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Côte d'Ivoire—First Review Under the Three-Year Arrangement Under the Extended Credit Facility, Request for Modification of Performance Criteria, and Financing Assurances Review; Press Release

In the context of the first review under the three-year arrangement under the Extended Credit Facility, request for modification of performance criteria, and financing assurances review, the following documents have been released and are included in this package:

- The staff report for the first review under the three-year arrangement under the Extended Credit Facility, request for modification of performance criteria, and financing assurances review, prepared by a staff team of the IMF, following discussions that ended on March 15, 2012, 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 April 26, 2012. The views expressed in the staff report are those of the staff team and do not necessarily reflect the views of the Executive Board of the IMF.
- Informational Annex
- A Press Release summarizing the views of the staff appraisal contained in the staff report.

The documents listed below have been separately released:

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

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

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MONETARY FUND

CÔTE D'IVOIRE

First Review Under the Three-Year Arrangement Under the Extended Credit Facility, Request for Modification of Performance Criteria, and Financing Assurances Review

Prepared by African Department
(In consultation with other departments)

Approved by Seán Nolan and Thomas Dorsey

April 26, 2012

The socio-political situation continues to improve, but challenges remain. The December 2011 parliamentary elections were completed successfully, with the party of incumbent President Ouattara gaining an overall majority in the National Assembly. The security situation is improving, but tensions remain and violent incidents can escalate easily. The economy recovered slightly faster than projected from the post-election crisis and the outlook for 2012 is favorable.

Program performance at end-2011 was broadly satisfactory. All quantitative performance criteria for end-2011 were met, but the implementation of structural reforms has been mixed. While good progress has been made to strengthen public financial management, improve the business climate and reform the cocoa-coffee sector, action on other benchmarks for the financial and energy sectors fell short of program targets. **Staff recommends completion of the first review.**

Fund relations. An ECF arrangement in the amount of SDR 390.24 million (120 percent of quota) was approved by the Executive Board on November 4, 2011. The discussions for the first review of the ECF arrangement took place in Abidjan during February 29–March 15, 2012. The staff team comprised Ms. Ross (head), Messrs. Ahokpossi and Koulet-Vickot (all AFR), Dicks-Mireaux (SPR), Thakoor (FAD), Issoufou (RES), and Camard (Res. Rep.). The mission met with President Ouattara, Ministers Diby (Finance and Economy), Mabri (Planning and Development), Toungara (Energy and Mines), Banzio (Commerce), Dosso (Industry), Coulibaly (Agriculture), Gnamien (Civil Service), National Director of the BCEAO Aman, other senior officials, representatives of the private sector, and the diplomatic community. Mr Allé (OED) attended some of the meetings.

Publication: The authorities have agreed to the publication of the staff report, Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding.

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LIST OF ACRONYMS

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

EXECUTIVE SUMMARY

- **Economic activity bounced back after the post-election crisis.** Strong external financial support, favorable weather conditions, and supportive macroeconomic management helped speed up the economic recovery in the second half of 2011. Inflation abated from its crisis peak; the external current account recorded a large surplus, while capital outflows appear to have been substantial.

- **Program performance at end-2011 was broadly satisfactory.** Fiscal policy was aligned with the program's quantitative targets, reflecting strong revenue collection efforts and conservative budget management. Progress on the ambitious structural reform agenda was mixed. Significant efforts have been made to strengthen public financial management, improve the business climate and reform the cocoa sector, but there were delays in implementing energy and financial sector reforms.

- **Prospects for 2012 are favorable, notwithstanding the weak external environment.** With confidence rising after the successful completion of parliamentary elections and progress in improving security, real GDP growth is rebounding sharply. Inflation is projected to remain low, although price risks are on the upside. The external current account is projected to turn into a deficit for the first time in years, as a result of higher investment-related imports and lower cocoa and oil exports.

- **Discussions for the first review centered on the need to preserve the program's fiscal deficit in the face of new pressures and to push forward with key structural reforms.** The authorities and the staff agreed to maintain the fiscal deficit target in light of already-high budget financing needs in the regional market. The government reiterated its commitment to take forceful actions in the energy and financial sectors, where reforms have been slow, and to implement new measures to improve the business climate and boost investment. A minor modification of the end-June 2012 performance criteria on the floor on the overall fiscal balance and on the ceiling on net domestic financing is requested.

- **Good progress toward meeting all HIPC completion point triggers by early May should allow the completion point to be reached before end-June 2012.**

- **Risks to the program stem both from the uncertain global and internal environments.** The staff's assessment is that these risks are balanced and manageable.

- **Staff recommends completion of the first review under the ECF arrangement and of the financing assurances review.**

I. Further Post-Crisis Normalization

1. **The socio-political situation continues to normalize.** The country held parliamentary elections in December that international observers assessed as free and transparent. President Ouattara's party gained a majority in the new National Assembly.

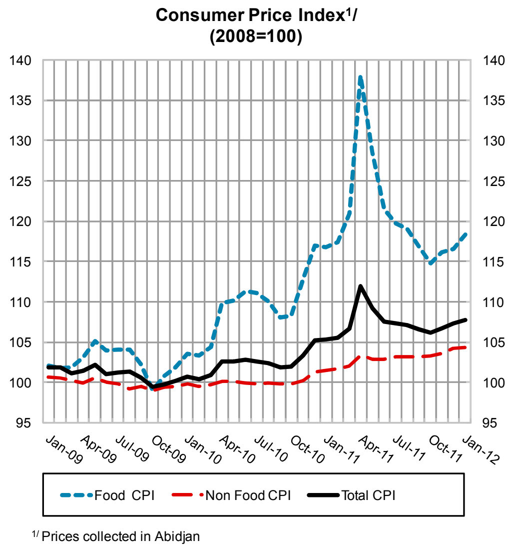
MEFP ¶1

2. **Security has improved markedly, especially in Abidjan, but challenges remain.** The government has taken steps to reunify the country, return soldiers to barracks, and dismantle roadblocks. However, outside Abidjan the slow progress in disarmament and the widespread availability of firearms allow underlying tensions to escalate easily, while the integrated new army and security forces are having difficulties in establishing full control.

II. Recent Economic developments and outlook

3. **Economic activity picked up quickly after the political crisis, and the decline in real GDP in 2011 was limited to 4.7 percent, compared to 5.8 percent projected** (Table 1). This reflected stronger agricultural production and mining output and the early revival of industrial production, helped by supportive fiscal policy and improvement in the security situation in Abidjan. Twelve-month inflation declined from its peak of 9.1 percent at the height of the crisis in April to 1.9 percent at end-December, but the price level remains about 5 percent higher than before the post-election crisis.

MEFP ¶6



[1/] Prices collected in Abidjan

Source: Ivoirian authorities.

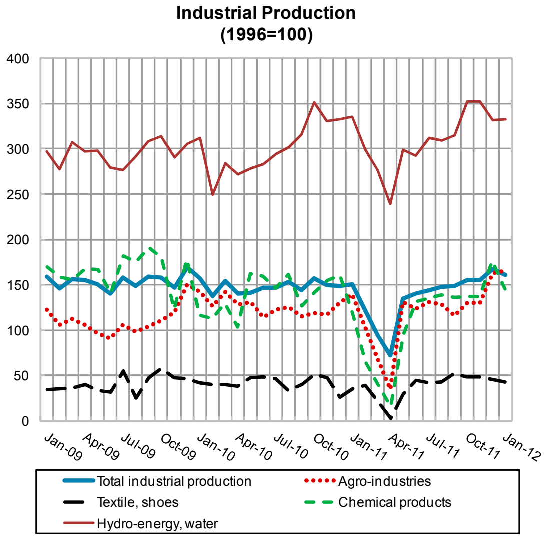
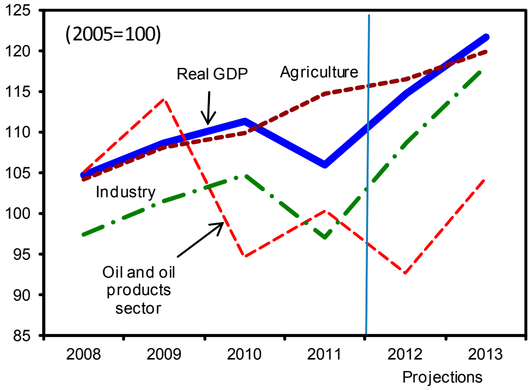
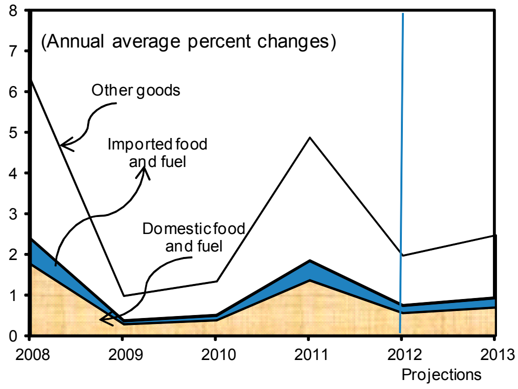


Figure 1. Côte d'Ivoire: Selected Macroeconomic Indicators, 2008–13
(Percent of GDP, unless otherwise indicated)

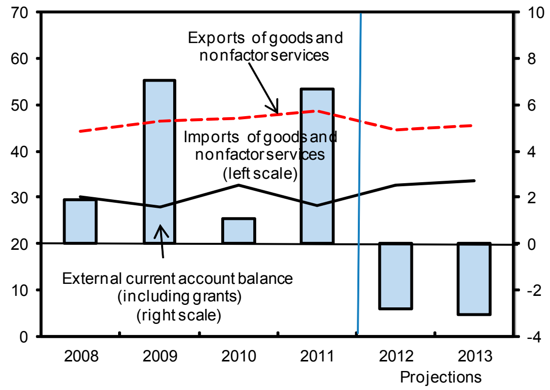
Growth is expected to pick up in 2012, after a contraction induced by the post-election crisis in 2011…



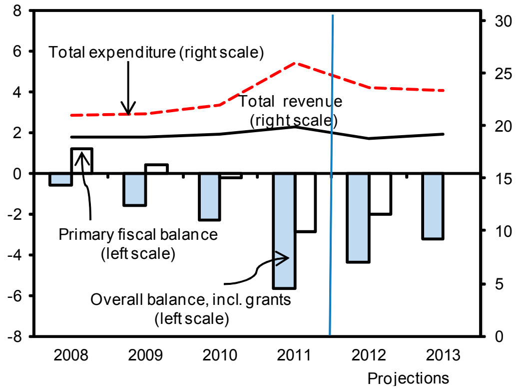
… while inflation is expected to abate in 2012.



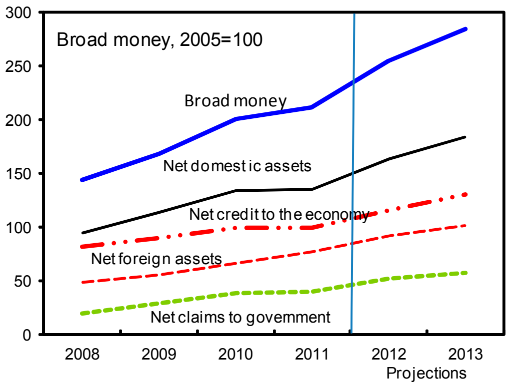
The external current account has weakened and is projected to turn into a deficit in 2012 …



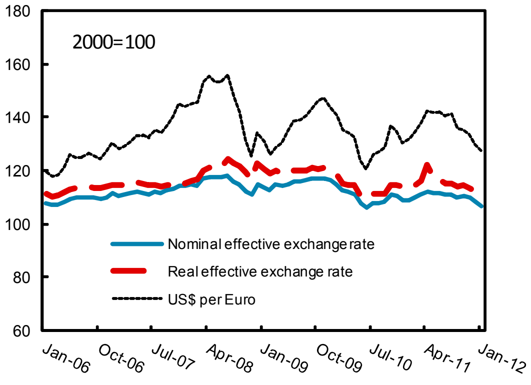
… while the fiscal deficit is to be reined in after the 2011 spike[1/].



Growth in broad money is expected to remain strong in 2012 as the economy recovers and the banking system fully resumes lending to the private sector.

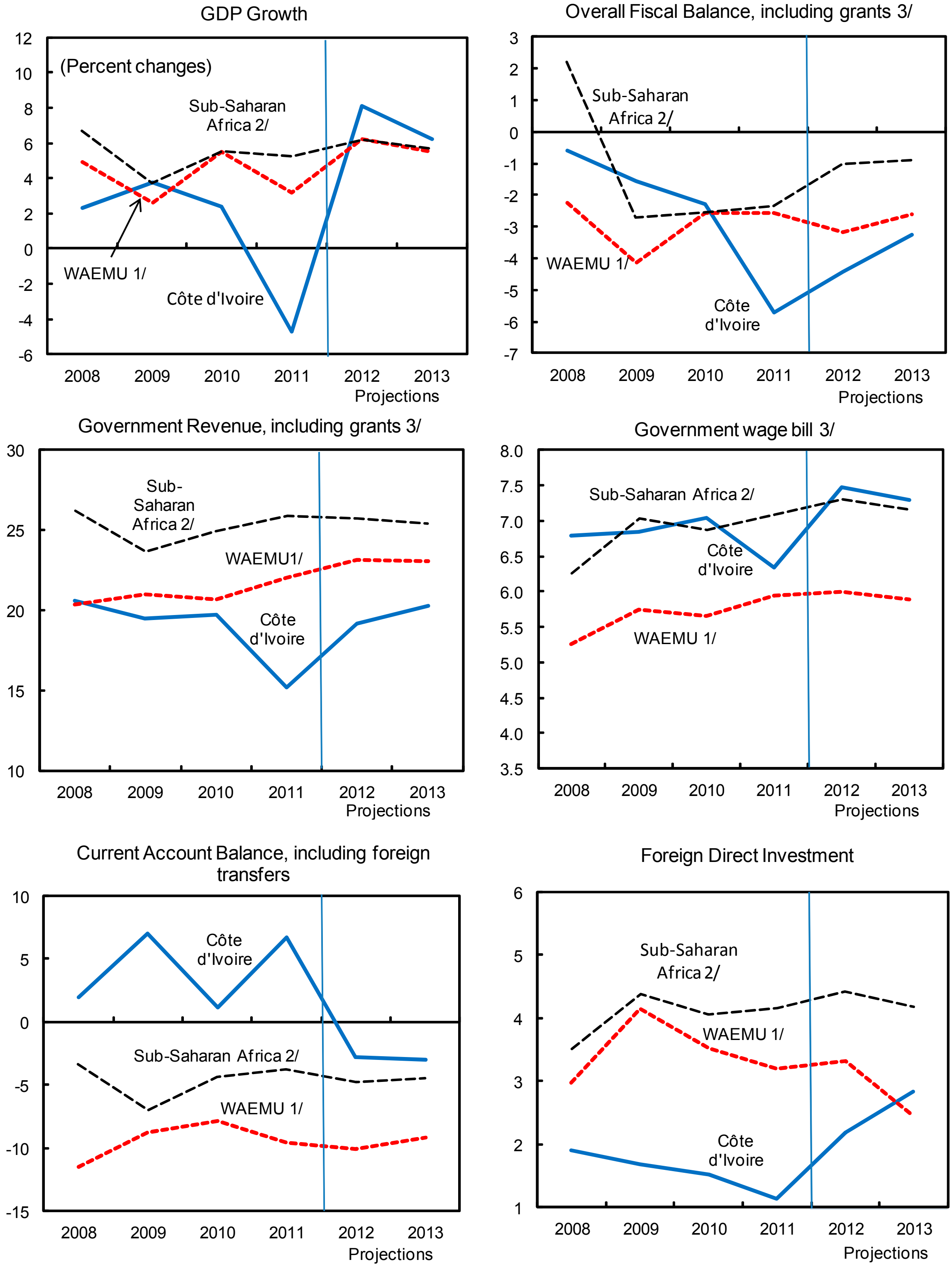


The real effective exchange rate has recently moved alongside the fluctuations of the Euro against the US Dollar.



Sources: Ivoirian authorities; IMF staff estimates and projections.
1/ Fiscal ratios show flows for Q2-Q4, 2011 over period GDP.

Figure 2. Côte d'Ivoire: WAEMU, and SSA - Macroeconomic Development and Outlook, 2008–13
(Percent of GDP, unless otherwise indicated)



Sources: WEO; and IMF staff estimates and projections.
1/ WAEMU, excluding Côte d'Ivoire.
2/ SSA, excluding Nigeria and South Africa.
3/ For Côte d'Ivoire, Q2-Q4, 2011 over period GDP.

4. **External accounts show a record current account surplus and large capital outflows in 2011** (Table 2). Preliminary estimates show a current account surplus of 6.7 percent of GDP, reflecting both a drop in imports due to lower economic activity and higher exports mainly as a result of record cocoa production and prices.[1] At the same time, capital outflows/errors and omissions were large at 6.2 percent of GDP (or US$1.5 billion); this may reflect in part capital flight associated with the internal crisis and under-recorded imports.

MEFP ¶6

5. **The fiscal outcome was better than programmed, reflecting strong revenue mobilization and full execution of budget appropriations for investment and pro-poor spending** (Text Table 1 and Table 3). Revenue exceeded the program target by 1.5 percent of GDP, a result of the rapid recovery of economic activity and strengthened collection efforts.[2] Expenditure was 1 percent of GDP lower than projected, with a slightly lower wage bill reflecting recruitment delays and lower foreign-financed investment. Budget appropriations for domestically-financed investment and pro-poor spending were fully used, helped by efforts to improve coordination between ministries and to speed up project execution. As a result, the overall fiscal deficit was 5.7 percent of GDP, against 8.1 percent programmed, reducing the need for funding in the regional financial markets. All performance criteria at end-2011 were observed.

MEFP ¶7–10

6. **The government successfully restructured the bulk of its domestic debt, lengthening maturities, and resumed financing from the regional financial market.** The government and holders of its short-term T-bills—largely commercial banks in the WAEMU—agreed in late 2011 on a proposed restructuring of the outstanding stock of T-bills (CFAF 608 billion or 5.4 percent of GDP), which the BCEAO had rolled over during the post-election crisis since December 2010. The actual restructuring into 2-year T-bills, 3- and 5-year bonds with interest rates of 4.75-5.25 percent (slightly below prevailing market rates) occurred in December 2011, and accumulated interest was paid in cash.[3] This restructuring provided some breathing space for the authorities to design a medium-term domestic debt strategy. They plan to issue mainly medium-term paper in the future and began to access the markets again in early 2012.

MEFP ¶11

[1] Cocoa beans were stockpiled during the crisis-related closure of the ports and exported largely during May-June 2011.

[2] Fiscal ratios are for the Q2-Q4 budget year over period GDP. Data for Q1 2011 are not yet available.

[3] Some 4 percent of the stock held by two hold-out banks operating in Senegal was exchanged into 5-year bonds at the prevailing market rate of 6 percent in early March 2012.

Text Table 1. Côte d'Ivoire: Fiscal Operations, 2010–12

	Percent of GDP				
	2010	2011 1/		2012	
	Actual	Prog.	Actual	Prog	Revised
Total revenue and grants	**19.8**	**18.8**	**20.3**	**18.1**	**19.2**
Tax revenue	17.1	16.2	17.5	15.7	16.2
Oil revenue	1.5	2.5	2.6	1.2	1.9
Fuel tax	1.7	0.8	0.9	1.1	0.8
Cocoa export tax	2.9	3.5	3.5	2.8	2.3
VAT	1.6	1.1	1.3	1.5	1.6
Import taxes	4.1	3.3	3.8	4.6	4.6
Other	5.3	4.8	5.4	4.6	5.1
Non-tax revenue	2.2	2.4	2.3	2.1	2.5
Grants	0.5	0.3	0.4	0.3	0.4
Total expenditures	**22.1**	**26.9**	**25.9**	**22.6**	**23.6**
Current expenditures	18.8	23.0	22.6	17.6	18.3
Wage bill	7.1	8.7	8.4	7.4	7.5
Social security benefits	1.9	2.1	2.1	1.7	1.8
Subsidies and other transfers	2.4	3.5	3.7	2.5	2.6
Of which: electricity sector	0.7	0.9	1.2	0.6	0.5
Of which: Cocoa Reserve Fund	…	…	…	0.0	0.3
Other current expenditures	4.4	5.1	4.8	4.0	4.1
Crisis and elections-related expenditures	1.3	1.0	0.9	0.2	0.5
Interest	1.7	2.6	2.6	1.8	1.8
Capital expenditures	3.1	3.9	3.4	5.0	5.2
Of which : foreign financed	0.8	1.0	0.6	1.0	1.0
Net lending	0.3	0.0	0.0	0.0	0.0
Primary basic balance 2/	**-0.2**	-4.8	-2.9	**-2.0**	**-2.0**
Overall balance	**-2.3**	**-8.1**	**-5.7**	**-4.4**	**-4.4**
Financing	**2.3**	**8.1**	**5.7**	**4.4**	**4.4**
Domestic financing	**-0.8**	-0.3	-0.4	0.5	0.6
Possible external financing 3/	**0.4**	**4.2**	**2.6**	**0.6**	**0.5**
Project loans	0.4	0.8	0.4	0.6	0.6
Program loans/grants	0.4	4.2	4.4	0.6	0.5
WAEMU financing	2.4	2.0	0.6	1.7	1.8
Amortization due (excl IMF)	-2.8	-2.8	-2.7	-2.3	-2.4
Others	-0.1	…	0.0	…	…
Exceptional financing	**2.7**	**3.5**	**3.5**	**2.5**	**2.5**
External arrears	-3.4	3.1	0.6	-3.2	-1.2
Debt relief	6.1	0.4	2.9	**5.7**	3.8
Financing gap	**0.0**	**-0.7**	**0.0**	**-0.8**	**-0.8**
IMF (possible ECF)	**0.0**	**0.7**	**0.0**	**0.8**	**0.8**
Residual gap	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Memo: Nominal GDP (CFA bn)	**11,283.0**	**8,362.5**	**8,520.0**	**12399.9**	**12575.0**

Sources: Ivoirien authorities and IMF staff estimates and projections.
1/ Fiscal ratios for 2011 reflect operations during Q2-Q4 over period GDP
2/ Primary basic balance=(Tax and non tax revenue)-{Total expenditure + Net lending (on payment order basis) - Interest payments - Foreign financed expenditure}.
3/ Reflects funding indications to date.

Text Table 2. Côte d'Ivoire: Domestic Debt, As of March 2012

	Billion CFAF	Percent of total	Percent of GDP
TOTAL	**1,763**	**100.0**	**15.8**
Securities	**1,135**	**64.4**	**10.2**
T-bills (2 years)	243	13.8	2.2
OATs (3 to 7 years) [2]	537	30.5	4.8
TPCIs (4 to 8 years) [3]	355	20.2	3.2
Bank loans	**503**	**28.5**	**4.5**
BCEAO	410	23.3	3.7
Commercial banks	93	5.3	0.8
Other (public and private enterprises)	**125**	**7.1**	**1.1**

Source: Ministry of Economy and Finance.
[2] Government bonds issued through the BCEAO.
[3] Government bonds issued through syndication.

7. **Preliminary information suggests a mixed picture regarding the financial soundness of the banking system** (Tables 4–5). Stress tests performed for the recent WAEMU Article IV Consultation did not reveal particular fragilities, and the liquidity ratio of the banking system improved slightly in 2011, albeit reflecting sluggish lending to the private sector in the uncertain political and economic environment. Moreover, while nonperforming loan ratios increased in the first half of 2011, they came down later as banks made arrangements with their borrowers (mostly small and medium-sized enterprises) to extend loan terms.[4] Depositor confidence in the banking system showed little, if any, effect of the 2–3 month closure of most banks in the early 2011. Banks' average risk-weighted capital to assets ratio deteriorated slightly in 2011, reflecting the decline in the net worth of publicly-owned commercial banks, which had remained open during the post-election crisis. At end-2011, six out of 23 commercial banks (including 4 of the 5 state-owned banks) did not comply with the regional minimum capital requirements.

MEFP ¶14

8. **The implementation of structural reforms was mixed.** Eleven of the 19 structural benchmarks for end-2011 and early 2012 were met on time, while 5 were delayed and 3 are still outstanding. While good progress has been made to strengthen public financial management, improve the business climate, and reform the cocoa sector, more forceful measures need to be taken on publicly-owned commercial banks and the electricity sector (Box 1). The authorities indicated that the challenging socio-political environment has hindered progress in these areas.

MEFP ¶20–22

9. **The economic outlook for 2012 is favorable.** Real GDP growth is expected to reach 8.1 percent, reflecting a rebound from the crisis-related decline in 2011, a further strengthening of public investment, and a return of confidence

[4] However, it is as yet unclear what the longer-term impact of the crisis will be on bank balance sheets, especially given the comparatively long delay allowed by WAEMU rules before loans are declared nonperforming.

boosted by political normalization and improvements in general security. Inflation is projected to remain low at around 2 percent. With domestic fuel prices frozen and little perceptible impact so far from the drought in the Sahel, price risks are mainly on the upside. Higher investment-related imports, together with lower cocoa and crude oil exports, are projected to shift the current account into deficit for the first time in years.

III. Program discussions

Discussions for the review focused on the need (i) to preserve the program's fiscal deficit in light of the continued tight prospects for available financing, notwithstanding new fiscal developments, and (ii) to push forward with the structural reform agenda.

A. Fiscal Policy

10. **Fiscal projections have been updated to reflect new developments since the adoption of the 2012 budget:**

MEFP ¶23–28

- *Exogenous external shocks.* Cocoa prices in the world market are projected to be 27 percent lower than assumed in the budget, leading to a shortfall in revenue of 0.5 percent of GDP. Also, on Spring WEO oil price projections, maintaining the retail fuel price freeze implies additional foregone fuel taxes of about 0.2 percent of GDP. In contrast, oil revenue is expected to be 0.7 percent of GDP higher than budgeted.

- *New priority expenditure.* As part of the cocoa sector reform, the government set up a reserve fund of CFAF 40 billion (0.3 percent of GDP) to support the new marketing arrangements. The reform of the public pension system has generated an additional cost of 0.3 percent of GDP. Also, the authorities continue to increase investment expenditure, which is now projected 0.3 percent of GDP higher than budgeted, evidencing a renewed emphasis on sectors with a high job creation potential, particularly cotton and rice.

11. **The authorities and the staff agreed to maintain the fiscal deficit target at 4.4 percent of GDP in light of already high budgeted financing needs in the regional market.** To achieve this objective, the government will continue to strengthen revenue collection and has introduced measures broadening the tax base. They have widened the coverage of real estate taxes, increased the tax rate on telecommunication, and introduced new taxes on rubber and several minor items. Moreover, an additional tax is being levied on windfall gains in the mining sector, while signature bonuses have been collected for new petroleum exploration contracts. The authorities are strengthening domestic revenue mobilization, especially through the VAT, which is proving less efficient than elsewhere in the region. These combined efforts are projected to yield about 1.7 percent of GDP in 2012.

Box 1. Latest Developments in the Electricity Sector

The state plays a key role in the production and distribution of electricity. The state owns more than half the generating capacity as well as the entire transportation and distribution network. The operation of state's infrastructure and the service to customers, including distribution and billing, are the responsibility of a private operator, the Compagnie Ivoirienne d'Electricité (CIE). The financial flows of the sector as well as the state' assets are managed by a public holding company (SOGEPE/ CI-ENERGIE).

The electricity sector is a bottleneck to economic growth in Côte d'Ivoire. The balance between production and consumption is tenuous, as output is barely enough to cover peak domestic demand. The sector is vulnerable to shocks, which have occurred repeatedly.

The financial deficit of the sector has grown over time. The most important cost element is the price of gas, the main input in the production of half the national output of electricity (the other half is generated by hydro power). Under some of the production sharing agreements between the government and its partners, the price of gas is linked to international oil prices, without a cap, which is not best international practice. As a result, gas prices in Côte d'Ivoire have risen a lot faster in recent years than world market prices. Other factors contributing to the deficit of the sector include fraud, lack of maintenance, low collection rates, and inadequate tariffs. As cash constraints became binding, arrears to gas suppliers and independent power producers (IPPs) started building up, reaching 0.5 percent of GDP by end-2011. This could delay a number of critically needed investments in the sector.

The deficit is covered to a large extent by the government for social reasons, but weighs heavily on the budget. Because of the growing deficit of the sector, the government has forgone payments for its share of the gas production for over 5 years.[1] Reflecting rising contractual gas prices, the government subsidy to the sector grew from 0.4 percent of GDP in 2009 to 0.7 percent of GDP in 2010, and 1.2 percent of GDP in 2011.

The government has taken steps to improve the financial situation of the sector. Gas prices were substantially lowered following a March 2012 agreement with the main producer of gas,[2] and a 10 percent increase of industrial tariffs is planned starting May 1st, 2012. As a result, the government subsidy to the sector is expected to fall back to 0.5 percent of GDP in 2012.

The government still needs to do more to bring the sector back to financial sustainability over the medium term. Additional actions envisaged by the government include negotiations with the second biggest gas producer to lower the contractual price of its gas, the adoption of a new tariff structure, the lowering of the remuneration of the distribution company (CIE), and the improvement of revenue collection. The government plans to step up the maintenance of electricity sector infrastructure and to make the application of the current tariff structure more effective by moving large household consumers from the social tariff to the general tariff.

The government has made the increase of electricity supply a priority. It is taking steps to reduce technical losses, which currently represent about 30 percent of total production. The government is also in discussion with various partners to install new generating capacity totaling at least 850 MW (more than half the current generating capacity of the sector) by 2017.

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[1] The subsidy of the sector corresponds to the foregone payments net of government consumption of electricity. Almost all gas production in Côte d'Ivoire is used for power generation.

[2] Accounting for 70 percent of gas production.

Box 2: Reform of the Coffee/Cocoa Sector

In 2006–07, the government took steps to improve the development of the coffee/cocoa sector and enhance its operational transparency. In 2008, supported by the World Bank, the government began to work on a new strategy for the sector, comprising a new regulatory and institutional framework. A temporary "light" Management Committee was thus set up in September 2008 to replace the existing entities. Broad-based discussions with the different stakeholders[1] have been ongoing since 2008.

The current reform strategy aims at improving the efficiency of the coffee/cocoa sector and the living standards of the large population dependent on these crops. The government approved the strategic orientation for the reform of the sector on November 2, 2011. Its main elements comprise a central body (*Conseil du Café et du Cacao*, or CdC) with representatives of all stakeholders. The CdC is responsible for the management, regulation, development, and price stabilization of the sector. A new marketing arrangement has been put in place that includes forward sales of export licenses, guaranteed farm-gate prices; a reserve fund has been set up at the BCEAO to cover risks beyond the normal operations of the price guarantee scheme, which is expected to be fiscally neutral. The decree setting out the new regulatory structure of the sector was signed in December, and the CdC was set up in January 2012.

While the reform process has advanced, the details of many elements of the new structure/mechanisms are being fleshed out. Forward sales started in late January and should cover 70-80 percent of the projected crop. The farm-gate price structure will be finalized in September, and aims to ensure that farmers receive at least 60 percent of the average export price. The new mechanism is expected to be fully operational for the next crop year beginning in October 2012.

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[1]The stakeholders comprise the small cocoa farmers, the local traders/exporters, the large international buyers, and locally-based processors who buy from the traders.

B. Structural Reforms

MEFP ¶4, 29–43

12. **The government is implementing its broad and ambitious structural reform agenda.** The overarching aim is to support a favorable business environment and encourage higher private investment, economic growth and employment. At the same time, the authorities' concern about the high cost of living and the potential social impact of some elements of the reform agenda was a major reason for the implementation delays in selected structural reforms. Staff suggested that the authorities weigh the overall social impact, the related cost-revenue tradeoffs, and the impact on their development and budget priorities.

MEFP ¶36

13. **The details of the cocoa sector reform strategy continue to be elaborated in cooperation with stakeholders and the World Bank in line with the agreed calendar** (Box 2). A reserve fund has been set up to cover financial risks of the new marketing arrangements.

MEFP ¶14, 37–39

14. **The mission encouraged the authorities to push ahead with electricity sector reforms.** The staff welcomed the agreement reached with the main natural gas producer in March 2012 to reduce the contract purchase price by almost half, and the increase in industrial tariffs. In light of the delays in adopting a new tariff structure and rationalizing the overly broad application of the social low-consumption tariff, the authorities agreed to shift high-consumption households from the social to the regular tariff over the course of the year. Other measures needed to help bring the electricity sector back to financial equilibrium over the medium term include a renegotiation of the commission of the distribution company, stepped-up maintenance to reduce the high level of technical losses, and a resolution to the arrears to suppliers accumulated during 2011 (0.5 percent of GDP). A new electricity law that will facilitate the collection of payment arrears is awaiting cabinet approval. Staff noted that without squarely addressing the untenable financial situation of the sector, investment, which was much needed to invigorate growth, was unlikely to materialize.

MEFP ¶37

15. **The authorities plan to introduce an automatic fuel price adjustment mechanism as of July 1, 2012 but voiced concern about the impact on consumers.** Staff does not expect a large step increase in pump prices, as the current low level of fuel taxation would be maintained and the adjustment mechanisms would smooth the impact of movements in international fuel prices. Nonetheless, such a mechanism would allow the government to share the risks of international price movements with consumers, and not to carry all the risk as at present, thus enabling the government to allocate its expenditures according its overall priorities rather than priviledging fuel consumption.

MEFP ¶34

16. **Reducing the government's portfolio of public enterprise holdings and increasing the efficiency of public enterprises to mitigate the associated fiscal risks remains a key priority for the government.** The mission supported this objective and welcomed the improvement in 2011 of the management in a number of enterprises and the improved financial results shown in preliminary data. However, concrete progress toward streamlining of the portfolio to date has

been very limited, and the setting up of a new state-owned airline[5] is contrary to the overall streamlining objectives. The mission encouraged the authorities take more concrete steps to improve the operations of public enterprises and their monitoring.

17. **The staff called for stepping up efforts to restructure the 5 majority-owned public banks.** Despite an improvement in their financial results in 2011, the financial soundness of these institutions remains weak and it is not clear that the fundamental problems of excessive risk-taking and poor management of these institutions have been addressed despite MCM's technical assistance recommendations. The WAEMU Banking Commission has requested the undercapitalized banks to present plans by end-June to meet the minimum reserve requirements. Progress toward the restructuring/sale/liquidation/merger of these banks has been slow. The authorities indicated the sensitive nature of the issues and asserted their determination to address them.

MEFP ¶6, 33

18. **Other major reform challenges include continued improvements in public financial management, wage bill control, development of a debt management strategy and of a financial sector development strategy, judicial reform and further improvements in the business climate.** Some progress has been made and numerous measures are planned, some with technical assistance from the Fund, the World Bank and other donors.

MEFP ¶31, 33, 35, 40–42

IV. Program Monitoring, Financing and Risks

19. **A modification of the end-June 2012 performance criteria on the floor on the overall fiscal balance and on the ceiling on net domestic financing is proposed (MEFP, Table 2).** The modifications reflect revisions to projected real GDP growth, inflation and commodity prices and new priority expenditures (¶10 above). For related reasons, the end-June indicative targets for non-performance criteria variables and end-September indicative targets have also been changed slightly. Notwithstanding this, the fiscal program in percent of GDP remains broadly unchanged (¶11 above). New performance criteria for end-December 2012, and new indicative targets for non-performance criteria variables have been established.

20. **In November 2011, Paris Club creditors agreed to reschedule Côte d'Ivoire's arrears and debt service falling due during July 2011–June 2014 (see Box 3), but arrears remain, primarily to commercial and non-Paris Club bilateral creditors.** The authorities have indicated their determination to restructure the arrears on Eurobond coupons and resume payments on maturities falling due. They have made good faith efforts, consistent with the Fund's lending into arrears policy, to negotiate the treatment of arrears with non-Paris Club official and private creditors.

MEFP ¶12–13

21. **The financing gap for 2012 is expected to be filled by debt relief**

MEFP ¶44–45

[5] The 2012 budget includes an initial equity contribution of CFAF 6 billion.

and multilateral support (Table 6). The staff will reassess the financing needs for 2012 and over the medium term after the HIPC completion point. The estimated impact on cash debt service payments due in 2012 of the expected debt relief is relatively small, and this will be incorporated into the program once the calculations have been refined.

MEFP ¶35

22. **The authorities intend to prepare a medium-term debt management strategy in 2012 with Fund and World Bank technical assistance.** They recognize the need for such a strategy to ensure a sustainable debt position post-HIPC completion point, while meeting the financing needs arising from their development plans.

23. **Risks to the program stem from the uncertain global and internal environments.** Large decreases in world cocoa prices or in the demand for the country's other exports, or bad weather could result in lower output, exports, and budget revenue. The drought in the Sahel could add to inflationary pressures. Internal risks could arise from the still-fragile political and security situation, as well as civil service wage demands after the completion point that could crowd out public investment and delay the reforms of the electricity sector and of fuel pricing. Also, there are uncertainties as to the speed of the economic recovery, regional financing of the fiscal deficit, the return of private investor confidence, and projected private investment needs. Overall the staff assesses risks to the program as balanced and manageable.

V. Implementation of the PRSP and Reaching the HIPC Completion Point

MEFP ¶3, 15–19

24. **The authorities have recently adopted a PRSP implementation report for 2010–11, have just launched a National Development Program (PND 2012–15) to replace the PRSP (2009–13), and have drafted a Public Investment Program (2012–14).** These efforts bring together various medium-term plans, and, beginning in 2014, are to be reflected in a medium-term budget. The PND's key objectives are to improve living standards and place Côte d'Ivoire on the road to emerging market status. The PND envisages 3 growth scenarios depending on levels of public and private investment. The authorities target a scenario with real growth rates of 9–10 percent in 2013–15, in line with the country's experience in the 1970s. The staff's assessment is that this upside scenario is highly ambitious with respect to expected financing and the private sector response to policy reform. Staff's baseline scenario, in line with the results of a general equilibrium modeling exercise that was discussed with the authorities, uses a more prudent, but still ambitious, real growth path of 6–7 percent. There are clearly risks to any medium-term scenario as indicated above, and staff view the baseline scenario as a prudent balance of upside and downside risks.

MEFP ¶5 and MEFP Table 1

25. **Good progress toward meeting all HIPC triggers by early May should allow the completion point to be reached by late June 2012.**

Box 3: Paris Club Rescheduling Agreement of November 2011

In November 2011 Paris Club creditors agreed with the Government of Côte d'Ivoire to provide debt relief on Cologne terms, including, on an exceptional basis, post-cut-off date (July 1, 1983) debt, short-term debt and moratorium interest. Paris Club debt at end-2010 was $6.1 billion (53 percent of total external public debt), of which 46 percent was granted after the cut-off date; at end-June 2011 Paris Club debt was estimated at $7.2 billion. Côte d'Ivoire had previously a number of Paris Club rescheduling agreements, most recently in May 2009 on Cologne terms; the last year (April 2010-March 2011) of the 2009 agreement did not enter into force as a result of the political crisis in Côte d'Ivoire and consequent derailment of the program supported under the 2009 ECF arrangement. The participating creditor countries were Austria, Belgium, Brazil, Canada, France, Germany, Italy, Japan, the Netherlands, Norway, Spain, Switzerland, the United Kingdom, and the United States of America.

Key terms of the 2011 agreement are:

- *Pre-cut-off-date debt maturities* falling due during the consolidation period (July1, 2011-June 30, 2014) were rescheduled on Cologne terms.
- *Arrears on pre-cut-off-date debt* as of end-June 2011 were rescheduled on Cologne terms.
- *Post-cut-off-date maturities* falling due during the consolidation period were deferred and made payable on a rising scale during March 2012–September 2021.
- *Arrears on post-cut-off date and short-term debt* were deferred, payable on a rising scale during March 2012–March 2019.
- *Moratorium interest* on the rescheduled and deferred maturities and arrears falling due during the consolidation period was capitalized and deferred, payable in seven installments during 2015–21. Interest payments on deferred capitalized moratorium interest fall due starting in March 2012.

As of end-February 2012: five creditor countries had signed bilateral agreements with Côte d'Ivoire, five countries had indicated that they would sign bilateral agreements at the HIPC completion point (in some cases debt cancellation), and the remaining four countries had either agreements awaiting signature or drafts under discussion.

VI. Staff Appraisal

26. **Economic activity bounced back after the post-election crisis and program implementation was broadly satisfactory in 2011 and early 2012.** Strong external support, favorable weather conditions, and supportive macroeconomic management helped limit the contraction in economic activity. The authorities have started implementing a broad and ambitious agenda of long-delayed structural reforms.

27. **Côte d'Ivoire's near term outlook is favorable, but with both upside and downside risks.** Growth is expected to pick up, supported by higher investment spending in construction, transport, and oil exploration. Inflation should remain low, although upside risks exist. Staff considers the fiscal stance appropriate and the resulting financing needs in the regional market high but manageable.

28. **Staff welcomed the progress made in a number of structural reforms, and shares the authorities' view that improvements in the business climate are crucial for the country's growth prospects.** Continued prudent macroeconomic management, judicial reform, the new investment code, business facilitation efforts, and improvements in governance should help to boost private investor confidence.

29. **At the same time, staff urged more forceful action in the electricity and financial sectors, and emphasized the need to develop a debt management strategy to facilitate medium-term planning and budget management.** While important progress has been made, reaching financial sustainability in the electricity sector requires further adjustment measures including tariff increases to cover a larger share of the generating cost. Without this, much needed investment in new generating capacity will remain elusive. In the same vein, staff encouraged the authorities to articulate their strategy to move to an automatic pricing of fuel products while balancing the need to protect the most vulnerable.

30. **The authorities should urgently address financial sector challenges.** Staff has advised the authorities to design and adopt a sound restructuring plan for the ailing publicly-owned commercial banks. More broadly, the formulation of a financial sector development strategy should reduce the costs of intermediation, enhance financial deepening, and facilitate private sector access to credit.

31. **Regarding debt management, staff concurred with the authorities on the importance of making the National Public Debt Management Committee fully operational and building its capacity.** Technical assistance is planned by the Fund and the World Bank on the formulation of a comprehensive debt management strategy covering both domestic and external debt and new borrowing. This is particularly important in light of the financing needs of the authorities' ambitious investment plans, and to ensure that—after debt relief—debt is kept at a sustainable level.

32. **The staff recommends completion of the first review under the ECF arrangement and of the financing assurances review, and modification of end-June 2012 performance criteria on the floor on the overall fiscal balance and on the ceiling on net domestic financing, and establishment of new performance criteria for end-December 2012, and a disbursement of an amount equivalent to SDR of 65.04 million under the ECF arrangement**.

Table1. Côte d'Ivoire: Selected Economic Indicators, 2010-17

	2010	2011	2012	2013	2014	2015	2016	2017
			Proj.					
	(Annual percentage changes, unless otherwise indicated)							
National income								
GDP at constant prices	2.4	-4.7	8.1	6.2	6.5	6.6	6.7	6.7
GDP deflator	1.9	5.0	2.2	2.0	1.8	1.9	2.0	2.1
Consumer price index (annual average)	1.4	4.9	2.4	2.5	2.5	2.5	2.5	2.5
Consumer price index (end of period)	5.1	1.9	1.5	2.5	2.5	2.5	2.5	2.5
External sector (on the basis of CFA francs)								
Exports, f.o.b., at current prices	5.6	3.5	1.2	10.8	1.5	4.6	5.1	7.4
Imports, f.o.b., at current prices	21.2	-13.1	27.7	11.6	5.0	5.7	6.9	7.7
Export volume	-14.1	-4.4	4.6	11.3	4.7	7.4	6.5	8.3
Import volume	-2.4	-20.8	24.6	12.0	5.5	5.9	6.7	7.1
Terms of trade (deterioration –)	-0.9	-1.4	-5.7	-0.1	-2.6	-2.3	-1.4	-1.4
Nominal effective exchange rate	-4.9	0.5	…	…	…	…	…	…
Real effective exchange rate (depreciation –) [1/]	-5.6	1.9	…	…	…	…	…	…
Central government operations								
Total revenue and grants	5.5	-22.8	39.6	14.5	10.9	11.0	10.0	9.8
Total expenditure	9.0	-11.6	34.2	8.0	8.0	9.8	9.0	10.0
	(Changes in Percent of Beginning-of-Period Broad Money)							
Money and credit								
Money and quasi-money (M2)	18.8	10.2	15.4	11.5	8.8	9.6	9.2	9.4
Net foreign assets	7.0	10.1	6.4	3.6	1.0	1.0	1.2	1.1
Net domestic assets	11.9	0.1	9.1	7.9	7.8	8.6	8.1	8.3
Of which: government	5.3	0.4	5.6	2.0	1.3	0.0	0.3	0.7
Of which: private sector	5.2	0.0	3.5	5.9	6.5	6.3	7.8	7.7
Velocity of money	2.7	2.5	2.4	2.3	2.3	2.3	2.3	2.3
	(Percent of GDP unless otherwise indicated)							
Central government operations [2/]								
Total revenue and grants	19.7	20.3	19.2	20.3	20.8	21.2	21.5	21.6
Total revenue	19.2	19.9	18.7	19.2	19.7	20.2	20.4	20.6
Total expenditure	22.0	25.9	23.6	23.5	23.4	23.7	23.7	24.0
Overall balance, incl. grants, payment order basis	-2.3	-5.7	-4.4	-3.2	-2.7	-2.5	-2.3	-2.4
Primary basic balance [3/]	-0.2	-2.9	-2.0	-0.2	0.3	0.7	0.9	0.8
Gross investment	9.0	8.2	12.1	14.6	17.6	18.7	19.8	20.9
Central government	3.1	2.5	5.3	5.6	6.0	6.2	6.4	6.6
Nongovernment sector	5.9	5.7	6.9	9.0	11.7	12.5	13.4	14.3
Gross domestic saving	16.2	20.4	15.8	17.7	19.2	19.7	20.2	21.2
Central government	1.7	-0.9	1.6	3.2	4.0	4.6	5.0	5.1
Nongovernment sector	14.6	21.2	14.2	14.6	15.2	15.2	15.3	16.2
Gross national saving	10.1	14.9	9.3	11.6	13.3	14.1	14.7	15.5
Central government	1.1	-1.7	0.8	2.5	3.4	3.8	4.2	4.3
Nongovernment sector	9.0	16.6	8.4	9.1	9.9	10.2	10.4	11.1
External sector								
Current account balance (including official transfers)	1.1	6.7	-2.8	-3.0	-4.3	-4.6	-5.1	-5.5
Current account balance (excluding official transfers)	0.3	5.3	-3.1	-3.2	-4.5	-4.8	-5.3	-5.6
Overall balance	-0.9	1.1	-1.4	-2.0	-2.9	-2.8	-2.5	-2.2
External public debt	50.6	55.8	51.2	51.0	48.8	45.2	41.5	38.2
Public external debt-service due before rescheduling (CFAF billions)	438	364	451	564	625	794	838	794
Percent of exports of goods and services	7.2	6.4	7.5	8.5	9.2	11.2	11.2	9.9
Percent of government revenue	19.2	22.1	19.1	21.5	21.5	24.5	23.6	20.3
Memorandum items:								
Public debt in arrears (percent of GDP)	1.9	2.2	0.5	0.2	0.1	0.0	0.0	0.0
Domestic (after securitization)	0.7	0.5	0.2	0.0	0.0	0.0	0.0	0.0
External	1.2	1.7	0.4	0.2	0.1	0.0	0.0	0.0
Nominal GDP (CFAF billions)	11,352	11,360	12,575	13,610	14,750	16,021	17,425	18,982
Nominal exchange rate (CFAF/US$, period average)	494	471	…	…	…	…	…	…
Nominal GDP at market prices (US$ billions)	23.0	24.1	25.2	27.3	29.5	32.0	34.8	38
Population (million)	22.0	22.7	23.4	24.1	24.8	25.5	26.3	27.1
Population growth (percent)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Nominal GDP per capita (CFAF thousands)	515	501	538	565	595	627	663	701
Nominal GDP per capita (US$)	1,043	1,062	1,079	1,135	1,190	1,255	1,325	1,410
Real GDP per capita growth (percent)	-0.6	-7.7	5.1	3.2	3.5	3.6	3.7	3.7

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

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

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

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

Table 2.Côte d'Ivoire: Balance of Payments, 2010-17
(In billions of CFA francs, unless otherwise indicated)

	2010	2011	2012	2013	2014	2015	2016	2017
		Est.			Proj.			
Trade balance	1,640.6	2,313.3	1,487.0	1,615.4	1,478.0	1,496.5	1,485.0	1,575.9
Exports, f.o.b.	5,338.3	5,527.3	5,592.3	6,196.7	6,288.6	6,579.2	6,917.4	7,427.2
Of which: cocoa	1,884.3	1,969.2	1,474.9	1,538.1	1,454.3	1,382.0	1,359.9	1,338.6
Of which: crude oil and refined oil products	1,377.5	1,272.9	1,548.2	1,873.7	1,808.3	1,819.5	1,886.6	2,003.8
Imports, f.o.b.	-3,697.7	-3,214.0	-4,105.3	-4,581.3	-4,810.6	-5,082.6	-5,432.3	-5,851.3
Of which: crude oil	-818.2	-826.9	-1,106.2	-1,121.9	-1,112.5	-1,087.1	-1,068.3	-1,083.3
Services (net)	-1,309.1	-1,421.9	-1,554.2	-1,726.1	-1,806.1	-1,922.2	-2,037.0	-2,177.6
Receipts	574.6	366.8	534.0	517.4	576.8	631.6	691.6	758.1
Factor income	105.6	82.8	91.7	99.2	108.6	119.2	130.9	144.0
Other services	469.0	284.0	442.3	418.1	468.1	512.4	560.7	614.0
Payments	-1,883.7	-1,788.7	-2,088.1	-2,243.5	-2,382.9	-2,553.8	-2,728.6	-2,935.6
Factor income	-598.7	-572.5	-616.4	-631.8	-669.9	-712.3	-757.3	-805.9
Of which: central government interest due	-128.2	-129.7	-146.8	-231.2	-242.1	-281.0	-306.2	-333.0
Before rescheduling/refinancing	…	-129.0	-146.8	-213.2	-208.0	-214.2	-219.0	-222.6
On new financing	…	-0.7	0.0	-18.0	-34.2	-66.8	-87.2	-110.4
Of which: oil sector	-196.1	-258.3	-309.9	-315.2	-333.7	-303.3	-300.6	-285.9
Other services	-1,285.0	-1,216.2	-1,471.7	-1,611.7	-1,713.0	-1,841.5	-1,971.3	-2,129.7
Transfers (net)	-206.5	-134.1	-289.2	-303.9	-309.3	-316.0	-343.7	-435.3
Private	-293.9	-289.1	-320.0	-326.4	-333.7	-342.5	-372.5	-466.6
Current account including official transfers	125.0	757.3	-356.4	-414.6	-637.5	-741.7	-895.7	-1,036.9
Current account excluding official transfers	37.6	602.3	-387.2	-437.1	-661.8	-768.2	-924.4	-1,068.3
Capital account	-227.3	-633.6	176.2	137.2	215.4	294.8	467.1	614.3
Official medium- and long-term loans (net)	-262.0	26.4	-219.7	-260.8	-300.0	-419.8	-448.8	-379.5
Project loans	48.3	30.6	78.7	80.2	96.3	110.7	119.6	119.6
Other bilateral and multilateral loans (AFD loan)	0.0	229.6	0.0	0.0	0.0	0.0	0.0	0.0
Central government amortization due	-310.3	-233.8	-298.4	-341.0	-396.3	-530.5	-568.4	-499.1
On new financing	…	-37.8	-20.3	0.0	0.0	0.0	0.0	0.0
Foreign direct investments	171.6	128.2	275.4	385.5	501.2	651.5	847.0	931.6
Other private capital	-136.9	-788.2	120.5	12.5	14.2	63.0	68.9	62.1
Oil sector	-120.0	-128.7	-162.2	-165.1	-143.1	-158.7	-199.5	-207.7
Government securities sold to WAEMU banks	284.0	49.9	227.9	150.0	100.0	170.0	200.0	220.0
Others	-301.0	-709.4	54.8	27.6	57.4	51.8	68.5	49.8
Errors and omissions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-102.4	123.7	-180.3	-277.4	-422.0	-446.9	-428.6	-422.7
Financing	102.4	-123.7	-445.8	-209.2	-75.6	-79.8	-82.4	-83.2
Official net reserves (increase -)	-269.4	-292.2	-292.8	-192.9	-61.5	-65.6	-82.4	-83.2
Operations account	-286.0	-402.9	-287.3	-192.9	-49.7	-37.1	-48.3	-24.0
IMF (net)	16.6	110.7	-5.5	0.0	-11.8	-28.5	-34.1	-59.2
Disbursements	27.5	121.6	0.0	0.0	0.0	0.0	0.0	0.0
Repayments	-10.9	-10.9	-5.5	0.0	-11.8	-28.5	-34.1	-59.2
Commercial banks (net)	25.1	-127.2	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief obtained	733.4	248.6	0.0	0.0	0.0	0.0	0.0	0.0
Net change in external arrears (principal and interest)	-386.8	47.1	-153.0	-16.2	-14.2	-14.2	0.0	0.0
Financing gap	0.0	0.0	626.0	486.6	497.7	526.7	511.0	505.8
Possible financing			626.0	412.4	241.7	0.0	0.0	0.0
Program grants and loans			57.8	0.0	0.0	0.0	0.0	0.0
World Bank grant			25.0	0.0	0.0	0.0	0.0	0.0
AfDB grant			0.0	0.0	0.0	0.0	0.0	0.0
EU grant			32.8	0.0	0.0	0.0	0.0	0.0
Debt relief			471.9	337.3	179.0	0.0	0.0	0.0
Residual gap			96.3	149.3	318.7	526.7	511.0	505.8
Of which: IMF-ECF			96.3	75.1	62.7	0.0	0.0	0.0
Memorandum items:								
Overall balance (percent of GDP)	-0.9	1.1	-1.4	-2.0	-2.9	-2.8	-2.5	-2.2
Current account incl. official transfers (percent of GDP)	1.1	6.7	-2.8	-3.0	-4.3	-4.6	-5.1	-5.5
Current account excl. official transfers (percent of GDP)	0.3	5.3	-3.1	-3.2	-4.5	-4.8	-5.3	-5.6
Trade balance (percent of GDP)	14.5	20.4	11.8	11.9	10.0	9.3	8.5	8.3
Cocoa exports (thousand tons)	1,118	1,374	1,257	1,279	1,303	1,328	1,355	1,383
Cocoa export price, f.o.b (CFAF/kg)	1,552	1,331	1,083	1,082	998	931	898	866
Gross imputed official reserves (US$ million)	3,195	4,205	4,551	4,941	5,023	5,098	5,194	5,242
(months of imports of goods and services)	3.8	5.4	4.9	4.8	4.6	4.4	4.2	3.9
Outstanding arrears (year-end)	137	197	45	28	14	0	0	0
Nominal GDP	11,352	11,360	12,575	13,610	14,750	16,021	17,425	18,982
Nominal exchange rate (CFAF/US$; average)	494	471	…	…	…	…	…	…

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

Table 3a. Côte d'Ivoire: Fiscal Operations of the Central Government, 2010-17

(In Billions of CFA francs, unless otherwise indicated)

	2010	2011 1/	2012	2013	2014	2015	2016	2017
			Proj.					
Total revenue and grants	2,236.6	1,725.9	2,409.8	2,760.0	3,061.5	3,398.6	3,722.9	4,091.4
Total revenue	2,176.2	1,693.0	2,357.6	2,619.3	2,909.1	3,233.0	3,542.8	3,895.2
Tax revenue	1,928.5	1,493.2	2,041.8	2,292.7	2,540.3	2,816.5	3,072.4	3,376.5
Direct taxes	551.1	507.9	574.5	692.8	809.6	904.7	1,000.7	1,122.0
Of which: profit tax on oil	119.9	154.9	165.9	149.3	186.6	205.3	225.8	248.4
Indirect taxes	1,377.4	985.3	1,467.3	1,599.8	1,730.7	1,911.8	2,071.7	2,254.4
Nontax revenue	247.7	199.8	315.8	326.6	368.7	416.6	470.5	518.7
Social security contributions	162.8	130.9	228.9	234.7	259.2	286.8	306.2	339.8
Other	84.9	68.9	86.9	91.9	109.5	129.7	164.2	178.9
Of which: PETROCI dividends	21.3	12.0	12.0	10.8	13.5	14.9	16.3	18.0
Grants	60.4	32.9	52.2	140.7	152.5	165.6	180.1	196.2
Projects	41.1	21.9	42.2	140.7	152.5	165.6	180.1	196.2
Programs (incl. crisis-related)	19.3	11.0	10.0	0.0	0.0	0.0	0.0	0.0
Total expenditure	2,497.8	2,208.7	2,963.6	3,200.0	3,456.2	3,795.7	4,135.6	4,550.9
Current expenditure	2,115.8	1,923.9	2,304.9	2,420.6	2,557.0	2,784.9	3,001.8	3,278.1
Wages and salaries	800.4	719.7	940.4	992.3	1,058.7	1,135.6	1,217.1	1,316.5
Social security benefits	212.6	181.8	230.6	268.5	295.0	340.8	379.4	432.3
Subsidies and other current transfers (incl. education and health)	272.5	314.6	331.2	285.8	295.0	304.4	313.6	341.7
Electricity sector subsidy	82.6	104.5	60.6	50.0	50.0	50.0	40.0	0.0
Other current expenditure	491.6	413.1	511.7	544.4	560.5	608.8	662.1	721.3
of which: toxic waste damage	11.8	0.0	5.0	0.0	0.0	0.0	0.0	0.0
Crisis-related expenditure	144.2	75.4	63.4	0.0	0.0	0.0	0.0	0.0
Interest due	194.5	219.3	227.6	329.6	347.9	395.2	429.6	466.3
On domestic debt	66.3	89.6	80.8	98.4	105.7	114.2	123.3	133.2
On external debt	128.2	129.7	146.8	231.2	242.1	281.0	306.2	333.0
Before rescheduling/refinancing		129.0	146.8	213.2	208.0	214.2	219.0	222.6
On new financing		0.7	0.0	18.0	34.2	66.8	87.2	110.4
Capital expenditure	348.6	285.7	660.2	764.5	883.0	993.4	1,114.7	1,252.1
Domestically financed	259.2	237.2	539.3	543.6	634.2	717.0	815.0	924.4
Foreign-financed	89.4	48.5	120.9	220.9	248.7	276.3	299.7	327.7
Net lending	33.4	-0.9	-1.5	14.9	16.1	17.5	19.0	20.7
Primary basic balance 2/	-25.9	-248.0	-252.4	-30.2	49.5	108.8	136.5	138.3
Overall balance, including grants	-261.2	-482.9	-553.7	-440.0	-394.6	-397.1	-412.6	-459.5
Overall balance, excluding grants	-321.6	-515.7	-605.9	-580.7	-547.1	-562.7	-592.7	-655.7
Change in domestic arrears and float (excl. on debt service)	-35.1	-25.7	-25.0	-28.6	0.0	0.0	0.0	0.0
Net change in external arrears (interests)	-252.7	26.5	-23.9	2.1	0.0	0.0	0.0	0.0
Change in existing arrears	-271.6	-70.4	-23.9	2.1	0.0	0.0	0.0	0.0
Accumulation of new arrears	19.0	96.9	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-548.9	-482.1	-602.6	-466.5	-394.6	-397.1	-412.6	-459.5

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

1/ 2011 aggregates are based on Q2-Q4

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

Table 3a. Côte d'Ivoire: Fiscal Operations of the Central Government, 2010-17 (concluded)
(In Billions of CFA francs, unless otherwise indicated)

	2010	2011 [1/]	2012	2013	2014	2015	2016	2017
			Proj. [1/]					
Financing	548.9	482.1	602.6	466.5	394.6	397.1	412.6	459.5
Domestic financing	-57.8	-6.9	97.5	88.7	96.9	120.2	134.6	89.1
Bank financing (net)	118.2	-1.9	112.2	28.7	26.9	30.2	34.6	-0.7
Net use of Fund resources[2/]	16.6	110.7	-5.5	0.0	-11.8	-28.5	-34.1	-59.2
Central bank credit (net)	-3.1	-95.6	-31.3	-31.3	-31.3	-31.3	-31.3	-31.3
Other domestic bank financing (net)	104.7	-17.1	149.1	60.0	70.0	90.0	100.0	89.8
Of which: Versus Bank restructuring	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonbank financing (net)	-176.0	-4.9	-14.8	60.0	70.0	90.0	100.0	89.8
External financing	606.7	489.0	-120.8	-108.7	-200.0	-249.8	-248.8	-147.6
Consolidation (bonds)	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project loans	48.3	30.6	78.7	80.2	96.3	110.7	119.6	131.6
Program loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WAEMU financing (in CFAF)	270.6	49.9	227.9	150.0	100.0	170.0	200.0	220.0
Amortization due	-310.3	-233.8	-298.4	-341.0	-396.3	-530.5	-568.4	-499.1
Net change in external arrears (principal)	-134.1	20.6	-129.0	2.1	0.0	0.0	0.0	0.0
Change in existing arrears	-190.6	-158.9	-129.0	2.1	0.0	0.0	0.0	0.0
Accumulation of new arrears	56.5	179.5	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief and budget support	733.4	621.7	0.0	0.0	0.0	0.0	0.0	0.0
Official bilaterals, incl. Paris Club	231.1	478.2	0.0					
Commercial (incl. Brady Bonds)	456.0	0.0	0.0					
AfDB arrears clearance grant	0.0	0.0	0.0					
EIB	0.0	2.0	0.0					
World Bank budget support	46.3	71.5	0.0					
AfDB budget support	0.0	70.0	0.0					
WAEMU budget support			0.0					
Financing gap (+ deficit / – surplus)	0.0	0.0	626.0	486.6	497.7	526.7	526.9	517.9
Possible financing 2011-14			626.0	486.6	241.7	0.0	0.0	0.0
Program grants and loans			57.8	0.0	…	…	…	…
World Bank grant			25.0	0.0	…	…	…	…
AFD loan			…	…	…	…	…	…
AfDB grant			0.0	0.0	…	…	…	…
EU grant			32.8	…	…	…	…	…
Debt relief			471.9	337.3	179.0	0.0	0.0	0.0
Residual gap			96.3	149.3	318.7	526.7	526.9	517.9
of which IMF-ECF			96.3	75.1	62.7	0.0	0.0	0.0
Memorandum items:								
Nominal GDP	11,352	8,520	12,575	13,610	14,750	16,021	17,425	18,982
Domestic debt (including financial debt)	1,793	1,650	1,723	1,783	1,917	2,071	2,237	2,417
Of which: in arrears	79	53	23	-5	-5	-5	-5	-5
Change in domestic arrears (excl. on debt service)	-35.1	-25.7	-25.0	-28.6	0.0	0.0	0.0	0.0
External debt	5,749	6,343	6,437	6,945	7,200	7,245	7,226	7,243
Of which: in arrears	137	197	45	0	0	0	0	0
Pro-poor spending (including foreign financed)	885.2	843.4	980.0	1,052.7	1,137.0	1,248.8	1,360.6	1,497.3
of which: Education	590.1	529.2	637.0	684.3	739.0	811.7	884.4	973.2
Health	113.6	120.2	127.4	136.9	147.8	162.3	176.9	194.6
Implicit fuel subsidies	…	45.0	90.0	…	…	…	…	…

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

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

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

Table 3b. Côte d'Ivoire: Fiscal Operations of the Central Government, 2010-17

(In percent of GDP, unless otherwise indicated)

	2010	2011 [1/]	2012	2013	2014	2015	2016	2017
					Proj. [1/]			
Total revenue and grants	19.7	20.3	19.2	20.3	20.8	21.2	21.5	21.6
Total revenue	19.2	19.9	18.7	19.2	19.7	20.2	20.4	20.6
Tax revenue	17.0	17.5	16.2	16.8	17.2	17.6	17.7	17.9
Direct taxes	4.9	6.0	4.6	5.1	5.5	5.6	5.7	5.9
Of which : profit tax on oil	1.1	1.8	1.3	1.1	1.3	1.3	1.3	1.3
Indirect taxes	12.1	11.6	11.7	11.8	11.7	11.9	12.0	11.9
Nontax revenue	2.2	2.3	2.5	2.4	2.5	2.6	2.7	2.7
Social security contributions	1.4	1.5	1.8	1.7	1.8	1.8	1.8	1.8
Other	0.7	0.8	0.7	0.7	0.7	0.8	0.9	0.9
Of which : PETROCI dividends	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Grants	0.5	0.4	0.4	1.0	1.0	1.0	1.0	1.0
Projects	0.4	0.3	0.3	1.0	1.0	1.0	1.0	1.0
Programs (incl. crisis-related)	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total expenditure	22.0	25.9	23.6	23.5	23.4	23.7	23.7	24.0
Current expenditure	18.6	22.6	18.3	17.8	17.3	17.4	17.2	17.3
Wages and salaries	7.1	8.4	7.5	7.3	7.2	7.1	7.0	6.9
Social security benefits	1.9	2.1	1.8	2.0	2.0	2.1	2.2	2.3
Subsidies and other current transfers (incl. education and health)	2.4	3.7	2.6	2.1	2.0	1.9	1.8	1.8
of which: Electricity sector subsidy	0.7	1.2	0.5	0.4	0.3	0.3	0.2	0.0
Other current expenditure	4.3	4.8	4.1	4.0	3.8	3.8	3.8	3.8
of which: toxic waste damage	0.1	0.0	0.0	…	…	…	…	…
Crisis-related expenditure	1.3	0.9	0.5	0.0	0.0	0.0	0.0	0.0
Interest due	1.7	2.6	1.8	2.4	2.4	2.5	2.5	2.5
On domestic debt	0.6	1.1	0.6	0.7	0.7	0.7	0.7	0.7
On external debt	1.1	1.5	1.2	1.7	1.6	1.8	1.8	1.8
Before rescheduling/refinancing	0.0	1.5	1.2	1.6	1.4	1.3	1.3	1.2
On new financing	0.0	0.0	0.0	0.1	0.2	0.4	0.5	0.6
of which on rescheduling	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Capital expenditure	3.1	3.4	5.3	5.6	6.0	6.2	6.4	6.6
Domestically financed	2.3	2.8	4.3	4.0	4.3	4.5	4.7	4.9
Foreign-financed	0.8	0.6	1.0	1.6	1.7	1.7	1.7	1.7
Net lending	0.3	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Primary basic balance [2/]	-0.2	-2.9	-2.0	-0.2	0.3	0.7	0.9	0.8
Overall balance, including grants	-2.3	-5.7	-4.4	-3.2	-2.7	-2.5	-2.3	-2.4
Overall balance, excluding grants	-2.8	-6.1	-4.8	-4.3	-3.7	-3.5	-3.3	-3.4
Change in domestic arrears (excl. on debt service)	-0.3	-0.3	-0.2	-0.2	0.0	0.0	0.0	0.0
Net change in external arrears (interest)	-2.2	0.3	-0.2	0.0	0.0	0.0	0.0	0.0
Change in existing arrears	-2.4	-0.8	-0.2	0.0	0.0	0.0	0.0	0.0
Accumulation of new arrears	0.2	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-4.8	-5.7	-4.8	-3.4	-2.7	-2.5	-2.3	-2.4

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

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

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

Table 3b. Côte d'Ivoire: Fiscal Operations of the Central Government, 2010-17 (concluded)
(In percent of GDP, unless otherwise indicated)

	2010	2011 1/	2012	2013	2014	2015	2016	2017
					Proj.			
Financing	4.8	5.7	4.8	3.4	2.7	2.5	2.3	2.4
Domestic financing	-0.5	-0.1	0.8	0.7	0.7	0.7	0.8	0.5
Bank financing (net)	1.0	0.0	0.9	0.2	0.2	0.2	0.2	0.0
Net use of Fund resources 2/	0.1	1.3	0.0	0.0	-0.1	-0.2	-0.2	-0.3
Central bank credit (net)	0.0	-1.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Other domestic bank financing (net)	0.9	-0.2	1.2	0.4	0.5	0.6	0.6	0.5
Of which: Versus Bank restructuring	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonbank financing (net)	-1.6	-0.1	-0.1	0.4	0.5	0.6	0.6	0.5
External financing	5.3	5.7	-1.0	-0.8	-1.4	-1.6	-1.4	-0.8
Consolidation (bonds)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project loans	0.4	0.4	0.6	0.6	0.7	0.7	0.7	0.7
Program loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WAEMU financing (in CFAF)	2.4	0.6	1.8	1.1	0.7	1.1	1.1	1.2
Amortization due	-2.7	-2.7	-2.4	-2.5	-2.7	-3.3	-3.3	-2.6
Net change in external arrears (principal)	-1.2	0.2	-1.0	0.0	0.0	0.0	0.0	0.0
Change in existing arrears	-1.7	-1.9	-1.0	0.0	0.0	0.0	0.0	0.0
Accumulation of new arrears	0.5	2.1	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief and budget support	6.5	7.3	0.0	0.0	0.0	0.0	0.0	0.0
Official bilaterals, incl. Paris Club	2.0	5.6	0.0					
Commercial (incl. Brady Bonds)	4.0	0.0	0.0					
AfDB arrears clearance grant	0.0	0.0	0.0					
EIB	0.0	0.0	0.0					
World Bank budget support	0.4	0.8	0.0					
AfDB budget support	0.0	0.8	0.0					
WAEMU budget support			0.0					
Financing gap (+ deficit / – surplus)	0.0	0.0	5.0	3.6	3.4	3.3	2.9	2.7
Possible financing 2011			5.0	3.6	1.6	0.0	0.0	0.0
Program grants and loans			0.5	0.0	…	…	…	…
World Bank grant			0.2	0.0	…	…	…	…
AFD loan			…	…	…	…	…	…
AfDB grant			0.0	…	…	…	…	…
Debt relief			3.8	2.5	1.2	0.0	0.0	0.0
Residual gap			0.8	1.1	2.2	3.3	2.9	2.7
of which IMF-ECF			0.8	0.6	0.4	0.0	0.0	0.0
Memorandum items:								
Domestic debt (including financial debt)	15.8	19.4	13.7	13.1	13.0	12.9	12.8	12.7
Of which: in arrears	0.7	0.6	0.2	0.0	0.0	0.0	0.0	0.0
Change in domestic arrears (excl. on debt service)	-0.3	-0.3	-0.2	-0.2	0.0	0.0	0.0	0.0
External debt	50.6	74.4	51.2	51.0	48.8	45.2	41.5	38.2
Of which: in arrears	1.2	2.3	0.3	0.0	0.0	0.0	0.0	0.0
Pro-poor spending (including foreign financed)	7.8	9.9	7.8	7.7	7.7	7.8	7.8	7.9
of which: Education	5.2	6.2	5.1	5.0	5.0	5.1	5.1	5.1
Health	1.0	1.4	1.0	1.0	1.0	1.0	1.0	1.0
Implicit fuel subsidies	…	0.5	0.7	…	…	…	…	…

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

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

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

Table 4. Côte d'Ivoire: Monetary Survey, 2010-13

	2010	2011	2012	2013
			Proj.	
	(Billions of CFA francs)			
Net foreign assets	1,393.6	1,813.0	2,105.8	2,298.7
Central bank	1,351.9	1,644.1	1,936.9	2,129.8
Banks	41.7	168.9	168.9	168.9
Net domestic assets	2,779.1	2,783.8	3,200.1	3,618.8
Net credit to the government	806.8	822.6	1,079.3	1,183.0
Central Bank	486.8	497.8	557.3	601.0
Banks	320.0	324.8	522.0	582.0
of which: customs bills	-6.0	-7.6	-6.0	-6.0
Postal savings (CNCE)	0.0	0.0	0.0	0.0
Credit to the economy	2,065.7	2,067.0	2,226.6	2,541.6
Crop credits	123.1	120.8	90.5	94.4
Other credit (including customs bills)	1,950.8	1,932.5	2,136.1	2,447.3
Other items (net) (assets = +)	-93.4	-105.8	-105.8	-105.8
Broad money	4,172.7	4,596.8	5,305.9	5,917.6
Currency in circulation	1,636.4	1,556.5	1,926.6	2,142.8
Deposits	2,528.9	3,009.2	3,350.6	3,742.8
Other deposits	7.4	31.1	28.7	32.0
Postal savings (CNCE)	0.0	0.0	0.0	0.0
Memorandum item:				
Velocity of circulation	2.7	2.5	2.4	2.3
	(Changes in percent of beginning-of-period broad money)			
Net foreign assets	7.0	10.1	6.4	3.6
Net domestic assets	11.9	0.1	9.1	7.9
Net credit to the government	5.3	0.4	5.6	2.0
Central bank	1.0	0.3	1.3	0.8
Banks	4.9	0.1	4.3	1.1
Credit to the economy	5.2	0.0	3.5	5.9
Broad money	18.8	10.2	15.4	11.5
	(Changes in percent of previous end-of-year)			
Net foreign assets	21.3	30.1	16.1	9.2
Net domestic assets	17.6	0.2	15.0	13.1
Net credit to the government	29.7	2.0	31.2	9.6
Central bank	7.7	2.3	12.0	7.8
Banks	115.9	1.5	60.7	11.5
Credit to the economy	9.7	0.1	7.7	14.1
Broad money	18.8	10.2	15.4	11.5

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, 2007−11

	2007	2008	2009	2010	Prel. 2011
	(Percent, end of period, unless otherwise indicated)				
Capital Adequacy					
Risk-weighted capital to assets ratio	9.5	9.3	10.2	12.5	9.8
Percentage of banks greater or equal to 10 percent	33.3	57.9	61.1	50.0	52.4
minimum	22.2	15.8	5.6	25.0	14.3
Percentage of banks below 6 percent minimum	44.4	26.3	33.3	25.0	33.3
Capital (net worth) to assets [1/]	6.0	5.7	6.0	6.8	5.5
Asset quality					
Total loans/total assets	60.8	70.8	69.5	66.9	56.4
Nonperforming loans (NPLs)					
NPLs/total loans	18.1	20.6	15.0	16.2	15.9
NPLs net of provisions/total loans	2.5	4.4	4.3	4.2	5.2
Provisioning rate	87.2	82.1	74.3	77.4	67.2
Management					
Personnel costs/revenue	20.9	19.5	21.0	*20.7*	*na*
Noninterest expenses/revenue	30.2	29.0	32.0	*35.2*	*na*
Earnings and profitability					
Net income (CFAF billion)	183.9	247.5	229.2	*253.0*	*na*
Return on assets	0.3	-0.5	2.0	*0.0*	*na*
Return on equity	3.1	-6.8	22.3	*0.3*	*na*
Interest rate spread (percentage points)	8.2	8.6	8.5	*7.8*	*na*
Liquidity					
Liquid assets/total assets	41.9	42.0	42.1	42.6	50.9
Liquid assets/short term liabilities	82.4	83.4	87.3	93.8	101.2
Loans/deposits	80.3	95.8	92.8	87.2	70.9
Liquid assets/total deposits	55.0	55.4	55.9	55.6	64.1

Sources: BCEAO, Banking Commission, APBEF-CI, and IMF staff calculations.

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

Table 6. Côte d'Ivoire: External Financing Requirements, 2009–12
(In billions of CFA francs)

	2009	2010	2011	2012 Proj.
External financing requirements	-2652.4	-896.6	-785.4	-735.5
Current account balance (excluding official transfers)	529.8	37.6	602.3	-387.2
Amortization	-313.3	-310.3	-233.8	-298.4
Of which: government	-10.9	-313.3	-310.3	-233.8
Fund repurchases and repayments	-10.9	-10.9	-10.9	-5.5
Private capital, net (commercial banks, FDIs, errors and omissions)	-734.5	59.8	-787.2	395.9
Net change in external arrears (interest and principal) (+=accumulation)	-1917.0	-386.8	47.1	-153.0
Change in net external reserves without IMF (- = increase)	-206.5	-286.0	-402.9	-287.3
Available financing	2652.4	896.6	785.4	109.4
Project financing	53.3	48.3	30.6	78.7
Program financing	0.0	0.0	229.6	0.0
Fund disbursements	85.1	27.5	121.6	0.0
Official transfers	234.2	87.4	155.0	30.8
Debt relief obtained	2279.8	733.4	248.6	0.0
Financing gap	0.0	0.0	0.0	-626.0
Expected sources of financing				529.7
World Bank grant				25.0
AfDB grant				0.0
WAEMU grant				0.0
EU grant				32.8
Debt relief				471.9
Residual gap				96.3
Possible IMF ECF				96.3

Sources: Ivorien authorities; IMF staff estimates and projections.

Table 7. Cote d'Ivoire: Indicators of Capacity to Repay the Fund, 2010–22

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
			Projections										
Fund obligations based on existing credit													
(In millions of SDRs)													
Principal	11.7	11.7	0.8	0.0	15.9	39.0	46.2	78.7	78.7	62.8	39.7	32.5	0.0
Charges and interest [1/]	0.1	0.1	0.1	0.1	1.0	1.0	0.9	0.7	0.5	0.3	0.2	0.1	0.1
Fund obligations based on existing and prospective credit [2/]													
(In millions of SDRs)													
Principal	11.7	11.7	0.8	0.0	15.9	39.0	46.2	85.2	109.6	113.2	101.5	94.3	55.3
Charges and interest [1/]	0.1	0.1	0.1	0.1	1.7	1.7	1.6	1.5	1.2	0.9	0.7	0.4	0.2
Total obligations based on existing and prospective credit [2/]													
In millions of SDRs	11.8	11.8	0.9	0.1	17.7	40.8	47.8	86.7	110.8	114.1	102.1	94.7	55.5
In billions of CFA francs	8.9	8.8	0.6	0.0	13.5	31.3	36.9	67.0	85.6	88.2	78.9	73.2	42.9
In percent of government revenue	0.4	0.5	0.0	0.0	0.4	0.9	1.0	1.6	2.0	1.9	1.6	1.3	0.7
In percent of exports of goods and services	0.2	0.2	0.0	0.0	0.2	0.4	0.5	0.8	1.1	1.0	0.8	0.6	0.3
In percent of debt service [3/]	2.1	2.4	0.1	0.0	2.2	3.9	4.4	8.4	11.9	13.3	13.5	33.8	14.6
In percent of GDP	0.1	0.1	0.0	0.0	0.1	0.2	0.2	0.4	0.4	0.4	0.3	0.3	0.2
In percent of quota	3.6	3.6	0.3	0.0	5.4	12.5	14.7	26.6	34.1	35.1	31.4	29.1	17.1
Outstanding Fund credit													
In millions of SDRs	284.2	399.4	523.6	621.1	686.5	647.5	601.3	516.1	406.5	293.3	191.9	97.6	42.3
In billions of CFA francs	214.4	299.6	394.0	470.3	523.5	497.2	464.6	398.8	314.1	226.7	148.3	75.4	32.7
In percent of government revenue	9.6	17.4	16.3	17.0	17.1	14.6	12.4	9.7	7.3	5.0	3.1	1.3	0.5
In percent of exports of goods and services	3.7	5.2	6.5	7.1	7.7	7.0	6.2	5.0	3.9	2.6	1.6	0.6	0.2
In percent of debt service	51.3	80.0	87.4	83.4	83.8	62.6	55.4	50.2	43.6	34.2	25.4	34.8	11.1
In percent of GDP	1.9	2.6	3.1	3.5	3.5	3.1	2.7	2.1	1.5	1.0	0.6	0.3	0.1
In percent of quota	87.4	122.8	161.0	191.0	211.1	199.1	184.9	158.7	125.0	90.2	59.0	30.0	13.0
Net use of Fund credit (millions of SDRs)	24.1	150.9	129.3	97.6	65.4	-39.0	-46.2	-85.2	-109.6	-113.2	-101.5	-94.3	-55.3
Disbursements	35.8	162.6	130.1	97.6	81.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and Repurchases	11.7	11.7	0.8	0.0	15.9	39.0	46.2	85.2	109.6	113.2	101.5	94.3	55.3
Memorandum items:													
Nominal GDP (billions of CFA francs)	11,352.1	11,359.6	12,574.9	13,610.4	14,750.0	16,021.4	17,424.8	18,981.9	20,328.0	21,777.3	23,310.7	25,758.2	27,696.2
Exports of goods and services (billions of CFA francs)	5,807.3	5,811.3	6,034.6	6,614.9	6,756.7	7,091.6	7,478.1	8,041.2	8,115.0	8,789.4	9,553.8	13,264.3	14,080.9
Government revenue (billions of CFA francs)	2,236.6	1,725.9	2,409.8	2,760.0	3,061.5	3,398.6	3,738.8	4,103.5	4,327.6	4,543.8	4,835.2	5,789.0	6,227.4
Debt service (billions of CFA francs)	417.7	374.4	450.7	563.6	624.9	793.6	838.3	793.7	720.5	662.8	584.8	216.7	293.8
CFA francs/SDR (period average)	754.4	750.2	752.4	757.1	762.6	767.9	772.8	772.8	772.8	772.8	772.8	772.8	772.8

Sources: IMF staff estimates and projections.

[1/] The interest rate on ECF is zero for 2010 -13 and assumed at 0.25 percent thereafter.

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

[3/] Total debt service includes IMF repurchases and repayments.

APPENDIX I—CÔTE D'IVOIRE: LETTER OF INTENT

Ministry of Economy and Finance *Republic of Côte d'Ivoire*

N° 2863 MEF/CAB-MEF/CT/14 Abidjan, April 25, 2012

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

Subject: Letter of Intent

Madame Managing Director,

1. **Since the end of the post-election crisis, the government has made major strides toward stabilizing the political situation and kick-starting the economy**. The national reconciliation process has begun with a view to consolidating peace. The first legislative elections since 2000 took place on December 11, 2011 and February 26, 2012, and the new National Assembly convened on March 12, 2012 to elect its president. The economic recovery in 2012 marks a new era of investment-led growth. The new government appointed on March 13, 2012 is committed to continuing the progress in implementing the economic policies described in the October 20, 2011 Letter of Intent.

2. **The attached Memorandum of Economic and Financial Policies (MEFP) describes the progress to date and the policies we will implement this year**. In regard to economic and fiscal performance, results at end-2011 are well above expectations. The program's architecture and basic objectives for 2012 remain unchanged. However, to take into account of the impact updated projections of growth, inflation, and commodity prices and new priority expenditures, we wish to request a modification of the end-June 2012 performance criteria on the floor of the overall fiscal balance and on the ceiling on net domestic financing. The government is determined to pursue the implementation of all the major structural measures, including the structural benchmarks, to achieve more rapid economic growth as provided in our 2012–15 National Development Plan (PND).

3. **The government is determined to achieve the HIPC completion point as soon as possible and no later than the second quarter 2012**. The external debt relief at the completion point will represent a turning point in our country's economic and financial affairs, in terms of the viability of our growth policies and job creation. In particular, it will (i) contribute to fiscal sustainability and the normalization of relations with our creditors; (ii) promote investment; and (iii) reduce poverty in our country through sound reorientation of budget appropriations. To achieve this goal by the end of the first half of 2012, the government will take all measures necessary to meet the remaining HIPC completion point triggers.

4. **The government is convinced that the policies and measures set out in this memorandum are sufficient to achieve its objectives**. We ask that the IMF provide financial support to the government under the Extended Credit Facility in an amount equivalent to the second disbursement of SDR 65.04 million. The government will consult with IMF staff, at its own initiative or at the request of the IMF Managing Director, before adopting any additional measure it may deem necessary, or in the event of changes to the policies set out in this memorandum. The government also agrees to cooperate fully with the IMF to achieve the program objectives.

5. **The Ivoirien authorities consent to public release of this Letter of Intent, the attached Memorandum of Economic and Financial Policies (MEFP) and Technical Memorandum of Understanding (TMU), and the IMF staff report relating to the request for disbursement under the ECF**. We hereby authorize the publication and posting of those documents on the IMF website after program approval by the IMF Executive Board.

Very truly yours,

/s/
Charles Diby Koffi
Minister of Economy and Finance

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

Attachment I—Côte d'Ivoire

Supplement to the Memorandum of Economic and Financial Policies

April 25, 2012

This supplement to the memorandum assesses the implementation of the 2011 economic program described in the memorandum of October 20, 2011, and discusses the program for 2012.

I. Introduction

1. **Following the post-election crisis that greatly affected the country, Côte d'Ivoire is moving toward full normalization of its sociopolitical, economic, and security situation. Legislative elections were held on December 11, 2011**. The elections led to the opening of the first ordinary session of the National Assembly on March 12, 2012, thus ending the process of restoring constitutional order. Security conditions have improved steadily since May 2011, thanks to the unification of the army and the redeployment of gendarmerie and police throughout the country. Economic activity has gradually recovered since the reopening of banks and financial institutions at end-April 2011 and the lifting of the European Union embargo. Humanitarian efforts were made to return refugees under tripartite agreements between Côte d'Ivoire, the host countries, and the United Nations High Commissioner for Refugees (UNHCR). In addition, the Dialogue, Truth and Reconciliation Commission (CDVR) established by the President of the Republic on September 28, 2011, is working to strengthen social cohesion.

2. **Financial support for the government's economic and financial program for 2011–14 was granted under the International Monetary Fund's Extended Credit Facility (ECF) on November 4, 2011.** Prompt implementation of the program was made possible by the positive trends observed in the adoption of economic and financial policies supported by the Rapid Credit Facility (RCF). The aim of this program is to stabilize the macroeconomic framework and revitalize growth, particularly through increased public and private investment.

3. **The government prepared a National Development Plan (PND) for 2012–15, taking into account the economic and financial program**. This plan was adopted by the Council of Ministers on March 28, 2012. Through the preparation of the PND, Côte d'Ivoire has decided to give renewed impetus to its development policy. This new strategy is based on a program of recovery and of determined, yet realistic development supported by public and private investment. On that basis and in line with the PND, which is henceforth the reference document for the new socioeconomic strategy, the government projects growth of 8 percent in 2012, 9 percent in 2013, 10 percent in 2014, and 10.1 percent in 2015. The aim of this development plan is to reduce poverty through implementation of the PRSP and realization of the vision of the President of the Republic, which is to make Côte d'Ivoire an emerging market by 2020. It identifies sources of growth, taking into account the country's comparative advantages. It also sets out specific sectoral objectives and strategies to be implemented by the ministries, with benchmarks for regular monitoring of progress.

4. **For 2012, the government plans to increase public investment significantly and to put in place a framework conducive to the development of private sector activity, with a view to revitalizing economic growth and employment**. Public investment was especially affected by the long period of crisis, with the result that infrastructure could not be maintained or expanded owing to the scarcity of budgetary resources. Based on the government's 2012-2014 Public Investment Program (PIP), the public component of investment in 2012 is projected at 5.3 percent of GDP, compared to a maximum of 3.3 percent over the last twelve years. Moreover, the government hopes to attract private investment and maintain the dynamic of solid, sustained, and inclusive growth by (i) restoring security throughout the country, (ii) consolidating national reconciliation, (iii) improving the business climate in order to bolster the confidence of households, economic operators, and investors, and (iv) promoting good governance. This framework is expected to generate private sector support for projects involving ports and airports, agriculture, energy, road infrastructure, and housing. These investments will help to reduce poverty and revive employment, especially for the young. These gains should contribute to strengthening Côte d'Ivoire's position as the engine of the subregional economy.

5. **As part of this recovery, the government expects to reach the HIPC Initiative completion point in the second quarter of 2012, in light of the significant progress made on all the HIPC Initiative triggers (Table 1).** Indeed, the coffee-cocoa sector reform adopted November 2, 2011 by the Council of Ministers is currently under way. The government has made it clear that there is no turning back from the reform. Reaching the completion point will enable Côte d'Ivoire to obtain substantial debt relief under the HIPC Initiative and beyond, mainly under the Multilateral Debt Relief Initiative (MDRI), additional bilateral relief, and implementation of the French debt-relief program's Debt Reduction and Development Contracts (C2D).

II. Economic Developments and Implementation of the Economic and Financial Program in 2011 and Early 2012

A. Recent Economic Developments

6. **The success in implementing economic and financial policy measures enabled the government to contain the effects of the post-election crisis on economic activity**. The gradual normalization of the sociopolitical situation and the renewal of relationships with technical and financial partners also contributed to this positive development.

- The growth rate for 2011 was revised to -4.7 percent from a projected -5.8 percent in September 2011 and -6.3 percent in June 2011. This improvement is attributable in part to higher production of the main export products, particularly cocoa, gold, palm oil, and bananas. It is also explained by the gradual restoration of the confidence of economic operators thanks to measures adopted by the government to promote the private sector, including CFAF 12 billion in direct financial support to businesses, tax relief of CFAF 68.5 billion, the reduction of domestic arrears, and reactivation of the framework for public-private sector dialogue. Thus, activity in the industrial sector was far more robust than anticipated in the second half of the year, including in construction, which was sustained by the quickened pace of road rehabilitation projects.

- Inflation slowed from July 2011 on as a result of measures adopted by the government in response to the overall increase sparked by the post-election crisis in the first half of 2011. The measures in question include the signing of memoranda of understanding with distributors to reduce the prices of major consumer products, improvements of the market supply channels, and anti-racketeering initiatives. Year-on-year inflation thus stood at 2 percent in December 2011, in contrast to 9.1 percent in April 2011.

- The external current account (including transfers) grew from CFAF 125 billion (1.1 percent of GDP) in 2010 to CFAF 757.3 billion (6.7 percent of GDP) in 2011, thanks to improvements in the balance of current transactions. This positive change in the balance of current transactions is attributable both to the solid performance of export agriculture, especially cocoa and its price, and to the contraction of imports linked to the decline in economic activity observed in the first half of 2011.

- The monetary survey at end-December 2011 revealed a 30.1 percent jump in net foreign assets, and, consequently, a 10.2 percent surge in the money supply compared to end-December 2010. The consolidation of foreign assets resulted from the good performance of export revenues and the mobilization of external assistance from financial partners (IMF, World Bank, African Development Bank, and the French Development Agency (AFD)) after the crisis ended.

B. Budget Execution

7. **Execution of the 2011 budget covering the period of April 26 to end-December 2011 and adopted on June 22, 2011 was better than projected.** Performance at end-December 2011 for the quantitative benchmarks of the ECF-supported program was in line with the objectives (Table 2). The overall fiscal balance at end-December 2011 stood at 5.7 percent, compared to a target of 8.1 percent of the period's GDP. This outcome reflects the surpluses recorded in the collection of revenue and the under-execution of expenditure. The reconciliation of government financial operations up to April 26, 2011 has been completed. Because of the monetary implications, the latter will be discussed at the WAEMU level, prior to their validation and inclusion in the fiscal 2011 budget review law.

8. **Fiscal revenue in 2011 exceeded forecasts by 1.4 percent of GDP owing to the good performance of inland tax and customs revenue** made possible by the rapid recovery of economic activity. The good level of inland tax revenue collection (0.8 percent of GDP above target) is attributable to (i) the rapid recovery of the responsible agencies, despite the pillaging they suffered; (ii) the effective collection of the main taxes: VAT, ITS (payroll tax), BIC (corporate income tax), and the dividend and capital gain tax, which improved vis-à-vis the targets; (iii) the increase in the production and price of gas compared to forecasts, which led to a jump in gas revenues; and (iv) the adjustment of tax returns submitted between December 2010 and March 2011. Customs revenues also exceeded their target by 0.5 percent of GDP, thanks in particular to the recovery of economic activity in the second half of 2011 and improved tax collection.

9. **Expenditure execution has improved.** With the exception of the subsidy to the electricity sector and investments financed with external project loans, expenditure execution is in line with the targets.

- The subsidy to the electricity sector, which is financed with a portion of gas revenues, amounted to CFAF 104.5 billion, compared to a target of CFAF 74.8 billion. This excess is attributable to higher-than-expected usage of gas by the sector.

- Investment expenditure was executed at a rate of 87.3 percent, owing to the low level of disbursement of external project loans (41.7 percent). Domestically financed expenditure, however, was executed at a rate of 98.1 percent.

10. **Pro-poor spending to improve living conditions made worse by the post-election crisis amounted to CFAF 843.4 billion, with an execution rate of 100.4 percent.** This outcome was made possible by the special provisions governing pro-poor spending, which resulted in a more flexible budgetary regulation, a more efficient public procurement process, and the establishment of a framework for dialogue with the technical ministries to resolve potential difficulties related to the use of appropriations.

11. **Progress in financing the 2011 program included the reduction of domestic arrears and the conversion of treasury bills into longer-term securities.** To move beyond the system of automatic rollover of treasury bills stemming from the post-election crisis, the stock of CFAF 607 billion, as of November 30, 2011, was converted into new treasury bills and bonds in November 2011 and March 2012. Capitalized interest amounting to CFAF 24.2 billion was paid, as well as CFAF 23.4 billion in prepaid interest on the new treasury bills. Moreover, with a view to reviving economic activity, the government reduced its debt to the private sector via a net reduction of CFAF 25.7 billion in amounts payable by the Treasury. Furthermore, no new domestic arrears, as defined in the program, were accumulated in 2011.

12. **The government received substantial external assistance for the implementation of its emergency program**. It borrowed from the AFD to pay April wages and arrears at end-March 2011, as well as other emergency expenditure including the arrears of vital social sectors (water, drugs, electricity, etc.). It also received emergency support from the WAEMU, the African Development Bank, the World Bank, and the International Monetary Fund. In addition, projects financed by development partners that were suspended following the post-election crisis resumed.

13. **On November 15, 2011, the Paris Club creditors concluded an agreement with the government to restructure its external public debt on Cologne terms.** In an exceptional treatment**,** the repayment of amounts due (short-term and post cutoff date) and debt arrears were respectively deferred and rescheduled over ten and eight years. They also agreed to defer all interest owed on the amounts in question. Consequently, debt service to Paris Club creditors between July 1, 2011 and June 30, 2014 shrank from CFAF 1099 billion to CFAF 175.6 billion, a reduction of 84 percent. The Paris Club creditors also agreed to grant Côte d'Ivoire the remaining debt relief provided for under the HIPC Initiative as soon as Côte d'Ivoire reaches the completion point. As for Côte d'Ivoire's other creditors, external

arrears accumulated vis-à-vis multilateral financial institutions during the recent crisis were cleared and those to official, non-Paris Club creditors were settled or are pending restructuring. Nevertheless, the government had to accumulate arrears to Eurobond holders and other private creditors.

C. Implementation of Structural Reforms

14. **Progress has been made in implementing structural reforms, particularly as regard the structural benchmarks (Table 3)**. The main reforms were as follows:

- Significant advances were made in *public finance*, particularly the adoption of the 2012 budget in line with the objectives of the 2012–14 Public Investment Program, and improvement of the quarterly budget execution reports submitted to the Council of Ministers, including since December 2011 the reduction of SIGFIP processing times. In addition, the "cash advance management" module is operational and being used.

- Regarding the *civil service* reform, the census of government officials and employees was completed, paving the way for the creation of a "unified civil service registry." Acting on the findings of the census should lead to savings of about CFAF 10 billion per year.

- The government established a *National Public Debt Committee* (CNDP) by Decree 2011-424 of November 30, 2011. The CNDP is attached to the Ministry of Economy and Finance and its area of responsibility encompasses the entire public debt portfolio (domestic and external), in line with international best practices. The members of the CNDP were appointed in April 2012. The CNDP is henceforth solely responsible for formulating the public debt management strategy and for monitoring its implementation. Its objective is to ensure that the state's financing requirements are met and consistent with the cost and risk limits set by the government and adopted by parliament. The government requested technical assistance from the IMF and the World Bank to elaborate the debt strategy. Concerning the organizational structure and procedures manual currently being prepared, the government will ensure the separation of front, middle, and back office functions. The government will also provide the CNDP with the human resources and logistics it will need to operate properly.

- With a view to *strengthening the financial sector*, the government will adopt a Financial Sector Development Strategy (SDSF). To that end, the terms of reference for the complementary studies supporting the preparation of that strategy were approved by the development partners, and the agreement of the FIRST Initiative was reached for the financing of additional assistance, including the financing of the complementary studies. Pending the reorganization of the public banks, the government urged the bank managers to actively take measures to stabilize their financial position, which were weakened by the post-election crisis. Accordingly, the managers of the public banks adopted a series of safeguard measures to enable their respective institutions to operate properly. In particular, the measures involved the improvement of loan recovery rates, the reduction of operating costs, a revamping of operational strategies, and improved governance. According to preliminary figures, the net earnings of the five public banks improved from a net deficit of CFAF 38.1 billion in 2010 to CFAF 5.1 billion surplus in 2011.

- To *improve the performance of public enterprises*, in June 2011, the government announced that it planned to divest 25 percent of its portfolio within a year. About twenty enterprises were subsequently identified for restructuring through privatization, merger, or a transfer of responsibilities to a technical oversight agency. The government plans to (i) strengthen the supervision and monitoring of public enterprises; (ii) improve the rate of submission of financial statements, as well as the information and management system; and (iii) finalize performance contracts.

- The government has made progress in *improving the business climate* to attract investment. On January 11, 2012, the Council of Ministers *created the commercial courts*, thereby providing a framework for modernizing and ensuring greater certainty regarding the business environment. Moreover, the draft decree establishing the Business Support Center (*Centre de Facilité des Entreprises,* CFE) is in the process of being adopted. The CFE is a one-stop-shop entrepreneurs to complete all the procedures necessary to set up a business within 48 hours, and obtain all necessary assistance in one location. The proposed location for the pilot phase of the CFE's activities, encompassing the Inland Revenue, the National Social Security Fund (CNPS), the Directorate of Foreign Trade, and the Registry, has been identified. The draft version of the *new investment code* was validated in a workshop held January 18–19, 2012. The new code aims to promote the industrialization of Côte d'Ivoire through attractive tax incentives, as well as enhanced guarantees and protections. It was drafted in accordance with international best practices, with the help of the International Monetary Fund and the World Bank. A committee was organized to draft guidelines for the selection of a private partner to set up the one-stop-shop by end-2012.

- The reform of the *coffee-cocoa sector,* adopted on November 2, 2011 by the Council of Ministers, is currently under way. In line with the new institutional and regulatory frameworks now in place, the management, regulation, and development of the sector, as well as price stabilization, have been entrusted to the Coffee Cocoa Board (*Conseil du Café et du Cacao – CdC*). The Board members of the CdC, representing the various stakeholders in the sector, as well as its personnel have been appointed.

    - A committee to monitor implementation of the reform was also created in January 2012. The committee is responsible for ensuring implementation of the basic legislation pertaining to the reform through effective adoption of all the relevant texts, as well as observance of the rules and commitments taken in the context of the reform.

- ➢ To assist in the marketing of the 2012-2013 crop, the Forward Sales Program (PVAM) is in place as from January 31, 2012. In February 2012, all the exporters enrolled in the new sales system and the results have so far been satisfactory. The new mechanism should ensure a guaranteed minimum share of 60 percent of the c.i.f. price to farmers.

- ➢ The government has also continued the quarterly publication of reports to the Council of Ministers on production and financial flows in the sector.

- The enhancement of *transparency in the hydrocarbons sector* continued with the production and publication of quarterly reports to the Council of Ministers on production and financial flows. With regard to the Extractive Industries Transparency Initiative (EITI), the final reports for 2008–09 and 2010, drafted by the Administrator, will be completed and published in May 2012. The delay in producing the 2008–09 report is related to the inclusion of the mining sector and the new requirements of EITI-International, particularly the use of audited data to prepare the report. In addition, a report specifying the allocation of each shipment of crude oil is produced every quarter by the committee responsible for monitoring shipments.

- The study on the price structure of *petroleum products* was completed and the final report is available. Based on this study, a new price structure, with rationalized tax levies, has been finalized by the relevant ministries.

- The strategy for restoring financial equilibrium in the electricity sector is based on renegotiating gas prices, reviewing the take of the operator, reducing technical and nontechnical losses, improving the collection rate in the former CNW zone, and implementing a new tariff structure. To reduce gas prices, negotiations with the largest gas producer, which accounts for more than two-thirds (2/3) of all gas production, resulted in a base price of $5.50 per MMBTU, compared to an average price of $9.80 in 2011, resulting in annualized savings of CFAF 91.3 billion. Regarding the reduction of the kilowatt-hour price, the new contract with the AGGREKO plant provides for a downward adjustment from CFAF 20 to CFAF 18.5. Regarding the new tariff structure, the electricity tariff study was completed and the final report is available. A complementary study to assess the impact of the proposed new tariff structure on the population's standard of living was started in March 2012 and is expected to last 120 days. Moreover, a decree was adopted to increase industrial rates by 10 percent as of May 1, 2012. Other subsequent adjustments to the tariff structure will figure prominently in the electricity sector development strategy.

- Regarding the *pension plans*, the social contribution arrears owed by public enterprises were updated to June 30, 2011 and a clearance plan was devised. The reform of the Pension Division of the CNPS social security system was adopted by the Council of Ministers on January 11, 2012, with a view to reducing financial deficits. The measures proposed as part of the reform include increasing the retirement age from 55 to 60 and raising the contribution rate from 8 percent to 12 percent in 2012, and then to 14 percent in January 2013. Regarding the government employees pension plan (CGRAE), a framework analogous to that of the CNPS was adopted by the government on April 4, 2012 to ensure the financial viability of the CGRAE.

III. SOCIAL POLICIES AND PRSP IMPLEMENTATION

15. **Despite constraints linked to the post-crisis environment, the government has pursued the objectives of the PRSP.** The draft report on PRSP execution in 2010 and 2011 was validated at a workshop held in February 2012 in Yamoussoukro. It shows that the government placed special emphasis on combating poverty by continually increasing pro-poor spending from fiscal 2009 onward. These expenditures rose from CFAF 843 billion in 2009 to CFAF 885.2 billion in 2010, and then to CFAF 843.4 billion over a 9-month period in 2011.

16. **With regard to education**, to improve the quality of the education system, more than 90 percent of public primary school students received at least three textbooks free of charge (civic and moral education, mathematics, and French) for the 2011–12 school year. The government also drew up a Medium-Term Action Plan (PAMT) for 2012–14. For 2012, an increase in the number of teachers and classes is planned, to reduce the number of students in each class and expand teaching capacity. The objective is for each class to have its own classroom by the start of the 2012–13 school year.

17. **In the health sector,** the rehabilitation and construction of health centers, the hiring of medical and paramedical personnel and the provision of free health care led to an increase in the rate of births assisted by trained personnel to 67.5 percent in 2010 and 69.2 percent in 2011, compared to 56.8 percent in 2006. On the other hand, the introduction of across-the-board free health care in 2011 to improve the humanitarian situation in the wake of the post-election crisis cost the government CFAF 24 billion. This experience led, among other things, to health services being swamped and drugs becoming even scarcer. Consequently, for 2012, free health care will be targeted and reserved for mother-child pairs, as well as for malaria treatment for all. A 30 percent reduction in the price of all paid care has also been introduced.

18. **The government is firmly committed to honoring the commitments set out in the PRSP, particularly through the implementation of MTEFs.** Indeed, the 2012 budget takes account of the MTEFs available for the health, and the education and training sectors. Thus, the sectors received budget allocations classified as pro-poor spending in 2012. For fiscal year 2013, the MTEF process will be expanded to eight (8) new ministries in the Security, Agriculture, Justice, Economic infrastructure, Energy, Environment, Social affairs, and Defense sectors.

19. **The government has adopted a 2012–15 National Development Plan (PND 2012-15) to replace the Poverty Reduction Strategy Paper (PRSP).** This plan puts strategic planning once more at the center of government policy and builds on the achievements under the PRSP (2009–13). It also takes into account the new challenges stemming from the various crises, the bottlenecks to achieving the MDGs, the Presidential Program, the Economic and Financial Program, and the potential sources of growth.

IV. ECF-Supported Program for 2012

A. Macroeconomic Outlook for 2012

20. **In keeping with the three-year, ECF-supported economic and financial program for 2011–14, the 2012 program aims, in particular, to ensure macroeconomic stability and restore a dynamic of strong, sustained growth that creates jobs, especially for young people.** This growth is based on increased investment and the pursuit of broad structural reforms. To attain these objectives, the government plans to ensure public debt sustainability after reaching the HIPC Initiative completion point, in the second quarter of 2012, by implementing a prudent debt management strategy. This will free up the budgetary resources needed to improve social services and develop basic socioeconomic infrastructure. Special emphasis will also be placed on improving the security situation and the business climate, and on the promotion of good governance and strengthening the rule of law, with a view to maintaining the confidence of households and private investors. The reforms and priorities identified in the 2012 program are aimed, inter alia; at (i) ensuring the regular supply of energy to the economy to support growth; (ii) continuing implementation of the reform of the coffee-cocoa sector to guarantee farmer incomes; (iii) promoting job creation; and (iv) developing the financial sector to ensure adequate financing for the economy.

21. **Economic recovery in 2012 is expected to reach a growth rate of 8.1 percent, compared to a decline of 4.7 percent in 2011, owing the catch-up effect on 2011, the consolidation of peace and security, and the effective resumption of public and private investment.** The recovery is expected to be driven primarily by the resurgence of activity in the industrial (+11.8 percent) and service (+14.4 percent) sectors, which would benefit from an increase in investment of about 47.3 percent compared to 2010, sustained for the most part by the public component.

- The government plans to step up social and economic infrastructure projects (construction of the Jacqueville bridge, construction of the third bridge, paving of the Boundiali-Tengrela main road, continuation of work on the northern highway, construction of the Abidjan-Bassam highway, supply of water to Bonoua, rehabilitation of universities, renovation and construction of classrooms and health centers, etc.).
- Moreover, the continuation of regional integration projects, the return of business partners, and sizable investment projects are expected to attract private investment, thanks to the promotion of Public-Private Partnerships (PPP), the institutional

framework of which was put in place in August 2011. This should lead to new factory start-ups and new projects in the fields of real estate (low-cost housing construction), petroleum (exploration and development), gold (exploration and development), and electricity (increased power generation capacity and a strengthened and expanded grid). The resulting investment rate is projected at 12 percent of GDP, compared to 8.2 percent of GDP in 2011 and 9 percent in 2010. This rate is expected to climb significantly to 16.1 percent in 2013 and 19.9 percent in 2014.

22. **Inflation would be kept within the limit of the community standard of 3 percent.** Continuing government efforts in 2012 to contain the inflationary pressures recorded in 2011, especially through improvement of the market supply channels, should lead to relative price stability in 2012. Moreover, the recovery of economic activity would be attributable in large measure to a catch-up effect and should not create excessive pressure relative to 2011. The change in prices, as an annual average, is estimated at close to 2 percent, owing to the adoption of measures related to the competition law to combat anticompetitive practices and abuses of dominant position.

B. 2012 Fiscal Objectives

23. **The 2012 budget adopted in December 2011 is in line with ECF program commitments and aims at strengthening poverty reduction efforts, boosting public investment, and keeping operating expenses at a reasonable level**. Revenue covers 79.3 percent of spending, and tax revenue 74 percent. On the expenditure side, investment appropriations have increased substantially alongside the growth of pro-poor spending. In keeping with the objective of reducing the deficit to a sustainable level over medium-term, the overall budget deficit in 2012 (including grants) is projected at 4.4 percent of GDP, compared to 5.7 percent of GDP in 2011.

24. **To give impetus to a dynamic economic recovery, the government will give high priority to investment.** Indeed, investment excluding the so-called "post-crisis" expenditure will amount to CFAF 660.2 billion, compared to CFAF 285.6 billion in 2011 and CFAF 349.9 billion in 2010. This investment expenditure, which has more than doubled, will benefit especially programs aimed at rehabilitating and expanding economic infrastructure and integrating young people into the workforce.

25. **The fight against poverty will continue through a boosting of pro-poor spending.** This spending, which includes CFAF 60 billion for Presidential Emergency Program operations, is directed in particular to health, education, rural roads and trails, village water supply, rural electrification, and agriculture. The overall pro-poor expenditure budget is CFAF 980 billion, or 7.8 percent of GDP. The execution of this expenditure will be closely monitored to ensure attainment of the targeted level.

26. **Since the adoption of the budget, changes in the national and international economic environment have affected the fiscal objectives.** Falling cocoa prices, rising oil prices, and the depreciation of the euro linked to the crisis in Europe have had various effects

on the economy. Initially estimated at CFAF 337.6 billion, cocoa revenues are expected to post an overall loss of CFAF 55.7 billion. Similarly, revenue from petroleum products is expected to decline by about CFAF 29.3 billion as a result of higher oil prices and the freeze on retail fuel prices. However, with the rapid recovery of business activity and the budget outturn at end-December 2011, a number of revenue targets were revised upward, especially petroleum and mining revenues.

27. **Certain new expenditures became necessary.** In particular, they concern: the establishment of a Reserve Fund of CFAF 40 billion for the coffee-cocoa sector reform, the financial impact of the CGRAE reform, the start-up of Air Côte d'Ivoire, and the Rice Emergency Project.

28. **In these circumstances, the government has adopted specific fiscal measures to keep the budget deficit at its initial level of 4.4 percent of GDP.** They include:

- expanding the base of the real estate tax to include the farming operations of agroindustrial enterprises;
- raising the rate of the tax on telecommunications from 2 percent to 3 percent;
- instituting a tax on the windfall profits of mining operations and adjusting the allocative key of duties, taxes, and royalties in the mining sector;
- introducing a tax on granulated rubber;
- increasing the proceeds from privatizations and asset sales to CFAF 6.9 billion from the initial projection of 3 billion;
- instituting a special tax on plastic bags;
- issuing 3G licenses to telephone companies;
- establishing a tax on tourism development;
- collecting signing bonuses for oil exploration contracts.

All these changes will be covered by a supplementary budget.

C. Structural Reforms

29. **Achieving the set macroeconomic objectives will require the continuation and deepening of ongoing reforms.** These reforms aim to augur a new era of prosperity as from 2012. To that end, the government will give special priority to (i) the public procurement procedure, with a view to expediting the execution of public investment; (ii) the reform of the banking system to catalyze financing in the economy; (iii) the restoration of financial equilibrium in the energy sector to facilitate renewal and expansion of the production network; (iv) implementation of the coffee-cocoa sector reform to guarantee better living conditions for farmers starting the 2012–13 crop year; and (v) improvement of the business

climate (Doing Business) indicators to create an attractive environment for private investment (Boxes 1–7 and Tables 3 and 4).

30. **The implementation of public financial management action plans will continue** through:

- Regarding *fiscal discipline,* the "supplementary budgets management" module will be operational by end-April 2012. In addition, the decentralization of SIGFIP to the five localities already identified (Ferkessédougou, Mankono, Ouragahio, Saïoua, and Azaguié), is expected to be completed in July 2012.
- To *improve the absorption capacity* of the public and private sectors, the government plans to continue training staff responsible for public expenditure, particularly for the conclusion and monitoring of government contracts in line with the new rules applicable to government contracts. It will also put in place a permanent unit to expedite public investment execution. To that end, it will simplify the procedures for access to public contracts and will set up dedicated accounts for the timely payment of work performed.
- In terms of *improving the legal and institutional framework,* draft texts on transposing the six WAEMU directives on government finance, including the organic law, have been drafted and validated by the technical committee. They will be adopted by the Council of Ministers and forwarded to the National Assembly for transposition into Ivoirien law by end 2012.
- To *restore the confidence of enterprises*, by end-April 2012 the government will adopt the plan to settle VAT arrears outstanding by end-2011 and will limit outstanding VAT arrears in 2012 to less than CFAF 10 billion. The joint public-private sector committee known as the VAT Credits Refund Monitoring Committee is responsible for monitoring these arrangements.

31. **The civil service and general government reforms are a government priority.** The census of government officials and employees completed in October 2011 will lead to the creation of a Unified Civil Service Registry by end-June 2012 and the finalization of the Integrated Management System for Government Officials and Employees (SIGFAE) by end-2012. This mechanism, which includes the creation and inauguration of Human Resources Directorates within the ministries, will contribute to the control of the workforce and greater effectiveness in combating wage and salary fraud. The government also plans to create the position of General Secretary in the ministries in 2012.

32. **The government plans to adopt and implement a medium-term strategy to manage the wage bill.** This will involve updating the existing strategy to reflect the postponement of wage adjustment measures until 2013, the results of the census of government officials and employees, and the effects of the CGRAE reform. This strategy aims to support the implementation of the PRSP, while promoting convergence toward the regional standards, especially the criterion pertaining to the sustainability of the wage bill. This entails aligning recruitments more closely with business needs, the gradual settlement of deferred salary and promotion commitments, and improvement of the management

framework. The combined effect of implementing this strategy and boosting revenue mobilization will eventually lead to a reduction of the wage bill to tax revenue ratio, and lead to a gradual convergence toward the community standard of 35 percent.

33. **The government plans to revitalize the financial sector, weakened by the post-election crisis, to enhance its contribution to financing the economy.** To that end, it intends to adopt a Financial Sector Development Strategy (SDSF) and to continue its efforts to restructure the public banks.

- In preparing the SDSF, the government obtained financial assistance from the FIRST Initiative to finance five studies concerning financing mechanisms for housing, SMEs/SMIs and agriculture, the government's role in the financial sector, and the cost of credit. Based on the findings of these studies, which are expected to be available by-end June 2012, the Financial Sector Monitoring and Development Committee (CODESFI), created in November 2009, will prepare a draft SDSF by end-September 2012. Upon validation, this draft will be submitted for Government approval in November 2012. The CODESFI will be responsible for the implementation of this strategy as from 2013.

- The government plans to reorganize the five *banks in which it holds a majority interest.* This initiative is in line with the strategy for restructuring public enterprises. The draft strategy for reducing the government's holdings will be finalized by end-May 2012 and submitted to the Council of Ministers for adoption by end-June 2012.

- With a view to *consolidating the microfinance sector*, the government will ensure strict compliance with the provisions of Decree 2011-367 of November 3, 2011 regulating decentralized financial systems. It also plans to update the National Microfinance Strategy (SNM) in 2012 to take account of the effects of the post-election crisis.

34. **The government intends to improve the performance of public enterprises and reduce its portfolio** by 25 percent by end-June 2012 (see paragraph 14). The government will also continue (i) strengthening the supervision and monitoring of public enterprises; (ii) improving the rate of submission of financial statements, as well as the information and management system; and (iii) finalizing performance contracts. It will also ensure implementation of the plan to clear the social contribution arrears of public enterprises.

35. **The National Public Debt Committee (CNDP) will prepare the medium-term debt management strategy with technical assistance from the IMF and the World Bank.** As from fiscal year 2013, the CNDP will produce an annual report on debt policy and strategy, with a view to assessing its consistency with the country's development objectives. Before end-June 2012, to ensure the timely payment of debt, the government will include an alert mechanism in the debt management software to flag the non-receipt of payment notices.

36. The **government plans to revitalize the coffee-cocoa sector in 2012 (see paragraph 14).** As such, it will continue implementing the measures in line with the action plan agreed with the World Bank. This will entail: (i) finalizing the legal and institutional framework through the adoption of the organizational structure and updating the financial and administrative procedures; (ii) strengthen the domestic marketing mechanism before October 2012, by identifying the warehouses of buyers and cooperatives, adopting the tools necessary for the facilitation of domestic trade, the training of field agents, and setting up a market information system; and (iii) validate the price structure before the beginning of the 2012/13 crop year. The government also intends to organize the farmers and establish an industry-wide association, particularly by concluding the survey of farmers, electing their representatives and organizing their representation before end-December 2012. In addition, the government, through the CdC and other new entities, will ensure the quality of export products, boost orchard productivity, and promote good governance in the coffee-cocoa sector.

37. **Efforts to improve energy sector transparency and efficiency will continue in 2012.**

- Côte d'Ivoire hopes to become EITI-compliant. Accordingly, the 2008, 2009, and 2010 reports on independent validation of the sector in accordance with EITI standards will be finalized, adopted by the National EITI Board, and published in April 2012.

- As regard the reform of the upstream oil subsector, in 2012, the government plans to reform and amend the 1996 Petroleum Code and the 1993 Standard Production Sharing Contract currently in place. The new provisions should reflect the vision and economic and policy orientations for invigorating the oil sector. These reforms aim to encourage oil companies to invest in crude oil and gas exploration and production. Six new exploration-production contracts and a natural gas sale/purchase contract were signed on this basis, and others are being drawn up. Work is also under way to stabilize and boost production on active fields. It is expected that by 2013 all these measures will reverse the expected downturn in the production of hydrocarbons in 2012.

- In the *downstream oil subsector,* based on the conclusions of the study on revising the price structure of petroleum products, a new price structure incorporating a change in taxation will be applied as from July 2012. The details of a gradual price adjustment, based on a price-smoothing mechanism to transition to a system that will automatically set retail prices based on international price developments, will be defined with IMF assistance by end-May 2012. This new mechanism takes account of the margins for refineries and plans to limit changes in retail prices in order to mitigate the social impact. The price mechanism will also provide for the medium-term financial viability of SIR (*Société Ivoirienne de Raffinage*). In addition, an agreement was reached to settle the government's end-2011 accumulated debt to SIR, which amounted to CFAF 47 billion.

38. **Increasing the supply of electricity to sustain the dynamism of growth is a government priority.** As such, loss-reduction measures and the coming into operation of new power generation projects are planned to meet the growing demand. The government projects an average capacity increase of approximately 150 MW per year in the years ahead. This plan includes (i) an increase in the capacity of AGGREKO from 70 MW to 100 MW in 2012; (ii) completion of the third phase of Azito in 2014; (iii) a 220 MW increase in the capacity of Ciprel in 2014; (iv) the construction and operation of the 330 MW Abatta combined cycle thermal power plant by 2014–15; and (v) the operation of the 270 MW Soubré hydroelectric facility by 2016–17.

39. **The government is determined to continue implementing the strategy for restoring financial equilibrium in the electricity sector, which would clear the way for the investments needed to upgrade and expand the transport and distribution networks (renovation, rehabilitation, and strengthening).**

- After concluding an agreement with the largest gas producer in March 2012, the government plans, in 2012, to continue negotiating the transfer price with the Bloc CI-26 consortium, which accounts for 20 percent of gas production.

- Regarding the tariff structure, based on the conclusions of the study on the social impact of the new electricity tariff, the completion of a new tariff structure is scheduled for end-July 2012. Pending the results of that study, the government plans to raise industrial rates by 10 percent effective May 1, 2012. Moreover, households with a consumption greater than 200 kWh bi-monthly would be upgraded to the general tariff as from September 2012. The process to shift the concerned households would be finalized in the first semester of 2013. Other adjustments to the tariff structure will be needed in the medium term to cover a larger percentage of electricity costs and contribute to the development of the electricity sector.

- The adoption of the draft electricity code by the Council of Ministers is expected by end-July 2012. This new code also contains provisions establishing penalties for illicit consumption of electricity.

- In 2012, the operator will take steps to combat illicit consumption of electricity in the field with a view to improving revenue yield by at least one percentage point per year. These steps include the identification, securing, and monitoring of customer meters, and improved monitoring of public consumption for lighting.

  These combined measures will generate the additional electricity sector earnings needed to clear the debt to independent power producers, which amounted to CFAF 57 billion at end-December 2011.

40. **The government will put in place a framework conducive to private investment.** To that end, it plans to implement the following to complement the measures listed in paragraph 14:

- to initiate a communication campaign announcing the inauguration of the pilot CFE (*business support center*) and to launch the CFE's activities in April 2012.

- to adopt the new investment code in the Council of Ministers before end-June 2012, and to submit it to the National Assembly.

- to set up a one-stop-shop for trade formalities before end-2012. Committees have been put in place to plan the selection of a partner to facilitate this and selecting a private partner to manage its operations.

- to make use of public-private partnerships (PPP) to promote investment. To that end, in November 2011, a national committee was set up and made specifically responsible for establishing the legal and institutional frameworks for PPPs, and identifying projects eligible under that mechanism.

41. **Consolidation of the judicial system remains a government priority.** At the beginning of the judicial year on November 4–5, 2011, the government reaffirmed its commitment to reinforce the independence, impartiality, and effectiveness of the judicial system to better serve society and businesses. Thus, it elaborated a timetable for the implementation of judicial system reform measures. These measures include: (i) adoption by the Council of Ministers in February 2012 of the decree on the enforcement (*exequatur*) of arbitration court decisions on the involvement of national jurisdictions in arbitration proceedings; and (ii) the harmonization of Ivoirien law with international law on combating corruption and illicit enrichment in 2012. Moreover, with a view to operationalizing the commercial courts, the government plans to build and equip the necessary premises, and to continue the training of justice officials in commercial matters.

42. **The government will continue to put good governance at the core of its actions.** Accordingly, in 2012, the government, through the Council of Ministers, will adopt the reforms already initiated, particularly the national governance plan, the code of ethics, and the code of conduct for civil servants. It will also strengthen the system of control, inspection, and evaluation in the public administration through operational audits and by expanding the role of the *Inspection Générale d'État*.

43. The **government is determined to promote regional integration within the WAEMU and ECOWAS.** It will continue to endorse the creation of a common market through (i) definition of the products in the fifth band of the ECOWAS CET (common external tariff), (ii) the implementation of a common trade policy, and (iii) promotion of the free movement of persons, goods, services, and capital. The government will also support the conclusion of an interim regional economic partnership agreement (EPA). To avoid revenue losses stemming from the implementation of the EPA, the government plans to continue analysis on the fiscal transition in 2012. It will thus take steps to gradually shift its tax focus to domestic revenue mobilization and will request programmatic technical assistance from the IMF to improve tax administration.

V. Financing and Monitoring the Program

44. **The financing needs for 2012 can be met**. These needs amount to CFAF 553.8 billion or 4.4 percent of GDP in 2012, despite efforts to optimize the tax potential and streamline expenditure. The financing of the deficit will be principally filled by net borrowing of CFAF 451.2 billion on the WAEMU financial market. Furthermore, to ensure that the program is financed, a rescheduling agreement was concluded with the Paris Club on November 15, 2011, and the government will continue its negotiations with non-Eurobond commercial creditors for a rescheduling on terms comparable to the Paris Club and consistent with the HIPC Initiative. It intends to resume meeting its debt service obligations on the Eurobond in June 2012, and will make a good faith payment for the settlement of arrears. It intends to conduct these discussions with its private creditors in a manner consistent with IMF lending into arrears policy, particularly with regard to information transparency, intercreditor equity, and dialogue. The government will also ask non-Paris Club bilateral creditors to reschedule the servicing of their debt on the comparable terms with the Paris Club. Upon reaching the HIPC Initiative completion point, the government intends to propose a plan for the treatment of Eurobond arrears. It also intends to mobilize all identified budgetary support, particularly from multilateral institutions (IMF, World Bank, AfDB, and European Union) and bilateral partners in 2012 and, if possible, will obtain new external support. The attainment of the HIPC completion point in 2012 and the implementation of debt relief initiatives would free up some budgetary resources from debt service. The use of these resources will be consistent with the government's commitments under the Memorandum of Economic and Financial Policies. This may require a modification of the programmed budget, in particular as regard new payments needed as part of a debt-for-development swap in which outstanding debt is repaid in exchange of equivalent grants to finance development projects (C2D).

45. **The government also plans to have higher access to the regional market.** To achieve this objective, it has submitted its calendar of securities issues to the BCEAO with a view to coordination with other issuance programs in the WAEMU zone. It will also convene regular meetings of the Cash Flow Committee to adjust the pace of expenditure execution in line with revenue collection forecasts. Furthermore, the government plans to continue the effort to achieve a net reduction in amounts payable of CFAF 25 billion in 2012 and to pay debt service on securitized debt when it falls due.

46. **The program will remain subject to semiannual monitoring by the IMF Executive Board on the basis of quantitative indicators and structural benchmarks (Tables 2 and 4)**. These indicators are defined in the attached Technical Memorandum of Understanding (TMU). The semi-annual reviews will be based on end-June and end-December data. The second (third) program review based on the end-June 2012 (end-December 2012) performance criteria are scheduled to be completed no later than October/November 2012 (April/May 2013). Accordingly, the government undertakes:

- to refrain from accumulating new domestic arrears and from any form of advance on revenues, and from contracting nonconcessional external loans other than those specified in the TMU;

- to issue government securities only by auction through the BCEAO or by any other form of competitive calls for tender on the local financial market and on the WAEMU market, and to consult with Fund staff on any new domestic financing;
- not to introduce or increase restrictions on payments and transfers related to current international transactions, to introduce multiple exchange rate practices, to enter into any bilateral payment agreements not in conformity with Article VIII of the IMF Articles of Agreement, or to impose or intensify any import restrictions for balance of payments purposes; and
- to adopt any additional financial and structural measures that may prove necessary to ensure the success of its policies, in consultation with the IMF.

VI. Statistics, Capacity-Building, and Financing

47. **The government intends to continue its efforts to improve the statistical system with a view to ensuring the regular production of high-quality economic and financial data**. To that end, the master plan for statistics will be updated to take account of the effects of the post-election crisis. It will cover the 2012–15 period and aid in the definition of indicators for measuring and assessing the implementation of development policies, especially the PND. In addition, the draft law on statistics, adopted by the Council of Ministers in 2009, will be submitted to the National Assembly for approval.

48. **The government will strengthen its administrative capacities, particularly in those areas affected by the crisis.** The government will continue to receive assistance from the IMF and other development partners to (i) strengthen the tax and customs administrations; (ii) provide support to the units that produce the data needed to prepare the TOFE; (iii) assist in implementing the fiscal reform action plan; (iv) improve the national accounts with a view to constructing a social accounting matrix; (v) formulate a financial sector development strategy; (vi) develop and implement a medium-term strategy for the management of debt and borrowing; and (vii) prepare the balance of payments.

Table 1. Côte d'Ivoire: Triggers for the HIPC Initiative Completion Point

Measures	Status	Progress and Comments
Preparation of a full PRSP through a participatory process and its satisfactory implementation for at least one year, as evidenced by an annual progress report submitted by the government to IDA and the IMF.	In progress	The report was adopted by the Council of Ministers on March 28, 2012. It was formally transmitted to the IMF and the World Bank for comments and approval. Awaiting IMF and World Bank assessment (JSAN).
Maintenance of macroeconomic stability as evidenced by satisfactory performances under a PRGF-supported program.	In progress	Pending IMF Executive Board approval of the first review of the ECF program.
Quarterly publication of budget execution reports (including revenue; expenditure by type, function, and administration/type, and by the different stages of budget execution; and identification of poverty-reducing spending) within six weeks after the end of each quarter, for at least the four quarters immediately preceding the completion point.	Completed	Publication of the following monthly reports on the Ministry of Economy and Finance website: - June 2010 - September 2010 - September 2011 - December 2011 Because of the post-election crisis, the 2011 budget was adopted in June 2011. (***http://www.finances.gouv.ci/fr/elements-de-gouvernance/execution-budgetaire.html***)
Certification of conformity (certification de conformité) by the competent authority of the draft budget review law (loi de règlement) for a given fiscal year, within the 10 months following the end of that fiscal year, for at least one year immediately preceding the completion point.	Completed	General declarations of conformity were issued for the draft budget review laws of 2006, 2007 and 2008, 2009 and 2010.. Instructions were given for preparation and submission of the budget review law for 2011 to the Audit Office by end-April 2012.
Establishment of an operational public procurement regulation authority (separate from supervision entities).	Completed	Following the adoption of the new public procurement code, the National Public Procurement Regulation Authority (ANRMP) was established by Decree 2009-260 of August 6, 2009, on the organization and functioning of the ANRMP. The ANRMP is operational since May 2010. ***(http://www.anrmp.ci/textes/decrets.html)***

Table 1. Côte d'Ivoire: Triggers for the HIPC Initiative Completion Point (continued)

Measures	Status	Progress and Comments
Quarterly publication in the public procurement bulletin of the list of all contracts concluded and concession contracts granted (including by public establishments) for at least the fiscal year immediately preceding the completion point.	Completed	Since 2009, the bulletins are regularly published.
Increase in the number of childbirths assisted by trained personnel to raise the rate of such deliveries to 65 percent on average nationwide (from 56 percent in 2006) during at least the year immediately preceding the completion point.	Completed	The rate of childbirths assisted by trained personnel rose from **67.5 percent** in 2010 to **69.2 percent** in 2011.
Distribution to 90 percent of students enrolled in all public primary schools of three textbooks covering French, mathematics, and civic education, during at least the school year immediately preceding the completion point.	Completed	In 2009-2012, French textbooks were distributed to 93.8 percent of students, mathematics textbooks were distributed to 92.3 percent of students, and civic education textbooks were distributed to 90.1 percent of students.
Quarterly publication on the Treasury's website, within six weeks of the end of each quarter, of data on external and domestic public debt guaranteed by the government (stock, current debt service obligations due and actual debt service payments, loan disbursements) for at least the four quarters immediately preceding the completion point.	Completed	The data on external and domestic public debt, as well as debt guaranteed by the government, are published on the Treasury's website (www.tresor.gov.ci) on a quarterly basis, since 2009. The most recent complete data published are those for end-September 2011 and end-December 2011.
Regular publication of a report on payments made to the government by the extractive industries and revenue received by the government from those same industries – mining, petroleum, and gas – in accordance with EITI criteria, along with a recent annual report, during at least the year immediately preceding the completion point.	In progress	The 2006-2007 report on payments made to the government by the extractive industries and revenue received by the government from those same industries – mining, petroleum, and gas – in accordance with EITI criteria, is available since April 2010. Draft reports for 2008-2009 and 2010, including the mining sector, which are already available, are expected to be adopted by end-April 2012.

Table 1. Côte d'Ivoire: Triggers for the HIPC Initiative Completion Point (concluded)

Measures	Status	Progress and Comments
Annual publication, within seven months of the end of the calendar year, of the certified financial statements of PETROCI, in accordance with international standards, during at least the year immediately preceding the completion point.	Completed	PETROCI's certified accounts for fiscal 2008 and 2009 were published, respectively, in July 2009 and July 2010 in the official gazette (*Fraternité Matin*). Despite the post-election crisis, PETROCI's accounts for fiscal 2010 were validated by the General Assembly and published on Monday, October 10, 2011 in *Fraternité-Matin.* Moreover, the report incorporating the auditor's assessment is published on the website of the ministry of economy and finance.
Reduction of the overall taxation of cocoa production to no more than 22 percent of the c.i.f. price, as evidenced by (i) promulgation of the budget law; and (ii) an official communication to exporters, issued no earlier than five months before the start of the crop year.	Completed	The 22 percent ad valorem tax on the c.i.f. price of cocoa has been applied since the 2010/11 crop year and maintained for the 2011/12 crop year.
Adoption by the government of a new institutional and regulatory framework for the coffee-cocoa sector and satisfactory implementation of the functions under government responsibility for at least the six months immediately preceding the completion point, in accordance with its new strategy for development of the sector.	In progress	The coffee-cocoa sector reform was adopted by the Council of Ministers on November 2, 2011. Subsequently, the institutional framework was put in place and the members of the CCC Board of Directors were appointed. With regard to marketing, the Averaged Forward Sales Program (PVAM) was launched on January 31, 2012. The first report was produced at end-March. The next report will be produced by mid-May 2012.

Table 2. Côte d'Ivoire: Performance Criteria (PC) and Indicative Targets, ECF 2011-12 1/

(Billions of CFA francs)

	2011									2012						
	June	Sept.				Dec.				March	June		Sept.		Dec.	
	Actual	Indicative targets	Adjusted targets	Actual	Status	PC	Adjusted targets	Actual	Status	Indicative targets	Original PC 2/	PC	Original IT 2/	Indicative targets	Original IT 2/	PC
A. Performance criteria																
Floor on the overall fiscal balance (including grants)	-76.7	-243.2	-229.9	-160.4	Met	-602.0	-564.8	-406.2	Met	-56.7	-188.4	-175.9	-365.9	-395.5	-550.1	-553.7
Ceiling on net domestic financing (incl. WAEMU paper)	-65.0	-19.5		-11.7	Not met	311.2		110.2	Met	58.6	180.0	161.7	335.8	378.8	445.1	461.7
Ceiling on new nonconcessional external debt 3/	0.0	0.0		0.0	Met	0.0		0.0	Met	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ceiling on accumulation of new external arrears 3/	0.0	0.0		0.0	Met	0.0		0.0	Met	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ceiling on accumulation of new domestic arrears 3/	0.0	0.0		0.0	Met	0.0		0.0	Met	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Indicative targets																
Floor on primary basic balance	17.9	-139.8		-80.3	Met	-415.8		-265.8	Met	-0.2	-63.3	-56.4	-157.9	-192.8	-249.1	-252.4
Ceiling on expenditures by treasury advance	13.2	23.9		19.2	Met	63.9		57.9	Met	17.1	42.2	42.0	71.1	75.8	102.3	109.8
Floor on pro-poor expenditure	163.5	477.3		474.9	Not met	840.1		843.4	Met	181.3	403.1	403.0	676.9	676.9	980.0	980.0
Floor on net reduction of government amounts payable	-13.2	-1.8		-17.6	Met	-11.8		-12.5	Met	-5.0	-10.0	-7.5	-20.0	-15.0	-30.0	-25.0
Floor on government revenue	483.0	521.7		603.8	Met	1066.6		1210.0	Met	525.8	1066.8	1111.1	1621.2	1697.3	2207.4	2357.6
Memorandum items:																
Net banking sector claims on government	-118.9	58.0		31.1		218.3		116.9		3.1	72.8	76.2	123.3	151.9	207.0	208.5
Program grants	0.0	2.0		5.8		7.8		11.0		0.0	0.0	10.0	0.0	10.0	2.1	10.0
Program loans	0.0	0.0		0.0		0.0		0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project grants	2.6	8.4		11.6		11.9		19.3		3.7	11.1	25.0	24.1	30.0	37.1	42.2
Project loans	5.6	33.4		14.5		62.2		25.0		19.7	39.4	47.2	59.0	47.2	78.7	78.7

Sources: Ivoirien authorities and IMF staff.
Note : The terms in this table are defined in the TMU.
1/ Cumulative change from June 30, 2011 for 2011 targets, and from December 31, 2011 for 2012 targets.
2/ See staff report for request for three-year arrangement under ECF, November 2011, http://www.imf.org/external/pubs/ft/scr/2011/cr11328.pdf
3/ Continuous performance criterion.

Table 3. Côte d'Ivoire: Structural Benchmarks, ECF 2011–12

First Program Review			
Measures	**Macroeconomic rationale**	**Timeframe**	**Status**
Budget			
• Adopt, in the Council of Ministers, a 2012 draft budget with a 2012–14 public investment program (PIP) consistent with program objectives.	Maintain macroeconomic stability and fiscal discipline.	**SB** end-2011	Completed
Tax policy / Tax administration			
• ***Improve*** customs operations by satisfying the prerequisites for building the platform of the automated risk [management] system (See *IMF technical assistance report,*[1/] *paragraph 41*).	Improve the efficiency of customs administration.	**SB** end-2011	Completed
• Carry out the planned actions for the implementation of the automated procedure for .in-bond transit on major roads (See *IMF technical assistance report,*[1] *paragraph 53)*	Improve the efficiency of customs administration.	**SB** January 2012	Completed at end-March 2012
• Review the framework of tax exemptions in order to improve the management of eligible products and more effectively combat fraud, and ensure that the framework is consistent with the government's economic and tax policy. A list of these tax expenditures should be annexed to the 2012 budget law.	Improve transparency and reduce distortions; increase tax and customs revenue.	**SB** end-2011	Completed
• Review the taxes levied on petroleum products and prepare a strategy for a return to market pricing.	Control tax expenditures and promote more efficient use of petroleum products.	**SB** end-February 2012	Not completed. (Strategy being prepared, date to be rescheduled)
Public expenditure management			
• Complete the census of government officials and employees (excluding defense and security forces) • Update and implement a medium-term strategy for controlling the wage bill	Control civil service staffing and the wage bill.	**SB** end-2011 **SB** March 2012	Completed Not completed. (Rescheduled)
• Create a national public debt management committee and prepare an organization chart and procedures manual.	Improve public debt management	**SB** end-2011	Completed in April 2012

[1/] Montagnat-Rentier G., Parent G. and Boilil A. M. (2011): Recommandations pour la poursuite de la mise en œuvre du programme de modernisation de l'administration douanière, Aide-mémoire of August 24, 2011.

Table 3. Côte d'Ivoire: Structural Benchmarks, ECF 2011–12 (concluded)

Measures	**Macroeconomic rationale**	**Timeframe**	**Status**
• Adopt reform plans for the CNPS and the CGRAE in the Council of Ministers and submit to Parliament • Validate the amount of unpaid social contributions owed to the CNPS and the CGRAE by the public enterprises and entities concerned and draw up a plan to settle the amounts owed.	Reduce the sectoral deficit and government subsidies	**SB** end-2011 **SB** end-2011	Completed for the CNPS in January 2012and in April 2012 for CGRAE. Completed
• No new injection of public funds in the five public banks in difficulty outside a restructuring plan discussed with the IMF and the World Bank	Improve financial sector governance and management	**SB** continuous	Completed
• Take steps to stabilize the financial position of the public banks • Prepare a progress report on the measures taken to stabilize the financial position of the public banks.	Curb banks' recurrent losses; reduce government subsidies	SB end-2011 SB end-March 2012	Completed Completed in April
Public sector reform			
• Complete the study on electricity rates and adopt a strategy to achieve financial equilibrium in the sector over the next three years. • Validate and implement a new electricity tariff structure based on the conclusions of the tariff structure study, taking into account the rationalization of modified rates • Increase industrial electricity rates by 10 percent.	Reduce government subsidies and allow investments to boost production capacity	**SB** end-2011 **SB** end-2011 **SB** end-March 2012	Not completed Not completed Completed; Implementation as of May 1st, 2012
Improving the business climate			
• Prepare and adopt a plan for the settlement of VAT credits outstanding at end-2011. • Limit VAT credits pending refund to under CFAF 10 billion, starting in 2012.	Improve the business climate and the confidence of enterprises	**SB** end-2011 **SB continuous** beginning January 2012	Not completed. Plan prepared, settlement being negotiated with private sector Completed
• Prepare the legal framework of the Business Support Center (*Centre de Facilités des Entreprises*).	Facilitate business creation	**SB** end-2011	Completed

Table 4. Côte d'Ivoire: Structural Benchmarks, 2012 ECF

Second Program Review		
Measures	**Macroeconomic rationale**	**Timeframe**
Tax policy / Tax administration		
• Based on the *Procès Verbal Simplifié*, register at least 30 percent of custom frauds in the IT system by end-June 2012, with the aim of reaching 90 percent by end-2012.	Enhance transparency and counter fraud	**SB** end-June 2012 **SB** end-December 2012
• Elaborate and implement a medium-term Action Plan to strengthen the administration and enforcement of VAT.	Improve revenue mobilization through VAT	**SB** end-December 2012
• Review the taxes levied on petroleum products and prepare a gradual adjustment strategy with a price-smoothing mechanism to transition to a system that will automatically set retail prices based on international price developments. • Implement the gradual adjustment strategy including a price-smoothing mechanism to transition to a system that will automatically set retail prices based on international price developments.	Rationalize tax expenditures and promote more efficient use of petroleum products	**SB** end-May 2012 (Rescheduled) **SB** July 2012
• Prepare MTEFs for eight ministries (defense, security, agriculture; economic infrastructure; justice; mines, petroleum and energy; environment; and social affairs)	Improve strategic budget planning	**SB** end-October 2012
Public expenditure management		
• Submit the 2011 budget review law to the Audit Office.	Enhance transparency of the budgetary process	**SB** end-July 2012
• Update and implement a medium-term strategy for controlling the wage bill.	Contain the size of the civil service and the wage bill	**SB** end-June 2012 (rescheduled)
• Put in place an integrated management system (single file, SIGFAE) for government officials and employees (excluding defense and security forces).	Reduce fraud and improve the monitoring of wages and salaries	**SB** end-2012
• Include an alert module in the debt management system to automatically generate reminders as regard the receipts of notices for debt repayments.	Ensure timely payment of debt	**SB** end-June 2012
• No new injection of public funds in the five public banks in difficulty outside a restructuring plan discussed with the IMF and the World Bank.	Improve financial sector governance and management	**SB** continuous
• Adopt a strategy for restructuring public enterprises, including the public banks in the Council of Ministers.	Curb banks' recurring losses; reduce government subsidies	**SB** end-June 2012

Table 4. Côte d'Ivoire: Structural Benchmarks, 2012 ECF

Second Program Review		
Measures	**Macroeconomic rationale**	**Timeframe**
Public sector reform		
• Complete the study on the social impact of electricity rates and adopt a strategy to achieve financial equilibrium in the sector over the next three years. • Validate and implement a new electricity tariff structure based on the conclusions of the tariff structure study, taking into account the rationalization of modified rates. • Implement the modified rates rationalization program, including progress reports at end-September 2012 and end-January 2013, in line with the end-March 2012 letter of instruction (dated March 28, 2012) from the Minister of Mines, Petroleum, and Energy.	Reduce government subsidies and enable investments to boost production capacity	**SB** end-September 2012 (rescheduled) **SB** end-2012 (rescheduled) **SB** end-September 2012 **SB** end-January 2013
• Adopt the electricity code in the Council of Ministers.	Improve governance of the electricity sector	**SB** end-June 2012
• Reach an agreement as regard the price structure for the various stakeholders.	Advance the reform of the cocoa sector	**SB** end-September 2012
Financial sector reform		
• Prepare a financial sector reform and development strategy.	Improve financial sector governance	**SB** end-November 2012 (rescheduled)
Improving the business environment		
• Limit the current fiscal year's VAT arrears pending refund to under CFAF 10 billion.	Improve the business climate and the confidence of enterprises	**SB** continuous
• Adopt a new investment code in the Council of Ministers.	Facilitate investment	**SB** end-June 2012

Box 1: Structural Fiscal Measures Relating to Revenues

Inland Revenues (DGI)

- Quarterly publication of exemptions by type of tax, starting in the first quarter of 2012;
- Significant increase in the yield of the property tax, in particular through improved property registration and the creation of assessment and revenue units dedicated exclusively to the management of this tax in 2012;
- Continued efforts to tax the informal sector through resumption of the registration of small merchants and craftsmen and the reinforcement of licensed management centers in 2012;
- Implementation, by end-2012, of a platform for information-sharing between the Inland Revenue and the CNPS as part of the campaign to combat payroll tax fraud and under-the-table employment.

Customs (DGD)

- Production of a quarterly report on the implementation of measures from the seminar on exemptions, in accordance with the action plan, no later than45 days after the end of each quarter, starting in the third quarter of 2012;
- Production of detailed monthly data on revenue lost to exemptions, using the SYDAM-World customs clearance management package, with quarterly reports starting in the third quarter of 2012;
- Activation of the Sydonia World transit module between the Port of Abidjan and the three main border crossings starting end-May 2012;
- Conclude discussions with logistic chain operators on the adoption, dissemination, and implementation of a simplified customs clearance procedure by end-December 2012, with a view to streamlining import formalities through the use of a single, computerized, advance declaration that would replace forms (BSC [*cargo tracking note*], FRI [*import information sheet*]) that complicate and delay import operations;
- Update the database used to analyze customs value, based on the methodology developed with IMF technical assistance, by end-March 2012;
- Production of a quarterly report, starting in December 2011, on implementation of the recommendations of the customs IT system audit, in accordance with the action plan;
- Competencies audit and design of a human resources development plan by end-June 2012;

DGI/DGD/DGTCP

- Effective establishment of a platform for information-sharing between the DGI and the DGD;

  Ensure sufficient financing for VAT credit refunds and observance of the legal deadlines for refunding credits;
- Continue efforts to refund new VAT credits starting in 2012, to limit the amount outstanding to less than CFAF 10 billion;
- Decentralization of ASTER to five (5) localities in 2012.

Box 1: Structural Fiscal Measures Relating to Revenues (concluded)

- Conduct a study on optimizing VAT potential and elaborate a short to medium-term action plan to improve VAT administration and enforcement;
- Draw up a medium-term plan for the reform of domestic revenue mobilization and for modernization of the tax administration, with IMF assistance, by end-2012.
- In 2012, implement the IMF technical assistance recommendations of February 2012 on the assessment of tax expenditures in line with international best practices.

Other entities

- Supervision of the agencies created following measures to identify administrative fees;
- 25 percent reduction in the portfolio of State enterprises by end-June 2012, in line with the Council of Ministers decisions of June 29, 2011;
- Activate the anti-corruption team.

Box 2: Structural Measures Related to Fiscal Expenditure

- Production and publication of the quarterly budget execution reports submitted to the Council of Ministers, including pro-poor spending, within 45 days after the end of the quarter;
- Continued monitoring of the regulatory time limits for executing expenditure, through their inclusion in the quarterly budget execution reports;
- Continued decentralization of SIGFIP through connection to five (5) localities in 2012;
- Production and publication of quarterly reports on the activities of the National Public Procurement Regulation Authority, within one month after the end of the quarter;
- Continued production and submission to IGF by all DAAFs of a quarterly report on the physical and financial execution of expenditure, within 30 days, followed by the production of a summary report by the IGF within 15 days.
- Extension of MTEFs to the mining, petroleum and energy, agriculture, justice, environment, social affairs, security, defense, and economic infrastructure sectors in conjunction with the 2013 budget; and start preparation of the global MTEF for application to the 2014 budget;
- Finalization and adoption by the Council of Ministers of draft texts transposing the six WAEMU directives on government finance, by end-September 2012.
- Submission of the budget review law for fiscal year 2011 to the Audit Office by end-May 2012.
- Include in the debt management software an alert mechanism to flag the nonreceipt of payment notices, to ensure the timely payment of amounts due, by end-June 2012.

Box 3: Structural Reforms of the Public Administration

- Preparation of the Single Reference File (*Fichier Unique de Référence* - FUR) by end-June 2012;
- Introduction of an Integrated Management System for Government Officials and Employees (SIGFAE) by end-2012;
- Launch of the Public Services Observatory and introduction of the position of General Secretary in the ministries in 2012;
- Continued production of a quarterly report on implementation of the plan to settle unpaid contributions to the CNPS and the CGRAE owed by the public enterprises concerned in 2012, and regular monitoring to ensure the nonaccumulation of new arrears;
- Adoption by the Council of Ministers of the reform of CGRAE, by end-April 2012.

Box 4: Measures to Reform the Financial System

- Preparation by end-November 2012 and adoption by the government, by end-2012, of the strategy for reforming and developing the financial sector;
- Adoption and implementation of a public bank reorganization plan by end-June 2012;
- Update the National Microfinance Strategy by end-September 2012;
- Production of quarterly reports on improvements in the governance and portfolio quality of microfinance institutions, starting in the fourth quarter of 2012.

Box 5: Reforms to Improve the Business Climate

- Implementation of measures related to the opening of commercial courts, in 2012;
- Continued training of justice officials in commercial matters;
- Validation of a reform plan by end-June 2012, to improve the efficiency and fairness of the judicial system
- Establishment of a one-stop-shop for trade formalities in the first quarter of 2013;
- Launch of the pilot phase of the Business Support Center by end-2012;
- Adoption by the Council of Ministers of the draft Investment Code in 2012;
- Adoption by the Council of Ministers of the draft law on competition, specifically to combat noncompetitive practices, by end-June 2012.

Box 6: Measures Concerning the Coffee-Cocoa Sector

- Continued quarterly reporting to the Council of Ministers, within 45 days, and publication of the report analyzing production and financial flows, including information on the level of "farm gate" (*prix bord champ*) and export prices;
- Quarterly reporting by the Monitoring Committee on implementation of the coffee-cocoa sector reform as from May 2012;

Box 7: Measures Concerning the Energy Sector

- Continued reporting to the Council of Ministers, within 45 days after the end of each quarter, on production and financial flows in the energy sector, with quarterly reports on petroleum shipments within the same time frame;
- Reduction of the electricity sector financial deficit by: (i) renegotiating gas prices; (ii) revising the take of the operator; (iii) improving the invoice collection rate, especially in the former CNW zone; (iv) combating fraud; (v) making investments; (vi) revising the tariff structure based on the conclusions of the tariff study and the social impact study; and (vii) adjusting the tariffs;
- Adoption by the government of the draft Electricity Code by end-July 2012;
- Implementation of a gradual adjustment strategy, through a price-smoothing mechanism, with IMF assistance, to transition to a system that will automatically set pump prices based on international price developments as from July 2012;
- Validation and publication of the 2008-2009 and 2010 EITI reports, by end-April 2012;
- Adoption by the Council of Ministers, before end-June 2012, of amendments and reforms to the hydrocarbons code and to the standard production sharing agreement, to make petroleum and gas exploration and production more attractive and to promote production.

ATTACHMENT II—CÔTE D'IVOIRE

SUPPLEMENT TO THE TECHNICAL MEMORANDUM OF UNDERSTANDING

April 25, 2012

Note: This document is a supplement to the November 2011 technical memorandum of understanding, which remains fully in effect with the exception of the modifications presented below, in which the modified text is presented in italics. References to the 2011 performance criteria and indicative targets are omitted.

I. QUANTITATIVE PERFORMANCE CRITERIA

Paragraph 2:

For monitoring purposes, the performance criteria (PC) are set for June 30, 2012 and December 31, 2012; there are indicative targets (IT) for these variables for March 31, 2012 and September 30, 2012. There are ITs for non-PC variables for March 31, 2012, June 30, 2012, September 30, 2012, and December 31, 2012. [The remainder of the paragraph is unchanged.]

Paragraph 3:

The PCs, ITs, and adjustors are calculated as the cumulative change from December 31, 2011 (Table 2 of the Memorandum of Economic and Financial Policies, MEFP).

Paragraph 11:

This ceiling does not apply to new agreements on restructuring domestic debt and securitization of domestic arrears, nor to new BOAD and BIDC project loans. For any new borrowing over and above a cumulative amount of CFAF 35 billion during 2012, the government *commits to only issue government securities*, through auction by the BCEAO or through any other form of competitive public auction on the domestic WAEMU financial market registered with the Regional Capital Markets Board (CREPMF), in consultation with Fund staff.

Paragraph 12, third bullet:

- debts to the West African Development Bank (BOAD) loans up to the equivalent of CFAF 25 billion or debts to the ECOWAS Bank of Investment and Development (BIDC), up to the equivalent of CFAF 20 billion *over the period January 1 through December 31, 2012*;

Paragraph 18:

Within the framework of the program, the government agrees to (i) reduce the stock of amounts payable in 2012 by CFAF *25 billion*; and (ii) not accumulate new domestic payment arrears on the current budget from January 1, 2012.

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INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

First Review Under the Three-Year Arrangement Under the Extended Credit Facility, Request for Modification of Performance Criteria, and Financing Assurances Review

Informational Annex

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

April 26, 2012

Approved by Seán Nolan and Thomas Dorsey

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I. Relations with the Fund
(As of March 31, 2012)

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

II. General Resources Account:	**SDR Million**	**%Quota**
Quota	325.20	100.00
Fund holdings of currency (Exchange Rate)	324.32	99.73
Reserve Tranche Position	0.89	0.27

III. SDR Department:	**SDR Million**	**%Allocation**
Net cumulative allocation	310.90	100.00
Holdings	272.86	87.76

IV. Outstanding Purchases and Loans:	**SDR Million**	**%Quota**
RCF loans	81.30	25.00
ECF Arrangements	318.05	97.80

V. Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	Nov 04, 2011	Nov 03, 2014	390.24	81.30
ECF [1/]	Mar 27, 2009	June 23, 2011	373.98	230.89
ECF [1/]	Mar 29, 2002	Mar 28, 2005	292.68	58.54

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

	2012	2013	2014	2015	2016
Principal	5.85		15.93	39.02	46.18
Charges/Interest	0.05	0.06	1.04	0.96	0.85
Total	5.90	0.06	16.97	39.98	47.03

[1] Formerly PRGF.

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

VII. Projected Payments to Fund : (With Board-approved HIPC Assistance):[3/]
(SDR Million; based on existing use of resources and present holdings of SDRs):

	2012	2013	2014	2015	2016
Principal	0.81		15.93	39.02	46.18
Charges/Interest	0.05	0.06	1.04	0.96	0.85
Total	0.86	0.06	16.97	39.98	47.03

VIII. Implementation of HIPC Initiative:

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

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

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

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

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

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

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

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

X. Safeguards Assessments:

The Central Bank of West African States (BCEAO) is a common central bank of the countries of the West African Economic and Monetary Union (WAEMU), which includes Côte d'Ivoire. The most recent safeguards assessment of the BCEAO was completed on March 1, 2010. The 2010 update assessment found that the BCEAO continues to have controls in place at the operational level. The overall governance framework needed nonetheless to be strengthened by the addition of an audit committee to ensure that the Board of Directors exercises appropriate oversight over the control structure, including the audit mechanisms and financial statements. Such committee was established after the completion of the assessment following the Institutional Reform of the WAEMU and the BCEAO. Efforts to implement fully the International Financial Reporting Standards reporting framework should also be pursued.

XI. Exchange Arrangements:

Côte d'Ivoire is a member of the WAEMU; the exchange system, common to all members of the union, is free of restrictions on payments and transfers for current international transactions. The common currency, the CFA franc, is pegged to the euro at the rate of €1 = CFAF 655.957.

XII. Article IV Consultation:

Côte d'Ivoire is on the standard 24-month Article IV consultation cycle. The Executive Board completed the 2011consultation in November 2011.

XIII. Technical Assistance:

	Area	**Focus**
2009	Public Expenditure Management (March–April, 2009)	Interface budget execution (SIGFIP) and accounting (ASTER)
	Government finance statistics (March 2009)	Training in use of GFS methodology
	Customs administration (February 2009)	Control of value and origin, ex-post inspection, and customs surveillance
	National Accounts (April 2009)	Implementation of a new base year (2008), improve the treatment of certain source data, presentation of a software to compile NA
	Tax Administration (April 2009)	Development of the IT strategy
	Microfinance (May 2009)	Strengthening Microfinance supervision
	Debt management (June 2009)	Support to the Debt management unit
	Customs administration (September 2009)	Revenue loss diagnostics and recommendations for better collection
	Tax administration (October 2009)	Development of the IT strategy
	Area	**Focus**

2010	Financial sector (January 2010)	Assessment and public debt management, financial sector reforms
	Customs administration (February 2010)	Risk analysis and management
	Public Finance Management (February 2010)	Medium term budgeting
	Tax administration (March 2010)	Development of IT strategy (3/3)
	Financial sector (January 2010)	Assessment and public debt management, financial sector reforms
	Customs administration (February 2010)	Risk analysis and management
	Public Finance Management (February 2010)	Medium term budgeting
	Tax administration (March 2010)	Development of IT strategy (3/3)
	National accounts (April 2010)	Training for new base year implementation
	Customs administration (May2010)	Valuation, improving customs processing, transit, rationalizing exemptions, strengthening fight against fraud, organization and effective use of human resource
	Tax administration (May 2010)	Professional training, strategic plan implementation and computer system capacity building
	Banking supervision (June 2010)	Preparation of the CODESFI workshop (financial sector reform strategy)
	Customs administration (July 2010)	Risk management and models implementation
	Tax administration (July 2010)	Professional training, strategic plan implementation and computer system capacity building
	Public Finance Management (July 2010)	Review of PFM IT systems
	Debt management and banking supervision (September 2010)	Support to the launching of the financial sector reform strategy in coordination with CODESFI-participation in the national workshop
	National accounts (October 2010)	New nomenclature of national accounts
	Public Finance Statistics (November 2010)	Training for the new GFS nomenclature

	Area	Focus
2011		
	Multitopic (July)	Strengthen the capacities of all the stakeholders involved in the compilation and production of the Table of Financial Operations (TOFE); launch the GFS source data collection; and elaborate a strategy to implement the West African Economic and Monetary Union (WAEMU) common GFS guideline (*Directive n°10/2009/CM/UEMOA, portant TOFE*) .
	Debt management (July)	Advice on the treatment of domestic debt, in particular government securities.
	Customs administration (August)	Follow-up
	FSAP follow up (August)	Advice on resuming formulation of the financial sector development strategy, managing public debt, and solving banking sector problems.
	Public expenditure management (October)	Diagnostic mission
	Government financial statistics (October/November)	TOFE follow-up
	Public expenditure management	Computerization
	FSAP follow up (November)	Advice on resuming formulation of the financial sector development strategy, managing public debt, and solving banking sector problems.
	National accounts (December)	Assessment of the possibility to develop quarterly national accounts (QNA).
2012	Government financial statistics (January/February)	TOFE follow-up
	Tax administration (January)	Workshop
	Customs (February)	Workshop
	Tax administration (February)	Modernization of fiscal administration in Côte d'Ivoire.
	Public wage bill management (February)	
	Customs (March/April)	Follow-up
	Multitopic (April)	AFRITAC Steering Committee

XIV. 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.

II. Joint Bank-Fund Work Program, 2011–12

(As of April 2012)

Title	Products	Provisional timing of missions	Expected delivery date
A. Mutual information on relevant work programs			
World Bank work program in the next 12 months	**Operations:**		
	Preparation of an Emergency Economic infrastructure renewal operation	October-December 2011	June 2012
	Preparation of a budget Support Operation	January and March 2012	June 2012
	Preparation of an Agriculture Sector Support Project	January –June 2012	October 2012
	Preparation of a Strategy on State and Peace Building	May 2012	June 2012
	Restructuring of the Urgent Electricity Sector Rehabilitation project		June 2012
	Governance and Institutional Development Supervision mission	September 2012	
	Economic and Sector Work		
	Analytical study for Côte d'Ivoire–An agenda for growth based on exports and natural resources–Workshop	November 2011	November 2011
	Investment Climate Assessment phase 2 – CNO areas		Q4 2012
	Technical assistance/other analytical		
	Governance Diagnostic Survey (PREM Public Sector) Possible update to take into account the impact of post-election crisis		Q2 2011 Q4 2012
	PEMFAR 2		Q3 2012
	Support on EITI implementation		On-going
	Economic and Poverty Monitoring		On-going
	PSIA of possible new electricity tariff structures		Q2 2012
	Advice and comments on cocoa strategy		On-going
	Specification of a list of potential projects which could be developed under PPPs arrangements		June 2012
	Public external Debt reconciliation	March 2012	May 2012
	Public Enterprises TA		December 2012
	FSAP follow-up (financial sector strategy)		December 2012
	Medium-term debt strategy	June 2012	

Title	Products	Provisional timing of missions	Expected delivery date
IMF work program in the next 12 months	**Program**:		
	1st ECF review under ECF	March 2012	May 2012
	2nd ECF review/HIPC completion point	September 2012	November 2012
	Technical Assistance:		
	PFM legal framework	October 2011	
	FSAP follow-up (state banks, debt management, financial sector strategy)	November 2011	
	AML/CFT Diagnostic	November 2011	
	National accounts	October/December 2011	
	Customs administration follow-up	January 2012	
	Medium-term debt strategy	April/May 2012	
	Tax administration	March 2012	
	Staff visit (2013 budget preparation)	June 2012	
	Bank restructuring (MCM)	Possibly Q2	
	AML/CFT diagnostic	March 2013	
	PFM		
B. Requests for work program inputs			
Fund requests to Bank	Monitoring of HIPC Completion Point triggers		Ongoing
	Periodic updates on budget implications of reforms in the civil service, coffee/cocoa sector, electricity sector, financial sector, as well as an infrastructure master plan.		Ongoing
Bank requests to Fund	Regular updates on macro-economic and fiscal projections		Ongoing
C. Agreement on joint products and missions			
Joint Bank-Fund products in the next 12 months	HIPC Completion Point		June 2012
	Debt management strategy workshop	Possibly Q2, 2012	
	JSAN on the PRSP-PR		May 2012

III. African Development Bank (AfDB) Group Operations and Strategy in Côte d'Ivoire

Bank Group Portfolio:

Since it started operations in Côte d'Ivoire in 1971, the AfDB has so far approved 62 operations for the country, of which 41 have been fully completed, 14 cancelled, 7 ongoing (2 newly approved). All approved operations amount to a net commitment of UA 1,330.3 million (CFA F 1012 billion). AfDB Group-financed operations have been mainly loan-based and channeled, by order of importance, to the rural development and agriculture sector (26.2%), infrastructure (20.4%), multi-sector (16.7%), the social sector (16.5%) and energy, water and telecommunications (15.6%). The operations were financed mainly with resources from the ADB window (more than 70%). The bulk of these funds (94.4%) was directed towards the public sector. It should be noted that funding for the private sector concerns electricity, telecommunications, transport and industry. In addition to bilateral funding, Côte d'Ivoire received additional ADF resources to finance studies and/or projects in the fields of infrastructure and agriculture, to enhance subregional integration in West Africa.

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

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

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

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

Operations	Amount (in UA million)	Purpose/Remarks
On-going projects (public window):		
1. Post-Crisis Multisector Institutional Support Project (PAIMSC)	20	This grant is allocated to: (i) the rehabilitation of school and health infrastructures; and (ii) institutional capacity building and caring for women who are victims of violence. The disbursement rate of this project is 88%. The undisbursed balance to date stands at UA 1.5 million and the Bank has granted a new extension to 31 December 2011 to allow for continuation of activities already initiated and deemed relevant.
2 Targeted Capacity Building Support	2	Approved in December 2009 under the Fragile States Facility, with a disbursement rate of 57%, the objective of this project is to: (i) strengthen the coordination framework for government interventions; (ii) support implementation of the PRSP; (iii) improve the efficiency of public financial management; and (iv) strengthen good governance.
3. Humanitarian assistance to the victims of post-electoral violence	0.6	This assistance of USD 1 million is allocated to the victims of violence, particularly in the west of the country. This assistance will be managed by Red cross International Committee.
4. Gourou Basin Integrated Management Project (Sanitation of Indenié junction and the Lagoon)	23	The ADF Board of Directors on November 24, 2010 approved a grant of UA 23 million to finance this project, which could not be signed during the elections. Finally, this grant is put in place in June, 2011 and the effective launch of the project is expected in October 2011.
5. Emergency Programme to Restore Basic Social and Administrative Services (PURSSAB) and Targeted support to strengthen the capacity of the administration	100.5 (95 + 5.5)	The main purpose of this program, approved on June 3, 2011, is to contribute in the national budget to restoring basic social and administrative services, social cohesion and reconciliation as stated in the Government's request. The program seeks to address the country's urgent needs through the restoration of basic health, educational and social welfare services, water and sanitation networks, public administration services, as well as dialogue, social cohesion and reconciliation mechanisms. The budget support of UA 95 million has been disbursed. The UA 5.5 remaining is reserved for capacity building and will be disbursed as the needs arise on government's requests.

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

Operations	Amount (in UA million)	Purpose/Remarks
Project newly approved 6. Agricultural infrastructure support project in Indéné-Djuablin Région (PAIA-ID)	21.6	The project will contribute to improving food security and reducing poverty in rural areas. Specifically, it aims to increase, on a sustainable basis, the production and productivity of major crops, as well as improve marketing conditions.
Private sector		
Project newly approved 7. Project construction of bridge toll Henri Konan BEDIE	50	Henri Konan Bédié Bridge is a public private partnership (PPP) based on a Build Operate Transfer (BOT) concession of 30 years. It involves the building of a toll bridge over the Ebrié Lagoon linking the South and North shores of Abidjan.

Strategy for re-engagement by AfDB in Côte d'Ivoire:

To assist Côte d'Ivoire in addressing its immense needs, the Bank is committed to a rapid operational re-engagement. Consistent with the AfDB's Fragile States Facility, a Country Brief defines the framework for the Bank's rapid re-engagement in Côte d'Ivoire over the period 2011–12***. The proposed strategy, in consultation with the Ivoirian authorities, consists of two pillars: (i) restoring infrastructure and basic social services; and (ii) improving governance and capacity building.*** A full Country Strategy Paper is planned for the period 2013–17 to assist the country with its quest for strong and inclusive growth.

Indicative Work Program for 2012–13

Description	Amount (in UA million)	Year
- Agricultural infrastructure support project in Indéné-Djuablin Région (PAIA-ID)	21.6 (approved)	2012
- Project construction of bridge toll Henri Konan BEDIE	50.1 (approved)	2012
- Project to support training and professional integration	16.5	2013
- Support Project cadastre	TBD	2013
- Cote d'Ivoire, Liberia, Sierra Leone and Guinea interconnection Project (Multinational)	122.7 *(of which 33.4 from Côte d'Ivoire allocation)*	2012
- Study to be conducted in collaboration with the Economic and Social Research Centre—CIRES and coffee/cocoa-related sector institutions	TBD	2013

IV. Côte d'Ivoire—Statistical Issues

As of April 2012

I. Assessment of Data Adequacy for Surveillance

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

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

Price statistics: A harmonized consumer price index (CPI) has been adopted by all WAEMU members. A new base year (2008) has been adopted in 2010.

Labor market statistics: No such statistics are published regularly.

Government finance statistics: The authorities provide annual data on the budgetary central government for publication in the *Government Finance Statistics Yearbook*. While no monthly or quarterly fiscal data are provided for publication, they are made available to the IMF African Department, although metadata is lacking. The authorities have committed to addressing weaknesses in coverage of general government units and public enterprises and are making efforts to improve the reconciliation of fiscal and monetary data. In addition, the authorities are seeking the assistance of Afritac to improve the compilation of government finance statistics. The report on financial operations executed by the government over the crisis period (January–April 2011) is still not available.

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

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

II. Data Standards and Quality

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

III. Reporting to STA

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

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

(As of April 2012)

	Date of latest observation	Date received	Frequency of Data[6]	Frequency of Reporting[6]	Frequency of Publication[6]
Exchange Rates	Current	Current	M	M	M
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	02/12	03/12	M	M	M
Reserve/Base Money	02/12	03/12	M	M	M
Broad Money	02/12	03/12	M	M	M
Central Bank Balance Sheet	02/12	03/12	M	M	M
Consolidated Balance Sheet of the Banking System	02/12	03/12	M	M	M
Interest Rates[2]	02/12	03/12	I	M	M
Consumer Price Index	01/12	03/12	M	M	M
Revenue, Expenditure, Balance and Composition of Financing[3] – General Government[4]	02/12	04/12	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt[5]	12/12	03/12	M	M	M
External Current Account Balance	12/10	09/11	A	A	A
Exports and Imports of Goods and Services	06/10	09/11	A	A	A
GDP/GNP	2010	05/11	A	A	A
Gross External Debt	06/2011	09/11	M	M	M

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

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INTERNATIONAL MONETARY FUND EXTERNAL RELATIONS DEPARTMENT

Press Release No.12/175
FOR IMMEDIATE RELEASE
May 11, 2012

International Monetary Fund
Washington, D.C. 20431 USA

IMF Executive Board Completes First Review Under Côte d'Ivoire's Extended Credit Facility Arrangement and Approves US$100 Million Disbursement

The Executive Board of the International Monetary Fund (IMF) completed today the first review of Côte d'Ivoire's economic performance under the program supported by an Extended Credit Facility arrangement (ECF),[1] which had been approved in early November 2011. The Board's decision, which was taken on a lapse of time basis,[2] enables the immediate disbursement of an amount equivalent to SDR 65.04 million (about US$100 million), bringing total disbursements under the arrangement to an amount equivalent to 146.34 SDR million (about US$224.9 million).

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

Economic activity bounced back after the late 2010-early 2011 post-election crisis. Strong external support, favorable weather conditions, and supportive macroeconomic management helped limit the contraction in economic activity.

The implementation of the macro-economic program supported under the ECF was broadly satisfactory at end-2011. All quantitative targets were met. A broad and ambitious agenda of long-delayed structural reforms is being pursued. Significant efforts have been made to strengthen public financial management, improve the business climate (judicial reform, the new investment code, business facilitation efforts, and improvements in governance) and reform the cocoa sector, but there were delays in implementing energy and financial sector reforms.

While important progress has been made, reaching financial sustainability in the electricity sector requires further actions, including tariff increases to cover a larger share of the generating cost. Without this, much-needed investment in new generating capacity will remain elusive. A move to automatic pricing of fuel products, while at the same time protecting the most vulnerable population, is also needed.

Financial sector reforms include the formulation of a financial sector development strategy. This should reduce the costs of intermediation, enhance financial deepening, and facilitate private sector access to credit. An urgent challenge in this area is the design and adoption of a sound restructuring plan for the ailing publicly-owned commercial banks. To ensure that debt is kept at a sustainable level following debt relief, while addressing the financing needs of the authorities' ambitious investment plans over the medium and long term, it will be important to make the National Public Debt Management Committee fully operational and to build up its capacity.

Côte d'Ivoire's near term economic outlook is favorable, with both upside and downside risks. Growth is expected to pick up in 2012, supported by higher investment spending in construction, transport, and oil exploration. Inflation should remain low, although upside risks exist. The fiscal stance of limiting the budget deficit gradually from its high level in 2011 is appropriate, and the resulting financing needs from the regional market are high but manageable.

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[1]The Extended Credit Facility (ECF) has replaced the Poverty Reduction and Growth Facility (PRGF) as the Fund's main tool for medium-term financial support to low-income countries by providing a higher level of access to financing, more concessional terms, enhanced flexibility in program design features, and more focused streamlined conditionality. Financing under the ECF carries a zero interest rate, with a grace period of 5½ years, and a final maturity of 10 years (http://www.imf.org/external/np/exr/facts/ecf.htm). The Fund reviews the level of interest rates for all concessional facilities every two years.

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