	*24*	*24*
Improved water source (% of population with access)	67	71	75	*81*	*81*
Marine protected areas, (% of surface area)	..	..	..	*0*	..
Nationally protected areas (% of total land area)	..	..	..	*12.2*	*12.2*
Goal 8: Develop a global partnership for development					
Aid per capita (current US$)	54	81	20	6	*8*
Debt service (PPG and IMF only, % of exports, excluding workers' remittances)	19	19	16	1	*2*
Internet users (per 100 people)	0.0	0.0	0.2	1.0	3.2
Mobile cellular subscriptions (per 100 people)	0	0	3	12	51
Telephone lines (per 100 people)	1	1	2	1	2
Other					
Fertility rate, total (births per woman)	6.2	5.6	5.2	4.8	*4.6*
GNI per capita, Atlas method (current US$)	690	660	620	820	980
GNI, Atlas method (current US$) (billions)	8.8	9.9	10.8	15.7	20.3
Gross capital formation (% of GDP)	6.7	15.6	10.8	9.7	10.1
Life expectancy at birth, total (years)	57	57	56	57	58
Literacy rate, adult total (% of people ages 15 and above)	*34*	..	49	..	..
Population, total (millions)	12.6	15.0	17.3	19.2	20.6
Trade (% of GDP)	58.8	76.2	73.8	94.6	97.3

Source: World Bank, 2008, *World Development Indicators* database

Annex 1. Côte d'Ivoire: Financial Stability Diagnostic and Assessment Matrix

Nature/Source of main threats	**Overall level of concern**	
	Likelihood of severe realization of threat in the next 1–3 years	**Expected impact on financial stability if threat is realized**
1. *Banks are particularly vulnerable to credit risks*	***High*** • Due to a concentration of lending to a few large customers and sectors.	***Severe*** • Default of the largest borrower would bring down the sector's CAR slightly below the 8 percent regulatory minimum; foreign private banks exhibit on average greater resilience, although the largest one is vulnerable due to its exposure to a large operator in the coffee/cocoa sector. A default of the five largest debtors would bring the sector's CAR down well below the regulatory minimum; private banks with foreign capital are less exposed than those with domestic capital. • Regarding the exposure to specific sectors, (i) banks exhibit some resilience vis-à-vis and across the board deterioration in the quality of lending to the coffee/cocoa sector; a deterioration of capacity to repay on the part of the largest operators of the sector would have a more pronounced impact on banks' solvency; (ii) banks' exposure to extractive industries, transport, and construction is also significant but deterioration of the quality of the loans would not lead to insolvency, and foreign private banks would fare better; and (iii) banks show some resilience to a deterioration in the quality of loans to the energy sector, although public banks and private banks held by nationals are more vulnerable than foreign private banks.
2. Foreign exchange risk	***Low*** • Because of the fixed exchange rate arrangement and because the banking system is long on foreign exchange.	***Moderate*** • The banking system would be positively affected by a nominal depreciation of the CFA against the dollar. Further appreciation of the CFA REER may potentially have a negative impact on the banking system.
Nature/Source of main threats	**Overall level of concern**	**Nature/Source of main threats**
3. Exposures to interest rate and liquidity risks	***Moderate*** • The public banks are most vulnerable in part because of a liquidity ratio already below the regulatory minimum.	***Low*** • Given the structure of banks' assets and liabilities, a drop in interest rates would have a negative impact on bank profitability, while an increase would improve it. However, vulnerability appears small, even in a worst case scenario (i.e., drop in interest rates of 600 basis points). The sector's exposure to liquidity risk is also low, although public banks are relatively more exposed.
4. Macroeconomic scenario (combination of three individual shocks: a pronounced deterioration in the quality of credit, a currency depreciation and a drop in interest rates)	***Low*** • While credit quality may deteriorate, it is unlikely to take place at the time of currency depreciation and a drop in interest rates.	***Severe*** • Would wipe out all the capital of the banking sector and of all individual banking subgroups.

APPENDIX—LETTER OF INTENT

Abidjan, November 4, 2009

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

Dear Mr. Strauss Kahn:

1. **Côte d'Ivoire is making progress towards the complete normalization of its sociopolitical and economic situation.** Advances in the crisis-exit process, through the implementation of the Ouagadougou Political Accord, are expected to lead to the holding of the first round of presidential elections on November 29, 2009.

2. **The government is implementing its economic program supported under the Poverty Reduction and Growth Facility (PRGF) and its poverty reduction strategy in the context of the HIPC Initiative**. Budget execution is consistent with the framework for rehabilitation of public finance management, through the implementation of the action plan resulting from the Public Expenditure Management and Financial Accountability Review (PEMFAR).

3. **With regard to execution of the 2009 budget, efforts to raise revenues and bring expenditures under control have resulted in a primary basic surplus in the first half.** Revenue performance was good despite shortfalls related to the suspension of customs duties and the rice development tax. Substantial efforts have been undertaken to bring expenditures under control. However, the subsidy to the electricity sector exceeded the end-June objective. Execution of the large public construction projects is under control, and the government expects remain within the planned CFAF 40 billion envelope while following the institutional framework established in the context of the program to monitor these projects. No extrabudgetary spending was undertaken.

4. **The overall fiscal balance in the first half of 2009 was under control and the Government intends to pursue its efforts to reach the objectives for the year.** After application of the program adjusters and a technical correction, the fiscal balance at end-June was better than programmed due to the overall good revenue performance and control of expenditure.

5. **Progress has been made with regard to structural reforms, despite some delays.** Implementation of the structural reforms continued with special emphasis on revenue

collection through efforts against fraud, and the collection of taxes, duties, and fees in the central, northern, and western zones. Since April 2009, the government has been implementing the automatic petroleum product pricing mechanism.

6. **The government has also further normalized relations with its international partners.** The discussions have, in some cases, led to the restructuring of outstanding debt. With respect to the Paris Club, a restructuring agreement has been signed and Côte d'Ivoire received exceptional treatment. Discussions with the Private Creditors Coordination Committee (London Club) were concluded with the signature of a preliminary agreement, and debt restructuring discussions with other commercial creditors were begun.

7. **The government has begun to implement the Poverty Reduction Strategy Paper (PRSP) and the PRSP monitoring framework has been adopted.** Priority action matrixes and sectoral action plans were designed through wide-ranging consultation with sector stakeholders, figures for which will be included in the preparation of multiyear budgets.

8. **There is a strong national consensus in favor of implementing the program supported under the Poverty Reduction and Growth Facility (PRGF), and reaching the completion point under the Heavily Indebted Poor Countries Enhanced Heavily Indebted Poor Countries (HIPC) Initiative as soon as possible**. The government requests two waivers of the performance criteria: on the overall fiscal balance at end-June and the accumulation of new external arrears, and seeks completion of the first program review. Moreover, for technical reasons we request changes in the three program definitions (the overall fiscal balance, accumulation of new external arrears with respect to certain multilateral creditors, and treasury advances) to take effect with the completion of the first program review.

9. **The attached Memorandum of Economic and Financial Policies (MEFP) describes progress made under the economic program for 2009, as well as the objectives for 2009 and 2010.** A supplement to the Technical Memorandum of Understanding (TMU) of March 13, 2009 is also included. In connection with the completion of the first program review, the government requests assistance in the amount of SDR 35.772 million from the IMF under the PRGF, i.e. 11% of quota.

10. **Implementation of the program for 2009 is expected to be broadly satisfactory. The 2010 budget will press ahead with the objectives of the 2009 budget so as to consolidate the economic recovery and reduce poverty**. The 2010 program is designed to achieve real GDP growth of 4 percent; stabilize the annual inflation rate at 3 percent; and slightly increase the overall budget deficit as a percentage of GDP, owing to the increase in social and investment expenditure. Furthermore, revenue collection efforts will be redoubled. The government will do its best assiduously to implement the PRSP measures and the completion point triggers under the HIPC Initiative as soon as possible.

11. **The government is firmly committed to make progress in improving 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. The program envisages the implementation of major reforms of the civil service, the social security system and the financial sector.

12. **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 may deem necessary. 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.

13. **The Ivorian 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 the first review of the PRGF arrangement.** We hereby authorize their publication and inclusion on the IMF website, following completion of the review by the IMF Executive Board.

Very truly yours,

________/s/_________	___________/s/__________
Charles Koffi Diby	Guillaume Kigbafori Soro
Minister of Economy and Finance	Prime Minister

Attachment I: Supplement to the Memorandum of Economic and Financial Policies
Attachment II: Supplement to the Technical Memorandum of Understanding

Attachment I—Côte d'Ivoire: Supplement to the Memorandum of Economic and Financial Policies

November 2, 2009

This supplement describes implementation of the 2009 economic program set out in the memorandum of March 13, 2009 and presents the main outline of the 2010 program.

I. Introduction

1. **Côte d'Ivoire is moving towards full normalization of its social, political and economic situation.** Progress in the crisis-exit process, through the implementation of the Ouagadougou Political Accords, is expected to lead to holding the first round of the presidential elections on November 29, 2009. Voter registration began in September 2008 and was completed on June 30, 2009. It covered 75.49 percent of the target population, registering 6.5 million people. After verification of the electoral list by cross-checking data from the registration with historical files, it should be possible to publish the list in October, 2009 and begin organizing the first round of the presidential election. In addition, with a view to consolidating the peace, 8000 mixed staff from the Integrated Command Center (*CCI*) comprising the defense and security forces (*FDS*) and the armed forces of the New Forces (*FAFN*) are being redeployed to ensure the safe conduct of the elections. Furthermore, tax offices are being gradually redeployed throughout the country, expanding activities to cover all taxes and duties. In this regard, the Bouaké Regional Tax Administration and One Stop Shop Automobile Customs Office commenced operations in May 2009. A final solution has been found to the military issues that, to some extent, were holding up the peace process. Demobilization of *FAFN* ex-combatants has effectively commenced.

2. **The government is implementing its economic program supported by the Poverty Reduction and Growth Facility (PRGF) and its poverty reduction strategy in the context the HIPC Initiative.** Budget management is set within in the framework for rehabilitating public finances and transparency through the implementation of the action plan resulting from the Public Expenditure Management and Financial Accountability Review (PEMFAR) and the publication of quarterly reports on budget execution to the Council of Ministers.

3. **For the first half of 2009, total revenue excluding grants for clearance of external arrears performed well despite shortfalls resulting from the suspension of customs duties and the development tax on rice (CFAF 14 billion at end-June 2009).** Considerable efforts have been made to control spending. However, subsidies to the electricity sector overran the target by CFAF 19 billion, despite the tariff increase adopted in December 2008, with effect in 2009. Other current expenditures (including social spending, toxic waste, and share participation) overran the target by CFAF 20 billion, mainly because of the settlement through compensation of cross-liabilities of the government and electricity and telephone sectors.

4. **The overall fiscal deficit excluding grants for clearance of external arrears amounted to FCAF 56.1 billion compared to a target (adjusted and corrected) of CFAF 72.5 billion.** For the year 2009, revenue and expenditure projections, based on end-July data, forecast a fiscal deficit (excluding grants for clearance of external arrears) of CFAF 149.8 billion.

5. **The 2010 budget goals are based on the assumptions of the 2010 macroeconomic and budgetary frameworks.** They target real GDP growth of 4 percent, consumer price inflation (*IHPC*) of 3 percent, and an overall budget deficit (including grants, except for external arrears reduction) of 1.6 percent of GDP. The government will apply itself assiduously to fulfill the completion point triggers under the HIPC Initiative as soon as possible. In order to attain these macroeconomic goals, the government will continue the budget reforms initiated under the PEMFAR program, and reforms in the main sectors of the economy and in public administration.

II. RECENT ECONOMIC DEVELOPMENTS

6. **So far, the Ivorian economy has withstood the global crisis and economic recovery is well under way.** Despite the general downturn in global economic activity following the international crisis, the goal of GDP growth of 3.7 percent by the end of December 2009 is still attainable, based on data at end-June 2009. This outcome will depend on the resumption of financial relations with international partners, prudent budgetary policy, significant progress in the reunification of the country and the peace process, and good performance in the primary (+5.9 percent) and tertiary sectors (+3.6 percent), particularly mining, food agriculture, transport and telecommunications. Export agriculture has stagnated. A disease affecting the orchards has slowed growth in the volume of cocoa production. Similarly, structural problems have limited cotton and coffee production. The external current account improved, thanks to the strong performance of cocoa and crude oil prices and the reduction in prices of food imports. After a sharp increase at the beginning of the year, inflation has abated. On a year-on-year basis, inflation eased and was negative 1.8 percent at end-August, reflecting the reduction in international and national food prices and favorable climatic conditions. On an average annual basis over the same period, inflation was 3.1 percent, close to the WAEMU norm of 3 percent. The real exchange rate appreciated as a result of a temporary increase in inflation.

7. **Progress has been made in the area of structural reform.** Implementation of structural reforms has continued with a particular emphasis on revenue mobilization, through anti-fraud efforts and collection of taxes and duties in the former Center-North-West (CNW) zones. In addition, since April 2009, the government has been implementing the automatic petroleum pricing mechanism adopted in February 2009. Lastly, reports on budget execution and on physical and financial flows in the energy and coffee/cocoa sectors continue to be published regularly.

The main reforms undertaken are summarized as follows:

- Since April 14, 2009, pump prices of petroleum products have been set using the automatic pricing mechanism, based on import price parity, adopted by the government on February 27, 2009. In addition, the level of government debt to the refinery (*SIR*) was established by an agreement. A repayment mechanism was adopted and is being implemented in the context of the automatic pricing mechanism. The government has stepped up efforts to combat fraud involving petroleum products, including through chemical marking of liquid products.

- In the coffee/cocoa sector, the government has created a Management Committee and a Reform Committee, which are to propose a new operational framework for the sector. With the aim of ensuring a more remunerative price for producers, the government has reduced the registration duty to 5 percent effective with the 2009/2010 crop season, compared with 10 percent in 2008/2009. Similarly, the single export duty (*DUS*) was reduced to CFAF 210/kg, compared with CFAF 220/kg. In line with its commitment, the government has continued to review in the Council of Ministers and to publish quarterly information on the collection and use of parafiscal levies in the coffee/cocoa sector. The end-June 2009 report included the status of resources allocated for the operations of the Management Committee.

- The government has conducted a Financial Sector Assessment Program (FASP), in cooperation with the International Monetary Fund and the World Bank. It is committed to implementing recommendations endorsed by consensus among the FSAP parties. The government continues to monitor carefully banks that have been the subject of Banking Commission orders.

- In the context of improving the transparency of public enterprise management, the government has stepped up the oversight missions of the Participations and Privatization Directorate and of the General Finance Inspectorate. In this context, the audits of public enterprises that began in 2008 are continuing. Short-list tenders have been held to choose firms to audit ten (10) public enterprises and spending on the crisis-exit program. These audits began in September 2009.

- As regards administrative reform, a census of civil servants is being finalized and should make it possible to set up a "single reference file" at the beginning of 2010.

III. SOCIAL POLICIES AND PRSP IMPLEMENTATION

8. **Implementation of the PRSP got off to a slow start.** Implementation started in 2009 with an increase in pro-poor spending, which at the end-June amounted to CFAF 390 billion (about 3.6 percent of GDP). This spending will rise in 2010.

9. **The preparation of medium-term expenditure frameworks (MTEF) for education and health is under way.** In the context of PRSP implementation, extensive consultation with sector stakeholders resulted in the specification of priority action matrices and action plans. The costing of these needs and corresponding resource allocations will be issued by the Supervisory Committee before year-end. These will serve as inputs to future medium-term expenditure frameworks (MTEF), which should be finalized by year-end for the Ministries of Education and Health.

10. **As regards education,** based on the Status Report on the National Education System (*RESEN*), the government plans to increase the number of teachers and classes (at a rate exceeding the growth of the school-age population) in order to reduce class size (from 55 on average in 2009) and is considering an expansion of training capacity. In addition, a special effort will be made to ensure, as of the fourth quarter of 2009, that the needs of school feeding programs are covered throughout the country as well as related infrastructure.

11. **With regard to health,** the government has prepared the second National Health Development Plan (*PNDS*) for 2009–11. The goal is to improve the population's access to the health care system while enhancing its effectiveness and efficiency. To this end, the government will progressively rehabilitate and construct the health system infrastructure, particularly rural health care centers, and improve access to essential drugs in line with the PRSP program. By end-2009, the arrears owed by the Public Health Pharmacy (*PSP*) to drug suppliers will be paid in full. Actions will be taken to improve its operations.

12. **The PRSP monitoring framework has been adopted.** The PRSP institutional steering arrangements have been put in place. They consist of three main entities:

- The National Steering Committee (*CNP*), which is the decision-making body for monitoring of the poverty reduction strategy (PRS), is chaired by the Prime Minister. It is responsible for: (i) adjusting/correcting the PRS' strategic orientation, while ensuring consistency with sectoral policies; (ii) examining and approving the annual PRS implementation plan; (iii) ratifying the annual PRS budget; (iv) approving the annual monitoring report on PRS implementation; and (v) will be the final decision-maker as needed.

- The National Supervisory Committee (*CNS*) supervises the activities of the Permanent Technical Secretariat Monitoring the PRS (*STP-SRP*), prepares the decisions of the Steering Committee and provides a framework for intersectoral dialogue. Its task is to: (i) examine the annual PRS implementation plan prepared by the STP; (ii) examine the PRS annual budget; (iii) approve the PRS work plan and budget; (iv) examine the annual monitoring report on PRS implementation; and (v) make the necessary technical and operational decisions in order to ensure consistency between sectoral plans and PRS measures.

- The Permanent Technical Secretariat Monitoring the PRS (*STP-SRP*) is the operational technical unit for monitoring/evaluating implementation, and reports to the CNS. It spearheads the participatory process of PRS coordination between stakeholders, to which it can provide technical support. It is also responsible for monitoring and analyzing the consistency between sectoral policies and the PRS.

13. **The adoption of the institutional framework in August 2009 opens the way for substantial oversight.** It will include the validation of the priority action matrices and action plans for multi-year program budgeting (MTEF) and for the organization of a meeting with development partners to mobilize complementary resources. Developments in PRSP implementation will be covered in a report at end-2009.

IV. IMPLEMENTATION OF THE PRGF-SUPPORTED PROGRAM IN 2009 AND OUTLOOK FOR 2010

A. Budgetary policy and budget execution in 2009

14. **The overall fiscal balance for the first half of the year was better than expected and augurs well for controlled budget execution for the rest of the year.** Revenue exceeded the target by 1/2 percent of GDP and, in line with the program, this surplus will make it possible to increase social and priority spending while also meeting the annual fiscal balance goal.

15. **The good performance of government revenue masks contrasting outcomes on tax and customs revenue**. In the first half of 2009, tax revenue was greater than expected due to: (i) strong collection of the main taxes, VAT, payroll taxes, profit tax and coffee/cocoa registration taxes, which were higher than in the first half of 2008; (ii) higher petroleum production; (iii) maintaining the cocoa export registration tax at 10 percent until the end of the 2008/09 crop season; and (iv) progress made in tax administration reforms. This tax revenue surplus should amount to 1.2 per cent of GDP at the end of the year. However, it should be noted that at end-June accumulated unpaid VAT credits amounted to 0.2 percent of GDP. Customs revenue, on the other hand, fell short by 0.6 percent of GDP in the first half of the year. This shortfall should be reduced to 0.3 percent of GDP by the end of the year. The weak performance is mainly due to the drop in imports of general goods, the continued exemption of rice from customs duties, and certain administrative problems (dockers' strike and revisions to the Import Recording Form) that were subsequently resolved (Box 1).

Box 1: Revenue Measures for 2009

Measures	**Status**
Taxes (*DGI*)	
Restoration of the effective functioning of tax and customs administrations in the CNW, in particular the recovery of car registration taxes (*vignettes*), transport tax, VAT, profit (*IS*) and income (*ITS*) taxes, as well as a census and registration of taxpayers.	Tax administration is redeployed in the CNW, resulting in effective operation of the Bouaké Regional Tax Directorate and of the Bouaké One Stop Window Automobile Customs Office responsible for customs clearance of motor bikes and vehicles in the CNW.
More widespread application and control of the standardized VAT invoice with the help of, inter alia, the creation of new control units.	The Tax Administration has increased the number of employees responsible for verifying the standardized invoice by recruiting and training new staff. Verification covers the entire national territory.
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.	The Unit for Petroleum Activities has been established and organized. Staff are being trained, a census of taxpayers in the sector has been conducted and verification, particularly of "cost-oil", has started. This assures better management of exemptions in the sector.
Setting up of, or increase in, the level of withholding taxes at source for certain economic agents, notably in agriculture.	Effective for the sawmill and timber sectors.
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.	The tax administration is doing everything possible to improve the control and organization of the fight against fraud/evasion through verification of importers and identification of warehouses. The Coordinating Committee for activities to combat tax and customs fraud/evasion is operational.
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.	Establishment of an Extraction/Shipments Committee, which issues monthly extraction/shipment reports. The Société Générale de Surveillance (*SGS*), which is responsible for the marking of petroleum products subject to special tax regimes, has been operational since July 2009. In addition, SYDAM-World, the customs clearance software, which is an improved version of SYDAM, is helping to streamline exemptions, in order to allow systematic and detailed recording of forgone revenues.

Box 1: Revenue Measures for 2009 (continued)

Measures	Status
Customs (*DGD*)	
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.	The Customs Administration has been reorganized to transform the Risk Analysis and Management Bureau (*BAGR*) into the Directorate for Risk Analysis, Information and Value (*DARRV*). As part of the activities of this Directorate, all deliveries are systematically subjected to risk analysis, in order to identify possible suspect imports for scanning. In this connection, a capacity-building plan is being formulated by the Directorate, which will make available to customs units (and eventually to the *DGI*) a database on risks and violations. In addition, the customs administration has been redeployed to the CNW.
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 forgone 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.	The IMF technical assistance mission on verification of exports of petroleum products, monitoring and verification of exemptions took place from March 16 to 27, 2009. The recommendations made in the assistance report are being analyzed with a view to their implementation. A seminar has been scheduled for this purpose in October 2009, to review the existing regulations and recommendations, with a view to applying the new arrangements more efficiently. The government has requested another IMF technical assistance mission before May 2010 to supplement the review, and streamlining exemptions as from the 2011 budget.
Other measures	
Recognition of government debts to the refinery (*SIR*) in the form of the operating deficit ("*SSH négatif*"), the gas 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*.	A memorandum of understanding in the amount of CFAF 69.2 billion was signed between the government and *SIR* on December 12, 2008. In order to improve the contribution made to government revenue by taxes on petroleum products, to ensure the financial equilibrium of *SIR* and to clear accumulated arrears, the government has since April 14, 2009 been implementing the automatic pump pricing mechanism for petroleum products adopted in February 2009. For this purpose, the single specific tax (*TSU*) on petroleum products, introduced by Ordinance No. 2009–70 of March 26, 2009, provides for a levy to clear this deficit.
Improved collection of social security contributions, in particular the collection of employer contributions from enterprises, including public enterprises.	Data are available on social security contributions from public enterprises. Arrangements are being made for effective payment of amounts owed and for sustainability of the relevant regulations.

Box 1: Revenue Measures for 2009 (concluded)

Measures	Status
Other measures	
Systematic collection of dividends from public enterprises, notably those that manage significant public resources, such as the Autonomous Port of Abidjan and *PETROCI*.	*PETROCI* dividends for the financial year 2008 amount to CFAF 35 billion. Mobilization of dividends from public enterprises is effective.

16. **Expenditure composition improved but there is still room for improvement.** Spending in the first half of the year exceeded the program target by 0.7 percent of GDP and will continue to do so through the end of the year. As regards current expenditure, the wage bill will be on target, despite mid-year deviations. The subsidy to the electricity sector, through partial relinquishment of gas revenue, exceeded the target by 0.2 percent of GDP for the first half of the year, and should exceed the budget target for 2009 by 0.3 percent of GDP, because of the delay in adopting the necessary measures to restore equilibrium in the sector. Investment expenditure was below target during the first half of the year but should accelerate in the second half, as is generally the case. The implementation of large public works is under control and the government intends to respect the budget envelope of CFAF 40 billion, while complying with the institutional arrangements set up for the monitoring program of these works. There has been no extrabudgetary spending. Fiscal efforts to combat poverty are well under way. To this end, pro-poor spending, which is much higher than in 2008, will meet the program target for the year as a whole, despite some underperformance at mid-year.

Box 2: Evolution of Pro-Poor Spending

	2008	2009	2010
	Actual	**Estimated**	**Budgeted**
01 Agriculture and rural development	**26 423 582 655**	**45 126 728 686**	**65 565 404 142**
010 General administration	9 217 865 425	8 540 155 750	9 436 659 725
011 Agriculture promotion and development program	3 409 742 629	9 542 828 135	17 340 288 262
012 Training and formation of supervisory staff	8 341 951 419	8 414 071 400	8 520 543 624
013 Water system works	2 176 746 360	3 700 484 382	11 377 130 512
014 Other investments in rural areas (FRAR, FIMR)	3 277 276 822	14 929 189 019	18 890 782 019
02 Fishing and animal husbandry	**6 058 178 898**	**6 737 105 296**	**7 245 309 487**
020 General administration/training and formation of supervisory staff	3 718 138 737	3 671 154 691	4 223 877 706
021 Milk production and livestock farming	1 895 258 831	2 456 432 765	2 373 459 781
022 Fishing and aquaculture	444 781 330	609 517 840	647 972 000
03 Education	**496 906 375 647**	**536 613 129 403**	**609 356 708 236**
030 General administration	18 666 470 883	18 457 007 143	26 587 546 705
031 Pre-schooling and primary education	313 499 606 361	329 312 068 268	372 273 713 163
032 Literacy	184 985 084	212 364 926	203 264 926
033 Secondary education and vocational training	67 764 756 236	84 824 135 644	97 927 657 612
034 University and scientific research	96 790 557 083	103 807 553 422	112 364 525 830
04 Health	**98 335 012 650**	**118 872 124 628**	**131 053 089 755**
0400 General administration	45 561 052 199	52 226 299 443	58 252 952 335
0401 Primary health system	23 827 627 730	31 682 326 679	35 8886 520 872
0402 Preventive health care (expanded vaccination program)	1 200 214 731	1 465 650 000	1 724 650 000
0403 Disease-fighting programs	1 106 406 109	1 983 395 195	2 036 730 307
0404 Infant and maternal health and nutrition	287 779 475	621 934 791	812 824 015
0405 VIH/AIDS	4 334 740 717	5 316 923 021	6 687 920 671
0406 Health centers and specialized programs	22 017 191 689	24 020 120 499	26 501 491 555
05 Water and sanitation	**15 318 944 240**	**19 492 670 941**	**38 204 142 626**
051 Access to drinking water and sanitation	4 955 116 050	6 994 750 000	19 220 497 290
052 Environmental protection and pollution control	10 363 828 190	12 497 920 941	18 983 645 336
06 Energy	**9 586 344 724**	**9 343 854 636**	**10 546 369 622**
061 Access to electricity	9 586 344 724	9 343 854 636	10 546 369 622
07 Roads and engineering structures	**20 348 434 373**	**33 074 751 845**	**34 487 382 529**
071 Rural road maintenance	45 418 200	2 916 087 700	2 666 373 520
072 Construction of engineering structures	1 423 434 101	4 100 903 704	5 633 710 637
073 Other road works	18 879 582 072	26 057 760 441	26 187 298 372
08 Social affaires	**9 155 527 018**	**12 572 819 312**	**16 450 138 371**
080 General administration	6 357 839 961	7 766 112 556	8 771 170 945
081 Training for women	349 710 328	526 755 000	1 117 030 414
082 Orphanages, day nurseries, and social centers	581 100 208	1 451 308 247	3 268 977 931
083 Training of support personnel	1 153 214 902	1 722 980 658	2 055 298 130
084 Indigent and victims of war or disaster	713 661 619	1 105 662 851	1 237 660 951
09 Decentralization (excluding education, health and agriculture)	**30 065 773 210**	**32 311 642 520**	**31 057 213 901**
091 Decentralization	30 065 773 210	32 311 642 520	31 057 213 901
10 Reconstruction and rehabilitation	**10 403 867 663**	**5 179 296 943**	**4 448 000 000**
101 Reconstruction and rehabilitation	10 403 867 663	5 179 296 943	4 448 000 000
11 Other poverty-fighting spending	**4 138 969 179**	**19 510 338 576**	**18 944 750 441**
111 Promotion and insertion of young people	2 791 637 488	18 429 452 392	16 214 847 947
112 PRSP support and monitoring	133 713 938	123 900 000	120 000 000
113 Development of tourism and handicrafts	1 213 617 753	956 986 184	2 609 902 494
TOTAL	**726 772 730 257**	**838 834 462 786**	**967 358 509 110**
Of which: Treasury-financed	*707 065 008 979*	*794 600 225 756*	*893 053 065 933*
Foreign-financed	*19 707 721 278*	*44 199 169 706*	*74 305 443 177*

17. **The 2009 program will be fully financed and will reflect progress in reducing domestic arrears and in clearing arrears with external creditors.** The government has made efforts to significantly reduce domestic arrears and amounts payable (*restes à payer)* of the Treasury and has made notable progress in negotiations with external creditors.

18. **Domestic/regional financing**

- The government has reduced its debt to the private sector, so as to stimulate economic activity. For this purpose, net repayment on a cash basis of the government's domestic payment arrears amounted to CFAF 52.7 billion (0.5 percent of GDP), compared with a floor of CFAF 30 billion in the program. This operation, which was made possible by budget support from the IMF and the World Bank, allowed payment to all creditors to which the Treasury owed small amounts and to start dealing with the government's large creditors.

- Côte d'Ivoire benefited from the decision taken by the WAEMU Council of Ministers in August to extend to member states the equivalent in CFA francs of the Special Drawing Rights (SDRs) received under the IMF's general allocation. The WAEMU decision envisaged that this pass-through of the allocation, and other financing, would be used to repay domestic arrears in order to clear two thirds of the stock of arrears at end-2008. This new general allocation for Côte d'Ivoire amounted to 241.1 million SDRs, or about CFAF 172.2 billion (1.6 percent of GDP). The IMF's special allocation of SDR 32.0 million, or about CFAF 23 billion, is available.

- The government's domestic financing was achieved exclusively through public issuance of government bonds, as agreed in the program. The government intends to raise a gross amount of CFAF 612 billion on the regional market in 2009. It will also mobilize the CFAF equivalent of the general SDR allocation to continue clearing the government's domestic arrears and to replace other more expensive types of domestic financing.

19. **External financing**

- The government has continued to normalize its financial relations with development partners. Arrears to the AfDB were cleared in March 2009, thanks to a grant from that Bank's Fragile States Facility and a bridge loan from an external partner. In addition, upon reaching the HIPC Initiative decision point in March 2009, Côte d'Ivoire is receiving interim assistance from the IMF and the World Bank. In the case of the EIB, an agreement on restructuring the arrears on EIB's resources was signed on May 19, 2009. It provides for a rescheduling of arrears over seven years, including a three-year grace period, and a the cancellation of CFAF 2.3 billion. In addition, arrears on loans from EDF resources have been cleared using the country's allocation under the 10th EDF in October. Arrears owed at end-2008 to certain multilateral agencies were not cleared as anticipated and new arrears on current debt service were accumulated in

2009. These were settled in September/October 2009 and the government is committed to staying current with these creditors.

- As regards the Paris Club, a restructuring agreement on Cologne terms was signed on May 15, 2009. An immediate cancellation of CFAF 413.8 billion was granted, as well as an exceptional deferral of post-cutoff date arrears, and of scheduled payments and moratorium interest during the consolidation period for rescheduled and deferred amounts.

- Discussions with the Private Creditors Coordination Committee (London Club) which began in October 2008 led to a the signing of a preliminary agreement on September 29, 2009, in Paris. The agreement involves the cancellation of 20 percent of the end-2009 stock of claims, with remaining claims to be exchanged for a single type of U.S. dollar-denominated bond. The new bonds will be repaid over 23 years including a six-year grace period, with a coupon interest rate starting at 2.5 percent and rising to 5.75 percent in the fourth year.

- Concerning other commercial debts, the discussions at the beginning of the year with STANDARD BANK New Jersey (2007 Sphynx bond) focused on the plan for clearing the arrears of CFAF 10.3 billion accumulated through end-January 2009, by making monthly payments, which would average CFAF 2.2 billion from February 2009 to July 2009. Normal debt servicing was to resume as soon as these arrears were cleared. However, because of cash flow difficulties, neither the rescheduled arrears nor current debt service payments have been paid, with the exception of a payment of CFAF 1 billion in the second quarter of 2009. In addition, since July 2009 arrears have accumulated in the servicing of the debt to STANDARD BANK New Jersey (2008 Sphynx bond). In the case of the debt to Standard Bank London (BNI bond), an agreement was reached for rescheduling end-2008 arrears of CFAF 10 billion and of the remainder of CFAF 60 billion due, as well as late payment penalties estimated at CFAF 900 million; resulting in a total debt of CFAF 71.0 billion. It was agreed that this debt would be repaid in 26 equal and successive monthly installments of CFAF 2.7 billion from February 28, 2009 to March 28, 2011 inclusive. A payment of CFAF 3.2 billion was made in the first quarter of 2009 and a payment of CFAF 1 billion was made in the second quarter of 2009, after which time payments have been suspended. Discussions on debt restructuring are being held with these commercial creditors, on terms comparable to those provided by the Paris Club and agreed with the Private Creditors Coordination Committee (London Club).

20. **Regarding these three components of our external debt, on September 30, 2009 we publicly announced that we will pursue a restructuring in line with the Paris Club's comparability of treatment requirements and with the IMF's and the World Bank's initiative for Heavily Indebted Poor Countries (HIPC).** We have retained advisors to assist us in this restructuring, which we intend to conduct in a manner fully consistent with the

Fund's lending into arrears policy, including information transparency, inter-creditor equity, and dialogue with creditors.

B. Structural reforms in the area of public finance, 2009–10

21. **Progress towards budget orthodoxy was reflected in several improvements in the regularization of financing operations:**

- Recourse to costly financing from businesses because of cash-flow pressures has been stopped since February 2009;
- Audits of expenditures of the crisis-exit program, financed from own resources, during 2006–08, commenced in September 2009 and the provisional reports will be available before end-2009;
- The preliminary draft budget execution laws (*Lois de réglement*) for 2005, 2006 (in September 2008) and 2007 (in February 2009) have been submitted to the Audit Chamber (*Chambre des comptes*) and the preliminary draft budget execution law for 2008 is expected to be finalized in October 2009;
- The performance criterion on the non-accumulation of new domestic arrears under the 2009 budget was respected at end-June 2009;
- A clearance plan for arrears of VAT credits has been adopted.

22. **Implementation of the action plan for public financial management has begun.** Implementation of the public finance reform plan, adopted in February 2009 following the PEMFAR technical assistance mission, is organized around a number of strategic pillars. In general, a good start has been made, in particular on improving the legal and institutional framework of the system of public financial management, as well as enhancing transparency in public financial management and public procurement procedures.

23. **As regards the legal and institutional framework of the Public Finance Management plan (*GFP*),** Côte d'Ivoire is committed to transposing by end-2011 all community directives adopted in March and June 2009 by the WAEMU Council of Ministers. To meet this deadline, certain directives, in particular those relating to budget laws and budget nomenclature, will be fully implemented at the national level during 2010.

24. **Considerable progress has been made on transparency in budget execution.** On the basis of the reports to the Council of Ministers, quarterly budget execution reports are now posted on the website of the Ministry of Economy and Finance, including statements on pro-poor expenditure and the execution statements of the Rural Investment Fund (FIMR). As

regards technology, the interface between the software for expenditure execution (*SIGFIP*) and for public accounting (*ASTER*) should be operational before end-2009. The adoption of a functional budget nomenclature in compliance with the *Government Finance Statistics Manual (GFSM)* 2001 will be finalized in the first half of 2010. To this end, the consolidation table linking Ivorian budget nomenclature and *GFSM* 2001 has been prepared and the glossary has been approved.

25. **As regards budget discipline, the practice of treasury advances has been contained within the limits specified by the order of the Minister of Economy and Finance, adopted in March 2009.** A software package to manage advances should be in place for the 2010 budget execution. In addition, a medium-term expenditure framework (MTEF) for the ministries of health and national education should be adopted in 2010 for the fiscal year 2011. The MTEF will be extended gradually to cover the other ministries.

26. **With regard to revenue,** the inventory of revenue from fees charged by ministries outside the budget, initially planned for June 2009, remains to be completed. Out of 34 ministries, 20 have been visited resulting in the establishment of 15 revenue sharing procedures (*regimes*) for covering the identified revenues. The streamlining of exemption regimes should continue.

27. **The roadmap for strengthening public procurement, by separating the regulatory, executive, and control functions, has been adopted.** Following the adoption of the new public procurement code in August 2009, the effective establishment of the National Procurement Regulation Authority envisaged by the implementing decree is a priority that is expected to be implemented in the coming weeks. Consideration is being given to the setting of a national public procurement threshold. Calls for tenders will, in future, be systematically published on a quarterly basis.

Box 3: Structural Budget Reforms in 2009

Measures	Status
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.	The budget provides for parafiscal resources earmarked for investment in an amount of CFAF billion, of which CFAF 5.1 billion had been used at end-June 2009. The traceability of resources used for operating costs of the agencies of the coffee/cocoa sector has been improved by their inclusion in reports to the Council of Ministers as of June 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.	The detailed inventory of fees charged by ministries, with a view to rationalizing and budgetizing them, has been finalized by the *IGF*. As a result, 15 revenue sharing procedures (*régies*) have been created and seven are being set up. Revenue collected through these amounts to CFAF 441.5 million, including CFAF 248.4 million for the State, as at mid-June 2009. The work to complete the global inventory of all fees is continuing.
Annual publication of the summary of the certified accounts of *PETROCI*.	Excerpts from the 2008 certified accounts of *PETROCI* were published in July 2009. It generated a net result of CFAF 41.3 billion, including dividends of CFAF 35 billion.
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.	The provisional annual report on the financial performance of enterprises in the government's portfolio is available and will be published after its adoption by the Council of Ministers, before end-2009.
Expenditure	
Strict limitation and monitoring of the use of treasury advances; and no recourse to extrabudgetary expenditures (Table 4 of the MEFP of March 13, 2009 and Technical Memorandum of Understanding (TMU) of March 13, 2009 and the attached TMU supplement ¶14–15).	Treasury advances have been reduced in compliance with Order No. 178 of March 13, 2009 establishing procedures for the use of treasury advances for specific budget lines. Advances at end-June amounted to CFAF 21.2 billion for a programmed ceiling of CFAF 50 billion. No extrabudgetary expenditure was recorded.
Further decentralization of the Integrated Fiscal Management System (*SIGFIP*) and improvement in the interface between *SIGFIP* and *ASTER* (budget execution−accounting) (2009–10).	Decentralization of the Integrated Fiscal Management System (*SIGFIP*) continued with the connection of five new departments to *SIGFIP* at end-June 2009. Five more departments will be connected by end-2009. The interface between *SIGFI*P and *ASTER* (budget execution-accounting) is being finalized.

Box 3: Structural Budget Reforms in 2009 (concluded)

Measures	Status
Expenditure	
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).	The preliminary draft budget execution law for the financial year 2008 is being finalized and will be submitted to the Audit Chamber by end-October 2009.
Phasing in of medium-term expenditure frameworks starting with social ministries (education and health) for the period 2009–11 (end-October 2009).	Preparations are well under way for the introduction of medium-term expenditure frameworks for social ministries (education and health). However, this will only be effective in the 2011 budget. Frameworks will be phased in progressively for other ministries.
Development of an integrated career and payroll management system for military and police (end-2009).	Measures are under way for the creation of a single career and payroll management system for the military and police.

28. **Spending on large public works has been contained and made more transparent in line with program commitments.** Budget allocations for large public works are limited to CFAF 40 billion for each of the financial years 2009 and 2010, mainly for the development of Yamoussoukro, the renovation of *Hôtel Ivoire* and the construction of a third bridge in Abidjan. To improve transparency, five framework agreements signed with the operator will be converted into public procurement contracts before end-October 2009. All framework agreements signed with the operator have, or will have been converted into public procurement contracts, in accordance with the new public procurement code before end-2010.

- The Interministerial Committee established by order 039/PM/Cab of November 13, 2008, started work on May 8, 2009. It provides operational and financial oversight of large public works and ratifies the reports of the General Finance Inspectorate (*IGF*) and the National Bureau for Technical and Development Studies (*BNETD*) on the execution of the public works.

- At its meeting on May 8, 2009, this Committee approved undertaking an audit of the government's debt to the operator. Accordingly, the audit is being conducted by a firm engaged following a short list tender. The validated report is expected by end-2009.

- Instruction No. 001/PM/CAB of November 13, 2008 requires compliance with budget execution procedures in connection with large government investment projects. To this end, two Treasury accounts (revenue and expenditure) have been opened at the Central Bank of West African States (BCEAO) to ensure the traceability and transparency of operations. All the financial procedures established by this instruction have been respected, in particular the recording of the commitment of funds under *SIGFIP*, and payment only by the Treasury.

- In addition, with the application of instruction No. 227/MEF/DGTCP/CE of July 12, 2008, concerning expenditures incurred for priority measures and other emergency operations, the government continues to comply with the principles of good budget execution, in particular with respect to the inclusion in the budget of all crude oil shipments and payments connected with the government's large investment projects.

- The conversion of the framework agreements into public procurement contracts is being undertaken in these stages: (i) finalization of detailed technical studies by the operator; (ii) examination by BNETD of the technical documents received from the operator; (iii) determination of specifications and related prices by BNETD; and (iv) conversion of the agreements into public procurement contracts. Owing to the associated heavy workload, five projects are being converted into public procurement projects by end-October 2009. In addition, in line with the government's commitments, all agreements will be converted into public procurement contracts by end-2010. Similarly, all other works for which there is no specific contract yet and have not yet been executed, will be subjected to tender in accordance with the public procurement code.

- Budget allocations for the government's large investment projects during the financial year 2009 of CFAF 40 billion include reimbursement of the advance of CFAF 15.6 billion provided by the operator in 2008. As of June 30, 2009, payments made reflect commitments of CFAF 23 billion (8 billion for the financial year 2009 and 15 billion for reimbursement of the advance in 2008).

29. **Reforms of the civil service sector have commenced.** The first stage of the civil service reform program—a staff census—is being finalized and should permit, if necessary, the cleaning of civil service records by March 2010, and finalization of the single reference file before end-2010, including not only public civil servants, as originally planned, but also the police force. Before end-December 2009, the government intends to review its salary obligations, including measures concerning the various revaluations or index-linked increases that had to be postponed, taking into account the structure and compensation parameters of the payroll. On the basis of this study, it undertakes to formulate a medium-term strategy for the structure and efficient, sustainable growth of the payroll (before end-March 2010), taking into account the restructuring and various increases that were postponed. The strategy and its implementation will be discussed during the second program review.

Box 4: Civil Service Reform Plan and Measures for 2009, and Commitments for 2010

<table>
<tr><th>Measures</th><th>Status</th></tr>
<tr><td>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.</td><td>The proposal for creation of the post of Ministry Secretary-General will be submitted to the Prime Minister and will concern certain ministries. A study is being undertaken to assess the cost of the post in terms of salary. For the time being, former administrateurs will be appointed to this function. Eventually, a section will be created in the National Administration School (ENA) to provide training and the necessary skills.</td></tr>
<tr><td>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.</td><td>The increase in the retirement age from 55 to 57 from January 1, 2009 was made official by Decree No. 2009–35 setting the maximum retirement age for certain categories of government civil servants covered by the General Civil Service Statute. The retirement age should be increased to 60 for all civil servants, starting in 2011, with the possible exception of certain specific professions.</td></tr>
<tr><td>Census of civil servants and elimination of ghost workers (before end-October 2009).</td><td rowspan="2">There will be a call for tenders to recruit the firm that will set up this government personnel management system (excluding the military and police). The deadline will be March 2010 and the project will be managed by the Governance Grant unit.</td></tr>
<tr><td>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.</td></tr>
</table>

Box 4: Civil Service Reform Plan and Measures for 2009, and Commitments for 2010 (concluded)

Measures	Status
Validation of actuarial, legal, and institutional studies for the Civil Service Pension Fund (*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).	The actuarial, legal, and institutional studies for the *CGRAE* were adopted in the Council of Ministers on August 6, 2009. On this basis, a plan to restructure the *CGRAE* was prepared (including institutional strengthening and the introduction of a fully funded pension plan). The Interministerial Committee to execute the reform has been established and has proposed a reform project that will be examined in the Council of Ministers. The reform of the social security fund (*CNPS*) is being finalized and will take effect on January 1, 2010.
Limiting the deficit of *CGRAE* that is borne by the government's 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.	The *CGRAE* deficit will be kept within the limits established in the government's budget. Proposals for parametric reforms of the general scheme will be submitted to the social partners at the beginning of 2010. The deficit will be limited to CFAF 30.5 billion in the 2010 budget.

30. **Public enterprise restructuring and privatization.** Measures to enhance the monitoring of the portfolio have resulted in a gradual improvement in the earnings of public enterprises. In addition, oversight and monitoring of public companies is through audits and operational verification. Thus, ten (10) state-owned companies are being audited and nine (9 others will be subject to operational verifications in 2009. The audits began in September 2009. Three enterprises had their operations verified over the period from May 28 to July 2, 2009.

31. **Strengthening staff resources for monitoring units.** To speed up the planned operations, more staff are being provided to the Participations and Privatization Directorate and the General Finance Inspectorate. The 2008 annual report on the economic and financial situation of public enterprises and enterprises with public financial participation has been issued and points to the need to ensure payment of the social security contributions to the CNPS. At December 31, 2008, the government portfolio consisted of 31 public enterprises and 53 enterprises with public financial participation, for a consolidated capital of CFAF 322 billion. Revenues from public enterprises and enterprises with public participation at end-July 2009 amounted to CFAF 35.8 billion, consisting mainly of net dividends.

32. **From 2005 to 2009, several public enterprises and enterprises with public financial participation underwent financial restructuring.** The enterprises were *SOTRA, BNEDT, CECP, PALM-CI, CI-ENGINEERING, SICOGI, POSTE CÔTE D'IVOIRE, I2T, SUCRIVOIRE, PALMAFRIQUE and SUCAF-CI*. An overall strategy for public enterprise portfolio restructuring will be presented during the first half of 2010.

C. Main Goals of the 2010 Budget

33. **The 2010 budget will consolidate the goals of the 2009 budget in order to accelerate economic recovery and combat poverty.** The program for 2010 is designed to: (i) achieve real GDP growth of 4 percent; (ii) stabilize consumer price (*HCPI)* inflation at 3 percent; and (iii) slightly increase the overall budget deficit (excluding grants for clearance of external arrears) to 1.6 percent of GDP, as a result of the increase in pro-poor expenditure of 0.6 percent of GDP and of investment financed from own resources of 0.3 percent of GDP. The government will make every effort to diligently implement the PRSP measures and the HIPC Initiative completion point triggers as soon as possible.

34. **Revenue collection efforts will be redoubled.** The presence of the tax administration will be strengthened in the CNW. In addition, to increase government revenue, a crisis-exit contribution will be introduced, as of January 1, 2010, to finance the rehabilitation necessary for economic recovery. The exemption from duties and taxes on rice will be abolished as of January 1, 2010, in connection with the price decrease on the international market. Efforts to combat tax evasion and fraud will continue in tax (*DGI)* and customs (*DGD)* departments, in particular by Customs through comprehensive oversight of the entire port zone and reinforced oversight at loading sites. These efforts will also involve strengthening risk managements and improving valuations.

35. **The reorientation of expenditure in favor of pro-poor spending and investment will be emphasized.** To increase pro-poor spending, targeted social spending, and investment spending, current expenditures will be restrained by decreasing the subsidy to the electricity sector through forceful implementation of a package of measures (Box 9). In addition, the government will endeavor to restrain the wage bill, including through the census of civil servants and government agents and by strengthening verification of government spending on utilities.

36. **The 2010 budget provides for an increase in investment spending, particularly on rehabilitation of basic socio-economic infrastructure.** The aim is to undertake, amongst other things, maintenance of rural roads, improvement and upgrading of the road network, rural electrification, and village and urban water works. In addition, the government will continue the rehabilitation and equipment of university, school and health facilities, as well as the implementation of programs for the development and promotion of food agriculture. The government's large public works will be contained at their 2009 level of CFAF 40 billion, or 0.3 percent of GDP.

37. **The government is determined to advance structural reforms in public financial management in 2010**, in particular through implementation of the PEMFAR. These will

continue to follow nine strategic pillars for improving public financial management. As regards the legal and institutional framework, arrangements are being made to incorporate the WAEMU directives on public finance. In this context, the government intends to adopt the organic law on public finance before end-2010. In the same timeframe, it will also adopt a decree for revising the Integrated Public Finance Management System (*SIGFIP*). As regards transparency in public finance management, the functional nomenclature reflecting the functional classification in the *Government Finance Statistics Manual* 2001 (*GFSM 2001*) will be adopted and reflected in the 2012 budget. For this purpose the consolidation table linking the Ivorian budget nomenclature and *GFSM 2001* has been prepared and the glossary of types of expenditure has been approved.

Box 5. Structural Measures in the 2010 Budget

Revenue

Taxes (DGI)

- Completion of the redeployment in the CNW and strengthen the restarting and recovery of revenue collections.
- Strengthening the control of the standardized VAT form (*facture normalisée)* following the increase in staffing.
- In the petroleum sector, completion by the Tax Unit for Petroleum Activities of the census of taxpayers and of the collection of all production sharing agreements.
- Strengthening anti-fraud efforts through the operationalisation of the Coordinating Committee of activities to combat tax and customs fraud, and the implementation of technical assistance recommendations.
- No further increase in VAT credits awaiting reimbursement and reduction of the stock below CFAF 10 billion.

Customs (DGD)

- Inventory and suppression of tax allowances in the course of the first half of 2010. Review of existing rules for exemptions, in particular related to the exit from the crisis, and amendments and application of the new rules from January 2010. Continue the rationalization of exemptions and the systematic and detailed production of forgone revenues, using the SYDAM-World customs software.
- Operationalize the mechanism to fund the VAT credit refunds, in particular through including it in SYDAM-World.
- Strengthening of anti-fraud efforts, in particular following technical assistance recommendations: introduce risk analysis; resumption of the redeployment; intensification of the customs-enterprise partnership; declarations based on actual weights for the 2010/11 coffee/cocoa crop; random checks of loading sites by customs and the exporting enterprises to discourage export fraud; completion of the systematic color-marking of petroleum products by *SGS*; strengthen staff resources to prevent cocoa smuggling through the eastern border; establish a mixed *DGD* and *DGI* unit to assure a better recovery of VAT; establish a computerized system for transit control (with priority for the border with Ghana and Yamoussoukro.

Box 5. Structural Measures in the 2010 Budget (concluded)

- Capacity strengthening: training of customs officers in appraisal techniques; continued request for technical assistance by experts in customs operations; making available to customs agents (and over time to the *DGI*) a data bank on risks and violations during the 1st half of 2010.

Treasury (DGTCP)

- Completion of the inventory and budgetization of all service fees collected by ministries and identified by the *IGF* and the Revenue Service (*Recette Générale des Finances)*.

Regular monitoring and systematic collection of dividends from public enterprises, based on audit reports.

Expenditure

- Rigorous implementation of budget regulations: transfer of credits; alignment of the rhythm of expenditure execution and the treasury situation.
- Improvement of the efficiency of expenditure: reinforcement of controls on consumption and billing of utilities; targeted control of the payroll, especially in the sectors with high employment (education, health, higher education, and police) and in national public entities (*EPN*); reactivation of the *SIGFIP* module on the monitoring of delays in expenditure execution, in particular during the commitment, control and payment phases by the different actors concerned; implementation of the decentralization of *SIGFIP* and of financial control.
- With respect to PRSP implementation, operationalize the priority action matrices to allow the execution of pro-poor spending especially in the ministries of education (expansion of school feeding) and of health (vaccination programs and maintaining the financial equilibrium of the *PSP*), as well as of planned investment spending.
- Preparation and transmittal to the *IGF* by all the general ministry administrators (*DAAF*) of quarterly reports of the physical and financial budget execution.
- Observance of procedures and the strict limitation of exemptions: expenditure execution through *SIGFIP*, including foreign-financed expenditure; limiting recourse to treasury advances to the cases listed in the order of March 2009.
- Reinforcement of public procurement regulations: establish the National Regulator of Public Procurement; systematic publication of public procurement tenders; control of over-the-counter procedures (*procédure de gré à gré)* in procurement; conversion into public procurement contracts of all framework agreements for expenditures on large public works; completion of the consideration of a national threshold for public procurement procedures.
- Elaboration of medium-term expenditure frameworks in the social ministries, with a view to incorporating them in the 2011 budget.
- Adoption of a functional budget nomenclature consistent with the 2001 GFS Manual.

D. Monetary Policy and Financial Sector Reform

38. **Monetary policy continues to be implemented at the regional level.** The government will participate in regional liquidity management in accordance with WAEMU rules, and will plan its issuance of securities on the regional financial and money markets according to the

financing needs of the budget. In this context, the government will coordinate and approve changes to the issuance schedule each month and submit them to BCEAO for coordination with other WAEMU zone issuance plans. Before end-2009, the government will approach the BCEAO to seek a restructuring of arrears on the consolidated statutory overdraft. Regarding the WAEMU's institutional reform, the government plans to adopt the Banking Law amendments with a view to their ratification before end-December 2009.

39. **The government will adopt additional measures to improve the management of the government securities market.** It will continue to prepare the issuance schedule and intends to adhere to it. The Treasury Committee will regularly update the issuance schedule in the light of monthly cash flow needs. The government will prepare on a monthly basis the cash flow plan, followed by preparation of the issuance schedule, with a view to closing any monthly gap. In addition, the government will enhance the reliability of cash projections, in particular through more refined projections of domestic resources.

40. **The government also intends to follow up its efforts to help banks in distress:**

- In the case of the *Banque pour le Financement de l'Agriculture (BFA)*, the government will evaluate its financial situation and request an assessment mission from the Banking Commission before end-March 2010. If its financial and prudential situation deteriorates and no strategic partner is identified, the government will take appropriate action. In any event, the government will not inject any new public resources in *BFA*.
- As regards the viability of the bank *Versus*, the government will request an urgent review by the Banking Commission in the first quarter of 2010. If the rate of recovery of overdue debts is not satisfactory, the government will also take appropriate action. In any event, the government will not inject any new public resources in *Versus*.
- For the *Banque de l'Habitat de Côte d'Ivoire (BHCI)*, the government will increase its capital to CFAF 10 billion before end-2010, and will conduct a feasibility study of the policy of housing financing. In light of the findings of this study, the government will define its strategy towards BHCI and its role in the financing of low-cost housing.

Box 6: Financial System Reform Measures in 2009 and 2010

Measures	**Status**
Develop an action plan for the restructuring of the National Investment Bank (*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.	The 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 has been adopted. All recommendations were implemented by end-June 2009, except for the study on the role of BNI in the financing of the economy, which will be dealt with in the national strategy for development of the financial sector. In the context of the national strategy for the development of the financial sector, the government will decide its role in BNI, including its role in investment and financing of agriculture. If BNI is to play a role in investment financing, access must be made available to long-term resources.
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.	Regarding the *CNCE*, the implicit government subsidy was CFAF 12.1 billion at end-June 2009. The conversion of the CNCE into a bank was approved at the Banking Commission's September 2009 session. When the CNCE has become a bank, it will be subject to prudential norms and ratios that are applicable to other banks. Lending operations will be strictly monitored.

41. **The government will continue financial sector reforms (Box 6).** It will establish the National Financial Sector Reform Committee before end-2009. Before June 2010, the government will formulate a strategy for the development and rehabilitation of the financial sector, defining the role to be played by the government. It will continue to rely on the Banking Commission and will be guided by the FSAP recommendations. In particular, the government will continue the restructuring of banks in distress. In order to improve the anti-money laundering (AML) framework, the national law combating the financing of terrorism will be adopted before end-March 2010. The National Financial Intelligence Unit (*CENTIF*) will monitor compliance with the laws on financial discipline, attaching particular importance to awareness raising and training of stakeholders, inter alia, through its website.

42. **In the context of rehabilitation of the microfinance sector,** improvements have been made in the regulatory framework, which relate in particular to:

- The requirement that savings and loan mutual societies or cooperatives and approved structures must be members of the Côte d'Ivoire Interprofessional Association of Decentralized Financial Systems and the introduction of membership dues to that Association;

- The requirement that microfinance institutions which are not mutual societies must obtain the approval of the Board of Directors for loans to executives and employees;
- Limits on loans granted to executives of microfinance institutions as a function of own funds;
- In addition, the terms of reference are available for the audit of accounting, financial, organizational and strategic reorientation of microfinance.

43. **The government is committed to rehabilitating the microfinance sector.** Before end-June 2010, the government will design and implement a plan for the rehabilitation of microfinance institutions and will delete from the mandate of the Microfinance Directorate the reference to the promotion of the sector, because the functions of promotion and supervision are incompatible with one another. The government will exercise off-site supervision of networked microfinance institutions on an individual and non-aggregated basis. In addition, the government will strictly apply the regulatory provision making the start-up of activities conditional on the issuance of the operating authorization and will initiate close supervision or temporary administration of microfinance institutions.

44. **As regards pension schemes, the government will adopt the *CNPS* reform plan before end-2009.** For the *CGRAE*, the government will: (i) establish before end-2009 the Interministerial Committee for the Reform of the Pension System; (ii) conclude the dialogue with social partners before end-June 2010; and (iii) adopt the parametric reforms of pension schemes, and the institutional reform, with a view to including the impact of these reforms in the 2011 budget. The deficit of the pension operations of the CGRAE will be limited to CFAF 30.5 billion in 2010.

E. Governance and Other Structural Reforms

45. **The government is firmly committed to advancing the process of improving governance.** A National Plan for Good Governance and Fight Against Corruption, a draft law on unlawful enrichment, and a draft code of ethics for senior public officials are scheduled to be adopted by the government before the first quarter of 2010. As soon as the legal framework has been created, the government is committed to expediting the adoption of the action plans to implement the above-mentioned reforms.

46. **The government will redouble its efforts to improve the business environment.** In 2009–10, it intends to implement the following actions with the support of development partners (Box 7).

Box 7: Measures to Improve the Business Environment in 2009–10

Measures	**Status**
Adopt the decree on enforcement (*exéquatur*) of decisions of Arbitration Boards, thereby expediting the resolution of business disputes and helping to unclog the courts (by end-2009).	Draft decree undergoing approval. Adoption envisaged before end-March 2010, continuation of training of judiciary staff in commercial matters using targeted financial support.
Creation of commercial courts (*tribunaux de commerce*) (by decree, by end-2009); and training of judiciary staff in commercial matters (2009).	Under way, and creation envisaged before end-June 2010.
Preparation of a reform plan to enhance the efficiency and fairness of the judicial system; and publication of judicial decisions (by end-2009).	Under way, and the Plan should be in place by end-March 2010
Reform of the Law on Competition (*Loi sur la concurrence*), notably to combat noncompetitive practices (before end-2009).	Under way
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).	The outstanding stock of VAT credits (new procedure) at end-June 2009 was CFAF 35.2 billion. A clearance plan is being implemented to reduce the level and maintain it under CFAF 10 billion, from end-2009.

47. **The Reform of the cocoa/coffee sector is under way in order to raise farmers' incomes and improve transparency in the use of public resources.** The lowering of taxes on cocoa should be accompanied by support measures designed to improve farmers' incomes in line with the program's pro-poor approach. In addition, budgetization of part of the levies on the sector provided CFAF 5.1 billion for the Rural Investment Fund (*Fonds d'Investissement en Milieu Rural-FIMR)* in June 2009.

Box 8: Reforms in the Coffee/Cocoa Sector in 2009–10

Measures	Status
Submission to the Council of Ministers within a time lag of 45 days, and their publication, of quarterly analytical reports 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.	Submissions at end-March and end-June 2009 were produced and published within the time-lag of 45 days. The end-June submission includes the use of operating fees for the coffee/cocoa sector. The government is committed to continuing the production and publication of quarterly submissions within the same time lag and to including in the semi-annual submissions the use of operating fees of the coffee/cocoa sector.
Adoption of 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).	The strategy for the sector is being finalized and should be the subject of a submission before 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).	The reductions of registration duties, quasi-fiscal levies and DUS will be effective starting with the 2009/10 crop season, and work on the preparation of an ad valorem tax is continuing. In addition, consideration is being given to ensuring that producers are the primary beneficiaries of the tax relief.

48. **The efforts to improve transparency and efficiency in the energy sector should bear fruit during 2010.** The independent evaluator should finalize the reports for 2006 and 2007 in line with EITI criteria before end-2009, with a view to submitting them for validation. The 2008 report will be finalized before end-September 2010, and the 2009 report will be launched in 2010. As regards the electricity sector, consultations have begun with all stakeholders, with a view to enlisting their help in reducing the deficit in the sector. They should produce decisions no later than the first quarter of 2010. They will combine renegotiation of the price of gas purchases with the three main operators and a revision of the tariff structure without excluding, if necessary, further increases differentiated by category of economic operators concerned in line with the program's pro-poor approach. For the petroleum subsector, the automatic adjustment mechanism for pump prices is operational. However, a price structure review will be conducted before end-2009.

Box 9: Measures in the Energy Sector in 2009–10

Measures	Status
Submission to the Council of Ministers within a time-lag of 45 days—and their publication— of quarterly reports on: physical and financial flows in the crude oil/gas subsector; the production, export, and release for consumption and taxation of petroleum products; and production, costs, and financial flows in the electricity subsector.	The government is committed to continuing the production and publication of the quarterly reports within the same time lag.
Revision of the structure of petroleum product prices based on the recommendations of the recent distribution audit and of 2008 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, before 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.	The automatic pricing mechanism for prices of petroleum products has been in effect since April 2009. The price structure review is under way. In order to limit the deficit of the sector, the government: (i) has commenced renegotiation of the price of gas purchases with operators and of export prices; (ii) has commenced the study on the tariff structure; and (iii) plans to reduce technical and non-technical losses. All these actions should be completed before end-June 2010.

F. Regional Integration and Trade Policy

49. **The government intends to pursue its participation in regional integration within the WAEMU and ECOWAS, as well as in world trade through the WTO.** The ECOWAS Heads of State have decided to add to their Common External Tariff (CET) a fifth tariff band with a rate of 35 percent. Côte d'Ivoire will contribute to the identification of products to be included in this band. In the context of the Economic Partnership Agreement (EPA) with the European Union, the signing of a interim regional EPA is planned in October 2009. On the issue of accompanying measures, the EPA Development Program (EPADP) has been adopted by the countries of the subregion and the Program of Support for Trade and Regional Integration (*PACIR*) is being implemented. In conjunction with other countries in the subregion and the EU, the government will continue its efforts to prepare financing programs for the EPA.

G. Financing of the 2009–10 Program

50. **In spite of considerable fiscal efforts, the need to reorient expenditures and to clear arrears generates sizable financing needs for the program period 2009–11.** Taking into account primary basic surplus, the external project financing already identified, and net financing on the WAEMU financial market, the financing need is projected at CFAF 2.809 trillion in 2009, and CFAF 479.9 billion in 2010. To meet these needs, the government is benefiting from multilateral assistance and debt restructuring. Restructuring agreements were reached with the Paris Club and London Club (preliminary), and the government has initiated negotiations on debts to non-Paris Club bilateral creditors and other commercial creditors (Standard Bank–BNI and Sphynx) on terms comparable to the Paris Club. It also hopes to obtain budget support in 2010 from multilateral institutions (IMF, World Bank, AfDB, and EU) and bilateral partners.

51. **The government intends to raise resources on the regional financial market** in 2010 for a net amount of CFAF 155 billion. After a reduction in domestic arrears/amounts payable (*restes à payer)* of CFAF 67 billion in 2009, the government intends to continue this effort with a further reduction of at least CFAF 55 billion in 2010.

V. Statistics and Capacity-Building

52. **The government undertakes to continue efforts to improve the statistical system in order regularly to produce high-quality economic and financial data.** For this purpose, the Master Plan for Statistics 2009–13 will be adopted before end-2009 and implemented before end-June 2010. It involves, inter alia: (i) support for national and sectoral surveys; (ii) workshops on the introduction of the data base of the Integrated Information Management System; (iii) revision of the Harmonized Consumer Price Index (HCPI); (iv) preparation of the yearbook of ministerial statistical units; and (v) survey of the informal sector in Abidjan.

53. **Côte d'Ivoire will continue to strengthen its administrative capacity, especially in areas affected by the crisis.** The government will continue to receive assistance from the IMF and other development partners to: (i) strengthen tax and customs administration; (ii) review tax exemptions; (iii) help to implement the action plan for public finance reform; and (iv) improve national accounts with the aim of constructing a social accounting matrix. In order to enhance public debt management, the government intends to implement a capacity-building program, in order to support the design and implementation of a medium-term debt strategy. For this purpose, the government will request IMF technical assistance.

VI. Program Monitoring

54. **The program will continue to be the subject of semi-annual reviews by the IMF's Executive Board on the basis of quantitative indicators and structural benchmarks.** These indicators, and the prior actions, are defined in the Technical Memorandum of Understanding (TMU) of March 13, 2009 and the attached supplement. The second program review will be based on the end-December 2009 performance criteria and is scheduled to be completed by end-March 2010. The second year of the program will cover the period January-December 2010, and performance criteria for June and December 2010 will be set at the time of the second review.

55. **The government has established national frameworks for program monitoring.** To ensure that the three-year program is effectively implemented, the government has set up several interministerial committees. The Interministerial Committee Monitoring the Economic and Financial Program, under the aegis of the Prime Minister—created in March 2009 is operational and is monitoring implementation of the program for 2009–11. It is assisted by the Strategic Unit and the Technical Unit for Monitoring the Economic and Financial Program in the day-to-day monitoring. The Committee will coordinate closely with Treasury Committee data, the work of specific interministerial committees, amongst others, the Coffee/Cocoa Sector Management Committee, the Interministerial Commodities Committee, and the PRSP Committee. In addition, in order to ensure traceability in the execution of large public works, the Interministerial Committee for Monitoring Large Works has been created. Similarly, a set of consistent tools has been adopted to ensure expenditure execution conforming to the existing framework. This Memorandum of Economic and Financial Policies will be disseminated within the government, government agencies, public entities, and Ivorian society.

56. **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.

Table 1. Côte d'Ivoire: Performance Criteria (PC) and Indicative targets, PRGF 2009

(Billions of CFA francs 1/)

	2008	2009							
	Dec.	March		Juin				Sept.	Dec.
	Actual	Indicative Target	Actual	PC	PC adjusted	PC adj. & corr.	Actual	Indicative Target	PC
Performance criteria									
Overall balance (including grants) 2/	-61.0	-13.8	13.7	-16.2	-28.2	-72.5	-57.2	-71.8	-137.9
Ceiling on net domestic financing (incl. WAEMU paper) 3/	171.4	30.4	12.0	31.8	43.8	88.2	31.7	77.2	149.6
Ceiling on new nonconcessional external borrowing 4/		0.0	0.0	0.0			0.0	0.0	0.0
Ceiling on accumulation of new external arrears 5/		0.0	0.0	0.0			7.5	0.0	0.0
Ceiling on accumulation of new domestic arrears		0.0	106.8	0.0			0.0	0.0	0.0
Ceiling on extra-budgetary spending 5/		0.0	0.0	0.0			0.0	0.0	0.0
Indicative targets									
Primary basic fiscal balance	33.1	10.2	71.2	68.1		23.8	39.9	91.3	93.3
Ceiling on expenditures by treasury advance		25.0	3.6	50.0			22.0	65.0	82.2
Floor on pro-poor expenditure 6/	726.8	200.5	156.9	398.1			390.0	614.2	838.8
Floor on cash repayment (+) of government domestic arrears	-104.8	12.0	28.6	30.0			52.7	40.0	60.0
Total government revenue	1976.8	420.2	453.2	959.1			1003.7	1495.8	2080.9
Government wage bill	711.7	175.4	176.9	328.1		372.5	388.0	544.2	745.0
Memorandum items:									
Net banking sector claims on government 7/		-0.4	4.0	53.3		75.5	47.9	48.3	104.0
Program grants		16.0	0.0	21.0			6.0	23.0	32.7
Program loans		0.0	0.0	0.0			0.0	0.0	0.0
Project grants		12.7	3.1	12.7			22.9	27.6	48.2
Project loans		2.7	3.1	10.7			18.7	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 markets 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, respectivement; 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 2. Côte d'Ivoire: Indicative Targets, PRGF 2010

(Billions of CFA francs 1/)

	2009	2010			
	Dec.	March	June	Sept.	Dec.
	Prel.	Indicative Target	Indicative Target	Indicative Target	Indicative Target
Indicative targets					
Overall balance (including grants)	-149.8	-38.6	-95.6	-183.8	-180.2
Ceiling on net domestic financing (incl. WAEMU paper)	146.4	15.5	72.9	164.9	132.7
Ceiling on new nonconcessional external borrowing		0.0	0.0	0.0	0.0
Ceiling on accumulation of new external arrears 2/		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 2/		0.0	0.0	0.0	0.0
Primary basic fiscal balance	76.9	14.7	14.6	9.5	73.0
Ceiling on expenditures by treasury advance	82.2	15.0	30.0	45.0	60.0
Floor on pro-poor expenditure 3/	838.8	193.4	435.2	725.3	967.0
Floor on cash repayment (+) of government domestic arrears	67.4	0.0	0.0	0.0	0.0
Total government revenue	2145.0	484.8	1046.2	1612.9	2227.0
Government wage bill	749.0	204.1	408.4	613.8	814.1
Memorandum items:					
Net banking sector claims on government 4/	236.1	13.4	23.7	64.5	25.8
Program grants	32.8	43.7	50.0	56.3	99.9
Program loans	0.0	0.0	0.0	0.0	0.0
Project grants	48.2	1.1	2.1	3.2	10.6
Project loans	43.5	10.1	23.9	54.6	75.0

1/ Cumulative change from beginning of the year, unless otherwise indicated. See Technical Memorandum of Understanding (TMU) for detailed
2/ Continuous indicative target (see TMU).
3/ Includes pro-poor expenditure, as defined in the classification of the Integrated Financial Management System (SIGFiP); see MEFP Box 2.
4/ Net banking system claims on the government represent the difference between government debt and its claims on the central bank and banks, as defined in the TMU.

Table 3. Côte d'Ivoire: Structural Conditionality, 2009 PRGF

Measures	Timetable Structural Benchmarks	Macroeconomic significance
Prior Actions		
• Eliminate arrears to multilateral institutions and remain up-to-date with debt servicing; produce a monthly cash-flow statement incorporating multilateral debt service payments.	1st report mid-October 2009	Improve the cash-flow management. Maintain normal financial relations with external creditors and institutions.
• Inform all creditors, through a public announcement, of the strategy and status of negotiations on external debt restructuring.		Strengthen transparency and partner confidence
• Issue the texts reducing the Single Export Duty (DUS) from CFAF 220 to CFAF 210 and the registration fee on cocoa and coffee from 10 percent to 5 percent.	September 2009	Improve incomes of cocoa farmers and orchard maintenance.
• Provide IMF staff with copies of the provisional audit report on debt owed to PFO and of the contracts resulting from the modification of the five major public works agreements conforming to the Public Procurement Code.		Improve expenditure transparency
Structural Benchmarks (SBM) for end-2009		
Tax policy/administration (2009)		
• Elimination of the practice of advance payment of the DUS on coffee/cocoa, and of any other taxes.	Continuous **SBM**	Improve good governance and ensure the government's financing costs are close to market terms.
• Completion of inventory of service charges/fees by ministries (MEFP ¶26)	**SBM** end-June 2009	Improve good governance and transparency
• Adoption of a plan to rationalize exemptions, including crisis-related regimes (in line with IMF technical assistance), for adoption in the 2010 budget (MEFP ¶ 26)	**SBM** end-September 2009	Improve transparency and reduce distortions; improve revenue
• Implementation of the computerized transit module of SYDAM (SYDONIA) between the Port of Abidjan and the three main border posts	**SBM** end-September 2009	Improve transparency and revenue
• Reduce the outstanding verified and validated VAT credit balance to CFAF 10 billion or less at end-2009, and remain within that ceiling in 2010.	Continuous **SBM**	Improve the business climate and the confidence of enterprises
• Eliminate exemptions on imported rice.	Starting January 1, 2010	Rationalization of exemptions and improvement in revenues.

Table 3. Côte d'Ivoire: Structural Conditionality, 2009 (concluded)

Measures	Timetable Structural Benchmarks	Macroeconomic significance
Public expenditure management (2009)		
• Adoption by the government of the 2010 budget tracing all quasi-fiscal levies for investment in the coffee/cocoa sector (MEFP Box 3).	**SBM** end-November 2009	Improve governance and transparency
• Publication within 45 days of quarterly budget execution statements, including pro-poor spending (MEFP ¶24).	**SBM** each quarter	Improve monitoring and transparency of budget execution
• Submission of draft budget execution law (*Loi de réglements*) for 2008 to the Audit Office (*Chambre de Comptes*) for certification and submission to the National Assembly (MEFP ¶21).	**SBM** end-October 2009	Improve transparency and *ex-post* verification of the budget and its execution
• Formulation of medium-term expenditure frameworks (MTEF)for the education and health ministries (MEFP ¶25).	**SBM** end-October 2009	Put in place a medium-term social strategy consistent with the PRSP and the budget framework.
• Production of a report including different scenarios for reducing subsidies to the electricity sector to CFAF 50 billion in 2010, including the projected reduction of the cost of gas and rate increase.	**SBM** end-2009	Limit electricity sector deficit and reduce government subsidies
• Adoption of the CNPS Reform Plan and the decree establishing the Inter-ministerial Committee in charge of monitoring the reform of the CGRAE.	**SBM** end-2009	Limit the deficit and improve long-term fiscal sustainability
• No new injection of public funds in the two banks in difficulty.	Continuous **SBM**	Improve governance and Improve management of the financial sector

Table 4. Côte d'Ivoire: Significant Structural Reforms for 2010

Measures	Timetable	Macroeconomic significance
• Complete the modification of the four remaining framework agreements for large public works, conforming to the specifications of the Public Procurement Code.	end-2010	Improve governance and transparency in budget execution
• Conduct a census of public service personnel and prepare an estimate of the expected impact on the wage bill.	March 2010	Improve the management of the payroll.
• Prepare a study on the medium-term wage bill and develop a strategy for it.	End-2009 March 2010	Improve the management of the payroll.
• Complete the preparation of the medium-term expenditure frameworks (MTEF) for education and health.	June 2010	Improve governance and budget management.
• Submit the EITI reports for 2006 and 2007 for validation • and the 2008 report • as well as initiate the report for 2009.	End-2009 September 2010 In 2010	Improve governance and transparency.
• Implement the CNPS reform and adopt the CGRAE reform plan, and include provisions in the 2011 budget for the agreed measures.	October 2010	Reduce the deficit of the sector and reduce government subsidies.
• Request an early mission by the Banking Commission for the 2 banks in difficulty.	March 2010	Improve management of the financial sector.
• Implement the microfinance sector reform strategy including a plan to rehabilitate microfinance institutions.	June 2010	Improve management of the financial sector.

Attachment II—Côte d'Ivoire: Supplement to the Technical Memorandum of Understanding

November 2, 2009

Note: this document is a supplement to the Technical Memorandum of Understanding (TMU) of March 2009. That TMU remains fully valid except for the points as amended below. Changes with respect to the original text appear in italics.

A. Overall Fiscal Balance (Including Grants) (Performance Criterion)

Paragraph 3:

The overall fiscal balance is the difference between the government's budget revenue (including grants *other than budget support program grants from the World Bank and African Development Bank)* 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.

Paragraph 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 *and/or to "crisis exit" spending as defined in Box 2 of the memorandum of October 2009 and in attached Table 1*, up to a cumulative maximum 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 paragraphs 11–12).

Paragraph 6:

The petroleum/gas revenues estimate for 2010 is based on: an average crude oil price of US$76.50 per barrel; a volume of 17.9 million barrels; and an average exchange rate of CFAF 478 = US$1.

E. *External Debt and* External Payment Arrears (Performance Criterion)

The former paragraph 10 is replaced by the following:

External debt shall have the meaning set out in point 9 of the "Guidelines on Performance Criteria with Respect to External Debt in Fund Arrangements,"(IMF Executive Board Decision No. 12274-00/85 dated August 24, 2000). External debt is defined on the basis of residency. However, for assessment of the program, debt issued by Ivorian entities in CFA francs and held by residents of the member countries of the WAEMU zone shall not be considered to be external debt.

External arrears are considered to be the nonpayment of any interest or principal amounts on their due dates (taking into account relevant contractual grace periods, if any). This performance criterion applies to arrears accumulated under external debt of the government and external debt guaranteed by the government for which the guarantee has been called by creditors, consistent with the definitions under the external debt performance criterion (paragraph 16). This performance criterion monitored on a continuous basis.

Excluded from this performance criterion are:

- *Arrears accumulated under external debt contracted with official bilateral creditors covered under the Paris Club Agreed Minute of May 2009, as well as such debts to non-Paris Club bilateral official creditors that are subject to restructuring.*

- *Arrears accumulated under:*
  - *i) the 6 series of "Brady" bonds,*
  - *ii) the BNI-Standard Bank (London) 2007 and 2008 notes,*
  - *iii) the Sphynx Capital Markets 2007 and 2008 notes, and*
  - *iv) any other debt to private creditors, for which the government has publicly announced before completion of the first review under the PRGF arrangement for Côte d'Ivoire that it is seeking restructurings, until the respective restructuring agreements have been reached.*

F. Balances Outstanding and Domestic Payment Arrears (Quantitative Indicator and Performance Criterion)

Paragraph 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 as defined in paragraph 11 (quantitative indicator) ; …

G. Treasury Advances (Indicative Target) and Extrabudgetary Spending (Continuous Performance Criterion)

Paragraph 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, *externally-financed expenditure, wages, subsidies and transfers, and debt service* 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-01/26 of March 13, 2009.

H. New Nonconcessional External Borrowing (Performance Criterion).

The first sentence of former paragraph 16 is deleted. One change has been made in the rest of the paragraph:

The quantitative indicators concerning foreign borrowing apply to all nonconcessional external debt *(see paragraph 10)* irrespective of maturity, and whether it has been contracted or guaranteed by the government.

Table 1. Côte d'Ivoire: Crisis Exit Programs 2007-09
(Billions of CFAF unless otherwise indicated)

	2007	2008	2009
			Proj.
General crisis-exit efforts	42.8	45.0	30.4
Frontline bonuses	40.1	39.7	26.4
Transition payments *Forces Nouvelles*	0.0	3.9	0.0
Civil Service program	0.0	0.5	3.0
Financed by government ressources	0.0	0.5	3.0
Financed by external ressources (EU)	0.0	0.0	0.0
Peace accords	3.6	0.8	1.0
Other	1.4	0.0	0.0
DDR, reinsertion and community rehabilitation (RRC)	7.0	9.0	21.3
Financed by government resources	7.0	5.2	12.1
Financed by external sources	0.0	3.8	9.2
Redeployment of public administration (RPA)	3.5	5.3	10.6
Financed by government resources	3.5	3.6	4.3
Financed by external sources	0.0	1.7	6.3
Identification	11.8	47.9	40.4
Financed by government resources	11.8	41.6	39.6
Operator	0.0		36.0
Financed by external sources	0.0	6.3	0.8
Elections	8.0	12.3	33.6
Financed by government resources	8.0	12.3	17.2
Financed by external sources	0.0	0.0	16.4
National reconciliation program	0.0	2.9	7.5
Financed by government resources	0.0	2.6	7.4
Financed by external sources - AfDB	0.0	0.3	0.1
Supplement to Ouagadougou agreement (APO 4)			5.0
Financed by government resources			5.0
Financed by external sources			0.0
Total	73.1	122.4	148.8
Financed by government resources	73.1	110.3	116.0
Financed by external sources	0.0	12.1	32.8

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

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

Staff Report for the 2009 Article IV Consultation, First Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, Request for Waiver of Nonobservance of Performance Criteria, and Financing Assurances Review

Informational Annex

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

Approved by Sean Nolan

November 4, 2009

Contents **Page**

Relations with the Fund

(As of September 30, 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	324.41	99.76
Reserve position in Fund	0.79	0.24
Holdings exchange rate		

III. SDR Department:

	SDR million	Percent Allocation
Net cumulative allocation	310.90	100.00
Holdings	273.22	87.88

IV. Outstanding Purchases and Loans:

	SDR million	Percent Quota
PRGF arrangements	194.47	59.80

V. Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR million)	Amount Drawn (SDR million)
PRGF	Mar 27, 2009	Mar 26, 2012	373.98	159.35
PRGF	Mar 29, 2002	Mar 28, 2005	292.68	58.54
PRGF	Mar 17, 1998	Mar 16, 2001	285.84	123.86

VI. Projected Payments to Fund (without HIPC Assistance):[1]

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

	Forthcoming				
	2009	2010	2011	2012	2013
Principal	5.85	11.71	11.71	5.85	0.00
Charges/Interest	0.51	1.03	0.97	0.92	0.91
Total	6.36	12.74	12.68	6.78	0.91

Projected Payments to Fund (with Board-approved HIPC Assistance):

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

	Forthcoming				
	2009	2010	2011	2012	2013
Principal	3.39	11.71	11.71	5.85	0.00
Charges/Interest	0.51	1.03	0.97	0.92	0.91
Total	3.90	12.74	12.68	6.78	0.91

VII. Implementation of HIPC Initiative:

	Original Framework	Enhanced Framework
I. Commitment of HIPC assistance		
Decision point date	March 1998	April 2009
Assistance committed by all creditors (US$ million)[2]	345.00	3,004.90
Of which : IMF Assistance (US$ millions)	22.50	37.71
(SDR equivalent in millions)	16.70	25.21
Completion point date	--	Floating

[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.

II. Disbursement of IMF assistance (SDR million)			
Assistance disbursed to the member	--	5.04	5.04
Interim assistance		5.04	5.04
Completion point balance			
Additional disbursement of interest income[3]	--		
Total disbursements	--	5.04	5.04

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. An update of the assessment is in progress.

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.

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[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.

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.

Côte d'Ivoire applies temporary restrictions relating to UN-imposed sanction, based on WAEMU Regulation 14/2002/CM of September 2002, which provides for the enforcement of decisions by the UNSC Sanctions Committee to freeze funds. The authorities are in the process of notifying the Fund of these restrictions.

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.

	Area	Focus
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
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
	National Accounts (April 2009)	Implementation of a new base year (2008), improve the treatment of certain source data, presentation of a software to compile NA
	Tax administration (April/May 2009)	Development of the IT strategy
	Micro-finance (May 2009)	Strengthening Microfinance supervision
	Debt management (June 2009)	Support to the Debt management unit
	Tax administration (October 2009)	Development of the IT strategy

B. Headquarters

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

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

Joint Bank-Fund Work Program, 2009
(As of October 14, 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:**		
	DPO—Economic Governance and Recovery Grant III	September 2009	FY 2010
	Emergency SME Revitalization and Governance Project		October 2009
	Preparation of a new agriculture investment operation		Q4 2010
	Economic and Sector Work Poverty Assessment	October 14–16, 2009	Q2 2010
	Health Country Status Report		March 2010
	Post-Conflict Private Sector Assessment		May 2010
	Policy Notes on trade and growth, including various agricultural filieres		January to September 2010
	Investment Climate Assessment		Q2 2010
	Technical assistance/other analytical		
	Country Assistance Strategy 2010–13		March 2010
	Governance Diagnostic Survey (WBI)		February 2010
	PEMFAR follow-up		
	Support on EITI implementation		
	Economic and Poverty Monitoring		
	PSIA impact of possible new electricity tariff structures		Q2 2009
	Competition in cocoa marketing and improving farmers' incomes		Q1 2010
IMF work program in the next 12 months	First review under PRGF and Article IV consultation	September 2009	November 2009 (SR and Board)
	Second review under PRGF	February 2010	April 2010 (SR and Board)
	Third review under PRGF	September 2010	November 2010 (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
	Public debt management	Early 2010	2010

B. Requests for work program inputs			
Fund requests to Bank	Periodic updates on budget implications of electricity sector and financial sector reform		Ongoing
Bank requests 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	FSAP follow-up and assistance with Financial Sector Strategy		Ongoing

African Development Bank Group Operations Strategy

1. **Bank Group Portfolio**. Of a total of 56 operations approved since the start of AfDB intervention in Côte d'Ivoire in 1971,[4] for a net commitment of UA 1.135 million, the current project portfolio comprises two active operations, namely (i) the Institutional and Multisector Crisis-Exit Support Program (PAIMSC) financed with a UA 20.0 million ADF grant, and (ii) the Economic and Financial Sector Support Program (PAREF) – a UA 83.9 million grant-funded budgetary support program. As regards the PAIMSC, 54.6 percent of project funds were disbursed as of 31 May 2009. It is noteworthy that several activities have already been completed 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 centers to be rehabilitated; and (iv) elaborating an action plan for capacity building to assist women who are victims of domestic violence. AfDB also approved two emergency grants for a total of UA 1 million targeted at (i) war-affected children and (i) the fight against the Avian Flu, respectively in September 2006 and June 2008.

2. **Portfolio management**. The current projects have been seriously affected by the crisis arising from the suspension of disbursements starting in February 2003. Following discussions with an Ivorian delegation in Tunis in July 2004 and July 2005, the AfDB envisaged canceling the balances of 10 operations in accordance with its procedures. However, following several requests from the Ivorian government in 2008, the AfDB has not made any further cancellations with a strong hope of resumption of financial cooperation with Côte d'Ivoire in early 2009, thus *freezing* these operations. However, the clearance of arrears approved by the AfDB Board in March 2009 has paved the way for a progressive re-launching of the cooperation between AfDB and Côte d'Ivoire. A mission aimed at assessing the performance of the on-going operations and restructuring the *frozen* portfolio of projects was undertaken in June 2009.

3. **Arrears Clearance.** Following the intense process of negotiation which led in March 2009 to the clearance of the arrears of the country with AfDB the Government has made notable efforts in staying current with its maturities (see below).

[4] Not including four projects initiated by the private sector, for a total of UA 33 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. **Strategy for reengagement by AfDB in Côte d'Ivoire**. The lifting of sanctions on the country approved by the Board of AfDB on March 6, 2009 has allowed Côte d'Ivoire to become re-eligible to financial assistance from the AfDB under ADF 11 (2008–10). The current AfDB's reengagement strategy approved by its Board of Directors on March 6, 2009 focuses on contributing to help the country out of its current situation of fragility. AfDB's focus under the Africa Development Fund (ADF 11) (2008–10) will be to provide support to the government for strengthening governance, including through capacity building and developing economic infrastructure to reinforce regional integration and mitigating the adverse impact of the civil war on the population especially in rural areas. The AfDB reengagement strategy was approved by its Board of Directors on March 6, 2009. Consultations between the Government and the Bank for the preparation the new Country Strategy Paper (CSP) for the period 2011–15 will start in the second quarter of 2010. The country will host the AfDB's Annual Meetings in Abidjan in May 2010.

Côte d'Ivoire—STATISTICAL ISSUES
As of September 30, 2009

General: Data provision has some shortcomings, but is broadly adequate for surveillance. There are weaknesses in the areas of national accounts and balance of payments and public finance statistics, as well as in the reconciliation of fiscal and monetary data. Generally, the authorities provided the required statistical indicators to the Fund (see attached table) on a timely basis.

National Accounts: Comprehensive national accounts data for 1996 onwards is compiled in line with the 1993 System of National Accounts methodologies, using 1996 as the base year. As the base year is dated, technical assistance has been provided by AFRITAC West to implement a new base year and update implicit deflators.

Price statistics: A harmonized consumer price index (CPI) has been adopted by all WAEMU members, although with a dated base year of 1996.

Labor market statistics: No such statistics are published regularly.

Government finance statistics: The authorities provide annual data on the budgetary central government for publication in the *Government Finance Statistics Yearbook*. While no monthly or quarterly fiscal data are provided for publication, they are made available to the IMF African Department, although metadata is lacking. The authorities have committed to address weaknesses in coverage of general government units and public enterprises and are making efforts to improve the reconciliation of fiscal and monetary data.

Monetary and financial sector statistics: Monetary data for Côte d'Ivoire are prepared by the national agency of the BCEAO and officially released by BCEAO headquarters. Some shortcomings of the monetary statistics are common to all eight member countries of the WAEMU, while others relate to systemic issues in Côte d'Ivoire's bank and nonbank financing of the operations of the central government and the rest of the public sector. Recently there have been improvements in the timeliness of reporting data on depository corporations and interest rates. 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.

External sector statistics: The national agency of the BCEAO in Abidjan is responsible for compiling and disseminating annual balance of payments statistics and the international investment position. while BCEAO headquarters delineates the methodology and calculates international reserves managed on WAEMU countries. With respect to merchandise trade, the customs computer system allows for satisfactory monitoring of trade data, but the coverage of services and transfers, and particularly workers remittances, has shortcomings. Concerning the financial accounts, foreign assets of the private nonbanking sector are not adequately covered, while reporting of private capital flows, especially foreign direct investment in Côte d'Ivoire, is weak. There is also not sufficient information on private debt stocks and debt service flows.

II. Data Standards and Quality

Côte d'Ivoire has participated in the General Data Dissemination System (GDDS) since May 2000, and has posted the metadata on the Data Standards Bulletin Board.	No data ROSC is available.

III. Reporting to STA

Côte d'Ivoire regularly reports data to STA for re-dissemination in IMF statistical publications.

CÔTE D'IVOIRE: TABLE OF COMMON INDICATORS REQUIRED FOR SURVEILLANCE
(As of October 15, 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]	08/09	10/09	M	M	M
Reserve/Base Money	08/09	10/09	M	M	M
Broad Money	08/09	10/09	M	M	M
Central Bank Balance Sheet	08/09	10/09	M	M	M
Consolidated Balance Sheet of the Banking System	08/09	10/09	M	M	M
Interest Rates[2]	10/09	10/09	I	M	M
Consumer Price Index	07/09	09/09	M	M	M
Revenue, Expenditure, Balance and Composition of Financing[3] – General Government[4]	07/09	09/09	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt[5]	06/09	09/09	M	M	M
External Current Account Balance	06/09	09/09	A	A	A
Exports and Imports of Goods and Services	06/09	09/09	A	A	A
GDP/GNP	2008	02/09	A	M	M
Gross External Debt	06/09	09/09	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
Public Information Notice
EXTERNAL
RELATIONS
DEPARTMENT

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

IMF Executive Board Concludes 2009 Article IV Consultation with Côte d'Ivoire

On November 18, 2009, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Côte d'Ivoire.[1]

Background

Côte d'Ivoire, the largest economy in the West African Economic and Monetary Union (WAEMU), is moving toward full social, political, and economic normalization. The political crisis that began in 1999 and erupted in civil conflict in September 2002 took a heavy toll on growth and social conditions: per capita income fell by one-sixth and by 2008 almost half the population was living below the poverty line. Conducting the presidential election scheduled in the near future is important to complete the political normalization and allow the country's economy to recover and the well-being of the population to improve.

Côte d'Ivoire has embarked on comprehensive reform policies to address the challenges of enhancing growth and reducing poverty. It adopted a Poverty Reduction Strategy Paper (PRSP) in February 2009, which covers the seven-year period 2009–15 and aims to transform the country into an emerging economy. In March 2009 the IMF approved a three-year arrangement under the Poverty Reduction and Growth Facility (PRGF) to support the authorities' economic program, as well as the Decision Point under the Heavily Indebted Poor Countries (HIPC) Initiative.

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[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds discussions with individual members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board. At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities.

The Ivorian economy began to pick up slowly in 2007. Growth rose to some 2.3 percent in 2008, primarily reflecting construction activity and the energy sector. Driven by high food and fuel prices, inflation rose to a temporary spike of 9 percent in late 2008, but since returned to its previous moderate level of around 3 percent. Economic growth is expected to reach 3.7 percent in 2009, pushed up by oil production, agriculture and agro-processing, and to accelerate to 4 percent in 2010 as confidence begins to return and private investment rises. Although these levels of growth begin to reverse the decline in per capita incomes during the internal crisis, investment levels are still low at 10 percent of GDP—too low to meet the needs of a growing economy.

The authorities have strengthened fiscal control and the transparency of budget implementation in recent years, while making room to increase pro-poor spending. Significant revenue efforts have facilitated an increase in spending for urgent needs. However, there are risks to fiscal stability related, among other factors, to the electricity subsidy and accumulated unpaid wage commitments.

The external current account (including official transfers) has strengthened significantly reflecting a 30 percent increase in cocoa prices since 2007 as well as strong oil production and prices. At the same time, the authorities regularized the country's high external arrears through debt restructuring agreements with Paris Club and, on a preliminary basis, with London Club creditors. Gross official reserves are projected to rise to over 4 months of import cover in 2009.

Transparency and governance in the cocoa and energy sectors are being improved. Reforms are also under way to strengthen public financial management, including procurement and tax administration; to tackle financial sector challenges, judicial reform, and other structural impediments that weigh on the business climate.

Executive Board Assessment

Executive Directors commended Côte d'Ivoire's progress in strengthening macroeconomic management and improving the fiscal position and public financial management. Higher growth and lower inflation, helped by favorable terms of trade and political normalization, have helped arrest the severe deterioration in social indicators resulting from Côte d'Ivoire's sociopolitical crisis. Near-term economic prospects appear favorable, although many challenges still lie ahead, and continued donor assistance will be needed to support the authorities' reform efforts.

Directors welcomed the achievement of a primary budget surplus. However, continued current spending pressures arise from the electricity subsidy, large contingent wage commitments, and discretionary spending. Directors underscored that fiscal consolidation remains critical to expand the fiscal space gained from the reforms and political normalization. They welcomed the authorities' commitment to begin winding down crisis-exit spending and the emphasis on pro-poor and investment outlays in the draft 2010 budget.

Directors welcomed the significant progress made in clearing external arrears and normalizing relations with external creditors, including with the Paris Club and the preliminary restructuring agreement with Brady bond holders on comparable terms. They encouraged the authorities to pursue their discussions with a view to reach a similar agreement with other creditors. Directors looked forward to adequate internal coordination to prevent a recurrence of arrears to multilateral creditors, and supported the authorities' request for technical assistance on public debt management.

Directors supported the authorities' efforts to strengthen tax and customs administration, reduce domestic arrears, and improve fiscal transparency, including in large public works. They called for strong implementation of the plans to improve public resource management and to continue reorienting spending to areas critical to reducing poverty and improving infrastructure. They also looked forward to the establishment of a National Procurement Regulation Authority, reforms in the pension funds and the civil service, a strategy for a sustainable wage bill, and the restructuring of the electricity sector. Directors noted the staff's assessment that Côte d'Ivoire's real effective exchange rate appears to be in line with fundamentals. Nonetheless, the export base is narrow and the business climate needs to be improved. Directors therefore encouraged the authorities to vigorously pursue structural reforms and integrate Côte d'Ivoire more closely with its neighbors to bolster efficiency and create new export opportunities. Priorities include further reducing the taxation of cocoa income, reforming the cocoa sector institutions, improving transparency in the energy sector, and judicial reforms. Directors looked forward to the adoption of the National Plan for Good Governance and Fight Against Corruption.

Directors urged the authorities to address financial sector vulnerabilities identified by the 2009 FSAP. In particular, they underscored the need to improve the solvency and asset quality of some local banks, reduce connected lending and loan concentration, and rehabilitate microfinance institutions. They encouraged the authorities to resolve problem banks without recourse to public funds and to support the Banking Commission in ensuring bank compliance with prudential norms. Directors welcomed the authorities' plans to establish a National Financial Sector Reform Committee and to formulate a Financial Sector Development Strategy, which will clarify the government's role in the financial system.

- ***Public Information Notices (PINs)*** form part of the IMF's efforts to promote transparency of the IMF's views and analysis of economic developments and policies. With the consent of the country (or countries) concerned, PINs are issued after Executive Board discussions of Article IV consultations with member countries, of its surveillance of developments at the regional level, of post-program monitoring, and of ex post assessments of member countries with longer-term program engagements. PINs are also issued after Executive Board discussions of general policy matters, unless otherwise decided by the Executive Board in a particular case.

Côte d'Ivoire: Selected Economic Indicators, 2004–09
(Annual percentage changes, unless otherwise indicated)

	2004	2005	2006	2007	2008	2009
National income						
Real GDP growth	-1.6	-1.7	0.7	1.6	2.3	3.7
Consumer prices (end of period)	4.4	-0.1	2.0	1.5	9.0	3.4
Money and credit						
Broad money	9.5	7.4	10.3	23.6	5.6	18.9
Net credit to government (percent of beginning of period broad money)	-3.6	1.8	-1.6	3.7	-1.1	6.7
Central government operations						
Total revenue and grants (percent of GDP)	18.4	18.1	19.0	19.7	20.6	20.4
Total revenue (percent of GDP)	17.5	17.0	18.4	19.2	18.9	19.6
Total expenditure (percent of GDP)	20.1	19.9	20.8	20.5	21.1	21.7
Primary basic balance (percent of GDP) 1/	0.9	0.4	0.3	0.6	0.3	0.7
Overall balance (including grants, payment order, percent of GDP)	-1.7	-1.7	-1.8	-0.8	-0.6	-1.4
External sector						
Exports, f.o.b. (millions of SDRs)	4530	5063	5603	5544	6239	5726
Imports, f.o.b. (millions of SDRs)	2789	3444	3531	3880	4157	3531
Export volume growth	21.7	4.2	6.0	-8.4	-7.8	6.0
Import volume growth	21.6	3.0	3.9	5.1	-4.6	5.7
Current account balance (percent of GDP)						
Including official transfers	1.6	0.3	2.8	-0.7	2.4	2.7
Excluding official transfers	1.7	0.4	3.0	-1.5	1.0	2.1
Gross official reserves (millions of SDRs)	1057	1000	1178	1542	1534	1764
Debt						
External public debt (percent of GDP)	72.4	73.4	71.4	64.8	61.8	53.7
External public debt in arrears (percent of GDP)	13.3	20.9	22.1	21.6	23.6	0.0
Domestic public debt (percent of GDP)	12.5	12.8	12.8	10.8	11.1	10.5
Domestic public debt in arrears (percent of GDP)	5.3	4.6	4.5	2.5	2.7	1.9

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

1/ Total revenue (excluding grants) minus expenditure net of scheduled interest and foreign-financed capita expenditure.

INTERNATIONAL MONETARY FUND EXTERNAL RELATIONS DEPARTMENT

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International Monetary Fund
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IMF Executive Board Completes First Review Under Côte d'Ivoire's PRGF Arrangement, Approves US$57.3 Million Disbursement

The Executive Board of the International Monetary Fund (IMF) completed today the first review of Côte d'Ivoire's economic performance under a three-year Poverty Reduction and Growth Facility (PRGF) arrangement. With the completion of the review, Côte d'Ivoire may request an SDR 35.772 million disbursement (about US$57.3 million) This will bring total disbursements under the program to SDR 195.12 million (about US$312.5 million).

Côte d'Ivoire's PRGF arrangement was approved in March 2009 (see Press Release No. 09/96) in the total amount of SDR 373.98 million.

In completing the review, the Executive Board also granted two waivers of non-observance of the performance criteria on the overall fiscal balance and on the non-accumulation of new external payment arrears. The Executive Board also completed the financing assurances review.

Following the Executive Board's discussion of Côte d'Ivoire's performance, Mr. John Lipsky, First Deputy Managing Director and Acting Chair, stated:

"The Ivorian authorities are to be commended for their satisfactory performance under the PRGF-supported program and progress toward political normalization. They achieved a primary budget surplus and made significant progress in normalizing relations with external creditors despite the global economic crisis and the difficult post-conflict environment. Helped by favorable terms of trade, Côte d'Ivoire's economy is recovering, and, although significant challenges remain, near-term economic prospects are favorable.

"Continued fiscal consolidation is critical to expand the fiscal space gained from the reforms and political normalization. The authorities aim to improve public resource management and to continue reorienting spending to areas critical to reducing poverty and improving infrastructure. To address the large accumulated wage commitments, the authorities are committed to implement a major civil service reform in 2010 and adopt a strategy for a sustainable medium-term wage bill. They will also address the rising deficits of both the pension funds and the electricity sector.

“Determined structural reforms coupled with further regional integration are needed to address the weak external competitiveness. The authorities will further reduce the taxation of cocoa income, reform the institutional and regulatory framework in the cocoa sector, advance restructuring in the electricity sector, and enhance the efficiency and fairness of the judicial system.

“Reforms in the financial sector aim to strengthen the prudential and supervisory framework and clarify the government’s role in the financial system.

The international community’s assistance remains crucial for Côte d’Ivoire’s full political normalization and economic success,” Mr. Lipsky said.

Côte d’Ivoire, which became of member of the IMF in March 1963, has a quota in the Fund amounting to SDR 325.20 million (about US$520.8 million).

Statement by Laurean Rutayisire, Executive Director for Côte d'Ivoire
November 18, 2009

My Ivorian authorities are thankful for the fruitful dialogue they have had with staff during their September 2009 mission in Abidjan. The discussions in the context of the Article IV consultation paired with the first review of the PRGF arrangement set the stage for a broad overview of Côte d'Ivoire's achievements over the past period and the challenges still facing a post conflict economy. My authorities broadly share the thrust of the staff report as a fair transcription of their discussions and have consented to its publication.

My Ivorian authorities would also like to express their gratitude to the Executive Board and Management for the continuous support that has helped the country weather the impact of an internal crisis worsened by a gloomy international environment of food and fuel crisis and global slowdown. My authorities would specially like to place on the record their appreciation of the Managing Director's trip to Abidjan in May 2009, as a unique opportunity that contributed to improve the mutual understanding of key cooperation matters. By meeting with various stakeholders, including major political leaders, private sector actors and civil society, the MD not only witnessed the renewed commitment of my authorities to sound management and reforms, but also had a first-hand experience of the populations' expectations from the recently approved PRGF and the HIPC process.

Since the approval of the 2009-11 PRGF and the attainment of the HIPC decision point in March 2009, my Ivorian authorities have made significant progress both on the political and economic fronts. The consolidation of peace, the reunification of the country and the overall political normalization are heading to the final step of presidential elections. All signs point to the assessment of economic recovery taking hold. Output growth is projected to accelerate to 3.7 percent in 2009, after barely reaching 2 percent in 2006-08 and recording negative data over the worst years of the crisis. With the HIPC decision point, the government has made good progress in negotiations with its creditors, and remains committed to the goal of reaching the completion point within one year. My authorities have also posted strong results in fiscal consolidation, governance and structural reforms in key economic sectors. They are committed to stepping up effort in fostering growth by creating a peaceful environment conducive to private sector activity, and reducing poverty.

I. Recent Developments and Program Performance

Signs of political normalization and economic recovery

Over the recent period, my authorities have enhanced the political environment as the basis for economic recovery. The peace roadmap set forth under the March 2007 Ouagadougou Accord is at its final step that is the presidential election. Voter registration is completed and the electoral list is available for consultation to all enrollees via internet and other sources,

since November 13, 2009. A one-month period has been allotted for all disputes prior to the finalization of the list. On this basis, the date for the ballots will be announced in the coming days by my authorities.
The political normalization has given momentum to the domestic growth engines. Agriculture, especially food production performed well, as did transport and telecommunications, agro processing, mining, refining, and chemical industry activity. In addition, the global crisis has had little impact on Côte d'Ivoire so far, and the country has benefited from some favorable terms of trade since 2007, especially high cocoa prices. As a result, output is projected to grow by 3.7 percent in 2009. Inflation is back to the 3 percent regional standard, after a temporary spike at year-end 2008, stemming from high world food prices and adjustments in domestic petroleum prices. The favorable terms of trade have yielded an external current account surplus that is projected to reach 2.7 percent of GDP in 2009.

Program performance

Under a benign macroeconomic situation, my authorities' program implementation at the end of June 2009 was broadly on track as assessed by staff. **In the fiscal area**, the authorities continued their effort of fiscal consolidation. The fiscal deficit was substantially on target, with revenues overperforming by ½ percent of GDP, mainly due to cocoa export duties, tax revenue from oil, and VAT revenue. Expenditures were kept in check, despite some minor overruns on the electricity subsidy and the wage bill. My authorities' ongoing endeavor on a balanced electricity sub-sector and on a medium-term sustainable wage bill should help further fiscal consolidation. My authorities have also cleared important stocks of domestic arrears, net repayment on a cash basis amounting to CFAF 52.7 billion (0.5 percent of GDP). As further signs of an improved PFM, my Ivorian authorities would also like to place on the record the full resumption of budgetary processes and the end of a number of practices that occurred under the crisis. The government does not have recourse any more to uncontrolled treasury advances, costly short term financing, and early tax collection. Moreover, the financing of the large public works related to the transfer of the capital city is now limited to the budget envelope, and transparency has improved on this issue.

My authorities have made good progress on **structural reforms,** including in the areas of PFM and key sectors of cocoa/coffee and oil. The implementation of the ambitious PFM action plan designed with the assistance of the World Bank has begun. Since April 2009, the government has been implementing the automatic petroleum pricing mechanism. A census of civil servants is being finalized, as the major first step of the reform of the civil service. In the cocoa sector, quasi-fiscal levies have been reduced with the view to ensuring a more remunerative price for producers, and my authorities have set mechanisms to enhance transparency in the management of these funds. A reform committee is working expeditiously to propose a new operational framework for the sector. Other reforms are proceeding well, including the restructuring of public financial institutions.

II. Challenges Ahead and Medium-Term Policies

While assessing the important inroads made in emerging from sociopolitical crisis, embarking on a PRGF-supported program and reaching the HIPC decision point, my authorities are fully cognizant of the challenges ahead, especially the daunting task of posting stronger economic results capable of reducing poverty. With an improved outlook, my authorities are projecting a sustained real GDP growth reaching 4 percent in 2010, inflation stabilized at 3 percent and the overall budget surplus (excluding grants for clearance of external arrears) to increase to 1.6 percent of GDP. The authorities plan a full range of structural reforms that should help close the output gap, post-crisis, and help unleash the full potential of the economy.

Fiscal policy

My authorities are committed to continue their effort of fiscal consolidation, through the rationalization of crisis-exit spending and the prioritization of productive expenditures. In that regard, though the 2010 budget still bears the burden of some government wage commitments made under the crisis, it mainly focuses on pro-poor spending which increases by 0.6 percent of GDP and infrastructure investments. To boost revenue, my authorities have taken a number of measures that will bear fruits in 2010. Tax and customs administrations are being strengthened, and additional receipts should come from formerly uncovered CNW zones. The tax exemptions on rice imports, which were introduced in 2008 as a response to the food crisis has recently been revoked. In the same vein, the supplementary income tax for reconstruction was reintroduced. On the expenditure side, my authorities are mindful of the unsustainable pressure the wage bill puts on the budget. That is why, for the medium term, they are working on a comprehensive strategy to curb the wage bill. More broadly, the implementation of the PFM action plan will be enhanced with the view to improving expenditure management and treasury operations. A new public procurement code has been adopted in August 2009. The establishment of a National Procurement Regulation Authority should follow in the coming weeks and will help strengthen public procurement, by separating the regulatory, executive, and control functions.

Monetary and Financial sector policies

Over the last period, my authorities have stepped up their issuance of securities on the regional financial and money markets to finance their budget needs. They intend to improve their management of the government securities market and participate in regional efforts within the WAEMU to enhance this financing tool. Regarding the financial sector, my authorities will establish the National Financial Sector Reform Committee before end-2009. Aided by the recommendations of the recent FSAP and the work of the committee, my authorities will formulate, before June 2010, a Financial Sector Development Strategy (FSDS), defining the role to be played by the state in this sector. In the meantime, actions are proceeding regarding a number of institutions. The restructuring of BNI is on track, the postal saving bank (*CNCE*) has been granted the bank status by the banking commission in September 2009. The restructuring of banks in distress – *BFA*, *Versus Bank*, *BHCI* - is also continuing, with the clear principle that in any event, the government will not inject any new public resources in those institutions. The government intends to implement a plan for rehabilitating the microfinance sector that has proved an effective financial tool for important segments of the population. My authorities are also committed to combat money laundering and the financing of terrorism. The antimoney laundering framework will be improved accordingly by the adoption before end-March 2010 of the national law combating the financing of terrorism.

Governance and other structural reforms

Cognizant of the legacy of the civil conflict, especially as regards citizens' attitude *vis-à-vis* public resources, my authorities are firmly committed to enhance policies and mechanisms to improve governance. A National Plan for Good Governance and Fight against Corruption, a draft law on unlawful enrichment and a draft code of ethics for senior public officials are scheduled to be adopted by the government before the first quarter of 2010.

In addition to structural reforms already envisaged in the fiscal, financial and cocoa/coffee sectors, my authorities also plan a number of actions in the energy sector and the business environment. On the energy sector, after adopting the automatic pricing mechanism, the deficit in the electricity sub sector is the remaining source of government subsidy. The authorities launched a series of consultations with all actors, with the view to finding a lasting scenario for the financial balance of the sector.

My authorities intend to enhance the role of the private sector as the key engine of growth, in the post crisis period, more than in the past. In that regard, they pay a special attention to the reforms that have an impact on the business climate. The work underway in the energy sector is expected to yield results in terms of lowering production costs for enterprises. In the reform of public procurement, one of my authorities' objectives is to create more transparency around public bids and give equal opportunities to private sector actors. Another array of measures to be stressed relates to the judiciary system. Most of my authorities' reforms in this area are underway and the deadlines for adoption and implementation evolve around the first quarter of 2010. The key ones are a reform plan to enhance the efficiency and fairness of the judicial system, a reform of the law on competition, notably to combat noncompetitive practices, the creation of commercial courts and training of judiciary staff in commercial matters, and a decree on enforcement of decisions of Arbitration Boards, thereby expediting the resolution of business disputes and helping to unclog the courts.

PRSP and HIPC process

My authorities are committed to implementing their poverty reduction strategy to turn around the upward trends taken by the poverty profile over the past years. Along with their efforts to weather the impact of the conflict, and consistent with the country's I-PRSP, the authorities have increased their outlays in poverty reduction and initiated many actions in social sectors. The institutional framework to implement the PRSP has been put in place all over the territory and is carrying out its tasks. The government is committed to monitoring the execution of pro-poor spending in the 2010 budget, as it moves on the other triggers of the HIPC floating completion point. My authorities are also stepping up negotiations with commercial creditors, after favorably concluding talks with Paris Club members.

Conclusion

My Ivorian authorities viewed the conclusion of a new PRGF-supported program and the reaching of the decision point at the end of the first quarter of 2009, as an important milestone in their effort towards crisis exit and the restoration of economic normalcy. Moreover, my authorities consider the huge expectations that arose from this juncture as a call for action, both from them and from their development partners whose support has contributed to this achievement. My authorities have since then enhanced their efforts in political normalization, macroeconomic management and structural reforms, and consequently posted a satisfactory performance over the first semester of the program. Still, the challenges ahead are commensurate and, as in any post conflict society, the government faces competing demands with a weakened institutional apparatus and scarce resources. My authorities believe that with the support of the international community, their policies set forth for the period ahead will help Côte d'Ivoire rebound for the good of its population and for the whole West African sub-region. This requires a smooth implementation of the program and the HIPC completion point triggers. In that endeavor, my authorities would like to request the Board support for the conclusion of the 2009 Article IV consultation, the conclusion of the first review under the PRGF arrangement, and for waiver of nonobservance of performance criteria and financing assurances review.