Côte d'Ivoire: 2022 Article IV Consultation-Press Release; and Staff Report

INTERNATIONAL MONETARY FUND

INTERNATIONAL MONETARY FUND

IMF Country Report No. 22/205

CÔTE D'IVOIRE

July 2022

2022 ARTICLE IV CONSULTATION—PRESS RELEASE; AND STAFF REPORT

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2022 Article IV consultation with Côte d'Ivoire, the following documents have been released and are included in this package:

- A **Press Release**
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on Lapse of Time basis, following discussions that ended on April 15, 2022, 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 31, 2022.
- An **Informational Annex** prepared by the IMF staff.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the International Development Association.

The document listed below has been or will be separately released.

Selected Issues

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

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International Monetary Fund
Washington, D.C.

IMF Executive Board Concludes 2022 Article IV Consultation with Côte d'Ivoire

FOR IMMEDIATE RELEASE

- The Ivorian economy proved resilient to the COVID-19 pandemic, thanks to the authorities' effective policy response, and recovered strongly in 2021 with growth estimated at 7% from 2% in 2020.
- The impact of the war in Ukraine and regional security challenges are expected to weigh on the macroeconomic outlook in 2022.
- The medium-term growth outlook remains robust. A resolute implementation of reforms under the 2021-25 National Development Plan (NDP) would boost medium-term growth.

Washington, DC – **June 16, 2022:** The Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Côte d'Ivoire and endorsed the staff appraisal without a meeting on a lapse-of-time basis.[1]

Supported by solid macroeconomic stability, the Ivorian economy proved resilient to the COVID-19 pandemic thanks to the authorities' effective policy response. COVID-related fatalities remain at low levels by international standards. Vaccination efforts continue and about 70 percent of the target population has already received a first dose.

The economy recovered strongly in 2021, with growth estimated at 7 percent (from 2 percent in 2020), while annual inflation rose to 4.2 percent due to external and supply shocks. The overall fiscal deficit reached 5.1 percent of GDP, lower than anticipated, mainly due to improvements in customs collection and tax administration which offset higher security spending.

The deterioration in the external environment linked to the war in Ukraine and regional security challenges are expected to weigh on the macroeconomic outlook in 2022. IMF staff forecasts growth to slow down to 6 percent this year due to subdued global demand, worsened terms of trade, and increased uncertainty, while inflation is expected to increase further to about 5½ percent. The Ivorian authorities took several temporary measures to contain the impact of the war in Ukraine, such as introducing price ceilings on several food items.

However, the near term is dominated by negative risks, stemming mainly from the global repercussions of the war in Ukraine, tighter monetary policy in advanced countries and the associated increase in borrowing cost, as well as new COVID-19 variants' outbreaks and continued instability in some neighboring countries. The medium-term growth projections remain robust with the country facing also upside risks, notably related to the discovery of

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[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

substantial oil and gas reserves. A resolute implementation of reforms under the 2021-25 National Development Plan (NDP) would boost medium-term growth.

Executive Board Assessment[2]

A swift and well-designed policy response, underpinned by strong macroeconomic policies over the past decade, helped contain the economic cost of the COVID-19 pandemic. The war in Ukraine has nonetheless clouded Côte d'Ivoire's outlook. The recent measures to contain its impact on inflation and the economy should remain temporary and become increasingly targeted to the most vulnerable if the shock proves persistent. The authorities need to find the right balance between accommodating urgent spending pressures, which also include higher security spending, and preserving fiscal space to cope with future shocks.

The current circumstances could warrant a slightly higher-than-budgeted deficit this year. However, converging to the WAEMU target deficit of 3 percent of GDP in 2024 remains feasible. The debt sustainability analysis continues to point to a moderate risk of debt distress, but with very limited space to absorb future shocks amid worsening market conditions, highlighting the authorities' need to accelerate efforts to mobilize domestic revenue.

Pursuing fiscal reforms remains critical for Côte d'Ivoire to make room to finance priority spending and support inclusive growth. While the better-than-anticipated 2021 fiscal outturn is in part due to ongoing improvements in tax administration reforms and customs collection, especially on account of digitalization, tax revenue remains well below the WAEMU tax convergence target of 20 percent of GDP. Continuing ongoing efforts to improve tax administration as well as to rationalize tax exemptions are critical to finance government spending for investment, social convergence, and services in underserved regions. Redesigning and simplifying the personal income tax regime would also improve its progressivity.

The new social program of the government can continue enhancing human capital. While the country made significant progress in broadening access to education over recent years, further efforts aimed at improving the quality of basic education and professional training systems would help easing skills mismatch in the labor market. Despite notable progress, ensuring equitable access to health care remains a priority.

Sustaining efforts to improve the business climate, strengthen public services, and tackle climate change challenges are key to boost inclusive and sustainable growth. The authorities need to accelerate reforms to tackle infrastructure bottlenecks, regulatory framework deficiencies, enhance the protection of land tenure and property rights, and streamline bureaucracy. A swift implementation of the 2021-25 NDP reforms would help, and a strong involvement of the private sector is key to ensure efforts are focused where they are needed the most, as well as to contain fiscal costs. Further improvements in governance and the fight against corruption will also contribute to attract private investment. The authorities are committed to adopting sound climate adaptation and mitigation policies, including on sustainable farming and forest preservation.

[2] The Executive Board takes decisions under its lapse-of-time procedure when the Board agrees that a proposal can be considered without convening formal discussions.

Deepening financial inclusion and access to finance remain crucial for unlocking the private sector's potential. Tackling deficiencies in insolvency procedures, improving the credit infrastructure, and a prompt restructuring of undercapitalized public banks, would improve the capacity of the banking sector to support growth.

It is expected that the next Article IV consultation for Cote d'Ivoire be held on the standard 12-month cycle.

Côte d'Ivoire: Selected Economic Indicators (2019-23)

Population (2020): 27 million | Gini Index (2015): 41.5

Per capita GDP (2020): 2,279 USD | Life Expectancy (years): 58

Share of population below the poverty line (2015): 44.4% | Literacy rate: 47.2%

	2019	2020	2021 Est.	2022 Proj.	2023 Proj.
Output					
Real GDP Growth (%)	6.2	2.0	7.0	6.0	6.7
Prices					
Inflation (annual average, %)	0.8	2.4	4.2	5.5	2.3
Central government finances					
Revenues (% GDP)	14.2	14.4	15.3	14.2	14.7
Expenditure (% GDP)	17.3	20.5	20.9	20.0	19.2
Fiscal balance (% GDP)	-2.3	-5.6	-5.1	-5.3	-4.0
Public debt (% GDP)	38.4	47.6	52.1	52.9	52.3
Money and Credit					
Broad money (% change)	11.0	21.4	17.7	10.4	…
Credit to private sector (% change)	6.1	9.2	12.6	4.5	…
Balance of payments					
Current account (% GDP)	-2.3	-3.2	-3.8	-4.8	-4.6
Net FDI Inflows (% GDP)	1.3	1.2	1.1	1.1	1.2
WAEMU reserves (in months of imports)	5.6	5.5	…	…	…
External public debt (% GDP)	25.5	30.5	31.6	31.4	30.3
Exchange rate					
REER (% change, depreciation –)	-3.9	5.1	1.9	…	…

Sources: Ivoirian authorities, World Bank, and IMF staff estimates.

CÔTE D'IVOIRE

STAFF REPORT FOR THE 2022 ARTICLE IV CONSULTATION

May 31, 2022

KEY ISSUES

Context: The economy proved resilient to Covid-19 and continued recovering in 2021, with growth estimated at 7 percent. Growth is forecasted to slow to 6 percent this year due to the war in Ukraine. Inflation increased to 4.2 percent last year, on the back of surging food prices, and is expected at 5.5 percent this year, while the current account deficit is projected to reach 4.8 percent of GDP. Risks are tilted to the downside, as a result of the war in Ukraine, global financing conditions, and regional instability.

Policies: While the swift policy response to the pandemic prevented a worse outcome and facilitated a strong recovery, Côte d'Ivoire emerged with higher debt and thinner fiscal buffers. As the economy is hit by another large external shock, the authorities will need to strike a delicate balance between cushioning the effect of the war in Ukraine on the most vulnerable and building fiscal space for critical spending and resilience. The overarching priorities to navigate this balance and support inclusive growth are:

- ***Supporting the most vulnerable***. Recent measures in response to the war in Ukraine will need to remain temporary and become increasingly targeted to the most vulnerable if the shock proves persistent. While a moderately higher-than-budgeted deficit is warranted to accommodate emergency measures, reaching the 3 percent fiscal deficit target in 2024 remains feasible.

- ***Boosting domestic revenue mobilization for critical spending and resilience.*** Recent progress in tax administration is welcome, but the low level of fiscal revenues remains a key challenge given social and investment needs and limited fiscal buffers. A stronger effort on tax policy reforms is needed, including by removing exemptions when the crisis recedes, and streamlining the PIT.

- ***Deepening the structural reform and governance agenda to support inclusive growth***. The authorities should continue enhancing public services, the business climate, and governance, including by a swift implementation of the 2021-25 National Development Plan. Tackling deficiencies in insolvency procedures and credit infrastructure should help boosting access to credit, especially for SMEs.

Approved By
Montfort Mlachila (AFR) and Natalia Tamirisa (SPR)

Discussions were held in Abidjan from April 5 to 15, 2022. The mission comprised Mr. Luca Antonio Ricci (head), Ms. Claire Gicquel, Mr. Bertrand Gruss, Ms. Darcia Datshkovsky, Mr. Karim Youssef, (all AFR), Mr. Kaleb Tamiru Gulilat (FAD), Mr. Jiangyan Yu (SPR), and Mr. Kadima Kalonji (IMF Resident Representative). Mr. Kadio Kouao, Mr. Edwin Lester Magno and Ms. Marguerite Signe assisted the team in the preparation of this report. Ms. Esso Solim Boukpessi (OED) participated in the discussions.

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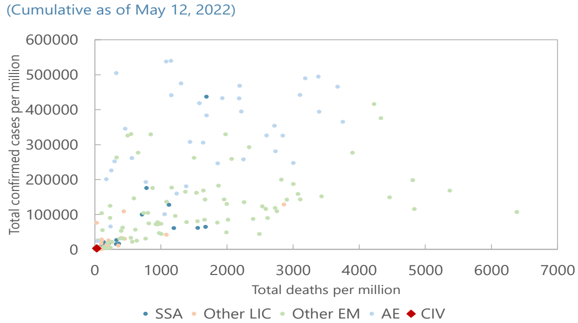
CONTEXT AND RECENT DEVELOPMENTS

1. **Côte d'Ivoire's longstanding macroeconomic stability has served the country well throughout the recent period of global shocks and high economic uncertainty**. During the past decade, GDP growth has exceeded the average across Sub-Saharan Africa (SSA) countries by more than 4 percentage points (Fig. 1a). Since 2012, inflation rates hovered nearly 8 percentage points below the average in SSA countries. Before the pandemic, investment associated with the 2016-2020 National Development Plan (NDP) had supported an increase in access to basic services and a decline in poverty rates and inequality, while astute fiscal policy management kept debt reasonably low. The socio-political environment improved further in 2021 amid a continuous dialogue between the government and the opposition which saw the peaceful return of some key opposition figures. While risks associated with armed groups on the northern border remain, the authorities raised security spending and investment on social protection and infrastructure in underserved areas.

2. **The COVID-19 pandemic had a limited effect on Côte d'Ivoire**. Despite relatively low vaccination rates partly due to vaccine hesitancy, the spread of Covid-19 cases remained low compared to other countries (81,985 cases and 799 deaths as of May 12, 2022, according to official figures). Forty percent of the target population aged 12 years or older (about 20 million or 70 percent of the overall population) has received at least one dose of the Covid-19 vaccine, while about 28 percent is fully vaccinated. As of May 11, 2022, around 12.6 million vaccine doses have been administrated out of a total of 21.4 million doses received. About 22 million additional doses are necessary to vaccinate the target population and 10 million doses are expected by the authorities by the end of 2022. Côte d'Ivoire managed to avoid the Ebola outbreak that affected some neighboring countries last year, although a new health threat has recently emerged with an outbreak of Dengue fever in the greater Abidjan region.

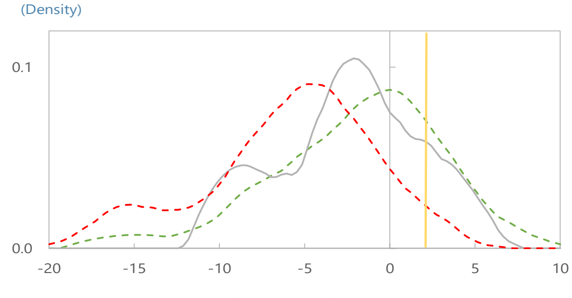
3. **The authorities' response to the pandemic helped mute the economic fallout from the COVID-19 pandemic**. The successful containment of the virus during the first wave allowed a swift removal of strict containment measures in mid-2020. In addition, the authorities introduced a fiscal package worth about 2.4 percent of GDP cumulatively for 2020 and 2021, including tax, social security contribution, and electricity bill deferrals for households and businesses, along with spending measures. As a result, the economy started recovering in 2020Q3, and growth remained positive at 2 percent in 2020.

COVID-19 Cases and Fatalities
(Cumulative as of May 12, 2022)



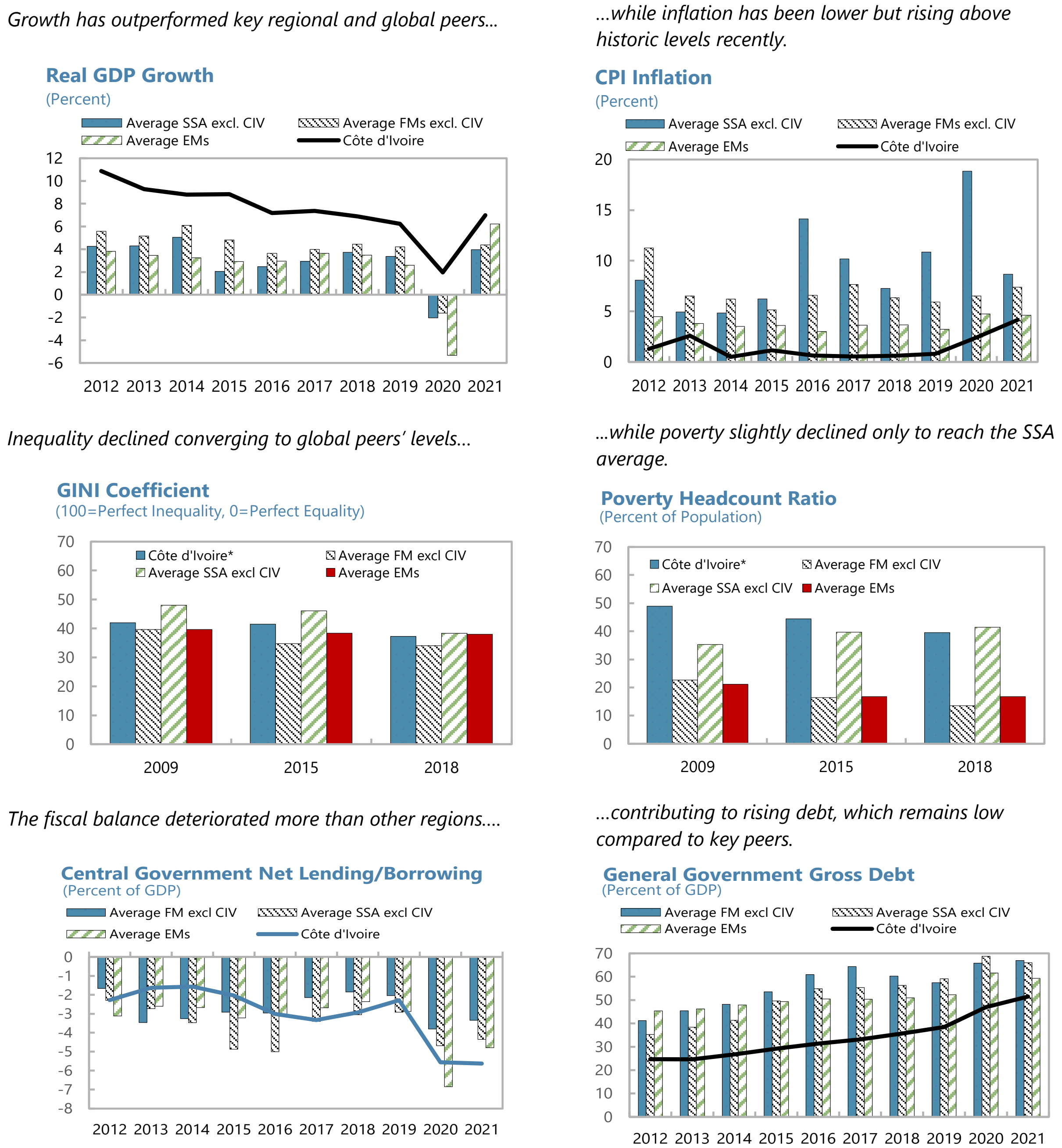
Sources: Our World in Data; and IMF staff calculations.

Cross-country Distribution of GDP Growth Rate, 2020
(Density)



Sources: IMF WEO; and IMF staff calculations.

Figure 1a. Côte d'Ivoire: Recent Economic Developments, 2012-21



Sources: Ivorian authorities; and IMF staff calculations.

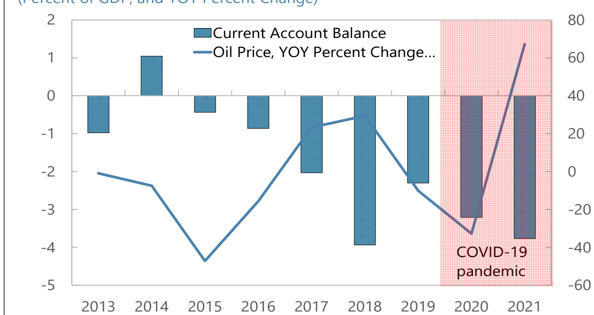
Notes: (*) Côte d'Ivoire data for Poverty and Inequality in 2009 panel is for year 2008.

4. **A robust economic recovery took hold in 2021, amid rising inflation due to external and supply shocks**. Staff estimates that GDP growth rebounded from 2 percent in 2020 to 7 percent in 2021 on account of strong domestic consumption and investment, despite electricity shortages that disrupted industrial production in 2021Q2. Consumer price inflation has increased above the upper limit of the BCEAO's target band for the WAEMU region of 1 to 3 percent since

February 2021 and reached 5.6 percent in December—reflecting a surge in global prices on the back of supply chain disruptions and other pandemic-related disruptions as well as regional instability and adverse weather shocks—before declining somewhat to 4.6 percent in March.

5. **Worsening terms of trade led to a current account deterioration**. The 2021 current account deficit is expected to worsen to 3.8 from 3.2 percent of GDP in 2020 mainly due to an increase in import prices. The balance of goods is expected to remain positive but less than in 2020, notably due to an increase in the price of fuel and of imports of vehicle and road transportation material, while the balance of services should deteriorate further from higher freight transportation costs linked to the global containers' shortage. The rise of commodity prices in 2022Q1, especially fuel prices, continues to affect the current account balance this year.

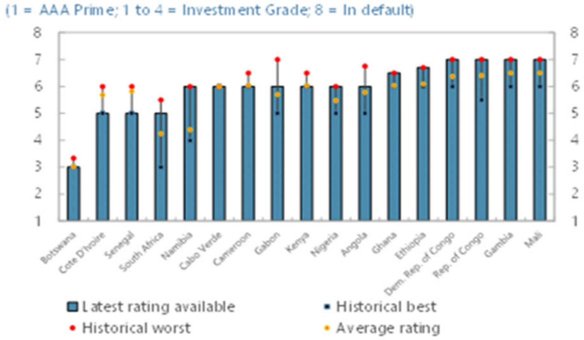
Current Account Balance and Oil price
(Percent of GDP, and YOY Percent Change)



Sources: IMF WEO; and IMF staff calculations
Note: Area in red is COVID-19 pandemic years

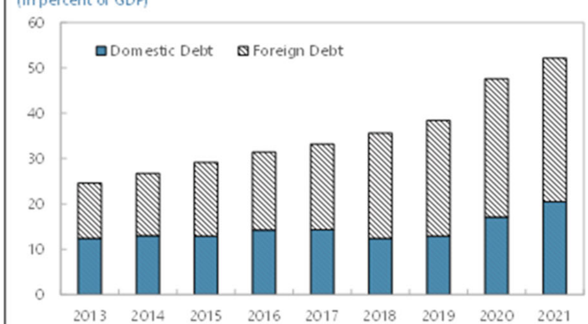
6. **Côte d'Ivoire's sovereign ratings improved to historically high levels, despite rising debt**. Fitch upgraded its rating for Côte d'Ivoire in July 2021 to BB- and reaffirmed this rating with a stable outlook in late April 2022, citing the country's macroeconomic and political stability. The government successfully issued international bonds in November 2020 and February 2021, while the SDR allocation received from the IMF in 2021 (about $884 million) was used to substitute for a Eurobond issuance originally planned for 2021H2. Overall debt increased by 4½ percent of GDP in 2021, mainly on account of a higher domestic debt, which rose by 3.4 percent of GDP.

SSA Sovereign Ratings
(1 = AAA Prime; 1 to 4 = Investment Grade; 8 = In default)



Sources: Fitch, Moody's; and S&P

Central Government Debt
(In percent of GDP)

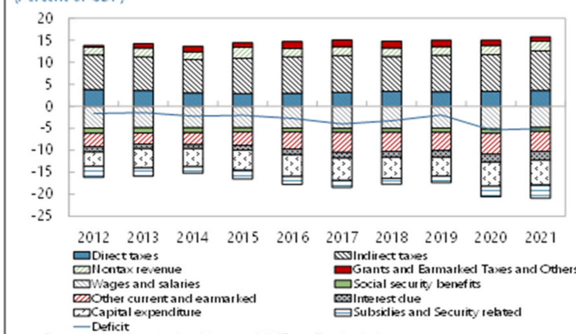


Sources: Ivorian authorities; and IMF staff calculations.

7. **Tax administration reforms contributed to reduce the fiscal deficit in 2021**. The 2021 fiscal deficit fell to 5.1 percent of GDP, a ½ percent improvement on what was targeted by the authorities (5.6 percent of GDP, also envisaged in the 2021 Article IV), as well as relative to the 2020 outturn (also 5.6 percent of GDP). Tax revenues reached 13.1 percent of GDP in 2021, up from an average of 11.7 percent in the preceding 9 years, and from 12.3 in both 2019 and 2020, reflecting mainly improvements in customs collection and tax administration. Such higher revenues more than

offset higher-than-anticipated security spending and interest payments on debt, thus resulting in a lower deficit in 2021 than anticipated.

Fiscal Balance, Revenues and Expenditures
(Percent of GDP)



Sources: Ivorian Authorities; and IMF staff calculations

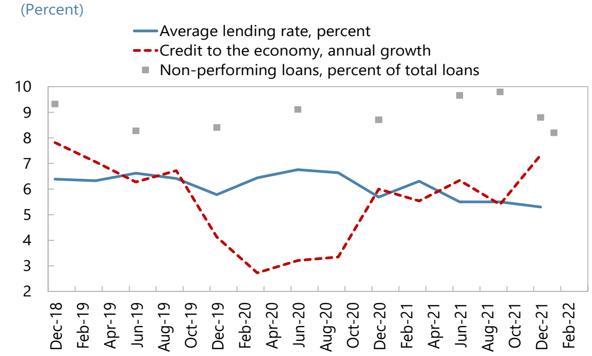
8. The authorities took several measures to contain the impact associated with the war in Ukraine on inflation and the economy.

- To attenuate the impact from the surge in international oil prices (import parity benchmark prices for gasoline and diesel increased by 53 and 68 percent respectively from January to April 2022) the authorities introduced differentiated fuel price measures. Adapting the existing fuel pricing mechanisms (which adjusts taxes on fuel in order to keep pump prices stable), gasoline prices were allowed to increase by only 13 percent, while diesel prices were kept unchanged—given the higher incidence of the latter on transport services, overall inflation, and productive activity. These measures are expected to carry a fiscal cost of slightly over 1 percent of GDP during 2022, through lower tax revenues and new transfers to cover increased refinery costs.

- To contain food price inflation, and preserve food security for the most vulnerable, price caps and export permits for essential food staples and a custom duty exemption on wheat were introduced for a period of three months. These were implemented in consultation with relevant stakeholders to ensure feasibility constraints are met. Other measures focused on introducing regulation changes (e.g., to allow the combination of wheat with other cereals for bread production) and reinforcing consumption protection practices (e.g., price posting in markets).

9. The financial sector remained sound throughout the pandemic, notwithstanding increases in non-performing loans (NPL). Credit to the private sector slowed to below 2 percent year-on-year in early 2020 but recovered thereafter, growing by 9.9 percent in 2021. The average lending rate fell to 5.3 percent at end-2021, from 5.8 percent at end-2019. After a steady decline between 2014 and end-2019, NPLs increased during the pandemic by 1.3 percentage points, reaching 9.7 percent in June 2021, but have since declined to 8.2 percent in January 2022. Banks' solvency remained strong, with tier 1 capital to risk-weighted assets improving from 9.7 percent at end-2019 to 11.2 percent in June 2021.

Côte d'Ivoire: Financial Indicators, 2018-22
(Percent)

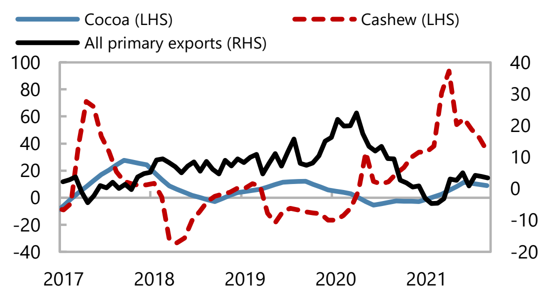


Sources: Ivorian authorities; and IMF staff calculations.

Figure 1b. Côte d'Ivoire: Recent Economic Developments, 2017-21

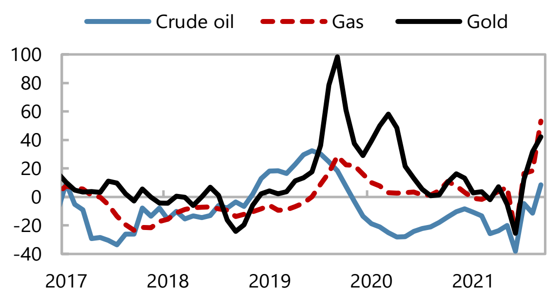
Crops of key primary exports recovered somewhat in 2021.

Agricultural Production
(YOY Percent Change, 12-month Moving Average)



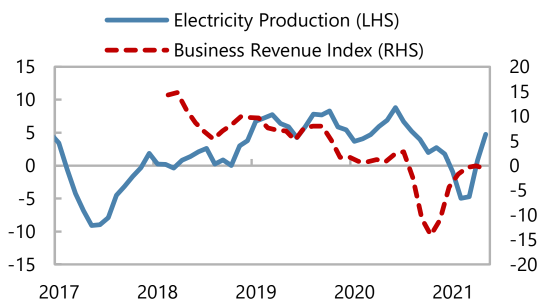
Oil and gas production have accelerated sharply in 2021H2.

Gas, Oil, and Gold Output
(YOY Percent Change, 3-month Moving Average)



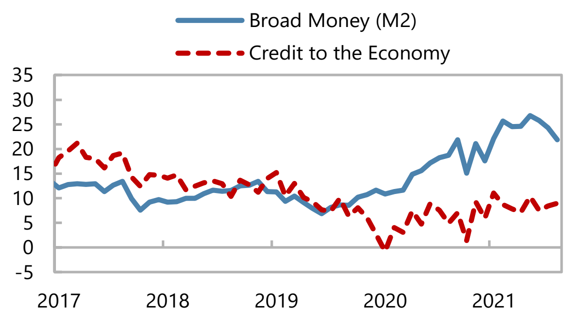
Recovery of electricity production and business profitability ensued in 2021.

Electricity Production and Business Revenue Index
(YOY Percent Change; 3-month Moving Average)



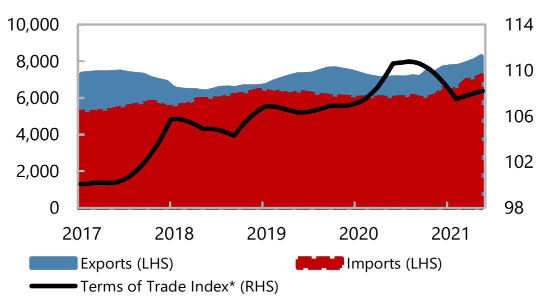
Credit to the economy slowed significantly at the onset of the pandemic but recovered since then.

Credit to the Economy and Broad Money
(YOY Percent Change)



Exports increases less than imports due to worsening terms of trade.

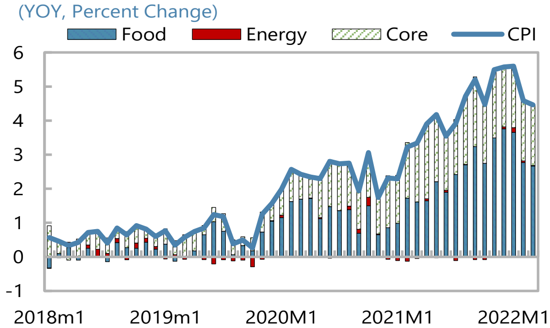
Trade
(CFAF Millions, 12-month Moving Sum)



*12-month MA; higher terms of trade reflect higher relative prices of exports to imports.

Inflation increased significantly in 2021 on the back of higher food prices.

Contribution to Inflation
(YOY, Percent Change)



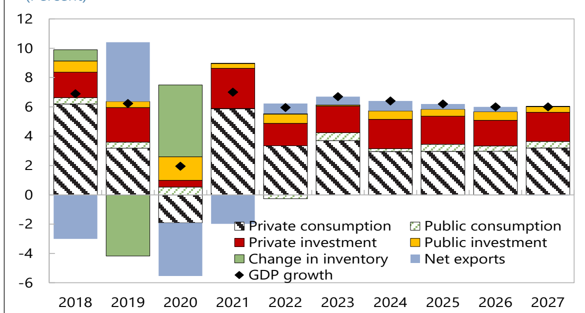
Sources: Ivorian authorities; and IMF staff calculations.

OUTLOOK AND RISKS

10. The war in Ukraine and regional security challenges are clouding the macroeconomic outlook in the near-term. Growth is forecasted to moderate to 6 percent in 2022 due to subdued global demand, worsened terms of trade, and increased uncertainty.[1] Annual inflation is expected to reach 5.5 percent in 2022 due to some pass-through (even if partial) from global food and fuel prices. The current account deficit is projected to deteriorate further to 4.8 percent of GDP in 2022 (with about 0.6 percentage points due to rising international oil[2] and food prices).

11. Over the medium term, GDP growth is expected to remain robust stabilizing around 6 percent, while inflation and the fiscal deficit would return to the BCEAO and WEAMU targets, respectively. Growth is expected to average close to 6½ percent over 2023-25—while the National Development Plan (NDP) is implemented—before tapering down to 6 percent over the medium term. The secondary sector (notably construction, agri-business, and other manufacturing industries) and services (especially telecommunication and transport industries) are expected to be the main drivers of growth over 2023-27, along an ongoing structural transformation of the Ivorian economy. Inflation is expected to start declining in 2022H2, as the effects of earlier supply disruptions ease and temporary factors associated with the war in Ukraine recede, and to converge to the mid-point of the BCEAO target of 2 percent in 2024.[3] The current account deficit would gradually decline to around 3½ percent of GDP over the medium term, as exports would increase more than imports thanks to export diversification and development policies.

Contribution to GDP Growth
(Percent)



Sources: Ivorian authorities; and IMF staff calculations.

Text Table 1. Selected Economic Indicators

	Est.	Proj.					
	2021	2022	2023	2024	2025	2026	2027
Activity and prices (change in percent)							
Real GDP growth 1/	7.0	6.0	6.7	6.4	6.2	6.0	6.0
Inflation (annual average)	4.2	5.5	2.3	1.6	1.6	1.6	1.9
Central government finances (percent of GDP)							
Overall balance, incl. grants, payment order basis	-5.1	-5.3	-4.0	-3.0	-3.0	-3.0	-3.0
Primary basic balance 2/	-1.1	-2.1	-0.2	0.9	0.9	0.9	0.9
Gross debt	52.1	52.9	52.3	51.1	50.4	49.8	49.3
External sector (percent of GDP)							
Current account balance (including official transfers)	-3.8	-4.8	-4.6	-4.1	-3.9	-3.7	-3.6
Current account balance (excluding official transfers)	-4.2	-5.3	-5.0	-4.5	-4.2	-4.0	-3.9
Overall balance	3.3	0.9	0.6	0.7	0.6	0.8	0.8

Sources: Ivorian authorities; and IMF staff calculations.
1/ Only phase I of the recent oil and gas discovery is assumed.
2/ Defined as total revenue minus total expenditure, excluding all interest and foreign-financed investment expenditure.
3/ As of end-2021, when the 2022 budget was voted.

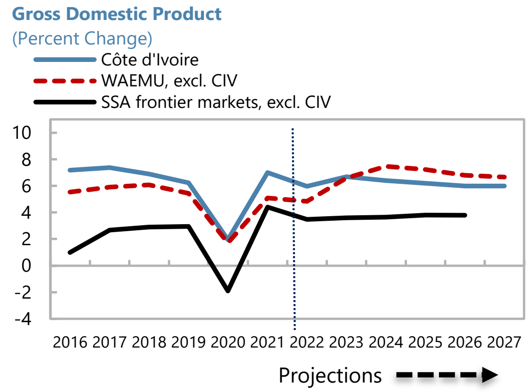
[1]The deterioration in the global environment is expected to lower growth by around ½ percentage point, on average, over 2022-23, compared to a pre-conflict scenario.

[2]Côte d'Ivoire is a net oil importer.

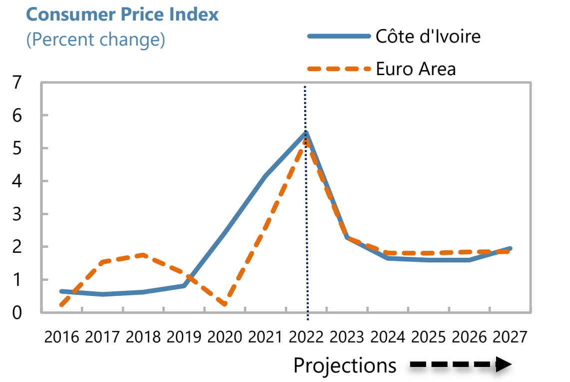
[3]Inflation projections under the baseline assume second round effects remain contained. See IMF Country Report No. 2022/067 for a discussion of monetary conditions in the WAEAMU.

Figure 2. Côte d'Ivoire: Medium Term Outlook, 2016–27

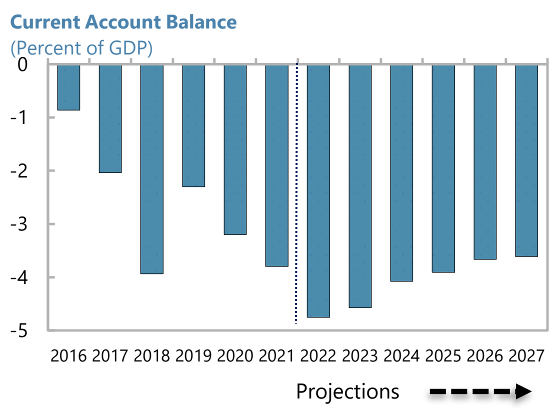
Growth would settle around 6 percent, which is above SSA frontier markets.



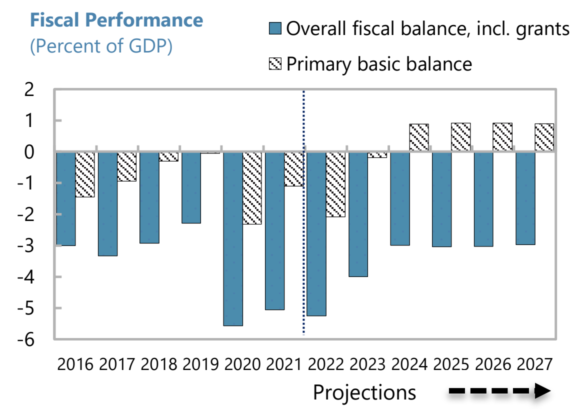
CPI Inflation would return to round 2 percent in 2023-24.



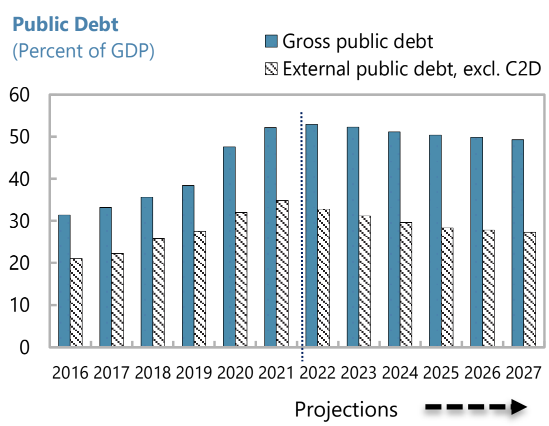
The CA deficit is expected to decline over the medium term as the terms-of-trade shock eases.



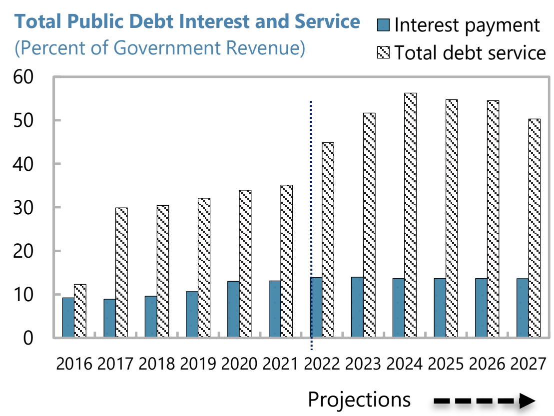
The fiscal deficit would converge to the WAEMU 3 percent target by 2024.



Debt would peak in 2022 and fall thereafter....



..... but debt service will remain elevated over the medium term.



Sources: Ivorian authorities; and IMF staff calculations.

12. The balance of risks is tilted to the downside, especially in the near term, and uncertainty remains high (Annex I).

- **The near term is dominated by negative external risks**. Escalating geopolitical tensions in Europe could lead to weaker external demand, higher and more volatile commodity prices, and bouts of volatility in financial markets, complicating access to international markets. New Covid-19 outbreaks remain a notable downside risk given low vaccination rates. Tighter global financial conditions would increase the cost of borrowing and debt vulnerabilities in Côte d'Ivoire. A worsening political situation in the Sahel region can negatively affect demand for Côte d'Ivoire exports and increase security spending pressures. A persistent increase in domestic inflation could lead to food insecurity and exacerbate poverty, while an abrupt rise in BCEAO policy rates could deteriorate private-sector balance sheets and public finances.

- **Some domestic factors represent salient medium-term upside risks**. Significant oil and gas reserves were discovered in 2021 and might support growth prospects in the medium term. The Italian company ENI estimates the possible additional reserves at 1.5 to 2.0 billion barrels of oil (compared to 8.8 million barrels extracted in 2021). The first phase of the project should start in 2023, although production would only increase significantly in the second phase which has not been confirmed yet (and could start in 2026).[4] Also a resolute implementation of the NDP reforms may attract more private investment and improve growth prospects in the near term.

Authorities' Views

13. The authorities viewed staff growth projections as too conservative, but concurred with the presence of external downside risks. They noted that growth momentum was strong at the beginning of this year and remained confident that the effect of the Covid pandemic was well under control. They also noted that the recent measures will help contain the negative effects from a worsened external context. They project growth at 6.9 percent in 2022 (slightly down from their estimate of 7.4 percent in 2021) and an average of 7.2 percent over 2023-27. This is underpinned by strong public and private investment on the back of the NDPs far reaching and comprehensive structural reforms.[5] The authorities shared the view that if external risks worsened, they could cloud the near-term outlook, including for food security. However, they also noted that medium-term growth is subject to considerable upside risk, including from investment related to substantial new oil and gas discoveries, which apart from phase I have not yet been included in their projections.

[4]Staff baseline projections only include phase I, which—together with investment delays in other fields—implies broadly unchanged extraction volumes over 2022-25 compared to the 2021 Article IV.

[5]The authorities' projections were updated before the end of March 2022. The difference between the authorities and staff growth projections over 2023-27 is mostly due to a larger contribution from investment (by more the 1 percentage point per year, on average).

POLICY DISCUSSIONS

14. The country needs to leverage on the solid macroeconomic framework to continue promoting economic development, social convergence, and the business environment. *Strengthening revenue mobilization and ensuring a transparent, temporary, and well-targeted response to the Ukraine war will safeguard fiscal sustainability. Creating conditions for sustainable and inclusive growth will require ensuring fiscal consolidation objectives, developing contingency plans to address increased risks, enhancing institutions and governance, and deepening the structural agenda.*

A. Safeguarding Fiscal Sustainability

15. Fiscal measures in response to the war in Ukraine should be transparent, temporary, and well-targeted. While the measures implemented can be effective in preserving the purchasing power of the population in the near term, they should remain temporary and be reassessed on a continuous basis to make them increasingly targeted and avoid market distortions. In particular, the costly fuel price measures are regressive and need to be gradually scaled back soon. If further support is needed, the authorities should replace these measures with temporary and well-targeted cash transfers to the most vulnerable.

16. This policy response to the war in Ukraine and other unanticipated spending pressures can be accommodated through a moderately higher deficit in 2022, thus implying a limited additional pressure on borrowing needs. Fiscal policy in 2022 would need to strike a delicate balance between accommodating the emergency measures—and other spending needs—versus limiting additional borrowing pressures and preserving debt sustainability in a difficult global financial market environment. Staff baseline projections envisage such a balance can be met with a 2022 fiscal deficit of about 5.3 percent of GDP, a ½ percent wider than in the 2022 budget (and what was projected in the last Article IV report). The fall in petrol revenues collected and the increase in petrol subsidies are estimated to amount to slightly over 1 percent of GDP. Other subsidies and transfers to contend with the fallout from the Ukraine war and the pandemic, as well as increased security spending, are expected to amount to about ½ percent of GDP. These pressures would be offset by other revenues being higher than projected in the 2022 budget (due to both buoyancy and the strong 2021 outturn). To contain the worsening of the deficit to ½ percent of GDP would also require compressing capital expenditure by about ½ percent of GDP compared to the 2022 budget. Staff consider feasible to finance the additional deficit, despite the more difficult international environment, notably via domestic financing.

17. Reaching the WAEMU deficit target of 3 percent by 2024 remains feasible and desirable. To the extent that the situation improves and measures to address the war in Ukraine and the pandemic are well-targeted and temporary, reaching the 3 percent fiscal deficit target in 2024 remains feasible. Such a consolidation path will over time allow to rebuild fiscal space to cope with future shocks, help to avoid unduly increasing debt servicing costs, and contain demand for

local market financing thus helping to sustain the reserves of the WAEMU region—key considerations for preserving market confidence and macroeconomic stability.

18. The authorities indicated that the deficit could reach 5.7 percent of GDP in 2022 and might converge to the WAEMU deficit target of 3 percent by 2025. The authorities revised projections envisage higher capital spending than staff by about ¾ percent of GDP in 2022 and over 1 percent of GDP in 2023-24. They expect the deficit to be higher than staff by about ½ to 1 percent of GDP a year over 2022-24, and to return to the 3 percent deficit target by 2025 instead of 2024. The authorities' fiscal plan relies on both higher revenues associated with the higher growth path assumptions and additional borrowing on the local market, compared to staff projections.

19. Côte d'Ivoire's risk of debt distress is expected to remain moderate but with limited space to absorb shocks (see DSA). Under staff projections, public debt increased from 47.6 to 52.1 percent of GDP over 2020-21 because of the authorities' swift fiscal response to the pandemic and the sharp economic slowdown. Under current plans, debt is projected to get on a downward path over the medium term, while remaining higher than pre-crisis projections. The exchange rate depreciation and (to a lesser extent) the reclassification of the BOAD loans from domestic to external bring the external debt service-to-revenue ratio close to the threshold in 2024 and 2025.

Authorities' Views

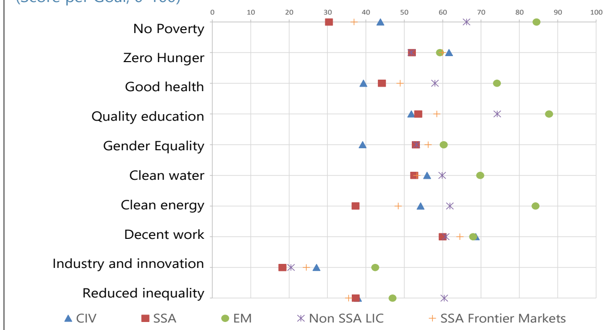
20. The authorities emphasized that measures introduced to cope with the effects of the war in Ukraine are temporary and targeted, and aim to safeguard macroeconomic and social stability, while a strong investment program is essential for their development goals. The authorities highlighted that the measures will support low-income segments of the population and preserve social cohesion. They emphasized that these measures, coupled with a strong investment program under the NDP, would imply larger deficits than envisaged by staff and thus require delaying convergence to the 3 percent fiscal target until 2025. While DSA external debt ratios are expected to remain below their respective thresholds, the authorities are aware that the external debt service to revenue ratio is close to the high risk of debt distress threshold and are monitoring closely the concessionality and sources of new borrowing to ensure the moderate risk of debt distress classification. They expressed discontent regarding what they saw as a sudden reclassification of the BOAD debt (issued in CFAF) from domestic to external debt, which they will discuss in a forthcoming WAEMU Council of Ministers.

B. Building Fiscal Space for Critical Spending and Resilience

21. Following the recent series of external crises, it has become even more essential to build fiscal space to finance critical spending and support inclusive growth while enhancing macroeconomic resilience. Beyond the pandemic and current global geopolitical events, the authorities will have to carefully prioritize resources to improve public service provisions to meet their Sustainable Development Goals (SDG). Despite recent progress, the country still scores low on poverty, health, inequality, and gender equality indicators. Reforms contained in the current NDP,

and the new social program (PSGouv2, Annex VI) should help sustain progress recently made in those areas, particularly under the previous social program (PSGouv1) but will require significant resources. At the same time, spending pressures are arising from the need to promote social convergence in the aftermath of the pandemic, to support security, and to enhance social and infrastructure services in underserved regions, highlighting the need to continue to strengthen revenue mobilization. Moreover, a lower ratio of debt service to revenues would also enhance capacity to borrow and hence macroeconomic resilience.

Sustainable Development Goals (Selected Indicators)
(Score per Goal, 0-100)



Sources: UN 2022; and IMF staff calculations.

22. The authorities made significant efforts to increase tax revenues in recent years, and results have been limited so far but the recent progress is encouraging. Several initiatives have expanded the tax base through strengthened tax administration and a strategic reform plan in line with the 2021 TADAT recommendations (Annex IV). An inventory of taxable land plots (started in 2019) helped raise property tax revenue by 12 percent in 2021. An electronic land register simplified traceability of real estate transactions, increasing revenue by about 0.1 percent of GDP over 2018-21. Other digitalization efforts mandated electronic tax declarations and payment. Côte d'Ivoire's tax revenue increased to 13.1 percent of GDP in 2021 from about 11.7 percent of GDP in the preceding nine years, but remains low by international standards.

23. Tax policy reforms should continue, leveraging on the recent gains. The still low level of taxation reflects tax exemptions—such as in agribusiness, construction, and transportation—as well as low levels of both direct and indirect taxation. Indeed, revenues remain mainly reliant on customs and include numerous tax exemptions, both in value added tax (VAT) and through the investment code, resulting in a complex system difficult to administer, which limits the tax base and disincentivizes formality. The complexity of the personal income tax (PIT) regime makes it inefficient, constrains the tax base, and reduces progressivity.

24. Once the ongoing global inflationary effects dissipate, eliminating VAT tax exemptions should be considered along with accelerating the removal of business tax exemptions and streamlining the personal income tax regime. Various pillars of reform can support higher domestic revenue mobilization over the medium term,[6] including:

- Eliminating VAT exemptions on sectors such as agribusiness, transportation, and construction, and streamlining reduced VAT rates on various goods while instead applying statutory VAT rates. If necessary, these could be replaced by a well-targeted system of cash transfers to the most vulnerable.

[6]See Selected Issues Paper *Côte d'Ivoire: Assessing the Scope for Domestic Revenue Mobilization*.

- Accelerating the elimination of existing discretionary exemptions to businesses and exemptions arising from the investment code. This would not only increase revenues but also help level the playing field.

- Redesigning and simplifying the PIT regime by adopting a simplified schedular system applied to wages, salaries, profits and income from mobile capital and real estate. Also, exemptions and credits such as the general deductions (*abattement forfaitaire)* and family allowance (*quotient familial)*, which unnecessarily complicate the tax system and reduce its progressivity and should be eliminated.

- Further modernizing tax and customs administration by consolidating a binding VAT threshold, while fully dematerializing customs clearance procedures, increasing compliance with electronic tax payments, and fully implementing a single taxpayer identification number.

25. Public financial management (PFM) should continue to be strengthened. Staff welcomed the annual reports on performance by all line ministries. Advancing on the implementation of budget reporting commitments by line ministries and full utilization of the dashboard and monitoring tools that have been put in place, would support enhancements in PFM. The ongoing implementation of the public procurement law passed in 2019, including to ensure higher levels of utilization of e-procurement procedures, will strengthen the public administration focus on medium-term objectives. Staff reiterated concerns on the use of exceptional procedures in procurement and highlighted the benefits of continuing efforts towards full transparency on procurement contracts, beneficiaries, and audits, for all procurement procedures and contracts, in line with the recommendations in the 2021 Staff Report for the 2021 Article IV Consultation (Annex II).

26. Communication should continue to be improved, also to garner stronger support for reforms. As fiscal reforms often entail important political economy obstacles, staff stressed the need for a strategy to generate broad based support from key stakeholders for domestic revenue mobilization reforms, relying also on clearly communicating the importance of such reforms for securing critical spending. Staff also noted the importance of releasing market information on domestic debt more regularly and timely.

Authorities' Views

27. The authorities agreed on the objective of continuing to increase domestic revenue mobilization. They emphasized that their strategy of relying on tax administration and digitalization will continue to deliver revenue gains, as was the case markedly in 2021. They noted that a special task force has been created at the level of the Office of the Prime Minister to review options for increasing fiscal revenues and they would welcome technical assistance from the IMF in this regard. They are already considering additional measures to broaden the tax base and rationalize tax expenditures. The authorities also pointed to recent communication campaigns on both the budget process and fiscal policy, along with establishment of a debt information portal, to support public consensus on the budget process and market development, respectively. They also

highlighted that the reduction in the size of the government that took office on April 20, 2022, was part of efforts to rationalize expenditure.

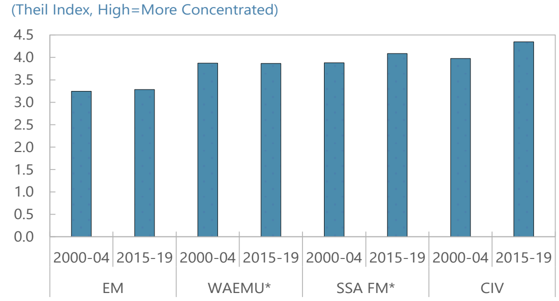
C. Transforming the Economy for Sustainable and Inclusive Growth

28. The authorities approved a new NDP in December 2021. The 2021-25 plan aims to deliver higher and more inclusive growth through faster economic and social transformation, underpinned by deepening industrialization, boosting human capital and productivity, and strengthening governance (Annex V). The authorities expect that the private sector will play a major role in the implementation of the NDP, and that private investment will increase by about 4 percentage points of GDP by 2025-26.

29. Côte d'Ivoire is well positioned to expand industrialization and diversify its exports, including by leveraging its comparative advantage in raw commodities.[7] The country's goods' export structure remains very concentrated in a few products. There is scope for continuing to move up the export value chain by processing key raw commodities, such as cocoa and cashew nuts, in which the country has a globally dominant production and export position.[8] Indeed, recent increases in the processing capacity of cashew are encouraging. There is also potential for producing and processing natural rubber and cotton. A policy environment that unlocks productivity and facilitates diversification into higher value-added agri-business industries, can boost growth, job creation, and inclusiveness.[9] Moreover, while the country's external position is assessed to be broadly in line with fundamentals (Annex III), diversifying its export base would also further enhance its resilience to external shocks and external sustainability.

Export Product Concentration

(Theil Index, High=More Concentrated)



Sources: COMTRADE; IMF WEO; and IMF staff calculations.
Note: Excludes oil exporters. *=excluding CIV.

30. Continuing to upgrade public infrastructure is key to fostering industrialization and increasing the value-added content of Côte d'Ivoire's exports:

- **The planned industrial zones can help easing bottlenecks for industrialization, and the private sector should play an important role in their development and management**. The NDP envisages revamping several industrial zones that would offer dedicated land for industrial

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[7]See Selected Issues Paper *Leveraging Natural Comparative Advantages to Diversify and Add Value to Côte d'Ivoire's Exports*.

[8]Côte d'Ivoire is a key supplier of the global chocolate value chain, accounting for about 40 percent of global cocoa bean exports. However, only about one-fourth of its cocoa-related exports in 2021 were accounted by ground subproducts with higher value added. The country is also the largest global exporter of cashew nuts, but only 14 percent of the production was processed in 2021.

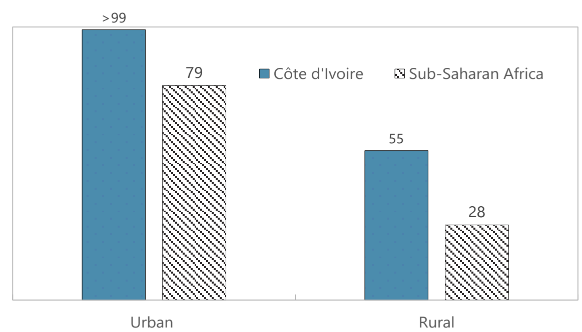
[9]Agri-business industries hire a larger share of unskilled workers than other industries (World Bank, 2018).

activity, with adequate connectivity to transport, electricity, and communication networks. They would also facilitate achieving economies of scale in certain industries[10] and promote a more even development of economic activity across the country. The private sector should play a key role in the process—subject to transparency and good governance practices—not only to preserve fiscal space, but also to ensure alignment between the supply of services with market needs. Fiscal incentives related to industrial zones should be constrained to what is established in the tax code, to ensure a level playing field across economic actors.

- **More effort will be needed to ease transport bottlenecks for exporters**. While the new terminal in the port of Abidjan and efforts to rehabilitate the road to San Pedro will remove key bottlenecks for exporters, the connectivity between the industrial zones and the ports, as well as the availability of suitable warehousing and transit backlogs remain a challenge. (World Bank 2022).

31. Continuing to ensure reliable access to electricity is also critical for industrialization prospects. Côte d'Ivoire significantly revamped its electricity sector over the past decade. Access to electricity is higher than that of peers and its production cost is among the lowest in West Africa (IFC, 2020).[11] However, the sector is vulnerable to supply shocks like in H12021, which resulted in electricity rationing to industrial plants. The authorities project electricity consumption will increase by close to 50 percent between 2022 and 2027 and expect that about 15 percent of demand will be accounted for by exports to neighbor countries. Ongoing and planned projects imply a commensurate increase in installed production capacity, with about ¼ already expected in 2022.[12] Attention should continue to be given to generating sufficient electricity buffers, especially in the context of rapidly rising electricity demand.

Electricity Access, 2020
(Percent of Population)



Sources: International Energy Agency; and IMF staff calculations.

32. Ongoing efforts to improve the business climate improvements should be further strengthened. Weaknesses in the regulatory framework and property rights protection, as well as uncertainty on the timing of government contract payables, remain key obstacles for the private sector and increase the risk of corruption. Recent significant progress in the digitalization of public services, as well as upgrading procurement and administrative procedures should help reduce

[10]For instance, the clustering of several cashew processing plants could provide sufficient scale to make the commercialization of certain byproducts economically viable, increasing the overall competitiveness of the sector.

[11]Côte d'Ivoire's entire production of natural gas is consumed domestically, almost entirely for electricity production. Most of the gas used by electricity plans is based on long-term contracts at a fixed price (in US dollars), isolating the sector from swings in global energy prices.

[12]About ½ of the additional capacity would be from thermal—natural gas—plants (entirely by private suppliers), and the rest from renewable sources (½ of which by private suppliers).

government payment arrears. The new system to uniquely identify firms should also reduce administrative burden but its implementation is still incomplete. Ongoing improvements in the cadaster will aid business creation and formalization, but more progress is needed to ensure clear property rights. Efforts to streamline bureaucracy are ongoing, including the establishment of a single-stop shop for international trade, which should facilitate export diversification and reduce the cost of border handling procedures (World Bank 2022). Strengthened communication is needed to inform the private sector of innovations and improvements affecting the business climate.

33. Efforts to continue to improve governance and fight corruption remain key to fostering trust and attracting private sector investment. The High Authority for Good Governance (HABG) has been strengthening its monitoring capacity of asset declarations from public officials, including through digitalization, and asset declaration cases recorded by HABG tripled in 2021. Asset declaration compliance was 79 percent at end-2021, though a framework for sanctions is needed along with efforts to enhance verification and public access to information on asset declarations. Activities of Covid-support funds are regularly published and have been subject to internal audits.[13] Moreover, audits of over 40 state-owned enterprises have resulted in leadership dismissals at some of those entities due to mismanagement. Staff encouraged the authorities to promptly finalize and adopt the national strategy to fight corruption while ensuring buy-in from key stakeholders.

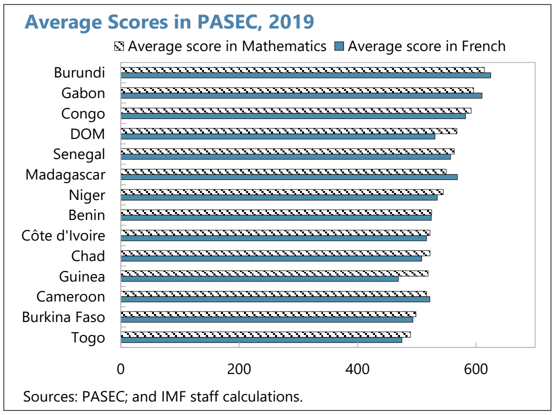
34. Efforts to enhance the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework should continue and prioritize key reforms in line with the ongoing Fund-led AML/CFT assessment. The national AML/CFT strategy for 2020-30 is being implemented, and preparations for the IMF-led AML/CFT assessment are underway. Staff advised the authorities to make significant progress on priority reforms including requirements to identify beneficial ownership of clients who are legal persons by financial institutions, reinforcing efforts to investigate and prosecute terrorism financing offenses and activities as well as implementing preventive measures in line with the country's evolving terrorism financing risk profile.

35. The authorities' new social program (PSGouv2) should support higher and more inclusive growth through improvements in human capital, access to health services, and female labor participation (Annex VI):

- While education attainment has increased in recent years, completion rates and education outcomes have lagged SSA peers, as evidenced by repetition rates and standardized tests (World Bank, 2018; IMF Country Report No. 21/171). Limited and unequal access to tertiary education remains a challenge, and school curricula are often not aligned with labor market demand, thus leading to skill mismatches. Plans to recruit teachers and improve infrastructure in rural areas (Annex VI) should improve student-teacher ratios, broaden the access to education, and promote inclusion. Anchoring teachers' appraisals to student performance and promoting continuous teacher training would also help boost the quality of education. Programs to

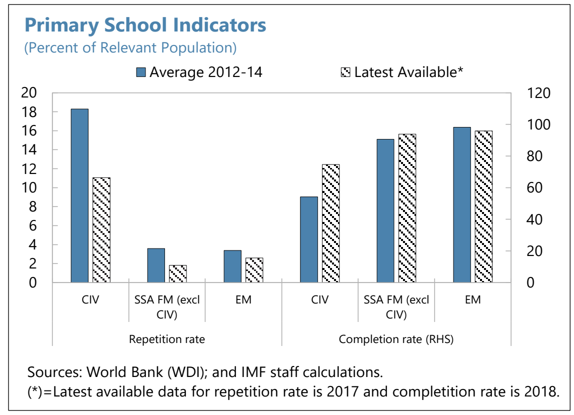
[13] Monthly activity reports of Covid-related emergency funds published on the funds' websites (www.fsge.gouv.ci; www.fspme.agencipme.ci; www.fss-covid19.com; www.fasi.ci).

enhance access to technical and vocational training, internship programs, and adult digital literacy training should help reduce labor market skills mismatches, and regular consultation with businesses is needed to ensure the educational programs are aligned with their needs.



Average Scores in PASEC, 2019

Sources: PASEC; and IMF staff calculations.

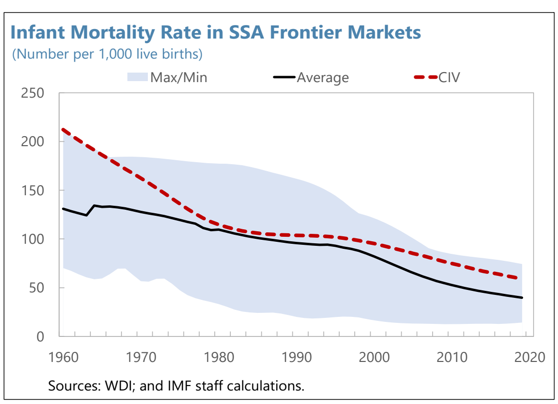


Primary School Indicators
(Percent of Relevant Population)

Sources: World Bank (WDI); and IMF staff calculations.
(*)=Latest available data for repetition rate is 2017 and completion rate is 2018.

- Ongoing efforts to enhance access to health care (via the additional construction of health centers and the exploratory development of telemedicine) and broaden formation of doctors and nurses are welcome. Despite the introduction of a universal health care system in 2014, limited access to health services—including due to high out of pocket costs for the most vulnerable— contributes to relatively poor health outcomes in Côte d'Ivoire, as evidenced by the still-high infant mortality rate. The authorities need to improve incentives and simplify requirements to boost the share of the population enrolled in the National Health Insurance Scheme, in line with targets in the PSGouv2.

- PSGouv2 initiatives to enhance women autonomy, including through programs to reduce school dropout and promote socioeconomic and professional inclusion of young women, are welcome. They should help increase female labor participation in Côte d'Ivoire, which is still low compared to peers, and reduce gender inequality.



Infant Mortality Rate in SSA Frontier Markets
(Number per 1,000 live births)

Sources: WDI; and IMF staff calculations.

Female Labor Force Participation, 2021
(Percent of Female Population Aged 15+)

Sources: World Bank; and International Labor Organization.

36. **Financial inclusion and SME access to finance are critical for private sector development but are impeded by structural constraints**. Credit to the private sector is still low, with SMEs particularly underserved, due to weak credit infrastructure and credit information systems, as well as regulatory and legal deficiencies (Box 1).

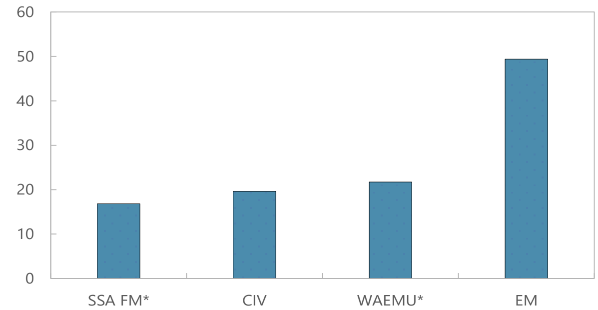
- Ongoing efforts to enhance the land registry and secure property rights should be pursued as they will increase the pool of eligible collateral and facilitate access to credit.

- To improve banks' risk assessment capacity, the authorities should ensure a comprehensive reporting of borrowers' liabilities to the credit information system (*Bureau d'Information sur le Crédit, BIC*), while addressing problems to uniquely identify clients, and enforce compliance regarding submission of accounting records to the corporate registry.

- Improving insolvency procedures to expedite the recovery of claims—including by increasing the number of judges specialized on business law and strengthening the regulation and supervision of trustees—is critical. It would help reducing NPLs (which can impair credit allocation), as well as incentivize banks to lend to more riskier borrowers, including SMEs.

Domestic Credit to Private Sector by Banks

(Percent of GDP, 2019)



Sources: WDI; and IMF staff calculations.
Note: *=Excluding CIV

- A recently created guarantee fund can help channel credit to SMEs (*Fonds de Garantie des Crédits aux PME*), but firms will need dedicated support to overcome qualifying requirements, while the parameters of the scheme—including eligibility and pricing—may need to be reassessed to ensure it is appealing to banks.

37. **Finalizing the restructuring of undercapitalized public banks should also improve the ability of the banking sector to support private sector development**. One of the three public banks (altogether accounting for 6.8 percent of assets, 0.7 percent of loans, and 8.2 percent of deposits of the banking system), that were in breach of capital requirements as of June 2021, reached the required solvency ratios by end-2021. The authorities should step up ongoing efforts to finalize the restructuring of the other two public banks (with overall capitalization needs estimated at 0.3 percent of GDP) as soon as possible, including by considering options for merging or privatizing these entities.

38. **Policies to boost agricultural productivity would allow to diversify primary production, strengthen food security, and reduce rural poverty in Côte d'Ivoire**. While agriculture accounts for about 20 percent of the Ivorian economy and employs more than half of its workforce, productivity is relatively low compared to peers and has remained stagnant in recent years (Figure 3).[14] However, productivity dispersion across producers points to significant potential

[14]Value added per worker in the primary sector is estimated to be 2.3, 3.5, and 4.6 times lower than in Nigeria, Tunisia, and South Africa, respectively (World Bank, 2019).

for improvement.[15] Several obstacles prevent faster agriculture productivity growth.[16] The consumption of fertilizers and the use of mechanization in Côte d'Ivoire are about half the average for SSA, while the proportion of land under irrigation is about one-sixth of the share in peer countries. Increasing productivity in export-oriented cash crops, such as cocoa and cotton, would allow farmers to diversify their production into other higher-value products (e.g., meat, dairy, fruits, and vegetables), increasing the level and resilience of rural incomes,[17] while raising productivity in staple crops would contain food insecurity risks, especially in the context of surging global food prices. Higher farming productivity would also facilitate the reallocation of labor across sectors and increase non-agricultural income for rural households, diversifying their overall income sources and increasing their resilience to sectoral shocks.[18] A key policy priority to improve agriculture productivity is it improve property and land tenure rights, which would improve the incentives for farmers to invest and ease their access to finance.[19] Improving access to basic education and specialized training in rural areas, as well as devoting more resources to agricultural research and development, which is low compared to peers, are also key to foster productivity growth.

39. Durable resilience to climate change requires addressing deforestation concerns, making policy room for investment in climate adaptation. Progress has been made in enhancing traceability of sustainable farming products (notably cocoa), but more efforts need to be made in anticipation of some countries' restrictions of imports of products associated with forest degradation and child labor. The authorities stated objective of shifting the energy matrix (from a 30 percent share for renewable energy in 2021 to 45 percent by 2030) is welcome and achievable, given the existing capacity and planned investment in hydro-electric power and other renewable sources. Their aim to reduce CO_2 emissions from 0.49 metric tonnes per capita (which is already very low by international standards) to 0.37 by 2025 is also commendable. Further planned reforms such as updating the environmental code, introducing an environmental tax mechanism, and implementing a carbon market would all be welcome. Moreover, the authorities aim to participate in various international climate adaptation and resilience funds is commendable and the organization of the COP15 on desertification in Abidjan in May 2022 underlines the authorities' commitment—including on their aim to utilize green-financing to combat deforestation.

40. Safeguards assessment. The BCEAO has implemented all recommendations provided in the 2018 safeguards assessment. The assessment found that the BCEAO had broadly appropriate governance arrangements and a robust control environment. In line with the safeguards policy's four-year cycle for regional central banks, an update assessment of the BCEAO is due in 2022.

[15] The net value of production for farmers in the 75th percentile is three to four times higher than for those in the 25th percentile (World Bank, 2018).

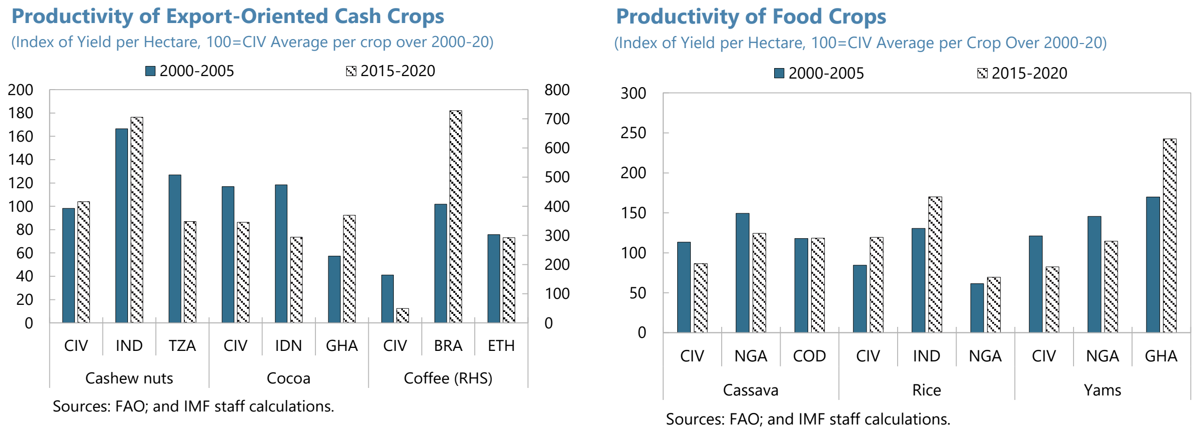
[16] See World Bank 2022 and references therein.

[17] About 40 percent of farmers only produce export-oriented cash crops.

[18] Only ¼ of Ivorian rural households combine agriculture and non-agriculture activities, against 60 percent in countries like Thailand and Vietnam (World Bank, 2019).

[19] See World Bank (2018). Indeed, about two-thirds of farmers do not have a land title and, among those who have, only one-third has an official document.

Figure 3. Productivity in Côte d'Ivoire's Agriculture Sector



Authorities' Views

41. **The authorities emphasized that their intention to sustain efforts on structural reforms, governance, and fighting corruption, will help unlock private-sector led growth**. They particularly emphasized that one of the principal pillars of Côte d'Ivoire new 2030 strategy involves an increasing role of the private sector in the development of key infrastructure, including in the provision of industrial zones, and to continue to buttress a level-playing field. They also underscored their commitment to continue to increase the value-added content of commodity exports, notably by setting up a cashew-processing research and training center while continuing to provide support for the ability of commodity processing plants to obtain international certifications. The authorities emphasized that the resilience of the electricity sector to supply shocks is critical for industrialization and noted that a new backup thermal plant and further reduction in distribution losses provide ample buffers. They concurred with staff that continuing to enhance property rights and tackling the remaining deficiencies in the credit information and the insolvency frameworks can help boost credit and further reduce NPL. However, they highlighted that the adoption of Basel III regulation should allow to resume the downward trend in NPL observed before the pandemic, while ongoing initiatives should improve the effectiveness of the BIC. The authorities emphasized the criticality of increasing agricultural productivity to reduce poverty and food security risks, and pointed to the recent decree securing forestry rights for farmers. They recognized the need to further improve education performance in a context of rapid increase in access. The authorities are confident that the initiatives within the PSGouv2 will contribute to improve the quality of basic education and enhance the employability of the most vulnerable, including youth and women. The authorities concurred on the importance of further improving governance and addressing climate adaptation and mitigation, as evidenced by hosting the 15th United Nations Conference to Combat Desertification (COP15) and launching the "Abidjan Legacy Program" (a land restoration program, which they expect will increase food production, create rural jobs for unemployed youth, and improve the wellbeing of rural women).

POST-FINANCING ASSESSMENT

42. Côte d'Ivoire's capacity to repay the Fund remains adequate overall and external debt is projected to stay on a downward trajectory. The debt risk and gross financing needs remain moderate.

A. Liquidity and Solvency Considerations

43. Côte d'Ivoire's market access remains sound. Although global financial conditions have tightened, market access is well maintained with reasonable borrowing costs. Meanwhile, the regional market conditions remain liquid, and sovereign yields have declined.[20]

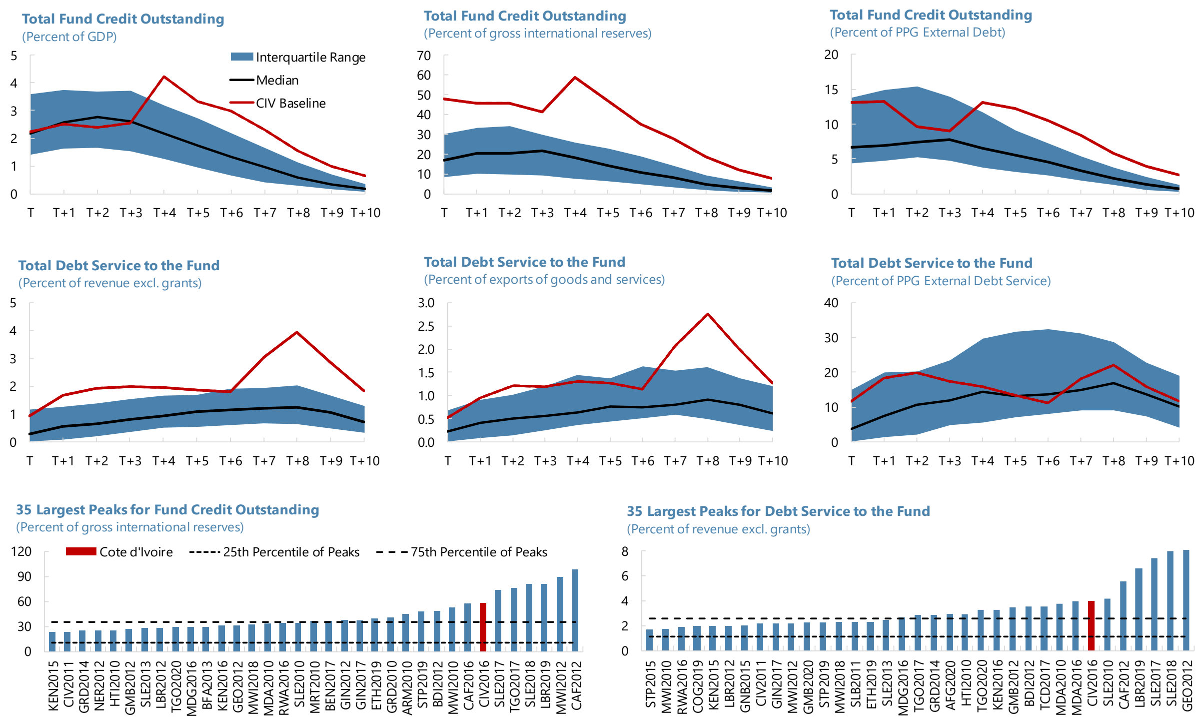
44. Côte d'Ivoire is projected to stay current on Fund obligations under the baseline. A metric-based approach and other traditional measures point to adequate WAEMU reserves. The Fund's exposure stands at 3 percent of GDP in 2022 and is projected to fall sharply below 1 percent by 2025 (Figure 4). Total debt service to the Fund would reach 1 percent of total exports (around 0.3 percent of GDP) in 2022 and peak at 2.8 percent of exports (0.6 percent of GDP) in 2024 before declining consistently. Market financing risk analysis suggests that the sovereign spreads have increased moderately from the last consultation, while gross financing needs (GFN) remains below the benchmark (see DSA).

45. Côte d'Ivoire's risk of debt distress remains moderate, but the capacity to absorb additional shocks is limited. The PV of public debt-to-GDP is expected to decline gradually from 49 in 2021 to 45 percent in 2032. Likewise, the PV of debt-to-revenue ratio would decline, while the debt service-to-revenue and grants ratio is projected to peak at 57.5 percent in 2024 and remain above 54 percent during the projection period. Going forward, a sustainable debt trajectory is predicated on disciplined fiscal policy, effective revenue mobilization, and active liability management.

46. While a feasible set of policies and interest rate trajectories should deliver sustainable debt dynamics in the baseline, the external debt service-to-revenue ratio is close to its threshold. Moreover, stress tests suggest the debt dynamics are most vulnerable to a shock to commodity prices. Under the standard DSA commodity prices stress test, the PV of public debt-to-GDP would breach its corresponding threshold of 55 percent starting in 2025 and would continue growing afterwards, pointing to the need to build resilience on greater competitiveness and economic diversification.

[20] West African Economic and Monetary Union—Staff Report on Common Policies for Member Countries, IMF Country Report No. 22/67

Figure 4. Côte d'Ivoire: Capacity to Repay Indicators Compared to UCT Arrangements for PRGT
(Percent)



Sources: Ivorian authorities; and IMF staff calculations.
Notes:
1) T = date of arrangement approval. PPG = public and publicly guaranteed.
2) Red lines/bars indicate the CtR indicator for the arrangement of interest.
3) The median, interquartile range, and comparator bars reflect all UCT arrangements (including blends) approved for PRGT countries between 2010 and 2020.
4) PRGT countries in the control group with multiple arrangements are entered as separate events in the database.
5) Periods T to T+5 reflect actual/realized data (and T+6 onwards projections) in the case of Cote d'Ivoire, since the year of arrangement approval was 2016.

B. Capacity to Repay Risks

47. Risks to capacity to repay the Fund mainly stem from the fiscal sector, as well as potential external shocks. Côte d'Ivoire's relatively high debt service-to-revenue ratio poses some risks, and the space to absorb shocks is limited.[21] The debt dynamics are vulnerable to several potential shocks (identified in the RAM), such as economic and political disruptions and higher volatility in commodity prices and financial markets, which could adversely affect external demand and access to international borrowing, thereby undermining the ability to repay the Fund.

48. Addressing risks to the capacity to repay the Fund requires sound policies. Progress is being made in strengthening tax administration and advancing tax policy reforms. Additional safeguards include active risk control and debt management, durable access to the international

[21]Comparison with peers suggests higher-than-average repayment pressures, particularly in 2023/24.

and regional bond markets, and the potential to benefit from additional financing from IFIs and other donors.

Authorities' Views

49. The authorities concurred with staff on this assessment. They indicated a strong commitment to honor the debt, which is backed by the adequate capacity to repay the Fund. The authorities have fully discussed in their budget statement risks to the public finance and the associated risk management strategy. They highlighted the importance of continuing domestic revenue mobilization, seeking concessional financing, control of exchange rate risk and active debt management.

STAFF APPRAISAL

50. A swift and well-designed policy response, underpinned by strong macroeconomic policies over the past decade, helped contain the economic cost of the Covid-19 pandemic, but the war in Ukraine has clouded the outlook. Growth is expected to slow to 6 percent this year amid worsening terms of trade, weaker external demand, and heightened uncertainty. Inflation is expected to increase further and reach 5.5 percent this year on the back of surging global food and oil prices, and the current account is projected to reach 4.8 percent of GDP. Near-term external risks are tilted to the downside, related to repercussions from the war in Ukraine, tighter global financial conditions, and political instability in the region, while newly discovered oil and gas reserves and swift implementation of the authorities' reform agenda could support medium term growth.

51. The fiscal outturn in 2021 illustrate the benefits of ongoing fiscal reforms. Revenue increased significantly in 2021, owing to tax administration reforms, including efforts to enhance digitalization. As a result, the 2021 fiscal deficit outturn, at 5.1 percent of GDP, was better than anticipated by ½ percent of GDP, despite the need for higher security spending.

52. Recent measures in response to the war in Ukraine will need to remain temporary and become increasingly targeted to the most vulnerable if the shock proves persistent. While the measures implemented can be effective in the near term, they should remain temporary. If the external environment deteriorates further, any newly introduced measures should be temporary, avoid creating market distortions, and better targeted towards the most vulnerable segments of the population.

53. While a moderately higher-than-budgeted deficit is warranted to accommodate the emergency measures, reaching the WAEMU deficit target of 3 percent in 2024 remains feasible. The authorities will need to strike the right balance between accommodating urgent spending pressures—to offset the effects from the war in Ukraine on the most vulnerable and maintain critical spending for security—and preserving fiscal space to cope with future shocks amid worsening prospects for external borrowing. To navigate this balance, the authorities may need to contain the ambitious public investment agenda.

54. **The debt sustainability analysis continues to point to a moderate risk of debt distress, but with very limited space to absorb future shocks**. Debt is expected to peak in 2022, on the back of three years of expansionary fiscal policy to contend with a persistent crisis environment. The debt-service to revenue ratio is close to the high-risk threshold in 2024 and 2025, highlighting the continued importance of accelerating advancement of domestic revenue mobilization efforts.

55. **Tax policy reform is critical to make room to finance priority spending and support inclusive growth**. Despite the recent improvements in tax administration and customs collection, tax revenue remains well-below the WAEMU tax revenue convergence target of 20 percent of GDP. Such a convergence would help finance government spending for investment, social convergence, and services in underserved regions. To that end, it will be essential to continue ongoing efforts to improve tax administration, as well as to rationalize tax exemptions—in both the VAT and business taxation—once the ongoing global inflationary pressures dissipate. Redesigning and simplifying the PIT regime would also improve its progressivity.

56. **The new social program of the government can continue improving human capital accumulation**. While the country made significant progress in broadening access to education over recent years, further efforts are needed to improve the quality of basic education and professional training systems, to ease skills mismatch in the labor market. Despite notable progress, ensuring equitable access to health care remains a priority. Additional measures are needed to accelerate enrollment in the National Health Insurance Scheme.

57. **Sustaining efforts to improve the business climate, strengthen public services, and tackle climate change challenges are key to boost inclusive and sustainable growth**. The authorities need to accelerate reforms to tackle infrastructure bottlenecks, regulatory framework deficiencies, enhance the protection of land tenure and property rights, and streamline bureaucracy. A swift implementation of the 2021-25 NDP reforms would help, and a strong involvement of the private sector is key to ensure efforts are focused where they are needed the most, as well as to contain fiscal costs. The authorities are committed to adopting sound climate adaptation and mitigation policies, including on sustainable farming and forest preservation.

58. **Deepening financial inclusion and access to finance remain crucial for unlocking the private sector's potential**. Tackling deficiencies in insolvency procedures and the credit infrastructure should improve the banks' ability to screen risk and boost access to credit, especially for SMEs, as well as contribute towards reducing the still-high level of NPL. A prompt restructuring of undercapitalized public banks would also improve the capacity of the banking sector to support growth.

59. **Further improvements in governance and the fight against corruption will also contribute to attract private investment**. Key priorities include strengthening the asset declaration scheme for public officials, notably by setting a sanctions framework and enhancing public access to information on asset declarations. Finalizing and adopting the national strategy to fight corruption and enhancing the AML/CFT framework are also important.

60. Côte d'Ivoire maintains an adequate capacity to repay the Fund. Increased market confidence as evidenced by ratings upgrades and generally contained debt risk, along with tax revenue improvements, all point to the country's capacity to repay debt. It is, however, important to advance reforms to strengthen regional financial markets and rebuild fiscal buffers through enhanced domestic revenue mobilization to insure further resilience in the face of an increasingly uncertain external environment.

61. Data provision is broadly adequate for surveillance, but dissemination should be enhanced. Efforts to align the methodology of quarterly and annual national accounts data and to improve the timeliness of their publication should be stepped up.

62. Staff recommends that the next Article IV consultation for Cote d'Ivoire be held on the standard 12-month cycle.

Box 1. Bottlenecks for Access to Credit by Small and Medium Enterprises

Access to credit, especially by poor for small and medium enterprises (SMEs), remains a key obstacle to Côte d'Ivoire' development. Domestic credit to the private sector, at around 20 percent of GDP, is comparable to levels prevailing in SSA peers, but much lower than in emerging market economies. Banks are particularly reluctant to lend to SMEs as obtaining effective guarantees and reliable information on their financial situation is perceived to be more difficult. As a result, bank lending to SMEs accounts for less than 20 percent of total credit to businesses—and, when they do borrow, they pay high interest rates (about 15 percent, compared to an average of 5.3 percent at end-2021).

The credit infrastructure remains a key obstacle for broader access to financing. The digitalization of the land and the corporate registry (*Registre du Commerce et du Crédit Mobilier*, RCCM) have not been fully implemented. Weaknesses in the land registry, notably in terms of partial or delayed updates and absence of formal ownership, are particularly detrimental for SMEs' ability to offer collateral for bank lending. SMEs in the formal sector do not always comply with obligations to submit accounting records to the RCCM on a regular basis, limiting its relevance.

Available credit reports do not allow banks to properly assess risks, especially when lending to SMEs. The WAEMU's credit bureau (*Bureau d'Information sur le Crédit*, BIC) collects information on credit and payment history of individuals and legal entities from banks, public sources, and large billers (e.g., utility companies) since 2016. However, the data quality is subject to important weaknesses. First, the data submitted by financial institutions is not comprehensive enough nor updated at a regular frequency, including on changes in loan conditions. Second, the system lacks consistent identification of clients due to the use of homonyms, the small share of the population with national identification document, and lack of access to the identification system by banks. Third, financial institutions need to obtain the prior consent of the borrower to submit their information to the BIC, often resulting in an incomplete record of borrowers' outstanding debts. However, the authorities' planned information campaign to ensure the public is conscious of the advantages of providing consent should help improve coverage. In addition, the supply of products provided by the BIC is relatively narrow, mostly consisting of solvency report of individuals, due to limited reporting of corporate credit data by financial institutions.

Deficiencies of the regulatory environment and the judicial system affect the recovery of claims, dissuading banks from lending to more riskier borrowers. Judges are often inadequately trained in business and insolvency law, resulting in the failure to appropriately apply legal rules. In practice, legal (and even mandatory) deadlines are postponed or ignored, sometimes solely for dilatory purposes. The implementation of collective procedures is deemed ineffective, so banks rely more on individual negotiations, which can be less efficient. Moreover, although Côte d'Ivoire has a specific national regulation regarding the statute of trustees, who are key to the proper operation of the insolvency system, they are poorly trained, regulated, and supervised, and their incentives are not necessarily aligned with a swift resolution of collective procedures.

Limitations to competition from non-traditional players affect financial intermediation. The concentration of Côte d'Ivoire's banking sector is not deemed excessive. However, the financial sector remains dominated by banks, despite changes in digital technologies that have encouraged financial innovation and the emergence of non-bank participants. While the entry of non-traditional participants has widened access to financial services, particularly for traditionally underserved segments, new entrants not always have equitable access to the credit infrastructure (e.g., to the BIC), and the regulatory framework has yet to catch up (e.g., by developing regulations for financial technology—fintech—companies).

Table 1. Côte d'Ivoire: Selected Economic Indicators, 2019–27

Population (2020): 27 million
Per capita GDP (2020): 2,279 USD
Share of population below the poverty line (2015): 44.4%

Gini Index (2015): 41.5
Life Expectancy (years): 58
Literacy rate: 47.2%

	2019	2020	2021	2022	2023	2024	2025	2026	2027
			Est.	Projections					
	(Annual percentage changes, unless otherwise indicated)								
National income									
GDP at constant prices	6.2	2.0	7.0	6.0	6.7	6.4	6.2	6.0	6.0
GDP deflator	0.2	1.0	2.8	3.8	1.8	1.4	1.3	1.2	1.5
Consumer price index (annual average)	0.8	2.4	4.2	5.5	2.3	1.6	1.6	1.6	1.9
External sector (on the basis of CFA francs)									
Exports of goods, f.o.b., at current prices	11.8	-2.9	15.3	8.8	3.3	8.2	6.9	7.0	7.7
Imports of goods, f.o.b., at current prices	2.9	-1.5	22.5	14.1	1.5	4.8	5.6	6.1	7.4
Export volume	16.7	-1.9	6.2	-5.9	7.4	11.6	7.3	7.2	7.2
Import volume	-1.8	10.5	2.5	-5.6	4.5	7.6	5.9	6.7	7.3
Terms of trade (deterioration –)	-8.7	5.3	-6.6	-7.6	1.4	0.1	0.4	0.4	0.3
Nominal effective exchange rate	0.0	5.3	1.9	...	...	...	...	...	...
Real effective exchange rate (depreciation –)	-3.9	5.1	1.9	...	...	...	...	...	...
Central government operations									
Total revenue and grants	8.3	2.5	16.1	2.6	11.8	11.0	6.9	7.0	7.4
Total expenditure	4.1	22.1	11.7	5.4	4.1	4.7	7.3	6.9	7.1
	(Changes in percent of beginning-of-period broad money unless otherwise indicated)								
Money and credit									
Money and quasi-money (M2)	11.0	21.4	17.7	10.4	...	...	...	...	...
Net foreign assets	4.5	5.6	7.3	2.5	...	...	...	...	...
Net domestic assets	6.5	15.8	10.4	7.9	...	...	...	...	...
Of which: government	4.6	9.8	5.1	6.3	...	...	...	...	...
private sector	4.1	6.0	7.3	2.5	...	...	...	...	...
Credit to the economy (percent)	6.1	9.2	12.6	4.5	...	...	...	...	...
	(Percent of GDP unless otherwise indicated)								
Central government operations									
Total revenue and grants	15.0	15.0	15.8	14.7	15.2	15.6	15.5	15.5	15.4
Total revenue	14.2	14.4	15.3	14.2	14.7	15.2	15.2	15.2	15.1
Total expenditure	17.3	20.5	20.9	20.0	19.2	18.6	18.6	18.5	18.4
Overall balance, incl. grants, payment order basis	-2.3	-5.6	-5.1	-5.3	-4.0	-3.0	-3.0	-3.0	-3.0
Primary basic balance [1/]	-0.1	-2.3	-1.1	-2.1	-0.2	0.9	0.9	0.9	0.9
Investment and Savings									
Gross investment	20.1	22.1	24.5	26.1	25.7	26.2	26.7	27.1	27.5
Of which: Central government	5.5	6.7	6.9	7.3	6.9	6.9	6.9	6.9	6.9
Gross national saving	17.4	19.1	20.8	21.3	21.2	22.1	22.8	23.4	23.9
Of which: Central government	2.1	-0.1	0.5	0.7	1.6	2.6	2.5	2.6	2.6
External sector balance									
Current account balance (including official transfers)	-2.3	-3.2	-3.8	-4.8	-4.6	-4.1	-3.9	-3.7	-3.6
Current account balance (excluding official transfers)	-3.1	-3.8	-4.2	-5.3	-5.0	-4.5	-4.2	-4.0	-3.9
Overall balance	2.1	2.2	3.2	0.9	0.6	0.7	0.6	0.8	0.8
Public sector debt [2/]									
Central government debt, gross	38.4	47.6	52.1	52.9	52.3	51.1	50.3	49.8	49.3
External debt	25.5	30.5	31.6	31.4	30.3	29.4	28.5	28.2	27.9
External debt-service due (CFAF billions)	326.5	624.3	827.3	969.4	1,142.5	1,361.2	1,457.5	1,360.3	1,344.2
Percent of exports of goods and services	2.4	2.5	3.0	3.5	3.8	4.1	4.0	3.4	3.2
Percent of government revenue	11.4	12.3	13.9	16.0	16.7	17.9	17.8	15.6	14.3
Memorandum items:									
Nominal GDP (CFAF billions)	34,298.9	35,311.4	38,841.1	42,699.4	46,357.6	50,015.0	53,806.4	57,719.2	62,100.1
Nominal exchange rate (CFAF/US$, period average)	585.9	574.8	554.2	...	...	...	...	...	...
Nominal GDP at market prices (US$ billions)	58.5	61.4	70.1	72.5	79.9	87.4	94.9	102.4	110.2
Population (million)	26.3	27.0	27.7	28.4	29.1	29.9	30.6	31.4	32.3
Nominal GDP per capita (CFAF thousands)	1,305.4	1,309.9	1,404.3	1,504.7	1,592.2	1,674.3	1,755.5	1,835.5	1,924.8
Nominal GDP per capita (US$)	2,228.0	2,279.0	2,533.7	2,556.4	2,743.7	2,924.6	3,095.1	3,257.6	3,416.0
Real GDP per capita growth (percent)	3.5	-0.6	4.3	3.3	4.0	3.7	3.5	3.3	3.3

Sources: Ivorian authorities, World Bank, and IMF staff estimates and projections.
1/ Defined as total revenue minus total expenditure, excluding all interest and foreign-financed investment expenditure.
2/ Does not include debt guarantees.

Table 2a. Côte d'Ivoire: Balance of Payments, 2019–27
(Billions of CFA Francs; unless otherwise indicated)

	2019	2020	2021	2022	2023	2024	2025	2026	2027
			Est.	Projections					
Current account	-790	-1,134.7	-1,463.8	-2,030.0	-2,119.8	-2,036.9	-2,098.1	-2,108.4	-2,237.5
Current account excl. grants	-1,065	-1,328.0	-1,648.4	-2,260.7	-2,325.8	-2,251.6	-2,277.7	-2,293.4	-2,434.7
Trade balance	1,846	1,714.0	1,585.2	1,364.6	1,550.3	1,942.1	2,176.6	2,406.5	2,616.8
Exports, f.o.b.	7,399	7,184.4	8,285.4	9,010.6	9,308.0	10,071.2	10,761.6	11,515.1	12,399.5
Of which: cocoa	2,900	2,971.3	3,114.2	3,181.9	2,924.5	2,968.4	2,990.1	3,103.9	3,234.5
Of which: crude oil and refined oil products	1,202	671.7	911.4	1,087.0	1,119.3	1,182.4	1,150.9	1,121.1	1,101.9
Imports, f.o.b.	5,553	5,470.4	6,700.1	7,646.0	7,757.8	8,129.2	8,585.0	9,108.6	9,782.7
Of which: crude oil and refined oil products	1,320	1,266.8	1,280.0	2,028.5	1,809.8	1,694.0	1,753.3	1,845.2	1,970.8
Services (net)	-1,313	-1,385.5	-1,553.6	-1,686.6	-1,831.1	-2,000.6	-2,152.3	-2,308.8	-2,484.0
Primary Income (net)	-986	-1,061.2	-1,087.6	-1,195.6	-1,282.6	-1,378.2	-1,476.7	-1,571.3	-1,687.2
Of which: interest on public debt	-300	-416.1	-434.5	-446.7	-470.6	-500.9	-532.3	-557.2	-596.2
Secondary Income (net)	-338	-402.0	-407.8	-512.4	-556.3	-600.2	-645.7	-634.9	-683.1
General Government	94	22.5	92.3	148.3	119.0	100.2	66.2	72.3	56.3
Other Sectors	-432	-424.6	-500.2	-660.6	-675.3	-700.4	-711.9	-707.2	-739.4
Capital and financial account	1,483	1,942.2	2,708.6	2,401.8	2,392.5	2,375.6	2,433.5	2,551.0	2,761.6
Capital account	105	100.2	92.3	82.4	87.0	114.5	113.4	112.7	140.9
Financial account (excl. exceptionnal financing)	1,378	1,842.0	2,616.3	2,319.4	2,305.5	2,261.1	2,320.0	2,438.3	2,620.7
Foreign direct investment	433	409.0	427.3	448.3	556.3	600.2	645.7	750.3	838.4
Portfolio investment, net	-173	279.5	567.6	599.1	579.3	503.9	421.7	430.0	425.1
Acquisition of financial assets	-198	-310.0	-27.7	20.6	2.7	2.9	3.2	3.4	3.6
Incurrence of liabilities	25	589.5	595.3	578.5	576.6	501.0	418.5	426.7	421.5
Of which: Eurobonds	1,411	309.1	608.4	595.0	595.0	595.0	595.0	595.0	595.0
Other investment, net	1,118	1,154.1	1,622.2	1,272.0	1,169.9	1,157.0	1,252.7	1,257.9	1,357.3
Official, net	885	1,413.9	1,199.3	458.0	465.3	524.8	553.6	673.1	741.5
Project loans	416	612.0	802.4	663.6	933.5	1,004.9	1,079.8	1,156.5	1,182.1
Central government amortization due	-1,189	-267.2	-330.0	-429.1	-482.8	-571.4	-700.7	-650.1	-612.4
Net acquisition of financial assets	0	0.0	-12.2	-13.0	-12.8	-12.6	-12.5	-12.4	-12.4
Nonofficial, net	237	-402.2	422.9	814.0	704.6	632.2	699.1	584.8	615.8
Errors and omissions	14	-40	0	0	0	0	0	0	0
Overall balance	706	767	1,245	372	273	339	335	443	524
Financing	-706	-767	-1,245	-372	-273	-339	-335	-443	-524
Reserve assets, includes reserve position in the Fund	-695	-777	-1,229	-372	-273	-339	-335	-443	-524
Operations account	-765	-1,369	-1,128	-268	-64	-31	-100	-285	-384
IMF (net)	70	592	-102	-104	-209	-308	-235	-158	-140
Disbursements	155	720	...	...	...	...	...	...	...
Repayments	-85	-89	-102	-104	-209	-308	-235	-158	-140
Statistical discrepancy	-11	10	-15	0	0	0	0	0	0
Memorandum items:									
Overall balance (percent of GDP)	2.1	2.2	3.2	0.9	0.6	0.7	0.6	0.8	0.8
Current account inc. grants (percent of GDP)	-2.3	-3.2	-3.8	-4.8	-4.6	-4.1	-3.9	-3.7	-3.6
Current account exc. grants (percent of GDP)	-3.1	-3.8	-4.2	-5.3	-5.0	-4.5	-4.2	-4.0	-3.9
Trade balance (percent of GDP)	5.4	4.9	4.1	3.2	3.3	3.9	4.0	4.2	4.2
WAEMU gross official reserves (billions of US$)	17.5	21.8	...	...	...	...	...	...	...
(percent of broad money)	34.1	...	...	...	...	...	...	...	...
(months of WAEMU imports of GNFS)	5.6	5.5	...	...	...	...	...	...	...
Nominal GDP (billions of CFA francs)	34298.9	35,311.4	38,841.1	42,699.4	46,357.6	50,015.0	53,806.4	57,719.2	62,100.1
Exchange rate (CFAF/US$) average	583.9	539.0	...	...	...	...	...	...	...
Exchange rate (CFAF/US$) end-of-period	585.9	574.8	...	...	...	...	...	...	...

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

Table 2b. Côte d'Ivoire: Balance of Payments, 2020–27

(Percent of GDP; unless otherwise indicated)

	2020	2021	2022	2023	2024	2025	2026	2027
		Est.	Projections					
Current account	-3.2	-3.8	-4.8	-4.6	-4.1	-3.9	-3.7	-3.6
Current account excl. grants	-3.8	-4.2	-5.3	-5.0	-4.5	-4.2	-4.0	-3.9
Trade balance	4.9	4.1	3.2	3.3	3.9	4.0	4.2	4.2
Exports, f.o.b.	20.3	21.3	21.1	20.1	20.1	20.0	20.0	20.0
Of which: cocoa	8.4	8.0	7.5	6.3	5.9	5.6	5.4	5.2
Of which: crude oil and refined oil products	1.9	2.3	2.5	2.4	2.4	2.1	1.9	1.8
Imports, f.o.b.	15.5	17.3	17.9	16.7	16.3	16.0	15.8	15.8
Of which: crude oil and refined oil products	3.6	3.3	4.8	3.9	3.4	3.3	3.2	3.2
Services (net)	-3.9	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0
Primary Income (net)	-3.0	-2.8	-2.8	-2.8	-2.8	-2.7	-2.7	-2.7
Of which: interest on public debt	-1.2	-1.1	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0
Secondary Income (net)	-1.1	-1.1	-1.2	-1.2	-1.2	-1.2	-1.1	-1.1
General Government	0.1	0.2	0.3	0.3	0.2	0.1	0.1	0.1
Other Sectors	-1.2	-1.3	-1.5	-1.5	-1.4	-1.3	-1.2	-1.2
Capital and financial account	5.5	7.0	5.6	5.2	4.7	4.5	4.4	4.4
Capital account	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Financial account (excl. exceptionnal financing)	5.2	6.7	5.4	5.0	4.5	4.3	4.2	4.2
Foreign direct investment	1.2	1.1	1.1	1.2	1.2	1.2	1.3	1.4
Portfolio investment, net	0.8	1.5	1.4	1.2	1.0	0.8	0.7	0.7
Acquisition of financial assets	-0.9	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Incurrence of liabilities	1.7	1.5	1.4	1.2	1.0	0.8	0.7	0.7
Of which: Eurobonds	0.9	1.6	1.4	1.3	1.2	1.1	1.0	1.0
Other investment, net	3.3	4.2	3.0	2.5	2.3	2.3	2.2	2.2
Official, net	4.0	3.1	1.1	1.0	1.0	1.0	1.2	1.2
Project loans	1.7	2.1	1.6	2.0	2.0	2.0	2.0	1.9
Central government amortization due	-0.8	-0.8	-1.0	-1.0	-1.1	-1.3	-1.1	-1.0
Net acquisition of financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonofficial, net	-1.1	1.1	1.9	1.5	1.3	1.3	1.0	1.0
Errors and omissions	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	2.2	3.2	0.9	0.6	0.7	0.6	0.8	0.8
Financing	-2.2	-3.2	-0.9	-0.6	-0.7	-0.6	-0.8	-0.8
Reserve assets, includes reserve position in the Fund	-2.2	-3.2	-0.9	-0.6	-0.7	-0.6	-0.8	-0.8
Operations account	-3.9	-2.9	-0.6	-0.1	-0.1	-0.2	-0.5	-0.6
IMF (net)	1.7	-0.3	-0.2	-0.5	-0.6	-0.4	-0.3	-0.2
Disbursements	2.0	...	...	...	...	...	...	...
Repayments	-0.3	-0.3	-0.2	-0.5	-0.6	-0.4	-0.3	-0.2
Statistical discrepancy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:								
Overall balance (percent of GDP)	2.2	3.2	0.9	0.6	0.7	0.6	0.8	0.8
Current account inc. grants (percent of GDP)	-3.2	-3.8	-4.8	-4.6	-4.1	-3.9	-3.7	-3.6
Current account exc. grants (percent of GDP)	-3.8	-4.2	-5.3	-5.0	-4.5	-4.2	-4.0	-3.9
Trade balance (percent of GDP)	4.9	4.1	3.2	3.3	3.9	4.0	4.2	4.2
WAEMU gross official reserves (billions of US$)	21.8	...	...	...	...	...	...	...
(percent of broad money)	...	...	...	...	...	...	...	...
(months of WAEMU imports of GNFS)	5.5	...	...	...	...	...	...	...
Nominal GDP (billions of CFA francs)	35,311.4	38,841.1	42,699.4	46,357.6	50,015.0	53,806.4	57,719.2	62,100.1
Exchange rate (CFAF/US$) average	539.0	...	...	...	...	...	...	...
Exchange rate (CFAF/US$) end-of-period	574.8	...	...	...	...	...	...	...

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

Table 3a. Côte d'Ivoire: Fiscal Operations of the Central Government, 2019–27

(Billions of CFA Francs; unless otherwise indicated)

	2019	2020	2021	2022	2023	2024	2025	2026	2027
			Est.			Projections			
Total revenue and grants	5,158.5	5,289.2	6,140.2	6,297.2	7,037.5	7,809.4	8,348.3	8,930.1	9,591.7
Total revenue	4,883.6	5,095.9	5,955.6	6,066.6	6,831.5	7,594.7	8,168.7	8,745.1	9,394.5
Tax revenue	4,205.4	4,356.1	5,096.0	5,239.3	5,933.4	6,622.1	7,121.2	7,621.4	8,182.3
Non-earmarked taxes	3,972.3	4,149.2	4,887.0	4,965.6	5,636.7	6,302.0	6,776.9	7,252.0	7,784.8
Direct taxes	1,139.7	1,184.9	1,401.8	1,494.5	1,631.8	1,775.5	1,909.1	2,047.9	2,203.3
Indirect taxes	2,832.6	2,964.3	3,485.2	3,471.2	4,005.0	4,526.5	4,867.8	5,204.1	5,581.5
Earmarked taxes	233.1	206.9	209.0	273.7	296.7	320.1	344.4	369.4	397.4
Nontax revenue	678.2	739.9	859.6	827.2	898.1	972.6	1,047.5	1,123.7	1,212.2
Grants, of which	274.9	193.3	184.6	230.7	206.0	214.7	179.6	185.0	197.2
Project grants	107.4	101.4	92.3	82.4	87.0	114.5	113.4	112.7	140.9
Total expenditure	5,943.8	7,255.1	8,102.0	8,539.5	8,889.0	9,305.6	9,981.4	10,674.8	11,432.7
Current expenditure	4,444.6	5,340.6	5,930.2	5,998.9	6,312.5	6,515.3	6,991.4	7,427.9	7,975.7
Wages and salaries	1,703.0	1,828.1	1,859.6	1,957.8	2,097.3	2,190.0	2,367.5	2,539.6	2,732.4
Social security benefits	331.4	353.0	371.3	409.9	482.1	500.1	538.1	548.3	614.8
Subsidies and other current transfers	431.1	666.4	906.8	858.1	702.6	650.2	699.5	750.3	801.1
Other current expenditure	1,170.3	1,440.8	1,548.4	1,503.0	1,641.1	1,700.5	1,818.7	1,922.0	2,049.3
Expenditure corresponding to eamarked taxes	233.1	206.9	209.0	273.7	296.7	320.1	344.4	369.4	397.4
Security and elections-related expenditure	54.7	181.7	250.4	155.0	140.0	115.0	110.0	110.0	110.0
Interest due	521.0	663.8	784.5	841.4	952.7	1,039.3	1,113.4	1,188.1	1,270.7
On domestic debt	221.7	273.6	329.6	396.7	485.3	540.7	582.9	631.9	675.6
On external debt	299.3	390.3	455.0	444.7	467.4	498.6	530.4	556.2	595.1
Capital expenditure	1,499.2	1,914.4	2,171.9	2,540.6	2,576.4	2,790.3	2,989.9	3,246.8	3,457.0
Domestically financed	977.3	1,239.1	1,239.5	1,797.6	1,562.2	1,675.5	1,800.4	1,979.8	2,136.2
Foreign-financed, of which	521.9	675.3	932.4	743.0	1,014.2	1,114.8	1,189.6	1,267.1	1,320.8
Foreign loan-financed	414.5	573.9	840.1	660.6	927.2	1,000.3	1,076.1	1,154.4	1,179.9
Primary basic balance	-17.3	-820.0	-429.5	-888.6	-90.5	443.2	490.3	525.5	553.3
Overall balance, including grants	-785.3	-1,965.9	-1,961.8	-2,242.3	-1,851.4	-1,496.2	-1,633.0	-1,744.7	-1,841.0
Overall balance, excluding grants	-1,060.2	-2,159.1	-2,146.4	-2,472.9	-2,057.5	-1,710.9	-1,812.6	-1,929.7	-2,038.2
Change in float (excl. on debt service)	106.2	75.9	-11.3	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-679.1	-1,889.9	-1,973.1	-2,242.3	-1,851.4	-1,496.2	-1,633.0	-1,744.7	-1,841.0
Financing	679.1	1,889.9	1,973.1	2,242.3	1,851.4	1,496.2	1,633.0	1,744.7	1,841.0
Domestic financing	144.4	671.7	659.4	1,155.1	758.9	419.7	610.2	594.2	627.4
Bank financing (net)	220.4	1,017.1	709.1	1,031.7	661.7	345.0	523.9	517.5	552.7
Nonbank financing (net)	-76.0	-345.4	-49.7	123.4	97.1	74.6	86.3	76.7	74.7
External financing	546.0	1,209.0	1,329.8	1,087.2	1,092.6	1,076.5	1,022.8	1,150.5	1,213.6
Statistical discrepancy	-11.3	9.2	-16.1	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:									
Nominal GDP	34,298.9	35,311.4	38,841.1	42,699.4	46,357.6	50,015.0	53,806.4	57,719.2	62,100.1
External debt (central government)	8,733.8	10,560.9	12,755.2	13,445.5	14,095.4	14,630.9	15,215.3	16,041.2	16,952.1

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

Table 3b. Côte d'Ivoire: Fiscal Operations of the Central Government, 2019–27
(Percent of GDP; unless otherwise indicated)

	2019	2020	2021	2022	2023	2024	2025	2026	2027
			Est.			Projections			
Total revenue and grants	15.0	15.0	15.8	14.7	15.2	15.6	15.5	15.5	15.4
Total revenue	14.2	14.4	15.3	14.2	14.7	15.2	15.2	15.2	15.1
Tax revenue	12.3	12.3	13.1	12.3	12.8	13.2	13.2	13.2	13.2
Non-earmarked taxes	11.6	11.8	12.6	11.6	12.2	12.6	12.6	12.6	12.5
Direct taxes	3.3	3.4	3.6	3.5	3.5	3.5	3.5	3.5	3.5
Indirect taxes	8.3	8.4	9.0	8.1	8.6	9.1	9.0	9.0	9.0
Earmarked taxes	0.7	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Nontax revenue	2.0	2.1	2.2	1.9	1.9	1.9	1.9	1.9	2.0
Grants, of which	0.8	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3
Project grants	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total expenditure	17.3	20.5	20.9	20.0	19.2	18.6	18.6	18.5	18.4
Current expenditure	13.0	15.1	15.3	14.0	13.6	13.0	13.0	12.9	12.8
Wages and salaries	5.0	5.2	4.8	4.6	4.5	4.4	4.4	4.4	4.4
Social security benefits	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Subsidies and other current transfers	1.3	1.9	2.3	2.0	1.5	1.3	1.3	1.3	1.3
Other current expenditure	3.4	4.1	4.0	3.5	3.5	3.4	3.4	3.3	3.3
Expenditure corresponding to eamarked taxes	0.7	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Security and elections-related expenditure	0.2	0.5	0.6	0.4	0.3	0.2	0.2	0.2	0.2
Interest due	1.5	1.9	2.0	2.0	2.1	2.1	2.1	2.1	2.0
On domestic debt	0.6	0.8	0.8	0.9	1.0	1.1	1.1	1.1	1.1
On external debt	0.9	1.1	1.2	1.0	1.0	1.0	1.0	1.0	1.0
Capital expenditure	4.4	5.4	5.6	6.0	5.6	5.6	5.6	5.6	5.6
Domestically financed	2.8	3.5	3.2	4.2	3.4	3.4	3.3	3.4	3.4
Foreign-financed, of which	1.5	1.9	2.4	1.7	2.2	2.2	2.2	2.2	2.1
Foreign loan-financed	1.2	1.6	2.2	1.5	2.0	2.0	2.0	2.0	1.9
Primary basic balance	-0.1	-2.3	-1.1	-2.1	-0.2	0.9	0.9	0.9	0.9
Overall balance, including grants	-2.3	-5.6	-5.1	-5.3	-4.0	-3.0	-3.0	-3.0	-3.0
Overall balance, excluding grants	-3.1	-6.1	-5.5	-5.8	-4.4	-3.4	-3.4	-3.3	-3.3
Change in float (excl. on debt service)	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-2.0	-5.4	-5.1	-5.3	-4.0	-3.0	-3.0	-3.0	-3.0
Financing	2.0	5.4	5.1	5.3	4.0	3.0	3.0	3.0	3.0
Domestic financing	0.4	1.9	1.7	2.7	1.6	0.8	1.1	1.0	1.0
Bank financing (net)	0.6	2.9	1.8	2.4	1.4	0.7	1.0	0.9	0.9
Nonbank financing (net)	-0.2	-1.0	-0.1	0.3	0.2	0.1	0.2	0.1	0.1
External financing	1.6	3.4	3.4	2.5	2.4	2.2	1.9	2.0	2.0
Statistical discrepancy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum item:									
External debt (central government)	25.5	29.9	32.8	31.5	30.4	29.3	28.3	27.8	27.3

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

Table 4. Côte d'Ivoire: Monetary Survey, 2020–23

	2020	2021	2022	2023
		Est	Projections	
	(Billions of CFA francs)			
Net foreign assets	3,139.7	4,154.3	4,564.7	4,761.1
Central bank	2,389.1	2,892.2	3,610.8	3,807.2
Banks	750.6	1,262.1	953.9	953.9
Net domestic assets	10,750.1	12,200.9	13,491.2	14,966.8
Net credit to the government	3,911.0	4,616.8	5,648.5	6,399.5
Central Bank	785.1	1,505.0	1,407.4	1,301.1
Banks	3,122.9	3,099.8	4,224.7	5,078.7
Credit to the economy	8,125.0	9,151.3	9,565.6	10,437.8
Crop credits	666.9	671.7	652.5	598.4
Other credit (including customs bills)	7,458.1	8,479.6	8,913.1	9,839.4
Other items (net) (assets = +)	-1,285.9	-1,567.2	-1,722.9	-1,870.5
Broad money	13,886.8	16,343.2	18,043.9	19,715.9
Currency in circulation	3,620.1	4,010.9	4,247.4	4,640.7
Deposits	10,262.5	12,328.2	13,791.9	15,070.2
Other deposits	4.3	4.1	4.5	4.9
Memorandum item:				
Velocity of circulation	2.5	2.4	2.4	2.3
	(Changes in percent of beginning-of-period broad money)			
Net foreign assets	5.6	7.3	2.5	1.1
Net domestic assets	15.8	10.4	7.9	8.2
Net credit to the government	9.8	5.1	6.3	4.2
Central bank	1.9	5.2	-0.6	-0.6
Banks	7.9	-0.1	6.9	4.7
Credit to the economy	6.0	7.3	2.5	4.8
Broad money	21.4	17.7	10.4	9.3
	(Changes in percent of previous end-of-year)			
Net foreign assets	25.7	32.3	9.9	4.3
Net domestic assets	20.1	13.5	10.6	10.9
Net credit to the government	40.0	18.0	22.3	13.3
Central bank	37.6	91.7	-6.5	-7.6
Banks	40.6	-0.7	36.3	20.2
Credit to the economy	9.2	12.6	4.5	9.1
Broad money	21.4	17.7	10.4	9.3

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

Table 5. Côte d'Ivoire: Financial Soundness Indicators for the Banking Sector, 2015–21

(Percent; unless otherwise indicated)

	2015	2016	2017	2018	2019	2020	2021
							June
Capital adequacy							
Regulatory capital to risk-weighted assets (CAR)	8.7	7.9	9.0	9.5	10.5	11.6	11.9
Regulatory tier 1 capital to risk-weighted assets	7.1	6.9	7.9	8.6	9.7	10.9	11.2
General provisions to risk-weighted assets	9.5	7.1	6.6	5.7	6.0	6.1	6.0
Capital to total assets	3.9	4.3	5.1	6.3	6.2	6.5	6.6
Asset quality							
Total loans to total assets	57.1	57.3	57.3	58.8	57.0	53.5	50.4
Concentration: Loans to the 5 biggest borrowers to capital	145.8	129.1	108.9	87.4	66.5	53.8	59.5
Sectoral composition of loans 1/							
Agriculture, forestry and fisheries	5.9	6.4	8.0	9.2	4.7	5.8	3.7
Extractive industries	2.3	2.2	1.5	0.5	0.4	0.3	0.1
Manufacturing industries	25.1	24.1	23.9	23.0	20.5	18.7	15.6
Electricity, water, gas	6.3	8.4	11.2	13.2	9.0	10.7	10.8
Construction, public works	3.3	5.9	6.0	5.4	6.4	5.4	6.2
Commerce, restaurants, hotels	31.6	27.3	21.9	25.9	30.2	32.0	36.3
Transport, storage and communications	9.3	11.4	13.9	9.3	12.9	11.3	10.3
Insurance, real estate, business services	11.4	8.5	7.9	9.0	9.9	11.3	11.0
Miscellaneous services	4.8	5.8	5.7	4.5	6.1	4.6	6.0
Non-performing loans to total gross loans	10.4	9.1	9.8	9.3	8.4	8.7	9.7
General provisions to non-performing loans	66.6	70.5	63.0	64.9	70.2	69.1	64.1
Non-performing loans net of provisions to total loans	3.7	2.9	3.8	3.5	2.7	2.9	3.7
Non-performing loans net of provisions to capital	54.2	37.6	43.0	32.5	24.4	23.7	28.2
Earnings and profitability 2/							
Average cost of borrowed funds	2.0	2.1	2.1	1.9	0.4	0.3	...
Average interest rate on loans	9.2	8.9	8.6	7.7	6.8	7.1	...
Average interest rate margin 3/	7.2	6.8	6.5	5.8	6.4	6.8	...
Return on assets (ROA) net of tax	1.4	1.6	1.4	1.3	1.7	1.5	...
Return on average equity (ROE) net of tax	24.5	29.2	21.5	16.5	20.2	18.3	...
Non-interest expenses to net banking income	59.6	57.5	55.6	59.3	56.1	55.6	...
Personnel expenses to net banking income	26.3	25.5	23.8	25.4	24.0	24.4	...
Liquidity							
Liquid assets to total assets	35.5	33.7	32.0	31.7	29.6	29.6	26.5
Liquid assets to total deposits	48.6	48.1	46.9	46.0	42.6	41.4	35.3
Total loans to total deposits	84.1	87.2	89.5	90.7	87.2	79.7	71.6
Total deposits to total liabilities	72.9	70.2	68.2	68.9	69.4	71.4	75.0

Source: BCEAO.

1 / Provisional data reported in accordance with Basel II / III prudential norms.
2 / Income statement items at semi-annual frequency.
3 / Excluding tax on banking transactions.

Table 6. Côte d'Ivoire: Indicators of Capacity to Repay the Fund, 2022-31

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Fund obligations based on existing credit										
(In millions of SDRs)										
Principal	123.8	242.2	360.2	281.9	193.4	172.4	138.0	103.6	56.1	0.0
Charges and interest	7.3	13.9	10.3	6.2	4.2	2.8	1.7	0.8	0.3	0.0
Fund obligations based on existing and prospective credit										
(In millions of SDRs)										
Principal	123.8	242.2	360.2	281.9	193.4	172.4	138.0	103.6	56.1	0.0
Charges and interest	7.3	13.9	10.3	6.2	4.2	2.8	1.7	0.8	0.3	0.0
Total obligations based on existing and prospective credit										
In millions of SDRs	131.1	256.1	370.4	288.0	197.6	175.2	139.7	104.4	56.4	0.0
In billions of CFA francs	107.6	209.5	301.7	234.1	160.5	142.3	113.4	84.8	45.8	0.0
In percent of government revenue	1.7	3.0	3.9	2.8	1.8	1.5	1.1	0.8	0.4	0.0
In percent of exports of goods and services	1.1	2.1	2.8	2.0	1.3	1.1	0.8	0.6	0.3	0.0
In percent of external debt	0.8	1.5	2.1	1.5	1.0	0.8	0.6	0.5	0.2	0.0
In percent of GDP	0.3	0.5	0.6	0.4	0.3	0.2	0.2	0.1	0.1	0.0
In percent of quota	20.2	39.4	57.0	44.3	30.4	26.9	21.5	16.1	8.7	0.0
Outstanding Fund credit										
In millions of SDRs	1,547.7	1,305.5	945.3	663.5	470.1	297.7	159.7	56.1	0.0	0.0
In billions of CFA francs	1,269.7	1,067.8	769.8	539.3	381.8	241.8	129.7	45.6	0.0	0.0
In percent of government revenue	20.2	15.2	9.9	6.5	4.3	2.5	1.2	0.4	0.0	0.0
In percent of exports of goods and services	13.2	10.7	7.1	4.6	3.0	1.8	0.9	0.3	0.0	0.0
In percent of external debt	9.4	7.6	5.3	3.5	2.4	1.4	0.7	0.2	0.0	0.0
In percent of GDP	3.0	2.3	1.5	1.0	0.7	0.4	0.2	0.1	0.0	0.0
In percent of quota	238.0	200.7	145.3	102.0	72.3	45.8	24.5	8.6	0.0	0.0
Net use of Fund credit (millions of SDRs)	-123.8	-242.2	-360.2	-281.9	-193.4	-172.4	-138.0	-103.6	-56.1	0.0
Disbursements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and Repurchases	123.8	242.2	360.2	281.9	193.4	172.4	138.0	103.6	56.1	0.0
Memorandum items:										
Exports of goods and services (billions of CFA francs)	9,608.4	10,003.4	10,871.5	11,676.3	12,554.1	13,517.3	14,446.1	15,393.1	16,413.0	17,488.7
Government revenue and grants (billions of CFA francs)	6,297.2	7,037.5	7,809.4	8,348.3	8,930.1	9,591.7	10,389.0	11,213.6	12,065.4	12,985.2
External debt (billions of CFA francs)	13,445.5	14,095.4	14,630.9	15,215.3	16,041.2	16,952.1	17,779.5	18,653.9	19,529.2	20,420.1

Sources: IMF staff estimates and projections.

Annex I. Risk Assessment Matrix[1]

Risks	Likelihood	Impact if Realized	Recommended Policy Response
		External risks	
Russia's invasion of Ukraine leads to escalation of sanctions and other disruptions	**High**	**High** Even higher commodity prices, refugee migration, tighter financial conditions, and other adverse spillovers could weigh on economic outlook, deplete fiscal resources, increase poverty and lead to social tensions.	Advance reforms to increase domestic revenue mobilization to create fiscal space for support measures. Mitigate the impact on the poor from volatile commodity prices through temporary targeted fiscal transfers.
Rising and volatile food and energy prices	**High**	**Medium** Large increases in global energy prices could lower fiscal revenues if price changes are not passed through to consumers, while higher domestic energy prices would raise production costs and general prices. Higher commodity prices would reduce disposable income of households, exacerbating poverty.	Adjust the retail fuel price mechanism to reflect world energy prices and monitor inflation. Mitigate the impact on the poor through temporary targeted fiscal transfers. Invest in a more diversified and sustainable energy mix.
Widespread social discontent and political instability	**High**	**High** Social discontent and political instability could lower trade flows, reduce exports and FDI, and negatively affect growth and tax revenue.	Continue policy reforms to alleviate poverty, create jobs, and generate more inclusive growth outcomes, while continuing to enhance the provision of public services.
Outbreaks of lethal and highly contagious Covid-19 variants	**Medium**	**High** Limited access to vaccines and a more protracted outbreaks could reduce growth, worsen the external and fiscal positions, increase debt vulnerabilities, and poverty.	Reintroduce containment and mitigation measures; reintroduce support to affected firms and households; step-up efforts to vaccinate the population.

[1]The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood of risks is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly.

Risks	Likelihood	Impact if Realized	Recommended Policy Response
De-anchoring of inflation expectations in the U.S. and/or advanced European economies	Medium	High Tightening global financial conditions and spiking risk premia would raise borrowing costs and increase debt vulnerabilities, with knock-on effects on growth. These effects could result in financial difficulties for SMEs and state-owned enterprises, as well as disrupt progress on increasing financial access and deepening. Persistently high global inflation could affect food security, exacerbating poverty.	Advance reforms to increase domestic revenue mobilization to create room for a likely increase in food prices. Provide targeted support to vulnerable population to ensure appropriate living standards. Monitor solvency of state-owned enterprises and government guaranteed debt (including for SME access to credit programs), and develop a bank resolution framework.
Cyberthreats	Medium	Medium Successful cyber-attacks on the financial system could result in disruption in the delivery of critical services to citizens, increase the risk of disruption of payment systems and could precipitate damaging disruptions to the economy, as well as loss of confidence and reputational damage.	Develop response and recovery strategies including "cyber mapping" to identify technologies, services and institutions that would be most affected. Incorporate cyber risks into financial stability analysis and stress tests.
Natural disasters related to climate change	Medium	High Adverse weather conditions would reduce agricultural output and exports, lower cocoa tax revenues, increase subsidy needs, and reduce the population's living standards.	Mitigate the impact on the poor through temporary targeted fiscal transfers. Monitor second-round effects on inflation. Invest in education and training of farmers in sustainable and climate-resilient agricultural practices and examine scope for increasing pre-arranged disaster financing (climate risk insurance).
Country-specific risks			
Deterioration of security situation in northern border	High	Medium/High The spillover from tensions in the Sahel area put pressure on fiscal expenditure to increase security spending and could have adverse socio-economic effects.	Promote security, strengthen social safety nets, and facilitate job creation in the private sector. Create fiscal space by accelerating revenue mobilization reforms.
Financial difficulties for public enterprises and banks	Medium	Low/Medium In the context of the COVID crisis, financial difficulties of public enterprises and/or banks could adversely impact the budget, the stock of public debt and the banking sector	Restructure loss-making public companies; enhance monitoring of public enterprises; recapitalize and restructure ailing public banks. Develop bank resolution framework.

Annex II. Status of the 2021 Article IV Main Recommendations

Scale: fully implemented, broadly implemented, partially implemented, and not implemented

Policy Area	Fund Policy Recommendations	Status
Fiscal sector	1. Contain the increase in the fiscal deficit in 2021, especially if revenue performance is better than expected.	Partially implemented. While the revenue performance in 2021 was strong, the revenue windfall was not saved as increased security threats required ramping up spending to secure those areas and to invest into underserved border communities.
	2. Continue efforts to extend the coverage of safety nets and develop a registry of beneficiaries to improve the targeting of assistance.	Partially implemented. A government campaign is underway to identify self-employed workers that could benefit from social protection. In addition, the registry of poor and vulnerable populations will be developed leveraging on the results of the 2021 population census to allow for better targeting of social assistance.
	3. Spell out specific measures that would underpin the strong reform agenda needed to achieve the ambitious goals of the 2021-25 National Development Plan, as well as their budgetary implications, ensuring that they are consistent with medium-term fiscal targets.	Partially implemented. The authorities elaborated a new social program (PSGouv2) that is to be implemented starting in 2022.
	4. Rationalize tax expenditures, broaden the tax base, and strengthen tax administration to improve domestic revenue mobilization to finance productive and social spending in support of strong and inclusive growth and macroeconomic resilience.	Partially implemented. An action plan to rationalize tax expenditures between 2020 and 2023 is being implemented. Tax administration measures, including the continued digitalization of tax filing and payment, have been introduced, and the authorities have recently adopted a strategic reform plan based on recommendations from the 2021 TADAT.
	5. Increase public spending efficiency and improve public financial management notably through the deployment of the e-procurement module to strengthen the provision of public services.	Partially implemented. E-Procurement module has been deployed, however its utilization remains limited.
	6. Enhance fiscal transparency by systematically publishing procurement contracts, beneficial ownership, and related audits.	Partially implemented. Data on procurement contracts are regularly published although information on beneficial ownership and on audits are not yet available.

Policy Area	Fund Policy Recommendations	Status
Real sector	7. Improve the business environment and strengthen the fight against corruption to boost private participation, including by: improving the provision of public services through digitalization; simplification of administrative processes; development of a single-stop shop with the completion of the rollout of the single tax identification number; enhancing protection of land property rights; improving the efficiency of labor markets; and deepening financial inclusion to support the formalization of the economy.	Partially implemented. A government decree was issued in January 2022 to operationalize the single-stop shop. The government has established several structures including a ministry to design, implement, and oversee the national anticorruption strategy. New technologies, including the use of drones, are being used to enhance land property registration.
	8. Continue efforts to address gender inequality and violence against women to help promote female labor force participation and increase labor productivity.	Partly implemented. The PSGouv2 includes a program to enhance women autonomy and reduce gender inequality, including by providing food support to avoid school dropout of girls and subsidies to promote socio-economic and professional inclusion of young women, especially in rural areas.
Banking sector	9. Complete the restructuring of public banks and maintain strong supervision to monitor the impact of the pandemic on banks and to strengthen financial stability. Diversification of public banks' deposit base will help ease the integration of government accounts into the single treasury account.	Partially implemented. The authorities' plans for restructuring public banks are still ongoing but have been slowed by the impact of the pandemic.
Sustainable Agricultural Development and climate policies	10. Step up efforts to stop deforestation and child labor and implement measures to promote sustainable agriculture notably by helping farmers diversify production and reduce intermediation costs.	Partially implemented. The authorities are preparing to launch their initiative to enhance traceability in the coffee and cocoa supply chain. They recently concluded a national census to identify cocoa producers and their plantations. They are in the process of issuing ID cards to these farmers to facilitate the tracking of beans from the plantations to the ports.
Statistics	11. Sustain progress in improving the quality, timeliness, and dissemination of economic statistics.	Partially implemented. With support of Fund TA, the authorities have rebased the national accounts (NA) for the period 2015-19, produced new high frequency indicators (HFIs), and elaborated a National Statistics Development Strategy (SNDS). However, the backcasting of the NA for years before 2015, the production and alignment of quarterly NA with rebased annual estimates, and the production of other HFIs—including the turnover index and the import and export prices indexes—have been delayed due to the pandemic and competing time demands of staff at the National Statistics Institute. The implementation of the SNDS and the publication of the 2020 national accounts estimates have also been delayed.

Annex III. External Sector Assessment

Overall Assessment: Côte d'Ivoire's external position in 2021 was assessed to be broadly in line with medium-term fundamentals and desirable policies. The current account (CA) gap is estimated at 0.9 percent. The widening of the current account deficit since mid-2010s has been matched by increases in external financing, including access to the Eurobond market. The WAEMU pooled reserves stood at around 6 months of imports by end-2021, which is assessed to be adequate based on the ARA metrics. Côte d'Ivoire has significant potential in agriculture, agri-processing and related manufacturing. Further improving productivity and resilience in these areas would help boost the world market share of Côte d'Ivoire's exports and support its external position.

Current Account

1. **Background**. Côte d'Ivoire's external current account deficit has been widening since 2015, despite a temporary narrowing in 2019. In 2021, the current account deficit widened to 3.8 percent from 3.2 percent in 2020, as expanding imports more than offset rising exports amid deteriorating terms of trade. Since the mid-2010s, nominal GDP has been increasing more rapidly than exports and imports, implying an increasingly important contribution of domestic demand to growth. Staff projects the current account deficit to hover around 4 percent of GDP over the medium term.

2. **Assessment**. The EBA-lite current account model indicates a current account gap of 0.9 percent of GDP in 2021. The current account gap is driven by a policy gap of 2.6 percent of GDP, which mainly reflects the relatively tight fiscal policy compared to the rest of the world. A model-based analysis suggests a norm of -4.5 percent of GDP for the cyclically adjusted current account deficit. Assuming an elasticity of the current account balance with respect to the exchange rate of -0.17, the real exchange rate would need to appreciate by 5.7 percent to eliminate the gap between the norm and the actual current account.

Côte d'Ivoire: Model Estimates for 2021
(Percent of GDP)

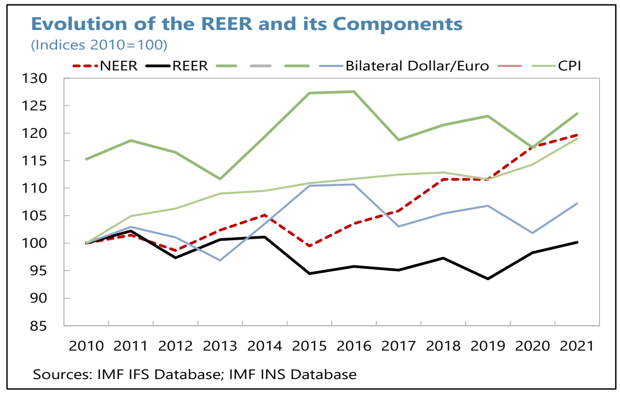
	CA model	REER model
CA-Actual	**-3.8**	
Cyclical contributions (from model) (-)	-0.3	
COVID-19 adjustor (+) 1/	-0.1	
Additional temporary/statistical factors (+)	0.0	
Natural disasters and conflicts (-)	-0.1	
Adjusted CA	**-3.5**	
CA Norm (from model) 2/	**-4.5**	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	**-4.5**	
CA Gap	**0.9**	**0.0**
o/w Relative policy gap	2.6	
Elasticity	-0.17	
REER Gap (in percent)	**-5.7**	**0.0**

Source: IMF staff calculations.

1/ Additional cyclical adjustment to account for the temporary impact of the pandemic on tourism (-0.1 percent of GDP).

2/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate



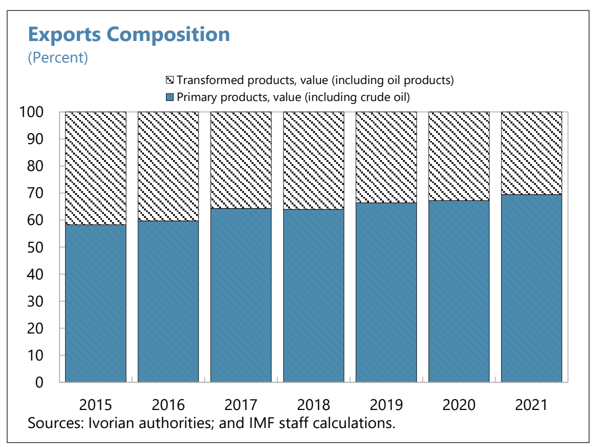
3. Background. After appreciating in the first decade of the 2000s, the CFAF depreciated by 11.6percent over 2010-2019 in real terms, due to the nominal depreciation of the Euro against the USD combined with low inflation in CIV compared to trading partners. In the past two years, however, the CFAF appreciated by 7.1 percent reflecting the movement of nominal exchange rates of the Euro vis-à-vis the USD and inflation differences from trading partners.

4. Assessment. The EBA-Lite Real Exchange Rate index model, which is based on a reduced form equation of the REER index, suggests no exchange rate misalignment. Overall, the estimates using the CA and the REER models show that the external sector position is broadly in line with medium-term fundamentals and desirable policies.

Capital and Financial Account

5. The current account deficit was largely financed by debt financing. Portfolio and other net investment net inflows amounted to 5.6 percent of GDP, reflecting government borrowing including IFI loans and Euro-bond issuances. FDI net inflows reached 1.1 percent of GDP. The SDR allocation was used to substitute for a Eurobond issuance originally planned for 2021H2.

Reserve Adequacy



6. The WAEMU pooled reserves continued to increase and reached an estimated level of $24 billion (5.8 months of imports) by end-2021. A metric-based approach (ARA) suggests that the level of reserves estimated for end-2021, as well as the medium-term projection are assessed to be adequate. Growth-friendly fiscal consolidation and implementation of structural reforms will be key to maintaining reserves within the estimated optimal range.[1]

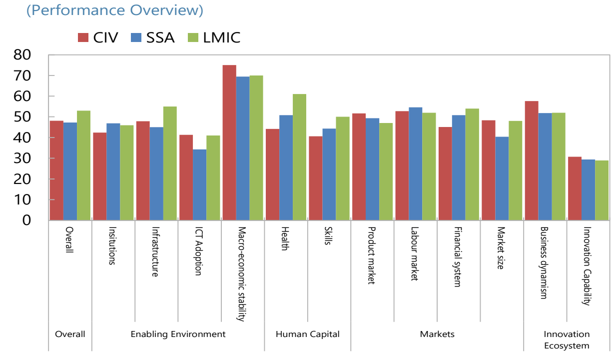
[1]IMF Country Report No. 22/67. West African Economic and Monetary Union—Staff Report on Common Policies for Member Countries.

Trade Performance and Competitiveness

7. Trade performance. As the rest of the WAMEU region, in the past decade, Côte d'Ivoire has experienced a deterioration of the current account deficit and a declining ratio of exports to GDP from above 30 percent in 2010 to 21 percent in 2021, while its global market share had remained stable. The evolution of the composition of exports suggested limited transformation in the production structure of the Ivorian economy. Over the last five years, exports of primary products have increased from just below 60 percent of total exports to close to 70 percent.

8. Diversification and domestic value addition could bring significant growth and job creation benefits. Trade has been helped by the REER depreciation trend in the past decade. Agriculture is key to Côte d'Ivoire's development strategy and has tremendous potential. Côte d'Ivoire is the largest cocoa producer in the world (accounting for more than 40 percent of world production) and its market share in global priority crops market (e.g., cashew) has been on an upward trajectory in recent years. Nevertheless, Côte d'Ivoire receives only 5-7 percent of the profit generated by the cocoa sector globally, and domestic value added in other crops is also limited.[2] The dominance of cocoa in the country's export basket increases vulnerability to climate change, underscoring the need for diversification of agricultural output. Going forward, agriculture, agri-processing and related manufacturing could contribute importantly to higher growth potential, provided an enabling policy environment to strengthen their governance, financing and competition. Moreover, the tourism and health sectors also have significant growth and job creation potential.[3]

Global Competitiveness Review 2019
(Performance Overview)



Sources: WEF 2020; and IMF staff calculations.

9. Côte d'Ivoire should continue to enhance competitiveness by addressing structural constraints. The Global Competitiveness Index (GCI) suggests that Côte d'Ivoire's competitiveness is generally at par with the average of Sub-Saharan Africa or of low-middle-income group. Among the sub-index, macro-economic stability performs well to rank 65th among the 141 countries covered by the 2019 Global Competitive Report, thanks to the authorities' skillful and prudent economic

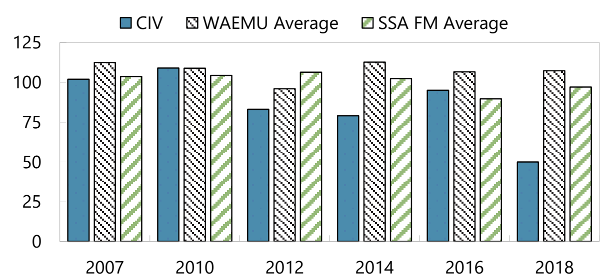
[2]See World Bank. July 2019. "Côte d'Ivoire Economic Outlook: Why the Time Has Come to Produce Cocoa in a Fully inclusive and Responsible Manner."

[3]See World Bank Group. September 2020. "Creating Markets in Côte d'Ivoire—mobilizing the private sector in support of economic transformation in Côte d'Ivoire."

management. However, there is no significant comparative advantage in such areas as institution, infrastructure, product market and labor market functioning, and innovation, compared to its peers. Moreover, the human capital index appears slightly weaker than the peers.

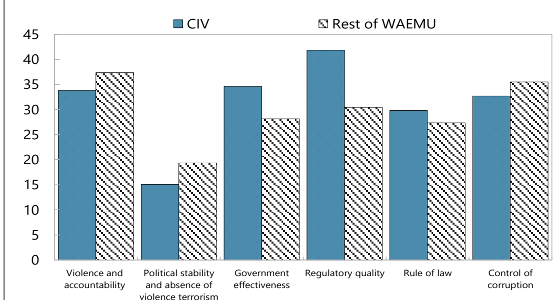
10. **The logistics performance index (LPI) and worldwide governance indicator (WGI) also point to improvements in certain areas**.[4] The LPI, which ranks 160 countries on various dimensions of trade including customs performance, infrastructure quality, and timeliness of shipments, shows that the ranking for Côte d'Ivoire has improved between 2016 and 2018, while comparator countries in WAEMU and Sub-Saharan frontier markets have not made much progress. Governance indicators, as measured by the Worldwide Governance Indicators, demonstrate that Côte d'Ivoire has made significant progress in government effectiveness, regulatory quality and voice and accountability in recent years, and its government effectiveness, regulatory quality and rule of law outperform the average of other WAEMU members.

Overall Logistics Performance Index Rank, 2007-18



Sources: World Bank; and IMF staff calculations.

2020 World Governance Indicators



Sources: World Governance Indicators Database; and IMF staff calculations.

[4]Both LPI and WGI are compiled by the World Bank. See https://lpi.worldbank.org/ and http://info.worldbank.org/governance/wgi/.

Annex IV. IMF Capacity Development

An extensive agenda of IMF Technical Assistance (TA) supported the ECF/EFF-supported program's objectives and continued after the completion of the program. The core of TA support has focused on strengthening Côte d'Ivoire's fiscal position and domestic revenue mobilization. Additional TA was delivered to strengthen the statistical system.

1. To create fiscal space for critical public investment (including for the ambitious National Development Plan 2021-2025) by boosting tax revenue and mobilization, containing current spending, and improving the efficiency of outlays, the following TA was provided:

2. ***Tax Policy***: The most recent TA focused on the VAT, the informal economy, property taxation and income taxation.[1] Recommendations included developing a multi-year tax reform strategy; strengthening the capacity of the tax policy unit; expanding the VAT base, including through gradual taxation of the agricultural sector; simplifying income taxation and rationalizing investment tax incentives, including through better targeting and clearer design. From 2018 to 2021, tax rates on beverages and tobacco have been more closely aligned with regional directives, in line with TA advice. The March 2019 plan to rationalize exemptions built on some of the TA recommendations. The 2021 budget removed some exemptions and widens the VAT base in the agricultural sector. The 2022 budget removed an additional set of exemptions on industrial and commercial profits for consumer cooperative companies; various profit tax exemptions of small and medium size enterprises (SMEs); and tax exemptions for mobile capital. The budget law also provisions the replacement of exemptions in the mining code by those provided in the Regulation No. 18/2003/CM/UEMOA, adopting the WAEMU Community Mining Code, and to limit VAT exemptions of the General Tax Code benefiting mining and oil companies to those exclusively provided by the codes applicable to those sectors.

3. ***Revenue Administration***: Previous TA under the Revenue Mobilization Thematic Fund (RMTF) and Japan Sub-Account (JSA) projects has aimed at improving monitoring, supervision, control, and risk analysis, where recommendations have focused on three main aspects:

[1] Rota-Graziosi, G. G. Gilbert, and S. Leduc (2018). "*Côte d'Ivoire. La Taxe sur la valeur ajoutée, la fiscalisation du secteur informel et l'impôt foncier.*" IMF Technical Assistance Report, October and Leduc, S., J.-F. Brun and B. Laporte (2020). "*République de Côte d'Ivoire. Fiscalité des entreprises et des personnes physiques*" IMF Technical Assistance Report, January.

modernizing tax and customs administration;[2,3] digitalizing tax administration (supported by a long-term expert in the field) and customs procedures;[4] and modernizing the management of human resources.[5] These are on-going areas of reform at various stages of implementation.

- *TADAT[6] Assessment[7]* - The latest assessment, conducted in November 2021, pointed to several weaknesses undermining the tax administration's ability to conduct reforms and deliver better tax revenue outcomes. Progress since the previous TADAT Assessment in 2015 includes: formulation of a tax compliance improvement plan coupled with a communication plan; deployment of a new an integrated system for online declaration of taxes, as well as electronic payment platforms; better control of tax arrears; use of tax withholding systems; modernization of dispute settlement procedures. In spite of significant progress, the most recent assessment identified significant weaknesses, notably the lack of a medium- and long-term strategic reform plan; weak mechanisms of internal control and external audit; lack of transparency; insufficient external data sources and weakness of tax control systems; unreliable accounting of tax revenues in the absence of interconnection with the Treasury; and inappropriate organizational arrangements that do not allow for more effective delivery of a reform strategy. Future tax administration TA will continue to address these areas.

- *Customs administration* - A recent TA activity noted substantial progress in implementing reform initiatives, but also room for progress in various sectors and need to make the strategic plan more coherent around the following priorities: (1) strengthening core customs functions and controls in areas with high revenue potential; (2) improving customs intelligence and supervision functions; (3) refocusing digitalization activities on the customs core functions (mission recommended automating the control of the oil sector, management of customs

[2]Schlotterbeck et al. (2019). "*Modernisation de la DGI, bilan et perspectives*", IMF Technical Assistance Report, December

[3]Montagnat-Rentier, G., J. Clark, M. Siqueira, and P.-A. Wandja (2020) "*Côte d'Ivoire. Poursuite de la modernisation de l'administration douanière*" IMF Technical Assistance Report, February. Camaraire, H. and M. Hudon (2021). "Modernisation de l'administration douanière : amélioration de l'exploitation des données, de la conformité volontaire aux règles, et du contrôle et du suivi des exonérations" IMF Technical Assistance Report, May.

[4]Jarry-Bouabid, A-C. (2019). "*Côte d'Ivoire: Indicateurs de Performance de l'Administration Fiscale Ivoirienne*" IMF Technical Assistance Report, August.

[5]Andre, N. (2019). "*Côte d'Ivoire. Poursuite de la modernisation de la gestion des ressources humaines à la Direction Générale des Impôts*." IMF Technical Assistance Report, February-March.

[6]Tax Administration Diagnostic Assessment Tool (TADAT). The TADAT tool allows an objective assessment of the main components of a country's tax administration regime, the extent of reforms needed, and the relative priorities to be established.

[7]Ramarozatovo, A.; Diop, S.; Donou, A.; Benon, O.; Kientga, S.; and Monkam, N. (2021). "*Côte d'Ivoire: Rapport d'Évaluation de la Performance*" IMF Technical Assistance Report, December.

bounded warehouses and customs clearance areas, and management of bonds); (4) strengthening the use of data for business needs; and (5) enhancing customs' contribution to improving the business climate (by supplementing existing redress mechanisms, reinvigorating the Authorized Economic Operator (AEO) program, and introducing the issuance of advance rulings on the tariff classification of goods); (6) developing a compliance incentive strategy; and (7) managing human resources in a more modern and efficient way.

4. ***Public Financial Management***: TA addressed *Public Investment Management* and *Budget Preparation and Forecasting*. The main activities focused on the following areas:

- *Public investment management* – A Public Investment Management Assessment (PIMA)[8] in 2017 concluded the institutional framework in Côte d'Ivoire was broadly appropriate but pointed to the need to improve the integration of planning and budgeting, as well as budgeting for recurrent costs. TA activities focused on strengthening institutional and organizational framework to overcome fragmentation of the public investment management cycle by strengthening the review of ex-ante evaluations and the monitoring of project implementation; enhanced interconnection of information technology (IT) systems to properly follow public investment projects; fostering competition for awarding of Public Private Partnership (PPP) contracts as well as balancing a proper "gateway process" involving the ministries in charge of financial affairs (especially Budget and Finance General Directorate (DGBF)) to monitor and manage fiscal risks; and managing recurring costs of capital projects to ensure viability of public investment projects.[9] Progress includes: better transparency in the strategic and financial management of PPP projects and strengthening of information on investments financed by donors or through earmarked accounts; enhanced capacity through the professionalization of the national PPP steering committee (CNP-PPP); improved articulation between public investment programming and budgeting tools enabled by the transition to program budgeting and the integration of investment projects in the new budget documents (multi-year expenditure programming documents annexed to the finance bill on the basis of a medium-term macroeconomic and macro-fiscal framework).

- *Budget preparation and macro-fiscal Issues (forecasting, etc.)* – Capacity building activities delivered for the Department of Forecasting, Policy, and Economic Statistics of the Ministry of Economy and Finance focused on the following areas: analysis of seasonality of economic data

[8]Fouad, M.; Gonguet, F. ; Vu,H ; Roumegas, P.; Ba, S.; Fam, M. ; and Mfombouot, A. (2017). "*Côte d'Ivoire: Evaluation de la gestion des investissements publics – PIMA*." IMF Technical Assistance Report.

[9]Wendling, C; Monteiro, R.; Bissat, L.M.; Ciss,M.; Kurkdjan, T.; and Roumegas, P. (2022). " *Côte d'Ivoire : Renforcer le cadre applicable à la gestion des investissements publics*." IMF Technical Assistance Report.

series; identifying essential indicators for evaluating relevance of seasonal adjustments and creation of quality reports; interpretation of seasonally adjusted data; short-term forecasts; and overall seasonal adjustment policy.[10]

5. To better inform economic policy, the following TA aimed at strengthening the statistical system was delivered:

- *National Accounts (NA)* – Recent TA continued contributing to improvement in the quality of quarterly national accounts (NA) and compilation of new high-frequency indicators of economic activity. In addition, TA assisted the National Statistics Institute (INS) on the elaboration of quarterly NA according to the SNA 2008 methodology, and the rebasing of annual NA over 1996-2015.[11] TA recommendations called for better coordination of production and sharing of statistics across the various stakeholders involved and for the INS to carefully document and make public the methodology underlying the recent rebasing of NA.

- *Balance of Payments (BOP)* – TA is also helping to improve BOP statistics, including for trade in goods and services, producing higher frequency statistics, and the international investment position.[12] TA continues to support improvements to external sector statistics, including via a recent virtual mission that assisted the authorities to improve consistency between gross external debt liabilities reported in the international investment position and the World Bank's Quarterly External Debt Statistics database, to compile the International Reserves and Foreign Currency Liquidity Template, and to improve the timeliness of annual external sector data, all of which will support the external balance assessment.

- *Fiscal Statistics* – Recent TA focused on integrating local governments and extrabudgetary units in the fiscal accounts according to GFSM 2001/2014;[13] and on expanding coverage of debt statistics to include major state-owned enterprises, which will be critical for monitoring fiscal risks.

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[10]BTOR, CD PROJECT - Côte d'Ivoire-Public Financial Management - Budget Preparation and Macro-Fiscal (11/18/2021-12/1/2021). (FAD TA report under preparation).

[11]Ndiaye, F. (2020). "*Côte d'Ivoire. Rapport de Mission d'Assistance Technique en Statistiques de Comptabilité Nationale*". IMF Technical Assistance Report, forthcoming.

[12]Fiévet, René (2020). "*Côte d'Ivoire. Rapport de la Mission d'Assistance Technique sur les Statistiques du Secteur Extérieur*". IMF Technical Assistance Report, forthcoming.

[13]Kacou, N. (2020) "*Travaux d'élargissement du champ de couverture des Statistiques de finances publiques selon le MSFP 2014*", IMF Technical Assistance Report, forthcoming.

Annex V. The 2021-25 National Development Plan

1. The authorities approved a third National Development Plan (NDP) in December 2021. The 2021-25 NDP builds on the previous development programs (2012-15 and 2016-20) which contributed to significant socio-economic progress output grew by 8.1 percent on average over 2012-19 and the poverty rate declined from 51 percent in 2011 to 39.4 percent in 2018. Despite this remarkable progress, Côte d'Ivoire still faces significant challenges to ensure that the impressive performance can be sustained going forward and its benefits shared equally by the population.

Table 1. Selected Economic Indicators from the 2021-25 NDP

	2021	2022	2023	2024	2025
Real GDP	6.5	7.1	8.2	8.2	8.2
GDP deflator	2.2	1.9	1.6	1.7	1.4
Investment rate	23.1	24.2	25.1	26.3	27.1
Public	6.6	6.6	6.6	6.6	6.6
Private	16.5	17.6	18.5	19.7	20.5
Fiscal pressure	12.2	12.5	12.7	12.9	13.3

Source: Volume 2 of the NDP 2021-25

Table 2. Strategic Pillars and Key Reforms of the 2021-25 NDP

Strategic pillars	Key reforms
Pillar 1: Acceleration of the structural transformation of the economy through industrialization and the development of clusters.	Implement the industrial zone development strategy and support the development of industrial clusters (Agro-industry, chemicals and plastics, construction and furnishing materials, pharmacy, textiles, packaging and manufacture of spare parts, assembly of specialty vehicles).
Pillar 2: Development of human capital and promotion of employment	Establish partnerships with the private sector to improve the quality of training and ensure scientific monitoring for the professions of the future.
Pillar 3: Private sector development and investment	Operationalize the Guarantee Fund for Loans to SMEs and the BCEAO system for financing SMEs. Develop a specific program for "champion" SMEs. Implement the status of the entrepreneur with the objective of fostering formalization.
Pillar 4: Strengthening inclusion, national solidarity, and social action	Accelerate the implementation of the social system for self-employed workers; set up the social mutual guarantee fund and the unemployment insurance scheme
Pillar 5: Balanced regional development, preservation of the environment, and fight against climate change	Adopt and implement a Territorial Development Policy and promote actions to increase the resilience to natural disasters and climate risks.
Pillar 6: Strengthening of governance, modernization of the State, and cultural transformation	Accelerate the modernization of tax administration; set up the platform for monitoring and preventing corruption and related offenses.

Source: Volume 2 of the NDP 2021-25

2. The NDP, together with the "Côte d'Ivoire 2030" strategy, set the authorities' agenda to reach upper-middle-income status by 2030. At the economic level, the authorities expect the NDP reforms will boost real GDP growth from 6.5 percent in 2021 to 8.2 percent in 2025, driven mainly by the secondary and tertiary sectors. The authorities also expect per capita income to increase by about 30 percent over 2021-25 (and double by 2030, reaching about US$3,500), with four million jobs to be created over 2021-25, and poverty to reduce further to 30 percent by 2025 (and to less than 20 percent by 2030). The plan is also underpinned by a commitment to a strong

macroeconomic framework and public finances, with the fiscal deficit expected to fall gradually toward the WAEMU convergence criterion of a 3 percent fiscal deficit amid efforts to broaden the tax base.

3. **The NDP envisages a series of critical reforms for the private sector to become key driver of socio-economic development in Côte d'Ivoire**. Implementing such reforms would help the industrial sector to become a key driver of development and inclusion, providing high-quality jobs throughout the territory. A battery of measures, spanning from the development of human capital to ensuring adequate infrastructure for industrial zones, would promote entrepreneurship and mobilize foreign direct investment. To set the conditions for the private sector to develop, a set of measures aim to modernize and enhance the efficiency of the public sector, improve its governance, and tighten the grip on corruption. The authorities expect these reforms will boost private investment from an annual average of 15.4 percent of GDP over 2016-19 to 20.5 percent of GDP in 2025. The NDP will also require public investment to increase from an average of 5.2 percent of GDP over 2016-19 to 6.6 percent over 2021-25, of which grants should account for 2.4 percent of GDP. The economic growth agenda will be complemented with dedicated strategies for climate change, gender, and environment preservation.

4. **Building on the experience with the previous plans, the authorities have strengthened the governance of the NDP 2021-25**. Importantly, a dedicated unit, attached to the Prime Minister's office, is responsible for monitoring implementation progress. The governance structure also includes: a steering committee (chaired by the Prime Minister); a technical committee (headed by the Minister in charge of Planning and Development); a technical monitoring secretariat; and local committees and sectoral and thematic working groups.

Annex VI. The Social Program of the Government

1. **In December 2021, the authorities renewed the Government's Social Program over 2022-24 (PSGouv2) to accelerate the pace of reduction of poverty and inequality**. The previous social program implemented over 2019-20 (PSGouv1) contributed to increasing the electricity coverage rate (defined as the ratio of electrified localities within the country's total census localities) from 58 percent in 2018 to 79.6 percent in 2020 through the electrification of 1,841 localities, creating 121,410 job opportunities for young people, as well as granting quarterly cash transfers (of about 54.8 euros) to 227,000 poor and vulnerable households. Building on the 2021-25 National Development Plan (NDP, Annex V) and drawing on lessons from the Covid-19 pandemic response, the PSGouv2 aims at tackling consequences from the Covid-19 crisis; providing solutions to the insecurity in the northern border areas affected by terrorism threats; improving the education system; supporting the integration of youth into the labor market; improving the living conditions of households; and strengthening universal health coverage and other social safety nets.

2. **The authorities plan to invest about 2.3 percent of GDP (about three times the initial cost of PSGouv1) in a series of projects grouped around five strategic axes**:

- **Fight against fragility in the northern border areas (budget: 0.2 percent of GDP)**. The government plans to implement a special program in the north, particularly in the Bounkani, Tchologo, Bagoué, Folon and Kabadougou regions, including the construction of schools, health centers, roads, and enhancing electrification and drinking water supply. The improved infrastructure, and the associated job creation, should contribute towards the establishment of an ecosystem favorable to economic activities in these regions and dissuade the emergence of armed groups.

- **Improving education and training (0.4 percent of GDP)**. A set of projects aim at improving access to education in rural areas, including by recruiting more than 40,000 teachers and building nearly 7,000 classrooms, from pre-school to secondary school. The plan also envisages implementing a digital literacy program for 18,000 adults.

- **Improving living conditions of households (1.1 percent of GDP)**. Key initiatives include the construction of social housing (12,000 units in Abidjan), supporting women's empowerment (through financing more than 150 projects and constructing 50 local markets and several health centers), and improving health care, access to drinking water, electricity, and roads.

- **Professional integration of young people and civic service (about ½ percent of GDP)**. The authorities plan a series of projects to improve the employability of youth, including training

programs on entrepreneurship and specific skills (targeting 250,000 and 112,000 youth, respectively) and public-sector internship programs (benefiting 190,000 youth). The plan also includes a "Second Chance School", a short-term training program aimed at providing professional skills to youth that have been unable to transition to employment. The government also intends to promote high-quality jobs for 15,000 people from vulnerable groups over 2022-24, including by supporting training and financing micro enterprises, and to strengthen civic service programs targeted at the youth.

- **Strengthening solidarity with vulnerable populations (0.2 percent of GDP)**. The authorities will strengthen the social safety nets targeted at the most disadvantaged by granting direct cash transfers (about 54.8 euros per quarter) to 275,000 poor and vulnerable households. The plan also aims to strengthen universal health coverage, targeting the enrollment of 8 million people (about 28 percent of total population) by 2024; and to construct or update community centers (targeting 541 centers, compared to 113 currently in place).

3. Leveraging the experience with the PSGouv1, the government intends to strengthen the monitoring and evaluation of projects. This includes the establishment of a technical coordination unit responsible for monitoring the projects, conducting satisfaction surveys and impact analyses, and strengthening the overall communication on the program.

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

STAFF REPORT FOR THE 2022 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

May 31, 2022

Prepared By

African Department
(In Consultation with other departments)

CONTENTS

RELATIONS WITH THE FUND

(As of April 30th, 2022)

Membership Status: Joined March 11, 1963 Article VIII

General Resources Account:	**SDR Million**	**%Quota**
Quota	650.40	100.00
Fund holdings of currency (Exchange Rate)	1,550.52	238.39
Reserve tranche position	83.41	12.82

SDR Department:	**SDR Million**	**% Allocation**
Net cumulative allocation	934.28	100.00
Holdings	16,634.95	174.99

Outstanding Purchases and Loans	**SDR Million**	**% Quota**
RCF loans	216.80	33.33
Emergency Assistance[1/]	433.60	66.67
ECF Arrangements	471.57	72.5
Extended Arrangements	549.53	84.49

[1/]Emergency Assistance may include ENDA, EPCA, and RFI

Outright Loans:

Type	Date of Commitment	Date Drawn/Expired	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RCF	Apr 17, 2020	Apr 21, 2020	216.80	216.80
RFI	Apr 17, 2020	Apr 21, 2020	433.60	433.60
RCF	Jul 08, 2011	Jul 18, 2011	81.30	81.30

[1/]Undrawn outright disbursements (RFI and RCF) expire automatically 60 days following the date of commitment, i.e., Board approval date.

Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
EFF	Dec 12, 2016	Dec 11, 2020	562.65	562.65
ECF[1]	Dec 12, 2016	Dec 11, 2020	281.32	281.32
ECF	Nov 04, 2011	Dec 17, 2015	520.32	520.32

[1]Formerly PRGF.

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

	2022	2023	2024	2025	2026	2027
Principal	123.8	242.2	360.2	281.9	193.4	172.4
Charges/ interest	7.3	13.9	10.3	6.2	4.2	2.8
Total	131.1	256.1	370.5	288.1	197.6	175.2

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

Implementation of HIPC Initiative:

		Original Framework	Enhanced Framework	Total
I.	Commitment of HIPC assistance			
	Decision point date	Mar 1998	April 2009	
	Assistance committed			
	by all creditors (US$ Million)[1]	345.00	3,109.58	
	of which: IMF assistance (US$ Million)	22.50	38.66	
	(SDR equivalent in millions)	16.70	25.85	
	Completion point date:	--	June 2012	
II.	Disbursement of IMF assistance (SDR Million)			
	Assistance disbursed to the member	--	25.85	25.85
	Interim assistance	--	15.13	15.13
	Completion point balance	--	10.72	10.72
	Additional disbursement of interest income[2]	--	0.57	0.57
	Total disbursements	--	26.42	26.42

[1]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.

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

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

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

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

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

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

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

Safeguards Assessment

The Central Bank of West African States (BCEAO) is a common central bank of the countries of the West African Economic and Monetary Union (WAMU). An update safeguards assessment of the BCEAO, completed in April 2018, found that the central bank has maintained a strong control environment since the last assessment in 2013 and its governance arrangements are broadly appropriate. In addition, audit arrangements have been strengthened, International Financial Reporting Standards (IFRS) were adopted as the accounting framework beginning with the 2015 financial statements, and a 2016 external quality review of the internal audit function found broad conformity with international standards. The latest BCEAO safeguards assessment was completed in 2018 and all recommendations have been implemented.

Exchange Arrangements

Côte d'Ivoire is a member of the WAEMU. The exchange rate arrangement of the WAEMU is a conventional peg. The common currency, the CFA franc, is pegged to the euro at the rate of €1 = CFAF 655.957. Côte d'Ivoire has accepted the obligations under Article VIII, Sections 2(a), 3, 4, and maintains an exchange system that is free of multiple currency practices and restrictions on payments and transfers for current international transactions.

Article IV Consultation

Côte d'Ivoire is on the 12-month Article IV consultation cycle. The Executive Board concluded the last Article IV consultation with Côte d'Ivoire on July 21, 2021.

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.

RELATIONS WITH OTHER INTERNATIONAL FINANCIAL ORGANIZATIONS

As of May 3, 2022, Côte d'Ivoire collaborates with the World Bank Group and the African Development Bank. Further information may be obtained from the following websites:

World Bank Group
https://www.worldbank.org/en/country/cotedivoire

African Development Bank
https://www.afdb.org/en/countries/west-africa/cote-divoire

STATISTICAL ISSUES

(As of May 25, 2022)

I. Assessment of Data Adequacy for Surveillance
General: Data provision is broadly adequate for surveillance. The timeliness of some statistical indicators provided to the Fund could be improved (see Table of Common Indicators Required for Surveillance).
National Accounts: The National Institute of Statistics (NIS) adopted the 2008 System of National Accounts (SNA) and updated the base year to 2015. Annual national accounts for the period 2015-19 are available according to the new base year and preliminary national accounts for 2020 were produced but have not been published yet. The NIS is currently working on the backcasting of annual national accounts for 1996-2014. Quarterly national accounts (QNA) are still published under the 1993 SNA with 1996 as base year. Alignment of the QNA series over the rebased annual national accounts series is progressing slowly. The agenda shared by the NIS plans to release the aligned QNA in September 2023. . Adjustments and methodologies used to compile QNA should be better documented. In addition, new high frequency indicators have been produced with 2015 as base year. AFRITAC West is supporting the finalization of the annual and quarterly national accounts, improvements of methodologies and source data, and the development of financial accounts.
Price Statistics: Harmonized consumer price index (CPI) compilation methods have been adopted by all WAEMU member countries, with 2014 as the weight reference year. The NIS is working with WAEMU and AFRISTAT to update the harmonized CPI. Under the auspices of the Data for Decisions Fund, STA, in collaboration with AFW, will assist the NIS with developing and disseminating a producer price index (PPI).
Labor Market Statistics: Data on employment in the formal sector is published monthly.
Government Finance Statistics: The authorities provide annual data on the general government for publication in the *Government Finance Statistics Yearbook* for the period 2018-19, and will submit the data for 2019 and 2020, in line with GFSM 2001/2014, following an agreement with the last GFS TA mission (April-May 2022). While no monthly or quarterly fiscal data are provided for publication, they are made available to the IMF African Department. The authorities have committed to continue to improve the coverage of general government units and public enterprises. In addition, the authorities are seeking the assistance of AFRITAC WEST to improve the compilation of government finance statistics and to implement the 2009 WAEMU TOFE directive for transition to GFSM 2001.
Monetary and Financial Statistics: Monetary data for Côte d'Ivoire are prepared by the national agency of the BCEAO and reported to STA by the BCEAO Headquarters on a monthly basis with a timeliness of about two months after the reference period. In August 2016, the BCEAO completed the migration of Côte d'Ivoire's Monetary and Financial Statistics to the Standardized Report Forms for the central bank and other depository corporations. The BCEAO reports data on some series and indicators of the Financial Access Survey (FAS) for Côte d'Ivoire, including the two indicators (commercial bank branches per 100,000 adults and ATMs per 100,000 adults) adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).
Financial Soundness Indicators (FSIs): With technical assistance from the IMF's Statistics Department, the BCEAO finalized the development of FSIs for deposit takers for Côte d'Ivoire in 2018. However, while the BCEAO has used FSIs for its internal purposes, it has not granted approval to publish the data on the IMF's FSI website.
External Sector Statistics: The national agency of the BCEAO in Abidjan is responsible for compiling and disseminating annual balance of payments statistics and the international investment position. BOP and IIP data are reported to STA in *BPM6* format with a timeliness of about one year after the reference period. BCEAO headquarters determines the methodology and calculates international reserves managed for WAEMU countries. In the context of a four-year project funded by the Japan Administered Account, with French speaking countries in West and Central Africa to improve their capacity in producing and disseminating better quality external sector statistics, four TA missions have been conducted in Côte d'Ivoire between 2016-20. There is an ongoing effort to publish quarterly BOP and IIP data. A virtual mission conducted in April 2021 examined the consistency between gross external debt liabilities of the international investment position (IIP) and the data submitted to the World Bank's Quarterly External Debt Statistics (QEDS) database. The discrepancies between the QEDS and IIP are due to external debt coverage, currency classification and time of reporting.

II. Data Standards and Quality	
Following Côte d'Ivoire participation to the General Data Dissemination System (GDDS) in May 2000, in December 2017 the authorities posted the National Summary Data Page (NSDP), thereby participating to the enhanced GDDS. As of May 25th 2022, the access to the Central Bank Survey and Deposit Corporation Survey needs authorization by the BCEAO.	No data ROSC is available. Côte d'Ivoire reports data to STA for re-dissemination in IMF statistical publications.

Côte d'Ivoire: Table of Common Indicators Required for Surveillance (As of May 3, 2022)					
	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]	Current	Current	M	M	M
Reserve/Base Money	03/2022	05/2022	M	M	M
Broad Money	03/2022	05/2022	M	M	M
Central Bank Balance Sheet	03/2022	05/2022	M	M	M
Consolidated Balance Sheet of the Banking System	03/2022	05/2022	M	M	M
Interest Rates[2]	12/20	02/21	I	M	M
Consumer Price Index	03/22	04/22	M	M	M
Revenue, Expenditure, Balance and Composition of Financing[3]–Central Government and National Social Security Funds	12/21	03/22	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt[4]	12/21	03/22	A	A	A
External Current Account Balance	2020	03/22	A	A	A
Exports and Imports of Goods and Services	12/21	03/22	M	M	M
GDP/GNP	2019	03/21	A	A	A
Gross External Debt[5]	12/21	03/22	A	A	A

[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] Including currency and maturity composition.
[5] External public debt only.
[6] Daily (D), weekly (W), monthly (M), quarterly (Q), annually (A), irregular (I); and not available (NA).

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

May 31, 2022

STAFF REPORT FOR THE 2022 ARTICLE IV CONSULTATION—DEBT SUSTAINABILITY ANALYSIS[1]

Approved by
Montfort Mlachila and Natalia Tamirisa (IMF); and Marcello Estevão and Abebe Adugna Dadi (IDA)

Prepared by the International Monetary Fund and the International Development Association

Côte d'Ivoire remains at moderate risk of external debt distress. The external debt service to revenue indicator remains below but close to the threshold, and the other projected external debt burden indicators are below their thresholds under the baseline, with the most extreme shock being the one related to exports. Several indicators exceed their thresholds in the case of the most severe standard shocks. The space to absorb shocks remains limited. The overall risk of public debt distress is also moderate, with public debt expected to remain generally stable over the projection horizon.

Côte d'Ivoire: Joint Bank-Fund Debt Sustainability Analysis	
Risk of external debt distress	Moderate
Overall risk of debt distress	Moderate
Granularity in the risk rating	Limited space to absorb shocks
Application of judgement	No

[1]Under the revised Debt Sustainability Framework for Low-Income Countries, Côte d'Ivoire's Composite Indicator (CI) is 2.96 based on the April 2022 WEO and the 2020 CPIA, corresponding to a medium debt carrying capacity.

PUBLIC DEBT COVERAGE

1. **Public debt covers both the debt of the central government, as well as the guarantees provided by the central government, including those guarantees that pertain to state-owned enterprises (SOEs) debt** (Text Table 1). The DSA classifies external and domestic debt based on the currency criterion, given data constraints that prevent the use of the residency criterion.[2] The debt of local governments is excluded from the DSA coverage. Local governments are authorized to borrow within limits and under conditions set by decree. There is no available information on this debt. On SOE debt, the authorities continue to improve debt coverage and monitoring in past years. At end-2021, SOE guaranteed and non-guaranteed commercial debt amounted to respectively 1.3 and 0.8 percent of GDP. In the context of the current DSA, the following approach is taken:

- All *guaranteed* SOE debt and *on-lent* debt is included in the debt stock in the baseline.
- N*on-guaranteed* SOE debt is captured as a contingent liability shock - this shock is set at the default 2 percent of GDP.[3]

Text Table 1. Côte d'Ivoire: Coverage of Public Sector Debt

	Subsectors of the public sector	Check box
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	

2. **Efforts to increase the government's capacity to record and monitor public debt and contingent liabilities continue**. Further work is needed to enhance data coverage of SOEs in the DSA baseline, including consolidating the general government fiscal accounts with the financial statements of the SOEs (both on the revenue, expenditure, and financing sides) and corresponding 20-year projections. The authorities see this consolidation as a prerequisite for incorporating SOE debt into total debt (in the baseline) and have received technical assistance (TA) to advance this task. Additionally, further work on data reconciliation with the World Bank Debt Reporting System is ongoing. As part of the IDA Sustainable Development Finance Policy (SDFP), authorities have

[2]The debt owed to the West-African Development Bank (BOAD) was reclassified from domestic to external debt to harmonize the treatment of BOAD debt in the WAEMU region. The CFAF issuance in the regional market is still classified as domestic due to lack of data. This DSA continues to exclude external private debt from external debt due to limited information on the outstanding stock of external private debt and related payments. The SDR use is recorded as domestic debt due to the lending arrangement between the government and the BECAO.

[3]Non-guaranteed SOE debt is not included in the baseline because of limited information.

created a new portal providing updated information on public debt, including the quarterly debt bulletins, increasing transparency.

3. **The magnitude of the shock in the contingent liability stress test applied in the sensitivity analysis reflects potential additional liabilities**. The LIC-DSF default settings are applied for the contingent liabilities shock. They could emanate from SOE debt not captured in the data coverage, especially from non-guaranteed debt and domestic arrears, public-private partnership agreements, and the financial sector. Total contingent liabilities for the CL test are estimated at 9.3 percent of GDP (Text Table 2). The stock of public private partnerships represents about 6.6 percent of GDP at end-2021, with more than half of investment commitments in the energy sector.

Text Table 2. Côte d'Ivoire: Magnitude of the Contingent Liability Stress Test

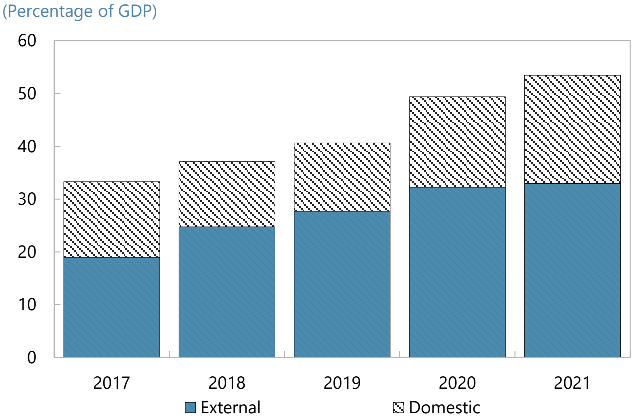
1	The country's coverage of public debt	The central government, central bank, government-guaranteed debt		
		Default	Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0 percent of GDP	0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	2	
4	PPP	35 percent of PPP stock	2.30	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5	
	Total (2+3+4+5) (in percent of GDP)		9.3	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

DEBT BACKGROUND

4. **Public debt increased significantly over the last few years with external debt growing as a share of total debt**.[4] The increase in indebtedness over 2017-2021 was driven by higher recourse to external debt including to finance an increase in investment and social spending in the context of the National Development Plan 2015-2020 and the COVID-19 crisis. The medium-term debt strategy 2019-2023 updated in the 2022 finance law envisaged that 64 percent of new financing would come from external sources and favor borrowing in euros and CFA francs to limit exchange rate risk. Already a large share of external borrowing

Text Figure 1. Côte d'Ivoire: Evolution of Public Debt
(Percentage of GDP)



Sources: Ivorian authorities; and IMF staff calculations.

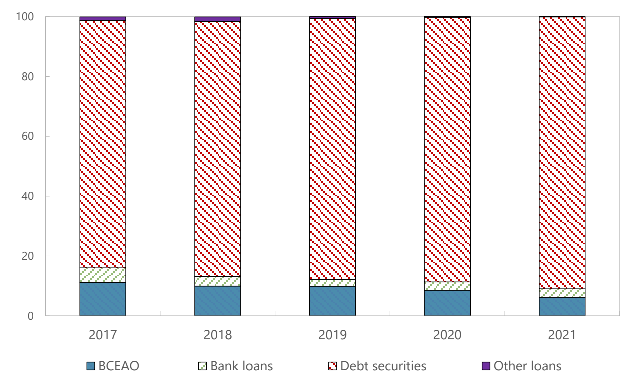
[4]In this DSA, Public and Publicly Guaranteed external debt excludes claims under Debt Reduction-Development Contract (C2D), which were cancelled in the context of HIPC debt relief. The C2D is a debt restructuring tool under which Côte d'Ivoire continues to service its bilateral debts to France and Spain until repayment. The amount corresponding to this bilateral debt service is transferred back to the country as grants to finance poverty reduction programs. Flows associated with the C2D process are included by IMF staff in the external and fiscal accounts to capture gross cash flows (debt service and grants). See IMF Country Report no14/358 and Supp.1, 11/21/2014 for a detailed discussion.

is denominated in euros. Public debt stood at 53.5 percent of GDP at end-2021, compared with 33.3 percent in 2017. External debt stood at 33 percent of GDP, compared to 19 percent in 2017—representing 62 percent of total debt in end-2021 as opposed to 57 percent in 2017.

5. **Most of the domestic debt is in the form of CFAF-denominated securities**. Those securities have a maturity between 3 months and 15 years and are held by domestic and other WAEMU investors. The authorities are mindful of the fact that an excessive recourse to the regional market would run the risk of a tightening of financing constraints and a crowding-out of private sector credit, given the financing needs across WAEMU countries.

6. **Within external debt (excluding guarantees), commercial creditors hold more than half of the external debt stock**. Close to 90 percent of commercial debt is in the form of eurobonds. The authorities undertook a liability management operation in 2020 to reduce exchange rate risks and lengthen maturity. Multilateral creditors have increased their share of debt since 2020 and represented 29 percent of external debt in 2021, as Côte d'Ivoire mobilized substantial concessional external financing to fund its response to the pandemic. The IMF and the World Bank jointly satisfied more than a third of the country's financing needs in 2021. On the other hand, the share of bilateral creditors has decreased since 2016, accounting for less than 16 percent of the external debt stock at end-2021 compared to 21 percent in 2017. The remaining shares are associated with commercial creditors (51 percent) and guaranteed debt (4 percent).

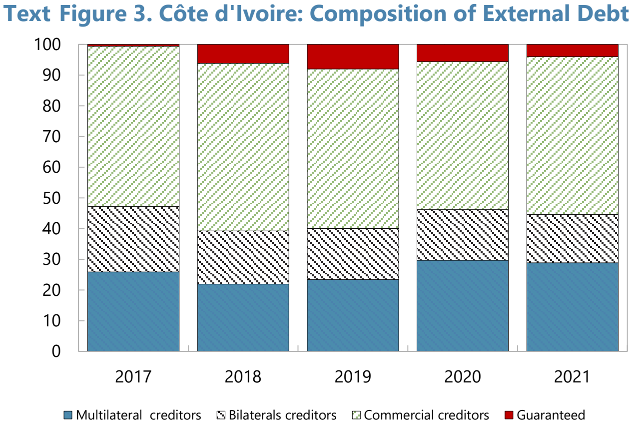
Text Figure 2. Côte d'Ivoire: Composition of Domestic Debt



Sources: Ivorian authorities; and IMF staff calculations.

7. **The authorities joined the Debt Service Suspension Initiative (DSSI) in 2020**. The authorities received positive answers from the Paris Club creditors and Eximbank India for 2020 and 2021 and the Kuwait fund for 2020. Nevertheless, since a significant share of external debt falling due in 2020 and 2021 has been forgiven by bilateral creditors under the C2D (see footnote 4), the benefit of DSSI is limited. Suspended payments amounted to around 5 percent of total debt service (including C2D) in 2020 and 0.4 percent in 2021.

Text Figure 3. Côte d'Ivoire: Composition of External Debt



Sources: Ivorian authorities; and IMF staff calculations.

RECENT DEVELOPMENTS AND UNDERLYING ASSUMPTIONS

8. Côte d'Ivoire continues to show resilience to the pandemic and signs of recovery. Growth in 2021 is estimated at about 7 percent, which is higher than in most Sub-Saharan African frontier market economies. This economic performance was underpinned by strong pre-crisis fundamentals, a rapid policy response, and a relatively lower dependency on sectors most vulnerable to the pandemic. The country experienced a short-lived spike of Omicron in 2021 and beginning 2022, but the fatalities remain modest compared to peers with about 800 deaths since the beginning of the pandemic until beginning of May 2022. Vaccination began in March 2021 and adoption rate of the vaccine by the population has picked up, after a slow start. As mid-May 2022, 12.6 million doses have been administered with about 40 percent of the targeted population (12 years-old and over) having received a first dose. Inflation reached to 4.2 percent in 2021 reflecting mostly surge in global prices.

9. The assumptions in the baseline scenario are consistent with the macroeconomic framework outlined below (Text Tables 2 and 3). These include a growth path converging to 6 percent over the medium term from 7 percent in 2021, inflation returning to subdued level in the medium term thanks to the exchange rate peg to the euro, a gradual improvement in the external position, and a gradual fiscal consolidation to reach the 3 percent of GDP regional fiscal deficit norm by 2024. Projections also assume a balanced recourse to domestic and external debt.

- **GDP growth trajectory fluctuating between 6 and 6.7 percent through the medium term similarly to the previous DSA**. Real GDP recovered from 2 percent in 2020 to 7 percent in 2021 as global conditions improve and domestic demand recovered from the COVID shock, despite short-term electricity shortages. Staff projects output growth to slow to 6 percent in 2022 as a result of war in Ukraine, to rebound to around 6½ in the following years, and to converge to 6 percent over the medium term. The cumulative path is comparable to what projected at the time of the 2021 Article IV. The implementation of a strong reform agenda from the National Development Plan (NDP) and recent oil discovery could however catalyze stronger confidence and investment and further lift productivity and growth, while persistent insecurity in the north of the country and uncertain global developments represent downside risks.

- **Gradual return to subdued inflation over the medium term**. Annual average inflation is projected to reach 5.5 percent in 2022, reflecting an increase in commodity prices, supply chain disruptions following containment measures, and border closures along with the impact of electricity rationing in some sectors in 2021. However, it is expected to remain low at around 2 percent in the medium term, benefiting from the exchange rate peg to the euro.

- **Wider budget deficits in the short term**. The need for a continued policy response to counter the pandemic and insecurity in the north led to a widening of the primary and overall fiscal deficits to respectively 3 and 5.1 percent of GDP in 2021. A wider deficit in 2022 of 5.3 percent

of GDP is expected due to the response of the effects of the war in Ukraine and higher security spending to respond to insecurity in the north and the public investment plan fueled by the implementation of NDP over the next few years. While the NDP prominently focuses on an increase in private sector investment, it also has goals for public investment and debt financed public investment projects. The authorities still plan to converge to the 3 percent of GDP regional target over the medium term.

- **Similar tax revenue projections**. The tax revenue projection is broadly similar to the previous DSA, which takes into consideration the relatively weak revenue mobilization. However, 2021 revenue outcome was better than forecasted due to strengthened digitalization and tax administration. Tax revenue is assumed to increase from 12.3 percent of GDP in 2022 to above 13 percent of GDP from 2024 onwards and remain at that level. Efforts to strengthen domestic revenue mobilization are expected to continue. They should focus on eliminating VAT tax exemptions, accelerating the removal of business tax exemptions, streamlining the personal income tax regime, improving property regime, fully rolling out new IT system and pursuing public finances management reforms.

- **A narrowing current account deficit**. The external current account deficit is expected to moderately narrow from 4.8 percent of GDP in 2022 to 3.6 percent of GDP in 2027. Exports are expected to grow more than imports thanks to the implementation of NDP and Côte d'Ivoire 2030 policies, especially on private sector development and export diversification.

- **Risks**. These assumptions are subject to downside risks including from possible unfavorable terms-of-trade shocks and weaker-than-expected global growth in the context of the pandemic, war in Ukraine and rising protectionism. The upside risks consist mainly of the confirmation of the oil discovery potential and the strict implementation of the NDP.

Text Table 3. Côte d'Ivoire: LIC DSA Macroeconomic Assumptions

	2019	2020	2021	2022	2023	2024	2025	2026	2027
			Est.			Projections			
	(Annual percentage changes, unless otherwise indicated)								
National income									
GDP at constant prices	6.2	2.0	7.0	6.0	6.7	6.4	6.2	6.0	6.0
GDP deflator	0.2	1.0	2.8	3.8	1.8	1.4	1.3	1.2	1.5
External sector (on the basis of CFA francs)									
Exports of goods, f.o.b., at current prices	11.8	-2.9	15.3	8.8	3.3	8.2	6.9	7.0	7.7
Imports of goods, f.o.b., at current prices	2.9	-1.5	22.5	14.1	1.5	4.8	5.6	6.1	7.4
Export volume	16.7	-1.9	6.2	-5.9	7.4	11.6	7.3	7.2	7.2
Import volume	-1.8	10.5	2.5	-5.6	4.5	7.6	5.9	6.7	7.3
	(Percent of GDP unless otherwise indicated)								
Central government operations									
Total revenue and grants	15.0	15.0	15.8	14.7	15.2	15.6	15.5	15.5	15.4
Total revenue	14.2	14.4	15.3	14.2	14.7	15.2	15.2	15.2	15.1
Total expenditure	17.3	20.5	20.9	20.0	19.2	18.6	18.6	18.5	18.4
Primary expenditure	15.8	18.7	18.8	18.0	17.1	16.5	16.5	16.4	16.4
Primary balance	-0.8	-3.7	-3.0	-3.3	-1.9	-0.9	-1.0	-1.0	-0.9
Overall balance, incl. grants, payment order basis	-2.3	-5.6	-5.1	-5.3	-4.0	-3.0	-3.0	-3.0	-3.0
External Sector									
Current account balance	-2.3	-3.2	-3.8	-4.8	-4.6	-4.1	-3.9	-3.7	-3.6
Non-interest current account balance	-1.4	-2.1	-2.6	-3.7	-3.6	-3.1	-2.9	-2.7	-2.6

Sources: Ivorian authorities, World Bank, and IMF staff estimates and projections.

10. **The authorities' debt management strategy aims to meet gross financing needs while ensuring debt sustainability, based on a balanced mix of external and domestic financing instruments**. Consistent with the authorities' medium-term debt management strategy, Côte d'Ivoire's financing needs are expected to be met by relying on a mix of sources in domestic and foreign currencies in 2022. The authorities communicated their aim to borrow externally in line with their medium-term debt strategy. The level of external commercial borrowing is set close to projected external commercial debt service. Multilateral and bilateral financing is projected to gradually decline from 2 percent of GDP in 2022 to 1.5 percent in 2042. Those numbers account for the most recent IDA disbursement projections, whose share of total multilateral financing is projected to increase in the short run from 70 percent in 2022 to 79 percent in 2026, before declining to 23 percent in 2042. In the short term, the government is expected to rely on both concessional and non-concessional borrowing to meet its financing needs. The authorities also intend to balance the recourse to the international and regional markets given the potential crowding-out effect at the regional level. Domestic financing is assumed to rely on issuances of CFAF securities with the following maturities: less than one-year (12 percent of issuances), one to three years (8 percent), three to seven years (46 percent) and more than seven years (34 percent).[5] The regional and eurobonds' interest rates are projected to average 5.4 and 5.5 percent respectively over the projections' period, which are above historical paths. The authorities are continuing to strengthen processes related to debt management, with World Bank support.

Text Table 4. Côte d'Ivoire: Changes in Economic Assumptions

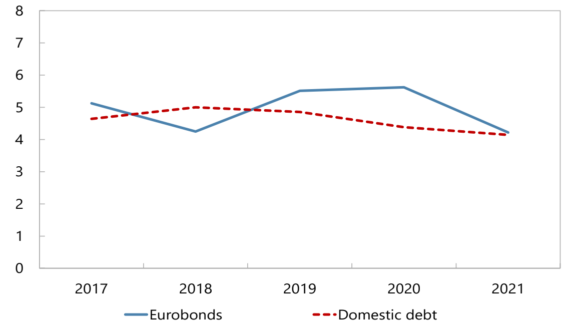
	Previous DSA			Current DSA		
	2022-2027	2028-2032	2033-2041	2022-2027	2028-2032	2033-2041
Nominal GDP (USD Billion)	95.6	144.6	241.1	91.2	137.7	227.9
Real GDP (y/y % change)	6.2	5.9	5.6	6.2	5.9	5.6
	(Percent of GDP unless otherwise noted)					
Fiscal (central government)						
Revenue and grants	15.3	15.2	15.5	15.3	15.6	15.9
of which grants	0.3	0.0	0.0	0.4	0.3	0.3
Primary expenditure	16.6	16.2	16.5	16.6	16.6	17.0
Primary balance	-1.4	-1.0	-1.0	-1.4	-1.0	-1.0
Balance of payments						
Exports of goods and services	19.3	18.4	17.7	20.2	19.5	18.6
Imports of goods and services	15.1	14.1	13.3	16.4	15.8	14.9
Non-interest current account balance	-5.3	-5.2	-5.0	-5.4	-5.8	-5.7
Current account balance	-3.7	-3.6	-3.3	-4.1	-4.2	-3.9
Foreign direct investment (net inflows)	1.2	1.5	1.9	1.2	1.5	1.9

Sources: Ivorian authorities, World Bank, and IMF staff estimates and projections.

[5]The projected increase in domestic financing would require significant purchases of Ivoirian securities by WAEMU residents, with potential crowding out of smaller borrowers. Though the share of Côte d'Ivoire in the regional market would only increase slightly from 36 in 2021 to 38 percent in 2026. If those purchases were not to happen, external commercial financing would have to increase to fill the gap. Domestic borrowing assumptions hinge on Côte d'Ivoire's capacity to increase by 35 percent the volume of domestic issuances with the next 4 years (from around FCFA billion 2,600 projected in 2022 to 3,500 in 2026) at the current yields.

11. The macroeconomic framework is broadly plausible (Figure 4). The projected medium-term debt-creating flows are below those observed in the past five years which were driven by a sizable residual. The 1.2 percent of GDP residual calculated for 2021 mostly reflects a different recording of project loan disbursements in the fiscal accounts and the debt statistics, as well as the non-integration in the fiscal accounts of the flows associated with new debt contracted by the government and on-lent to SOEs, which is included in public debt.

Text Figure 4. Côte d'Ivoire: Implied Interest Rates



Sources: Ivorian authorities, World Bank, and IMF staff calculations.

COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

12. Côte d'Ivoire is assessed to have medium debt-carrying capacity. Based on the April 2022 WEO macroeconomic framework and the World Bank's 2020 CPIA index, Côte d'Ivoire's composite indicator is 2.96 (above the lower cut-off of 2.69 but below the strong capacity cut-off value of 3.05) confirming the medium debt carrying capacity assessment used in previous DSA.[6] The relevant thresholds are used to assess debt risk rating.

Text Table 5. Côte d'Ivoire: CI Score

Debt Carrying Capacity	Medium

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage
Medium	Medium 2.96	Medium 2.97	Medium 2.92

APPLICABLE	
EXTERNAL debt burden thresholds	
PV of debt in % of	
Exports	180
GDP	40
Debt service in % of	
Exports	15
Revenue	18

APPLICABLE	
TOTAL public debt benchmark	
PV of total public debt in percent of GDP	55

13. Given Côte d'Ivoire's reliance on global capital markets, a tailored test for international market financing was conducted. Côte d'Ivoire issued sizeable eurobonds both in 2020 and early 2021 (for about US$1.2 billion and US$1 billion, respectively) and used about half of the 2020 issuance

[6] The other variables from the macroeconomic framework consist of five variables: real GDP growth, remittances, import coverage of reserves, the square of import coverage of reserves, and world economic growth. The composite indicator uses ten years of data (5 years of history and 5 years of projections) to smooth out economic cycles.

to buy back bonds with shorter maturities and reduce the currency risk. Its debt management strategy aims at leveraging global capital markets to finance part of the country's gross financing needs over the next five years. A tailored test for market financing assumes a temporary increase in the cost of new commercial external borrowing by 400 basis points combined with a nominal depreciation of 15 percent of the CFAF vis-à-vis the US$ and a shortening of maturities and of grace periods.[7]

14. A contingent liability tailored shock was conducted to capture potential fiscal risks arising from SOEs, PPPs, and the financial market. This tailored stress test includes the standardized 2 percent of GDP for risks related to SOEs, a 2.3 percent of GDP shock to accommodate potential fiscal risks on 35 percent of the PPP capital stock, and a financial sector shock of 5 percent of GDP.

15. Standard stress tests on real GDP growth, primary balance, exports, current transfers, foreign exchange (FX) depreciation, and a tailored test on commodity prices have also been applied. The first four shocks set each of the above variables to the lower of its historical average minus one standard deviation, or its baseline projection minus one standard deviation. The FX depreciation considers a nominal depreciation of 30 percent of the CFAF vis-à-vis the US$ in the first year of the projection. The commodity price shock captures the impact of a sudden one standard deviation decline in commodity prices.

EXTERNAL DEBT SUSTAINABILITY ANALYSIS

16. The country remains at moderate risk of debt distress despite remaining very close to the threshold of debt service to revenue ratio. The debt service-to-revenue ratio remains below the 18 percent threshold during the projection period. It peaks at 17.9 percent in 2024 before decreasing to 14.3 percent in 2027. On the one hand, the deterioration of the ratio came mainly from the exchange rate depreciation and to a lesser extent from the BOAD reclassification from domestic to external creditor. On the other hand, an offsetting factor arose from the positive effect of inflation on revenues as well as an upward revision of revenue projections.

Text Table 6. Explanation of Deterioration of Debt Service to Revenue Ratio

(2022 AIV vs 2021 AIV)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Ratio of DS/ revenue (22AIV - 21AIV)	**2.0**	**1.2**	**0.4**	**0.7**	**0.7**	**-0.2**	**0.0**	**0.0**	**1.2**	**0.3**
Change from DS	**0.6**	**0.2**	**-0.1**	**0.1**	**0.2**	**-0.8**	**-0.6**	**-0.6**	**0.4**	**-0.4**
of which: BOAD	0.5	0.4	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1
others 1/	0.2	-0.2	-0.4	-0.2	0.0	-1.0	-0.8	-0.7	0.3	-0.5
Change from revenue	**1.3**	**0.9**	**0.5**	**0.5**	**0.5**	**0.6**	**0.6**	**0.6**	**0.7**	**0.7**
of which: exchange rate	1.7	1.8	1.9	1.9	1.6	1.4	1.6	1.6	1.8	1.7
revenue in LC	-0.4	-0.9	-1.4	-1.3	-1.1	-0.8	-1.0	-0.9	-1.1	-1.0

Sources: Ivorian authorities, World Bank, and IMF staff estimates and projections.
1/ assumptions of debt service repayment and new borrowing.

[7]The share of USD denominated debt is estimated to be decreasing over time. The considered shortening of maturities of commercial external borrowing are as follows: if the original maturity is greater than 5 years, the new maturity is set to 5 years; if the original maturity is less than 5 years, the new maturity is shortened by 2/3.

17. **All PPG debt indicators are below their corresponding thresholds for the next ten years in the baseline scenario**. The PV of external debt-to-GDP is expected to decrease from 28.3 percent in 2022 to 21.3 percent in 2032 (Table 1 and Figure 1), well below the relevant threshold of 40.[8] The PV of external debt to exports peaks at 127.1 percent at the beginning of the projection period before decreasing and the debt service-to-exports ratio is expected to reach 11.9 percent in 2032, with thresholds respectively at 180 and 15 percent. After the 2024-25 spike, the debt-service-to-revenue ratio is expected to remain below the threshold throughout the following years. The trajectory of the debt-service-to-revenue ratio underscores the criticality of improving domestic revenue mobilization to provide the authorities with a sustainable source of funding for their important development needs and to provide buffers on debt service.

18. **Exports and market financing shocks would have a significant negative impact on Côte d'Ivoire's external debt sustainability**. An export shock would cause the PV of external debt-to-export ratio and debt service-to-export ratio to breach the threshold from 2024 onward, while most shocks would cause the debt-service-to-revenue indicator to breach the threshold starting in 2024. Exports of cocoa products represent more than one third of total exports, which makes Côte d'Ivoire particularly sensitive to its price fluctuation. This highlights the importance of accelerating policies aiming at diversification, in order to strengthen the resilience of the Ivoirian economy to shocks. The market financing risk analysis suggests that the EMBI spread has increased to 365 bpm from 350 bpm in the last staff report. While GFN and EMBI spread remain below the benchmarks, the debt service-to-revenue indicator would breach the threshold for prolonged periods should market financing risk materialize (Figure 6). These results underscore downside risks for debt sustainability from potential exports shocks or rollover risks that could result from a deterioration in global risk sentiment or from a shortening of maturities of new external commercial borrowing.

PUBLIC DEBT SUSTAINABILITY ANALYSIS

19. **Under the baseline scenario, the PV of public debt-to-GDP ratio is below its threshold of 55 percent** (Figure 4). The PV of public debt-to-GDP is expected to slightly decline over the projection period, to around 45 percent by 2032. Meanwhile, the PV of debt-to-revenue and grants ratio would decline marginally from around 339 percent in 2022 to 285 percent in 2032. Finally, the debt service-to-revenue and grants ratio is projected to soar to 57.5 percent in 2024 and remain above 54 percent for the projection period (from 34 percent in 2021). This again underscores the importance of strengthening domestic revenue mobilization.

20. **Stress tests highlight that Côte d'Ivoire's most extreme public debt vulnerability would emerge from a shock to commodity prices** (Figure 2 and Table 4). Under the standard commodity price stress test, the PV of public debt-to-GDP would breach its corresponding

[8]The November 2020 liability management operation, which involved the buy-back of USD 486 million dollar-denominated bonds maturing in 2028 and 2032 and EUR 85 million euro-denominated bonds maturing in 2025, led to a small improvement in liquidity indicators.

threshold of 55 percent starting in 2025 and would continue growing afterwards. This shock would lead to an explosive pattern of the three debt and debt service indicators, which could be exacerbated if commodity prices were to increase even further. A contingent liability shock would trigger a temporary breach of the PV of debt-to-GDP threshold for five years.

RISK RATING AND VULNERABILITIES

21. The new debt sustainability analysis indicates that Côte d'Ivoire remains at moderate risk of external debt distress as in the July 2021 DSA and with limited capacity to absorb shocks. The debt service-to-revenue ratio remains still below but very close to its corresponding threshold under the baseline scenario, and the other debt indicators stay below their thresholds. Standard stress tests show that the PV of external debt-to-exports ratio, debt service-to-export ratio, and debt service-to-revenue ratio would cross the threshold in the most extreme shock scenarios. The granularity analysis confirms limited space to absorb shocks with the external debt-service-to-revenue ratio breaching and then remaining below but very close to the threshold during the projection period (Figure 5). This reinforces the urgency to intensify revenue mobilization and diversify the export base through structural transformation over the medium term. It is also crucial to have a prudent external borrowing strategy aimed at balancing the costs and risks of new loans to preserve Côte d'Ivoire's borrowing space and medium-term debt sustainability. The authorities will have to evaluate the desirability and timing of tapping the external market, as the EMBI spread deteriorated since the 2021 DSA as well as limiting the issuance amount. They are also looking at alternative sources of external borrowings such as IFIs guaranteed commercial loans.

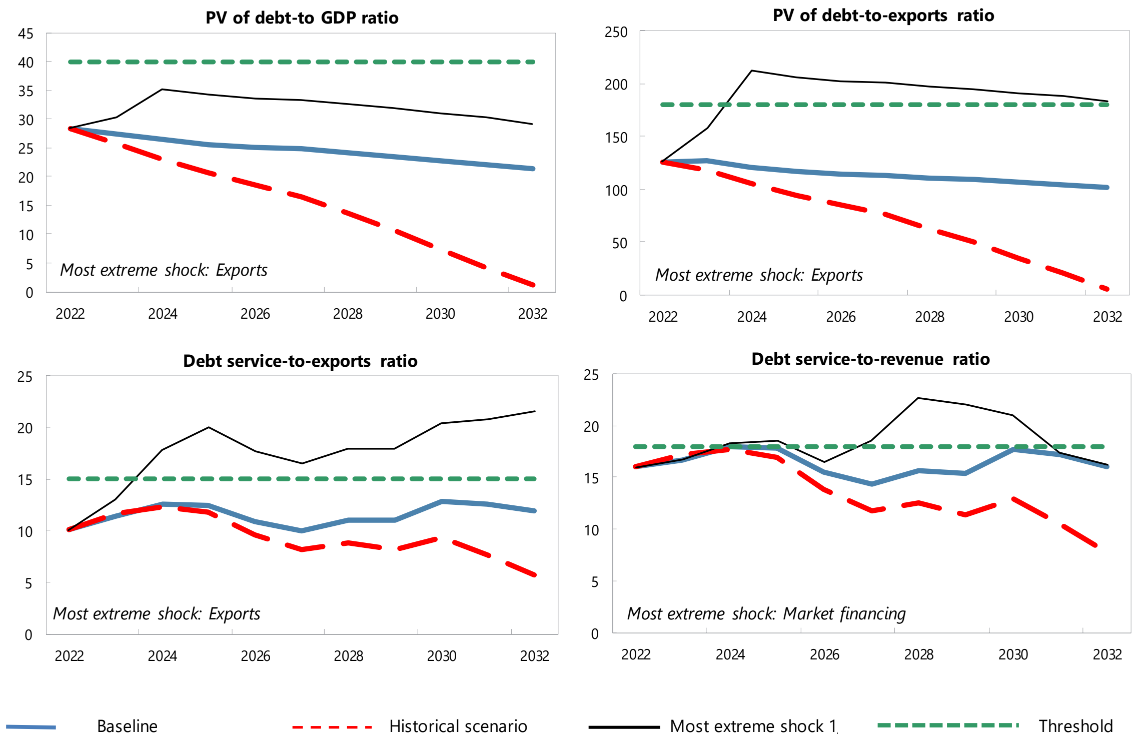
22. This DSA also indicates that the overall risk of debt distress remains moderate, but stress tests highlight high vulnerabilities of external and total debt to shocks. While the overall debt sustainability risk remains moderate, the PV of public debt-to-GDP breaches its threshold of 55 percent starting in 2025 under the most extreme shock (commodity price) arising from the standard stress tests. Three out of four external debt indicators would breach their threshold under the most extreme shocks (exports and market financing). Risks have been exacerbated by the COVID environment and now the war in Ukraine, as the global growth recovery, and hence that of Ivorian exports, could prove weaker than currently projected.

23. The authorities need to build resilience against shocks to debt sustainability. The DSA results highlight the need to carefully monitor debt indicators, conduct prudent GDP growth projections, create fiscal space, implement judicious policies to preserve macroeconomic stability and have full oversight of SOE debt contracting. Within this context, the authorities should work toward fully integrating SOE debt in their debt sustainability assessment. To create fiscal space, the authorities also critically need to accelerate efforts to mobilize domestic revenue while remaining committed to containing medium-term public expenditure. A careful debt management, including balancing domestic and external debt equilibrium, will be crucial to preserve debt sustainability.

AUTHORITIES' VIEWS

24. The authorities agreed that Côte d'Ivoire remains at moderate risk of debt distress. The authorities are strongly committed to keeping the country at moderate risk of debt distress. They are aware that the external debt service to revenue ratio is extremely close to the threshold. To that extent, they are monitoring closely the concessionality of new contracts and the pace of disbursement to remain in the same debt distress category. They expressed discontent regarding what they saw as a sudden reclassification of the BOAD debt (issued in CFAF) from domestic to external debt which could affect the capacity to borrow externally. They noted that this reclassification will be addressed by a forthcoming Council of Ministers of the WAEMU. Given the increasing costs of borrowing in the markets, they are looking for alternative sources of financing, including increasing fiscal revenue mobilization, to keep their debt sustainable.

Figure 1. Côte d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2022–32[1/]



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	No	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	No	No

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

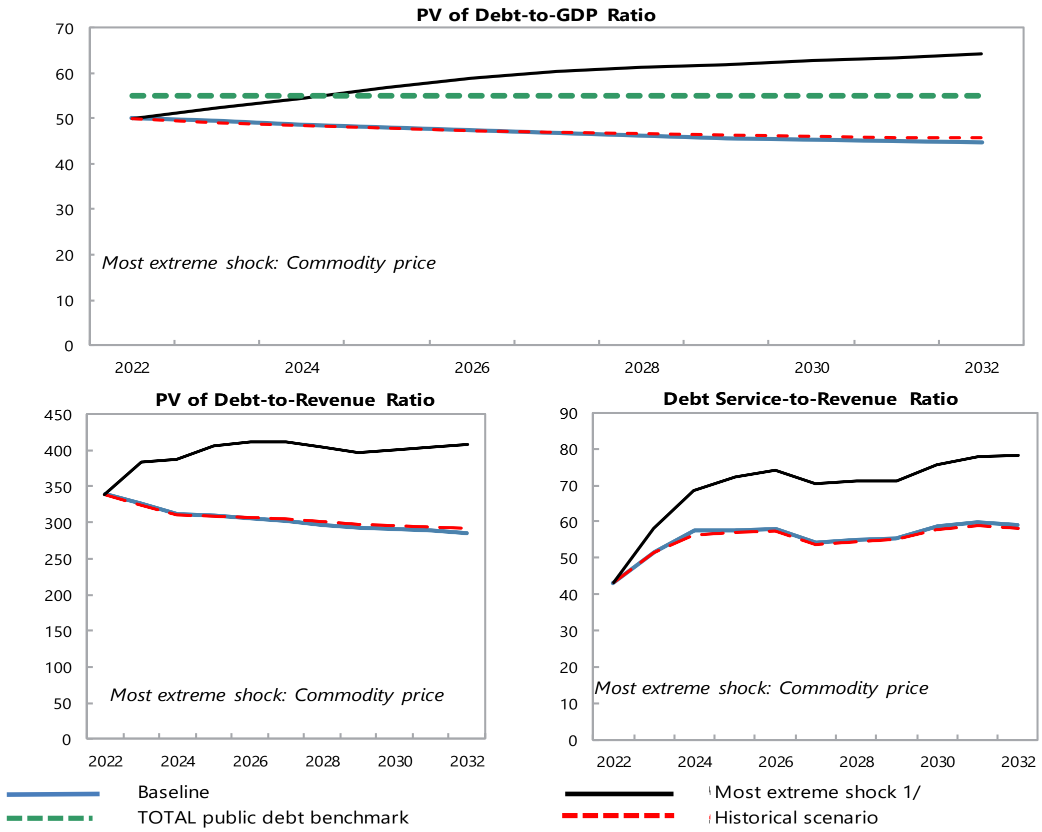
Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	3.5%	7.0%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	19	19
Avg. grace period	7	7

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2032. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 2. Côte d'Ivoire: Indicators of Public Debt Under Alternative Scenarios, 2022–32



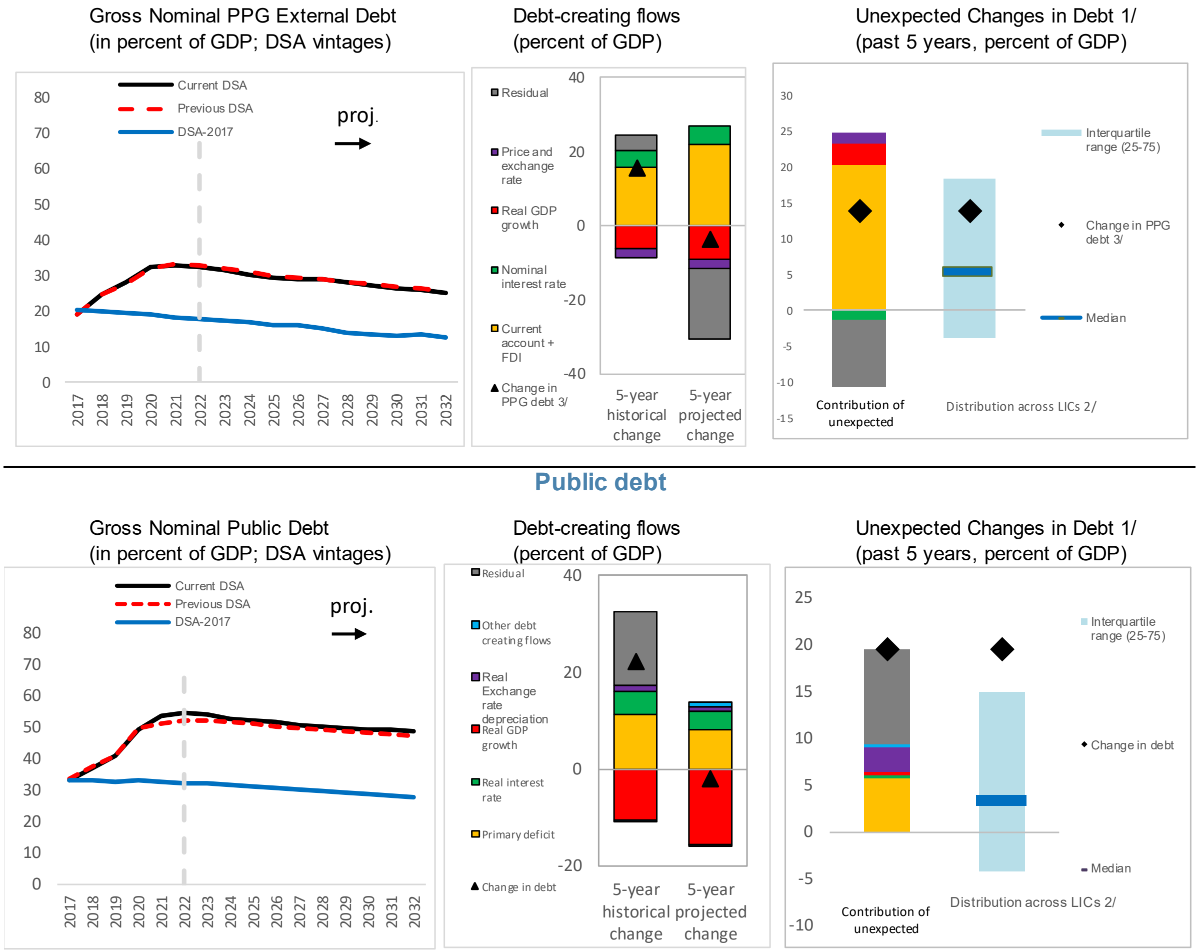
Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	31%	46%
Domestic medium and long-term	55%	42%
Domestic short-term	15%	12%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	3.5%	7.0%
Avg. maturity (incl. grace period)	19	19
Avg. grace period	7	7
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.1%	4.1%
Avg. maturity (incl. grace period)	7	7
Avg. grace period	0	0
Domestic short-term debt		
Avg. real interest rate	1.4%	1.4%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2032. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Côte d'Ivoire: Drivers of Debt Dynamics – Baseline Scenario

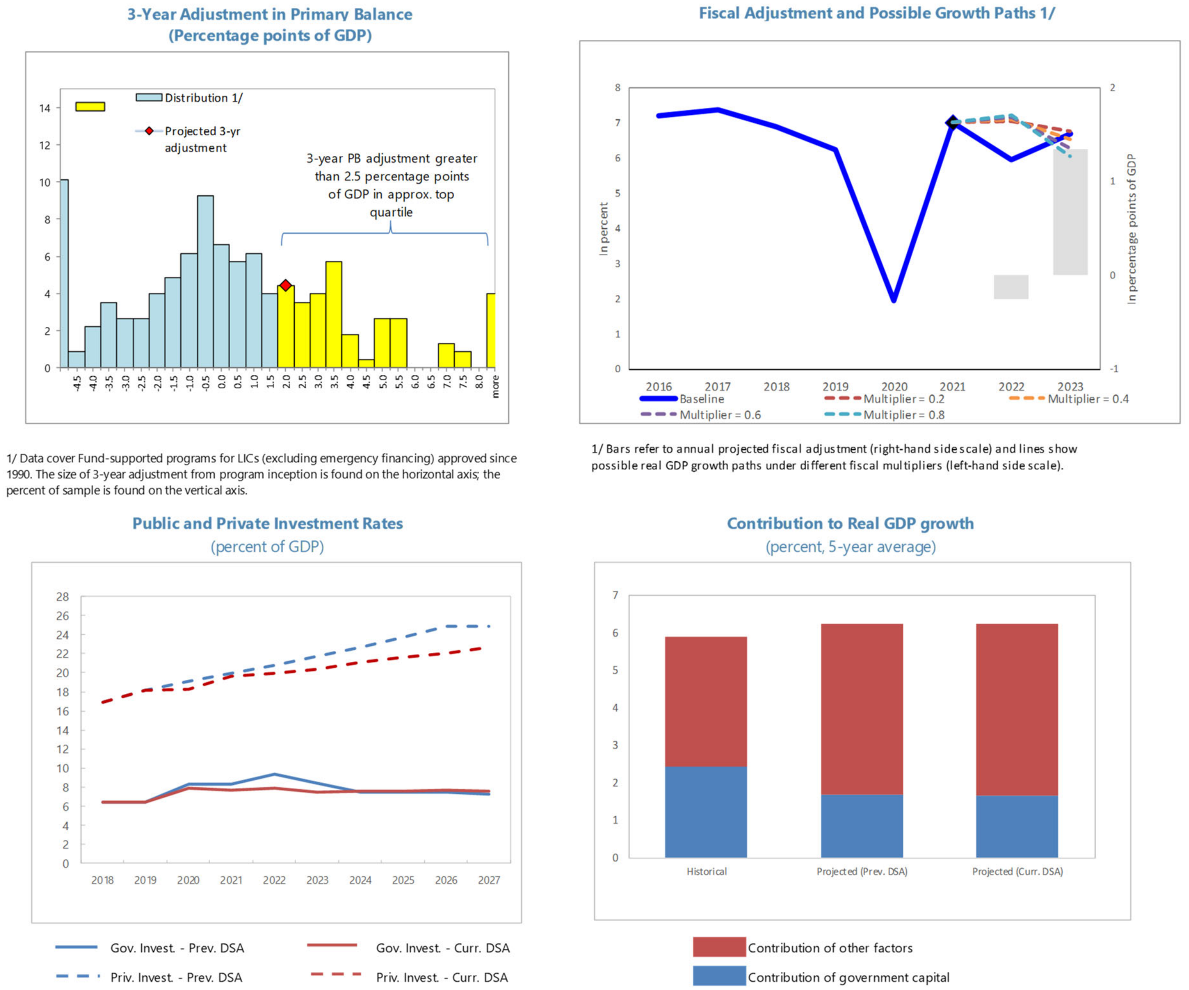


1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

Figure 4. Côte d'Ivoire: Realism Tools



1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Figure 5. Côte d'Ivoire: Qualification of the Moderate Category, 2021-31[1/]

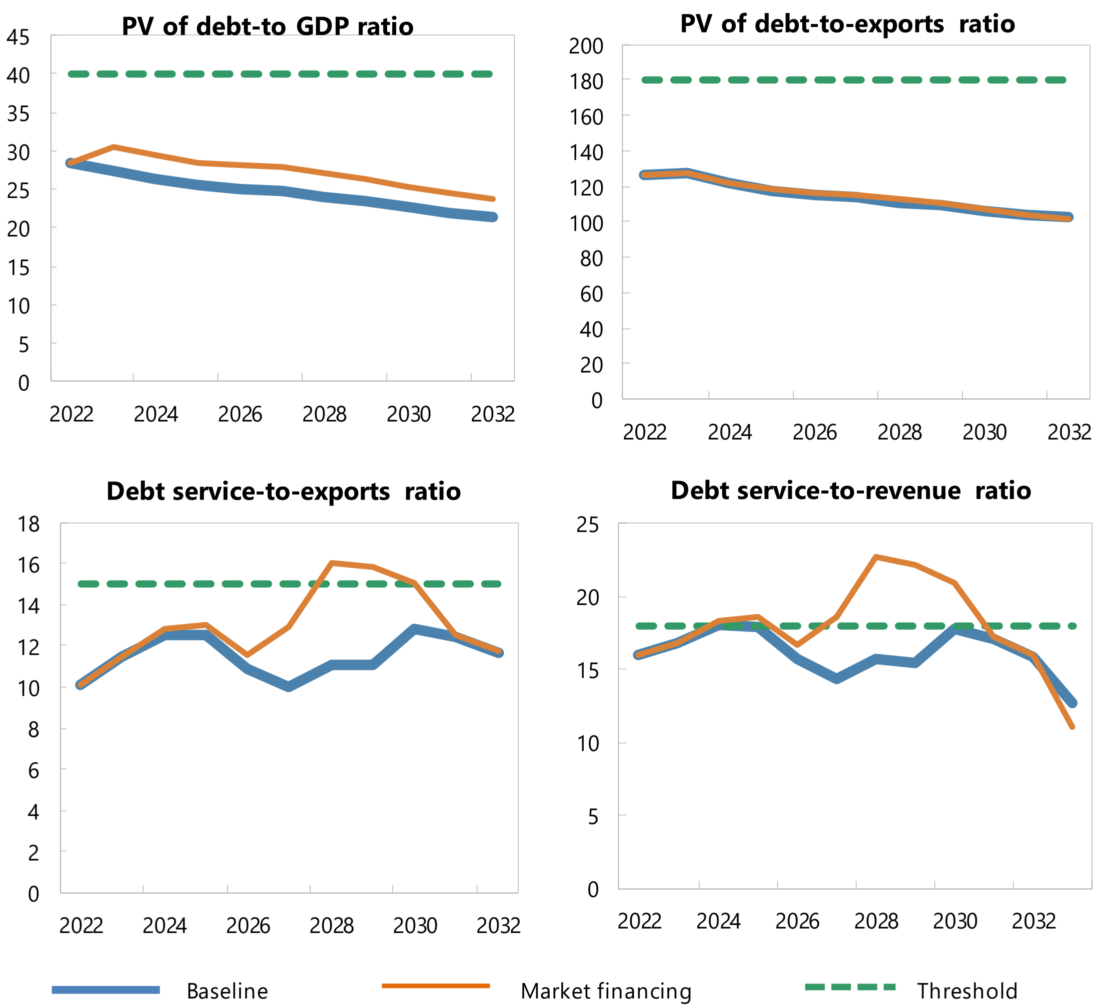
Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

Figure 6. Côte d'Ivoire: Market-Financing Risk Indicators

	GFN 1/	EMBI 2/
Benchmarks	14	570
Values	10	365
Breach of benchmark	No	No
Potential heightened liquidity needs	Low	

1/ Maximum gross financing needs (GFN) over 3-year baseline projection horizon.
2/ EMBI spreads correspond to the latest available data.



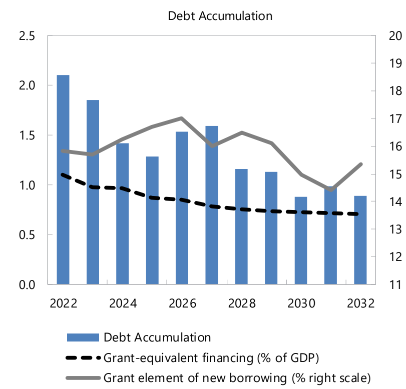
Sources: Country authorities; and staff estimates and projections.

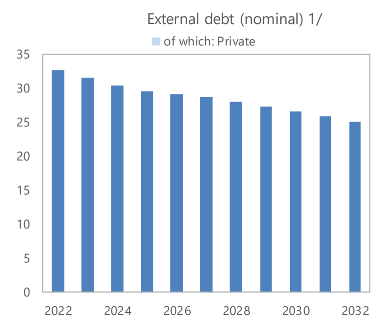
Table 1. Côte d'Ivoire: External Debt Sustainability Framework, Baseline Scenario, 2019–42

(Percent of GDP; unless otherwise indicated)

	Actual			Projections								Average 8/	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032	2042	Historical	Projections
External debt (nominal) 1/	**28.1**	**32.3**	**33.0**	**32.6**	**31.5**	**30.4**	**29.5**	**29.1**	**28.7**	**25.1**	**19.4**	**13.7**	**28.6**
of which: public and publicly guaranteed (PPG)	**28.1**	**32.3**	**33.0**	**32.6**	**31.5**	**30.4**	**29.5**	**29.1**	**28.7**	**25.1**	**19.4**	**13.7**	**28.6**
Change in external debt	3.4	4.2	0.7	-0.4	-1.1	-1.1	-0.9	-0.4	-0.3	-0.7	-0.5		
Identified net debt-creating flows	**3.3**	**3.0**	**0.9**	**3.9**	**3.8**	**3.4**	**3.4**	**3.3**	**3.3**	**4.4**	**6.4**	**2.5**	**3.8**
Non-interest current account deficit	**1.4**	**2.1**	**2.6**	**3.7**	**3.6**	**3.1**	**2.9**	**2.7**	**2.6**	**3.4**	**4.7**	**1.3**	**3.2**
Deficit in balance of goods and services	-1.6	-0.9	-0.1	0.8	0.6	0.1	0.0	-0.2	-0.2	0.5	1.9	**-1.8**	**0.3**
Exports	23.6	21.5	22.6	22.5	21.6	21.7	21.7	21.8	21.8	20.9	19.6		
Imports	22.0	20.6	22.6	23.3	22.2	21.9	21.7	21.6	21.6	21.4	21.5		
Net current transfers (negative = inflow)	1.0	1.1	1.1	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	**1.0**	**1.1**
of which: official	-0.3	-0.1	-0.2	-0.3	-0.3	-0.2	-0.1	-0.1	-0.1	0.0	0.0		
Other current account flows (negative = net inflow)	2.0	1.9	1.6	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	**2.1**	**1.8**
Net FDI (negative = inflow)	**1.3**	**1.2**	**1.1**	**1.1**	**1.2**	**1.2**	**1.2**	**1.3**	**1.4**	**1.6**	**2.1**	**1.0**	**1.3**
Endogenous debt dynamics 2/	**0.6**	**-0.2**	**-2.8**	**-0.9**	**-1.0**	**-0.8**	**-0.7**	**-0.7**	**-0.7**	**-0.6**	**-0.4**		
Contribution from nominal interest rate	0.9	1.1	1.2	1.0	1.0	1.0	1.0	1.0	1.0	0.8	0.6		
Contribution from real GDP growth	-1.5	-0.5	-2.0	-1.9	-2.0	-1.8	-1.7	-1.6	-1.6	-1.4	-1.0		
Contribution from price and exchange rate changes	1.3	-0.8	-2.0	...	...	...	...	...	...	...	...		
Residual 3/	**0.0**	**1.1**	**-0.2**	**-4.3**	**-4.9**	**-4.5**	**-4.3**	**-3.7**	**-3.7**	**-5.1**	**-6.9**	**1.0**	**-4.5**
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	**...**	**...**	**27.2**	**28.3**	**27.4**	**26.4**	**25.5**	**25.0**	**24.7**	**21.3**	**16.2**		
PV of PPG external debt-to-exports ratio	**...**	**...**	**120.4**	**126.0**	**127.1**	**121.3**	**117.4**	**115.0**	**113.6**	**102.1**	**82.7**		
PPG debt service-to-exports ratio	**6.9**	**8.2**	**9.4**	**10.1**	**11.4**	**12.5**	**12.5**	**10.8**	**9.9**	**11.9**	**8.6**		
PPG debt service-to-revenue ratio	**11.4**	**12.3**	**13.9**	**16.0**	**16.7**	**17.9**	**17.8**	**15.6**	**14.3**	**16.1**	**11.1**		
Gross external financing need (Million of U.S. dollars)	2528.7	3093.0	4083.8	5102.4	5774.9	6113.1	6471.7	6500.7	6788.3	11749.0	27124.8		
Key macroeconomic assumptions													
Real GDP growth (in percent)	6.2	2.0	7.0	6.0	6.7	6.4	6.2	6.0	6.0	5.8	5.6	**7.4**	**6.1**
GDP deflator in US dollar terms (change in percent)	-5.0	2.9	6.6	-2.3	3.2	2.8	2.2	1.9	1.5	1.5	1.5	**-0.2**	**1.5**
Effective interest rate (percent) 4/	3.6	4.1	4.1	3.3	3.4	3.5	3.5	3.5	3.5	3.5	3.3	**4.0**	**3.5**
Growth of exports of G&S (US dollar terms, in percent)	5.4	-4.1	19.9	2.9	5.6	10.2	8.4	8.2	7.7	6.2	5.3	**1.8**	**6.9**
Growth of imports of G&S (US dollar terms, in percent)	-2.3	-1.7	24.8	6.8	5.0	7.7	7.6	7.6	7.5	6.7	13.9	**5.8**	**7.1**
Grant element of new public sector borrowing (in percent)	...	...	...	15.8	15.7	16.2	16.7	17.0	16.0	15.3	17.9	**...**	**15.9**
Government revenues (excluding grants, in percent of GDP)	14.2	14.4	15.3	14.2	14.7	15.2	15.2	15.2	15.1	15.4	15.3	**13.8**	**15.1**
Aid flows (in Million of US dollars) 5/	469.2	336.3	333.1	1049.9	1091.0	1201.0	1220.7	1310.3	1060.0	1172.0	1650.1		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	1.1	1.0	1.0	0.9	0.9	0.8	0.7	0.6	**...**	**0.8**
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	27.0	25.5	25.9	24.6	24.8	24.2	23.9	29.0	**...**	**24.6**
Nominal GDP (Million of US dollars)	58,539	61,437	70,080	72,546	79,884	87,365	94,861	102,438	110,214	157,992	317,378		
Nominal dollar GDP growth	0.9	5.0	14.1	3.5	10.1	9.4	8.6	8.0	7.6	7.4	7.2	**7.2**	**7.7**
Memorandum items:													
PV of external debt 7/	...	...	27.2	28.3	27.4	26.4	25.5	25.0	24.7	21.3	16.2		
In percent of exports	...	...	120.4	126.0	127.1	121.3	117.4	115.0	113.6	102.1	82.7		
Total external debt service-to-exports ratio	6.9	8.2	9.4	10.1	11.4	12.5	12.5	10.8	9.9	11.9	8.6		
PV of PPG external debt (in Million of US dollars)			19090.9	20563.6	21910.3	23041.7	24161.5	25618.3	27250.9	33651.7	51563.4		
(PVt-PVt-1)/GDPt-1 (in percent)				2.1	1.9	1.4	1.3	1.5	1.6	0.9	0.7		
Non-interest current account deficit that stabilizes debt ratio	-1.9	-2.0	1.9	4.1	4.7	4.1	3.8	3.1	3.0	4.1	5.3		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**Yes**





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/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ 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).

7/ Assumes that PV of private sector debt is equivalent to its face value.

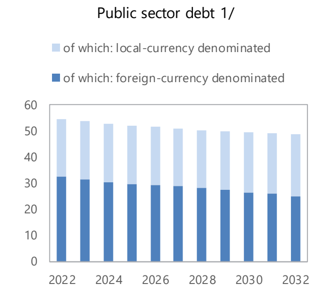
8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

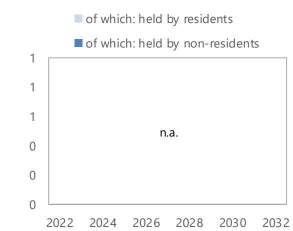
Table 2. Côte d'Ivoire: Public Sector Debt Sustainability Framework, Baseline Scenario, 2019–42

(Percent of GDP; unless otherwise indicated)

	Actual			Projections								Average 6/	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032	2042	Historical	Projections
Public sector debt 1/	41.0	49.4	53.5	54.4	53.8	52.8	52.0	51.5	50.8	48.7	47.2	27.9	51.1
of which: external debt	28.1	32.3	33.0	32.6	31.5	30.4	29.5	29.1	28.7	25.1	19.4	13.7	28.6
Change in public sector debt	3.9	8.4	4.1	0.9	-0.6	-1.1	-0.8	-0.6	-0.6	-0.3	0.0		
Identified debt-creating flows	0.9	2.2	2.9	-0.1	-0.4	-1.0	-0.7	-0.6	-0.8	-0.4	-0.1	1.8	-0.6
Primary deficit	0.8	3.7	3.0	3.3	1.9	0.9	1.0	1.0	0.9	1.0	1.1	1.6	1.3
Revenue and grants	15.0	15.0	15.8	14.7	15.2	15.6	15.5	15.5	15.4	15.7	15.6	14.7	15.5
of which: grants	0.8	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3		
Primary (noninterest) expenditure	15.8	18.7	18.8	18.0	17.1	16.5	16.5	16.4	16.4	16.7	16.7	16.3	16.7
Automatic debt dynamics	0.1	-1.5	-0.2	-3.7	-2.6	-2.1	-1.8	-1.6	-1.7	-1.5	-1.2		
Contribution from interest rate/growth differential	-1.1	0.7	-2.9	-3.7	-2.6	-2.1	-1.8	-1.6	-1.7	-1.5	-1.2		
of which: contribution from average real interest rate	1.0	1.4	0.3	-0.7	0.8	1.1	1.3	1.3	1.2	1.2	1.3		
of which: contribution from real GDP growth	-2.2	-0.8	-3.2	-3.0	-3.4	-3.2	-3.1	-2.9	-2.9	-2.7	-2.5		
Contribution from real exchange rate depreciation	1.3	-2.1	2.7	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.0	0.0	0.0	0.2	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.1
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 contingent liabilities (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		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.2	0.2	0.2	0.1	0.1	0.0	0.0	0.0		
Residual	3.0	6.1	1.2	1.1	-0.1	0.0	0.0	0.1	0.1	0.1	0.1	3.3	0.2
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	49.0	50.0	49.6	48.7	47.9	47.4	46.8	44.9	43.9		
PV of public debt-to-revenue and grants ratio	...	...	310.0	339.3	326.9	311.6	308.8	306.1	302.8	285.5	281.2		
Debt service-to-revenue and grants ratio 3/	30.7	32.9	34.0	43.2	51.7	57.5	57.5	58.0	54.1	59.0	64.6		
Gross financing need 4/	5.4	8.6	8.4	9.9	10.0	10.1	10.0	10.0	9.3	10.3	11.2		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	6.2	2.0	7.0	6.0	6.7	6.4	6.2	6.0	6.0	5.8	5.6	7.4	6.1
Average nominal interest rate on external debt (in percent)	3.6	4.1	3.9	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.3	3.9	3.5
Average real interest rate on domestic debt (in percent)	5.3	5.1	2.6	1.2	3.5	3.9	4.0	4.1	3.9	4.0	4.2	3.7	3.7
Real exchange rate depreciation (in percent, + indicates depreciation)	5.4	-7.5	9.1	...	...	...	...	...	...	...	...	2.2	...
Inflation rate (GDP deflator, in percent)	0.2	1.0	2.8	3.8	1.7	1.4	1.3	1.2	1.5	1.5	1.5	1.3	1.7
Growth of real primary spending (deflated by GDP deflator, in percent)	2.6	20.4	8.0	1.4	1.3	2.7	5.9	5.7	5.5	6.4	3.8	12.9	4.9
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-3.1	-4.7	-1.0	2.3	2.5	2.0	1.7	1.5	1.5	1.3	1.1	-2.9	1.7
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Currency-based**
Is there a material difference between the two criteria?	**Yes**





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government, central bank, government-guaranteed debt . Definition of external debt is Currency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

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

4/ 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 and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 3. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2022–32

(Percent)

	Projections 1/										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
PV of debt-to GDP ratio											
Baseline	28.3	27.4	26	25	25	25	24	23	23	22	21.3
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	28	26	23	21	19	17	14	11	7	4	1
B. Bound Tests											
B1. Real GDP growth	28	28	28	27	27	27	26	25	24	24	23
B2. Primary balance	28	28	28	27	27	26	26	25	24	24	23
B3. Exports	28	30	35	34	34	33	33	32	31	30	29
B4. Other flows 3/	28	28	27	26	26	26	25	24	23	23	22
B5. Depreciation	28	34	30	29	28	28	27	26	25	25	24
B6. Combination of B1-B5	28	31	29	28	27	27	26	26	25	24	23
C. Tailored Tests											
C1. Combined contingent liabilities	28	32	31	31	30	30	30	29	29	28	28
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	28	28	28	27	27	27	26	25	24	24	23
C4. Market Financing	28	31	29	29	28	28	27	26	25	25	24
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	126	127	121	117	115	114	111	109	106	104	102
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	126	119	106	95	85	76	63	49	34	20	5
B. Bound Tests											
B1. Real GDP growth	126	127	121	117	115	114	111	109	106	104	102
B2. Primary balance	126	129	128	124	122	121	119	117	114	112	110
B3. Exports	126	158	**213**	**207**	**203**	**201**	**198**	**195**	**191**	**188**	**183**
B4. Other flows 3/	126	129	125	121	119	117	115	113	110	108	106
B5. Depreciation	126	127	110	106	104	102	100	98	95	93	91
B6. Combination of B1-B5	126	146	121	144	141	139	136	134	130	127	125
C. Tailored Tests											
C1. Combined contingent liabilities	126	147	144	141	139	139	138	137	136	134	133
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	126	130	127	124	123	122	120	118	115	112	110
C4. Market Financing	126	127	122	118	116	115	113	111	107	104	102
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	10	11	13	12	11	10	11	11	13	13	12
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	10	12	12	12	10	8	9	8	9	8	6
B. Bound Tests											
B1. Real GDP growth	10	11	13	12	11	10	11	11	13	13	12
B2. Primary balance	10	11	13	13	11	10	12	12	13	13	13
B3. Exports	10	13	**18**	**20**	**18**	**17**	**18**	**18**	**20**	**21**	**22**
B4. Other flows 3/	10	11	13	13	11	10	11	11	13	13	12
B5. Depreciation	10	11	13	12	10	9	10	10	12	12	11
B6. Combination of B1-B5	10	12	**16**	**15**	13	12	14	14	**16**	**16**	15
C. Tailored Tests											
C1. Combined contingent liabilities	10	11	14	14	12	12	13	13	15	14	14
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	10	12	13	13	11	11	12	12	14	13	13
C4. Market Financing	10	11	13	13	11	13	**16**	**16**	**15**	13	12
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	16.0	16.7	17.9	17.8	15.6	14.3	15.6	15.4	17.7	17.2	16.1
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	16	17	18	17	14	12	13	11	13	11	8
B. Bound Tests											
B1. Real GDP growth	16	17	**19**	**19**	17	15	17	17	**19**	**18**	17
B2. Primary balance	16	17	**18**	**19**	16	15	16	16	**18**	**18**	17
B3. Exports	16	17	**19**	**22**	**19**	**18**	**19**	**19**	**21**	**22**	**22**
B4. Other flows 3/	16	17	**18**	**18**	16	15	16	16	**18**	18	17
B5. Depreciation	16	**21**	**23**	**21**	**18**	17	**18**	**18**	**21**	**20**	18
B6. Combination of B1-B5	16	18	**20**	**20**	17	16	17	17	**19**	**19**	18
C. Tailored Tests											
C1. Combined contingent liabilities	16	17	**20**	**20**	18	17	18	18	**20**	**20**	**19**
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	16	**19**	**21**	**21**	18	16	17	16	**19**	**18**	17
C4. Market Financing	16	17	**18**	**18**	17	**19**	**23**	**22**	**21**	17	16
Threshold	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.

Table 4. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public Debt, 2022–32
(Percent)

	Projections 1/										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
PV of Debt-to-GDP Ratio											
Baseline	50	50	49	48	47	47	46	46	45	45	45
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	50	49	49	48	47	47	47	46	46	46	46
B. Bound Tests											
B1. Real GDP growth	50	52	54	54	55	**55**	**56**	**57**	**57**	**58**	**59**
B2. Primary balance	50	51	51	50	50	49	49	48	48	47	47
B3. Exports	50	52	**57**	**56**	**55**	55	54	53	53	53	52
B4. Other flows 3/	50	50	49	49	48	48	47	47	46	46	46
B5. Depreciation	50	**56**	53	51	49	47	45	43	42	40	39
B6. Combination of B1-B5	50	49	49	48	47	46	45	44	44	43	43
C. Tailored Tests											
C1. Combined contingent liabilities	50	**59**	**58**	**57**	**56**	**55**	55	54	54	54	53
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	50	52	54	**57**	**59**	**60**	**61**	**62**	**63**	**63**	**64**
C4. Market Financing	50	50	49	48	48	47	47	46	46	45	45
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
PV of Debt-to-Revenue Ratio											
Baseline	339	327	312	309	306	303	297	293	291	288	286
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	339	324	311	309	306	305	300	298	296	294	292
B. Bound Tests											
B1. Real GDP growth	339	342	346	350	355	358	359	362	366	370	374
B2. Primary balance	339	334	327	324	322	318	312	308	306	303	300
B3. Exports	339	344	363	360	357	353	347	343	340	336	331
B4. Other flows 3/	339	330	317	314	311	308	303	299	296	293	290
B5. Depreciation	339	367	340	326	314	302	288	276	266	256	247
B6. Combination of B1-B5	339	321	313	308	303	298	291	285	280	276	271
C. Tailored Tests											
C1. Combined contingent liabilities	339	388	370	366	363	359	353	348	345	342	338
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	339	384	387	407	411	411	404	397	401	405	408
C4. Market Financing	339	327	312	310	308	305	300	295	292	288	285
Debt Service-to-Revenue Ratio											
Baseline	43	52	57	58	58	54	55	56	59	60	59
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	43	52	56	57	57	54	55	55	58	59	58
B. Bound Tests											
B1. Real GDP growth	43	54	63	64	66	62	65	66	71	73	73
B2. Primary balance	43	52	59	60	60	56	57	58	61	62	61
B3. Exports	43	52	59	61	61	57	58	59	62	64	64
B4. Other flows 3/	43	52	58	58	58	54	55	56	59	60	60
B5. Depreciation	43	51	60	60	59	55	56	56	60	60	59
B6. Combination of B1-B5	43	50	57	57	57	53	54	54	57	58	57
C. Tailored Tests											
C1. Combined contingent liabilities	43	52	71	66	66	63	64	64	68	67	66
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	43	58	68	72	74	70	71	71	76	78	78
C4. Market Financing	43	52	58	58	59	58	62	62	62	60	59

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the benchmark.
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
3/ Includes official and private transfers and FDI.