INTERNATIONAL MONETARY FUND

IMF Country Report No. 15/147

CÔTE D'IVOIRE

June 2015

SEVENTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND REQUEST FOR MODIFICATION OF PERFORMANCE CRITERIA—PRESS RELEASE; AND STAFF REPORT

In the context of the seventh review under the Extended Credit Facility Arrangement and request for modification of performance criteria, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse of time basis, following discussions that ended on April 2, 2015, with the officials of Côte d'Ivoire on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the staff report was completed on May 20, 2015.
- An **Informational Annex** prepared by the IMF staff.

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

Letter of Intent sent to the IMF by the authorities of Côte d'Ivoire*
Memorandum of Economic and Financial Policies by the authorities of Côte d'Ivoire*
Technical Memorandum of Understanding*
Selected Issues
Poverty Reduction Strategy Paper—Executive Summary of the Progress Report
*Also included in Staff Report

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

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INTERNATIONAL MONETARY FUND

COMMUNICATIONS DEPARTMENT

Press Release No. 15/260
FOR IMMEDIATE RELEASE
June 5, 2015

International Monetary Fund
Washington, D.C. 20431 USA

IMF Executive Board Completes Seventh ECF Review for Côte d'Ivoire

The Executive Board of the International Monetary Fund (IMF) today completed the seventh review under the Extended Credit Facility Arrangement (ECF) for Côte d'Ivoire. The completion of the review enables the immediate release of the equivalent of SDR 48.78 million (about US$67.7), bringing total disbursements under the arrangement to the equivalent of SDR471.54 million (about US$654.7) million. The decision was taken without a formal Board meeting[1].

In completing the review, the Executive Board also approved the authorities' request for the modification of the performance criteria on the primary basic balance and net domestic financing as of end-June 2015 as well as indicative targets consistent with the framework of the economic and financial program.

The Executive Board approved the ECF arrangement for Côte d'Ivoire on November 4, 2011 (see Press Release No. 11/399).

Performance under the Fund-supported program continued to be strong. Over 2012–14, the growth in real GDP per capita has reached 20 percent. All performance criteria and all but one indicative targets for end-2014 were met. Significant progress has been made toward improving the business climate and the tax administration, and some inroads have been made towards public bank restructuring.

The fiscal stance for 2015 remains appropriate despite emerging budgetary pressures. The planned adjustments to the 2015 budget, which include additional revenues and spending cuts should allow to contain the overall deficit to 3.7 percent of GDP. Despite these adjustments, the budget remains broadly growth-friendly and pro-poor, with significant increases in public investment and poverty-reduction expenditures. The recent discovery of extra-budgetary spending is worrisome. However, the April 23, 2015 Communication by the Council of Ministers reaffirming that extra-budgetary spending should be avoided is welcomed, as is the government's commitment to forcefully apply the provisions of the 1998 decree aimed at avoiding extra-budgetary spending, including through sanctions.

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

Looking ahead, the challenge will be to maintain high growth rates while preserving macroeconomic stability. This will require further reforms to improve the business climate, including the creation of additional commercial courts, the reduction of domestic payments delays, and the improvement of relations between tax payers and tax collection agencies through enhanced transparency in tax control procedures. This also calls for implementing the financial sector development strategy to foster access to credit by SMEs. On the fiscal front, there is a need to control increases in current spending over the medium term and to take forceful actions to put the energy sector on a more solid financial footing to limit corresponding fiscal risks. Further steps are also needed to continue strengthening public financial management and the government should pay close attention to the accumulation of debt by public sector entities. Debt management should also be further strengthened. Furthermore, the authorities' commitment to address weaknesses in the national accounts statistics is welcomed.

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

May 20, 2015

SEVENTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND REQUEST FOR MODIFICATION OF PERFORMANCE CRITERIA

EXECUTIVE SUMMARY

Background. Côte d'Ivoire is preparing for presidential elections in October 2015 amid strong macroeconomic performance. All continuous and end-December quantitative performance criteria (PCs) and all but one indicative targets were met. All structural benchmarks were implemented, albeit with a minor delay regarding the restructuring of a public bank. However, some other important structural measures experienced significant delays.

Policy discussions. Discussions focused on containing the expansion of the 2015 fiscal deficits in light of new challenges and on moving forward structural reforms under the program. The authorities and staff agreed to fiscal measures that would underpin a small adjustment in the fiscal targets for 2015. Discussions also addressed measures to strengthen the financial position of the energy sector, as well as PFM, public debt management and financial sector reforms, and private sector development.

Outlook and risks. The macroeconomic outlook remains positive, with high growth rates projected in 2015 and over the medium term, in response to continued efforts to address the infrastructure gaps and improve the business climate. The main downside risks to the outlook stem from social tensions and remaining political risks linked to the October presidential elections; others include tighter global financial conditions, which may complicate the financing of the large public investment program, and a protracted period of sluggish growth in advanced and emerging economies.

Staff supports the authorities' request for completion of the seventh ECF review and for the modification of the performance criteria for end-June 2015 and indicative targets. The disbursement released upon completion of this review would be in amount equivalent to SDR 48.78 million.

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

Discussions took place during March 18–April 2, 2015 in Abidjan, Côte d'Ivoire. The staff team comprised Messrs. Lazare (head) and Koulet-Vickot, Ms. Macario (all AFR), Messrs. Dicks-Mireaux (SPR), Murara (FAD). Mr. Feler (Resident representative) and Ms. Coulibaly, Economist at the Resident representative's office, assisted the mission. Mr. Allé (OED) participated in the discussions.

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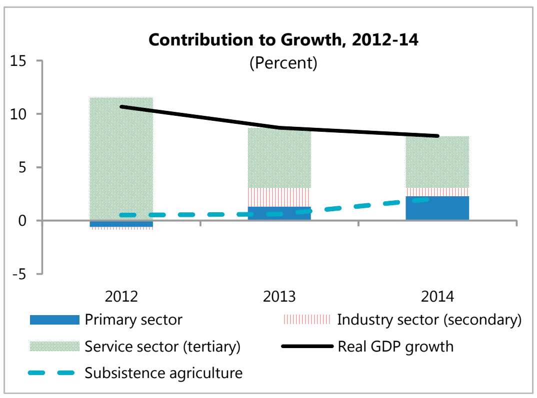
Glossary

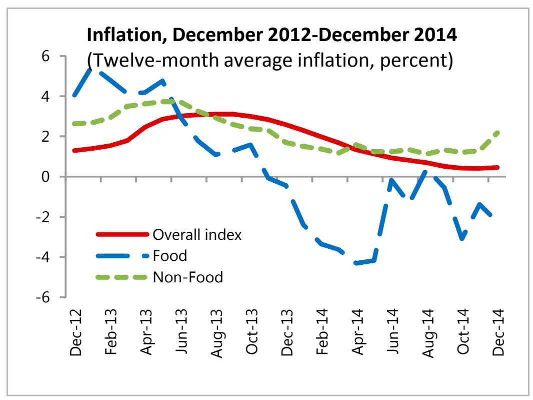
AfDB	African Development Bank
ANSUT	National Agency for Universal Telecommunications Services
BCEAO	Central Bank of West African States
CFAF	African Financial Community Franc
CGRAE	Civil Service Pension Fund
CNPS	Private Sector Pension Fund
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
EITI	Extractive Industries Transparency Initiative
FAD	Fiscal Affairs Department
FIRST	Financial Sector Reform and Strengthening Initiative
GDP	Gross Domestic Product
IT	Indicative Target
LIC	Low Income Country
MEFP	Memorandum of Economic and Financial Policies
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
PC	Performance Criterion
PEMFAR	Public Expenditure Management and Financial Accountability Review
PETROCI	Government-Owned Petroleum Company
PFM	Public Financial Management
PRSP	Poverty Reduction Strategy Paper
SIGFAE	Integrated Personnel Management System
SME	Small and medium-size enterprise
SSA	Sub-Saharan Africa
SIR	National oil refinery
TMU	Technical Memorandum of Understanding
TPCI	Government bonds issued through syndication
VAT	Value-Added Tax
WAEMU	West African Economic and Monetary Union

RECENT DEVELOPMENTS, PROGRAM PERFORMANCE, OUTLOOK AND RISKS

A. Recent Developments

1. The growth momentum remained strong in 2014. Real GDP growth is estimated to have reached 7.9 percent in 2014, driven by a strong performance in services and agriculture, which compensated for relatively sluggish growth in the secondary sector (reflecting in part lower value added in the energy sector).[1] However, the precision of the 2014 GDP estimate is somewhat uncertain due to weaknesses in data collection on subsistence agriculture. In particular, the authorities reported an exceptionally strong crop of cassava production (a 74 percent increase which contributed 1.3 percentage points to the overall 7.9 percent GDP growth).

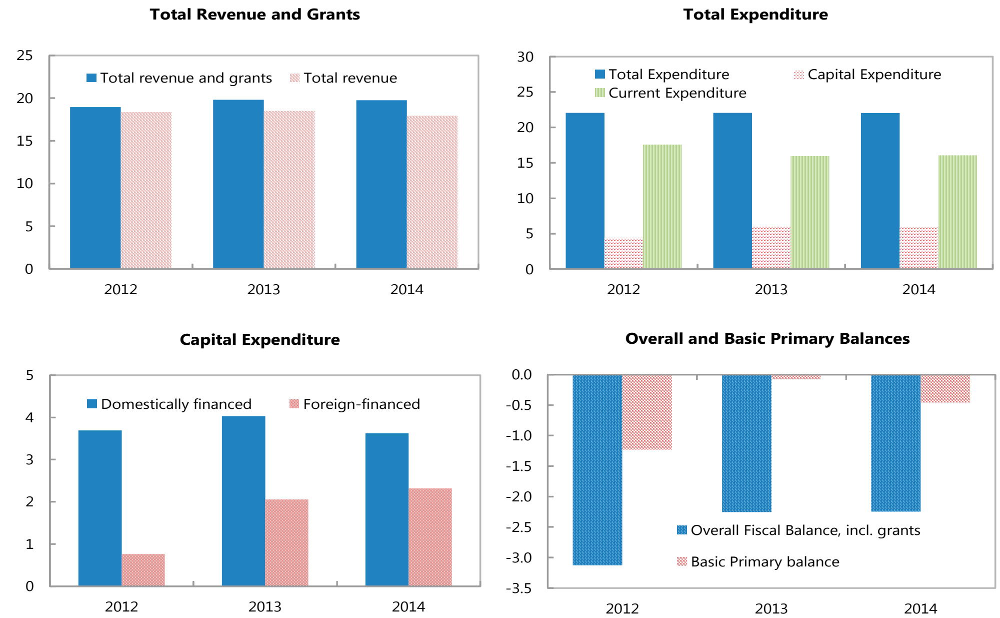




2. The 2014 fiscal deficit was slightly below the target, with a lower execution of budget appropriations for investment offsetting revenue shortfalls (MEFP, ¶5). Total revenue collection was CFAF 75 billion (0.5 percent of GDP) short of its objective, reflecting (i) lower direct taxes (CIT, PIT and capital gains) and VAT receipts due to the impact of high investment in 2013 and related tax exemptions; (ii) higher provisioning in the banking sector; (iii) unpaid taxes by a few public entities (public oil company and others) facing financial difficulties; and (iv) lower CPI inflation. Total expenditure was CFAF 120 billion (0.7 percent of GDP) below the target due to an under-execution of investment spending. As a result, the overall fiscal deficit (payment order basis) narrowed to 2.2 percent of GDP in 2014 compared with 2.3 percent in 2013, despite a somewhat smaller nominal GDP than programmed. The financing of the 2014 fiscal deficit involved greater recourse to external borrowing (3.2 percent of GDP in 2014 against 1.8 percent of GDP in 2013).

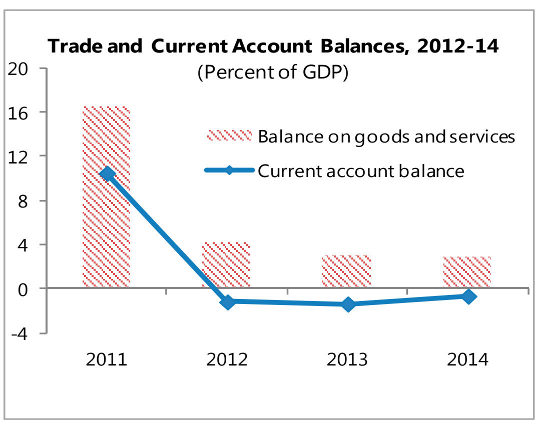
[1] The authorities estimate that the growth rate in 2014 reached 8.5 percent on account of somewhat higher growth rates in parts of the tertiary sector.

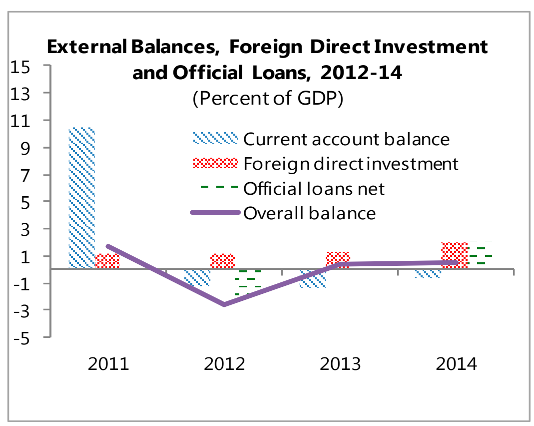
Figure 1. Côte d'Ivoire: Fiscal Developments



Sources: Ivoirian authorities; and IMF staff estimates.

3. **The external sector position improved in 2014**. The external current account deficit is estimated to have narrowed to 0.7 percent of GDP in 2014 compared with 1.7 percent of GDP in 2013, supported by lower oil prices, an improvement in the terms of trade (4.3 percent) and solid growth of cocoa exports. Combined with inflows on the financial account (project loans, Eurobond issuance and FDI),[2] this led to a slight increase in the overall balance of payments surplus (0.6 percent of GDP in 2014 against 0.4 percent of GDP in 2013).

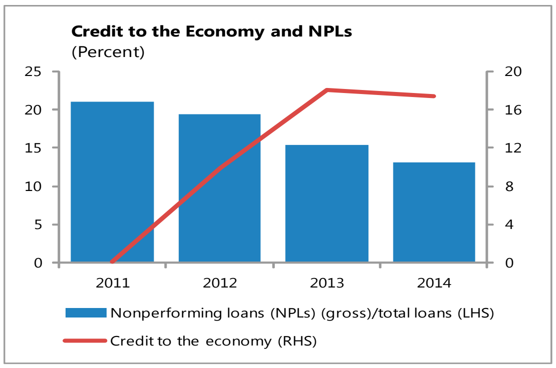


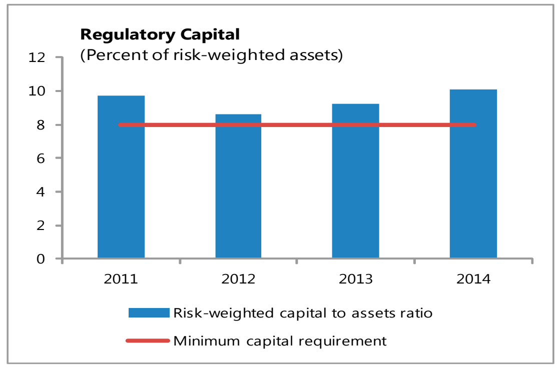


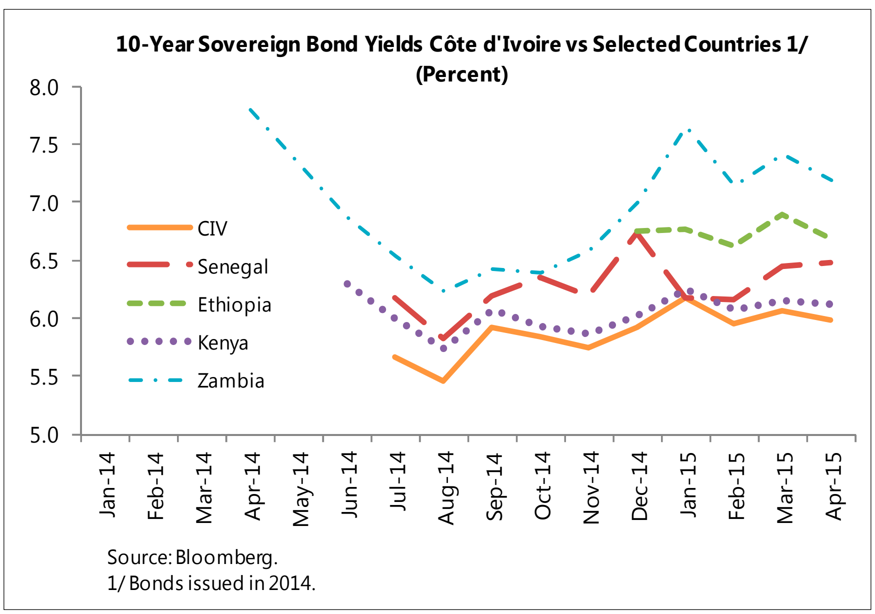
4. **Credit conditions are broadly balanced, and financial soundness indicators improved**. Supported by ample liquidity, credit to the economy increased by 21.7 percent, in line with robust

[2] FDI is poorly captured by available BOP statistics.

growth in the agricultural sector (crop credit increased by 59 percent) and services. Preliminary data point to a decline in NPLs to 10.4 percent of total loans (in gross terms) at end-2014 compared with 12.7 percent in 2013. Although still high, they do not represent significant financial stability risks as NPLs net of provisions stood at 2.65 percent at end-2014. The overall banking sector capital adequacy ratio (minimum requirement of 8 percent) rose to 10.1 percent at the end of December 2014, against 9.2 percent in 2013. However, this ratio is not excessive given the rapid credit growth. Furthermore, this aggregate information masks vulnerabilities, though not systemic, in some individual banks, in particular the capital adequacy ratio of public banks and a couple of small banks continue to be persistently below the regulatory minimum.







5. On February 24, 2015, Côte d'Ivoire issued a sovereign bond on the international market for the second time as provided for under the program. Investors' response was strong, and the country successfully raised US$1 billion (with US$4 billion offered) with a 12-year average maturity and a yield of 6.625 percent. Reflecting the attractiveness of Côte d'Ivoire to international investors, the July 2014 Eurobond has performed well in the secondary market, with yields lower than in other Sub-Saharan frontier markets economies.

6. The socio-political environment remains calm as the country prepares for October 2015 presidential elections (MEFP, ¶3). The two main parties of the ruling coalition, including that of former President Bedié (PDCI) have formally endorsed President Ouattara's candidacy. The head of the former ruling party, FPI, has announced that the party will participate to the upcoming Presidential elections. The dialogue in 2014 between the government and the opposition, including the FPI, is a sign of progress toward political reconciliation, and appeasement measures, including the liberation of some detainees and unfreezing of bank accounts, have been implemented. The security situation has continued to improve despite sporadic incidents in various parts of the country. Last November's unrest in the army over late pay appears to have been durably settled. To date the country has had no confirmed Ebola cases.

B. Program Performance

7. All continuous and end-December 2014 quantitative performance criteria (PC) and all but one indicative targets (IT) were met (MEFP, Table 1). More specifically, the basic primary deficit was below the targeted program level by a narrow margin; and the continuous ceiling on new nonconcessionnal external debt (PC) was observed. Despite a larger-than-planned T-bond issuance at the end of the year, the ceiling on net domestic financing (PC) was observed as the excess proceeds were used in large part to reduce floating debt more than programmed and accumulate larger cash balances at the BCEAO. Although budget appropriations were under-executed, pro-poor expenditure (IT) exceeded the program's objective (107 percent). However, the floor for government revenues (IT) was missed due to factors mentioned in ¶2. The margins on the basic primary deficit and net domestic financing were smaller than identified extra budgetary spending in 2014 (see below). If this spending had been correctly included in the fiscal accounts, offsetting savings would need to have been made elsewhere to allow the primary deficit and domestic financing targets to have been met.

8. There has also been progress on structural reforms *(MEFP, Table 2)*. All end-December 2014 structural benchmarks were implemented, albeit with a minor delay regarding the selling of most of the state's holdings in the capital of a bank to private investors. In addition, the government took measures to improve the business climate and tax administration. However, several important measures in the authorities' reform agenda have experienced significant delays, notably the implementation of the financial sector reform strategy, and the reorganization of the public debt department into front-middle-back offices; domestic arrears clearance has also not yet been completed.

C. Outlook and Risks

9. The macroeconomic outlook remains favorable:

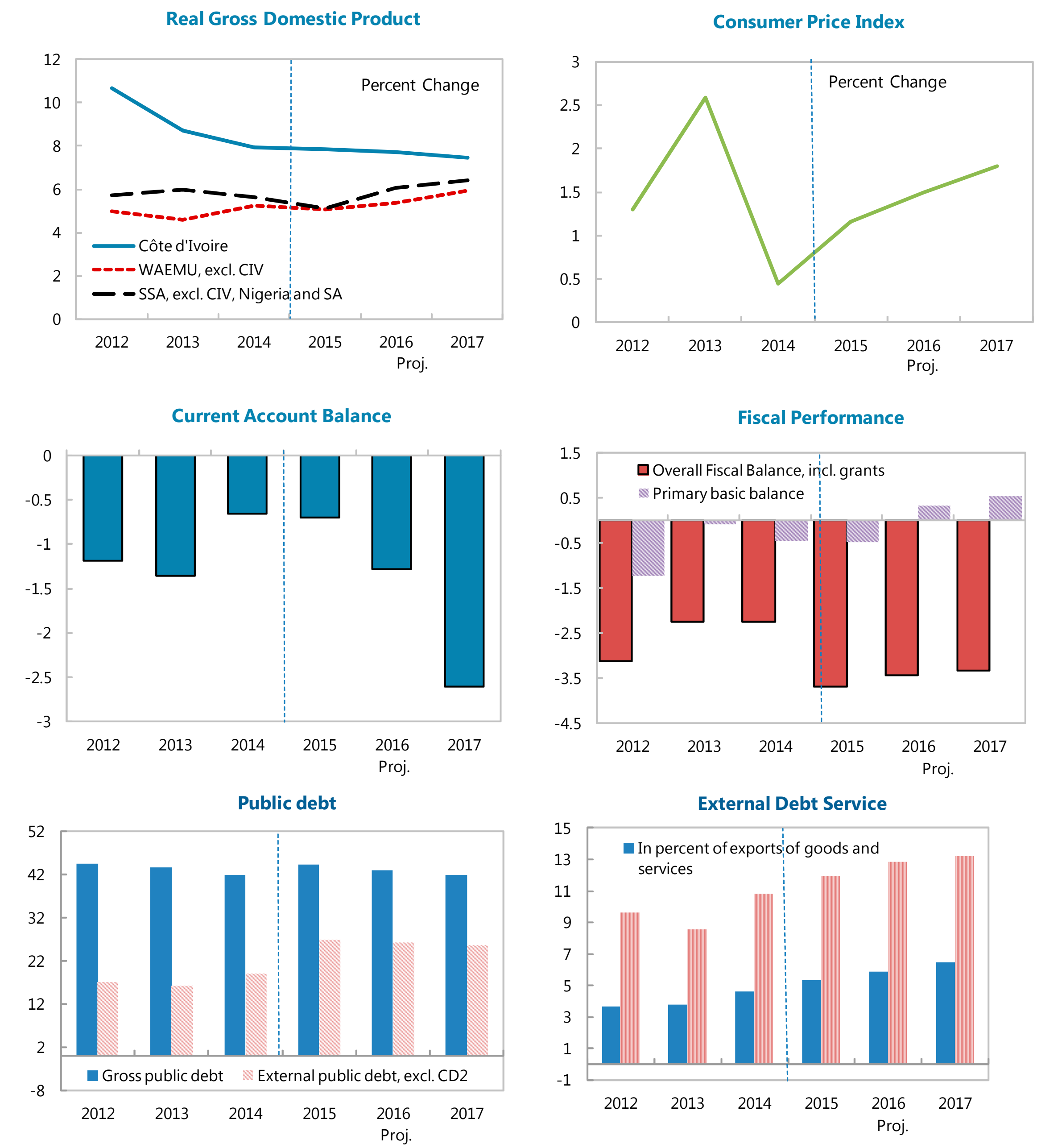
- Growth is projected at 7.9 percent in 2015, and would average 7.6 percent over the next two years, in response to the authorities' continued efforts to improve the business climate and address infrastructure gaps. The authorities' projections are more ambitious (9.4 percent growth in 2015 and double-digit growth over the medium term). While the staff recognizes that a post-election end to the wait-and-see attitude of some private investors could push growth rates above its estimate in 2016, the mission felt that this factor is too uncertain to be incorporated in the baseline scenario.

- Inflation would hover around 2 percent, assuming continued good harvests, prudent monetary policy and stability in international prices of oil and food.
- The current account deficit is projected to increase to 2.6 percent of GDP on average over the medium term, on the back of less favorable terms of trade and stronger import growth.
- Public debt (central government) is expected to hover around 43 percent of GDP over the medium term assuming that the overall fiscal deficit remains close to 3 percent of GDP, while debt service (including C2D) is projected to rise to above 13 percent of total revenue from 10.8 percent in 2014.

10. The positive outlook is subject to a few domestic and external risks. Over the medium term, further extra budgetary spending could result in unsettled domestic liabilities that would negatively affect private investment. Unfavorable weather conditions could also adversely affect agricultural production, which remains a key engine of growth, and also weigh on the performance of the electricity sector. On the external front, tighter global financial conditions may complicate the financing of the large public investment program. Sluggish growth in advanced and emerging economies could have an adverse bearing on economic activities. As noted in paragraph 9, there is, however, an upside risk to growth performance.

Figure 2. Côte d'Ivoire: Medium-Term Outlook, 2012–17

(Percent of GDP, unless otherwise indicated)



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

POLICY DISCUSSIONS

Discussions focused on (i) containing the expansion of the 2015 fiscal deficits in light of projected revenue shortfalls and emerging spending pressures, and strengthening PFM; and (ii) moving forward the reform agenda in favor of private sector development.

A. Fiscal Policy—Containing the 2015 Fiscal Deficit and Strengthening PFM

11. The authorities agreed to factor in new fiscal pressures that have emerged since the adoption of the 2015 budget (MEFP, ¶26–31):

- *On the revenue side, some shortfalls are expected on direct taxes, VAT, customs duties and dividends.* These are due to a base effect (lower 2014 revenue outturn,) lower import prices, and a larger fall in international oil prices than assumed in the budget. The impact of lower oil prices on the oil company Petroci will not allow it to distribute dividends. These revenue shortfalls total CFAF -116.8 billion (-0.6 percent of GDP).
- *On the expenditure side, new spending needs have emerged (0.6 percent of GDP).* These are mainly related to putting on budget: (i) the audited amounts of extra budgetary spending in 2014 in the education (private schools) and military (fuel supply) sectors, which amounted to CFAF 58.4 billion; and (ii) the implications on the electricity subsidy of a higher use of heavy vacuum oil (HVO) by the electricity sector in 2014 than foreseen in the 2015 budget, and higher interest because of the appreciation of the US dollar.

Text Table 1. Changes to Fiscal Projections, 2015
(Billions of CFA Francs)

Total Revenue	**-26.6**
Revenue shortfalls	***-116.8***
Direct taxes	*-69.1*
VAT	*-14.9*
Customs duties	*-18.8*
Dividend (Petroci)	*-14.0*
Additional Revenue	**90.2**
Of which:	
Fuel tax	*30.8*
Social security contributions	16.4
Recovery of claims on Petroci	15.0
Bonus de signature	15.0
Total Expenditure	**-22.2**
New spending	***112.9***
Of which:	
Extra budgetary spending	*58.4*
Subsidies to electricity sector	*19.7*
Interest due	*15.3*
Spending cuts	***-135.1***
Of which:	
Capital expenditure	-91.8
Wage bill	-19.6
Change in primary basic balance	**-49.1**
Change in overall balance	**-4.4**

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

12. In face of these new fiscal pressures, the authorities committed themselves to raising additional revenue and cutting spending to contain the expansion of the fiscal deficit (MEFP, ¶26–31). Additional revenues (0.5 percent of GDP) will mainly come from higher petroleum product tax revenue[3] (see Box 1), expected signature bonuses for new mining exploration contracts, the recovery of tax claims on Petroci as part of a settlement of cross arrears (see below), and higher social security contributions (reflecting the higher 2014 outturn). The authorities also agreed to revise downward the amount of projected investment spending based on the 2014 execution rate, the wage bill (salary increases have been delayed from January to later in the year,) and to take the equivalent of CFAF 12 billion out of the budget provision for unforeseen spending to offset part of the extra budgetary spending. As a result, the revised overall and primary basic fiscal deficits in 2015 are now projected to be 0.3 percent of GDP higher than budgeted, reaching 3.7 percent of GDP and 0.5 percent of GDP, respectively.

13. Staff is of the view that the revised fiscal targets remain appropriate. The modest deterioration of the primary basic deficit (the program performance criterion) compared with the program objective agreed upon at the time of the sixth review is largely due to the drop in oil and imported prices (exogenous shocks) and the integration of audited amounts of extra budgetary spending in the 2015 budget. Excluding the audited amount of extra budgetary spending put on budget (0.3 percent of GDP), the projected basic primary balance in 2015 would be, in percentage of GDP, the same as the one programmed at the time of the 6th review. Furthermore, in CFA francs, the projected overall deficit (including the extra budgetary spending) is about the same as the one planned in the 2015 initial budget. Staff called on the authorities to resist elections-related spending pressures, and to pay attention to increases in current spending over the medium term.

14. While welcoming the settlement of audited extra budgetary spending liabilities, staff inquired about the existence of other such liabilities. Staff concluded that off-budget expenditures do not give rise to the accumulation of arrears or misreporting because, under the TMU, only expenditures on a payment order basis are taken into account for purposes of the PCs. The authorities gave assurances that they had not been able to trace any further recent extra budgetary spending liabilities (MEFP, ¶32*)*. They will, nevertheless, organize a rotation of the directors of administrative and financial affairs of line ministries to facilitate the "discovery" of any recent extra budgetary spending. They also underscored the existence of sizable extra budgetary spending incurred prior to 2011. The results of the ongoing audit of this past extra budgetary spending are expected to be available in the second half of 2015, and a regularization strategy will need to be decided thereafter. Staff recommended frequent audits of line ministries by the Inspector-General's office. It encouraged the authorities to promptly complete the ongoing audits and regularize the verified amounts.

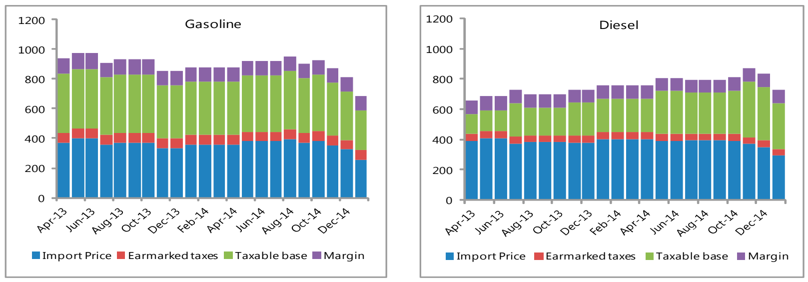
[3] This could be achieved by preserving the full amount of fuel taxation achieved in early 2015 (because of the partial pass through of the drop in international oil prices to consumers); i.e., by fully passing through to the consumer any future changes, in international oil prices.

Box 1. Côte d'Ivoire: Automatic Fuel Pricing Mechanism for Petroleum Products

An automatic fuel pricing mechanism has been in place in Côte d'Ivoire since April 2013. The mechanism aims at transmitting international oil price fluctuations to domestic retail prices while smoothing fluctuations in pump prices through adjustments to the taxable base (the "price" on which tax rates are applied) subject to a floor to protect fuel tax revenues. The smoothing mechanism operates by triggering adjustments to retail prices only when international price changes exceed specified thresholds. However, the mechanism gives some discretion to the government regarding the full pass-through of changes in international oil prices. As a safeguard, the mechanism incorporates a floor on the taxable base (25 percent of the cif import price) to ensure a minimum level of fuel tax revenues. It also includes a cross-price subsidy between gasoline and diesel, the latter being used in the transport sector and hence is socially and politically sensitive. The cross-subsidy kicks in when the diesel price exceeds a certain threshold (CFAF 615), to mitigate further increases in the pump price of diesel.

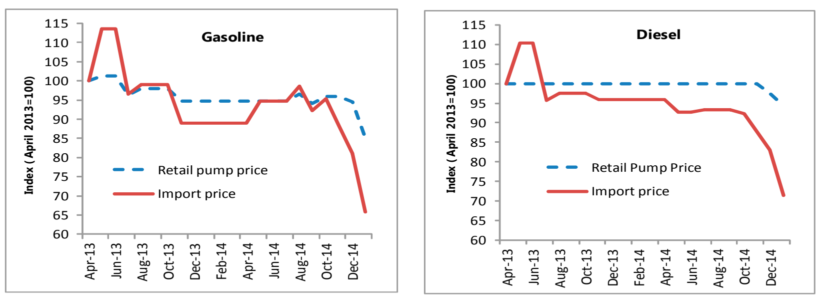
In the initial 2015 budget, fuel tax revenues were projected at 1.2 percent of GDP compared to 1.0 percent of GDP in 2014. This projection was based on a level of taxation of CFAF 194.4 per liter for gasoline products and CFAF 88.4 per liter for diesel products. As of January 2015, because of the partial pass through of the drop in international oil prices to retail fuel domestic prices (Fig.2) and full application of the taxable base/price for tax revenue purposes, the amount of fuel taxation stood at CFAF 262 per liter for gasoline products and CFA 156.6 for diesel products (Fig.3). Preserving this amount of fuel taxation through the end of the year would generate additional fuel tax revenues of about 0.4 percent of GDP in 2015.

Figure 1. Côte d'Ivoire - Fuel Pricing Structure, April 2013-January 2015 (FCFA per litre)



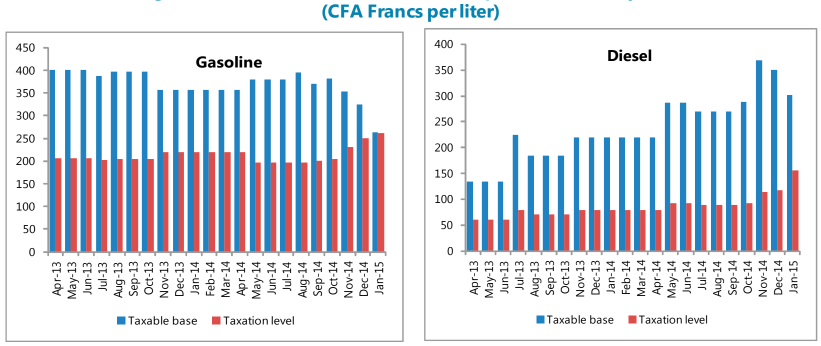
Source: Ivoirien authorities.

Figure 2. Côte d'Ivoire: Pass-Through of Fluctuations in Import Oil Prices to Retail Fuel Pump Prices, April 2013–January 2015



Sources: Ivoirien Authorities and IMF staff estimates.

Figure 3. Côte d'Ivoire - Fuel Taxation, April 2013–January 2015 (CFA Francs per liter)



Source: Ivoirien authorities.

15. The authorities concurred with staff on the importance of enforcing the regulatory framework for preventing and punishing spending outside the budget (MEFP, ¶33). An April 23, 2015, Council of Ministers reaffirmed the existing regulatory framework established by decree in 1998.[4] The government indicated to the mission its firm intention to forcefully apply the provisions of the 1998 decree, including by disciplining contraveners. In addition, the government committed to a number of measures to prevent extra budgetary spending by (i) increasing suppliers' awareness of budget appropriations through the establishment of an information center;[5] (ii) ensuring realistic budget appropriations, starting in the 2015 budget, for subsidies to private schools, the electricity sector and for military fuel purchases; and (iii) strengthening control over line ministries (increasing the frequency of staff mobility and audits). Staff suggested that the authorities also consider establishing a specialized budgetary and financial discipline chamber within the planned Court of Auditors, and indicated that the Fund was ready to provide technical assistance to reform PFM practices to ensure that new off-budget spending is avoided.

16. The mission discussed with the authorities on the following PFM issues:

- *Off-budget operations through public entities (i.e., extra budgetary funds)*. The mission expressed concerns about the growing use of off-budget mechanisms (financed through borrowing by public entities) to carry out fiscal and quasi-fiscal activities. In particular, the mission expressed its lack of support for the envisaged borrowing[6] to carry out the rural electricity program (through CI-Energies) and the universal access program to telecom services (through ANSUT). The staff noted that these activities are in nature fiscal (non-commercial activities), and should therefore be included in the budget. It underscored that this practice violates the universality principle of the budget, leads to an excessively narrow budget perimeter, and weakens budget control. The mission called on the government to refrain from using public entities to conduct fiscal and quasi-fiscal activities and to broaden the budget's scope.
- *Expenditure management*. While acknowledging recent progress, staff called for further efforts to drastically reduce the recourse (about 2 percentage points of GDP currently) to cash advances, imprest accounts (*régies d'avances*), and other exceptional spending procedures. The staff notes with satisfaction that the above mentioned April 23, 2015 Communication includes provisions to limit the recourse to cash advances.

17. *Cash management (MEFP, ¶40)*. The authorities are taking steps toward the setting up of a Treasury Single Account (TSA). Staff discussed with the authorities their timetable for closing public

[4] In particular, the Council of Ministers approved a Communication reaffirming, as stated in the 1998 decree (no. 98–716) that (i) extra budgetary spending is forbidden; (ii) extra budgetary or irregular spending does not legally constitutes a public liability; and (iii) extra budgetary spending constitutes a "management fault" subject to disciplinary, civil, and penal sanctions.

[5] The Center will inform all potential suppliers that contracts will not be honored if they are not entered in the budget information management system (SIGFIP) and carry a commitment control number.

[6] Domestic borrowing by these public entities is covered by earmarked taxes collected by these public agencies.

accounts, which foresees the closure of inactive public accounts at commercial banks by end-April 2015 and the rest over three years, and the architecture of the envisaged Treasury Single account. It was encouraged by the government's intention to start four pilot cases in 2015, but noted that the scope of the TSA would, at least in the short term, be limited by the need to maintain a fairly large number of a public accounts in a specific public bank open to keep this bank liquid.

18. The mission also urged the authorities to further strengthen the management of public debt (MEFP, ¶45–47).

- *Debt management*. While welcoming the finalization of the updated medium-term debt strategy, staff expressed concerns over excessive delays in reorgani*zing the debt departmen*t into front-, middle-, and back-offices (due to staffing issues) and the accumulation of debt (in national currency) by public sector entities in fragile financial situation. The authorities committed to completing the reorganization of the debt management unit before end-June 2015 (MEFP, ¶ 45). They noted that the development of a centralized database covering public enterprises' and government guaranteed debt is well advanced, and its finalization (end-June 2015) will enable a better monitoring of loans contracted by these public entities.
- *Development of the regional secondary market*. The authorities agreed with staff on the crucial need to foster the development of a secondary market to deepen the market and limit the accumulation of foreign exchange risk. Currently, the attractiveness of the regional market for foreign investors willing to buy sovereign bonds in CFA is limited because of the buy and hold nature of this market. Staff urged the authorities to consider the recommendations made by a December 2014 joint World Bank-IMF TA mission to deepen, unify, and add liquidity to the regional market.

B. Structural Reforms: Fostering Private Sector Development

Business climate

19. Notwithstanding recent major improvements in the business climate[7](MEFP, ¶48–50), there remains room for further convergence toward best performers. Discussions focused on two areas:

- *Domestic arrears clearance*. Staff pressed the authorities to rapidly complete the regularization of the remaining audited arrears to suppliers (CFAF 15.5 billion out of CFA 152.9 billion) and the past securitized debt to the banking and non-banking sectors (about CFAF 43 billion or 0.2 percent of GDP out of 142.9 billion or 0.8 percent of GDP). The authorities explained that the remaining arrears creditors have resisted the proposed haircuts and financial terms, but promised to reach out to them to complete the process before the year ends.

[7] Côte d'Ivoire in two years moved from the 177th position to the 147th position in the World Bank's Doing Business report. The 2014 and 2015 reports also ranked Côte d'Ivoire among the 10 best reformers.

- *Commercial courts*. While welcoming the effective operation of the commercial court of Abidjan, staff emphasized the importance of creating other commercial courts in the country and a court of appeal. The authorities indicated that actions are being planned in this regard.
- *Relations with suppliers and taxpayers.* Staff noted with concern that private operators met were claiming that (i) the treasury had recently been paying bills with long delays; and (ii) the tax and customs directorate had been repeatedly harassing larger tax payers. Staff took note of the response of the authorities indicating that no new domestic arrears had been accumulated since 2011, and that larger taxpayers were not subject to any tax harassment. Staff, nevertheless, considers that transparency of tax control procedures should be enhanced.

Financial sector reform (MEFP, ¶41–44)

20. The mission expressed concern over delays, and called on the authorities to step up their reform efforts:

- *Financial sector development strategy*. The implementation of the financial sector development strategy has been held up by the delay in staffing the organizational structure. Staff emphasized that implementing the financial sector development strategy is necessary to foster financial inclusion and access to credit by small and medium-sized enterprises. The authorities highlighted steps already taken to promote financial sector deepening and financial inclusion (laws and regulations on treasury bond primary dealers and credit bureaus, preparation of a draft law on leasing, measures to provide certain bank services free of charge and to improve the financial position of microfinance institutions, and announced that the process of appointing the program project manager is in its final stage.
- *Restructuring of public banks*. Staff welcomed the resolution of the *Banque pour le Financement de l'Agriculture* (BFA) in September 2014 and the government's sale of most of its share in the capital of *Société Ivoirienne de Banque* (SIB) in February 2015. However, staff pushed for prompt action on the remaining ailing public banks to minimize the fiscal cost of their restructuring and reduce vulnerabilities in the banking system.

Energy sector (MEFP, ¶15, 38–39)

21. The authorities and staff agreed on a course of actions to improve the financial situation in the energy sector:

- *Electricity sector*. While the financial situation of the sector has improved following a series of measures taken over the last three years (e.g., better targeting of the social tariff, increase in export prices, fight against fraud, etc.), it remains fragile. Staff noted that, in due course, additional measures should be considered to strengthen the financial sustainability of the sector. The authorities indicated that the coming on stream of several projects in the near future will help by reducing the cost of generating electricity.

- *Oil sector companies*. The fragile financial situation of the oil refinery (SIR) and the state-owned oil company (Petroci), which was compounded by the large amounts of government IOUs on their balance sheets, was exacerbated, by the impact of rapidly falling international oil prices and the appreciation of the US dollar. The two companies made large losses in 2014, and Petroci was unable to pay its taxes and 2013 dividends. The mission reached understandings with the authorities on (i) the settlement of cross arrears between the government and Petroci and an increase in the electricity subsidy in 2015 to reflect the higher use of HVO in 2014; and (ii) the payment in cash of IOUs to SIR in an amount of CFAF 56.9 billion by end-June 2015 (structural benchmark) which would be financed through a bond issuance on the regional market.[8] Further, the authorities committed themselves to the timely payment of HVO (heavy fuel) bills owed to these companies. These measures will give some breathing room to SIR and Petroci pending the adoption of longer-term solutions after the completion of strategic audits for Petroci (underway) and SIR (to be launched; structural benchmark).

C. Other Issues

Improving the statistical system

22. Significant weaknesses in the statistical system cloud the precise measurement of growth performance (see paragraph 1). The lack of source data in a few sectors (e.g., subsistence agriculture, construction and public works, real estate services) leads to the use of proxies or recourse to statistical methodologies (focus groups) that provide only imprecise measurements. Difficulties are compounded by (i) staffing and capacity constraints at the National Statistical Office (INS); and (ii) occasional errors made in the compilation of national accounts. In particular, in 2014, staff identified weaknesses in the 2012 national accounts, the latest year for which final estimates have been produced, concerning the computation of nominal taxes on products along with some unexplained movements in sector value added in real terms, which directly affect GDP growth.

23. The authorities and staff agreed that the production of quality economic data needs to be significantly upgraded to strengthen decision-making. The government in particular requested technical assistance from STA to diagnose the key weaknesses in the production of source date and the compilation of national accounts, and a mission is planned for the first quarter of FY16. Notwithstanding, staff regretted that the weaknesses identified in the national accounts for 2012 had not been addressed before the ongoing finalization of the national accounts for 2013. More broadly, as Côte d'Ivoire now has access to international financial markets, the authorities should upgrade and disseminate economic data to facilitate monitoring by private investors and credit rating agencies.

[8] In effect a change in the composition of domestic debt from IOUs to treasury bonds.

National Development Plan

24. The government has issued a progress report on the implementation of the 2012–15 National Development Plan (MEFP, ¶18). This report, prepared in broad consultation with stakeholders and development partners, describes Côte d'Ivoire's achievements in macroeconomic, structural and social policies. Overall, Côte d'Ivoire has achieved strong economic growth, restored macroeconomic stability and made significant inroads in structural reforms and poverty reduction. However, challenges remain to consolidate peace and strengthen social cohesion.

PROGRAM MONITORING, FINANCING AND RISKS

25. The authorities have requested modifications to end-June performance criteria (primary basic balance and net domestic financing), and indicative targets, in light of the revised fiscal projections (MEFP, Table 1). The continuous ceiling on non-concessional borrowing has been increased by $793 million to accommodate an external loan to finance the extension of the Port d'Abidjan.[9] New structural benchmarks on PFM, financial sector reform and business climate are proposed for the remainder of 2015 (MEFP, Table 2).[10]

26. The program is fully financed. There are firm commitments from multilateral partners to cover the projected financing gap.

27. Risks to the attainment of the program's objectives are moderate. On the domestic front, deterioration in the political and/or security situation, as well as the persistence of Ebola[11] outbreak in neighboring countries, could delay private investment decisions in the short term. Social tensions marked by periodic strikes in the public sector and the unfinished political reconciliation agenda involve some risks in the run up to the 2015 elections. Given significant weaknesses in the statistical system, there are risks that the recent and near-term growth outlook could be somewhat optimistic, which could complicate fiscal management in 2015. However, the political climate has been improving noticeably over the last four years and the occurrence of major violent incidents linked to the elections seems to a fairly unlikely scenario. Overall, staff assesses risks to the program as manageable. The authorities agreed to carefully reexamine revenue projections at the time of the eighth review mission in September and adjust expenditures as necessary to achieve the fiscal targets. Furthermore, the strong implementation of the program since 2011 lends credibility to the government's commitment to stay on course with the ECF-supported program despite the electoral context.

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[9] The TMU formerly included an adjuster to provide for such borrowing, should financing not be available on concessional terms. Including this and other programmed borrowing, Cote d'Ivoire's risk of external debt distress remains unchanged at moderate.

[10] The end-June 2015 structural benchmark to adopt an action plan to settle cross-debts of the energy sector has been replaced by two new benchmarks (also end-June 2015) to settle the stock of debt to SIR and Petroci and to clarify payment obligations for heavy fuel oil.

[11] Recent progress toward containing the Ebola crisis in neighboring countries, coupled with precautionary measures in Côte d'Ivoire, limit the risk of major economic disruptions.

STAFF APPRAISAL

28. The authorities are to be commended for continued strong macroeconomic performance under the Fund-supported program. Over 2012–14, the growth in real GDP per capita has reached 20 percent. All performance criteria and all but one indicative targets for end-2014 were met. Significant progress has been made toward improving the business climate and the tax administration, and some inroads have been made towards public bank restructuring.

29. Sustaining high growth rates will require further reforms to improve the business climate. This calls for further efforts including the creation of other commercial courts in the country and of a commercial court of appeal, the reduction of domestic payments delays, and the improvement of relations between tax payers and tax collection agencies through enhanced transparency in tax control procedures. This also calls for implementing the financial sector development strategy to foster access to credit by SMEs.

30. Staff considers that the fiscal stance for 2015 remains appropriate despite emerging budgetary pressures. It welcomes the fact that the proposed adjustments to the 2015 budget include additional revenues and spending cuts allowing limiting the deterioration of the basic primary and of the overall deficit to 0.3 percent of GDP (i.e., the amount of extra budgetary spending put on budget). It also welcomes the fact that the 2015 overall budget deficit is, in CFA francs, similar to the amount projected at the time of the 6th review. Despite the adjustments, the budget remains broadly growth-friendly and pro-poor, with significant increases in public investment and poverty-reduction expenditures. Staff calls on the authorities to stick to these fiscal objectives despite budget pressures and the electoral context. It emphasizes the need to control increases in current spending over the medium term, and take forceful actions to put the energy sector on a more solid financial footing to limit corresponding fiscal risks.

31. The recent discovery of extra-budgetary spending is worrisome. Staff notes the assurances provided by the authorities that they do not have knowledge of any further extra budgetary spending other than the amounts reported in this review. It welcomes the Communication in the April 23, 2015 Council of Ministers reaffirming that extra budgetary spending should be avoided. It, however, calls on the government to remain vigilant and to strictly respect its commitment to forcefully apply the provisions of the 1998 decree aimed at avoiding extra budgetary spending, including through disciplinary, civil, and penal sanctions of the contraveners. Furthermore, staff, welcomes the authorities' initiative to launch audits of extra-budgetary spending undertaken before 2011.

32. While welcoming actions taken to improve PFM and public debt management, further steps are urgently needed. In particular, staff urges the authorities to broaden the budget's scope to ensure that it covers all governmental activities and to avoid that public entities borrow to execute expenditures that should normally be included in the budget. It presses them to reduce further the sizable amount of public spending undertaken through exceptional spending procedures, notably treasury advances. It calls on the government to pay close attention to the accumulation of debt by public sector entities. The implementation of the long-delayed restructuring of the public debt directorate into front-, middle-, and back-office and the setting up of a centralized database covering public enterprises' and government guaranteed debt are steps needed to strengthen debt management. Furthermore, the deepening of the regional fixed-income market and the development of a secondary market are crucial to limiting foreign exchange risk on public borrowing in the future.

33. Staff supports the authorities' commitment to address weaknesses in the national accounts statistics. Staff urges them to strengthen staffing and capacity at the INS, address information gaps on several economic sectors, review the compilation of national account statistics, and correct weaknesses identified in the final accounts for 2012. More broadly, Côte d'Ivoire should upgrade and disseminate its economic data to facilitate monitoring by private investors and credit rating agencies. Staff is encouraged by the authorities' request for technical assistance as it reflects their willingness to address this issue.

34. Staff supports the authorities' requests for the modification of the end-June 2015 performance criteria. It recommends completion of the seventh review and the disbursement of an amount equivalent to SDR 48.78 million.

Table 1. Côte d'Ivoire: Selected Economic Indicators, 2012–17

	2012	2013	2014		2015		2016	2017
	Est.	Est.	Prog.	Est.	Prog.	Proj.	Proj.	
	(Annual percentage changes, unless otherwise indicated)							
National income								
GDP at constant prices	10.7	8.7	8.0	7.9	8.0	7.9	7.7	7.4
GDP deflator	4.4	2.0	4.6	0.6	5.1	1.9	1.7	1.8
Consumer price index (annual average)	1.3	2.6	0.6	0.4	2.6	1.2	1.5	1.8
Consumer price index (end of period)	3.4	0.4	1.6	0.9	1.6	0.9	1.8	2.0
External sector (on the basis of CFA francs)								
Exports, f.o.b., at current prices	-4.1	-0.6	12.3	9.9	11.7	-6.4	7.5	5.0
Imports, f.o.b., at current prices	35.8	0.0	2.6	5.7	7.9	-6.8	7.1	7.9
Export volume	8.2	0.4	5.1	1.9	12.6	7.9	4.7	5.8
Import volume	49.2	3.6	4.9	6.3	9.6	11.9	8.3	7.1
Terms of trade (deterioration –)	-2.6	3.9	9.3	4.3	7.8	26.0	3.8	-1.5
Nominal effective exchange rate	-2.7	4.2	...	2.6	...	...	...	...
Real effective exchange rate (depreciation –)	-4.1	4.5	...	1.0	...	...	...	...
Central government operations								
Total revenue and grants	51.9	16.0	11.5	8.4	13.6	16.1	9.8	10.8
Total expenditure	38.3	10.9	11.8	8.4	19.5	22.7	8.8	10.1
	(Changes in Percent of Beginning-of-Period Broad Money)							
Money and credit								
Money and quasi-money (M2)	4.4	11.6	17.1	15.9	17.8	14.3	14.0	14.0
Net foreign assets	-5.5	0.1	1.3	3.9	4.0	3.0	3.8	4.0
Net domestic assets	9.8	11.5	15.8	12.0	13.8	11.3	10.3	10.0
Of which: government	5.5	3.5	2.0	3.4	1.1	-0.5	0.2	0.7
Of which: private sector	5.3	10.6	13.8	11.2	12.7	11.8	10.0	9.2
	(Percent of GDP unless otherwise indicated)							
Central government operations								
Total revenue and grants	18.9	19.8	19.6	19.8	19.6	20.9	20.9	21.2
Total revenue	18.4	18.5	17.7	17.9	17.7	18.8	19.0	19.4
Total expenditure	22.1	22.1	21.8	22.0	23.0	24.6	24.4	24.6
Overall balance, incl. grants, payment order basis	-3.1	-2.3	-2.3	-2.3	-3.4	-3.7	-3.5	-3.4
Primary basic balance [1/]	-1.2	-0.1	-0.5	-0.5	-0.2	-0.5	0.3	0.5
Gross investment	16.5	17.0	17.3	16.8	18.5	18.3	18.2	18.8
Central government	4.5	6.1	6.3	6.0	7.5	7.5	7.4	7.3
Nongovernment sector	12.0	11.0	11.0	10.8	11.0	10.8	10.9	11.5
Gross domestic saving	20.6	20.0	19.2	19.7	21.4	21.1	20.7	20.1
Central government	1.9	3.2	2.7	2.4	2.7	2.6	3.3	3.5
Nongovernment sector	18.7	16.8	16.5	17.2	18.7	18.5	17.5	16.5
Gross national saving	15.3	15.7	14.2	16.1	16.6	17.6	17.0	16.2
Central government	1.3	3.8	4.0	3.7	4.1	3.8	3.9	4.0
Nongovernment sector	13.9	11.8	10.2	12.4	12.5	13.8	13.1	12.2
External sector								
Current account balance (including official transfers)	-1.2	-1.4	-3.1	-0.7	-1.9	-0.7	-1.3	-2.6
Current account balance (excluding official transfers)	-1.8	-2.7	-5.0	-2.5	-3.8	-2.8	-3.2	-4.5
Overall balance	-2.6	0.4	-0.4	0.6	0.7	-0.4	0.7	0.9
Gross public debt [2/]	44.5	43.7	39.9	46.6	39.4	45.6	43.9	42.2
External public debt [3/]	28.0	26.4	26.5	27.9	27.6	31.6	30.6	29.5
External public debt (excluding C2D)	17.2	16.4	18.9	19.1	21.6	26.9	26.4	25.6
Public external debt-service due (CFAF billions)	245	243	326	324	386	413	490	560
Percent of exports of goods and services	3.7	3.8	4.2	4.6	5.0	5.3	5.9	6.5
Percent of government revenue	9.7	8.6	10.5	10.8	12.3	12.0	12.8	13.2
Memorandum items:								
Nominal GDP (CFAF billions)	13,835	15,346	17,333	16,655	19,670	18,303	20,045	21,914
Nominal exchange rate (CFAF/US$, period average)	510	494	484	494				
Nominal GDP at market prices (US$ billions)	27.1	31.1	35.8	33.7	40.3	31.6	34.6	38.2
Population (million)	21.5	22.1	24.8	22.7	25.5	23.3	23.9	24.5
Population growth (percent)	2.6	2.6	3.0	2.6	3.0	2.6	2.6	2.6
Nominal GDP per capita (CFAF thousands)	642	694	699	735	770	787	840	895
Nominal GDP per capita (US$)	1,259	1,406	1,444	1,489	1,578	1,358	1,451	1,561
Real GDP per capita growth (percent)	8.1	6.1	5.0	5.3	5.0	5.3	5.1	4.8
Poverty rate (in percent)	48.9	...	...	...	...	...	...	...

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

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

[2/] Central government only.

[3/] Currency definition.

Table 2. Côte d'Ivoire: Balance of Payments, 2012–17
(Billions of CFA Francs; unless otherwise indicated)

	2012	2013	2014		2015		2016	2017
	Est.	Est.	Prog.	Est.	Prog.	Proj.	Projections	
Current account	-164	-209	-533	-109	-374	-127	-256	-572
Current account excl. grants	-245	-410	-859	-413	-750	-503	-640	-979
Trade balance	1,566	1,479	1,731	1,814	2,149	2,017	2,183	2,114
Exports, f.o.b.	6,189	5,953	6,969	6,538	7,846	7,185	7,713	8,021
Of which: cocoa	1,722	1,932	2,400	2,431	2,392	2,719	2,752	2,588
Of which: crude oil and refined oil products	2,004	1,693	1,584	1,447	1,475	1,210	1,455	1,581
Imports, f.o.b.	4,624	4,474	5,239	4,724	5,698	5,168	5,530	5,907
Of which: crude oil	1,405	1,445	1,414	1,597	1,284	1,193	1,417	1,565
Services (net)	-994	-1,026	-1,402	-1,331	-1,583	-1,499	-1,682	-1,839
Primary Income (net)	-470	-445	-726	-555	-792	-647	-732	-807
Of which: interest on public debt	153	99	89	94	114	148	254	305
Secondary Income (net)	-266	-217	-135	-36	-147	2	-26	-41
General Government	-22	65	289	269	335	338	342	361
Other Sectors	-244	-282	-425	-306	-482	-336	-368	-402
Capital and financial account	-199	269	472	204	511	51	388	763
Capital account	0	0	0	0	0	0	0	0
Financial account	-199	269	472	204	511	51	388	763
Foreign direct investment	161	198	472	324	580	393	491	646
Portfolio investment, net	73	86	17	50	20	18	20	22
Acquisition of financial assets	-4	-1	-1	-1	-1	0	0	0
Incurrence of liabilities	-76	-88	-18	-51	-21	-19	-20	-22
Other investment, net	-433	-15	-18	-170	-88	-360	-123	94
Official, net	-262	76	382	354	719	737	237	235
Project loans	54	220	260	249	462	402	509	524
Other loans	0	0	353	357	490	572	0	0
Central government amortization due	316	144	230	226	233	236	272	289
Nonofficial, net	-170	-91	-400	-524	-807	-1,097	-359	-141
Errors and omissions	0	0	0	0	0	0	0	0
Overall balance	-362	60	-61	95	137	-76	131	191
Financing	362	-60	61	-95	-137	76	-131	-191
Reserve assets, includes reserve position in the Fund	362	-60	-38	-93	-269	-50	-286	-358
Operations account	266	-133	-71	-72	-240	-22	-252	-294
IMF (net)	96	72	33	33	-29	-29	-34	-63
Disbursements	101	72	36	36	0	0	0	0
Repayments	-5	0	-3	-3	-29	-29	-34	-63
Financing gap	0	0	99.0	-1.7	131.3	126.2	154.1	167.2
Possible financing 2011-14 (excluding IMF)	...	...	50.5	0.0	58.5	46.4	0.0	0.0
Residual gap	...	...	48.4	-1.7	72.8	79.8	154.1	167.2
Of which: IMF-ECF 1/	...	...	48.4	0.0	72.8	79.8	0.0	0.0
Memorandum items:								
Overall balance (percent of GDP)	-2.6	0.4	-0.4	0.6	0.7	-0.4	0.7	0.9
Current account inc. grants (percent of GDP)	-1.2	-1.4	-3.1	-0.7	-1.9	-0.7	-1.3	-2.6
Current account exc. grants (percent of GDP)	-1.8	-2.7	-5.0	-2.5	-3.8	-2.8	-3.2	-4.5
Trade balance (percent of GDP)	11.3	9.6	10.0	10.9	10.9	11.0	10.9	9.6
Gross imputed official reserves (stock - end of year)	1,297	1,300	1,370	1,546	1,628	1,736	2,009	2,343
(months of imports of goods and services)	2.6	2.7	2.2	2.6	2.2	2.9	3.1	3.4
(percent of broad money)	12.4	11.8	10.4	11.2	9.6	9.8	10.1	10.4
WAEMU gross official reserves (billions of US$)	24.2	27.8	...	30.5	...	34.7	...	...
(percent of broad money)	58.6	51.8	...	46.2	...	41.1	...	...
(months of WAEMU imports of GNFS)	5.0	4.7	...	4.6	...	4.5	...	...
Nominal GDP (billions of CFA francs)	13,835	15,346	17,333	16,655	19,670	18,303	20,045	21,914
Exchange rate (CFAF/US$) average	510	494	484	494				
Exchange rate (CFAF/US$) end-of-period	500	479	491	532				

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

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

Table 3a. Côte d'Ivoire: Fiscal Operations of the Central Government, 2012–17
(Billions of CFA francs, unless otherwise indicated)

	2012	2013	2014		2015		2016	2017
	Est.	Est.	Prog.	Est.	Prog.	Proj.	Projections	
Total revenue and grants	2,621.4	3,039.5	3,390.0	3,293.4	3,851.0	3,824.4	4,197.8	4,652.1
Total revenue	2,540.2	2,838.0	3,064.6	2,989.4	3,474.8	3,448.2	3,814.6	4,245.3
Tax revenue	2,213.0	2,408.6	2,645.9	2,573.3	2,942.4	2,881.1	3,265.7	3,638.0
Direct taxes	720.4	765.5	785.1	741.1	889.4	820.3	912.0	1,035.0
Indirect taxes	1,492.5	1,643.1	1,860.8	1,832.2	2,053.0	2,060.7	2,353.6	2,603.0
Nontax revenue	327.2	429.5	418.6	416.1	532.4	567.1	548.9	607.3
Grants	81.2	201.5	325.4	304.0	376.2	376.2	383.2	406.7
Total expenditure	3,054.0	3,385.6	3,784.8	3,669.5	4,523.1	4,500.9	4,896.0	5,388.1
Current expenditure	2,436.0	2,451.4	2,689.4	2,677.8	3,053.6	3,123.3	3,416.2	3,779.0
Wages and salaries	934.6	1,038.9	1,175.7	1,183.3	1,347.4	1,328.4	1,470.0	1,560.0
Subsidies and other current transfers	410.6	325.0	312.5	304.1	324.6	380.3	420.9	504.0
Other current expenditure	572.1	545.2	687.4	656.1	773.5	793.9	781.8	876.6
Of which: Ebola	0.0	0.0	2.9	0.0	35.5	35.5	0.0	0.0
Crisis-related expenditure	56.5	75.4	47.5	62.2	55.6	55.6	0.0	0.0
Interest due	233.0	214.8	207.3	213.6	286.5	301.9	402.8	460.9
On domestic debt	79.6	115.6	118.5	119.5	172.9	154.0	148.9	155.5
On external debt	153.4	99.1	88.8	94.2	113.6	147.8	253.9	305.4
Capital expenditure	615.8	934.2	1,095.4	994.2	1,469.5	1,377.7	1,479.8	1,609.1
Domestically financed	510.3	618.0	667.0	608.0	784.8	753.0	734.0	809.4
Foreign-financed	105.5	316.2	428.4	386.1	684.7	624.7	745.7	799.7
Primary basic balance	-170.4	-11.6	-81.6	-80.4	-41.6	-90.7	67.1	117.8
Overall balance, including grants	-432.7	-346.1	-394.8	-376.1	-672.1	-676.6	-698.2	-736.0
Overall balance, excluding grants	-513.9	-547.5	-720.2	-680.1	-1,048.3	-1,052.8	-1,081.4	-1,142.8
Change in domestic arrears and float (excl. on debt service)	190.7	39.7	-120.0	-162.4	-100.0	-50.0	-55.3	-40.0
Overall balance (cash basis)	-242.0	-306.3	-514.8	-538.5	-772.1	-726.6	-753.5	-776.0
Financing	307.0	306.3	514.8	538.5	772.1	726.6	753.5	776.0
Domestic financing	158.1	24.3	-185.9	10.8	-117.9	-207.0	67.4	59.0
Bank financing (net)	192.0	134.2	-39.3	131.9	-97.4	-113.7	18.0	-0.9
Nonbank financing (net)	-33.9	-109.9	-146.6	-121.2	-20.4	-93.3	49.4	59.9
External financing	245.7	273.9	601.8	529.4	758.7	807.4	532.0	549.8
Financing gap (+ deficit / – surplus)	0.0	0.0	98.9	0.0	131.3	126.2	154.1	167.2
Possible financing 2011-14 (excluding IMF)	...	...	...	...	58.5	46.4	0.0	0.0
World Bank	...	...	...	...	45.0	44.9	...	...
AfDB	...	...	...	...	1.5	1.5	...	...
Residual gap	...	...	...	...	72.8	79.8	154.1	167.2
Of which : IMF-ECF [1/]	...	...	...	...	72.8	79.8	0.0	0.0
Memorandum items:								
Nominal GDP - Fiscal Year	13,835	15,346	17,333	16,655	19,670	18,303	20,045	21,914
External debt (central government)	3,874	4,045	4,569	4,651	5,360	5,787	6,139	6,466
Pro-poor spending (including foreign financed)	980	1,337	1,522	1,622	1,716	1,716	...	...

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

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

Table 3b. Côte d'Ivoire: Fiscal Operations of the Central Government, 2012–17
(Percent of GDP, unless otherwise indicated)

	2012	2013	2014		2015		2016	2017
	Est.	Est.	Prog.	Est.	Prog.	Proj.	Projections	
Total revenue and grants	18.9	19.8	19.6	19.8	19.6	20.9	20.9	21.2
Total revenue	18.4	18.5	17.7	17.9	17.7	18.8	19.0	19.4
Tax revenue	16.0	15.7	15.3	15.5	15.0	15.7	16.3	16.6
Direct taxes	5.2	5.0	4.5	4.4	4.5	4.5	4.5	4.7
Indirect taxes	10.8	10.7	10.7	11.0	10.4	11.3	11.7	11.9
Nontax revenue	2.4	2.8	2.4	2.5	2.7	3.1	2.7	2.8
Grants	0.6	1.3	1.9	1.8	1.9	2.1	1.9	1.9
Total expenditure	22.1	22.1	21.8	22.0	23.0	24.6	24.4	24.6
Current expenditure	17.6	16.0	15.5	16.1	15.5	17.1	17.0	17.2
Wages and salaries	6.8	6.8	6.8	7.1	6.8	7.3	7.3	7.1
Subsidies and other current transfers	3.0	2.1	1.8	1.8	1.7	2.1	2.1	2.3
Other current expenditure	4.1	3.6	4.0	3.9	3.9	4.3	3.9	4.0
Of which: Ebola	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0
Crisis-related expenditure	0.4	0.5	0.3	0.4	0.3	0.3	0.0	0.0
Interest due	1.7	1.4	1.2	1.3	1.5	1.6	2.0	2.1
On domestic debt	0.6	0.8	0.7	0.7	0.9	0.8	0.7	0.7
On external debt	1.1	0.6	0.5	0.6	0.6	0.8	1.3	1.4
Capital expenditure	4.5	6.1	6.3	6.0	7.5	7.5	7.4	7.3
Domestically financed	3.7	4.0	3.8	3.7	4.0	4.1	3.7	3.7
Foreign-financed	0.8	2.1	2.5	2.3	3.5	3.4	3.7	3.6
Primary basic balance	-1.2	-0.1	-0.5	-0.5	-0.2	-0.5	0.3	0.5
Overall balance, including grants	-3.1	-2.3	-2.3	-2.3	-3.4	-3.7	-3.5	-3.4
Overall balance, excluding grants	-3.7	-3.6	-4.2	-4.1	-5.3	-5.8	-5.4	-5.2
Change in domestic arrears (excl. on debt service)	1.4	0.3	-0.7	-1.0	-0.5	-0.3	-0.3	-0.2
Overall balance (cash basis)	-1.7	-2.0	-3.0	-3.2	-3.9	-4.0	-3.8	-3.5
Financing	2.2	2.0	3.0	3.2	3.9	4.0	3.8	3.5
Domestic financing	1.1	0.2	-1.1	0.1	-0.6	-1.1	0.3	0.3
Bank financing (net)	1.4	0.9	-0.2	0.8	-0.5	-0.6	0.1	0.0
Nonbank financing (net)	-0.2	-0.7	-0.8	-0.7	-0.1	-0.5	0.2	0.3
External financing	1.8	1.8	3.5	3.2	3.9	4.4	2.7	2.5
Financing gap (+ deficit / – surplus)	0.0	0.0	0.6	0.0	0.7	0.7	0.8	0.8
Possible financing 2011-14 (excluding IMF)	...	...	...	...	0.3	0.3	0.0	0.0
World Bank grant	...	...	...	...	0.2	0.2	...	...
AfDB grant	...	...	...	...	...	0.0	...	...
Residual gap	...	...	...	...	0.4	0.4	0.8	0.8
Of which : IMF-ECF [1/]	...	...	...	...	0.4	0.4	0.0	0.0
Memorandum items:								
External debt (central government)	28.0	26.4	26.4	27.9	27.3	31.6	30.6	29.5
Pro-poor spending (including foreign financed)	7.1	8.7	8.8	9.7	...	...	...	...

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

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

Table 4. Côte d'Ivoire: Monetary Survey, 2012–17

	2012	2013	2014	2015	2016	2017
	Est.	Est.	Proj.	Proj.	Projections	
	(Billions of CFA francs)					
Net foreign assets	1,556	1,559	1,772	1,962	2,234	2,569
Central bank	1,297	1,300	1,546	1,736	2,009	2,343
Banks	259	259	226	226	226	226
Net domestic assets	3,356	3,922	4,579	5,294	6,040	6,867
Net credit to the government	1,133	1,307	1,490	1,457	1,475	1,537
Central Bank	632	646	591	645	613	616
Bank	501	661	900	813	862	921
Credit to the economy	2,308	2,831	3,446	4,194	4,923	5,688
Crop credits	156	186	276	286	288	271
Other credit (including customs bills)	2,152	2,644	3,171	3,908	4,634	5,417
Other items (net) (assets = +)	-86	-215	-358	-358	-358	-358
Broad money	4,911	5,481	6,351	7,256	8,274	9,435
Currency in circulation	1,591	1,748	1,864	2,130	2,429	2,770
Deposits	3,251	3,679	4,424	5,055	5,764	6,573
Other deposits	69	54	62	71	81	92
Memorandum item:						
Velocity of circulation	2.8	2.8	2.6	2.5	2.4	2.3
	(Changes in percent of beginning-of-period broad money)					
Net foreign assets	-5.5	0.1	3.9	3.0	3.8	4.0
Net domestic assets	9.8	11.5	12.0	11.3	10.3	10.0
Net credit to the government	5.5	3.5	3.4	-0.5	0.2	0.7
Central bank	2.2	0.3	-1.0	0.8	-0.4	0.0
Banks	3.4	3.3	4.4	-1.4	0.7	0.7
Credit to the economy	5.3	10.6	11.2	11.8	10.0	9.2
Broad money	4.4	11.6	15.9	14.3	14.0	14.0
	(Changes in percent of previous end-of-year)					
Net foreign assets	-14.2	0.2	13.7	10.7	13.9	15.0
Net domestic assets	16.0	16.9	16.7	15.6	14.1	13.7
Net credit to the government	29.6	15.3	14.1	-2.2	1.2	4.2
Central bank	19.1	2.2	-8.5	9.1	-4.9	0.4
Banks	45.9	31.8	36.1	-9.7	6.0	6.9
Credit to the economy	12.4	22.6	21.7	21.7	17.4	15.5
Broad money	4.4	11.6	15.9	14.3	14.0	14.0

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

Table 5. Côte d'Ivoire: External Financing Requirements, 2012–16
(Billions of CFA francs)

	2012	2013	2014		2015		2016
	Est.	Est.	Prog.	Est.	Prog.	Proj.	Proj.
External financing requirements	-125.2	-253.5	-995.2	-1037.2	-1401.8	-1690.9	-729.8
Current account balance (excluding official transfers)	-244.9	-410.3	-858.5	-412.7	-749.8	-503.3	-639.6
Amortization[1/]	-316.2	-144.2	-229.7	-226.0	-232.6	-236.3	-272.3
Of which : government	-316.2	-144.2	-229.7	-226.0	-232.6	-236.3	-272.3
Fund repayments	5.5	0.0	3.4	3.5	28.5	28.5	34.0
Private capital, net	62.6	192.5	89.7	-150.5	-207.6	-685.3	151.2
Change in net external reserves without IMF (- = increase	367.7	108.5	0.0	-251.6	-240.3	-294.5	-3.1
Available financing	133.3	357.0	938.4	912.0	1287.2	1312.1	870.2
Project financing	54.0	219.9	259.6	249.1	461.8	401.8	508.9
Program financing	...	...	353.0	357.0	490.0	572.1	0.0
Fund disbursements	101.5	72.4	36.4	36.4	0.0	0.0	0.0
Official transfers	-22.1	64.6	289.4	269.4	335.4	338.2	361.2
Financing gap	...	...	-98.9	1.7	-131.3	-126.2	-154.1
Expected sources of financing	...	...	57.0	57.0	58.4	46.4	0.0
World Bank	...	...	25.0	25.0	45.0	44.9	0.0
AfDB	...	...	14.0	14.0	1.5	1.5	0.0
EU	...	...	18.0	18.0	12.0	0.0	0.0
Debt relief	...	...	0.0	0.0	0.0	0.0	0.0
Residual gap	...	...	48.4	-1.7	72.8	79.8	154.1
Possible IMF ECF	...	...	48.4	0.0	72.8	79.8	0.0

Sources: Ivoirien authorities; IMF staff estimates and projections.

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

Table 6. Côte d'Ivoire: Financial Soundness Indicators for the Banking Sector, 2010–14

	2010	2011	2012	2013	June 2014	Dec. 2014
Capital adequacy						
Risk-weighted capital to assets ratio	12.5	9.7	8.6	9.2	7.7	10.1
Asset quality						
Total loans/total assets	59.02	52.22	52.12	55.40	54.21	58.29
Concentration of loans to the 5 biggest borrowers to capital	217.27	264.97	129.46	91.11	138.72	293.14
Nonperforming loans (NPLs) (gross)/total loans	17.11	16.87	15.53	12.30	11.93	10.44
Provisions/NPLs	75.50	71.81	78.66	73.57	71.95	77.09
NPLs net of provisions/total loans	4.81	5.41	3.77	3.57	3.66	2.65
NPLs net of provisions/capital	72.70	108.82	49.46	48.96	50.34	28.18
Earnings and profitability						
Return on assets (net income/total assets)	0.01	0.10	0.49	1.21	...	...
Return on net income (net income/equity)	-9.30	1.60	7.08	17.36	...	...
Personnel costs/net revenu	31.88	32.80	29.82	28.87	...	...
Liquidity						
Liquid assets/total assets	40.70	36.68	35.28	37.14	35.02	49.83
Liquid assets/total deposits	53.28	46.22	46.11	49.97	46.82	67.52
Loans/deposits	88.95	74.87	77.59	81.96	79.28	78.97

Source: BCEAO.

Table 7. Côte d'Ivoire: Proposed Schedule of Disbursements and Timing of Reviews Under the ECF Arrangement

(SDR 2011–15millions), 2011–15

In percent of quota	Amount	Date of availability	Condition for disbursement
25.00	81.30	November 4, 2011	Executive Board approval of the three-year arrangement under the ECF.
20.00	65.04	April 1, 2012	Observance of PCs for end-December 2011, continuous PCs and completion of the first review under the ECF arrangement.
20.00	65.04	October 1, 2012	Observance of PCs for end-June 2012, continuous PCs and completion of the second review under the ECF arrangement.
15.00	48.78	April 1, 2013	Observance of PCs for end-December 2012, continuous PCs and completion of the third review under the ECF arrangement.
15.00	48.78	December 6, 2013	Observance of PCs for end-June 2013, continuous PCs and completion of the fourth review under the ECF arrangement.
15.00	48.78	April 1, 2014	Observance of PCs for end-December 2013, continuous PCs and completion of the fifth review under the ECF arrangement.
20.00	65.04	October 1, 2014	Observance of PCs for end-June 2014, continuous PCs and completion of the sixth review under the ECF arrangement.
15.00	48.78	April 1, 2015	Observance of PCs for end-December 2014, continuous PCs and completion of the seventh review under the ECF arrangement.
15.00	48.78	October 1, 2015	Observance of performance criteria for end-June 2015, continuous PCs and completion of the eighth review under the ECF arrangement.
160.00	520.32	**TOTAL**	

Appendix I. Letter of Intent

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

CABINET

Republic of Côte d'Ivoire

Union-Discipline-Travail

N°2097/MPMEF/CAB/DGE/DCPE/SPEF/HS

Abidjan, May 19, 2015

Managing Director of the
International Monetary Fund
WASHINGTON DC, 20431

Subject: Letter of Intent

Madame Managing Director:

1. Côte d'Ivoire has made considerable progress since the end of the post-election crisis in 2011, thus putting the country on a path to strong, sustainable, and inclusive growth. On the economic front, implementation of the National Development Plan (PND 2012–15) has resulted in the completion of the first major infrastructure projects related to transport, communication, and water supply. On the political front, political institutions, such as the Independent Electoral Commission, have been reinforced and have the confidence of all political parties and the civil society. Building on this progress, Côte d'Ivoire will hold free, democratic, and transparent presidential elections at the constitutionally scheduled date in 2015.

2. The attached Memorandum of Economic and Financial Policies (MEFP) describes the progress made under the program and the outlook and policies for 2015. Implementation of the program supported by an arrangement under the Extended Credit Facility was satisfactory in 2014. All the performance criteria and indicative targets at end-December 2014 were met with the exception of the indicative target on fiscal revenue. In terms of macroeconomic performance, with GDP growing at 8.5 percent in 2014 (after 10.7 percent in 2012 and 9.2 percent in 2013)

Côte d'Ivoire continues to be ranked among the countries with the highest growth in the world. Buoyed by these good economic outcomes, per capita GDP has risen by more than 21 percent over three years. In addition to public investment, this performance reflects the marked increase in private investment associated with the improved business climate, resulting from simplified business start-up procedures, tax incentives included in the new investment code, the existence of a legal and institutional framework for settling commercial disputes, and the empowerment and activation of the public-private sector consultation committee, all of which continue to bear fruit.

3. In accordance with our vision of turning Côte d'Ivoire into an emerging country by 2020 and substantially reducing poverty, the government will seek to maintain strong, sustainable growth in a stable macroeconomic framework. In 2015, we expect the dynamic growth trend that has been ongoing since 2012 to persist, with a GDP growth rate of 9.4 percent and a moderate inflation rate of 1.7 percent. This goal would be supported by the implementation of structural measures and the completion of the National Development Plan (PND 2012–15) whose implementation has created the economic foundations needed for sustainable development. In the medium term, a new PND 2016–20, based on private investment, is expected to facilitate the structural transformation of the economy and substantially lower the poverty rate. Investment is therefore expected to increase from 16.1 percent of GDP in 2014 to 18.6 percent of GDP in 2015, of which 10.7 percent from private investment, while preserving debt sustainability.

4. To take account of developments since the adoption of the 2015 budget law, the government will prepare a draft supplementary budget. The fiscal deficit is projected to reach 3.6 percent (consistent with the program performance criteria). The government requests the modification of the program performance criteria on the primary basic balance and net domestic financing as of end-June 2015, as well as the indicative targets, consistent with the framework of the economic and financial program.

5. The attached Memorandum of Economic and Financial Policies (MEFP), describes the policies we plan to implement to achieve our objectives. In that context, under the seventh program review of the ECF-supported program, we are requesting financial assistance in an amount equivalent to SDR 48.78 million. Further, the government will take any further measures that may be appropriate to meet its objectives. Nonetheless, the government will consult with the IMF on the adoption of these measures and in advance to the revisions to the policies contained in the Memorandum, of Economic and Financial Policies in accordance with the IMF's policies on such consultation.

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

Very truly yours,

/s/

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

Attachments:

- *Supplement to the Memorandum of Economic and Financial Policies*
- *Technical Memorandum of Understanding*

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

May 19, 2015

CONTEXT

1. **Since 2011, Côte d'Ivoire has achieved considerable progress that has placed the country on a path toward strong, sustainable and inclusive growth.** The final stages of implementation of the National Development Plan (2012–15 PND) has resulted in the completion of the first major infrastructure projects undertaken to improve transportation and water supply and to upgrade processing units for coffee, cocoa and cashews. The large-scale structural reforms undertaken in key economic sectors have contributed to promoting and maintaining a trend of sustained economic growth. The GDP growth rates of 10.7 percent, 9.2 percent and 8.5 percent in 2012, 201, and 2014, respectively, have thus allowed Côte d'Ivoire to maintain its position among the countries with the highest growth rates in the world. This high level of economic performance contributed to an increase in per capita GDP of over 21 percent in three years. In addition to public investments, this performance may be attributed to the significant increase in private investments resulting from an improvement in the business climate. The latter continues to improve as a result of the simplification of business start-up procedures, tax incentives contained in the new investment code, the existence of a legal and institutional regulatory framework for commercial disputes, and the upgrading of the committee for dialogue between the public and private sectors. These gains led to a 40 percent increase in foreign direct investment during the period from 2012 to 2014 and the net creation of 43,293 jobs in the formal sector as of end-December 2014. The government intends to continue to support this growth while preserving macroeconomic stability. To this end, it will work to implement the economic and financial program supported by the Extended Credit Facility (EFP-ECF) with an end date of December 31, 2015.

2. **Côte d'Ivoire has consolidated its domestic stability, solidified its status as a leading member of the West African Economic and Monetary Union (WAEMU) and reclaimed its position as the second largest economy of the Economic Community of West African States (ECOWAS) after Nigeria.** At the national level, the conclusion of the work of the Commission for Dialogue, Truth and Reconciliation has paved the way for ensuring that victims are compensated. To that end, a new National Commission for Reconciliation and Compensation of Victims (CONARIV) has been established. At the international level, the return of the headquarters of the African Development Bank to Abidjan in June 2014 has contributed to strengthening the position of

Côte d'Ivoire. In addition, the government has invested heavily in major regional infrastructure projects in the energy and communication sectors to strengthen sub-regional integration.

3. **Côte d'Ivoire will organize free, democratic and transparent elections at the constitutionally scheduled date in 2015**. Members of the Independent Electoral Commission (CEI), the body responsible for organizing the elections, have been appointed by consensus. They represent the major political parties, civil society, and government. The CEI has begun its work with a view to holding the first round of the presidential election in October 2015.

This memorandum first describes the progress made under the economic and financial program in 2014 and then presents the main trends for 2015, as well as medium-term prospects.

RECENT ECONOMIC DEVELOPMENTS AND PROGRAM IMPLEMENTATION

A. Recent Developments in the Macroeconomic Environment

4. **In 2014, economic activity remained strong within a stable macroeconomic environment.**

- **Developments in economic activity were driven by growth in the primary and tertiary sectors.** *The primary sector* registered a growth rate of 12 percent driven primarily by the strong performance of subsistence agriculture, and particularly the significant increase in the production of manioc, yams and corn resulting from the implementation of the National Agricultural Investment Program (PNIA). Agricultural exports also increased by 2.8 percent owing to the strong performance registered in the areas of cashew (+15.8 percent), cotton seed (+13.3 percent), rubber (+9.4 percent) and sugar (+6.9 percent) production. Cocoa production registered a modest increase (+0.3 percent). *The secondary sector* likewise experienced an upward trend underpinned by growth in the public works sector (15.5 percent) and agro-food industries (+8.6 percent). Performance in these areas was hindered by a slowdown of mining, petroleum products and in the energy sector. The latter, despite having registered an increase in electricity production, incurred more costly intermediate consumption of Heavy Vacuum Oil (HVO.) The *tertiary sector* remains primarily driven by retail trade (11.1 percent) and transportation (9.4 percent), particularly air transport, which registered a record number of passengers.
- **Inflation remains low, particularly owing to the decline in food prices. On average, the price index has remained stable compared to 2013, displaying a slight variation of**

0.4 percent as a result of the modest decrease in the price of food products (-2.1 percent) and transportation costs (-0.4 percent). This trend is evidence of the strong performance of subsistence agriculture and the government's efforts to promote better trade flows and improved market supply. Moreover, the price of gas at the pump benefited from the decline in international petroleum prices, a gain resulting from the implementation of the automatic pricing mechanism for petroleum products.

- **The trade balance remained in surplus owing to a marked improvement in the terms of trade and volume of exports**. The terms of trade improved by 3.2 percent as a result of the significant increase in export prices (+5.2 percent) relative to import prices (1.7 percent.) Exports of goods increased by 9.8 percent] owing to increased sales of agro-food and manufacturing products, as well as an increase in agricultural exports. Imports of goods registered an increase of 5.6 percent, owing to a higher demand of consumption and equipment goods.

- **Credit to the private sector continued to increase (+27.4 percent). This growth involved medium- and long-term credits (+30.5 percent), as well as ordinary short-term credits (+13.6 percent).** This development reflects the return of economic agents' confidence and the country's strong economic growth. The ratio of credit to the economy in relation to GDP increased slightly to 20.4 percent.

- **The solidity of the banking system has improved.** Its capital adequacy ratio was recorded at 10.1 percent in December 2014, compared with 9.2 percent in December 2013. In addition, the percentage of non-performing loans decreased from 12.3 percent at end-December 2013 to 10.44 percent at end-December 2014.

- **Formal employment posted a gain of (+6.2 percent) from end-December 2013, a development driven by the private (+6.6 percent) and public (+4.9 percent) sectors.** This gain was largely underpinned by growth in the private sector, where 82 percent of net job creation took place.

- **The stock market continued to grow, owing to the favorable economic outlook and the modernization of the Regional Stock Exchange (BRVM) with the shift to continuous trading. Capitalization of the stock market rose year-on-year by 11.4 percent, with an average increase in trading volume of 75.6 percent from 2013.** This renewed vitality is also evidence of the strong economic performance of Côte d'Ivoire within WAEMU, marked by a 7 percent increase in GDP.

- **The number of business start-ups and rate of private investment have increased significantly.** According to figures from the Investment Promotion Center in Côte d'Ivoire (CEPICI), 6,487 businesses were created at end-December 2014, compared with 2,775 in 2013. Private investment amounted to CFAF 968 billion, representing an increase of 28 percent, and was primarily concentrated in the secondary and tertiary sectors. The overall rate of private investment amounted to 9.9 percent in 2014, compared with 6.7 percent of GDP in 2012 and 8.3 percent of GDP in 2013. This strong performance is indicative of investors' renewed confidence in the Ivoirian economy and of the ongoing improvement in the business climate.

5. The budget balance at end-December 2014 was in line with targets despite the revenue shortfall.

- Total revenues amounted to CFAF 2,989.4 billion (17.7 percent of GDP) compared with the target figure of CFAF 3,064.6 billion (18 percent of GDP), representing a shortfall of CFAF 75.2 billion. The gaps observed in relation to projections may be attributed to (i) a shortfall in VAT revenues owing, among other things, to exemptions stemming from the investment code and higher than predicted VAT refunds; (ii) lower than expected revenues from taxes on income and wages, particularly as a result of low collection from some businesses experiencing cash flow constraints in 2014; (iii) a shortfall in tax revenues from investment income, particularly in view of the higher than predicted level of investment by certain sectors and of reinvested earnings; (iv) shortfalls in income from petroleum and gas; and (v) lower than expected revenues from export duties and taxes owing to the concomitant decline in volume and prices relative to projections. Mobilized revenues nevertheless increased by 5.3 percent relative to end-2013 outturn.
- Total expenditure was lower than predicted, amounting to CFAF 3,669.6 billion (21.7 percent of GDP) compared with the target figure of CFAF 3,784.9 billion (22.2 percent of GDP). Operating expenditure (excluding staff-related expenditure, subsidies and post-crisis spending) was contained at CFAF 617.4 billion, in line with targets. Investment expenditure (excluding post-crisis spending) was lower than expected, amounting to CFAF 994.2 billion, compared with the programmed amount of CFAF 1,095.4 billion. Domestic resources were used to fund 61.2 percent of this expenditure, while 38.8percent was externally funded. The implementation rate of projects funded with external resources was 90.1 percent. Expenditures were able to be contained to the levels mentioned above as a result of efforts undertaken to regulate the pace of project implementation, with a view to keeping expenditure in line with balance targets. As a result, an overall budget deficit of

CFAF 376.2 billion was registered, equivalent to 2.2 percent of GDP, compared with the target of 2.3 percent of GDP. This deficit was covered, among other components, by financing on the regional market amounting to CFAF 1,101.6 billion and by mobilization of external budget supports amounting to CFAF 144.3 billion. In addition, the government successfully launched its first bond on the international financial market in the form of a Eurobond. This issuance allowed the country to raise US$750 million at 5.625 percent compared with an initial offering of US$500 million at 5.875 percent.

B. Implementation of the Program

6. **All the performance criteria and indicative benchmarks at end-December 2014 were observed, with the exception of the floor on tax revenues.** Despite the tax revenue shortfall,, the primary basic balance target was met as a result of sound budgetary regulation. Cash advances, as defined in the Technical Memorandum of Understanding (TMU), amounted to CFAF 112.4 billion, under the target ceiling of CFAF 124.5. Budget execution at end-December 2014 resulted in a moderate level of floating debt (CFAF 201.7 billion). With respect to debt remaining from 2013 and previous years, the government was able to clear CFAF 354.1 billion, leading to a net reduction in payables in the amount of CFAF 152.3 billion, as compared to a target floor of CFAF 110 billion. Pro-poor expenditures were registered at CFAF 1,622.4 billion, above the target floor, an outcome that attests to the social orientation of the country's public expenditure policy.

7. **Nonconcessional loans contracted since the start of 2013 amounted to US$2,441.5 million (including the Eurobond and the loan to finance the extension of the Autonomous Port of Abidjan), below the cumulative ceiling of US$2,444.4 million at end-December 2014.** These loans were used to finance key priority projects in the energy, economic infrastructure, and transport sectors. Moreover, the government successfully raised US$750 million on the international market by issuing a Eurobond at 5.625 percent, as compared with the initial offering of US$500 million at 5.875 percent. This issuance allowed the country to lengthen debt maturities and accelerate repayment of domestic arrears, in keeping with program targets. The success of this operation is a testament to the confidence of international investors in the government's economic strategy and reflects marked improvement in public debt management.

8. **The structural benchmarks at end-December 2014 were observed, with the exception of the restructuring of a new state-owned bank, a process that was slightly delayed.**

- Subsidies for HVO (Heavy Vacuum Oil) in the amount of CFAF 40.37 billion have been provided to the energy sector.

- A detailed timetable for closing public accounts at commercial banks was adopted in December 2014. An action plan for implementing the recommendations of assistance missions regarding government accounts, along with a timetable and quantitative indicators for the clearing of suspense accounts, was also adopted in this context.
- The government continued to implement the plan to clear the full range of domestic arrears on audited debt, securitized and agreed debt. At end-December 2014, of the validated stock of CFAF 152.9 billion, 69 percent had been paid. An audit of domestic arrears covering the period from 2000 to 2010 validated an amount of CFAF 92.8 billion excluding taxes corresponding to private creditors of the state and of local and national government establishments and institutions. This debt-clearing plan enabled the government to repay CFAF 56.7 billion of its arrears in 2013, of which tax debts accounted for CFAF 5.5 billion, to the companies concerned. Of the remaining debt balance of CFAF 41.7 billion, the state cleared CFAF 26.2 billion in 2014. The remaining CFAF 15.5 billion may be broken down as follows:

    - CFAF 11.5 billion, of which CFAF 3.0 billion are owed for refunds of VAT credits, an amount that could be converted into treasury securities.
    - CFAF 3.9 billion in counterfoils [*mandats souches*] for which a separate audit is needed.

- The restructuring of Société Ivoirienne de Banque (SIB) took place with a three months delay. Discussions with prospective buyers regarding the valuation of the state's shares took longer than expected.

9. A regulatory framework for monitoring and supervising government procurement timelines was established and strengthened through the adoption of Decree No. 2014-306 of May 27, 2014, enacted to amend Decree No. 2009-259 of August 6, 2009 establishing the public procurement code. The decree provides for greater leniency and flexibility in the procurement process by reducing the timeline for government procurement to 88 days. Thus, the average time for procurement, from examination of the call for tender documents to approval of contracts, decreased from 322 days at end-2013 to 126 days at end-2014. Moreover, Order No. 068/MPMB/CAB of February 21, 2014 established a committee for monitoring procurement deadlines and execution of expenditure. A general procurement plan and procurement plan have been developed in the context of 2014 budget management efforts in order to ensure that transactions can be traced and anticipated. Efforts have also been undertaken to update simplified documents on procurement procedures and to disseminate call for tender documents. Lastly, new tools are currently being developed to improve estimation of investment budgets and categorization of businesses.

10. **Use of non-competitive procurement contracts declined considerably**. Non-competitive procurement contracts accounted for 5.6 percent of the government contracts approved in 2014, compared with 10.7 percent in 2013; they accounted for 23 percent of the value of those contracts in 2014, compared with 42.8 percent in 2013. Efforts undertaken to disseminate simplified bidding documents and procedural guides and to strengthen the capacities of procurement actors, as well as to carry out the specific measures planned for 2015, including development of a database for classifying businesses, will contribute to the continuation of this trend.

11. **An audit of the public procurement stock was begun with a view to consolidating the database of the public procurement management system**. The audit, begun in December 2014, covers procurement contracts from 1993 to 2012 contained in the database of the public procurement management system ((SIGMAP). Its goal is to conduct an appraisal of the physical and financial execution of these contracts with a view to consolidating the system's database. At the conclusion of the audit, steps will be taken to dissolve unexecuted contracts that can no longer justifiably be maintained. The government will also follow up on contracts that are still of relevance but require review given their age. The audit will also enable appropriate steps to be taken to improve traceability and to conduct more effective monitoring of public procurement management. The final audit report is expected at the end of the first semester of 2015.

Box 1. Côte d'Ivoire: Reforms Implemented to Improve Public Procurement Procedures

The government has put tools in place to guarantee more effective management of public procurement operations. Steps taken include:

- the adoption, implementation and dissemination of Decree Nos. 2013-404, 2013-405, and 2013-406 of June 5, 2013 and of new tender documents for public works projects, provision of supplies and related services and intellectual services to ensure that standard bidding documents are made available to all public procurement actors and that all national and international bids may be processed;
- the design of three (03) simplified bidding documents to serve as reference for projects relating to fuel provision, routine public works and provision of routine supplies, in order to make the bidding process faster and more efficient for procurement stakeholders;
- a review of the procedural manual in 2009 to reflect a more simplified version of the public procurement code and again in April 2014 to align it with the procedures and regulations in effect;
- completion of the establishment of procurement units in seven pilot ministries;
- the production of procedural guides aimed at improving the design of bidding documents;
- the inclusion of a database of reference prices (BDPR) on the website of the Directorate of Public Procurement (DMP).

All of these steps aim to facilitate the operational implementation of Decree No. 2014-306 of May 27, 2014, adopted to amend Decree No. 2009-259 of August 6, 2009 establishing the public procurement code, with a view to reducing the overall timeline for government procurement from over 300 days to 88 days. Thus, the average time for procurement has decreased from 322 days in 2013 to 126 days in 2014.

12. **The government continued to optimize tax potential in order to improve monitoring of taxpayers and tax revenue collection**. In terms of internal revenue, the government has reviewed the organization of the Directorate of Large Entreprises (Direction des Grandes Entreprises), a designation now reserved for taxpayers with a turnover in excess of CFAF 3 billion. In addition, the government established two Centers for Medium-Sized Enterprises (Centres des Moyennes Entreprises), operational since July 2014, to improve management and monitoring of taxpayers with a turnover of between CFAF 400 million and CFAF 3 billion. The government also launched an electronic land register to allow business professionals to consult online documents relating to land ownership. Additionally, in the interest of expanding the tax base and strengthening controls, the government set up an automatic data exchange framework between the Tax and Customs Departments. With respect to import duties, the government has begun implementing customs clearance operations at border checkpoints for goods from outside the WAEMU. It has also begun to clean up the records for the operators who have benefited from special customs arrangements for periods exceeding the periods allowed by regulations.

13. Significant progress was made in the area of public financial management reform. In June 2014, the National Assembly adopted a new organic budget law and an organic law establishing a transparency code, thereby transposing the WAEMU directives into the national legal framework. The government also adopted four implementing decrees for those laws in July 2014. Additionally, the government established a committee for monitoring the timely execution of expenditure. Thus, for financial auditors, the timeframe for authorizing payment orders decreased from 8 business days in 2013 to 5 days in 2014. Furthermore, the government has undertaken efforts to integrate technical ministries in multi-year programming relating to medium-term expenditure. In that context, 6 additional ministries were integrated in 2014, bringing the total number of ministries covered to 22.

14. The government established and gradually strengthened a legal and institutional framework to encourage investment and promote support for small and medium-sized enterprises (SMEs). As a result of these efforts, Côte d'Ivoire improved by 30 places in the World Bank Group's Doing Business ranking between 2012 and 2014 and ranked among the world's top ten reformers in 2014 and 2015. Côte d'Ivoire also advanced 11 spots in the rankings of the World Economic Report's Global Competitiveness Report 2014–15. The country likewise rose by 21 places in the latest rankings published by Transparency International, a testament to the effectiveness of its anti-corruption efforts. In December 2014, Côte d'Ivoire received the prize for the most improved country in terms of mining reform at the Mines and Money conference in London. Lastly, the selection of Côte d'Ivoire for the Millennium Challenge Corporation's Threshold Program is a testament to the progress achieved by the country in several areas, particularly macroeconomic policy, good governance, and transparency.

Box 2. Côte d'Ivoire: Key Measures Taken to Improve the Business Climate in 2013 and 2014

Among other measures, the government took steps to lower costs, simplify procedures and reduce timetables applicable to the Doing Business indicators. The following specific actions were taken:

Business creation

- Publication of companies' incorporation notice on the CEPICI website.
- Reduction of companies' fiscal costs for registration fees for a limited liability company (LLC) [French acronym, SARL] whose equity does not exceed 10 million CFAF.
- Reduction in the time required to start up a business at the CEPICI Single Window from 48 hours to 24 hours.
- Implementation of the optional procedure of using a notary for establishing charters of LLC companies.
- Elimination of the minimum capital requirement for LLCs.

Construction permits

- Reduction in the number of procedures for granting construction permits from 16 to 11, and in the time required from 364 to 87 days.

Provision of electricity

- Reduction in the number of procedures from 8 to 4, and in the time required from 55 to 28 days, for providing electricity to a warehouse on the national electrical power grid at an agreed voltage of 160 KVA and a connection distance of 200 meters.

Property transfer

- Reduction in the preparation time of the notary document from 10 days to 2 days, and in the combined procedure for the registration and publication of the act of sale by the land registry from 25 to 15 days.
- Reduction in the rate of registration fees on real estate transfers from 7 percent to 6 percent.
- Launching of the electronic land register.

Borrowing

- Adoption of the legal framework for the creation, approval, organization and supervision of credit bureaus tasked with gathering data on credit and monitoring borrowers.

Investor protection

- Strengthening of investor protection with an increase in the ease of shareholder suits index and the extent of director liability index.

Cross-border trade

- Establishment of the One-Stop Window for Foreign Trade (GUCE).
- Creation of the import declaration form (FDI) through combining the import information form (FRI) and the advance import declaration form (DAI) in one single document.

Execution of contracts

- Establishment of the Commercial Court of Abidjan in addition to:
  - ✓ attainment of an average of 56 days for dealing with commercial disputes (average for trials and hearings);
  - ✓ appointment of commercial court judges alongside professional judges;
  - ✓ regulation of costs for court services with a view to avoiding incidental court expenses.

15. The financial equilibrium of the electricity sector remains a priority for bolstering financing for investment projects aimed at increasing the electricity supply, with a view to promoting robust economic activity. The effective implementation of the strategy to reduce the deficit in the electricity sector led to significant improvements in the operational accounts of the electricity sector. However, the higher than projected use of HVO fuel needed to keep up with domestic demand led to additional costs. The state granted additional support in the amount of CFAF 19.7 billion to help defray those costs. Furthermore, transfer rates were negotiated upward for export sales (EDM and Sonabel) for amounts in excess of the agreed quantities on the basis of the real costs of production. The decline in the per-barrel price of oil, the appreciation of the dollar, and delays in defraying costs incurred by the use of HVO fuel delivered to the electricity sector are expected to have an adverse impact on the operational and treasury accounts of the Ivoirian Refinery Company (Société Ivoirienne de Raffinage (SIR)) and the National Petroleum Operations Company (Société Nationale des Opérations Pétrolières (PETROCI)).

16. Actions are being undertaken to strengthen development of the financial sector and increase its role in the financing of the economy. In this context, a financial sector development strategy was adopted at the beginning of 2014. This strategy is aimed at improving access to financial services and addressing the legal and judicial obstacles that financial institutions encounter in carrying out their functions. To implement it, the government adopted a Financial Sector Development Program (PDESFI). This program takes into account the action plan for the financial development strategy, as well as the design and monitoring of the implementation of projects to support and develop financial inclusion, the development of leasing in Côte d'Ivoire, and all programs related to the support of the country's financial sector. Certain activities included under the strategy have been applied in the context of ongoing efforts to consolidate the microfinance sector. The microfinance sector thus registered an increase in capital from CFAF -10.9 billion in 2013 to CFAF -3.3 billion in 2014, an increase linked to the 39.2 percent rise in credit volume to households and SMEs. Progress regarding public bank restructuring primarily included the liquidation of the Bank for Agricultural Financing (Banque pour le financement de l'agriculture (BFA)) in December 2014 and the transfer, in March 2015, of the 44 percent of shares that were held by the state in the SIB.

17. The government strengthened implementation of its social policy:

- Regarding the social housing project, the first complexes are expected to be delivered in 2015.
- With respect to employment, the government is implementing a national strategy for boosting employment (Stratégie Nationale de Relance de l'Emploi (SNRE)) that is designed

to (i) strengthen and consolidate existing programs; (ii) establish trainee positions for first-time employment and implement decentralized job creation strategies; and (iii) improve the availability of information on the job market. In this context, the government organized a jobs forum in Abidjan to provide a platform for networking, exchange, and knowledge-sharing among job training professionals, job seekers, and employers in the public and private sectors. In addition, the regular conduct of the national survey on employment and child labor provides valuable information to guide the reorientation of the strategy.

- Regarding gender, the Women's Support Fund of Côte d'Ivoire (FAFCI), with abudget of CFAF 1.5 billion and additional private sector funding of CFAF 500 million, focused primarily in the interior, particularly on women in rural areas.
- In the agricultural sector, coffee-cocoa sector reform has yielded good results. Sharing of best practices between the coffee-cocoa and cotton-cashew sectors led to the establishment of a guaranteed price system for cotton and cashew producers. Additionally, the Rural Investment Fund (FIMR) increased its investments in basic infrastructure. In the rubber sector, which was adversely affected by the decline in global rubber prices, a tax relief arrangement was established to enable plant owners to maintain their margins and to avoid the collapse of the sector.
- In the area of education, the government has pursued its commitment to improving the access of children, and particularly of girls, to education. In that context, more than 15,000 classrooms have been built since 2012. The number of school cafeterias increased by 6000 in 2014 and inspections were strengthened in order to improve the quality of teaching. In the context of efforts to expand free access to primary schooling, free textbooks were distributed to more than 3 million students in 2014. Special emphasis was placed on girls' education, particularly in terms of raising awareness regarding school pregnancy and combating school violence.
- In terms of health, although no cases have been noted in Côte d'Ivoire, a contingency plan of CFAF 57.1 billion was adopted in the context of Ebola prevention efforts, given the spread of the epidemic in the sub-region. The implementation of this plan, with the support of foreign partners, led to the establishment of 16 treatment centers, a medical laboratory in Abidjan, and the strengthening of prevention and awareness-raising efforts nationwide. These steps allowed for ties to be re-established and trade to be maintained among countries of the sub-region. In addition, universal health coverage (CMU) facilities are now able to provide basic healthcare to all members of the population.

These results are a reflection of the successful execution of pro-poor expenditure, which was registered at CFAF 1,622.4 billion at end-2014, or 9.6 percent of GDP, versus 8.6 percent of GDP in 2013. These expenditures increased by 21.3 percent with respect to end-December 2013, owing to reforms undertaken by the government in key sectors, including agriculture, health, education, energy, water, and public sanitation.

18. The mid-term review of the 2012–15 PND highlighted the favorable results achieved in the context of its implementation, results that should serve as a guide for crafting the new 2016–20 PND in 2015.

Box 3. Côte d'Ivoire: Key results achieved in the implementation of the 2012–15 PND

The implementation of the PND resulted in strong, sustained, and inclusive economic growth, thereby allowing Côte d'Ivoire to reposition itself on the regional and international scenes. Per capita GDP increased by 21 percent during the period from 2012 to 2014 against a backdrop of moderate inflation, below the WAEMU 3 percent threshold.

In terms of road and transport infrastructure, the implementation of the National Development Plan (PND 2012–15) resulted in the completion of the first major infrastructure projects planned in the context of the strategy to turn Côte d'Ivoire into an emerging country by 2020. These projects included the northern highway (Abidjan–Yamoussoukro), the Riviera II highway interchange, and the Henri Konan Bédié, Bouaflé and Jacqueville bridges. In terms of roadwork, 140 km of the Gesco–Singrobo highway were reinforced and paving was completed for 86 km of the Singrobo–Yamoussoukro section and for 120 km of the Boundiali–Tengrela section. In addition, more than 5000 km of rural roads were updgraded.

Significant improvements were made in the social sectors. The number of jobs in the formal sector increased from 722,567 in 2012 to 756,597 in 2013, and again to 799,890 in 2014. This progress was achieved in the context of efforts to address youth unemployment.

Marked improvements were made in terms of access to education; 9,291 primary school classrooms were built, in addition to 3,500 secondary school classrooms and 45 middle schools. These achievements, in addition to a massive recruitment of staff, contributed to an increase in access to education. In that context, the gross primary school admission rate increased from 73.4 percent in 2008 to 97.8 percent in 2014. The gross school enrollment rate increased from 76.2 percent in 2008 to 94.7 percent in 2014.

Efforts undertaken to rehabilitate and re-equip hospitals and health centers contributed to an improvement in access to health services, as did the implementation of the initiative to provide mothers and children with free healthcare, C-sections, and medicines. In addition, efforts to equip and bring technical platforms of health facilities in line with standards contributed to an improvement in the quality of health services.

In terms of access to drinking water, the construction of 794 pumps and 76 water towers, as well as maintenance work performed on 11,446 human-powered pumps, contributed to a significant increase in access to drinking water infrastructure. Moreover, Abidjan's water treatment station now operates with a ground storage capacity of 10,000 m^3. All of these developments are contributing to positive changes in the population's health and quality of life.

The commencement of 71 social housing construction projects throughout the country and allocation of 3,060 hectares of land for the low-cost social housing program is expanding the access of low-income populations to property.

Efforts to connect roughly 800 rural towns to the electrical power grid and to ease service subscription costs for households has increased rates of access and coverage.

The private sector contributed significantly to the implementation of the PND, particularly through sizeable investments in the energy and mining sectors, especially the Tongon mine, oil and gas exploration, and the establishment of several processing units in the coffee, cocoa, and cashew sectors. During the period from 2012 to 2014, private sector investment amounted to CFAF 4,699 billion, compared with the predicted level of CFAF 3,946 billion, a 118.3 percent implementation rate. This performance attests to the role of the private sector as a driver of economic growth.

ECONOMIC AND FINANCIAL PROGRAM FOR 2015 AND MEDIUM-TERM OBJECTIVES

19. The government will work to maintain strong, sustainable, inclusive, gender-sensitive and environmentally conscious growth in a stable macroeconomic environment. Based on the recommendations contained in the report on the implementation of the PND 2012–15 published in March 2015, a new PND 2016–20 framework should be finalized before end-June 2015. The effective implementation of this new PND should allow Côte d'Ivoire to achieve its goal of becoming an emerging economy by 2020 and lead to a substantial reduction in poverty. With respect to the funding of the public portion of the new PND, special emphasis will continue to be placed on mobilization of domestic resources and on expenditure control. Mobilization of external resources will be conducted in accordance with the medium-term debt management strategy in order to preserve debt sustainability.

20. Reforms aimed at improving the business climate, transparency, good governance and competitiveness will continue to be pursued proactively. Such reforms should place Côte d'Ivoire in the upper 50% of countries ranked at the top of the World Bank's Doing Business ranking, Transparency International's anti-corrupting ranking and the global competitiveness ranking issued by the World Economic Forum. They should also allow Côte d'Ivoire to rise considerably in the UNDP's human development ranking. Growth will also help to promote gender sensitivity and environmental consciousness. With respect to gender, the government will accelerate the implementation of the policy for the economic empowerment of women and revitalize the Institutions for the Training and Education of Women (IFEF). Efforts to protect the environment will focus on improving and strengthening environmental conditions as well as overseeing the protection and reforestation of the forest canopy, taking into account the effects of climate change.

21. The GDP growth rate is thus expected to reach 9.4 percent in 2015 and 9.6 percent in 2016–17. Investments are projected to increase by 25.1 percent and amount to 18.6 percent of GDP in 2015. In 2016 and 2017, they would increase by 17.5 percent and 12.4 percent respectively, to reach 20.2 percent of GDP in 2016 and 21.1 percent in 2017, respectively. In addition, the government will pursue efforts to ensure that the benefits of economic growth are distributed among the most vulnerable populations, including by increasing pro-poor expenditure and developing local infrastructure to promote job creation. Steps to increase, diversify, and modernize national agricultural production (subsistence and export agriculture) will continue to be undertaken in the context of implementing the national program for agricultural investment (PNIA), and efforts to increase local processing of basic commodities will be redoubled. Self-sufficient levels of rice production should be reached by 2016/2017. Lastly, the enactment of the new industrial policy, which is aimed primarily at modernizing existing industrial areas and creating new industrial areas in Abidjan and in the interior of the country, should ultimately allow for 50 percent of basic commodities to be processed locally.

A. Macroeconomic Framework

22. Growth should reach 9.4 percent in 2015, with solid performance in all sectors.

- **The primary sector** will be driven by subsistence farming and will benefit from the implementation of the PNIA since 2012, as well as from efforts to strengthen sectors and improve processing of exports, particularly cocoa, cashews, and cotton.
- **The secondary sector** will grow, driven primarily by the construction and public works sector, development of manufacturing and agro-food industries, as well as by mining and energy production stimulated by significant investments in those sectors.
- **The tertiary sector** will register growth, particularly in transportation and telecommunications, and in terms of an increase in the number of regional and international conferences owing to the return of the African Development Bank (ADB) headquarters to Abidjan in late 2014.

23. Average annual inflation is expected to remain moderate at 1.7 percent in 2015. Moderate price increases will be bolstered by the ongoing increase in the local supply of food products and from improved transportation of persons and goods.

24. The current account balance deficit is expected to be -1.2 percent of GDP in 2015, while the trade balance would continue to post a surplus despite an increase in imports. The capital and financial operations account would also post a surplus owing to increases in portfolio investment and foreign direct investment. Finally, the overall balance of payments should record a surplus of CFAF 60 billion (0.3 percent of GDP.) In addition, the international economic climate, characterized by a decline in crude oil prices and the depreciation of the euro against the dollar, should contribute to improving the terms of exchange and strengthening Côte d'Ivoire's price competitiveness.

25. Money supply is expected to grow by 11 percent. This increase will originate, in particular, from an increase in credits to the economy and in net foreign assets.

B. Public Financial Management

26. The government will continue to strengthen public financial management. With this goal, it will continue to mobilize tax revenues, rationalize expenditure, and preserve debt sustainability. The government has begun implementing a new VAT credit management procedure aimed at speeding up payments and improving monitoring of VAT revenue collection. The government will also improve monitoring to ensure that VAT credit refund files are processed in a timely manner. It will acquire at least one mobile scanner to improve customs clearance control for goods arriving at border checkpoints. In the context of the multi-year program relating to medium-term expenditure, the government will integrate 7 additional ministries in the preparation of program budgets.

27. Total tax revenues in 2015 are expected to increase to CFAF 2,881.1 billion or 15.3 percent of GDP, compared with 15.2 percent of GDP in 2014. This increase is linked to the expected growth of direct and indirect tax revenues, particularly non-oil corporate profits taxes (14.2 percent), VAT (15.6 percent), and payroll taxes (17.6 percent). These targets take into account anticipated tax reform measures. Among these measures, priority will be given to operationalizing Centers for Medium-Sized Enterprises (CME), developing the tax bases of excise taxes on tobacco and beverages by fixing a minimum price, decentralizing tax control, securing local taxes frameworks, modernizing tax management by introducing online tax reporting, and simplifying business tax systems.

28. Expenditure in 2015 is expected to increase to CFAF 4,500.9 billion or 23.9 percent of GDP, compared with 22.7 percent of GDP in 2014. This rise in expenditures is largely linked to the revaluation of wages and income at the level of public administration, an increase in public investment, strengthening of social policy with the launch of CMU, pursuit of policies dedicated to underprivileged populations (CFAF 1,716.4 billion), and the organization of elections.

29. With respect to securitized and agreed debt, of a total predicted amount of CFAF 142.9 billion, 69.9 percent has been treated through the bond issued by the Treasury in December 2014. In view of the encouraging results of this operation, the remainder of the securities will be exchanged for new market securities, bearing in mind the current maturity profile of each type of debt.

30. The government is committed to ensuring the financing for additional subsidies required for HVO is incorporated in the budget. HVO consumption, initially expected to amount to CFAF 31 billion according to projections by the energy sector and provided for accordingly in the budget, was ultimately registered at CFAF 50.7 billion, exceeding the projected figure by CFAF 19.7 billion. An examination of debts and cross-debts at end of 2014 between the government and the energy sector, which took into account this overrun, allowed establishing a net requirement of approximately CFAF 8.3 billion to cover the relevant debts, an amount that will be reflected in the state's budget for 2015. In addition, to improve the SIR's cash flow situation, the next maturities of securitized debt coming due will be paid up to CFAF 56.9 billion, through market issuances. Furthermore, a consultation framework will be established to conduct monthly examinations of liquid fuel consumption (HVO) needs with a view to avoiding potential unanticipated budget overruns.

31. Budget allocations for 2015 will be adjusted upward to cover recently emerging needs for private school and fuel subsidies.

- The education and training sector has expressed the need for an additional CFAF 36 billion for the 2014-2015 academic year, of which CFAF 12 billion will be financed through budgetary reallocations and CFAF 24 billion will be financed through upward budgetary adjustments. Furthermore, the government will undertake efforts to audit liabilities stemming from school fees amounting to CFAF 46.7 billion and will sign, before end-2015, a memorandum of understanding for the treatment of these debts with private school administrators.
- The government will make an additional effort of CFAF 4 billion to fully cover fuel needs in 2015. Additionally, liabilities in the amount of CFAF 22.4 billion incurred as a result of budget overruns in recent years will be treated in the context of an agreement for the repayment of debts and cross-debts between the government and the energy sector.

32. The government has decided to conduct a general audit of liabilities incurred during the period from 2000 to 2010. This audit, to be performed by the financial auditing department (*Inspection Generale des Finances*), excludes liabilities stemming from school fees, HVO subsidies, and fuel. The results of the audit are expected during the second half of 2015. On the basis of the available information, the government has confirmed that no liabilities constituting recognized debt on the part of the state currently exist, apart from those identified in this memorandum. These liabilities consist of extra-budgetary expenditures, meaning expenditures executed outside of the expenditure chain for which no budget line exists.

33. The government will ensure that expenditures are strictly executed through the state budget and will undertake rigorous measures to prevent extra-budgetary liabilities from

being incurred. In this regard, the following steps will be taken with a view to preventing extra-budgetary liabilities from being incurred:

- The government will establish, within the General Directorate of Budget and Finance, an information unit for economic agents. The role of the unit will be to provide information on the availability of budgetary allocations to cover operations initiated by staff in charge within public entities. It will also be in charge of explaining public financial procedures, including regulations for procurement and spending execution.
- In addition, the government will ensure that regulatory mechanisms aimed at imposing sanctions for non-compliance with budget execution procedures are strictly enforced. In this regard, article 35 of Decree No. 98-716 of December 16, 1998 on the reform of the chains and procedures of expenditure and general state budget revenue execution, special Treasury Accounts, and the implementation of the integrated system for public financial management (SIGFIP) states that, at the national level, the state is only responsible for execution of expenditures that have been duly committed in the SIGFIP system and, at the local level, for expenditures that have been duly committed for specific allocations. Article 36 of the aforementioned Decree also stipulates that any agent of the state who commits expenditures by unofficial means will incur sanctions of a disciplinary, civil or criminal nature, without prejudice to the sanctions that may be imposed by the financial jurisdiction.
- The government will also ensure that public financial management procedures are strictly observed with respect to fuel expenditures.
- Lastly, the government will explore the possibility of creating a chamber for the enforcement of budgetary discipline in the context of establishing the court of auditors.

34. The basic primary balance is expected to amount to CFAF 90.6 billion or -0.5 percent of GDP, versus -0.5 percent in 2014. The overall budget deficit, including grants, is expected to be CFAF 676.5 billion (or -3.6 percent of GDP, as compared with -2.2 percent of GDP in 2014).

35. The government will ensure that measures adopted to improve budget execution are effectively implemented. In doing so, it will continue its efforts to rationalize expenditures by: (i) limiting recourse to cash advances to emergency situations; (ii) reducing the number of *régies d'avance* [petty cash or imprest mechanisms]; (iii) using the database of reference prices in an effective manner; (iv) reducing public procurement granted on a non-competitive basis to 20 percent of the total number of procurement contracts approved**.** The government will also ensure that inter-ministerial Order No. 0011 MPMB /MPMEF/CAB of November 29, 2013 establishing regulatory measures for the use provisional payment orders.

36. **The government will continue its efforts to strengthen good governance and redouble anti-corruption efforts**. To this end, it will reinforce the work of the high authority on good governance tasked with fighting corruption and strengthen control of government contracting management through (i) simplifying procedures, as well as training and information for actors involved in the procurement chain and (ii) ongoing efforts to reduce timetables in the procurement chain to ensure the smoother flow of expenditure during the year. The government will also establish audit committees within the executive boards of public companies to enhance public enterprise management. Moreover, it will ensure that yearly governance assessments are produced by public companies and companies in which the state is a majority stakeholder. The legal framework governing public enterprise management will be strengthened, particularly through the adoption of the implementing decree for the laws pertaining to those enterprises. The government will also develop and begin to implement a computer application for public enterprise management.

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

37. **The government has adopted a master plan for public financial reform and reform of internal and external controls. Developed with the support of technical and financial partners, this master plan outlines, in an organized and comprehensive manner, the reform efforts currently underway and those expected to be undertaken in the future**. It comprises a plan outlining strategic actions relating to budget, fiscal, procurement, accounting, and treasury reform to be implemented during the period from 2014 to 2016. The implementation of this plan will contribute to the development of a modern public financial management system in Côte d'Ivoire that is consistent with relevant international standards.

38. **The government will consistently and gradually reduce subsidies to the electricity sector as a result of the completion of major infrastructure projects enabling the increase and diversification of the power supply**. Investments totaling CFAF 5,300 billion will be devoted to building new production facilities or to overhauling existing sites with production units using new types of inputs, including biomass, and improving the network for transporting and distributing electricity. These investments will also promote an increase in the supply of gas and obviate the need for HVO. As a result, the government will be able to reduce its subsidies to the sector in support of production costs to meet national needs.

39. **The government will continue to undertake efforts to ensure the long-term equilibrium of the energy sector**. In that context, it will issue a call for bids by end-June 2015 to

recruit a group of consultants to conduct a strategic diagnostic study of the SIR. In addition, it will adopt a protocol for the treatment of HVO deliveries and payments, by end-June 2015. In the interest of monitoring HVO consumption, monthly technical meetings will be held among the Ministry of Petroleum and Energy, the Ministry for Budgetary Affairs, the Ministry of Economy and Finances, and actors from the energy sector. In addition, the government will define the terms governing fuel supply with a view to reducing the budgetary overruns observed.

40. The government will focus its efforts on establishing a Treasury Single Account (TSA) with a view to centralizing the government's treasury operations. To this end, 1,400 out of a total of 2,500 public accounts held with commercial banks will be closed. Dormant accounts, however, will be closed at end-April 2015 after the relevant accounting instructions are drafted or updated, as applicable. The remaining accounts will be treated progressively over the next three years in order to guarantee the stability of the financial system and gauge the strength of the financial architecture adopted. Moreover, meetings intended to raise awareness of the TSA mechanism are already underway with members of government units that hold accounts in commercial banks and members of senior management from those banks. The implementation process will begin in 2015, when the mechanism will be tested on four account headings.

D. Consolidation and Development of the Financial Sector

41. The government will focus on ensuring the stability and promoting the expansion of the financial sector. To this end, it will implement the program to develop the financial sector (PDESFI). The program's director will be named by end-June, 2015. In addition, a draft law on leasing will be adopted by the government by end-September 2015 to develop and enable greater usage of this program. Lastly, to improve the soundness of the banking sector, the government is committed to ensuring that banks comply with regulations adopted by the Central Bank of West African States (BCEAO) and the Banking Commission.

42. The government will continue with the restructuring of public banks. Remaining steps include:

- The transfer of a majority of shares to another bank with a minority share. The privatization committee is working to expedite discussions with purchasers regarding the selling price of state shares**.**
- For the four banks in which the state is a majority shareholder, the government will name a program director by end-June 2015, under the supervision of a steering committee, in order to conduct the privatization or resizing strategy required for each bank, bearing in mind the

need to maintain public service functions, especially as regards financing the economy, savings, and the availability of bank services.

43. **The government will continue to take steps to overhaul the microfinance secto**r. In that context, it has begun to implement measures designed to overhaul and consolidate the microfinance sector on the basis of three (3) major strategic orientations: (i) the need to revoke licenses held by non-viable institutions and to exercise caution in granting prior authorization to operate; (ii) the need to strengthen supervision through enforcing sanctions and regulations; (iii) the need to provide support for the microfinance sector in the context of the national strategy for financial inclusion. Steps taken in pursuit of these goals will be aimed at strengthening supervision in the sector as well as the managerial and operational capacities of participants from Decentralized Financial Systems (SFD). Therefore, in implementing the national strategy for financial inclusion, the government plans to carry out a number of measures on the basis of the two agreements signed with the French Development Agency (AFD) with a view to improving training, technical assistance, research, and capacity-building to support review of applications for licenses and off-site and on-site audits carried out by the supervision entity. These efforts should contribute to the consolidation of a portfolio of sound, credible, and viable structures with the capacity to assist the government in implementing its policy to ensure cost-effective access to financing for the poorest sectors of the population.

44. **The government will support the BCEAO's efforts to improve access to financial services and bring about a reduction in the cost of financial operations. It will undertake, in conjunction with the BCEAO, all of the steps necessary to finalize the establishment of credit bureaus during 2015**. A leading company in this area has already been selected following a call for bids. Concerning the measures establishing the provision of some banking services free of charge, the instructions adopted by the BCEAO establish sanctions against violators of these measures.

E. Debt Policy and Strategy

45. **The government will continue to strengthen public debt management in accordance with the medium-term debt management strategy (SDMT 2015–19) adopted in 2014**. This strategy outlines actions for optimal management of debt instruments in 2015 and incorporates sustainability analysis needed to ensure debt sustainability. In addition, efforts undertaken to develop a centralized database on the debt of public enterprises as well as government guarantees on that debt should be completed before end-June 2015 and will enable improved monitoring of debt incurred by public enterprises. Finally, the government will also complete, before end-June 2015, its reorganization of the Directorate of Public Debt (DDP) in the front, middle, and back

offices on the basis of technical assistance recommendations provided by the IMF in order to ensure comprehensive public debt management. The government likewise intends to assess the performance of debt management (DEMPA) with the technical assistance of the World Bank, following the reorganization of the DDP.

46. **The government intends to undertake a number of measures aimed at developing the sub-regional financial market with the support of the IMF and the World Bank**. Particular emphasis will be placed on reopening already existing bond facilities (increasing the total number of bonds within a given category). In the context of implementing the TSA mechanism, which is expected to promote pro-active management of cash flow and debt, the government will progressively resume issuance of very-short term securities (1, 3, 6 months), which may potentially be issued at floating rates and for refinancing purposes. In addition, the government will improve its communication with the market by publishing on its website, or by other appropriate means, its medium-term debt management strategy (SDMT). The success of these measures depends on adequate strengthening of technical capacities needed to conduct active cash position management and management of refinancing risk.

47. **The government will continue to diversify sources of funding in order to fully implement its development policy.** In view of the increasing scarcity of concessional resources to cover the financing needs of major development projects in 2015, the government will continue to diversify its sources of funding in line with its debt strategy. To this end, the government is exploring the possibility of participating in the Islamic financial markets by issuing *Sukuk* in order to complete certain projects under the 2012–15 PND. In 2015, non-concessional external loans contracted over the period during 2013–15 have been limited to a ceiling of US$3.843 billion (including the Eurobond), with the possibility of adjusting the ceiling upward by a maximum amount of US$820 million to include the development and rehabilitation of Côte d'Ivoire's electrical grid, in the event the terms were nonconcessional.

F. The Private Sector as a Driver of National Economic Growth

48. **The government will pursue structural and sector reforms aimed at improving the economy's competitiveness and making the private sector the main engine of growth.** Efforts to reinforce the network of economic infrastructure (telecommunications, the road system, energy, and port facilities) as well as to create, rehabilitate, and extend industrial zones will be redoubled as part of the government's industrialization policy. Efforts to develop health services and a pharmaceutical industry that produces generic medications will also be undertaken with a view to making Côte d'Ivoire a hub for hospital services in the sub-region. An assessment of training and

employment policies will also allow for more effective targeting of training programs in order to provide companies with a well-qualified workforce and to support innovation by entities involved in research and training. The continued implementation of the PNIA will improve food security and promote the development of the agro-industrial sector. Lastly, the results of the General Population and Housing Census and of the household survey will be used to better define and guide sector and anti-poverty policies.

49. With respect to the business climate, the government will continue to build upon existing measures with a view to ensuring that Côte d'Ivoire is ranked among the African countries with the best business climate (See Box 4).

Box 4. Côte d'Ivoire: Reforms To Improve the Business Climate in 2015

For the third year in a row, Côte d'Ivoire is continuing its efforts to improve the business climate, with a focus on the Doing Business indicators. For this task, the country is drawing upon the recommendations of the *Doing Business* evaluation team from the World Bank, which visited Abidjan from July 7–10, 2014, on-site diagnostic studies by the CEPICI team, and information from a benchmarking mission to Rwanda on September 10-21, 2014. The recommendations emanating from these activities concerned the consolidation of existing gains, the rationalization of the procedures covered by the business indicators, and the implementation of reforms relating to these indicators. During 2015, efforts will be undertaken with a view to achieving the following aims:

- Promoting electronic, geographically-unified management of the registry of guarantees under the Trade and Personal Property Credit Register (*Registre du Commerce et du Crédit Mobilier* – RCCM) with a database indexed by debtors' names.
- Promoting the dissemination of information up to 3 years old from BCEAO's *Centrale des Risques* (credit risk database).
- Reducing the time for moving import and export merchandise at ports.
- Establishing a legal framework for trade mediation.
- Revising articles 31 and 39 of Decision No. 01/PR on the creation, organization, and functions of commercial courts to endow the president of the Commercial Court with the authority to enforce decisions.
- Encouraging the completion of insolvency proceedings by the relevant professionals.
- Guaranteeing quality of construction projects by introducing a building permit issuing mechanism based on risk management.
- Improving the security level of real estate transactions by incorporating technological solutions and expediting the formalities for real estate transfers by introducing electronic publication.
- Making credit bureaus operational in Côte d'Ivoire.
- Establishing and organizing a group of mediators on trade and commercial matters.
- Introducing online business start-up procedures.
- Strengthening the procedures for quality control of electrical equipment on the market.
- Establishing a prior, external examination of transactions presenting conflicts of interest to enable auditors to issue their opinion prior to the completion of such transactions.

All of these efforts should contribute to improving Côte d'Ivoire's ranking in the 2016 *Doing Business* report.

50. The government will continue to promote SMEs and the development of the industrial sector. Government policy in this area will focus on implementing the Phoenix program with a view to supporting the creation and development of a robust and diverse network of SMEs. This program provides a global support strategy for SME development. The strategy's coherence is ensured through the framework law for the promotion and development of SMEs and the establishment of an SME development agency. The agency is responsible for coordinating all policies and actions aimed at promoting SMEs. To this end, a National Program for the Restructuring and Upgrading of Industries (PNRMN), launched for a total amount of

CFAF 152 billion, is currently being implemented to strengthen the operating and management capacities of SMEs and Small and Medium-Sized Industries (SMIs.) The government has also undertaken efforts to sign agreements with banks aimed at promoting financing of SMEs.

G. Employment and Social Policy

51. The government will pursue the programmed activities outlined in the 2014–15 operational action plan under the government's national strategy for boosting employment. In this context, a database will be developed to identify potential trainees. The government will also focus on producing and periodically disseminating an employment scoreboard (*tableau de bord*). Additionally, a decentralized job creation strategy will be implemented, including through regional divisions and branches of the Agency for Employment Research and Promotion (AGEPE). Self-employment promotion initiatives will be strengthened. Lastly, labor market monitoring activities will continue to be conducted, including in the form of surveys and employment-related research.

52. To improve the living conditions of the population, the government will promote, *inter alia*, enrollment in the CMU, for which the registration period has begun, and will continue to ensure that producers of cacao, coffee, cashews and cotton receive 60 percent of the "farm gate" price (*prix bord champ*)for their products. Law No. 2014-131 establishing the CMU, which was adopted by the National Assembly on March 6, 2014 and published on March, 24, 2014, created a legal framework for this new health insurance system aimed at ensuring that all of Côte d'Ivoire's population has access to quality and affordable healthcare. CMU is a basic healthcare system that allows the majority of the population to have access to health insurance that protects them against the most prevalent health risks, for CFAF 1,000/month per person**.**

53. Efforts will be undertaken to improve the healthcare system in the context of operationalizing the CMU. To this end, the implementation of the National Healthcare Development Plan (PNDS 2012–15) will be stepped up, with particular attention to improving first-contact health services. Efforts in this context will focus on: (i) launching a special program to extend coverage in first-contact facilities; (ii) rehabilitating and re-equipping emergency care services in health facilities; (iii) re-organizing existing channels for admitting emergency patients and introducing new procedures for managing emergency services; (iv) developing regulatory mechanisms within hospitals to reduce overcrowding; (v) improving the distribution of healthcare staff throughout the country and achieving an equitable geographic distribution of healthcare facilities; and (vi) rehabilitating and re-equipping maternity wards. In addition, the 2016–20 PNDS will be drafted and approved in time for implementation to begin in 2016. The government will use the CFAF 24 billion provided by the IMF to prevent the outbreak and spread of epidemics like Ebola through redoubling efforts to improve the healthcare system.

54. Efforts in the area of education will be strengthened through the implementation of the "universal schooling" program. This program, for which funding is currently being secured, will enable the establishment of middle schools in local communities and allow for an extension of the network of technical and professional high schools to effectively address the challenge of workforce integration after training. This program will: (i) make school enrollment obligatory for all children up to the age of 15; (ii) allow for the recruitment of more than 20,000 teachers; (iii) enable the establishment of distance training programs for teachers; (iv) promote the acceleration of literacy programs, particularly in bus terminals and markets. In addition, efforts will be undertaken to reform school curricula through: (i) introducing courses on information technology and communications, as well as financial management, business, and human rights; and (iii) developing textbooks for teachers. The government also intends to fulfill Côte d'Ivoire's commitments in the context of the Sahel Women's Empowerment and Demographics Project, for which the World Bank has provided financing in the amount of US$30 million. The project is aimed at improving the economic prospects of women and young girls and encouraging voluntary fertility reduction**.**

PROGRAM FINANCING AND MONITORING

55. The government deems that the funding needs of the 2015 program will be met. Additional financing will be mobilized on the regional money market and the international financial market, as well as from foreign partners. The government intends to raise CFAF 648.7 billion on the sub-regional money and financial markets, compared with CFAF 1,101.6 billion in 2014. External financing, including budget support, is expected to amount to CFAF 1,100.1 billion, owing in particular to the assistance of the World Bank, the International Monetary Fund, the African Development Bank, the European Union, the French Development Agency, the Islamic Development Bank, and Eximbank China. The government issued a Eurobond in the amount of US$1 million in 2015 in order to benefit from favorable financing conditions on international markets. Moreover, the government is exploring the possibility of participating in the Islamic financial market by issuing *Sukuk in national currency* in 2015. Lastly, it will continue its bilateral discussions with remaining creditors regarding debt relief under the Heavily Indebted Poor Countries (HIPC) initiative of the World Bank and IMF.

56. The program will continue to be monitored biannually by the IMF Executive Board on the basis of quantitative indicators and structural benchmarks (Tables 1 and 2). These indicators are defined in the attached Technical Memorandum of Understanding (TMU). The eighth review will be based on performance criteria and indicative targets at end-June 2015, and structural benchmarks centered on public expenditure management, financial soundness and business climate. The eighth review is expected to be completed by December 2015 at the latest. To this end, the government undertakes to:

- Refrain from accumulating new domestic arrears and from any kind of advances on revenue, as well as from contracting any nonconcessional external borrowing other than that specified in the TMU.
- Issue government securities only by auction through the BCEAO or through any other form of competitive bidding on the local financial market and the WAEMU market, and to consult with IMF staff on any new financing.
- Refrain from introducing or intensifying any restrictions on payments and transfers related to current international transactions and from introducing multiple currency practices or entering into bilateral payment agreements that are inconsistent with Article VIII of the IMF Articles of Agreement, or from imposing or intensifying import restrictions for balance of payments purposes.
- Adopt any new financial or structural measures that may prove necessary for the success of its policies, in consultation with the IMF.

STATISTICS AND CAPACITY-BUILDING

57. Further efforts will be undertaken to develop the statistical system to better guide government policy and inform the decisions of economic agents. To this end, the implementation of the 2012–15 statistics master plan, aligned with the 2012–15 PND, will be completed. The master plan comprises the following activities: (i) conducting national and sector surveys; (ii) strengthening and monitoring economic indicators; (iii) setting up a database for the Integrated Information Management System; (iv) changing the base year of national accounts and establishing quarterly national accounts; (v) reforming the Harmonized Consumer Price Index (HCPI); and (vi) preparing a directory of ministerial statistical offices. In this connection, the final reports from the 2013/2014 General Population and Housing Census and from the employment survey are now available. Analysis of the data from the household survey and the General Agricultural Survey is currently being conducted. With respect to the work to change the base of the annual national accounts, a new classification system for activities and products has been developed and published. The year 2014 was chosen as the new base year for the annual national accounts as the General Population and Housing Census was conducted in 2014. Lastly, good progress has been made toward the preparation of the quarterly national accounts, and efforts to produce a breakdown of government financial operations based on the 2001 GFSM are being undertaken and may be completed by the end of December 2015. Eventually, Côte d'Ivoire intends to migrate to the Special Data Dissemination Standard, as this will allow it to gain access on better terms to international financial markets.

58. The government will continue to support capacity-building in government administration. The National Governance and Capacity-Building Secretariat will assist various public entities with training through gauging needs and skills, designing customized programs, and seeking the financing arrangements necessary to promote modern and effective government management. The technical assistance needs identified for 2015 comprise the following: (i) modernization of the customs administration, especially on economic regimes and risk analysis systems; (ii) support for setting up quarterly accounts; (iii) strengthening the tax administration, and especially of the tax base and the VAT; (iv) preparation of balances of payment forecasting; (v) tax revenue forecasts; (vi) support for the production of the government financial operations table (TOFE) in accordance with the 2001 GFSM; and (vii) support for developing short-term economic indicators for the real sector. In addition, the government is requesting an IMF technical assistance arrangement of at least one year to create and establish long-term financing instruments in local currency on the international market in support of the two CFAF zones (the West African Economic and Monetary Union (WAEMU) and the Economic and Monetary Community of Central Africa (CEMAC)).

Table 1. Côte d'Ivoire: Performance Criteria and Indicative Targets, ECF 2014–15 1/

(Billions of CFA francs) 2/

	2014														2015							
	March			June			Sept.				Dec				March		June		Sept.		Dec	
	IT	Actual	Status	PC	Actual	Status	IT	Adjusted IT	Actual	Status	PC	Adjusted PC	Actual	Status	IT	Adjusted IT	PC	Modified PC	IT	Modified IT	IT	Modified IT
A. Performance criteria																						
Floor on primary basic balance	7.3	7.0	Met	-135.4	2.7	Met	-80.1		-77.6	Met	-81.6		-80.4	Met	-10.5		-14.4	-150.7	-108.0	-151.8	-41.6	-90.7
Ceiling on net domestic financing (incl. WAEMU paper) 5/	43.6	113.1	Not Met	315.3	286.6	Met	360.2	110.2	62.9	Met	107.6		100.7	Met	-56.4		96.5	186.8	87.9	104.3	36.3	-17.4
Ceiling on new nonconcessional external debt (in $ million) 3/ 4/ 5/ 6/	900.0	717.3	Met	900.0	738.4	Not Met 3/	900.0		1,488.6	Not Met	1,650.0	2,443.4	2,441.5	Met	3,050.0	3,843.4	3,050.0	3,843.4	3,050.0	3,843.4	3,050.0	3843.4
Ceiling on accumulation of new external arrears	0.0	0.0	Met	0.0	0.0	Met	0.0		0.0	Met	0.0		0.0	Met	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Ceiling on accumulation of new domestic arrears	0.0	0.0	Met	0.0	0.0	Met	0.0		0.0	Met	0.0		0.0	Met	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Floor on the overall fiscal balance (incl. grants)	-76.1	-81.7	Met 7/	-310.6	-143.4	Met	-364.5		-356.1	Met	-394.8		-376.1	Met	-179.3		-331.0	-451.2	-533.2	-584.7	-672.1	-676.6
Ceiling on expenditures by treasury advance	19.8	25.8	Met	55.6	54.6	Met	81.5		80.5	Met	124.5		112.4	Met	29.4		63.4	74.7	107.7	109.9	146.1	144.9
Floor on pro-poor expenditure	259.4	300.4	Met	676.7	717.8	Met	1,022.3		1,086.1	Met	1,521.8		1,622.4	Met	292.6		763.3	763.3	1,153.1	1,153.1	1,716.4	1716.4
Floor on net reduction of government amounts payable (- = reduction)	-5.0	-85.8	Met	-50.0	-129.7	Met	-70.0		-170.9	Met	-110.0		-152.4	Met	-20.0		-50.0	-30.0	-70.0	-40.0	-100.0	-50.0
Floor on government revenue	621.8	659.9	Met	1,392.1	1,462.3	Met	2,167.9		2,167.7	Not Met	3,064.6		2,989.4	Not Met	749.5		1,642.2	1,630.5	2,486.4	2,472.8	3,474.8	3,448.2
Memorandum items:																						
Net banking sector claims on government	11.3	61.5		129.3	122.9		17.4		29.5		9.1		127.3		-41.0		-11.9	54.8	-35.1	1.4	-24.5	-33.9
Program grants	0.0	9.0		82.8	82.8		82.8		82.8		156.6		167.0		0.0		73.8	73.8	73.8	73.8	147.6	147.6
Program loans	0.0	0.0		0.0	0.0		0.0		0.0		50.5		0.0		0.0		0.0	6.4	0.0	6.4	58.4	46.4
Project grants	44.3	54.4		123.3	113.7		166.0		125.3		168.8		137.0		57.2		114.3	114.3	137.2	137.2	228.6	228.6
Project loans	61.3	73.5		170.7	134.1		229.9		218.7		259.6		249.1		115.5		230.9	241.1	277.1	281.2	461.8	401.8

Sources: Ivoirien authorities and IMF staff.

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

1/ Cumulative change from December 31, 2013 for 2014 targets, and from December 31, 2014 for 2015 targets.

2/ Except for ceiling on new nonconcessional external debt.

3/ Continuous performance criterion. It was breached in July 2014 with the US$750 million Eurobond issuance.

4/ The new non-concessional external debt will be used for infrastructure, energy, and transport projects.

5/ Adjusted for the China Exim-bank loan for the Port of Abidjan (US$793.4 million).

6/ If concessional terms are not obtained for the electricity network (US$820 million) project, the ceiling on new nonconcessional external debt will be ajusted upward pro tanto. See paragraph 10 on the adjustor in the TMU.

7/ See paragraph 10 on the adjustor in the TMU.

Table 2a. Côte d'Ivoire: Structural Benchmarks, 2014–15, ECF			
Seventh Program Review			
Measures	**Macroeconomic Rationale**	**Timeframe**	**Status**
Public expenditure management			
Pay subsidies to support the electricity sector (HVO [Heavy Vacuum Oil]) in the amount of CFAF 40 billion	Reduce fiscal risks	**SB** end-December 2014	**Met**
Adopt a detailed timetable for closing public accounts at commercial banks	Improve cash-flow management	**SB** end-December 2014	**Met**
Restructuring of banking sector			
Restructure a state-owned bank	Reduce banking sector vulnerabilities and fiscal risks	**SB** end-December 2014	**Not met** (implemented with delay in February 2015)
Improving the business environment			
Limit the current fiscal year's VAT arrears pending refund to under CFAF 10 billion	Improve business climate	Continuous **SB**	**Met**
Implement plan to settle the full range of domestic arrears on audited debt, securitized and agreed debt	Improve business climate	**SB** end-December 2014	**Met**

Table 2b. Côte d'Ivoire: Proposed structural Benchmarks, 2015, ECF		
Eight Program Review		
Measures	**Macroeconomic Rationale**	**Timeframe**
Public expenditure management		
Payment in cash of the securitized debt held by SIR and PETROCI	Improve the financial position of the energy sector	**SB** end-June 2015
Adopt a protocol clarifying the responsibilities of the respective parties, including the government, as regards the payment of HVO	Reduce fiscal risks	**SB** end-June 2015
Issue a call for tender for the selection of an audit company that would complete a strategic audit aiming to restructure SIR.	Reduce fiscal risks	**SB** end-June 2015
Strengthening the soundness and development of the financial sector		
Adopt a draft law aimed at developing leasing	Develop the financial sector	**SB** end-September 2015
Restructure a public bank	Strengthen financial sector soundness	**SB** end-November 2015
Improving the business environment		
Limit the current fiscal year's VAT arrears pending refund to under CFAF 10 billion	Improve the business climate	Continuous **SB**
Clear the full range of domestic arrears on audited debt from 2010 and earlier years.	Improve the business climate	**SB** end-September 2015
Regularize domestic arrears on securitized and contractual debt ("dette conventionnée")	Improve the business climate	**SB** end-September 2015

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

May 19, 2015

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

QUANTITATIVE INDICATORS

2. **For program monitoring purposes, the performance criteria (PC) and indicative targets (IT) are set for June 30, 2015; the same variables are indicative targets for these variables for September 30, 2015 and December 31, 2015.**

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

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

3. **The PCs, the ITs, and the adjustors are calculated** as the cumulative change from December 31, 2014 for the 2015 targets, with the exception of new nonconcessional external loans for which the cumulative change starts from December 31, 2012 (Table 1 of the Memorandum of Economic and Financial Policies, or the MEFP).

A. Government Revenue (IT)

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

B. Pro-poor Expenditures (IT)

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

C. Treasury Advances (IT)

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

D. Primary Basic Fiscal Balance (PC)

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

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

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

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

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

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

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

F. Net Domestic Financing (PC)

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

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

This ceiling does not apply to either new agreements on restructuring domestic debt and securitization of domestic arrears or to new project loans from the Bank for Investment and Development (BIDC) of the Economic Community of West African States (ECOWAS). For any new borrowing over and above a cumulative amount of CFAF 50 billion during 2015, the government undertakes not to issue government securities except by auction through the BCEAO or through competitive public auction (appel d'offres compétitif) on the WAEMU financial markets registered with the Regional Council for Public Savings and Financial Markets (CREPMF), in consultation with Fund staff.

G. New Nonconcessional External Debt (PC)

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

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

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

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

- normal import-related commercial debts having a maturity of less than one year;
- rescheduling agreements;
- debts to the BIDC, up to the equivalent of CFAF 20 billion, for the period from January 1 to December 31, 2015;
- drawings on the IMF.

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

16. A cumulative ceiling for 2013–15 of US$800 million for the period through December 31, 2013, US$1,650 million through December 31, 2014, and US$3,843.4 million through December 31, 2015 applies to new nonconcessional external loans other than those specified in paragraph 14 (performance criterion). This ceiling would be applicable to debt-financing of projects, in the energy, infrastructure and transport sectors, and to the issuance of a Eurobond in 2015 for a maximum amount equivalent to U$1 billion. The ceiling on new nonconcessional foreign borrowing will be adjusted upward to reflect the loan to finance the rehabilitation and expansion of the electric power grid by a maximum amount equivalent to US$ 820 million, if the terms of this loan should prove to be nonconcessional. The government will inform staff in a timely manner before contracting any debt of this type and provide information on the terms of the new debt as well as a brief summary of the projects to be financed and their profitability, including an independent evaluation. The government will report on the use of funds and project implementation (in subsequent MEFPs or to staff). The US dollar value of eligible loans subject to this ceiling will be calculated using the exchange rates at end-August 2013 in the IFS (International Financial Statistics) database of the IMF. The amount of the Eurobond deemed contracted will be the amount subscribed/purchased at the end of the subscription/purchase period as specified under the final terms of exchange. The amounts subscribed/purchased of the Eurobond prior to the end of the subscription/purchase period of the Eurobond will not impact the performance criterion on external debt (paragraph 14).

H. External Payment Arrears (PC)

17. External arrears are considered to be the nonpayment of any interest or principal amounts on their due dates (taking into account relevant contractual grace periods, if any). This performance criterion applies to arrears accumulated under external debt of the government and external debt guaranteed by the government for which the guarantee has been called by creditors, consistent with the definitions given under the external debt criterion (paragraph 15). This performance criterion is monitored on a continuous basis.

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

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

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

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

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

22. For program purposes, the government undertakes: (i) to reduce the stock of amounts payable by at least CFAF 50 billion in 2015; and (ii) to not accumulate new domestic arrears in 2015.

MEMORANDUM ITEMS

A. Net Bank Claims on the Government

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

B. External Financing (Definitions)

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

C. Program Monitoring and Data Reporting

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

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

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

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

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

Table 1. Côte d'Ivoire: Pro-Poor Spending (incl. Social Spending), 2009–15

	2009	2010	2011	2012		2013		2014	2015
				Budget	Actual	SBL 1/	Actual	Budget	Draft Budget
Agriculture and rural development	**49.2**	**39.1**	**35.2**	**41.4**	**68.2**	**72.1**	**81.7**	**81.9**	**88.6**
General administration	8.5	9.2	7.0	7.7	10.0	16.3	21.4	28.0	33.9
Agriculture promotion and development program	10.6	10.8	10.8	12.0	18.7	15.1	15.9	17.8	23.4
Training of supervisory staff	8.4	8.3	10.3	8.4	13.5	15.7	18.4	16.9	21.5
Water system works	1.5	4.0	3.0	3.4	26.0	16.6	18.3	19.3	9.7
Other investments in the rural area (FRAR, FIMR)	20.2	6.8	4.1	10.0	0.0	8.4	7.7	0.0	
Fishing and animal husbandry	**6.7**	**5.9**	**4.0**	**4.7**	**7.2**	**5.9**	**7.5**	**8.0**	**9.0**
General administration	3.5	3.9	2.7	2.7	4.0	3.8	4.4	4.5	4.6
Milk production and livestock farming	2.3	1.8	1.2	1.5	2.9	0.9	1.7	1.7	2.0
Fishing and aquaculture	1.0	0.2	0.1	0.5	0.4	1.2	1.4	1.9	2.4
Education	**533.1**	**590.1**	**529.2**	**628.6**	**651.2**	**754.6**	**756.3**	**836.3**	**960.9**
General administration	19.6	24.9	24.7	23.6	19.8	19.5	19.5	20.6	25.2
Pre-schooling and primary education	336.7	366.7	301.1	398.2	379.2	454.4	449.2	316.6	403.8
Literacy	0.2	0.2	0.5	0.6	0.5	0.5	0.4	0.4	0.4
Secondary education and vocational training	83.0	83.8	74.2	80.3	74.8	83.7	87.7	296.8	306.9
University and research	93.7	114.5	117.0	113.0	140.0	153.0	156.1	155.4	178.1
Emergency/Presidential program/Education	0.0	0.0	11.7	12.8	36.9	43.5	43.5	46.5	46.5
Health	**118.4**	**113.6**	**120.2**	**138.0**	**169.2**	**205.1**	**197.9**	**267.4**	**310.1**
General administration	45.8	47.7	49.2	55.4	63.9	89.5	71.4	123.0	150.7
Primary health system	30.7	30.0	25.2	34.8	47.5	53.9	70.5	38.7	63.3
Preventive healthcare (enlarged vaccination program)	1.9	1.4	0.4	0.8	2.3	2.6	1.6	2.9	1.5
Disease-fighting programs	1.7	1.5	1.1	1.4	4.0	1.2	1.7	24.8	5.6
Infant/mother health and nutrition	0.8	0.4	0.4	0.6	1.4	0.6	0.8	18.1	10.9
HIV/Aids	10.8	5.9	6.9	8.0	6.4	5.4	1.6	5.6	16.7
Health centers and specialized programs	26.6	26.6	25.7	25.1	31.8	33.9	32.3	34.2	41.4
Emergency/Presidential program/Health	0.0	0.0	11.3	12.0	12.0	18.0	18.0	20.0	20.0
Water and De-contamination	**20.4**	**19.8**	**36.3**	**39.9**	**49.5**	**73.5**	**118.4**	**82.1**	**83.3**
Access to drinking water and de-contamination	4.9	6.0	10.2	10.7	10.8	25.4	69.9	37.0	38.7
Environmental protection spending	15.5	13.8	13.1	13.0	22.4	23.6	24.0	18.1	17.6
Emergency/Presidential program/healthiness and de-contamination	0.0	0.0	13.1	16.2	8.0	11.5	11.5	13.5	13.5
Emergency/Presidential program/drinking water	0.0	0.0	0.0	0.0	8.2	13.0	13.0	13.5	13.5
Energy	**16.5**	**9.7**	**8.8**	**17.0**	**18.8**	**26.7**	**25.5**	**30.1**	**34.9**
Access to electricity	16.5	9.7	8.9	9.0	10.8	13.7	12.5	16.6	21.4
Emergency/Presidential program/Electricity	0.0	0.0	0.0	8.0	8.0	13.0	13.0	13.5	13.5
Roads and Art Works	**39.1**	**45.4**	**33.4**	**47.1**	**51.4**	**101.7**	**80.2**	**112.7**	**118.7**
Road maintenance	0.5	2.4	2.1	5.1	2.3	11.4	8.7	6.0	6.2
Construction of art works	3.0	2.5	1.1	7.5	4.0	22.2	5.6	23.3	20.4
Other road projects	35.6	40.6	22.2	23.5	34.1	52.2	49.9	65.5	67.0
Emergency/Presidential program/maintenance and development	0.0	0.0	8.0	11.0	11.0	16.0	16.0	18.0	25.0
Social spending	**13.6**	**15.0**	**24.7**	**14.1**	**20.0**	**18.1**	**24.3**	**22.4**	**23.6**
General administration	8.6	9.8	8.9	9.0	15.1	13.4	19.1	16.1	17.1
Training for women	0.6	0.7	0.5	0.7	0.7	0.5	0.6	0.9	0.8
Orphanages, day nurseries, and social centers	1.5	2.0	1.9	2.5	2.2	2.1	2.3	3.1	3.1
Training of support staff	1.7	1.9	1.6	1.3	1.6	1.8	1.9	2.0	2.1
Indigents and victims of war or disaster	1.2	0.5	11.8	0.7	0.5	0.4	0.4	0.4	0.5
Decentralization (excl. education, health and agriculture)	**35.1**	**32.0**	**29.0**	**32.1**	**31.7**	**31.8**	**34.5**	**60.0**	**56.1**
Decentralization	35.1	32.0	29.0	32.1	31.7	31.8	34.5	60.0	56.1
Reconstruction	**1.4**	**2.6**	**5.6**	**1.2**	**0.3**	**13.0**	**2.9**	**10.4**	**20.4**
Reconstruction and rehabilitation	1.4	2.6	4.6	1.2	0.3	0.1	0.1	0.0	0.4
Emergency/Presidential program	0.0	0.0	1.0	0.0	0.0	12.9	2.9	10.4	20.0
Other poverty-fighting spending	**9.6**	**11.9**	**16.2**	**15.9**	**13.0**	**6.7**	**7.9**	**10.5**	**10.8**
Promotion and insertion of youth	8.4	8.9	13.7	13.4	7.6	5.1	5.4	8.1	8.2
Support and follow-up of DSRP	0.3	0.2	0.4	0.4	0.5	0.0	0.2	0.6	0.6
Development of tourism and craftmanship	0.9	2.8	2.0	2.1	4.9	1.6	2.3	1.8	2.0
TOTAL	**843.0**	**885.2**	**842.7**	**980.0**	**1,080.5**	**1,309.1**	**1,337.1**	**1,521.8**	**1716.4**

Source: Ivorien authorities.

1/ Supplementary Budget Law.

Table 2. Côte d'Ivoire: Document Transmittals

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

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CÔTE D'IVOIRE

May 20, 2015

SEVENTH REVIEW UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND REQUEST FOR MODIFICATION OF PERFORMANCE CRITERIA—INFORMATIONAL ANNEX

Prepared By

African Department
"In Consultation with other Departments"

CONTENTS

RELATIONS WITH THE FUND

(As of March 31, 2015)

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

General Resources Account:	**SDR Million**	**%Quota**
Quota	325.20	100.00
Fund holdings of currency (Exchange Rate)	324.17	99.68
Reserve Tranche Position	1.05	0.32

SDR Department:	**SDR Million**	**%Allocation**
Net cumulative allocation	310.90	100.00
Holdings	272.78	87.73

Outstanding Purchases and Loans:	**SDR Million**	**%Quota**
RCF loans	81.30	25.00
ECF Arrangements	637.72	196.10

Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
ECF	Nov 04, 2011	Dec 31, 2015	520.32	422.76
ECF[1/]	Mar 27, 2009	June 23, 2011	373.98	230.89
ECF[1/]	Mar 29, 2002	Mar 28, 2005	292.68	58.54

Projected Payments to Fund[2/]

(SDR Million; based on existing use of resources and present holdings of SDRs):

	2015	2016	2017	2018	2019
Principal	39.02	46.18	85.20	109.59	113.17
Charges/Interest	0.02	0.02	0.02	0.02	0.99
Total	39.04	46.20	85.22	109.61	114.16

Implementation of HIPC Initiative:

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

[1] Formerly PRGF.

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

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

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

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

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

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

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

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

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

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

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

Exchange Arrangements:

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

Article IV Consultation:

Côte d'Ivoire is on the 24-month Article IV consultation cycle for program countries. The Executive Board concluded the last Article IV consultation with Côte d'Ivoire in December 2013. The next Article IV consultation is planned for January 2016.

Technical Assistance:

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

	Area	Focus
	Multi-topic (April)	AFRITAC Steering Committee
	Fuel pricing (June)	Workshop
	National accounts (July, Oct/Nov)	Set up quarterly national accounts
	Debt Management (May, September)	Medium Term Debt Strategy (MTDS)
	Tax policy (July/August)	Review and diagnosis
2013	Public expenditure management	Budgeting strategy
	Public Debt Management (January/October)	Workshop on Debt sustainability analysis
	Customs/tax administration (January)	Workshop
	Statistic real sector (January/March/November)	Quarterly national accounts
	Strategy and Roadmap to Program Budgeting (January)	Workshop
	Cash management (February)	Treasury Single Account
	Debt management (February)	Reorganization of the Debt directorate
	Government Finance Statistics (March)	Migration to GFSM 2001
	Customs administration (March/September/December)	Modernization of customs administration
	Public wage bill management (April)	Regional workshop (AFRITAC)
	Wage bill management strategy (May)	Budgeting strategy
	Medium-term expenditure framework (June)	Budgeting strategy
	Accounting (July)	Accrual accounting
	Tax policy (August)	VAT reform
	Banking sector (August)	Public bank restructuring
	Tax administration (September)	Modernization of tax administration
	Tax Policy	Follow-up on tax policy reform
	Debt management (September)	Update the DSA
	Public financial management (September)	Medium-term expenditure framework
	National Accounts-AFRITAC (September)	Quarterly GDP
	Customs Administration-AFRITAC (October)	Risk-based analysis in Customs
	Revenue administration (November)	Strengthen tax administration
	Public financial management-AFRITAC (November)	Financial information system reform
	Government Finance Statistics -AFRITAC (November)	Producing the TOFE based on the trial balance and implementing WAEMU directives
	Public financial management-AFRITAC (December)	Support the formulation of a strategy to improve accounting procedures, consistent with WAEMU directives

	Area	Focus
2014	Public Financial Management (January)	Budget execution and spending procedures
	Customs Administration -AFRITAC (March)	Modernize customs
	Cash management (April)	Treasury Single Account
	National Accounts-AFRITAC (April)	Quarterly GDP
	Tax administration– AFRITAC (May)	VAT management
	Customs – AFRITAC (June)	Risk management for control purpose
	Banking sector– AFRITAC (June)	Implementation of the Treasury Single Account
	Budget management – AFRITAC (July)	Budget Management Information System modernization
	Accounting and financial reporting – AFRITAC (July)	Trial balance improvement – AFRITAC (July)
	Budget management– AFRITAC (July)	Budget classification
	Customs administration – AFRITAC (September)	Risk-based management and intelligence
	Accounting - AFRITAC (October)	Revenue administration and accounting
	National accounts- AFRITAC (October)	Strengthening economic statistics
	Public Financial Management	Medium term expenditure framework
	Tax Policy	VAT and income tax system
	Public Financial Management	Finalization of medium term expenditure framework
	Revenue Administration	Tax administration capacity
	Public Financial Management	Expenditure chain
	Revenue Administration	Setting up a large taxpayers office
	Revenue Administration	IT systems for VAT administration
2015	Revenue Administration	Diagnostic of customs administration
	Revenue Administration	IT systems for VAT administration
	Revenue Administration	Follow-up in tax administration
	Public Financial Management	Budget preparation and credibility
	Public Financial Management	Revenue forecasting
	Public Financial Management	Public accounting
	Revenue administration	Tax administration
	Tax Policy	Auditing of large taxpayers

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

JOINT BANK-FUND WORK PROGRAM, 2015–16

(As of May 2015)

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	**Strategy and Operations**:		
	CI- Country Partnership Framework (CPF)		July 16, 2015
	Third Poverty Reduction Support Credit	February to July 2015	September 3, 2015
	CI-BF - Regional Trade Facilitation and Competitiveness DPO		Going to the Board June 2015
	CI - Obsolete Pesticides Management Project		August 14, 2015
	CI-Emergency Youth Employment & Skills Development Project – Additional Financing		March 26, 2015
	CI- Infrastructure Renewal Project		April 21, 2016
	CI- Governance and Financial Sector Development Project		May 30, 2016
	CI-Emergency Basic Education Support Project		September 30, 2015
	CI : Parliament Capacity Building		July 09, 2016
	CI-Integrated Growth & Competitiveness		February 25, 2016
	CI - Public Investments and Service Delivery		May 30, 2016
	CI-Productive Social Safety Net		May 28, 2015
	CI-Local Governance and Territorial Development Project		May 30, 2016
	CI-Youth Employment and Skills Development (Second generation)		May 30, 2016
	CI-Gazelle Gas Field Development Project		March 22, 2016
	Economic and Sector Work:		
	Côte d'Ivoire Urbanization Review		June 30, 2015
	Côte d'Ivoire Country Statistical Brief		June 30, 2015
	CI- Economic Update (Second Edition - Growth and Employment)		October 30, 2015
	Assessing the Impact of Crises on HD		December 15, 2015

	Technical Assistance/Other Analytical:		
	Côte d'Ivoire Mining Law and Mineral Cadastre Reform		June 30, 2015
	Cote d'Ivoire Urbanization Review		June 30, 2015
	Support to Strengthen PFM Reform Environment		June 30, 2015
	Support to CIV Land Tenure Policy		June 26, 2015
	CI - Support the implementation of the PFM reform strategy		June 15, 2015
	Côte d'Ivoire Financial Sector TA		June 08, 2015
	CI-e-Governance in Procurement		June 15, 2015
	CI-Poverty Assessment		June 10, 2015
	Governance and Anti-Corruption Study		June 29, 2015
	Côte d'Ivoire: Support to BOOST		March 31, 2016
IMF work program in the next 12 months	**Program**:		
	8th ECF review (September 2015)		
	Article IV Consultation (January 2016)		
B. Requests for Work Program Inputs			
Fund requests to Bank	Periodic updates on budget implications of reforms in the civil service, coffee/cocoa sector, electricity sector, financial sector, as well as an infrastructure master plan.		Ongoing
Bank requests to Fund	Regular updates on macro-economic and fiscal projections		Ongoing

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

Bank Group Portfolio:

Since it started operations in Côte d'Ivoire in 1971, the AfDB has so far approved 71 operations for the country, of which 41 have been fully completed, 14 cancelled, 9 ongoing (3 newly approved). All approved operations amount to a net commitment of UA 1,399 million (CFA F 1,053 billion). AfDB Group-financed operations have been mainly loan-based and channeled, by order of importance, to the multi-sector (24%), the social sector (20,68%), the rural development and agriculture sector (20,40%), transport (17,32%), energy and telecommunications (13,67%), water/sanitation (3,8%) and finance (0,2%). The operations were financed mainly with resources from the ADB window (more than 70%). The bulk of these funds (92, 36%) were directed towards the public sector. It should be noted that funding for the private sector concerns electricity, telecommunications, transport and industry.

In the wake of the April 2011 post-electoral crisis, the Bank prepared a 2011–12 Country Brief defining a strategy for rapid re-engagement under African Development Fund (ADF-12) aimed to: (i) strengthen and rehabilitate infrastructure, and restore basic social services; and (ii) improve governance and build capacity. Two months after the end of the post-electoral crisis, the Bank adopted the Emergency Programme to Restore Basic Social and Administrative Services (PURSSAB), which usefully complemented the existing operations, especially the Post-Crisis Multi-Sector Institutional Support Project (PAIMSC). These two projects were implemented in close coordination with the United Nations System and helped to cover the country's urgent needs, particularly the rehabilitation of health and educational establishments, rural development administrative structures and child protection centres. These projects also contributed to the training and/or retraining of employees of the different services of the rehabilitated and equipped structures.

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

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

Status of Bank Active Portfolio as of March 2015—in UA Million (1 UA=1SDR)		
Operations	**Amount (in UA million)**	**Purpose/Remarks**
On-going projects (public window):		
Gourou Basin Integrated Management Project (Sanitation of Indenié junction and the Lagoon)	23	The ADF Board of Directors on November 24, 2010 approved a grant of UA 23 million to finance this project. This grant was put in place in June 2011.
Emergency Programme to Restore Basic Social and Administrative Services (PURSSAB) and Targeted support to strengthen the capacity of the administration	5.5	The main purpose of this program, which will be completed at the end of June 2015, 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 addressed the country's urgent needs through the restoration of basic health, educational and social welfare services, water and sanitation networks, public administration services, as well as dialogue, social cohesion and reconciliation mechanism.
Agricultural infrastructure support project in Indéné-Djuablin Region (PAIA-ID)	21.6	The project will contribute to improving food security and reducing poverty in rural areas. Specifically, it aims to increase, on a sustainable basis, the production and productivity of major crops, as well as improve marketing conditions.
Youth Employability and Insertion Support Programme,	18,8	The project aims to support the most promising employment and vocational training with a view to creating direct jobs for women and youths. The objective is to assist for changing the profile of future labour through reforms (gradual shift to steer the educational system to respond to economic demand and act on rapidly growing labour flows)
The Social Inclusion and Cohesion Enhancement Support Programme (budget support)	30	The project, approved in June 2014, mainly seeks to support Côte d'Ivoire in its efforts to restore social cohesion, improve social inclusion so as to address the social and psychological damage caused by the past conflict, as well as nip conflicts in the bud to guarantee greater political stability and more equitable economic growth. The main expected outputs are: (i) the socio-economic reintegration of ex-combatants; and (ii) support for the resolution of inter-community conflicts and care of victims.

Status of Bank Active Portfolio as of March 2015—in UA Million (1 UA=1SDR) (concluded)		
Operations	**Amount (in UA million)**	**Purpose/Remarks**
Strengthening systems to protect economies against health shocks (regional operation, approved in October 2014)	6	The programme constitutes a response to both the emergency created by the Ebola epidemic, and the need to address the longer term requisites for the economic resilience of the concerned countries and the prevention of similar public health shocks in the future.
Côte d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) Interconnection Project – Multinational	33,00	The project support the energy sector in the context of a regional operation aimed at interconnecting the power grids of Côte d'Ivoire with other Mano River Union member countries (Liberia, Sierra Leone and Guinea).
Road Development and transport Facilitation Programme within the Mano River Union (MRU) countries (Côte d'Ivoire, Guinea and Liberia), December 2014.	97	The overall objective of the Programme is to boost the post-conflict economic recovery of the MRU area by improving road infrastructure and promoting intra-community trade. Specifically, the programme seeks to improve transport conditions on the roads concerned in order to reduce transport costs, facilitate the free movement of persons and goods between the three countries and improve the living conditions of programme area communities.
Fight back Programme against EBOLA	10	The programme aims to bring the Ebola epidemic to an end and strengthen the critical foundations for effective control of unusual public health events, especially those of the current regional scale. The longer term horizon of the programme is to pave the way for sustainable improvement of systems and capacities for post crisis resilience.
Private sector		
Project construction of bridge toll Henri Konan BEDIE	50	Henri Konan Bédié Bridge is a public private partnership (PPP) based on a Build Operate Transfer (BOT) concession of 30 years. It involves the building of a toll bridge over the Ebrié Lagoon linking the South and North shores of Abidjan.
Azito power expansion project	26	Expansion of the Azito power plant in Côte d'Ivoire, by converting the existing simple-cycle power plant of 2 x 144 MW gas-fired turbines to a combined-cycle power plant, thereby increasing the capacity of the facility to approximately 430 MW
Ciprel power expansion project	44	Expansion of the Ciprel power plant to a combined cycle turbine facility in Côte d'Ivoire to be built in two phases: phase A, construction of a gas turbine (111MW of power), phase B deployment of a combined cycle turbine for additional 111MW of generation. The project will increase the capacity of the plant by 222MW.
Microcredit Côte d'Ivoire (equity participation and technical assistance)	1.5	It is a microfinance project which comprises two parts. The equity participation part was signed on June 2013; the technical assistance part will be signed on November 2013.

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

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

Indicative Work Program for 2015 and 2016

Description	Amount (in UA million)	Year
- Côte d'Ivoire-Mali regional road Project (under preparation)	73	2015
- SME and SMI Support Project	10	2015
- Agro-industrial Infrastructure Support Project in the Centre Region	30	2016
- Regional African Trade Insurance	10	2015
- Abidjan Urban roadway development Project	140	2015
- Road project Odiénné -Mali Border	80	2016
- Road projet Tieningboue-Mankono	45	2016
- San Pedro Regional Port Extension Project (private sector)	50	2016

STATISTICAL ISSUES

(As of May 2015)

I. Assessment of Data Adequacy for Surveillance	
General: Data provision has some shortcomings, but is broadly adequate for surveillance. There are weaknesses in the areas of national accounts and balance of payments and public finance statistics, as well as in the reconciliation of fiscal and monetary data. Generally, the authorities provided the required statistical indicators to the Fund (see attached table) on a timely basis. The new law organizing national statistics was approved in July 2013. A census took place in 2014 and a household survey was carried out too.	
National Accounts: Comprehensive national accounts data for 1996 onwards was compiled in line with the 1993 System of National Accounts methodologies, using 1996 as the base year. As the base year is dated, the authorities are drafting a plan to implement 2014 as the new base year and update implicit deflators. Compilation methods for provisional accounts must be revised as well. National accounts up to 2012 (final) and 2103 (provisional) are available. Fund staff has made observations on weaknesses in the national accounts that have yet to be addressed. There is ongoing work on quarterly national accounts with Fund support through AFRITAC West, with the first data projected to be available by end 2015.	
Price statistics: A harmonized consumer price index (CPI) was adopted by all WAEMU members. A new base year (2008) was adopted in 2010. The current CPI only covers the main city (Abidjan), but will be extended to other urban areas in the near future, with support received from the West African Economic and Monetary Union Commission and AFRISTAT.	
Labor market statistics: No such statistics are published regularly.	
Government finance statistics: The authorities compile annual data on the budgetary central government. While no monthly or quarterly fiscal data are provided for publication, they are made available to the IMF African Department, although metadata is lacking. The authorities are working on transposing the 2009 WAEMU Table of Government Financial Operations (TOFE) Directive based on *Government Finance Statistics Manual 2001(GFSM 2001)*. The laws and decrees were approved by the Council of Ministers and await the approval of the Parliament. In addition, the authorities are receiving assistance from AFRITAC to use accounting data, mainly the Treasury Trial Balance for reporting budgetary central government operations, and progressively implementing *GFSM 2001*. The work is now well advanced with having a parallel TOFE based on the trial balance being compiled in addition to the current TOFE. Work is still needed in expanding the coverage of the TOFE to include all the subsectors of the general government.	
Monetary sector statistics: Monetary data for Côte d'Ivoire are prepared by the national agency of the BCEAO and officially released by BCEAO headquarters. Despite recent improvements, monetary statistics continue to have shortcomings. These include inconsistencies in source data and lack of a proper sectorization of the domestic economy to ensure that the BCEAO adheres fully to the methodology of the *Monetary and Financial Statistics Manual*. The 2011, 2013, and 2014 STA missions to the BCEAO headquarters in Dakar, Senegal, made a number of recommendations for addressing the above shortcomings. The missions also assisted BCEAO staff in developing the standardized report forms (SRFs) for the central bank accounts and initiated work on the SRF for reporting the data of other depository corporations (ODCs).	
Financial sector surveillance: The BCEAO has accepted STA's invitation to begin regular reporting of its member countries' FSIs for dissemination on the IMF website.	
External sector statistics: The national agency of the BCEAO in Abidjan is responsible for compiling and disseminating annual balance of payments statistics and the international investment position. BCEAO headquarters delineates the methodology and calculates international reserves managed for WAEMU countries. With respect to merchandise trade, the customs computer system allows for satisfactory monitoring of trade data, although there are inconsistencies with data reported under BP6, and the coverage of services and transfers has shortcomings. Concerning financial accounts, foreign assets of the private nonbanking sector are not adequately covered, while reporting of private capital flows, especially foreign direct investment in Côte d'Ivoire, is weak. There is also insufficient information on private debt stocks and debt service flows. Latest ESS data available relate to 2010.	
II. Data Standards and Quality	
Côte d'Ivoire participates in the General Data Dissemination System (GDDS) since May 2000, and has posted the metadata on the Data Standards Bulletin Board.	No data ROSC is available.
III. Reporting to STA	
Côte d'Ivoire regularly reports data to STA for re-dissemination in IMF statistical publications. The latest balance of payments reported is for the year 2010.	

Côte d'Ivoire: Table of Common Indicators Required for Surveillance (As of May 2015)					
	Date of Latest Observation	**Date Received**	**Frequency of Data**[6]	**Frequency of Reporting**[6]	**Frequency of Publication**[6]
Exchange Rates	Current	Current	M	M	M
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	02/15	4/15	M	M	M
Reserve/Base Money	02/15	4/15	M	M	M
Broad Money	02/15	4/15	M	M	M
Central Bank Balance Sheet	02/15	4/15	M	M	M
Consolidated Balance Sheet of the Banking System	02/15	4/15	M	M	M
Interest Rates[2]	02/15	4/15	I	M	M
Consumer Price Index	03/15	4/15	M	M	M
Revenue, Expenditure, Balance and Composition of Financing[3] – General Government[4]	02/15	4/15	M	M	M
Stocks of Central Government and Central Government-Guaranteed Debt[5]	02/15	4/15	M	M	M
External Current Account Balance	12/12	3/15	M	M	M
Exports and Imports of Goods and Services	12/12	3/15	M	M	M
GDP/GNP	2014	3/15	A	A	A
Gross External Debt	02/15	4/15	M	M	M

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