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CÔTE D'IVOIRE

December 2015

EIGHTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR CÔTE D'IVOIRE

In the context of the eighth review under the extended credit facility arrangement, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on December 9, 2015, following discussions that ended on September 25, 2015, with the officials of Côte d'Ivoire on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the staff report was completed on November 24, 2015.
- An **Informational Annex** prepared by the IMF staff.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.
- A **Statement by the Executive Director** for Côte d'Ivoire.

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 Staff Report

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

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December 9, 2015

International Monetary Fund
Washington, D.C. 20431 USA

IMF Executive Board Completes Eighth Extended Credit Facility Review for Côte d'Ivoire and Approves US$67.7 Million Disbursement

The Executive Board of the International Monetary Fund (IMF) today completed the eighth and last review under the Extended Credit Facility (ECF)[1] Arrangement for Côte d'Ivoire. The completion of the review enables the immediate release of SDR 48.78 million (about US$67.7 million), bringing total disbursements under the ECF arrangement to SDR 520.32 million (about US$722.2 million).

The Executive Board approved the ECF arrangement for Côte d'Ivoire on November 4, 2011 (see Press Release No. 11/399). It aimed to restore a sustainable fiscal and external position, while achieving high growth and reducing poverty.

In completing the review, Mr. Mitsuhiro Furusawa, Deputy Managing Director and Acting Chair, made the following statement:

"Côte d'Ivoire's economic performance over the course of the arrangement with the Fund has been impressive. Macroeconomic stability has been restored and strong growth over the last four years has lifted real per capita income by some 20 percent. The fiscal position has also strengthened, while needed infrastructure and pro-poor spending have increased. As a result, poverty has declined but remains high.

"Program implementation has continued to be strong this year. All end-June performance criteria and indicative targets were met. However, progress in structural reform has been mixed. Four of the seven structural benchmarks under the eighth review were met, while

[1]The ECF has replaced the Poverty Reduction and Growth Facility as the Fund's main tool for medium-term financial support to low-income countries. Financing under the ECF currently carries a zero interest rate, with a grace period of 5.5 years, and a final maturity of 10 years. The Fund reviews the level of interest rates for all concessional facilities every two years.

three others are being implemented with minor delays. The authorities are appropriately taking steps to maintain the momentum of economic reforms.

“The near-term macroeconomic outlook remains favorable, with real GDP growth projected to remain strong. The 2016 draft budget goes some way toward further strengthening the fiscal position, but more ambitious consolidation going forward, including by streamlining tax exemptions, would help address emerging fiscal risks and make room for needed social programs. Additional steps to improve public finance and debt management would also boost the policy framework.

“The authorities should continue to pursue ambitious reforms to strengthen the financial sector, improve the business climate, and foster private activity and economic diversification. Improving the provision of statistics, beginning with national accounts, should also remain an important priority.”

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

November 24, 2015

EIGHTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT

EXECUTIVE SUMMARY

Background. President Ouattara was reelected in a landslide victory on October 25, 2015. The election was peaceful, and considered free and fair by international observers. Growth performance continues to be strong and inflation low. All end-June performance criteria and indicative targets were met. Four out of the seven structural benchmarks under the eighth ECF review (through September) were met. This is the last review under the current ECF arrangement, which expires on December 31, 2015, and the authorities have expressed interest in negotiating a successor program in early 2016.

Policy discussions. Discussions focused on the appropriate fiscal stance for 2015–16 and the medium term. The authorities are committed to achieving the program overall deficit target of 3.7 percent of GDP in 2015, and they intend to lower the deficit to 3½ percent of GDP in 2016. While supporting the fiscal stance in 2016, staff called for a more ambitious fiscal adjustment going forward (primarily through tax policy measures) in light of mounting fiscal risks. In addition, measures to strengthen public financial and debt management were addressed. Discussions also included reforms needed to foster private sector development and strengthen economic statistics.

Outlook and risks. The macroeconomic outlook remains strong with high projected growth rates supported by sustained improvements in the business climate and rising private investment, including in large PPP infrastructure projects. Risks to the near-term growth outlook are moderately tilted to the downside. Adverse weather due to El Niño could lower output and the failure to contain fiscal risks could weaken the fiscal accounts. Additional risks to the macroeconomic outlook include tighter and more volatile global financial conditions that could hinder access to international capital markets and slower growth in emerging and developing economies. On the upside, these risks are balanced by a possibly even stronger than programmed rebound of private investment following the peaceful outcome of the presidential election.

Staff supports the authorities' request for completion of the eighth (and last) ECF review. The disbursement released upon completion of this review would be an amount equivalent to SDR 48.78 million.

Approved By
Abebe Aemro Selassie (AFR) and Peter Allum (SPR)

The discussions took place during September 9–25, 2015 in Abidjan, Côte d'Ivoire. The staff team comprised Messrs. Lazare (head) and Koulet-Vickot, Ms. Macario (all AFR), and Messrs. Dicks-Mireaux (SPR) and Wiest (FAD). Ms. Coulibaly, economist at the Resident representative's office, assisted the mission. Mr. Allé (OED) participated in the discussions.

CONTENTS

APPENDIX

Glossary

AfDB	African Development Bank
ANSUT	National Agency for Universal Telecommunications Services
BCEAO	Central Bank of West African States
CFAF	African Financial Community Franc
CGRAE	Civil Service Pension Fund
CNPS	Private Sector Pension Fund
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
EITI	Extractive Industries Transparency Initiative
FAD	Fiscal Affairs Department
FIRST	Financial Sector Reform and Strengthening Initiative
GDP	Gross Domestic Product
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
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

RECENT DEVELOPMENTS, PROGRAM PERFORMANCE, OUTLOOK AND RISKS

A. Context

1. **The presidential election held on October 25 was peaceful, and considered free and fair by observers**. This is in sharp contrast with the violence surrounding the 2010 elections and the post-electoral crisis in 2011. The incumbent President Ouattara, supported by a strong coalition that included his party (RDR) and former President Bédié's party (PDCI), faced a divided opposition. Mr. Ouattara was re-elected in the first round in a landslide victory (almost 84 percent of votes), with a participation rate of about 53 percent. His main challenger, Mr. Affi N'Guessan from the FPI, the party of former President Gbagbo, came in second place with about 9 percent of the votes.

Box 1. Initial Objectives of the 2011 Three-Year Arrangement Under the Extended Credit Facility

In November 2011, the authorities requested a three-year ECF arrangement, which was later extended by one year, to support their medium-term priorities of achieving high sustained growth, reducing poverty, and restoring a sustainable fiscal and external position. To this end:

- *Fiscal policy* would create fiscal space for an increase in pro-poor and public investment spending, while establishing fiscal and debt sustainability. In particular, the overall deficit would be reduced from about 8 percent of GDP projected (at that time) for 2011 to 3 percent over the medium term. The wage bill and energy subsidies would be kept under control, while public financial and debt management would be strengthened.

- *The structural reform agenda focused on:* (i) improving the business climate; (ii) strengthening the financial situation of the energy sector and increasing generation capacity; (iii) improving the management of state enterprises and streamlining the government's portfolio by reducing the number of public enterprises by 25 percent; (iv) reducing vulnerabilities in the banking sector through public bank restructuring, and fostering financial sector development; and (iv) reforming the cocoa/coffee sectors.

2. **Implementation of the 2011–15 ECF Arrangement has, by and large, resulted in achieving most of the initial program objectives.** Policies under the arrangement supported a return to macroeconomic stability and underpinned strong growth (the 2012–15 average annual growth has been almost 9 percent) and low inflation:

- Prudent fiscal policy lowered the deficit to under 4 percent of GDP from 5.4 percent of GDP, while opening up space for high growth enhancing public investment and pro-poor spending.

- Progress in structural reform areas has been mixed. The cocoa sector reform, facilitated by high cocoa prices on global markets, allowed a large share of rural families to earn higher incomes.[1] Reforms to the business climate allowed the country to significantly improve its rankings on various international indices, including the World Bank's Doing Business index. While PFM has improved, serious weaknesses still persist; in particular, the use of exceptional spending procedures remains excessive. Considerable steps have been taken to improve the financial position of the energy sector, but the refinery and the state oil company continue to face strong financial constraints. The public sector banks are being restructured, but overall weak public banks continue to pose a fiscal risk. Implementation of the financial sector development strategy has lagged. Progress in non-financial public enterprise reform has been disappointing and largely lacking.
- Côte d'Ivoire reached the HIPC Completion point in June 2012, and received substantial debt relief under the HIPC and MDRI initiatives. It has successfully accessed the international Eurobond market in 2014 and 2015. Most recently in early November 2015, Moody's upgraded Côte d'Ivoire's risk rating from B1 (positive outlook) given in 2014 to Ba3 (stable outlook). Debt management was also strengthened.

3. Despite decreasing in recent years, the poverty rate has remained elevated. According to the 2015 household survey, poverty incidence, as measured by the proportion of the population living below the national poverty line[2,] stood at 46.3 percent in 2015 compared to 48.9 percent in 2008 [3]. Poverty has remained more pronounced in rural areas (56.8 percent) than in urban spaces (35.9 percent). Inequality, as measured by the consumption-based Gini index, declined moderately from 0.420 in 2008 to 0.405 in 2015.

B. Recent Developments and Program Performance

4. The acceleration in growth in early 2015 is expected to be sustained through the end of the year (MEFP ¶13). Economic activity picked up further in the first semester of 2015, driven by the cocoa, mining, construction, and transport sectors, and public investment projects, and by private investment as well.[4] This buoyant activity has resulted in an upward revision of projected 2015 growth to 8.4 percent from a 7.9 percent estimate at the time of the seventh ECF review.[5] Inflation remains low (1.2 percent both y-o-y in August and on a 12-month average basis).

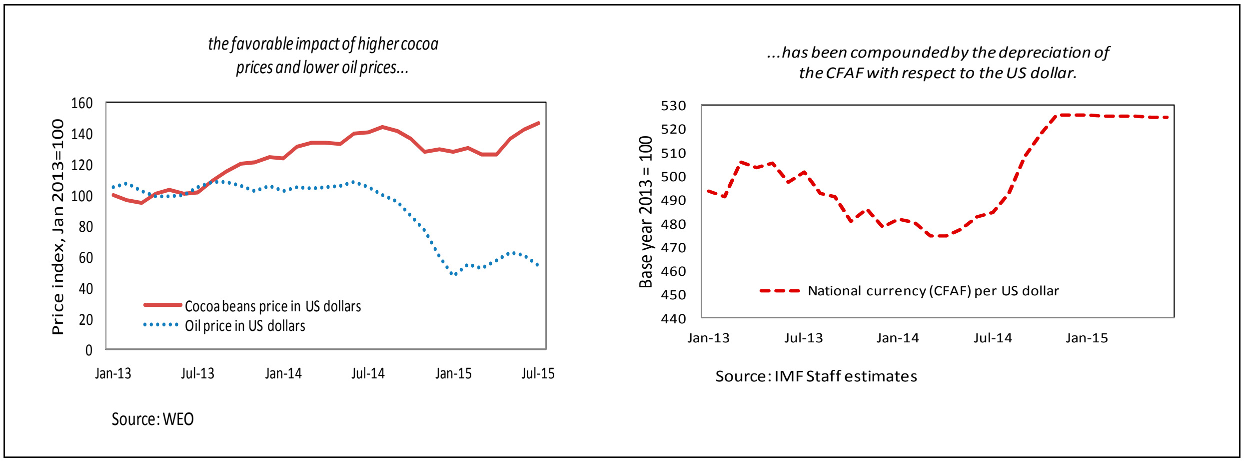
[1] The high price of cocoa on international markets along with the depreciation of the FCFA (pegged to the Euro) against the US dollar boosted the price in domestic currency. This in turn allowed the Cocoa Board to increase the cocoa price paid to producers, for the third year in a row, to a 2015 harvest price of one thousand francs/kg, an increase of about 20 percent over the previous year.

[2] The national poverty line is at CFAF 737 a day (equivalent to US$1.25) in 2015.

[3] This modest poverty reduction over the last 7 years might be due to a base effect: the poverty rate may have significantly increased in 2010/11 at the time of the post-election crisis.

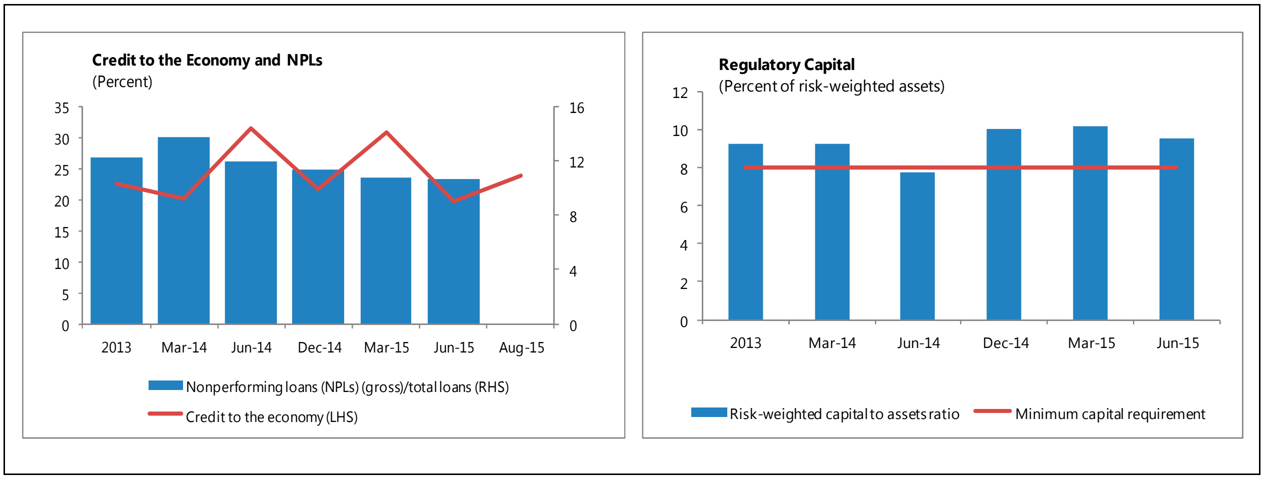
[4] In addition, Côte d'Ivoire has become the world's top exporter of cashew nuts.

[5] The authorities project a still higher growth rate for 2015 of 9½ percent.



5. The external environment has remained favorable so far. Higher cocoa prices, lower international oil prices, and the depreciation of the CFA franc vis-à-vis the US dollar have resulted in an improvement in the terms of trade of almost 30 percent. Against this background, imports through June 2015 increased significantly, mainly due to higher imports of consumption goods and construction materials. During the same period, exports rose by almost 14 percent in value, essentially due to higher cocoa exports (excluding cocoa, export value would have remained almost flat).

6. Credit conditions are broadly balanced, and the soundness of the banking system has strengthened (MEFP ¶9). Credit to the economy continued to expand strongly, albeit at slower rates than a year ago (24 percent y-o-y as of end-August, versus 28½ percent for the same period last year.). Credit growth is consistent with the strong rate of growth of the economy and has been fueled by strong agriculture output (crop credit) and by higher investment (medium-term credit). Despite this strong growth, financial intermediation is still low as measured by the total credit-to-GDP ratio (20 percent). As of end-June, the capital adequacy ratio for the banking system strengthened to 9.6 percent (above the minimum regulatory threshold of 8 percent) from 7.7 percent in June 2014, partly due to public bank restructuring. Of the 24 banks operating at this time, seven still fail to meet minimum regulatory capital requirements and have been asked to present a program and timeline for full compliance. During the same period, non-performing loans (NPLs) declined to 10.6 percent of total loans (11.9 percent in June 2014) and have high provisioning (74½ percent).



7. Fiscal performance through end-June was better than programmed (MEFP ¶10, text table below). Revenue collection exceeded the program target owing to higher fuel and cocoa tax revenues, as well as one-off tax and non-tax payments following the settlement of cross arrears in the energy sector.[6] At the same time, spending was higher than programmed, reflecting front-loaded payments of subsidies to private schools (partly to clear arrears), an acceleration in the execution of selected investment projects and an overrun in spending on the organization of the election. As a result, the primary basic balance deficit and the overall deficit were both narrower than programmed. Pro-poor spending exceeded the program objective by a large margin.

Text Table. Côte d'Ivoire: Fiscal Operations of the Central Government End June 2015

(Billions of CFA Francs)

	Program	Actual	Difference
Total Revenue and grants	**1818.5**	**1893.4**	**74.9**
Total revenue	**1,630.5**	**1,717.5**	**87.0**
Tax revenue	1,405.6	1,471.3	65.7
Direct taxes	417.9	423.9	6.0
Indirect taxes	987.7	1,047.4	59.7
Nontax revenue	224.9	246.3	21.4
Grants	**188.0**	**175.8**	**-12.2**
Total Expenditure	**2,269.7**	**2314.8**	**45.1**
Current expenditure	1,567.7	1,591.6	23.9
Capital expenditure	702.0	723.3	21.3
Domestically-financed	352.3	369.8	17.5
Foreign-financed	349.7	353.5	3.8
Primary basic balance	-150.7	-112.8	37.9
Overall balance, including grants	-451.2	-421.4	29.8

[6] In the context of the settlement of cross arrears in the energy sector, Petroci paid the government CFAF 37.6 billion.

8. Program performance was strong, but structural reforms were delayed (MEFP ¶10–11).

- *All quantitative performance criteria and indicative targets at end-June 2015 under the program were met (MEFP Table 1).*

- *However, only 4 out of 7 structural benchmarks through end-September were met (MEFP Table 2).*[7] The government is firmly committed to completing the missed structural benchmarks before the end of the program in December 2015. It is also taking steps to implement the end-November 2015 structural benchmark related to a public bank restructuring.

- *Progress was made in strengthening other areas in the authorities' structural reform agenda:* (i) in the business climate with the timely reimbursement of VAT credits; (ii) in the financial sector with the sale of government holdings in one of the public banks, the placement of the savings bank (CNCE) under provisional administration, and the announcement of the privatization of another public bank; and (iii) in the electricity sector with the government's decision to raise electricity tariffs by about 10 percent in July 2015, which would be followed by increases in January 2016 and January 2017, and an annual review of the need for further increases.[8]

C. Outlook and Risks

9. Under the baseline scenario, the macroeconomic outlook remains favorable.

- *Growth in 2016 should remain strong (8.4 percent),*[9] *and is projected to reach about 7.9 percent on average in 2017–18.* Economic activity would be supported by higher investment in basic infrastructure, in the agro-business industry (cocoa, rice and cashew processing) and in housing and other services. In addition, major PPP projects are set to scale up or begin in 2016 (including the extension of the Port of Abidjan, the Abidjan metrorail, and the renovation of the Abidjan-Ouagadougou railway).

[7] The implementation of the following benchmarks was delayed: the adoption of a protocol clarifying the responsibilities of the respective parties, including the government, as regards the payment for Heavy Vacuum Oil (HVO); the adoption of a draft law to develop leasing; and the regularization of domestic arrears on securitized and contractual debt. The government indicated that the draft protocol on clarifying the responsibilities of the respective parties, including the government, as regards the payment of HVO and the draft law are nearly completed, and they will be adopted before the end of the program in December 2015. It also indicated that the exchange of domestic arrears on securitized and contractual debt ("dette conventionnée") with new marketable securities will take place in December 2015.

[8] The 2015 electricity tariff increase excluded the social tariff for lower-income consumers.

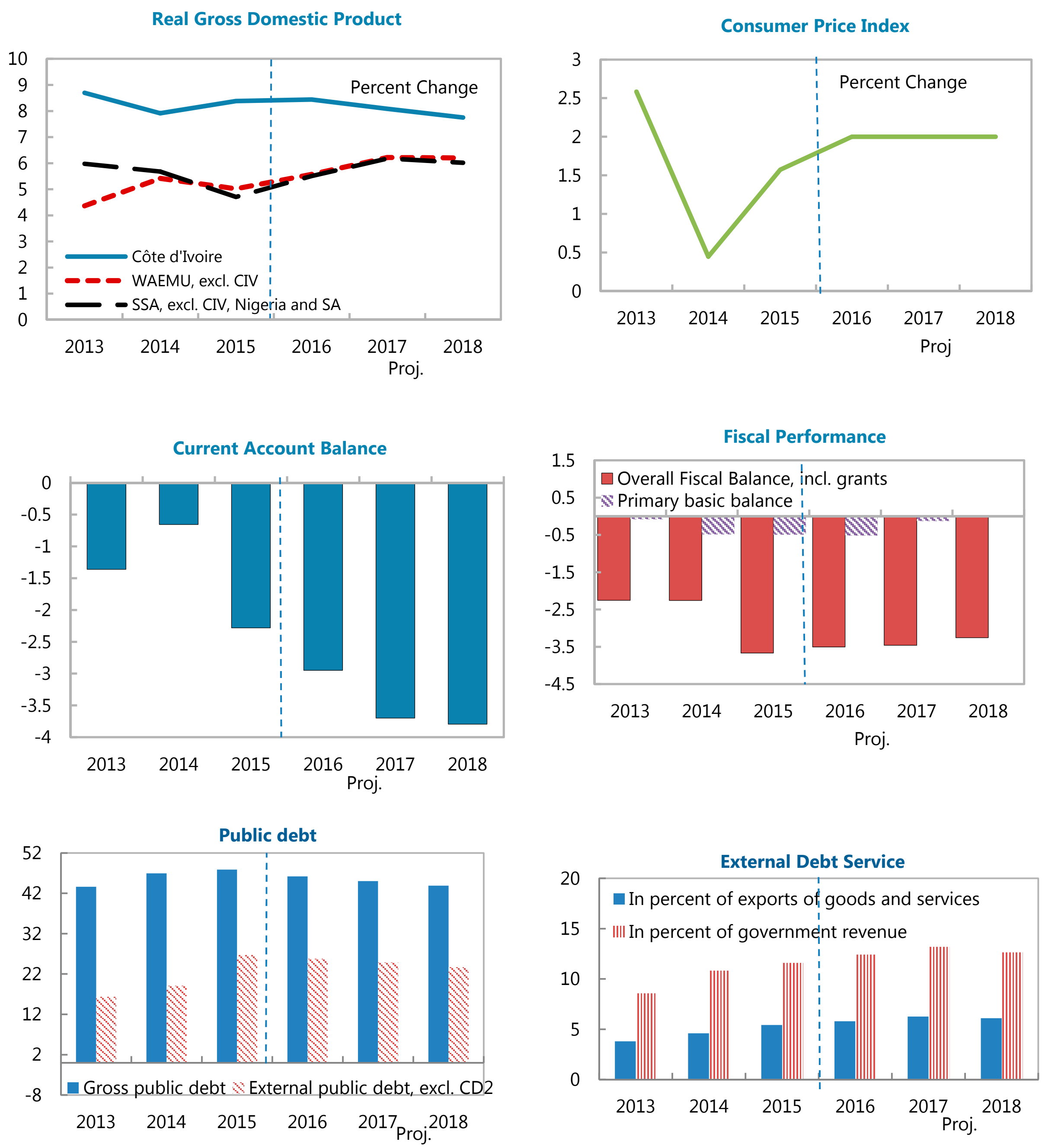
[9] The authorities' growth projection for 2016 is higher (9.8 percent).

- *Inflation would remain at about 2 percent*, contingent on a sustained increase in agricultural production and stable global food and fuel prices.
- *The current account deficit is set to widen over the medium term* to about 3¾ percent due to high imports of capital goods fuelled by large infrastructure projects along with a slight deterioration of the terms of trade;
- *The central government's public debt would gradually decline* to 45 percent of GDP in 2016 and about 44½ percent of GDP in 2017–18, and continue on a downward trend reflecting a reduction of the overall fiscal balance to about 3 percent of GDP by 2020. Debt service would remain high, increasing to 12.4 percent of government revenue in 2016, reaching 13.2 percent in 2017 and declining thereafter to about 11 percent in 2020.

10. The risks to the outlook are moderately tilted to the downside. The positive macroeconomic outlook is dependent on the materialization of stronger private investment and the pursuit of a favorable global environment. Downside risks include adverse weather due to El Niño, which would reduce the output of the agricultural and hydropower sectors; the failure to contain fiscal risks could weaken the fiscal accounts. In addition, tighter and volatile global financial conditions could hinder availability of financing for the investment program on international capital markets, limiting financing options to a shallow and limited regional market. Other risks include a further slowdown in emerging and developing economies, and the spread of terrorist activity from Mali and the Sahel. Upside risks include higher-than-projected private investment, as the peaceful completion of the presidential election and sustained progress in the business climate could further bolster investment sentiment.

Figure 1. Côte d'Ivoire: Medium-Term Outlook, 2013–18

(Percent of GDP, unless indicated otherwise)



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

POLICY DISCUSSIONS

Discussions focused on (i) preserving fiscal sustainability in light of recent developments and growing fiscal risks; (ii) structural reform measures to foster private sector development; and (iii) strengthening statistics.

A. Preserving Fiscal Sustainability

11. While the central government's fiscal stance has improved compared to 2011, potential risks arising in part from the broader public sector are emerging and could weigh on fiscal performance. In these circumstances, staff emphasized that to help preserve fiscal sustainability it would be important to create adequate fiscal buffers and preserve the capacity to address these risks if they were to materialize. Staff pointed to the near-term risks to public finances posed by the cash-strapped energy companies (the oil company Petroci and the refinery company SIR, which is also insolvent) and by a troubled public bank.[10] In addition, the mission highlighted the medium-term fiscal risks stemming from: (i) the rapidly growing use of PPPs in the government's investment strategy going forward;[11] (ii) the need to settle extra-budgetary spending liabilities incurred in the previous decade;[12] (iii) greater financing constraints on international financial markets in the event of a tightening of monetary policy in the major developed economies, greater risk aversion of investors, and exchange rate volatility; and (iv) costlier and more constrained financing on the regional market given the shallowness of the market and the absence of a secondary market.

12. Against this background, staff and the authorities agreed to maintain the 2015 fiscal program targets in percent of GDP and to initiate a gradual tightening of the fiscal stance from 2016 on (MEFP ¶14, ¶26–29):

- For 2015, the basic primary and overall deficits would be unchanged, at ½ percent of GDP and 3.7 percent of GDP, respectively. To reach this objective, the projected revenue over-performance (about 0.4 percent of GDP), due in part to higher fuel tax, would offset higher spending arising in particular from an overrun in election spending, a higher energy subsidy,[13] and fees and commissions on debt.

[10] Audits of Petroci and SIR are underway, and they are expected to be completed by end-2015. One of the public banks is under provisional administration.

[11] As of September 2015, 124 PPPs projects amounting to CFAF 11 675 billion or about USD 20 billion (63.9 percent of GDP) are being considered. A recent example of a fiscal risk related to PPP projects is the call on the government guarantee of the third bridge (with a CFAF 12 billion cost in 2015) due to insufficient traffic.

[12] The authorities have acknowledged the existence of extra budgetary spending incurred prior to 2011 (about 1.5 percent of GDP) and are undertaking an audit of these liabilities as a step toward their settlement. The related fiscal risk may, however, be limited as the audits could result in a rejection of numerous claims and a significant haircut is likely to be applied to verified claims.

[13] Resulting from the settlement of cross-arrears between the government and energy sector companies.

- The draft 2016 budget adopted by the Council of Ministers envisages a small reduction in the overall deficit to 3½ percent of GDP, but the basic primary deficit would remain stable at ½ percent of GDP.

  - Total revenue and grants would decline by about ½ percent of GDP, mainly reflecting lower oil revenue and grants, as well as conservative fuel and cocoa tax projections.

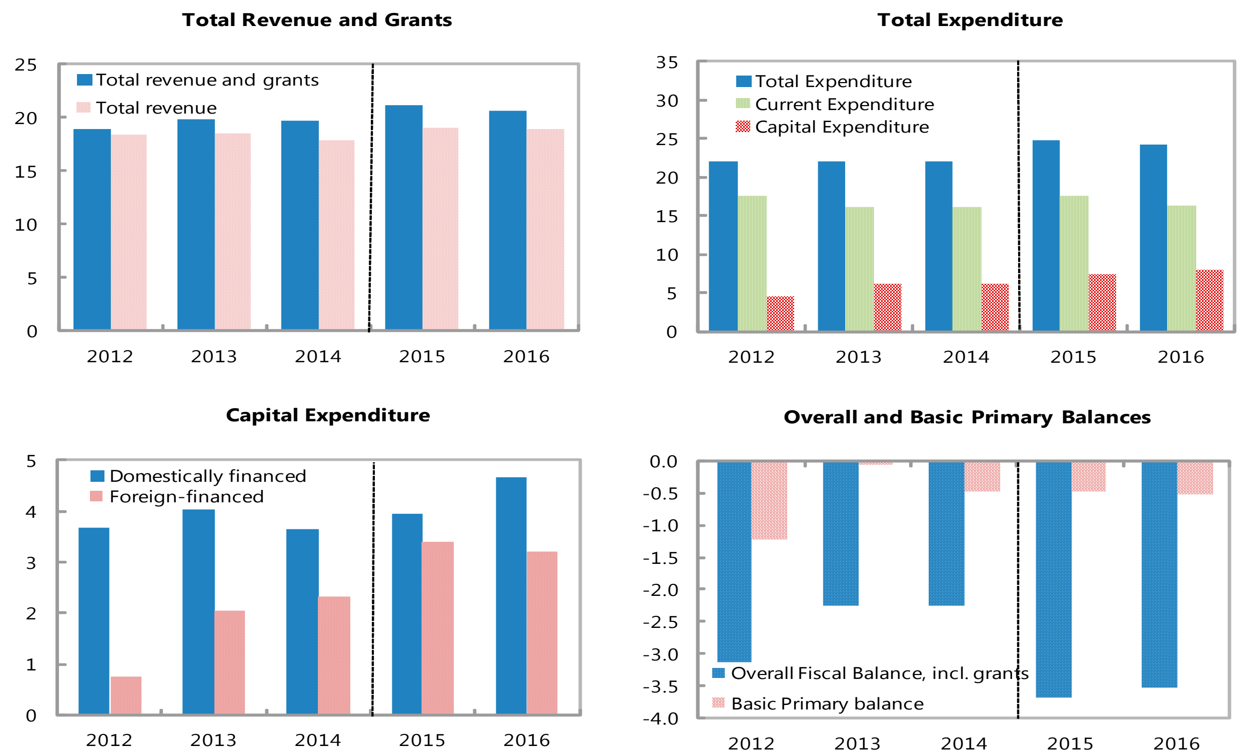
  - Spending would be 0.7 percent of GDP lower, with a reduction in current spending (1.2 percent of GDP) due to lower subsidy needs (electricity and schools after the 2015 peak linked to settlement of various liabilities and the increase in electricity tariffs), the end of the demobilization, disarmament and reinsertion program (DDR), and lower spending needed for the planned legislative election than for the 2015 presidential election.

  - The budgeted drop in current spending would open up fiscal space for an increase in domestically-financed capital spending (+0.6 percent of GDP). The draft budget also includes a significant amount of appropriations for education (about 22 percent of the budget) in line with the government's universal schooling program, and a small provision to settle part of past extra-budgetary liabilities.

13. While supporting the authorities' fiscal stance for 2016, staff made the case that a more ambitious fiscal tightening would have been preferable and was needed going forward. Given the various sources of possible fiscal pressure (see paragraph 10), a tighter fiscal stance would help build adequate buffers to avoid a ratcheting up of public debt should these risks materialize, as well as the need for abrupt spending cuts in the face of tighter financing conditions. The authorities, however, argued that a further tightening would dampen economic activity and delay the implementation of much-needed infrastructure and social programs. They, nevertheless, committed to monitoring fiscal risks carefully and indicated that they stood ready to take additional measures if these fiscal risks materialized.

14. Staff regretted the absence of any significant tax policy measures in the 2016 draft budget, in particular the absence of measures to streamline VAT and other tax exemptions. These measures are needed to boost revenues and generate sufficient resources to respond to a growing demand for public services without jeopardizing fiscal sustainability. Staff pointed, more specifically, to existing widespread tax exemptions, and questioned the rationale for maintaining VAT exemptions. The latter were initially introduced to bypass long delays in VAT refunds, but since mid-2015, owing to a new reimbursement procedure, VAT credits are now reimbursed in a timely manner. While recognizing the need to streamline tax exemptions, the authorities expressed concerns regarding the impact of such cuts on Côte d'Ivoire's investment attractiveness. They indicated, however, their intention of launching a comprehensive review of VAT exemptions in 2016.

Figure 2. Côte d'Ivoire: Fiscal Performance, 2012–16



Sources: Ivoirien authorities; and IMF staff estimates.

15. Staff commended the authorities' efforts to improve the monitoring of fiscal risks (MEFP¶37). It welcomed the establishment of a centralized database on public enterprises' and government guaranteed debt, but noted that, at this time, the database should be considered preliminary given several remaining weaknesses.[14] This is an important step to ensure that public enterprise debt remains at sustainable levels and does not pose risks to the budget. To improve its effectiveness, the mission called on the authorities to strengthen the database by including full documentation of loan terms and debt service schedules; by establishing information sharing between the corresponding departments; and by introducing an early warning system. The mission also welcomed the Ministry of Budget's clarification of the conditions under which public enterprises are required to request prior authorization for contracting loans, including its applicability above a minimum loan threshold amount.

16. Staff called for a prudent approach to market borrowing (MEFP¶41–42). A new DSA (*see Supplement 1*) indicates that Côte d'Ivoire continues to face a moderate risk of debt distress. In light of this, the authorities concurred with staff on the need to carefully monitor the accumulation

[14] For a fuller discussion of the database see the accompanying DSA (Supplement 1), paragraph 3.

of external debt (in particular of non-concessional debt), to avoid an excessive bunching of maturities in the mid-2020s, and to take adequate consideration of rollover and foreign exchange risks. Furthermore, borrowing plans should take into account potential changes and volatility in international financial market conditions. The mission welcomed Côte d'Ivoire's ongoing efforts to strengthen debt management and the monitoring of related contingent fiscal risks, but pressed for the early completion of these efforts. To this end, the authorities are committed to stepping up efforts to complete the long-delayed reorganization of the debt department into front-, middle-, and back-offices and to strengthen the National Debt Policy Committee, and expected that these should be largely completed in 2016, following recent TA.

17. Staff was encouraged by the progress made on audits of extra-budgetary liabilities.[15] The government expects to complete the audit of extra-budgetary spending incurred prior to 2011 before the end of 2015. It indicated that confirmed claims would most likely be securitized after application of a significant haircut, given that they correspond to spending made through irregular procedures. By end 2015, the government also plans to complete the audit of all the 1993–2012 public procurement contracts that are still recorded with an "open" status in the government's procurement database. In addition, the government reiterated its determination to enforce the existent regulatory framework for preventing and sanctioning extra-budgetary spending.

18. Efforts to strengthen budget presentation and spending procedures, as well as cash management, need to be intensified (MEFP ¶30, ¶35). Staff welcomed the authorities' decision to document in the budget a list of key tax expenditures and their estimated cost, and to record all taxes on a gross basis, i.e., including earmarked revenues with a corresponding offset on the spending side. Staff regretted that the updated medium-term debt strategy would not be included in the 2016 budget documentation due to preparation delays. In addition, staff noted that a considerable share of budget appropriations (2–3 percent of GDP) continues to be executed through exceptional procedures ("*lettres d'avances*" and excessively large "*régies d'avances*"[16]). The excessive use of these procedures raises serious transparency and governance issues. The staff urged the authorities to urgently and drastically limit the use of these procedures. Staff called for steady progress in implementing the Treasury Single Account.

B. Structural Reforms to Foster Private Sector Development

19. Côte d'Ivoire has made considerable progress in enhancing its business environment (MEFP ¶2, ¶8). The reforms introduced in recent years have allowed the country to improve its position in several rankings.[17] In 2015, Côte d'Ivoire continued to somewhat improve its ranking in

[15] The regularization of the audited pre-2011 arrears on-budget spending was completed in the spring of 2015 through securitization..

[16] "*Lettres d'avances*" and "*régies d'avances*" are cash advances bypassing internal control procedures and normally dedicated to limited amounts and restricted types of expenditures.

[17] Reforms include the establishment of a commercial court in Abidjan and a one-stop window for investment and the creation of new companies, the reduction in the number of procedures for granting construction permits,

(continued)

the 2016 *Doing Business* report (to 142nd from 145th in 2015). The 2015–16 Global Competitiveness Report ranked Côte d'Ivoire among the top reformers by moving it to 91st (from 115th in the previous report), and as the eighth most competitive economy in Africa. The 2014 Ibrahim Index of African governance also recognizes Côte d'Ivoire as the country with the strongest improvement over the past 5 years (although it still ranks 40 among 52 countries).

20. Despite significant progress achieved, challenges remain (MEFP¶15, ¶38–39). The mission highlighted two areas of the structural reform agenda where efforts need to be stepped up**:**

- *Domestic arrears.* Staff encouraged the authorities to regularize the remaining arrears on old securitized debt owed to the banking and non-banking sectors (about CFAF 43 billion out of CFAF 142.9 billion). The authorities agreed to exchange existing claims with new marketable securities before the end of 2015.

- *Financial sector.* Although progress is being made to restructure public banks, staff urged prompt and decisive action to restructure the remaining most troubled public bank, so as to, among other things, minimize any related fiscal costs.[18] The government committed itself to deciding on an action plan before the end of 2015; it requested Fund TA to that end. Implementation of the broader financial sector reform strategy approved in early 2014 has begun following the appointment of a program manager and the drafting of a law on leasing in 2015. Progress has also been made with the selection of a credit bureau company,[19] although some banks have expressed concerns about sharing client information. To foster the development of the secondary market, the authorities have adopted the regional regulatory framework and are now in the process of approving a list of primary dealers.[20] Staff underscored the importance of accelerating the implementation of the wide-ranging measures under the financial reform strategy. It considers that the focus on addressing weaknesses in the institutional environment (credit information and contract enforcement), developing new financial products and resolving troubled financial institutions is adequate as it would promote financial deepening while strengthening financial stability.

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providing electricity to a warehouse and in the time required to start up new businesses, as well as the lowering of registration fees. For a more comprehensive list, see Country Report No. 15/147 (MEFP Box 2, p. 41).

[18] These banks represent a small portion of the overall Ivoirien banking system. In particular, the other Ivoirien banks have reportedly no (or a very limited) exposure to the troubled public bank, suggesting it does not present a systemic risk. The latter bank benefits from emergency liquidity support from the regional central bank. A joint WB-IMF mission to assess options for the resolution of this bank is tentatively scheduled for December 2015.

[19] *Creditinfo* has signed agreements with approximately 80 percent of the banks in the region for the provision of information on borrowers' credit records.

[20] Seven banks and three non-bank agencies have applied for approval.

C. Strengthening Statistics

21. The July 2015 IMF Statistics' diagnostic mission identified the main weaknesses in Côte d'Ivoire's national accounts statistical system. The National Statistics Institute has staffing and capacity constraints that hinder the preparation of high-quality and timely statistics. The preparation of national accounts statistics is partly based on outdated surveys, and there is a lack of reliable data for several sectors, in particular for subsistence agriculture, construction and services. Moreover, in 2014, staff identified errors in the computation of taxes in the national account series for 2011 and 2012. The TA mission formulated recommendations to address the key weaknesses in the production of national accounts.

22. Staff welcomed the authorities' commitment to improve statistics, including through higher funding (MEFP¶36, ¶47). The authorities, at the highest level, expressed their strong willingness to implement these recommendations, and have already included the necessary funding in the 2016 budget. They have requested follow-up TA in this area. They also indicated they would move to GFSM 2001 for the fiscal accounts starting in 2016. Staff pressed the authorities to take quick action to complete the correction of errors in the computation of national accounts. Staff highlighted the importance of upgrading the production and dissemination of economic statistics both for policymaking, and for informing the public, as well as credit rating agencies and investment funds.

PROGRAM FINANCING AND RISKS

23. The program is fully financed. The projected financing gap for the remaining of the program (½ percent of GDP) will be covered by budget support from the World Bank and by the proposed disbursement under the ECF arrangement.

24. Program implementation risks for the remaining period are low. This reflects the government's strong record in program implementation and the interest expressed at the highest level for a successor program to be discussed in early 2016.

STAFF APPRAISAL

25. Côte d'Ivoire economic performance over the course of the ECF arrangement has been impressive, and significant strides have been made towards the program objectives of robust and sustained growth, and macroeconomic stability. From a political crisis-related recession in 2011, a rapid recovery has led to 4 years of strong growth translating into a more than 20 percent rise in real per capita income. However, poverty and inequality rates, while declining, remain elevated. Substantial fiscal consolidation has been achieved, while increasing public investment and pro-poor outlays. External stability and creditworthiness was restored in 2012 with substantial debt relief under the HIPC and MDRI initiatives following the Completion Point and the regularization of all remaining arrears with external creditors. Only two years later, in 2014, Côte d'Ivoire was able to issue a sovereign bond on the international market at lower yields than other SSA frontier economies. Significant structural reform has been undertaken, notably in the governance of the coffee/cocoa sector, in strengthening the financial situation of the energy sector, as well as in the business climate, and progress is underway as regards the restructuring of public banks.

26. Program implementation continues to be strong. Activity has expanded at a brisk pace in 2015. All end-June performance criteria and indicative targets were met. Structural reform progress, has, however, been mixed in 2015, with four out of the seven structural benchmarks under the eighth ECF review (through September) met.

27. To build upon and sustain the progress achieved, a renewed focus is needed on further strengthening the foundations of growth. To foster growth and make it more inclusive, further reforms are needed to improve the business climate and encourage private investment. The acceleration of the implementation of the financial sector development strategy should be a priority. The government also needs to initiate a reform of the non-profitable nonfinancial public sector companies. While the staff is encouraged by the government's commitment to restructure the remaining public banks, staff pressed the authorities to promptly and decisively act to resolve the case of the most troubled public bank.

28. Staff supports the government's commitment to adhere to the 2015 program fiscal targets, and considers that the fiscal stance for 2016 is broadly appropriate, but calls for a somewhat more ambitious fiscal adjustment going forward. To help ensure macroeconomic stability over the medium to long term, fiscal policy should aim to create adequate buffers to address mounting risks from the broader public sector, PPPs, past extra-budgetary spending liabilities, and tighter global and domestic financing conditions and increasing uncertainty in the financing environment. The 2016 fiscal tightening is a good start toward the creation of these buffers. Nevertheless, going forward, more fiscal retrenchment will be needed to build adequate fiscal buffers. In this regard, staff calls on the authorities to enhance revenue collection by streamlining exemptions, starting with VAT exemptions. It takes note of the government's intention to launch a comprehensive review of these exemptions in 2016.

29. Staff urges the authorities to strengthen the monitoring of debt and fiscal risks. The recent development of a centralized database on public enterprises' and government guaranteed debt is an important tool to avoid an unsustainable accumulation of debt by public sector entities. Staff encourages the authorities to refine quickly this database in order to improve its effectiveness and allow their inclusion in the DSA. Staff urges the authorities to press ahead with improvements in debt management, in particular to complete the implementation of the long-delayed reorganization of the debt department into front-, middle-, and back-offices, and the strengthening of the National Debt Policy Committee. Going forward, the authorities should step their efforts to identify and monitor contingent liabilities arising from the public sector at large and include in the budget documentation an analysis of risks weighing on the budget as well as the medium-term debt strategy. In addition, the authorities should drastically reduce the recourse to exceptional spending procedures and avoid further delays in the implementation of the Treasury Single Account. While welcoming the near-completion of audits of extra budgetary spending incurred prior to 2011 and of the public procurement contracts, staff encourages the authorities to settle them rapidly.

30. Staff is encouraged by the authorities' commitment expressed at the highest level to improve the provision of statistics, beginning with national accounts. Staff highlighted the importance of providing timely and high-quality economic data to decision makers, while enhancing its availability to key players in financial markets, such as rating agencies, and to the public at large.

31. Staff recommends completion of the eighth review and the disbursement of an amount equivalent to SDR 48.78 million.

Table 1. Côte d'Ivoire: Selected Economic Indicators, 2012–20

	2012	2013	2014	2015		2016	2017	2018	2019	2020
	Est.	Est.	Est.	Prog.	Proj.			Proj.		
	(Annual percentage changes, unless otherwise indicated)									
National income										
GDP at constant prices	10.7	8.7	7.9	7.9	8.4	8.4	8.1	7.8	7.5	7.0
GDP deflator	4.4	2.0	0.6	1.9	2.1	2.3	2.0	2.0	2.0	2.0
Consumer price index (annual average)	1.3	2.6	0.4	1.2	1.6	2.0	2.0	2.0	2.0	2.0
Consumer price index (end of period)	3.4	0.4	0.9	0.9	2.0	1.8	2.0	2.0	2.0	2.0
External sector (on the basis of CFA francs)										
Exports, f.o.b., at current prices	-4.1	-0.6	9.9	-6.4	-10.3	10.0	11.4	11.3	10.4	10.8
Imports, f.o.b., at current prices	35.8	0.0	5.7	-6.8	-6.1	12.3	10.9	8.6	10.4	11.7
Export volume	8.2	0.4	1.9	7.9	6.6	7.9	8.4	8.3	7.8	7.3
Import volume	49.2	3.6	6.3	11.9	17.4	16.4	9.1	7.8	7.4	6.5
Terms of trade (deterioration –)	-2.6	3.9	4.3	26.0	29.5	7.0	1.3	-0.2	-1.5	-0.9
Nominal effective exchange rate	-2.7	4.2	2.6	...	...	...	...	...	...	...
Real effective exchange rate (depreciation –)	-4.1	4.5	1.0	...	...	...	...	...	...	...
Central government operations										
Total revenue and grants	51.9	16.0	8.4	16.1	18.5	8.3	11.3	10.9	10.7	10.7
Total expenditure	38.3	10.9	8.4	22.7	24.8	8.0	10.7	9.9	10.1	10.1
	(Changes in Percent of Beginning-of-Period Broad Money)									
Money and credit										
Money and quasi-money (M2)	4.4	11.6	16.1	14.3	15.1	15.5	15.0	14.9	14.8	14.5
Net foreign assets	-5.5	0.1	4.1	3.0	3.5	5.2	3.8	3.9	2.5	1.4
Net domestic assets	9.8	11.5	12.0	11.3	11.5	10.3	11.2	11.0	12.4	13.2
Of which: government	5.5	3.5	3.4	-0.5	-1.1	1.0	2.1	2.0	2.0	1.6
Of which: private sector	5.3	10.6	11.2	11.8	12.7	9.2	9.1	8.9	10.3	11.5
	(Percent of GDP unless otherwise indicated)									
Central government operations										
Total revenue and grants	18.9	19.8	19.8	20.9	21.2	20.7	20.9	21.1	21.3	21.6
Total revenue	18.4	18.5	17.9	18.8	19.1	18.9	19.2	19.5	19.8	20.1
Total expenditure	22.1	22.1	22.0	24.6	24.8	24.2	24.3	24.3	24.4	24.6
Overall balance, incl. grants, payment order basis	-3.1	-2.3	-2.3	-3.7	-3.7	-3.5	-3.4	-3.2	-3.1	-3.0
Primary basic balance [1/]	-1.2	-0.1	-0.5	-0.5	-0.5	-0.5	-0.1	0.0	0.0	0.3
Gross investment	16.5	17.0	16.8	18.3	18.4	19.9	20.7	21.2	21.7	22.3
Central government	4.5	6.1	6.0	7.5	7.3	7.9	7.4	7.3	7.3	7.3
Nongovernment sector	12.0	11.0	10.8	10.8	11.0	12.0	13.3	13.9	14.4	15.1
Gross domestic saving	20.6	20.0	19.7	21.1	19.6	20.4	20.4	20.5	20.6	20.7
Central government	1.9	3.2	2.4	2.6	2.4	3.4	3.3	3.5	3.6	3.7
Nongovernment sector	18.7	16.8	17.2	18.5	17.2	17.0	17.1	17.1	17.1	17.0
Gross national saving	15.3	15.7	16.1	17.6	16.1	16.9	17.0	17.4	17.7	18.0
Central government	1.3	3.8	3.7	3.8	3.7	4.4	4.0	4.1	4.1	4.2
Nongovernment sector	13.9	11.8	12.4	13.8	12.4	12.6	13.1	13.3	13.6	13.8
External sector										
Current account balance (including official transfers)	-1.2	-1.4	-0.7	-0.7	-2.3	-2.9	-3.7	-3.8	-3.9	-4.3
Current account balance (excluding official transfers)	-1.8	-2.7	-2.5	-2.8	-4.3	-4.7	-5.4	-5.3	-5.4	-5.8
Overall balance	-2.6	0.4	0.6	-0.4	-0.4	1.6	1.1	1.2	0.9	0.5
Gross public debt [2/]	44.5	43.6	47.0	45.6	47.9	45.1	44.1	43.0	42.2	42.2
External public debt [3/]	28.0	26.4	28.1	31.6	30.6	29.0	27.5	26.1	24.9	24.7
External public debt (excluding C2D)	17.2	16.4	19.2	26.9	26.7	25.8	24.9	23.7	22.4	21.1
Public external debt-service due (CFAF billions)	245	243	324	413	409	480	572	612	650	645
Percent of exports of goods and services	3.7	3.8	4.6	5.3	5.4	5.8	6.3	6.1	5.9	5.4
Percent of government revenue	9.7	8.6	10.8	12.0	11.6	12.4	13.2	12.6	12.1	10.8
Memorandum items:										
Nominal GDP (CFAF billions)	13,835	15,346	16,655	18,303	18,436	20,448	22,542	24,775	27,164	29,640
Nominal exchange rate (CFAF/US$, period average)	510	494	494							
Nominal GDP at market prices (US$ billions)	27.1	31.1	33.7	31.6	31.3	34.8	38.8	43.1	47.7	52.8
Population (million)	22.0	22.5	23.1	23.3	23.7	24.3	25.0	25.6	26.3	27.0
Population growth (percent)	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Nominal GDP per capita (CFAF thousands)	630	681	721	787	778	841	903	967	1034	1100
Nominal GDP per capita (US$)	1,235	1,379	1,460	1,358	1,319	1,432	1,556	1,684	1,814	1,957
Real GDP per capita growth (percent)	8.1	6.1	5.3	5.3	5.8	5.8	5.5	5.2	4.9	4.4
Poverty rate (in percent)	48.9	...	...	...	46.3	...	...	...	...	...

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

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

[2/] Central government only.

[3/] Currency definition.

Table 2. Côte d'Ivoire: Balance of Payments, 2012–20
(Billions of CFA francs; unless otherwise indicated)

	2012	2013	2014	2015		2016	2017	2018	2019	2020
	Est.	Est.	Est.	Prog.	Proj.	Projections				
Current account	-164	-209	-109	-127	-420	-603	-834	-941	-1,070	-1,277
Current account excl. grants	-245	-410	-413	-503	-797	-969	-1,206	-1,320	-1,473	-1,705
Trade balance	1,566	1,479	1,815	2,017	1,706	1,747	1,953	2,324	2,547	2,711
Exports, f.o.b.	6,189	5,953	6,539	7,185	7,003	7,669	8,450	9,305	10,196	11,128
Of which: cocoa	1,722	1,932	2,432	2,719	3,364	3,495	3,506	3,456	3,405	3,332
Of which: crude oil and refined oil products	2,004	1,693	1,447	1,210	1,102	1,121	1,259	1,370	1,444	1,480
Imports, f.o.b.	4,624	4,474	4,724	5,168	5,296	5,922	6,497	6,982	7,649	8,418
Of which: crude oil	1,405	1,445	1,597	1,193	1,103	1,154	1,349	1,545	1,704	1,817
Services (net)	-994	-1,026	-1,332	-1,499	-1,475	-1,636	-2,029	-2,478	-2,825	-3,201
Primary Income (net)	-470	-445	-555	-647	-651	-724	-805	-883	-966	-1,053
Of which: interest on public debt	153	99	94	148	148	170	214	227	243	261
Secondary Income (net)	-266	-217	-36	2	0	10	47	96	174	267
General Government	-22	65	269	338	338	324	325	328	347	366
Other Sectors	-244	-282	-306	-336	-338	-314	-279	-232	-173	-100
Capital and financial account	-199	269	217	51	356	937	1,076	1,250	1,307	1,420
Financial account	-199	269	217	51	356	937	1,076	1,250	1,307	1,420
Foreign direct investment	161	198	324	393	396	603	744	867	1,005	1,186
Portfolio investment, net	73	86	50	18	18	20	23	25	27	30
Acquisition of financial assets	-4	-1	-1	0	0	0	0	0	0	-1
Incurrence of liabilities	-76	-88	-51	-19	-19	-21	-23	-25	-28	-30
Other investment, net	-433	-15	-157	-360	-59	314	309	358	275	205
Official, net	-262	76	354	737	907	164	158	164	149	268
Project loans	54	220	249	402	405	440	453	466	471	565
Other loans	0	0	357	572	735	0	0	0	0	0
Central government amortization due	316	144	226	236	233	276	295	302	322	298
Nonofficial, net	-170	-91	-511	-1,097	-966	150	151	194	126	-63
Errors and omissions	0	0	0	0	0	0	0	0	0	0
Overall balance	-362	60	108	-76	-65	334	242	310	237	143
Financing	362	-60	-108	76	65	-334	-242	-310	-237	-143
Reserve assets, includes reserve position in the Func	362	-60	-106	-50	-56	-404	-345	-399	-309	-223
Operations account	266	-133	-72	-22	-68	-370	-281	-317	-224	-137
IMF (net)	96	72	33	-29	12	-34	-63	-82	-85	-86
Disbursements	101	72	36	0	40	0	0	0	0	0
Repayments	-5	0	-3	-29	-29	-34	-63	-82	-85	-86
Financing gap	0	0	-1.7	126	121.1	70.1	103.1	89.5	72	79
Possible financing 2011-14 (excluding IMF)	…	…	…	46	81.4	70.1	0.0	0.0	0.0	0.0
Residual gap	…	…	…	80	39.7	0.0	103.1	89.5	71.9	79.3
Of which : IMF-ECF [1/]	…	…	…	80	39.7	0.0	0.0	0.0	0.0	0.0
Memorandum items:										
Overall balance (percent of GDP)	-2.6	0.4	0.6	-0.4	-0.4	1.6	1.1	1.2	0.9	0.5
Current account inc. grants (percent of GDP)	-1.2	-1.4	-0.7	-0.7	-2.3	-2.9	-3.7	-3.8	-3.9	-4.3
Current account exc. grants (percent of GDP)	-1.8	-2.7	-2.5	-2.8	-4.3	-4.7	-5.4	-5.3	-5.4	-5.8
Trade balance (percent of GDP)	11.3	9.6	10.9	11.0	9.3	8.5	8.7	9.4	9.4	9.1
Gross imputed official reserves (stock - end of year)	1,297	1,300	1,559	1,736.0	1,785	2,169	2,488	2,866	3,140	3,316
(months of imports of goods and services)	2.6	2.7	2.6	2.9	2.9	3.2	3.3	3.4	3.4	3.2
(percent of broad money)	12.4	11.8	11.0	9.8	9.9	10.5	10.6	10.7	10.3	9.6
WAEMU gross official reserves (billions of US$)	24.2	27.8	30.5	34.7	34.7	…	…	…	…	…
(percent of broad money)	58.6	51.8	46.2	41.1	41.1	…	…	…	…	…
(months of WAEMU imports of GNFS)	5.0	4.7	4.6	4.5	4.5	…	…	…	…	…
Nominal GDP (billions of CFA francs)	13,835	15,346	16,655	18,303.5	18,436	20,448	22,542	24,775	27,164	29,640
Exchange rate (CFAF/US$) average	510	494	494	589.9						
Exchange rate (CFAF/US$) end-of-period	499	480	542	591.3						

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

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

Table 3a. Côte d'Ivoire: Fiscal Operations of the Central Government, 2012–20

(Billions of CFA francs, unless otherwise indicated)

	2010	2011 1/	2012	2013	2014	2015		2016	2017	2018	2019	2020
			Est.	Est.	Est.	Prog.	Proj.	Projections				
Total revenue and grants	2,236.6	1,725.9	2,621.4	3,039.5	3,293.4	3,824.4	3,903.5	4,227.6	4,706.2	5,220.3	5,776.6	6,394.7
Total revenue	2,176.2	1,693.0	2,540.2	2,838.0	2,989.4	3,448.2	3,527.0	3,861.5	4,334.1	4,841.2	5,373.6	5,967.0
Tax revenue	1,928.5	1,493.2	2,213.0	2,408.6	2,573.3	2,881.1	2,934.4	3,236.3	3,635.3	4,065.1	4,513.7	5,018.9
Direct taxes	551.1	507.9	720.4	765.5	741.1	820.3	816.8	898.3	1,021.9	1,144.8	1,279.1	1,406.5
Indirect taxes	1,377.4	985.3	1,492.5	1,643.1	1,832.2	2,060.7	2,117.6	2,338.0	2,613.4	2,920.2	3,234.6	3,612.5
Nontax revenue	247.7	199.8	327.2	429.5	416.1	567.1	592.6	625.2	698.8	776.2	859.9	948.0
Grants	60.4	32.9	81.2	201.5	304.0	376.2	376.5	366.1	372.1	379.1	403.0	427.7
Total expenditure	2,464.4	2,208.7	3,054.0	3,385.6	3,669.5	4,500.9	4,579.8	4,944.5	5,475.1	6,015.6	6,620.6	7,286.6
Current expenditure	2,115.8	1,923.9	2,436.0	2,451.4	2,677.8	3,123.3	3,226.5	3,330.5	3,807.2	4,207.7	4,649.7	5,137.4
Wages and salaries	800.4	719.7	934.6	1,038.9	1,183.3	1,328.4	1,328.4	1,428.9	1,560.0	1,640.2	1,754.2	1,900.0
Subsidies and other current transfers	128.2	314.6	410.6	325.0	304.1	380.3	396.8	371.0	468.5	569.4	679.1	790.6
Other current expenditure	491.6	413.1	572.1	545.2	656.1	793.9	837.8	896.5	991.4	1,088.6	1,192.7	1,301.3
Of which: Ebola	0.0	0.0	0.0	0.0	0.0	35.5	31.4	0.0	0.0	0.0	0.0	0.0
Crisis-related expenditure	144.2	75.4	56.5	75.4	62.2	55.6	95.1	39.1	0.0	0.0	0.0	0.0
Interest due	194.5	219.3	233.0	214.8	213.6	301.9	304.1	319.4	419.0	458.0	501.4	546.0
On domestic debt	194.5	89.6	79.6	115.6	119.5	154.0	156.1	149.6	205.4	230.5	258.4	284.9
On external debt	128.2	129.7	153.4	99.1	94.2	147.8	148.0	169.8	213.6	227.5	243.0	261.1
Capital expenditure	348.6	285.7	615.8	934.2	994.2	1,377.7	1,353.3	1,614.1	1,667.9	1,808.0	1,970.9	2,149.2
Domestically financed	259.2	237.2	510.3	618.0	608.0	753.0	731.2	955.9	974.1	1,093.6	1,228.0	1,287.3
Foreign-financed	89.4	48.5	105.5	316.2	386.1	624.7	622.1	658.2	693.8	714.4	742.9	861.9
Primary basic balance	-25.9	-248.0	-170.4	-11.6	-80.4	-90.7	-95.2	-105.5	-28.2	-2.1	-2.6	88.3
Overall balance, including grants	-261.2	-482.9	-432.7	-346.1	-376.1	-676.6	-676.3	-717.0	-768.9	-795.4	-844.0	-891.9
Overall balance, excluding grants	-321.6	-515.7	-513.9	-547.5	-680.1	-1,052.8	-1,052.8	-1,083.1	-1,141.0	-1,174.4	-1,247.0	-1,319.7
Change in domestic arrears and float (excl. on debt service)	-35.1	-25.7	190.7	39.7	-162.4	-50.0	-50.0	-25.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-296.3	-508.6	-242.0	-306.3	-538.5	-726.6	-726.3	-742.0	-768.9	-795.4	-844.0	-891.9
Financing	548.9	482.1	307.0	306.3	538.5	726.6	726.3	742.0	768.9	795.4	844.0	891.9
Domestic financing	-50.9	-4.6	158.1	24.3	10.8	-207.0	-273.6	157.9	327.6	346.1	395.7	369.1
Bank financing (net)	118.2	-1.9	192.0	134.2	131.9	-113.7	-111.9	76.2	118.6	118.4	141.9	128.1
Nonbank financing (net)	-169.1	-2.7	-33.9	-109.9	-121.2	-93.3	-161.7	81.8	209.0	227.7	253.9	241.0
External financing	606.7	489.0	245.7	273.9	529.4	807.4	878.8	514.0	338.3	359.8	376.4	443.5
Financing gap (+ deficit / – surplus)	0.0	0.0	0.0	0.0	0.0	126.2	121.1	70.1	103.1	89.5	71.9	79.3
Possible financing 2011-14 (excluding IMF)	...	...	...	...	...	46.4	81.4	70.1	0.0	0.0	0.0	0.0
World Bank	...	...	...	...	...	44.9	79.9	...	...	...	...	...
AfDB	...	...	...	...	...	1.5	1.5	...	...	...	...	...
Residual gap	...	...	...	...	...	79.8	39.7	0.0	103.1	89.5	71.9	79.3
Of which : IMF-ECF 1/	...	...	...	...	...	79.8	39.7	0.0	0.0	0.0	0.0	0.0
Memorandum items:												
Nominal GDP - Fiscal Year	12,325	8,983	13,835	15,346	16,655	18,303	18,436	20,448	22,542	24,775	27,164	29,640
External debt (central government)	5,749	6,264	3,874	4,045	4,683	5,787	5,648	5,939	6,200	6,474	6,774	7,313
Pro-poor spending (including foreign financed)	885.2	842.7	980	1,337	1,622	1,716	1,716	...	...	...	...	...

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

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

Table 3b. Côte d'Ivoire: Fiscal Operations of the Central Government, 2012–20

(Percent of GDP, unless otherwise indicated)

	2012	2013	2014	2015		2016	2017	2018	2019	2020
	Est.	Est.	Est.	Prog.	Proj.	Projections				
Total revenue and grants	18.9	19.8	19.8	20.9	21.2	20.7	20.9	21.1	21.3	21.6
Total revenue	18.4	18.5	17.9	18.8	19.1	18.9	19.2	19.5	19.8	20.1
Tax revenue	16.0	15.7	15.5	15.7	15.9	15.8	16.1	16.4	16.6	16.9
Direct taxes	5.2	5.0	4.4	4.5	4.4	4.4	4.5	4.6	4.7	4.7
Indirect taxes	10.8	10.7	11.0	11.3	11.5	11.4	11.6	11.8	11.9	12.2
Nontax revenue	2.4	2.8	2.5	3.1	3.2	3.1	3.1	3.1	3.2	3.2
Grants	0.6	1.3	1.8	2.1	2.0	1.8	1.7	1.5	1.5	1.4
Total expenditure	22.1	22.1	22.0	24.6	24.8	24.2	24.3	24.3	24.4	24.6
Current expenditure	17.6	16.0	16.1	17.1	17.5	16.3	16.9	17.0	17.1	17.3
Wages and salaries	6.8	6.8	7.1	7.3	7.2	7.0	6.9	6.6	6.5	6.4
Subsidies and other current transfers	3.0	2.1	1.8	2.1	2.2	1.8	2.1	2.3	2.5	2.7
Other current expenditure	4.1	3.6	3.9	4.3	4.5	4.4	4.4	4.4	4.4	4.4
Of which: Ebola	0.0	0.0	0.0	0.2	0.2	0.0	0.0	...	...	...
Crisis-related expenditure	0.4	0.5	0.4	0.3	0.5	0.2	0.0	0.0	0.0	0.0
Interest due	1.7	1.4	1.3	1.6	1.6	1.6	1.9	1.8	1.8	1.8
On domestic debt	0.6	0.8	0.7	0.8	0.8	0.7	0.9	0.9	1.0	1.0
On external debt	1.1	0.6	0.6	0.8	0.8	0.8	0.9	0.9	0.9	0.9
Capital expenditure	4.5	6.1	6.0	7.5	7.3	7.9	7.4	7.3	7.3	7.3
Domestically financed	3.7	4.0	3.7	4.1	4.0	4.7	4.3	4.4	4.5	4.3
Foreign-financed	0.8	2.1	2.3	3.4	3.4	3.2	3.1	2.9	2.7	2.9
Primary basic balance	-1.2	-0.1	-0.5	-0.5	-0.5	-0.5	-0.1	0.0	0.0	0.3
Overall balance, including grants	-3.1	-2.3	-2.3	-3.7	-3.7	-3.5	-3.4	-3.2	-3.1	-3.0
Overall balance, excluding grants	-3.7	-3.6	-4.1	-5.8	-5.7	-5.3	-5.1	-4.7	-4.6	-4.5
Change in domestic arrears (excl. on debt service)	1.4	0.3	-1.0	-0.3	-0.3	-0.1	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-1.7	-2.0	-3.2	-4.0	-3.9	-3.6	-3.4	-3.2	-3.1	-3.0
Financing	2.2	2.0	3.2	4.0	3.9	3.6	3.4	3.2	3.1	3.0
Domestic financing	1.1	0.2	0.1	-1.1	-1.5	0.8	1.5	1.4	1.5	1.2
Bank financing (net)	1.4	0.9	0.8	-0.6	-0.6	0.4	0.5	0.5	0.5	0.4
Nonbank financing (net)	-0.2	-0.7	-0.7	-0.5	-0.9	0.4	0.9	0.9	0.9	0.8
External financing	1.8	1.8	3.2	4.4	4.8	2.5	1.5	1.5	1.4	1.5
Financing gap (+ deficit / – surplus)	0.0	0.0	0.0	0.7	0.7	0.3	0.5	0.4	0.3	0.3
Possible financing 2011-14 (excluding IMF)	...	...	...	0.3	0.4	0.3	0.0	0.0	0.0	0.0
World Bank grant	...	...	...	0.2	0.4	...	...	...	...	...
AfDB grant	...	...	...	0.0	0.0	...	...	...	...	...
Residual gap	...	...	...	0.4	0.2	0.0	0.5	0.4	0.3	0.3
Of which : IMF-ECF [1/]	...	...	...	0.4	0.2	0.0	0.0	0.0	0.0	0.0
Memorandum items:										
External debt (central government)	28.0	26.4	28.1	31.6	30.6	29.0	27.5	26.1	24.9	24.7
Pro-poor spending (including foreign financed)	7.1	8.7	9.7	...	...	...	...	...	...	...

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

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

Table 4. Côte d'Ivoire: Monetary Survey, 2012–20

	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Est.	Est.	Proj.	Proj.	Projections				
	(Billions of CFA francs)								
Net foreign assets	1,556	1,559	1,785	2,010	2,395	2,714	3,092	3,366	3,541
Central bank	1,297	1,300	1,559	1,785	2,169	2,488	2,866	3,140	3,316
Banks	259	259	226	226	226	226	226	226	226
Net domestic assets	3,356	3,922	4,579	5,314	6,065	7,014	8,082	9,464	11,152
Net credit to the government	1,133	1,307	1,490	1,419	1,494	1,674	1,872	2,097	2,308
Central Bank	632	646	591	644	583	556	529	502	475
Bank	501	661	900	775	911	1,118	1,343	1,594	1,833
Credit to the economy	2,308	2,831	3,446	4,252	4,928	5,698	6,567	7,725	9,202
Crop credits	156	186	276	344	359	360	356	349	342
Other credit (including customs bills)	2,152	2,644	3,171	3,907	4,569	5,338	6,211	7,376	8,860
Other items (net) (assets = +)	-86	-215	-358	-358	-358	-358	-358	-358	-358
Broad money	4,911	5,481	6,364	7,324	8,459	9,728	11,174	12,830	14,694
Currency in circulation	1,591	1,748	1,878	2,161	2,496	2,870	3,297	3,785	4,335
Deposits	3,251	3,679	4,424	5,091	5,881	6,763	7,768	8,919	10,215
Other deposits	69	54	62	72	83	95	109	126	144
Memorandum item:									
Velocity of circulation	2.8	2.8	2.6	2.5	2.4	2.3	2.2	2.1	2.0
	(Changes in percent of beginning-of-period broad money)								
Net foreign assets	-5.5	0.1	4.1	3.5	5.2	3.8	3.9	2.5	1.4
Net domestic assets	9.8	11.5	12.0	11.5	10.3	11.2	11.0	12.4	13.2
Net credit to the government	5.5	3.5	3.4	-1.1	1.0	2.1	2.0	2.0	1.6
Central bank	2.2	0.3	-1.0	0.8	-0.8	-0.3	-0.3	-0.2	-0.2
Banks	3.4	3.3	4.4	-2.0	1.9	2.4	2.3	2.2	1.9
Credit to the economy	5.3	10.6	11.2	12.7	9.2	9.1	8.9	10.3	11.5
Broad money	4.4	11.6	16.1	15.1	15.5	15.0	14.9	14.8	14.5
	(Changes in percent of previous end-of-year)								
Net foreign assets	-14.2	0.2	14.5	12.6	19.1	13.3	13.9	8.9	5.2
Net domestic assets	16.0	16.9	16.7	16.0	14.1	15.7	15.2	17.1	17.8
Net credit to the government	29.6	15.3	14.1	-4.8	5.3	12.0	11.8	12.0	10.1
Central bank	19.1	2.2	-8.5	9.1	-9.5	-4.6	-4.9	-5.1	-5.4
Banks	45.9	31.8	36.1	-13.9	17.5	22.7	20.2	18.7	15.0
Credit to the economy	12.4	22.6	21.7	23.4	15.9	15.6	15.3	17.6	19.1
Broad money	4.4	11.6	16.1	15.1	15.5	15.0	14.9	14.8	14.5

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

Table 5. Côte d'Ivoire: External Financing Requirements, 2012–16

(Billions of CFA francs)

	2012	2013	2014	2015		2016
	Est.	Est.	Est.	Prog.	Proj.	Proj.
External financing requirements	-125.2	-253.5	-1143.1	-1690.9	-1833.5	-754.7
Current account balance (excluding official transfers)	-244.9	-410.3	-413.1	-503.3	-796.9	-969.3
Amortization[1/]	-316.2	-144.2	-226.0	-236.3	-232.6	-275.9
Of which : government	-316.2	-144.2	-226.0	-236.3	-232.6	-275.9
Fund repayments	5.5	0.0	3.5	28.5	28.5	34.0
Private capital, net	62.6	192.5	-137.4	-685.3	-551.4	773.4
Change in net external reserves without IMF (- = increase)	367.7	108.5	-370.1	-294.5	-281.2	-316.8
Available financing	133.3	357.0	912.0	1312.1	1518.1	765.0
Project financing	54.0	219.9	249.1	401.8	404.9	439.7
Program financing	...	...	357.0	572.1	734.8	0.0
Fund disbursements	101.5	72.4	36.4	0.0	40.1	0.0
Official transfers	-22.1	64.6	269.4	338.2	338.2	325.3
Financing gap	...	...	0.0	-126.2	-121.1	-70.1
Expected sources of financing	...	...	57.0	46.4	81.4	70.1
World Bank	...	...	25.0	44.9	79.9	55.0
AfDB	...	...	14.0	1.5	1.5	0.0
EU	...	...	18.0	0.0	0.0	15.1
Debt relief	...	...	0.0	0.0	0.0	0.0
Residual gap	...	...	...	79.8	39.7	0.0
IMF-ECF Financing	...	...	...	79.8	39.7	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, 2010–15

	2010	2011	2012	2013	March 2014	June 2014	Dec. 2014	March 2015	June 2015
Capital adequacy									
Risk-weighted capital to assets ratio	12.5	9.7	8.6	9.2	9.3	7.7	10.1	10.2	9.6
Asset quality									
Total loans/total assets	59.0	52.2	52.1	55.4	51.4	54.2	53.7	57.2	52.4
Concentration of loans to the 5 biggest borrowers to capital	217.3	265.0	129.5	91.1	98.5	138.7	293.1	293.1	321.6
Nonperforming loans (NPLs) (gross)/total loans	17.1	16.9	15.5	12.3	13.7	11.9	11.3	10.8	10.6
Provisions/NPLs	75.5	71.8	78.7	73.6	70.3	71.9	77.1	75.0	74.5
NPLs net of provisions/total loans	4.8	5.4	3.8	3.6	4.5	3.7	2.9	2.9	3.3
NPLs net of provisions/capital	72.7	108.8	49.5	49.0	51.7	50.3	28.2	29.6	32.1
Earnings and profitability									
Return on assets (net income/total assets)	0.0	0.1	0.5	1.2	…	…	…	…	…
Return on net income (net income/equity)	-9.3	1.6	7.1	17.4	…	…	…	…	…
Personnel costs/net revenu	31.9	32.8	29.8	28.9	…	…	…	…	…
Liquidity									
Liquid assets/total assets	40.7	36.7	35.3	37.1	32.0	35.0	49.8	49.4	48.9
Liquid assets/total deposits	53.3	46.2	46.1	50.0	42.2	46.8	67.5	64.2	63.7
Loans/deposits	89.0	74.9	77.6	82.0	74.9	79.3	72.8	74.4	68.4

Source: BCEAO.

Table 7. Côte d'Ivoire: Indicators of Capacity to Repay the Fund, 2015–25

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fund obligations based on existing credit											
(In millions of SDRs)											
Principal	3.6	46.2	85.2	109.6	113.2	112.8	110.6	71.5	47.2	27.6	4.9
Charges and interest 1/	0.0	0.0	0.0	0.0	1.0	0.8	0.6	0.4	0.2	0.1	0.1
Fund obligations based on existing and prospective credit 2/											
(millions of SDRs)											
(In millions of SDRs)											
Principal	3.6	46.2	85.2	109.6	113.2	112.8	120.3	81.3	56.9	37.4	14.6
Charges and interest 1/	0.0	0.0	0.0	0.0	1.2	0.9	0.7	0.5	0.3	0.1	0.1
Total obligations based on existing and prospective credit 2/											
In millions of SDRs	3.6	46.2	85.2	109.6	114.3	113.8	121.0	81.8	57.2	37.5	14.7
In billions of CFA francs	3.0	38.2	70.2	90.0	93.6	92.6	98.5	66.5	46.5	30.6	12.0
In percent of government revenue	0.1	0.9	1.5	1.7	1.6	1.4	1.4	0.9	0.6	0.3	0.1
In percent of exports of goods and services	0.0	0.5	0.8	0.9	0.9	0.8	0.7	0.4	0.3	0.2	0.1
In percent of debt service 3/	0.8	8.8	14.2	16.9	16.7	17.2	17.8	10.9	6.8	3.9	1.4
In percent of GDP	0.0	0.2	0.3	0.4	0.3	0.3	0.3	0.2	0.1	0.1	0.0
In percent of quota	1.1	14.2	26.2	33.7	35.2	35.0	37.2	25.1	17.6	11.5	4.5
Outstanding Fund credit											
In millions of SDRs	777.6	731.4	646.2	536.6	423.4	310.6	190.2	108.9	52.0	14.6	0.0
In billions of CFA francs	642.5	604.4	532.2	440.3	346.7	252.8	154.9	88.7	42.4	11.9	0.0
In percent of government revenue	16.5	14.3	11.3	8.4	6.0	4.0	2.2	1.2	0.5	0.1	0.0
In percent of exports of goods and services	8.5	7.3	5.8	4.4	3.1	2.1	1.2	0.6	0.3	0.1	0.0
In percent of debt service	166.6	139.2	107.7	82.5	61.7	47.1	28.0	14.5	6.1	1.5	0.0
In percent of GDP	3.5	3.0	2.4	1.8	1.3	0.9	0.5	0.3	0.1	0.0	0.0
In percent of quota	239.1	224.9	198.7	165.0	130.2	95.5	58.5	33.5	16.0	4.5	0.0
Net use of Fund credit (millions of SDRs)	77.7	-46.2	-85.2	-109.6	-113.2	-112.8	-120.3	-81.3	-56.9	-37.4	-14.6
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	3.6	46.2	85.2	109.6	113.2	112.8	120.3	81.3	56.9	37.4	14.6
Memorandum items:											
Nominal GDP (billions of CFA francs)	18,436	20,448	22,542	24,775	27,164	29,640	31,843	34,216	36,765	39,482	42,407
Exports of goods and services (billions of CFA francs)	7,556	8,282	9,126	10,049	11,011	12,018	13,361	14,957	16,556	18,598	20,574
Government revenue (billions of CFA francs)	3,903	4,228	4,706	5,220	5,777	6,395	6,908	7,478	8,078	8,773	9,456
Debt service (billions of CFA francs)	386	434	494	533	562	537	554	611	689	778	881
CFA francs/SDR (period average)	826	826	824	821	819	814	814	814	814	814	814

Sources: IMF staff estimates and projections.

1/ On December 10, 2014 the IMF Executive Board extended through December 31, 2016, the interest waiver for concessional loans that was introduced on January 7, 2010. On July 1, 2015, the IMF Executive Board further set the interest rate on RCF loans at a fixed zero percent, which is no longer subject to biannual Board reviews going forward. The following rates are assumed beyond 2016: projected interest charges between 2017 and 2018 are based on 0/0.25/0.25 percent per annum for the ECF, SCF, and ESF, respectively, and beyond 2018 0.25/0.5/0.25 percent per annum. The

2/ Including the proposed disbursements under the new ECF.

3/ Total debt service includes IMF repurchases and repayments.

Table 8. Côte d'Ivoire: Proposed Schedule of Disbursements and Timing of Reviews Under ECF Arrangement, (SDR millions), 2011–15

In percent of quota	Amount	Date of availability	Condition 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 PCs for end-December 2011, continuous PCs and completion of the first review under the ECF arrangement.
20.00	65.04	October 1, 2012	Observance of PCs for end-June 2012, continuous PCs and completion of the second review under the ECF arrangement.
15.00	48.78	April 1, 2013	Observance of PCs for end-December 2012, continuous PCs and completion of the third review under the ECF arrangement.
15.00	48.78	December 6, 2013	Observance of PCs for end-June 2013, continuous PCs and completion of the fourth review under the ECF arrangement.
15.00	48.78	April 1, 2014	Observance of PCs for end-December 2013, continuous PCs and completion of the fifth review under the ECF arrangement.
20.00	65.04	October 1, 2014	Observance of PCs for end-June 2014, continuous PCs and completion of the sixth review under the ECF arrangement.
15.00	48.78	April 1, 2015	Observance of PCs for end-December 2014, continuous PCs and completion of the seventh review under the ECF arrangement.
15.00	48.78	October 1, 2015	Observance of performance criteria for end-June 2015, continuous PCs and completion of the eighth review under the ECF arrangement.
160.00	520.32	**TOTAL**	

Appendix I. Letter of Intent

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

CABINET

Republic of Côte d'Ivoire

Union-Discipline-Travail

N° 1520/MPMEF/CAB/

Abidjan, November 24, 2015

The Managing Director
International Monetary Fund
Washington, D.C., 20431

Subject: Letter of Intent

Dear Madame Managing Director:

1. **Since 2012, Côte d'Ivoire has returned to strong and lasting growth that is inclusive and respectful of gender and the environment, and this has taken place in a stable macroeconomic framework**. The execution of the National Development Plan (PND 2012–15) and the implementation of major structural reforms have driven and maintained a pace of durable growth in economic activity, laying the economic foundations for sustainable development. Côte d'Ivoire has built upon this accomplishment in the political sphere on October 25, 2015, when it held a presidential election that was free, democratic and transparent, which was welcomed by the international community.

2. **The attached Memorandum of Economic and Financial Policies (MEFP) describes the progress made in the economic and financial program for 2012–15 and sets out the short and medium-term outlooks**. The implementation of the program supported by the Extended Credit Facility (ECF), was deemed satisfactory in all the IMF reviews. The performance criteria were observed during the execution of this program, and this demonstrates that fiscal management was sound, which in particular was the result of the high level of revenue collection and control over expenditures. The extensive structural reforms, particularly in terms of the business climate, have

helped strengthen the soundness of the macroeconomic framework. The GDP growth rate is expected to be 9.5 percent in 2015 after an average GDP growth rate of 9.5 percent during 2012–14. Thus, Côte d'Ivoire finds itself among the countries with the highest growth rates in the world. With this good economic performance, per capita GDP increased by 23.5 percent in four years, and the poverty rate was lowered.

3. **In accordance with our objective of turning Côte d'Ivoire into an emerging country by 2020 and of substantially reducing poverty, the government will continue its efforts to maintain strong, sustainable, and inclusive growth**. The PND 2016–20 should make it possible to structurally transform the economy and lower the poverty rate considerably, mainly by increasing the density and diversity of the fabric of industrial production, including agrifood. Thus, investment should increase by 18.7 percent in 2015 and rise to 23.9 percent of GDP in 2020, of which 14.5 percent will be private investment, as opposed to 10.7 percent in 2015, while ensuring debt sustainability.

4. **The attached Memorandum of Economic and Financial Policies (MPEF) describes the policies we intend to implement to achieve our objectives**. In this context, under the eighth review of the program supported by the ECF, we are requesting disbursement of financial support in an amount equivalent to SDR 48.78 million. Furthermore, the government will take any further measures that may prove necessary to meet its objectives. Nonetheless, the government will consult with IMF staff prior to taking these measures and if revisions are made to the policies contained in this Memorandum in accordance with the IMF's policies on such consultation.

5. **For the remainder of the program period, the government undertakes**: (i) to refrain from accumulating new domestic arrears and from all types of advances on revenue, as well as from contracting non-concessional external borrowing other than that specified in the Technical Memorandum of Understanding; (ii) to issue public securities only by auction through the BCEAO or through any other type of competitive bidding on the local financial market and in the WAEMU market, and to consult IMF staff for all new financing; (iii) not to introduce or intensify restrictions on payments and transfers for current international transactions, introduce multiple currency practices, enter into any bilateral payment agreements that are inconsistent with Article VIII of the IMF Articles of Agreement, or impose or intensify import restrictions for balance of payments purposes; and (iv) to adopt any new financial or structural measures that may be necessary for the success of its policies, in consultation with the IMF.

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

Very truly yours,

_________________/s/______________________

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

Nialé KABA

<u>Attachments:</u>

- *Memorandum of Economic and Financial Policies*
- *Technical Memorandum of Understanding*

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

November 24, 2015

CONTEXT

1. **Since 2012 Côte d'Ivoire has returned to strong, sustainable and inclusive growth, respectful of gender and the environment, in the context of macroeconomic stability**. The execution of the National Development Plan (2012–15 PND), combined with the implementation of major structural reforms, helped boost and maintain a sustained rate of growth in economic activity. Thus, after an average rate of GDP growth in 2012–14, economic performance as of end-June 2015 points to a rate of growth projected t 9.5 percent for 2015. The private sector has made a strong contribution to sustaining this growth, primarily through massive investments in the energy, mining and construction and public works sectors, the development of services and the establishment of agriculture product processing factories. This dynamic economic activity has been achieved with moderate inflation, below the community norm of 3 percent, improved fiscal management and a positive trend in the current account balance. This favorable economic environment has repositioned Côte d'Ivoire in the international playing field. The return of the African Development Bank (AfDB) to Abidjan, the opening of the sub-regional agency of the African Export-Import Bank (AFREXIMBANK), the return of the regional and national headquarters of the International Labor Office, of Africa Rice, and Côte d'Ivoire's successful entry into the international capital market, are an illustration of this. Maintaining this growth performance and putting in place the new development strategy (2016–20 PND) should permit a substantial reduction in poverty, and the achievement of emerging nation status by 2020. Special emphasis will be placed on improving the our ranking on the UNDP Human Development Index, mainly by implementing the following programs: "Schools for All," "Electricity for All," "A Citizen, a computer and an Internet Connection," universal health care and better access to drinking water, as well as food self-sufficiency.

2. **The private sector will continue to drive economic growth and job creation**. Since 2012, the government has significantly improved the business climate by creating commercial courts and the one-stop shop for investments and has streamlined procedures and shortened lead times for all the Doing Business indicators. Through these efforts, Côte d'Ivoire 's ranking on the Doing Business index rose by 30 places from 2012 to 2014, making it among the top ten reformers in the world in 2013 and 2014. Moreover, the government has made a major effort to improve its

financial relations with the private sector. In this regard, the government has completed the payment of the audited domestic arrears to government suppliers. All of these actions have contributed to a substantial increase in the number of businesses created, from 2,775 in 2013 to 6,487 in 2014. As of end-June 2015, the number of businesses created stood at 4,961. In addition, about 150,000 jobs have been created in the modern sector since 2012. Foreign direct investment was up by an average of 18 percent over this period. The government intends to remain in the group of leading reforming countries in the world so that in the coming years it will join the top 50 countries in the World Bank's Doing Business index. Furthermore, Côte d'Ivoire will continue its efforts to consolidate the gains made to keep the energy sector in equilbrium. It will also strengthen the public banking sector and develop financial intermediation.

3. **The socio-political and security situation has normalized.** The security index has fallen sharply since 2012, reaching 1.2 in 2014 (versus 2.2 in 2012). The government has completed its activities in support of former combatants, which were carried out by the former Authority for Disarmament, Demobilization and Reintegration (ADDR). A Monitoring and Reintegration Coordinating Unit (CCSR) was set up and was tasked with organizing and coordinating activities to resocialize former combatants. The end of the work of the Truth and Reconciliation Dialogue Commission paved the way the compensation of victims beginning in August 2015. The National Reconciliation and Victim Compensation Commission (CONARIV) is in charge of carrying out this activity. Côte d'Ivoire solidified these accomplishments with the presidential election on October 25, 2015, that was free, democratic and transparent, and commended by the international community.

This memorandum describes the progress made in the economic and financial program for the period 2012–15 and also presents the short and medium-term outlook October 25, 2015.

ECONOMIC TRENDS AND PROGRAM IMPLEMENTATION OVER THE 2012 TO JUNE 2015 PERIOD

A. The Results of Program Implementation During 2012–14

4. **Côte d'Ivoire has made noteworthy progress, and this put the country on a path to strong, sustainable and inclusive growth.** With the implementation of the National Development Program (2012–15 PND), major projects have been carried out in transportation, communication, drinking water supply, education, health and energy. With GDP growth rates of 10.7 percent in 2012, 9.2 percent in 2013 and 8.5 percent in 2014, Côte d'Ivoire is ranked as a country with strong growth in the world. With these good economic results, per capita GDP rose by about 23.5 percent in three

years. This performance is mainly the result of significantly higher investments (from 9 percent in 2011 to 16 percent in 2014), and the share of private investments was 9.9 percent of GDP, mainly due to a better business climate.

5. New jobs have been created. The number of formal jobs, which was 725,777 in 2011, rose to 876,890 in 2014. These results were achieved thanks to dynamic economic activity and the implementation of the National Employment Policy (PNE). The PNE operational action plan strengthened and bolstered the various existing programs, such as the Job Support Fund (FSE), the Ivorian Fund for the Development of National Enterprises (FIDEN), the National Youth Fund (FNJ) and the National Employment Promotion Agency (AGEPE).

6. The supply of social services has improved significantly. The ongoing increase in spending to assist the poor, up from 842.8 in 2012 to 1 622.4 in 2014, resulted in better living conditions for the people.

- Accessibility to education improved substantially, with the construction of 9,291 primary school classrooms, 3,500 secondary school classrooms and 45 middle schools. These achievements, combined with the hiring of supervisory personnel (19,995 primary school teachers and 6,167 secondary school teachers hired from 2011 to 2014), increased the availability of education. Thus, there was an improvement in the gross primary admission rate, which was 73.4 percent in 2008 and 97.8 percent in 2014. The gross enrollment rate was up from 76.2 percent to 94.7 percent in the same period.
- In the area of health, rehabilitation and new equipment for hospitals helped improve access to services. The same was true for implementing free health care for mothers and children, as well as cesarean sections and medication. Moreover, equipping the health facilities and bringing the technical support centers up to standard and other procedures helped improve the quality of health services.
- Regarding access to drinking water, the construction of 794 pumps and 76 water towers, as well as the maintenance of 11,446 manually operated pumps, markedly increased the people's access to improved manually operated water services. Moreover, the reservoir of the City of Abidjan Treatment Station now stores 10,000 m^3 in the ground. All of the above generates beneficial changes in the people's living conditions and health.
- The access rate and national coverage increased through the connection of 800 rural localities to the power grid, and low-income households saw a decrease in their subsidized power bills.

7. The macroeconomic framework is sound thanks to the efforts made in the 2012–14 period.

- Inflation has remained moderate since 2012 (1.4 percent average) in accordance with the WAEMU standard. These results are the result of the government's efforts in implementing the National Agriculture Investment Program (PNIA) and the enforcement of the community road traffic flow directive.
- The budget deficit was down from 4.1 percent of GDP in 2011 to 2. 2 percent of GDP in 2014. This result reflects both the improvement in the collection of tax revenues and streamlining of spending, which created room in the budget for an increase in investment spending and spending to assist the poor. Spending to assist the poor rose from 7 percent of GDP in 2011 to 9.6 percent of GDP in 2014. The public investment rate was 5.9 percent of GDP in 2014 versus 2.4 percent in 2011.
- The current foreign transaction balance went from a deficit of 1.2 percent of GDP in 2012 to a surplus of 1.5 percent of GDP in 2014, thanks to an improvement in the terms of trade and strong exports. The total balance improved during the 2012–14 period under the combined effect of steady volumes of foreign trade and an increase in direct foreign investment.

8. The performance of the economic and financial program was deemed satisfactory once all the IMF evaluations were completed. Through the implementation of the three-year 2011–14 program, supported by the Extended Credit Facility (ECF), the HIPC initiative completion point was reached on June 26, 2012, and thus the debt stock was lowered substantially (non C2D) from 69.9 percent of GDP to 33.9 percent of GDP. In general, compliance with the performance criteria during the implementation of this program is the result of steady revenue and streamlined expenditure execution. The extensive structural reforms that have been implemented in the key sectors of the economy, in order to enhance competitiveness, have contributed to strengthening the stability of the macroeconomic framework and the credibility of Côte d'Ivoire with economic operators and various donors. The key structural reform programs that have been carried out are as follows:

Improving governance and fiscal management

- Transparency in the energy and coffee-cocoa sectors continued with the production and publication of quarterly communiqués in the Council of Ministers on physical and financial flows. In addition, each quarter the Monitoring Committee produces a report that specifies the respective shares of beneficiaries for each removal of crude oil. Compliance by

Côte d'Ivoire with the EITI (Extractive Industries Transparency Initiative) since 2013 attests to its commitment to transparency in the use of its natural resources.

- Good governance and fighting corruption were strengthened with the implementation of the High Authority for Good Governance, which began its activities with the asset disclosure program for the presidents of institutions and members of government.
- The National Procurement Regulatory Authority (ARNMP) is fully operational. It has worked on settling procurement disputes, primarily by canceling some contracts. This work has helped improve the procurement process.
- Budget orthodoxy was reinstated beginning in FY 2012 with the vote on the budget review laws from 2004 to 2012 by the National Assembly, as well as the presentation, vote and enactment (in compliance with the constitutional deadline) of the draft budget laws.
- The implementation of the Medium-Term Expenditure Framework (MTEF) was strengthened by the production of a Multiyear Budget and Economic Programming Paper (DPBEP), to obtain an objective management framework for expenditures in accordance with WAEMU directives.
- Planning of commitments for better cash-flow management was strengthened with the preparation and dissemination of a standard consolidated procurement plan and an expenditure commitment plan.
- Average procurement lead time, which was 322 days in 2013, was 126 days in 2014.
- The average amount of lead time for authorizing expenditures was down from 40 days in 2013 to 14 days in 2014.
- The use of private contracts was down considerably. These contracts amounted in number to 5.6 percent of contracts made in 2014 versus 10.7 percent in 2013, and 23.0 percent in value in 2014 versus 42.8 percent in 2013.

Strengthening long-term fiscal sustainability

- The reorganization of the Large Businesses Directorate and the establishment of Medium-Sized Business Centers and the Electronic Land Register have improved taxpayer monitoring and optimized tax potential.

- The implementation of the VAT reform strategy solved the problem of accumulating the stock of delinquent credits. Thus, there are no longer any outstanding validated VAT credits, and average payment time has plummeted from 13.7 months in 2013 to less than seven days since July 2015. Likewise, the processing of documentation for refunding VAT credits was computerized, from the time the file is submitted to payment time, with an interconnection between the General Tax Directorate and the General Customs Directorate for checking export certificates. This computerization introduces more transparency and the economic operators are able to follow the processing of their file online. Moreover, VAT supervision was strengthened to expand the tax base, strengthen management, control and collection, with the creation of VAT credit control brigades, the intensification of control and standardized invoicing, and the ongoing streamlining of the management of exemptions. The operation of the various available databases and the implementation of joint DGD/DGI controls increased the number of taxpayers.

- Upgrades in customs continued, mainly with the establishment of an automated risk system platform to improve customs operations; an exemption management module was also implemented in SYDAM World, and a procedural guide for customs investigations was adopted to formalize inspections in companies.

- With the implementation of the wage bill management strategy, which identifies a consistent and sustainable policy, the civil service hiring profile is now under control. The result will be that the WAEMU convergence criterion will be met in the medium term (35 percent ratio of wage bill to tax revenue).

- The implementation of the strategy to return to financial balance in the energy sector led to a 19 percent increase in the supply of energy for the 2012–14 period, and it limited the resulting costs for the government budget. Its actions involved lowering the cost of natural gas, raising domestic and export prices, fighting fraud and curtailing technical losses.

- With the implementation of the automatic price-setting mechanism for oil products, subsidies to the sector for oil products were reduced substantially.

- Through the preparation of a Medium-Term Debt Strategy (MTDS), along with a Debt Sustainability Analysis (DSA), it has been possible to manage and supervise fiscal sustainability.

Improving household income

- Coffee, cocoa, cotton and cashew producers now receive minimum compensation of 60 percent of the CIF price. The reforms in these sectors increased production and improved product quality. Income distributed to producers, corresponding to 800,000 households for the coffee-cocoa binomial was up from 1,029 CFAF billion in 2012 to 1,408 CFAF billion in 2014, or 37 percent increase.

- The minimum interprofessional guaranteed wage rose from CFAF 36,607 to CFAF 60,000, which amounts to a 64 percent increase.

- The wages of civil servants and government employees were unfrozen and raised in 2014 after stagnating for 27 years. This raise, in strict compliance with the strategy of controlling the wage bill, resulted in a 12 percent average increase in the wage of civil servants. In addition, wages for civil servants will be adjusted every other year going forward.

- Poverty declined 4.7 points during the 2011–15 period, with a 46.3 percent poverty ratio in 2015 versus 51 percent in 2011. Along with this drop in poverty, inequalities were down progressively (the Gini index stood at 0.405 in 2015, against 0.420 in 2008) and average household income was up by 12.7 percent.

Improving soundness and financial sector development

- The strategy for developing the financial sector was adopted to provide better financing for economic activity, and for SMEs in particular, and for housing and agriculture, as well as for financial sector stability through heightened oversight.

- Action was taken to improve the microfinance sector by strengthening the management of entities in difficulty, withdrawing certification for businesses that had ceased operations and strengthening the oversight system of the remaining institutions.

- The implementation of a plan to restructure the public banks resulted in the decision to privatize VERSUS BANK, have the government sell its shares in the capital stock of SIB, and liquidate BFA. Finally, it placed CNCE under provisional administration. These measures help to bolster the soundness of the banking system.

- The percentage of people with a bank account was up from 12.7 percent in 2012 to 16.3 percent in 2014. The use of the mobile money instrument contributed significantly to improving the rate of the people's access to financial services. In 2014 that rate was

71.4 percent versus 43.94 percent in 2012. Decisions made to lower the costs of financial transactions should help improve access to financial services.

- Thanks to Côte d'Ivoire's good sovereign rating, funds were raised in the international capital markets at the lowest interest rates in Africa.

Strengthening the business climate

- The costs and lead times for creating businesses were improved, mainly through the one-stop shop for creating businesses and streamlined procedures and lower costs for preparing administrative documents or ownership transfer documents.

- The implementation of the one-stop shop for foreign trade simplified procedures for importing goods lowered the number of documents and shortened lead times.

- The creation of the commercial court in 2012 solved the problem of slow settlements of business disputes. Thus, the commercial court issues its judgments within seven to 30 days, as opposed to the 120 days as stated in its specifications.

- A policy to support SMEs that was put in place through a program named "PHOENIX" was adopted to obtain a comprehensive strategy to support SME development. The program, whose implementation began in 2014, should help facilitate the creation and development of an innovative and powerful SME system.

B. Development of the Macroeconomic Framework and Implementation of the Program in the First Half of 2015

9. Economic achievements as of end-June 2015 are good:

- The changes in conditions as of end-June 2015 point to good dynamics in every sector. The inflation rate stands at 1.5 percent, below the maximum community norm of 3 percent.

- For public finances, budget execution as of end-June 2015 remains consistent with program objectives. For revenue mobilization, the program target of 68 CFAF billion was surpassed, and stood at 1,886.4 CFAF billion as of end-June 2015. Spending was executed in the amount of CFAF 2,319.5 billion versus the planned CFAF 2,269.9 billion; of that amount, CFAF 865.5 billion in spending was to assist the poor, versus the planned CFAF 763.3 billion. The result is an improvement in the budget balance of -433.1 CFAF billion versus the projected amount of -451.4 CFAF billion. This balance was covered by resorting to the sub-regional and international financial and money market (CFAF 310.2 billion) and also by issuing Eurobonds for (CFAF 584.8 billion).

- The year-over-year monetary position showed an increase in the money supply as of end-June (+22.1 percent), due to the effect of an increase in net foreign reserves (+60.1 percent) and net loans to the economy (+19.7 percent). The net government position (-13.3 percent) is down, due to the flows the Eurobonds generated.

- Foreign trade is characterized by better terms of trade. The trade balance reportedly has a surplus, thanks to dynamic imports, which rose 10.9 percent as of end-June 2015 due to an increase in sales of primary products. The change in imports was 13 percent, despite lower oil prices, driven essentially by consumer goods and equipment.

- The labor market continues to surge ahead in the modern sector. In formal employment, the number of employees rose by 6.6 percent (+50.703 net jobs) over one year. The private sector employs 77.3 percent of salaried workers.

- There has been a significant increase in the number of businesses that have been created: (4,961) as of end-June, 2015. These good results are due to a better business climate and the sound macroeconomic framework. Côte d'Ivoire continues to be a preferred destination, as shown by the many successful international conferences, trade shows and forums. The number of travelers has increased substantially (827,218 in 2012 versus 1,191,174 in 2014).

- Thanks to the dynamic regional stock exchange (BRVM), in June 2015 the African stock indexes achieved their best performance, as rated by US agency Standard and Poor's, with a 7.8 percent yield. Market capitalization for securities broke a new record when it surpassed CFAF 7 trillion. This sizable increase in activity confirms investor confidence in the economic outlook and health of publicly traded companies.

10. All performance criteria and indicative quantitative benchmarks were met as of end-June 2015. The primary basic balance, projected to show a deficit of CFAF 151 billion, turned out to be at CFAF 124.5 billion. As of end-June 2015, new nonconcessional foreign debts contracted reached $3,606.2 million. This was below the $3,843.4 million ceiling. This financing was used to develop critical projects, in particular in the energy, economic infrastructure and transportation sectors. These loans are repaid using the flows generated by the operating cycles of these projects, which should limit their impact on public finances. Cash advances reached CFAF 69.6 billion versus a ceiling of CFAF 74.7 billion. As of end-June 2015, budget execution showed a relatively low level of floating debt (188.1 billion), which brought about a net decrease of amounts due of CFAF 32.8 billion, versus a floor target of CFAF 30 billion. Regarding the outstanding amounts payable for fiscal years 2014 and earlier, the government cleared CFAF 220.9 billion.

11. As of end-June 2015, all but one [1]structural benchmarks were implemented:

- The entire securitized debt of SIR and PETROCI was paid.
- A memorandum of understanding for processing the reciprocal debts and claims between the government and the energy sector was adopted in June 2015.
- A request for proposals was issued to select a firm to conduct a strategic assessment of SIR to restructure it.
- VAT credits for this fiscal year that are still to be repaid amounted to CFAF 1.6 billion as of end-June 2015.
- Although the arrears on the audited date were scheduled to be cleared in September 2015, this occurred in May 2015, primarily through securitization for CFAF 15.2 billion in claims from operators that did not choose an option.

12. Other major structural reforms were implemented.

- Several activities were carried out to facilitate SME access to government contracts. These include, among others:
    - An information center for economic operators was put in place (CELIOPE). Its role is to inform stakeholders of procurement procedures, public expenditure execution and the existence of funds in the budget to support possible commitments in order to prevent liabilities from being generated;
    - There is a 1.5 percent maximum on financial expenses for the bid security deposit as opposed to the initial 3 percent;

[1] Adopt a protocol clarifying the responsibilities of the respective parties, including the government, as regards the payment of HVO.

  - o Fewer administrative documents are required for SMEs for them to submit bids. Thus, the tax payment certificate and business compliance certificate are no longer prerequisites for submitting bids.

- On July 1, 2015 the government adjusted the prices of electricity to ensure financial balance for the sector beginning in 2016 and to increase supply.

- Legislation was enacted to reorganize the Public Debt Directorate. The new organization chart reorganizes the structure of the front, middle and back offices. This will promote better management of debt operations. Moreover, a preliminary database on the debt of public enterprises was developed.

- The institutional framework for implementing the development strategy for the financial sector was adopted. Now that the entities have been put in place, program implementation is speeding up, with assistance from the World Bank.

C. Outlook for Late 2015

13. The macroeconomic outlook for late 2015 remains positive.

- Economic activity should grow by 9.5 percent, thanks to the dynamic performance of all sectors. The primary sector should grow by 7.4 percent due to cash crops, and cocoa in particular. The secondary sector should be 12.7% due to the performances of the agrifood, energy and public works and civil engineering sectors. The services sector is expected to grow by 9.5 percent, buoyed by transportation, the hotel trade, and banks and insurance.
- Consumer prices should rise slightly by 1.9 percent in 2015, well below the community standard of a maximum of 3 percent.
- The 2015 monetary survey should show higher net foreign assets of 36 percent, and net claims against the economy of 6 percent, resulting in a 15 percent increase in the money supply compared to end-2014. The increase in foreign assets should occur due to steady export revenue and direct foreign investment as well as the use of the Eurobond markets.
- The overall foreign accounts balance is expected to show a surplus of 3.4 percent of GDP due to the surplus in the trade balance and the flow of capital, and mainly direct foreign and portfolio investments. The current account balance should be -0.7 percent of GDP.

14. The primary basic balance and fiscal balance will be consistent with forecasts.

- Total fiscal revenue should be CFAF 3,903.5 billion, for a gain of CFAF 79 billion compared to the program. Essentially, this performance should be the result of gains recorded in taxes on general merchandise and oil products. This should be the result of the impact of the new administrative measures, the higher than projected increase in imports, the rate increase generated by the implementation of the ECOWAS-CET and the positive trend in the price of oil products in the international market. Expenditures should achieve the program targets. Current expenditures should be executed in the amount of 2,769.3 billion versus 2,709.2 billion as projected in the program. Investment expenditures should be 1,353.3 billion, for a 98% execution rate.
- Financing requirements for 2015 should be covered by resorting to the regional financial market in the amount of CFAF 639.3 billion, as well as foreign resources of CFAF 1,303 billion. Following the Eurobond issues in 2014 and early 2015, the government plans to issue SUKUKs in the amount of CFAF 150 billion in 2015, with a 5-year maturity.

15. The government intends to make the primary issue market more dynamic by setting up primary dealers. In the long run, this will facilitate the development of a secondary market among economic operators. Ten applicants have been selected: seven are credit institutions and three are management and brokerage companies. The quality certifications for the primary dealers should be issued in the first half of 2016.

16. Efforts to implement centralized management of the government accounts will continue. The government decided to implement the Single Treasury Account (STA) to ensure that real-time information on liquidity in the public treasury is available. In this regard, an action plan was prepared and implemented. Before the account is actually implemented, the public accounts in the commercial banks will be closed, dedicated equipment will be acquired and a pilot phase will be launched. Hence, 383 out of 1,400 public accounts have been closed in the commercial banks as of end-August 2015 and the equipment will have been acquired. The pilot phase for the operation of the technical support center began in October 2015 and should continue until December 2015.

17. For better traceability and more effective monitoring of procurement management, the government intends to finalize the audit of the contracts for the period from 1993 to 2012 that are in the SIGMAP database (Procurement Management System). This audit should stabilize the stock of outstanding contracts, mainly by terminating some contracts that serve no purpose today and by incorporating into the fiscal programming circuit those contracts that are still relevant and that are in line with the government's priorities as listed in the Public Investment Program.

18. The government will continue to support the microfinance sector and financial inclusion. As part of the National Microfinance Strategy, the government will continue to strengthen the administrative system for closing illegal entities, for the periodic off-site auditing of the work of the Decentralized Financial Systems (SFD) and for levying sanctions against anyone who breaches the regulations. Moreover, with the support of the French Development Agency (AFD), activities will be carried out to strengthen the management and operational capacities of the stakeholders of the Decentralized Financial Systems (SFD) and their administrative oversight.

19. The government will continue to bolster the transparency of fiscal management and improve it. The government began the audit of the liabilities for the 2000–10 period. These audits involve an amount of CFAF 428 billion and should be completed before the end of 2015. The government also audited private school claims. With the results of the audit of the liabilities, the amounts of the government debt as well as processing procedures can be determined. For the validated school debt, the government established a provision in the 2016 budget to meet the commitments that will be generated by the agreements with the creditors.

20. The government will continue efforts to improve the energy sector's financial situation. The audits of SIR and PETROCI will be finalized before the end of 2015. Based on the recommendations, action plans for restructuring will be prepared. Consumption of HVO by the government in the amount of CFAF 28.8 billion will be paid before end-December 2015. In addition, a protocol that details the procedures for ordering, delivery and payment of HVO will be adopted in 2015.

ECONOMIC AND FINANCIAL OUTLOOK FOR 2016 AND MEDIUM-TERM OBJECTIVES

A. 2016–20 National Development Plan (PND)

21. The government will continue its efforts to ensure that Côte d'Ivoire becomes an emerging economy in 2020. In this context, the government prepared the 2016–20 PND (Box 1).

Box 1. Côte d'Ivoire: Strategic Polices in the 2016–20 National Development Plan

Based on a detailed assessment of the implementation of the 2012–15 PND, the general objective of the 2016–20 National Development Plan is to make **Côte d'Ivoire an emerging economy**. The result of this emergence will be a significant reduction in poverty and a concomitant rise of the middle class. Côte d'Ivoire is also a dynamic economy that is focused on development; it is a liberal country that is open to the outside. Moreover, it is a Côte d'Ivoire that wins in terms of its integration into the global economy and it cooperates with its neighbors to strengthen regional integration.

Strong growth will continue in order to double per capita GDP by 2020. Special emphasis will be placed on compulsory education, food self-sufficiency, access to drinking water, electricity in all villages with a population of more than 500, "one citizen, one computer, one Internet connection" and an effective local health system. Côte d'Ivoire also intends to join the top 50 countries in the world in the doing business climate, the leading group of African countries in terms of good governance and transparency in the management of public resources (World Bank Index), and the countries in Africa with the highest rankings in the UNDP Human Development Index.

The 2016–20 PND establishes industry as one of the pillars of the structural transformation of the economy. As a result, it stresses:

- A more dense and diverse industrial production tool, capitalizing on Côte d'Ivoire's comparative advantages;
- An improvement in the processing rate of raw materials and the development of complete value chains, especially in agriculture; and
- Further development of the mining sector, mainly by streamlining procedures for obtaining permits, securing the mining registry and facilitating the development of local subcontracting.

The macroeconomic framework will continue to be sound and sustainable. The scenario that was adopted is based on strong growth driven by essential investments in the growth sectors and ongoing major structural reforms. GDP growth would change from 9.5 percent in 2015 to 9.8 percent in 2016, 8.9 percent in 2017, 8.8 percent in 2018, 8.3 percent in 2019 and 8.0 percent in 2020. To achieve these growth targets, the 2016–20 PND plans for total investments of roughly CFAF 29,254.2 billion; of that amount 60 percent would be for the private sector, including public-private partnerships. Thus, the investment rate would rise from 18.7 percent of GDP in 2015 to 23.9 percent in 2020 (public investment would climb from 8 percent in 2015 to 9.4 percent in 2020 and private investment would be up from 10.7 percent in 2015 to 14.5 percent in 2020).

Furthermore, inflation would be contained to an average of 2 percent per year over the period, below the community norm of 3 percent.

B. 2016 Macroeconomic Framework

22. In 2016, the economy is projected to grow by 9.8 percent, driven by significative growth in investment, in particular in the private sector, and the ongoing large-scale structural measures.

- **The primary sector's contribution to growth would be 5.2 percent.** In particular, subsistence farming would benefit from the National Agriculture Investment Program (PNIA).

- **The secondary sector's contribution to growth would be 15.7 percent**, driven by public works, the development of manufacturing and agrifood industries, and the growth of mining and energy production. The sector would benefit from the creation of new industrial zones, in particular in Abidjan.
- **The service sector would contribution to growth would be 9.5 percent, thanks to positive performance in transportation, telecommunications and banking and financial activity**.

23. Average annual inflation would remain below the community norm of 3 percent. This trend would be due, in particular, to greater subsistence production and a stronger distribution system with new big-box stores.

24. The overall balance of payments would show a surplus of CFAF 300 billion. This good performance would reflect a surplus in the capital account, mainly due to direct foreign investment. The current account balance would remain steady at -0.7 percent of GDP in 2016 thanks to a surplus in the trade balance**.**

25. The money supply should grow by 5 percent due to the combined effect of an increase in lending to the economy and in net foreign assets.

C. 2016 Budget Framework

26. The 2016 budget policy will be marked by ongoing efforts to mobilize revenues and to control spending and the budget deficit to ensure debt sustainability. The 2016 budget provides for an increase in critical transformative public investments and social expenditures.

27. The government will continue its efforts to mobilize revenue. Total revenues collection in 2016 are estimated at CFCA 3,861.5 billion compared to CFCA 3,527 billion in 2015, an increase of about 9 percent over 2015. This increase will be possible thanks to a good performance of tax revenues and port fees. To achieve this, efforts will focus on: (i) increasing the number of taxpayers, mainly by giving businesses incentives to register, by canceling taxes owed from previously businesses that register for tax purposes by a given deadline, and by levying penalties if a return is not filed within the period indicated; (ii) ongoing efforts to optimize VAT collection by establishing a statute of limitations of three years for credits eligible for a refund; (iii) making the on-line filing procedure that was in 2015 fully operational . Moreover, the strengthening of the tax agency's IT system, scheduled for 2016, should make the collection operations chain secure and should facilitate better targeting of the management of tax auditing, which will be reinforced. For port duties and fees, efforts will focus essentially on improving the recording and valuation of goods at border offices and strengthening the fight against fraud by installing weighbridges and putting new scanners into service.

28. Expenditures in 2016 should be roughly CFAF 4,944.6 billion, 8 percent higher than in 2015. This change is mainly the result of the ongoing government policy of strengthening the fight against poverty and increasing public investment, mainly in the sectors that drive growth. In fact, public investment will grow by 19 percent over 2015, to reach 7.6 percent of GDP in 2016 versus 7.2 percent in 2015. Spending to assist the poor will rise 16.4 percent, from CFAF 1,716 billion in 2015 to CFaf 1,998 billion in 2016.

29. The budget deficit will be 3.4 percent of GDP in 2016. **The primary basic balance would be -0.5 percent of GDP in 2016**.

30. The government will continue to monitor the implementation of measures to improve budget execution. To this end, the government will continue to streamline spending by**:** (i) paying the salary and wage bill using simplified procedure and continuing to curtail the use of treasury advances and imprest accounts (*régies d'avances*)**;** (ii) making the use of the reference price database fully effective; and (iii) enforcing the provisions of article 96 on the conditions for using private agreements in order to keep the percentage of these contracts low. Moreover, the government will continue to enforce Interministerial Order No. 0011 MPMB/MPMEF/CAB of November 29, 2013 on measures for managing the use of the provisional payment orders.

31. The government will continue to strengthen good governance and stress the fight against corruption. In this context, the activities of the High Authority for Good Governance in Public Life will be reinforced by intensive anti-corruption actions and the control of public procurement. The activities will include undertaking a diagnostic study of the structural causes of corruption in Côte d'Ivoire. In addition, laws to prevent and fight corruption will be disseminated and publicized. The inter-ministerial working group that was set up will prepare legislation on preventing conflicts of interest, influence peddling, abuse of position, embezzlement and theft of public property, extortion, and illegitimate advantages.

32. The financing requirement for the 2016 budget will be covered. Financing will be raised in the sub-regional money and financial market, the international financial market and from foreign partners. Regarding the use of the money and financial markets, the government intends to raise CFAF 1,191.6 billion against CFAF 1,221 billion in 2015.

D. Improving Management and Strengthening the Long-Term Viability of Public Finances

33. The government will continue to upgrade the procedures for, and management of public finances. In this respect, the government plans: (i) to continue transposing the WAEMU directives into the national legal framework, in particular decrees on stock accounting, the fiscal regime for local governments and the government budget classification; (ii) to continue to train national and decentralized stakeholders involved in public spending on the new MTEFs and program budgets; (iii) to strengthen the capacities of the MTEF sectoral committees in preparing performance tools; and (iv) to continue the work of putting the new Budget Information System in place.

34. The government will continue to lower subsidies to the energy sector and to increase the supply of electricity. The government will continue to implement measures to ensure the energy sector's equilibrium while taking into account people's standard of living. HVO consumption will be drastically reduced with the commissioning of the AZITO and CIPREL combined cycle plants. In addition, tariff adjustments will continue in 2016 and 2017. All of this will generate an operating balance surplus for the sector beginning in 2016. The audits of SIR and PETROCI will be finalized.

35. The government will continue to implement the Single Treasury Account (STA) to optimize the government's cash flow and to ensure effective liquidity control. Hence, the work that began in 2015 will be strengthened. With the positive completion of the pilot phase, the program of closing accounts and gradually making the STA operational will accelerate beginning in 2016, while preserving the liquidity position of the banks.

36. With a view to preparing the TOFE (Table of Government Operations) according to the 2001 Government Finance Statistics Manual (GFSM), the plan is to widen its scope. To this end, the government intends to continue its analysis of the consistency of data from the national public establishments (EPN), social protection institutions, local public entities and public enterprises with the GFSM2001 standards.

37. The government will pay particular attention to the financial situation of public enterprises. In this context, it is setting up an Information and Management System for Public Enterprises (SIGEP). This tool will improve the monitoring of their financial situation and indebtedness.

E. Financial Sector Soundness and Development

38. The government intends to continue its policy of stabilizing and expanding the financial sector by implementing its Financial Sector Development Program (PDESFI) in line with the 2016–20 National Development Plan (PND). Once the entities of the PDESFI are in place, the government plans to pursue the reform of the public financial institutions and implement the recommendations of the Financial Sector Development Committee (CODESFI). In this context, the PDEFSI Steering Committee will draw up and adopt an action plan. The work that is planned will essentially concern: (i) the financing of economic activity; (ii) banks and public debt; (iii) microfinance; (iv) health and social insurance; (v) the business environment in the financial sector; and (vi) the financial markets. Furthermore, the government intends to adopt a legislative and regulatory framework to foster the development of leasing in order to facilitate access to financing for SMEs.

39. The government will continue to implement its strategy of restructuring the public banks. In this regard, the government intends to privatize one public bank through the transfer of its shares to another bank and improve the financial situation of the remaining public banks.

40. The government plans to pursue the overhaul of the microfinance sector. To this end, it will implement the UNACOOPEC-CI Recovery Plan. The National Microfinance Strategy will continue, and will be reinforced by the PDESFI, in order to consolidate the re-establishment of the microfinance institutions sector and strengthen the confidence of small savers. Moreover, the government will encourage the involvement of new and more professional stakeholders with products that are better suited to the Ivoirien market in order to support more financing for households.

F. Debt Policy and Strategy

41. The government will continue to improve the public debt management in line with international best practices and WAEMU community standards. With this in mind, it will continue to update and implement the Medium-Term Debt Strategy (MTDS), supported by the Debt Sustainability Analysis (DSA). This is the operational external and domestic public debt plan, the purpose of which is to meet the government's financing needs at moderate cost and risk.

42. The government intends to strengthen the high quality of its signature and the good perception investors have of Côte d'Ivoire. It plans to honor all debt deadlines on time and improve its rating from the international rating agencies. To achieve this:

- The government will continue to reorganize the Public Debt Directorate in the front, middle and back offices and finalize the startup of its full operation;
- The government will continue to strengthen its daily cash flow management;
- The government will continue to improve communication with the market;
- The government will continue to strengthen the monitoring of the debt of public enterprises, in particular by upgrading the database;
- The National Public Debt Committee (CNDP) intends to adopt a work program that will culminate in a national public debt policy and the preparation of a procedures manual;
- The government will implement the recommendations from the last assessment of the debt under the World Bank's DeMPA methodology.

G. Employment and Social Policy

43. The government intends to promote job creation. In this context, the national youth integration and employment agency, known as the Youth Employment Agency, created in June 2015, replaced the existing entities (AGEPE, FNJ, Employment Support Fund and FIDEN). The new agency will be in charge of organizing the work of the various stakeholders and will address the entire employment issue, especially for youths. In particular, work will be done to: (i) improve job quality; (ii) include a larger number of youths in employment integration projects; and (iii) further promote self-employment and entrepreneurship, given the poor absorption capacity of the modern private sector.

44. The government will reduce inequalities between social classes and will improve the components of the human development indicator. It will foster the implementation of a comprehensive social protection system, and universal health coverage (CMU) in particular. In addition, it will pursue its policy of access to education for all, decent housing, clean energy, drinking water and a healthy lifestyle.

45. The government will continue to deploy its universal health coverage (CMU) policy. Thus, the enrollment phase that began in 2015 will be expanded over seven years. Along with this, a pilot project will be implemented in 2015 to make the system efficient. To ensure sustainability and viability, the government will monitor the system's financial soundness and ensure rigorous management. In terms of the quality of medical services, special emphasis will be placed on upgrading and expanding the health centers and the technical support center. This coverage should help improve life expectancy at birth and lower infant mortality.

46. **Education and training efforts will continue**. Through the implementation of the "Education for All" Program, gender equality should be achieved at the primary education level. This program will be strengthened by the strict enforcement of the "compulsory education" law. Moreover, it will ensure that the school system and job market are coordinated, and it will promote "the virtual university" to overcome the shortfall observed in the availability of training in higher education.

H. Statistics and Capacity Building

47. **The government intends to continue its program to strengthen and upgrade the national statistics system, in the context of the as part of implementing and monitoring of the 2016–20 National Development Plan (PND)**. It intends to implement the Statistics Master Plan that is included in the PND 2016–20 and the IMF technical assistance recommendations on the national accounts. To this end, the government will adopt the following measures: (1) correct the method of valuing taxes in real terms for the 2011 and 2012 final accounts and the 2013 provisional accounts; (ii) prepare the quarterly national accounts; (iii) allocate resources to the INS (a minimum of seven additional analysts) to prepare the annual and quarterly accounts and to migrate to the System of National Accounts 2008 (SNA); (iv) implement a permanent agriculture statistics system; and (v) prepare the public finance accounts according to the 2001 Government Finances Statistics Manual (GFSM 2001) beginning in 2016. The government will also finalize the launch of the General Agriculture Survey and the living standards and employment surveys.

Table 1. Côte d'Ivoire: Performance Criteria and Indicative Targets, ECF 2014-2015[1/]

(Billions of CFA francs)[2/]

	2014				2015								
	Dec				March				June			Sept.	Dec
	PC	Adjusted PC	Actual	Status	IT	Adjusted IT	Actual	Status	PC	Actual	Status	IT	IT
A. Performance criteria													
Floor on primary basic balance	-81.6		-80.4	Met	-10.5		29.5	Met	-150.7	-112.8	Met	-151.8	-95.2
Ceiling on net domestic financing (incl. WAEMU paper)	107.6		100.7	Met	-56.4		-539.4	Met	186.8	-229.1	Met	104.3	-224.4
Ceiling on new nonconcessional external debt (in $ million) [3/ 4/ 5/]	1,650.0	2,443.4	2,441.5	Met	3,050.0	3,843.4	3,606.2	Met	3,843.4	3,606.2	Met	3,843.4	3843.4
Ceiling on accumulation of new external arrears	0.0		0.0	Met	0.0		0.0	Met	0.0	0.0	Met	0.0	0.0
Ceiling on accumulation of new domestic arrears	0.0		0.0	Met	0.0		0.0	Met	0.0	0.0	Met	0.0	0.0
B. Indicative targets													
Floor on the overall fiscal balance (incl. grants)	-394.8		-376.1	Met	-179.3		-211.5	Not Met	-451.2	-421.4	Met	-584.7	-676.3
Ceiling on expenditures by treasury advance	124.5		112.4	Met	29.4		20.0	Met	74.7	73.7	Met	109.9	150.5
Floor on pro-poor expenditure	1,521.8		1,622.4	Met	292.6		358.4		763.3	865.5	Met	1,153.1	1716.4
Floor on net reduction of government amounts payable (- = reduction)	-110.0		-152.4	Met	-20.0		-21.5	Met	-30.0	-32.8	Met	-40.0	-50.0
Floor on government revenue	3,064.6		2,989.4	Not Met	749.5		787.2	Met	1,630.5	1,717.5	Met	2,472.8	3,527.0
Memorandum items:													
Net banking sector claims on government	9.1		127.3		-41.0		-520.6		54.8	-237.6		1.4	-55.0
Program grants	156.6		167.0		0.0		0.0		73.8	79.8		73.8	153.6
Program loans	50.5		0.0		0.0		0.0		6.4			6.4	81.4
Project grants	168.8		137.0		57.2		87.3		114.3	96.0		137.2	222.9
Project loans	259.6		249.1		115.5		197.6		241.1	257.5		281.2	404.9

Sources: Ivoirien authorities and IMF staff.
Note : The terms in this table are defined in the TMU.
1/ Cumulative change from December 31, 2013 for 2014 targets, and from December 31, 2014 for 2015 targets.
2/ Except for the ceiling on new nonconcessional external debt
3/ The new non-concessional external debt will be used for infrastructure, energy, and transport projects.
4/ Adjusted for the Port of Abidjan (December 2014, US$ 793.4 million), as provided for under the ECF program (see TMU paragraph 16).
5/ If concessional terms are not obtained for the electricity network (US$820 million) project, the ceiling on new nonconcessional external debt will be ajusted upward pro tanto, as provided for under the ECF program (see TMU paragraph 16).

Table 2. Côte d'Ivoire: Structural Benchmarks, 2015, ECF			
Eighth Program Review			
Measures	**Macroeconomic Rationale**	**Timeframe**	**Status**
Public expenditure management			
Payment in cash of the securitized debt held by SIR and PETROCI.	Improve the financial position of the energy sector	**SB** end-June 2015	**Met**
Adopt a protocol clarifying the responsibilities of the respective parties, including the government, as regards the payment of HVO.	Reduce fiscal risks	**SB** end-June 2015	**Not met**
Issue a call for tender for the selection of an audit company that would complete a strategic audit aiming to restructure SIR.	Reduce fiscal risks	**SB** end-June 2015	**Met**
Strengthening the soundness and development of the financial sector			
Adopt a draft law aimed at developing leasing.	Develop the financial sector	**SB** end-September 2015	**Not met**
Restructure a public bank	Strengthen financial sector soundness	**SB** end-November 2015	**…**
Improving the business environment			
Limit the current fiscal year's VAT arrears pending refund to under CFAF 10 billion	Improve the business climate	Continuous **SB**	**Met**
Clear the full range of domestic arrears on audited debt from 2010 and earlier years.	Improve the business climate	**SB** end-September 2015	**Met**
Regularize domestic arrears on securitized and contractual debt ("dette conventionnée").	Improve the business climate	**SB** end-September 2015	**Not met**

Attachment II. Côte d'Ivoire: Technical Memorandum of Understanding—Arrangement Under the Extended Credit Facility, 2011–15

November 24, 2015

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, 2015; the same variables are indicative targets for these variables for September 30, 2015 and December 31, 2015**.

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, 2014 for the 2015 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, and expenditure related to the Ebola outbreak (on a payment order basis for all expenditure items):

Tax and nontax revenue (excluding grants) – {Expenditure + Net lending – Interest payments – Externally-financed capital expenditure- Expenditure related to the Ebola outbreak (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 correspondent 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 50 billion during 2015, 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.

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, 2015;
- 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 2013–15 of US$800 million for the period through December 31, 2013, US$1,650 million through December 31, 2014, and US$3,843.4 million through December 31, 2015 applies to new nonconcessional external loans other than those specified in paragraph 14 (performance criterion).** This ceiling would be applicable to debt-financing of projects, in the energy, infrastructure and transport sectors, and to the issuance of a Eurobond in 2015 for a maximum amount equivalent to U$1 billion. The ceiling on new

nonconcessional foreign borrowing will be adjusted upward to reflect the loan to finance the rehabilitation and expansion of the electric power grid by a maximum amount equivalent to US$ 820 million, if the terms of this loan should prove to be nonconcessional. 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 amount of the 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. 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 50 billion in 2015; and (ii) to not accumulate new domestic arrears in 2015.

MEMORANDUM ITEMS

A. 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).

B. 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.

C. 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), 2009–15
(Billions of CFA francs)

	2009	2010	2011	2012		2013		2014	2015
				Budget	Actual	SBL 1/	Actual	Budget	Draft Budget
Agriculture and rural development	**49.2**	**39.1**	**35.2**	**41.4**	**68.2**	**72.1**	**81.7**	**81.9**	**88.6**
General administration	8.5	9.2	7.0	7.7	10.0	16.3	21.4	28.0	33.9
Agriculture promotion and development program	10.6	10.8	10.8	12.0	18.7	15.1	15.9	17.8	23.4
Training of supervisory staff	8.4	8.3	10.3	8.4	13.5	15.7	18.4	16.9	21.5
Water system works	1.5	4.0	3.0	3.4	26.0	16.6	18.3	19.3	9.7
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**	**9.0**
General administration	3.5	3.9	2.7	2.7	4.0	3.8	4.4	4.5	4.6
Milk production and livestock farming	2.3	1.8	1.2	1.5	2.9	0.9	1.7	1.7	2.0
Fishing and aquaculture	1.0	0.2	0.1	0.5	0.4	1.2	1.4	1.9	2.4
Education	**533.1**	**590.1**	**529.2**	**628.6**	**651.2**	**754.6**	**756.3**	**836.3**	**960.9**
General administration	19.6	24.9	24.7	23.6	19.8	19.5	19.5	20.6	25.2
Pre-schooling and primary education	336.7	366.7	301.1	398.2	379.2	454.4	449.2	316.6	403.8
Literacy	0.2	0.2	0.5	0.6	0.5	0.5	0.4	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	306.9
University and research	93.7	114.5	117.0	113.0	140.0	153.0	156.1	155.4	178.1
Emergency/Presidential program/Education	0.0	0.0	11.7	12.8	36.9	43.5	43.5	46.5	46.5
Health	**118.4**	**113.6**	**120.2**	**138.0**	**169.2**	**205.1**	**197.9**	**267.4**	**310.1**
General administration	45.8	47.7	49.2	55.4	63.9	89.5	71.4	123.0	150.7
Primary health system	30.7	30.0	25.2	34.8	47.5	53.9	70.5	38.7	63.3
Preventive healthcare (enlarged vaccination program)	1.9	1.4	0.4	0.8	2.3	2.6	1.6	2.9	1.5
Disease-fighting programs	1.7	1.5	1.1	1.4	4.0	1.2	1.7	24.8	5.6
Infant/mother health and nutrition	0.8	0.4	0.4	0.6	1.4	0.6	0.8	18.1	10.9
HIV/Aids	10.8	5.9	6.9	8.0	6.4	5.4	1.6	5.6	16.7
Health centers and specialized programs	26.6	26.6	25.7	25.1	31.8	33.9	32.3	34.2	41.4
Emergency/Presidential program/Health	0.0	0.0	11.3	12.0	12.0	18.0	18.0	20.0	20.0
Water and De-contamination	**20.4**	**19.8**	**36.3**	**39.9**	**49.5**	**73.5**	**118.4**	**82.1**	**83.3**
Access to drinking water and de-contamination	4.9	6.0	10.2	10.7	10.8	25.4	69.9	37.0	38.7
Environmental protection spending	15.5	13.8	13.1	13.0	22.4	23.6	24.0	18.1	17.6
Emergency/Presidential program/healthiness and de-contamination	0.0	0.0	13.1	16.2	8.0	11.5	11.5	13.5	13.5
Emergency/Presidential program/drinking water	0.0	0.0	0.0	0.0	8.2	13.0	13.0	13.5	13.5
Energy	**16.5**	**9.7**	**8.8**	**17.0**	**18.8**	**26.7**	**25.5**	**30.1**	**34.9**
Access to electricity	16.5	9.7	8.9	9.0	10.8	13.7	12.5	16.6	21.4
Emergency/Presidential program/Electricity	0.0	0.0	0.0	8.0	8.0	13.0	13.0	13.5	13.5
Roads and Art Works	**39.1**	**45.4**	**33.4**	**47.1**	**51.4**	**101.7**	**80.2**	**112.7**	**118.7**
Road maintenance	0.5	2.4	2.1	5.1	2.3	11.4	8.7	6.0	6.2
Construction of art works	3.0	2.5	1.1	7.5	4.0	22.2	5.6	23.3	20.4
Other road projects	35.6	40.6	22.2	23.5	34.1	52.2	49.9	65.5	67.0
Emergency/Presidential program/maintenance and development	0.0	0.0	8.0	11.0	11.0	16.0	16.0	18.0	25.0
Social spending	**13.6**	**15.0**	**24.7**	**14.1**	**20.0**	**18.1**	**24.3**	**22.4**	**23.6**
General administration	8.6	9.8	8.9	9.0	15.1	13.4	19.1	16.1	17.1
Training for women	0.6	0.7	0.5	0.7	0.7	0.5	0.6	0.9	0.8
Orphanages, day nurseries, and social centers	1.5	2.0	1.9	2.5	2.2	2.1	2.3	3.1	3.1
Training of support staff	1.7	1.9	1.6	1.3	1.6	1.8	1.9	2.0	2.1
Indigents and victims of war or disaster	1.2	0.5	11.8	0.7	0.5	0.4	0.4	0.4	0.5
Decentralization (excl. education, health and agriculture)	**35.1**	**32.0**	**29.0**	**32.1**	**31.7**	**31.8**	**34.5**	**60.0**	**56.1**
Decentralization	35.1	32.0	29.0	32.1	31.7	31.8	34.5	60.0	56.1
Reconstruction	**1.4**	**2.6**	**5.6**	**1.2**	**0.3**	**13.0**	**2.9**	**10.4**	**20.4**
Reconstruction and rehabilitation	1.4	2.6	4.6	1.2	0.3	0.1	0.1	0.0	0.4
Emergency/Presidential program	0.0	0.0	1.0	0.0	0.0	12.9	2.9	10.4	20.0
Other poverty-fighting spending	**9.6**	**11.9**	**16.2**	**15.9**	**13.0**	**6.7**	**7.9**	**10.5**	**10.8**
Promotion and insertion of youth	8.4	8.9	13.7	13.4	7.6	5.1	5.4	8.1	8.2
Support and follow-up of DSRP	0.3	0.2	0.4	0.4	0.5	0.0	0.2	0.6	0.6
Development of tourism and craftmanship	0.9	2.8	2.0	2.1	4.9	1.6	2.3	1.8	2.0
TOTAL	**843.0**	**885.2**	**842.7**	**980.0**	**1,080.5**	**1,309.1**	**1,337.1**	**1,521.8**	**1716.4**

Source: Ivorien authorities.

1/ Supplementary Budget Law.

Table 2. Côte d'Ivoire: Document Transmittal

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

CÔTE D'IVOIRE

November 24, 2015

EIGHTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT—DEBT SUSTAINABILITY ANALYSIS

Approved By
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Prepared by the International Monetary Fund and the International Development Association

- This debt sustainability analysis (DSA) concludes that Côte d'Ivoire continues to face a moderate risk of debt distress.[1]

- *The DSA updates the joint Bank-Fund LIC-DSA that was considered by the Executive Board in December 2014 at the 6th Review of under the ECF Arrangement.[2] Compared to the last DSA, the current analysis assumes that a larger share of the fiscal deficit is financed through domestic borrowing and non-concessional external borrowing. It also includes the actual terms of the 2015 Eurobond and revised disbursement schedules of four large project loans. In addition, the underlying macroeconomic assumptions have been updated to reflect recent domestic and global developments, notably an improved business environment, lower world prices for oil and mining products and a depreciation of the CFAF vis-à-vis the US dollar.*

- *Under the baseline scenario, there are no breaches of the respective policy-dependent thresholds for any of the debt indicators. However, the stress tests show that the external debt outlook continues to be vulnerable to adverse macroeconomic shocks.*

- *The accumulation of external debt, in particular of non-concessional debt, should be monitored carefully, and new borrowing guided by prudent debt management. It would be important to avoid an excessive bunching of maturities in the mid-2020s, and to take adequate account of rollover and foreign exchange risks. Borrowing plans should take into account potential changes in international financial market conditions and volatility.*

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[1] In the LIC-DSA framework Côte d'Ivoire is rated as having weak policy performance with a Country Policy and Institutional Assessment (CPIA) average rating for 2012–14 of 3.17.

[2] The DSA was prepared jointly by the staff of the IMF and World Bank, in collaboration with the authorities of Côte d'Ivoire. The 2014 DSA can be found in IMF Country Report nº14/358, Supp.1, 11/21/2014. Due to data limitations the DSA covers central government debt for domestic debt, central government and private external debt, but not public enterprise debt.

- *Promoting economic diversification and strengthening revenue mobilization are important to increase Côte d'Ivoire's resilience to exogenous shocks. Efforts to improve the business environment and enhance revenue mobilization by broadening the tax base should be continued and stepped up.*

- *Strengthening debt management would enhance Côte d'Ivoire's capacity to pursue a prudent borrowing policy and manage contingent fiscal risks. To this end, the long-delayed restructuring of the public debt department into front-, middle-, and back-offices should be completed rapidly. Also, the planned strengthening of the National Debt Policy Committee and of the recently developed centralized database to monitor public sector's debt (public enterprises and other public entities) should be implemented quickly.*

BACKGROUND

1. As a result of Côte d'Ivoire's completion point under the enhanced HIPC initiative in 2012, the external debt (central government) position and vulnerability improved.[3] Since 2012, the government has used the borrowing space created by the HIPC completion point to finance its ambitious investment plans, including several large key investments in the energy and infrastructure sectors,[4] as well as to access the Eurobond market ($750 million in 2014 and $1 billion in 2015). Côte d'Ivoire's entry on the Eurobond market was met favorably with both issuances oversubscribed and terms that compared favorably with those given to other African countries. In support of the 2014 issuance, Moody's and Fitch assigned the country sovereign bond risk ratings of B1 and B, respectively, both with a positive outlook. Most recently in early November 2015, Moody's upgraded Côte d'Ivoire's risk rating to Ba3 (stable outlook). As a result, outstanding public and publicly-guaranteed government (PPG) external debt increased from $4.7 billion at end-2012 to $5.9 billion at end-2014 (Figure 1 and Table 1), but has stayed broadly unchanged in terms of GDP—17.3 percent at end-2012 and 17.8 percent at end-2014. At end-2014, commercial creditors accounted for 55.5 percent of PPG external debt (for the most part Eurobonds[5]), multilateral creditors 25.5 percent, and official bilateral creditors 19 percent. Compared to end-2012 there has been a shift in the shares in favor of official bilateral creditors and away from

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

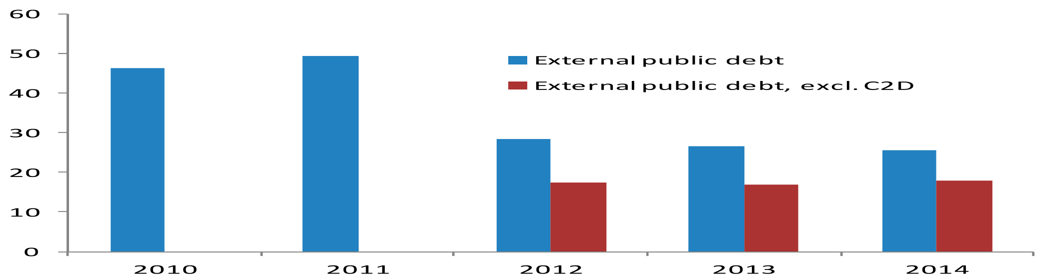
[4] Three loans were contracted during 2013–14 to finance the following projects: the Soubre hydroelectric dam (2013), an extension of the Port of Abidjan (2014), and potable water for Abidjan (2014). On a contracted basis, these loans amount to $1.39 billion. In addition, a project loan for the extension and rehabilitation of the electricity network of about $775 million is expected to be signed before end-2015.

[5] At end-2014, outstanding Eurobonds include the 2014 issuance as well as the issuance in 2009 in exchange of outstanding Brady Bonds in a London Club restructuring agreement in 2010 following Côte d'Ivoire's decision point in 2009. At end-2014, the latter stock amounts to $2.5 billion.

multilateral creditors; this shift is entirely accounted for by an increase in the share of non-traditional creditors (by just over 6 percent of total debt) while that of Paris Club members has correspondingly decreased.

Figure 1. Côte d'Ivoire: Stock of External Public Debt, 2010–14

(Percent of GDP)



Sources: Ivorien authorities; and IMF staff estimates

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

(As of end-2014, nominal)

	Million US dollars	Percent of total	Percent of GDP
Total	**5,996**	**100.0**	**17.8**
Including C2D	**8,579**		**25.4**
Multilateral creditors	**1,531**	**25.5**	**4.5**
IMF	**1,016**	**16.9**	**3.0**
World Bank	**157**	**2.6**	**0.5**
AfDB group	**44**	**0.7**	**0.1**
Other multilaterals	**314**	**5.2**	**0.9**
Official bilateral creditors	**1,135**	**18.9**	**3.4**
Paris Club	**556**	**9.3**	**1.6**
Non-Paris Club	**579**	**9.7**	**1.7**
Commercial creditors	**3,330**	**55.5**	**9.9**
London club	**3,271**	**54.5**	**9.7**
Other commercials	**60**	**1.0**	**0.2**

Sources : Ivoirien authorities; and IMF staff estimates

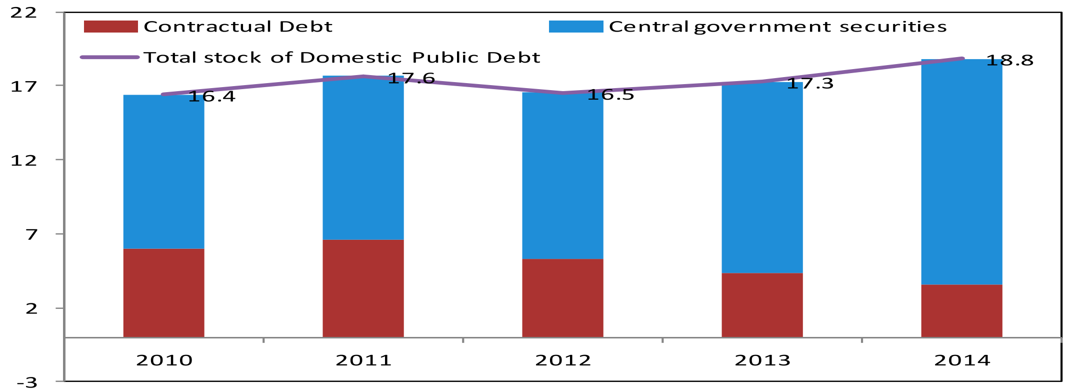
[1/] currency definition of external debt.

2. **Domestic public debt (central government only) has trended up since 2012.** This increase reflects notably large issuances of government bonds with longer maturities to fund the budget and pay off below the line obligations, as well as the inclusion of certain past arrears to the BCEAO (0.5 percent of GDP).[6] As of end-2014, the total stock of domestic debt represented about 18.8 percent of GDP of which 81 percent consisted of government securities issued on the regional bond market.

[6] These include, T-bills and T-bonds obligations stemming from the restructuring at end-2011, restructuring of domestic debt arrears incurred during the 2010–11 post-election crisis (5.4 percent of GDP), floating debt, and securitized debt issued as payment for previously unbudgeted liabilities. The arrears to the BCEAO relate to payments to the IMF, prior to the HIPC decision point in 2009, which were honored by the BCEAO even though the government did not pay the counterpart debt service to the BCEAO.

Figure 2. Côte d'Ivoire: Stock of Domestic Public Debt[1/], 2010–14

(Percent of GDP)



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

Text Table 2. Côte d'Ivoire: Domestic Public Debt,[1/] as of end-2014

	Billions of CFA Francs	Percent of total	Percent of GDP
Total	**3,138**	**100.0**	**18.8**
Securities	**2,541**	**81.0**	**15.3**
Contractual Debt	**597**	**19.0**	**3.6**

Sources : Ivoirien authorities; and IMF staff estimates
[1/] Central Government only.

3. In early 2015, the government began collecting quarterly data on the debt stock of public enterprises. The data should be considered as preliminary as several issues remain concerning the reporting by public enterprises;[7] for example, certain items in the database are not reported on a consistent basis across pubic enterprises, and the database does not include full documentation of loan terms or debt service schedules. The involved government departments plan to gradually refine the database. The preliminary data indicate that public enterprise debt at end-June 2015 amounted to about 3.3 percent of GDP, of which 1.1 percent are loans on-lent from the central government[8] (all external debt), and is already recorded on the central government's balance sheet. Total public enterprise external debt, excluding on-lent government loans, amounts 0.5 percent of GDP, and domestic debt 1.7 percent of GDP. Arrears on public enterprise debt amounts to 0.13 percent: 0.05 percent of GDP on on-lentloans (the central government has maintained full payment to the creditors), 0.06 percent on other external debt, and

[7] These include, amongst others, Air Côte d'Ivoire, ANSUT, CI-Energies, FER, and PETROCI.

[8] The loan is contracted by the government and on-lent to the public enterprise which, in turn, pays the debt service falling due on the loan to the government.

0.2 percent of GDP on domestic debt. For the most part the arrears are on long-past debt service, but in a few cases arrears accrued in the first half of 2015. The absence of debt service schedules and loan terms, and consolidated fiscal accounts for the public enterprise sector and central government precludes the integration of public enterprise debt in the DSA.

UNDERLYING ASSUMPTIONS

Box 1. Côte d'Ivoire: Key Macroeconomic Assumptions

- **Real GDP growth**: The baseline scenario assumes that growth would remain strong over the medium term (7.8 percent on average during 2015–20), reflecting a rise in investor confidence boosted by the end of elections-related uncertainty and improved business climate. Major PPP projects are expected to be carried out during 2015–20 (e.g., the Abidjan metrorail and the renovation of the Abidjan-Ouagadougou railway), and strong private investment is expected in agro-business industry, hotels and housing. In the long term, real GDP would stabilize at about 5 percent.
- **Inflation**: Inflation would hover around 2 percent (below the WAEMU's convergence criteria of 3 percent) on the back of expected strong agriculture output and improved supply channels.
- **Fiscal balance**: Total revenue and grants (excluding C2D grants) would increase gradually from 20.5 percent of GDP in 2015–20 to 23.7 percent of GDP over the long run, reflecting the authorities' efforts to broaden the tax base and improve revenue administration efficiency. Primary expenditures would increase from 23.1 percent of GDP in 2015–20 to 25.3 percent of GDP in the long term to address infrastructure gap and meet growing social needs. As a result, the primary fiscal deficit (excluding C2D grants) would gradually decrease to 1.6 percent of GDP in 2027–35 from 2.6 percent of GDP during 2015–20.
- **External balance**: Driven by an upward trend in imports associated with strong domestic demand, the non-interest current account deficit is assumed to widen over time to reach 6 percent of GDP over the long term from 2.1 percent of GDP during 2015–20. Over the medium term, this deficit would be partly financed by higher FDI flows (3.3 percent of GDP in 2015–20 compared with 1.9 percent of GDP in 2014).
- **Financing**: Domestic debt in terms of GDP, is projected to decline modestly to 17.5 percent of GDP on average during to 2015–20 before increasing to 20.2 percent of GDP over 2021–35 , in line with the national and regional authorities' efforts to deepen the financial market. New external borrowing is assumed to decline over time from 3 percent over the medium term to 2.5 percent of GDP in the long run. The borrowing assumptions are broadly consistent with the government's medium term debt strategy for 2015–19. The baseline scenario includes the 2015 $1 billion Eurobond that was issued; both this Eurobond and the 2014 Eurobond are assumed to be rolled over in 2024–27. It also incorporates projected disbursements of four large semi-concessional loans (Soubre hydroelectric dam, extension of the Port of Abidjan (2014), potable water for Abidjan (2014), and extension and rehabilitation of the electricity network (2015) during 2015–19: $364 in 2015, $601 million in 2016, $448 million in 2017, $317 million in 2018, and $42 million in 2019. The main source of new borrowing, excluding the 2015 Eurobond, are multilateral and official bilateral creditors, but over time this source declines to about 19 percent of total new borrowing during 2030–35 while that of commercial creditors rises to 81 percent.

4. The key changes in the baseline macroeconomic assumptions relation to the 2014 LIC DSA are as follows:

- **Global environment.** The nominal exchange rate (FCFA/USD) is assumed to be higher by an average of 18 percent over the forecast horizon compared with the 2014 DSA. Oil prices are projected to be lower 33 percent on average.

- **GDP over the medium term.** GDP growth assumptions are higher in the medium term than in the 2014 DSA, based on assumed higher private sector investment on the back of an improved business climate. However, nominal GDP in US dollar terms is lower than before due to an assumed strong appreciation of the US dollar.

- **The primary fiscal deficit.** The deficit is larger than before, reflecting lower total revenues due to lower projected oil and other commodities prices.

- **The external current account deficit.** As in the last DSA, the current account deficit is projected to rise, but at a lesser pace during 2021–26 because of lower projected import prices.

- **Debt composition.** The stock of domestic public debt has been revised significantly upward at end-2015 to reflect the recent inclusion of certain past arrears to the BCEAO, including payments to the Fund, other unbudgeted liabilities incurred prior to 2011 (see footnote 6). In addition, the debt service schedule on the stock of government debt to the BCEAO was restructured over 50 years, resulting in lower payments in the medium term. The current DSA assumes that a larger share of the fiscal deficit is financed from domestic borrowing than in the previous DSA, in line with ongoing reforms to foster the development of secondary market and deepen the regional bond market. The remainder is financed through (lower) external borrowing with a higher share of non-concessional financing than before, reflecting the strong appetite of commercial creditors for Côte d'Ivoire debt as demonstrated by the highly successful and oversubscribed recent Eurobond issues and the likelihood of less borrowing at concessional terms being available. After 2015 no new Eurobonds are assumed to be issued, except to refinance the 2014 and 2015 Eurobonds which mature in 2024–28.

- **New external borrowing.** The actual terms of the 2015 Eurobond (interest rate of 6.375 percent, and amortization in 3 equal payments in 2026–28) are incorporated, and it is assumed to be refinanced with two $500 million Eurobonds in 2026 and 2027; previously it was assumed to be a 10-year bullet with an interest rate of 6.5 percent and refinanced in 2025. The projected disbursement schedules of the 4 large project loans have been revised to take into account actual disbursements and new information, with smaller disbursements in 2016–18, reflecting primarily a longer disbursement schedule for the Port of Abidjan project through to 2019.

Text Table 3. Côte d'Ivoire: LIC DSA Macroeconomic Assumptions: Comparison with the 2014 LIC DSA

(Percent of GDP, unless otherwise indicated)

	Previous DSA			Current DSA		
	2015-20	2021-26	2027-34	2015-20	2021-26	2027-35
Nominal GDP ($ Billion) 1/	52.7	85.0	144.1	41.4	68.3	116.5
Real GDP (percent change)	6.9	5.1	5.1	7.8	5.2	5.0
Fiscal (central government)						
Revenue and grants[2]	20.3	23.1	24.6	20.5	21.7	23.7
of which : grants	1.6	0.9	0.3	1.0	0.6	0.3
Primary expenditure	22.4	24.2	25.9	23.1	23.7	25.3
Primary fiscal deficit (excluding C2D grants)	0.8	0.5	1.3	2.6	2.0	1.6
Balance of payments						
Exports of goods and services	44.5	50.9	61.5	40.6	46.1	56.3
Imports of goods and services	43.1	51.0	61.3	40.9	47.9	59.6
Non-interest current account deficit[3]	1.3	4.1	5.7	2.8	3.6	5.6
New external borrowing [4/]	4.1	3.1	2.0	3.1	2.7	2.4
Net foreign direct investment	3.6	2.2	1.9	3.3	3.7	2.9
Memorandum Item						
C2D grants				0.6	0.3	...

Sources: Ivoirien authorities; and IMF staff estimates.
1/ The changes from the Article IV LIC DSA reflect the updated nominal GDP historical series and the revised exchange rate assumptions of CFA/USD.
2/ C2D grants are excluded from revenue and grants.
3/ C2D grants are excluded from official transfers.
4/ Includes publicly guaranteed external borrowing.

DEBT SUSTAINABILITY ANALYSIS

A. External Debt

5. The results of the external DSA confirm that Côte d'Ivoire's debt dynamics remain sustainable (Figure 2; Tables 3a and 3b).[9] They also confirm that Côte d'Ivoire's risk of debt distress has not changed and remains at a moderate level.[10]

6. The baseline shows similar debt vulnerabilities as in the previous DSA, although there has been a slight worsening. Under the baseline scenario, the deterioration in debt vulnerability occurs primarily in the early years of the DSA—the debt stock indicators improve slightly in the longer run compared to the last DSA, while for the debt service indicators the deterioration persists. The deterioration reflects three factors: the lower projected levels of fiscal and export revenues (owing to less optimistic oil prospects and lower projected commodities prices; a reduction in the grant equivalent share of new borrowing by about one-third compared to the last DSA; and the reduction in the dollar value of GDP because of the assumed appreciation of the US dollar vis-à-vis the CFA franc. This worsening is offset partly by the lower amount of

[9] In the LIC-DSA framework Côte d'Ivoire is rated as having weak policy performance with a Country Policy and Institutional Assessment (CPIA) average rating for 2012–14 of 3.17.

[10] In the current and last DSA an adjustment to the real GDP and non-interest current account averages of the past 10 years was made to take into account the political crisis in 2011, the mid-point of the averaging period; but this did not involve the complete exclusion of the crisis year from the calculated averages. If the crisis year is excluded, the debt indicators improve under the baseline because past average growth would be higher. For most extreme shocks scenarios, the indicators would also improve reflecting lower standard deviations as well as the higher growth average. Under the historical scenario (permanent shock) the indicators would deteriorate reflecting a higher average current account deficit (in the crisis year the current account deficit was lower as imports collapsed).

projected external borrowing compared with the last DSA, reflecting the smaller projected external current account deficit and greater use of the regional debt market to finance the fiscal deficit. The hump in the debt service indicators is spread over a slightly wider time period, because of the 3-year amortization profile of the 2015 Eurobond which previously had been assumed to be a bullet bond. For the most part the historical scenario is somewhat improved compared with the last DSA, reflecting the shift in the period covered by the 10-year average, which results in a smaller projected primary current account than before. Under the stress tests, all the debt stock indicators show a slight improvement compared with the last DSA, except for the extreme (combination shock) case; also, under the negative FDI shock the debt-to-exports indicator worsens. In contrast the debt service indicators show a broad but small deterioration under all stress tests.

B. Total Public Debt

7. Under the baseline, adding domestic public debt in the analysis leads to a modest near-term deterioration of Côte d'Ivoire's debt position. Under the baseline scenario, all public debt indicators would decrease over time. More specifically, the PV of total public debt would diminish to 32 percent of GDP at the end of the projection period from 41 percent of GDP in 2015, while the debt service-to-revenue ratio, after peaking at 17.8 percent in 2024 with the bullet payment of the 2014 Eurobond, would decline and stabilize at around 13.6 percent during 2025–35.

8. During the first three years of the projection period, the baseline projection of the PV of total public debt-to-GDP indicator marginally breaches its threshold value, but significant vulnerabilities in domestic public debt are not detected. The breach in 2015–17 is caused primarily by the accumulation of external PPG debt, although the inclusion in 2015 of certain previously omitted domestic debt liabilities (see ¶4) contributes to the breach. After 2015, both external and domestic debt drive the reduction in the size of the breach. More generally, the higher level of the trajectory of total public debt over the projection horizon under the baseline and stress tests (compared to the previous DSA) reflects the inclusion of previously omitted liabilities (see above) and smaller repayments over a longer time period under the restructuring agreement for outstanding central bank advances (see ¶4). As such, the minor breach of the threshold by the PV of total public-debt-to-GDP indicator does not suggest that domestic debt vulnerabilities have become significant.

CONCLUSION

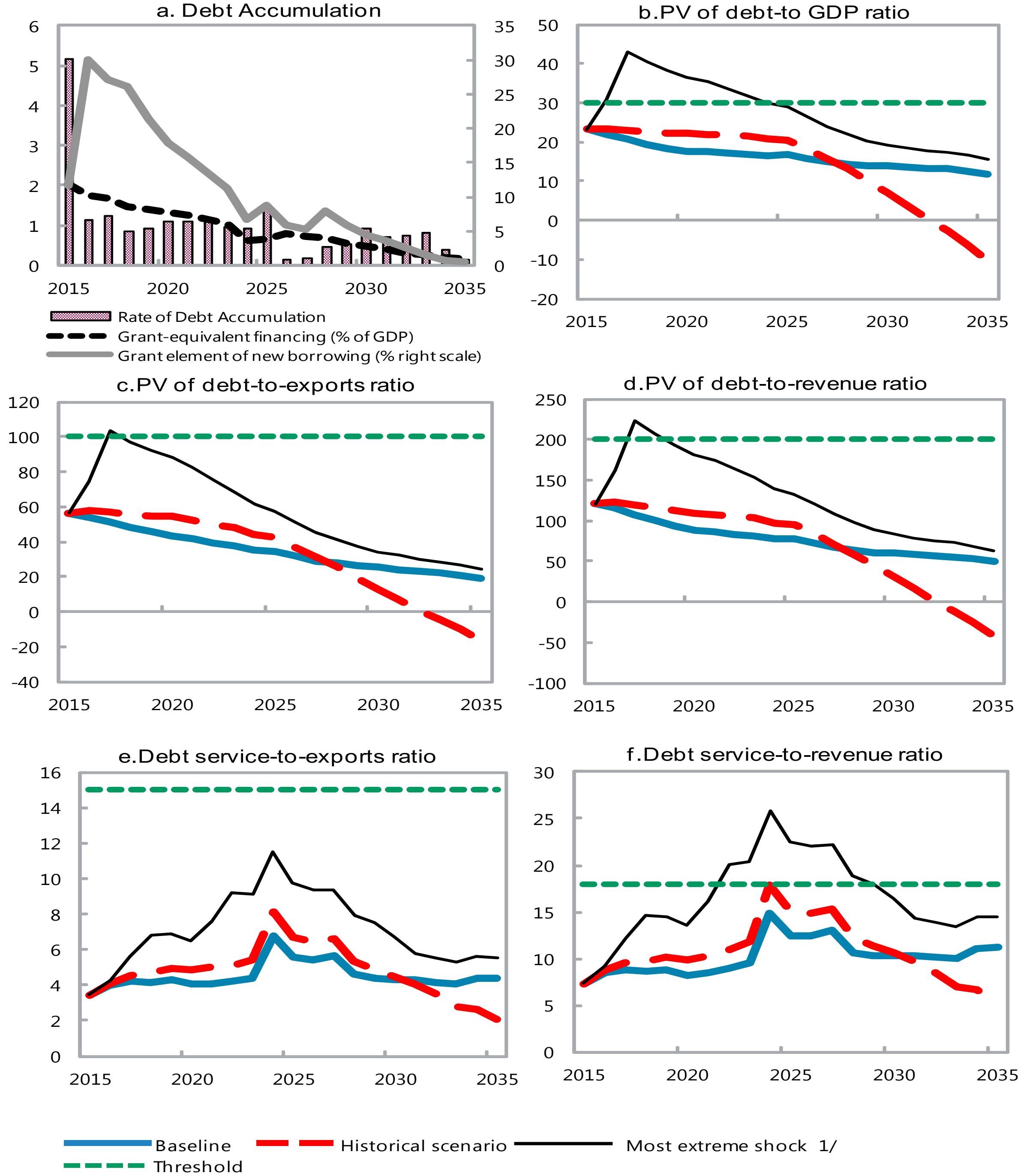
9. Côte d'Ivoire remains at a moderate risk of debt distress. This is unchanged from the last DSA in November 2014. In the baseline scenario, all debt indicators remain below their respective policy-dependent thresholds. Under the stress tests, all the debt stock indicators are projected to breach their threshold values in the case of the extreme (combination) shock. In addition, the debt-to-GDP indicator breaches, for one year, its threshold under an export shock (2017) and depreciation shock (2016). As regards the debt service indicators, the debt-service-to-exports indicator does not breach its threshold value, while the debt-service-to-fiscal revenues indicator temporarily breaches its threshold value in the mid-2020's under a majority of stress tests. The DSA shows that Côte d'Ivoire continues to be vulnerable to adverse macroeconomic shocks, in particular to exports, growth, foreign direct investment, as well as fiscal performance. It points to the need to avoid aggravating the concentration of maturities in the mid-2020s.

10. Sound macroeconomic policies and prudent debt management will be important to maintain a sustainable external position. The identified vulnerabilities to debt sustainability point to the importance of measures to minimize the risks of sub-par economic growth, exports, and fiscal performance. To this end the authorities' structural reform efforts since 2011 need to be sustained to overcome bottlenecks to continued strong growth and export performance and to strengthen the contribution of the private sector, notably through improvements in the business climate. Furthermore to support public spending needs on infrastructure investment and public services without excessive recourse to borrowing, efforts to enhance revenue performance are needed. As regards public debt management, the authorities are continuing to strengthen debt management: the re-organization of the debt department into a front-, middle-, and back- office structure is expected to be implemented in 2016 and the National Debt Policy Committee is being strengthened and is expected be fully operational in 2016. A World Bank Debt Management Performance Assessment (DemPa) for Côte d'Ivoire is currently being finalized and will provide a benchmarking of debt management and identify areas were further improvements are needed. In addition, the authorities should expand their efforts to monitor public enterprise debt, including by strengthening the newly-developed database and by introducing an early warning system, to ensure that it remains at sustainable levels and does not pose risks to the central government budget. While the authorities plan to use Private-Public-Projects (PPPs) to encourage private financing to avoid excessive public borrowing to finance a wide array of projects, it will be important to pay close attention to contingent liabilities. A deeper regional market would help expand potential financing sources and the authorities should press ahead with their plans to achieve this, including the establishment of primary dealers and the creation of a secondary market for sovereign financing.

11. An excessive buildup in maturities falling due in the mid-2020's should be avoided. In particular, because of the bunched repayment obligations of the 2014 and 2015 Eurobonds during 2024–28 debt management should take account of potential rollover and foreign exchange risks. Future plans to raise resources in international financial markets, should also take into account the potential volatility in these markets and possible deterioration of lending terms. To the extent possible, recourse to international financial markets should be avoided when market conditions are unfavorable.

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

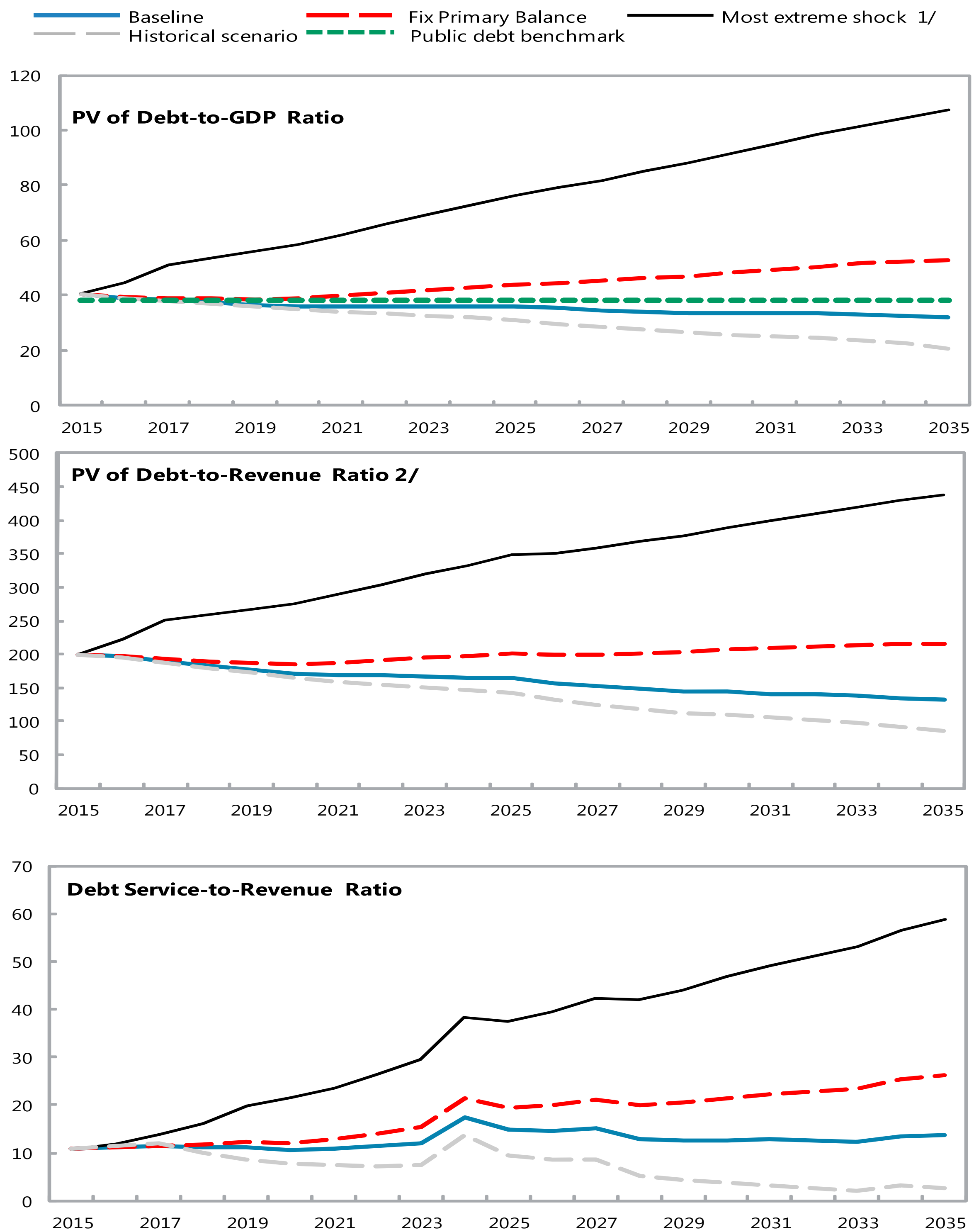
Figure 3. Côte d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2015–35[1/]



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio on or before 2025. In figure b. it corresponds to a Combination shock; in c. to a Combination shock; in d. to a Combination shock; in e. to a Combination shock and in figure f. to a Combination shock

Figure 4. Côte d'Ivoire: Indicators of Public Debt Under Alternative Scenarios, 2015–35[1/]



Sources: Country authorities; and staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio on or before 2025.
2/ Revenues are defined inclusive of grants.

Table 1. Côte d'Ivoire: External Debt Sustainability Framework, Baseline Scenario, 2012–35[1/]

(Percent of GDP, unless otherwise indicated)

	Actual			Historical [6/] Average	Standard [6/] Deviation	Projections									
	2012	2013	2014			2015	2016	2017	2018	2019	2020	2015-2020 Average	2025	2035	2021-2035 Average
External debt (nominal) 1/	**35.6**	**31.9**	**33.6**			**38.8**	**37.3**	**35.0**	**32.7**	**30.5**	**28.6**		**25.3**	**39.3**	
of which: public and publicly guaranteed (PPG)	17.0	16.4	19.5			25.1	24.1	23.3	22.2	21.2	20.4		20.1	14.6	
Change in external debt	-37.1	-3.6	1.6			5.2	-1.5	-2.3	-2.3	-2.2	-1.8		-0.2	2.2	
Identified net debt-creating flows	-4.5	-3.8	-3.0			-2.0	-2.2	-1.7	-1.6	-1.4	-1.1		-0.1	3.1	
Non-interest current account deficit	**-0.2**	**0.6**	**0.3**	**-3.9**	**4.1**	**1.6**	**2.1**	**2.9**	**3.1**	**3.2**	**3.6**		**3.6**	**6.9**	4.8
Deficit in balance of goods and services	-4.1	-3.0	-2.9			-1.3	-0.5	0.3	0.6	1.0	1.7		1.4	3.8	2.7
Exports	48.4	41.8	42.3			41.0	40.5	40.5	40.6	40.5	40.5		48.5	62.0	52.2
Imports	44.2	38.8	39.4			39.7	40.0	40.8	41.2	41.6	42.2		50.0	65.9	54.9
Net current transfers (negative = inflow)	1.9	1.4	0.2	1.7	0.9	0.0	0.0	-0.2	-0.4	-0.6	-0.9		-0.7	0.3	-0.3
of which: official	0.2	0.2	-0.7			-1.0	-0.9	-0.8	-0.7	-0.7	-0.7		-0.1	0.1	
Other current account flows (negative = net inflow)	2.0	2.1	3.0			2.8	2.7	2.8	2.8	2.9	2.9		2.8	2.8	
Net FDI (negative = inflow)	**-1.2**	**-1.3**	**-1.9**	**-1.6**	**0.4**	**-2.1**	**-2.9**	**-3.3**	**-3.5**	**-3.7**	**-4.0**		**-3.5**	**-2.7**	-3.2
Endogenous debt dynamics 2/	**-3.1**	**-3.1**	**-1.3**			**-1.5**	**-1.4**	**-1.3**	**-1.1**	**-1.0**	**-0.7**		**-0.2**	**-1.0**	
Denominator: 1+g+r+gr	1.1	1.1	1.1			0.9	1.1	1.1	1.1	1.1	1.1		1.1	1.1	
Contribution from nominal interest rate	1.4	1.4	1.2			1.6	1.5	1.4	1.3	1.2	1.2		1.1	0.7	
Contribution from real GDP growth	-7.3	-2.7	-2.3			-3.0	-2.9	-2.7	-2.4	-2.2	-1.9		-1.2	-1.7	
Contribution from price and exchange rate changes	2.7	-1.8	-0.2			...	...	...	...	...	...		...	...	
Residual (3-4) 3/	**-32.6**	**0.2**	**4.6**			**7.2**	**0.7**	**-0.6**	**-0.7**	**-0.8**	**-0.7**		**-0.2**	**-0.9**	
of which: exceptional financing	-29.8	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
						0.0									
PV of external debt 4/	...	...	32.2			36.9	35.0	32.4	30.0	27.7	25.8		22.1	36.7	
In percent of exports	...	...	76.2			89.9	86.4	80.1	74.0	68.3	63.6		45.5	59.1	
PV of PPG external debt	**...**	**...**	**18.1**			**23.2**	**21.9**	**20.7**	**19.5**	**18.4**	**17.6**		**16.8**	**11.9**	
In percent of exports	**...**	**...**	**42.8**			**56.5**	**54.0**	**51.2**	**48.0**	**45.4**	**43.4**		**34.6**	**19.2**	
In percent of government revenues	**...**	**...**	**100.9**			**121.1**	**115.9**	**107.9**	**99.7**	**92.9**	**87.4**		**77.8**	**49.0**	
Debt service-to-exports ratio (in percent)	**9.8**	**11.4**	**6.1**			**8.7**	**8.6**	**8.5**	**8.0**	**7.6**	**7.2**		**7.6**	**5.3**	
PPG debt service-to-exports ratio (in percent)	**1.8**	**2.3**	**2.4**			**3.4**	**4.0**	**4.2**	**4.2**	**4.3**	**4.1**		**5.5**	**4.4**	
PPG debt service-to-revenue ratio (in percent)	**4.6**	**5.1**	**5.6**			**7.3**	**8.5**	**8.8**	**8.7**	**8.8**	**8.2**		**12.5**	**11.2**	
Total gross financing need (Billions of U.S. dollars)	1.8	2.1	1.1			1.7	1.3	2.0	2.0	2.2	2.2		3.9	37.2	
Non-interest current account deficit that stabilizes debt ratio	36.9	4.2	-1.3			-3.6	3.7	5.2	5.3	5.5	5.5		3.9	4.7	
Key macroeconomic assumptions															
Real GDP growth (in percent)	10.7	8.7	7.9	3.6	4.4	8.4	8.4	8.1	7.8	7.5	7.0	7.8	5.2	5.0	5.0
GDP deflator in US dollar terms (change in percent)	-3.6	5.4	0.6	3.9	6.5	-14.5	2.8	3.1	3.0	2.8	3.5	0.1	2.1	2.1	2.1
Effective interest rate (percent) 5/	2.1	4.6	4.1	2.9	0.8	4.4	4.4	4.2	4.2	4.2	4.2	4.3	4.5	2.0	4.6
Growth of exports of G&S (US dollar terms, in percent)	-4.0	-1.0	9.8	6.6	6.6	-10.1	10.1	11.4	11.2	10.4	10.8	7.3	10.6	9.7	10.4
Growth of imports of G&S (US dollar terms, in percent)	26.6	0.6	10.0	8.2	10.7	-6.5	12.1	13.9	12.0	11.5	12.4	9.2	9.8	9.1	10.5
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	11.7	30.1	27.1	26.2	21.3	17.8	22.4	8.7	0.5	6.3
Government revenues (excluding grants, in percent of GDP)	18.4	18.5	17.9			19.1	18.9	19.2	19.5	19.8	20.1		21.6	24.3	22.4
Aid flows (in Billions of US dollars) 7/	0.2	0.2	0.3			0.6	0.5	0.6	0.8	0.9	1.0		1.0	0.7	
of which: Grants	0.2	0.2	0.3			0.4	0.4	0.4	0.4	0.4	0.5		0.3	0.2	
of which: Concessional loans	0.0	0.0	0.0			0.2	0.1	0.2	0.4	0.4	0.5		0.8	0.4	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			2.0	1.8	1.7	1.5	1.4	1.3		0.7	0.2	0.6
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			25.5	52.5	47.8	49.2	45.4	42.4		16.6	6.5	20.1
Memorandum items:															
Nominal GDP (Billions of US dollars)	27.1	31.1	33.7			31.3	34.8	38.8	43.1	47.7	52.8		75.5	151.4	97.2
Nominal dollar GDP growth	6.7	14.6	8.6			-7.3	11.4	11.5	11.0	10.5	10.7	8.0	7.4	7.2	7.3
PV of PPG external debt (in Billions of US dollars)			5.6			7.3	7.7	8.1	8.4	8.8	9.3		12.8	18.1	
(PVt-PVt-1)/GDPt-1 (in percent)						5.2	1.1	1.2	0.9	0.9	1.1	1.7	1.5	0.1	0.7
Gross workers' remittances (Billions of US dollars)	-0.5	-0.6	-0.6			-0.6	-0.5	-0.5	-0.4	-0.3	-0.2		0.1	-0.4	
PV of PPG external debt (in percent of GDP + remittances)	...	...	18.5			23.6	22.2	21.0	19.7	18.5	17.7		16.8	11.9	
PV of PPG external debt (in percent of exports + remittances)	...	...	44.8			59.2	56.2	52.9	49.2	46.1	43.8		34.5	19.3	
Debt service of PPG external debt (in percent of exports + remittanc	...	...	2.5			3.6	4.1	4.3	4.3	4.3	4.1		5.5	4.4	

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.
2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.
3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.
4/ Assumes that PV of private sector debt is equivalent to its face value.
5/ Current-year interest payments divided by previous period debt stock.
6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.
7/ Defined as grants, concessional loans, and debt relief.
8/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

Table 2. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2015–35
(Percent)

	Projections							
	2015	2016	2017	2018	2019	2020	**2025**	2035
PV of debt-to GDP ratio								
Baseline	23	22	21	19	18	18	**17**	12
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2015-2035 1/	23	23	23	23	22	22	**21**	-10
A2. New public sector loans on less favorable terms in 2015-2035 2	23	22	22	21	21	20	**22**	21
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2016-2017	23	24	25	23	22	21	**20**	14
B2. Export value growth at historical average minus one standard deviation in 2016-2017 3/	23	26	32	30	29	27	**22**	13
B3. US dollar GDP deflator at historical average minus one standard deviation in 2016-2017	23	23	23	22	21	20	**19**	13
B4. Net non-debt creating flows at historical average minus one standard deviation in 2016-2017 4/	23	26	30	28	27	25	**21**	13
B5. Combination of B1-B4 using one-half standard deviation shocks	23	31	43	40	38	37	**29**	15
B6. One-time 30 percent nominal depreciation relative to the baseline in 2016 5/	23	31	29	28	26	25	**24**	17
PV of debt-to-exports ratio								
Baseline	57	54	51	48	45	43	**35**	19
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2015-2035 1/	57	57	57	56	55	54	**42**	-17
A2. New public sector loans on less favorable terms in 2015-2035 2	57	55	54	52	51	50	**46**	34
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2016-2017	57	54	52	48	46	44	**35**	19
B2. Export value growth at historical average minus one standard deviation in 2016-2017 3/	57	70	97	91	87	83	**57**	25
B3. US dollar GDP deflator at historical average minus one standard deviation in 2016-2017	57	54	52	48	46	44	**35**	19
B4. Net non-debt creating flows at historical average minus one standard deviation in 2016-2017 4/	57	65	74	69	66	63	**44**	20
B5. Combination of B1-B4 using one-half standard deviation shocks	57	74	103	97	92	88	**58**	24
B6. One-time 30 percent nominal depreciation relative to the baseline in 2016 5/	57	54	52	48	46	44	**35**	19
PV of debt-to-revenue ratio								
Baseline	121	116	108	100	93	87	**78**	49
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2015-2035 1/	121	123	120	116	112	110	**95**	-43
A2. New public sector loans on less favorable terms in 2015-2035 2	121	119	114	108	104	101	**103**	87
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2016-2017	121	127	128	118	111	104	**93**	59
B2. Export value growth at historical average minus one standard deviation in 2016-2017 3/	121	137	167	154	145	136	**104**	52
B3. US dollar GDP deflator at historical average minus one standard deviation in 2016-2017	121	123	121	112	104	98	**88**	55
B4. Net non-debt creating flows at historical average minus one standard deviation in 2016-2017 4/	121	140	155	144	134	126	**98**	52
B5. Combination of B1-B4 using one-half standard deviation shocks	121	163	223	207	194	181	**133**	63
B6. One-time 30 percent nominal depreciation relative to the baseline in 2016 5/	121	165	153	141	132	124	**111**	70

Table 2. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2015–35 (concluded)

(Percent)

				Debt service-to-exports ratio				
Baseline	3	4	4	4	4	4	**6**	4
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2015-2035 1/	3	4	5	5	5	5	**7**	2
A2. New public sector loans on less favorable terms in 2015-2035 2	3	4	4	4	4	4	**4**	6
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2016-2017	3	4	4	4	4	4	**6**	4
B2. Export value growth at historical average minus one standard deviation in 2016-2017 3/	3	4	6	7	7	6	**9**	6
B3. US dollar GDP deflator at historical average minus one standard deviation in 2016-2017	3	4	4	4	4	4	**6**	4
B4. Net non-debt creating flows at historical average minus one standard deviation in 2016-2017 4/	3	4	5	5	5	5	**7**	5
B5. Combination of B1-B4 using one-half standard deviation shocks	3	4	6	7	7	7	**10**	6
B6. One-time 30 percent nominal depreciation relative to the baseline in 2016 5/	3	4	4	4	4	4	**6**	4
				Debt service-to-revenue ratio				
Baseline	7	8	9	9	9	8	**12**	11
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2015-2035 1/	7	9	10	10	10	10	**15**	5
A2. New public sector loans on less favorable terms in 2015-2035 2	7	8	8	8	8	7	**9**	17
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2016-2017	7	9	10	10	10	10	**15**	13
B2. Export value growth at historical average minus one standard deviation in 2016-2017 3/	7	8	10	11	11	11	**17**	12
B3. US dollar GDP deflator at historical average minus one standard deviation in 2016-2017	7	9	10	10	10	9	**14**	13
B4. Net non-debt creating flows at historical average minus one standard deviation in 2016-2017 4/	7	8	10	11	11	10	**16**	12
B5. Combination of B1-B4 using one-half standard deviation shocks	7	9	12	15	14	13	**23**	14
B6. One-time 30 percent nominal depreciation relative to the baseline in 2016 5/	7	12	12	12	12	12	**18**	16
Memorandum item:								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	-1	-1	-1	-1	-1	-1	**-1**	-1

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline., while grace and maturity periods are the same as in the baseline.
3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).
4/ Includes official and private transfers and FDI.
5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.
6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

Table 3. Côte d'Ivoire: Public Sector Debt Sustainability Framework, Baseline Scenario, 2012–35

(Percent of GDP, unless otherwise indicated)

	Actual					Estimate				Projections					
	2012	2013	2014	Average 5/	Standard Deviation 5/	2015	2016	2017	2018	2019	2020	2015-20 Average	2025	2035	2021-35 Average
Public sector debt 1/	33.7	34.2	38.3			42.6	41.4	40.9	40.1	39.3	38.7		39.2	34.8	
of which: foreign-currency denominated	17.2	16.4	19.5			25.1	24.1	23.3	22.2	21.2	20.4		20.1	14.6	
Change in public sector debt	-36.2	0.5	4.1			4.3	-1.2	-0.5	-0.9	-0.7	-0.6		0.1	-0.7	
Identified debt-creating flows	-6.1	-1.0	2.4			1.9	-0.1	0.0	0.0	-0.1	0.0		0.6	0.5	
Primary deficit	2.4	1.9	2.3	1.0	1.3	3.1	2.8	2.7	2.5	2.3	2.2	2.6	1.9	1.7	1.8
Revenue and grants	18.9	19.2	18.9			20.4	20.0	20.2	20.5	20.7	21.1	20.5	21.9	24.4	22.9
of which: grants	0.6	0.7	0.9			1.2	1.1	1.0	0.9	0.9	0.9		0.3	0.1	
Primary (noninterest) expenditure	21.3	21.0	21.2			23.5	22.7	22.9	22.9	23.0	23.3	23.1	23.9	26.1	24.7
Automatic debt dynamics	-8.5	-2.9	0.2			-1.0	-2.8	-2.7	-2.5	-2.4	-2.2		-1.3	-1.1	
Contribution from interest rate/growth differential	-7.5	-2.2	-2.0			-2.4	-2.6	-2.4	-2.3	-2.2	-1.9		-1.3	-1.1	
of which: contribution from average real interest rate	-0.8	0.5	0.5			0.6	0.7	0.7	0.6	0.6	0.6		0.6	0.6	
of which: contribution from real GDP growth	-6.7	-2.7	-2.5			-3.0	-3.3	-3.1	-2.9	-2.8	-2.6		-1.9	-1.7	
Contribution from real exchange rate depreciation	-1.0	-0.7	2.2			1.4	-0.1	-0.3	-0.2	-0.2	-0.3		...	...	
Other identified debt-creating flows	0.0	0.0	-0.1			-0.2	-0.1	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	-0.1			-0.2	-0.1	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Debt relief (HIPC and other)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes	-30.1	1.5	1.7			2.3	-1.0	-0.5	-0.9	-0.7	-0.6		-0.5	-1.3	
Other Sustainability Indicators															
PV of public sector debt	...	...	36.9			40.6	39.1	38.4	37.3	36.5	35.9		36.0	32.1	
of which: foreign-currency denominated	...	...	18.1			23.2	21.9	20.7	19.5	18.4	17.6		16.8	11.9	
of which: external	...	...	18.1			23.2	21.9	20.7	19.5	18.4	17.6		16.8	11.9	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 2/	3.7	3.3	3.8			5.4	5.0	5.0	4.8	4.7	4.5		5.2	5.0	
PV of public sector debt-to-revenue and grants ratio (in percent)	...	...	195.5			199.5	196.1	189.7	182.4	176.3	170.2		164.0	131.4	
PV of public sector debt-to-revenue ratio (in percent)	...	...	205.7			212.4	207.2	199.5	191.1	184.7	178.2		166.6	132.2	
of which: external 3/	...	...	100.9			121.1	115.9	107.9	99.7	92.9	87.4		77.8	49.0	
Debt service-to-revenue and grants ratio (in percent) 4/	6.9	7.5	8.2			10.9	11.0	11.4	11.2	11.3	10.7	11.1	14.9	13.6	13.3
Debt service-to-revenue ratio (in percent) 4/	7.1	7.8	8.7			11.6	11.7	12.0	11.7	11.8	11.2	11.7	15.1	13.7	13.6
Primary deficit that stabilizes the debt-to-GDP ratio	38.6	1.3	-1.9			-1.1	4.0	3.2	3.3	3.1	2.8	2.5	1.9	2.4	2.0
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	10.7	8.7	7.9	3.6	4.4	8.4	8.4	8.1	7.8	7.5	7.0	7.8	5.2	5.0	5.0
Average nominal interest rate on forex debt (in percent)	1.0	4.3	3.4	2.0	1.1	4.3	3.9	3.9	3.8	3.9	4.0	4.0	4.4	4.8	4.4
Average real interest rate on domestic debt (in percent)	-2.3	0.4	1.6	-0.9	2.1	0.8	1.3	1.6	1.5	1.5	1.4	1.4	0.9	0.9	1.0
Real exchange rate depreciation (in percent, + indicates depreciation	-2.2	-4.3	14.1	0.3	9.0	7.6	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	4.4	2.0	0.6	3.1	2.4	2.1	2.3	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1
Growth of real primary spending (deflated by GDP deflator, in percer	36.7	7.2	8.6	5.3	11.5	20.4	4.8	9.1	7.8	8.0	8.0	9.7	5.1	5.7	5.8
Grant element of new external borrowing (in percent)	...	...	...	...	...	11.7	30.1	27.1	26.2	21.3	17.8	22.4	8.7	0.5	...

Sources: Country authorities; and staff estimates and projections.

1/ [Indicate coverage of public sector, e.g., general government or nonfinancial public sector. Also whether net or gross debt is used.]

2/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period.

3/ Revenues excluding grants.

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

5/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

Table 4. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public Debt 2015–35

	Projections							
	2015	2016	2017	2018	2019	2020	2025	2035
PV of Debt-to-GDP Ratio								
Baseline	41	39	38	37	37	36	36	32
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	41	39	38	37	36	35	31	21
A2. Primary balance is unchanged from 2015	41	40	39	39	39	39	44	53
A3. Permanently lower GDP growth 1/	41	40	40	39	40	40	50	82
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2016-20	41	45	51	54	56	59	76	107
B2. Primary balance is at historical average minus one standard deviations in 2016-201	41	39	38	37	36	35	35	32
B3. Combination of B1-B2 using one half standard deviation shocks	41	41	41	43	45	47	60	83
B4. One-time 30 percent real depreciation in 2016	41	48	47	45	44	43	43	42
B5. 10 percent of GDP increase in other debt-creating flows in 2016	41	49	48	46	45	44	43	38
PV of Debt-to-Revenue Ratio 2/								
Baseline	199	196	190	182	176	170	164	131
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	199	196	188	179	172	164	141	85
A2. Primary balance is unchanged from 2015	199	198	194	189	187	184	200	216
A3. Permanently lower GDP growth 1/	199	199	195	192	191	190	226	336
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2016-20	199	222	251	259	268	275	348	438
B2. Primary balance is at historical average minus one standard deviations in 2016-201	199	194	186	179	173	167	161	129
B3. Combination of B1-B2 using one half standard deviation shocks	199	203	202	208	214	220	275	339
B4. One-time 30 percent real depreciation in 2016	199	243	232	221	212	203	195	170
B5. 10 percent of GDP increase in other debt-creating flows in 2016	199	247	237	227	218	209	198	156
Debt Service-to-Revenue Ratio 2/								
Baseline	11	11	11	11	11	11	15	14
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	11	12	12	10	9	8	9	3
A2. Primary balance is unchanged from 2015	11	11	11	12	12	12	19	26
A3. Permanently lower GDP growth 1/	11	11	12	12	12	12	22	41
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2016-20	11	12	14	16	20	21	38	59
B2. Primary balance is at historical average minus one standard deviations in 2016-201	11	11	11	11	11	10	14	13
B3. Combination of B1-B2 using one half standard deviation shocks	11	12	13	11	11	14	28	44
B4. One-time 30 percent real depreciation in 2016	11	13	15	15	16	16	24	28
B5. 10 percent of GDP increase in other debt-creating flows in 2016	11	11	14	21	21	15	21	18

Sources: Country authorities; and staff estimates and projections.

1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of the length of the projection period.

2/ Revenues are defined inclusive of grants.

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

EIGHTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT—INFORMATIONAL ANNEX

November 24, 2015

Prepared By

African Department
"In Consultation with other Departments"

CONTENTS

RELATIONS WITH THE FUND

(As of September 30, 2015)

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)	324.14	99.67
Reserve tranche position	1.07	0.33

SDR Department:	**SDR Million**	**% Allocation**
Net cumulative allocation	310.90	100.00
Holdings	237.29	76.32

Outstanding Purchases and Loans	**SDR Million**	**% Quota**
RCF loans	81.30	25.00
ECF Arrangements	651.05	200.20

Latest Financement Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	Nov 04, 2011	Dec. 31, 2015	520.32	471.54
ECF[1]	Mar 27, 2009	June 23, 2011	373.98	230.89
ECF[1]	Mar 29, 2002	Mar 28, 2005	292.68	58.54

[1] Formerly PRGF.

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

	2015	2016	2017	2018	2019
Principal	3.58	46.18	85.20	109.59	113.17
Charges/Interest	0.01	0.04	0.04	0.04	1.04
Total	3.58	46.22	85.24	109.63	114.21

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

Implementation of HIPC Initiative:

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

[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 can not 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

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

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

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

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

Safeguards Assessments—the Central Bank of West African States (BCEAO) is a common central bank of the countries of the West African Economic and Monetary Union (WAMU). The latest assessment of the BCEAO was completed on December 13, 2013. The assessment found that the bank continued to have a strong control environment and has, with the implementation of the 2010 Institutional Reform of the WAMU, enhanced its governance framework. Specifically, an audit committee was established to oversee the audit and financial reporting processes, transparency has increased with more timely publication of the audited financial statements, and the BCEAO 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. Following this recommendation, the BCEAO has selected a second audit firm to conduct the audit.

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 March 2016.

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)
	Multi-topic (April)	AFRITAC Steering Committee
	Wage bill management strategy (May)	Budgeting strategy
	Medium-term expenditure framework (June)	Budgeting strategy
	Accounting (July)	Accrual accounting
	Tax policy (August)	VAT reform
	Banking sector (August)	Public bank restructuring
	Tax administration (September)	Modernization of tax administration
	Tax Policy	Follow-up on tax policy reform
	Debt management (September)	Update the DSA
	Public financial management (September)	Medium-term expenditure framework
	National Accounts-AFRITAC (November)	Quarterly GDP

	Area	Focus
	Customs Administration-AFRITAC (May/November)	Risk-based analysis in Customs
	Revenue administration (November)	Strengthen tax administration
	Public financial management-AFRITAC (November)	Financial information system reform
	Government Finance Statistics -AFRITAC (November)	Producing the TOFE based on the trial balance and implementing WAEMU directives
	Public financial management-AFRITAC (December)	Support the formulation of a strategy to improve accounting procedures, consistent with WAEMU directives
2014	Public Financial Management (January)	Budget execution and spending procedures
	Government Finance Statistics -AFRITAC (January)	Producing the TOFE based on the Treasury Accounts and implementing WAEMU directives
	Customs administration – AFRITAC (February)	Human resources management
	Debt management-AFRITAC (February)	Debt sustainability analysis
	Customs Administration -AFRITAC (March)	Modernize customs
	Cash management (April)	Treasury Single Account
	Multi-topic (April)	AFRITAC Steering Committee
	National Accounts-AFRITAC (May)	Quarterly GDP
	Tax administration– AFRITAC (May)	VAT management
	Customs – AFRITAC (June)	Risk management for control purpose
	Banking sector– AFRITAC (June)	Implementation of the Treasury Single Account
	Budget management– AFRITAC (June)	Budget classification
	Budget management – AFRITAC (July)	Budget Management Information System modernization
	Accounting and financial reporting – AFRITAC (July)	Trial balance improvement – AFRITAC (July)
	Customs administration – AFRITAC (July/September)	Risk-based management and intelligence
	Accounting - AFRITAC (October)	Revenue administration and accounting
	National accounts- AFRITAC (October)	Strengthening economic statistics
	Public Financial Management	Medium term expenditure framework
	Tax Policy	VAT and income tax system
	Public Financial Management	Finalization of medium term expenditure framework
	Revenue Administration	Tax administration capacity
	Public Financial Management	Expenditure chain
	Revenue Administration (September)	Setting up a large taxpayers office
	Revenue Administration	IT systems for VAT administration

	Area	Focus
2015	Revenue Administration	Diagnostic of customs administration
	Debt management- AFRITAC (January)	Workshop on Rate of return of government securities
	Customs administration – AFRITAC (January/April)	Risk-based management
	Customs administration – AFRITAC (March)	Customs informations
	Revenue Administration-AFRITAC (April)	Medium taxpayers directorate
	National Accounts-AFRITAC (April/September)	Quarterly GDP
	Government Finance Statistics -AFRITAC (April/August)	Producing the TOFE based on the Treasury's accounts and implementing WAEMU directives
	Macroeconomics (May)	Technical assistance needs identification
	Accounting and financial reporting – AFRITAC (May/June)	Improvement of Treasury's Accounts
	Customs administration – AFRITAC (June)	Exemption regimes at Customs
	Revenue Administration	IT systems for VAT administration
	Revenue Administration	Follow-up in tax administration
	Public Financial Management	Budget preparation and credibility
	Public Financial Management	Revenue forecasting
	Public Financial Management	Public accounting
	Revenue administration	Tax administration
	Tax Policy-AFRITAC (June)	Auditing of large taxpayers
	Revenue administration – AFRITAC (December)	Custom administration
	Public Financial Management - AFRITAC	Public accounting
2016 (up to end of April)	Revenue administration – AFRITAC (January)	Custom administration
	Revenue Administration (January)	Tax administration organization
	Revenue Administration (February)	Follow-up in tax administration
	Revenue Administration (March)	Tax administration IT system and tax procedures
	Public Finance Management (March)	Core Public Finance Management functions

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, 2015–16

(As of September 30, 2015)

Title	Products	Provisional Timing of Missions	Expected Delivery Date
A. Mutual Information on Relevant Work Programs			
World Bank work program in the next 2 months	**Strategy and Operations**:		
	Active Projects		**Closing dates**
	CI-Emergency Post-Conflict Assistance Project		December 31, 2015
	CI-Governance and Institutional Dev.	November 17, 2015	November 30, 2016
	CI: Agriculture Sector Support Project	November 16, 2015	October 30, 2017
	CI - Emerg. Youth Empl & Skills Dev. Pro		June 30, 2019
	CI Emergency Infrastructure Renewal	Jan/Feb 2016	December 31, 2016
	CI-Productive Social Safety Net		October 30, 2020
	Health Systems Strengthening and Ebola Preparedness Project	End January-February	January 31, 2020
	CI-Emergency Post-Conflict Assistance Project		June 30, 2016
	CI - Emerg. Basic Edu Supp Proj (EFA-FTI)		September 30, 2016
	Cote d'Ivoire - POPs Pesticides Mgt Proj		October 30, 2020
	CI:Parliament Capacity Building		July 9, 2016
	Social Inclusion & Improvmt of Livelihood		October 17, 2017
	REDD+ Readiness Preparation in RCI		September 30, 2017
	Africa Hgher Education Centers of Excellence Project		December 31, 2019
	Lending		**Expected Delivery Date**
	Technical assistance project for transport sector reform	January 2016	May 19, 2016
	Cote d'Ivoire Local Governance and Local Development		July 15, 2016

	Lending		Expected Delivery Date
	CI Emergency Infrastructure Renewal Additional Financing (P156253)		May 19, 2016
	CI - Infrastructure for Urban development and Competitiveness of Secondary cities (P151324)	Nov/Dec 2015	May 24, 2017
	Côte d'Ivoire: Support for the LNG Import Project		September 29, 2016
	Governance and Financial Sector Development	December 7, 2015	December 15, 2016
	Urban Water Project	January 15, 2016	March 30, 2017
	Technical Assistance/Economic Sector Work/Other Analytical		
	Cote d'Ivoire: Support to BOOST		February 8, 2016
	Technical Assistance for Hydropower Development Electricity		April 29, 2016
	Governance and Anti-Corruption Study		May 30, 2016
	CI Electricity Access Scale Up Program		June 6, 2016
	Cote d'Ivoire second DeMPA		November 30, 2015
	CI - Universal Health Coverage (FY16)		May 31, 2016
	CI - Support the implementation of the PFM reform strategy a		November 30, 2015
	Cote d'Ivoire Service Delivery Indicator		May 30, 2016
	CI- Assessing the impact of crises on human capital and lay		December 15, 15
IMF work program in the next 12 months	**Program**:		
	8^{th} ECF review (September 2015)		
	Article IV Consultation (January 2016)		
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 73 operations for the country, of which 41 have been fully completed, 14 cancelled, 9 ongoing (3 newly approved). All approved operations amount to a net commitment of UA 1,478 million (CFA F 1,215 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 the wake of the April 2011 post-electoral crisis, the Bank prepared a 2011–12 Country Brief defining a strategy for rapid re-engagement under African Development Fund (ADF-12) aimed to: (i) strengthen and rehabilitate infrastructure, and restore basic social services; and (ii) improve governance and build capacity. Two months after the end of the post-electoral crisis, the Bank adopted the Emergency Programme to Restore Basic Social and Administrative Services (PURSSAB), which usefully complemented the existing operations, especially the Post-Crisis Multi-Sector Institutional Support Project (PAIMSC). These two projects were implemented in close coordination with the United Nations System and helped to cover the country's urgent needs, particularly the rehabilitation of health and educational establishments, rural development administrative structures and child protection centres. These projects also contributed to the training and/or retraining of employees of the different services of the rehabilitated and equipped structures.

Furthermore, the Bank's operations have greatly contributed to social cohesion and reconciliation in the former CNW zones through the financing of income-generating activities for community agricultural groups using an information and communication technology-based marketing system. The operations have also given an important role to women, including those who were victims of violence during the periods of crisis. The Bank has also financed several major projects in the transport and energy sectors through the private sector window. Specifically, these concern the construction of the third bridge (the Henri Konan Bédié Bridge), the extension of the Azito Power Plant and CIPREL.

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

Status of Bank Active Portfolio as of March 2015—in UA Million (1 UA=1SDR)		
Operations	**Amount (in UA million)**	**Purpose/Remarks**
On-going projects (public window):		
Gourou Basin Integrated Management Project (Sanitation of Indenié junction and the Lagoon)	23	The ADF Board of Directors on November 24, 2010 approved a grant of UA 23 million to finance this project. This grant was put in place in June 2011.
Agricultural infrastructure support project in Indéné-Djuablin Region (PAIA-ID)	21.6	The project will contribute to improving food security and reducing poverty in rural areas. Specifically, it aims to increase, on a sustainable basis, the production and productivity of major crops, as well as improve marketing conditions.
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)
The Social Inclusion and Cohesion Enhancement Support Programme (budget support)	30	The project, approved in June 2014, mainly seeks to support Côte d'Ivoire in its efforts to restore social cohesion, improve social inclusion so as to address the social and psychological damage caused by the past conflict, as well as nip conflicts in the bud to guarantee greater political stability and more equitable economic growth. The main expected outputs are: (i) the socio-economic reintegration of ex-combatants; and (ii) support for the resolution of inter-community conflicts and care of victims.
Strengthening systems to protect economies against health shocks (regional operation, approved in October 2014)	6	The programme constitutes a response to both the emergency created by the Ebola epidemic, and the need to address the longer term requisites for the economic resilience of the concerned countries and the prevention of similar public health shocks in the future.
Côte d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) Interconnection Project –Multinational	33,00	The project 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 2015—in UA Million (1 UA=1SDR) (continued)		
Operations	**Amount (in UA million)**	**Purpose/Remarks**
Road Development and transport Facilitation Programme within the Mano River Union (MRU) countries (Côte d'Ivoire, Guinea and Liberia), December 2014.	97	The overall objective of the Programme is to boost the post-conflict economic recovery of the MRU area by improving road infrastructure and promoting intra-community trade. Specifically, the programme seeks to improve transport conditions on the roads concerned in order to reduce transport costs, facilitate the free movement of persons and goods between the three countries and improve the living conditions of programme area communities.
Fight back Programme against EBOLA	10	The programme aims to bring the Ebola epidemic to an end and strengthen the critical foundations for effective control of unusual public health events, especially those of the current regional scale. The longer term horizon of the programme is to pave the way for sustainable improvement of systems and capacities for post crisis resilience.
The Support to Industrial Competitiveness Enhancement Project (PARCSI).	10	Two specific objectives are to support the restructuring and modernization of businesses by conducting a strategic assessment to identify needs and provide technical assistance to 50 firms that have signed up for the programme (out of a total of 270 businesses approached and support the industrial development of the fruit and vegetables sector, with a view to promoting investment in the sector in order to increase the industrial processing rate (which stood at 2% in 2014).
Regional African Trade Insurance Agency (ATI) Country Membership Programme (RACMP)	10	The main objective of the programe is to strengthen the capacity of Cote d'Ivoire with the necessary financial resources for membership subscription in to the ATI to allow greater underwritten insurance cover for private sector and socio economic development. The expected outcomes are i) Increased participation of the private sector in large scale projects through ATI facilitation; (ii) increased trade flows in Africa; and (iii) ATI attracts additional members
Private sector		
Project construction of bridge toll Henri Konan BEDIE	50	Henri Konan Bédié Bridge is a public private partnership (PPP) based on a Build Operate Transfer (BOT) concession of 30 years. It involves the building of a toll bridge over the Ebrié Lagoon linking the South and North shores of Abidjan.
Azito power expansion project	26	Expansion of the Azito power plant in Côte d'Ivoire, by converting the existing simple-cycle power plant of 2 x 144 MW gas-fired turbines to a combined-cycle power plant, thereby increasing the capacity of the facility to approximately 430 MW

Status of Bank Active Portfolio as of March 2015—in UA Million (1 UA=1SDR) (concluded)		
Operations	**Amount (in UA million)**	**Purpose/Remarks**
Ciprel power expansion project	44	Expansion of the Ciprel power plant to a combined cycle turbine facility in Côte d'Ivoire to be built in two phases: phase A, construction of a gas turbine (111MW of power), phase B deployment of a combined cycle turbine for additional 111MW of generation. The project will increase the capacity of the plant by 222MW.
Microcredit Côte d'Ivoire (equity participation and technical assistance)	1.5	It is a microfinance project which comprises two parts. The equity participation part was signed on June 2013; the technical assistance part will be signed on November 2013.
Sucres & Denrées (SUCDEN) soft commodity programm	EUR 100 million	Provision of two successive Soft Commodity Facilities, the second effective only after full repayment of the first for a maximum exposure of EUR 100 million within a tenor not exceeding 2 years. A Soft Commodity Program (SCP) to support SUCDEN's participation in cocoa value chain financing in Côte d'Ivoire. SUCDEN will use the funds to provide pre-export financing to local suppliers.

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 2015 and 2016		
Description	**Amount (in UA million)**	**Year**
Côte d'Ivoire-Mali regional road Project (under preparation)	73	2015
Agro-industrial Infrastructure Support Project in the Centre Region	30	2016
Abidjan Urban roadway development Project	140	2016
Road project Odiénné -Mali Border	80	2016
Road projet Tieningboue-Mankono	45	2016
San Pedro Regional Port Extension Project (private sector)	50	2016

STATISTICAL ISSUES

(As of May 2015)

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. The new law organizing national statistics was approved in July 2013. A census took place in 2014 and a household survey was carried out too.
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 2014 as the new base year and update implicit deflators. Compilation methods for provisional accounts must be revised as well. National accounts up to 2012 (final) and 2103 (provisional) are available. Fund staff has made observations on weaknesses in the national accounts that have yet to be addressed. There is ongoing work on quarterly national accounts with Fund support through AFRITAC West, with the first data projected to be available by end 2015.
Price statistics: A harmonized consumer price index (CPI) was adopted by all WAEMU members. A new base year (2008) was adopted in 2010. The current CPI only covers the main city (Abidjan), but will be extended to other urban areas in the near future, with support received from the West African Economic and Monetary Union Commission and AFRISTAT.
Labor market statistics: No such statistics are published regularly.
Government finance statistics: The authorities compile annual data on the budgetary central government. 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 are working on transposing the 2009 WAEMU Table of Government Financial Operations (TOFE) Directive based on *Government Finance Statistics Manual 2001(GFSM 2001)*. The laws and decrees were approved by the Council of Ministers and await the approval of the Parliament. In addition, the authorities are receiving assistance from AFRITAC to use accounting data, mainly the Treasury Trial Balance for reporting budgetary central government operations, and progressively implementing *GFSM 2001*. The work is now well advanced with having a parallel TOFE based on the trial balance being compiled in addition to the current TOFE. Work is still needed in expanding the coverage of the TOFE to include all the subsectors of the general government.
Monetary sector statistics: Monetary data for Côte d'Ivoire are prepared by the national agency of the BCEAO and officially released by BCEAO headquarters. Despite recent improvements, monetary statistics continue to have shortcomings. These include inconsistencies in source data and lack of a proper sectorization of the domestic economy to ensure that the BCEAO adheres fully to the methodology of the *Monetary and Financial Statistics Manual*. The 2011, 2013, and 2014 STA missions to the BCEAO headquarters in Dakar, Senegal, made a number of recommendations for addressing the above shortcomings. The missions also assisted BCEAO staff in developing the standardized report forms (SRFs) for the central bank accounts and initiated work on the SRF for reporting the data of other depository corporations (ODCs).
Financial sector surveillance: The BCEAO has accepted STA's invitation to begin regular reporting of its member countries' FSIs for dissemination on the IMF website.
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, although there are inconsistencies with data reported under BP6, and the coverage of services and transfers has shortcomings. Concerning 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 insufficient information on private debt stocks and debt service flows. Latest ESS data available relate to 2010.

II. Data Standards and Quality	
Côte d'Ivoire participates 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. The latest balance of payments reported is for the year 2010.

Côte d'Ivoire: Table of Common Indicators Required for Surveillance
(As of November 2015)

	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]	09/15	11/15	M	M	M
Reserve/Base Money	09/15	11/15	M	M	M
Broad Money	09/15	11/15	M	M	M
Central Bank Balance Sheet	09/15	11/15	M	M	M
Consolidated Balance Sheet of the Banking System	09/15	11/15	M	M	M
Interest Rates[2]	09/15	11/15	I	M	M
Consumer Price Index	10/15	11/15	M	M	M
Revenue, Expenditure, Balance and Composition of Financing[3]–General Government[4]	09/15	11/15	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt[5]	09/15	11/15	M	M	M
External Current Account Balance	12/12	11/15	M	M	M
Exports and Imports of Goods and Services	09/15	11/15	M	M	M
GDP/GNP	2014	11/15	A	A	A
Gross External Debt	09/15	4/15	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).

Statement by Ngueto Tiraina Yambaye, Executive Director for Côte d'Ivoire and Marcellin Koffi Alle, Senior Advisor to the Executive Director

December 9, 2015

1. Our Ivorian authorities would like to thank the Board, Management and Staff for their support over the past years. The fruitful discussions recently held with Staff in the context of the 8th review were another manifestation of the excellent policy dialogue maintained during the course of the 2011-15 ECF arrangement. As the program ends, the authorities fully measure the critical role the cooperation with the Fund has played in Côte d'Ivoire's path from the 2011 political crisis-linked recession to the current robust and sustained growth and macroeconomic stability.

2. Côte d'Ivoire is at an important juncture as President Ouattara debuts his second term following the October 2015 elections. The peaceful conditions observed before and after these elections mark a positive turn in the country's efforts to enhance democracy after the post-electoral crisis it went through five years ago. The 2015 presidential race also completed four years of impressive economic performance characterized by strong growth of almost 9 percent on average, rising per capita income and important strides in poverty reduction. These achievements have been underpinned by critical structural reforms, buoyant public and private investments and enhanced business environment.

3. Looking ahead, our authorities remain committed to maintaining the momentum of economic reforms and to making further inroads towards their overarching goal of transforming Côte d'Ivoire into an emerging market economy by 2020. To this end, the government's successor National Development Plan (PND 2016-20), which will be adopted before end-2015, aims at further diversifying the economy with an emphasis on industrial production. In this endeavor, the authorities intend to also leverage the support of the international financial community, especially from the Fund. They have expressed their interest in requesting a new ECF-supported program in early 2016, which could serve as a helpful anchor for their medium-term policies and help garner the external resources needed for the successful implementation of their 2016-20 development agenda.

Recent Developments and Program Performance

4. Our authorities have continued their strong performance observed since the inception of the 2011-15 ECF arrangement. All quantitative performance criteria and indicative targets at end-June 2015 were met; 4 out of 7 structural benchmarks through end-September were met. An additional benchmark was recently met, regarding the adoption of a protocol clarifying the responsibilities of the respective parties, including the government, as regards the payment of Heavy Vacuum Oil (HVO) for producing electricity. The second one related to the adoption of a draft law aimed at developing leasing will be met with its approval by Cabinet soon. The final benchmark on regularizing domestic arrears on securitized and contractual debt ("*dette conventionnée*") will be implemented before end-2015 as agreed upon with staff.

5. The authorities' efforts in implementing reforms have translated into buoyant macroeconomic figures, including over the period under review. In light of the recent positive developments, staff and the authorities concurred to revise growth projections upward, to 8.4 percent in 2015 and 2016 - from a 7.9 percent staff estimate at the time of the 7th review. Growth will benefit from the particular dynamism in the cocoa, mining, construction, and transport sectors. Buoyant public investments mainly in critical infrastructure projects have also laid the ground for increasing private investments, all contributing to further improve growth prospects. Inflation has been kept low, at an annual average of 1.2 percent. The end-June fiscal stance was strong, with the primary basic balance deficit and the overall deficit both narrower than programmed. The fiscal stance benefitted from strong revenue collection due in particular to higher fuel and cocoa tax; and despite higher-than-programmed spending on the back of acceleration in the execution of selected investment projects and election-related outlays. The authorities are also committed to their poverty reduction goals and pro-poor spending exceeded the program objective by a large margin.

6. The external position continued to reflect the favorable environment characterized by the oil price slump, high cocoa prices, and the depreciation of the CFA franc vis-à-vis the US dollar. Favorable terms of trade and rising exports have well balanced the high imports of consumption goods and investment-linked materials.

7. The authorities have also made progress on the front of other structural reforms. The restructuring of public banks has proceeded well. After the closing down in September 2014 of the *Banque de Financement de l'Agriculture*, the restructuring of a second one is programmed to be finalized by Cabinet by end-2015. The business environment has improved significantly, owing to comprehensive reforms including simplified procedures for incorporating companies, streamlined regulations, settlements of business lawsuits in a commercial tribunal and lower business registration fees. The Doing Business reports and many other major reports continue to rank Côte d'Ivoire among the top performers in business climate-related reforms.

8. In the public finance sector, our authorities have also implemented critical structural reforms. Reimbursements of VAT credits are now expedited through a computerized system, and the average payment time has plummeted from 13.7 months in 2013 to less than seven days since July 2015. The long-stalling issue of accumulating stocks of delinquent VAT credits is now resolved. Notable improvements have been brought to the public procurement sector, hence significantly bringing down the amount of public procurements granted on a non-competitive basis. The authorities have also initiated audits to accurately assess domestic arrears and extra-budgetary spending incurred prior to 2011. Most of the arrears have been cleared and steps are being taken to complete the process. A similar effort is underway to finalize before end-2015, the audit of the extra-budgetary spending incurred prior to 2011.

9. Moreover, it is our authorities' resolve to continue such initiatives with the view to address governance issues and significantly reduce the use of exceptional spending procedures. While the recourse to such procedures is oftentimes called by emergency government operations, the authorities are of the view that current efforts to strengthen and modernize budget processes will help address the issue. Steps are also underway to implement the Treasury Single Account (TSA). After adopting an action plan, many public accounts have been closed in the commercial banks

and the process is on track. A technical support center has been set and begun a pilot project in October 2015 to run through December 2015 before the actual setting of the TSA.

2016 and Medium-term Policies

10. ***Bolstering economic transformation***. In 2016 and the medium term, the authorities' policies will be geared on further enhancing macroeconomic stability and accelerating reforms with the view to bolster economic transformation as envisaged in the National Development Plan 2016-20. The plan emphasizes the industrial sector as one of its key pillars. Strategies evolve around the development of the mining sector and the scaling up of the processing of raw materials as well as the development of linkages to international value chains. This bold agenda will go hand in hand with efforts to ensure fiscal sustainability, including through a close monitoring of public debt, and to advance structural reforms in key sectors for supporting growth and employment.

11. ***Sustaining growth momentum for job creation.*** Sustaining growth is at the forefront of our authorities' agenda. It is projected to remain strong (8.4 percent) in 2016, supported by higher investment in basic infrastructure, in the agro-business industry (cocoa, rice and cashew processing) and in housing and other services. Over the medium term, the authorities expect a further pick-up in output on the back of the diversification of industrial production and the scaling up of key PPP projects, including the extension of the Port of Abidjan, the construction of Abidjan Metrorail, and the renovation of the Abidjan-Ouagadougou railway. As regards employment, the government has begun overhauling its institutional framework to better promote job creation alongside its efforts to bolster growth and economic transformation. Various entities have been merged into a single Youth Employment Agency in June 2015. Efforts will focus on: (i) recruiting a larger number of young people in ongoing projects; (ii) improving job quality; and (iii) promoting self-employment and entrepreneurship among the youth.

12. ***Maintaining fiscal sustainability.*** The fiscal framework for 2016 reflects the authorities' ambition to sustain the high growth momentum while keeping public debt under check. The 2016 budget plans a drop in current spending to make room for an increase in growth-enhancing domestically-financed capital spending (+0.6 percent of GDP). Overall, fiscal deficits will be kept at their 2015 levels - a small reduction in the overall deficit to 3½ percent of GDP, while the basic primary deficit would remain stable at ½ percent of GDP.

13. Efforts to mobilize revenue will continue, with an expected 9 percent increase compared to 2015. Measures planned include: (i) broadening the tax base by giving incentives to businesses to formally register; (ii) stepping up efforts to collect VAT by establishing a time limit of three years for credits eligible for a refund; (iii) making tax payable online; (iv) improving the recording and valuation of goods for customs duties through weighbridges and new scanners; and (v) scaling up the overall fight against tax fraud. On the expenditure side, besides restraining current spending, actions underway to improve budget and treasury processes will gain further traction, with a special emphasis on significantly reducing exceptional spending procedures ("*lettres d'avances*" and "*régies d'avances*").

14. ***Enhancing the financial sector.*** The authorities have started the implementation of their Financial Sector Development Plan following the appointment of a program manager. The recent drafting of the law on leasing soon to be approved by Cabinet is among the first major steps. In the

context of a regional effort including the central bank – BCEAO - a credit bureau company has been selected and work is underway for the inception of this important institution for boosting lending activity. The BCEAO is also working with national authorities to initiate a strategy for financial inclusion. Preliminary steps have been completed in terms of lifting fees on a number of financial services. Actions also involve the development of mobile banking to cover unbanked populations. Likewise, the government will pursue its efforts of overhauling the microfinance sector by implementing its adopted Recovery Plan.

15. ***Monitoring debt sustainability.*** Our authorities are committed to maintaining debt sustainability along the way of the implementation of their development agenda. In this regard, public debt management will continue to be strengthened in line with international best practices and standards agreed upon within the WAEMU. The government's Medium-Term Debt Strategy (MTDS) will serve as an anchor for external borrowing. In addition, the authorities will continue to strengthen the monitoring of the debt of public enterprises, including by upgrading the related database.

16. The authorities welcome staff conclusion in the DSA that Côte d'Ivoire is still at a moderate risk of debt distress. It is also worth noting that in the context of the Fund's new debt limits policy, staff now consider Côte d'Ivoire's debt monitoring capacity to be adequate. As regards the DSA itself, while broadly concurring with its main conclusions, the authorities continue to believe that the baseline macroeconomic assumptions used in this report as in previous ones are too conservative. They are of the view that the expected dividends of impressive reforms underway are not sufficiently factored in the analysis.

Conclusion

17. Over the 2011–15 period, Côte d'Ivoire has made important strides in recording strong growth and reducing poverty. The ECF-supported program has been instrumental in achieving the impressive results of turning a post-crisis country into a thriving economy attracting growing private investment. These achievements have been underpinned by the authorities' commitment to reforms and their policies on the front of fiscal discipline, good governance, improved business climate and sound borrowing strategy.

18. As the program ends, the way forward will be geared on sustaining the efforts for reforms to address the still daunting challenges of further improving public financial management, deepening the financial sector and fostering economic transformation for job creation. Our authorities would appreciate Directors' support for the conclusion of the 8th and final review of the ECF-supported program as well as for their future endeavors.