INTERNATIONAL MONETARY FUND

IMF Country Report No. 14/163

CÔTE D'IVOIRE

June 2014

FIFTH REVIEW UNDER THE THREE-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND REQUESTS FOR MODIFICATION OF PERFORMANCE CRITERIA AND EXTENSION OF THE CURRENT ARRANGEMENT—STAFF REPORT AND PRESS RELEASE

In the context of the fifth review under the three-year arrangement under the Extended Credit Facility and requests for modification of performance criteria and extension of the current arrangement, the following documents have been released and are included in this package:

- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse of time basis, following discussions that ended on March 26, 2014, with the officials of Côte d'Ivoire on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the staff report was completed on May 22, 2014.
- An **Informational Annex** prepared by the IMF
- A **Press Release**

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

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

*Also included in the Staff Report.

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

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Price: $18.00 per printed copy

International Monetary Fund
Washington, D.C.

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May 22, 2014

FIFTH REVIEW UNDER THE THREE-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND REQUESTS FOR MODIFICATION OF PERFORMANCE CRITERIA AND EXTENSION OF THE CURRENT ARRANGEMENT

KEY ISSUES

Background: Progress toward political reconciliation and restoring social cohesion continues. But the road remains long and bumpy. Growth performance was impressive in 2013, and is projected to remain buoyant in the near term reflecting strong domestic demand. Still, growth is likely to remain below the government's more ambitious goal of double-digit expansion.

Program performance has been strong. All end-December performance criteria and all but one indicative target (the indicative target on the floating debt ceiling) were met. The implementation of structural reforms has been satisfactory, but with some delays due in part to the limited number of Council of ministers meetings held in early 2014.

Policy discussions: The discussions focused on (i) the growth outlook for 2014 and the medium term, (ii) updating the fiscal outlook for 2014 in light of the 2013 budget outturn and new spending needs, (iii) measures to strengthen the efficiency and transparency of public spending, and (iv) further improvements in the business climate.

The risks to program implementation in 2014 are balanced. On the downside, fiscal discipline and structural reform momentum could be adversely affected during the run-up to the October 2015 presidential elections. On the upside, higher than projected foreign direct investment could further raise growth prospects.

Staff supports the completion of the fifth review under the ECF and the authorities' requests for the modifications of performance criteria and an extension of the current arrangement to end-December 2014. Completion of the review will result in disbursement of an amount equivalent to SDR 48.78 million under the ECF arrangement (15 percent of quota).

Approved By
A. Aemro Selassie (AFR) and Peter Allum (SPR)

Discussions took place during March 11–26, 2014 in Abidjan, Côte d'Ivoire. The staff team comprised Messrs. Lazare (head) and Koulet-Vickot, Ms. Macario (all AFR), Mr. Dicks-Mireaux (SPR), Mr. Queyranne (FAD). Mr. Feler (Resident representative) and Ms. Coulibaly economist at the Resident representative's office assisted the mission. Mr. Allé (OED) attended some of the meetings.

CONTENTS

Glossary

AFD	Agence française de développement
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
BCEAO	Central Bank of West African States
CFAF	African Financial Community Franc
CGRAE	Civil Service Pension Fund
CNPS	Private Sector Pension Fund
CP	Completion Point
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
EITI	Extractive Industries Transparency Initiative
FAD	Fiscal Affairs Department
FIRST	Financial Sector Reform and Strengthening Initiative
FSAP	Financial Sector Assessment Program
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Country
IFC	International Finance Corporation
IT	Indicative Target
LIC	Low Income Country
MEFP	Memorandum of Economic and Financial Policies
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
OAT	Government bonds issued through the BCEAO
PC	Performance Criterion
PEMFAR	Public Expenditure Management and Financial Accountability Review
PETROCI	Government-Owned Petroleum Company
PFM	Public Financial Management
PRSP	Poverty Reduction Strategy Paper
SIGFAE	Integrated Personnel Management System
SME	Small and medium-size enterprise
SSA	Sub-Saharan Africa
SIR	National oil refinery
TMU	Technical Memorandum of Understanding
TPCI	Government bonds issued through syndication
VAT	Value-Added Tax
WAEMU	West African Economic and Monetary Union

BACKGROUND

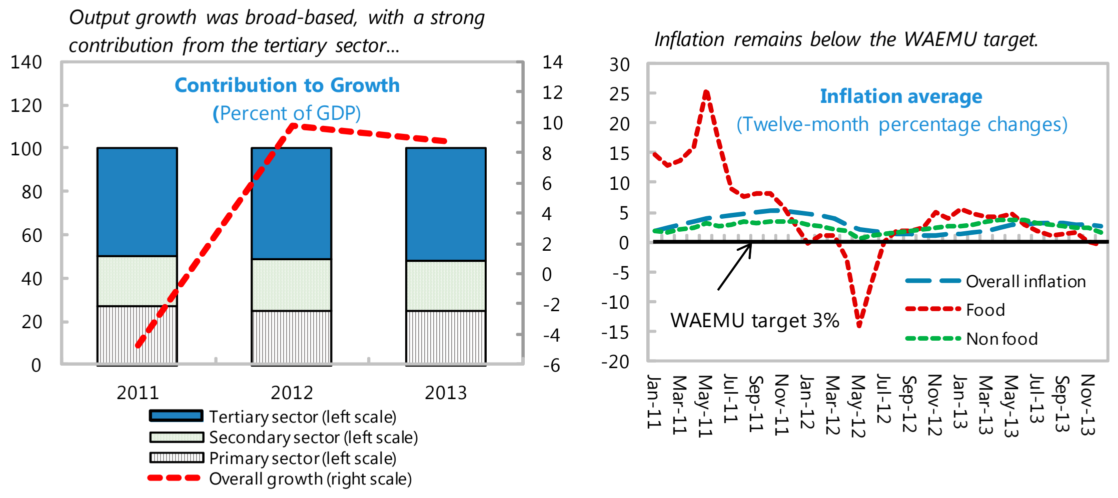
1. **The road toward political reconciliation remains long and bumpy (MEFP¶1, 2**). To foster political reconciliation, the government released several supporters of former President Gbagbo from prison and encouraged the return of refugees from exile. After a few weeks of interruption following the transfer of the former leader of the pro-Gbagbo youth to the International Criminal Court in The Hague, the formal political dialogue between the government and the opposition returned on May 22, 2014. The political scene is increasingly being dominated by considerations related to the run-up to the October 2015 presidential elections, for which President Ouattara has announced his candidacy. The government has released its proposal for revamping the composition of the Independent Electoral Commission, a key step in preparation for the elections.

2. **Security incidents have abated, but banditry remains a concern**. In light of progress made in the Disarmament, Demobilization and Reintegration (DDR) of ex-combatants as well as security sector reforms, the United Nations Security Council voted unanimously at end-April 2014 to partially lift the arms embargo. In addition, it also agreed to terminate sanctions imposed in 2005 on diamond imports from Côte d'Ivoire, recognizing progress made in implementing the Kimberley Process Certification Scheme (KPCS) and better governance of the sector.

ECONOMIC DEVELOPMENTS AND PROGRAM PERFORMANCE

3. **Buoyed by strong domestic demand and exports, growth is estimated to have reached 8.7 percent in 2013 (MEFP¶3)**.[1] Public investment in infrastructure (transport, energy, health, and education) and private investment in mining, agriculture, energy, and housing underpinned domestic demand, which resulted in a pickup in employment (4.7 percent) in the formal sector. The rise in exports was largely driven by cocoa exports. Inflation remained below the WAEMU 3 percent target.

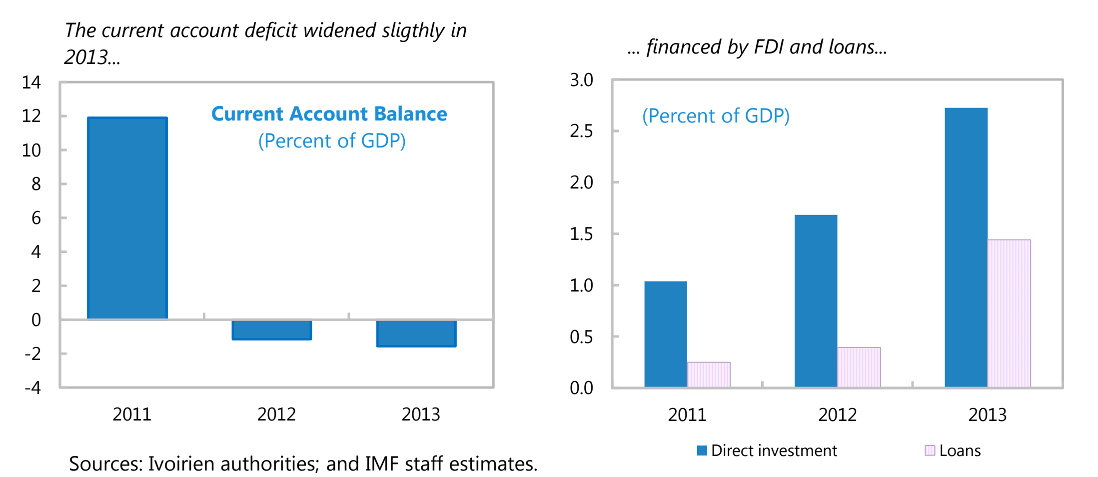
[1] Staff and the authorities could not agree on the growth estimate for 2013. Based on different methodologies for computing value added, in particular in the construction and public works and in the energy sectors, the authorities estimate that growth performance reached 9.1 percent in 2013. These differences should be resolved by the time of the next program review when the statistical agency (INS) publishes the preliminary national accounts for 2013. In addition, the nominal GDP historical series used in this staff report, and which have been provided by the authorities, are different from the ones used in previous staff reports; they result in an about 9 percent increase in the nominal GDP for 2011 and 2012.



Sources: Ivoirien authorities; and IMF staff estimates.

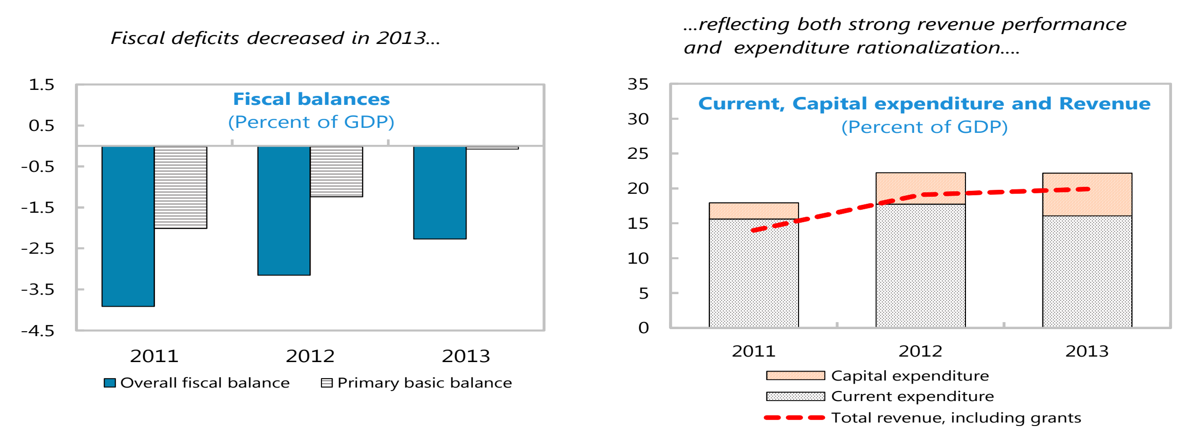
4. Credit to the private sector surged in 2013, and the financial soundness of the banking system improved. The rise in credit to the private sector (22.6 percent,) driven by crop credits as well as by medium- and-long term credits, reflects the strengthening of economic activity and enhanced private sector confidence. This expansion, together with an increase in commercial bank's credit to the government, resulted in a significant increase in net domestic assets and broad money. The financial soundness of the banking system improved in 2013, as shown by an increase in the system-wide average capital to risk-weighted assets ratio (from 8.6 percent in 2012 to 9.2 percent in 2013) and profitability and liquidity ratios, as well as a decrease in non-performing loans (12.7 percent of total loans in 2013 from 15.9 percent in 2012).

5. The external current account deficit widened slightly in 2013. In spite of a deterioration in the terms of trade (3.5 percent) and a rise of imports, the trade balance surplus increased, driven by strong export volumes (8.2 percent), in particular cocoa. This increase in the trade surplus, together with a reduction in transfer outflows, was outweighed by a higher deficit of services, leading to a slight widening of the current account deficit. This was financed in part by higher foreign direct investment and project loans.



Sources: Ivoirien authorities; and IMF staff estimates.

6. The 2013 fiscal deficit was lower than expected (MEFP¶5). Total revenue exceeded the revised objective (set in the previous review) by about CFAF 71 billion owing to good direct tax and non-tax revenue performance. However, customs and VAT revenues were lower than expected, reflecting the high cost of tax exemptions in the 2012 investment code and persistent weaknesses in revenue administration. Total expenditure was close to the objective set in the previous review, as lower-than-expected execution of capital spending, in particular externally-financed capital spending, was counterbalanced by somewhat higher recurrent spending. As a result, the overall fiscal deficit was lower than expected by CFAF 36 billion, equivalent to 2.3 percent of GDP in 2013 down from 3.2 percent of GDP in 2012, and the primary basic balance (the program's performance criterion) was close to equilibrium at -0.1 percent of GDP in 2013 compared with -1.2 percent of GDP in 2012.



Sources: Ivoirien authorities; and IMF staff estimates.

7. Persistent difficulties in projecting the cash position resulted in a tight cash position at the end of 2013 and an increase in the floating debt stock instead of the programmed reduction. The Ivoirien treasury successfully paid off the large amount of T-bill and T-bond obligations falling due in late 2013 as a result of the end-2011 restructuring of domestic debt arrears incurred during the 2010–11 post-electoral crisis. In line with the strategy adopted for regularizing past domestic arrears, in December 2013 the government also managed to pay in cash about CFAF 51 billion of pre-2011 arrears to suppliers (the program had assumed no more than CFAF 10 billion in payment of arrears in cash.)[2] Notwithstanding these positive developments, difficuties encountered in projecting the end-year cash position resulted in an accumulation of floating debt.

[2] On the basis of the amount of arrears validated by the audits (CFAF 152.9 billion) and in line with the domestic debt clearance strategy, an amount of CFAF 56.6 billion (of which CFAF 51.1 billion in cash) was settled in December 2013. There are ongoing discussions with suppliers to settle the remaining outstanding arrears on the basis of the three options proposed by the government: (i) option 1: immediate payment in cash (with 50 percent haircut of the amount due); (ii) option 2: payment over 3 years (30 percent haircut); or (iii) option 3: payment over 5 years (20 percent haircut). As of May, 17 out of 151 suppliers had chosen option 1, and received CFAF 3 billion in cash; a number of creditors expressed a preference for the other two options. Discussions are ongoing with the rest of the creditors. The overall stock of other domestic arrears as of end-December 2013 stood at CFAF 327 billion, of which CFAF 248.7 billion was due to the BCEAO.

8. Performance under the program has been good (MEFP¶7–11). All end-December 2013 performance criteria and all but one indicative target (the indicative target on the floating debt ceiling) were met. In particular, the fiscal adjustment was slightly faster than programmed. However, implementation of the structural reform experienced delays: eight (out of the 15) structural benchmarks covered by the review were not met, although subsequently seven were completed with a delay (MEFP, Table 2). Notably, the government, albeit with delay, adopted a medium-term strategy for controlling the wage bill and a time-bound action plan for restructuring the public banks. Some steps have also been taken to improve public financial management and strengthen tax administration. The remaining unmet structural benchmark—adoption of the draft regulations transposing the remaining four WAEMU directives on public finance—has been delayed as a result of a ruling by the Constitutional Court implying a reexamination of the draft law supporting the transposition of the first two directives by the National Assembly. The government intends to adopt these draft regulations by end-June 2014.

9. The sustained recovery of growth since the post-election crisis is starting to have a tangible impact on living standards. In particular, in line with the cocoa/coffee reform, the government has applied a farm-gate price equivalent to 60 percent of the CIF price to cocoa and coffee producers, which allowed about 700 thousand farmers to benefit from higher world prices. The governemnt has also increased salaries in the civil service in 2014 by unfreezing part of the steps increases, that had been frozen since 1988, and delivered on several other wage promises made by the previous regime. A positive impact on inclusiveness is also being achieved through stepping up public investment to improve access to public services to a wide range of the population (e.g., access to electricity in small villages, better water distribution, renovation of rural roads, etc.), and adopting a bill introducing universal health insurance (CMU in the French acronym), which would be implemented in 2015. Despite these positive developments, much remains to be done to catch up the loss in the living standards resulting from a long period of economic stagnation and political crisis.[3]

MACROECONOMIC OUTLOOK AND POLICY DISCUSSIONS

The discussions focused on (i) the growth outlook for 2014 and the medium term, (ii) updating the fiscal outlook for 2014 in light of the 2013 budget outturn and new spending needs, and (iii) measures to strengthen the efficiency and transparency of public spending; and (iv) further improvements in the business climate.

[3] As noted in the IMF Country Report No. 13/167, real income per capita declined by more than 40 percent from its peak in the late 1970s to 2011.

A. Growth Outlook for 2014 and the Medium Term

10. Staff and the authorities agreed that the growth outlook for 2014 would remain bullish, but disagreed over the projected growth rate (MEFP¶12–16). Staff acknowledges that somewhat higher public investment in 2014 and continued improvements in the business environment (see Section D below), coupled with tangible indications that private sector activity started to trend up from 2013 (e.g., a surge in the number of companies created),[4] should lead to continued strong growth performance in 2014. However, staff does not see early indications that growth would be accelerating significantly, and projects a broad stabilization of the growth rate in 2014 at about 8.5 percent. By contrast, the authorities strongly believe that staff's estimate is too conservative, and that growth will reach the 10 percent mark set by the National Development Plan, helped by a surge in private investment.

11. The medium-term growth outlook remains strong. Staff continues to project that growth would remain in the 7–8 percent range over the medium term, driven by strong private investment in agriculture, mining, housing and services, and public investment in transport and energy infrastructure, as well as in social sectors. This projection is contingent on continued marked improvements in the business climate and governance, and socio-political stability.

12. The regular production of quality economic data is critical to facilitate discussions on growth (MEFP¶47). Cognizant of this importance, the authorities emphasized the ongoing work to catch up on the production of national accounts for past years, and develop, with technical assistance from the Fund, quarterly national accounts and other economic outlook indicators. They expect that significant progress in these areas will allow for a narrowing of the differences of appreciation of developments in, and prospects for, growth between the staff and them at the time of the 6th review.

B. Fiscal Policy

13. The supplementary budget law that is planned to be submitted to the National Assembly by mid-2014 will revise upward both the 2014 revenue and expenditure projections in light of the 2013 outturn and new spending needs (MEFP¶21, 23, 24, 26). Revenue projections will be revised upward by about CFAF 59 billion to factor in new cocoa and gas output projections, higher expected dividends, and signature bonuses for new mining exploration contracts. Expenditure is now projected to be about CFAF 75 billion higher than programmed to take into account additional appropriations for: (i) the establishment of the administrative structure in charge of managing the universal health insurance in October 2014 (see Box 1); (ii) public bank restructuring; (iii) an increase in the capital of the State owned Air Côte d'Ivoire; and (iv) higher subsidies to pay for liabilities incurred by the electricity sector in 2013.[5]

14. The revised fiscal outlook implies a slightly higher fiscal deficit (MEFP¶22, 33). The primary basic deficit and overall fiscal deficit would both increase by about 0.1 percent of GDP to

[4] 2,775 new enterprises were created in 2013 against 396 in 2012.

[5] The lack of rains in late 2013 led to increased use of heavy fuel to generate electricity at a higher cost than production with gas and increased use of more expensive heavy fuel.

0.2 percent of GDP and 2.3 percent of GDP, respectively. Staff welcomed the authorities' commitment to include a (CFAF 100 billion) reduction by end-2014 in the stock of floating debt in the financial program for 2014 and to mobilize the corresponding resources on the regional financial market, but staff noted that further efforts would be needed to reduce this stock in 2015–16.

15. The authorities reaffirmed their commitment to give priority to concessional sources of financing to meet the funding needs of their investment plans while ensuring the sustainability of public debt. However, they also noted that some non-concessional external borrowing may be necessary to meet funding needs for key large structural projects, in particular in infrastructure and the energy sector, which they considered essential to achieving their growth objectives. Staff recognized the authorities concerns about having adequate funding for their investment plans, but also encouraged them to seek concessional terms in discussions with potential lenders to maximize Cote d'Ivoire's access to financing consistent with debt sustainability. At the same time, staff indicated that they were open to continue discussions on accommodating additional non-concessional borrowing, if needed, for economically profitable projects consistent with maintaining debt sustainability.

16. The revised fiscal deficit for 2014 is expected to be fully–financed (MEFP¶39, 44). Financing would also be consistent with the authorities' medium-term debt strategy involving a more diversified investor base and a lengthening of debt maturities. To this end, at end-February, the authorities raised more than a quarter of the total financing needs (equivalent to CFAF 240 billion) on the regional market with a longer-term maturity (7 years with a 6.5 percent interest rate). They also plan to issue a US$500 million Eurobond in the second half of 2014 as provided for under the program[6] and to secure a sovereign rating. This issuance would leave Côte d'Ivoire's risk of external debt distress unchanged at moderate.[7]

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

(Billions of CFA francs, unless otherwise indicated)

	2014	
	Initial	Revised
Total revenue and grants	3,428.9	3,488.0
Total revenue	3,051.0	3,110.1
Grants	377.9	377.9
Total expenditure	3,793.4	3,868.0
Current expenditure	2,587.4	2,671.4
Capital expenditure	1,206.0	1,196.6
Primary basic balance	-9.9	-26.8
Overall balance, including grants	-364.5	-379.9
Change in domestic arrears and float (excl. on debt service)	-50.0	-100.0
Overall balance (cash basis)	-414.5	-479.9
Financing	306.9	363.3
Domestic financing	72.3	153.1
External financing	234.6	210.3
Financing gap (+ deficit / – surplus)	107.6	116.6
Possible financing (excluding IMF)	47.6	56.6
Program grants and loans	47.6	56.6
Residual gap	60.0	60.0
Of which : IMF-ECF	60.0	60.0

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

[6] At the time of the Eurobond issuance, a program adjustor will revise upward (by up to US$500 million) the non-concessional debt ceiling and downward (by an equivalent amount) the ceiling on net domestic financing ensuring that the fiscal stance remains the same.

[7] See LIC-DSA, IMF Country Report nº 13/367, Sup. 2.

17. While the staff supported the adoption of the planned supplementary budget law, it drew the government's attention to the still fragile financial situation of the electricity sector despite all the restructuring measures adopted in 2012 and 2013 (MEFP¶32). Staff welcomed the government's renewed commitment to raise electricity export prices to the marginal cost of production to cover the cost of generating electricity with more expensive heavy fuel.

18. The authorities have recently adopted a strategy to control the wage bill over the medium term. This strategy aims at bringing the wage bill to tax revenue ratio from 43.1 percent in 2013 to 35 percent (the WAEMU objective) by 2020, while honoring past commitments to raise salary in the public sector, and ensuring an adequate level of hiring in the priority sectors (education, health). While welcoming the adoption of a strategy to control the wage bill, staff underscored the risks associated with the design and implementation of this reform, in particular the need for an appropriate balance between higher wages and new hiring to ensure that the 2020 objective is achieved. In addition, staff noted that the macroeconomic assumptions underlying the strategy may be on the optimistic side and underscored that during the adjustment path the envisaged wage bill restraint will need to be adjusted to both GDP and revenue developments.

19. While welcoming the introduction of a universal health insurance system, staff called on the authorities to proceed with caution (Box 1). The authorities acknowledged the need to balance the benefits of such reform with potentially large fiscal costs. In this regard, they indicated their intention to proceed gradually by limiting the initial number of beneficiaries and the risks covered to the fiscal space.

Box 1. Côte d'Ivoire: Universal Health Insurance

Implementation of a universal health care scheme (CMU in the French acronym) would provide tangible benefits for the population. Following the adoption of the Universal Health Care Law in March 2014, the government will progressively implement a universal health care scheme over the period 2015–19. Actuarial scenarios and cost estimates have been produced for the design and implementation of this reform, but decisions have yet to be made on the population and services covered.

The fiscal impact of this reform could be significant in the medium term. Launching costs are estimated at around FCFA 15 billion in 2014. The supplemental budget law will cover administrative costs (FCFA 5 billion), while the identification and enrollment of participants would be financed by donors (FCFA 10 billion). Monthly contributions of (FCFA 1,000 per insured person) would be the main resource of the insurance scheme. Spending would consist of the reimbursement of part of the expenditure for pharmaceuticals, ambulatory and hospital services, the insurance administrative costs, and precautionary reserves. Co-payments would help contain outlays. In the central scenario, 17 percent of the population would be covered in the first year, with the share of the population participating in the scheme reaching 40 percent by 2020. As a significant part of the population will not be able to afford insurance costs, the Government would partially subsidize the poorest households, for an estimated annual cost of 0.2 percent of GDP depending on the coverage. This cost would be in addition to existing government spending for specific programs (e.g., health services for maternity and young children, and HIV). Fiscal risks may arise from a higher-than-projected increase in the average consumption of health services and in the demand for public healthcare facilities and services, as well as insufficient targeting of subsidized households.

The government intends to proceed with caution. Cognizant of the potential large fiscal costs, it will limit coverage to its financial capacity by gradually increasing the number of beneficiaries and the services covered.

C. Strengthening the Efficiency and Transparency of Public Spending

20. Staff urged the authorities to step up their efforts to strengthen the efficiency and transparency of public spending. To sustain the positive contribution of this spending to growth at a time when its volume has already increased significantly from 2011, and when the scope for higher public spending is necessarily more limited, an increase in the efficiency and transparency of spending through rationalization and enhanced public financial management (PFM) is needed.

21. The impact of the decade-long crisis that began in 2002 has resulted in the extensive use of unorthodox and nontransparent budget, treasury, and accounting procedures, which need to be rolled back over time. Staff, in particular, expressed concern over the excessive use of exceptional spending procedures, including cash advances and imprest accounts ("*régies d'avances*"). It also pressed the authorities to take decisive steps to improve cash planning and cash management, including through the creation of a treasury single account, to adequately manage tight cash positions that may result from periodic spikes in debt service.[8] Staff also recommended enhancing the monitoring capacity of the central government over the public sector.

22. The government broadly agreed with the staff recommendations (MEFP¶27–28). The government in particular agreed to review the expenditure chain with a view to limiting the recourse to cash advances and other exceptional spending procedures, and rationalizing normal procedures and controls. It noted that steps have been taken to identify the bank accounts of all public entities held in commercial banks and the Central Bank and to determine their balances. The government is also preparing a strategy for putting in place a Treasury Single account and a time-bound action plan, which is to be adopted by end-June. In addition, it is also planning to develop more timely information on the financial position of the public sector. Nevertheless, the government stressed that time was needed to implement most of these reforms, including for the full return to more orthodox budget and treasury procedures.

23. Staff called for the prompt implementation of the approved reorganization of debt management along functional lines (MEFP¶38). This would entail a front, middle and back office structure, which would provide a unified and more efficient management of domestic and external debt (MEFP¶38). The authorities intend to update the medium-term debt strategy adopted in late 2013, taking into account developments in 2014, and to include it in the 2015 budget documentation. They plan to create a centralized database of public enterprise debts as part of efforts to improve monitoring of the financial position of these enterprises.

D. Further Improving the Business Climate and Financial Sector Reform

24. The authorities intend to further improve Côte d'Ivoire's ranking in the Doing Business report. Already, in 2012–13, the authorities adopted a number of reforms to strengthen the

[8] In 2014, the treasury cash position may remain tight especially in April and in October-December because of spikes in debt service in those months.

business climate (creation of commercial courts, reduction to about 24 hours of the time needed to start a new company, lowering of the costs involved, etc). This first wave of reforms has resulted in an improvement in the ranking of Côte d'Ivoire in the "2014 Doing Business" report.[9] Additional measures have been or are being implemented to further improve the business climate as measured in the Doing Business report. Furthermore, a new mining code and a new electricity code have been approved by the National Assembly.

25. Nonetheless, staff underlined that important challenges remain, particularly in the following areas:

- **Improving financial relations with suppliers (MEFP¶33**). Staff stressed that timely payments of government bills and rapid settlement of domestic arrears are critical for promoting private sector development and sustaining a strong growth performance. The authorities reiterated their commitment to implementing the action plan for regularizing domestic arrears to suppliers, and pursuing discussions to clear other domestic liabilities, including arrears within the public sector and vis-à-vis the BCEAO.
- **Reducing the amount of public procurement granted on a non-competitive basis (MEFP¶29**). Staff expressed concern over the still-large amount of contracts granted on a non-competitive basis in 2013 (45 percent of the contracts, representing 56 percent of procurement). The authorities explained that this was due to the importance of moving quickly on specific key projects and to loans tied to pre-selected companies. Nevertheless, they agreed to more effectively respect the spirit and the letter of the public procurement code; this would, among other things, involve further streamlining of public procurement procedures and requesting that companies tied to specific loan financing be selected through competitive procedures. They noted that a recent regulation ("arrêté") streamlining the procedures and shortening the time required for handling open bidding already constituted significant progress.

26. The authorities adopted a time-bound action plan in early May to restructure the public banks (MEFP¶34–36). This would entail the disposal of state's shareholding in certain banks, privatization/resolution of others, and restructuring the remaining banks with a redefinition of their mission to support the authorities' sector policies (housing, SME/SMI, and agriculture). After completion of the restructuring plan, there would be two public banks, including a larger bank. While welcoming the adoption of the action plan, staff noted that the financing of specialized sectors doesnot necessarily require public banks and stressed the need to ensure that public banks operate on a commercial basis. It underlined the importance of quick implementation of the action plan, as delays could increase the fiscal cost of resolution.

27. Staff praised the authorities for the adoption of a World Bank supported comprehensive strategy to develop the financial sector. The key elements of the financial sector

[9] Côte d'Ivoire's ranking improved from 173 to 167 in the 2014 Doing Business report.

strategy are (i) reinforcing the soundness of the financial sector by resolving weak institutions[10] and stronger enforcement of financial sector regulations; (ii) strengthening the contribution of the financial sector to growth by improving the business climate, and continuing the reform process, including in the areas of commercial courts, the establishment of credit bureaus and developing a regional market for sovereign debt. The strategy will be implemented by the CODESFI, the committee for the development of the financial sector.

PROGRAM MONITORING, FINANCING AND RISKS

28. The authorities have requested modifications in the fiscal quantitative performance criteria for end-June 2014. This is motivated by the revisions to the 2014 fiscal framework. Quantitative performance criteria and structural benchmarks for the sixth review are annexed to the authorities' MEFP. The definitions of the variables monitored are provided in the Technical Memorandum of Understanding (TMU).

29. The program is fully financed. The projected financing gap for 2014 (0.8 percent of GDP) is expected to be covered by budget support from multilateral institutions (0.4 percent of GDP) and the IMF (0.4 percent of GDP).

30. The authorities have also requested an extension of the current arrangement from November 3 through end-December 2014 (MEFP¶46). This would provide adequate time to complete the last review of the current three-year ECF arrangement.

31. Risks to program implementation (see Risk Assessment Matrix) are balanced. On the downside, the political uncertainty in the run-up to the October 2015 presidential elections could discourage potential investors and affect growth prospects. This tense environment could also affect the reform momentum, in particular the envisaged wage bill restraint. Another domestic downside risk to the program could arise from higher than expected electricity subsidies due to insufficient rainfalls. The main external risks are a significant shortfall in the project financing, which could weigh in the growth objective, and a possible further increase in the cost of international borrowing related to the unwinding of unconventional monetary policies, which would hinder the authorities' strategy to issue a Eurobond and diversify the investor base and lengthen maturities. On the upside, growth could be higher than projected if the foreign investors' interests materialize; this would translate into higher employment, and contribute to social cohesion.

[10] The troubled Regional Solidarity Bank (BRS) has already been restructured.

Côte d'Ivoire: Risk Assessment Matrix (RAM)			
Sources of Risks	**Relative Likelihood**	**Impact if realized**	**Recommended Policy Response**
Surges in global financial market volatility (related to UMP exit), leading to economic and fiscal stress, and constraints on country policy settings	**High**	**Low** Côte d'Ivoire is not highly vulnerable to this risk because it did not attract large capital inflows during the period of quantitative easing. The main impact would be on the financing cost of the Eurobond planned by the authorities, which in turn may hinder their strategy to diversify the investor base and lengthen maturities.	Obtain a sovereign rating prior to issuance and carefully assess the conditions on global markets before deciding whether to issue the Eurobond or instead rely mainly on financing from the regional market
Unfavorable local weather conditions	**Low to Medium**	**Medium** Unfavorable weather conditions would reduce agricultural output, exports and fiscal revenue, and foster inflationary pressures. In addition, insufficient rainfalls could hinder the full use of hydroelectricity production capacity and lead to increased use of costly heavy fuel.	For weak agricultural harvests, carefully monitor the second-round effects on inflation. Where higher food prices require safety net spending or where costly power production requires additional electricity subsidies, explore the scope to identify offsetting savings. Where these cannot be found, the program fiscal targets may need to be revisited.
A deterioration in the current socio-political and security situation in the run-up to the October 2015 presidential elections	**Low to Medium**	**High** A weakened socio-political and security situation would discourage potential investors in some sectors, with a direct impact on growth and employment. The pace of some structural reforms (energy) would also likely be slower	Reconsider the phasing of structural reforms, with a possible greater back-loading. Resist election-related spending pressures, to the extent possible.
Demand for further increases in public sector wages	**Medium**	**Medium** The government has already raised public sector wages and the minimum wage, and is in the process of adopting a medium-term wage strategy to control the wage bill (structural benchmark). If demands to raise wages further were met, investment and pro-poor spending would be crowded out.	Keep the wage bill within the limit of the 2014 budget. Adopt the medium-term wage bill strategy.
Weaker crowding in of the private sector	**Low to Medium**	**High** There are indications that the private sector is positively responding to the 2012–13 surge in public investment. A weakening of the private sector response would, however, result in lower growth and employment, a deterioration in the fiscal position, and a build-up of debt.	Adjust the fiscal position to maintain stability over time.

STAFF APPRAISAL

32. Côte d'Ivoire's economic performance since the inception of the program in 2011 has been impressive. The cumulative growth rate from 2012 to 2013 exceeded 18 percent, resulting in an increase in the real income per capita of more than 12 percent over the same period. Assuming that growth exceeds 8 percent in 2014 as projected by staff, the size of the Ivoirien economy will have increased by more than a quarter over 2012–14. At the same time, average inflation has remained moderate. Similarly, the fiscal position has strengthened and the basic primary balance is now close to equilibrium. In addition to the broad macroeconomic objectives of the initial program having been largely achieved or exceeded, progress has also been tangible as regards structural reform. The following key reforms were, in particular, implemented, although some with delays: the adoption of the cocoa reform, the strengthening of the business climate, the consolidation of the financial position of the electricity sector, the adoption of new investment, mining, and electricity codes, and the implementation of some initial measures as regards public financial management, tax administration, and financial sector reforms.

33. The sustained growth recovery since 2011 is delivering positive effects in terms of inclusiveness. Wages and employment in the formal sector are rising, agricultural reforms (e.g., cocoa sector reform) are benefitting the income of hundreds of thousands of planters, and public service delivery is improving both in urban and rural areas.

34. Despite these remarkable achievements and quite positive short- to medium-term growth prospects, the tasks that remain to facilitate Côte d'Ivoire exiting from fragility and to reach the goal of transforming the country into an emerging market economy by 2020 remain considerable. In particular, sustaining the reform momentum to further improve the efficiency of spending, especially at a time when public investment cannot continue to increase at the same pace, will be essential. Also, continued reforms to considerably improve the business climate and generally still poor governance indicators, and to further boost private sector confidence will be crucial.

35. Staff calls for forceful implementation of public financial management reforms and the action plan for public banks restructuring. While being cognizant of the impact of the decade long crisis on spending procedures, staff urges the government, in particular, to sharply reduce the recourse to exceptional spending procedures. The recurrent tight cash position of the Ivoirien treasury also calls for marked improvements in cash planning and cash management including through the gradual implementation of a treasury single account. Finally, staff recommends that the government continue to strengthen debt management by promptly implementing the reorganization of the debt unit into a front, middle and back office structure. As regards the restructuring of public banks, staff urges the authorities to act promptly as further delays could increase the fiscal costs.

36. On the long-term sustainability of the fiscal situation, staff calls on the authorities to proceed with caution with respect to the creation of a universal health insurance system and the implementation of the wage bill strategy. The fiscal costs of a universal health insurance system should be kept under control, and the wage bill strategy will need to take into account GDP and revenue developments, in particular if underlying macroeconomics assumptions prove overly optimistic.

37. Staff encourages the authorities to make full use of the recently adopted medium-term debt strategy to guide annual borrowing policy plans. In that context, staff supports the authorities' plan to issue a Eurobond, as this would contribute to lengthening the average maturity of the government's debt and a broader investor base in line with the medium-term debt strategy. Staff urged the authorities to continue to rely primarily on concessional borrowing to finance their investment plan.

38. Staff welcomes the progress already made to improve the business climate, but underscores that important challenges remain. In particular, forceful actions need to be taken to clear remaining outstanding domestic arrears, improve the timeliness of government payments to suppliers, and reduce the amount of public procurement granted on a non-competitive basis.

39. Staff supports the authorities' requests for the modification of the end-June 2014 performance criteria and the extension of the current arrangement through end-December 2014 to facilitate the timely completion of the 6th review under the arrangement. **It recommends completion of the fifth review**.

Table 1. Côte d'Ivoire: Selected Economic Indicators, 2011–17

	2011	2012	2013		2014		2015	2016	2017
		Est.	Prog.	Est.	Prog.	Proj.		Proj.	
	(Annual percentage changes, unless otherwise indicated)								
National income [1/]									
GDP at constant prices	-4.7	9.8	8.7	8.7	8.2	8.5	7.9	7.8	7.5
GDP deflator	5.0	1.4	2.6	2.3	2.7	1.2	2.3	2.1	2.0
Consumer price index (annual average)	4.9	1.3	2.9	2.6	2.5	1.2	2.5	2.5	2.5
Consumer price index (end of period)	2.0	3.4	2.0	0.4	2.5	2.0	2.5	2.5	2.5
External sector (on the basis of CFA francs)									
Exports, f.o.b., at current prices	5.3	5.2	4.9	3.8	9.3	2.0	6.5	7.1	7.2
Imports, f.o.b., at current prices	-20.4	41.0	15.5	3.1	12.0	9.6	8.5	7.0	6.2
Export volume	-2.0	5.8	8.8	8.2	10.6	3.1	8.9	12.1	9.9
Import volume	-14.5	42.6	19.9	3.8	17.1	11.4	11.9	8.6	7.0
Terms of trade (deterioration –)	15.4	0.5	0.1	-3.5	3.3	0.5	0.9	-3.1	-1.7
Nominal effective exchange rate	...	1.7	...	4.5	...	...	...	...	...
Real effective exchange rate (depreciation –)[2/]	...	2.5	...	2.5	...	...	...	...	...
Central government operations									
Total revenue and grants	-22.8	51.9	14.5	16.0	14.2	14.8	11.2	12.3	10.8
Total expenditure	-11.6	38.3	10.8	10.9	12.1	14.2	14.7	12.0	11.3
	(Changes in Percent of Beginning-of-Period Broad Money)								
Money and credit									
Money and quasi-money (M2)	12.5	4.4	16.6	11.6	12.0	9.7	10.3	10.0	9.7
Net foreign assets	9.8	-5.5	7.7	0.1	6.0	-1.2	0.0	0.2	0.2
Net domestic assets	2.7	9.8	8.9	11.5	6.0	10.9	10.3	9.8	9.6
Of which : government	1.6	5.5	2.1	3.5	1.5	1.6	0.0	0.3	0.7
Of which : private sector	0.2	5.3	6.8	10.7	4.5	9.4	10.3	9.5	8.9
Velocity of money	2.6	2.8	2.5	2.8	2.4	2.8	2.8	2.8	2.8
	(Percent of GDP unless otherwise indicated)								
Central government operations[3/]									
Total revenue and grants	18.7	19.1	21.3	19.9	22.0	20.8	21.0	21.4	21.6
Total revenue	18.3	18.5	19.6	18.6	19.6	18.6	19.0	19.5	19.8
Total expenditure	23.9	22.2	24.0	22.2	24.3	23.1	24.0	24.4	24.8
Overall balance, incl. grants, payment order basis	-5.2	-3.2	-2.7	-2.3	-2.3	-2.3	-3.0	-3.0	-3.2
Primary basic balance[4/]	-2.7	-1.2	-0.2	-0.1	-0.1	-0.2	-0.4	-0.1	0.0
Gross investment	7.6	12.6	17.6	15.9	19.2	18.0	18.5	19.8	20.7
Central government	2.3	4.5	7.2	6.1	7.7	7.1	7.5	7.9	8.1
Nongovernment sector	5.2	8.1	10.4	9.8	11.5	10.9	11.0	11.9	12.6
Gross domestic saving	25.8	17.3	20.8	18.8	20.3	20.2	20.6	21.9	22.9
Central government	-0.8	1.9	3.5	3.2	3.5	3.1	3.1	3.6	3.8
Nongovernment sector	26.6	15.5	17.3	15.6	16.7	17.0	17.5	18.3	19.1
Gross national saving	19.5	11.4	15.8	14.3	16.2	14.8	14.8	15.8	16.4
Central government	-1.6	1.4	4.5	3.9	5.4	4.9	4.5	4.9	4.9
Nongovernment sector	21.1	10.0	11.3	10.5	10.8	9.9	10.3	10.9	11.5
External sector									
Current account balance (including official transfers)	11.9	-1.2	-1.8	-1.6	-3.1	-3.2	-3.7	-4.1	-4.3
Current account balance (excluding official transfers)	11.8	-1.3	-3.2	-3.0	-5.2	-5.2	-5.4	-5.7	-5.8
Overall balance	0.9	-0.5	1.6	0.0	1.5	-1.1	-0.9	-0.7	-0.6
Gross public debt [5/]	67.9	45.1	42.9	40.1	40.7	38.2	37.5	36.9	36.7
External public debt	50.8	28.2	28.1	26.5	28.0	26.6	25.5	24.7	24.2
Public external debt-service due (CFAF billions)	364	245	253	243	332	326	386	434	494
Percent of exports of goods and services	5.7	3.7	3.5	3.5	4.2	4.6	5.0	5.3	5.6
Percent of government revenue	22.1	9.7	9.1	8.6	10.9	10.5	11.0	10.9	11.2
Memorandum items:									
Public debt in arrears (percent of GDP)	5.2	4.8	1.4	2.5	0.9	1.7	1.5	1.1	0.8
Domestic (after securitization)	3.6	4.8	1.4	2.5	0.9	1.7	1.5	1.1	0.8
Public external debt in arrears (percent of GDP)	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nominal GDP (CFAF billions)	12,333	13,731	14,094	15,268	15,593	16,756	18,483	20,333	22,312
Nominal exchange rate (CFAF/US$, period average)	471	510		494					
Nominal GDP at market prices (US$ billions)	26.2	26.9	28.5	30.9	32.1	35.0	39.3	43.7	48.7
Population (million)	22.7	23.4	24.1	24.1	24.8	24.8	25.5	26.3	27.1
Population growth (percent)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Nominal GDP per capita (CFAF thousands)	544	588	586	634	629	676	724	773	824
Nominal GDP per capita (US$)	1,153	1,152	1,184	1,284	1,294	1,410	1,538	1,662	1,799
Real GDP per capita growth (percent)	-7.7	6.8	5.7	5.7	5.2	5.5	4.9	4.8	4.5
Poverty rate (in percent)[6/]	48.9	48.9	...	...	...	...	...	...	...

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

[1/] New series of nominal GDP have been provided by the authorities.

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

[3/] 2011 ratios based on Q2-Q4 fiscal aggregates over Q2-Q4 of GDP.

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

[5/] Central government only.

[6/] This is the poverty rate in 2008.

Table 2. Côte d'Ivoire: Balance of Payments, 2011–17
(Billions of CFA francs, unless otherwise indicated)

	2011	2012	2013		2014		2015	2016	2017
		Est.	Prog.	Est.	Prog.	Proj.		Proj.	
Trade balance	2,744.2	1,787.7	1,416.8	1,883.6	1,410.6	1,582.9	1,590.1	1,706.4	1,888.6
Exports, f.o.b.	5,806.9	6,107.0	6,407.6	6,338.8	7,000.4	6,467.3	6,887.7	7,376.7	7,907.8
Of which: cocoa	1,969.4	1,571.4	1,546.4	1,762.8	1,504.1	1,730.5	1,746.3	1,677.7	1,653.3
Of which: crude oil and refined oil products	1,740.4	1,489.3	1,545.7	1,309.2	1,488.3	1,291.1	1,441.0	1,449.1	1,497.7
Imports, f.o.b.	-3,062.7	-4,319.3	-4,990.7	-4,455.2	-5,589.8	-4,884.4	-5,297.6	-5,670.3	-6,019.2
Of which: crude oil	-826.8	-1,483.7	-1,311.0	-1,526.7	-1,369.6	-1,616.5	-1,600.9	-1,601.3	-1,626.7
Services (net)	-995.2	-1,640.5	-1,508.3	-1,990.0	-1,830.6	-1,809.5	-1,822.3	-1,955.8	-2,106.5
Receipts	854.5	656.0	934.7	802.3	1,038.3	829.9	931.1	1,014.6	1,134.3
Factor income	109.8	111.3	124.6	123.8	139.2	137.2	152.9	169.9	188.3
Other services	744.7	544.7	810.2	678.4	899.2	692.7	778.2	844.7	946.0
Payments	-1,849.7	-2,296.6	-2,443.0	-2,792.3	-2,868.9	-2,639.5	-2,753.4	-2,970.4	-3,240.8
Factor income	-607.0	-620.8	-671.3	-672.0	-722.9	-725.0	-779.7	-836.8	-897.5
Other services	-1,242.7	-1,675.8	-1,771.7	-2,120.3	-2,146.0	-1,914.5	-1,973.8	-2,133.6	-2,343.3
Transfers (net)	-281.1	-305.3	-163.0	-133.6	-57.8	-314.1	-443.9	-580.7	-737.3
Private	-289.2	-322.7	-361.0	-347.7	-394.2	-651.0	-774.0	-917.8	-1,085.7
Official [1/]	8.1	17.4	198.0	214.1	336.4	336.9	330.0	337.1	348.4
Current account including official transfers	1,467.9	-158.1	-254.4	-240.1	-477.8	-540.8	-676.1	-830.0	-955.2
Current account excluding official transfers	1,459.8	-175.5	-452.5	-454.2	-814.1	-877.7	-1,006.1	-1,167.2	-1,303.7
Capital account	-1,352.1	190.5	484.9	242.4	715.5	358.8	515.8	689.6	816.5
Official medium- and long-term loans (net)	26.4	-253.3	105.1	75.7	67.2	72.1	131.1	176.6	162.6
Project loans	30.6	54.0	257.5	219.9	306.5	306.5	367.8	441.4	441.4
HIPC Completion Point stock of debt relief	...	2,525.6 #	...	...	...	...	...	...	...
Central government amortization due	-233.8	-316.2	-152.4	-144.2	-239.3	-234.4	-236.7	-264.7	-278.8
HIPC Completion Point debt cancellation	...	-2,516.7	...	...	...	...	...	...	...
Foreign direct investments	127.8	231.2	416.1	416.1	461.9	502.7	573.0	813.3	892.5
Other private capital	-1,506.2	212.7	-36.3	-249.4	186.4	-215.9	-188.2	-300.4	-238.5
Errors and omissions	0.0	-95.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Overall balance	115.8	-62.9	230.4	2.6	237.7	-182.0	-160.3	-140.5	-138.7
Financing	-115.8	62.9	-379.8	-2.6	-345.3	65.4	1.9	-15.0	-11.6
Official net reserves (increase -)	-292.2	347.5	-379.8	-3.2	-425.3	65.4	1.9	-15.0	-11.6
Operations account	-402.9	260.4	-379.8	-75.6	-421.9	68.8	30.4	19.0	51.8
IMF (net)	110.7	87.1	0.0	72.4	-3.4	-3.4	-28.5	-34.0	-63.4
Disbursements	121.6	101.5	0.0	72.4	0.0	0.0	0.0	0.0	0.0
Repayments[1]	-10.9	-14.4	0.0	0.0	-3.4	-3.4	-28.5	-34.0	-63.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks (net)	-119.3	-90.5	0.0	0.6	80.0	0.0	0.0	0.0	0.0
Debt relief obtained	248.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net change in external arrears (principal and interest)	47.1	-194.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	149.4	0.0	107.6	116.6	158.4	155.5	150.4
Possible financing 2011-14 (excluding IMF)		0.0	74.3	0.0	47.6	56.6	0.0	0.0	0.0
Program grants and loans		0.0	74.3	0.0	47.6	56.6	0.0	0.0	0.0
World Bank grant		0.0	25.0	0.0	25.0	25.0	0.0	0.0	0.0
AfDB grant		0.0	9.9	0.0	4.2	13.9	0.0	0.0	0.0
EU grant		0.0	39.4	0.0	18.4	17.7	0.0	0.0	0.0
Debt relief		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residual gap		0.0	75.1	0.0	60.0	60.0	158.4	155.5	150.4
Of which : IMF-ECF		0.0	75.1	0.0	60.0	60.0	0.0	0.0	0.0
Memorandum items:									
Overall balance (percent of GDP)	0.9	-0.5	1.6	0.0	1.5	-1.1	-0.9	-0.7	-0.6
Current account incl. official transfers (percent of GDP)	11.9	-1.2	-1.8	-1.6	-3.1	-3.2	-3.7	-4.1	-4.3
Current account excl. official transfers (percent of GDP)	11.8	-1.3	-3.2	-3.0	-5.2	-5.2	-5.4	-5.7	-5.8
Trade balance (percent of GDP)	22.3	13.0	10.1	12.3	9.0	9.4	8.6	8.4	8.5
Cocoa exports (thousand tons)	1,374	1,298	1,312	1,442	1,288	1,415	1,475	1,527	1,582
Cocoa beans export price, f.o.b (CFAF/kg)	1,331	1,105	1,072	1,069	1,042	1,011	977	905	859
Gross imputed official reserves (US$ million)	4,280	3,444	4,250	3,711	5,192	3,681	3,683	3,687	3,631
(months of imports of goods and services)	5.6	3.5	3.7	3.3	3.9	3.1	2.9	2.6	2.4
(percent of broad money)	42.9	35.8	...	33.4	...	...	...	...	...
WAEMU gross official reserves (billions of US$)	26.1	29.3	...	30.4	...	...	...	...	...
(percent of broad money)	55.0	47.4	...	47.3	...	...	...	...	...
(months of WAEMU imports of GNFS)	5.7	5.0	...	4.7	...	...	...	...	...
Outstanding arrears (year-end)	197	0	0	0	0	0	0	0	0
Public external debt service/exports g&s (percent)	5.5	3.6	3.4	3.4	4.1	4.5	4.9	5.2	5.5
Nominal GDP	12,333	13,731	14,094	15,268	15,593	16,756	18,483	20,333	22,312
Nominal exchange rate (CFAF/US$; average)	471	510	495	494	486	479	471	465	458

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

[1/] In 2012, this includes Fund' s debt cancellation following the HIPC completion point.

Table 3a. Côte d'Ivoire: Fiscal Operations of the Central Government, 2011–17

(Billions of CFA francs)

	2011[1/]	2012	2013		2014		2015	2016	2017
			Prog.	Est.	Prog.	Proj.		Proj.	
Total revenue and grants	1,725.9	2,621.4	3,002.4	3,039.5	3,428.9	3,488.0	3,879.5	4,355.2	4,825.0
Total revenue	1,693.0	2,540.2	2,766.8	2,838.0	3,051.0	3,110.1	3,504.1	3,968.3	4,421.9
Tax revenue	1,493.2	2,213.0	2,384.1	2,408.6	2,642.3	2,686.6	3,031.8	3,418.7	3,814.4
Direct taxes	507.9	720.4	718.4	765.5	817.7	835.1	924.2	1,033.2	1,156.8
Indirect taxes	985.3	1,492.5	1,665.6	1,643.1	1,824.6	1,851.5	2,107.7	2,385.4	2,657.6
Nontax revenue	199.8	327.2	382.7	429.5	408.7	423.6	472.3	549.6	607.5
Grants	32.9	81.2	235.6	201.5	377.9	377.9	375.3	386.9	403.1
Total expenditure	2,208.7	3,054.0	3,384.5	3,385.6	3,793.4	3,868.0	4,435.6	4,968.6	5,531.2
Current expenditure	1,923.9	2,436.0	2,371.0	2,451.4	2,587.4	2,671.4	3,049.4	3,362.3	3,721.5
Wages and salaries	719.7	934.6	1,039.2	1,038.9	1,186.2	1,186.2	1,360.0	1,460.0	1,557.0
Subsidies and other current transfers	314.6	410.6	317.0	325.0	326.0	337.7	425.1	488.0	535.5
Other current expenditure	413.1	572.1	539.0	545.2	582.8	637.7	720.8	793.0	937.1
Crisis-related expenditure	75.4	56.5	40.7	75.4	47.5	47.5	0.0	0.0	0.0
Interest due	219.3	233.0	197.1	214.8	204.7	203.2	247.7	275.6	307.5
On domestic debt	89.6	79.6	96.6	115.6	115.7	114.7	127.2	140.1	155.4
On external debt	129.7	153.4	100.5	99.1	89.0	88.6	120.5	135.6	152.1
Capital expenditure	285.7	615.8	1,015.1	934.2	1,206.0	1,196.6	1,386.2	1,606.3	1,809.7
Domestically financed	237.2	510.3	627.2	618.0	678.2	668.8	774.3	896.4	1,007.5
Foreign-financed	48.5	105.5	387.9	316.2	527.8	527.8	611.9	709.9	802.2
Primary basic balance	-248.0	-170.4	-27.7	-11.6	-9.9	-26.8	-71.9	-14.8	0.5
Overall balance, including grants	-482.9	-432.7	-382.1	-346.1	-364.5	-379.9	-556.2	-613.4	-706.2
Overall balance, excluding grants	-515.7	-513.9	-617.7	-547.5	-742.4	-757.8	-931.5	-1,000.3	-1,109.3
Change in domestic arrears and float (excl. on debt service)	-25.7	190.7	-50.0	39.7	-50.0	-100.0	-90.0	-55.3	-40.0
Overall balance (cash basis)	-508.6	-242.0	-432.1	-306.3	-414.5	-479.9	-646.2	-668.7	-746.2
Financing	482.1	307.0	432.1	306.3	414.5	479.9	646.2	668.7	746.2
Domestic financing	-4.6	158.1	123.2	32.4	72.3	153.1	204.3	169.0	183.1
Bank financing (net)	-1.9	192.0	138.0	134.2	17.7	77.4	71.8	51.4	43.8
Nonbank financing (net)	-2.7	-33.9	-14.8	-101.8	54.6	75.7	132.5	117.6	139.4
External financing	489.0	245.7	196.1	273.9	234.6	210.3	283.5	344.3	412.7
Financing gap (+ deficit / – surplus)	0.0	0.0	112.8	0.0	107.6	116.6	158.4	155.5	150.4
Possible financing 2011-14 (excluding IMF)	...	...	74.3	...	47.6	56.6	0.0	0.0	0.0
Program grants and loans	...	...	74.3	...	47.6	56.6	...	...	...
Residual gap	...	...	38.5	...	60.0	60.0	158.4	155.5	150.4
Of which : IMF-ECF	...	...	38.5	...	60.0	60.0	0.0	0.0	0.0
Memorandum items:									
Nominal GDP - Fiscal Year	9,250	13,731	14,094	15,268	15,593	16,756	18,483	20,333	22,312
External debt	6,264	3,874	3,954	4,045	4,360	4,456	4,713	5,016	5,392
Pro-poor spending (including foreign financed)	843.4	980.0	1,152.8	1,337.1	1,291.5	1,527.6	...	...	...

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

[1/] 2011 aggregates are based on Q2-Q4.

Table 3b. Côte d'Ivoire : Fiscal Operations of the Central Government, 2011–17

(Percent of GDP, unless otherwise indicated)

	2011[1/]	2012	2013		2014		2015	2016	2017
			Prog.	Est.	Prog.	Proj.		Proj.	
Total revenue and grants	18.7	19.1	21.3	19.9	22.0	20.8	21.0	21.4	21.6
Total revenue	18.3	18.5	19.6	18.6	19.6	18.6	19.0	19.5	19.8
Tax revenue	16.1	16.1	16.9	15.8	16.9	16.0	16.4	16.8	17.1
Direct taxes	5.5	5.2	5.1	5.0	5.2	5.0	5.0	5.1	5.2
Of which : profit tax on oil	1.7	1.6	0.8	0.9	0.8	0.8	0.9	0.9	0.9
Indirect taxes	10.7	10.9	11.8	10.8	11.7	11.0	11.4	11.7	11.9
Nontax revenue	2.2	2.4	2.7	2.8	2.6	2.5	2.6	2.7	2.7
Grants	0.4	0.6	1.7	1.3	2.4	2.3	2.0	1.9	1.8
Total expenditure	23.9	22.2	24.0	22.2	24.3	23.1	24.0	24.4	24.8
Current expenditure	20.8	17.7	16.8	16.1	16.6	15.9	16.5	16.5	16.7
Wages and salaries	7.8	6.8	7.4	6.8	7.6	7.1	7.4	7.2	7.0
Social security benefits	2.0	1.7	1.7	1.7	1.5	1.5	1.6	1.7	1.7
Subsidies and other current transfers	3.4	3.0	2.2	2.1	2.1	2.0	2.3	2.4	2.4
of which: Versus Bank restructuring	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: Electricity sector subsidy	1.1	1.0	0.5	0.6	0.4	0.5	0.4	0.3	0.0
Other current expenditure	4.5	4.2	3.8	3.6	3.7	3.8	3.9	3.9	4.2
Of which: discretionary presidential	1.9	2.0	2.3	-0.2	2.3	2.1	0.0	0.0	0.0
Of which: toxic waste damage	0.0	0.0	0.0	...	...	...	...	...	...
Other current expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Crisis-related expenditure	0.8	0.4	0.3	0.5	0.3	0.3	0.0	0.0	0.0
Interest due	2.4	1.7	1.4	1.4	1.3	1.2	1.3	1.4	1.4
On domestic debt	1.0	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.7
On external debt	1.4	1.1	0.7	0.6	0.6	0.5	0.7	0.7	0.7
Capital expenditure	3.1	4.5	7.2	6.1	7.7	7.1	7.5	7.9	8.1
Domestically financed	2.6	3.7	4.5	4.0	4.3	4.0	4.2	4.4	4.5
Foreign-financed	0.5	0.8	2.8	2.1	3.4	3.1	3.3	3.5	3.6
Primary basic balance	-2.7	-1.2	-0.2	-0.1	-0.1	-0.2	-0.4	-0.1	0.0
Overall balance, including grants	-5.2	-3.2	-2.7	-2.3	-2.3	-2.3	-3.0	-3.0	-3.2
Overall balance, excluding grants	-5.6	-3.7	-4.4	-3.6	-4.8	-4.5	-5.0	-4.9	-5.0
Change in domestic arrears (excl. on debt service)	-0.3	1.4	-0.4	0.3	-0.3	-0.6	-0.5	-0.3	-0.2
Overall balance (cash basis)	-5.5	-1.8	-3.1	-2.0	-2.7	-2.9	-3.5	-3.3	-3.3
Financing	5.2	2.2	3.1	2.0	2.7	2.9	3.5	3.3	3.3
Domestic financing	-0.1	1.2	0.9	0.2	0.5	0.9	1.1	0.8	0.8
Bank financing (net)	0.0	1.4	1.0	0.9	0.1	0.5	0.4	0.3	0.2
Nonbank financing (net)	0.0	-0.2	-0.1	-0.7	0.4	0.5	0.7	0.6	0.6
External financing	5.3	1.8	1.4	1.8	1.5	1.3	1.5	1.7	1.8
Financing gap (+ deficit / – surplus)	0.0	0.0	0.8	0.0	0.7	0.7	0.9	0.8	0.7
Possible financing 2011-14 (excluding IMF)	...	...	0.5	...	0.3	0.3	0.0	0.0	0.0
Program grants and loans	...	...	0.5	...	0.3	0.3	...	...	...
Residual gap	...	...	0.3	...	0.4	0.4	0.9	0.8	0.7
Of which : IMF-ECF	...	...	0.3	...	0.4	0.4	0.0	0.0	0.0
Memorandum items:									
Change in domestic arrears (excl. on debt service)	-0.3	1.4	-0.4	0.3	-0.3	-0.6	-0.5	-0.3	-0.2
External debt	67.7	28.2	28.1	26.5	28.0	26.6	25.5	24.7	24.2
Pro-poor spending (including foreign financed)	9.1	7.1	8.2	8.8	8.3	9.1	...	...	...

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

[1/] 2011 ratios based on Q2-Q4 fiscal aggregates over Q2-Q4 of GDP.

Table 4. Côte d'Ivoire: Monetary Survey, 2011–17

	2011	2012		2013		2014		2015	2016	2017
		Prog.	Est.	Prog.	Est.	Prog.	Proj.		Proj.	
	(Billions of CFA francs)									
Net foreign assets	1,813	1,557	1,556	1,937	1,559	2,282	1,493	1,491	1,506	1,518
Central bank	1,644	1,297	1,297	1,676	1,300	2,102	1,234	1,233	1,248	1,259
Banks	169	260	259	260	259	180	259	259	259	259
Net domestic assets	2,892	3,355	3,356	3,792	3,922	4,135	4,521	5,143	5,792	6,491
Net credit to the government	874	1,132	1,133	1,236	1,304	1,321	1,389	1,390	1,407	1,459
Central Bank	530	632	632	676	645	701	670	610	545	514
Bank	344	500	501	560	659	620	719	779	862	945
Credit to the economy	2,053	2,326	2,308	2,660	2,831	2,918	3,344	3,966	4,597	5,244
Crop credits	121	156	156	154	186	149	183	185	177	175
Other credit (including customs bills)	1,933	2,152	2,152	2,507	2,644	2,768	3,162	3,782	4,420	5,069
Other items (net) (assets = +)	-35	-104	-86	-104	-213	-104	-213	-213	-213	-213
Broad money	4,705	4,912	4,911	5,729	5,480	6,417	6,014	6,634	7,298	8,009
Currency in circulation	1,662	1,592	1,591	1,851	1,747	2,066	1,917	2,115	2,327	2,553
Deposits	3,009	3,251	3,251	3,798	3,679	4,260	4,038	4,454	4,900	5,377
Other deposits	34	69	69	81	54	90	59	65	72	79
Postal savings (CNCE)	0	0	0	0	0	0	0	0	0	0
Memorandum item:										
Velocity of circulation	2.6	2.6	2.8	2.5	2.8	2.4	2.8	2.8	2.8	2.8
	(Changes in percent of beginning-of-period broad money)									
Net foreign assets	9.8	-5.4	-5.5	7.7	0.1	6.0	-1.2	0.0	0.2	0.2
Net domestic assets	2.7	9.8	9.8	8.9	11.5	6.0	10.9	10.3	9.8	9.6
Net credit to the government	1.6	5.5	5.5	2.1	3.5	1.5	1.6	0.0	0.3	0.7
Central bank	1.0	2.2	2.2	0.9	0.3	0.4	0.5	-1.0	-1.0	-0.4
Banks	0.5	3.3	3.4	1.2	3.2	1.0	1.1	1.0	1.3	1.1
Credit to the economy	0.2	3.9	5.3	6.8	10.7	4.5	9.4	10.3	9.5	8.9
Broad money	12.5	4.4	4.4	16.6	11.6	12.0	9.7	10.3	10.0	9.7
	(Changes in percent of previous end-of-year)									
Net foreign assets	29.4	-14.1	-14.2	24.4	0.2	17.8	-4.2	-0.1	1.0	0.8
Net domestic assets	4.1	16.0	16.0	13.0	16.9	9.0	15.3	13.8	12.6	12.1
Net credit to the government	8.2	29.5	29.6	9.2	15.1	6.9	6.5	0.0	1.3	3.7
Central bank	9.0	19.1	19.1	6.9	2.1	3.7	3.9	-8.9	-10.7	-5.7
Banks	7.1	45.6	45.9	12.0	31.5	10.7	9.1	8.3	10.7	9.6
Credit to the economy	0.1	8.6	12.4	14.4	22.6	9.7	18.2	18.6	15.9	14.1
Broad money	12.5	4.4	4.4	16.6	11.6	12.0	9.7	10.3	10.0	9.7

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

Table 5. Côte d'Ivoire: External Financing Requirements, 2011–15

(Billions of CFA francs)

	2011	2012		2013		2014		2015
		Prog.	Est.	Prog.	Est.	Prog.	Proj.	Proj.
External financing requirements	-638.5	-182.4	-172.9	-604.9	-506.4	-750.5	-760.0	-856.3
Current account balance (excluding official transfers)	1459.8	-175.5	-175.5	-452.5	-454.2	-814.1	-877.7	-1006.1
Amortization[1/]	-233.8	-316.2	-307.3	-152.4	-144.2	-239.3	-234.4	-236.7
Fund repayments	-10.9	-14.4	-14.4	0.0	0.0	-3.4	-3.4	-28.5
Private capital, net (commercial banks, FDIs, errors and omissions)	-1497.8	257.9	258.0	379.8	167.6	728.3	286.7	384.8
Net change in external arrears (interest and principal) (+=accumulation)	47.1	-194.1	-194.1	0.0	0.0	0.0	0.0	0.0
Change in net external reserves without IMF (- = increase)	-402.9	259.9	260.4	-379.8	-75.6	-421.9	68.8	30.4
Available financing	638.5	173.5	172.9	455.5	506.4	642.9	643.4	697.8
Project financing	30.6	54.0	54.0	257.5	219.9	306.5	306.5	367.8
Program financing	229.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fund disbursements	121.6	102.1	101.5	0.0	72.4	0.0	0.0	0.0
Official transfers	8.1	17.4	17.4	198.0	214.1	336.4	336.9	330.0
Debt relief obtained	248.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	-8.9	0.0	-149.4	0.0	-107.6	-116.6	-158.4
Expected sources of financing			0.0	74.3	0.0	47.6	56.6	0.0
World Bank grant			0.0	25.0	0.0	25.0	25.0	0.0
AfDB grant			0.0	9.9	0.0	4.2	13.9	0.0
EU grant			0.0	39.4	0.0	18.4	17.7	0.0
Debt relief			0.0	0.0	0.0	0.0	0.0	0.0
Residual gap			0.0	75.1	0.0	60.0	60.0	158.4
Possible IMF ECF			0.0	75.1	0.0	60.0	60.0	0.0

Sources: Ivoirien authorities; IMF staff estimates and projections.

1/ In 2012, the amount includes the impact of the HIPC Completion Point.

Table 6. Côte d'Ivoire: Financial Soundness Indicators for the Banking Sector, 2008–13

	2008	2009	2010	2011	2012	2013 [1/]
	(Percent, end of period, unless otherwise indicated)					
Capital Adequacy						
Risk-weighted capital to assets ratio	9.3	10.2	12.5	9.7	8.6	9.2
Percentage of banks greater or equal to 10 percent	60.0	63.2	52.4	54.5	60.9	62.5
Percentage of banks below 10 and above 8 percent minimum	10.0	5.3	19.0	13.6	8.7	25.0
Percentage of banks below 8 percent minimum	30.0	31.6	28.6	31.8	30.4	12.5
Asset quality						
Total loans/total assets	72.7	69.8	66.9	56.7	57.7	59.5
Nonperforming loans (NPLs)						
NPLs/total loans	19.5	17.0	16.4	16.3	15.9	12.7
NPLs net of provisions/total loans	5.2	4.1	4.1	5.3	3.4	3.3
Provisions/NPLs	77.3	75.9	74.9	67.3	78.8	73.9
Management						
Personnel costs/net revenue	71.4	82.2	88.4	87.3	79.0	n.a.
Earnings and profitability						
Return on assets	-0.5	2.0	-0.8	-0.3	1.3	2.0
Return on equity	-6.8	22.3	-9.4	-4.5	24.2	34.4
Liquidity						
Liquid assets/total assets	42.0	42.1	42.6	50.3	47.7	49.6
Loans/deposits	95.8	92.8	87.2	71.3	75.6	79.1
Liquid assets/total deposits	55.4	55.9	55.6	63.2	62.5	65.5

Source: BCEAO.
[1/] December 2013.

Table 7. Côte d'Ivoire: Indicators of Capacity to Repay the Fund, 2014–24

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
						Projections					
Fund obligations based on existing credit											
(In millions of SDRs)											
Principal	4.6	39.0	46.2	85.2	109.6	108.3	85.2	78.1	39.0	14.6	0.0
Charges and interest [1/]	0.0	1.5	1.4	1.3	1.0	0.7	0.5	0.3	0.2	0.1	0.1
Fund obligations based on existing and prospective credit [2/]											
(In millions of SDRs)											
Principal	4.6	39.0	46.2	85.2	109.6	113.2	101.5	94.3	55.3	30.9	11.4
Charges and interest [1/]	0.0	1.7	1.6	1.5	1.2	0.9	0.7	0.4	0.3	0.1	0.1
Total obligations based on existing and prospective credit [2/]											
In millions of SDRs	4.7	40.7	47.8	86.7	110.8	114.1	102.1	94.8	55.5	31.0	11.5
In billions of CFA francs	3.5	29.9	34.8	62.8	79.8	82.2	73.5	68.2	40.0	22.3	8.2
In percent of government revenue	0.1	0.8	0.8	1.3	1.5	1.4	1.0	0.9	0.5	0.2	0.1
In percent of exports of goods and services	0.0	0.4	0.4	0.7	0.8	0.8	0.6	0.5	0.3	0.1	0.0
In percent of debt service [3/]	1.1	7.7	8.0	12.7	15.0	14.6	13.7	12.3	6.5	3.2	1.1
In percent of GDP	0.0	0.2	0.2	0.3	0.3	0.3	0.3	0.2	0.1	0.1	0.0
In percent of quota	1.4	12.5	14.7	26.6	34.1	35.1	31.4	29.1	17.1	9.5	3.5
Outstanding Fund credit											
In millions of SDRs	686.5	647.5	601.3	516.1	406.5	293.3	191.9	97.6	42.3	11.4	0.0
In billions of CFA francs	507.3	474.6	438.5	373.9	292.7	211.2	138.1	70.2	30.4	8.2	0.0
In percent of government revenue	14.5	12.2	10.1	7.7	5.6	3.7	2.0	0.9	0.4	0.1	0.0
In percent of exports of goods and services	7.1	6.2	5.3	4.2	3.1	2.1	1.1	0.5	0.2	0.1	0.0
In percent of debt service	155.4	123.0	101.0	75.6	54.9	37.6	25.7	12.7	5.0	1.2	0.0
In percent of GDP	3.0	2.6	2.2	1.7	1.2	0.8	0.5	0.2	0.1	0.0	0.0
In percent of quota	211.1	199.1	184.9	158.7	125.0	90.2	59.0	30.0	13.0	3.5	0.0
Net use of Fund credit (millions of SDRs)	76.7	-39.0	-46.2	-85.2	-109.6	-113.2	-101.5	-94.3	-55.3	-30.9	-11.4
Disbursements	81.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and Repurchases	4.6	39.0	46.2	85.2	109.6	113.2	101.5	94.3	55.3	30.9	11.4
Memorandum items:											
Nominal GDP (billions of CFA francs)	16,756	18,483	20,333	22,312	24,371	26,344	28,317	30,326	32,415	34,649	37,033
Exports of goods and services (billions of CFA francs)	7,160	7,666	8,221	8,854	9,459	10,068	12,231	13,494	14,809	16,305	18,010
Government revenue (billions of CFA francs)	3,488	3,879	4,355	4,825	5,250	5,753	7,050	7,656	8,365	9,210	10,087
Debt service (billions of CFA francs)	326	386	434	494	533	562	537	554	611	689	778
CFA francs/SDR (period average)	739	733	729	724	720	720	720	720	720	720	720

Sources: IMF staff estimates and projections.

[1/] The interest rate on ECF is zero for 2010–14 and assumed at 0.25 percent thereafter.

[2/] Including the proposed disbursements under the new ECF.

Table 8. Côte d'Ivoire: Proposed Schedule of Disbursements and Timing of Reviews Under the ECF Arrangement (SDR Million), 2011–14

In percent of quota	Amount	Date of availability	Conditions for disbursement
25.00	81.30	November 4, 2011	Executive Board approval of the three-year arrangement under the ECF.
20.00	65.04	April 1, 2012	Observance of performance criteria for December 2011 and completion of the first review under the ECF arrangement.
20.00	65.04	October 1, 2012	Observance of performance criteria for June 2012 and completion of the second review under the ECF arrangement.
15.00	48.78	April 1, 2013	Observance of performance criteria for December 2012 and completion of the third review under the ECF arrangement.
15.00	48.78	December 6, 2013	Observance of performance criteria for June 2013 and completion of the fourth review under the ECF arrangement.
15.00	48.78	April 1, 2014	Observance of performance criteria for December 2013 and completion of the fifth review under the ECF arrangement.
10.00	32.52	October 1, 2014	Observance of performance criteria for June 2014 and completion of the sixth review under the ECF arrangement.
120.00	390.24	**TOTAL**	

Appendix I. Letter of Intent

Minister at the Prime Minister's Office
in charge of Economy and Finance

Republic of Côte d'Ivoire

Union-Discipline-Work
Office of the Minister

No. 2169 MPMEF/CAB/

Abidjan, May 20, 2014

The Managing Director
International Monetary Fund
Washington, DC 20431

Subject: Letter of intent

Dear Madame Managing Director:

1. **The economic upturn in Côte d'Ivoire's economic takeoff is now established with a growth performance that is strong, sustained, durable, and set within a peaceful sociopolitical context marked by an improved security situation and supported by the strengthening of the rule of law.** The authority of the central government and the decentralized governments has been restored throughout the country. National reconciliation and political dialogue have made significant progress particularly with the agreed and voluntary return of refugees.

2. **The attached Memorandum of Economic and Financial Policies (MEFP) describes progress made as of late December 2013 and the principal directions to be taken in 2014**. All the end-December 2013 performance criteria and indicative targets under the program supported by the Extended Credit Facility were met, with the exception of the one Indicative Target related to the net change in accounts payable. The overall fiscal balance and the basic primary balance were also better than expected, thanks to efforts made on revenue collection and expenditure management. In the macroeconomic area, after reaching growth of 9.8 percent in 2012, the 9.1 percent real GDP growth rate in 2013 reinforces Côte d'Ivoire's place among the countries with the strongest growth rates in the world; this growth performance was achieved while keeping the inflation rate at 2.6 percent, i.e., below the WAEMU community norm (3 percent). The government is continuing its efforts to improve the business climate, particularly with the implementation of its new industrialization policy, its strategy to support SME development, and its policy to promote private investment and a stronger business environment.

3. **The year 2014 should allow the strong growth dynamic that began in 2012 to solidify**. GDP growth in 2014 is projected to reach 10 percent, driven by a substantial increase in both public and private investment. Regarding developments since the adoption of the budget law for 2014, an amended budget law will be drawn up to adjust appropriations to cover the needs of some projects that were only partially funded and to take into account other priority projects that were not covered previously.

4. **In 2014, the government will strive to consolidate the foundation for strong growth to make Côte d'Ivoire an emerging economy by 2020 through the implementation of the National Development Plan (2012-2015 PND)**. The 10 percent growth target that is accompanied by a 2.7 percent inflation rate is essentially based on the implementation of structural public investment projects and on the dynamism of the private sector, including a strong increase in foreign direct investment. To that end, the government organized a forum in Abidjan in January 2014 called "Doing Business in Côte d'Ivoire," bringing together more than 3700 participants. The anticipated results of these actions should make it possible to increase the investment rate, which would rise from 13.7 percent of GDP in 2012 to 16.5 percent in 2013, and 20 percent in 2014. Maintaining this growth trajectory over the next few years and the implementation of structural reforms should facilitate a sustained improvement in household living conditions, a reduction of the poverty rate by half, as well as the emergence of Côte d'Ivoire by 2020.

5. **The government intends to accelerate its broad range of structural reforms in order to strengthen the soundness of the macroeconomic framework and to further improve public financial management while maintaining public debt sustainability**. To this end, the government will complete the financial sector reform, taking into account the restructuring of public banks; will consolidate the financial equilibrium in the electricity sector; and will continue to improve public financial management, particularly by implementing its strategy to manage the wage bill, rationalize the expenditure chain, strengthen governance, and combat corruption. The government will continue to improve the business climate so as to maintain its position among the most reforming countries as indicated in the World Bank's 2014 "Doing Business" report.

6. **The government will continue to give priority to concessional financing sources to ensure the sustainability of our public debt**. However, we remain focused on increasing Côte d'Ivoire's access to adequate financing for key structural projects, notably in infrastructure and the energy sector, which are essential for competitiveness and to accelerate the growth of our economy and the region. This may, in some cases, involve recourse to nonconcessional financing. We would therefore be grateful if the Fund would continue to examine in depth this issue in order to find a solution, in the context of the Sixth Review of the ECF Arrangement, to accommodate any necessary new non-concessional borrowing for such projects consistent with maintaining debt sustainability.

7. **The government will continue to broaden its financing sources by taking steps to obtain a sovereign credit rating**. This initiative is part of a new debt strategy the objective of which is to broaden financing sources and improve the maturity structure of domestic and external debt, as well as asset-liability management. For 2014, the government plans a Eurobond issue amounting to USD 500 million.

8. **Côte d'Ivoire believes that the policies set forth in the attached Memorandum of Economic and Financial Policies are adequate to achieve the objectives of the program, but will take any further measures that may become appropriate for this purpose**. Côte d'Ivoire will consult with the IMF on the adoption of these measures and in advance to the revisions to the policies contained in the Memorandum of Economic and Financial Policies in accordance with the IMF's policies on such consultation. In addition, the government requests modifications to two performance criteria and five indicative targets for end-June 2014, and an extension of the ECF arrangement to December 31, 2014 to provide sufficient time to complete the sixth review of the current ECF arrangement.

9. **We ask the International Monetary Fund (IMF) to complete the fifth review of the ECF and to provide financial support to the government under the ECF in an amount equivalent to SDR 48.78 million**.

10. **The Ivoirien authorities consent to the release of this Letter of Intent, and the attached Memorandum of Economic and Financial Policies and Technical Memorandum of Understanding, as well as the IMF staff report on the review under the ECF arrangement**. We hereby authorize their publication and posting on the IMF website, after completion of the review of the program by the IMF Executive Board.

Very truly yours,

_____________/s/_________________________

Nialé KABA

Minister at the Prime Minister's Office

in charge of Economy and Finance

Attachments:

- Supplement to the Memorandum of Economic and Financial Policies (MEFP)
- Technical Memorandum of Understanding

Attachment I. Côte d'Ivoire

Supplement to the Memorandum of Economic and Financial Policies

May 16, 2014

Context

1. **Côte d'Ivoire's performance in 2013 establishes its economic takeoff with growth that is strong, sustained, and growth**. Thus, after growth of 9.8 percent in 2012, the growth rate of GDP of 9.1 percent in 2013 establishes Côte d'Ivoire's place among the countries with the highest growth rates in the world. Performance under the economic and financial program supported by the Extended Credit Facility was good. The business climate has improved considerably, particularly with the implementation of attractive new investment, mining, and electricity codes consistent with international standards, the startup of the one-stop facility for investments, improved access to real estate, shorter approval times, and streamlined formalities for starting a business. These reforms made possible a significant increase in the volume of foreign direct investment (CFAF 407 billion, or three times the 2012 level) and the number of businesses created 2775 in 2013 compared to 396 in 2012). Thus, in its "Doing Business 2014" report the World Bank ranks Côte d'Ivoire among the ten countries that have made the most progress in implementing reforms. These achievements have made it possible for nominal GDP per capita to increase by more than 15 percent in two years. Maintaining this growth trajectory in the coming years and implementing structural reforms should encourage durable improvements in household living conditions and the emergence of Côte d'Ivoire by 2020.

2. **Côte d'Ivoire restored normal political life and is continually strengthening its social cohesion thanks to the respect of democratic rights in an environment of security and a strengthening of respect of the rule of law**. The electoral cycle is complete. The authority of the central government and decentralized authorities has been reestablished throughout the country. National reconciliation and political dialogue, particularly through the Dialogue, Truth, and Reconciliation Commission (CDVR) and the Permanent Framework for Dialogue, had made significant progress with the agreed and voluntary return of refugees and political exiles, as well as the release of numerous prisoners that were imprisoned following the post-electoral crisis. Security has been reestablished throughout the country. The overall reform of the security sector being carried out by the National Security Council (CNS) is on track, particularly in the areas of capacity-building for security services (equipment and training), coordination and collaboration among the different enforcement units of the police, gendarmerie, and army, as well as the return of exiled soldiers. The disarmament and reintegration of former combatants by the Authority for Disarmament, Demobilization, and Reintegration (ADDR), is making significant progress thanks to the added involvement of the CNS in restoring the authority of the regular forces. In addition, the activities of the CDVR were renewed by the Head of State on November 21, 2013 for a term of one year. The recommendations from its first term for preserving peace and strengthening social cohesion are being implemented. In addition, the adoption in August 2013 of laws on rural property and nationality, clarifying the conditions and procedures to be granted Ivoirien nationality and property rights, made it possible to reduce the sources of persistent tension among population groups.

This memorandum describes progress made under the economic and financial program in 2013 and presents the principal orientations for 2014.

ECONOMIC DEVELOPMENTS AND IMPLEMENTATION OF THE PROGRAM IN 2013

A. Macroeconomic Developments

3. The dynamism of economic activity was confirmed in 2013.

- **For the second year in a row, economic growth remained strong in all sectors**. The primary sector grew by 6.7 percent due to the implementation of the National Rice Development Plan with an increase in rice production of 37 percent and good performance in agricultural export production, in particular record cocoa production of 1,671,100 tons thanks to orchard renewal. Growth in the secondary sector was 9.1 percent, sustained by buildings and public works (BPW), manufacturing, and the energy sector. The tertiary sector recorded growth of 10.1 percent largely driven by trade and services.
- **Average annual inflation was 2.6 percent, below the convergence criterion of the West African Economic and Monetary Union (WAEMU) of 3 percent** thanks to improved market supply and efforts to facilitate transportation.
- **Foreign trade resulted in a reduction of the current account deficit (CFAF 238.1 billion in 2013 or 1.6% of GDP compared to CFAF 473 billion in 2012 or 3.1% of GDP, due to faster growth of exports than of imports (capital goods and intermediate goods)**. Indeed, a gradual substitution of imports by local production has occurred. Exports grew by 12.2 percent, largely due to the increased production of cocoa beans (11.5 percent), seed cotton (24 percent), and rubber (13.9 percent). Imports increased by 8.1 percent, reflecting the growth of cement (371.6 percent), other construction materials (93.9 percent), capital goods (14.2 percent) and intermediate goods (6.2 percent), and despite a decline in rice (33.2 percent).
- **Monetary developments were marked by an increase in net credit to the economy,** particularly medium- and long-term loans (27.2 percent) and crop loans (19.5 percent), reflecting dynamic economic activity and the return of economic stakeholder's confidence.
- **Employment in the formal sector** increased by **5.0 percent**, spurred by growth in the public (4.73 percent) and private sectors (5.18 percent).
- **The stock market experienced renewed vitality with the transition from a price-fixing system to continuous trading as of September 16, 2013**. As a result, the capitalization of shares on the Regional Stock Exchange (BRVM) grew by 37.8 percent with a resulting average increase in the volume of trades of 60.3 percent and in the value of securities of 50.3 percent. This performance reflects the confidence of regional and international investors and increasing opportunities within the WAEMU due to Côte d'Ivoire's improved economic prospects.

4. Measures adopted by the government to improve the business climate by combating corruption and promoting good governance have strengthened the private sector's confidence and contributed to a sharp increase in investments. Thus, foreign direct investment recorded strong growth (300 percent) with a significant share (CFAF 60 billion, 14 percent) in agriculture. The targeted productive sectors include BPW (cement factories), agricultural processing (breweries, rice processing plants), services (including financial institutions), and extractive industries. As a result, the private investment rate increased from 9.1 percent of GDP in 2012 to 10.3 percent of GDP in 2013, providing increased private sector support for the economic recovery.

5. The 2013 budget year recorded positive results.

- Revenues reached CFAF 2,838 billion (18.5percent of GDP), exceeding the target by CFAF 73.5 billion. This favorable performance owed to additional revenues from export duties and taxes, income tax, services, and social security contributions. This offset shortfalls in revenues from domestic VAT and import taxes on general merchandise.
- Total budgetary expenditures were kept within the limits of appropriations. Regular expenditures remained in line with program targets. Capital expenditures (excluding post-crisis expenditures) reached CFAF 934.2 billion, with an execution rate of 85.3 percent compared to the program's target. The execution rate of domestically funded projects was 94.2 percent compared to 72.6 percent for externally funded projects. Despite falling below the targets, these outcomes were better than in 2012, with an increase of 34.5 percent. The overall budget deficit and basic budgetary balance improved, reaching 2.3 percent of GDP and 0.1 percent of GDP, respectively compared to the program targets of 3.2 percent of GDP and 0.3% of GDP.
- This overall budget deficit was financed through recourse to the regional market in the amount of CFAF 863.2 billion and external financing of CFAF 403.6 billion.
- External borrowing and project grants were lower CFAF 499.7 billion than planned CFAF 569.3 billion primarily due to incomplete mobilization of some budget support, drawdowns on grants, and project loans.
- The debt repayments falling due at end-2013, stemming from the restructuring of Treasury bills were paid in full.

6. The government continued to implement social projects, to promote employment and help the most vulnerable sectors of the population. The Agency for Employment Research and Employment (AGEPE) supported employment for young graduates, an emphasis was also placed on self-employment through training in project preparation for 520 recipients. The Women's Support Fund of Côte d'Ivoire (FAFCI), with a budget of CFAF one billion, was able to finance several projects through microloans at a reduced rate of interest (1 percent per month). This fund acts as a tool for gender promotion and an instrument for increasing the income of those most in need. In rural areas, the system of guaranteed prices and the introduction of price control brigades made it possible to ensure a good return for producers of coffee, cocoa, and cashew nuts. In education, the construction and equipping of [36,000] classrooms, as well as the policy of "free schooling for all", provided improved access to education for all children, particularly in rural areas. Finally, the construction of 65,000 social housing units has begun. All these efforts are reflected in a sharp increase (23.8 percent) in pro-poor expenditures between 2012 and 2013.

B. Program Implementation

7. Budget execution in 2013 was consistent with the objectives of the economic and financial program. All the performance criteria and indicative targets were met, with the exception of the net change in payables. Specifically, the basic primary balance as of end-December 2013 showed a deficit of CFAF 11.7 billion, less than the planned objective of CFAF 43.9 billion. The level of "pro-poor" expenditures reached CFAF 1337.1 billion, above the target floor of CFAF 1309.1 billion, and the level of cash advances remained at CFAF 106.1 billion, below the ceiling of CFAF 114.4 billion. The government cleared 56.5 billion in arrears from 2010 and earlier compared to the projected 10 billion. However, the 2013 budget resulted in a floating debt level higher than projected 300.1 billion, leading to a net increase in payables of CFAF 89.7 billion compared to a targeted floor of a net reduction of CFAF 50 billion.

8. The government made partial use of the nonconcessional lending window capped at a ceiling of USD 800 million in 2013. This partial utilization totaled USD 712 million and helped to implement the vast investment program under the National Development Program (PND 2012–15), particularly the Soubré hydroelectric power plant project with USD 500 million granted in the form of a loan.

9. The government implemented a set of structural measures to accelerate and sustain the economic recovery. **The principal measures are presented below**:

- A procedural manual for customs inquiries to strengthen controls at the firm level was adopted by decree No. 2013-858 of the Council of Ministers dated December 19, 2013;
- A standard public procurement plan was prepared and disseminated among appropriations managers for 2014 budget execution. An expenditure commitment plan was set up in February 2014 for programming the use of budgetary appropriations.
- A Medium-Term Debt Management Strategy (2013–17 MTDS), in line with international standards, was adopted by the Council of Ministers on December 19, 2013. It is consistent with the Debt Sustainability Analysis (DSA) that was updated at end-October 2013 with IMF technical assistance.
- Domestic arrears as of end-2010 were audited to get a better understanding of the debt submitted for settlement. Of CFAF 356 billion of claims, CFAF 152.9 billion was validated by the audit. On this basis, a plan for the settlement of domestic arrears was adopted by the Council of Ministers on November 14, 2013. Implementation of this plan began with the payment of CFAF 56.5 billion in 2013.
- Pursuant to the provisions of the communication adopted in March 2012 presenting the strategic options for a 25 percent reduction in the government portfolio, studies to evaluate methods for privatizing public banks as well as the strategy and operational arrangements for possible mergers were completed.
- The overall Medium-Term Expenditure Plan (MTEF) for 2014–16 and the Multiyear Budget and Economic Programming Paper (DPBEP) were annexed to the 2014 budget law.

- The National Assembly passed the organic laws on the transparency code and the budget law in December 2013. These laws will be promulgated after the observations from the Constitutional Court are taken into account.

- A strategy for the reform of the VAT was developed to strengthen management, control, and collections. In this context, measures were taken, in particular the creation of a VAT control brigade, stronger audits of the standardized invoice, and the rationalization of exemptions.

- The Electricity Code was passed by the National Assembly on February 27, 2014. It includes a better framework for managing the sector's physical and financial flows based on (i) a better definition of electricity sector activities and their legal framework; (ii) greater flexibility in the options for organizational management structures for the segments now under government monopoly, which can now be transferred, as applicable, to one or more private operators; (iii) the coverage of new and renewable energies as well as energy management; (iv) a strengthening of the system for preventing fraud and criminal actions prejudicial to the sector; and (v) the creation by law of an independent regulatory commission;

- An interministerial decision was adopted on November 29, 2013 governing the use of provisional payments orders (*mandats provisions*, payment orders to reserve appropriations for operations not finalized during the current budget period). This decision (i) creates an authorization committee for such provisional payment orders, (ii) defines the modalities of their use as of year-end 2013, (iii) provides for the elimination of the use of these provisions, and (iv) cancels those not used as of end-December 2014. In consequence, no request for such provisions was accepted as of end-2013.

10. The government has introduced an attractive legal and institutional framework to improve the business climate and promote the emergence of SMEs. The government's efforts led to an improvement in Côte d'Ivoire ranking in the World Bank's "Doing Business 2014" publication and puts it among the world's top reforming countries. In addition, to ensure the sustained economic growth of the economy, the Ivoirien government has undertaken reforms that aim at making SMEs a pillar of economic renewal (see Box 1).

Box 1. Côte d'Ivoire: Measures Implemented in 2013 to Improve the Business Climate

In order to make Côte d'Ivoire an emerging economy by 2020, the government has developed a strategy based on a policy of promoting private investment and improving the business climate. Thus, a plan based on the Doing Business indicators was developed and its implementation was entrusted to a committee reporting to the Prime Minister. A three-year program for 2013–15 was adopted for the implementation of a series of reforms covering all the Doing Business indicators. In 2013, the government's efforts prioritized six indicators related to starting a business, property transfer, cross-border trade, paying taxes, construction permits, and contract enforcement. In this context, the measures taken by the government involved eleven (11) reforms as follows:

- The creation of the One-Stop Window for starting businesses to reduce the time it takes to create a company to a maximum of 48 hours (with a minimum of 24 hours) and to streamline procedures;
- A reduction in the costs of starting a business from CFAF 661,613 to CFAF 182,400;
- A reduction in tax fees on the documents needed for starting a business (fees for recording the articles of incorporation, the notary's statement (DNSV), and stamp duties) from CFAF 140,174 to CFAF 30,600;

Box 1. Côte d'Ivoire: Measures Implemented in 2013 to Improve the Business Climate
(concluded)

- A reduction in tax requirements prior to real estate transactions to reduce the time needed to complete the tax formalities associated with all real estate transactions;
- A reduction in the cost of property transfer procedures to CFAF 90,000 including all taxes, a 70 percent reduction on the previous cost of CFAF 300 per square meter;
- A reduction in the rate of the recordation fee on property transfers from 10 percent to 7 percent;
- The creation of the One-Stop Window for Foreign Trade to simplify import formalities for, reduce the number of documents and time needed;
- The simplification of tax payment declaration forms and putting tax declaration procedures on line in to significantly reduce the time devoted to these operation;
- A reduction in the number of procedures (from 17 to 11) of time needed (from 475 to 93 days) and cost from (CFAF 428,890 to CFAF 376,886) for the issuance of construction permits;
- A reduction in the costs of court actions as set out in the related regulations to avoid incidental court expenses.

11. Implementing six of the 15 structural reforms planned for the fifth review of the program took longer than anticipated. This concerned the following reforms:

- The order on the organization and operation of the Debt Directorate, in particular its restructuring onto front office, middle office, and back office, was signed on January 2, 2014. A staff reorganization plan based on this new structure is now being implemented.
- The medium-term debt management strategy was adopted by the Council of Ministers on December 19, 2013.
- The orders on strengthening the Large Enterprises Directorate by broadening its scope of activities were signed on March 26, 2014.
- Regarding the financial sector development strategy, an initial draft prepared with the technical assistance from the FIRST initiative was adopted by the Council of Ministers on April 16, 2014.
- On the restructuring of public banks, an action plan has been formulated and adopted by the Council of Ministers on May 05, 2014.
- A wage bill management strategy was developed and adopted by the Council of Ministers on May 05, 2014.

ECONOMIC AND FINANCIAL PROGRAM FOR 2014 AND MEDIUM-TERM OBJECTIVES

12. In 2014, the economic and financial program aims to strengthen macroeconomic stability and to continue improving public finance management by implementing ambitious structural reforms. The growth rate should reach 10 percent with inflation kept to 1.6 percent. This growth target is essentially based on the implementation of key investment projects. To that end, a forum, "Doing Business in Côte d'Ivoire"' brought together more than 3,700 participants from January 29 to February 1, 2014 in Abidjan. The anticipated results from these actions should improve the investment rate, which would increase from 13.6 percent of GDP in 2012 to 16.5 percent in 2013, and 20 percent in 2014, including an increase in private investment from 80.8 percent in 2012 to 22 percent in 2013 and 34 percent in 2014. The government will continue to focus on policies of redistribution to the entire population, particularly the most vulnerable sectors. The government also plans to complete the reform of the financial sector, including the restructuring of public banks; achieve financial equilibrium in the electricity sector; and improve public financial management. Efforts will also be taken to improve governance and ensure the sustainability of external debt.

A. Macroeconomic Framework

13. The government reaffirms its intention to reduce poverty and consolidate the foundations for Côte d'Ivoire becoming an emerging country by 2020, through implementation of the National Development Plan (2012–15 NDP). These objectives are based on strong, sustained, and inclusive growth that respects gender and the environment, creates jobs, and helps to reduce poverty. Specifically, these objectives are:

- A growth rate of 10 percent in 2014 and 2015, notably due to the continuation of the National Agricultural Investment Program, the introduction of a new industrial policy, and the promotion of SME/SMIs. Investment should continue to increase substantially, from 13.6 percent of GDP in 2012 to 22 percent of GDP in 2015, with private investment increasing from 9.1 percent in 2012 to 14.4 percent in 2015;

- To be among the leading African countries in terms of the United Nations Development Programme's Human Development Index;

- Significant progress toward achieving the Millennium Development Goals in 2015;

- One of the best business climates in Africa to strengthen the competitiveness of the economy and keep Côte d'Ivoire among the world's top reforming countries; and

- Substantial improvement in governance and in combating corruption in order to rejoin the group of top African countries in this area.

14. To do this, the government endorsed the conclusions of the report on implementation of the NDP (2012–15) in 2013 and continues to take measures to improve its implementation. The report on implementation of the NDP (2012–15) for 2013 was adopted by the Council of

Ministers on February 18, 2014. The principal recommendations taken on board advocate: (i) setting up Planning Directorates within the sectoral ministries; (ii) conducting the General Population and Housing Census so as to have updated statistics; (iii) improving the rate of execution of investments; (iv) expanding technical studies related to projects identified in the context of the NDP (2012–15); (v) strengthening sectoral and inter-ministry coordination for project monitoring and implementation; and (vi) finalizing sectoral policy documents related to the NDP (2012–15). To this end, an inter-ministry order adopted on March 12, 2014 provides for a disbursement of funds for the physical execution of projects to permit better physical and financial monitoring of investment projects.

15. Consistent with implementation of the NDP (2012–15), in 2014 the government aims to achieve a growth rate of 10 percent. This projection takes into account the positive effect of continued implementation of structural reforms, particularly to improve the business climate, and a substantial increase in public and private investment. Nominal GDP per capita should continue to rise strongly by 8.3 percent in 2014 for the third year in a row, eliminating the cumulative decline in per capita income over the last decade.

16. The economy's dynamism would be driven by good performance in all sectors:

- **Primary sector expansion** based on good performance in subsistence agriculture primarily in conjunction with the National Rice Development Plan (PNDR) in the context of the National Agricultural Investment Program. In addition, continued reform of the coffee and cocoa sector and the implementation of a plan to reform the cashew and cotton sectors will make it possible to better structure these sectors and improve their productivity.

- **Secondary sector growth**, in particular owing to the strong performance in construction and public works, and the expansion of the basic agro-food industry to improve the value chain of local products. In addition, the dynamics of private demand and continued public demand should permit sustained growth in this sector.

- **Favorable tertiary sector growth due to the strong performance in the primary and secondary sectors**. In addition, the implementation of the government's strategy for developing SME/SMIs, the revitalization of the Abidjan Transport Company (SOTRA), and the opening of lagoon water operations, as well as the anticipated return of the African Development Bank (AfDB) to its headquarters in Abidjan will contribute to a significant increase in tertiary sector activity in 2014.

17. Projected inflation should level out at an annual average of 1.6 percent in 2014. This would reflect, in particular, an increase in the supply of foodstuffs and the improved supply of the markets due to the repair of rural roads and various programs to develop subsistence agriculture.

18. The current account balance would record a deficit of CFAF 65.4 billion in 2014. This would reflect increased imports of capital and intermediate goods stemming from dynamic economic activity. The capital and financial operations account would show a surplus, due to project grants and the rebound in foreign direct investment and portfolio investment. This would result in a total overall balance of payments surplus of CFAF 18.7 billion.

19. The money supply would increase by 9 percent. This would reflect, in particular, increased credit to the private sector in connection with SME/SMIs' improved access to bank loans. Moreover, net foreign assets should increase due to inward foreign direct investment.

20. Thanks to implementation of a results-based management policy, the government will ensure the achievement of its macroeconomic objectives. The main risks identified are: (i) a deterioration in the terms of trade; (ii) a poor rainy season; (iii) weak mobilization of financing; and (iv) a lower-than-expected investment execution rate. To mitigate the impact of these risks, the government will adapt its policies to account for exogenous shocks and will maximize its revenue potential, in particular through an expansion of the tax base and strengthened collection methods, improve expenditure planning, better monitor the execution of public investments, follow a sustainable debt policy, expand financing options, and improve the management of public procurement and the business climate.

B. Public Finances

21. Budget policies for 2014 and for the medium term are centered on the objectives of the National Development Plan. These policies take into account the actions that are given priority in the 2012–15 NDP as set out in the Public Investment Program (PIP) and included in the 2014 budget. The priorities of the 2014 budget are primarily to improve living standards and strengthen the foundations of economic growth, in particular through the rehabilitation and extension of the road network, improved access to drinking water, health services, electricity, and education, the construction of basic socioeconomic infrastructures, and enhanced security.

22. The primary basic balance is expected to be CFAF 26.7 billion, or -0.2 percent of GDP compared to -0.1 percent of GDP in 2013. The overall budget deficit including grants (excluding grants for settling arrears) would rise to CFAF 379.8 billion or 2.2 percent of GDP compared to 2.3 percent of GDP in 2013.

23. A supplementary budget bill will be adopted by the government and submitted to the National Assembly. Since the initial budget law was adopted in December 2013, developments in the national economic environment have led to the revision of budgetary objectives to account for: (i) the rise in cashew prices; (ii) a fall in oil production; (iii) increases in cocoa production and the government's share of gas; (iv) spending to set up the fund for Universal Health Insurance; and (v) the capitalization of Air Côte d'Ivoire.

24. Total revenues in 2014 are projected to be CFAF 3,110.1 billion (18.3 percent of GDP), an increase of 1.9 percent over the initial 2014 projections. The additional revenues relate to developments in the production of cocoa and gas, higher dividends, and an increase in signature bonuses.

25. In accordance with WAEMU requirements, the government will implement a series of measures to strengthen potential tax revenue collection. Measures have already been adopted, particularly with respect to: (i) a change in the regulations on excise taxes on beverages and tobacco to correct the taxable base and applicable rates to make them consistent with WAEMU practices; (ii) harmonization of the rates applicable to capital gains in order to align Ivoirien taxation with WAEMU norms; (iii) improving the taxation of telecommunications; (iv) the gradual reduction of VAT exemptions within the limit of the WAEMU directive; and (v) the introduction of a minimum tax for taxpayers under the simplified itemized tax system (*régime du réel simplifié d'imposition*). For 2014, measures include:

- Reorganizing the Large Enterprises Directorate (DGE) by broadening the scope of its activities (taxable threshold increased from CFAF 1 to 3 billion in sales including all taxes, intervention and coverage throughout the country for all assessment, control, and collection operations), creating a tax inspection sub-directorate at the DGE, and establishing modalities for the management of medium-sized enterprises by creating two (2) medium-sized enterprise centers in Abidjan.
- Providing support to the Ivoirien customs administration in the implementation of measures to improve the recording of goods by: (i) connecting the customs information system with the system of the Port of Abidjan and (ii) putting into operation a simplified system of recording the transshipment of containers in the customs information system. In addition, customs will step up its anti-fraud efforts by (i) making optimum use of scanners on imports and exports based on risk analysis; (ii) increasing surveillance of the sea coast and lagoon shores; and (iii) strengthening capacity to combat fraud and smuggling across land borders.

26. Expenditures in 2014 would amount to CFAF 3,867.9 billion (22.7 percent of GDP), an increase of 2 percent compared to the initial objective. The additional expenditure is are primarily due to Universal Health Insurance, the restructuring of public banks, budgeting the cost of the additional consumption of HVO (Heavy Vacuum Oil) in 2013, and the capital increase for Air Côte d'Ivoire, and the Road Maintenance Fund.

27. The government will take measures to continue improving budget execution. These measures seek to keep current expenditure within the limits of the appropriations and to improve the execution rate of investment pro-poor spending, continuing efforts begun in 2013. An audit of government subsidies to public institutions and enterprises is under way. The normal and simplified procedures are governed by Decree 98-716 of December 16, 1998 on reforms of the expenditure chain. In 2014, the government will adopt regulatory and management measures to: (i) streamline its normal expenditure procedures and eliminate redundant controls; (ii) limit the use of cash advances to emergencies; (iii) reduce the categories of expenditures eligible for cash advances and imprest accounts; (iv) reduce the threshold on initial advances and allocations to the imprest accounts; (v) specify the criteria for using these procedures, particularly the criteria for justifying service and emergency needs; and (vi) regulating the conditions for the transfer of warrants. Finally, the government will take steps to settle the balances of suspense accounts and the remaining spending provisions (*mandats provisions*) will be cancelled as of end-2014.

28. The government will continue to implement public finance management reforms. To this end, for 2014 a standard consolidated plan for government procurement and an expenditure commitment plan have been prepared and disseminated. The government will continue its efforts to decentralize public finance management by connecting five (5) new locations to the SIGFiP network. The four proposed decrees on the transposition of the WAEMU public financial management directives will be adopted so that domestic legislation can be made consistent with the community norm. Finally, the government will adopt a strategy to implement a single Treasury account to improve the traceability of government operations. In this regard, a census of government entity accounts held in commercial banks and the Central Bank and their balances as of December 31, 2013 is available. The government will also continue its efforts to strengthen controls on the public sector through more effective monitoring of its financial transactions. The collection of data on public sector operations will be put on line with the installation of software, so as to have data reports in real time.

29. The government will continue to strengthen good governance and step up its efforts to combat corruption. Implementation of the 2009–13 Program in Support of Good Governance, with funding of USD 83.8 million, has been completed. This program made it possible to develop a National Good Governance and Anti-Corruption Plan (PNBGLC). Execution of the plan resulted in the following specific measures and actions:

- A High Authority for Good Governance and a National Anti-Corruption Secretariat were created by presidential decree on November 20, 2013;
- Communication campaigns for various political, economic, and social stakeholders were developed over the course of 2013 to raise their awareness of the harmful effects of corruption. These campaigns will be publicized through the activities of new institutions set up to both prevent and punish such conduct;
- The anti-corruption observatory and the Special Court to prevent and fight corruption will be set up after the regulations for their operation are received;
- The government will strengthen government procurement management. Since 2012, a report to the Council of Ministers periodically presents the situation in procurement operations. Regular monitoring of delays in the procurement chain was set up to identify corrective actions to streamline the flow of investment expenditures over the course of the year;
- The government will take measures to better regulate the conditions for applying the procurement code single source contracting procedure, particularly to rationalize the regularization of contracts granted on non-competitive basis.

C. Improving the Management and Strengthening the Long-Term Sustainability of Public Finances

30. The government remains committed to the modernization and strengthening of public finance management as well as to maintaining macroeconomic stability. This commitment includes improving the revenue mobilization, rationalizing expenditures, and implementing a debt policy that is sustainable in terms of short- and medium-term economic objectives.

31. The medium-term wage bill strategy has been finalized and was adopted by the Council of Ministers before on May 5, 2014. Primarily, it includes a recruitment profile in line with increased staffing needs, especially in the education, training and health sectors, and the unblocking and resumption of the index-based promotion process. Implementation of the strategy would also allow the wage bill to tax revenue ratio to converge to the WAEMU community norm by 2022.

32. The government intends to reduce subsidies to the electricity sector in the short term by restructuring the sector and through major investments. Investment totaling CFAF 5.3 trillion to build new hydraulic and thermal power plants and to improve the transmission network will make it possible to respond to rising domestic demand as well as demand from neighboring countries. In addition, implementation of the strategy to reduce the sector's deficit has led to an improved financial situation, which should reach equilibrium by as early as 2016. However, the shortage of water and rising demand for electricity in the countries of the sub-region has required the sector to generate more electricity using HVO fuel. To cover the higher production cost, the sector was given a government subsidy amounting to CFAF 31 billion. In addition, negotiations are under way with neighboring countries for billing additional demand for electricity at the marginal cost of production using HVO.

33. The government will continue its efforts to strengthen its financial relations with its suppliers as well as its institutional partners. To achieve this, the domestic debt settlement plan, which began on December 6, 2103, will continue to be implemented. Payments of the amounts due, which are based on the criteria of the age of the debt, the nature of the expenditure (pro-poor, etc.), as well as specified discount levels and the tax status of the creditor, will make it possible to settle the government's domestic debt and support private sector activity. On the basis of audits conducted in 2013 on the arrears owed to private schools prior to 2010, the government will continue its analyses of the more recent period with a view to settling these arrears in due time. It will continue its discussions with the BCEAO with a view to settling its debt. The government will reduce its floating debt by CFAF 100 billion by the end of the year.

D. The Rehabilitation and Development of the Financial Sector

34. The government plans to accelerate the development of the financial sector. A Financial Sector Development Committee (CODESFI) together with the sector's various stakeholders has developed a strategy to better meet the economy's financing needs. Priority sectors are housing, SME/SMIs, and agriculture. It also covers: (i) the government's role in the sector; (ii) contractual savings; (iii) access to financial services; (iv) the cost of credit; (v) the rehabilitation of the banking and microfinance sector; and (vi) the sector's legal and judicial framework. The draft strategy was adopted on April 16, 2014, and will be quickly implemented to support the government's policy.

35. The government plans to complete the restructuring of public banks. The action plan for restructuring public banks was adopted on May 5, 2014. The full implementation of this plan will make it possible to clean up the banking sector by ensuring compliance with WAEMU prudential regulations and to support the government's sectoral policies (housing, SME/SMI, and agriculture). The restructuring of public banks together with efforts in 2013 to clean up some troubled, small private banks, will strengthen the soundness of the banking system.

36. The government intends to improve supervision of the microfinance sector. The rehabilitation of the microfinance sector is part of an action plan based on four pillars: (i) the consolidation of the regulatory and institutional framework; (ii) the strengthening of surveillance; (iii) the restructuring and recovery of troubled institutions; and (iv) the liquidation of decentralized financial structures for which approval has been withdrawn. The implementation of this plan will make it possible to improve the supervision of the sector and promote access to financing for the most disadvantaged social groups.

37. The government will encourage the development and dissemination of new financial instruments. The instruction regarding the general rules applicable to primary dealers (SVT) as well as the charter governing relations between issuers and SVTs on public debt markets of member states of the West African Economic and Monetary Union (WAEMU) have been finalized. The entirety of this new regulatory framework was sent to members of the banking and financial system for their information. In addition, the regulations regarding repurchase operations and government securities issued through auction or syndication were adopted at the June 28, 2013 session of the WAEMU Council of Ministers. These different measures and the development of information systems (credit bureaus and registers) will contribute to the deepening of the sub-regional financial market. Moreover, there are plans to develop the secondary market in order to increase the volume of trades on the regional financial market and to strengthen financial transactions between the WAEMU and CEMAC regions.

E. Debt Policy and Strategy

38. The government will continue to improve public debt management. A medium-term debt management strategy (2013–17 MTDS) and a debt sustainability analysis were adopted in December 2013, to maintain the sustainability of public debt over the medium and long term in line with international norms. The strategy aims to manage debt-related risks, especially exchange and refinancing risks. To this end the government will favor the mobilization of external concessional financing and will improve its communication with the market. The MTDS will be updated in 2014 based on an evaluation of changes in the debt over the course of 2014. A revised MTDS will be annexed to the Draft Budget Law for 2015. In addition, to ensure better and broader monitoring of the government's foreign debt, the Ministry of the Economy and Finance will initiate the creation of a centralized database on the debt of public enterprises as well as government guarantees on that debt. In addition, a project to reorganize the public debt management unit to include front, middle, and back offices was adopted by the authorities and will be implemented in 2014 with IMF technical assistance to ensure an integrated and rational management of public debt.

39. The government will continue to expand its financing sources. The government has taken steps to obtain a sovereign credit rating. This initiative is part of a new debt strategy aimed at widening financing sources and improving the maturity structure of domestic and external debt as well as asset/liability management. In 2014, the intention is to issue a Eurobond for USD 500 million. In addition, the government is seeking financing (USD 1.7 billion) for two key projects (the expansion and modernization of the Autonomous Port of Abidjan and the rehabilitation and expansion of the electricity transmission network). The government intends to seek loans on concessional terms, particularly for key investments.

F. The Leading Role of the Private Sector in the National Economy

40. The government will continue to promote a framework favorable to the development of private sector activity to support strong and sustained growth. The strengthening of the network of economic infrastructures (telecommunications, roads, energy, and ports) will continue, which will further open the northern borders with adjacent countries due to increased public investment and the development of inter-State projects. The creation and/or expansion of industrial zones will also make effective infrastructures available to support the government's industrialization policy. Health policy will focus on the development of a pharmaceutical industry for generic medicines and on making Côte d'Ivoire a sub-regional hub for hospital services. The strengthening of research, training, and educational structures, and the employment policy carried out through the activities of the Agency for Employment Studies and Promotion (AGEPE), will give companies access to skilled workers. Improving the potential output of agriculture through projects supporting export crop producers and implementing the National Agricultural Investment Program (PNIA) will strengthen food security and promote the development of a basic agro-industrial sector. In addition, the completion of the census of producers in the coffee-cocoa sector will make it possible to develop a map of production and to better assure the implementation of the reform of the sector. The reforms will be extended to other sectors, particularly cotton and cashew, to ensure an integrated management of production. Finally, the government organized a forum from January 14 to February 1, 2014 called "Doing Business in Côte d'Ivoire; ICI 2014," bringing together more than 3,700 participants, of which 270 exhibitors from 71 countries; in addition on February 24–25, 2014, on the occasion of the promoting the fraternity and working visit of His Majesty the King of Morocco, which allowed private Moroccan operators to create partnerships with their Ivoirien counterparts, and to strengthen South-South cooperation.

41. As regards the business climate, the government will implement new measures to develop the existing environment and thus improve the Doing Business indicators (Box 2).

Box 2. Côte d'Ivoire: Reforms to be Undertaken in the Context of Improving the Business Climate

The measures to be implemented by the Investment Promotion entity through a series of thirty-four (34) reforms focus on: (i) the simplification or reduction of procedures, the time taken, and costs of the steps involved in creating businesses (legal, import-export, and energy); (ii) broadening the channels for preparing and disseminating notices of establishing companies; (iii) the reduction of tax costs and removal of the minimum capital requirement for SMEs (for those with capital not exceeding CFAF ten million); (iv) broadening the jurisdiction of the President of the Commercial Court and the establishment of a legal framework for commercial mediation; (v) strengthening the system for the recovery of troubled companies; and (vi) strengthening compliance with legally prescribed appeal and expiration deadlines.

The reforms to be implemented are as follows:

- Publish the company establishment notice on line via the CEPICI website;
- Reduce tax costs for creating businesses with respect to recording fees for a Limited Liability Corporation (LLC) with capital stock not exceeding CFAF ten million;
- Publicize model articles of incorporation for company;
- Reduce the time it takes to start a company from eight days (according to Doing Business) to two days;
- Make the use of a notary to establish articles of incorporation for LLCs optional;
- Reduce the number of procedures for granting building permits from 16 to 11 and the time it takes from 364 to 83 days;
- Set up a virtual one-stop window for granting building permits;
- Continue the computerization of the submission, processing, and issuance system for building permits at the Ministry of Construction;
- Reduce the time taken for processing requests to the Ivoirien Electricity Company (CIE), for the SECUREL compliance certificate, the subcontractor's study, and CIE's validation from 24 days to 14 days. Reduce the time to connect to the CIE from 14 to 5 days;
- Reduce the time for the issuance of authorization from the AGEROUTE and the Municipal Council from 7 to 4 days;
- Reduce the time to draw up notarized acts from 10 days to 2 days and the combined procedure for registration and publication of the bill of sale by the land registrar from 25 to 15 days;
- Reduce the rate for recording fees on property transfers from 7 percent to 6 percent;
- Put the electronic land registry on line. Carry out the tele-publication project between the Chamber of Notaries and the Land Registrar for property transfer formalities;
- Start publishing information from the BCEAO Central Risk Division for the last three years instead of the last year;
- Give the Trade and Personal Property Credit Register (RCCM) a computerized system for gathering and disseminating securities information and data on line.

Box 2. Côte d'Ivoire: Reforms to be Undertaken in the Context of Improving the Business Climate (concluded)

- Institute private credit bureaus responsible for gathering data on credit and monitoring borrowers;
- Institute a procedure on abuse of majority powers and abuse of equality rights;
- Allow shareholders to hold managers liable for damage to the company, in the event of profits improperly received for transactions concluded and approved by governing bodies;
- Simplify tax payment procedures by reducing the number of payments and processing time;
- Make the One-Stop Window for Foreign Trade (GUCE) fully operational;
- Develop supporting information for users on documents related to cross-border transactions to ensure transparency of customs operations procedures and certainty regarding costs and the documents to be used;
- Reduce border crossing costs for import/export goods;
- Reduce border crossing times for goods and the number of import/export documents;
- Appoint a sufficient number of delegated Enforcement Judges at the courts;
- Ensure compliance with hearing and judgment periods for litigation of a maximum of 120 days (at the Commercial Court level);
- Revise Articles 31 and 39 of Decision No. 01/PR on the creation, organization, and operations of the Commercial Courts to give the President of the Commercial Court jurisdiction in the area of enforcing decisions;
- Institute a legal framework for commercial mediation in Côte d'Ivoire;
- Strengthen compliance with legally prescribed appeal and expiration deadlines;
- Strengthen the system for recovery of troubled companies and limit the completion of insolvency procedures to 20 months;
- Allow the on-line creation of companies;
- Reduce costs for connecting to electricity by 17 percent (or a reduction of CFAF 3.4 million) and procedures from 8 to 5.

42. **The government will implement its new industrial policy**. **It undertook a diagnostic of the industrial sector in 2012 and developed a strategy to increase the industrial sector's share of GDP from about 30 percent in 2012 to 40 percent in 2020**. To do so, the government will support increasing the share of processing of farm products (cocoa, cashew nut, cotton, rice) and the diversification of the manufacturing sector by promoting SMEs (Box 3). To that end, a National Program on Restructuring and Upgrading (PNRMN) of industries was launched for a total amount of CFAF 152 billion. In addition, to facilitate the establishment of companies, the government plans to set up quality industrial infrastructures. The measures adopted for this purpose include rehabilitating existing industrial zones and rapidly developing new industrial zones for a total cost of CFAF 75 billion. To that end, some sites have been declared zones of public interest in order to accelerate their development for those who are waiting to invest.

Box 3. Côte d'Ivoire: SMEs, a Sector of the Future

The government has developed a strategy to support the effective implementation of the vision of an emerging Côte d'Ivoire. The strategy involves implementing a series of measures to facilitate the creation and development of, and improved credit access for, SMEs 50,000 companies representing 98 percent of the formal economy, 20 percent of GDP, 12 percent of domestic investment, and 23 percent of the labor force.

To achieve this, the government developed an ambitious policy to support SMEs by implementing a program called "PHOENIX" to provide an overall strategy to support SME development. The coherence of this strategy is ensured through the adoption of a draft framework law for the promotion and development of SMEs and the creation of an SME development agency. The agency's role is to coordinate all policy and actions in favor of SMEs. The program is based on four strategic pillars: (i) facilitating access to financing and to public and private markets; (ii) strengthening technical and managerial capacities; (iii) improving the business climate in favor of SMEs; and (iv) developing the culture of entrepreneurship and innovation. In addition, this program encourages the strengthening of SME organizations and federations in order to give them the means to fully play their role and ensure the search for partnerships with stakeholders able to

needed for the success of the program. The draft framework law was adopted by the Council of Ministers on February 25, 2014 and will be submitted to Parliament before end-April 2014. The program, totaling between CFAF 150 and 250 billion, should over time help to facilitate the creation and development of a web of innovative, dynamic, and successful SMEs numbering between 100,000 and 120,000 by 2020, which will make a sustainable contribution to the creation of jobs and wealth.

The government also plans to accelerate financial sector development. This includes creating credit bureaus, developing and publicizing new instruments adapted to the needs of SMEs such as equipment leasing and Product Programs (factoring and purchase order, etc.) to ensure effective management of their business, as well as establishing guarantee funds with banks to expand the overall envelope allocated for financing SMEs. A strategy developed with World Bank assistance and involving the various financial sector stakeholders (banks, insurance companies, Decentralized Financing Structures, BCEAO, the State) as partners will be adopted for this purpose.

There are also many private sector initiatives, reflecting renewed interest among various stakeholders in financing for SMEs. On January 23, 2014, the regional stock exchange (*Bourse régionale des valeurs mobilières* - BRVM) and the Chamber of Commerce and Industry of Côte d'Ivoire (CCI-CI) signed a partnership agreement to facilitate Ivoirien companies' access to the regional financial market. The IFC and the *Société Ivoirienne de Banque* (SIB) also signed an agreement for USD 40 million to increase market financing for SMEs, particularly those in reconstruction, being managed by women, or in the area of agriculture. Finally, the South Africa PIC Fund also has a USD 100 million share in the capital of Phoenix Capital Management for the financing of SMEs.

All these actions will make it possible to strengthen the role of SMEs at the heart of strong and sustained economic growth for the sustainable development of Côte d'Ivoire.

FINANCING AND MONITORING OF THE PROGRAM

43. **The government believes that the financing needs of the program in 2014 will be met**. Financing over and above the domestic revenues capacity will be mobilized on the monetary and financial markets and from external partners. On the sub-regional monetary and financial markets, the government plans to mobilize CFAF 516 billion in Treasury bills and bonds, compared to CFAF 643 billion in 2013. External financing, including budgetary support, would amount to CFAF 587.8 billion thanks to the main donors and lenders, particularly the World Bank, IMF, AfDB, EU,

AFD, IDB, and the Exim-Bank of China. In addition, the government will continue bilateral discussions with the remaining creditors that have yet to grant debt relief under the HIPC initiative of the World Bank and IMF.

44. The program will continue to be monitored on a biannual basis by the IMF Executive Board on the basis of quantitative indicators (Table 1) and structural benchmarks (Table 2). The quantitative indicators are defined in the attached Technical Memorandum of Understanding (TMU). The sixth and final biannual review will be based on end-June 2014 performance criteria and indicative targets. The sixth review is expected to be completed on November 3, 2014.

45. The government requests an extension of the ECF arrangement to December 31, 2014. This is to ensure the availability of the final disbursement of the program supported by the IMF's Extended Credit Facility (ECF) after the conclusion of the sixth review.

STATISTICS AND CAPACITY BUILDING

46. The statistics system will be developed to provide factual and current information on the implementation of governmental policies. The legal framework and regulatory provisions of the national statistics system were introduced through the law on the organization, regulation, and coordination of the National Statistics System passed by the National Assembly on June 10, 2013. A 2012–15 statistics Master Plan, consistent with the NDP (2012–15) is being implemented with respect to: (i) conducting national and sector surveys; (ii) strengthening and monitoring short-term indicators; (iii) setting up the database for the Integrated Information Management System; (iv) changing the base year of the national accounts and preparing quarterly national accounts; (v) updating the Harmonized Consumer Price Index (HCPI); and (vi) preparing a directory of ministerial statistical staff. In this context, the final 2011 accounts and provisional 2012 national accounts should be available during the first half of 2014. The work on changing the base for the annual national accounts has already begun with the revision of classifications, as well as those of the General Population and Housing Census (RGPH) for 2013/2014. The government will also launch the General Census of Agriculture and standard of living and employment surveys. The government plans to produce before the end of 2014 the Government Financial Operations Table according to the 2001 Government Finance Statistics Manual. Ultimately, Côte d'Ivoire plans to migrate toward the Special Data Dissemination Standard, which will allow it to have regular and improved access to international capital markets.

47. The government will continue to strengthen public administration capacity. The National Secretariat for Governance and Capacity Building seeks to translate government's willingness to take action into measures by identifying needs and seeking the institutional and financial support needed for a modern and effective management of public administration. Technical assistance needs for this year relate, *inter alia*, to: (i) the development of a Single Treasury Account; (ii) support for the introduction of quarterly national accounts; (iii) strengthening tax management, particularly for the VAT; (iv) preparation of provisional balances of payment; (v) management and budgeting of the wage bill; (vi) support for the production of the Government Financial Operations Table according to the 2001 Government Finance Statistics Manual; and (vii) support for the preparation of short-term indicators on the real sector.

Table 1. Côte d'Ivoire: Performance Criteria (PC) and Indicative Targets (IT), ECF 2013–14[1]

(Billions of CFA) [2]

	2013									2014						
	June			Sept.			Dec			March	June		Sept.		Dec	
	PC	Actual	Status	IT	Actual	Status	PC	Actual	Status	IT	Original PC	New PC	Original IT	New IT	IT	New IT
A. Performance criteria																
Floor on primary basic balance	-55.5	116.3	Met	-112.1	32.1	Met	-44.0	-11.6	Met	7.3	-66.4	-135.4	-52.7	-80.1	-9.9	-26.8
Ceiling on net domestic financing (incl. WAEMU paper)[5/]	210.1	132.7	Met	346.9	160.7	Met	300.6	169.4	Met	43.6	220.4	315.3	289.5	360.2	339.7	391.2
Ceiling on new nonconcessional external debt (in $ million) [3/ 4/ 5]	800.0	521.0	Met	800.0	680.0	Met	800.0	712.0	Met	900.0	900.0	900.0	900.0	900.0	900.0	900.0
Ceiling on accumulation of new external arrears [4/]	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ceiling on accumulation of new domestic arrears [4/]	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Indicative targets																
Floor on the overall fiscal balance (including grants)	-183.5	-60.6	Met	-391.3	-202.9	Met	-453.4	-346.1	Met	-76.1	-263.6	-310.6	-336.3	-364.5	-364.5	-379.9
Ceiling on expenditures by treasury advance	59.0	52.8	Met	93.7	91.7	Met	114.3	106.1	Met	19.8	50.1	55.6	79.9	81.5	115.2	119.7
Floor on pro-poor expenditure	588.8	590.5	Met	916.0	920.1	Met	1309.1	1337.1	Met	259.4	676.7	676.7	1022.3	1022.3	1517.7	1521.8
Floor on net reduction of government amounts payable (- = reduction)	-10.0	-88.5	Met	-25.0	-36.5	Met	-50.0	39.7	Not Met	-5.0	-10.0	-50.0	-25.0	-70.0	-50.0	-100.0
Floor on government revenue	1,338.7	1,361.8	Met	2,031.9	2,043.4	Met	2,764.5	2,838.0	Met	621.8	1,374.4	1,392.1	2,148.0	2,167.9	3,051.0	3,110.1
Memorandum items:																
Net banking sector claims on government	83.6	28.0		123.4	106.0		108.8	134.2		11.3	-1.0	129.0	37.8	17.3	77.7	137.5
Program grants	49.2	56.0		49.2	56.0		105.2	105.2		0.0	73.8	82.8	73.8	82.8	156.6	156.6
Program loans	0.0	0.0		0.0	0.0		88.7	61.2		0.0	0.0	0.0	0.0	0.0	47.6	56.6
Project grants	51.5	76.9		77.2	93.4		122.3	96.2		44.3	132.8	123.3	166.0	166.0	221.3	221.3
Project loans	82.5	140.3		197.9	161.6		313.4	219.9		61.3	183.9	170.7	229.9	229.9	306.5	306.5

Sources: Ivoirien authorities and IMF staff.

Note : The terms in this table are defined in the TMU.

1/ Cumulative change from December 31, 2012 for 2013 targets, and from December 31, 2013 for 2014 targets.

2/ Except for the ceiling on new nonconcessional external debt

3/ Continuous performance criteria.

4/ The new window in 2013 will be used for infrastructure, energy, and transport projects.

5/ In the event of the issuance of an Eurobond, the 2014 ceiling will be adjusted upward by an amount up to the equivalent of US$500 million, and the ceiling on net domestic financing will be adjusted downward by the same amount.

Table 2a. Côte d'Ivoire: Structural Benchmarks, 2013–14, ECF			
Fifth Program Review			
Measures	**Macroeconomic Rationale**	**Timeframe**	**Status**
Tax policy/Tax administration			
Strengthen the large taxpayer office by broadening its scope to cover the whole country and by focusing its activity on the largest corporations, and implement a medium-sized taxpayer office	Mobilize revenue	**SB** End-December 2013	**Not met** (implemented with delay, regulations adopted on March 26 2014)
Adopt a decree pertaining to Customs' controls and audits methodology, to allow for post-clearance audits	Enhance transparency and counter fraud	**SB** End-December 2013	**Met:** Adopted by the council of ministers on December 19, 2013
Public expenditure management			
Adopt by the Council of Ministers a medium-term strategy for controlling the wage bill	Contain the size of the civil service and the wage bill	**SB** End-December 2013 (rescheduled from end-October 2013)	**Not met** (implemented with delay on May 05, 2014)
No new injection of public funds in the five public banks in difficulty outside a restructuring plan approved by the authorities	Improve financial sector governance and management	**SB** continuous	**Met**
Reorganize the debt management framework, including a functional structure (front-, middle-, and back-office)	Improve public debt management.	**SB** End-December 2013	**Not met** (implemented with delay in January 2014)

Table 2a. Côte d'Ivoire: Structural Benchmarks, 2013–14, ECF (continued)

Fifth Program Review			
Measures	**Macroeconomic Rationale**	**Timeframe**	**Status**
Prepare and adopt by the Council of Ministers the medium-term debt management strategy	Improve debt management	**SB** end-September 2013 (rescheduled from end-June 2013)	**Not met** (implemented with delay on December 19, 2013)
Adopt an instruction limiting the use of provisional payment orders. This instruction will (i) create a committee in charge of authorizing provisional payment orders: (ii) lay down the procedures for reducing the recourse to provisional payment orders by end-December 2013; and (iii) forbid provisional payment orders by end-December 2014	Improve fiscal management	**SB** End-November 2013	**Met**: the instruction was issued on November 30, 2013
Prepare consolidated commitment and procurement plans for 2014	Smooth budget execution and facilitate cash management	**SB** End-January 2014	**Not met** (implemented with delay in February and March 2014)
Finalize and adopt by the Council of Ministers draft regulations transposing the remaining four WAEMU directives on public finance	Improve fiscal management	**SB** End-March 2014	**Not met**
Identify the bank accounts of all public entities held in commercial banks and at the Central Bank, and determine their balances	Improve fiscal management	**SB** End-March 2014	**Met**

Table 2a. Côte d'Ivoire: Structural Benchmarks, 2013–14, ECF (concluded)			
Fifth Program Review			
Measures	**Macroeconomic Rationale**	**Timeframe**	**Status**
Energy sector reform			
Submit the electricity code to the National assembly	Improve governance in the electricity sector	**SB** End-December 2013	**Not met** (implemented with delay in February 2014)
Financial sector reform			
Adopt in the Council of Ministers a time-bound action plan for restructuring the public banks based on the recommendations of the audits	Improve governance and intermediation in the financial sector	**SB** End-December 2013 (rescheduled from end-September 2013)	**Not met** (implemented with delay on May 05, 2014)
Prepare a financial sector reform and development strategy	Improve governance and intermediation in the financial sector	**SB** End-December 2013	**Met**
Improving the business environment			
Limit the current fiscal year's VAT arrears pending refund to under CFAF 10 billion	Improve the business climate and the confidence of enterprises	**SB** continuous	**Met**
Adopt in the Council of Ministers a plan to pay arrears based on the results of the audits in progress	Improve the business climate and the confidence of enterprises	**SB** End-November 2013 (rescheduled from end-September 2013)	**Met**

Table 2b. Côte d'Ivoire: Structural Benchmarks, 2013–14, ECF		
Sixth Program Review		
Measures	**Macroeconomic rationale**	**Timeframe**
Public expenditure management		
No new injection of public funds in the five public banks in difficulty outside a restructuring plan approved by the authorities	Improve financial sector governance and management	**SB** continuous
Finalize and adopt by the Council of Ministers draft regulations transposing the remaining four WAEMU directives on public finance	Improve fiscal management	**SB** End-June 2014 (Proposed new date)
Adoption by the Minister of Finance the strategy for putting in place a single Treasury account, choice of the implementation model and adoption of a time-bound action plan	Improve fiscal management	**SB** End-June 2014
Review the expenditure chain and the end-of-year budgetary procedures, with IMF technical assistance	Improve fiscal management	**SB** End-June 2014
Improving the business environment		
Limit the current fiscal year's VAT arrears pending refund to under CFAF 10 billion	Improve the business climate and the confidence of enterprises	**SB** continuous

Attachment II. Côte d'Ivoire
Technical Memorandum of Understanding—Arrangement Under the Extended Credit Facility 2011–14

May 16, 2014

1. **This Technical Memorandum of Understanding (TMU) describes the quantitative and structural assessment criteria established by the Ivoirian authorities and the staff of the International Monetary Fund (IMF) to monitor the program supported by the Fund's Extended Credit Facility (ECF)**. It also specifies the periodicity and the deadlines for the transmission of data to Fund staff for program monitoring purposes. Unless otherwise specified, the government is defined as the central government of Côte d'Ivoire, including the National Social Security Fund (Caisse Nationale de Prévoyance Sociale, CNPS) and the Civil Service Pension Fund (Caisse Générale de Retraite des Agents de l'État, CGRAE), and Treasury operations for public companies in liquidation; it does not include any local government authorities, the Central Bank of West African States (BCEAO), or any other government-owned entity with separate legal status.

QUANTITATIVE INDICATORS

2. **For program monitoring purposes, the performance criteria (PC) and indicative targets (IT) are set for June 30, 2014; the same variables are indicative targets for these variables for March 31, 2014 and September 30, 2014**.

The performance criteria include:

(a) a floor on the primary basic fiscal balance;
(b) a ceiling for net domestic financing (including the issuance of securities in Francs of the Financial Community of Africa (CFA)—or *Communauté Financière Africaine in French*);
(c) a ceiling on new nonconcessional external debt;
(d) a zero ceiling for the accumulation of new external arrears; and
(e) a zero ceiling for the accumulation of new domestic arrears.

The indicative targets are:

a) a floor on the overall fiscal balance (including grants);
b) a ceiling on expenditures by treasury advance;
c) a floor on "pro-poor" expenditures;
d) a floor on the net reduction of the government amounts payables;
e) a floor on total government revenue.

3. **The PCs, the ITs, and the adjustors are calculated as the cumulative change from December 31, 2013 for the 2014 targets, with the exception of new nonconcessional external loans for which the cumulative change starts from December 31, 2012 (Table 1 of the Memorandum of Economic and Financial Policies, or the MEFP)**.

A. Government Revenue (IT)

4. Total government revenue is defined as all revenue collected by the Tax Administration (DGI), the Directorate-General of the Treasury and Public Accounting Administration (DGTCP), the Customs Administration (DGD), the CNPS, and the CGRAE, and other nontax revenue as defined in the fiscal reporting table (TOFE).

B. Pro-poor Expenditures (IT)

5. Pro-poor expenditures are derived from the detailed list of "pro-poor expenditures" in the SIGFIP system (see Table 1).

C. Treasury Advances (IT)

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

D. Primary Basic Fiscal Balance (PC)

7. The primary basic fiscal balance is the difference between the government's total revenue (excluding grants) and total expenditure plus net lending, excluding interest payments and externally-financed capital expenditure (on a payment order basis for all expenditure items):

Tax and nontax revenue (excluding grants) – {Expenditure + Net lending – Interest payments – Externally-financed capital expenditure (on a payment order basis for all expenditure items)}

8. The floor on the primary basic fiscal balance will be adjusted downward (upward) for an excess (shortfall) of external budget support (program grants/loans) relative to the programmed amount.

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

9. The overall fiscal balance is the difference between the government's total revenue (including grants except World Bank budget support grants- AfDB budget support grants) and total expenditure plus net lending (on a payment order basis):

Tax and nontax revenue + (Grants – World Bank budget support grants – AfDB budget support grants) – {Expenditure + Net lending (on a payment order basis for all expenditure items)}

10. The floor on the overall fiscal balance will be adjusted downward (upward) for an excess (shortfall) of project loans relative to the programmed amount.

F. Net Domestic Financing (PC)

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

Net domestic financing = Variation of banking system's net claims on the government (TOFE) + net non-bank domestic financing (excluding the variation of the amounts payable) + borrowing denominated and serviced in Francs of the Financial Community of Africa (FCFA) + financing margin of CFAF 10 billion.

This ceiling does not apply to either new agreements on restructuring domestic debt and securitization of domestic arrears or to new project loans from the Bank for Investment and Development (BIDC) of the Economic Community of West African States (ECOWAS). For any new borrowing over and above a cumulative amount of CFAF 35 billion during 2014, the government undertakes not to issue government securities except by auction through the BCEAO or through competitive public auction (appel d'offres compétitif) on the WAEMU financial markets registered with the Regional Council for Public Savings and Financial Markets (CREPMF), in consultation with Fund staff. This ceiling will be lowered by an amount equal to the eventual issuance of an Eurobond (for a maximum equivalent to US$500 million).

G. New Nonconcessional External Debt (PC)

12. The definition of debt is set out in Executive Board Decision No.6230-(79/140), Point 9, as revised on August 31, 2009 (Decision No. 14416-(09/91)): Debt will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, according to a specific schedule; these payments will discharge the obligor of the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:

(i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans, and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans, under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements); (ii) suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and (iii) leases, i.e., arrangements under which property is provided that the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of this guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement, excluding those payments necessary for the operation, repair, or maintenance of the property. Under the definition of debt set out above, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

13. External debt is defined as debt borrowed or serviced in a currency other than the CFA franc of the Financial Community of Africa (FCFA).

14. The quantitative performance criterion concerning external debt applies to all nonconcessional external debt, irrespective of maturity, and whether it has been contracted or guaranteed by the government. It applies not only to the debt as defined above, but also to commitments contracted or guaranteed for which no value has been received. This performance criterion does not apply to:

- normal import-related commercial debts having a maturity of less than one year;
- rescheduling agreements;
- debts to the BIDC, up to the equivalent of CFAF 20 billion, for the period from January 1 to December 31, 2014;
- drawings on the IMF.

15. A debt is considered concessional if its grant element is at least 35 percent, the net present value (NPV) of the debt being calculated with a 5 percent discount rate. **The government undertakes not to contract or guarantee nonconcessional external debt under the conditions defined in paragraphs 12–15, with the exception of debt constituting rescheduling of maturities and new debt contracted or guaranteed by the government as specified in paragraphs 14 and 17**. To this end, the government undertakes to consult with IMF staff on the terms and concessionality of any proposed new debt in advance of contracting such external debt.

16. A cumulative ceiling for 2013–14 of US$900 million for the period from January 1, 2014 to December 31, 2014, applies to new nonconcessional external loans other than those specified in paragraph 14 (performance criteria). This ceiling would be applicable to debt-financing of projects, in the energy, infrastructure and transport sectors. The government will inform staff in a timely manner before contracting any debt of this type and provide information on the terms of the new debt as well as a brief summary of the projects to be financed and their profitability, including an independent evaluation. The government will report on the use of funds and project implementation (in subsequent MEFPs or to staff). The US dollar value of eligible loans subject to this ceiling will be calculated using the exchange rates at end-August 2013 in the IFS (*International Financial Statistics)* database of the IMF. The ceiling on new nonconcessional external debt will be increased by the amount of the eventual issuance of a Eurobond for a maximum amount equivalent to US$500 million. The amount of Eurobond deemed contracted will be the amount subscribed/purchased at the end of the subscription/purchase period as specified under the final terms of exchange; and the performance criteria (the ceiling on non new concessional external debt and net domestic financing) will be adjusted upward and downward at that time by the amount of the subscription/purchase. The amounts subscribed/purchased of the Eurobond prior to the end of the subscription/purchase period of the Eurobond will not impact the performance criterion on external debt (paragraph 14).

H. External Payment Arrears (PC)

17. 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 given under the external debt criterion (paragraph 15). This performance criterion is monitored on a continuous basis.

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

18. The "amounts payable" (or "balances outstanding") include domestic arrears and floating debt and represent the government's overdue obligations. They are defined as expenditures assumed (prise en charge) by the public accountant, but *yet to be paid. For the program defi*nition, these obligations represent (i) bills due and not paid to non financial public and private companies; and (ii) the domestic debt service (excluding the BCEAO).

19. For program purposes, domestic payment arrears are those balances outstanding to nonfinancial public and private companies and the domestic debt service (excluding the BCEAO). Arrears to non financial and private companies are defined as overdue obligations to non financial and private companies for which the payment date exceeds the deadline for payment stipulated by the administrative regulations of 90 days; arrears on the domestic debt service refer to debt service obligations for which the payment date exceeds 30 days.

20. Floating debt refers to those balances outstanding for which the payment date does not exceed the deadline for payment stipulated by the administrative regulations (90 days for debt to nonfinancial public and private companies and 30 days for debt service to commercial banks, insurance companies, and other financial institutions).

21. The balances outstanding are broken down by payer and type, as well as by maturity and length of overdue period (< 90 days, 90–365 days, > 1 year for nonfinancial companies, and <30 days, 30-365 days, > 1 year for financial companies).

22. **For program purposes, the government undertakes**: **(i) to reduce the stock of amounts payable by at least CFAF 100 billion in 2014 (**; and (ii) to not accumulate new domestic arrears in fiscal year 2014.

MEMORANDUM ITEMS

J. Net Bank Claims on the Government

23. **Net bank claims on the government are defined as the difference between government debts and government claims with the central bank and commercial banks, (including the C2D deposits)**. The coverage of net bank claims on the government is that used by the BCEAO, and is the same as that shown in the net government position (NGP) (including the C2D deposits).

K. External Financing (Definitions)

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

L. Program Monitoring and Data Reporting

25. **A quarterly assessment report on the monitoring of the quantitative performance criteria, indicative targets, and structural benchmarks will be produced by the authorities at the latest within 45 days of the end of each quarter**.

26. **The government will report the information specified in Table 2 on a monthly basis, at the latest within 45 days of month-end or quarter-end, unless otherwise indicated**. **Tables F.3.1, F.3.2, and F.3.3 are updated to take into account the expanded coverage of arrears**.

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

28. **The authorities will consult with the Fund staff on any proposed new external debt contracts or government guarantees on new external debt, including leases**. The authorities will inform the Fund staff, following signature, of any new external debt contracted or guaranteed by the government, including the terms of these contracts or guarantees. Data on new external debt, the amount outstanding, and the accumulation and repayment of external payment arrears will be reported monthly within six weeks of the end of each month.

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

Table 1. Côte d'Ivoire: Pro-Poor Spending (incl. Social Spending), 2009–14

	2009	2010	2011	2012		2013		2014
				Budget	Actual	SBL 1/	Actual	Budget
Agriculture and rural development	**49.2**	**39.1**	**35.2**	**41.4**	**68.2**	**72.1**	**81.7**	**81.9**
General administration	8.5	9.2	7.0	7.7	10.0	16.3	21.4	28.0
Agriculture promotion and development program	10.6	10.8	10.8	12.0	18.7	15.1	15.9	17.8
Training of supervisory staff	8.4	8.3	10.3	8.4	13.5	15.7	18.4	16.9
Water system works	1.5	4.0	3.0	3.4	26.0	16.6	18.3	19.3
Other investments in the rural area (FRAR, FIMR)	20.2	6.8	4.1	10.0	0.0	8.4	7.7	0.0
Fishing and animal husbandry	**6.7**	**5.9**	**4.0**	**4.7**	**7.2**	**5.9**	**7.5**	**8.0**
General administration	3.5	3.9	2.7	2.7	4.0	3.8	4.4	4.5
Milk production and livestock farming	2.3	1.8	1.2	1.5	2.9	0.9	1.7	1.7
Fishing and aquaculture	1.0	0.2	0.1	0.5	0.4	1.2	1.4	1.9
Education	**533.1**	**590.1**	**529.2**	**628.6**	**651.2**	**754.6**	**756.3**	**836.3**
General administration	19.6	24.9	24.7	23.6	19.8	19.5	19.5	20.6
Pre-schooling and primary education	336.7	366.7	301.1	398.2	379.2	454.4	449.2	316.6
Literacy	0.2	0.2	0.5	0.6	0.5	0.5	0.4	0.4
Secondary education and vocational training	83.0	83.8	74.2	80.3	74.8	83.7	87.7	296.8
University and research	93.7	114.5	117.0	113.0	140.0	153.0	156.1	155.4
Emergency/Presidential program/Education	0.0	0.0	11.7	12.8	36.9	43.5	43.5	46.5
Health	**118.4**	**113.6**	**120.2**	**138.0**	**169.2**	**205.1**	**197.9**	**267.4**
General administration	45.8	47.7	49.2	55.4	63.9	89.5	71.4	123.0
Primary health system	30.7	30.0	25.2	34.8	47.5	53.9	70.5	38.7
Preventive healthcare (enlarged vaccination program)	1.9	1.4	0.4	0.8	2.3	2.6	1.6	2.9
Disease-fighting programs	1.7	1.5	1.1	1.4	4.0	1.2	1.7	24.8
Infant/mother health and nutrition	0.8	0.4	0.4	0.6	1.4	0.6	0.8	18.1
HIV/Aids	10.8	5.9	6.9	8.0	6.4	5.4	1.6	5.6
Health centers and specialized programs	26.6	26.6	25.7	25.1	31.8	33.9	32.3	34.2
Emergency/Presidential program/Health	0.0	0.0	11.3	12.0	12.0	18.0	18.0	20.0
Water and De-contamination	**20.4**	**19.8**	**36.3**	**39.9**	**49.5**	**73.5**	**118.4**	**82.1**
Access to drinking water and de-contamination	4.9	6.0	10.2	10.7	10.8	25.4	69.9	37.0
Environmental protection spending	15.5	13.8	13.1	13.0	22.4	23.6	24.0	18.1
Emergency/Presidential program/healthiness and de-contamination	0.0	0.0	13.1	16.2	8.0	11.5	11.5	13.5
Emergency/Presidential program/drinking water	0.0	0.0	0.0	0.0	8.2	13.0	13.0	13.5
Energy	**16.5**	**9.7**	**8.8**	**17.0**	**18.8**	**26.7**	**25.5**	**30.1**
Access to electricity	16.5	9.7	8.9	9.0	10.8	13.7	12.5	16.6
Emergency/Presidential program/Electricity	0.0	0.0	0.0	8.0	8.0	13.0	13.0	13.5
Roads and Art Works	**39.1**	**45.4**	**33.4**	**47.1**	**51.4**	**101.7**	**80.2**	**112.7**
Road maintenance	0.5	2.4	2.1	5.1	2.3	11.4	8.7	6.0
Construction of art works	3.0	2.5	1.1	7.5	4.0	22.2	5.6	23.3
Other road projects	35.6	40.6	22.2	23.5	34.1	52.2	49.9	65.5
Emergency/Presidential program/maintenance and development	0.0	0.0	8.0	11.0	11.0	16.0	16.0	18.0
Social spending	**13.6**	**15.0**	**24.7**	**14.1**	**20.0**	**18.1**	**24.3**	**22.4**
General administration	8.6	9.8	8.9	9.0	15.1	13.4	19.1	16.1
Training for women	0.6	0.7	0.5	0.7	0.7	0.5	0.6	0.9
Orphanages, day nurseries, and social centers	1.5	2.0	1.9	2.5	2.2	2.1	2.3	3.1
Training of support staff	1.7	1.9	1.6	1.3	1.6	1.8	1.9	2.0
Indigents and victims of war or disaster	1.2	0.5	11.8	0.7	0.5	0.4	0.4	0.4
Decentralization (excl. education, health and agriculture)	**35.1**	**32.0**	**29.0**	**32.1**	**31.7**	**31.8**	**34.5**	**60.0**
Decentralization	35.1	32.0	29.0	32.1	31.7	31.8	34.5	60.0
Reconstruction	**1.4**	**2.6**	**5.6**	**1.2**	**0.3**	**13.0**	**2.9**	**10.4**
Reconstruction and rehabilitation	1.4	2.6	4.6	1.2	0.3	0.1	0.1	0.0
Emergency/Presidential program	0.0	0.0	1.0	0.0	0.0	12.9	2.9	10.4
Other poverty-fighting spending	**9.6**	**11.9**	**16.2**	**15.9**	**13.0**	**6.7**	**7.9**	**10.5**
Promotion and insertion of youth	8.4	8.9	13.7	13.4	7.6	5.1	5.4	8.1
Support and follow-up of DSRP	0.3	0.2	0.4	0.4	0.5	0.0	0.2	0.6
Development of tourism and craftmanship	0.9	2.8	2.0	2.1	4.9	1.6	2.3	1.8
TOTAL	**843.0**	**885.2**	**842.7**	**980.0**	**1,080.5**	**1,309.1**	**1,337.1**	**1,521.8**

Source: Ivorien authorities.

1/ Supplementary Budget Law.

Table 2. Côte d'Ivoire: Document Transmittals

Detailed tables to be transmitted monthly, quarterly, or annually to the IMF staff. Examples of each of these tables have been provided for illustration. The documents expected monthly are indicated by "M," those expected quarterly by "Q," and those expected annually by "AN." This list is not necessarily exhaustive.

Real sector (R)

General:

Table R.1: Cyclical Indicators *(M)*
Table R.2.1: Macroeconomic Framework *(AN)*
Table R.2.2: Supply-use accounts, current francs *(AN)*
Table R.2.3: GDP in francs (n-1): annual variation in volume *(AN)*
Table R.2.4: GDP deflators year (n-1) *(AN)*
Table R.2.5: Macroeconomic framework, underlying assumptions *(AN)*
Table R3: Price index *(M)*

Energy:

Table R.4.1: Summary crude oil and gas production *(M)*
Table R.4.2: Crude oil and gas production – CI11 *(M)*
Table R.4.3: Crude oil and gas production – CI26 *(M)*
Table R.4.4: Crude oil and gas production – CI27 *(M)*
Table R.4.5: Crude oil and gas production – CI40 *(M)*
Table R.4.6: Crude oil and gas – volume, price, and financial flows *(M)*
Table R.4.7: Ivorian Refinery (SIR) activities *(M)*
Table R.4.8: SIR: transfers to warehouses and exports *(M)*
Table R.4.9: Activities of marketers *(M)*
Table R.4.10: Goods released to market by type of tax *(M)*
Table R.4.11: Financial flows in cash, Electricity Sector Asset Management Company (*Société de Gestion du Patrimoine du Secteur Electricité,* SOGEPE) *(M)*
Table R.4.12: Operating financial flows, SOGEPE *(Q)*
Table R.4.13: Crude oil: Shipment report (Q)
Table R.4.14: Petroleum revenue: Structure of maximum sales prices (M).

Coffee/cocoa:

Table R.5.1: Quasi-fiscal levies and fees, and utilization – operations *(Q)*
Table R.5.2: Quasi-fiscal levies and fees, and utilization – investment *(Q)*
Table R.5.3: Investments in funds managed by the Coffee/Cocoa Committee *(Q)*
Table R.5.4: Bank accounts *(Q)*

Balance of Payments sector (B)

Table B.1.1: Summary table of foreign trade *(AN)*
Table B.1.2: Imports (source DGD - monthly) *(M)*
Table B.1.3: Exports (source DGD - monthly) *(M)*
Table B2.1: Detailed balance of payments (including capital account) CFA francs *(AN)*
Table B.2.1.a: Exports – quantities *(Q)*
Table B.2.1.b: Exports – unit prices *(Q)*
Table B.2.2.a: Imports – quantities *(Q)*
Table B.2.2.b: Imports – unit prices *(Q)*
Table B.3: Balance of Payments: Summary presentation *(AN)*

Monetary sector (M)

Table M.1: Banks *(M)*
Table M.2: Summary BCEAO position *(M)*
Table M.3: Net government position *(M)*
Table M.4: Changes in net foreign assets (NFA) *(M)*
Table M.5: Integrated Monetary Survey *(M)*
Table M.6: Government liabilities to banks *(M)*

Fiscal sector (F)

Table F.1: Table of government financial operations (TOFE) *(M)*
Table F.2: Estimated government tax revenue *(M)*

Domestic arrears:

Table F.3.1: Domestic arrears *(M)*
Table F.3.2: Consolidated Treasury balances outstanding *(M)*
Table F.3.3: Treasury balances outstanding - targets/execution *(M)*
Table F.3.4: Clearings and securitizations *(M)*

Domestic and foreign debt:

Table F.4.1: Domestic debt *(M)*
Table F.4.2: Total domestic debt *(M)*
Table F.4.3: Negotiable instruments *(M)*
Table F.4.4: Explanation of variances in domestic debt service *(M)*
Table F.5.1: Foreign debt *(M)*
Table F.5.2: Details of foreign debt *(M)*
Table F.5.3: Analysis of projected foreign debt service variances *(M)*
Table F.5.4: Projected debt service (Q)

Post-crisis:

Table F.6: Crisis- and election-related expenditures *(M)*

Treasury advances:

Table F.7.1: Advances from the Treasury *(M)*
Table F.7.2: Treasury advances reclassified *(M)*

Investment:

Table F.8: Investment expenditures *(M)*

Social/pro-poor expenditures:

Table F.9.1: Education and health expenditures – other *(M)*
Table F.9.2: Education and health expenditures – personnel/operations/transfers/ investments *(M)*
Table F.9.3: Subsidies and transfers: Targeted social expenditures *(M)*
Table F.9.4: Execution of social expenditures *(M)*
Table F.9.5: Execution of pro-poor expenditures *(M)*
Table F.9.6*:* Budget execution report (SIGFIP) detail/category (Q)

Other revenue and expenditures:

Table F.10: Other operating expenses *(M)*
Table F.11: CNPS and CGRAE social security and civil service pension contributions *(M)* Table F.12: Summary table of expenditures *(M)*
Table F.13: Summary table of nontax revenue and grants *(M)*

VAT credits:

Table F.14.1: Summary statistical statement of VAT credit refunds (monthly) *(M)*

Financing:

Table F.15.1: Issues/redemptions of public debt *(M)*
Table F.15.2: Bridge loans and other Treasury advances *(M)*

Wage bill:

Table F.16.1: Projected wage bill *(Q)*
Table F.16.2: Changes in wage bill *(Q)*

Table F.16.3: Wage bill framing *(AN)*
Table F.16.4: Projected new recruits *(AN)*

Special accounts:

Table F.17.1: ECOWAS levy (PCC) *(AN)*
Table F.17.2: WAEMU levy (PCS) *(AN)*
Table F.18: Proceeds from privatization and sale of assets *(AN)*

Cash flow plan:

Table F.20.1: Annual cash flow, resources/expenditures plan *(AN)*
Table F.20.2*:* Execution of cash flow plan (*M)*
Table F.20.3: Overall balance of Treasury account

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

May 22, 2014

FIFTH REVIEW UNDER THE THREE-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND REQUESTS FOR MODIFICATION OF PERFORMANCE CRITERIA AND EXTENSION OF THE CURRENT ARRANGEMENT—INFORMATIONAL ANNEX

Prepared By

African Department
(In Consultation with other departments)

CONTENTS

RELATIONS WITH THE FUND

(As of April 30, 2014)

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

General Resources Account:	**SDR Million**	**%Quota**
Quota	325.20	100.00
Fund holdings of currency (Exchange Rate)	324.20	99.69
Reserve Tranche Position	1.00	0.31

SDR Department:	**SDR Million**	**%Allocation**
Net cumulative allocation	310.90	100.00
Holdings	272.78	87.74

Outstanding Purchases and Loans:	**SDR Million**	**%Quota**
RCF loans	81.30	25.00
ECF Arrangements	528.54	162.53

Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	Nov 04, 2011	Nov 03, 2014	390.24	308.94
ECF [1/]	Mar 27, 2009	June 23, 2011	373.98	230.89
ECF [1/]	Mar 29, 2002	Mar 28, 2005	292.68	58.54

Projected Payments to Fund (without HIPC Assistance) [2/]
(SDR Million; based on existing use of resources and present holdings of SDRs):

	2014	2015	2016	2017	2018
Principal	4.64	39.02	46.18	85.20	109.59
Charges/Interest	0.04	1.52	1.41	1.25	1.02
Total	4.68	40.54	47.59	86.45	110.61

Implementation of HIPC Initiative:

I. Commitment of HIPC assistance	Framework	Framework	Total
Decision point date	Mar 1998	Apr 2009	
Assistance committed			
by all creditors (US$ Million)[3/]	345.00	3,109.58	
Of which: IMF assistance (US$ million)	22.50	38.66	
(SDR equivalent in millions)	16.70	25.85	
Completion point date	--	June 2012	

II. Disbursement of IMF assistance (SDR Million)	Framework	Framework	Total
Assistance disbursed to the member	...	25.85	25.85
Interim assistance	...	15.13	15.13
Completion point balance	...	10.72	10.72
Additional disbursement of interest income [4/]	...	0.57	0.57
Total Disbursements	...	26.42	26.42

[1] Formerly PRGF.

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

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

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

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

Implementation of Post-Catastrophe Debt Relief (PCDR): 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).

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

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.

Article IV Consultation:

Côte d'Ivoire is on the 24-month Article IV consultation cycle for program countries. The Executive Board concluded the last Article IV consultation with Côte d'Ivoire in December 2013. The next Article IV consultation is planned for September/October 2015.

Technical Assistance:

	Area	Focus
2011	Multitopic (July)	Strengthen the capacities of all the stakeholders involved in the compilation and production of the Table of Financial Operations (TOFE); launch the GFS source data collection; and elaborate a strategy to implement the West African Economic and Monetary Union (WAEMU) common GFS guideline (*Directive n°10/2009/CM/UEMOA, portant TOFE*∗.
	Debt management (July)	Advice on the treatment of domestic debt, in particular government securities.
	Customs administration (August)	Follow-up
	FSAP follow up (August)	Advice on resuming formulation of the financial sector development strategy, managing public debt, and solving banking sector problems.
	Public expenditure management (October)	Diagnostic mission
	Government financial statistics (October/November)	TOFE follow-up
	Public expenditure management	Computerization
	FSAP follow up (November)	Advice on resuming formulation of the financial sector development strategy, managing public debt, and solving banking sector problems.
	National accounts (December)	Assessment of the possibility to develop quarterly national accounts (QNA).

	Area	Focus
2012	Government financial statistics (January/February, November/December)	TOFE follow-up
	Tax administration (January; September)	Workshop
	Customs (February)	Workshop
	Tax administration (February; December)	Modernization of fiscal administration in Côte d'Ivoire.
	Public wage bill management (December)	
	Customs (March/April)	Follow-up
	Multi-topic (April)	AFRITAC Steering Committee
	Fuel pricing (June)	Workshop
	National accounts (July, Oct/Nov)	Set up quarterly national accounts
	Debt Management (May, September)	Medium Term Debt Strategy (MTDS)
	Tax policy (July/August)	Review and diagnosis
2013	Public expenditure management	Budgeting strategy
	Public Debt Management (January/October)	Workshop on Debt sustainability analysis
	Customs/tax administration (January)	Workshop
	Statistic real sector (January/March/November)	Quarterly national accounts
	Strategy and Roadmap to Program Budgeting (January)	Workshop
	Cash management (February)	Treasury Single Account
	Debt management (February)	Reorganization of the Debt directorate
	Government Finance Statistics (March)	Migration to GFSM 2001
	Customs administration (March/September/December)	Modernization of customs administration
	Public wage bill management (April)	Regional workshop (AFRITAC)
	Wage bill management strategy (May)	Budgeting strategy
	Medium-term expenditure framework (June)	Budgeting strategy
	Accounting (July)	Accrual accounting
	Tax policy (August)	VAT reform

	Area	Focus
	Banking sector (August)	Public bank restructuring
	Tax administration (September)	Modernization of fiscal administration
	Debt management (September)	Update the DSA
	Public financial management (September)	Medium-term expenditure framework
	National Accounts-AFRITAC (September)	Quarterly GDP
	Customs Administration -AFRITAC (October)	Risk-based analysis in Customs
	Revenue administration (November)	Strengthen tax administration
	Public financial management-AFRITAC (November)	Financial information system reform
	Government Finance Statistics -AFRITAC (November)	Producing the TOFE based on the trial balance and implementing WAEMU directives
	Public financial management-AFRITAC (December)	Support the formulation of a strategy to improve accounting procedures, consistent with WAEMU directives
2014	Public Financial Management (January)	Budget execution and spending procedures
	Customs Administration -AFRITAC (February)	Modernize customs
	Cash management (April)	Treasury Single Account
	National Accounts-AFRITAC (April)	Quarterly GDP

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

JOINT BANK-FUND WORK PROGRAM, 2014–15

(As of May 2014)

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**:		
	Second Poverty Reduction Support Credit	January 2014 to June 2014	September 2014 (for Effectiveness and Disbursement)
	Cote d'Ivoire Health result Based Financing Project	July-August 2014	December 2014
	Cote d'Ivoire - POPs Pesticides Management Project		December 2014
	Governance and Institutional Development Grant Additional financing		Q3, 2014
	CI-Productive Social Safety Net	May – June 2014	May 2015
	Parliament capacity Building project		Ongoing
	Territorial Governance and Local Development		February 2015
	Economic and Sector Work:		
	SPF - Identification		July 2014
	Côte d'Ivoire Urbanization Review		December 2014
	Support to strengthen PFM reform environment		June 2014
	Côte d'Ivoire Country Statistical Brief		May, 2014
	Policy Note on Growth and Competitiveness		September 2014
	Public Expenditure Reviews in the Health and Education Sectors		December 2014
	Technical Assistance/Other Analytical:		
	Competitive Industries and Innovation Program (Activity under mobilization)	November 4–14, 2014	FY14-15
	Support to Cote d'Ivoire land tenure policy		June 2015
	CI - Assessing the impact of crises on HD		December 2015
	Capacity Building for Business Journalists		Ongoing
	ICT re-engagement and applications		Q3, 2014

	Technical Assistance/Other Analytical (continued):		
	CI HD impact of the crisis		December 2015
	Strategic Country Diagnostic (SCD)		Concept Note Review Meeting at end-May 2014
	Economic and Poverty Monitoring		On-going
	Monitoring, Advice and comments on of the implementation of cocoa sector strategy		On-going
	Support to improve Local Government PFM		June 2014
	Health Financing Strategy		December 2014
IMF work program in the next 12 months	**Program**:		
	6th ECF review under ECF (Sep. 2014)		
	Staff visit (March 2015)		
	Technical Assistance:		
	Budget management information system - AFRITAC	May 2014	
	VAT administration – AFRITAC	May 2014	
	Accounting and financial reporting - AFRITAC	June 2014	
	Customs intelligence - AFRITAC	June 2014	
	Treasury Single Account - AFRITAC	June 2014	
	Tax general Directorate Reorganization	June and November 2014	
	Tax audit	July and December 2014	
	Customs risk management - AFRITAC	August 2014	
	Tax management information system	September 2014	
	Budget classification - AFRITAC	October 2014	
	Revenue accounting - AFRITAC	October 2014	
	Government Finance Statistics - AFRITAC	November 2014	
	Government Finance Statistics - AFRITAC	November 2014 and March 2015,	
	Customs reform strategy	December 2014	
	Tax administration modernization	December 2014	
	Tax policy (VAT reform)	First quarter of 2015	
	Budget preparation	January 2015	
	National accounts	2014/2015	2015

Title	Products	Provisional Timing of Missions	Expected Delivery Date
B. Requests for Work Program Inputs			
Fund requests to Bank	Periodic updates on budget implications of reforms in the civil service, coffee/cocoa sector, electricity sector, financial sector, as well as an infrastructure master plan.		Ongoing
Bank requests to Fund	Regular updates on macro-economic and fiscal projections		Ongoing

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

Bank Group Portfolio:

Since it started operations in Côte d'Ivoire in 1971, the AfDB has so far approved 70 operations for the country, of which 41 have been fully completed, 14 cancelled, 7 ongoing (2 newly approved). All approved operations amount to a net commitment of UA 1,369 million (CFA F 1,033 billion). AfDB Group-financed operations have been mainly loan-based and channeled, by order of importance, to the multi-sector (24%), the social sector (20,68%), the rural development and agriculture sector (20,40%), transport (17,32%), energy and telecommunications (13,67%), water/sanitation (3,8%) and finance (0,2%). The operations were financed mainly with resources from the ADB window (more than 70%). The bulk of these funds (92, 36%) were directed towards the public sector. It should be noted that funding for the private sector concerns electricity, telecommunications, transport and industry. In addition to bilateral funding, Côte d'Ivoire received additional ADF resources to finance studies and/or projects in the fields of infrastructure and agriculture, to enhance subregional integration in West Africa.

Considering the long period of inactivity of the portfolio (six years) due to the suspension of disbursements to the country, the Bank in 2009: (i) streamlined the portfolio by cancelling the outstanding balance of eight old operations; and (ii) in June 2011, restructured two other operations (PADER-Moyen-Comoé and PVRH). With the prospects of recovery in economic activity since the end of the post-election crisis, particularly the restoration of government services, the portfolio will be improved.

Since the end of the post-election crisis, the Bank approved, in accordance with the pillars of the 2012 Country Brief, five operations, totaling UA 242.2 million (CFA F 182.8 billion). These include: (i) The Emergency Programme to Restore Basic Social and Administrative Services (PURSSAB); (ii) The agricultural infrastructure support project in the region of Indénié-Djuan (PAIA-D); (iii) The Project construction of bridge toll Henri Konan BEDIE; iv) Azito power expansion project (Private sector) and (v) Ciprel power expansion project (Private sector). With these approvals, the Bank's active portfolio includes nine operations for a total amount of commitments of nearly UA 194 million (CFA F 146.5 billion). In 2013, two (2) news projects, totaling UA 42 million, have been approved by the AFDB Board under the new Country Strategy Paper (CSP) 2013–14 namely: (i) Youth Employability and Insertion Support Programme and, (ii) Côte d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) Interconnection Project as indicated above.

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

Status of Bank Active Portfolio as of March 2014—in UA Million (1 UA=1SDR)		
Operations	**Amount (in UA Million)**	**Purpose/Remarks**
On-going projects (public window):		
1. Targeted Capacity Building Support	2	Approved in December 2009 under the Fragile States Facility, , the objective of this project is to: (i) strengthen the coordination framework for government interventions; (ii) support implementation of the PRSP; (iii) improve the efficiency of public financial management; and (iv) strengthen good governance.
2. Gourou Basin Integrated Management Project (Sanitation of Indenié junction and the Lagoon)	23	The ADF Board of Directors on November 24, 2010 approved a grant of UA 23 million to finance this project. This grant was put in place in June, 2011.
3. Emergency Programme to Restore Basic Social and Administrative Services (PURSSAB) and Targeted support to strengthen the capacity of the administration	5.5	The main purpose of this program, approved on June 3, 2011, is to contribute in the national budget to restoring basic social and administrative services, social cohesion and reconciliation as stated in the Government's request. The program seeks to address the country's urgent needs through the restoration of basic health, educational and social welfare services, water and sanitation networks, public administration services, as well as dialogue, social cohesion and reconciliation mechanism.
4. Agricultural infrastructure support project in Indéné-Djuablin Région (PAIA-ID)	21.6	The project will contribute to improving food security and reducing poverty in rural areas. Specifically, it aims to increase, on a sustainable basis, the production and productivity of major crops, as well as improve marketing conditions.
5. Youth Employability and Insertion Support Programme,	18,8	The project aims to support the most promising employment and vocational training with a view to creating direct jobs for women and youths. The objective is to assist for changing the profile of future labour through reforms (gradual shift to steer the educational system to respond to economic demand and act on rapidly growing labour flows)
6. Côte d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) Interconnection Project –Multinational	33,00	The project support the energy sector in the context of a regional operation aimed at interconnecting the power grids of Côte d'Ivoire with other Mano River Union member countries (Liberia, Sierra Leone and Guinea).

Status of Bank Active Portfolio as of March 2014—in UA Million (1 UA=1 SDR) (concluded)		
Operations	**Amount (in UA Million)**	**Purpose/Remarks**
Private sector		
7. Project construction of bridge toll Henri Konan BEDIE	50	Henri Konan Bédié Bridge is a public private partnership (PPP) based on a Build Operate Transfer (BOT) concession of 30 years. It involves the building of a toll bridge over the Ebrié Lagoon linking the South and North shores of Abidjan.
8. Azito power expansion project	26	Expansion of the Azito power plant in Côte d'Ivoire, by converting the existing simple-cycle power plant of 2 x 144 MW gas-fired turbines to a combined-cycle power plant, thereby increasing the capacity of the facility to approximately 430 MW.
9 Ciprel power expansion project	44	Expansion of the Ciprel power plant to a combined cycle turbine facility in Côte d'Ivoire to be built in two phases: phase A, construction of a gas turbine (111MW of power), phase B deployment of a combined cycle turbine for additional 111MW of generation. The project will increase the capacity of the plant by 222MW.
10. Microcredit Côte d'Ivoire (equity participation and technical assistance)	1.5	It is a microfinance project which comprises two parts. The equity participation part was signed on June 2013; the technical assistance part will be signed on November 2013.

Strategy for Re-engagement by AfDB in Côte d'Ivoire

To assist Côte d'Ivoire in addressing its immense needs, the Bank is committed to a rapid operational re-engagement. Consistent with the AfDB's Fragile States Facility, a Country Brief defines the framework for the Bank's rapid re-engagement in Côte d'Ivoire over the period 2011–12. A full Country Strategy Paper (CSP) has been approved by AFDB Board at the beginning of December 2013. The strategy focused on the following two pillars: (i) Strengthening Governance and Accountability; and (ii) Infrastructure Development in support of Economic Recovery. Pillar 1 aims to create an environment that will foster socio-economic inclusion and address the demands for improved governance and basic service delivery to the population. Pillar 2 aims to promote the optimal use of natural resources through the development of high quality infrastructure in the agriculture, transport and energy sectors, in order to bolster economic recovery.

Indicative Work Program for 2014 and 2015

Description	Amount (in UA Million)	Year
- Support to social cohesion (budget support under preparation)	30	2014
- Côte d'Ivoire-Mali regional road Project (under preparation)	90	2014
- Support for economic and social reintegration (re-scheduled from 2014 to 2015)	15	2015
- Agro-industrial Infrastructure Support Project in the Centre Region	30	2015
- Public Finance Reform Plan Implementation and SME Support Project	10	2015
- San Pedro Regional Port Extension Project (private sector)	50	2015/2016

STATISTICAL ISSUES

(As of April 2014)

I. Assessment of Data Adequacy for Surveillance	
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. In February 2013, Côte d'Ivoire approved the African Statistics Chart, adopted in February 2009 in Addis Ababa to have reliable data for its internal governance, and also for positioning the country in the regional and international trade. The new law organizing national statistics was approved in July 2013. A census is taking place in 2014.	
National Accounts: Comprehensive national accounts data for 1996 onwards was compiled in line with the 1993 System of National Accounts methodologies, using 1996 as the base year. As the base year is dated, the authorities are drafting a plan to implement a new base year and update implicit deflators. Accounts for 2010 and 2011 have been completed. There is ongoing work on quarterly national accounts with the Fund support through AFRITACWEST, with the first quarterly data projected to be available in early 2015.	
Price statistics: A harmonized consumer price index (CPI) has been adopted by all WAEMU members. A new base year (2008) has been adopted in 2010.	
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 addressing weaknesses in coverage of general government units and public enterprises and are making efforts to improve the reconciliation of fiscal and monetary data. In addition, the authorities are receiving assistance from Afritac to use accounting data for reporting budgetary central government operations, and progressively implement GFSM 2001. The report on financial operations executed by the government over the crisis period (January–April 2011) is still not available.	
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.	
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. BCEAO headquarters delineates the methodology and calculates international reserves managed for WAEMU countries. With respect to merchandise trade, the customs computer system allows for satisfactory monitoring of trade data, but the coverage of services and transfers, has shortcomings. Concerning the financial accounts, foreign assets of the private nonbanking sector are not adequately covered, while reporting of private capital flows, especially foreign direct investment in Côte d'Ivoire, is weak. There is also not sufficient information on private debt stocks and debt service flows.	
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 April 2014)

	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]	02/14	04/14	M	M	M
Reserve/Base Money	02/14	04/14	M	M	M
Broad Money	02/14	04/14	M	M	M
Central Bank Balance Sheet	02/14	04/14	M	M	M
Consolidated Balance Sheet of the Banking System	02/14	04/14	M	M	M
Interest Rates[2]	02/14	04/14	I	M	M
Consumer Price Index	02/14	04/14	M	M	M
Revenue, Expenditure, Balance and Composition of Financing[3] – General Government[4]	02/14	04/14	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt[5]	12/2013	03/2014	M	M	M
External Current Account Balance	12/2013	03/2014	A	A	A
Exports and Imports of Goods and Services	02/14	04/2014	M	M	M
GDP/GNP	2013	03/2014	A	A	A
Gross External Debt	12/2013	03/2014	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
COMMUNICATIONS DEPARTMENT

Press Release No. 14/266
FOR IMMEDIATE RELEASE
June 6, 2014

International Monetary Fund
Washington, D.C. 20431 USA

IMF Executive Board Completes Fifth ECF Review for Côte d'Ivoire, Approves US$ 75 Million Disbursement

The Executive Board of the International Monetary Fund (IMF) today completed the fifth review of Côte d'Ivoire's performance under an economic program supported by a three-year Extended Credit Facility (ECF) arrangement. The Board's decision, which was taken without a formal meeting,[1] enables the immediate disbursement of SDR 48.78 million (about US$ 75.2 million), bringing total disbursements under the arrangement to SDR 357.72 million (about US$ 551.4 million).

The Executive Board approved the ECF arrangement for Côte d'Ivoire on November 4, 2011 for SDR 390.24 million (120 percent of the country's quota in the IMF, see Press Release No. 11/399).

Côte d'Ivoire's macroeconomic performance was impressive in 2013. Real GDP growth is estimated to have reached 8.7 percent, driven by strong domestic demand and exports. Average annual inflation remained moderate at 2.6 percent, while the fiscal position improved. Higher Foreign Direct Investment inflows and project loans financed the moderate widening of the external current account deficit.

Performance under the ECF-supported program remains good. All performance criteria and all but one indicative targets for end-December 2013 were met. Progress on the structural reform agenda was satisfactory, notably with the adoption of a medium-term wage bill strategy and a time-bound action plan for restructuring public banks. Some steps have also been taken to improve the business climate, and strengthen public financial management and tax administration.

Côte d'Ivoire's macroeconomic prospects for 2014 remain positive. A broad stabilization of growth at a high level (8½ percent) is projected, supported by sustained strong domestic demand. Average annual inflation is expected to decline to 1.2 percent. The overall fiscal deficit would remain moderate at 2.3 percent, while higher FDI inflows and project loans are projected to finance a widening of the external current account deficit.

[1] The Executive Board takes decisions without a formal meeting when it is agreed by the Board that a proposal can be considered without convening formal discussions.

The main challenges for Côte d'Ivoire are to sustain the growth momentum and improve its inclusiveness through forceful implementation of the structural reform agenda. Priority areas include further improving the business climate to foster private sector development, implementing the action plan for restructuring public banks and, more generally, developing the financial sector. In addition, there is a need for increasing the transparency and efficiency of public spending, improving cash planning and cash management, further reinforcing the financial situation of the electricity sector while investing to increase energy supply, and strengthening debt management through a prompt reorganization of the debt unit. In the medium term, bringing down the wage bill as a share of tax revenue will help implement the envisaged universal health insurance system in a sustainable manner and, more broadly, create fiscal space for needed development and social spending.