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CÔTE D'IVOIRE

Third Review Under the Three-Year Arrangement Under the Extended Credit Facility, Requests for Modifications of Performance Criteria and Waiver of Nonobservance of Performance Criterion

In the context of the Third Review Under the Three-Year Arrangement Under the Extended Credit Facility, Requests for Modifications of Performance Criteria and Waiver of Nonobservance of Performance Criterion with Côte d'Ivoire, the following documents have been released and are included in this package:

- **Staff Report** for the Third Review Under the Three-Year Arrangement Under the Extended Credit Facility, Requests for Modifications of Performance Criteria and Waiver of Nonobservance of Performance Criterion, prepared by a staff team of the IMF, following discussions that ended on March 27, 2013, with the officials of Côte d'Ivoire on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on May 22, 2013. The views expressed in the staff report are those of the staff team and do not necessarily reflect the views of the Executive Board of the IMF.
- **Informational Annex** prepared by the IMF.
- **Press Release** summarizing the views of the staff appraisal contained in the staff report.

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*
- Memorandum of Economic and Financial Policies*
- Technical Memorandum of Understanding*
- Joint Staff Advisory Note of the Poverty Reduction Strategy Paper
- Poverty Reduction Strategy Paper

*Also included in Staff Report

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

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CÔTE D'IVOIRE

THIRD REVIEW UNDER THE THREE-YEAR ARRANGEMENT JNDER THE EXTENDED CREDIT FACILITY, REQUESTS FOR MODIFICATIONS OF PERFORMANCE CRITERIA AND WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION

May 22, 2013

EXECUTIVE SUMMARY

- **Extended credit facility arrangement**. The Executive Board approved a three-year ECF arrangement for SDR 390.24 million (120 percent of quota) on November 4, 2011 to support the authorities' medium-term program. The first and second reviews under the Extended Credit Facility (ECF) arrangement were concluded respectively in May and November, 2012.

- **Recent developments**. The political and security situations have improved somewhat over the past several months, but serious challenges remain. Côte d'Ivoire's growth performance in 2012 exceeded expectations, with a 9.8 percent GDP increase; inflation remained low (1.3 percent), while the fiscal outcome was better than programmed. The sharp rise in investment-related imports turned the current account into deficit. Côte d'Ivoire no longer has any outstanding arrears to its external creditors.

- **Performance under the program has been broadly satisfactory**. All but one performance criteria and all but one indicative targets at end-December were met. Only 8 out of the 16 structural benchmarks for the third review were met. Noticeable progress was made to reduce the subsidies to the energy sector and improve the business climate; the reform of the cocoa sector was also completed. However, the preparation of the medium-term strategy to control the wage bill, the restructuring of the public sector, the adoption of a new electricity code, and the completion of an audit of domestic arrears were delayed.

- **Policy discussions focused on the macroeconomic prospects for 2013 and beyond, the recalibration of the 2013 fiscal targets, and the structural reform agenda**. The strong growth momentum, underpinned by strong public investment, will carry forward to 2013. Inflation is expected to remain low. The authorities and staff agreed to slightly adjust the fiscal targets to reflect the success of the December 2012 Consultative Group meeting and accommodate somewhat higher public investment. Reforms to contain fiscal risks, strengthen revenue collection, and improve public financial management and the business climate are set to continue, while the authorities will put emphasis on regularizing domestic debt.

- **The economy of Côte d'Ivoire still faces short-term risk related to the fragile socio-political context, and challenges pertaining to structural weaknesses in infrastructure and the business environment**. Addressing these deficiencies is critical to fostering private sector engagement and a durable recovery.
- **Staff supports the completion of the third review under the ECF and the authorities' requests for a waiver for nonobservance of the continuous performance criterion on new non-concessional external debt ,and for modifications of performance criteria**. Completion of the review will result in disbursement of an amount equivalent to SDR 48.78 million under the ECF arrangement.
- **Publication**. The authorities have consented to publication of the staff report, Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding.

Approved By
Seán Nolan, AFR, and Peter Allum, SPR

The staff team comprising Messrs. Lazare (head), Ahokpossi and Koulet-Vickot (all AFR), Dicks-Mireaux (SPR), Queyranne (FAD), and Camard (Res. Rep.) visited Abidjan during March 13–27, 2013. The mission met with H.E. Dr. Alassane Dramane Ouattara, President of the Republic of Côte d'Ivoire; H.E. Mr. Daniel Kablan Duncan, Prime Minister and Minister of Economy and Finance; H.E. Dr. Albert Toikeusse Mabri, State Minister for Planning and Development; H.E. Ms. Niale Kaba, Minister at the Prime Minister's Office in charge of Economy and Finance; Mr. Jean-Baptiste Aman Ayayé, National Director of the BCEAO; and other ministers and senior government officials. The mission also met with members of the business and donor communities. Mr. Allé (OED) participated in the discussions.

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SOCIO-POLITICAL CONTEXT

1. **Progress toward political reconciliation has taken place**. The political dialogue between the government and the main opposition parties has resumed. However, the main opposition party, the Front Populaire Ivoirien (FPI) of former President Gbagbo, refused to participate in the local and regional elections that took place on April 21. The work of the Dialogue, Truth and Reconciliation Commission (CDVR) is advancing at a slow pace.

2. **The security situation has improved somewhat over the last few months, but challenges remain**. Security incidents continue, particularly along the border with Liberia, though their number has abated over the last few months. The authorities are pursuing reform of the security apparatus with the support of the international community.

3. **The government is confronted with pressing demands for tangible improvements in living conditions**. Public sector unions, which have initiated a number of strikes, are seeking sizeable wage increases. The public sentiment that the cost of living is high constrains the government's ability to adopt politically-sensitive measures. A key challenge for the years ahead will be to ensure that the expected strong economic growth translates into faster poverty reduction. The challenging socio-political environment could dampen the involvement of private investors, in addition to delaying politically-sensitive structural reforms.

RECENT ECONOMIC DEVELOPMENTS

4. **Recovery from the 2010–11 post-election crisis has been stronger than expected, and inflation has declined**. Economic activity rebounded by 9.8 percent in 2012 (8.6 percent in the program), driven by higher-than-expected investment. On the supply side, the revival of industrial production and the buoyancy of the tertiary sector exceeded expectations. Overall, these developments point toward growing private sector confidence. Average annual inflation in 2012 was limited to 1.3 percent, following the crisis-related surge in prices in 2011.

5. **The current account balance has turned into a deficit**. Preliminary estimates show a deficit of about 2 percent of GDP in 2012 triggered primarily by a surge in investment-related imports, and more broadly by the economic rebound. A rise in foreign direct investment flows has helped finance the current account deficit.

6. **Money supply increased less than nominal GDP in 2012**. The robust expansion of net domestic credit (16 percent) has been offset by a sharp decline in net foreign assets (-14percent), in line with a surge in imports. The increase in domestic credit has led to a moderate contraction in banking sector liquidity.

7. Compliance with prudential regulation in the banking sector has remained uneven. Capital-adequacy ratios slightly deteriorated in 2012, though they remained above the prudential threshold of 8 percent.[1] Non-performing loans remained high at 15.7 percent of total loans (in gross terms), although they were relatively well provisioned.

8. At end-2012, Côte d'Ivoire no longer had any outstanding arrears to its external creditors. After reaching the enhanced HIPC completion point at end-June 2012, the authorities agreed with Paris Club creditors on the delivery of CP relief and additional bilateral relief beyond HIPC.[2] As regards private creditors, Eurobond holders consented to a repayment plan for arrears accumulated during the 2010–11 crisis. They also agreed to the issuance of additional bonds in exchange for remaining arrears to other commercial creditors (after a partial cancellation in line with their share of HIPC CP relief).

PROGRAM PERFORMANCE

9. The quantitative program is on track. All but one performance criteria and all but one indicative target for end-December 2012 were observed (see text table 1 below). Total revenue exceeded its program target by 0.2 percent of GDP, buttressed by the economic rebound and enhanced collection efforts. Expenditure remained below the program limit due mostly to lower than programmed investment spending, but pro-poor spending exceeded the target level. The overall budget deficit was lower than programmed (3.4 percent of GDP instead of 4.3 percent). Nevertheless, the continuous performance criterion on new non concessional external debt was missed on account of two small commercially-priced aircraft leasing arrangements guaranteed by the government in late-2012; the indicative target pertaining to the floor on net reduction of government amounts payable was also missed, as planned issuance of treasury bonds and bills in November and December could not take place.[3]

10. Progress on the structural reform agenda was checkered, owing to implementation capacity limits and a challenging socio-political situation. Cocoa sector reform was completed and noticeable progress was made to reduce the subsidies in the energy sector, with the rationalization of the social tariffs of electricity (first quarter of 2013), the increase in gasoline and butane prices (January 2013), and the implementation of an automatic fuel price mechanism (April 2013). However, reflecting various factors, only 8 of the 16 structural benchmarks under the third review were met. Specifically, delays have been experienced in: undertaking a stock-take of VAT exemptions (pending further studies); preparing a medium-term strategy to control the wage

[1] 7 out of 23 banks, exclusively public or small local banks, did not observe the regional minimum capital requirement at end-2012. Also, 10 banks were in violation of the single large exposure limit. Moreover, 7 of the 23 banks were in breach of the liquidity ratio compared to 4 banks in 2011, reflecting the expansion of credit to the private sector.

[2] As of mid-May 2013, all Paris Club creditors had signed bilateral accords on debt relief, except for Germany and Brazil, for which final agreements are pending signature, and Spain with whom discussions are ongoing. As for non-Paris club official bilateral creditors the government of China had previously granted debt relief in excess of its share of HIPC debt relief, while for the remainder discussions are ongoing.

bill (pending the conclusion of the social forum); adopting an action plan for restructuring public sector banks (due to ongoing audits); preparation of financial sector reform and development strategy (due to the need for more detailed studies being undertaken by the World Bank); adoption of a new electricity code (still under discussion with the World Bank); adoption of plans to settle domestic arrears (due to a second round of audits); and adoption of the law on competition (delayed by various administrative factors) (see MEFP paragraph 15 and 27 for details). The government is taking corrective actions for the missed structural benchmarks (see MEFP paragraphs 24–27).

Text Table 1. Côte d'Ivoire: Fiscal Operations, 2012–13

	(In billions of CFA francs)				Percent of GDP			
	2012		2013		2012		2013	
	Prog.	Actual	Prog.	Revised	Prog.	Actual	Prog.	Revised
Total revenue and grants	**2,553.9**	**2,621.4**	**2,988.5**	**2,992.0**	**20.5**	**20.8**	**21.7**	**21.3**
Tax revenue	2,159.9	2,213.0	2,409.6	2,391.4	17.3	17.6	17.5	17.0
Non-tax revenue	332.3	327.2	332.8	373.1	2.7	2.6	2.4	2.7
Grants	61.7	81.2	246.1	227.5	0.5	0.6	1.8	1.6
Total expenditures	**3,090.3**	**3,054.0**	**3,387.2**	**3,445.4**	**24.8**	**24.2**	**24.6**	**24.5**
Current expenditures	2,424.3	2,436.0	2,355.3	2,343.9	19.5	19.3	17.1	16.7
Of which: Wage bill	940.4	934.6	1,038.9	1,038.9	7.5	7.4	7.6	7.4
Capital expenditures	667.5	615.8	1,031.9	1,103.1	5.4	4.9	7.5	7.9
Of which: foreign financed	122.1	105.5	450.4	435.7	1.0	0.8	3.3	3.1
Primary basic balance [1/]	**-235.9**	**-170.4**	**23.3**	**-44.0**	**-1.9**	**-1.4**	**0.2**	**-0.3**
Overall balance	**-536.4**	**-432.7**	**-398.7**	**-453.4**	**-4.3**	**-3.4**	**-2.9**	**-3.2**
Financing	**536.4**	**432.7**	**398.7**	**453.4**	**4.3**	**3.4**	**2.9**	**3.2**
Domestic financing	**130.6**	**253.5**	**-17.8**	**-15.7**	1.0	2.0	-0.1	-0.1
Possible external financing [2/]	**14.4**	**-172.2**	**360.8**	**393.9**	**0.1**	**-1.4**	**2.6**	**2.8**
Exceptional financing	**346.2**	**351.4**	**-19.4**	**0.0**	**2.8**	**2.8**	**-0.1**	**0.0**
Financing gap	**-45.2**	**0.0**	**-75.1**	**-75.1**	**-0.4**	**0.0**	**-0.5**	**-0.5**
IMF (possible ECF)	**45.2**	**0.0**	**75.1**	**75.1**	**0.4**	**0.0**	**0.5**	**0.5**
Residual gap	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Sources: Ivoirien authorities and IMF staff estimates and projections.

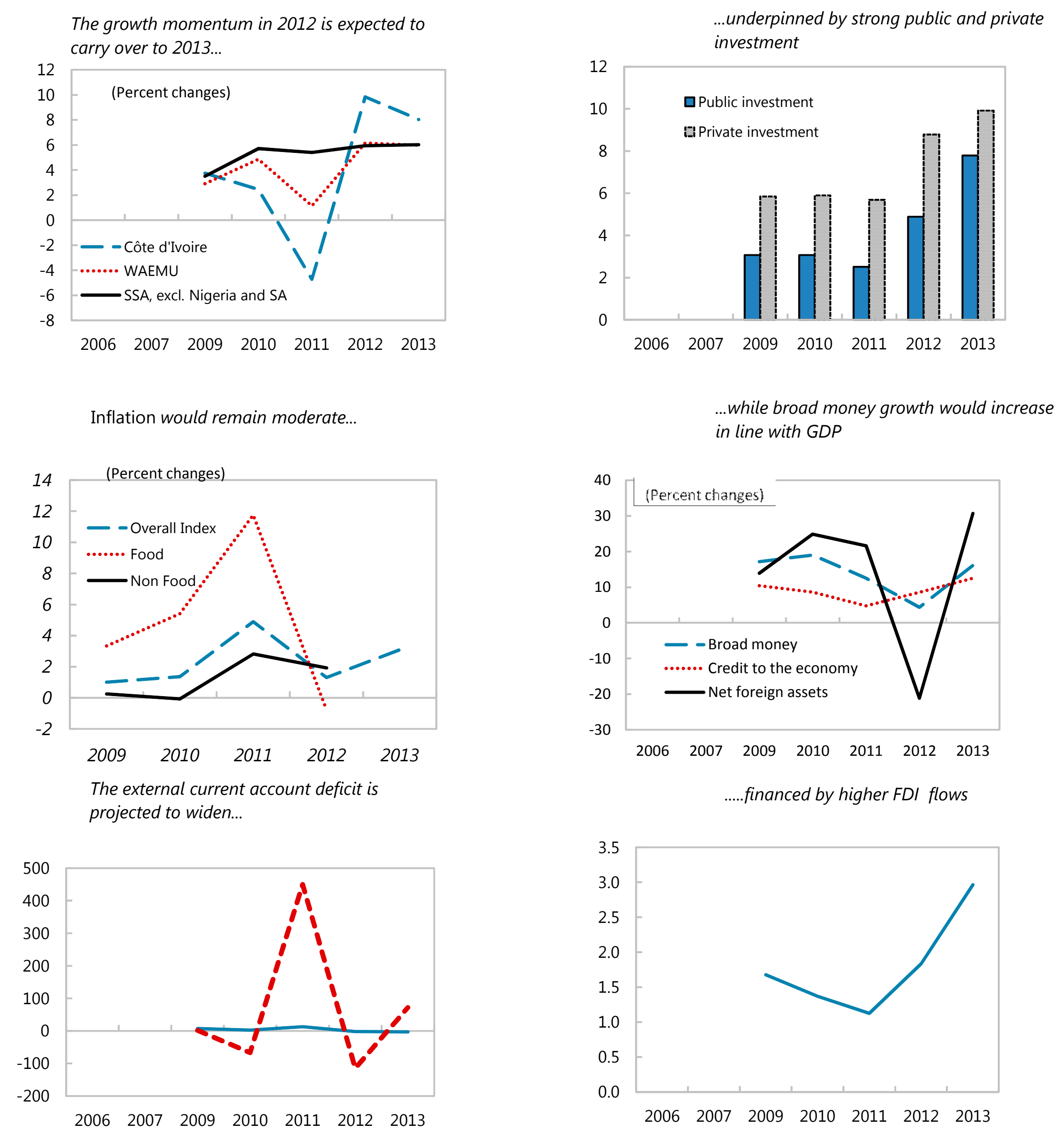
[1/] Primary basic balance=(Tax and non tax revenue)-{Total expenditure + Net lending (on payment order basis) - Interest payments - Foreign financed expenditure}.

[2/] Reflects funding indications to date.

[3] As the result, the volume of floating debt at end-December 2012 doubled compared to its end-December 2011 level, rising from CFAF 99 billion to CFAF 204 billion (a 0.75 percent of GDP increase).

Figure 1. Côte d'Ivoire: Real and External Developments, 2009–13

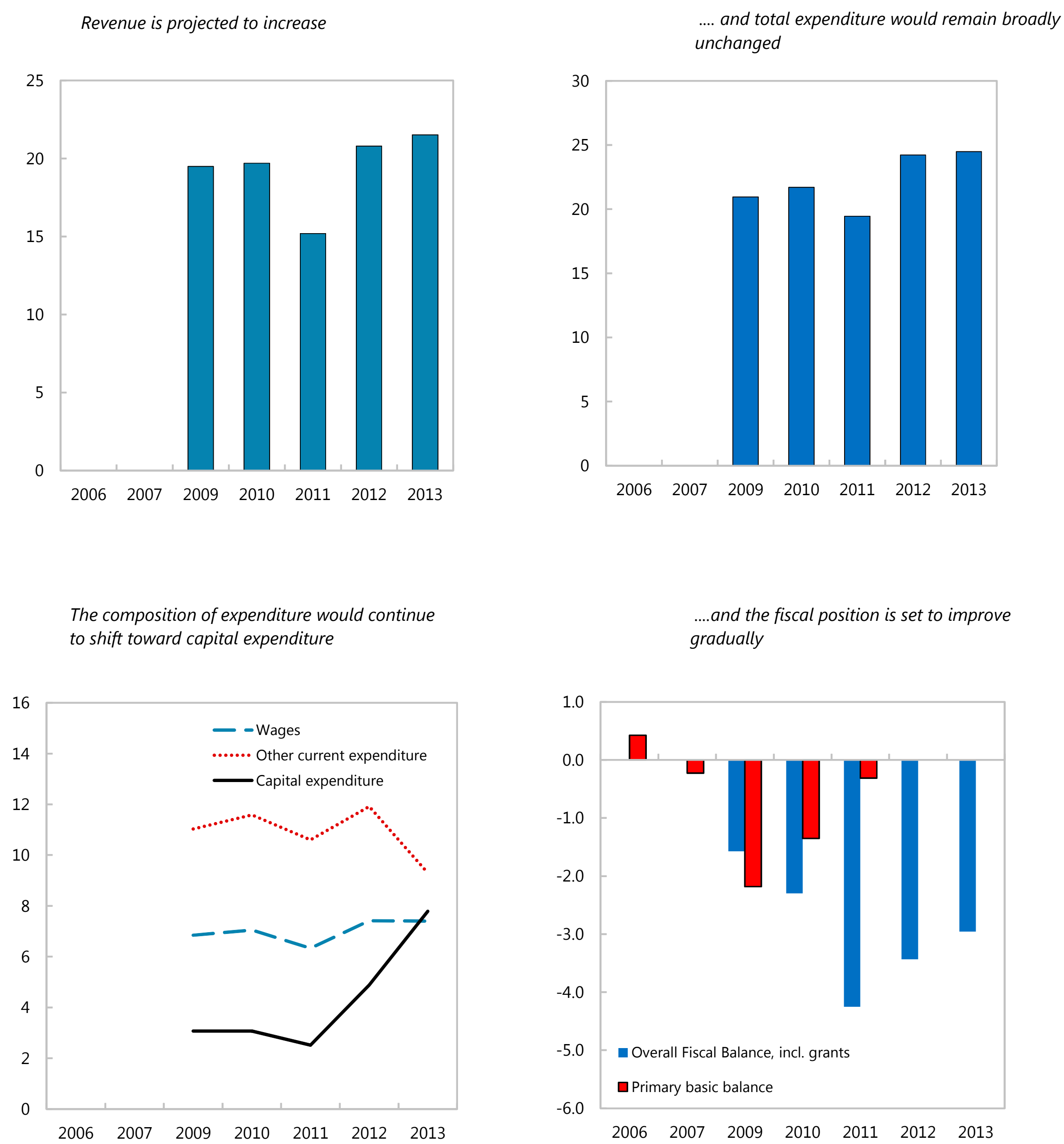
(Percent of GDP, unless indicated otherwise)



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

Figure 2. Côte d'Ivoire: Fiscal Developments, 2009–13

(Percent of GDP)



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

POLICY DISCUSSIONS

Discussions focused on revisiting growth projections, recalibrating fiscal targets for 2013, and on how to move forward with key structural reforms.

A. Growth Prospects for 2013 and Beyond are Positive

11. The staff and the authorities agreed that growth prospects for 2013 and the medium term remain robust. The authorities noted that the higher-than-programmed economic growth in 2012 implies that private sector reengagement is trending up thanks to significant progress in the security situation and improvements in the business climate. Though they saw scope for stronger growth, they decided to maintain their previous growth projections of 9 percent in 2013, and 10 percent in 2014–15. However, while acknowledging that the 2012 growth momentum should carry over to this year, the staff maintained its more conservative growth projection for 2013 (8 percent) reflecting a more cautious assessment of the pace at which private sector investment will rise. The 2013 fiscal program is fully consistent with the staff's GDP growth projection. For the medium term, staff revised upward the real GDP growth to 8 percent in 2014.

12. Staff is of the view that the risks to the growth outlook are balanced. On the upside, foreign investors have shown strong interest for investing in Côte d'Ivoire, as evidenced by numerous business delegations visiting Côte d'Ivoire and the large number of sizable investment projects publicly announced; actual foreign investment could potentially exceed the cautious forecast included in the program. On the downside, the socio-political and security situations are still a concern to many investors; a global downturn stemming particularly from an intensification of the euro area crisis could impede the inflow of FDI and external aid; and the business environment remains difficult and public infrastructure weak, notwithstanding progress made over the last two years in the latter two areas.

B. Fiscal Policy: Revised 2013 Fiscal Targets Accommodate More Public Investment

13. The revised fiscal program takes into account the following developments that have emerged since the adoption of the 2013 budget:

- *On the expenditure side, the authorities made a compelling case for allowing the 2013 fiscal program to reflect the outcome of the December 2012 Consultative Group meeting by accommodating somewhat higher capital spending.* The 0.4 percent of GDP increase in programmed investment would provide needed additional financing for high priority projects including: the domestic component for the construction of a sizable hydroelectric dam (Soubré), the completion of the Abidjan-Yamoussoukro highway, and the renovation of a building that will host the new headquarters of the African Development Bank.[4]

[4] This will allow the AfDB to relocate from Tunis to Abidjan, with a significant positive impact on the local economy.

- *On the revenue side, adjustments have been made in light of new developments.* Lower oil and cocoa prices as well as the government's decision to suspend the windfall gain tax in the mining sector would result in revenue losses.[5] These shortfalls would be offset by higher revenue from social security contributions and dividends unpaid last year by Petroci. In all, total revenue is expected to increase in nominal terms, but to be 0.2 percent of GDP lower than previously projected, reflecting the upward revision of nominal GDP.

14. While the proposed adjustments result in a slightly higher fiscal deficit, the required additional financing is small and manageable. The revised fiscal targets are broadly in line with program objectives agreed upon at the time of the second review. The new fiscal targets are set at 3.2 percent of GDP (from 2.9 percent of GDP) for the overall balance deficit and -0.3 percent of GDP (from 0.2 percent of GDP) for the primary basic balance.

15. The authorities recognized that achieving the 2013 revenue objective requires strengthening the efficiency of VAT and customs revenue collection. The authorities acknowledged that revenues from VAT and import taxes collected in the two first months of 2013 were somewhat disappointing; they, however, explained that this under-performance was largely due to temporary factors (exemptions granted in 2012 and suspended since), and therefore would be reversed over the rest of the year. In addition, the tax and customs directorate have adopted measures to better monitor tax compliance.

C. Structural Reforms: Further Progress Needed

16. Containing fiscal risks, strengthening revenue collection, improving public financial management, and creating a business-friendly environment, including through regularization of arrears on domestic debt, are the focus of the authorities' reform agenda. Although a number of important structural reforms have been implemented since the last review (MEFP, ¶14), the work program remains demanding.

17. The authorities are committed to regularizing domestic arrears and reducing the floating debt accumulated in 2012. Staff underlined the importance of tackling arrears decisively, and urged the authorities to strengthen cash management and budget control to avoid a further accumulation of floating debt or arrears. The authorities have adopted as a prior action for the third review the main principles of an arrears clearance strategy. Consistent with this, the 2013 programmed amount of cash payments for reducing outstanding obligations has been doubled in comparison to the previous program objective (0.36 percent of GDP instead of 0.18 percent of GDP). This program will address the following categories of obligations:

- **Arrears to suppliers**. Based on a first audit in late-2012 of arrears accumulated through end-2010, a second audit proved necessary to verify the validity of the claims identified. This supplementary audit is underway, and results are expected by end-August. Based on the

[5] Faced with opposition from the mining sector, the government decided to suspend collection of the windfall gain tax and to review the tax regime of this sector in the context of the finalization of the new code.

outcome, the government will decide by end-2013 on the amount of arrears that will be paid in cash in 2013 and the reprofiling of the remaining arrears over later years.

- **Arrears on domestic debt**.[6] Due to past financial constraints, the government has outstanding obligations on domestic debt; the above mentioned arrears clearance strategy will highlight the modalities for the regularization of this debt.

- **Floating debt**. To avoid any further accumulation of arrears, the government intends to pay off in 2013 all the floating debt accumulated at end-2012. However, given cash flow constraints in 2013, this will result in new amounts of floating debt being accumulated on a rolling basis and ultimately an overflow of accounts payable from end-2013 into 2014. From 2013, the government is allocating financial resources to reduce the floating debt stock, but envisages that up to three fiscal cycles might be necessary to reduce the floating debt stock to a practical minimum (MEFP, ¶24).

18. The government is committed to containing the wage bill. The delayed medium-term wage bill strategy is now due to *be* completed with Fund technical assistance by end-November 2013. The strategy will aim at progressively reducing the wage bill as a share of tax revenue, in order to align with the WAEMU convergence criteria (35 percent of tax revenue), while taking into account the staffing needs of priority social sectors and the wage promises made by the previous regime and the conclusions of the 2012–13 tripartite social forum. In the meantime, despite demands by the trade unions to significantly increase public servants' wages, the government is committed to respecting the wage bill envelope appropriated in the 2013 budget.

19. The reform of SOEs is advancing at a slow pace and needs to be accelerated. The government reaffirmed its intention to restructure the public sector enterprises. The diagnostic studies for the public banks are now expected to be completed by end-September 2013. Studies to define specific restructuring options for non-financial SOEs are underway, and the results are expected in June 2014. Staff urged the authorities to speed up the process to limit fiscal risks.

20. Efforts to achieve the financial sustainability of the electricity sector will be pursued. Several steps have been taken to improve the financial situation of the sector (see MEFP paragraphs 14&27), but further progress is needed in particular to gradually reduce remaining subsidies. The government plans to adopt the electricity code in the third quarter of 2013 to facilitate the collection of electricity bills and the prosecution of fraud. The tariff structure will be reviewed in 2014 to avoid regressivity and the need for other revenue generating measures considered in light of the evolution of the financial situation of the sector. Finally, the government expects that investments in hydropower and gas plants, as well as in the distribution network will significantly contribute to reducing the costs of electricity production.

21. Efforts to boost domestic revenue mobilization will be stepped up. The government will adopt a VAT reform strategy in the fall of 2013 and will start implementing it with the 2014 budget law. The focus will be on streamlining exemptions, following the recommendations of the IMF Fiscal

[6] No treasury bills or bonds are in arrears.

Affairs Department (FAD). Additional revenue mobilization reforms include broadening the scope of the large taxpayer office and creating a medium taxpayer office, implementing a one-stop window for international trade, and the creation of anti-fraud units and reinforcement of Customs' post-clearance audits.

22. Planned reforms to improve public financial management are on track. The adoption of the draft organic laws for fiscal transparency and budget framework law, transposing the WAEMU directives, is planned for July 2013. The medium-term expenditure framework (MTEF) will serve as the basis for the preparation of the 2014 budget Law and be attached to the budget documentation for 2014. In addition, a consolidated commitment and procurement plan will be prepared to smooth budget execution in 2014 and facilitate cash management.

23. Reforms to boost private sector confidence are set to continue. In early 2013, the government adopted an action plan to improve the business climate. As part of this plan, it created a commerce tribunal and a one-stop window allowing for the incorporation of new companies within 48 hours; it also drastically reduced fees and taxes to be paid for the creation of a new company. Looking ahead, the government will simplify customs clearance procedures with, in particular, the creation of one-stop window for international trade; and will reduce various fees at the Port of Abidjan. It intends to adopt a draft law on competition by end-June 2013. The government is committed to fully implementing the legal framework on public procurement and to carefully monitor the share of single sourcing contracts in total public procurement.[7]

D. External Debt

24. Sizeable debt relief provided as a result of reaching the HIPC completion has provided scope for new borrowing to help finance the government's public investment program. The authorities remain committed to maintaining debt sustainability and intend to rely predominantly on grants and concessional loans to meet their financing needs. Two 2012 government-guaranteed commercially-priced lease agreements by the newly formed Air Côte d'Ivoire with combined contract values of $10.3 million were, however, inconsistent with the program's then zero limit on new non-concessional borrowing.[8] In late 2012, terms were also finalized on a large loan ($500 million) from the Export Import Bank of China to finance the construction of the Soubré hydroelectric dam, which will provide a needed increase in low-cost energy and support growth prospects; the project feasibility study also showed it to have a high economic rate of return. Immediately prior to the signing of the loan, the loan became non-concessional for Fund program purposes due to the annual modification of the discount rate used for concessionality purposes in mid-December.[9] The loan has yet to become effective; in anticipation of its effectiveness the

[7] At the moment, contracts issued through a competitive process represent only 61 percent of the value of contracts issued. The government will every quarter present a report on public procurement to the Council of Ministers. It intends to award future exploration rights in the hydrocarbon sector through a competitive bidding process.

[8] The leases are covered by the program definition of external debt. See *Guidelines on Performance Criteria with Respect to External Debt in Fund Arrangements*, Executive Board Decision No. 6230-(79/140) as amended by Executive Board Decision No. 14416-(09/91).

[9] Prior to the change in the discount rate the grant element of the loan was 35.58 percent—above the required 35 percent—and afterwards was 33.35 percent.

authorities request that the program limit on new non-concessional debt be raised by the amount of the loan. In addition, reflecting the limited availability of concessional resources from lenders,[10] the authorities are seeking an additional $200 million increase in the existing program limit on new non-concessional debt in 2013 to accommodate borrowing to finance high priority projects for which loans with a 35 percent grant element are not available. The authorities also requested that use of non-concessional borrowing under the program limit be broadened to include projects in the transport sector (in addition to the existing sectors for energy and infrastructure) because experience to date had shown that difficulties in finding adequate financing on concessional terms for priority projects had been encountered in this sector; these projects would have a high economic rate of return and by helping to alleviate structural supply bottlenecks would be integral to their growth strategy.

25. Staff emphasized the need to avoid an overly rapid and large increase in public debt that could jeopardize debt sustainability and generate debt service that would place undue pressure on the budget. The authorities agreed on the need to maintain a prudent approach to debt management, and noted that ongoing efforts to strengthen debt management (see below and MEFP ¶28–30) in 2013 were under way with technical assistance from the Fund, as well as their intention to give priority to concessional financing sources. In this respect, they indicated that for two new large high priority projects—the extension of the Port of Abidjan and the rehabilitation and expansion of the electricity distribution network—they were actively pursuing financing on concessional terms. Staff has undertaken a debt sustainability analysis that takes into account the financing of the Soubre project, the proposed additional increase in the program limit on non-concessional borrowing during 2013–14 as well as the impact of the future financing of the port and electricity distribution network projects (Appendix II). The analysis shows that Cote d'Ivoire's risk of debt distress (moderate) would not change, but points to the potential debt service pressures on the budget in the event of severe adverse shocks.

26. The authorities are working towards reforms to strengthen debt management. Given the sizable public investment program, the government plans by end-September 2013 to adopt a medium-term debt strategy with the goal of maintaining debt sustainability; the strategy will be attached to the 2014 budget. To better underpin the debt strategy, the government, with technical assistance from the Fund, intends to reorganize the structure of the debt management unit along functional lines (front-, middle-, back-office). The authorities are also aware of contingent risks posed by investment projects financed through PPPs. They are developing capacity for evaluating and monitoring PPPs in this regard and have requested technical assistance from the Fiscal Affairs Department.

27. The two lease agreements mentioned in paragraph 24 are sufficiently small as to have no material impact on the assessment of program performance or on debt sustainability. That said, the government intends to restrict the use of government guarantees and will consult with IMF staff on possible government guarantees, including on leases, and the terms of the loan or lease subject to the guarantee, before contracting such guarantees. More broadly, the Ministry of Finance will make sure that the debt directorate is involved prior to the extension of guarantees on external debt.

[10] In part owing to the downward change in the discount rate to calculate the grant element.

PROGRAM MONITORING, FINANCING AND RISKS

28. The authorities are requesting changes to the program performance criteria: (i) a change in the fiscal performance criterion from the overall fiscal balance to the basic primary fiscal balance, starting with end-June 2013 targets; this would focus attention on the country's capacity to generate domestic resources to service its debt; (ii) a change in the definition of external debt for the program limits on non-concessional debt to exclude debt denominated in CFA francs; this would align the program definition of external debt with that used in other Fund-supported programs in the WAEMU and CEMAC regions; (iii) an increase in the ceiling on new non-concessional debt in 2013 to $800 million to accommodate borrowing to finance the Soubré dam ($500 million) and a limited amount of other borrowing (an increase from $100 to $300 million) to finance high priority projects; (iv) changes in the fiscal performance criteria for end-June 2013 to accommodate the revisions to the fiscal program; and (v) the establishment of performance criteria for end-December 2013.

29. Staff supports these changes and modifications of the quantitative PCs on the fiscal balance, net domestic financing and nonconcessional external borrowing for end-June 2013, and also the proposed set of quantitative PCs for end-December 2013. The definitions of the variables monitored are provided in the Technical Memorandum of Understanding (TMU).

30. Structural benchmarks are proposed as shown in MEFP, Table 3. The new SBs, covering the period through end-December 2013, focus on tax policy/administration, public expenditure management, the energy and financial sectors, and the business climate.

31. The financing requirement for 2013 is expected to be manageable. The financing need is expected to be filled almost entirely by external support from bilateral and multilateral lenders. Net financing on the regional money market is limited given the large redemptions falling due in December 2013. To facilitate this redemption and avoid treasury pressures, the government intends to exchange existing securities for longer maturity bonds, and pre-finance amounts needed for cash redemptions.

32. Risks to program implementation are balanced. The mains downside risks stem from the possibility that investment, and especially foreign investment, would materialize more slowly than expected. This could be due to socio-political disturbance, security developments, a slowdown in reform momentum, a changing global environment particularly in the euro area, or other factors. This could in turn reduce growth and increase social pressures. On the upside, growth could be higher than projected if the foreign direct investment is stronger than programmed (see paragraph 12), yielding higher employment and fiscal revenue and consolidating the socio-economic context

STAFF APPRAISAL

33. The authorities are to be commended for the success of their economic policy to jump-start growth through a surge in public investment and the elimination of all external debt arrears. Economic activity has recovered quickly from the crisis-related recession, inflation has declined, and the fiscal position has improved. The quantitative program is on track; all but one

performance criteria and all but one indicative targets were met at end-December 2012. Relations with foreign creditors have been fully regularized from November 2012.

34. Progress on the structural reform agenda has been checkered. Important reforms have been completed to reduce energy subsidies, improve incentives in the cocoa sector, and to strengthen the business climate. At the same time, only half of the program's sixteen structural benchmarks for the third review were observed, and most of the benchmarks established earlier in the program for June 2013 have been delayed until later in 2013. The staff urges the authorities to respect the new deadlines for implementing the delayed structural reforms which have been reprogrammed taking into account implementation capacity constraints and needs for technical assistance.

35. Macroeconomic prospects are positive. A continued increase in public investment would support strong growth momentum in 2013 and beyond. With sustained policy discipline, the fiscal position should continue to improve and inflation should remain moderate. The moderate widening of the external current account deficit, which mainly reflects a continued surge in investment-related imports, is projected to be financed by higher FDI inflows.

36. Maintaining the growth momentum requires increased participation of the private sector. Staff encourages the authorities to continue to fast-track structural reforms focused on improving the business climate to promote private sector development. Staff welcomes the authorities' firm commitment to regularizing domestic arrears after the completion of the ongoing audit and to reforming the financial sector.

37. Ongoing efforts to improve public financial management and foster domestic revenue mobilization need to be reinforced. The finalization of the overall MTEF, together with the planned adoption of draft organic laws for fiscal transparency and budget system law, are important steps. An improvement in the VAT yield through limitation of exemptions, modernization of the refund system, and the reorganization of the tax department, would improve efficiency and enhance revenue collection.

38. The authorities should preserve the hard-won achievement of debt sustainability following the HIPC Completion Point. The debt relief provided by reaching HIPC Completion Point provides space for new borrowing to help finance the government's investment-led growth strategy. It is, however, important to avoid overly rapid increases in public debt and debt service, and in this regard new debt on nonconcessional terms that could place undue pressure on the budget and risk crowding out priority expenditures. Thus staff welcomes the authorities' ongoing measures to strengthen debt management and rely predominantly on grants and concessional loans to finance its public investment plan.

39. Staff supports the authorities' requests for a waiver for nonobservance of the continuous performance criterion on new non-concessional external debt, the modifications of performance criteria for end-June 2013, and the proposed performance criteria for end-December 2013. It recommends the completion of the third review and a disbursement of an amount equivalent to SDR 48.78 million under the ECF arrangement.

Table1. Côte d'Ivoire: Selected Economic Indicators, 2011–18

	2011	2012		2013		2014	2015	2016	2017	2018
		Prog.	Est.	Prog.	Proj.			Proj.		
	(Annual percentage changes, unless otherwise indicated)									
National income										
GDP at constant prices	-4.7	8.6	9.8	8.0	8.0	8.0	8.1	7.8	7.5	7.0
GDP deflator	5.0	1.2	1.3	2.2	3.2	2.7	2.7	2.2	2.3	2.1
Consumer price index (annual average)	4.9	2.0	1.3	2.5	3.1	2.5	2.5	2.5	2.5	2.5
Consumer price index (end of period)	1.9	1.5	3.4	2.5	1.9	2.5	2.5	2.5	2.5	2.5
External sector (on the basis of CFA francs)										
Exports, f.o.b., at current prices	5.3	-0.9	3.4	11.5	1.3	8.5	5.9	8.8	8.8	8.9
Imports, f.o.b., at current prices	-20.4	34.8	54.1	16.3	6.2	8.4	8.3	9.6	9.1	8.9
Export volume	-2.0	-1.3	4.1	9.6	5.3	7.9	9.9	11.2	10.3	10.2
Import volume	-14.5	25.5	48.3	14.2	10.2	11.1	9.9	10.6	8.8	8.4
Terms of trade (deterioration –)	15.4	-6.6	-4.4	-0.1	-0.2	3.0	-2.3	-1.3	-1.6	-1.6
Nominal effective exchange rate	0.5	...	...	...	...	...	...	...	...	...
Real effective exchange rate (depreciation –) [1/]	1.9	...	-4.1	...	...	...	...	...	...	...
Central government operations										
Total revenue and grants	-22.8	48.0	51.9	17.0	14.1	15.3	13.9	10.4	10.3	9.3
Total expenditure	-11.6	39.9	38.3	9.6	12.8	14.0	13.7	9.8	9.6	8.7
	(Changes in Percent of Beginning-of-Period Broad Money)									
Money and credit										
Money and quasi-money (M2)	12.5	20.4	4.4	12.5	16.2	12.0	10.6	10.0	9.8	9.1
Net foreign assets	9.8	10.0	-5.4	5.5	8.1	5.2	2.8	3.0	2.5	2.6
Net domestic assets	2.7	10.4	9.8	7.0	8.0	6.8	7.8	7.0	7.3	6.6
Of which: government	1.6	4.3	5.5	1.8	2.1	1.5	0.0	0.3	0.7	0.6
Of which: private sector	2.3	6.0	3.9	5.2	5.9	5.3	5.4	6.8	6.6	5.9
Velocity of money	2.4	2.2	2.6	2.2	2.5	2.4	2.4	2.4	2.4	2.4
	(Percent of GDP unless otherwise indicated)									
Central government operations [2/]										
Total revenue and grants	20.3	20.5	20.8	21.7	21.3	22.2	22.9	23.0	23.1	23.1
Total revenue	19.9	20.0	20.2	19.9	19.7	20.5	21.2	21.5	21.7	21.9
Total expenditure	25.9	24.8	24.2	24.6	24.5	25.3	26.0	25.9	25.9	25.8
Overall balance, incl. grants, payment order basis	-5.7	-4.3	-3.4	-2.9	-3.2	-3.1	-3.1	-3.0	-2.8	-2.7
Primary basic balance [3/]	-2.9	-1.9	-1.4	0.2	-0.3	0.0	0.6	0.7	0.9	1.0
Gross investment	8.2	12.5	13.7	15.6	17.8	18.5	19.3	20.1	20.5	20.9
Central government	2.5	5.4	4.9	7.5	7.9	8.2	9.0	8.8	8.6	8.6
Nongovernment sector	5.7	7.1	8.8	8.1	9.9	10.3	10.3	11.2	11.8	12.3
Gross domestic saving	28.0	15.3	18.4	16.7	20.0	20.7	20.6	21.1	21.6	21.8
Central government	-0.9	1.8	2.0	3.6	3.7	4.2	5.0	5.2	5.2	5.4
Nongovernment sector	28.9	13.5	16.3	13.1	16.3	16.5	15.5	16.0	16.4	16.4
Gross national saving	21.1	9.3	12.4	12.1	14.9	15.9	15.8	16.3	16.4	16.6
Central government	-1.7	1.0	1.5	4.6	4.6	5.1	5.9	5.9	5.8	5.9
Nongovernment sector	22.9	8.3	10.9	7.5	10.3	10.7	9.9	10.5	10.6	10.8
External sector										
Current account balance (including official transfers)	12.9	-3.2	-1.3	-3.4	-2.9	-2.6	-3.6	-3.8	-4.0	-4.2
Current account balance (excluding official transfers)	12.9	-3.5	-1.9	-5.1	-4.2	-4.1	-4.9	-5.0	-5.1	-5.2
Overall balance	1.0	0.4	-0.5	1.3	1.7	0.7	0.6	1.1	0.9	1.1
Gross public debt	71.2	49.5	45.6	45.7	43.2	41.2	39.7	38.6	37.6	36.5
External public debt	55.1	34.3	30.8	32.0	29.9	28.7	27.7	26.8	26.0	25.0
Public external debt-service due (CFAF billions)	364	245	245	249	259	365	396	420	480	513
Percent of exports of goods and services	5.7	3.8	3.6	3.5	3.7	4.7	4.8	4.7	4.9	4.8
Percent of government revenue	22.1	9.8	9.7	9.1	9.4	11.5	10.8	10.4	10.7	10.4
Memorandum items:										
Public external debt in arrears (percent of GDP)	1.7	0.4	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Nominal GDP (CFAF billions)	11,360	12,460	12,600	13,765	14,035	15,531	17,182	18,908	20,757	22,647
Nominal exchange rate (CFAF/US$, period average)	471	518	510							
Nominal GDP at market prices (US$ billions)	24.1	24.1	24.7	26.0	28.4	31.2	34.3	37.5	40.8	46
Population (million)	22.7	23.4	23.4	24.1	24.1	24.8	25.5	26.3	27.1	27.9
Population growth (percent)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Nominal GDP per capita (CFAF thousands)	501	533	539	572	583	626	673	719	766	812
Nominal GDP per capita (US$)	1,062	1,029	1,057	1,080	1,181	1,259	1,343	1,424	1,507	1,633
Real GDP per capita growth (percent)	-7.7	5.6	6.8	5.0	5.0	5.0	5.1	4.8	4.5	4.0
Poverty rate (in percent)[4]	48.9	...	...	...	...	...	...	...	...	...

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

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

2/ 2011 ratios based on Q2-Q4 fiscal aggregates over Q2-Q4 of GDP.

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

4/ This is the poverty rate in 2008.

Table 2. Côte d'Ivoire: Balance of Payments, 2011–15

(Billions of CFA francs, unless otherwise indicated)

	2011	2012		2013		2014	2015
		Prog.	Est.	Prog.	Proj.	Proj.	
Trade balance	2,744.6	1,449.3	1,285.8	1,403.5	1,071.2	1,164.6	1,099.2
Exports, f.o.b.	5,806.9	5,927.4	6,006.0	6,611.5	6,084.9	6,599.3	6,986.9
Of which: cocoa	1,969.4	1,638.4	1,571.4	1,749.7	1,523.6	1,682.4	1,622.4
Of which: crude oil and refined oil products	1,740.4	1,493.7	1,772.5	1,696.5	1,851.7	2,259.7	2,192.3
Imports, f.o.b.	-3,062.3	-4,478.2	-4,720.2	-5,208.0	-5,013.7	-5,434.7	-5,887.7
Of which: crude oil	-826.8	-1,754.4	-1,482.0	-1,878.3	-1,483.0	-1,503.8	-1,526.2
Services (net)	-994.2	-1,613.9	-1,205.6	-1,799.8	-1,306.6	-1,398.5	-1,508.8
Receipts	855.5	548.8	1,011.0	612.2	1,127.8	1,253.9	1,393.7
Factor income	109.8	98.3	111.4	108.6	124.1	138.7	155.0
Other services	745.7	450.5	899.6	503.5	1,003.7	1,115.2	1,238.7
Payments	-1,849.7	-2,162.6	-2,216.6	-2,412.0	-2,434.4	-2,652.3	-2,902.4
Factor income	-607.0	-615.4	-620.8	-661.4	-667.2	-717.1	-772.6
Of which: central government interest due	-129.7	-154.2	-153.4	-106.1	-99.6	-118.1	-135.1
Other services	-1,242.7	-1,547.2	-1,595.8	-1,750.6	-1,767.2	-1,935.2	-2,129.9
Transfers (net)	-281.1	-228.6	-244.2	-74.6	-169.5	-174.0	-206.4
Private	-289.2	-272.2	-322.8	-300.7	-359.6	-397.9	-440.2
Current account including official transfers	1,469.3	-393.2	-164.0	-470.9	-404.9	-407.8	-616.0
Current account excluding official transfers	1,461.2	-436.8	-242.6	-697.0	-595.0	-631.7	-849.7
Capital account	-1,353.5	437.2	102.0	648.3	639.8	520.7	716.1
Official medium- and long-term loans (net)	26.4	-244.6	-253.3	159.6	154.0	135.4	283.2
Project loans	30.6	70.4	54.0	302.7	313.4	379.1	515.1
Other bilateral and multilateral loans (AFD loan)	229.6	0.0	0.0	0.0	0.0	0.0	0.0
HIPC Completion Point stock of debt relief	...	...	2,525.6	...	...	...	...
Central government amortization due	-233.8	-315.0	-316.2	-143.1	-159.4	-243.7	-232.0
HIPC Completion Point debt cancellation	...	...	-2,516.7	...	...	...	...
Foreign direct investments	127.8	330.4	231.2	429.6	416.2	461.9	508.1
Other private capital	-1,507.6	351.3	124.1	59.1	69.6	-76.6	-75.2
Government securities sold to WAEMU banks	49.9	222.9	60.5	121.4	151.2	160.0	170.0
Others	-1,428.8	290.6	225.8	102.8	83.5	-93.5	-86.5
Errors and omissions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	115.8	44.0	-62.0	177.4	234.9	112.8	100.1
Financing	-115.8	-625.7	62.0	-335.7	-398.7	-299.3	-180.3
Official net reserves (increase -)	-292.2	-471.4	347.6	-312.9	-398.7	-299.3	-180.3
Operations account	-402.9	-466.0	259.9	-312.9	-398.7	-295.9	-151.8
IMF (net)	110.7	-5.5	87.7	0.0	0.0	-3.4	-28.5
Disbursements	121.6	0.0	102.1	0.0	0.0	0.0	0.0
Repayments[1/]	-10.9	-5.5	-14.4	0.0	0.0	-3.4	-28.5
Commercial banks (net)	-119.3	0.0	-91.5	0.0	0.0	0.0	0.0
Debt relief obtained	248.6	0.0	0.0	0.0	0.0	0.0	0.0
Net change in external arrears (principal and interest)	47.1	-154.3	-194.1	-22.7	0.0	0.0	0.0
Financing gap	0.0	581.7	0.0	158.3	163.8	186.4	80.2
Possible financing 2011-14 (excluding IMF)		536.5	0.0	83.2	88.7	0.0	0.0
Program grants and loans		36.1	0.0	79.8	88.7	0.0	0.0
World Bank grant		0.0	0.0	25.0	25.0	0.0	0.0
AfDB grant		0.0	0.0	15.4	24.3	0.0	0.0
EU grant		36.1	0.0	39.4	39.4	0.0	0.0
Debt relief		500.4	0.0	3.4	0.0	0.0	0.0
Residual gap		45.2	0.0	75.1	75.1	186.4	80.2
Of which: IMF-ECF		45.2	0.0	75.1	75.1	61.2	0.0
Memorandum items:							
Overall balance (percent of GDP)	1.0	0.4	-0.5	1.3	1.7	0.7	0.6
Current account incl. official transfers (percent of GDP)	12.9	-3.2	-1.3	-3.4	-2.9	-2.6	-3.6
Current account excl. official transfers (percent of GDP)	12.9	-3.5	-1.9	-5.1	-4.2	-4.1	-4.9
Trade balance (percent of GDP)	24.2	11.6	10.2	10.2	7.6	7.5	6.4
Cocoa exports (thousand tons)	1,374	1,281	1,298	1,317	1,334	1,372	1,410
Cocoa beans export price, f.o.b (CFAF/kg)	1,331	1,174	1,105	1,200	1,069	1,173	1,100
Gross imputed official reserves (US$ million)	4,205	4,726	3,378	5,215	4,298	4,858	5,127
(months of imports of goods and services)	5.5	4.9	3.3	4.8	3.8	3.9	3.8
Outstanding arrears (year-end)	197	54	3	30	0	0	0
Nominal GDP	11,360	12,460	12,600	13,765	14,035	15,531	17,182
Nominal exchange rate (CFAF/US$; average)	471	518	510	…	…	…	…

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

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

Table 3a. Côte d'Ivoire: Fiscal Operations of the Central Government, 2011–15

(In Billions of CFA francs, unless otherwise indicated)

	2011[1/]	2012		2013		2014	2015
		Prog.	Est.	Prog.	Proj.	Proj.	
Total revenue and grants	1,725.9	2,553.9	2,621.4	2,988.5	2,992.0	3,448.7	3,929.1
Total revenue	1,693.0	2,492.2	2,540.2	2,742.4	2,764.5	3,183.4	3,649.5
Tax revenue	1,493.2	2,159.9	2,213.0	2,409.6	2,391.4	2,810.6	3,210.4
Direct taxes	507.9	697.1	720.4	692.3	693.6	821.7	977.0
Of which: profit tax on oil	154.9	202.7	213.5	140.2	126.4	189.5	227.4
Indirect taxes	985.3	1,462.8	1,492.5	1,717.3	1,697.8	1,988.9	2,233.5
Nontax revenue	199.8	332.3	327.2	332.8	373.1	372.7	439.1
Social security contributions	130.9	228.9	235.9	269.8	286.7	295.5	342.1
Other	68.9	103.4	91.3	63.0	86.5	77.2	97.0
Of which: PETROCI dividends	12.0	12.0	0.0	12.6	24.6	36.9	44.3
Grants	32.9	61.7	81.2	246.1	227.5	265.3	279.6
Projects	21.9	51.7	51.5	147.7	122.3	134.1	148.4
Programs (incl. crisis-related)	11.0	10.0	29.7	98.4	105.2	131.2	131.2
Total expenditure	2,208.7	3,090.3	3,054.0	3,387.2	3,445.4	3,928.0	4,464.9
Current expenditure	1,923.9	2,424.3	2,436.0	2,355.3	2,343.9	2,651.1	2,917.3
Wages and salaries	719.7	940.4	934.6	1,038.9	1,038.9	1,164.8	1,271.8
Social security benefits	181.8	232.3	229.2	232.6	235.6	279.6	309.3
Subsidies and other current transfers (incl. education and health)	314.6	410.9	410.6	328.7	286.0	357.2	395.2
Electricity sector subsidy	104.5	136.3	137.1	64.0	45.9	50.0	50.0
Other current expenditure	413.1	541.7	572.1	534.8	546.8	621.2	687.3
of which: toxic waste damage	0.0	5.0	5.0	5.0	5.0	0.0	0.0
Crisis-related expenditure	75.4	64.0	56.5	7.6	40.4	0.0	0.0
Interest due	219.3	235.0	233.0	212.7	196.2	228.3	253.8
On domestic debt	89.6	80.8	79.6	106.7	96.6	110.2	118.7
On external debt	129.7	154.2	153.4	106.1	99.6	118.1	135.1
Capital expenditure	285.7	667.5	615.8	1,031.9	1,103.1	1,276.9	1,547.7
Domestically financed	237.2	545.4	510.3	581.5	667.4	763.7	884.2
Foreign-financed	48.5	122.1	105.5	450.4	435.7	513.2	663.5
Net lending	-0.9	-1.5	2.3	0.0	-1.7	0.0	0.0
Primary basic balance [2/]	-248.0	-235.9	-170.4	23.3	-44.0	-3.2	101.8
Overall balance, including grants	-482.9	-536.4	-432.7	-398.7	-453.4	-479.3	-535.8
Overall balance, excluding grants	-515.7	-598.1	-513.9	-644.8	-680.9	-744.6	-815.4
Change in domestic arrears and float (excl. on debt service)	-25.7	-25.0	95.4	-25.0	-50.0	-50.0	-40.0
Net change in external arrears (interests)	26.5	-25.2	-65.0	-19.4	0.0	0.0	0.0
Change in existing arrears	-70.4	-25.2	-65.0	-19.4	0.0	0.0	0.0
Accumulation of new arrears	96.9	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-482.1	-586.6	-402.3	-443.1	-503.4	-529.3	-575.8

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

1/ 2011 aggregates are based on Q2-Q4

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

Table 3a. Côte d'Ivoire: Fiscal Operations of the Central Government, 2011–15 (concluded)

(In Billions of CFA francs, unless otherwise indicated)

	2011[1/]	2012		2013		2014	2015
		Prog.	Est.	Prog.	Proj.	Proj.	
Financing	482.1	586.6	402.3	443.1	503.4	529.3	575.8
Domestic financing	-6.9	155.6	156.6	7.2	34.3	47.5	42.4
Bank financing (net)	-1.9	183.7	192.0	0.6	33.7	-2.5	-17.6
Net use of Fund resources[2/]	110.7	45.6	87.7	0.0	0.0	-3.4	-28.5
Central bank credit (net)	-95.6	-31.3	23.6	-49.1	-49.1	-49.1	-49.1
Other domestic bank financing (net)	-17.1	169.4	80.7	49.6	82.8	50.0	60.0
Nonbank financing (net)	-4.9	-28.1	-35.4	6.6	0.6	50.0	60.0
External financing	489.0	-150.7	245.7	277.6	305.2	295.4	453.2
Consolidation (bonds)	34.3	0.0	0.0	0.0	0.0	0.0	0.0
Project loans	30.6	70.4	54.0	302.7	313.4	379.1	515.1
Program loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WAEMU financing (in CFAF)[3/]	49.9	222.9	60.5	121.4	151.2	160.0	170.0
Amortization due	-233.8	-315.0	-316.2	-143.1	-159.4	-243.7	-232.0
HIPC Completion Point debt cancellation[3/]	...	...	-2,516.7	...	...	...	...
Net change in external arrears (principal)	20.6	-129.1	-129.1	-3.4	0.0	0.0	0.0
Change in existing arrears	-158.9	-130.4	-130.4	-3.4	0.0	0.0	0.0
Accumulation of new arrears	179.5	1.3	1.3	0.0	0.0	0.0	0.0
Debt relief and budget support	621.7	...	3,093.2	0.0	0.0	0.0	0.0
HIPC Completion Point stock relief[3/]	...	...	2,525.6	...	...	...	...
Official bilaterals, incl. Paris Club	478.2	...	113.8	...	...	...	...
EIB	2.0	...	0.0	...	...	...	...
World Bank budget support	71.5	...	0.0	...	...	...	...
AfDB budget support	70.0	...	0.0	...	...	...	...
EU budget support			31.0	...	...	...	...
Financing gap (+ deficit / – surplus)	0.0	581.7	0.0	158.3	163.8	186.4	80.2
Possible financing 2011-14 (excluding IMF)	...	536.5	...	83.2	88.7	0.0	0.0
Program grants and loans	...	36.1	...	79.8	88.7	0.0	...
World Bank grant	...	0.0	...	25.0	25.0	0.0	...
AfDB grant	...	0.0	...	15.4	24.3	0.0	...
EU grant	...	36.1	...	39.4	39.4	0.0	...
	...		...				
Debt relief		500.4		3.4	0.0	0.0	0.0
	...		...				
Residual gap	...	45.2	...	75.1	75.1	186.4	80.2
of which IMF-ECF		45.2		75.1	75.1	61.2	0.0
Memorandum items:							
Nominal GDP - Fiscal Year	8,520	12,460	12,600	13,765	14,035	15,531	17,182
Change in domestic arrears (excl. on debt service)	-25.7	-25.0	95.4	-25.0	-50.0	-50.0	-40.0
External debt	6,264	4,269	3,885	4,409	4,198	4,455	4,757
Of which: in arrears	197	54	3	30	0	1	0
Pro-poor spending (including foreign financed)	843.4	980.0	980.0	1,152.8	1,152.8	1,313.7	...

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

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

[2/] In the CFA franc zone, Fund resources are channeled via the regional central bank that provides equivalent domestic currency credit to the relevant government. In 2012, the amount includes Fund' s debt cancellation following HIPC completion point.

[3/] Debt Service and cancellation reflect the impact of the HIPC completion point at end-June 2012.

Table 3b. Côte d'Ivoire: Fiscal Operations of the Central Government, 2011–15

(Percent of GDP, unless otherwise indicated)

	2011 1/	2012		2013		2014	2015
		Prog.	Est.	Prog.	Proj.	Proj.	
Total revenue and grants	20.3	20.5	20.8	21.7	21.3	22.2	22.9
Total revenue	19.9	20.0	20.2	19.9	19.7	20.5	21.2
Tax revenue	17.5	17.3	17.6	17.5	17.0	18.1	18.7
Direct taxes	6.0	5.6	5.7	5.0	4.9	5.3	5.7
Of which: profit tax on oil	1.8	1.6	1.7	1.0	0.9	1.2	1.3
Indirect taxes	11.6	11.7	11.8	12.5	12.1	12.8	13.0
Nontax revenue	2.3	2.7	2.6	2.4	2.7	2.4	2.6
Social security contributions	1.5	1.8	1.9	2.0	2.0	1.9	2.0
Other	0.8	0.8	0.7	0.5	0.6	0.5	0.6
Of which: PETROCI dividends	0.1	0.1	0.0	0.1	0.2	0.2	0.3
Grants	0.4	0.5	0.6	1.8	1.6	1.7	1.6
Projects	0.3	0.4	0.4	1.1	0.9	0.9	0.9
Programs (incl. crisis-related)	0.1	0.1	0.2	0.7	0.7	0.8	0.8
Total expenditure	25.9	24.8	24.2	24.6	24.5	25.3	26.0
Current expenditure	22.6	19.5	19.3	17.1	16.7	17.1	17.0
Wages and salaries	8.4	7.5	7.4	7.5	7.4	7.5	7.4
Social security benefits	2.1	1.9	1.8	1.7	1.7	1.8	1.8
Subsidies and other current transfers (incl. education and health)	3.7	3.3	3.3	2.4	2.0	2.3	2.3
of which: Electricity sector subsidy	1.2	1.1	1.1	0.5	0.3	0.3	0.3
Other current expenditure	4.8	4.3	4.5	3.9	3.9	4.0	4.0
of which: toxic waste damage	0.0	0.0	0.0	0.0	…	…	…
Crisis-related expenditure	0.9	0.5	0.4	0.1	0.3	0.0	0.0
Interest due	2.6	1.9	1.8	1.5	1.4	1.5	1.5
On domestic debt	1.1	0.6	0.6	0.8	0.7	0.7	0.7
On external debt	1.5	1.2	1.2	0.8	0.7	0.8	0.8
Capital expenditure	3.4	5.4	4.9	7.5	7.9	8.2	9.0
Domestically financed	2.8	4.4	4.1	4.2	4.8	4.9	5.1
Foreign-financed	0.6	1.0	0.8	3.3	3.1	3.3	3.9
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary basic balance 2/	-2.9	-1.9	-1.4	0.2	-0.3	0.0	0.6
Overall balance, including grants	-5.7	-4.3	-3.4	-2.9	-3.2	-3.1	-3.1
Overall balance, excluding grants	-6.1	-4.8	-4.1	-4.7	-4.9	-4.8	-4.7
Change in domestic arrears (excl. on debt service)	-0.3	-0.2	0.8	-0.2	-0.4	-0.3	-0.2
Net change in external arrears (interest)	0.3	-0.2	-0.5	-0.1	0.0	0.0	0.0
Change in existing arrears	-0.8	-0.2	-0.5	-0.1	0.0	0.0	0.0
Accumulation of new arrears	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-5.7	-4.7	-3.2	-3.2	-3.6	-3.4	-3.4

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

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

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

Table 3b. Côte d'Ivoire: Fiscal Operations of the Central Government, 2011–15 (concluded)

(Percent of GDP, unless otherwise indicated)

	2011[1/]	2012		2013		2014	2015
		Prog.	Est.	Prog.	Proj.	Proj.	
Financing	5.7	4.7	3.2	3.2	3.6	3.4	3.4
Domestic financing	-0.1	1.2	1.2	0.1	0.2	0.3	0.2
Bank financing (net)	0.0	1.5	1.5	0.0	0.2	0.0	-0.1
Net use of Fund resources[2/]	1.3	0.4	0.7	0.0	0.0	0.0	-0.2
Central bank credit (net)	-1.1	-0.3	0.2	-0.4	-0.3	-0.3	-0.3
Other domestic bank financing (net)	-0.2	1.4	0.6	0.4	0.6	0.3	0.3
Nonbank financing (net)	-0.1	-0.2	-0.3	0.0	0.0	0.3	0.3
External financing	5.7	-1.2	2.0	2.0	2.2	1.9	2.6
Consolidation (bonds)	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Project loans	0.4	0.6	0.4	2.2	2.2	2.4	3.0
Program loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WAEMU financing (in CFAF)	0.6	1.8	0.5	0.9	1.1	1.0	1.0
Amortization due	-2.7	-2.5	-2.5	-1.0	-1.1	-1.6	-1.3
HIPC Completion Point stock cancellation[3/]	...	...	-20.0	...	... ...	...	...
Net change in external arrears (principal)	0.2	-1.0	-1.0	0.0	0.0	0.0	0.0
Change in existing arrears	-1.9	-1.0	-1.0	0.0	0.0	0.0	0.0
Accumulation of new arrears	2.1	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief and budget support	7.3	...	24.5	0.0	0.0	0.0	0.0
HIPC Completion Point stock relief[3/]	...	...	20.0	...	... ...	...	...
Official bilaterals, incl. Paris Club	5.6	...	0.9	...	... ...	...	...
EIB	0.0	...	0.0	...	... ...	...	...
World Bank budget support	0.8	...	0.0	...	... ...	...	...
AfDB budget support	0.8	...	0.0	...	... ...	...	...
EU budget support	...		0.2	...	... ...	...	...
Financing gap (+ deficit / – surplus)	0.0	4.7	0.0	1.1	1.2	1.2	0.5
Possible financing 2011-14 (excluding IMF)	...	4.3	...	0.6	0.6	0.0	0.0
Program grants and loans	...	0.3	...	0.6	0.6	0.0	...
World Bank grant	...	0.0	...	0.2	0.2	0.0	...
AfDB grant	...	0.0	...	0.1	0.2	...	...
EU grant	...	0.3	...	0.3	...	...	...
	...		...				
Debt relief	...	4.0	...	0.0	0.0	0.0	0.0
Residual gap	...	0.4	...	0.5	0.5	1.2	0.5
of which IMF-ECF	...	0.4	...	0.5	0.5	0.4	0.0
Memorandum items:							
Change in domestic arrears (excl. on debt service)	-0.3	-0.2	0.8	-0.2	-0.4	-0.3	-0.2
External debt	73.5	34.3	30.8	32.0	29.9	28.7	27.7
Of which: in arrears	2.3	0.4	0.0	0.2	0.0	0.0	0.0
Pro-poor spending (including foreign financed)	9.9	7.9	7.8	8.4	8.2	8.5	...

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

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

[2/] In the CFA franc zone, Fund resources are channeled via the regional central bank that provides equivalent domestic currency credit to the relevant government. In 2012, the amount includes Fund' s debt cancellation following HIPC completion point.

[3/] Debt Service and cancellation reflect the impact of the HIPC completion point at end-June 2012.

Table 4. Côte d'Ivoire: Monetary Survey, 2011–15

	2011	2012		2013		2014	2015
		Prog.	Est.	Prog.	Proj.	Proj.	
				(Billions of CFA francs)			
Net foreign assets	1,813.0	2,284.4	1,556.9	2,597.4	1,955.6	2,254.9	2,435.2
Central bank	1,644.1	2,115.5	1,296.5	2,428.5	1,695.2	1,994.5	2,174.8
Banks	168.9	168.9	260.4	168.9	260.4	260.4	260.4
Net domestic assets	2,892.1	3,379.2	3,354.7	3,775.4	3,749.6	4,136.5	4,635.5
Net credit to the government	874.1	1,077.6	1,132.2	1,181.4	1,236.0	1,322.4	1,322.6
Central Bank	530.4	538.8	631.8	582.6	675.6	702.0	642.2
Banks	343.7	538.8	500.4	598.8	560.4	620.4	680.4
of which : customs bills	-7.6	-8.1	-7.1	-8.1	-7.1	-7.1	-7.1
Postal savings (CNCE)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credit to the economy	2,142.8	2,426.4	2,326.4	2,718.9	2,617.6	2,918.0	3,261.3
Crop credits	120.8	100.5	156.0	107.3	151.3	167.0	161.1
Other credit (including customs bills)	1,932.5	2,325.9	2,152.3	2,611.5	2,466.3	2,751.0	3,100.2
Other items (net) (assets = +)	-124.8	-124.8	-103.9	-124.8	-103.9	-103.9	51.7
Broad money	4,705.1	5,663.6	4,911.6	6,372.8	5,705.2	6,391.4	7,070.7
Currency in circulation	1,661.7	2,056.5	1,591.5	2,307.6	1,843.0	2,058.2	2,269.9
Deposits	3,009.2	3,576.5	3,251.0	4,030.7	3,831.4	4,298.6	4,762.6
Other deposits	34.2	30.6	69.1	34.4	30.8	34.5	38.2
Postal savings (CNCE)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum item:							
Velocity of circulation	2.4	2.2	2.6	2.2	2.5	2.4	2.4
				(Changes in percent of beginning-of-period broad money)			
Net foreign assets	9.8	10.0	-5.4	5.5	8.1	5.2	2.8
Net domestic assets	2.7	10.4	9.8	7.0	8.0	6.8	7.8
Net credit to the government	1.6	4.3	5.5	1.8	2.1	1.5	0.0
Central bank	1.0	0.2	2.2	0.8	0.9	0.5	-0.9
Banks	0.6	4.1	3.3	1.1	1.2	1.1	0.9
Credit to the economy	2.3	6.0	3.9	5.2	5.9	5.3	5.4
Broad money	12.5	20.4	4.4	12.5	16.2	12.0	10.6
				(Changes in percent of previous end-of-year)			
Net foreign assets	29.4	26.0	-14.1	13.7	25.6	15.3	8.0
Net domestic assets	4.1	16.8	16.0	11.7	11.8	10.3	12.1
Net credit to the government	8.3	23.3	29.5	9.6	9.2	7.0	0.0
Central bank	9.0	1.6	19.1	8.1	6.9	3.9	-8.5
Banks	7.2	56.8	45.6	11.1	12.0	10.7	9.7
Credit to the economy	4.8	13.2	8.6	12.1	12.5	11.5	11.8
Broad money	12.5	20.4	4.4	12.5	16.2	12.0	10.6

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

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

(Billions of CFA francs)

	2011	2012		2013		2014	2015
		Prog.	Est.	Prog.	Proj.	Proj.	
External financing requirements	-638.5	-695.8	-234.7	-687.1	-667.3	-789.4	-829.1
Current account balance (excluding official transfers)	1461.2	-436.8	-242.6	-697.0	-595.0	-631.7	-849.7
Amortization[1/]	-233.8	-315.0	-307.3	-143.1	-159.4	-243.7	-232.0
Fund repayments	-10.9	-5.5	-14.4	0.0	0.0	-3.4	-28.5
Private capital, net (commercial banks, FDIs, errors and omissions)	-1499.1	681.8	263.8	488.6	485.8	385.3	432.9
Net change in external arrears (interest and principal) (+=accumulation)	47.1	-154.3	-194.1	-22.7	0.0	0.0	0.0
Change in net external reserves without IMF (- = increase)	-402.9	-466.0	259.9	-312.9	-398.7	-295.9	-151.8
Available financing	638.5	114.0	234.7	528.8	503.5	603.0	748.9
Project financing	30.6	70.4	54.0	302.7	313.4	379.1	515.1
Program financing	229.6	0.0	0.0	0.0	0.0	0.0	0.0
Fund disbursements	121.6	0.0	102.1	0.0	0.0	0.0	0.0
Official transfers	8.1	43.6	78.6	226.1	190.1	223.9	233.7
Debt relief obtained	248.6	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	-581.7	0.0	-158.3	-163.8	-186.4	-80.2
Expected sources of financing			0.0	85.2	88.7	0.0	0.0
World Bank grant			0.0	25.0	25.0	0.0	0.0
AfDB grant			0.0	15.4	24.3	0.0	0.0
WAEMU grant			0.0	2.0	39.4	0.0	0.0
EU grant			0.0	39.4			
Debt relief			0.0	3.4	0.0	0.0	0.0
Residual gap			0.0	75.1	75.1	186.4	80.2
Possible IMF ECF			0.0	75.1	75.1	61.2	0.0

Sources: Ivorien 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, 2007–12

	2007	2008	2009	2010	2011	Prel. 2012
	(Percent, end of period, unless otherwise indicated)					
Capital Adequacy						
Risk-weighted capital to assets ratio	9.5	9.3	10.2	12.5	9.8	9.4
Percentage of banks greater or equal to 10 percent	33.3	57.9	61.1	50.0	52.4	60.9
minimum	22.2	15.8	5.6	25.0	14.3	17.4
Percentage of banks below 6 percent minimum	44.4	26.3	33.3	25.0	33.3	21.7
Capital (net worth) to assets [1/]	6.0	5.9	6.0	6.8	5.4	5.6
Asset quality						
Total loans/total assets	61.1	72.7	69.8	66.9	56.7	57.8
Nonperforming loans (NPLs)						
NPLs/total loans	21.5	19.5	17.0	16.4	16.3	16.1
NPLs net of provisions/total loans	2.5	5.2	4.1	4.1	5.3	3.4
Provisioning rate	88.3	77.3	75.9	74.9	67.3	78.9
Management						
Personnel costs/revenue	20.9	19.5	20.8	*n.a.*	*n.a.*	*n.a.*
Noninterest expenses/revenue	30.2	29.0	31.8	*n.a.*	*n.a.*	*n.a.*
Earnings and profitability						
Net income (CFAF billion)	183.9	247.5	229.2	*n.a.*	*n.a.*	*n.a.*
Return on assets	0.3	-0.5	2.0	*n.a.*	*n.a.*	*n.a.*
Return on equity	3.1	-6.8	22.3	*n.a.*	*n.a.*	*n.a.*
Interest rate spread (percentage points)	8.2	8.6	8.6	*n.a.*	*n.a.*	*n.a.*
Liquidity						
Liquid assets/total assets	41.9	42.0	42.1	42.6	50.3	47.1
Liquid assets/short term liabilities	82.4	83.4	87.3	93.8	101.2	92.4
Loans/deposits	80.3	95.8	92.8	87.2	71.3	75.7
Liquid assets/total deposits	55.0	55.4	55.9	55.6	63.2	61.6

Source: BCEAO.

[1/] Combined *Fonds propres nets* divided by combined assets of the banking sector.

Table 7. Cote d'Ivoire: Indicators of Capacity to Repay the Fund, 2011–22

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		Projections										
Fund obligations based on existing credit												
(In millions of SDRs)												
Principal	11.7	0.0	0.0	4.6	39.0	46.2	85.2	104.7	88.8	65.7	58.5	19.5
Charges and interest [1/]	0.1	0.0	0.0	0.1	1.3	1.2	1.0	0.8	0.5	0.3	0.2	0.1
Fund obligations based on existing and prospective credit [2/]												
(In millions of SDRs)												
Principal	11.7	-	0.0	4.6	39.0	46.2	85.2	109.6	113.2	101.5	94.3	55.3
Charges and interest [1/]	0.1	0.0	0.0	0.1	1.7	1.6	1.5	1.2	0.9	0.7	0.4	0.2
Total obligations based on existing and prospective credit [2/]												
In millions of SDRs	11.8	0.0	0.0	4.7	40.7	47.8	86.7	110.8	114.1	102.1	94.7	55.5
In billions of CFA francs	8.8	0.0	0.0	3.6	31.3	36.9	67.0	85.6	88.2	78.9	73.2	42.9
In percent of government revenue	0.5	0.0	0.0	0.1	0.8	0.9	1.4	1.6	1.6	1.3	1.3	0.7
In percent of exports of goods and services	0.1	0.0	0.0	0.0	0.4	0.4	0.7	0.8	0.7	0.6	0.6	0.3
In percent of debt service [3/]	2.4	0.0	0.0	1.0	7.9	8.8	14.0	16.7	16.0	14.6	33.8	14.6
In percent of GDP	0.1	0.0	0.0	0.0	0.2	0.2	0.3	0.4	0.4	0.3	0.3	0.2
In percent of quota	3.6	0.0	0.0	1.4	12.5	14.7	26.6	34.1	35.1	31.4	29.1	17.1
Outstanding Fund credit												
In millions of SDRs	399.4	512.3	609.8	686.5	647.5	601.3	516.1	406.5	293.3	191.9	97.6	42.3
In billions of CFA francs	299.6	385.5	461.7	523.5	497.2	464.6	398.8	314.1	226.7	148.3	75.4	32.7
In percent of government revenue	17.4	14.7	15.4	15.2	12.7	10.7	8.3	6.0	4.0	2.4	1.3	0.5
In percent of exports of goods and services	4.6	5.6	6.5	6.8	6.0	5.2	4.1	2.9	1.9	1.1	0.6	0.2
In percent of debt service	80.0	157.1	178.3	143.3	125.7	110.5	83.2	61.2	41.2	27.5	34.8	11.1
In percent of GDP	2.6	3.1	3.3	3.4	2.9	2.5	1.9	1.4	0.9	0.6	0.3	0.1
In percent of quota	122.8	157.5	187.5	211.1	199.1	184.9	158.7	125.0	90.2	59.0	30.0	13.0
Net use of Fund credit (millions of SDRs)	150.9	130.1	97.6	76.7	-39.0	-46.2	-85.2	-109.6	-113.2	-101.5	-94.3	-55.3
Disbursements	162.6	130.1	97.6	81.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and Repurchases	11.7	0.0	0.0	4.6	39.0	46.2	85.2	109.6	113.2	101.5	94.3	55.3
Memorandum items:												
Nominal GDP (billions of CFA francs)	11,360.0	12,599.7	14,034.9	15,531.1	17,181.8	18,907.6	20,757.3	22,647.3	24,483.2	26,363.6	25,758.2	27,696.2
Exports of goods and services (billions of CFA francs)	6,552.6	6,905.6	7,088.6	7,714.5	8,225.6	8,981.1	9,815.2	10,735.3	11,772.7	12,952.9	13,264.3	14,080.9
Government revenue (billions of CFA francs)	1,725.9	2,621.4	2,992.0	3,448.7	3,929.1	4,339.6	4,785.7	5,229.9	5,634.4	6,081.3	5,789.0	6,227.4
Debt service (billions of CFA francs)	374.4	245.3	259.0	365.2	395.5	420.4	479.5	513.1	550.4	539.6	216.7	293.8
CFA francs/SDR (period average)	750.2	752.4	757.1	762.6	767.9	772.8	772.8	772.8	772.8	772.8	772.8	772.8

Sources: IMF staff estimates and projections.

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

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

[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), 2011–14

In percent of quota	Amount	Date of availability	Condition for disbursment
25	81.30	November 4, 2011	Executive Board approval of the three-year arrangement under the ECF.
20	65.04	April 1, 2012	Observance of performance criteria for December 2011 and completion of the first review under the ECF arrangement.
20	65.04	October 1, 2012	Observance of performance criteria for June 2012 and completion of the second review under the ECF arrangement.
15	48.78	April 1, 2013	Observance of performance criteria for December 2012 and completion of the third review under the ECF arrangement.
15	48.78	October 1, 2013	Observance of performance criteria for June 2013 and completion of the fourth review under the ECF arrangement.
15	48.78	April 1, 2014	Observance of performance criteria for December 2013 and completion of the fifth review under the ECF arrangement.
10	32.52	October 1, 2014	Observance of performance criteria for June 2014 and completion of the sixth review under the ECF arrangement.
120	390.24	**TOTAL**	

Table 9. Côte d'Ivoire: Performance Criteria and Indicative Targets, ECF 2012–13 [1/]

(Billions of CFA francs) [2/]

	2012							2013						
	Sept.			Dec.				March	June		Sept.		Dec	
	IT	Actual	Status	PC	Adjusted PC	Actual	Status	IT	Original PC	New PC	Original IT	New IT	Original IT	New PC
A. Performance criteria														
Floor on primary basic balance 3/									29.6	-55.5	42.1	-112.1	23.3	-44.0
Floor on the overall fiscal balance (including grants)4/	-395.5	-197.7	Met	-536.4	-520.0	-432.7	Met	-24.5	...	... ...	...	... ..	...	...
Ceiling on net domestic financing (incl. WAEMU paper)	378.8	133.3	Met	443.7		218.6	Met	22.0	118.7	210.1	186.7	346.9	243.6	300.6
Ceiling on new nonconcessional external debt (in $ million) 5/ 6/	0.0	0.0	Met	0.0		9.9	Not met	100.0	100.0	800.0	100.0	800.0	100.0	800.0
Ceiling on accumulation of new external arrears 5/	0.0	0.0	Met	0.0		0.0	Met	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ceiling on accumulation of new domestic arrears 5/	0.0	0.0	Met	0.0		0.0	Met	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Indicative targets														
Floor on the overall fiscal balance (including grants)4/									-131.7	-183.5	-240.5	-391.3	-398.7	-453.4
Floor on primary basic balance 3/	-192.8	-7.8	Met	-235.9		-170.4	Met	24.2	...	... ...	...	... ..	...	...
Ceiling on expenditures by treasury advance	75.8	67.7	Met	113.5		100.7	Met	20.0	46.1	59.0	72.1	93.7	102.1	114.3
Floor on pro-poor expenditure	676.9	775.6	Met	980.0		1080.3	Met	248.2	533.0	588.8	832.5	916.0	1152.8	1309.1
Floor on net reduction of government amounts payable (- = reduction)	15.0	15.5	Met	-25.0		95.4	Not met	-5.0	-7.5	-10.0	-15.0	-25.0	-25.0	-50.0
Floor on government revenue	1,697.3	1,901.3	Met	2,492.2		2,540.2	Met	615.6	1,339.3	1,338.7	2,027.5	2,031.9	2,742.4	2,764.5
Memorandum items:														
Net banking sector claims on government	151.9	90.5		228.9		192.0		-17.4	25.0	83.6	28.1	123.4	75.7	108.8
Program grants	10.0	10.0		10.0		29.7		0.0	49.2	49.2	49.2	49.2	98.4	105.2
Program loans	0.0	0.0		0.0		0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project grants	30.0	51.5		51.7		51.5		25.0	50.0	51.5	70.0	77.2	147.7	122.3
Project loans	47.2	35.3		70.4		54.0		30.3	121.1	82.5	196.8	197.9	302.7	313.4

Sources: Ivoirien authorities and IMF staff.
Note : The terms in this table are defined in the TMU.
1/ Cumulative change from December 31, 2011 for 2012 targets, and from December 31, 2012 for 2013 targets.
2/ Except for the ceiling on new nonconcessional external debt
3/ The primary basic balance becomes a PC starting with the June 2013 test date.
4/ The overall fiscal balance becomes an indicative target starting with the June 2013 test date.
5/ Continuous performance criteria.
6/ The new window in 2013 will be used for infrastructure, energy, and transport projects.

Appendix I. Letter of Intent

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

Republic of Côte d'Ivoire

No. 0980 MPMEF/CAB/CT-TK

Abidjan, May 21, 2013
The Managing Director
International Monetary Fund
WASHINGTON DC, 20431

Subject: Letter of intent

Dear Madame Managing Director

1. **Your visit in January of this year coincided with the end of the social and political normalization phase, and with the start of the economic expansion phase, of the country's post-crisis experience**. Following the re-establishment of the judiciary and public administration throughout the territory, the National Assembly, which had become fully operational in 2012, held its two regular sessions, thus affirming the return to normal constitutional government. The national reconciliation process has made much headway owing notably to renewed confidence among the people and the continuing work of the Dialogue, Truth and Reconciliation Commission (CDVR), whose local commissions have been set up. The security situation has improved greatly as a result of enhanced security arrangements and cooperation with certain neighboring countries, leading many refugees to return. The new government appointed in November 2012 undertook to continue the peace-building and economic recovery efforts in keeping with the policies set out in the 2011–14 economic and financial program supported by the Extended Credit Facility (ECF).

2. **The attached Memorandum of Economic and Financial Policies (MEFP) describes progress made through end-2012 and the policies we plan to implement in 2013**. In macroeconomic terms, the outcomes recorded at end-December 2012 are better than expected. Gross domestic product (GDP) growth was 9.8 percent, compared to the forecasted 8.6 percent. Inflation was contained within the community norm of 3 percent at 1.3 percent. With respect to government finance, the sustainability of public debt was restored after the HIPC Initiative completion point was reached in June 2012. The overall budget balance and primary basic balance are also better than projected as a result of efforts to collect revenues and control spending.

3. **The year 2013 should confirm the strong momentum observed in 2012**. The government is expecting a GDP growth of 9 percent driven by a substantial increase in both public and private investment. In terms of developments since the adoption of the budget law for 2013, the government has prepared a supplementary budget law in order to adjust appropriations to the requirements of certain partially financed projects and to take account of other priority projects not previously covered. The government also intends to continue its broad structural reform program with the aim of improving the business climate and public management.

4. **The government is therefore convinced that the policies and measures included in the MEFP will lead to strong, sustained, inclusive, and green growth in line with the objectives of the National Development Plan (PND)**. In this regard, we would like to request: (i) the replacement, as of the third review, of the performance criterion on the overall budget balance by the primary basic balance, and the conversion of the overall balance into an indicative target for public finance monitoring; (ii) modifications of the program performance criteria and indicative targets for end-June 2013; (iii) the setting of performance criteria for end-December 2013; (iv) a change in the definition of external debt for the program limits on non-concessional debt to exclude debt denominated in CFA francs; and (v) a higher ceiling for new non-concessional external debt, in keeping with the MEFP and Technical Memorandum of Understanding (TMU).

5. **We request a waiver for the non-observance of the continuous performance criterion on new non-concessional external debt contracted or guaranteed by the government**. This situation resulted from a misunderstanding of paragraph 12 of the Technical Memorandum of Understandings and involves a relatively small amount of government-guaranteed debt. We are taking measures to avoid a repetition of such an occurrence. In this context, we are going to further deepen our debt management reforms with the technical assistance of the Fund and strengthen procedures to centralize all requests for financing. Furthermore, we will continue our existing consultations with IMF staff, in particular on possible new external debts and government guarantees.

6. **We ask the International Monetary Fund (IMF) to provide the government with the fourth disbursement under the Extended Credit Facility (ECF) in the amount of SDR 48.78 millions**. The government will consult with Fund staff, at its own initiative or at the request of the IMF Managing Director, before adopting any additional measure that it may deem

necessary, or in the event of changes to the policies set out in the MEFP. It also agrees to cooperate fully with the IMF to achieve its policy objectives.

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

Very truly yours.

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

Attachments: - Memorandum of Economic and Financial Policies
- Technical Memorandum of Understanding

Attachment I. Memorandum of Economic and Financial Policies

May 21, 2013

INTRODUCTION

1. **The sociopolitical and security situation in Côte d'Ivoire has improved significantly**. The process of restoring the operational status of national institutions is complete. The government is fully functional throughout the national territory, as is the judicial system. As for the legislature, the National Assembly elected in 2011 is now operational and held two regular sessions in 2012, as stipulated in the constitution. The joint organization of free and transparent municipal and regional elections, which took place on April 21, 2013, completes the electoral cycle. The national reconciliation process is advancing, thanks to the consultations pursued by the Dialogue, Truth, and Reconciliation Commission (CDVR) with civil society and political parties and the launching of local commissions began in January 2013. Security has been extended over the entire territory. After establishing the National Security Council (CNS) and the Disarmament, Demobilization, and Reintegration Authority (ADDR) and with the start of operations of the Center for Coordination of Operational Decisions (CCDO) in March 2013, the pace of reform of the security sector has picked up, especially with United Nations and French support, with a view to modernizing and improving the effectiveness of the security apparatus.

2. **Côte d'Ivoire's economy is beginning to take off again**. The economic results in 2012 were much better than expected. The GDP growth rate reached 9.8 percent in 2012, as compared to the 8.6 percent forecast in September 2012. This places Côte d'Ivoire once again in the group of high economic growth countries in Africa and the world. This performance is attributable in large part to the renewed security throughout the country, the upswing in investments that began in May 2011, the implementation of important structural reforms in key economic sectors, and the support of our development partners, including the IMF, World Bank, African Development Bank, Islamic Development Bank, United Nations Development Programme, and European Union. Inflation was brought under control and budget execution resulted in a smaller deficit than programmed. All but one of the performance criteria and four of the five indicative targets of the program were observed. The external debt stock at end 2012 (excluding debt in the form of debt reduction and development contracts (C2D) with France)[1] now accounts for only 19 percent of GDP, after reaching

[1] The C2D represents the ODA claims of the French Development Agency (AFD) converted into grants. In practice, the debt service of these claims is rescheduled and paid by Côte d'Ivoire; in return, the country receives an equivalent

(continued)

the HIPC initiative completion point on June 26, 2012. Parliament passed the 2013 budget law within the period required by the constitution for the first time since 1999.

3. The new government team that took office in November 2012 began implementing the National Development Plan (PND 2012–15), Côte d'Ivoire's framework document for its development and poverty reduction strategy. The government has set the goal of making Côte d'Ivoire an emerging country by 2020. The objectives are to achieve a 9 percent growth rate in 2013, and double-digit growth rates beginning in 2014. Investment is expected to rise from 13.7 percent of GDP in 2012 to 17.8 percent in 2013, 19.6 percent in 2014, and 21.1 percent in 2015. Public investment would grow by 4.9 percent in 2012, to 7.5 percent in 2013, 8.5 percent in 2014, and 9.5 percent in 2015. These investments are distributed in line with the engines of growth, (agriculture, infrastructure and transportation, industry, health, education, and the environment). More specifically, the government intends to:

- Pursue efforts to improve the business climate and make the economy more competitive;
- Pursue efforts to improve governance and combat corruption; and
- Further consolidate the improvement in living conditions of the population, with a view to achieving the goal of halving poverty by 2015 (see Box 1).

To finance the PND, a Consultative Group meeting was organized and held in Paris on December 4 and 5, 2012. It met with resounding success; our development partners made commitments amounting to CFAF 4,319 billion, or more than double the anticipated financing. Moreover, vital high-priority public-private partnership projects have aroused the interest of international private investors.

4. The government is committed to pursue the implementation of the 2011–14 three-year economic and financial program supported by the Extended Credit Facility. Special emphasis will be placed on regularizing the financial situation of the public sector, including restructuring public banks, restoring the financial viability of the electricity sector, continuing to improve the business climate, strengthening public financial management,especially debt management, deepening tax policy reform, modernizing the government sector, and consolidating

grant to spend on development investments specified in an agreement between AFD and Côte d'Ivoire. The amount of this debt at end-2012 was equivalent to 11.8 percent of GDP.

and developing the financial sector. The government will also focus its efforts on enhancing good governance and regional integration.

This memorandum describes the progress made under the 2012 economic and financial program and presents the main of the program through 2013.

MACROECONOMIC DEVELOPMENTS IN 2012 AND IMPLEMENTATION OF THE ECF PROGRAM

E. Macroeconomic Developments in 2012

5. **The economic recovery was more robust than expected, following a decline in economic activity in 2011**. The GDP growth rate is estimated at 9.8 percent, as compared to 8.6 percent forecast in September 2012, due largely to strong growth in the secondary (19.2 percent) and tertiary (13.5 percent) sectors. Per capita income returned to its 2010 level. On the domestic demand side, growth was driven by an 83.3 percent increase in investment, including both public investment (public infrastructures) and private investment (plant and equipment renewal). The investment rate rose to 13.7 percent of GDP, as compared to 8.2 percent in 2011 and 9 percent in 2010.

6. **Inflationary pressures were brought under control**. Inflation was limited to an annual average of 1.3 percent, mainly due to an improvement in distribution channels and agricultural service roads as well as to measures adopted by the government to hold down the high cost of living. These measures included reductions in customs duties on widely-used consumer products and efforts to fight extortion and reduce road blockades.

7. **The money supply grew by 4.4 percent at end-December 2012**. Net credit to the economy increased by 12.4 percent, supporting the economic upswing. The net government position increased by 29.4 percent, reflecting the government's increased borrowing on the money market. As for net foreign assets, they declined by 14.1 percent, primarily as a result of higher imports of capital goods, but are still at an adequate level.

8. **External accounts ended the year with a current external deficit of 2.2 percent**. This reflects primarily the increased flow of imports of goods and services linked to investments and generally to the strong economic recovery. However, a large part of the external current account deficit was financed by FDI flows.

Box 1. Côte d'Ivoire—Fighting Poverty: A Government Priority

After a decade-long crisis, Côte d'Ivoire is once again on a strong, sustainable growth path, coupled with a concern for ensuring equality and respect for the environment. This strong, inclusive growth supported by the government is designed to increase access to jobs, especially for youth, and to improve the people's standard of living.

In 2012, employment in the formal, modern sector grew, with a net increase of 4.2 percent over 2011. This development is attributable to the strong recovery of the private sector and to government hiring, mainly in the health and education sectors. The government strengthened its national job creation structures, including the National Ivoirien Business Institute (INIE), the Occupational Training Agency (AGEFOP), and the Agency for Employment Research and Promotion (AGEPE).

Moreover, the Côte d'Ivoire Women's Support Fund (FAFCI) was set up in 2012 with the Decentralized Financial Systems, to facilitate their access to micro-credits. It is a facility that makes one-year, reduced-rate loans, renewable a single time.

In addition, the Youth Jobs and Skill Development Project (PEJEDEC), financed by the World Bank, is in full swing, with 4,857 youths for placed in labor-intensive jobs.

Cocoa producers (around 700,000) and coffee producers will henceforth receive 60 percent of the CIF price as the farm-gate price.

With the increase in budget allocations for pro-poor expenditure public services have substantially improved. The primary accomplishments are as follows:

- In education, the hiring of teachers and construction and outfitting of classrooms have led to a reduction in class size to 43 for the 2011-2012 school year. Moreover, the policy of "free school for all," which means no school fees and free textbooks in the public primary schools, has helped improve the gross enrollment rate from 76.2 percent in 2008/2009 to 89.3 percent in 2011/2012.
- In the health sector, the government initiated a targeted free health care program for mothers and children, as well as a free malaria treatment program for the entire population. It also reduced the cost of other paid services by 30 percent. In addition, the rehabilitation and construction of health centers, combined with the hiring of medical and paramedical staff, helped improve the technical platform of the health system in 2012.
- With regard to economic infrastructure 830.3 km of roads were resurfaced and 1138 km of new roads were built.
- As for drinking water, the Abidjan district benefited from the installation of a 2,000 m^3/h drinking water treatment station, a 10,000 m^3 surface reservoir, and twelve (12) large-diameter producing wells.

F. Program Implementation

9. **Program implementation has been satisfactory**. All but one of the performance criteria were observed, as were four of the five indicative targets. Moreover, considerable progress was made in structural reforms, although certain measures experienced delays.

10. **Budget execution was better than expected**. The overall budget deficit was 3.4 percent of GDP, as compared to the targeted 4.3 percent. The basic primary balance outcome was -1.4 percent instead of the forecast -1.9 percent of GDP. This result reflects a good tax revenue performance, spending control and a stronger-than-expected growth of nominal GDP.

- Tax revenue recorded an increase of 0.4 percent of GDP as a result of the high level of collection of profit taxes and capital gains taxes, and an improvement in the collection of duties and tariffs on oil products. However, certain types of tax revenue, such as VAT and the registration fee on coffee and cocoa, recorded shortfalls.

- Regarding expenditures, wage bill and subsidies and transfers were in line with the targets. Current expenditures exceeded the target level (by CFAF 30.2 billion), essentially due to additional security costs. Capital expenditure, on a clear upswing since 2011 (CFAF 323.6 billion), ended up at CFAF 615.8 billion, compared to a budget target of CFAF 667.5 billion (for an average realization rate of 92.2 percent), including CFAF 506.7 billion in domestically financed investment.

- The postponement of the bond issues planned on regional money and financial markets (for a total of CFAF 175 billion) at year-end resulted in less recourse to domestic financing (forecast at CFAF 443.7 billion, net domestic financing ended up at CFAF 216.9 billion. The delay in bond issuance is attributable to the government reshuffle in November 2012 and ensuing changes in the Ministry of Finance.

11. **All but one of the performance criteria and four of the five indicative targets were observed as of December 31, 2012**. The continuous performance criterion on new nonconcessional debt was not observed, due to an extended guarantee pertaining to a relatively small amount. The indicative target on the ceiling for net reduction of amounts payable was not observed due to the non-issuance of government bonds at the end of the year. The result was a floating debt of CFAF 203.9 billion at end-December 2012, or double the level recorded at end 2011. On another note, a mechanism set up for monitoring pro-poor expenditures led to their execution reaching CFAF 1,080.3 billion, above the minimum target of CFAF 980 billion at end-December 2012.

12. **The financial position of the public sector improved slightly in 2012**. Cumulative results of the 84 public state-owned companies showed net profits of CFAF 139.76 billion in 2011 compared to a deficit of CFAF 50.03 billion recorded in 2010. With regard to banks with majority public capital, provisional data at December 31, 2012 reveal an improvement in their profitability compared to 2011.

13. **Côte d'Ivoire has benefitted from debt relief on a large part of its external debt, and the process of normalization of financial relations with its foreign creditors has resulted in the elimination of external arrears**. Achievement of the HIPC Initiative completion point in June 2012 led to a significant reduction in the stock of debt, in the amount of CFAF 3,981.6 billion, of which 1,486.2 billion under the debt reduction-development contract (C2D), equivalent to 63.6 percent of outstanding external debt at end-2011. An agreement for the joint restructuring of the external commercial debt owed to Standard Bank (former BNI securities) and Sphynx (2007 and 2008) creditors was concluded in November 2012, and this debt was exchanged for Eurobonds maturing in 2032. Payment arrears of Eurobond coupons not taken into account in this restructuring (US$96.3 million) were handled under a settlement plan which the creditors accepted and is being executed on schedule. This plan provided for a good-faith payment of US$11.3 million in December 2012, which was made, and repayment of the balance in 2013 (40 percent) and 2014 (60 percent).

14. **Significant progress has been made in implementing structural reforms in the energy and the coffee and cocoa sectors and to improve the business climate**. The principal structural reforms implemented are as follows:

Reform of the energy sector

- On November 7, 2012, the Council of Ministers adopted a strategy for restoring financial equilibrium to the electricity sector.

- The operating deficit of the electricity sector went from CFAF 107 billion in 2011 to CFAF 44 billion in 2012. This improvement followed a reduction in the cost of CI-27 (Foxtrot) block gas, a 10 percent increase in May 2012 of the tariff applied to industries, an improvement in collection of invoices throughout the country, including the former Center-North-West (CNO) zones, efforts to combat fraud and reduce technical losses, and the upward renegotiation of export rates in October and December 2012, to bring them to a level higher than production costs.

- To ensure the viability of the butane gas subsidy mechanism, the government increased the price of super by CFAF 15/liter. In addition, the sales price of a bottle of B6 gas was raised

from CFAF 1,800 to CFAF 2,000 and from CFAF 4,000 to CFAF 5,200 for a bottle of B12. All of these measures, implemented since January 1, 2013, are designed to ensure the monthly equilibrium of the butane subsidy account.

Reform of the business climate

- CEPICI is now the single investment window in Côte d'Ivoire (Decree N° 2012-867 of September 6, 2012 creating CEPICI). Several windows are open within it, including the "one-stop shop for business formalities," which is operational and makes it possible for all of the formalities required to create a business and operate in Côte d'Ivoire to be completed in less than 48 hours.

- To improve arbitration of private sector business affairs, in 2012 the government adopted a decree to create commercial courts, and a law on foreign recognition (*exequatur*) of arbitration decisions, to facilitate settlement of commercial disputes. The first commercial court in Côte d'Ivoire opened its doors in October 2012 in Abidjan and began rendering decisions within 90 days.

- To further improve the business climate, an action plan was drawn up during a national workshop in January 2013. The plan focuses on taxes, financing the economy, the granting of construction permits, property transfers, access to electricity, cross-border trade, performance of contracts and protection of investors.

Reform of the coffee/cocoa sector

- The government continued to implement the reform of the coffee and cocoa sector. The program for future sales was implemented and made it possible to establish a minimum guaranteed price for the producer for the October 2012–March 2013 period. This price is CFAF 725 per kilogram, and was respected throughout the country. The reserve fund was financed with CFAF 40 billion. At end December 2012, the stabilization fund recorded a positive balance of CFAF 16 billion, and the reserve fund was increased by this amount. Ongoing studies are examining the possibility of making additional allocations to the reserve fund, as anticipated.

Improvement in the governance of state structures

- In the context of efforts to enhance the ethics of the civil service, the ethics charter and ethics code for government employees were adopted by the Council of Ministers on September 19, 2012.

- Management of government corporations has been improved by restructuring and reforming boards of directors, and by harmonizing the salaries of executives and the attendance fees paid to members of the boards of these structures.

- As for national public entities (EPN), management boards have been introduced and meet regularly. Every year, a report is produced to consolidate the financial performance reports of the EPNs. Moreover, financial and operational audits are currently conducted by private firms, in order to strengthen management of EPNs.

15. Implementation of certain structural measures has, however, been delayed

- The report adopted on May 26, 2012 by the Council of Ministers contained strategic options to reduce the government portfolio by 25 percent (privatizations, mergers or restructurings). Action on these options was delayed, since it required valuation studies, studies on modes of privatization and studies on the strategic and operational procedures for mergers. Developments in the government portfolio in 2012 reflected the: (i) creation of the company Air Côte d'Ivoire; (ii) liquidation of the companies SOGEPE and SOPIE; (iii) creation of the company Energies de Côte d'Ivoire; and, (iv) creation of the Office National de l'Assainissement et du Drainage [National Sanitation and Drainage Office] (ONAD).

- Due to the financial situation of certain banks with public capital, implementation of the strategy to restructure the government portfolio began by resizing the public banking portfolio. A decision was made to have separate studies on the valuation of banks in which the government is a minority shareholder and on banks in which it holds a majority share.

- The design of a strategy to manage the wage bill was delayed pending the conclusion of discussions on civil servants' salary increases. This strategy is necessary to determine staffing needs and a consistent and sustainable wage policy which would allow a move towards the WAEMU convergence criterion (a ratio of the wage bill to tax revenue of 35 percent) over the medium term.

- An audit was conducted on supplier arrears of the Treasury at end-2010. Based on the results obtained, the government decided to proceed with a second audit to confirm the accuracy of the services provided and the value of services/work, in order to have a basis for assessing the real value of the expense subject to settlement.

MACROECONOMIC AND BUDGET OUTLOOK FOR 2013

A. Macroeconomic Outlook for 2013

16. **In line with the PND, the government projects an economic growth rate of 9 percent in 2013 (Box 2)**. The government's strategy is to consolidate the strong upswing in economic activity and macroeconomic stability. This strategy relies on a substantial increase in public investment while ensuring the viability of public debt. The government will continue to put in place large-scale structural measures to further strengthen the recovery of the private sector. The poverty rate should drop as a result of higher household incomes, the reduction in unemployment, and the development of basic socioeconomic infrastructure. Moreover, the government will continue to increase the share of pro-poor expenditures. To this end, the government intends to mobilize the commitments of external financing made by both public and private partners (in the form of the Public-Private Partnership (PPP), in particular), during the Consultative Group meeting in Paris on December 4 and 5, 2012, and to issue securities in the regional money and financial markets. It also plans to pursue efforts to improve the business climate to support the recovery of private investment. A private investment forum in Côte d'Ivoire is scheduled to take place in January 2014. All economic sectors will contribute to consolidation of this economic upturn:

- The primary sector is expected to grow by 2.7 percent in 2013, as a result of the strong performance of subsistence crops, together with the implementation of the National Agricultural Investment Program (PNIA) and large investments in mines and hydrocarbons by PPPs in particular.

- A 16 percent growth rate is anticipated for the secondary sector, reflecting (i) the improved business climate, (ii) increased national and regional demand, and (iii) investor confidence.

- The tertiary sector should grow by 11.8 percent, due to the dynamic performance of all of its components in step with the performance of the primary and secondary sectors and the gradual return of the African Development Bank to Abidjan.

17. **Inflation is expected to rise to 3 percent on average compared to 1.3 percent in 2012**. This inflation level is mostly a reflection of a statistical base effect related to the 2011 price spike following the post-election crisis; from December 2012 to December 2013, the price change should be about 2 percent.

18. The external current account deficit should continue to widen, owing to the trend of imports linked to public and private investments. Exports are expected to rise by 6 percent, with increased sales of rubber, oil products, palm oil, processed food and manufacturing products. The balance of capital and financial operations will be in surplus, driven by a rise in projected grants and a rebound in foreign direct investment. The overall balance of payments should be in a surplus position of CFAF 48 billion.

19. The money supply is expected to grow by 12.7 percent. The primary components of this increase are increased credit to the private sector and net foreign assets.

Box 2. Côte d'Ivoire: The Primary Objectives of the PND

Côte d'Ivoire has adopted a National Development Plan (PND) for 2012–15, which is consistent with the objectives of the economic and financial program supported by the Extended Credit Facility. The purpose of this development plan is to reduce poverty and lay the foundations for an emerging Côte d'Ivoire by 2020. This new strategy is based on strong, sustained and inclusive growth along with a substantial upturn in private and public investment. These investments have been carefully selected to fuel both the cross-cutting and vertical engines of growth.

The main objectives of the PND are listed below:

- Achieve a growth rate of 9 percent in 2013 and 10 percent in 2014 and 2015 as a result of substantial growth in investment, which are expected to climb from 13.7 percent of GDP in 2012 to 20.8 percent in 2015, with public investments accounting for 9.2 percent;
- Halve the poverty rate and return to the group of African countries with the best UNDP Human Development Index ranking;
- Attain the Millennium Development Goals by 2015 or move considerably closer to them;
- Create one of the best business climates in Africa and make the economy more competitive; and,
- Rejoin the group of top African countries in terms of good governance and anti-corruption efforts.

For 2013 to 2015, investments are expected to rise to CFAF 9,509.9 billion, with the public sector accounting for CFAF 4,185.6 billion and the private sector CFAF 5,324.3 billion. The commitments made by the development partners at the Consultative Group meeting on December 4 and 5, 2012 should cover most of the financing of these investments.

Local committees made up of local authorities and members of civil society were set up to help implement the PND. They are responsible for disseminating the plan and monitoring the different projects selected.

To enhance the effectiveness of the PND, important structural reforms are being implemented and sectoral objectives and strategies have been assigned to the different ministries, with targets that will enable progress to be monitored on a regular basis.

B. 2013 Budget framework

20. A revised budget will be adopted by the government and submitted to the National Assembly in 2013. The objectives of the budget have been revised to take the following into account:

- The impact of the results of the Consultative Group meeting on the 2013 investment program;
- The increase in resources for inadequately funded ongoing projects and the inclusion of new basic socioeconomic infrastructure projects, especially in rural areas;
- New measures, including the suspension of the tax on windfall profits in the mining sector, have led to a downward revision of anticipated tax revenue.

21. The overall budget balance should slightly deteriorate, from a programmed deficit of 2.9 percent to 3.2 percent of GDP, while the basic primary budget balance is expected to move from 0.2 percent to -0.3 percent of GDP, reflecting the downward revision of revenue objectives and the inclusion of new expenditures. The decrease in the revenue objective reflects the revenue losses derived from the oil sector, the registration fee and the single export tax on coffee-cocoa, as well as the suspension of the tax on windfall mining profits, in spite of the upward revisions of nominal GDP, revenue from social security contribution and dividends unpaid last year by Petroci. The new expenditures are linked to the updating of credit appropriations for certain projects, including the Soubré hydroelectric dam and other priority projects that were not fully taken into account in the initial budget. To finance this deficit, the government will continue to borrow on the regional market, while the mobilization of the foreign financing will increase in line with the results of the Consultative Group meeting.

22. The government will step up its efforts to improve the collection of domestic revenue. Following the ongoing study on tax exemptions, the government will devise a VAT reform strategy, which will be presented as an annex to the 2014 proposed budget law. The purpose of this reform will be to modernize the VAT's legal system, with a view to improving its yield by reducing exemptions and to limit exemptions to legislative or regulatory measures alone. The first steps in this direction will be taken in the fiscal annex to the 2014 proposed budget law. Tax collection will be further differentiated, based on recommendations made in IMF technical assistance reports. Fiscal and customs post-clearance controls will also be stepped up, and a procedural manual on customs inquiries, with the purpose of formalizing the controls of businesses, will be adopted by decree To improve the business climate, the government decided to put in place a one-stop shop

for foreign trade (GUCE). To strengthen efforts to combat tax fraud, the focus will be on controls, in particular with the creation of special brigades.

23. The government intends to give priority to competitive procedures in awarding public procurement contracts. To this end, the quarterly reports of the Council of Ministers on the execution of public contracts will be adopted at most 45 days after to the end of the quarter. They will make it possible to assess the extent to which different procurement procedures are used. Moreover, the public procurements department will strengthen its control to ensure that competitive procedures for government procurement are followed.

24. The government intends to regularize the domestic debt situation:

- Regarding the supplier arrears at end-2010, an ongoing audit will be completed to determine the amount of the government debt to suppliers. This audit will determine the effectiveness of the service provided and the fair price of invoiced services. On this basis, a settlement plan will be drawn up and implemented as of September 2013. The government will also prepare a plan for settlement of arrears on the securitized domestic debt. Provision is made for a CFAF 10 billion reduction in arrears by cash payment in 2013. Once the settlement plans are in place, the government will ensure that payments respect the scheduled due dates.

- With regard to liabilities, an audit will be performed at an early date, and based on its results a settlement plan will be prepared.

- As for the floating debt inherited from the 2012 fiscal year, a plan to clear it over a maximum period of 30 months will be implemented beginning in 2013. The net cash reduction in payables (i.e., excluding the effect of possible rescheduling of maturities) has been increased to CFAF 50 billion in 2013 (including CFAF 10 billion for the aforesaid arrears), as compared with the CFAF 25 billion initially anticipated.

- The main principles of arrears clearance strategy were reported to the IMF on May 15, 2013 (prior action).

C. Restructuring of the Public Sector

25. The government will accelerate implementation of the strategy to downsize the Ivoirien government portfolio, with a view to reducing that portfolio by 25 percent. For the nonfinancial sector, the studies on possible modalities for implementing this strategy will be

finalized. These studies are expected to produce restructuring options and their financial implications for both government revenue and expenditures. On this basis, the government will decide on the most appropriate modalities for restructuring the sector and will establish a timetable for implementation. In addition, the government intends to introduce performance contracts between the Ivoirien government and public enterprises to improve their profitability. A pilot phase will begin in September 2013. As regards privatization, the privatization committee will be reactivated before end-September 2013 and will be responsible for implementing the privatization policy.

26. The government intends to adopt and implement the recommendations of the studies on restructuring public capital banks and those on strategic and operational modalities. The appraisal studies should be completed during the third quarter of 2013. On that basis, the government will adopt a report on the results of those studies, which will be implemented with a view to creating a well-performing public banking hub.

D. Other Structural Reforms

27. The government intends to complete the reform process initiated in 2011, and to focus on strengthening good governance and transparency in public finance management and the public sector.

- **With regard to the coffee-cocoa sector, the government will continue to implement the reform and will keep the minimum guaranteed producer price at not less than 60 percent of the CIF reference price**. The evaluation of cooperatives, aimed at strengthening the capacity of professional agricultural organizations, will be completed by end-2013. For this purpose, the terms of reference for hiring a research firm were prepared and the recruitment procedure has been launched. Moreover, studies are in process that should make it possible to assess the need for additional financing of the reserve fund.

- **A new mining code will be adopted by the Council of Ministers by end-September 2013 at the latest**.

- **In the area of public finance, before the end of 2013, the government intends to transpose the WAEMU directives and in particular to adopt a draft organic law on the transparency code and on the budget law**. Furthermore, the sectoral MTEFs will be extended to five new ministries, which will bring the total number of ministries under MTEFs to sixteen. An overall MTEF will be drawn up and used to prepare the 2014 budget. Likewise, documents pertaining to the overall and sectoral MTEFs will be annexed to the proposed

budget law. In addition, in light of the surge in investment spending in 2013, to improve the administrative absorptive capacity specific provisions to support and monitor budget execution will also be pursued. These will involve strengthening project management and measures to assist and monitor the line ministries' administrative and finance directorates (DAAF). A consolidated commitment plan and contracting and procurement plan are under preparation and will be completed in 2014, to ensure fluid budget execution and cash management.

- **For the electricity sector, the government is committed to promoting its development and achieving financial equilibrium**. To this end, social-tariff customers who consume over 200 kWh every two months have been reclassified at the general tariff since January 2013 for bills issued as of March 2013. Likewise, the utility company's remuneration was revised downward by CFAF 8.5 billion a year over the next three years (2013-2015). The government has reduced the selling price of its gas share from the CI-26 field (CNR), with effect as of January 2013. The utility company will focus on improving bill collection rates in the former CNO zone, which should increase from 40 percent in 2012 to at least 60 percent in 2013. In addition, it will continue its efforts to fight fraud and reduce technical losses throughout the country. Moreover, the sector's production capacity will increase when a 100 MW thermal power plant begins operating in April 2013. The new electricity code will be adopted in the Council of Ministers by end-September 2013 at the latest. The fourth review of the ECF-supported program will review the implementation of all of the recovery and financial equilibrium measures for the sector in 2013 and 2014. The possible need to increase low-voltage electricity rates to supplement the restructuring measures in the event the sector does not attain equilibrium will be examined.

- **For the hydrocarbon sector,** the government took steps in January 2013 to control the deficit linked to the butane subsidy. In November 2012, it also adopted an oil product price structure that will serve as a basis for implementing the automatic petroleum pump-price setting mechanism as of April 1, 2013. It will complete procedures for dealing with the SIR claims on the government before the end of June 2013.

- **As regards the strategy for developing the financial sector,** a proposal will be prepared in cooperation with the World Bank; it will subsequently be presented to members of CODESFI for approval. Once the government has approved it, a financing roundtable will be organized to implement it. CODESFI will be responsible for implementing the strategy.

- **A strategy for keeping the wage bill under control over the medium term will be finalized and adopted by the government at end-October 2013, with the technical assistance of the IMF**. Its objective will be to comply over time with the WAEMU regional convergence criterion of a wage bill equivalent to 35 percent of tax revenue. To this end, measures to control the size and salaries of the civil service will be pursued. In addition, the government intends to capitalize on the impact of the civil service census and the effective implementation of SIGFAE (Côte d'Ivoire Civil Service Management System).

- **For the business climate, the significant progress made in 2012 will be consolidated**. For this purpose, the government has put in place an action plan that will *inter alia* create a one-stop shop for foreign trade, reduce the cost of moving goods at the autonomous port of Abidjan, lower the costs of the property transfer procedure, and reduce the cost of publishing notices of the establishment of new businesses. Implementation of this plan will also help improve the "Doing Business" indicators. The proposed law on competition was adopted by the government in early May 2013.

- **With regard to the Millennium Challenge Corporation, Côte d'Ivoire is convinced that implementing the 20 eligibility criteria will contribute to the country's economic, political, and social emergence**. To be eligible for this development instrument, aside from the five indicators already being observed, the challenge for Côte d'Ivoire in 2013 will be to satisfy five additional criteria, of which at least one in the "good governance" category. For this purpose, the Prime Minister is chairing bimonthly meetings aimed at reviewing progress made and all the steps required to implement the reforms and measures to improve the level of indicators.

DEBT STRATEGY

28. Côte d'Ivoire intends to improve fiscal sustainability as well as the sustainability of its debt. To meet this challenge, a national debt policy needs to be adopted and monitored to minimize all risks and costs. The objective is to re-profile domestic debt over a medium- and long-term horizon and with respect to external debt to give priority to concessional financing. To this end, the government has requested IMF technical assistance to prepare a draft national debt policy, which should serve as the frame of reference for a debt and public debt management strategy. The government also intends to begin the reorganization of the operational framework of debt management by putting in place a management framework that includes a front office, middle office, and back office covering both domestic and external debt. This reorganization should strengthen debt management, including the Ministry in charge of Economy and Finance's

monitoring of and capacity to evaluate future debts and government guarantees. It should also ensure that the debt directorate is involved prior to the extension of guarantees on external debt.

29. The medium-term debt management strategy (MTDS) will be finalized before the end of September 2013. In September 2012 and January 2013, the CNDP organized several workshops to build the capacity of operational staff in the areas of strategies for debt management and debt sustainability analysis, with technical assistance from the IMF and the World Bank. A provisional version of this strategy is available and will be updated prior to the end of September 2013, on the basis of the Debt Sustainability Analysis, which will be based on the final data for end-2012. The MTDS will then be adopted by the Council of Ministers and annexed to the 2014 budget law. It should take into account the use of Public-Private Partnerships (PPPs), with a view to minimizing the costs and risks linked to this type of financing.

30. The government will continue to give priority to concessional financing sources, but a non-concessional funding envelope will be needed. However, the government intends to ensure that all public borrowing, including non-concessional loans, will be contracted under a debt policy aimed at maintaining the sustainability of public debt. An important Chinese Exim-Bank loan to finance the Soubré dam hydroelectric power project was signed by the government in early 2013. This loan, which is not effective, was negotiated on terms that were concessional but, in the event, was not able to respect the performance criteria on new non-concessional debt because of a change in the discount rate at the time of signature. The loan will follow normal standard disbursement procedures. This loan is highly important to support economic growth and control the electricity sector deficit. Feasibility studies have shown that the Soubré project is profitable. The government intends to request IMF approval to expand the cumulative nonconcessional loan window from USD 100 million to USD 800 million at end-2013, and from USD 200 million to USD 900 million at end-2014, in order to include this loan as part of the non-concessional window under the ongoing program, as well as to increase the size of the window for other such loans from USD100 million to USD 300 million in 2013. In addition, the government intends to request that the use of non-concessional borrowing under this window be expanded to include the transport sector (in addition to the existing sectors for energy and infrastructure) because experience to date had shown that difficulties in finding adequate financing on concessional terms for priority projects had been encountered in this sector; these projects would have a high economic rate of return and by helping to alleviate structural supply bottlenecks would be integral to our growth strategy. The government emphasizes its intention to negotiate concessional terms for two other large Chinese Exim-Bank loans for two major priority projects (extension of the Autonomous Port of Abidjan and rehabilitation of the electricity network), scheduled to begin in 2013.

31. The government is requesting the IMF to amend the criterion for defining the external debt for program monitoring the program under the Extended Credit Facility. Under the new definition, a debt denominated, or reimbursed, in a currency other than the CFAF would be considered as constituting foreign debt.

FINANCING AND MONITORING THE PROGRAM

32. The government estimates that the financing requirement for the 2013 program will be met. It is CFAF 453.4 billion or 3.2 percent of GDP, and will be financed primarily by the net mobilization of external resources. The external financing for 2013 has mostly been acquired, following the successful meeting of the Consultative Group and the signing of the C2D with the French Development Agency. In fact, the meeting of the Consultative Group in Paris on December 4–5, 2012 showed that financing needs should be fully covered in the medium term.

33. The government intends to revitalize the recourse to financing from the WAEMU market. To this end, it is planning to (i) increase the share of insurers in the financing of the domestic market, (ii) attract investors from the CEMAC zone as well as other investors, and (iii) develop regional cooperation with a view to increasing the liquidity on the WAEMU money and financial market. With regard to the bond maturities for December 2013, a settlement program will be developed on the basis of cash payments and security swaps. Discussions with creditors will be held for this purpose, to make the security swaps attractive.

34. The program will continue to be monitored on a half-yearly basis by the IMF Executive Board based on quantitative performance criteria and indicative targets, and structural benchmarks (Table 3). Once the third review is concluded, the basic primary balance will become the performance criterion used for monitoring public finance, in lieu of the overall budget balance, which will become an indicative target. The performance criterion for the basic primary balance and the indicative target for the overall budget balance as well as pro-poor expenditures were defined on the basis of an average rate of execution of 95 percent of investment expenditures included in the 2013 supplementary budget law. These indicators are defined in the attached Technical Memorandum of Understanding (TMU). Semi-annual reviews will be based on data at end-June and end-December. The fourth (fifth) program review will be based on performance criteria at end June 2013 (end-December 2013) and should be completed by October/November 2013 (April/May 2014) at the latest. For this purpose, the government undertakes:

- to refrain from accumulating new domestic arrears and any kind of advance against revenues and from obtaining nonconcessional external loans other than those specified in the TMU:
- to issue government securities only by means of an auction through the BCEAO or any other form of competitive bidding in the local financial market and the WAEMU and to consult with Fund staff regarding any new domestic financing;
- not to introduce or tighten restrictions on payments and transfers pertaining to current international transactions, not to introduce multiple exchange rate practices, not to conclude any bilateral payment agreements that are not in compliance with Article VIII of the IMF Articles of Agreement, and not to impose or tighten any restrictions on imports for the purpose of balancing the balance of payments;
- to adopt all new financial or structural measures as needed to ensure the successful implementation of its policies in consultation with the IMF.

STATISTICS AND CAPACITY BUILDING

35. The government is committed to pursuing efforts to improve the statistical system in order to produce quality economic and financial data on a regular basis.

36. Economic statistics are a pillar of the government's efforts to become an emerging country; accordingly, the government attaches priority to improving its statistical tools. With a view to boosting its access to international capital markets, Côte d'Ivoire plans to move closer to the special data dissemination standard. Thus, a proposed law on the organization, regulation, and coordination of the national statistics system was adopted by the Council of Ministers in December 2012. This bill is expected to be taken up by the National Assembly before July 2013. The government will ensure that it is implemented before the end of 2013. Moreover, the statistics master plan for 2012–15, consistent with the National Development Plan (PND), has been approved by means of the adoption of the 2012-2015 PND on March 28, 2012. It provides for the following:

i. Support for conducting national and sectoral surveys;
ii. Improving the range and monitoring of economic outlook indicators;
iii. Holding workshops on setting up the data base for the Integrated Information Management System;
iv. The preparation of quarterly national accounts;
v. Changing the base year of the national accounts;
vi. Updating the Harmonized Consumer Price Index (HCPI); and
vii. Preparing a directory of ministerial statistical services.

37. The government will support capacity building. The inauguration of the AFRITAC West technical assistance center in Abidjan by the Managing Director of the International Monetary Fund, after a decade of relocation, is proof of the determination of the Ivoirien authorities to give priority to national capacity-building. Technical assistance needs in the coming 12 months focus on: (i) preparing the national debt policy document; (ii) preparing the government wage bill strategy; (iii) designing the tax policy strategy; (iv)assessing the budget risks of PPP projects; and (v) preparing balance of payment forecasts.

Table 1. Côte d'Ivoire: Performance Criteria and Indicative Targets, ECF 2012–13 1/

(Billions of CFA francs) 2/

	2012							2013						
	Sept.			Dec.				March	June		Sept.		Dec	
	IT	Actual	Status	PC	Adjusted PC	Actual	Status	IT	Original PC	New PC	Original IT	New IT	Original IT	New PC
A. Performance criteria														
Floor on primary basic balance 3/									29.6	-55.5	42.1	-112.1	23.3	-44.0
Floor on the overall fiscal balance (including grants)4/	-395.5	-197.7	Met	-536.4	-520.0	-432.7	Met	-24.5	...	... ...	...	... ..	...	...
Ceiling on net domestic financing (incl. WAEMU paper)	378.8	133.3	Met	443.7		218.6	Met	22.0	118.7	210.1	186.7	346.9	243.6	300.6
Ceiling on new nonconcessional external debt (in $ million) 5/ 6/	0.0	0.0	Met	0.0		9.9	Not met	100.0	100.0	800.0	100.0	800.0	100.0	800.0
Ceiling on accumulation of new external arrears 5/	0.0	0.0	Met	0.0		0.0	Met	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ceiling on accumulation of new domestic arrears 5/	0.0	0.0	Met	0.0		0.0	Met	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Indicative targets														
Floor on the overall fiscal balance (including grants)4/									-131.7	-183.5	-240.5	-391.3	-398.7	-453.4
Floor on primary basic balance 3/	-192.8	-7.8	Met	-235.9		-170.4	Met	24.2	...	... ...	...	... ..	...	...
Ceiling on expenditures by treasury advance	75.8	67.7	Met	113.5		100.7	Met	20.0	46.1	59.0	72.1	93.7	102.1	114.3
Floor on pro-poor expenditure	676.9	775.6	Met	980.0		1080.3	Met	248.2	533.0	588.8	832.5	916.0	1152.8	1309.1
Floor on net reduction of government amounts payable (- = reduction)	15.0	15.5	Met	-25.0		95.4	Not met	-5.0	-7.5	-10.0	-15.0	-25.0	-25.0	-50.0
Floor on government revenue	1,697.3	1,901.3	Met	2,492.2		2,540.2	Met	615.6	1,339.3	1,338.7	2,027.5	2,031.9	2,742.4	2,764.5
Memorandum items:														
Net banking sector claims on government	151.9	90.5		228.9		192.0		-17.4	25.0	83.6	28.1	123.4	75.7	108.8
Program grants	10.0	10.0		10.0		29.7		0.0	49.2	49.2	49.2	49.2	98.4	105.2
Program loans	0.0	0.0		0.0		0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project grants	30.0	51.5		51.7		51.5		25.0	50.0	51.5	70.0	77.2	147.7	122.3
Project loans	47.2	35.3		70.4		54.0		30.3	121.1	82.5	196.8	197.9	302.7	313.4

Sources: Ivoirien authorities and IMF staff.
Note : The terms in this table are defined in the TMU.
1/ Cumulative change from December 31, 2011 for 2012 targets, and from December 31, 2012 for 2013 targets.
2/ Except for the ceiling on new nonconcessional external debt
3/ The primary basic balance becomes a PC starting with the June 2013 test date.
4/ The overall fiscal balance becomes an indicative target starting with the June 2013 test date.
5/ Continuous performance criteria.
6/ The new window in 2013 will be used for infrastructure, energy, and transport projects.

Table 2. Côte d'Ivoire: Structural Benchmarks, 2012–13 ECF

Third Program Review			
Measures	**Macroeconomic rationale**	**Timeframe**	**Status**
Tax policy/Tax administration			
• Produce a quarterly report on the implementation of the Directorate General of Taxes action plan on VAT optimization no later than 45 days after the quarter ends.	Increase revenue from the VAT	**SB** continuous	**Met**
• Review the taxes levied on petroleum products and prepare a gradual adjustment strategy with a price-smoothing mechanism to transition to a system that will automatically set retail prices based on international price developments. • Implement the gradual adjustment strategy including a price-smoothing mechanism to transition to a system that will automatically set retail prices based on international price developments.	Rationalize tax expenditures and promote more efficient use of petroleum products	**Prior Action**- Before November 15, 2012 **SB** end-March 2013	**Met** **Met**
• Increase the prices of liquid petroleum products by a maximum of CFAF 15 per liter to contribute to financing the butane stabilizer.	Finance the subsidy for the price of butane gas.	**SB** end-November 2012	**Met**
• Undertake a stocktaking of VAT exemptions, including identifying those inconsistent with the WAEMU VAT directive.	Streamline tax expenditures/mobilize revenue	**SB** end-February 2013	**Not met**
Public expenditure management			
• Update and implement a medium-term strategy for controlling the wage bill.	Contain the size of the civil service and the wage bill	**SB** end-February 2012	**Not met**
• No new injection of public funds in the five public banks in difficulty outside a restructuring plan discussed with the IMF and the World Bank.	Improve financial sector governance and management	**SB** continuous	**Met**

Table 2. Côte d'Ivoire: Structural Benchmarks, 2012–13 ECF(concluded)

Third Program Review			
Measures	**Macroeconomic rationale**	**Timeframe**	**Status**
Energy sector reform			
• Adopt a comprehensive strategy to bring the electricity sector back to financial equilibrium over the next three years.	Reduce government subsidies and enable investments to boost production capacity	**PA**- November 15, 2012	**Met**
• Implement the social tariffs rationalization program, including progress reports at end-September 2012 and end-January 2013, in line with the end-March 2012 letter of instruction (dated March 28, 2012) from the Minister of Mines, Petroleum, and Energy.		**SB** end-March 2013	**Met**
• Adopt the electricity code in the Council of Ministers and submit it to Parliament	Improve governance of the electricity sector	**SB** end-December 2012	**Not met**
Financial sector reform			
• Prepare a financial sector reform and development strategy.	Improve governance and intermediation in the financial sector	**SB** end-February 2013	**Not met**
• Adopt an action plan including a timeline for restructuring the public banks based on the recommendations of the audits.	Improve governance and intermediation in the financial sector	**SB** end-February 2013	**Not met**
Improving the business environment			
• Limit the current fiscal year's VAT arrears pending refund to under CFAF 10 billion.	Improve the business climate and the confidence of enterprises	**SB** continuous	**Met**
• Adopt the law on competition in the Council of Ministers.	Combat noncompetitive practices	**SB** end-March 2013	**Not met**
• Adopt a plan to pay the arrears vis-à-vis banks, insurance companies and financial institutions, with priority given to market financial instruments.	Improve the business climate and the confidence of the financial sector	**SB** end-March 2013	**Not met**
• Prepare a plan to pay arrears based on the results of the audits in progress.	Improve the business climate	**SB** end-March 2013	**Not met**

Table 3. Côte d'Ivoire: Structural Benchmarks, 2013 ECF

Fourth Program Review		
Measures	**Macroeconomic rationale**	**Timeframe**
Tax policy/Tax administration		
• Present a VAT reform strategy attached to the 2014 draft budget law and include measures rationalizing VAT exemptions in its tax annexes. This reform strategy will include a stock-taking of VAT exemptions, including those inconsistent with the WAEMU VAT directive (delayed February 2013 benchmark)	Rationalize tax expenditures	**SB** End-September 2013 *(new)*
• Strengthen the large taxpayer office by broadening its scope to cover the whole country and by focusing its activity on the largest corporations, and implement a medium-sized taxpayer office	Mobilize revenue	**SB** End-December 2013 *(new)*
• Adopt a decree pertaining to Customs' controls and audits methodology, to allow for post-clearance audits	Enhance transparency and counter fraud	**SB** End-December 2013 *(new)*
Public expenditure management		
• Adopt by the Council of Ministers a medium-term strategy for controlling the wage bill.	Contain the size of the civil service and the wage bill	**SB end-**October 2013 *(rescheduled from end-February)*
• No new injection of public funds in the five public banks in difficulty outside a restructuring plan discussed with the IMF and the World Bank.	Improve financial sector governance and management	**SB** continuous
• Prepare the global MTEF for application to the 2014 budget	Improve strategic budget planning	**SB** End-September 2013
• Finalize and adopt by the Council of Ministers draft texts transposing two WAEMU directives (finance laws and transparency code) on public finance.	Improve fiscal management	**SB** end-July 2013 *(rescheduled from end-June 2013)*
• Finalize and adopt by the Council of Ministers of draft texts transposing the remaining four WAEMU directives on public finance.	Improve fiscal management	**SB** end-December 2013 *(rescheduled from end-June 2013)*

Table 3. Côte d'Ivoire: Structural Benchmarks, 2013 ECF (concluded)

• Prepare and adopt by the Council of Ministers the medium-term debt management strategy.	Improve debt management	**SB** end-September 2013 (rescheduled from end-June 2013)
• Reorganize debt management unit in the Directorate General of the Treasury and adopt a functional structure (front-, middle-, and back-office).	Improve public debt management.	**SB** end-December 2013 (rescheduled from end-June 2013)
• Adopt by the Council of Ministers a PPP framework.	Strengthen capacity to manage PPP projects and mitigate associated risks	**SB** end-June 2013
• Prepare a consolidated commitment and procurement plan for 2014	Smooth budget execution and facilitate cash management	**SB** end-January 2014 (new)
Energy sector reform		
• Adopt the electricity code in the Council of Ministers	Improve governance of the electricity sector	**SB** end-September (rescheduled from end-December 2012)
• Finalize arrears settlement plan vis-à-vis the SIR	Improve governance of the electricity sector	SB end-June 2013 (new)
Financial sector reform		
• Adopt in the Council of Ministers a time-bound action plan for restructuring the public banks based on the recommendations of the audits	Improve governance and intermediation in the financial sector	**SB** end-October 2013 (rescheduled from end-February 2013)
• Prepare a financial sector reform and development strategy.	Improve governance and intermediation in the financial sector	**SB** end-December 2013 (rescheduled from end-February 2013)
Improving the business environment		
• Limit the current fiscal year's VAT arrears pending refund to under CFAF 10 billion.	Improve the business climate and the confidence of enterprises	**SB** continuous
• Adopt the law on competition in the Council of Ministers.	Combat noncompetitive practices	**SB** end-May 2013 (rescheduled from end-March 2013)
• Outline the main principles of arrears clearance strategy	Improve the business climate and the confidence of enterprises	**Prior Action**-Before May 15, 2013
• Adopt in the Council of Ministers a plan to pay arrears based on the results of the audits in progress	Improve the business climate and the confidence of enterprises	**SB** –end-September 2013 *(consolidation of the two previous SBs on domestic arrears*

Attachment II. Technical Memorandum of Understanding

May 21, 2013

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'Etat, 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, 2013, and December 31, 2013; there are indicative targets for these variables for March 31, 2013, and September 30, 2013.

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 the West African Economic and Monetary Union (WAEMU) financial market);
(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, 2012, for the 2013 targets (Table 2 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 SIFBUD/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", externally-financed expenditures, wages, subsidies and transfers, and debt service as set out through ministerial decrees n° 2002-345 and n° 1998-716. The cumulative amount of expenditures by treasury advance as defined by the program will not exceed the cumulative quarterly ceilings representing 10 percent of quarterly budget allocations (excluding externally financed expenditures, wages, subsidies and transfers, and debt service). The nominative and restrictive list of expenditures eligible as treasury advances is as defined by ministerial Decree No. 178/MEF/CAB-01/26 of March 13, 2009.

D. Primary Basic Fiscal Balance (PC)

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

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

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

E. Overall Fiscal Balance (including grants) (IT)

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

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

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

F. Net Domestic Financing (PC)

11. Domestic financing by the central government is defined as the issuance of all debt instruments in CFAF to domestic creditors and in the WAEMU financial market, borrowing from the BCEAO (including drawings from the IMF), and any other kind of other liability in CFAF toward these creditors. The program ceiling on net domestic financing applies to net amounts of domestic/WAEMU borrowing defined as the gross amount of domestic/WAEMU borrowing less amortization during the period under consideration. This ceiling includes a margin of CFAF 10 billion above the net cumulative flow projected for each quarter.

Net domestic financing = Domestic financing (TOFE) – Net change in amounts payable + Treasury bonds from abroad (WAEMU) + Treasury bills placed abroad (WAEMU) + Treasury bonds placed abroad (WAEMU) + IMF drawings + Financing gap

12. This ceiling does not apply to either new agreements on restructuring domestic debt and securitization of domestic arrears or to new project loans from the Bank for Investment and Development (BIDC) of the Economic Community of West African States (ECOWAS). For any new borrowing over and above a cumulative amount of CFAF 35 billion over 2013, the government undertakes not to issue government securities except by auction through the BCEAO or through public auction (appel d'offres competitif) on the domestic or 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)

13. 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 some time 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.

14. External debt is defined as debt borrowed or serviced in a currency other than the CFA franc. This definition also applies to debt among WAEMU countries.

15. 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, 2013; and
- drawings on the IMF.

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

17. The government undertakes not to contract or guarantee nonconcessional external debt under the conditions defined in paragraphs 13–15, with the exception of debt constituting rescheduling of maturities and new debt contracted or guaranteed by the government as specified in paragraph 15 and 18. 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.

18. A cumulative ceiling beginning January 1, 2013 of up $ 800 million to December 31, 2013, and $900 million to December 31, 2014, applies to new nonconcessional external debt other than specified in paragraph 15 (performance criteria.). This ceiling would be applicable to debt-financing of priority projects in the energy, infrastructure and transport sectors. The government will inform staff in a timely manner before contracting any debt of this type and provide information on the terms of the new debt as well as a brief summary of the projects to be financed and their profitability, including an independent evaluation. The government will report the use of funds and project implementation in subsequent MEFPs or to staff.

H. External Payment Arrears (PC)

19. 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)

20. 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 definition, 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).

21. 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.

22. 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). 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).

23. For program purposes, the government undertakes: (i) to reduce the stock of amounts payable by CFAF 50 billion in 2013 (of which CFAF 10 billion of arrears payment in cash); and (ii) not to accumulate new domestic payment arrears in the current fiscal year starting on January 1, 2013.

MEMORANDUM ITEMS

A. Net Bank Claims on the Government

24. Net bank claims on the government are defined as the difference between government debts and government claims with the central bank and commercial banks. 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).

B. External Financing (Definitions)

25. 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.

III. Program Monitoring and Data Reporting

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

27. The government will report the information specified in Table 2 on a monthly basis, 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.

28. 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).

29. 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.

30. 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), 2009–13

(Billion CFA Francs)

	2009 Actual	2010 Actual	2011 Actual	2012 Budgeted	2013 Budgeted
Agriculture and rural development	49.2	39.1	35.2	41.4	72.1
General administration	8.5	9.2	7.0	7.7	16.3
Agriculture promotion and development program	10.6	10.8	10.8	12.0	15.0
Training of supervisory staff	8.4	8.3	10.3	8.4	15.7
Water system works	1.5	4.0	3.0	3.4	16.6
Other	20.2	6.8	4.1	10.0	8.4
Fishing and animal husbandry	6.7	5.9	4.0	4.7	5.9
General administration	3.5	3.9	2.6	2.7	3.8
Milk production and livestock farming	2.3	1.8	1.2	1.5	0.9
Fishing and aquaculture	1.0	0.2	0.1	0.5	1.2
Education	533.1	590.1	529.2	628.6	754.6
General administration	19.5	24.9	24.7	23.6	19.5
Pre-schooling and primary education	336.7	366.7	301.1	398.2	454.4
Literacy	0.2	0.2	0.5	0.6	0.5
Secondary education and vocational training	83.0	83.8	74.2	80.3	83.7
University and research	93.7	114.5	117.0	113.0	153.0
Emergency Presidential Program			11.7	12.8	43.5
Health	118.4	113.6	120.2	138.0	205.1
General administration	45.8	47.7	49.2	55.4	89.5
Primary health system	30.7	30.0	25.2	34.8	53.9
Preventive healthcare (enlarged vaccination program)	1.9	1.4	0.4	0.8	2.6
Disease-fighting programs	1.7	1.5	1.1	1.4	1.2
Infant health and nutrition	0.8	0.4	0.4	0.6	0.6
HIV/Aids	10.8	5.9	6.9	8.0	5.3
Health centers and specialized programs	26.6	26.6	25.7	25.1	33.9
Emergency Presidential Program			11.3	12.0	18.0
Water	20.4	19.8	36.3	39.9	73.5
Access to drinking water and de-contamination	4.9	6.0	10.2	10.7	25.3
Environmental protection spending	15.5	13.8	13.1	13.0	23.6
Emergency Presidential Program			13.0	16.2	24.5
Energy	16.5	9.7	8.8	17.0	26.7
Roads	39.1	45.4	33.4	47.1	101.7
Social spending	13.6	15.0	24.7	14.1	18.1
General administration	8.6	9.8	8.9	9.0	13.4
Training for women	0.6	0.7	0.5	0.7	0.5
Orphanages, day nurseries, and social centers	1.5	2.0	1.9	2.5	2.1
Training for support personnel	1.7	1.9	1.6	1.3	1.8
Indigents and victims of war or disaster	1.2	0.5	11.8	0.7	0.4
Decentralization	35.1	32.0	29.0	32.1	31.8
Reconstruction	1.4	2.6	5.6	1.2	13.0
Other poverty-fighting spending	9.6	11.9	16.8	15.9	6.7
TOTAL	843.0	885.2	843.4	980.0	1,309.1

Source: Ivorien authorities.

Table 2. Côte d'Ivoire: Document Transmittals

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

Real sector (R)

General:

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

Energy:

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

Coffee/cocoa:

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

Balance of Payments sector (B)

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

Monetary sector (M)

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

Fiscal sector (F)

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

Domestic arrears:

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

Domestic and foreign debt:

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

Post-crisis:

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

Treasury advances:

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

Investment:

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

Social/pro-poor expenditures:

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

Other revenue and expenditures:

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

VAT credits:

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

Financing:

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

Wage bill:

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

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

Special accounts:

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

Cash flow plan:

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

Appendix II. Update to the Low-Income Country Debt Sustainability Analysis (LIC-DSA)[1]

This Annex provides an update to the LIC-DSA prepared for the second review under the ECF arrangement (IMF Country Report n°12/332, Supp. 2, 11/16/2012). It includes updated macroeconomic information and additional information on borrowing, including on three large loans.

1. **Côte d'Ivoire continues to be assessed at a moderate risk of debt distress**. As in the previous assessment, the moderate rating is primarily due to Côte d'Ivoire's vulnerability to adverse shocks to exports and growth as well as to fiscal performance. This underscores the need to implement sound macroeconomic policies and ensure public investment in sound projects, while improving implementation capacity and the business climate; the above referenced LIC-DSA provides a more detailed discussion of these issues.

2. **The LIC-DSA also underscores that in order to meet Côte d'Ivoire's large public investment needs without compromising debt sustainability and heightening vulnerabilities, it would be important to borrow predominantly on concessional terms and in particular to pay close attention to the impact on the debt service from new borrowing on the budget, especially over the next ten years**.[2] In this regard, to contain potential future debt service, careful monitoring of PPPs would be needed to ensure that any budgetary costs are manageable. While the sustained breach of the thresholds for the PV of debt-to-GDP and debt service-to revenue under the combination shock underscores the need to monitor the implications of new debt for the budgetary burden of debt service, it is important to highlight the role of claims under the C2D which allow for some potential flexibility in the profile of debt service.[3] The share in total external debt service paid

[1] The DSA was prepared by IMF staff in collaboration with the Côte d'Ivoire's authorities.

[2] Debt service payments in the early years of the projection period are heavily influenced by obligations on debt outstanding at end-2012, notably debt service on Cote d'Ivoire's Eurobond, repayment of a large loan from France in 2011, and repayment of ODA claims of France in exchange for development grants (see footnote 3).

[3] Claims under the C2D includes outstanding ODA debt service (principal and interest) claims of France that will be subject to a debt for development swap (C2D), amounting to$3.7 billion (15 percent of 2012 GDP). Under the C2D the existing debt service claims (as of the HIPC completion point) are being re-profiled over 15 years (2012–27), and when they are paid to France they are channeled back by France to Côte d'Ivoire through matching grants into development spending.

3. under C2D is substantial, accounting for around 40 percent through 2015 before declining to 15 percent by 2027 (the final year of payments). However, the profile of C2D debt service can be reviewed periodically by the authorities and the French Development Agency (AFD) to take into account Côte d'Ivoire's capacity to pay and project implementation capacity.

4. Côte d'Ivoire's external public debt amounted to $7.8 billion (31.6 percent of GDP)[4] at end-2012 (Table 1), significantly down following the attainment of the HIPC completion point from $12.6 billion (52.2 percent of GDP) at end-2011, and close to that projected in previous LIC-DSA update. The updated underlying macroeconomic framework is consistent with the ECF-supported program, and is broadly similar to the last LIC-DSA (Table 2). However, real GDP growth in 2012 was stronger than previously projected by just over 1 percent and medium-term growth rates have been increased by about 1 percent each year resulting in higher nominal GDP throughout the projection period, reflecting higher public and private investment (see main text ¶11.).

5. The baseline debt assumptions in the current LIC-DSA have changed compared to the previous LIC-DSA (Table 2), primarily reflecting (i) an upward revision in projected external borrowing (and government disbursements) with a corresponding increase in projected investment; (ii) the introduction of more up to date information on three major projects; and (iii) an increase in the program limit on new non-concessional borrowing of $200 million in 2013.[4] The higher external borrowing projections reflect the outcome of the December 2012 Consultative Group meeting which yielded higher than previously anticipated offers of financing The new information on the size of loans to finance the construction of the Soubré hydroelectric dam ($500 million), extension of the port of Abidjan (*Port Autonome Abidjan*) (about $800 million) and the extension and rehabilitation of the electricity distribution network (about $900), and the terms of the loans.[5] The impact of the new information is an increase in the size of projected new borrowing (by about $360 million) during 2014–16 and more favorable terms on the three loans as compared to the previous LIC-DSA. As in the previous LIC-DSA, during 2015–17 the main source of new borrowing would be concessional, but thereafter it gradually declines over the projection period

[4]The additional non-concessional borrowing is not an increase in borrowing as compared to the previous baseline but rather is a change in the composition of borrowing; it is assumed that disbursements from the additional borrowing in 2013 are made during 2013 and 2014.

[5]Some of the anticipated disbursements and associated borrowing for these projects had been included in the previous LIC-DSA. The loan for Soubré hydroelectric project was signed in January 2013 and the terms are known (and it has a grant element of 33.3 percent). For the other two projects, recent discussions between the authorities and creditors on the financing has provided updated information on the possible terms of the resulting loans; the authorities are seeking concessional terms.

while non-concessional borrowing steadily rises to about 3 percent of GDP near the end of the projection period.

6. The results of the external DSA confirm that Côte d'Ivoire's debt dynamics are sustainable (Figures 1 and 2; Tables 3 and 4). The stress tests reaffirm that Côte d'Ivoire continues to have vulnerabilities to macroeconomic shocks, in particular from shocks to growth, exports and fiscal performance, as illustrated most clearly by the historical average scenario and the export and combination shock stress tests. The changes in the growth projections (which feed into higher fiscal revenues) and in the baseline debt assumptions have offsetting effects, with the former implying a reduction in ratios and the latter broadly implying an increase. In total, the net impact in the baseline compared to the previous LIC-DSA is a slight improvement in the debt indicators in which the higher growth effect dominates, but a slight worsening of the debt-service indicators where the higher borrowing effect dominates. The stress tests and the alternative scenarios also yield results similar to the previous LIC-DSA.

7. With the inclusion of domestic debt in the LIC-DSA, Côte d'Ivoire's debt situation deteriorates modestly (Figure 3; Tables 5 and 6). However, public debt ratios would fall over the long run owing to the projected improvement in the macroeconomic outlook. Debt service indicators parallel those for external debt. The public debt indicators are particularly sensitive to the assumptions on GDP growth and shocks to growth. These results are similar to those in the last LIC-DSA.

Table 1. Côte d'Ivoire: Structure of External Debt

(As of end-2012, nominal)

	Million US dollars	Percent of total	Percent of GDP
Total	**7,814**	**100.0**	**31.64**
Multilateral creditors	**1,344**	**17.2**	**5.44**
IMF	791	10.1	3.20
World Bank	119	1.5	0.48
AfDB group	44	0.6	0.18
Other multilaterals	390	5.0	1.58
Official bilateral creditors	**3,851**	**49.3**	**15.59**
Paris Club	3,693	47.3	14.95
Non-Paris Club	158	2.0	0.64
Commercial creditors	**2,619**	**33.5**	10.60
Eurobond	2,604	33.3	10.54
Other commercials	15	0.2	0.06

Sources : Ivoirien authorities; and IMF staff estimates.

Table 2. Côte d'Ivoire LIC DSA Macroeconomic Assumptions: Comparison with the 2nd ECF Review LIC DSA

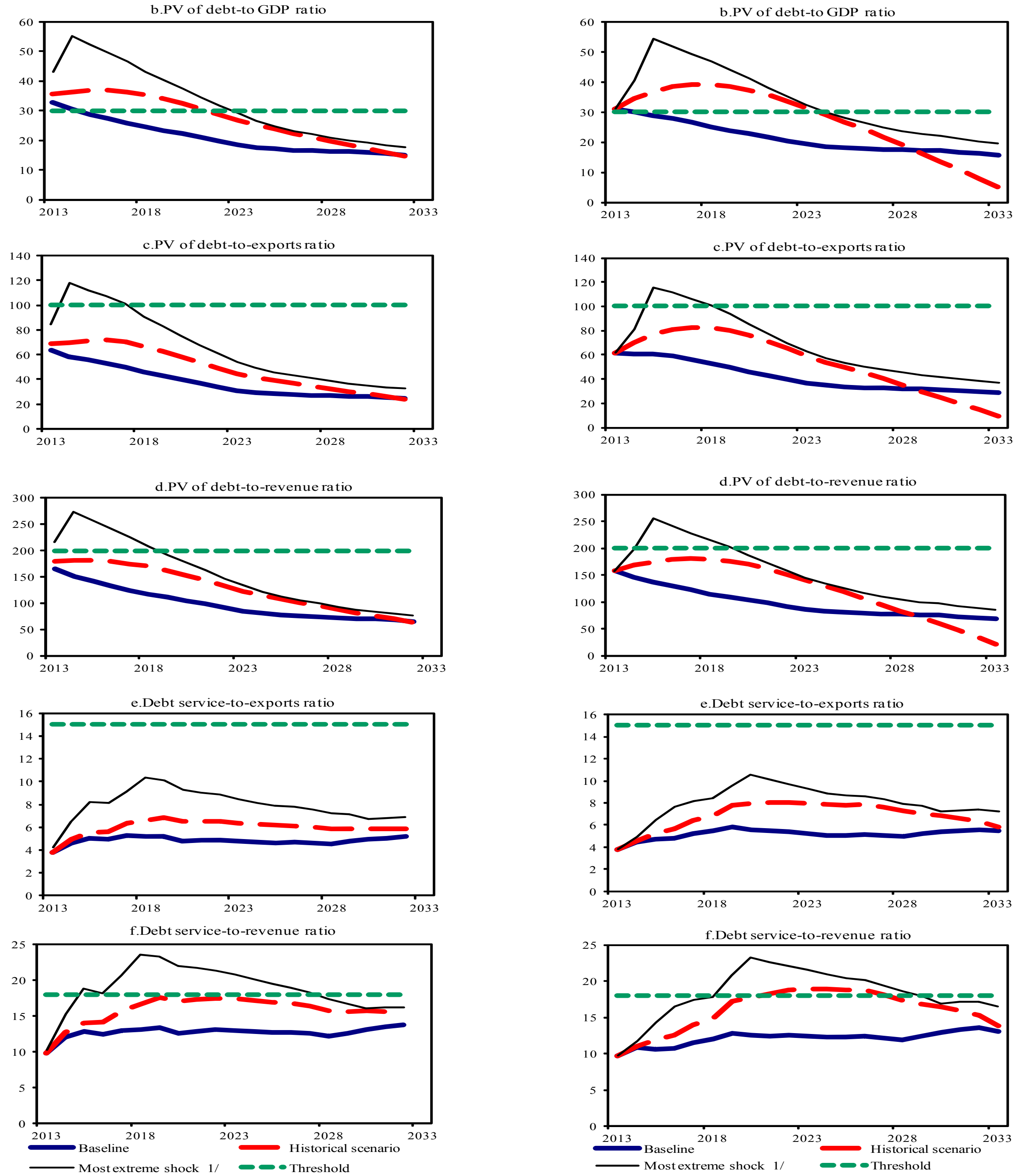
(Percent of GDP, unless otherwise indicated)

	2nd ECF Review LIC DSA						Current LIC DSA Update					
	2013	2014	2015	2018	2023	2032	2013	2014	2015	2018	2023	2032
Nominal GDP ($ billion)	26.0	28.3	30.7	39.2	57.5	130.4	28.4	31.2	34.3	44.2	65.0	160.3
Real GDP (percentage change)	8.0	7.3	7.0	6.1	5.1	5.1	8.0	8.0	8.1	7.0	5.1	5.1
Fiscal (central government)												
Revenue and grants	21.7	22.0	22.1	22.3	22.8	23.4	21.3	22.2	22.9	23.1	23.2	23.2
Primary expenditure	22.9	23.1	23.8	24.1	24.0	24.6	23.1	24.0	24.7	24.4	24.6	24.8
of which Capital expenditure	7.5	7.7	8.1	8.0	8.0	7.9	7.9	8.2	9.0	8.6	9.0	9.0
Primary fiscal balance	1.2	1.1	1.7	1.8	1.2	1.2	1.8	1.8	1.8	1.3	1.4	1.6
New external borrowing[1]	0.8	0.9	1.0	1.1	1.4	4.1	0.6	1.2	1.2	1.1	1.8	4.5
Grant element of new external borrowing (%)	10.3	30.6	24.0	2.8	-6.5	-18.9	14.5	18.6	13.8	1.9	1.3	-16.1
Balance of payments												
Exports of goods and services	51.7	51.9	51.7	52.8	59.6	61.1	50.5	49.7	47.9	47.4	53.0	55.2
Imports of goods and services	50.6	50.5	50.4	52.3	59.9	63.8	48.3	47.5	46.7	46.4	53.2	57.5
Current account, incl. official transfers	-3.4	-3.8	-3.7	-4.6	-5.3	-6.5	-2.9	-2.6	-3.6	-4.2	-5.3	-6.6
Foreign direct investment	3.1	3.1	3.2	3.3	3.6	3.7	3.0	3.0	3.0	2.9	2.5	1.7

Sources: Ivoirien authorities; and IMFstaff estimates.
[1] Includes publicly guaranteed external borrowing.

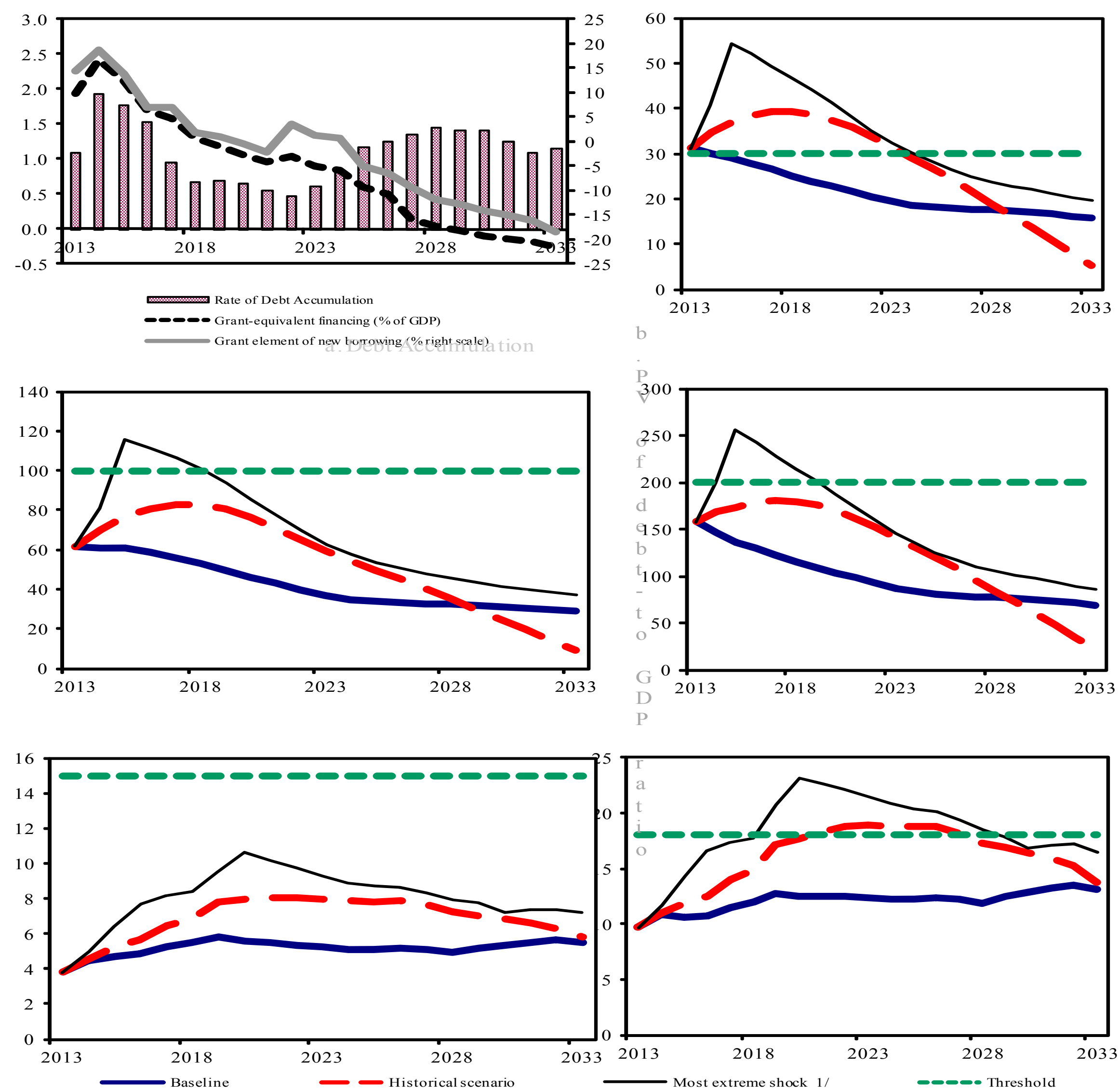
Figure 1. Côte d'Ivoire External LIC DSA: Comparison with the Second ECF Review LIC DSA

Results of the second ECF Review LIC | **Results of the current LIC DSA update**



Sources: Country authorities; and IMF staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in 2023 (in 2022 for the second ECF review LIC DSA). For both the LIC DSA shown, figures b, c, d, e. and f correspond to a combination shock.

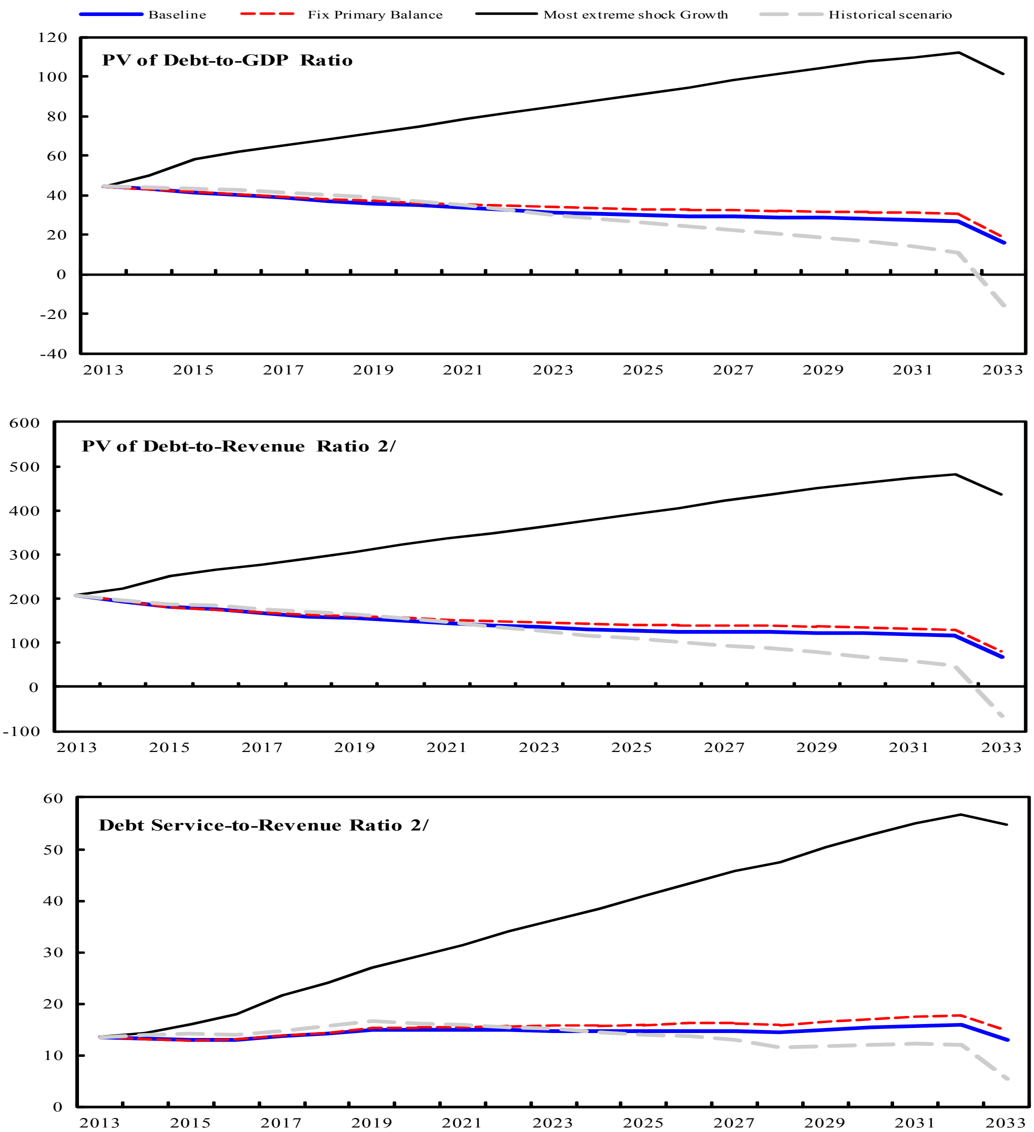
Figure 2. Côte d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2013–33 1/



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2023. In figure b. it corresponds to a Combination shock; in c. to a Exports shock; in d. to a Combination shock; in e. to a Exports shock and in figure f. to a Combination shock

Figure 3. Côte d'Ivoire: Indicators of Public Debt Under Alternative Scenarios, 2013–22 [1]



Sources: Country authorities; and staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in 2023.
2/ Revenues are defined inclusive of grants.

Table 3. Côte d'Ivoire: External Debt Sustainability Framework, Baseline Scenario, 2010–33[1]

(In percent of GDP, unless otherwise indicated)

	Actual			Historical 0	Standard	Projections									
	2010	2011	2012	Average 0	Deviation	2013	2014	2015	2016	2017	2018	2013-2018 Average	2023	2033	2019-2033 Average
External debt (nominal) 1/	**76.3**	**76.9**	**51.3**			**45.6**	**43.0**	**40.3**	**37.8**	**35.1**	**32.6**		**23.3**	**15.1**	
o/w public and publicly guaranteed (PPG)	50.6	55.1	30.8			28.7	28.4	27.8	26.9	25.7	24.3		19.5	15.1	
Change in external debt	-4.9	0.6	-25.6			-5.7	-2.6	-2.7	-2.5	-2.6	-2.5		-1.5	-0.2	
Identified net debt-creating flows	-5.4	-17.5	-2.3			-3.6	-3.6	-2.5	-2.0	-1.5	-0.9		1.7	4.4	
Non-interest current account deficit	**-4.2**	**-14.9**	**-0.2**	**-5.9**	**4.0**	**1.3**	**1.3**	**2.3**	**2.5**	**2.9**	**3.1**		**4.4**	**6.0**	4.9
Deficit in balance of goods and services	-8.3	-19.8	-4.7			-2.2	-2.2	-1.2	-1.1	-1.1	-1.0		0.2	2.5	
Exports	54.2	57.7	54.8			50.5	49.7	47.9	47.5	47.3	47.4		53.0	54.3	
Imports	45.9	37.9	50.1			48.3	47.5	46.7	46.4	46.2	46.4		53.2	56.9	
Net current transfers (negative = inflow)	1.6	2.5	1.9	2.1	1.1	1.2	1.1	1.2	1.3	1.8	1.9		2.4	2.9	2.6
o/w official	-0.7	-0.1	-0.6			-1.4	-1.4	-1.4	-1.2	-1.1	-1.0		-0.6	0.0	
Other current account flows (negative = net inflow)	2.6	2.4	2.6			2.2	2.4	2.3	2.3	2.2	2.1		1.8	0.6	
Net FDI (negative = inflow)	**-1.4**	**-1.1**	**-1.8**	**-1.7**	**0.3**	**-3.0**	**-3.0**	**-3.0**	**-3.0**	**-3.0**	**-2.9**		**-2.5**	**-1.6**	-2.2
Endogenous debt dynamics 2/	**0.1**	**-1.5**	**-0.3**			**-1.9**	**-1.9**	**-1.8**	**-1.6**	**-1.4**	**-1.1**		**-0.2**	**0.1**	
Contribution from nominal interest rate	1.8	2.1	1.6			1.7	1.4	1.4	1.3	1.2	1.2		0.9	0.8	
Contribution from real GDP growth	-1.9	3.4	-7.4			-3.6	-3.3	-3.2	-2.9	-2.6	-2.3		-1.2	-0.7	
Contribution from price and exchange rate changes	0.3	-7.0	5.5			…	…	…	…	…	…		…	…	
Residual (3-4) 3/	**0.5**	**18.1**	**-23.3**			**-2.1**	**1.0**	**-0.2**	**-0.5**	**-1.2**	**-1.7**		**-3.2**	**-4.7**	
o/w exceptional financing	-2.6	-0.1	-20.3			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
PV of external debt 4/	...	...	54.1			48.0	44.7	41.5	38.8	36.0	33.4		23.3	15.8	
In percent of exports	...	...	98.8			95.0	90.0	86.8	81.7	76.1	70.4		43.9	29.1	
PV of PPG external debt	**...**	**...**	**33.7**			**31.1**	**30.1**	**29.0**	**28.0**	**26.5**	**25.1**		**19.4**	**15.8**	
In percent of exports	**...**	**...**	**61.5**			**61.6**	**60.5**	**60.6**	**58.8**	**56.1**	**53.0**		**36.7**	**29.1**	
In percent of government revenues	**...**	**...**	**167.1**			**157.9**	**146.7**	**136.5**	**130.2**	**122.3**	**114.9**		**87.2**	**69.0**	
Debt service-to-exports ratio (in percent)	**14.4**	**26.6**	**9.7**			**12.4**	**12.4**	**12.8**	**11.5**	**10.5**	**10.4**		**8.7**	**5.5**	
PPG debt service-to-exports ratio (in percent)	**3.4**	**5.0**	**1.9**			**3.8**	**4.5**	**4.7**	**4.8**	**5.3**	**5.5**		**5.2**	**5.5**	
PPG debt service-to-revenue ratio (in percent)	**9.5**	**19.5**	**5.2**			**9.7**	**10.8**	**10.6**	**10.7**	**11.5**	**12.0**		**12.4**	**13.1**	
Total gross financing need (Billions of U.S. dollars)	1.5	0.8	1.7			2.1	2.2	2.6	2.6	2.7	2.9		4.7	11.7	
Non-interest current account deficit that stabilizes debt ratio	0.7	-15.5	25.5			7.0	3.9	5.0	5.1	5.5	5.6		5.9	6.2	
Key macroeconomic assumptions															
Real GDP growth (in percent)	2.4	-4.7	9.8	1.8	3.7	8.0	8.0	8.1	7.8	7.5	7.0	7.7	5.1	5.1	5.2
GDP deflator in US dollar terms (change in percent)	-0.4	10.1	-6.7	6.5	9.5	6.5	1.6	1.6	1.3	1.4	1.2	2.3	3.0	5.0	3.5
Effective interest rate (percent) 5/	2.2	2.9	2.1	2.9	0.6	3.8	3.5	3.5	3.5	3.5	3.6	3.6	4.1	5.7	4.5
Growth of exports of G&S (US dollar terms, in percent)	8.6	11.6	-2.6	9.1	7.5	6.1	8.0	5.9	8.4	8.5	8.6	7.6	11.2	8.7	10.0
Growth of imports of G&S (US dollar terms, in percent)	20.0	-13.4	35.6	13.4	15.7	10.9	7.8	8.0	8.7	8.4	9.0	8.8	11.7	9.3	10.4
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	14.5	18.6	13.8	6.9	7.0	1.9	10.5	1.3	-18.5	-7.0
Government revenues (excluding grants, in percent of GDP)	19.2	14.9	20.2			19.7	20.5	21.2	21.5	21.7	21.9		22.3	22.9	22.5
Aid flows (in Billions of US dollars) 6/	0.1	0.1	0.2			0.6	0.9	0.8	0.7	0.8	0.8		1.0	0.5	
o/w Grants	0.1	0.1	0.2			0.5	0.5	0.6	0.6	0.6	0.5		0.6	0.5	
o/w Concessional loans	0.0	0.0	0.0			0.2	0.4	0.2	0.1	0.3	0.3		0.5	0.0	
Grant-equivalent financing (in percent of GDP) 7/	...	...	...			1.9	2.4	2.1	1.7	1.6	1.3		0.9	-0.3	0.4
Grant-equivalent financing (in percent of external financing) 7/	...	...	...			50.5	43.7	40.9	37.1	37.9	34.0		24.7	-7.9	11.5
Memorandum items:															
Nominal GDP (Billions of US dollars)	23.0	24.1	24.7			28.4	31.2	34.3	37.5	40.8	44.2		65.0	160.3	
Nominal dollar GDP growth	2.1	4.9	2.5			15.1	9.8	9.9	9.2	9.0	8.3	10.2	8.3	10.4	9.0
PV of PPG external debt (in Billions of US dollars)			8.5			8.8	9.4	9.9	10.4	10.8	11.1		12.6	25.0	
(PVt-PVt-1)/GDPt-1 (in percent)						1.1	1.9	1.8	1.5	0.9	0.7	1.3	0.6	1.2	1.0
Gross remittances (Billions of US dollars)	-0.5	-0.6	-0.6			-0.7	-0.8	-0.9	-1.0	-1.2	-1.3		-2.0	-4.6	
PV of PPG external debt (in percent of GDP + remittances)	...	...	34.6			31.9	30.9	29.8	28.7	27.3	25.8		20.1	16.3	
PV of PPG external debt (in percent of exports + remittances)	...	...	64.5			64.9	63.8	64.0	62.2	59.7	56.4		38.9	30.7	
Debt service of PPG external debt (in percent of exports + remittances)	...	...	2.0			4.0	4.7	5.0	5.1	5.6	5.9		5.5	5.8	

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/ Defined as grants, concessional loans, and debt relief.
7/ 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 4. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2013–33

(In percent)

	2013	2014	2015	2016	2017	2018	2023	2033
		Projections						
PV of debt-to GDP ratio								
Baseline	31	30	29	28	27	25	**19**	16
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2013-2033 1/	31	35	37	38	39	39	**31**	5
A2. New public sector loans on less favorable terms in 2013-2033 2	31	32	31	31	30	29	**27**	24
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2014-2015	31	32	32	31	29	28	**21**	17
B2. Export value growth at historical average minus one standard deviation in 2014-2015 3/	31	36	45	43	41	39	**27**	17
B3. US dollar GDP deflator at historical average minus one standard deviation in 2014-2015	31	33	34	33	31	29	**23**	18
B4. Net non-debt creating flows at historical average minus one standard deviation in 2014-2015 4/	31	34	37	36	34	32	**23**	16
B5. Combination of B1-B4 using one-half standard deviation shocks	31	41	54	52	49	47	**32**	20
B6. One-time 30 percent nominal depreciation relative to the baseline in 2014 5/	31	42	41	39	37	35	**27**	22
PV of debt-to-exports ratio								
Baseline	62	61	61	59	56	53	**37**	29
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2013-2033 1/	62	70	77	81	83	83	**59**	9
A2. New public sector loans on less favorable terms in 2013-2033 2	62	64	66	65	64	62	**50**	45
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2014-2015	62	60	60	58	55	52	**36**	28
B2. Export value growth at historical average minus one standard deviation in 2014-2015 3/	62	81	116	111	106	101	**63**	37
B3. US dollar GDP deflator at historical average minus one standard deviation in 2014-2015	62	60	60	58	55	52	**36**	28
B4. Net non-debt creating flows at historical average minus one standard deviation in 2014-2015 4/	62	69	78	75	72	68	**44**	29
B5. Combination of B1-B4 using one-half standard deviation shocks	62	81	109	105	100	95	**59**	35
B6. One-time 30 percent nominal depreciation relative to the baseline in 2014 5/	62	60	60	58	55	52	**36**	28
PV of debt-to-revenue ratio								
Baseline	158	147	137	130	122	115	**87**	69
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2013-2033 1/	158	169	173	179	181	180	**141**	22
A2. New public sector loans on less favorable terms in 2013-2033 2	158	154	148	145	140	135	**119**	106
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2014-2015	158	155	153	145	136	127	**96**	76
B2. Export value growth at historical average minus one standard deviation in 2014-2015 3/	158	176	213	202	189	178	**122**	72
B3. US dollar GDP deflator at historical average minus one standard deviation in 2014-2015	158	159	161	153	144	135	**101**	80
B4. Net non-debt creating flows at historical average minus one standard deviation in 2014-2015 4/	158	167	175	166	156	147	**104**	70
B5. Combination of B1-B4 using one-half standard deviation shocks	158	199	256	242	228	214	**146**	85
B6. One-time 30 percent nominal depreciation relative to the baseline in 2014 5/	158	207	192	182	171	160	**120**	95

Table 4. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2013-2033 (continued)
(In percent)

	2013	2014	2015	2016	2017	2018	2023	2033
Debt service-to-exports ratio								
Baseline	4	4	5	5	5	6	**5**	6
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2013-2033 1/	4	5	5	6	6	7	**8**	6
A2. New public sector loans on less favorable terms in 2013-2033 2	4	4	5	5	5	5	**5**	9
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2014-2015	4	4	5	5	5	5	**5**	5
B2. Export value growth at historical average minus one standard deviation in 2014-2015 3/	4	5	6	8	8	8	**9**	7
B3. US dollar GDP deflator at historical average minus one standard deviation in 2014-2015	4	4	5	5	5	5	**5**	5
B4. Net non-debt creating flows at historical average minus one standard deviation in 2014-2015 4/	4	4	5	6	6	6	**6**	6
B5. Combination of B1-B4 using one-half standard deviation shocks	4	5	6	7	8	8	**9**	7
B6. One-time 30 percent nominal depreciation relative to the baseline in 2014 5/	4	4	5	5	5	5	**5**	5
Debt service-to-revenue ratio								
Baseline	10	11	11	11	12	12	**12**	13
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2013-2033 1/	10	11	12	13	14	15	**19**	14
A2. New public sector loans on less favorable terms in 2013-2033 2	10	11	10	10	11	11	**12**	22
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2014-2015	10	11	12	12	13	13	**14**	15
B2. Export value growth at historical average minus one standard deviation in 2014-2015 3/	10	11	12	14	15	15	**18**	14
B3. US dollar GDP deflator at historical average minus one standard deviation in 2014-2015	10	12	13	13	14	14	**15**	16
B4. Net non-debt creating flows at historical average minus one standard deviation in 2014-2015 4/	10	11	11	12	13	13	**15**	13
B5. Combination of B1-B4 using one-half standard deviation shocks	10	12	14	17	17	18	**22**	17
B6. One-time 30 percent nominal depreciation relative to the baseline in 2014 5/	10	15	15	15	16	17	**17**	18
Memorandum item:								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	-20	-20	-20	-20	-20	-20	**-20**	-20

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 4. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2013–33 (continued)

(In percent)

		Projections						
	2013	2014	2015	2016	2017	2018	**2023**	2033
PV of debt-to GDP ratio								
Baseline	31	30	29	28	27	25	**19**	16
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2013-2033 1/	31	35	37	38	39	39	**31**	5
A2. New public sector loans on less favorable terms in 2013-2033 2	31	32	31	31	30	29	**27**	24
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2014-2015	31	32	32	31	29	28	**21**	17
B2. Export value growth at historical average minus one standard deviation in 2014-2015 3/	31	36	45	43	41	39	**27**	17
B3. US dollar GDP deflator at historical average minus one standard deviation in 2014-2015	31	33	34	33	31	29	**23**	18
B4. Net non-debt creating flows at historical average minus one standard deviation in 2014-2015 4/	31	34	37	36	34	32	**23**	16
B5. Combination of B1-B4 using one-half standard deviation shocks	31	41	54	52	49	47	**32**	20
B6. One-time 30 percent nominal depreciation relative to the baseline in 2014 5/	31	42	41	39	37	35	**27**	22
PV of debt-to-exports ratio								
Baseline	62	61	61	59	56	53	**37**	29
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2013-2033 1/	62	70	77	81	83	83	**59**	9
A2. New public sector loans on less favorable terms in 2013-2033 2	62	64	66	65	64	62	**50**	45
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2014-2015	62	60	60	58	55	52	**36**	28
B2. Export value growth at historical average minus one standard deviation in 2014-2015 3/	62	81	116	111	106	101	**63**	37
B3. US dollar GDP deflator at historical average minus one standard deviation in 2014-2015	62	60	60	58	55	52	**36**	28
B4. Net non-debt creating flows at historical average minus one standard deviation in 2014-2015 4/	62	69	78	75	72	68	**44**	29
B5. Combination of B1-B4 using one-half standard deviation shocks	62	81	109	105	100	95	**59**	35
B6. One-time 30 percent nominal depreciation relative to the baseline in 2014 5/	62	60	60	58	55	52	**36**	28
PV of debt-to-revenue ratio								
Baseline	158	147	137	130	122	115	**87**	69
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2013-2033 1/	158	169	173	179	181	180	**141**	22
A2. New public sector loans on less favorable terms in 2013-2033 2	158	154	148	145	140	135	**119**	106
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2014-2015	158	155	153	145	136	127	**96**	76
B2. Export value growth at historical average minus one standard deviation in 2014-2015 3/	158	176	213	202	189	178	**122**	72
B3. US dollar GDP deflator at historical average minus one standard deviation in 2014-2015	158	159	161	153	144	135	**101**	80
B4. Net non-debt creating flows at historical average minus one standard deviation in 2014-2015 4/	158	167	175	166	156	147	**104**	70
B5. Combination of B1-B4 using one-half standard deviation shocks	158	199	256	242	228	214	**146**	85
B6. One-time 30 percent nominal depreciation relative to the baseline in 2014 5/	158	207	192	182	171	160	**120**	95

Table 4. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2013-2033 (continued)

(In percent)

	2013	2014	2015	2016	2017	2018	**2023**	2033
Debt service-to-exports ratio								
Baseline	4	4	5	5	5	6	**5**	6
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2013-2033 1/	4	5	5	6	6	7	**8**	6
A2. New public sector loans on less favorable terms in 2013-2033 2	4	4	5	5	5	5	**5**	9
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2014-2015	4	4	5	5	5	5	**5**	5
B2. Export value growth at historical average minus one standard deviation in 2014-2015 3/	4	5	6	8	8	8	**9**	7
B3. US dollar GDP deflator at historical average minus one standard deviation in 2014-2015	4	4	5	5	5	5	**5**	5
B4. Net non-debt creating flows at historical average minus one standard deviation in 2014-2015 4/	4	4	5	6	6	6	**6**	6
B5. Combination of B1-B4 using one-half standard deviation shocks	4	5	6	7	8	8	**9**	7
B6. One-time 30 percent nominal depreciation relative to the baseline in 2014 5/	4	4	5	5	5	5	**5**	5
Debt service-to-revenue ratio								
Baseline	10	11	11	11	12	12	**12**	13
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2013-2033 1/	10	11	12	13	14	15	**19**	14
A2. New public sector loans on less favorable terms in 2013-2033 2	10	11	10	10	11	11	**12**	22
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2014-2015	10	11	12	12	13	13	**14**	15
B2. Export value growth at historical average minus one standard deviation in 2014-2015 3/	10	11	12	14	15	15	**18**	14
B3. US dollar GDP deflator at historical average minus one standard deviation in 2014-2015	10	12	13	13	14	14	**15**	16
B4. Net non-debt creating flows at historical average minus one standard deviation in 2014-2015 4/	10	11	11	12	13	13	**15**	13
B5. Combination of B1-B4 using one-half standard deviation shocks	10	12	14	17	17	18	**22**	17
B6. One-time 30 percent nominal depreciation relative to the baseline in 2014 5/	10	15	15	15	16	17	**17**	18
Memorandum item:								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	-20	-20	-20	-20	-20	-20	**-20**	-20

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 5. Côte d'Ivoire: Public Sector Debt Sustainability Framework, Baseline Scenario, 2010–33

(In percent of GDP, unless otherwise indicated)

	Actual					Estimate	Projections								
	2010	2011	2012	Average	Standard Deviation	2013	2014	2015	2016	2017	2018	2013-18 Average	2023	2033	2019-33 Average
Public sector debt 1/	66.4	71.2	45.6			42.0	41.2	40.3	39.2	37.7	36.2		31.3	15.1	
o/w foreign-currency denominated	50.6	55.1	30.8			28.7	28.4	27.8	26.9	25.7	24.3		19.5	15.1	
Change in public sector debt	0.0	4.7	-25.6			-3.6	-0.7	-0.9	-1.1	-1.5	-1.5		-0.8	-11.0	
Identified debt-creating flows	-1.0	4.3	-24.0			-1.5	-0.8	-0.7	-0.5	-0.5	-0.3		0.3	0.6	
Primary deficit	1.3	2.5	2.4	0.5	1.3	1.8	1.8	1.8	1.6	1.5	1.3	1.6	1.4	2.2	1.6
Revenue and grants	19.7	15.2	20.8			21.3	22.2	22.9	23.0	23.1	23.1		23.2	23.2	
of which: grants	0.5	0.3	0.6			1.6	1.7	1.6	1.5	1.4	1.2		0.9	0.3	
Primary (noninterest) expenditure	21.0	17.7	23.2			23.1	24.0	24.6	24.6	24.5	24.4		24.6	25.4	
Automatic debt dynamics	0.4	1.9	-6.0			-3.3	-2.5	-2.4	-2.1	-2.0	-1.6		-1.1	-1.6	
Contribution from interest rate/growth differential	-1.3	3.6	-6.5			-2.8	-2.4	-2.4	-2.2	-2.1	-1.8		-0.9	-1.2	
of which: contribution from average real interest rate	0.3	0.3	-0.1			0.6	0.7	0.7	0.7	0.7	0.7		0.7	0.0	
of which: contribution from real GDP growth	-1.6	3.3	-6.4			-3.4	-3.1	-3.1	-2.9	-2.7	-2.5		-1.6	-1.3	
Contribution from real exchange rate depreciation	1.6	-1.7	0.5			-0.5	-0.1	-0.1	0.1	0.1	0.2		...	...	
Other identified debt-creating flows	-2.6	-0.1	-20.3			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	0.0			0.0	0.0	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)	-2.6	-0.1	-20.3			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	0.9	0.4	-1.6			-2.1	0.0	-0.3	-0.6	-1.0	-1.2		-1.2	-11.6	
Other Sustainability Indicators															
PV of public sector debt	...	...	48.4			44.4	42.9	41.5	40.2	38.5	37.0		31.2	15.8	
o/w foreign-currency denominated	...	...	33.7			31.1	30.1	29.0	28.0	26.5	25.1		19.4	15.8	
o/w external	...	...	33.7			31.1	30.1	29.0	28.0	26.5	25.1		19.4	15.8	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 2/	4.2	6.8	4.4			4.6	4.7	4.7	4.6	4.6	4.6		4.8	5.2	
PV of public sector debt-to-revenue and grants ratio (in percent)	…	…	232.8			208.2	193.4	181.6	175.2	167.2	160.2		134.8	68.1	
PV of public sector debt-to-revenue ratio (in percent)	…	…	240.3			225.3	209.5	195.5	187.4	177.9	169.3		140.1	69.0	
o/w external 3/	…	…	167.1			157.9	146.7	136.5	130.2	122.3	114.9		87.2	69.0	
Debt service-to-revenue and grants ratio (in percent) 4/	14.6	28.0	9.8			13.4	13.2	12.9	12.9	13.7	14.2		14.7	12.9	
Debt service-to-revenue ratio (in percent) 4/	15.0	28.5	10.1			14.5	14.3	13.9	13.8	14.6	15.0		15.3	13.1	
Primary deficit that stabilizes the debt-to-GDP ratio	1.3	-2.2	27.9			5.4	2.5	2.7	2.7	2.9	2.8		2.2	13.2	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	2.4	-4.7	9.8	1.8	3.7	8.0	8.0	8.1	7.8	7.5	7.0	7.7	5.1	5.1	5.2
Average nominal interest rate on forex debt (in percent)	0.8	1.9	0.9	1.7	0.6	2.8	2.4	2.5	2.6	2.8	2.9	2.7	3.9	5.6	4.3
Average real interest rate on domestic debt (in percent)	2.9	0.0	3.4	0.9	1.9	2.0	3.4	3.5	3.8	3.7	3.9	3.4	2.8	...	2.4
Real exchange rate depreciation (in percent, + indicates depreciation)	3.1	-3.2	1.0	-0.5	7.4	-1.7	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	1.8	5.0	1.0	2.9	2.4	3.1	2.5	2.3	2.0	2.2	2.0	2.3	3.0	5.0	3.5
Growth of real primary spending (deflated by GDP deflator, in percent)	0.1	-0.2	0.4	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Grant element of new external borrowing (in percent)	...	...	...	…	…	14.5	18.6	13.8	6.9	7.0	1.9	10.5	1.3	-18.5	...

Sources: Country authorities; and staff estimates and projections.
1/ The public sector includes the central government and select public enterprises.
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.

Table 6. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public Debt 2013–33

	Projections							
	2013	2014	2015	2016	2017	2018	2023	2033
PV of Debt-to-GDP Ratio								
Baseline	44	43	42	40	39	37	31	16
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	44	44	43	43	42	40	30	-16
A2. Primary balance is unchanged from 2013	44	43	42	40	39	38	34	19
A3. Permanently lower GDP growth 1/	44	43	43	42	42	41	44	57
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2014-2015	44	50	58	62	65	68	85	101
B2. Primary balance is at historical average minus one standard deviations in 2014-2015	44	43	41	40	38	37	31	16
B3. Combination of B1-B2 using one half standard deviation shocks	44	45	46	49	51	54	67	78
B4. One-time 30 percent real depreciation in 2014	44	56	53	52	50	48	42	31
B5. 10 percent of GDP increase in other debt-creating flows in 2014	44	55	53	51	49	47	40	22
PV of Debt-to-Revenue Ratio 2/								
Baseline	208	193	182	175	167	160	135	68
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	208	197	188	184	177	171	127	-66
A2. Primary balance is unchanged from 2013	208	193	182	176	169	164	146	81
A3. Permanently lower GDP growth 1/	208	196	187	184	180	178	190	244
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2014-2015	208	222	251	266	278	291	363	435
B2. Primary balance is at historical average minus one standard deviations in 2014-2015	208	193	181	175	167	160	135	68
B3. Combination of B1-B2 using one half standard deviation shocks	208	204	201	212	221	231	287	338
B4. One-time 30 percent real depreciation in 2014	208	250	233	225	215	207	183	132
B5. 10 percent of GDP increase in other debt-creating flows in 2014	208	246	230	223	213	204	174	96
Debt Service-to-Revenue Ratio 2/								
Baseline	13	13	13	13	14	14	15	13
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	13	14	14	14	15	16	15	5
A2. Primary balance is unchanged from 2013	13	13	13	13	14	14	16	15
A3. Permanently lower GDP growth 1/	13	13	13	13	14	15	19	31
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2014-2015	13	14	16	18	21	24	36	55
B2. Primary balance is at historical average minus one standard deviations in 2014-2015	13	13	13	13	14	14	15	13
B3. Combination of B1-B2 using one half standard deviation shocks	13	14	15	14	16	19	28	43
B4. One-time 30 percent real depreciation in 2014	13	15	17	18	19	21	24	29
B5. 10 percent of GDP increase in other debt-creating flows in 2014	13	13	15	19	19	17	20	17

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

May 22, 2013

THIRD REVIEW UNDER THE THREE-YEAR ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY, REQUESTS FOR MODIFICATIONS OF PERFORMANCE CRITERIA AND WAIVER OF NONOBSERVANCE OF PERFORMANCE CRITERION—INFORMATIONAL ANNEX

Prepared By

African Department
(In Consultation with Other Departments)

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RELATIONS WITH THE FUND

(As of April 30, 2013)

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)	324.25	99.71
Reserve Tranche Position	0.97	0.30

SDR Department:	**SDR Million**	**%Allocation**
Net cumulative allocation	310.90	100.00
Holdings	272.81	87.75

Outstanding Purchases and Loans:	**SDR Million**	**%Quota**
RCF loans	81.30	25.00
ECF Arrangements	430.98	132.53

Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	Nov 04, 2011	Nov 03, 2014	390.24	211.38
ECF [1/]	Mar 27, 2009	June 23, 2011	373.98	230.89
ECF [1/]	Mar 29, 2002	Mar 28, 2005	292.68	58.54

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

	2013	2014	2015	2016	2017
Principal		4.64	39.02	46.18	85.20
Charges/Interest	0.02	0.03	1.25	1.14	0.98
Total	0.02	4.67	40.28	47.32	86.18

Implementation of HIPC Initiative:

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

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

[1] Formerly PRGF.

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

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

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

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

Implementation of Post-Catastrophe Debt Relief (PCDR): Not Applicable

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

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

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

Safeguards Assessments:

The Central Bank of West African States (BCEAO) is a common central bank of the countries of the West African Economic and Monetary Union (WAEMU), which includes Côte d'Ivoire. The most recent safeguards assessment of the BCEAO was completed on March 1, 2010. The update safeguards assessment was initiated in February 2013. A mission is planned for July 2013. The 2010 update assessment found that the BCEAO continues to have controls in place at the operational level. The overall governance framework needed nonetheless to be strengthened by the addition of an audit committee to ensure that the Board of Directors exercises appropriate

oversight over the control structure, including the audit mechanisms and financial statements. Such committee was established after the completion of the assessment following the Institutional Reform of the WAEMU and the BCEAO. Efforts to implement fully the International Financial Reporting Standards reporting framework should also be pursued.

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.

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 standard 24-month Article IV consultation cycle. The Executive Board completed the 2011consultation in November 2011. The next Article IV consultation mission is planned for September/October 2013.

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

	Area	Focus
	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).
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 (January)	Budgeting strategy
	Public Debt Management (January)	Workshop
	Customs/tax administration (January)	Workshop
	Statistic real sector (January)	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
	Statistics real sector (March)	Quarterly national accounts
	Customs administration (March)	Workshop
	Public wage bill management (April)	Regional workshop (AFRITAC)
	Public expenditure management (April)	Workshop
	Expenditure chain (April)	Workshop

	Area	Focus
	Wage bill management strategy (May)	Budgeting strategy
	Medium-term expenditure framework (June)	Budgeting strategy
	Accounting (July)	Accrual accounting
	Tax policy (August)	VAT reform
	Tax administration (September)	Modernization of fiscal administration

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, 2012–13

(As of May 2013)

Title	Products	Provisional timing of missions	Expected delivery date
A. Mutual information on relevant work programs			
World Bank work program in the next 12 months	**Operations**:		
	Preparation of a budget Support Operation	December 2012 to May 2013	July 2013
	Preparation of an Agriculture Sector Support Project	January –June 2013	July 2013
	Côte d'Ivoire Gas Field Expansion Project		Q3, 2013
	Governance and Institutional Development Supervision mission	April 2013	
	Governance and Institutional Development Grant restructuration		September 2015
	Post Conflict Assistance Project (Additional Financing) – subject to IDA resources availability-		Q3 2014
	Cote d'Ivoire Gender Consultations		June 2013
	SMEs Revitalization and Governance Project(additional Financing – subject to IDA resources availability-		Q2 2014
	Parliament capacity Building project		May 2013
	Economic and Sector Work:		
	Agriculture Public Expenditure Review		June 2013
	Technical assistance/other analytical		
	Competitive Industries and Innovation Program		Q4 2013
	Industrial Zone		Q4 2013
	PPP Market Development		Q4 2013
	PEMFAR 2	Q4 2012; Q1 2013	Q2 2013
	Support on EITI implementation		On-going
	Capacity Building for Business Journalists		Ongoing
	Equipment of the Ministry of Communication		May 2013

	Economic and Poverty Monitoring		On-going
	PSIA of possible new electricity tariff structures		Q3 2013
	Advice and comments on cocoa strategy		On-going
	FSAP follow-up (financial sector strategy)		November 2013
IMF work program in the next 12 months	**Program**:		
	2nd ECF review under ECF	September 2012	November 2012
	3rd ECF review	March 2013	June 2013
	Staff visit (2014 budget preparation)	June 2013	June 2013
	Article IV and 4th ECF review	September 2013	Nov. /Dec.2013
	Technical Assistance:		
	Public expenditure management	January 2013	January 2013
	Customs	January 2013	January 2013
	Cash management	February 2013	February 2013
	National accounts	January 2013	January 2013
	Government Finance Statistics (March)	March 2013	March 2013
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 62 operations for the country, of which 41 have been fully completed, 14 cancelled, 7 ongoing (2 newly approved). All approved operations amount to a net commitment of UA 1,330.3 million (CFA F 1012 billion). AfDB Group-financed operations have been mainly loan-based and channeled, by order of importance, to the rural development and agriculture sector (26.2%), infrastructure (20.4%), multi-sector (16.7%), the social sector (16.5%) and energy, water and telecommunications (15.6%). The operations were financed mainly with resources from the ADB window (more than 70%). The bulk of these funds (94.4%) was directed towards the public sector. It should be noted that funding for the private sector concerns electricity, telecommunications, transport and industry. In addition to bilateral funding, Côte d'Ivoire received additional ADF resources to finance studies and/or projects in the fields of infrastructure and agriculture, to enhance subregional integration in West Africa.

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

Since the end of the post-election crisis, the Bank approved, in accordance with the pillars of the Country Brief, three operations, totaling nearly UA 177 million (CFA F 130 billion). These include: (i) The Emergency Programme to Restore Basic Social and Administrative Services (PURSSAB); (ii) The agricultural infrastructure support project in the region of Moyen Comoé; and (iii) The Project construction of bridge toll Henri Konan BEDIE (Private sector). With these approvals, the Bank's active portfolio includes seven operations for a total amount of commitments of nearly UA 222.7 million (CFA F 170 billion).

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

Status of Portfolio as of April 2012
(UA Million (1 UA=1SDR)

Operations	Amount (in UA million)	Purpose/Remarks
On-going projects (public window):		
1. Post-Crisis Multisector Institutional Support Project (PAIMSC)	20	This grant is allocated to: (i) the rehabilitation of school and health infrastructures; and (ii) institutional capacity building and caring for women who are victims of violence. The disbursement rate of this project is 88%. The undisbursed balance to date stands at UA 1.5 million and the Bank has granted a new extension to 31 December 2011 to allow for continuation of activities already initiated and deemed relevant.
2 Targeted Capacity Building Support	2	Approved in December 2009 under the Fragile States Facility, with a disbursement rate of 57%, the objective of this project is to: (i) strengthen the coordination framework for government interventions; (ii) support implementation of the PRSP; (iii) improve the efficiency of public financial management; and (iv) strengthen good governance.
3. Humanitarian assistance to the victims of post-electoral violence	0.6	This assistance of USD 1 million is allocated to the victims of violence, particularly in the west of the country. This assistance will be managed by Red cross International Committee.
4. 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, which could not be signed during the elections. Finally, this grant is put in place in June, 2011 and the effective launch of the project is expected in October 2011.

Status of Portfolio as of April 2012
(UA Million (1 UA=1SDR) (concluded)

Operations	Amount (in UA million)	Purpose/Remarks
5. Emergency Programme to Restore Basic Social and Administrative Services (PURSSAB) and Targeted support to strengthen the capacity of the administration	100.5 (95 + 5.5)	The main purpose of this program, approved on June 3, 2011, is to contribute in the national budget to restoring basic social and administrative services, social cohesion and reconciliation as stated in the Government's request. The program seeks to address the country's urgent needs through the restoration of basic health, educational and social welfare services, water and sanitation networks, public administration services, as well as dialogue, social cohesion and reconciliation mechanisms. The budget support of UA 95 million has been disbursed. The UA 5.5 remaining is reserved for capacity building and will be disbursed as the needs arise on government's requests.
6. Agricultural infrastructure support project in Indéné-Djuablin Région (PAIA-ID)	21.6	The project will contribute to improving food security and reducing poverty in rural areas. Specifically, it aims to increase, on a sustainable basis, the production and productivity of major crops, as well as improve marketing conditions.
Private sector		
7. Project construction of bridge toll Henri Konan BEDIE	50	Henri Konan Bédié Bridge is a public private partnership (PPP) based on a Build Operate Transfer (BOT) concession of 30 years. It involves the building of a toll bridge over the Ebrié Lagoon linking the South and North shores of Abidjan.
8. Azito power expansion project	26	Expansion of the Azito power plant in Côte d'Ivoire, by converting the existing simple-cycle power plant of 2 x 144 MW gas-fired turbines to a combined-cycle power plant, thereby increasing the capacity of the facility to approximately 430 MW.

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. ***The proposed strategy, in consultation with the Ivoirian authorities, consists of two pillars*: *(i) restoring infrastructure and basic social services; and (ii) improving governance and capacity building***. A full Country Strategy Paper is planned for the period 2013–17 to assist the country with its quest for strong and inclusive growth.

Indicative Work Program for 2013

Description	Amount (in UA million)	Year
- Project to support training and professional integration	17	2013
- Côte d'Ivoire, Liberia, Sierra Leone and Guinea interconnection Project (Multinational)	TBD	2013

STASTICAL ISSUES

(As of May 2013)

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.	
National Accounts: Comprehensive national accounts data for 1996 onwards is compiled in line with the 1993 System of National Accounts methodologies, using 1996 as the base year. As the base year is dated, technical assistance has been provided by AFRITAC West to implement a new base year and update implicit deflators. There is ongoing work on quarterly national accounts with the Fund support.	
Price statistics: A harmonized consumer price index (CPI) has been adopted by all WAEMU members. A new base year (2008) has been adopted in 2010.	
Labor market statistics: No such statistics are published regularly.	
Government finance statistics: The authorities provide annual data on the budgetary central government for publication in the *Government Finance Statistics Yearbook*. While no monthly or quarterly fiscal data are provided for publication, they are made available to the IMF African Department, although metadata is lacking. The authorities have committed to addressing weaknesses in coverage of general government units and public enterprises and are making efforts to improve the reconciliation of fiscal and monetary data. In addition, the authorities are seeking the assistance of Afritac to improve the compilation of government finance statistics. The report on financial operations executed by the government over the crisis period (January–April 2011) is still not available.	
Monetary and financial sector statistics: Monetary data for Côte d'Ivoire are prepared by the national agency of the BCEAO and officially released by BCEAO headquarters. Some shortcomings of the monetary statistics are common to all eight member countries of the WAEMU, while others relate to systemic issues in Côte d'Ivoire's bank and nonbank financing of the operations of the central government and the rest of the public sector. Recently there have been improvements in the timeliness of reporting data on depository corporations and interest rates.	
External sector statistics: The national agency of the BCEAO in Abidjan is responsible for compiling and disseminating annual balance of payments statistics and the international investment position. BCEAO headquarters delineates the methodology and calculates international reserves managed for WAEMU countries. With respect to merchandise trade, the customs computer system allows for satisfactory monitoring of trade data, but the coverage of services and transfers, and particularly workers' remittances, has shortcomings. Concerning the financial accounts, foreign assets of the private nonbanking sector are not adequately covered, while reporting of private capital flows, especially foreign direct investment in Côte d'Ivoire, is weak. There is also not sufficient information on private debt stocks and debt service flows.	
II. Data Standards and Quality	
Côte d'Ivoire has participated in the General Data Dissemination System (GDDS) since May 2000, and has posted the metadata on the Data Standards Bulletin Board.	No data ROSC is available.
III. Reporting to STA	
Côte d'Ivoire regularly reports data to STA for re-dissemination in IMF statistical publications.	

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

(As of May 2013)

	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]	03/13	05/15	M	M	M
Reserve/Base Money	03/13	05/15	M	M	M
Broad Money	03/13	05/15	M	M	M
Central Bank Balance Sheet	03/13	05/15	M	M	M
Consolidated Balance Sheet of the Banking System	03/13	05/15	M	M	M
Interest Rates[2]	03/13	05/15	I	M	M
Consumer Price Index	03/13	10/15	M	M	M
Revenue, Expenditure, Balance and Composition of Financing[3] – General Government[4]	03/13	10/15	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt[5]	12/2012	03/2013	M	M	M
External Current Account Balance	12/2012	03/2013	A	A	A
Exports and Imports of Goods and Services	12/2012	03/2013	A	A	A
GDP/GNP	2012	03/2013	A	A	A
Gross External Debt	12/2012	03/2013	M	M	M

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

INTERNATIONAL MONETARY FUND EXTERNAL RELATIONS DEPARTMENT

Press Release No. 13/201
FOR IMMEDIATE RELEASE
June 7, 2013

International Monetary Fund
Washington, D.C. 20431 USA

IMF Executive Board Completes Third ECF Review for Côte d'Ivoire and Approves US$74 Million Disbursement

The Executive Board of the International Monetary Fund (IMF) completed today the third review of Côte d'Ivoire's economic performance under the program supported by an Extended Credit Facility arrangement (ECF). The Board's decision, which was taken on a lapse of time basis,[1] enables the immediate disbursement of an amount equivalent to SDR 48.78 million (about US$74.1 million), bringing total disbursements under the arrangement to an amount equivalent to SDR 260.16 million (about US$395.4 million).

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

Côte d'Ivoire's economy recovered from the 2010–11 crisis-related recession more quickly than initially expected, recording a growth rate of 9.8 percent in 2012; average annual inflation declined to 1.3 percent over the year, while the fiscal position improved. The sharp rise in investment-related imports swung the current account into deficit, which was financed in part by higher foreign direct investment (FDI). Côte d'Ivoire no longer has any outstanding arrears to its external creditors.

The macroeconomic program is broadly on track; all but one performance criteria were met at end-December 2012. Progress on the structural reform agenda was uneven; important steps have been taken to reduce subsidies to the energy sector, improve incentives in the cocoa sector, and strengthen the business climate. However, there were delays in preparing the medium-term strategy to control the wage bill and in adopting reforms in some other sectors (in particular, the

[1] The Executive Board takes decisions under its lapse of time procedure when it is agreed by the Board that a proposal can be considered without convening formal discussions.

adoption of a new electricity code, a strategy to settle domestic arrears, and an action plan for restructuring public banks were delayed).

Côte d'Ivoire's macroeconomic prospects for 2013 are positive, with robust growth being underpinned by a rise in public investment; inflation is expected to remain moderate at about 3 percent. The fiscal position will continue to improve, while higher FDI inflows are projected to finance a moderate widening of the external current account deficit.

The main challenge for Côte d'Ivoire over the medium term is to maintain the growth momentum. The National Development Plan for 2012–15, which replaces the previous Poverty Reduction Strategy Paper (2009–15), articulates a comprehensive agenda that takes into account the new challenges facing Côte d'Ivoire after a decade of socio-political crisis. Its focus on scaling up investment while preserving fiscal and debt sustainability is welcome. Increased participation of the private sector is critical to achieving the objective of higher and sustainable growth. Implementation of envisaged measures to further improve the business climate, regularize domestic arrears, and reform the financial sector will help foster expansion in the private sector.

In order to make the National Development Plan fully effective, the staffs of the Fund and the World Bank recommend that the Ivoirien authorities flesh out sectoral strategies more concretely, integrate them into a medium-term expenditure framework, and link them to targeted outcomes.