IMF Country Report No. 20/321

CÔTE D'IVOIRE

December 2020

SEVENTH AND EIGHTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUEST FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND PROPOSAL FOR POST-PROGRAM MONITORING; PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR CÔTE D'IVOIRE

In the context of the Seventh and Eighth ECF-EFF Reviews under the Extended Credit Facility Arrangement and the Extended Arrangement under the Extended Fund Facility, Request for Waivers of Nonobservance of Performance Criteria, and Proposal for Post-Program Monitoring, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on December 9, 2020, following virtual discussions that ended on October 5, 2020, with the officials of Côte d'Ivoire on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility and the Extended Arrangement under the Extended Fund Facility. Based on information available at the time of these discussions, the staff report was completed on November 20, 2020.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.
- A **Supplementary Information** updating information on recent developments.
- A **Statement by the Executive Director** for Côte d'Ivoire.

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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PRESS RELEASE

PR20/367

IMF Executive Board Completes the Final Reviews of Côte d'Ivoire's Extended Credit Facility and Extended Fund Facility Arrangements

FOR IMMEDIATE RELEASE

- The completion of the 7th and 8th reviews of ECF/EFF arrangements enables an immediate disbursement of US$278.2 million.
- The four-year program performance was satisfactory. Côte d'Ivoire is weathering the economic consequences of the pandemic reasonably well so far, reaping the rewards of sound pre-COVID macroeconomic policies and a decisive policy response to the pandemic.
- The completion of current program will be followed by Post-Program Monitoring discussions.

Washington, DC – **December 9th, 2020:** The Executive Board of the International Monetary Fund (IMF) completed the seventh and eighth reviews under the Extended Credit Facility (ECF)[1] Arrangement and the Extended Arrangement under the Extended Fund Facility (EFF)[2] for Côte d'Ivoire, and approved waivers of nonobservance of performance criteria on the overall budget balance and the new external debt, and the proposal for Post-Program Monitoring discussions.

The three-year ECF/EFF arrangements with a total access of SDR 650.4 million (about US$896.7 million) were approved by the IMF Executive Board on December 12, 2016. It was augmented by about US$278.2 million, as well as extended by one year on December 6, 2019. Completion of the final reviews enables the immediate disbursement of SDR 193.572 million (about US$278.2 million), bringing total disbursements under the arrangements to SDR 844 million (about US$1,207.71 million or 129.8 percent of Côte d'Ivoire's quota).

The four-year program performance was satisfactory, and the authorities reacted swiftly to the unprecedented challenge of the pandemic. Strong pre-crisis fundamentals, relative economic diversification, and timely relaxing of the fiscal stance allowed Côte d'Ivoire to remain amongst few Sub-Saharan African countries that maintained growth in 2020, currently projected to stand at 1.8 percent. Assuming global conditions gradually normalize, growth is projected to revert to 6½ percent in 2021, but with numerous downside risks. The authorities also intend to gradually consolidate the fiscal deficit to 3 percent of GDP by 2023.

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[1] The ECF is a lending arrangement that provides sustained program engagement over the medium to long term in case of protracted balance of payments problems.

[2] The EFF was established to provide assistance to countries: (i) experiencing serious payments imbalances because of structural impediments; or (ii) characterized by slow growth and an inherently weak balance of payments position.

Following the Executive Board discussion, Mr. Mitsuhiro Furusawa, Acting Chair and Deputy Managing Director, made the following statement:

“Strong record of sound macroeconomic policies, a swift COVID response, and substantive government support to the most impacted has helped Côte d’Ivoire in weathering the immediate consequences of the pandemic reasonably well. Performance under the Fund-supported program was satisfactory through end-2019 although several program targets were missed at end-June 2020 due to the pandemic response. Provided global economic conditions gradually normalize, growth is projected to revert to its medium-term trend in 2021, but with substantial downside risks.

“The authorities appropriately responded to the COVID shock by relaxing the fiscal stance to accommodate revenue setbacks, implement the government’s emergency spending plan and limit the growth deceleration. The gradual fiscal consolidation projected over the next three years strikes the right balance between supporting the recovery and re-anchoring the fiscal path. A return to the WAEMU norm of a fiscal deficit of 3 percent of GDP by 2023 is key for regional stability.

“Over the medium term, it is essential to address pressing development needs, build buffers, and limit debt vulnerabilities. This hinges on implementing a much more ambitious strategy for domestic revenue mobilization, centered on bringing the informal economy into the fiscal net and limiting the proliferation of tax exemptions, complementing ongoing efforts to strengthen the revenue administration. State-owned enterprises and public banks need to continue to be carefully monitored, and debt management will require balancing recourse to financing on the regional market and from external commercial sources. Reinforcing the statistical apparatus is key to timely identify policy priorities.

“Upon completion of the Extended Credit Facility and the Extended Arrangement under the Extended Fund facility, it is recommended that Côte d’Ivoire returns to the standard 12-month cycle for Article IV consultations and engages in Post-Program Monitoring, as outstanding credit to the Fund exceeds the 200 percent of quota threshold.”

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

November 20, 2020

SEVENTH AND EIGHTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUEST FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND PROPOSAL FOR POST-PROGRAM MONITORING

EXECUTIVE SUMMARY

Context and crisis policy response. Prior to the COVID crisis, Côte d'Ivoire had established a strong track record of economic policies, although domestic revenue mobilization has disappointed. The authorities reacted swiftly to the pandemic, supported by emergency financing from the IMF and other donors. They implemented a health and economic response plan combined with frontloaded capital spending, relaxing the 2020 fiscal stance by 3½ ppt of GDP compared to pre-COVID projections. The authorities will start consolidating the fiscal position in 2021 while supporting the recovery, with tax measures underpinning the 2021 budget. Beyond, the authorities are committed to returning to the regional fiscal deficit norm of 3 percent of GDP by 2023. The October 2020 presidential election was accompanied by socio-political tensions.

Despite a sharp initial economic hit, activity appears to be rebounding. 2020 growth is expected to remain positive, at 1.8 percent, thanks to a rapid lifting of the lockdown, good pre-crisis fundamentals, and a diversified economy. Contingent on a gradual return to normal global conditions, the economy is forecast to revert to a 6½ percent growth trend in 2021. Risks to this outlook are skewed to the downside.

Program performance was satisfactory through end-2019, but several program targets were missed at end-June 2020 due to the pandemic response. Staff supports the authorities' requests for the completion of the seventh and eighth reviews under the ECF and EFF arrangements, which would release a total disbursement equivalent to SDR 193.572 million. It also supports their request for waivers of nonobservance of the end-June 2020 PCs on the overall budget balance and the new external debt contracted, based on the authorities' corrective measures. Notwithstanding the considerable constraints engendered by the pandemic, most structural benchmarks have been met. It is recommended that Côte d'Ivoire engages in Post-Program Monitoring discussions upon completion of the program.

Approved By
Abebe Aemro Selassie (AFR) and Chad Steinberg (SPR)

Discussions were held virtually from September 15 to October 5, 2020. The mission comprised Ms. Céline Allard (head), Mr. Rasmané Ouedraogo, Ms. Dominique Simard, Mr. Ahmed Yago (all AFR), Mr. Jean-Marc Fournier (FAD), Ms. Anna Fruttero (SPR), Mr. Kadima Kalonji (IMF resident representative) and Mr. Hermann Yohou (local economist). Mr. Marcellin Koffi Alle (OED) participated in the discussions. Ms. Bteish and Mr. Magno assisted the team.

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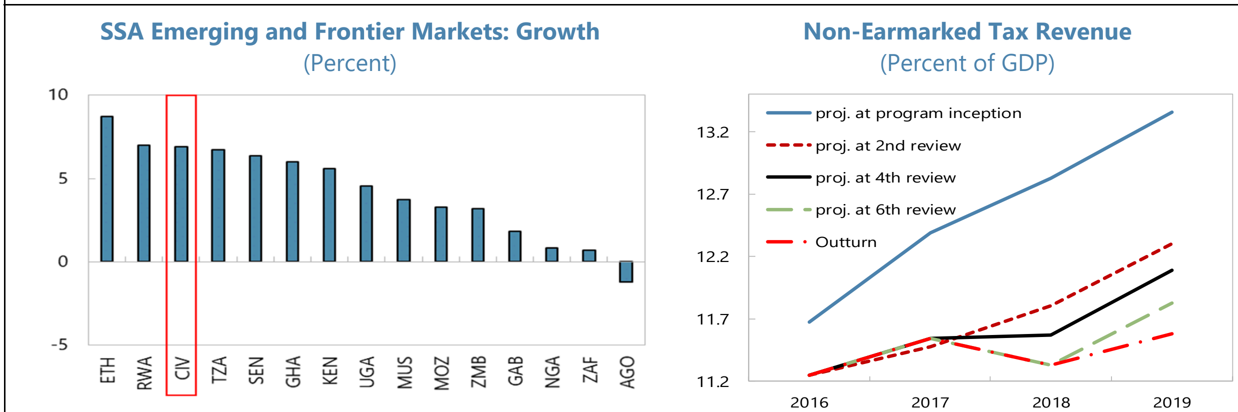
CONTEXT, RECENT ECONOMIC DEVELOPMENTS, OUTLOOK AND RISKS

1. **Prior to the COVID crisis, Côte d'Ivoire had established a strong track record of economic policies, with the notable exception of domestic revenue mobilization**. Growth had been one of the fastest among sub-Saharan African (SSA) frontier market (FM) economies, averaging close to 7 percent per year over the 2017-19 period of the current ECF-EFF-supported program. The poverty rate declined from 44.4 percent in 2015 to 39.4 in 2018. Underpinning regional stability, the fiscal deficit was consolidated to 2.3 percent in 2019, in turn ensuring low inflation. Important structural reforms were implemented to strengthen the revenue administration and public financial management (PFM), and to contain the public wage bill. Improving domestic revenue mobilization to sustainably fund development needs, though, has remained a key challenge over the program, with the 2019 tax-to-GDP ratio underperforming projections from program inception by as much as 1¾ ppt of GDP. Furthermore, at 12 percent, it trails SSA EM peers' average by nearly 4 ppt of GDP—as the authorities have found it difficult to generate tax revenue from the fastest growing sectors of the economy.

Text Figure 1. Growth and Tax Revenue Performance, 2016-19



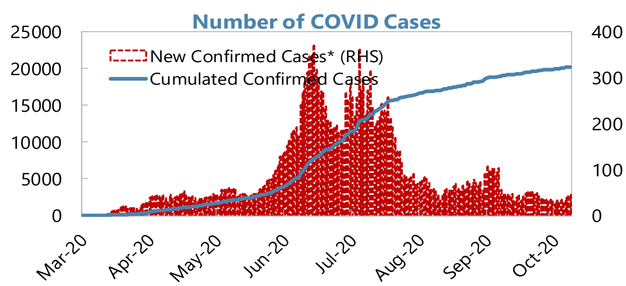
Sources: WEO; and IMF staff calculations.

2. **The authorities reacted swiftly to the unprecedented challenge of the pandemic**. To contain transmission, expand medical capacity and support most vulnerable populations and firms, they instituted a 1½ month lockdown (Figure 1) and adopted emergency health and economic packages amounting to 1½ percent of GDP for 2020 (MEFP ¶3). They joined the G20 debt suspension initiative, although the amounts at stake are low. These actions were complemented by regional-level measures, as the central bank (BCEAO) lowered policy rates by 50 bps, widened the collateral framework for bank refinancing, extended the timeframe for the transition to Basel II/III, and allowed for a bank loan repayment moratorium. Actions on the health front were successful in decreasing new daily cases by mid-summer, and those had remained in low double-digit numbers by end-October and allowed a gradual lifting of containment measures as early as mid-May.

3. The IMF provided emergency financing to support the authorities' response. Due to the COVID-19 pandemic, the 7th review and Article IV consultation, initially planned for Spring 2020, were postponed to focus on IMF emergency support (RCF/RFI, 1.5 percent of GDP), which was disbursed in April 2020.[1] This final review of the program combines the 7th and 8th reviews.

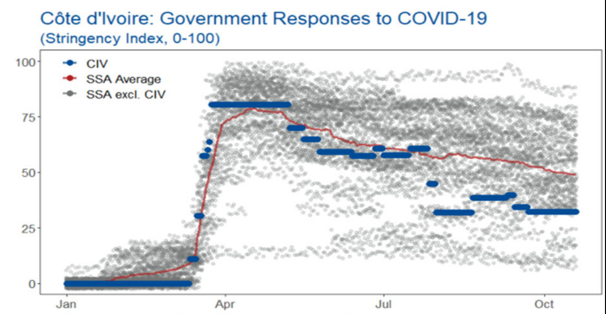
Figure 1. Côte d'Ivoire: COVID-19 Cases and Economic Impact

The pandemic is hitting Côte d'Ivoire,...



* Weekly moving average.

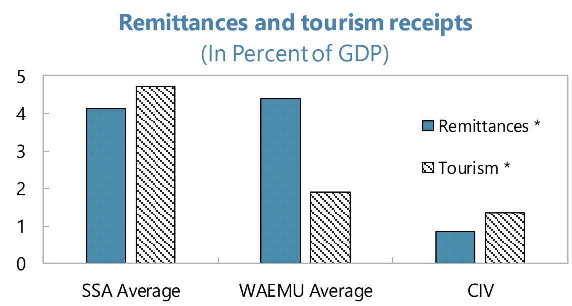
...which responded with strong mitigation and containment measures...



Source: Oxford COVID-19 Government Response Tracker.

...which allowed for their gradual lifting as early as May.

The hit to the economy was mitigated.



*2016 or latest.

Sources: IMF staff calculations; Ivoirien authorities; and World Bank's WDI.

Note: The stringency index is a composite index of 8 indicators measured on ordinal scale, rescaled to vary from 0 to 100, with higher values corresponding to strongest measures. The data is collected from publicly available information by a cross-disciplinary Oxford University team of academics and students from every part of the world, led by the Blavatnik School of Government. This measure is for comparative purposes only and should not be interpreted as a rating of the appropriateness or effectiveness of a country's response. It should therefore be interpreted with caution.

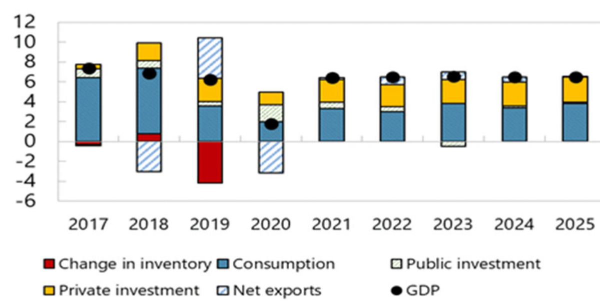
[1] Côte d'Ivoire: Requests for Disbursement Under the RCF and Purchase under the RFI.

4. Despite a sharp initial economic hit, activity appears to be rebounding (Figure 2). Like elsewhere in the region, the necessary containment measures and lower global growth initially caused significant adverse economic effects, especially in the transport and hospitality sectors. But a sharper drop was averted thanks to the rapid lifting of the lockdown, good pre-crisis fundamentals that allowed for a robust policy response, and a diversified economy, with lower dependency on tourism and remittances than SSA peers. High frequency indicators, including on manufacturing, electricity demand and credit, now point to a nascent recovery. As a result, 2020 growth is expected to remain positive, at 1.8 percent in 2020, but still 5 ppt below pre-COVID-19 projections. Annual inflation increased from 0.8 percent at end-2019 to 2.1 percent in September, mainly reflecting food supply chain disruptions from containment measures and border closure.

5. Contingent on a gradual return to normal global conditions, the economy is forecast to revert to a 6½ percent growth trend as early as in 2021 (Figure 3, Table 1 and Text Table 1). The rebound next year is predicated on recovering exports and domestic demand, including from the continued implementation of the COVID-19 economic package and public investment plans. Meanwhile, the 20 percent increase of the cocoa farmgate prices, announced by the authorities in October 2020, and underpinned by the Living Income Differential (LID) premium on global cocoa prices, will support producers' income and the recovery. The external current account deficit is expected to gradually narrow from -3.9 percent of GDP in 2020 as external demand recovers, while foreign direct investment and other investment inflows are expected to increase with returning global investors' confidence (Tables 2a and 2b). Inflation is forecast to remain subdued, anchored by the CFAF/Euro peg.

Text Figure 2. Côte d'Ivoire: Contribution to Real GDP Growth

(Percent)



Sources: IMF staff calculations and Ivoirien authorities

Text Table 1. Côte d'Ivoire: Selected Economic Indicators, 2018-25

(Percent of GDP unless otherwise indicated)

	2018	2019	2020	2021	2022	2023	2024	2025
		Est.	Proj.	Projections				
GDP growth, percent	6.9	6.2	1.8	6.5	6.5	6.5	6.5	6.5
Inflation, percent	0.4	0.8	1.2	1.4	1.6	1.8	2.0	2.0
Current account balance	-3.6	-2.7	-3.9	-3.6	-3.3	-2.8	-2.6	-2.5
Total revenue and grants	14.8	15.0	14.5	15.3	15.4	15.4	15.2	15.2
Non-earmarked tax revenues	11.3	11.6	11.3	12.0	12.2	12.3	12.4	12.5
Current expenditure	12.9	13.0	15.2	14.6	13.6	13.7	13.7	13.8
Capital expenditure	4.8	4.4	5.3	5.3	5.3	4.7	4.6	4.4
Fiscal balance (including grants)	-2.9	-2.3	-5.9	-4.6	-3.5	-3.0	-3.0	-3.0
Public debt	40.1	41.2	45.8	46.1	46.3	45.8	45.3	44.7
Nominal GDP (FCFA billion)	32,222	34,299	35,125	37,691	40,531	43,696	47,187	51,056

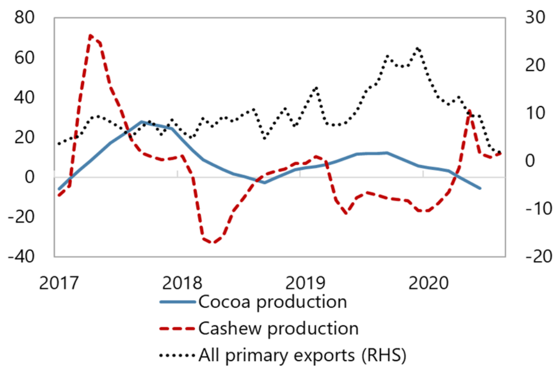
Sources: Ivoirien authorities; and IMF staff estimates.

Figure 2. Côte d'Ivoire: Recent Economic Developments, 2017–20

Production of primary commodities generally decelerated, although cashew production is recovering

Agricultural Production

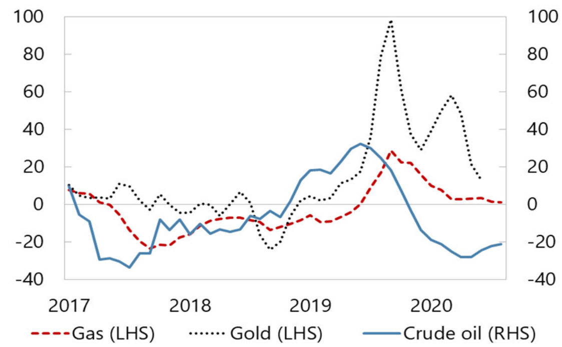
(YOY percent change, 12-month moving average)



Rising global gold prices have energized mining, but oil and gas production decelerated.

Mining Output

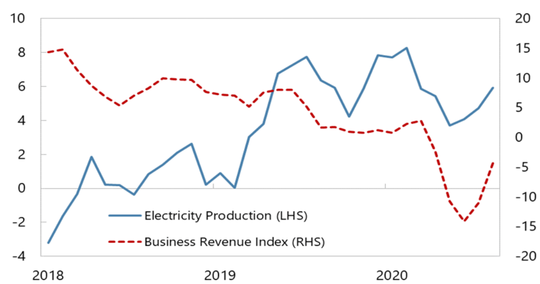
(YOY percent change; 3-month moving average)



Electricity production and private business activities are recovering after the easing of the containment measures.

Electricity production and business revenue index

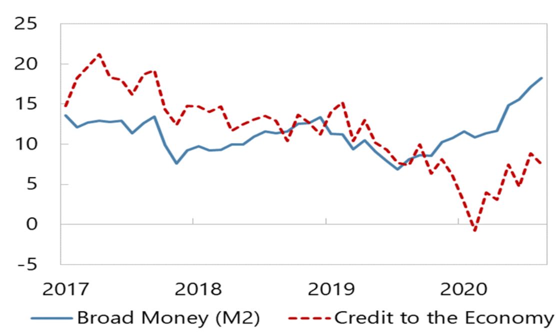
(YOY percent change; 3-month moving average)



After trending down since 2017, credit to the economy and broad money recovered amid the pandemic.

Credit to the economy and broad money

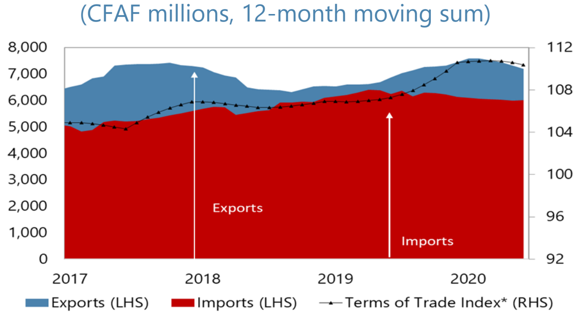
(YOY percent change)



The trade balance improved slightly in Q2, due to import compression and better terms of trade.

Trade

(CFAF millions, 12-month moving sum)



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

Inflation is picking up, driven by food products.

Contribution to inflation

(Annual average, in percent)

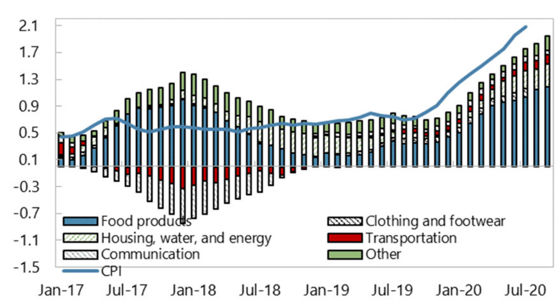
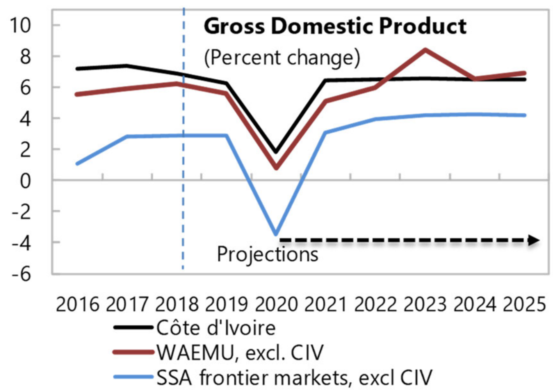
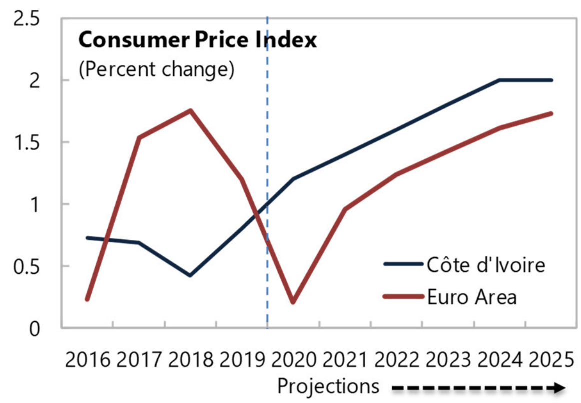


Figure 3. Côte d'Ivoire: Medium-Term Outlook, 2016–25

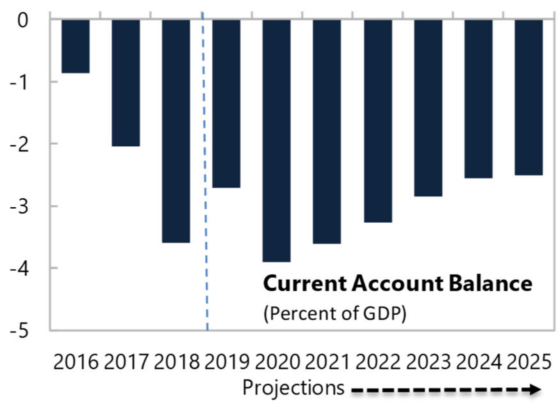
Growth is expected to recover at a higher rate than other SSA frontier markets…



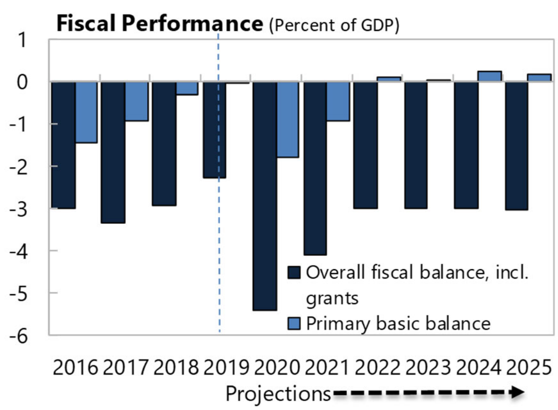
…while inflation will remain subdued.



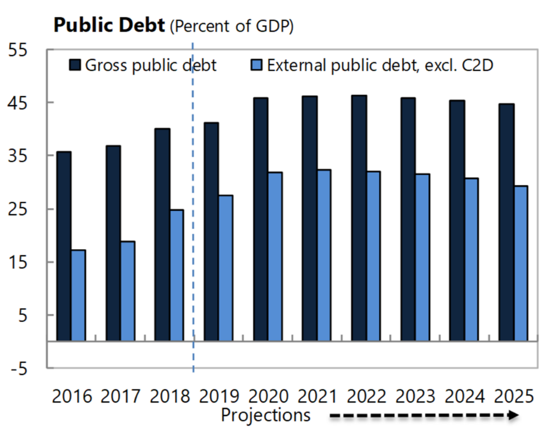
The current account balance is expected to gradually narrow, with higher value-added in exports.



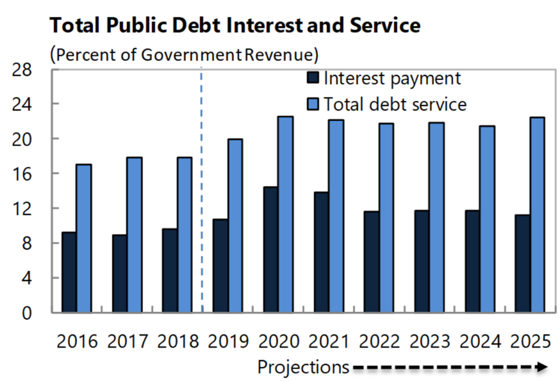
The authorities committed to returning the fiscal deficit to the regional norm of 3 percent of GDP in 2023.



Public debt will remain contained…



…keeping debt service costs manageable.



Sources: Ivoirien authorities; and IMF staff estimates.

6. The October 2020 presidential election was accompanied by socio-political tensions. Pre-election tensions surged after President Ouattara rescinded his decision not to seek a third mandate following the death in July of the ruling party's candidate, then PM Coulibaly. The opposition also argued that the electoral process was insufficiently inclusive and called to boycott the elections. Following a vote characterized by uneven participation across regions and violence in some areas, President Ouattara was declared victorious in the first round. A stable socio-political environment will be key to ensure the country can continue its path to economic structural transformation, with due considerations to the need to ensure a robust recovery for all.

7. Risks to the economic outlook are skewed to the downside (Annex I). A more protracted or resurgent pattern of global and/or regional COVID outbreaks would jeopardize the recovery. Global demand for Ivoirien exports could be further depressed by continued de-globalization. Domestically, growth and revenue mobilization still present downside risks and the financial sector's health may deteriorate. Failure to address social tensions that emerged during the election period could depress private sector confidence and positive investor sentiment toward Côte d'Ivoire, raising risks to the recovery and its financing. Wider tensions from the already difficult security situation in the North of the country would compound those risks.

PROGRAM PERFORMANCE

8. Program performance was satisfactory through end-2019, but several program targets were missed at end-June 2020 due to the pandemic response (MEFP ¶¶21-22, and ¶24, MEFP Table 1 and Text Tables 2 and 3).

- ***All end-December 2019 performance criteria (PC) and two of the indicative targets (IT) were met***. However, the ITs on the floors on tax revenue, central government's amounts payable, and primary basic fiscal balance were missed. This reflected revenue underperformance, and higher domestically financed spending partially compensating for a shortfall in foreign loan-financed projects and the postponement of some budget support disbursement to early 2020.

Text Table 2. Côte d'Ivoire: Fiscal Operations of the Central Government (Percent of GDP)

	End-Dec. 2019			End-Jun. 2020		
	Prog. [1/]	Est.	Diff.	Prog. [1/]	Est.	Diff.
Total revenue and grants	15.3	15.0	-0.3	8.1	6.8	-1.3
Total revenue	14.4	14.2	-0.2	7.6	6.5	-1.1
Tax revenue	12.5	12.3	-0.3	6.8	5.6	-1.1
Nontax revenue	1.9	2.0	0.1	0.8	0.9	0.1
Grants	0.9	0.8	-0.1	0.5	0.3	-0.2
Total expenditure	17.6	17.3	-0.3	9.5	9.1	-0.3
Current expenditure	13.0	13.0	0.0	6.9	6.9	-0.1
Capital expenditure	4.7	4.4	-0.3	2.5	2.3	-0.3
Domestically financed	2.5	2.8	0.3	1.2	1.3	0.1
Foreign-financed, *of which*	2.1	1.5	-0.6	1.3	0.9	-0.4
Foreign loan-financed	1.7	1.2	-0.5	1.3	0.9	-0.4
Primary basic balance	0.5	-0.1	-0.5	0.4	-0.8	-1.3
Overall balance	**-2.3**	**-2.3**	**0.0**	**-1.4**	**-2.4**	-0.9
Domestic arrears and float	-0.1	0.3	0.4	-0.2	-0.6	-0.4
Overall balance (cash basis)	-2.4	-2.0	0.4	-1.6	-2.9	-1.3

Sources: Ivoirien authorities; and IMF staff estimates.

1/ Projections for the sixth EFF and ECF reviews combined with the national accounts that were subsequently rebased.

- ***Two end-June 2020 PCs and most ITs, set ahead of the COVID crisis, were missed***. As foreseen at the time of the RCF/RFI disbursement, the need for exceptional outlays and revenue shortfalls from the growth downgrade resulted in undershooting of the floors on the government tax revenue (IT), and overall (PC) and primary basic (IT) fiscal balances. The adjusted PC ceiling on the new external debt contracted was missed, as some project loans planned for H2 were frontloaded, including to support the fight against the pandemic and rebuild infrastructure after devastating floods. The ceiling on expenditures by treasury advances was missed as emergency spending procedures were enacted ahead of the adoption of the 2020 supplementary budget law (Box 1). The undershooting of the floor on pro-poor expenditure (IT) was mitigated by transfers to vulnerable households in the context of the COVID response, with World Bank collaboration.

Text Table 3. Côte d'Ivoire: End-June 2020 Performance Criteria and Indicative Targets[1]
(Billions of CFAF)

	2020				
	June				
	PC	Adj. PC		Est.	Status
A. Performance criteria					
Floor on the overall fiscal balance (incl. grants)	-493.5			-825.5	NOT MET
Ceiling on net domestic financing (incl. WAEMU paper)	166.6	666.6	2/	628.7	MET
Ceiling on the present value of new external debt contracted by the central government ($ million)	2,265.3	1,417.2	3/	2,245.5	NOT MET
Ceiling on accumulation of new external arrears by the central government (continuous basis)	0.0			0.0	MET
Ceiling on accumulation of new domestic arrears by the central government (continuous basis)	0.0			0.0	MET
B. Indicative targets					
Floor on government tax revenue	2,245.9			1,900.9	NOT MET
Ceiling on expenditures by treasury advance	104.3			176.7	NOT MET
Floor on pro-poor expenditure	1,326.8			1,298.9	NOT MET
Floor on net reduction of central government amounts payable (- = reduction)	-71.5			-201.7	MET
Floor on primary basic fiscal balance	156.2			-283.0	NOT MET
Memorandum items:					
Program grants	80.6			73.8	
Program loans	76.2			133.5	
Project grants	85.7			18.1	
Project loans	368.5			300.5	
Budget support from the European Union, World Bank, and African Development Bank	0.0			118.5	
Fuel tax revenues	228.2			248.4	

Sources: Ivoirien authorities; and IMF staff estimates.
1/ Cumulative amount from January 1, 2020.
2/ Adjusted upward by the difference between programmed and disbursed budget support from the European Union, the World Bank and the African Development Bank, and the difference between the recourse to international capital markets envisaged under the program and the actual recourse.
3/ Adjusted downward by the difference between the recourse to international capital markets envisaged under the program and the actual recourse.

9. Staff supports the authorities' request for waivers of nonobservance of the end-June 2020 PCs on the overall budget balance and the new external debt contracted, based on the authorities' corrective measures (LOI ¶7 and MEFP ¶31). Regarding the budget deficit, the authorities are implementing their support package in response to the pandemic. The government adopted in the first half of November a draft 2020 supplementary budget law in line with the current IMF program—a **prior action** for the review (LOI ¶9 and MEFP ¶19)—and a draft 2021 budget law targeting a consolidated budget deficit of 4.6 percent of GDP (MEFP ¶31). Monthly fiscal data through end-August shows a spending execution rate of 62 percent of the annual 2020 target, within the range for previous years, and revenue outturn consistent with the annual projections. Should revenue underperform, the authorities will need to cut non-priority spending, as they have throughout the program period. Concerning the new external debt contracted, the authorities reiterated their commitment to meet the initial target of US$3,694.6 million for the net present value of external debt at end-2020, and pledged to communicate the NPV of new external debt contracted on a monthly basis until end-2020, which has been done in a timely fashion (MEFP ¶24).

10. Notwithstanding the considerable constraints engendered by the pandemic, most structural benchmarks (SBs) have been met (MEFP ¶23, ¶25, MEFP Table 2 and Text Table 4). The dashboard for state-owned enterprises was not complete at end-March 2020, reflecting difficulties to gather all indicators in the COVID-19 environment. However, it was completed at end June 2020.

Text Table 4. Côte d'Ivoire: Structural Benchmarks Due by End-December 2019, End-March 2020 and End-June 2020

Measures	Timetable
Apply the retail fuel price mechanism to preserve fuel tax revenue at a level envisaged in the budget law.	**SB** quarterly **Met**
By the end of each quarter produce a summary table of public enterprise debt service in the previous quarter based on progress in the data availability.	**SB** quarterly **Met**
Every six months submit a report on the financial situation of Air Côte d'Ivoire.	**SB** for end-December 2019 and end-June 2020, **Met**
Assign a Single Taxpayer Identification Number (STIN) to all new businesses and re-register at least 40 percent of firms recorded in the large and medium-sized firm directorates with a STIN.	**SB** for end-December 2019 **Met**
Produce a report on discrepancies between Ivoirien import data and international data on world exports to Côte d'Ivoire for 20 large products in terms of customs import revenue and draw up an action plan to address identified deficiencies.	**SB** for end-March 2020 **Met**
Develop a dashboard and produce, at the end of each quarter, the main financial indicators for state enterprises and enterprises which are majority owned by the government for the preceding quarter.	**SB** for end-March 2020 **Not met** and for end-June 2020 **Met**
Extend the 2018 annual fiscal tables (TOFE) coverage under GFSM 2001/14 standards to include the central government, two social security funds, local governments, four extrabudgetary funds and national public institutions.	**SB** for end-June 2020 **Met**

ECONOMIC POLICIES FOR 2020 AND 2021

The last two reviews of the ECF-EFF-supported program centered on ensuring an appropriate policy response to the pandemic in 2020 and striking the right balance for the 2021 fiscal stance between the need to accompany the recovery and that of re-anchoring the fiscal path toward the WAEMU deficit target to ensure debt sustainability and regional external stability over the medium-term. Next-stage structural reforms were also identified to help secure the fiscal consolidation and place Côte d'Ivoire back on a strong, sustainable and private sector-led growth path.

A. Fighting the Pandemic in 2020

11. To allow for a swift response to the pandemic emergency, the 2020 fiscal stance was relaxed by 3½ ppt of GDP compared to pre-COVID projections (Tables 3a and 3b, Text Table 5). Compared to the 2.3 percent of GDP planned at the time of the sixth ECF-EFF review, the deficit is now expected to reach 5.9 percent, some ½ ppt of GDP higher than at the time of the April RCF/RFI disbursement. The 3½ ppt of GDP widening accommodates the authorities' 1½ ppt of GDP of COVID response (¼ ppt related to tax measures, and 1¼ ppt of health and economic support spending, see Box 1), 1 ppt of lower revenue due to the growth downgrade, ½ ppt of other current expenditures and ½ ppt of higher public investment. The latter, not foreseen at the time of the RCF/RFI disbursment, was made necessary to support the fight against the pandemic, including by frontloading capital spending on hospitals and water sanitation, and to put a floor on the growth deceleration.

Text Table 5. Côte d'Ivoire: 2020 Fiscal Stance
(Percent of GDP)

	Prog. 1/	RCF/RFI	Proj.
Total revenue and grants	15.4	14.5	14.5
Total expenditure	17.7	19.7	20.4
Current expenditure	12.8	15.2	15.2
o.w. COVID spending	...	1.5	1.2
Capital expenditure	4.9	4.6	5.3
Overall balance	-2.3	-5.2	-5.9

Sources: Ivoirien authorities; and IMF staff estimates.

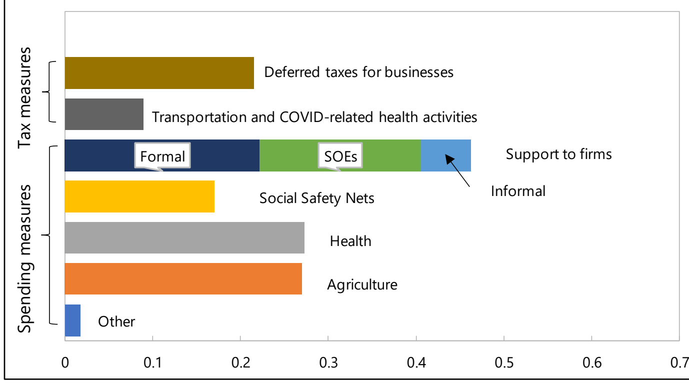
1/ Projections for the sixth EFF and ECF reviews combined with the national accounts that were subsequently rebased.

12. Tax revenue projections remain aligned with expectations under the RCF/RFI disbursement. The moratorium granted to firms at the onset of the crisis on tax liabilities and social security contributions expired in June 2020, and deferred liabilities are now being collected. Lower direct tax revenues (caused by a more adverse impact of the crisis on employment income than at the time of the RCF/RFI) are expected to be compensated by higher revenues from indirect taxes, including on petroleum products. The decision in April 2020 to accelerate VAT refunds has created temporary cash-flow difficulties and refund backlog, but this is expected to be gradually resolved, and VAT collection to be buttressed, as the authorities have now returned to the VAT refund procedures that prevailed before the crisis (MEFP ¶36).

Box 1. Côte d'Ivoire's Emergency Fiscal Package to Address the COVID-19 Pandemic

The authorities are implementing a health spending package of 0.3 percent of GDP and an economic response plan of 1.2 percent of GDP (MEFP Box 2 and MEFP Annex I). The government adopted in early November 2020 a draft supplementary budget law to reflect these measures. The health package covers monitoring and containing the spread of the pandemic, and reinforcing the medical infrastructure, personnel, and communication. The economic response plan aims to support firms experiencing temporary cash-flow difficulties, buttress critical sectors (health, agriculture, transportation) and provide social safety nets to the most vulnerable households,—with 0.9 percent of GDP of emergency spending, and 0.3 percent of GDP of temporary tax deferrals for affected businesses and tax incentives such as import duty exemptions to support the health, transportation and tourism sectors, along with a 3-month tax control moratorium.

Emergency Fiscal Package to Address COVID-19
(In Percent of GDP)



The authorities created special funds to manage 0.4 percent of GDP of the plan. To swiftly address the crisis, they enacted emergency procedures enabling the executive to pass laws in April creating four extra-budgetary funds, subsequently approved by the parliament's economic and finance commission. These funds, dedicated to supporting firms in the formal (one fund for large enterprises and one for SMEs) and informal sector, as well as vulnerable populations, are held at a public bank, but are subject to ex-post controls by the internal auditor. They will be regularly audited by an international accounting firm. The list of beneficiaries is regularly published, and monthly activity reports are publicly available within a month on the funds' respective websites (www.fsge.gouv.ci; www.fspme.agencipme.ci; www.fss-covid19.com; www.fasi.ci). Once the crisis is over, the authorities plan to transfer the assets from these funds to an entity with similar objectives or to the Caisse des Dépôts et de Consignation, instituted to foster longer term credit to infrastructures and SMEs.

The remainder of the emergency spending follows budget procedures closer to the Treasury Single Account. The management of the support for agriculture involves a multi-layered administration overseen by the recently created Inter-ministerial Committee for raw materials, chaired by the Prime Minister. The support includes price support for export agriculture sectors impacted by the sharp downturn in global prices, and subsidies for seeds, fertilizers and other inputs for subsistence agriculture. The end-August report of agriculture support is public (http://www.gouv.ci/doc/1602070704PURGA-Rapport-mensuel-consolide-au-31-aout-2020.pdf) and transparently describes schemes and amounts spent by branches, but without providing lists of beneficiaries.

13. **While the authorities' COVID economic plan was set up with appropriate safeguards, disbursements remained slow through end-August and needed to be ramped up**. Safeguards for the extra-budgetary funds targeting affected firms, vulnerable households and the informal sector (half of the package), and for agriculture support (a third of the package) include transparent selection criteria, regular publication of the list of beneficiaries and activity reports, and ex-post audits and controls (MEFP Box 2). However, partly because of the careful and slow process in setting

up those rules (which are now fully in place), by end-August, only 30 percent of the annual allocation to those funds had been disbursed to beneficiaries, which led the authorities to reduce the overall package to 0.9 percent of GDP for this year (from the 1.3 percent planned in April 2020) and extend it into 2021.

B. Re-Anchoring the Fiscal Path in 2021 and Over the Medium-Term

14. The authorities will start consolidating their fiscal position in 2021. They recognized that a continuation of the exceptional deficit level of 2020 was not sustainable, would be difficult to finance going forward and would eventually endanger regional stability. At the same time, they argued that a premature and sharp fiscal withdrawal would jeopardize the economic recovery. Taking all these considerations into account, they agreed to consolidate their fiscal position by 1¼ percent of GDP in 2021, with a projected deficit of 4.6 percent of GDP (MEFP ¶31).

15. The 2021 budget will still support the recovery and be underpinned by renewed tax efforts. In order to pursue the support measures put in place this year and nurture the recovery, the COVID response plan will be extended into 2021 for an amount of 1 percent of GDP and include some contingency spending in case of a resurgence of the pandemic (MEFP ¶33 and MEFP Annex I). Revenue is expected to recover with the end of the emergency tax measures and the growth rebound. In addition, the authorities will raise VAT rates and excises on non-basic products (luxury rice, meat, cosmetics), double the registration fee for cocoa exports and repeal some existing exemptions, for an overall expected gain of 0.3 ppt of GDP (MEFP Box 5),[2] while pursuing the digitalization of the revenue administration.

16. Beyond, the authorities are committed to returning to the regional fiscal deficit criteria by 2023 (MEFP ¶31). While the WAEMU suspended the deficit norm of 3 percent of GDP during the global COVID-19 crisis, the Ivoirien authorities recognized the need to eventually converge back to it, both to preserve Côte d'Ivoire's debt sustainability and external stability within the monetary union. They are planning a gradual return to a deficit of 3 percent of GDP in 2023, at which point the need for exceptional spending to address the pandemic is expected to have faded. The authorities also understood that this gradual path of consolidation implied risks, both regionally and domestically, therefore limiting the room for further fiscal response in case of adverse shocks. Should downside risks materialize, they would therefore have to adjust non-priority spending in order to adhere to the fiscal targets.

17. Achieving the authorities' development goals while preserving fiscal discipline will require a more ambitious revenue mobilization strategy than in the recent past. The authorities are cognizant of the need to further strengthen the provision of public services.

[2]Projected yields are: 0.1 percent of GDP from raising VAT and excises on non-basic products, 0.12 percent of GDP from doubling the registration fee for cocoa exports, and 0.06 percent from repealing exemptions, and other measures (including raising excises on tobacco, and taxes on motorcycles). With 0.3 percent of GDP of base effects due to the fading impact of the crisis on tax revenues, and 0.1 percent of GDP of gains from revenue administration reform, the non-earmarked tax to GDP ratio is projected to increase by 0.7 ppt in 2021.

Improving public expenditure efficiency is one avenue. To that effect, they intend to pursue their wage bill strategy of replacing only one out of two departures outside the health and education sectors and continue streamlining current and capital outlays, notably by reducing subsidies to public entities, curbing exceptional spending procedures, and further improving the selection and monitoring of investment projects (MEFP ¶33-34). But given the size of the development needs, mobilizing additional tax revenue will also be required. To create the needed fiscal space, a sustained increase in tax revenue over the medium-term will only be possible if the current efforts at strengthening revenue administration are complemented by tax policy measures to widen the tax base, by bringing the large informal sector in the tax net and by streamlining pervasive tax exemptions—both of which will allow a fairer contribution to the funding of public goods of the fastest-growing sectors of the economy.

C. Preserving Debt Sustainability

18. Carefully balancing the recourse to the regional and international capital markets will be required in the next few years. Côte d'Ivoire has mobilized substantial concessional external financing to fund the response to the pandemic in 2020. These resources are unlikely to be available to the same extent in the coming years, when financing will need to be rebalanced back toward regional and international capital markets. However, with still large financing needs across WAEMU countries, an excessive recourse to the regional market would run the risk of a tightening of financing constraints and a crowding-out of private sector credit, which would seriously hinder the recovery. Relying on external commercial financing sources also present challenges, including given uncertain global sentiment and debt sustainability constraints. These financing considerations were also factored in to tailor the size of the 2021 fiscal consolidation, with a mix of regional financing, concessional lending and return to international capital markets envisaged.

19. In that context, Côte d'Ivoire remains at a moderate risk of debt distress, but with much reduced margins to absorb shocks. According to the debt sustainability analysis (DSA), all indicators for liquidity and solvency of external and total public debt remain below their threshold under the baseline macroeconomic framework. However, the external debt service-to-revenue ratio comes very close to its threshold for higher risk of debt distress in 2025 and remains just below it throughout the medium-term. More broadly, the space to absorb shocks is limited and has further shrunk with the advent of the COVID shock, reinforcing the urgency of boosting domestic revenue mobilization and the criticality of properly balancing developments needs with debt financing.

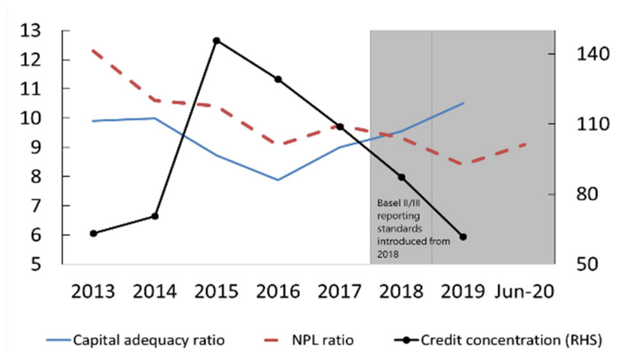
D. Monitoring State-Owned Enterprises and the Banking Sector

20. While manageable so far, the hit on state-owned enterprises (SOEs) needs to be monitored. The national airline, public transportation company and port of Abidjan were most affected by the pandemic and are receiving budgetary support in the COVID response plan (MEFP Annex I). After restructuring operations in 2018-19 that improved their financial health, the electricity company, which shouldered the government's 3-month moratorium on electricity bills payments, and the oil refinery have been experiencing liquidity pressures (MEFP ¶26)—those are expected to remain temporary as the economy recovers.

21. The authorities are strengthening SOEs' accountability while working towards their integration into the DSA. Beyond recently producing a dashboard that enables a broad-based overview of SOEs' financial health (MEFP ¶25), they are strengthening their capacity to foster accountability of SOE management, building on the biannual financial reports of Air Côte d'Ivoire, and the performance contracts that are operational for the management of 8 SOEs (MEFP ¶26). Finally, SOEs' debt is tracked on a quarterly basis, and their integration into the DSA will now depend on the availability of financial statements prepared according to international standards. To that end, the authorities received IMF TA in February 2020 and have committed to collect financial statements for two pilots in 2021 out of twenty to be eventually included in the DSA (MEFP ¶40).

22. The banking sector appears to be weathering the crisis so far. The sector entered the crisis in a relatively sound position as the phased implementation of Basel II/III reporting standards help push up the capital adequacy ratio to 10.5 percent at end-2019 (against a regulatory norm of 9.5 percent for 2019), and credit concentration declined substantially. Non-performing loans ticked up only moderately to 9.1 percent at end-June 2020, the first observation since the onset of the pandemic. The increase might have been cushioned by loan payment deferrals allowed by the regional supervisor and will require monitoring going forward.

Text Figure 3. Côte d'Ivoire: Financial Soundness Indicators, 2013-19
(Percent)



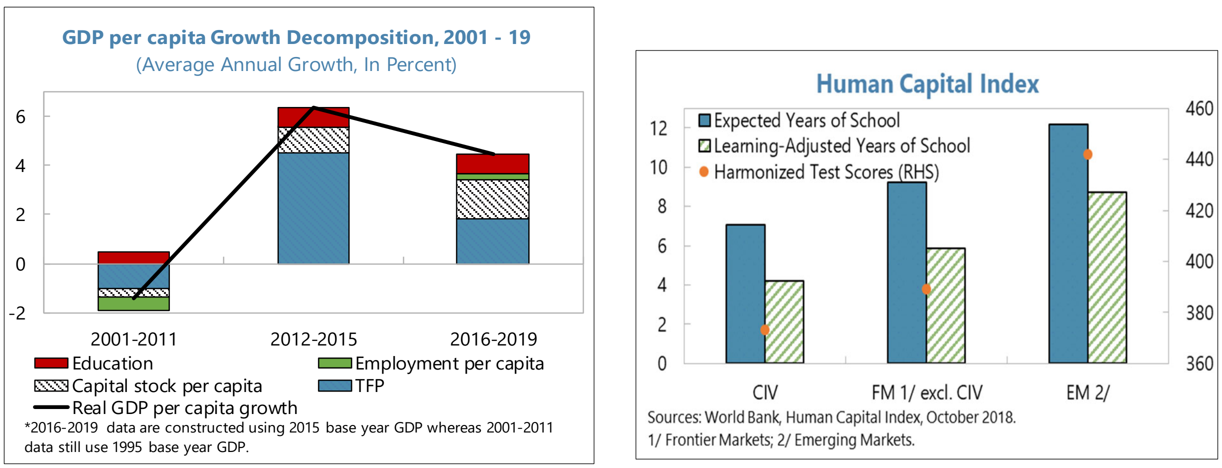
Sources: IMF staff calculations; and Ivoirien authorities

23. However, pockets of vulnerabilities remain, particularly among public banks. Progress was achieved to strengthen public banks, with two out of four of them now compliant with the minimum capital requirement. However, about a sixth of Ivoirien banks (9 percent of the banking sector's balance sheet), are relatively illiquid or undercapitalized at end-2019, including the two other public banks (about 2 percent of balance sheet). In November 2019, the government rescinded its decision to privatize one of them, following the failure of the private purchaser to comply with its commitments and approved in June 2020 a recapitalization of the bank (MEFP ¶26). As the effects of the pandemic may be delayed, staff urged the authorities to closely monitor developments in the public banks, accelerate the restructuring process and diversify the pool of new shareholders.

E. Continuing the Structural Agenda

24. Côte d'Ivoire will need to reignite its strong growth momentum post-COVID. Following a decade of strong growth, the pandemic represents a clear setback to the authorities' stated goal of Côte d'Ivoire reaching emerging market status. As the economy recovers, efforts will need to be redoubled to support private sector-led growth, promote a greener economy and boost structural transformation, particularly as productivity had already started decelerating prior to the pandemic and Côte d'Ivoire lags frontier and emerging market country comparators in terms of educational achievement. The authorities indicated that their new National Development Plan 2021-25 will indeed be an opportunity to jumpstart the reform agenda (MEFP ¶5).

Text Figure 4: Growth Decomposition and Human Capital



Sources: IMF staff calculations; and Ivoirien authorities.

25. The fiscal structural reform agenda, slowed down by the pandemic, will need renewed momentum.

- ***Boosting the revenue administration's effectiveness will hinge critically on reinvigorating the digitalization and streamlining reform agenda***. The re-registration of firms under the single tax identification number (STIN), initiated in 2019 (end-December 2019 SB) has faced logistical hurdles since the onset of the pandemic (MEFP ¶26) It will need to be generalized to fully reap its benefits in terms of tax declaration cross-checking and fraud mitigation. In the context of the 2021 budget law, the increase in the eligibility threshold for VAT registration for SMEs is welcome, as it will simplify the tax system and facilitate its administration (MEFP Box 5).

- ***Optimizing the use of scarce fiscal resources over the medium-term depends on continued progress in PFM reforms*** (MEFP ¶43). Work is underway in terms of transition of fiscal accounts under GFSM 2001/14 standards, lower reliance on exceptional public procurement procedures, and implementation of the Treasury Single Account[3] but finalization on all those fronts remain years away.

26. The authorities reasserted their commitment to strengthen macroeconomic statistics. National accounts, initially covering the 2015-17 period, were rebased in February 2020 with support from AFRITAC West, and preliminary data for 2018-19 were released in October (MEFP ¶26). Actions are underway to back-cast national account data for years prior to 2015, rebase quarterly national accounts and improve their quality and timeliness. The authorities adopted in August 2020 a new law to implement their national strategy for the development of statistics, which will serve as a base to strengthen the financial independence of the National Statistics Institute.

PROGRAM MODALITIES

27. The program is fully financed (Tables 6a and 6b). Côte d'Ivoire's external financing needs in 2020 are expected to be covered by multilateral and bilateral budget support, market borrowing and Fund disbursements. Access to the regional debt markets in 2020 will be supported by the BCEAO actions. The baseline scenario envisages a mix of regional financing, concessional and non-concessional lending and full return to international capital market for 2021 onwards.

28. The capacity to repay the Fund is good, including with Côte d'Ivoire's solid track record of meeting its obligations. Obligations to the Fund would peak in 2024 at 3.9 percent of government revenue or 0.6 percent of GDP (Table 7).

29. Going forward, Cote d'Ivoire meets the criteria for initiating post-program monitoring (PPM). Outstanding credit to the Fund is projected to exceed the 200 percent of quota threshold during 2020-22. The case for a PPM is strengthened by Côte d'Ivoire's moderate risk of debt distress rating with limited room to absorb shocks.

30. Capacity development. TA priorities are aligned with the program objectives, with a focus on revenue administration, public financial management, debt management, tax policy and real sector statistics. After a 6-month hiatus due to constraints linked to the pandemic, TA delivery is gradually restarting under virtual mode.

31. Safeguards assessments. The BCEAO has only one recommendation outstanding from the 2018 safeguards assessment. The outstanding recommendation relates to the strengthening of the risk management function, which is in process. The assessment found that the central bank has maintained a strong control culture overall.

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[3]The authorities received IMF TA in February 2020 on the transition toward the Treasury Single Account, but the creation, since then, of extra-budgetary funds to address the Covid-19 crisis is a step back in this transition.

STAFF APPRAISAL

32. Côte d'Ivoire is weathering the immediate economic consequences of the pandemic reasonably well, reaping the rewards of sound pre-COVID macroeconomic policies and relative economic diversification, a decisive public health response to the pandemic, and substantive government support to the most impacted. Provided global economic conditions gradually normalize, growth is projected to revert to 6½ percent in 2021, but with numerous downside risks.

33. The fiscal relaxation in response to the COVID shock is appropriate. The widening of the 2020 deficit of 3½ percent of GDP compared to pre-pandemic projections, to 5.9 percent of GDP, accommodates revenue setbacks triggered by the crisis, the government's health package and economic response plan, and higher investments to support the fight against the pandemic and limit the growth deceleration. While the government's COVID response plan was set up with appropriate safeguards, funds' disbursement to beneficiaries has been slow at end-August and is expected to be ramped up as relevant rules are now fully in place.

34. The gradual consolidation projected for the next 3 years strikes the right balance between supporting the recovery and re-anchoring the fiscal path. The deficit, projected to be consolidated by 1¼ percent of GDP, to 4.6 percent, will be underpinned by renewed tax policy efforts and will still allow for 1 ppt of GDP of COVID response to buttress the recovery. It will also appropriately incorporate contingency spending in case of resurgence of the pandemic. A return to the WAEMU norm of 3 percent of GDP by 2023 is key to preserve regional stability.

35. Côte d'Ivoire's debt remains sustainable and at moderate risk of distress, but with increased vulnerability to shocks. Notably, the external debt service-to-revenue ratio is now very close to the threshold for higher risk of debt distress throughout the medium-term. Going forward, debt management will require to carefully balance recourse to financing on the regional market—which is expected to be pressured by still high deficits throughout the WAEMU, which could give rise to private sector crowding-out—and to external commercial sources, including international capital markets—where interest for frontier market sovereign debt remains uncertain.

36. Strengthening domestic revenue mobilization is essential to address pressing development needs over the medium-term, build buffers, and limit debt vulnerabilities. Côte d'Ivoire does not fare well in terms of tax-to-GDP ratio compared to SSA frontier market peers, and much more needs to be done to ensure a fair contribution of all sectors of the economy, including the fastest growing ones. The authorities will need to implement a much more ambitious strategy of domestic revenue mobilization than in the recent past, centered around bringing the informal economy into the fiscal net and limiting the proliferation of tax exemptions, on top of their ongoing efforts to strengthen the revenue administration, including through digitalization.

37. State-owned enterprises and public banks need to continue to be carefully monitored. This is particularly the case for companies in the transportation sector, which have been hard-hit, and in the energy sector, to prevent the crisis from undoing the substantial progress of the recent years at bringing public enterprises on a sounder financial footing. Progress has been achieved to strengthen some public banks, although additional efforts are still needed in two public banks, including to bring them in compliance with the minimum capital requirement. It will be important to integrate SOEs into the DSA in a timely fashion, once the necessary data has been gathered.

38. Reinforcing the statistical apparatus is key to timely identification of policy priorities. Recent progress is welcome and further improvements are expected regarding rebasing and the development of high frequency indicators. The planned strengthening of the financial independence of the National Statistical Institute will be important.

39. Staff supports the authorities' request for the completion of the seventh and eighth reviews under the ECF and EFF arrangements and the request for waivers of non-observance. The PC were missed in the context of the COVID crisis, the sharp fiscal relaxation was appropriate, and the authorities have committed to appropriate corrective measures. Completion of the seventh and eighth reviews would release a total disbursement equivalent to SDR 193.57 million (Table 8). The attached Letter of Intent (LOI) and Memorandum of Economic and Financial Policies (MEFP) present appropriate policies aligned with the program's objectives. The capacity to repay the Fund is good. Upon completion of the Extended Credit Facility and the Extended Arrangement under the Extended Fund Facility, it is recommended that Côte d'Ivoire returns to the standard 12-month cycle for Article IV consultations, and, given that outstanding credit to the Fund exceeds the 200 percent of quota threshold, that Côte d'Ivoire engages in Post-Program Monitoring discussions.

Table 1. Côte d'Ivoire: Selected Economic Indicators, 2018–25

	2018	2019		2020			2021	2022	2023	2024	2025
	Est.	Prog.[1]	Est.	Prog.[1]	RCF/RFI	Proj.	Projections				
	(Annual percentage changes, unless otherwise indicated)										
National income											
GDP at constant prices	6.9	6.9	6.2	6.7	2.7	1.8	6.5	6.5	6.5	6.5	6.5
GDP deflator	0.6	0.5	0.2	1.0	1.0	0.6	0.8	1.0	1.2	1.4	1.6
Consumer price index (annual average)	0.4	0.8	0.8	1.2	1.2	1.2	1.4	1.6	1.8	2.0	2.0
External sector (on the basis of CFA francs)											
Exports of goods, f.o.b., at current prices	-4.1	11.4	11.0	11.1	-7.6	-11.2	5.6	8.9	9.4	9.6	8.3
Imports of goods, f.o.b., at current prices	6.4	2.0	1.8	10.3	-7.8	-7.6	2.5	5.3	7.6	8.0	8.2
Export volume	-2.1	12.7	10.3	6.2	1.1	-4.9	10.1	9.3	9.1	9.3	8.1
Import volume	2.3	-1.9	-2.1	11.0	2.7	1.9	7.8	5.4	6.6	6.7	8.1
Terms of trade (deterioration –)	-10.4	-3.9	-2.3	5.3	1.9	3.1	0.9	-0.4	-0.6	-0.9	0.1
Nominal effective exchange rate	2.8	...	...	...	...	...	...	...	...	...	...
Real effective exchange rate (depreciation –)	1.0	...	...	...	...	...	...	...	...	...	...
Central government operations											
Total revenue and grants	5.3	8.3	8.3	...	0.6	-1.3	13.4	7.8	7.9	7.0	7.9
Total expenditure	3.4	4.1	4.1	...	18.5	20.7	4.9	1.6	5.0	7.2	7.9
	(Changes in percent of beginning-of-period broad money unless otherwise indicated)										
Money and credit											
Money and quasi-money (M2)	13.5	11.0	11.0	4.8	0.4	1.0	7.8	7.3	7.1	8.4	9.8
Net foreign assets	3.0	4.5	4.5	3.8	0.2	-2.1	0.7	4.9	3.7	3.9	3.3
Net domestic assets	10.6	6.5	6.5	5.5	4.6	7.1	7.1	2.4	3.3	4.4	6.5
Of which : government	3.7	4.6	4.6	-1.8	-1.8	5.5	0.0	0.1	0.3	0.2	0.4
private sector	7.8	4.1	4.1	7.2	6.2	4.8	5.1	4.4	4.6	4.9	5.2
Credit to the economy (percent)	11.3	6.1	6.1	10.0	4.4	5.0	7.5	6.6	6.8	7.3	7.9
	(Percent of GDP unless otherwise indicated)										
Central government operations											
Total revenue and grants	14.8	15.3	15.0	15.4	14.5	14.5	15.3	15.4	15.4	15.2	15.2
Total revenue	14.0	14.4	14.2	14.5	13.6	13.7	14.5	14.8	14.9	15.0	15.1
Total expenditure	17.7	17.6	17.3	17.7	19.7	20.4	20.0	18.9	18.4	18.2	18.2
Overall balance, incl. grants, payment order basis	-2.9	-2.3	-2.3	-2.3	-5.2	-5.9	-4.6	-3.5	-3.0	-3.0	-3.0
Primary basic balance [2]	-0.3	0.5	-0.1	0.8	-1.7	-2.2	-1.0	-0.3	0.2	0.4	0.4
Gross investment	21.2	16.6	20.1	17.6	23.0	22.0	22.7	23.3	22.9	23.3	23.7
Central government	5.3	5.1	5.5	5.3	4.6	6.6	6.7	6.7	5.9	5.7	5.5
Nongovernment sector	15.9	11.6	14.6	12.2	18.5	15.4	16.0	16.7	17.0	17.6	18.2
Gross domestic saving	20.4	17.6	21.8	18.6	23.8	21.9	22.9	24.1	24.1	24.7	25.1
Central government	1.8	2.3	2.2	2.8	-0.3	-0.3	1.1	2.3	2.3	2.4	2.3
Nongovernment sector	18.6	15.2	19.7	15.9	24.2	22.1	21.8	21.8	21.8	22.3	22.8
Gross national saving	16.7	13.6	17.8	14.6	19.8	18.1	19.1	20.1	20.1	20.8	21.2
Central government	1.9	2.3	2.1	2.6	-0.6	-0.7	0.7	1.8	1.7	1.6	1.4
Nongovernment sector	14.8	11.3	15.8	12.1	20.4	18.8	18.4	18.3	18.4	19.2	19.8
External sector balance											
Current account balance (including official transfers)	-3.6	-3.0	-2.7	-2.9	-3.3	-3.9	-3.6	-3.3	-2.8	-2.6	-2.5
Current account balance (excluding official transfers)	-4.3	-3.9	-3.5	-3.8	-4.2	-4.7	-4.4	-3.8	-3.3	-2.7	-2.6
Overall balance	0.6	0.4	1.2	-0.3	-3.6	-0.6	0.4	1.6	1.1	1.2	1.0
Public sector debt											
Central government debt, gross	40.1	39.8	41.2	38.1	42.1	45.8	46.1	46.3	45.8	45.3	44.7
Central government debt (excluding C2D)	37.5	37.8	39.1	36.7	40.6	44.2	45.0	45.6	45.5	45.3	44.8
External debt	27.7	28.5	29.9	28.6	31.3	33.8	33.7	32.9	31.9	30.8	29.3
External debt (excluding C2D)	24.7	26.3	27.6	26.7	29.6	31.9	32.4	32.1	31.5	30.7	29.3
External debt-service due (CFAF billions)	599	706	752	741	602	821	916	1040	1126	1189	1390
Percent of exports of goods and services	8.3	9.0	9.4	9.0	8.1	11.6	12.2	12.6	12.5	12.0	13.0
Percent of government revenue	13.3	14.3	15.4	13.8	12.4	17.1	16.7	17.3	17.3	16.8	18.0
Memorandum items:											
Nominal GDP (CFAF billions)	32,222	34,299	34,299	37,122	35,731	35,125	37,691	40,531	43,696	47,187	51,056
Nominal exchange rate (CFAF/US$, period average)	555	...	...	...	...	...	...	...	...	...	...
Nominal GDP at market prices (US$ billions)	58.0	58.5	58.5	63.0	60.7	61.2	70.7	76.7	82.7	89.3	96.7
Population (million)	25.6	26.3	26.3	27.0	27.0	27.0	27.7	28.4	29.1	29.9	30.6
Nominal GDP per capita (CFAF thousands)	1,258	1,305.4	1,305	1,377	1,325	1,303	1,363	1,428	1,501	1,580	1,666
Nominal GDP per capita (US$)	2,265	2,228.0	2,228	2,337	2,252	2,271	2,555	2,704	2,842	2,991	3,154
Real GDP per capita growth (percent)	4.2	3.5	3.5	4.0	0.1	-0.8	3.8	3.8	3.8	3.8	3.8

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

[1] Projections for the sixth EFF and ECF reviews combined with the national accounts that were subsequently rebased.

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

Table 2a. Côte d'Ivoire: Balance of Payments, 2017–25

(Billions of CFA francs; unless otherwise indicated)

	2017	2018	2019		2020			2021	2022	2023	2024	2025
		Est.	Prog.[1]	Est.	Prog.[1]	RCF/RFI	Proj.	Projection				
Current account	-609	-1,154	-1,037	-916	-1,086	-1,177	-1,362	-1,362	-1,321	-1,244	-1,203	-1,275
Current account excl. grants	-875	-1,400	-1,351	-1,191	-1,426	-1,517	-1,643	-1,655	-1,551	-1,456	-1,297	-1,305
Trade balance	1,959	1,364	1,591	1,996	1,673	1,857	1,580	1,823	2,165	2,467	2,800	3,041
Exports, f.o.b.	6,900	6,620	7,231	7,348	7,624	6,791	6,523	6,891	7,501	8,207	8,996	9,745
Of which: cocoa	2,905	2,532	2,777	2,899	2,854	3,107	2,823	2,734	2,857	2,994	3,096	3,156
Of which: crude oil and refined oil products	806	952	1,187	1,251	1,107	751	725	772	805	840	874	892
Imports, f.o.b.	4,940	5,256	5,640	5,352	5,951	4,934	4,944	5,067	5,336	5,740	6,197	6,704
Of which: crude oil and refined oil products	925	1,318	1,352	1,289	1,317	792	879	992	1,077	1,196	1,300	1,385
Services (net)	-1,375	-1,303	-1,257	-1,543	-1,299	-1,572	-1,616	-1,734	-1,864	-1,966	-2,123	-2,298
Primary Income (net)	-894	-905	-1,065	-991	-1,133	-1,033	-1,015	-1,055	-1,135	-1,221	-1,313	-1,406
Of which: interest on public debt	-176	-228	-321	-299	-386	-451	-429	-460	-432	-464	-495	-521
Secondary Income (net)	-300	-309	-306	-377	-326	-429	-311	-396	-486	-524	-566	-613
General Government	89	87	170	168	169	169	108	157	160	162	54	0
Other Sectors	-389	-396	-476	-545	-496	-598	-419	-553	-647	-686	-620	-613
Capital and financial account	929	1,403	1,190	1,339	969	-95	1,142	1,498	1,955	1,745	1,764	1,796
Capital account	112	85	143	107	172	171	173	137	70	50	40	30
Financial account (excl. exceptionnal financing)	817	1,319	1,047	1,232	797	-266	969	1,361	1,885	1,695	1,724	1,766
Foreign direct investment	174	264	360	360	388	71	35	188	405	437	494	534
Portfolio investment, net	784	889	492	1,279	459	353	19	895	818	773	814	964
Acquisition of financial assets	-29	-85	-48	-31	-40	36	-227	38	41	44	47	51
Incurrence of liabilities	813	974	540	1,310	500	317	246	858	777	729	767	913
Of which: Eurobonds	1,144	1,115	500	1,411	493	246	150	708	500	500	500	500
Other investment, net	-137	167	195	-407	-50	-614	915	278	662	486	416	267
Official, net	402	441	347	-688	459	459	973	567	283	246	269	65
o.w. Project loans	486	569	592	415	694	694	770	772	777	787	832	841
o.w. Central government amortization due	-711	-290	-342	-1,185	-392	-392	-242	-477	-483	-529	-551	-764
o.w. Net acquisition of financial assets	0	0	-13	-13	-13	-13	-12	-12	-12	-12	-12	-12
Nonofficial, net	-645	-255	-152	281	-509	-1,073	-58	-289	379	239	147	202
Errors and omissions	45	-49	0	0	0	0	0	0	0	0	0	0
Overall balance	366	201	153	423	-117	-1,271	-220	137	634	501	561	520
Financing	-371	-202	-153	-423	117	1,271	220	-137	-634	-501	-561	-520
Reserve assets, includes reserve position in the Fund	-371	-202	-231	-428	-39	1	67	-137	-634	-501	-561	-520
Operations account	-462	-274	-225	-497	47	86	-380	-33	-536	-395	-446	-415
IMF (net)	91	72	-7	69	-86	-86	450	-103	-98	-106	-115	-105
Disbursements	146	159	79	154			536	...	...	...	...	...
Repayments	-63	-82	-85	-85	-86	-86	-86	-103	-98	-106	-115	-105
Financing gap	0.0	0.0	78.1	4.6	156.1	1270.7	152.5	0.0	0.0	0.0	0.0	0
Expected financing (excluding IMF)	...	...	0.0	0.0	0.0	158.9	0.0	0.0	0.0	0.0	0.0	0.0
IMF financing, *of which*	...	...	78.1	0.0	156.1	686.0	154.5	...	...	...	...	...
IMF-ECF [2]	...	...	26.0	0.0	52.0	52.4	51.5	...	...	...	...	...
IMF-EFF [2]	...	...	52.1	0.0	104.1	104.9	103.0	...	...	...	...	...
IMF-RCF [2]	...	...	...	...	...	176.2	0.0	...	...	...	...	...
IMF-RFI [2]	...	...	...	...	...	352.5	0.0					
Residual Financing Gap						425.7	-1.9					
Memorandum items:												
Overall balance (percent of GDP)	1.2	0.6	0.6	1.2	-0.4	-3.6	-0.6	0.4	1.6	1.1	1.2	1.0
Current account inc. grants (percent of GDP)	-2.0	-3.6	-4.0	-2.7	-3.8	-3.3	-3.9	-3.6	-3.3	-2.8	-2.6	-2.5
Current account exc. grants (percent of GDP)	-2.9	-4.3	-5.2	-3.5	-5.0	-4.2	-4.7	-4.4	-3.8	-3.3	-2.7	-2.6
Trade balance (percent of GDP)	6.5	4.2	6.1	5.8	5.9	5.2	4.5	4.8	5.3	5.6	5.9	6.0
WAEMU gross official reserves (billions of US$)	13.0	14.9	...	17.7	...	...	...	...	...	...	...	...
(percent of broad money)	69.8	69.1	...	70.8	...	...	...	...	...	...	...	...
(months of WAEMU imports of GNFS)	3.8	4.3	...	4.6	...	...	...	...	...	...	...	...
Nominal GDP (billions of CFA francs)	29,955	32,222	25,956	34,299	37,122	35,731	35,125	37,691	40,531	43,696	47,187	51,056
Exchange rate (CFAF/US$) average	580.7	555.4	...	585.9	...	...	...	...	...	...	...	...
Exchange rate (CFAF/US$) end-of-period	546.9	572.9	...	583.9	...	...	...	...	...	...	...	...

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

1/ Projections for the sixth EFF and ECF reviews combined with the national accounts that were subsequently rebased.

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

Table 2b. Côte d'Ivoire: Balance of Payments, 2017–25

(Percent of GDP; unless otherwise indicated)

	2017	2018	2019		2020			2021	2022	2023	2024	2025
			Prog. 1/	Est.	Prog. 1/	RCF/RFI	Proj.	Projection				
Current account	-2.0	-3.6	-3.0	-2.7	-2.9	-3.3	-3.9	-3.6	-3.3	-2.8	-2.6	-2.5
Current account excl. grants	-2.9	-4.3	-3.9	-3.5	-3.8	-4.2	-4.7	-4.4	-3.8	-3.3	-2.7	-2.6
Trade balance	6.5	4.2	4.6	5.8	4.5	5.2	4.5	4.8	5.3	5.6	5.9	6.0
Exports, f.o.b.	23.0	20.5	21.1	21.4	20.5	19.0	18.6	18.3	18.5	18.8	19.1	19.1
Of which: cocoa	9.7	7.9	8.1	8.5	7.7	8.7	8.0	7.3	7.0	6.9	6.6	6.2
Of which: crude oil and refined oil products	2.7	3.0	3.5	3.6	3.0	2.1	2.1	2.0	2.0	1.9	1.9	1.7
Imports, f.o.b.	16.5	16.3	16.4	15.6	16.0	13.8	14.1	13.4	13.2	13.1	13.1	13.1
Of which: crude oil and refined oil products	3.1	4.1	3.9	3.8	3.5	2.2	2.5	2.6	2.7	2.7	2.8	2.7
Services (net)	-4.6	-4.0	-3.7	-4.5	-3.5	-4.4	-4.6	-4.6	-4.6	-4.5	-4.5	-4.5
Primary Income (net)	-3.0	-2.8	-3.1	-2.9	-3.1	-2.9	-2.9	-2.8	-2.8	-2.8	-2.8	-2.8
Of which: interest on public debt	-0.6	-0.7	-0.9	-0.9	-1.0	-1.3	-1.2	-1.2	-1.1	-1.1	-1.0	1.0
Secondary Income (net)	-1.0	-1.0	-0.9	-1.1	-0.9	-1.2	-0.9	-1.1	-1.2	-1.2	-1.2	-1.2
General Government	0.3	0.3	0.5	0.5	0.5	0.5	0.3	0.4	0.4	0.4	0.1	0.0
Other Sectors	-1.3	-1.2	-1.4	-1.6	-1.3	-1.7	-1.2	-1.5	-1.6	-1.6	-1.3	-1.2
Capital and financial account	3.1	4.4	3.5	3.9	2.6	-0.3	3.3	4.0	4.8	4.0	3.7	3.5
Capital account	0.4	0.3	0.5	0.3	0.5	0.5	0.5	0.4	0.2	0.1	0.1	0.1
Financial account	2.7	4.1	3.1	3.6	2.1	-0.7	2.8	3.6	4.7	3.9	3.7	3.5
Foreign direct investment	0.6	0.8	1.0	1.0	1.0	0.2	0.1	0.5	1.0	1.0	1.0	1.0
Portfolio investment, net	2.6	2.8	1.4	3.7	1.2	1.0	0.1	2.4	2.0	1.8	1.7	1.9
Acquisition of financial assets	-0.1	-0.3	-0.1	-0.1	-0.1	0.1	-0.6	0.1	0.1	0.1	0.1	0.1
Incurrence of liabilities	2.7	3.0	1.5	3.8	1.3	0.9	0.7	2.3	1.9	1.7	1.6	1.8
Of which: Eurobonds	3.8	3.5	1.4	4.1	1.3	0.7	0.4	1.9	1.2	1.1	1.1	1.0
Other investment, net	-0.5	0.5	0.6	-1.2	-0.1	-1.7	2.6	0.7	1.6	1.1	0.9	0.5
Official, net	1.3	1.4	1.0	-2.0	1.2	1.3	2.8	1.5	0.7	0.6	0.6	0.1
o.w. Project loans	1.6	1.8	1.7	1.2	1.9	1.9	2.2	2.0	1.9	1.8	1.8	1.6
o.w. Central government amortization due	-2.4	-0.9	-1.0	-3.5	-1.1	-1.1	-0.7	-1.3	-1.2	-1.2	-1.2	-1.5
o.w. Net acquisition of financial assets	0.0	0.0	0.0	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0
Nonofficial, net	-2.2	-0.8	-0.4	0.8	-1.4	-3.0	-0.2	-0.8	0.9	0.5	0.3	0.4
Errors and omissions	0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	1.2	0.6	0.4	1.2	-0.3	-3.6	-0.6	0.4	1.6	1.1	1.2	1.0
Financing	-1.2	-0.6	-0.4	-1.2	0.3	3.6	0.6	-0.4	-1.6	-1.1	-1.2	-1.0
Reserve assets, includes reserve position in the Fund	-1.2	-0.6	-0.7	-1.2	-0.1	0.0	0.2	-0.4	-1.6	-1.1	-1.2	-1.0
Operations account	-1.5	-0.9	-0.7	-1.5	0.1	0.2	-1.1	-0.1	-1.3	-0.9	-0.9	-0.8
IMF (net)	0.3	0.2	0.0	0.2	-0.2	-0.2	1.3	-0.3	-0.2	-0.2	-0.2	-0.2
Disbursements	0.5	0.5		...		...	1.5	...	...	...	...	...
Repayments	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2
Financing gap	0.0	0.0	0.2	0.0	0.4	3.6	0.4	0.0	0.0	0.0	0.0	0.0
Expected financing (excluding IMF)	...	...	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
IMF financing, *of which*	...	...	0.2	0.0	0.4	1.9	0.4	...	...	...	...	...
IMF-ECF 2/	...	...	0.1	0.0	0.1	0.1	0.1	...	...	...	...	...
IMF-EFF 2/	...	...	0.2	0.0	0.3	0.3	0.3	...	...	...	...	...
IMF-RCF 2/	...	...	...	...	...	0.5	0.0		...	...	...	...
IMF-RFI 2/		...	...	...	...	1.0	0.0	...	...	...	...	...
Residual Financing Gap						1.2	0.0					
Memorandum items:												
WAEMU gross official reserves (billions of US$)	13.0	14.9		17.7	...	...	...	...	...	...	...	...
(percent of broad money)	69.8	69.1		70.8	...	...	...	...	...	...	...	...
(months of WAEMU imports of GNFS)	3.8	4.3		4.6	...	...	...	...	...	...	...	...
Nominal GDP (billions of CFA francs)	29,955	32,222	34,299	34,299	37,122	35,731	35,125	37,691	40,531	43,696	47,187	37691.5
Exchange rate (CFAF/US$) average	580.7	555.4		585.9	...	...	...	...	...	...	...	...
Exchange rate (CFAF/US$) end-of-period	546.9	572.9		583.9	...	...	...	...	...	...	...	...

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

1/ Projections for the sixth EFF and ECF reviews combined with the national accounts that were subsequently rebased.

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

Table 3a. Côte d'Ivoire: Fiscal Operations of the Central Government, 2017–25

(Billions of CFA francs, unless otherwise indicated)

	2017	2018	2019		2020			2021	2022	2023	2024	2025
			Prog. 1/	Est.	Prog. 1/	RCF/RFI	Proj.	Projections				
Total revenue and grants	4,523.4	4,764.1	5,259.0	5,158.5	5,711.4	5,189.3	5,089.6	5,774.1	6,225.0	6,717.2	7,190.5	7,759.6
Total revenue	4,257.3	4,517.9	4,945.3	4,883.6	5,370.7	4,848.6	4,808.3	5,480.4	5,994.5	6,505.6	7,096.3	7,729.6
Tax revenue	3,660.8	3,882.4	4,299.4	4,205.4	4,742.1	4,220.0	4,191.5	4,797.5	5,240.4	5,692.6	6,218.3	6,779.6
Non-earmarked taxes	3,458.1	3,651.1	4,056.6	3,972.3	4,487.5	3,952.1	3,984.6	4,541.1	4,964.6	5,395.3	5,867.3	6,399.8
Direct taxes	948.3	1,093.9	1,203.6	1,139.7	1,364.6	1,199.0	1,102.9	1,232.4	1,357.8	1,464.4	1,604.3	1,741.2
Indirect taxes	2,509.8	2,557.2	2,852.9	2,832.6	3,122.9	2,753.1	2,881.7	3,308.7	3,606.8	3,930.9	4,262.9	4,658.6
Earmarked taxes	202.7	231.2	242.8	233.1	254.5	239.3	207.0	256.4	275.8	297.3	351.0	379.8
Nontax revenue	596.5	635.6	645.9	678.2	628.7	628.6	616.8	682.9	754.1	813.0	878.0	950.0
Grants, *of which*	266.1	246.2	313.7	274.9	340.7	340.7	281.3	293.6	230.5	211.6	94.2	30.0
Project grants	115.2	87.4	143.9	107.4	171.4	171.4	173.1	136.7	70.0	50.0	40.0	30.0
Total expenditure	5,521.8	5,708.2	6,049.2	5,943.8	6,574.2	7,044.5	7,174.1	7,524.5	7,644.0	8,028.1	8,606.6	9,289.5
Current expenditure	3,995.0	4,161.0	4,452.8	4,444.6	4,758.0	5,414.7	5,325.2	5,514.3	5,493.3	5,978.8	6,459.0	7,059.0
Wages and salaries	1,512.3	1,621.9	1,720.8	1,703.0	1,770.2	1,770.2	1,770.1	1,831.4	1,986.0	2,119.7	2,221.1	2,374.9
Social security benefits	263.7	296.3	323.7	331.4	346.1	346.1	357.3	373.2	535.8	607.8	717.3	807.4
Subsidies and other current transfers	430.1	403.7	420.2	431.1	427.2	366.0	389.2	457.4	598.2	660.7	744.6	790.3
Other current expenditure	1,060.8	1,141.0	1,176.9	1,170.3	1,239.8	1,325.5	1,350.7	1,412.1	1,397.2	1,528.7	1,591.3	1,833.4
Expenditure corresponding to earmarked taxes	202.7	231.2	242.8	233.1	254.5	239.3	207.0	256.4	275.8	297.3	351.0	379.8
Crisis-related expenditure 2/	145.7	32.6	36.2	54.7	95.9	654.5	560.3	427.4	5.0	5.0	5.0	5.0
Interest due	379.5	434.2	532.1	521.0	624.3	713.1	690.6	756.4	695.3	759.5	828.6	868.2
On domestic debt	203.6	206.1	211.6	221.7	238.8	261.7	261.7	296.5	262.9	295.7	333.1	347.2
On external debt	175.8	228.0	320.5	299.3	385.5	451.3	428.9	459.9	432.5	463.8	495.4	521.0
Capital expenditure	1,526.8	1,547.2	1,596.4	1,499.2	1,816.1	1,629.7	1,848.9	2,010.2	2,150.7	2,049.3	2,147.6	2,230.5
Domestically financed	927.2	891.2	860.5	977.3	950.5	764.1	951.2	1,101.2	1,303.7	1,212.5	1,275.5	1,360.0
Foreign-financed, *of which*	599.6	656.0	735.9	521.9	865.6	865.6	897.6	909.0	847.0	836.8	872.2	870.5
Foreign loan-financed	484.4	568.6	592.0	414.5	694.2	694.2	724.6	772.3	777.0	786.8	832.2	840.5
Primary basic balance	-281.4	-99.2	164.0	-17.3	286.5	-617.1	-777.5	-378.7	-107.2	73.9	190.4	178.9
Overall balance, including grants	-998.3	-944.2	-790.2	-785.3	-862.8	-1,855.2	-2,084.5	-1,750.4	-1,419.0	-1,310.8	-1,416.1	-1,529.9
Overall balance, excluding grants	-1,264.5	-1,190.3	-1,103.9	-1,060.2	-1,203.5	-2,195.9	-2,365.7	-2,044.1	-1,649.5	-1,522.4	-1,510.3	-1,559.9
Change in float (excl. on debt service)	-200.2	-109.7	-25.0	106.2	-25.0	-25.0	-25.0	-25.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-1,198.5	-1,053.9	-815.2	-679.1	-887.8	-1,880.2	-2,109.5	-1,775.4	-1,419.0	-1,310.8	-1,416.1	-1,529.9
Financing	1,198.5	1,053.9	815.2	679.1	887.8	1,880.2	2,109.5	1,775.4	1,419.0	1,310.8	1,416.1	1,529.9
Domestic financing	74.3	136.5	-202.0	141.9	-246.4	-250.1	630.0	189.0	70.4	95.0	100.7	127.2
Bank financing (net)	65.9	203.0	-65.3	217.9	-372.9	-268.0	595.3	0.3	14.0	34.3	35.1	56.3
Nonbank financing (net)	8.5	-66.5	-136.7	-76.0	126.6	17.9	34.7	188.7	56.3	60.7	65.6	70.9
External financing	1,124.2	917.4	939.1	532.6	978.0	859.6	1,326.9	1,586.5	1,348.7	1,215.9	1,315.4	1,402.7
Regional financing (WAEMU)	96.7	-551.6	79.2	-202.8	13.5	141.5	191.2	300.4	554.4	457.9	534.4	826.2
Foreign financing (net)	1,027.4	1,469.0	859.9	735.4	964.6	718.1	1,135.7	1,286.2	794.2	758.0	781.0	576.5
Financing gap (+ deficit / – surplus)	0.0	0.0	78.1	0.0	156.1	1,270.7	152.5	0.0	0.0	0.0	0.0	0.0
Expected financing (excluding IMF)	...	...	0.0	0.0	0.0	158.9	0.0	0.0	0.0	0.0	0.0	0.0
IMF financing, *of which*	...	...	78.1	0.0	156.1	686.0	154.5	...	...	...	...	...
IMF-ECF 3/	...	...	26.0	0.0	52.0	52.4	51.5	...	...	...	...	...
IMF-EFF 3/	...	...	52.1	0.0	104.1	104.9	103.0	...	...	...	...	...
IMF-RCF 3/	...	...	...	...	...	176.2	0.0	...	...	...	...	...
IMF-RFI 3/	...	...	...	...	...	352.5	0.0	...	...	...	...	...
Residual financing gap						425.7	-1.9					
Memorandum items:												
Nominal GDP	29,955	32,222	25,956	34,299	37,122	35,731	35,125	37,691	40,531	43,696	47,187	51,056
External debt (central government)	6,765	8,925	9,786	10,262	10,528	11,192	11,856	12,699	13,340	13,944	14,541	14,966
Pro-poor spending (including foreign financed)	2,110	2,361	2,505	2,505	2,761	2,635	2,601	2,829	3,042	3,279	3,541	3,832

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

1/ Projections for the sixth EFF and ECF reviews combined with the national accounts that were subsequently rebased.

2/ In 2017, includes one-off payments to soldiers of about FCFA 101 billion. In 2020, includes measures to address the COVID19 pandemic.

3/ 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, 2017–25
(Percent of GDP, unless otherwise indicated)

	2017	2018	2019		2020			2021	2022	2023	2024	2025
		Est.	Prog.[1]	Proj.	Prog.[1]	RCF/RFI	Proj.	Projections				
Total revenue and grants	15.1	14.8	15.3	15.0	15.4	14.5	14.5	15.3	15.4	15.4	15.2	15.2
Total revenue	14.2	14.0	14.4	14.2	14.5	13.6	13.7	14.5	14.8	14.9	15.0	15.1
Tax revenue	12.2	12.0	12.5	12.3	12.8	11.8	11.9	12.7	12.9	13.0	13.2	13.3
Non-earmarked taxes	11.5	11.3	11.8	11.6	12.1	11.1	11.3	12.0	12.2	12.3	12.4	12.5
Direct taxes	3.2	3.4	3.5	3.3	3.7	3.4	3.1	3.3	3.4	3.4	3.4	3.4
Indirect taxes	8.4	7.9	8.3	8.3	8.4	7.7	8.2	8.8	8.9	9.0	9.0	9.1
Earmarked taxes	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7
Nontax revenue	2.0	2.0	1.9	2.0	1.7	1.8	1.8	1.8	1.9	1.9	1.9	1.9
Grants, *of which*	0.9	0.8	0.9	0.8	0.9	1.0	0.8	0.8	0.6	0.5	0.2	0.1
Project grants	0.4	0.3	0.4	0.3	0.5	0.5	0.5	0.4	0.2	0.1	0.1	0.1
Total expenditure	18.4	17.7	17.6	17.3	17.7	19.7	20.4	20.0	18.9	18.4	18.2	18.2
Current expenditure	13.3	12.9	13.0	13.0	12.8	15.2	15.2	14.6	13.6	13.7	13.7	13.8
Wages and salaries	5.0	5.0	5.0	5.0	4.8	5.0	5.0	4.9	4.9	4.9	4.7	4.7
Social security benefits	0.9	0.9	0.9	1.0	0.9	1.0	1.0	1.0	1.3	1.4	1.5	1.6
Subsidies and other current transfers	1.4	1.3	1.2	1.3	1.2	1.0	1.1	1.2	1.5	1.5	1.6	1.5
Other current expenditure	3.5	3.5	3.4	3.4	3.3	3.7	3.8	3.7	3.4	3.5	3.4	3.6
Expenditure corresponding to eamarked taxes	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7
Crisis-related expenditure [2]	0.5	0.1	0.1	0.2	0.3	1.8	1.6	1.1	0.0	0.0	0.0	0.0
Interest due	1.3	1.3	1.6	1.5	1.7	2.0	2.0	2.0	1.7	1.7	1.8	1.7
On domestic debt	0.7	0.6	0.6	0.6	0.6	0.7	0.7	0.8	0.6	0.7	0.7	0.7
On external debt	0.6	0.7	0.9	0.9	1.0	1.3	1.2	1.2	1.1	1.1	1.0	1.0
Capital expenditure	5.1	4.8	4.7	4.4	4.9	4.6	5.3	5.3	5.3	4.7	4.6	4.4
Domestically financed	3.1	2.8	2.5	2.8	2.6	2.1	2.7	2.9	3.2	2.8	2.7	2.7
Foreign-financed, *of which*	2.0	2.0	2.1	1.5	2.3	2.4	2.6	2.4	2.1	1.9	1.8	1.7
Foreign loan-financed	1.6	1.8	1.7	1.2	1.9	1.9	2.1	2.0	1.9	1.8	1.8	1.6
Primary basic balance	-0.9	-0.3	0.5	-0.1	0.8	-1.7	-2.2	-1.0	-0.3	0.2	0.4	0.4
Overall balance, including grants	-3.3	-2.9	-2.3	-2.3	-2.3	-5.2	-5.9	-4.6	-3.5	-3.0	-3.0	-3.0
Overall balance, excluding grants	-4.2	-3.7	-3.2	-3.1	-3.2	-6.1	-6.7	-5.4	-4.1	-3.5	-3.2	-3.1
Change in float (excl. on debt service)	-0.7	-0.3	-0.1	0.3	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-4.0	-3.3	-2.4	-2.0	-2.4	-5.3	-6.0	-4.7	-3.5	-3.0	-3.0	-3.0
Financing	4.0	3.3	2.4	2.0	2.4	5.3	6.0	4.7	3.5	3.0	3.0	3.0
Domestic financing	0.2	0.4	-0.6	0.4	-0.7	-0.7	1.8	0.5	0.2	0.2	0.2	0.2
Bank financing (net)	0.2	0.6	-0.2	0.6	-1.0	-0.8	1.7	0.0	0.0	0.1	0.1	0.1
Nonbank financing (net)	0.0	-0.2	-0.4	-0.2	0.3	0.1	0.1	0.5	0.1	0.1	0.1	0.1
External financing	3.8	2.8	2.7	1.6	2.6	2.4	3.8	4.2	3.3	2.8	2.8	2.7
Regional financing (WAEMU)	0.3	-1.7	0.2	-0.6	0.0	0.4	0.5	0.8	1.4	1.0	1.1	1.6
Foreign financing (net)	3.4	4.6	2.5	2.1	2.6	2.0	3.2	3.4	2.0	1.7	1.7	1.1
Financing gap (+ deficit / – surplus)	0.0	0.0	0.2	0.0	0.4	3.6	0.4	0.0	0.0	0.0	0.0	0.0
Expected financing (excluding IMF)	…	…	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
IMF financing, of which	…	…	0.2	0.0	0.4	1.9	0.4	…	…	…	…	…
IMF-ECF [3]	…	…	0.1	0.0	0.1	0.1	0.1		…	…	…	…
IMF-EFF [3]	…	…	0.2	0.0	0.3	0.3	0.3	…	…	…	…	…
IMF-RCF [3]	…	…	…	…	…	0.5	0.0	…	…	…	…	…
IMF-RFI [3]	… .	… .	…	…	…	1.0	0.0	…	…	…	…	…
Residual Financing Gap			…	…	…	1.2	0.0					
Memorandum items:												
External debt (central government)	22.6	27.7	28.5	29.9	28.4	31.3	33.8	33.7	32.9	31.9	30.8	29.3
Pro-poor spending (including foreign financed)	7.0	7.3	7.3	7.3	7.4	7.4	7.4	7.5	7.5	7.5	7.5	7.5

[1] Projections for the sixth EFF and ECF reviews combined with the national accounts that were subsequently rebased.

[2] In 2017, includes one-off payments to soldiers of about FCFA 101 billion. In 2020, includes measures to address the COVID19 pandemic.

[3] 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, 2017–25

	2017	2018	2019	2020	2021	2022	2023	2024	2025
				Projections					
	(Billions of CFA francs)								
Net foreign assets	1,763	2,032	2,498	2,262	2,344	2,959	3,458	4,018	4,537
Central bank	1,551	1,702	2,103	1,606	1,687	2,302	2,801	3,361	3,880
Banks	212	330	395	657	657	657	657	657	657
Net domestic assets	7,316	8,275	8,947	9,297	10,122	10,421	10,866	11,503	12,509
Net credit to the government	1,983	2,320	2,794	3,134	3,134	3,148	3,182	3,217	3,274
Central Bank	450	421	571	1,006	900	801	713	616	529
Banks	1,534	1,899	2,220	2,125	2,230	2,344	2,466	2,598	2,740
Credit to the economy	6,300	7,009	7,438	7,813	8,398	8,953	9,564	10,261	11,070
Crop credits	439	752	705	652	663	695	728	753	767
Other credit (including customs bills)	5,861	6,257	6,734	7,161	7,735	8,258	8,836	9,508	10,303
Other items (net) (assets = +)	-967	-1,054	-1,285	-1,650	-1,410	-1,680	-1,880	-1,975	-1,835
Broad money	9,079	10,307	11,442	11,557	12,463	13,377	14,322	15,518	17,043
Currency in circulation	2,521	2,671	2,980	2,894	3,121	3,350	3,586	3,886	4,267
Deposits	6,553	7,634	8,455	8,655	9,334	10,019	10,726	11,623	12,765
Other deposits	5	3	4	4	5	5	5	6	6
Memorandum item:									
Velocity of circulation	3.3	3.1	3.0	3.0	3.0	3.0	3.1	3.0	3.0
	(Changes in percent of beginning-of-period broad money)								
Net foreign assets	0.1	3.0	4.5	-2.1	0.7	4.9	3.7	3.9	3.3
Net domestic assets	8.7	10.6	6.5	7.1	7.1	2.4	3.3	4.4	6.5
Net credit to the government	3.1	3.7	4.6	5.5	0.0	0.1	0.3	0.2	0.4
Central bank	-0.4	-0.3	1.4	4.9	-0.9	-0.8	-0.7	-0.7	-0.6
Banks	3.5	4.0	3.1	0.6	0.9	0.9	0.9	0.9	0.9
Credit to the economy	10.0	7.8	4.1	4.8	5.1	4.4	4.6	4.9	5.2
Broad money	8.8	13.5	11.0	6.4	7.8	7.3	7.1	8.4	9.8
	(Changes in percent of previous end-of-year)								
Net foreign assets	0.5	15.3	22.9	-9.4	3.6	26.2	16.9	16.2	12.9
Net domestic assets	11.0	13.1	8.1	3.9	8.9	2.9	4.3	5.9	8.7
Net credit to the government	14.9	17.0	20.4	12.2	0.0	0.4	1.1	1.1	1.7
Central bank	-7.7	-6.3	35.5	76.3	-10.5	-11.0	-11.0	-13.6	-14.1
Banks	23.7	23.8	16.9	-4.3	5.0	5.1	5.2	5.3	5.5
Credit to the economy	15.2	11.3	6.1	5.0	7.5	6.6	6.8	7.3	7.9
Broad money	8.8	13.5	11.0	1.0	7.8	7.3	7.1	8.4	9.8

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

Table 5. Côte d'Ivoire: Financial Soundness Indicators for the Banking Sector, 2015–19

(Percent)

	2015	2016	2017	2018 June	2018 December	2019 June	2019 December
Capital adequacy							
Regulatory capital to risk-weighted assets (CAR)	8.7	7.9	9.0	8.9	9.5	10.2	10.5
Regulatory tier 1 capital to risk-weighted assets	7.1	6.9	7.9	8.2	8.6	9.2	9.7
General provisions to risk-weighted assets	9.5	7.1	6.6	6.0	5.7	5.6	5.6
Capital to total assets	3.9	4.3	5.1	5.8	6.3	6.5	6.7
Asset quality							
Total loans to total assets	57.1	57.3	57.3	56.6	58.8	56.2	57.0
Concentration: Loans to the 5 biggest borrowers to capital	145.8	129.1	108.9	98.4	87.4	68.4	61.8
Sectoral composition of loans [1/]							
Agriculture, forestry and fisheries	5.9	6.4	8.0	8.2	9.2	6.2	4.7
Extractive industries	2.3	2.2	1.5	1.1	0.5	0.2	0.4
Manufacturing industries	25.1	24.1	23.9	21.7	23.0	22.1	20.5
Electricity, water, gas	6.3	8.4	11.2	12.1	13.2	9.0	9.0
Construction, public works	3.3	5.9	6.0	5.8	5.4	6.9	6.4
Commerce, restaurants, hotels	31.6	27.3	21.9	25.4	25.9	27.4	30.2
Transport, storage and communications	9.3	11.4	13.9	14.1	9.3	12.7	12.9
Insurance, real estate, business services	11.4	8.5	7.9	7.1	9.0	9.3	9.9
Miscellaneous services	4.8	5.8	5.7	4.5	4.5	6.3	6.1
Non-performing loans to total gross loans	10.4	9.1	9.8	8.5	9.3	8.3	8.4
General provisions to non-performing loans	66.6	70.5	63.0	75.8	64.9	72.3	70.2
Non-performing loans net of provisions to total loans	3.7	2.9	3.8	2.2	3.5	2.4	2.7
Non-performing loans net of provisions to capital	54.2	37.6	43.0	21.4	32.5	21.3	22.7
Earnings and profitability [2/]							
Average cost of borrowed funds	2.0	2.1	2.1	...	1.9	...	0.4
Average interest rate on loans	9.2	8.9	8.6	...	7.7	...	6.8
Average interest rate margin [3/]	7.2	6.8	6.5	...	5.8	...	6.4
Return on assets (ROA) net of tax	1.4	1.6	1.4	0.8	1.3	0.0	1.7
Return on average equity (ROE) net of tax	24.5	29.2	21.5	9.6	16.5	0.0	20.2
Non-interest expenses to net banking income	59.6	57.5	55.6	53.2	59.3	0.0	56.1
Personnel expenses to net banking income	26.3	25.5	23.8	23.8	25.4	0.0	24.0
Liquidity							
Liquid assets to total assets	35.5	33.7	32.0	31.4	31.7	28.9	29.6
Liquid assets to total deposits	48.6	48.1	46.9	44.2	46.0	43.0	42.7
Total loans to total deposits	84.1	87.2	89.5	85.3	90.7	89.2	87.2
Total deposits to total liabilities	72.95	70.16	68.21	71.00	68.94	67.09	69.40

Source: BCEAO.

1 / Provisional data reported in accordance with Basel II / III prudential norms.

2 / Income statement items at semi-annual frequency.

3 / Excluding tax on banking transactions.

Table 6a. Côte d'Ivoire: External Financing Requirements, 2017–25

(Billions of CFA francs)

	2017	2018	2019		2020			2021	2022	2023	2024	2025
		Est.	Prog.	Est.	Prog.	RCF/RFI	Proj.	Projections				
External financing requirements	-1,975	-2,015	-1,563	-2,254	-1,684	-2,552	-1,889	-1,773	-1,507	-1,498	-1,426	-1,371
Current account balance (excluding official transfers)	-875	-1,400	-1,351	-1,191	-1,426	-1,517	-1,643	-1,655	-1,551	-1,456	-1,297	-1,305
Amortization and net acquisition of financial assets	-711	-290	-355	-1,198	-405	-405	-254	-489	-494	-540	-563	-776
Fund repayments	-63	-82	-85	-85	-86	-86	-86	-103	-98	-106	-115	-105
Private capital, net	136	32	453	717	186	-631	473	507	1,172	999	995	1,231
Change in official reserves without IMF (- = increase)	-462	-274	-225	-497	47	86	-380	-33	-536	-395	-446	-415
Available financing	1,975	2,015	1,484	2,254	1,528	1,281	1,737	1,773	1,507	1,498	1,426	1,371
Capital transfers	112	85	144	107	171	171	173	137	70	50	40	30
Project financing	486	569	592	415	694	694	770	772	777	787	832	841
Eurobond	1,144	1,115	500	1,411	493	246	150	708	500	500	500	500
Fund disbursements	146	159	79	154	0	0	536	0	0	0	0	0
Official transfers	89	87	170	168	169	169	108	157	160	162	54	0
Financing gap	0	0	-78	0	-156	-1,271	-153	0	0	0	0	0
Expected financing excluding the IMF	...	...	0.0	0.0	0.0	158.9	0.0	0.0	0.0	0.0	0.0	0.0
IMF financing [1]	...	...	78.1	0.0	156.1	686.0	154.5	...	...	...	...	...
IMF-ECF Financing	...	...	26.0	0.0	52.0	52.4	51.5	...	...	...	...	...
IMF-EFF Financing	...	...	52.1	0.0	104.0	104.9	103.0	...	...	...	...	...
IMF-RCF Financing	...	...	...	...	...	176.2	0.0	...	...	...	...	...
IMF- RFI Financing	...	...	...	...	...	352.5	0.0	...	...	...	...	...
Residual Financing Gap	...	...	...	...	...	425.7	-1.9	...	...	...	...	...

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

1/ Numbers may not sum up exactly because of rounding.

Table 6b. Côte d'Ivoire: External Financing Requirements, 2017–25 [1/]

(Percent of GDP, unless otherwise indicated)

	2017	2018	2019		2020			2021	2022	2023	2024	2025
		Est.	Prog. [2/]	Proj.	Prog. [2/]	RCF/RFI	Proj.	Projections				
External financing requirements	-6.6	-6.3	-4.6	-6.6	-4.5	-7.1	-5.4	-4.7	-3.7	-3.4	-3.0	-2.7
Current account balance (excluding official transfers)	-2.9	-4.3	-3.9	-3.5	-3.8	-4.2	-4.7	-4.4	-3.8	-3.3	-2.7	-2.6
Amortization and net acquisition of financial assets	-2.4	-0.9	-1.0	-3.5	-1.1	-1.1	-0.7	-1.3	-1.2	-1.2	-1.2	-1.5
Fund repayments	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2
Private capital, net	0.5	0.1	1.3	2.1	0.5	-1.8	1.3	1.3	2.9	2.3	2.1	2.4
Change in official reserves without IMF (- = increase)	-1.5	-0.9	-0.7	-1.5	0.1	0.2	-1.1	-0.1	-1.3	-0.9	-0.9	-0.8
Available financing	6.6	6.3	4.3	6.6	4.1	3.6	4.9	4.7	3.7	3.4	3.0	2.7
Capital transfers	0.4	0.3	0.4	0.3	0.5	0.5	0.5	0.4	0.2	0.1	0.1	0.1
Project financing	1.6	1.8	1.7	1.2	1.9	1.9	2.2	2.0	1.9	1.8	1.8	1.6
Eurobond	3.8	3.5	1.5	4.1	1.3	0.7	0.4	1.9	1.2	1.1	1.1	1.0
Fund disbursements	0.5	0.5	0.2	0.4	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0
Official transfers	0.3	0.3	0.5	0.5	0.5	0.5	0.3	0.4	0.4	0.4	0.1	0.0
Financing gap	0.0	0.0	-0.2	0.0	-0.4	-3.6	-0.4	0.0	0.0	0.0	0.0	0.0
Expected financing excluding the IMF	...	...	0.0	0.0	0.0	2.4	0.0	0.0	0.0	0.0	0.0	0.0
IMF financing [2/]	...	...	0.2	0.0	0.4	1.9	0.4	...	...	...	...	...
IMF-ECF Financing	...	...	0.1	0.0	0.1	0.1	0.1	...	...	...	...	...
IMF-EFF Financing	...	...	0.2	0.0	0.3	0.3	0.3	...	...	...	...	...
IMF-RCF Financing	...	...	...	...	...	0.5	0.0	...	...	...	...	...
IMF-RFI Financing	...	...	...	...	...	1.0	0.0	...	...	...	...	...
Residual Financing Gap	...	...	...	...	...	1.2	0.0	...	...	...	...	...
Nominal GDP (billions of CFA francs)	29,955	32,222	34,299	34,299	37,122	35,731	35,125	37,691	40,531	43,696	47,187	51,056

[1/] Numbers may not sum up exactly because of rounding.

[2/] Projections for the sixth EFF and ECF reviews combined with the national accounts that were subsequently rebased.

Table 7. Côte d'Ivoire: Indicators of Capacity to Repay the Fund, 2020–28

	2020	2021	2022	2023	2024	2025	2026	2027	2028
Fund obligations based on existing credit									
(In millions of SDRs)									
Principal	47.2	133.4	123.8	242.2	360.2	260.3	159.0	138.0	103.6
Charges and interest [1/]	0.0	9.5	9.3	8.7	6.1	3.1	1.9	1.2	0.5
Fund obligations based on existing and prospective credit [2/]									
(In millions of SDRs)									
Principal	47.2	133.4	123.8	242.2	360.2	281.9	193.4	172.4	138.0
Charges and interest [1/]	0.7	10.8	10.8	10.2	7.6	4.5	3.1	2.1	1.2
Total obligations based on existing and prospective credit [2/]									
In millions of SDRs	47.8	144.2	134.6	252.4	367.7	286.4	196.5	174.5	139.2
In billions of CFA francs	38.1	110.0	102.2	191.7	279.3	217.5	149.2	132.5	105.7
In percent of government revenue	0.7	1.9	1.6	2.9	3.9	2.8	1.8	1.5	1.1
In percent of exports of goods and services	0.5	1.5	1.2	2.1	2.8	2.0	1.2	1.0	0.7
In percent of debt service [3/]	4.6	12.0	9.8	17.0	23.5	15.6	10.2	9.0	6.2
In percent of GDP	0.1	0.3	0.3	0.4	0.6	0.4	0.3	0.2	0.2
In percent of quota	7.3	22.2	20.7	38.8	56.5	44.0	30.2	26.8	21.4
Outstanding Fund credit									
In millions of SDRs	1,804.9	1,671.5	1,547.7	1,305.5	945.3	663.5	470.1	297.7	159.7
In billions of CFA francs	1,440.4	1,274.6	1,175.5	991.5	718.0	503.9	357.0	226.1	121.3
In percent of government revenue	28.3	22.1	18.9	14.8	10.0	6.5	4.3	2.5	1.2
In percent of exports of goods and services	20.3	16.9	14.3	11.0	7.3	4.7	2.8	1.7	0.8
In percent of debt service	175.4	139.2	113.0	88.1	60.4	36.3	24.4	15.4	7.2
In percent of GDP	4.1	3.4	2.9	2.3	1.5	1.0	0.6	0.4	0.2
In percent of quota	277.5	257.0	238.0	200.7	145.3	102.0	72.3	45.8	24.5
Net use of Fund credit (millions of SDRs)	796.8	-133.4	-123.8	-242.2	-360.2	-281.9	-193.4	-172.4	-138.0
Disbursements	844.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and Repurchases	47.2	133.4	123.8	242.2	360.2	281.9	193.4	172.4	138.0
Memorandum items:									
Nominal GDP (billions of CFA francs)	35,125	37,691	40,531	43,696	47,187	51,056	54,986	59,105	63,414
Exports of goods and services (billions of CFA francs)	7,084	7,531	8,231	9,037	9,893	10,715	12,539	13,527	14,460
Government revenue and grants (billions of CFA francs)	5,090	5,774	6,225	6,717	7,191	7,760	8,390	9,075	9,776
Debt service (billions of CFA francs)	821	916	1,040	1,126	1,189	1,390	1,466	1,470	1,692
CFA francs/SDR (period average)	798	763	760	760	760	760	760	760	760

Sources: IMF staff estimates and projections.

1/ On May 24, 2019 the IMF Executive Board approved a modified interest rate setting mechanism which effectively sets interest rates to zero on ECF and SCF through June 2021 and possibly longer. The Board also decided to extend zero interest rate on ESF till end June 2021 while interest rate on RCF was set to zero in July 2015. Based on these decisions and current projections of SDR rate, the following interest rates are assumed beyond June 2021: 0/0/0/0 percent per annum for the ECF, SCF, RCF and ESF, respectively. The Executive Board will review the interest rates on concessional lending by end-June 2021 and every two years thereafter.

2/ Including the proposed disbursements under the ECF/EFF arrangements.

3/ Total debt service includes IMF repurchases and repayments.

Table 8. Côte d'Ivoire: Schedule of Disbursements and Timing of Reviews Under ECF/EFF Arrangements, 2016–20

Date of availability	Condition for disbursement	Amount (millions of SDRs)			Percent of Quota		
		Total	ECF	EFF	Total	ECF	EFF
December 12, 2016	Executive Board approval of the ECF/EFF arrangements.	69.686	23.229	46.457	10.714	3.571	7.143
April 15, 2017	Observance of PCs for end-December 2016, continuous PCs and completion of the first reviews. [1/]	96.786	32.262	64.524	14.881	4.960	9.921
October 15, 2017	Observance of PCs for end-June 2017, continuous PCs and completion of the second reviews. [1/]	96.786	32.262	64.524	14.881	4.960	9.921
April 15, 2018	Observance of PCs for end-December 2017, continuous PCs and completion of the third reviews. [1/]	96.786	32.262	64.524	14.881	4.960	9.921
October 15, 2018	Observance of PCs for end-June 2018, continuous PCs and completion of the fourth reviews. [1/]	96.786	32.262	64.524	14.881	4.960	9.921
April 15, 2019	Observance of PCs for end-December 2018, continuous PCs and completion of the fifth reviews.	96.786	32.262	64.524	14.881	4.960	9.921
October 15, 2019	Observance of PCs for end-June 2019, continuous PCs and completion of the sixth reviews.	96.784	32.261	64.523	14.881	4.960	9.920
April 15, 2020	Observance of PCs for end-December 2019, continuous PCs and completion of the seventh reviews.	96.786	32.262	64.524	14.881	4.960	9.921
October 15, 2020	Observance of PCs for end-June 2020, continuous PCs and completion of the eighth reviews.	96.786	32.262	64.524	14.881	4.960	9.921
	Total	843.972	281.324	562.648	129.762	43.254	86.508

Côte d'Ivoire's quota is SDR 650.40 million

[1/] Actual Board approval dates were June 19, 2017 for the first review, December 8, 2017 for the second review, June 18, 2018 for the third review, and December 12, 2018 for the fourth review, June 14, 2019 for the fifth review, and December 6, 2019 for the sixth review.

Annex I. Risk Assessment Matrix[1]

Sources of Risks	Relative Likelihood	Impact if Realized	Recommended Policy Response
Unexpected shift (new outbreak) in the Covid-19 pandemic.	**High**	**High** Protracted outbreak could reduce growth, worsen the external and fiscal positions, increase debt vulnerabilities, and poverty.	Reintroduce containment and mitigation measures; improve support to affected firms and households.
Widespread social discontent and political instability.	**High**	**High** Social discontent and political instability, especially in a pre-electoral context, could weaken the social fabric, reduce investment and growth outlook	Implement the economic plan to fight COVID in a transparent manner. Improve inclusiveness of government policies and the social safety net system
Intensified geopolitical tensions and security risks	**High**	**Medium/High** Rising security risks in the north and the Sahel could put pressure on fiscal expenditure and have adverse socio-economic impact.	Promote inclusive growth and strengthen social safety nets. Facilitate job creation in the private sector.
Accelerating de-globalization.	**High**	**Medium/High** Increasing recourse to protectionist measures could lead to further fragmentation and less trade and potential growth.	Strengthen regional bond markets and trade, rebuild fiscal buffers through domestic revenue mobilization, further improve public financial management, and design prudent public investment plans.
Sharp rise in risk premia	**High**	**Medium/High** Sharp increases in risk premia could jeopardize access to international debt markets, increase funding and debt service costs, and lead to crowd-out of private sector credit via increased government reliance on domestic financing.	

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

Sources of Risks	Relative Likelihood	Impact if Realized	Recommended Policy Response
Large swings in energy prices	**Medium**	**Medium** Large increases in global energy prices could lower fiscal revenues if price changes are not passed through to consumers, while higher domestic energy prices would raise living costs.	Apply the retail fuel price mechanism to reflect world energy prices and monitor inflation. Mitigate the impact on the poor through targeted fiscal transfers.
Decline in cocoa prices	**Medium**	**High** Lower cocoa prices would adversely impact cocoa producers, fiscal revenues, and economic growth.	Adjust regulated cocoa prices in line with the world market price. Mitigate the impact on the poor through targeted fiscal transfers.
Higher frequency and severity of natural disasters	**Medium/ Low**	**High** Adverse weather conditions would reduce agricultural output and exports, lower cocoa tax revenues, increase subsidy needs, and reduce the population's living standards.	Mitigate the impact on the poor through targeted fiscal transfers. Monitor second-round effects on inflation.
Financial difficulties of public enterprises and banks	**Medium**	**Low/Medium** In the context of the COVID crisis, financial difficulties of public enterprises and/or banks could adversely impact the budget, the stock of public debt and the banking sector.	Restructure loss-making public companies; enhance monitoring of public enterprises; recapitalize and restructure ailing public banks.

Appendix I. Letter of Intent

MINISTRY OF THE ECONOMY AND FINANCE

THE MINISTER

REPUBLIC OF COTE D'IVOIRE

Unity-Discipline-Work

No. 07273 MEF/DGE/DPPSE/SDPPE/AJC

Abidjan, November 20, 2020

To

The Managing Director
International Monetary Fund
WASHINGTON DC, 20431

Subject: Letter of intent

Dear Madam Managing Director:

1. The Ivoirien economy continued to expand vigorously over the period 2016-19, with annual growth averaging 6.9 percent, despite an adverse global backdrop marked particularly by trade tensions and falling commodity prices. Per capita income increased by 13.5 percent between 2016 and 2019, making Côte d'Ivoire one of the lower middle-income countries with a per capita income higher than those of Nigeria or Ghana in 2019. Fiscal policy remained sound, with a budget deficit narrowed gradually to 2.3 percent of GDP in 2019. With inflation held below 3 percent, and the debt ratio kept to 38.8 percent of GDP, Côte d'Ivoire met all of the West African Economic and Monetary Union (WAEMU) main convergence criteria at end-2019. The current account deficit was held below 4 percent of GDP over the period, thanks to a healthy trade surplus. These results are mainly attributable to the successful implementation of the current National Development Plan (2016-20 PND) and the implementation of major structural reforms in key sectors of the economy, as part of the Economic and Financial Program (FEC-MEDC 2016-19). Côte d'Ivoire's business climate has steadily improved, and the country climbed 32 places to 110th between June 2015 and June 2019 in the World Bank's Doing Business ranking. This led to an increase in private investment to 15.7 percent of GDP in 2019, against 14.9 percent in 2017, mainly targeted towards strategic activities (agro-industry, energy, mining, transport, construction, and telecommunications). Moreover, the soundness of the banking system has strengthened further with a solvency ratio of 10.79 percent at end-December 2019, against 10.6 percent a year earlier, which is above the prudential threshold of 8.625 percent advocated by the West African Monetary Union (WAMU).

2. The government continued its efforts to strengthen governance and make growth more inclusive. The World Bank's Country Policy and Institutional Assessment (CPIA) in 2019 awarded a score of 3.5 on a scale of 1 to 6 to the quality of the country's economic management, structural policies, policies for social inclusion/equity, and public sector management and institutions. For comparison, in 2010 it had scored 2.7. On the social front, poverty in Côte d'Ivoire has been declining steadily since 2016, continuing the downward trend that started at the beginning of the decade, since when four million people have been lifted out of poverty. The poverty rate fell from 44.4 percent in 2015 to 39.4 percent in 2018, having been as high as 55.0 percent in 2011. Access to electricity and clean water has expanded, thanks to investments in basic services that have benefited households in every income group. In 2019, about 80 percent of Ivoirien households have access to electricity, an increase of 20 percentage points since 2015 and up 54 percentage points since 2011. For households in the lowest 40 percent of the income distribution, electricity coverage, which was 49.6 percent in 2015, has increased by 21 percentage points. In addition, investments in health facilities have had a pro-poor bias; and, during the 2015-18 period, the percentage of households living within 5 km of a health center increased considerably. Among the poorest households, access to health facilities, which was just 58 percent in 2015, has increased by 37 percentage points to encompass 95 percent of the population. In 2016-19, about 2.85 million jobs were created in the formal and informal sectors combined, with 424,441 of these in the formal sector.

3. As in other countries around the world, in 2020, Côte d'Ivoire was hit by the coronavirus pandemic (COVID-19). The restrictive measures introduced by most countries to combat the spread of COVID-19 severely jolted the various sectors of activity and disrupted supply and demand, as well as financial markets. According to the IMF's October 2020 World Economic Outlook (WEO), the world economy is expected to contract by 4.7 percent in 2020. At the national level, foreign trade and the tourism sector suffered the initial adverse effects as from the first quarter of 2020; and these then spread to other sectors, following the lockdown measures adopted on March 20, 2020 following the first positive cases in the country. The measures included social distancing, the imposition of curfews, the closure of air and land borders to passengers, and especially the isolation of the Grand Abidjan, the country's economic capital. The various studies conducted have revealed an adverse impact on the turnover of most private firms, the closure of some small businesses with low cash reserves, and a deterioration in household living conditions.

4. To minimize the impact of the health crisis and revive economic activity, the Government adopted a Health Response Plan (*Plan de Riposte Sanitaire* – PRS) and an Economic, Social, and Humanitarian Support Plan (*Plan de Soutien Economique, Social et Humanitaire* – PSESH). The health response plan, with a budget of CFAF 95.9 billion, has made it possible to slow the spread of coronavirus and take care of those who contract the infection. Thus, 7 months after the appearance of the first case in Côte d'Ivoire, a total of 20,486 people had been infected. Of these 20,212 had recovered and 122 had died, i.e. a case-fatality rate of 0.6 percent. The CFAF 1.7009 trillion PSESH is built around three groups of measures: (i) support for businesses; (ii) support for the economy as a whole; (iii) and social measures. Execution of this plan should also help to leverage a rapid post-crisis recovery of the Ivoirien economy. Its implementation generated budgetary expenditures of CFAF 323 billion in 2020, which will be included in the 2020 Supplementary Budget Law. As part of its implementation, four funds have been set up with a total budget of CFAF 158 billion in 2020, namely the Large Enterprise Support Fund (*Fonds de Soutien aux Grandes Entreprises* – FSGE), the SME Support Fund (*Fonds de Soutien aux PME* – FSPME), the Informal Sector Support Fund (*Fonds d'Appui aux Acteurs du Secteur Informel* – FASI), and the Solidarity and Emergency Humanitarian Support Fund (*Fonds de Solidarité et de Soutien d'Urgence Humanitaire* – FSSUH). In addition to these four funds, an Agricultural Emergency Program (*Programme d'Urgence Agricole* – PURGA) of CFAF 95 billion was also established in 2020 to support the agricultural sectors affected by the pandemic. Furthermore, the Central Bank of West African States (BCEAO) adopted a set of accommodating measures targeting the banking sector, which have made it easier to finance economic activity. All of these measures, coupled with the relaxation of the sanitary measures, have encouraged a gradual recovery of activity; and GDP is forecast to expand by 1.8 percent in 2020.

5. On the political front, the government has endeavored to maintain a sociopolitical climate that is suitable for holding the presidential election on October 31, 2020. In this context, the Independent Electoral Commission (CEI) was reformed in line with the recommendations of the African Court on Human and Peoples' Rights. The composition of the local CEI commissions has been rebalanced to ensure better representation of opposition political parties. In addition, the processes of revising the voter registry and of submitting and validating candidacies took place according to the electoral calendar.

6. The supplement to the Memorandum on Economic and Financial Policies describes the progress made under our Economic and Financial Program at end-December 2019 and end-June 2020; it then presents the main courses of action for end-2020, and sets out the medium-term prospects. The program was well executed at end-December 2019, with all performance criteria and structural benchmarks having been met, despite a failure to implement three out of five indicative benchmarks. However, implementation at end-June 2020 was disrupted as a result of the amendments made to budget execution to take account of the financing of COVID-19 control measures. This meant that two out of five performance criteria and four out of five indicative benchmarks established during the sixth review in December 2019 were not met.

7. The performance criteria related to the floor on the budget balance and the ceiling on the net present value (NPV) of the central government's new external debt were not met at end-June 2020. The budget balance stood at CFAF -825.5 billion, compared to a target floor of CFAF -493.5 billion. This overshoot is explained by the additional expenditures incurred, in particular the implementation of response and support plans to limit the damage caused by the COVID-19 pandemic; to revitalize economic activity by preserving the production base and employment; and to provide assistance to vulnerable social groups. The NPV ceiling for the new external debt of US$1,417.32 million was exceeded by US$828.18 million, mainly owing to the COVID-19 health crisis.

The crisis fueled uncertainty over the timing of the signing of loan agreements. In particular, several financing agreements with the World Bank had been slated for signature in the first half of the year, including budgetary support for the COVID-19 response plan and health system strengthening, as well as the Urban Resilience Support Program to cope with the heavy rains that occurred during the first half of 2020. The government also reiterates its commitment to respect the US$3,694.6 million NPV cap at end-December 2020, which was ratified during the sixth review in December 2019. It also commits to report to the IMF the monthly cumulative execution level of the new external debt over September to December 2020, no later than the 6th of the following month. Thus, given the special situation prevailing in the first half of 2020, the government is requesting a waiver for nonobservance of these two performance criteria as well as the conclusion of the seventh and eighth reviews for a total disbursement equivalent to SDR 193.572 million.

8. **The government's medium-term economic and financial policy objectives will build on the achievements of the 2016-20 Economic and Financial Program (*Programme Economique et Financier* – PEF)**. These objectives remain the structural transformation of the economy and the reduction of poverty through implementation of the 2021-25 PND. In this regard, economic growth, with assumptions based in particular on data from the IMF's October 2020 World Economic Outlook (WEO), is expected to rebound to 6.5 percent in 2021, on the back of a recovery of domestic economic activity, in a context of gradually accelerating global growth and the easing of domestic restrictions. Accordingly, private sector participation in wealth creation will continue to grow, supported by further improvement in the business climate and the implementation of structural projects stemming from the G20's "Compact with Africa" initiative, the Millennium Challenge Corporation (MCC), and bilateral agreements signed with third countries. In addition, social policies benefiting various population groups will be continued. In the medium term, the authorities' objective is to enable Côte d'Ivoire to become an upper middle-income country. The government will thus ensure that the macroeconomic framework remains sound and strong, sustainable, and job-creating growth is maintained, particularly for women and young people. The government will continue to support measures to combat climate change, preserve ecosystems, and improve the human capital index. The budget deficit, which deteriorated to 5.9 percent of GDP in 2020 as a result of COVID-19, will be reduced to 4.6 percent of GDP in 2021 and to the WAEMU standard of 3 percent from 2023 onwards. Medium-term fiscal policy thus aims to strengthen domestic revenue mobilization and rein in operating expenditures, with a view to creating the fiscal space needed to increase public investment. The government will also continue to implement structural reforms in the spheres of public financial management, taxation, financial sector development, improvement of the business climate, and governance, which are priority areas of the next National Development Plan (2021-25 PND).

9. **The government will adopt the draft 2020 Supplementary Budget Law by mid-November 2020 at the latest, as a prior action for review by the IMF Executive Board**.

10. The government agrees to provide IMF staff with any information that may be required for the December 9 evaluation of the program which ends on December 11, 2020. The government also authorizes the IMF to publish and post this letter and its attachments on its website, along with the IMF staff report, following approval of the review by the IMF Executive Board.

Sincerely yours,

__________/s/__________

Adama COULIBALY

Minister of Economy and Finance

Attachment:

- Supplement to the MEFP

Attachment I. Supplement to the Memorandum of Economic and Financial Policies, 2020

November 20, 2020

BACKGROUND

1. **The Ivoirien economy continued to expand vigorously over the 2016-19 period, despite an adverse global backdrop marked in particular by trade tensions and falling commodity prices**. Annual growth averaged 6.9 percent in 2016-19; and real per capita income increased by 13.5 percent in the same period, making Côte d'Ivoire one of the lower middle-income countries with a per capita income higher than those of Nigeria or Ghana in 2019. The fiscal deficit was gradually reduced to 2.3 percent of GDP in 2019, inflation was held below 3 percent, and the debt ratio kept to 38.8 percent of GDP, thus enabling Côte d'Ivoire to meet all of the West African Economic and Monetary Union (WAEMU) primary convergence criteria by end-2019. The current account deficit was held below 5 percent of GDP throughout the period, thanks to a healthy trade surplus. These results are mainly attributable to the successful implementation of the current National Development Plan (2016-20 PND), supported by an appropriate budgetary policy and the implementation of major structural reforms in key sectors of the economy. The business climate has steadily improved, and Côte d'Ivoire climbed 32 places to 110th in the World Bank's Doing Business ranking between June 2015 and June 2019. This led to an increase in private investment to 15.7 percent of GDP in 2019, against 14.9 percent in 2017, mainly targeted towards agro-industry, energy, mining, transport, construction, and telecommunications. Moreover, the soundness of the banking system has strengthened further with a solvency ratio of 10.5 percent at end-December 2019, compared to 7.9 percent at end-December 2016 and 9.55 percent at end-December 2018, which is above the 8.625 percent minimum prudential threshold advocated by the West African Monetary Union (WAMU) thanks to the implementation of Basel II and III provisions. The key results for the 2016-19 period are presented in Box 1.

2. **As in other countries around the world, in 2020, Côte d'Ivoire was hit by the coronavirus pandemic (COVID-19)**. The restrictive measures introduced by most countries to combat the spread of COVID-19 severely jolted sectors of activity and disrupted supply and demand, as well as financial markets. According to the IMF's October 2020 World Economic Outlook (WEO), the world economy is expected to contract by 4.7 percent in 2020. At the national level, foreign trade and the tourism sector suffered the initial adverse effects as from the first quarter of 2020; and these then spread to other sectors, following the lockdown measures adopted on March 16, 2020 following the first positive cases in the country. The measures included social distancing, the imposition of curfews, the closure of air and land borders to passengers. The various studies conducted have revealed an adverse impact on the sales turnover of most private companies, the

closure of some small businesses with low cash reserves, and a deterioration in household living conditions.

3. **To minimize the socioeconomic impact of the health crisis, the government adopted a Health Response Plan (*Plan de Riposte Sanitaire* – PRS) and an Economic, Social, and Humanitarian Support Plan (*Plan de Soutien Economique, Social et Humanitaire* – PSESH)**. The health response plan, with a budget of CFAF 95.9 billion, has made it possible to slow the spread of coronavirus and take care of those who contracted the infection. Thus, 7 months after the appearance of the first case in Côte d'Ivoire, a total of 20,486 people had been infected. Of these 20,212 have recovered and 122 have died, i.e. a case-fatality rate of 0.6 percent. The CFAF 1.7009 trillion PSESH is built around three groups of measures: (i) support for businesses; (ii) support for the economy as a whole; (iii) and social measures. Execution of this plan has generated new budgetary expenditures of CFAF 323 billion in 2020. As part of its implementation, four funds have been set up to support the social fabric with a total budget of CFAF 158 billion in 2020. These funds include the Large Enterprise Support Fund (*Fonds de Soutien aux Grandes Entreprises* – FSGE), the SME Support Fund (*Fonds de Soutien aux PME* – FSPME), the Informal Sector Support Fund (*Fonds d'Appui aux Acteurs du Secteur Informel* – FASI), and the Humanitarian Solidarity and Emergency Support Fund (*Fonds de Solidarité et de Soutien d'Urgence Humanitaire* - FSSUH). In addition, an Agricultural Emergency Program (*Programme d'Urgence Agricole* – PURGA) of CFAF 95 billion was also established in 2020 to support the agricultural sectors affected by the pandemic. The remaining actions, totaling CFAF 69.41 billion, were directed mainly around supporting public enterprises, strengthening and securing the market supply system, as well as the fight against the soaring prices of consumer products. In addition, the PSESH has enabled businesses weakened by the crisis to benefit from tax reductions and moratoria on tax and social security payments at an estimated budgetary cost of CFAF 18.4 billion. The PSESH has thus contributed to supporting the production base and maintaining jobs to ensure the continuity of business activities; while also providing humanitarian support to vulnerable populations or those rendered vulnerable by the health crisis. In addition, the Central Bank of West African States (BCEAO) adopted a set of accommodating measures targeting the banking sector, which have made it easier to finance economic activity. All of these measures, coupled with the relaxation of the restriction measures, have contributed to a gradual recovery of activity; and GDP is forecast to expand by 1.8 percent in 2020. Lastly, Côte d'Ivoire has received budget support from the International Monetary Fund (IMF) amounting to CFAF 536 billion under the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI) to address emergencies related to the COVID-19 crisis. This support served as a catalyst to secure the contribution from the country's Technical and Financial Partners toward financing the two COVID-19 response plans.

4. **On the political front, the government has endeavored to maintain a sociopolitical climate that is suitable for holding a peaceful and democratic presidential election in October 2020**. In this context, the Independent Electoral Commission (CEI) was reformed in line with the recommendations of the African Court on Human and Peoples' Rights. The composition of the local

CEI commissions has been rebalanced to ensure better representation of opposition political parties. In addition, the processes of revising the voter registry and of submitting and validating candidacies took place according to the electoral calendar.

5. **Côte d'Ivoire's medium-term economic outlook remains good**. Economic activity is expected to rebound as early as 2021, as the global economy recovers, and the COVID-19 pandemic is brought under control. The economy should also benefit from implementation of the 2021-25 PND, which is structured around five pillars: (i) strengthening of productive transformation, development of industrial clusters and digitalization of the economy; (ii) human capital development and productivity improvement; (iii) strengthening of inclusion, national solidarity, and social action; (iv) regional development through the creation of competitive economic hubs, and continued development of growth-supporting infrastructure while respecting environmental sustainability; and (v) deepening of governance in all of its dimensions and modernization of the State. In this context, although the international environment is subject to risks of a slowdown in the global economy owing to the persistence of the effects of COVID-19, national economic growth should be strong and sustained; and the authorities' objective is to enable Côte d'Ivoire to become an upper-middle-income country. In this context, private sector participation in wealth creation will continue to grow, supported by a continuing improvement in the business climate and the implementation of structural projects stemming from the G20's "Compact with Africa" initiative, the Millennium Challenge Corporation (MCC), and bilateral agreements signed with third countries. In addition, social actions to support population groups will continue, with a view to further reducing the poverty rate, which had fallen to 39.4 percent in 2018, from 44.4 percent in 2015.

6. **The government's medium-term economic and financial policy objectives are in line with the achievements of the 2016-20 Economic and Financial Program (PEF) supported by the Extended Credit Facility (ECF) in conjunction with the Extended Fund Facility (EFF)**. The government will ensure that the macroeconomic framework remains sound. Inflation should be kept below the WAEMU ceiling of 3 percent, with the current account deficit contained at 5 percent of GDP. The fiscal deficit, which widened to 5.9 percent of GDP in 2020 as a result of COVID-19, will be brought down to the community standard of 3 percent in 2023. The budgetary consolidation process is expected to begin in 2021, with a deficit of 4.6 percent of GDP. Medium-term fiscal policy thus aims to strengthen the mobilization of domestic revenue and streamline operating expenditures with a view to creating fiscal space to increase investment. The government will also continue to implement structural reforms in the spheres of public finance management, taxation, financial sector development, improvement of the business climate, and governance.

7. **This supplement to the Memorandum describes the progress made under the Economic and Financial Program as of June 2020, presents the main lines of action for the end of 2020, and outlines medium-term prospects**.

Box 1. Eight Key Economic and Social Policy Outcomes of 2016-20

(1) Côte d'Ivoire was one of the world's fastest-growing countries in 2016-19. It has the largest economy of the eight members of WAEMU. The economy has remained buoyant with real GDP growth averaging 6.9 percent per year from 2016 to 2019. With a population of 25.2 million, Côte d'Ivoire's per capita income in 2019 was US$ 1,735.8, up by 13.55 percent on its 2016 level in real terms according to the World Bank. This represents a continuation of efforts made since 2011 (+53.0 percent growth between 2011 and 2019).

(2) Institutions, policies, and governance have all improved. The World Bank's Country Policy and Institutional Assessment (CPIA) in 2019 awarded a score of 3.5 on a scale of 1 to 6 to the quality of the country's economic management, structural policies, social inclusion and equity policies, and public sector management and institutions. For comparison, in 2010 it had it scored 2.7. Côte d'Ivoire's overall rank in the World Bank's Doing Business report improved from 142nd out of 183 countries in 2016 to 110th out of 190 in 2020. In the 2020 ranking, the country is placed 18th out of 41 low- and lower-middle-income countries, and 11th out of 48 countries in the Sub-Saharan Africa region. Its global rankings are even better for several specific business climate indicators such as: Starting a business (29th), Getting credit (48th), Resolving insolvency (85th), and Enforcing contracts (94th).

(3) Poverty in Côte d'Ivoire has been declining steadily since 2016, continuing the downward trend that had started at the beginning of the decade. Four million people have been lifted out of poverty, an all-time record for the country. The poverty rate had been rising for more than three decades, climbing from 10 percent of the population in 1985 to 48.9 percent in 2008 and then to 55.4 percent in 2011, following a decade of civil and political conflict. The poverty rate plummeted from 44.4 percent in 2015 to 39.4 percent in 2018.

(4) The period 2015-19 also saw progress towards shared prosperity. Consumption growth among households at the bottom of the income distribution outpaced that of households at the top. Among households in the lowest 40 percent of the income distribution, consumption grew by 5.6 percent per year between 2015 and 2018, whereas in the upper 60 percent consumption growth declined by 2.5 percent per year.

(5) Access to electricity and drinking water has expanded, thanks to investments in basic services that have benefited households in every income bracket. In 2019, about 80 percent of Ivoirien households had access to electricity, an increase of 20 percentage points over 2015 and up by 54 points over 2011, and by 58 points on 1998 when coverage was just 22 percent. For households in the lowest 40 percent of the income distribution, access to electricity, which was 49.6 percent in 2015, has expanded by 21 percentage points. Poor households also gained better access to both primary and secondary education, with net enrollment rates of 91.3 percent and 70.5 percent, respectively, in 2019 compared to 87.8 percent and 58.4 percent in 2016. Their access to markets and roads also improved. Drinking water coverage is virtually universal, exceeding 90 percent in both urban and rural areas and in every income bracket.

(6) Investments in health facilities have had a pro-poor focus; and, during the 2015-18 period, the percentage of households living within 5 km of a health center increased considerably. Whereas just 58 percent of the poorest households had access to health facilities in 2015, coverage has increased by 37 percentage points to encompass 95 percent of the population.

(7) In 2016-19, about 2.85 million jobs were created in the formal and informal sectors. In the formal sector, 424,441 jobs were created, of which 89.2 percent were in the private sector.

Box 1. Eight Key Economic and Social Policy Outcomes of 2016-20 (concluded)

(8) Significant consolidation efforts have been made, with the budget deficit retreating from 2.9 percent of GDP in 2016 to 2.3 percent in 2019, which is below the 3 percent WAEMU threshold. This consolidation was made possible by maintaining strict control of expenditures and, to a lesser extent, by increasing tax revenue. The tax burden rose from 11.8 percent of GDP in 2016 to 12.3 percent in 2019—an increase of 0.4 percentage points of GDP in three years, and therefore less than the 1 percentage point of GDP targeted at the start of the program. This result can be explained partly by the fall in cocoa prices on the international market since 2017, which led to a decision to lower the tax rate to support producer prices. This measure reduced domestic resource mobilization by 0.6 percentage points of GDP. In fact, the tax burden excluding coffee and cocoa-related resources increased by 0.9 GDP points, from 10 percent of GDP in 2016 to 10.9 percent in 2019. This change in the tax burden mainly reflects efforts to modernize the tax administration, for which information technology (IT) solutions have been developed and implemented. These include an e-taxation facility, which has enabled economic agents to fulfill their tax obligations online since 2017; and a general reform of the tax information and management system, launched in 2019, which is used by large and medium-sized firms. Administrative measures have also been implemented, such as the segmentation of the taxpayer population, the establishment of the Property Tax Performance Optimization Committee, and the creation of a Risk Analysis Department.

MACROECONOMIC FRAMEWORK AND PROGRAM IMPLEMENTATION IN 2019 AND 2020

A. Macroeconomic and Financial Framework

8. **The new actual national accounts for 2015, 2016, and 2017 and provisional ones for 2018, in the format of the 2008 System of National Accounts (2008 SNA) and with base year 2015, were published in February 2020**. This rebasing causes significant changes in the structure of the accounts and a reassessment of the macroeconomic aggregates. Nominal GDP for the new 2015 base year stands at CFAF 27.0862 trillion, a jump of 38.2 percent over its 1993 SNA level. Value added in the primary, secondary, and tertiary sectors increased by 11.6 percent, 7.6 percent, and 63.0 percent respectively, compared to the old series. This effect on GDP results from the combination of the change of base year, a broader coverage of economic activities, and the conceptual changes made by the 2008 SNA. The increase in nominal GDP causes certain indicators to fall, such as the tax burden, fiscal and current account balances as a percentage of GDP, and the debt ratio. Real GDP growth rates are 7.2 percent, 7.4 percent, and 6.9 percent in the years 2016, 2017 and 2018, respectively, compared to 8.0 percent, 7.7 percent, and 7.4 percent under the old format. The semi-definitive 2018 and provisional 2019 national accounts were published in October 2020. Unless otherwise indicated, the economic analysis in the rest of this document refers to the rebased data.

9. **Economic activity remained buoyant in 2019, with growth estimated at 6.2 percent, following a 6.9 percent expansion in 2018 as external demand recovered in a stable macroeconomic framework**.

- **On the supply side**, growth seems to have been driven by all sectors**.** The secondary sector is estimated to have grown by 11.5 percent on the back of strong performances in construction +23.8 percent, petroleum products (+19.0 percent), mining (+17.5 percent), and food processing industries (+5.6 percent). Primary sector growth is estimated to at 5.3 percent, driven mainly by export agriculture (+5.9 percent). Growth in the tertiary sector is forecast at (4.9 percent), with contributions from all of its branches, namely telecommunications (+7.6 percent), transport (+5.5 percent), commerce (+4.9 percent) and other services (+4.2 percent).

- **On the demand side**, growth appears to have been fueled largely by final consumption (+4.6 percent), and the increase in private investment (+13.9 percent), supported by greater net external demand due to a strong export performance (+18.6 percent) while import growth was weak (+1.0 percent).

- **Annual average inflation rate was 0.8 percent, which is below the WAEMU ceiling of 3 percent**. Inflation has been kept under control thanks mainly to an ample supply of goods to the local market and the continuation of operations to combat the high cost of living.

- The **external position in 2019 was marked by a significant improvement in the current account deficit, which narrowed to an estimated 1.8 percent of GDP, compared to 3.6 percent in 2018, thanks to a large trade surplus**. Despite the terms of trade deterioration resulting from a combination of a 0.7 percent drop in export prices and a 0.2 percent increase in those of imports, the end-2019 trade balance is expected to show a surplus of CFAF 1.2048 trillion, up by 46.0 percent on its 2018 level. This is the result of: (i) robust export growth +12.2 percent following the recovery of agricultural exports and mining production; and (ii) moderate import growth (+2.3 percent) driven by purchases of intermediate and capital goods. The current account deficit was financed by foreign direct investment (FDI) and the issuance of a eurobond to bolster the level of community reserves.

- **Côte d'Ivoire's external price competitiveness improved in 2019 compared to 2018**. The real effective exchange rate fell by 5.78 percent, mainly as a result of a favorable inflation differential (-4.4 percent) and a (5.2 percent) appreciation of the US dollar against the euro.

  The monetary situation at end-December 2019 displayed an increase in the money supply of 10.8 percent, following a 13.5 percent expansion in the previous year. This evolution results from the combined increase in net foreign assets (+22.9 percent) and in domestic claims (+9.6 percent). Net foreign assets benefited from the improvement in the trade balance. Net lending to central government increased by 20.4 percent, reflecting greater reliance on the banking system. Credit to the economy grew by 6.1 percent, mainly in the form of personal loans. In addition, WAEMU's official foreign exchange reserves at end-2019 represented 5.7 months of imports of goods and services, reflecting the repatriation of export proceeds and the mobilization of external resources in the form of FDI, portfolio investment, and new disbursements on external loans.

10. Budgetary execution in 2019 resulted in a narrowing fiscal deficit to 2.3 percent of GDP, in line with the program target, following the previous year's deficit of 2.9 percent. This improvement was mainly the result of higher tax revenues combined with an under-execution of investment expenditure.

- Total revenue and grants amounted to CFAF 5.1584 trillion, against a target of CFAF 5.2591 trillion—a shortfall of CFAF 100.6 billion. The failure to achieve the revenue targets is explained, in particular, by: (i) domestic taxation (CFAF -97.4 billion) caused by a delay in implementing certain reforms, particularly the rollout of the communication flow monitoring system and the generalization of Côte d'Ivoire's integrated tax management system (SIGICI) to all departments of the Directorate General of Taxes (DGI); and (ii) the low level of grant mobilization (CFAF -38.8 billion). In contrast, customs taxes produced a surplus, driven by duties and taxes on petroleum products (+CFAF 17.97 billion) in connection with the SIR Single Specific Tax and export earnings, which were up by CFAF 22.82 billion related in particular to cocoa. Nontax income grew by CFAF 32.1 billion.

- Total expenditures and net loans were executed in the amount of CFAF 5.9439 trillion compared to a target of CFAF 6.0492 trillion, i.e. under-execution of CFAF 105.3 billion mainly in investment expenditures (CFAF 97.1 billion), owing to the delay in executing certain investments financed by project loans.

- The financing requirement was covered through the money and financial markets in the amount of CFAF 1.4866 trillion, against a forecast of CFAF 1.3715 trillion, excluding repurchase operations totaling CFAF 1.0428 trillion.

11. The stock of central government debt, including on-lent debt *(dette retrocedée),* plus state-guaranteed debt, represented 40.9 percent of GDP at end-December 2019, compared to 37.7 percent a year earlier. External debt, including state-guaranteed debt, represented 27.6 percent of GDP at end-December 2019, against 25.2 percent a year earlier. Domestic debt was equivalent to 13.3 percent of GDP at end-December 2019 compared to the year-earlier level of 12.5 percent. The outstanding debt of public enterprises at the end of December 2019 represented 6.5 percent of GDP, of which 3.3 percent was on-lent, 2.2 percent was guaranteed debt, and 1.0 percent was unsecured. Debt service in the case of on-lent loans amounted to CFAF 21.8 billion at end-December 2019 compared to the CFAF 18.6 billion forecast for the year, i.e., execution of 117.5 percent.

12. The pace of economic activity slowed in the first half of 2020, following the spread of COVID-19, of which the first case in Côte d'Ivoire was recorded in March 2020. The impacts of the pandemic primarily affected tourism and external trade. In late March, the number of air passengers fell by 15.1 percent, and maritime and rail freight traffic shrank by 6 percent and 8.5 percent, respectively, relative to their year-earlier levels. Secondly, measures to combat the spread of the disease (social distancing, isolation of Grand Abidjan, closure of stores and entertainment venues, curfews, etc.) have weakened most businesses. Thus, at end-June 2020 unless otherwise indicated, the main developments compared to the year earlier period are as follows:

- The agriculture sector has faced difficulties in marketing and input supply, as well as declining world prices for many products. However, export agriculture has had a contrasting experience. Production levels are down in coffee (-10.9 percent), cocoa (-12.5 percent), and wood logs (-16.5 percent). In contrast, output is higher in cashew nuts (+13.3 percent), cotton (+2.2), sugar (+1.4 percent), pineapple (+13.3 percent) and bananas (+22.0 percent).

- The harmonized index of industrial production slipped to -1.7 percent in end-June 2020 from +3.7 percent in end-March and +4.7 percent in end-February 2020. This virtual stagnation is the combined effect of growth among industries producing and distributing electricity, gas, and water (+4.2 percent) and environmental industries (+3.3 percent), in contrast to inertia in the extractive industries and weaker manufacturing (-0.2 percent).

- The tertiary sector has been heavily impacted by the measures adopted to combat COVID-19. At end-June 2020, the retail sales index was down by 5.4 percent. Similarly, all transport activities have contracted as a result of a slump in the number of commercial passengers (down by 57.3 percent), in maritime freight traffic (-9.8 percent at the end-May) and in both rail and road transport (-9.6 percent and -4.4 percent, respectively). In contrast, the telecommunications sector has benefited from social distancing (teleworking, social networks, calls, etc.) with total revenues rising by 6.0 percent, despite lower prices.

- The average annual inflation rate, at 1.6 percent, is below the WAEMU community threshold of 3 percent. These price fluctuations stem from an increase in the prices of edible products (+4.6 percent) and nonfood products (+1.4 percent). The prices of locally produced goods rose by 3.6 percent, while those of imported products fell by 1.7 percent.

- The trade surplus for the first half of 2020 was CFAF 762.8 billion, which was 14.4 percent lower than in the first half of 2019, owing to the combined effect of reductions in both exports (-6.6 percent) and imports (-4.4 percent). The decrease in exports in all components—agro-industry and export agriculture (-3.5 percent), manufactured products (-16.0 percent) and mining products (-3.5 percent)—mainly reflects volume reductions. In contrast, the decrease in the value of imports is attributable to lower prices (-5.3 percent). Purchases of consumption goods contracted by 11.1 percent in value terms, while intermediate and capital goods purchases grew by 0.7 percent and 5.0 percent, respectively.

- The money supply expanded by 15.6 percent (CFAF 1.5212 trillion) driven by the growth of net external assets (CFAF 1.0676 trillion; +62.2 percent), credit to the economy (CFAF 332.8 billion; +4.8 percent) and net lending to central government (CFAF 417.5 billion; +15.2 percent). Domestic credit trends were driven by the BCEAO's adoption of an accommodating monetary policy.

- In terms of the sub-regional stock markets, the capitalization of the bond market increased by 37.9 percent. In the equity market, the BRVM 10 and BRVM composite indices of the regional stock market fell by 19.4 percent and 17.4 percent, respectively. In addition, since September 16, 2020, the BRVM has allowed online trading, which enables orders to be transmitted from customers' cell phones, tablets, etc., and then routed to the BRVM trading system. This innovation aims to: (i) improve market liquidity; (ii) reduce order execution times; and (iii) lower transaction costs. In addition, the new "Smart Market surveillance" market monitoring platform, implemented in February 2020, strengthens market integrity for investors. The rollout of the Agricultural Commodity Exchange (*Bourse des Matières Premières Agricoles* – BMPA), which is slated for completion in 2022, should help revolutionize the agricultural sector by providing a reliable market for products and by boosting production, through the financing of the National Agricultural Investment Program (2018-25 PNIA).

13. Budget execution in the first half of 2020 was marked by tax measures and additional spending to contain the spread of COVID-19 and support the economic fabric, which required a reorientation of fiscal policy in 2020. On the tax side, these measures consisted of: (i) the granting of moratoria on the payment of certain taxes and duties; (ii) a tax exemption on bank loans for firms in the health sector; (iii) a 25 percent reduction on the license fee for transport operators; (iv) an exemption from duties and taxes on healthcare equipment, products, materials and other healthcare inputs; (v) the suspension of ex-post controls; and (vi) the extension to all firms, until end-June 2020, of the 15-day fast-track procedure for the reimbursement of value-added tax (VAT) credits; and the elimination of certain duties (25 percent reduction in the transport license). The impact of these measures reduces domestic revenue by an estimated CFAF 101.5 billion. Revenue from customs taxes is likely to be down by CFAF 6 billion. Thus, whereas revenue and grants, expenditures and net borrowing, and the budget deficit were initially forecast at CFAF 2.8287 trillion, CFAF 3.3222 trillion, and CFAF -493.5 billion, respectively, in the sixth program review in September 2019, the forecasts for end-June were revised in April 2020 to CFAF 2.3205 trillion, CFAF 3.7455 trillion, and CFAF -1.4250 trillion, respectively, under the RCF and RFI.

14. The budget deficit stood at CFAF 825.5 billion in late June 2020, compared to the CFAF 1.4250 trillion projected in April 2020, in the context of disbursement of the Fund's RCF and RFI, due to improved revenue and grants and under-execution of expenditures.

- Revenue and grants totaled CFAF 2.3751 trillion, having been projected at CFAF 2.3205 trillion in April 2020. This represents a gain of CFAF 54.6 billion and is attributable to a strong tax revenue performance (+CFAF 111.6 billion), thanks to the voluntary tax payments made by some operators, despite the three-month moratorium given to them. Grant mobilization of CFAF 91.9 billion remains low relative to a target of CFAF 165.1 billion, owing to the low rate of disbursement of project grants.

- Total expenditures and net loans were executed in the amount of CFAF 3.2006 trillion compared to the April 2020 projection of CFAF 3.7455 trillion, including CFAF 195.7 billion under the PRS and the PSESH. This implies under-execution of CFAF 544.9 billion, owing mainly to delays in the disbursement of PSESH funds (Box 2) and in the execution of externally financed capital expenditures.

- This deficit was financed through the money and financial markets in the amount of CFAF 1.5247 trillion and by budgetary support from the country's technical and financial partners totaling CFAF 133.5 billion. Money and financial market funding includes treasury bonds, totaling CFAF 1.0649 trillion (of which CFAF 535 billion in social bonds issued in April and May 2020, known as "COVID-19 Bonds");[1] bond issues (*emprunts obligataires*) CFAF 227.7 billion, and treasury bonds of CFAF 232.1 billion. These also made it possible to meet public debt principal maturities, totaling CFAF 827.4 billion, split between CFAF 617.4 billion of domestic debt and CFAF 210.0 billion of external debt. In addition, budgetary support of CFAF 669.5 billion was provided mainly by the IMF, through the RCF and RFI (CFAF 536 billion) and by the World Bank (CFAF 118.5 billion).

Box 2. Implementation of the Economic Response Plan for FY 2020, and Management of Funds Related to the Economic, Social and Humanitarian Support Plan (PSESH) in the First Half of 2020

Faced with the health crisis arising from the COVID-19 pandemic, which caused economic activity to slump, the government adopted the PSESH in April 2020, at a total cost of CFAF 1.70099 trillion over the entire pandemic period, with the aim of maintaining the production fabric, supporting vulnerable populations, and ensuring a rapid post-crisis recovery. The Plan is divided into three main areas: (i) business support measures; (ii) economic support measures; and (iii) social measures benefiting different population groups.

The Plan's implementation has generated new budgetary expenditures for 2020 amounting to CFAF 323 billion, distributed in particular between the four support funds (FSGE, FSPME, FASI, and the Special Solidarity Fund (*Fonds spécial de solidarité* – FSS), and the Agricultural Emergency Program (PURGA). In addition, measures to support businesses through tax reductions and moratoria on the payment of taxes and social security contributions have reduced revenue by an estimated CFAF 18.4 billion (cf. *Annex I, Implementation Status of the Economic, Social and Humanitarian Support Plan at end-June 2020)*.

Four support funds were created under the PSESH: (i) FSGE; (ii) FSPME; (iii) FASI; and (iv) FSSUH. Each fund is administered by a management committee, supported by an executive secretariat with responsibility for the implementation of operational activities.

The funds are financed from the State's own resources, supplemented by grants from individuals and companies, and contributions from technical and financial partners. The funds' resources are deposited at the National Investment Bank (*Banque Nationale d'Investissement* – BNI), which undertakes their administrative and financial management under the authority of the management committees. The beneficiary selection criteria and the funds' management procedures have been drafted with support from international consulting firms, selected by tender, thanks to support from technical and financial partners, notably the International Finance Corporation (IFC).

While awaiting completion of the consulting firms' work, these funds officially started their support operations on May 14, 2020, on the basis of transitional arrangements. Since June 22, 2020, the final arrangements for the operation of the funds have been put in place.

[1]These bonds, with three-month maturities, were issued on the regional money market with the aim of financing the immediate expenses of combating the COVID-19 pandemic.

Box 2. Implementation of the Economic Response Plan for FY 2020, and Management of Funds Related to the Economic, Social and Humanitarian Support Plan (PSESH) in the First Half of 2020 (continued)

The detailed status of the funds is as follows:

- Large Enterprise Support Fund (FSGE)

  This fund, intended for large firms (turnover in excess of CFAF 1 billion), has a target allocation of CFAF 100 billion including CFAF 38 billion for FY 2020. The FSGE has an IT platform (www.fsge.gouv.ci) to keep the population informed on the fund's activities and for the registration of applicants. In late August 2020, 39 companies had received support from the FSGE, for a total amount of CFAF 11.542 billion, representing a utilization rate of 2020 resources of 30.37 percent.

- SME Support Fund (FSPME)

  This fund, with a target endowment of CFAF 150 billion, aims to provide financial support to SMEs (sales turnover less than CFAF 1 billion). For FY 2020, the fund's endowment is CFAF 40 billion. A dedicated website (www.fspme.agencipme.ci) reports on its activities. By the end of August 2020, the FSPME had carried out operations totaling CFAF 3.2 billion in support of 101 SMEs.

- Solidarity and Humanitarian Support Fund (FSS)

  This fund, with a target global budget of CFAF 170 billion, is tasked with providing support to vulnerable people or those made vulnerable by COVID-19. With a 2020 budget allocation of CFAF 60 billion, the FSS had carried out operations totaling CFAF 18.689 billion up to the end of August 2020, i.e. an absorption rate of 31.2 percent. These operations include: (i) cash transfers to 123,299 vulnerable households; (ii) financial support to 12,557 persons who have been laid off or have lost their jobs as a result of COVID-19; (iii) payment of electricity bills for 1,052,749 households subscribing to the social rate, for a total of CFAF 7.13 billion; and (iv) financial support to a nursery and five centers caring for 273 street children. A dedicated website (www.fss-COVID19.com) reports on the fund's activities.

- Informal Sector Support Fund (FASI)

  This fund has a target endowment of CFAF 100 billion, including CFAF 20 billion for FY 2020. It aims to provide support to individuals operating in the informal sector who have been affected by the COVID-19 crisis. By end-August 2020, exploitation of the data collected from sector entities, and available on the fund's dedicated platform (www.fasi.ci), had made it possible to support 16,451 informal sector stakeholders through subsidies totaling CFAF 3.785 billion before taxes. Of these beneficiaries, 58 percent are women and 42 percent men, with 39 percent from Grand Abidjan and 61 percent from the rest of the country.

To ensure good governance in the management of these funds, since the start of operations monthly reports and beneficiary lists have been posted regularly on the funds' dedicated websites and also on the website of the Ministry of Economy and Finance (www.finances.gouv.ci). There are also plans for annual audits by an independent firm, the first of which should be performed in the first half of 2021. In addition, ex post controls by the General Inspectorate of Finance (*Inspection Générale des Finances* – IGF) will be carried out pursuant to the funds' regulations. Lastly, the State Audit Office (*cour des comptes*) is tasked with performing controls and audits on the funds' management. In accordance with the funds' founding charters, when the crisis is over their assets will be transferred to any other structure set up by the State to fulfill the same missions, or else to the Caisse des Dépôts et Consignations de Côte d'Ivoire.

Agricultural Emergency Program (PURGA)

In addition to the support funds, the government has set up the PURGA, to support the main agricultural sectors affected by the crisis. This program has a target allocation of CFAF 300 billion, with CFAF 95.8 billion

Box 2. Implementation of the Economic Response Plan for FY 2020, and Management of Funds Related to the Economic, Social and Humanitarian Support Plan (PSESH) in the First Half of 2020 (concluded)

available for FY 2020; it is expected to benefit 17 agricultural sectors, including seven exporting sectors and ten production sectors. The program's modes of intervention consist of: (i) subsidies on producer prices and incomes; (ii) support for input purchases; and (iii) support for the collection and transportation of food products. The institutional framework for the management of PURGA provides for the following:

- The Interministerial Commodities Committee (*Comité Interministériel des Matières Premières* – CIMP), chaired by the Prime Minister, is the decision-making body. It is assisted by an Interministerial Technical Coordination Committee (*Comité Interministériel de Coordination Technique* – CICT), which is tasked with analyzing the needs of commodity chains, advising the CIMP, and monitoring implementation of the PURGA;
- Sectoral Technical Units (*Cellules Techniques Sectorielles* – CTS) within the four technical Ministries, responsible for overseeing program implementation at the sector level; and
- Operational Implementation Units (*Unités d'Exécution Opérationnelles* – UEOs), placed under the supervision of the technical ministries, and responsible for the practical implementation of the program on the ground with the final beneficiaries (cooperatives and individual producers).

At end-August 2020, operations undertaken within the PURGA umbrella amounted to CFAF 33.86 billion, and have supported the cashew nut, rubber, oil palm, rice, banana, maize, and vegetable and market gardening sectors. The PURGA's activities are the subject of monthly reports, the latest of which was published in August 2020 (www.gouv.ci and http://www.gouv.ci/doc/1602070704PURGA-Rapport-mensuel-consolide-au-31-aout-2020.pdf). In addition, the IGF and independent firms have been mandated to perform ex-post audits on the program's management.

15. In the context of the COVID-19 pandemic, growth in 2020 is forecast to be 1.8 percent, with inflation and the current account deficit both contained. The main developments are as follows:

- **On the supply side**, growth is likely to be based mainly on the relative resilience of the tertiary sector, especially telecoms and public assistance. The primary sector is expected to contract by 1.3 percent, reflecting a decline in export agriculture (-2.2 percent) despite an increase in subsistence farming (+2.6 percent). The secondary sector is set to stagnate at 1.6 percent] under the effect of contrasting developments in construction (+6.0 percent), energy (+11.1 percent), other manufacturing industries (-0.4 percent), petroleum products (-26.9 percent), mining (-4.8 percent) and food processing industries (-1.3 percent). The tertiary sector is forecast to grow by 1.8 percent in 2020, thanks to the dynamism of telecommunications (+30.3 percent), despite downturns in other components. The nonmarket sector should grow by 7.0 percent compared to 4.4 percent in 2019, considering the effects of the fight against COVID-19, and the continuation of the compulsory schooling and health-for-all policies.

- **On the demand side**, growth is likely to be driven by public investment (+30.7 percent), supported by speedier execution of major infrastructure projects to accompany the economic recovery. The public investment rate is expected to reach 6.9 percent in 2020 compared to the year-earlier 5.4 percent. Private investment will see modest growth of

1.9 percent while final consumption is set to contract by 0.4 percent. Net exports are set to decline in 2020 owing to reductions of 10.0 percent in exports and 5.5 percent in imports of goods and services, respectively.

- Inflation is expected to edge up to 1.0 percent in 2020, compared to 0.8 percent in 2019, resulting mainly from a combination of lower prices for imported products and higher prices for local products.

- The current account deficit is forecast at 2.3 percent of GDP in 2020, reflecting a stabilization of the surplus in goods and services trade, compared to 2019, and a narrowing of the primary and secondary revenue deficits. The capital account surplus is projected to be 0.5 percent of GDP.

- The money supply is expected to grow by 16.4 percent in 2020, following the previous year's 10.8 percent expansion. This acceleration will be driven by an increase in net external assets (+39.0 percent, +CFAF 950 billion) and net lending to central government (+30.1 percent; +CFAF 840.9 billion). Net external assets will change as a result of increased budget support. Despite the sharp slowdown in economic activity, credit to the economy is expected to expand by 5.2 percent, following the previous year's 6.1 percent expansion, thanks to a continuation of the BCEAO's accommodative monetary policy and the actions of corporate financing support funds.

16. The budget forecasts for 2020 were downgraded during the year to take into account the government's new priorities, in particular combating the adverse socioeconomic effects of COVID-19 and strengthening population security. Initially set at CFAF 7,044.4 billion during the April 2020 discussions on the RCF and RFI, the overall expenditure envelope for FY 2020 has been revised upward by CFAF 129.7 billion to take into account the new investment expenditures induced by the need to: (i) strengthen the effectiveness of the actions taken under the PRS and the PSESH; (ii) intensify actions to secure the territory following the terrorist attack in Kafolo; and (iii) take urgent steps to contain and prevent the catastrophic impacts of flooding on affected population groups, particularly as happened in June 2020. However, the PSESH spending targets have been revised downward by CFAF 122.0 billion, in line with the rate of absorption of the main support funds, in which the flow of requests began somewhat tentatively, but is now gradually intensifying.

17. Having initially been projected in April at 5.1 percent of GDP on conclusion of the RCF, the fiscal deficit is expected to be 5.9 percent at end-2020.

- Total revenue and grants are expected to be CFAF 109.5 billion lower than projected in April 2020, mainly owing to reductions in: (i) social security contributions (down by CFAF 58.3 billion) following the moratorium granted to firms on the payment of social security contributions; and (ii) budget grants (down by CFAF 64.7 billion) owing to the maturity extensions granted in the G20 debt moratorium on debt reduction-development contract (C2D) and the Spanish program of converting debt into development projects (PCD).

- Total expenditures and net loans are expected to increase by CFAF 221.9 billion, as a result of increases in capital expenditures (+CFAF 310.7 billion), security expenses (+CFAF 13.0 billion), and social benefits (+21.1 billion).
- This would produce a budget deficit of CFAF 2.0845 trillion compared to the shortfall of CFAF 1.4250 trillion projected in April 2020.

18. The 2020 funding policy has been adjusted to meet the new needs arising from the pandemic. The deficit will be financed from both domestic and regional sources and externally. The net amount of domestic and regional funding envisaged is CFAF 821.3 billion.[2] The government commits not to breach this ceiling. Meanwhile, net external resources amount to CFAF 1.1357 trillion and include project loans, budgetary support (CFAF 340.5 billion from the World Bank, CFAF 49.2 billion from the African Development Bank (AfDB), CFAF 15.0 billion from the West African Development Bank (BOAD), CFAF 27.2 billion from the Islamic Development Bank (IDB), CFAF 26.1 billion from Germany), and recourse from the international financial market. Should one of these elements of external financing fail to materialize, the government will seek alternative external funding as a priority. If alternative resources are not available, it will consult the IMF.

19. The government will adopt the draft 2020 Supplementary Budget Law by mid-November 2020 at the latest, as a prerequisite for consideration of the review.

20. In terms of additional external financing to combat COVID-19, the government reiterates its commitment to contract or guarantee new external loans for no more than a present value of US$ 3,694.6 million in 2020 (cf. subsequent discussion on the program's performance as of end-June 2020).

B. Program Implementation at End-December 2019, and in the First Half of 2020

21. By the end of December 2019, all of the program's performance criteria had been met. The budget balance stood at CFAF -785.5 billion, compared to a target of CFAF -790.2 billion, leaving a margin of CFAF 4.7 billion. This situation is mainly explained by the under-execution of investment expenditures (CFAF 97.1 billion) to offset the shortfall in tax revenue (CFAF 94.0 billion). The net present value of the new external debt stands at US$2,584.5 million, compared to a ceiling of US$2,600.3 million. In addition, no external or domestic arrears were built up during budget execution as of end-December 2019. Net domestic financing stood at CFAF -56.2 billion compared

[2] In the Ivoirien authorities' TOFE submission, this corresponds to the sum of: (i) net bank financing (including the disbursement of the IMF's April 2020 RCF and RFI of FCFA 536 billion), (ii) net non-bank financing (excluding net change of amounts due); and (iii) net regional financing, the sum of net bonds, net treasury bills, net treasury bonds, and net SUKUKs.

to a ceiling of CFAF 4.7 billion, leaving a margin of CFAF 60.9 billion.

22. Three out of five indicative benchmarks had not been met by end-December 2019.

- Relative to a floor of CFAF 4.0566 trillion, total tax revenue was CFAF 84.3 billion less at CFAF 3.9723 trillion. The shortfall breaks down as CFAF -63.9 billion in the case of direct taxation and CFAF -20.2 billion in indirect taxation.

  - In the case of direct taxation, two-thirds of the shortfall stems from lower-than-expected revenue from income and payroll taxes, explained by slower-than-expected growth in wage earning employment and in the rate of processing new civil servants' files. The other third stems from shortfalls in corporate tax revenue and income from securities. These occurred in the banking sector, in particular, which had to make provisions following the bankruptcy of a cocoa producer; in the mining sector, which suffered losses related to a social conflict; and in the telecommunications sector, where its services faced strong price competition. Delays in rolling out the SIGICI to all DGI services also eroded direct tax revenue.

  - Among indirect taxes, the largest revenue shortfalls occurred in VAT, owing to the delay in implementing the mechanism for monitoring telecommunications flows. This was compounded by higher-than-projected reimbursement of VAT credits; the special tax on telephone communications, also related to the delay in implementing the mechanism for monitoring communication flows (CFAF -16 billion); and import taxes excluding those on petroleum products (CFAF -26.2 billion) reflecting the lower than expected level of imports.

- The primary balance stood at CFAF -17.5 billion, against a target of CFAF 164.1 billion, i.e., a shortfall of CFAF -181.6 billion owing to a combination of lower-than-expected revenue and the domestic financing of certain investments that were initially planned to be funded from project loans.

- The net reduction in "payables" outstanding (*exigibles*) amounted to CFAF 106.2 billion, compared to a minimum target of CFAF -25.0 billion in connection with the failure to meet tax revenue targets, coupled with the fact that the budget support expected in late 2019 was not forthcoming.

  On the other hand, expenditures under the advances procedure amounted to CFAF 163.79 billion compared to a ceiling of CFAF 190.4 billion. Pro-poor" expenditures totaled CFAF 2.5506 trillion, exceeding the minimum target of CFAF 2.5055 trillion by CFAF 45.1 billion.

23. All of the program's structural benchmarks had been met by end-December 2019.

- The dashboard summarizing execution of public enterprise debt service was produced on time at end-December 2019;

- A report was produced on the financial situation of Air Côte d'Ivoire as of end-December 2019;

- The retail fuel prices reflected trends in international oil prices in accordance with the automatic price adjustment mechanism; and the end-December 2019 fuel tax revenue targets provided for in the 2019 Budget Law were met; and

- All new businesses created have systematically been assigned a Single Tax Identification Number (STIN). In addition, out of the target of 3,592 former active companies registered in DGI database of large and medium-sized firms, 3,433 have been re-registered, i.e., 95.6 percent, compared to a target of 40 percent by the end of December 2019. This operation made it possible to generate and issue an STIN for each of the 3,433 firms.

24. At end-June 2020, changes in budget execution resulting from the measures adopted to combat COVID-19 made it impossible to meet two out of the five performance criteria and four out of the five indicative benchmarks set in the sixth review.

Performance criteria

- The floor for the fiscal balance of CFAF -493.5 billion was not met, and the deficit stood at CFAF -825.5 billion, owing to the implementation of the COVID-19 response pursuant to the discussions held in April 2020 in the RFI/RCF framework;

- The ceiling on the net present value (NPV) of the central government's new external debt has not been met. While the target was US$1,417.32 million,[3] the NPV of new external debt amounted to US$2,245.5 million. This is explained by several factors, the most important of which was the outbreak of the COVID health crisis. The crisis heightened uncertainty over the timing of the signing of credit agreements. In particular, several financing agreements with the World Bank had been slated for signature in the first half of the year, including: (i) budget support for the COVID-19 Response and Health System Preparedness Strengthening Project amounting to € 32 million (US$19.8 million, in present value terms; and (ii) budget support for inclusive growth (Tranche A of €54.4 million and Tranche B of €126.9 million), i.e., a total present value of US$110.2 million. In addition, the recent heavy rains made it necessary to speed up the signing of the Urban Resilience Support Program to cope with the floods, of €287.7 million (US$177.3 million in present value terms). Corrective measures have been adopted to ensure that the NPV is within the end-December 2020 ceiling. The government reiterates its commitment to meet the target NPV ceiling of US$3,694.6 million at end-December 2020. It also commits to report monthly to the IMF, informing it of the cumulative level of disbursement of new external debt from September to December 2020. This information will be supplied no later than the 6th of the following month.

[3]Ceiling value adjusted to take into account the absence of Eurobond issuance, as established in the TMU for the sixth review.

No accumulation of new domestic and external arrears was recorded; and net domestic financing amounted to CFAF 628.7 billion, which is below the adjusted ceiling of CFAF 666.6 billion.

Indicative benchmarks

- The floors on tax revenue and the primary balance were not met owing to the economic slowdown caused by COVID-19, the introduction of a moratorium on the payment of taxes and duties, and the expenditure arising from the economic response plan;
- The cap on procedures executed through cash advances was exceeded owing to COVID-19 pandemic-related emergency expenditures, pending passage of the Supplementary Budget Law; and
- The floor on pro-poor expenditures was not met because these expenditures were partly reallocated to populations rendered vulnerable by COVID-19.

On the other hand, the net reduction in the stock of amounts payable amounted to CFAF 201.7 billion, compared to a minimum target of CFAF -71.5 billion.

25. In contrast, nearly all of the program's structural benchmarks were met in the first half of 2020.

- Retail fuel prices continue to reflect international oil price trends in accordance with the automatic price adjustment mechanism, and the end-March and end-June 2020 fiscal revenue targets for road transport fuels under the 2020 Finance law were met;
- The dashboard summarizing the public enterprise debt service performance was produced on schedule at end-March and end-June 2020;
- The report was produced on the discrepancies between Ivoirien import data and international data on exports to Côte d'Ivoire, for 20 major products in respect of customs import duties; and an action plan to address the deficiencies identified has been developed (Structural benchmark (SB) at end-March 2020);
- A dashboard displaying the main financial indicators of state-owned and majority publicly owned firms was developed at end-March 2020; but it was not fully completed at that date owing to a delay in the transmission of data by firms as a result of the COVID-19 pandemic. Nonetheless, the dashboard information was completed at end-June 2020 based on data from end-March 2019 (SB not met at end-March, but met by end-June 2020);
- The report on the financial situation of Air Côte d'Ivoire as of late June 2020 has been produced (SB at end-June 2020); and
- The 2018 annual Government Fiscal Reporting Tables (TOFE) based on the standards of the 2001/14 Government Financial Statistics Manual (GFSM), covering central government; two

social security funds (*Caisse Nationale de Prévoyance Sociale* –CNPS, and *Caisse Générale de Retraite des Agents de l'État* – CGRAE); local authorities; four extra-budgetary units (the Road Maintenance Fund (*Fonds d'entretien routier* – FER); the Coffee-Cocoa Board (*Conseil Café Cacao* – CCC); the Industrial Development Fund (*Fonds pour le Développement Industriel* – FODI), and the National Universal Telecommunication Services Agency (*Agence nationale du service universel de télécommunications* – ANSUT)); and National Public Establishments (*Établissements Publics Nationaux* – EPNs) were produced before the end of June 2020 (SB end-June 2020).

26. Since the sixth review of the program, several other reforms have been implemented, including:

Price adjustment

- The guaranteed farmgate price for cocoa was set at CFAF 825 per kg for the 2019/20 crop year, and at CFAF 1,000 per kg for the 2020/21 season, i.e., successive increases of 10 percent and 21 percent, to take account of international price trends;
- The guaranteed farmgate price of coffee set at CFAF 700 per kg in 2019 was maintained in 2020, despite the fall in coffee prices on the world market;
- The floor price for cashew nuts was set at CFAF 400 per kg in February 2020 compared to CFAF 375 per kg in 2019; and
- The floor purchase price for first-choice seed cotton was set at CFAF 300 per kg for the 2019/20 and 2020/21 crop years, compared to CFAF 265 per kg for the 2018/19 season, an increase of 13.2 percent.

Fiscal policy

- The rate of excise duty on tobacco was raised by 1 percentage point to 38 percent, thus allowing the collection of an additional CFAF 1.2 billion by the end of June 2020;
- The tax on kola nuts was adjusted to the rate of CFAF 10.2 per net kg of nuts exported, replacing the single exit duty (14 percent of the CIF price) and the registration fee (2.5 percent of the CIF price). By end-June 2020, this measure had raised CFAF 18 million; and
- A tax on the transmission of videos on demand was instituted at the rate of 3 percent on the price paid by the customer in return for the cinematographic or audiovisual work supplied to him/her online. As no declaration has been made under this new tax, there has been no additional revenue; and
- The flat-rate minimum tax was suspended for FY 2020, but will be reinstated in 2021.

Tax incentives and support measures for firms in the fields of industrialization, research and development, and innovation with a projected budgetary cost of CFAF 237 million in 2021.

- Tax exemptions was instituted on the license, property tax and banking operations tax (*Taxe sur les opérations bancaires* – TOB) in respect of loans to install processing units;
- A five-year exemption on the tax on industrial and commercial profits (*bénéfices industriels et commerciaux* – BIC) and on the license fee was granted to firms investing at least CFAF 1 billion tax-free within the country;
- A tax deduction of 20 percent was introduced on amounts invested in research and development (R&D) and technological innovation;
- A five-year exemption was applied to the commercial license;
- A property tax exemption was applied to fixed assets used for their activities;
- A BIC tax deduction was introduced on donations to scientific research organizations, private companies, and national inventors and innovators; and
- A BIC tax exemption was granted to companies that take over under management lease contract firms in difficulty.

Tax Administration

- The activities of the Committee for the Optimization of Property Tax Yields (*Comité d'Optimisation du Rendement de l'Impôt Foncier* – CORIF) were strengthened (cf. Box 3). The coverage of the E-cadastre application has been extended to cover the entire district of Abidjan and 11 localities elsewhere in the country. The revenue impact was CFAF 9 billion in 2019 with a further CFAF 4.2 billion expected by the end of July 2020;
- The basic documents, such as the General Tax Code and Tax Doctrine in electronic format were put online in January 2019, to enable taxpayers to access the correct information and to fulfill their tax obligations with complete transparency;
- Following its deployment at the central level, the SIGICI was rolled out in all DGI offices. The use of one of the SIGICI functions, namely statement 301, increased the revenue obtained from taxes on wages and salaries by 7 percent between end-2018 and end-2019, while the equivalent revenues collected by the Medium-sized Enterprise Directorate increased by 4 percent; and
- A new, further improved platform with more advanced functionalities of the e-Liasse IT application was designed and developed in December 2019, as part of the dematerialization of the management of business financial statements. Now known as Télé-liasse, this new platform will enable firms to file their tax returns online. In late June 2020, 3,826 tax returns had been filed for FY 2018 and 631 for FY 2019 (no tax revenue impact).

Box 3. Report on the activities of the Committee for the Optimization of Property Tax Yields (CORIF)

In relation to Property Tax yields, CORIF was created by Interministerial Order No. 0024 /SEPMBPE/MCLU of September 6, 2018, for the purpose of responding effectively to the challenges of managing and collecting property tax. It brings together experts from the public administration, parapublic, and private sectors (the National Bureau of Development Techniques and Studies (*Bureau National d'Études Techniques et de Developpement* – BNETD), the National Civil Registry and Identification Office (*Office National de l'Etat Civil et de l'Identification* – ONECI), the Construction and Public Works Laboratory (*Laboratoire du Bâtiment et des Travaux Publics* – LBTP), the Ivoirien Electricity Company/Ivoirien Water Company (*Compagnie Ivoirienne d'Electricité Société de Distribution d'Eau de Côte d'Ivoire)* – CIE/SODECI, etc.).

CORIF missions

- Identification and evaluation of all real estate properties subject to property tax (*Impôt sur le Patrimoine Foncier* – IPF) and the property income tax (*Impôt sur le Revenu Foncier* – IRF) throughout national territory;
- Monitoring of the taxation of said properties; and
- Implementation of the project to optimize property tax yields. The project aims to set up a secure mechanism including information exchange, the issuance of tax notices, collection on the tax assessment notices that are issued, and monitoring and evaluation of the mechanism.

Main work done by CORIF

- Physical census of untaxed land plots;
- Use of the census forms to audit the data collected and upgrade the register of property taxpayers and establish additional taxes;
- Carrying out complementary surveys and cross-referencing of various files to identify property owners, and to complete missing information or correct erroneous data; and
- Installation of a CORIF office to continue the work begun and make up for the shortcomings identified in the execution of the project.

Results and prospects of the CORIF operation

- As of July 31, 2020, 108,824 land plots had been visited, of which 99,705 had been processed and validated, i.e., 91.6 percent of them. In addition, 62,077 new plots were added to the database;
- Out of CFAF 11.55 billion in tax assessment notices issued, CFAF 4.2 billion were collected, representing a collection rate of 36.4 percent; and

The work in progress should eventually make it possible to interconnect the platforms of the different entities involved (Ministry of Construction, Housing, Sanitation, and Urban Development (Ministere de la Construction, du Logement, de l'Assainissement et de l'Urbanisme – MCLU), DGI, LBTP, CIE, SODECI, etc.). Also, completion of the development of the SIGICI property taxation module on will make it possible to integrate the databases more effectively and enhance the quality of property tax assessment notices.

Customs Administration

- The second phase of the general rollout of the Automated Merchandise Customs System for Automobiles (SYDAM AUTO) project was launched on November 1, 2019 (cf. Circular No. 2040/MPMBPE/DGD of October 30, 2019). This phase covers used vehicles other than passenger cars and light commercial vehicles. The impact of this second phase is estimated at CFAF 498 million at end-June 2020, rising to CFAF 995 million by end-December 2020.

- Delivery slips for petroleum products have been generalized to all customs depots and for all petroleum products and derivatives (cf. Circular No. 2043/MPMBPE/DGD/ of November 8, 2019). There is now a computerized link between the delivery slips for petroleum products and the declarations that clear them, thus avoiding wastage and effectively combating fraud. The impact of the generalization of delivery slips is estimated at CFAF 4.6 billion at end-June 2020 and should rise to CFAF 9.2 billion by end-December 2020.

- The procedure for importing goods valued at less than CFAF 1 million and unmanifested goods has been revamped (cf. Circular No. 2026/SEPMBPE/DGD/of July 9, 2019). Henceforth, the FOB valuation of these goods will be subject to the Webb Value. This reorganization had generated an impact of CFAF 134.5 million at end-June 2020 and is expected to rise to CFAF 269 million by end-December of that year.

- Production of the visit management module has gone through two phases; the first focused on optimizing the module and the second on the pilot phase involving three offices (Abidjan Port-Bouët, Abidjan Port terminal, Abidjan Entrepôts). The pilot ran from March to May 2020 and identified a number of difficulties that are currently being corrected.

- The Ivoirien and Burkina Faso customs systems are now interconnected, which has made it possible to reduce losses on transit operations to Burkina. Between January and July 2020, out of 4,154 declarations reported as having arrived in the Burkina Faso Customs, 99.98 percent were deemed to be in conformity with departure information in Côte d'Ivoire; and

- Controls on the value of targeted products have been strengthened by using mirror data. The recovery rate on these products stood at 52.1 percent at end-July 2020 compared to an overall recovery rate of 4.9 percent. Making use of the report's findings had generated CFAF 2.4 billion at end-June, which is expected to rise to CFAF 4 billion for 2020 as a whole.

Budgetary risk management

- The 2020-22 budgetary risk statement, incorporating an assessment of the budgetary impact of the risks, was produced in September 2019 and appended to the 2020 Finance Law;

- In 2019, 5,271 contracts were approved, totaling CFAF 1.3318 trillion. Contracts awarded through competitive procedures (open and limited tenders) accounted for 73.1 percent of the total value of contracts approved, whereas 24.6 percent were awarded through non-competitive procedures, including 7.4 percent awarded by mutual agreement. As of end-June 2020, 1,570 contracts had been approved for an amount of CFAF 594.5 billion, of which 77.4 percent underwent competitive procedures;

- The annual review of projects under Public-Private Partnerships (PPP) for 2019 was conducted in December 2019 in conjunction with the contracting authorities. The project specifications and project ideas were published on the website of the PPP National Steering Committee (CNP-PPP) (www.ppp.gouv.ci/projets);

- Four new PPP projects were signed between September and December 2019 for a value of CFAF 89 billion, bringing the number of contracts and amendments in the PPP database to 50. Of these, three are State-guaranteed; but only the concession for the third bridge in Abidjan has activated this guarantee, at an annual average cost of CFAF 16 billion. No new PPP contract was signed in the first six months of 2020; and

- The third phase (rollout) of the performance contracts was launched in April 2019, and the first technical meetings were held in May 2019. For this phase, the following 14 contracts were signed by all stakeholders: the Ivoirien Radiofrequency Management Agency (*Agence Ivoirienne de Gestion des Fréquences Radioélectriques* – AIGF), BNI, the Ivoirien Enterprise Institute (*Institut Ivoirien de l'Entreprise*), the Ivoirien Railway Property Management Company (*Société Ivoirienne de Gestion du Patrimoine Ferroviaire* – SIPF), LBTP, the National Lottery (*Loterie Nationale de Côte d'Ivoire* – LONACI), RTI, Versus Bank, the Autonomous Port of San Pedro (*Port Autonome de San Pedro* – PASP), the Ivoirien Institute of Tropical Technology (*Institut Ivoirien de Technologie Tropicale* – I2T), the Ivoirien Refining Company (*Société Ivoirienne de Raffinage – SIR*), the National Rural Development Support Agency (*Agence Nationale d'Appui au Développement Rural* – ANADER), and *Banque Populaire de Côte d'Ivoire* (BPCI). This brings the number of contracts already signed to 25, while 11 others are in the process of being validated or signed, out of a total of 45 State-controlled enterprises. For the 25 firms, eight of the contracts now have operational monitoring and evaluation committees in place: the National Drinking Water Office (*Office National de l'Eau Potable* – ONEP), the Forest Development Corporation (*Société de Développement des Forêts* – SODEFOR), the National Sanitation and Drainage Office (*Office National de l'Assainissement et du Drainage* – ONAD), CI-ENERGIES, the Airport, Aeronautical, and Meteorological Operation and Development Company (*Société d'Exploitation et de Développement Aéroportuaire, Aéronautique et Météorologique* – SODEXAM), the Autonomous Port of Abidjan (*Port Autonome* d'*Abidjan* – PAA), ANSUT, and the Abidjan Transport Company (*Société des Transports Abidjanais* – SOTRA).

Public finance management

- Progress has been made in implementing the 2019-20 action plan of the Public Finance Reform Master Plan, incorporating the recommendations made in the evaluation of the public finance management system under the 2016 Public Expenditure and Financial Accountability (PEFA) methodology. In this connection:

  - The first program budget was prepared for FY 2020;

- A decree (*arrêté*) was issued on January 2, 2020, mandating internal control within public administration, to strengthen the transparency of public finance management;

- An interministerial decree was issued on January 14, 2020, reforming the procedures for executing State budget income and expenditures, and implementation of the Budgetary Information System (*Système d'Information Budgétaire* – SIB);

- Deployment of the SIGFIP-Embassy module (*SIGFIP-Ambassades*), continued, with nine new National Representations Abroad (*Représentations Nationales à l'Étranger* – RNE) being connected, thus covering all 52 existing RNEs;

- Since July 2020, all ministries have been connected to the platform for the dematerialization of public procurement procedures, and the identified participants have been trained to use the tool; and

- 59 out of 101 national public establishments (EPNs) and all the 40 state enterprises have been connected to the Integrated Public Procurement Management System (*Système Intégré de Gestion des Marchés Publics* – SIGMAP);

- The first phase of interfacing between the Ivoirien Bank Corporation (*Société Ivoirienne de Banque* – SIB) and the ASTER accounting management system, to ensure the full execution of an expense has been completed and has been in operation since February 2020;

- The 2020 citizen budget was drawn up and published in March 2020 on the websites of the General Directorate of the Budget and Finance and the Ministry of the Budget and State Portfolio. An animated film was produced and broadcasted on audiovisual media;

- The Treasury Single Account (*Compte Unique du Trésor* – CUT) has been operational since June 2019. However, it still needs to be consolidated by integrating co-financed projects and EPNs, and by finalizing the closure of accounts with commercial banks or with the BCEAO. In the second half of 2019, three accounts held at the BCEAO by the Abidjan General Treasury were closed, bringing the number of accounts still to be closed to 1,213 at the BNI and 181 at the BCEAO. In addition, four new accounts were opened at the BNI to accommodate the four new extra-budgetary COVID-response funds. The four accounts were domiciled at the BNI owing to the prevailing emergency, which required the response strategy to be based on an existing mechanism. Since the BNI is responsible for the administrative and financial management of more than ten state funds, the organizational, IT, and accounting management framework already existed;

- The procedural manual and the methodological guide for preparing public investment projects (PIPs) were drawn up and validated by participants in the public investment programming chain during the second half of 2019. It is expected to be formally adopted by legislation no later than the first quarter of 2021;

- As part of the physical follow-up of the projects, the first follow-up missions were carried out in the second quarter of 2019 and mainly concerned ongoing projects with an implicit governance problem or a worrying execution rate; the COVID-19 situation prevented follow-up missions for 2020 from being carried out. The monitoring will be formalized and systematized for the coming years; and

- Draft Government Fiscal Reporting Tables (TOFE) according to the 2001/2014 MSFP for the four budgetary units other than the following EPNs: SODEFOR, ONEP, the Real Estate Management Agency (*Agence de gestion foncière* – AGEF), AIGF were validated, along with the consolidated TOFE for 2018 data, during a seminar held in October 2020.

Public sector

- At end-December 2019, the operating balance of the electric power sector, as consolidated by **CI-Énergies**, recorded a surplus of CFAF 27.14 billion, compared to CFAF 26.7 billion in 2018. At end-June 2020, the operating balance was in surplus by CFAF 6.5 billion, compared to a deficit of CFAF 12.78 billion a year earlier. The power sector's total arrears with independent producers and gas suppliers, except for Soubré, were reduced from CFAF 138.09 billion at end-December 2018 to CFAF 29.05 billion a year later, and to CFAF 29.06 billion by end-March 2020, thanks to the availability of the CFA franc and euro tranches of the refinancing operation. The balance of arrears was reduced from five months of invoices at the end of December 2018 to one month of invoices over the period from December 2019 to March 2020. However, the cumulative amount increased from 1.6 months of invoices at end April to 2 months by the end of June 2020, owing to the three months deferral of payment granted by the government as part of the COVID response, and the accumulation of export arrears, particularly with the Malian electricity company EDM S.A. In the case of Soubré, accumulated arrears of CFAF 51.26 billion in late June 2020 should be cleared gradually by 2022 in accordance with the sector's financial planning;

- The total amount of overdue export credits grew from CFAF 55.66 billion at the end of 2019 to CFAF 59.12 billion by end-June 2020, owing mainly to an increase in receivables from EDM (+ CFAF 1.65 billion) and the Burkina Faso electricity company, SONABEL, (+CFAF 2.02 billion). To facilitate the recovery of these receivables, documentation in respect of World Bank regional budgetary support for the security of cross-border payments was completed in May 2020;

- As of end-June 2020, outstanding receivables relating to the moratorium on the payment of electricity bills amounted to CFAF 31 billion nationwide. Collection of these receivables began in August 2020 and will continue until they are fully settled in the second half of 2020;

- The Côte d'Ivoire Refinery Company (**SIR)** has seen its financial situation improve gradually following the restructuring of its debt. This operation has improved firm's cash position and led to a renewal of confidence with its pool of bankers and suppliers. However, in late June

2020, SIR's operating balance deteriorated, and it posted a deficit as a result of the weak demand for petroleum products caused by the COVID-19 pandemic and the erosion of the refining margin following depreciation of the US dollar;

- The financial position of Côte d'Ivoire's national oil company, **PETROCI**, was consolidated at the end of 2019 with a positive net result that was up by 39 percent on the 2018 result. However, in the first half of 2020, it suffered from the fall in crude oil prices exacerbated by the COVID-19 pandemic. Implementation of the memorandum of understanding for the settlement of cross-debts and claims, as agreed upon on December 31, 2018 between the government, SIR, and PETROCI enabled the State's claim on PETROCI to be reduced by CFAF 1.7 billion in 2019. The balance of CFAF 25.2 billion of the State's debt to PETROCI will be settled over a period of nine years by the end of December 2020 at the latest, through a constant annual installment of CFAF 2.8 billion. In 2020, SIR and PETROCI will net out claims up to CFAF 6.36 billion. The residual claim of CFAF 42.05 billion will be cleared by PETROCI over a period of 11 years, starting in June 2021;

- The activity of the national airline, **Air Cote d'Ivoire (ACI)**, was also affected by the COVID-19 crisis. Sales turnover is around 40 percent of the level that had been projected for end-June 2020. Similarly, net earnings posted a deficit of CFAF 13.46 billion compared to a projected deficit of CFAF 12.62 billion. These cases of undershooting, compounded by delays in releasing the capital increase, contributed to the deterioration of its cash position. To offset the cash deficit and enable the ACI to meet the fixed costs of its months of inactivity from April to June 2020, as well as debt repayments, an emergency support plan of CFAF 20.9 billion was submitted to the government on March 16, 2020. A disbursement of CFAF 14.057 billion was made under that plan in late August 2020; and

- **SOTRA**'s operating income was undermined by the slowdown in urban transportation activities following the introduction of the COVID-19 response measures. At end-June 2020, it was displaying a balance of CFAF -1.64 billion compared to a forecast profit of CFAF 1.245 billion for the year as a whole. The reduced number of passengers and additional costs involved in complying with health standards have increased operating costs considerably. The situation has been exacerbated by the drop in revenue owing to the activity slowdown. A support plan of CFAF 18 billion was adopted to sustain SOTRA's activity. A disbursement of CFAF 9.33 billion was made under this plan at end-September 2020.

Financial sector development

- The financial situation of the **National Investment Bank (BNI)** is recovering gradually, thanks to implementation of the crisis exit plan drawn up in 2018. As a result, the bank reported positive net earnings at December 31, 2019, which have increased sharply in the first half of 2020. This performance, combined with the capital injection from the National Social Security Fund (*Caisse Nationale de Prévoyance Sociale* – CNPS) in March 2020, brought the bank's capital up to WAMU prudential standards, having been negative at December 31, 2019;

- Participation by the Civil Service Pension Fund (*Institution de Prévoyance Sociale – Caisse Générale de Retraite des Agents de l'État* – IPS-CGRAE) in the capital of **Versus Bank** was completed in 2019 following authorization from the Minister of Economy and Finance by a decree of February 18, 2019 having been approved by the Banking Commission on December 14, 2018. Thus, at end-December 2019, Versus Bank was compliant, with a share capital of CFAF 10 billion and shareholder equity of CFAF 12.1 billion. The bank's good performance has enabled the WAMU Banking Commission to lift the close monitoring that had been in force since 2009 on June 23, 2020;

- Implementation of the restructuring plan for the former public savings bank (*Caisse Nationale des Caisses d'Épargne* – CNCE) continued with: (i) strengthening of the governance, risk management and internal control systems; (ii) a change in the visual identity and rebranding of the bank which now trades as **Banque populaire de Côte d'Ivoire (BPCI)**; (iii) an overhaul of its business strategy and commercial offering; (iv) the search for new sources of liquidity, through the sale of shares and land; and (v) the rationalization and optimization of expenses. Thanks to these improvements, the bank recorded a surplus (including exceptional items) in late 2019, after a succession of deficits. In late June 2020, net earnings were negative, albeit in line with the 2019-22 strategic plan, which envisages a return to profitability excluding exceptional revenue from 2022 onwards. However, additional actions will still be needed to realign the bank back with current prudential standards;

- In view of the serious governance, liquidity, and solvency difficulties identified in Côte d'Ivoire's housing bank (*Banque de l'Habitat de Côte d'Ivoire* – BHCI) in September 2019 by the Banking Commission, and in order to protect savers' deposits and the banking system, on November 13, 2019 the government canceled its decision to sell its shares in the bank to the firm WestBridge Mortgage Reit. Thus, in December 2019, the Ivoirien government appointed new managers and directors. In June 2020, the General Assembly voted to increase the bank's capital by CFAF 46.4 billion to strengthen its financial situation and to bring it into compliance with the WAMU prudential framework;

- Implementation of the recapitalization plan of the National Union of Savings and Loan Cooperatives (*Union Nationale des Coopératives d'Epargne et de Crédit de Côte d'Ivoire* – UNACOOPEC) has continued, with a cumulative total of CFAF 14.9 billion in contributions made by members as of end-June 2020, as against CFAF 12.5 billion at end-December 2019 and an expected overall target of 38.8 billion;

- Significant progress was also achieved in making the Credit Information Bureau (BIC) operational:

As of December 31, 2019

- 3,236,413 individuals and legal entities were registered in the BIC database, a 9 percent increase on the 2018 number;

- 5,207,209 liabilities were recorded in the BIC database, representing an annual increase of 11 percent relative to a year earlier. This result is obtained with the individual contributions of 1,309,194 for banks and financial institutions, 1,107,810 for Decentralized Financial Systems (*Systèmes Financiers Décentralisés* – SFDs), and 2,790,205 for major billers (including 552 companies and 2,270,126 individuals);

- 229,515 solvency reports were consulted in 2019, an increase of 33 percent compared to 2018, or 48 percent of the target of 478,100 projected for 2019;

As of July 31, 2020

- Financial institutions transmitted 2,702,909 loan contracts to the BIC, relating to 1,050,461 borrowers (including 13,491 legal entities and 1,036,461 individuals);

- Major billers, for their part, transmitted 2,932,484 subscription contracts. These subscriptions concern 2,386,007 subscribers (including 13,500 companies and 2,372,507 individuals);

- The BIC fee schedule, approved for 2020, has been redesigned to improve the accessibility of BIC services. Thus, the cost of consulting a credit report has been reduced from CFAF 1,650 to CFAF 1,000 for banks and financial institutions, and from CFAF 600 to CFAF 400 for SFDs;

- The Caisse de Dépôts et Consignations de Côte d'Ivoire (CDC-CI) is fully operational and has begun its funding activities with the receipt of the first deposits falling within its jurisdiction. Agreements defining the terms and conditions of fund transfers have been signed with the Chamber of Notaries, IPS-CGRAE, and CNPS, in accordance with the respective legal provisions. The CDC-CI also signed a partnership agreement in 2019 with the Association of International Civil Servants of Côte d'Ivoire (AF2I). In addition, an automated activity management system (SAGA) has been set up to serve as a planning and monitoring system for CDC-CI activities;

- The implementation of the National Financial Inclusion Strategy (*Stratégie Nationale de l'Inclusion Financière* – SNIF 2019-24) continued as follows:

  - The technical design, deployment, and legal aspects of the payments digitalization project, including stipend and mission expenses have been completed;

  - The platform for electronic payment of fees for consular acts was launched in all Diplomatic and Consular Missions of Côte d'Ivoire;

- Twenty-two out of 201 municipalities were connected to the online local authority tax collection system, i.e., a rate of 10.95 percent. The system is currently being implemented in six municipalities, and 21 other municipalities should benefit from the system by the end of 2020;

- In March 2020 the Council of Ministers adopted a notification on the development of digital finance, which aims to: (i) digitalize 80 percent of government financial flows; (ii) open up access to and the use of cell phone operators' unstructured supplementary service data (USSD) codes; (iii) ensure the interoperability of digital financial services across WAEMU; (iv) supervise and monitor Fintechs; and

- The law amending Ordinance No. 2011-367 of November 3, 2011, regulating decentralized financial systems, was passed, with a view to authorizing the decentralized financial systems to undertake Islamic finance activities;

- A special SME guarantee fund was created by Decree No. 2020-18 of January 8, 2020, to make it easier for SMEs to gain access to financing; and

- In the context of combating money laundering, the financing of terrorism, and the proliferation of weapons of mass destruction (AML/CFT-PWMD):

  - The report containing Côte d'Ivoire's national assessment of AML/CFT risks was adopted on May 6, 2020 and disseminated to the stakeholders and ministries involved;

  - AML/CFT-PWMD enforcement activities resulted in 88 prosecutions during the 2019/20 judicial year, of which 74 were investigated and 13 resulted in convictions; and

  - The draft national AML/CFT-PWMD strategy was elaborated and is in the process of validation by all stakeholders.

Business climate

- As of June 30, 2020, 11,775 firms had received an STIN, out of the 12,935 newly created since the start of the STIN registration operation, i.e. a 95 percent completion rate. On the same date, 10,118 long-established and still active firms were re-registered, out of a total estimated population of 130,000 firms. A platform has been set up to issue the STIN and is accessible at **www.idu.ci**. The project to generalize the STIN throughout the country requires registries in the interior of the country to be strengthened in terms of equipment, scanning of archives, training in the use of the STIN generation platform, etc. Project startup failed owing to operational difficulties caused by the COVID-19 pandemic; it is now expected to begin in the second half of 2020 and end on June 30, 2022. This will require an extension of the legal obligation to re-register, which is currently scheduled to end on December 31, 2021;

- Law No. 2019-576 of June 26, 2019, instituting the Construction and Housing Code, was passed on June 26, 2019, to strengthen the regulatory framework of construction and urban planning;

- Online electricity connection has been operating since January 1, 2019 via a link at **www.225invest.ci**. The unit price schedules (*bordereaux de prix unitaire* – BPUs) for connection and user access to electricity services, as well as a price calculator, have been available on the same site since January 1, 2019.

- Online declaration and payment of social security contributions has been operating since March 29, 2019 through the e-cnps website;

- Information on land ownership has been put online on the DGI website **www.dgi.gouv.ci**;

- The legal framework governing gender-equal access and administration of land ownership was strengthened through Law No. 2019-570 of June 26, 2019 on Marriage;

- Preparatory conferences have been instituted since April 15, 2020 by Ordinance No. 2020-381, amending Articles 47 and 265 of the Code of Civil, Commercial and Administrative Procedure, with the aim of reducing the time taken between referral to the courts and the handing down of rulings;

- The operational phase of the verification of conformity (VOC) program, which began on July 1, 2019, led to a 6.7 percent increase in the number of declarations by end-December 2019**;** and

- In the Millennium Challenge Corporation (MCC) program, 14 out of 20 indicators were met in 2019.

Good governance

- Operations are ongoing to obtain asset declarations from elected officials and government executives covered by this requirement. At end-July 2020, 79.15 percent had been obtained overall, compared to 78.6 percent at end-July 2019. The High Authority for Good Governance (*Haute Autorité pour la Bonne Gouvernance* – HABG), with technical support from the BNETD, ran a census that identified 7,884 persons subject to this requirement, compared to the 7,013 currently being monitored. The operation should result in an integrated platform for managing asset declarations being set up by December 31;

- In the context of enforcement actions, at June 30, 2020, a total of 31 investigations had been opened into alleged cases of corruption or similar offenses, of which seven have been completed and transmitted to the Public Prosecutor with jurisdiction to take legal action;

- The guide for the prevention and management of conflicts of interest in public administration, to facilitate the application of Decree No. 2017-740 of November 16, 2017, was finalized in August 2020, defining measures to prevent and resolve conflicts of interest; and

- The experimental financial hub set up in 2017 at the Abidjan Public Prosecutor's Office was formalized by the adoption of Decree No. 2020-124 of January 29, 2020, governing the creation, powers, organization, and operation of the Economic and Financial Crime Hub (*Pôle Pénal Économique et Financier*).

Statistical system

- The work to reform and modernize Côte d'Ivoire's economic statistics, which had been launched in 2017, led in January 2020 to a change in the national accounts base year from 1996 to 2015, and implementation of the 2008 System of National Accounts (SNA 2008). New definitive national accounts for the years 2015, 2016, 2017 and provisional 2018, under the SNA with 2008 base year 2015, were published in January 2020;

- The 2018 semi-definitive and 2019 provisional national accounts were available since September 15, 2020 and have been published in October 2020;

- The draft law amending and supplementing Law No. 2013-537 of July 30, 2013, on the organization of the National Statistical System, was adopted in plenary session by the National Assembly in August 2020 and by the Senate on September 10, 2020;

- The results of the first edition of the Harmonized Household Living Conditions Survey (HLCS) were released in June 2020. The survey reported a poverty rate of 39.4 percent, relative to a poverty threshold of CFAF 345,520 per capita in 2018;

- The new high-frequency economic indicators, i.e. the renovated Harmonized Industrial Production Index (HIPI) and the Industrial Production Price Index (IPPI), have been finalized and have been published since November 2019. In addition, the Commercial and Industrial Sales Indices have been implemented since August 2020, and data have been published spanning 2015 to 2019; and

- The census mapping field work for the General of Population and Housing Census (RGPH) was completed in January 2020. The processing of the data collected for the census was completed by July 31, 2020 with cartographic files supplied for the 28,448 census areas.

Climate change

- In the context of implementation of the Nationally Determined Contributions (NDCs), a new forestry policy was adopted in 2019, which provides for the restoration of forest cover in approximately 20 percent of national territory. Work to open up the river estuary at Grand-Bassam began in November 2019; and

- Côte d'Ivoire joined the Coalition of Finance Ministers for Climate Action in January 2020.

This group aims to help member States to take better account of climate change challenges in their public finance policies. It also hosted the Sherpa meeting of the Coalition of Finance Ministers for Climate Action in February 2020.

Inclusive growth

In 2018, the government launched its Social Program (PSGouv 2019-20), which aims to make economic growth more inclusive. In 2019, spending under PSGouv amounted to CFAF 368.6 billion and included the following: access to health care (CFAF 50.6 billion); rollout of the Universal Health Plan (CMU) (CFAF 26.4 billion); youth employment (CFAF 52.2 billion); social safety nets (CFAF 13.4 billion); education for all (CFAF 25.9 billion); access to electricity (CFAF 109.9 billion); and rural road regrading (CFAF 49.3 billion). Implementation of the PSGouv in the first half of 2020 has been satisfactory, despite the COVID-19 health crisis (cf. *Box 4 and Annex II, Provisional Implementation Status of PSGouv in the end-June 2020 TOFE)*.

Box 4: Main Achievements of the PSGouv in the First Half of 2020

Education component

- Over 1,401,513 tons of food were distributed in 613 school canteens with support from the World Food Program (WFP), totaling CFAF 1.025 billion; and
- The McGovern Dole Project donated 1,500 tons of dry provisions, valued at CFAF 1,132.8 million, to benefit 15,000 schoolgirls in five regions and 119,527 students in seven other regions.

Access to electricity and drinking water

- 205,501 additional customers/households received a reduction in the social rate;
- Out of a target of 1,217 localities, 411 have been electrified under the rural electrification program (*Programme Nationale d'Electrification Rurale* – PRONER, thereby increasing coverage from 69 percent at end-2019 to 73.6 percent by the end of June 2020;
- Under the Electricity for All Programme (*Programme Electricité Pour Tous* – PEPT), 115,979 connections were made, as against an updated target of 81,210 connections;
- 3,075 manually-operated pumps (*pompes à motricité humaine* – PMHs) were repaired/restored in the first half of 2020 (92.1 percent execution rate), bringing the number of PMHs repaired/rehabilitated between January 2019 and June 2020 to 4,725, out of an updated global forecast of 4,800 PMHs —a 98.4 percent execution rate; and
- 1,520 PMHs were replaced (76.2 percent execution rate), i.e. a cumulative total of 2,525 PMHs were replaced between January 2019 and June 2020, as against a forecast 2,551— a 99 percent execution rate.

Universal Health Coverage (CMU)

- 555,729 people eligible for the CMU were enrolled in the first half of 2020, bringing the total enrollment to 2,421,338; in addition, 232,672 cards were produced over the same period, bringing the total number of cards to 1,781,494; a total of 79,063 affiliates received CMU benefits in the first half of 2020, bringing the total number to 102,231 between October 2019 and June 2020;

Box 4: Main Achievements of the PSGouv in the First Half of 2020 (concluded)

Social Net Program

- Under the social safety nets, allowances for the first two quarters of 2020 were paid to 20,000 households in urban areas and 35,000 in rural areas;

Targeted free of charge

- Under the Expanded Immunization Program (*Programme Elargi de Vaccination* – PEV), 346,301 children aged 0 to 11 months old received the third dose of the pentavalent vaccine (Penta3), representing an 80 percent coverage rate; in addition, 338,710 children aged 0 to 11 months were inoculated against measles/rubella, representing a 78 percent coverage rate; a total of 106,087 nine-year-old girls received the first dose of the HPV vaccine for the control of cervical cancer, representing a 41 percent coverage rate; and 443,975 pregnant women were vaccinated against tetanus, representing coverage of 73 percent;

Social housing

- In terms of social housing, 493 housing units were completed in Bingerville, 90 housing units are habitable and 422 apartments are undergoing outside renovation and finishing work in Yopougon (Cité ADO); 1,039 housing units have been completed in Bassam, and 917 have been completed and 2,647 are in progress in Songon; and
- Of the funding envisaged for the PSGouv in 2020, estimated at CFAF 675.9 billion, the amount actually available is CFAF 496.2 billion; of this, CFAF 188.6 billion (38.0 percent) had been committed by end-June 2020.

ECONOMIC AND FINANCIAL POLICIES IN 2021 AND IN THE MEDIUM TERM

27. The government's medium-term development strategy is supported by the 2021-25 PND, whose implementation should elicit the robust, inclusive, and sustainable economic growth needed to raise Côte d'Ivoire to the rank of an upper middle-income country. The plan was based on the achievements of the 2016-20 PND; the new 2020 economic and social strategy, which is being finalized with support from the World Bank; a strategic study carried out by an international firm; the analyses undertaken by the Technical and Financial Partners (TFPs); and additional studies conducted by national research institutes. The 2021-25 PND should be structured around the following five major pillars: (i) strengthening of productive transformation, development of industrial clusters and digitalization of the economy; (ii) human capital development and productivity improvement; (iii) strengthening of inclusion, national solidarity, and social action; (iv) regional development through the creation of competitive economic hubs, and the continued development of infrastructure to support growth, while respecting environmental sustainability; and (v) deepening of all dimensions of governance and modernization of the State.

28. The government's objectives remain the structural transformation of the economy and reduction of poverty through implementation of the 2021-25 PND. In addition to overall strengthening of the business climate and governance, special emphasis will be given to the policy to attract private investment in strategic sectors, particularly agro-industry. In this connection, agricultural product processing will be strengthened by speeding up the implementation of programs to enhance the competitiveness of cocoa and cashew processing enterprises. Efforts will also focus on creating crosscutting socioeconomic infrastructure, developing human capital, modernizing public administration, and implementing initiatives aimed at preserving the environment. In this dynamic, economic growth should be sustained, and should eventually enable Côte d'Ivoire to move into the upper middle-income bracket. With a view to making growth more inclusive and mitigating the impacts of COVID-19 on the population's living conditions, special emphasis will be placed on projects with a high social impact during implementation of the 2021-25 PND by capitalizing on the achievements of the implementation of the Growth and Poverty Reduction Strategy Paper (GPRSP).

29. Medium-term economic policy will preserve the gains achieved by the IMF-supported 2016-20 economic and financial program. In this regard, the government will: (i) consolidate the soundness of the macroeconomic framework and the State's fiscal room for maneuver, in particular by restoring the budget deficit to the community standard of 3 percent of GDP in 2023 and maintaining public debt sustainability, while securing the expenditure needed to finance infrastructure and poverty reduction; (ii) control fiscal risks, related, in particular, to public enterprises and public-private partnerships (PPPs); (iii) continue to improve the business climate and private sector development; (iv) promote consolidation and development in the financial sector; and (v) strengthen the statistical system.

A. Macroeconomic Framework

30. Economic prospects remain positive, with a rebound of 6.5 percent forecast as from 2021—following the slower growth (+1.8 percent) recorded in 2020, in connection with the control of COVID-19—and a recovery in global economic activity.

- On the supply side, the primary, secondary, and tertiary sectors are expected to grow by 3.5 percent, 9.7 percent and 6.5 percent, respectively. On the demand side, growth is likely to be driven mainly by the recovery of final consumption (+5.2 percent) and private investment (+11.2 percent). In contrast, public investment is expected to contract (-3.2 percent).

- Inflation is forecast at 0.9 percent, which is below the 3 percent WAEMU threshold.

- The external current account deficit will be contained. Nonetheless, the deficit is expected to deteriorate further to 2.7 percent of GDP, following the 2.3 percent shortfall recorded in 2020. This will be caused by a slight reduction in the trade surplus and a widening of deficits on the primary and secondary income accounts. The overall surplus is expected to be 1.7 percent of GDP.

- The money supply is forecast to increase by 13.7 percent, with growth in both net foreign assets (+21.3 percent) and domestic credit (+9.4 percent). The increase in net external assets is likely to reflect an improvement in the rate of repatriation of export earnings and net capital inflows (FDI, drawdowns, etc.). The domestic credit expansion is expected to be driven by net lending to central government (+7.8 percent) and credit to the economy (+10.1 percent).

B. Fiscal Policy

31. The government will maintain a prudent fiscal policy aimed at consolidating the fiscal position, despite a widening of the deficit in 2020 to cope with COVID-19. To this end, it will continue its efforts to:

- Reduce the overall budget deficit from 5.9 percent of GDP in 2020 to 4.6 percent of GDP in 2021, with a view to attaining the WAEMU threshold in 2023;
- Improve tax revenue collection;
- Control operating expenses, while prioritizing spending to combat the COVID-19 pandemic and poverty, and reduce social disparities; and
- Improve the efficiency of capital expenditure and strengthen control of budgetary risks.

32. To this end, the government will implement tax and public finance management reforms, with a view to increasing the tax burden on an annual average basis by 0.5 percentage points over the period 2021-23 and to vigorously pursuing domestic revenue mobilization efforts in the medium term. Fiscal policy, both in 2021 and in the medium term, aims to mobilize additional domestic resources by broadening the tax base, adjusting the rates of certain taxes, improving the effectiveness of tax auditing, and consolidating the performance of the tax administration. In this connection, the main reforms envisaged are described below (Box 5):

Box 5: Key Fiscal Policy Measures

For 2021

In terms of fiscal policy

- A rise in the rate of the cocoa registration fee from 1.5 percent to 3 percent on the CIF price incorporating the living income differential. This measure will be ratified by an interministerial decree no later than November 15, 2020 and should generate an additional CFAF 45 billion;
- Simplification of the taxation of SMEs to make it more attractive (application of ad valorem taxation, new SME segmentation, and a rise in the sales turnover threshold for VAT liability);
- Introduction of an excise duty of 10 percent on cosmetic products, which should raise CFAF 10 billion;
- Introduction of VAT at the lower 9 percent rate on luxury rice, which should generate CFAF 20 billion;
- Introduction of VAT at the lower 9 percent rate on meat, which is expected to bring in an additional CFAF 7.4 billion; and

Box 5: Key Fiscal Policy Measures (concluded)

- Continued implementation of the plan to rationalize tax exemptions, in particular those applying to: (i) VAT on vocational training; (ii) the BIC tax for mining companies; and (iii) the license fee on furnished rentals.

With regard to the tax administration

- Deployment of the telecommunications flow control system as from the first quarter of 2021;
- Full exploitation of all SIGICI modules, in particular those of oversight, management of non-filers, taxation of movable property, etc.;
- Strengthening of risk analysis by systematically cross-checking the information contained in the SIGICI, setting up scoring systems to detect sectors and firms that are at risk; and
- Full use of the e-cadastre application and the continuation of cadastral work to collect property taxes.

In the Medium Term

In terms of fiscal policy

- Gradual increase in tobacco excise duty rates to bring them into line with the regional standards; and
- Continued implementation of the plan to rationalize tax exemptions.

With regard to the tax administration

- Continuation of the segmentation of the taxpayer population to enable better monitoring;
- Implementation of the certified electronic invoice;
- Improvement of border control and securing of customs transit through: (i) the acquisition of three scanners for the Pogo office (northern border), the Abidjan Fruit Wharf, and the Abidjan Terminal (extension of the port platform); (ii) the development of integrated logistics platforms (weighing area, weighbridge, axle weighing, plus technical room for image reading); (iii) the acquisition of boats to optimize coverage of the seafront as well as rivers and lakes; (iv) the provision of video surveillance systems to the border offices; (v) the continuation of works to interconnect with neighboring countries; (vi) scanning on departure and exit from the country with image comparison; (vii) the automation of rail transit procedures; and
- Strengthening of risk analysis and evaluation through: (i) the continuation and improvement of the use of mirror data as part of risk analysis; (ii) the extension of risk analysis to export declarations; (iii) extension of risk analysis to the manifest; (iv) the use of external data (VOC, cargo tracking note (CTN)) to improve the evaluation and classification of imported goods.

33. The government will maintain a prudent fiscal policy by controlling expenditures to free up the fiscal space needed to achieve its development priorities.

Expenditure control

- In the case of current expenditure, the planned actions involve the following:
  - Continuation of the strategy to control the wage bill and thus comply with the WAEMU convergence criterion; the total bill should decline over the period 2021-23 to a level of 35 percent in 2023. To this end, the government will update the strategy. For 2021, the government intends to: (i) continue recruiting one staff member for every two career departures in sectors other than education/training and health; (ii) recruit new staff, particularly in the education/training sector under the Compulsory Schooling Program; and (iii) pay for the second tranche of the wage increase;

- ➢ Restriction on the use of exceptional expenditure procedures;
- ➢ Continued rationalization of grants to national public establishments (EPNs) through measures arising from the study on regulatory charged and supervision missions; and
- ➢ Continued control of goods and services expenditure through audit missions undertaken by the Public Expenditure Audit and Evaluation Unit (*Cellule d'Evaluation et d'Audit des Dépenses Publiques* – CEADP).

- Nonetheless, special attention will be paid to implementation of the PSESH, which in 2021 will be targeted essentially on supporting enterprises and households in the recovery period, through the four funds, the PURGA and the support to public enterprises and the health response. As regards the latter, the PSESH includes a CFAF 55 billion allocation for the health response in the event of an upsurge of COVID-19 cases (cf. *table in Annex I*). In 2021, special attention will also be paid to strengthening structural investments and expenditures that have a strong social impact, particularly expenditures to combat poverty and reduce social disparities, in line with the PSGouv actions. These include rural electrification, social safety nets, the opening of new schools, security expenditures, municipal transfers, and recurrent expenditures related to new investments.

34. In the case of capital expenditures, the government's priority will be to make them more effective. To this end, it will:

- Continue to prioritize projects in the budgeting phase, taking account of their maturity and impact on economic activity, while building the capacity of its staff to design and evaluate investment projects. It will make sure that only projects that have been successfully evaluated ex-ante are included in the public investment plan (PIP) and budget;
- Evaluate recurrent expenses and take them into account when selecting investment projects;
- Continue the monitoring and periodic evaluation of the budgetary operations of investment projects;
- Continue the physical monitoring of investment projects;
- Strengthen collaboration between the central government and local authorities on project selection and execution of the investment budget;
- Ensure better coordination between the agencies responsible for the PIP and those responsible for the budget; SINAPSE will be evaluated during the fourth quarter of 2020, with a view to upgrading to an improved version and making it more fluid by improving connectivity and integration with the SIB through the Integrated Public Investment Programming System (SINAPSE) modernization project; and
- In the first quarter of 2021, publish and disseminate among participants in the public

investment programming process, the procedural manual, and the methodological guide for improving the quality of public investment portfolios.

35. The budget deficit is expected to narrow to 4.6 percent of GDP in 2021, against 5.9 percent in 2020. Total revenue including grants is expected to rise to 15.3 percent of GDP in 2021 compared to 14.5 percent in 2020. Tax revenues should represent 12.0 percent of GDP in 2021 compared to 11.3 percent in 2020. Total expenditure and net lending are set to be 20.0 percent of GDP in 2021 as against 20.4 percent in 2020, a drop of 0.4 percentage points. In this context, the government will continue efforts to control operating expenses, which are expected to be 0.2 percentage points of GDP lower than in 2020. The government will continue to implement the strategy to control the wage bill and thus maintain the downward trend in the wage bill/tax revenue ratio, which is expected to drop from 42.2 percent in 2020 to 38.2 percent in 2021. To this end, the government will maintain the policy of reducing recruitment in sectors other than education-training and health, through the policy of hiring one new employee for every two who depart, together with the voluntary departure policy enshrined in the military programming law.

36. In 2021, the government aims to contain the level of outstanding VAT credit refunds to under a monthly ceiling of CFAF 10 billion. The reform of the VAT credit refund system in 2015 made it possible to keep outstanding payables below the monthly ceiling of CFAF 10 billion between 2015 and March 2020. The measures adopted to combat COVID-19, including the instruction to speed up the processing of VAT credit refunds, had resulted in an accumulation of outstanding balances of CFAF 31 billion as of end-August 2020. To bring this below the ceiling, the government will maintain the mechanism that existed before COVID-19 and will buttress it with a systematic control of eligible taxpayers who have applied for VAT credit refunds during the second quarter of 2020. It will mandate use of the computer module for VAT credit refunds to process the cases; and it will also strengthen controls over future requests.

37. The deficit in 2021 will be financed by both domestic and regional resources and externally. In the case of domestic and regional funds,[4] the net amount of financing envisaged is CFAF 489.3 billion. The government commits not to breach this ceiling. Net external funding will amount to CFAF 1.2862 trillion, including project loans, budgetary support, and recourse to the international financial market.

C. Debt Policy and Strategy

38. The debt sustainability analysis conducted in November 2020 points to a moderate risk of over-indebtedness. Côte d'Ivoire's risk of debt distress remains moderate over the period 2020-40, in terms of both external debt and total public debt. All solvency and liquidity indicators remain below their ceilings in the baseline scenario. On the other hand, although it remains below

[4]In the Ivoirien authorities' TOFE submission, this corresponds to the sum of: (i) net bank financing; (ii) net nonbank financing (excluding repayment of amounts due); and (iii) net regional financing, the sum of net bonds, net treasury bills, net treasury bonds, and net SUKUKs.

the threshold, debt service as a percentage of tax revenue is quite close to the threshold in 2025, and remains very close to it throughout the subsequent period. This makes Cote d'Ivoire particularly vulnerable, in terms of the risk of over-indebtedness, to any shock to growth or tax revenue. Accordingly, the government will control the debt indicators carefully, particularly through prudent growth projections and the implementation of sound policies to preserve macroeconomic stability. These actions will be supported by continued periodic updating of the Medium-Term Debt Strategy (MTDS) and liability management operations, mainly in relation to external debt.

39. The Medium-Term Debt Management Strategy aims to meet gross financing needs while ensuring debt sustainability, based on a balanced mix of external and domestic financing instruments. In view of the authorities' analysis, this strategy is consistent with maintaining a risk of moderate debt distress, although the gap between this and the high over-indebtedness threshold has narrowed as a result of the health crisis caused by the COVID-19 pandemic. The 2019-23 MTDS was updated for the 2020-23 period in May 2020. For 2020-23, the government plans to prioritize financing that is likely to reduce refinancing and exchange rate risks. Concessional, semi-concessional, and commercial financing is likely to be raised to cover 8 percent, 49 percent and 43 percent of the new external debt, respectively. In addition, the MTDS will continue to be updated periodically.

40. The government will consolidate the debt data of twenty public enterprises that are being closely monitored under the program, with a view to including them in the debt sustainability analysis (DSA). For this purpose, financial statements will start to be collected from two pilot firms in 2021. The next step in the project will be to designate focal points in each firm, tasked with collecting and transmitting the data needed for the DSA to the relevant Ministry of Finance departments. The process of collecting and integrating data on the debt of the other 18 for the period 2015-18 will start in 2022; and it should be completed by 2024 for all 20 selected firms.

D. Social Policy and Employment

41. The government will continue its proactive social policy to reduce poverty and social inequality. To this end, capitalizing on the experience of the PSGouv 2019-20, an institutional framework will be set up to orchestrate and coordinate the implementation of its medium-term social policy. The priorities will be programs that promote job creation, particularly for young people, through skill development, self-employment, and third-party employment. Emphasis will also be placed on improving the living conditions of people in rural areas, through a combination of programs for the repair village pumps, regrading of rural roads, electrification, and connection, along with policies to improve the incomes of producers in rural areas. The beneficiaries base of the *Filets Sociaux* (social safety net) program will be expanded to more than 100,000 new households throughout the country, while strengthening support for the implementation of income-generating activities. With regard to social security coverage, the generalization of the CMU will continue with an expansion of the base of affiliates and beneficiaries, the diversification of healthcare services, and extension of the healthcare network, to facilitate access to healthcare for the population, particularly the most vulnerable and the extremely poor. Expanding the range of care services will not be considered before an initial assessment has been made of the financial situation with current parameters. Promoting access to education will be a priority, with the construction of new community colleges, the continued distribution of school kits and bench desks, and improvement of the conditions of access and retention of children aged 6 to 16 years, particularly girls, along with an improvement of students' study and living conditions.

42. The financing of social programs over the period 2021-25 will be consistent with the government's medium-term fiscal policy. Funding will come from the State budget, together with TFP support. In addition, the government will ensure that, apart from exceptional expenditures related to COVID-19, the financing of social programs related to employment, social safety nets, the CMU, access to and permanency in school, and access by the population to basic socioeconomic services, will not be compromised.

E. Structural Reforms

Public financial management

43. The government will further improve the performance of public finance management, in particular through continued implementation of the plan of action of the Public Finance Master Plan. Within this framework, it intends to

- Continue implementation of the action plan of the Public Finance Master Plan;
- Prepare the multiannual budgetary and economic programming paper, as the overall framework for budget formulation;
- Continue producing the budgetary risks statement and attach it to the initial finance act;
- Develop the documents of multiyear expenditure programming – annual projects;
- In June 2021, complete the second phase of ASTER-SIB, which aims to guarantee the actual payment of expenses;
- Implement major reforms in public procurement, specifically: (i) certification of the Public Procurement Department with respect to the ISO 9001 standard (2015 version); (ii) implementation, in collaboration with the World Bank, of phase 2 of the dematerialization of procedures, once phase 1 has ended; (iii) continuation of the process of connecting the remaining EPNs to the public procurement management system SIGMAP; (iv) finalization of texts on the benchmark prices database; and (v) continuation of training sessions on the new public procurement code;
- Adopt implementing decrees for Ordinance No. 2019-679 of July 24, 2019 on the Public Procurement Code;
- Continue the process of making the CUT operational, with the closure of 181 accounts

domiciled at the BCEAO in December 2020, excluding co-financed project accounts; closure of the 1,213 public accounts domiciled at the BNI, starting in January 2022; and gradual integration of EPNs and co-financed projects, the establishment of local user support units, and awareness-raising among authorizing officers, credit managers, and local authority financial services;

- Update performance contracts for public-sector firms and for the monitoring of budgetary risks in the wake of the economic crisis; and

- Expand the scope of the chart of government financial operations (TOFE) to encompass the remaining extrabudgetary units, in accordance with the 2001/2014 Government Financial Statistics Manual (GFSM). Within this framework, the Chart of Financial Operations (TOF) of three remaining extrabudgetary units (the broadcaster RTI, NADO and the electric sector regulator *Autorité Nationale de Régulation du Secteur de l'Electricité* – ANARE), other than EPNs, will be produced in 2021. The government will also continue to produce the quarterly central government TOFE according to the 2001/2014 MSFP, 60 days after the end of each quarter. The transcript of the expanded 2019 TOFE in the 2001/2014 format will be produced in June 2021. The TOFE for 2020 will also continue to be produced in 2001/2014 format, in June 2022, and, in future, 12 months after the year-end. Development of the TOF for public enterprises will also begin, leading to a public sector TOFE in 2023. In the case of benefits in kind, after the preliminary work done in 2020, the government plans to set up a methodology for evaluating benefits in kind related to company vehicles, with technical assistance from the Regional Technical Assistance Center for West Africa (AFRITAC West).

Public sector

44. The government will continue its efforts to improve the economic and financial performance of public enterprises. To this end, it will work to finalize the signing of 5 other performance contracts in 2021, in addition to the 23 currently existing. The process of signing performance contracts will be extended to eventually encompass a total of 41 contracts. In addition, the process of sectorizing the public enterprise portfolio should be completed in 2021, to enable public enterprises to be monitored more effectively.

45. The financial situation of firms in the hydrocarbon sector should continue to consolidate, with the continued implementation of the restructuring plans for these enterprises and the settlement of cross debts and claim, in a context of post-COVID-19 recovery of economic activity.

- The situation is expected to improve from 2021 onwards, along with a rise in the per barrel price of oil and continued implementation of its strategic, organizational, and social restructuring plan. In particular, the process of divesting the Butane Gas distribution activities should be completed in 2020. Also, following the signing of Joint Development Agreements (JDAs) between PETROCI and strategic partners, projects to develop the logistics base, including large-scale storage of petroleum products both in Abidjan and inland, should be completed by 2023;

- In the case of the SIR, the outlook remains good, with execution of its 2015-20 business plan being extended to the 2021-30 period. More specifically, implementation of the project to confirm the new ECOWAS quality standards is scheduled to start in 2021. Financing this project will require an additional support of CFAF 5 per liter on fuel sales, which has been collected since April 2020. Within this framework, negotiations will be launched with financial partners with a view to contracting a euro-denominated loan in 2021. In addition, to limit its foreign exchange losses and improve the gross margin, mechanisms will be set up to cover the risks associated with the purchase of crude oil, with technical assistance from a strategic partner; and
- The settlement of cross debts and claims between the State, PETROCI, and the SIR will continue pursuant to the memorandum of understanding signed in December 2018. The (CFAF 25.2 billion) balance of the State's claim on PETROCI will be settled over a period of nine years through a constant annual payment of CFAF 2.8 billion, starting at end-2020. Moreover, in 2020 the SIR and PETROCI will mutually offset claims totaling CFAF 6.36 billion. The SIR's residual claim of CFAF 42.05 billion against PETROCI will be settled by PETROCI over an 11-year period starting in June 2021.

46. The financial situation of the electricity sector should continue to improve. The sector's operating balance in 2020 is expected to report a significantly larger surplus than in 2019 and 2018, despite the COVID-19 pandemic. To improve the sector's cash position, in addition to the resumption of household bill payments, efforts will continue to collect receivables from state-owned enterprises and export customers. In the specific case of export receivables, a mechanism known as *Commerce de l'énergie* Energy Trade will be set up, with World Bank support, to facilitate energy transactions in the subregion, guarantee payment of the electricity sales bills of exporting countries, and settle arrears. In the medium term, a continued improvement in performance and the inclusion of tariff adjustment measures starting in 2021 should consolidate the operating surplus and the financial situation over the period 2021-25. This will also benefit from a continuation of the sector development and network maintenance plan, a reduction in operating expenses, and measures to combat fraud. The projects included in the development plan (solar, biomass, small-scale hydroelectricity, coal, thermal production, liquefied natural gas supply) should be financed mainly by independent power producers (IPPs), except for the Boundiali solar power plant and the Biokala biomass plant. To this end, efforts will continue to be made to avoid accumulating arrears with IPPs and gas suppliers.

47. The government will take steps to ensure full implementation of the strategic plans of public enterprises in the transport sector.

- In the case of Air Côte d'Ivoire, the competitiveness plan adopted in January 2020 will be implemented to help it withstand the health crisis and improve its profitability in the medium and long terms. In 2020 the government started to review commercial agreements with airport platform stakeholders. This review should generate savings of between €8 and €11 billion. The government will also finalize the strategic and operational diagnostic audit to ensure that conditions are in place to implement the company's development plan and to make recommendations aimed at ensuring its continued operation. In addition, discussions will be held on alternatives for refinancing ACI's fleet, with the short-term objective of moving into long-haul operations and thus boost its revenues; and

- In the case of SOTRA, operating revenue should improve on the back of the recovery in economic activity and the continuation of its restructuring plan. As part of the implementation of this plan, the delivery of the fourth batch of new buses is scheduled for 2021, bringing SOTRA's total bus fleet to 2,000 vehicles. During the period 2020-25, SOTRA should have 40 new water buses. Eventually, in addition to strengthening operational capacity, a new ticketing system will be rolled out and a mini-bus assembly unit will be set up, which should contribute to the renewal of the bus fleet in Côte d'Ivoire and also in the wider West African subregion.

Financial sector and financial inclusion

48. The government will continue to deploy the Financial Sector Development Strategy (*Stratégie de Développement du Secteur Financier* – SDSF) to foster the emergence of a modern, inclusive, and resilient financial system capable of supporting long-term economic development. In keeping with the SDSF objectives, it will persevere with the actions and reforms needed to consolidate the financial sector, in particular public banks and decentralized financial systems, and to promote financial inclusion.

49. Public bank restructuring processes will continue, with a view to restoring their profitability and bringing them up to WAMU prudential standards. As regards the BPCI (formerly the CNCE), following the State's capital injections, bank's capital will be opened up to strategic shareholders with the aim of raising its equity to 10 billion in 2021. Implementation of the 2019-22 strategic plan will be continued and should enable the bank to return to profitability, excluding exceptional operations, by 2022. In the case of the BNI, after its financial position was strengthened following the opening up of its capital to the CNPS and the sale of non-operational fixed assets and shares in certain companies, the continued implementation of its "Excellence 2021" strategic plan should enable it to improve its profitability and its compliance with WAEMU prudential standards by 2021. As for the BHCI, the cancellation of its privatization and the resumption of its activities under State ownership open up new prospects. Following the appointment of new directors and managers in December 2019, the government will continue to work to bring the bank into compliance with the new WAEMU prudential framework, by identifying the source and effectively implementing the decision to recapitalize the bank to CFAF 46.4 billion, as ratified in June 2020.

50. Actions to consolidate and strengthen the viability of the microfinance sector will be intensified. The government will strengthen the monitoring of unsustainable decentralized financial systems (SFDs), intensify awareness campaigns on the consolidation of SFDs and operations for the withdrawal of licenses, as well as the supervision of risks in the context of COVID-19. At the same time, the process of modernizing the sector's supervision and control tools will be speed up, in particular through roll-out of the Management Information System (SIG) within the department responsible for monitoring SFDs, and dissemination of the Electronic Internal Control Framework (*Canevas Électronique de Contrôle Interne* – CECI) among SFDs. These tools should make it possible to automate certain tasks, facilitate information flows, and improve the use of internal control reports.

51. The government will continue to promote actions to foster financial inclusion by strengthening the activities of the financial inclusion promotion agency (*Agence de Promotion de l'Inclusion Financière* – APIF) and implementing the 2019-24 National Financial Inclusion Strategy. Within this framework, it will officially appoint APIF directors and provide it with a sufficient budget to deploy the 2019-24 SNIF. In addition, the government will ensure better coordination and synergy of actions among the main financial sector monitors, namely the departments in charge of monitoring the banking, insurance and FDS sectors, along with the BCEAO, with a view to facilitating collection of the data needed to establish and operate a financial inclusion database. It will also continue its awareness-raising campaigns to promote banking services, targeting mainly rural populations; and it will finalize the study on AVEC mapping in Côte d'Ivoire, as well as a comprehensive review of Fintech in the country.

52. The government will step up efforts to combat money laundering, terrorist financing, and the proliferation of weapons of mass destruction (AML/CFT-PWMD). Following the adoption of the results of the National Risk Assessment (NRA) by the Council of Ministers on May 6, 2020, the government has started to develop a national strategy to combat money laundering and terrorist financing. This will be completed before December 31, 2020 and will propose solutions to mitigate the weaknesses identified in the national AML/CFT system. The national strategy should also make it possible to strengthen international cooperation to mitigate the risks of money laundering, terrorist financing, and the proliferation of weapons of mass destruction, by fulfilling its commitments under various conventions to which the State of Côte d'Ivoire is a party. These include the Vienna, Palermo, and United Nations Conventions against Corruption, and the Convention on the Financing of Terrorism. In addition, the government will continue to apply the law on AMLCFT-PWMD passed in 2016, and to strengthen the capacity of the financial arm of the Abidjan Public Prosecutor's Office.

Business climate and private sector development

53. The government intends to further improve the country's ability to attract domestic and international private investment, with a view to strengthening the private sector's role in the economy. In this context, it will work to implement the 2020-22 Doing Business reform agenda, developed on the basis of the experience of six years of conducting the process. To that end, it will mobilize all stakeholders and provide the budgetary funding needed to complete the remaining reforms. These have been grouped according to their consistency, to form 16 projects (Box 6) within the Doing Business 2020-22 reform agenda.

Box 6: Projects to Improve the Business Environment

- Implementation of priority platforms;
- Generalization of the STIN throughout the country;
- Issuance of the STIN to active firms
- Rationalization and dematerialization of business licenses and permits;
- Support mechanism for newly created companies;
- Collaborative platform for construction supervision;
- Operational launch of the unique land plot identifier and implementation of a unified geographic information system;
- Studies on electricity connection, foreign trade, and urban planning easements;
- Efficiency of tax procedures;
- Efficiency and transparency of the judicial system;
- Business regulation and support for companies in difficulty;
- Mass regularization of untitled land parcels;
- Optimization of the efficiency of the Foreign Trade Single Window (*Guichet Unique du Commerce Extérieur* – GUCE) and BIC, and improvement of reliability of electric power supply indices (system average interruption duration index (SAIDI) and system average interruption frequency index (SAIFI));
- Evaluation of the effectiveness of the reforms;
- Evaluation of the impact of reforms and econometric modeling; and
- Annual collection and control of WEF indices.

54. **The private sector should also benefit from partnerships with technical and financial partners under the G20's Compact with Africa initiative, the Millennium Challenge Corporation (MCC), and the debt-reduction-development contract (C2D)**. The implementation of these initiatives will make it possible to undertake major investment and reform projects benefiting the private sector. The financing of the respective partnerships will be targeted specifically toward the development of transport infrastructure, agro-industry, human capital, and urban development.

55. **The government will strengthen actions to promote SMEs by supporting and facilitating their access to financing**. Following the signing of two agreements with two private banks for a total of CFAF 15 billion in SME financing, negotiations for other agreements will continue. Also, in addition to the FSPME related to the fight against COVID-19, the government will ensure that the special SME guarantee fund created on January 8, 2020, whose role is to facilitate access to bank financing for all SMEs, becomes operational. In terms of support, after the SME mapping has been completed, the adoption of the decree about the modalities to acquire and lose the entrepreneur status (Decree n°2017-409 of June 21, 2017) and then the adoption of the decree regarding the identification platform of small and medium-sized enterprises (Decree No12/MPPME/CAB/ of June 2, 2020), the small and medium-sized enterprises would benefit from

the ongoing implementation of the multiyear capacity building program for SME executives, managers, and associations, led by the Côte d'Ivoire SME Agency. Lastly, steps will be taken to create incubators in Abidjan and Yamoussoukro, under an agreement with a prestigious international entity.

56. With a view to speeding up the structural transformation of the economy, the government will continue to make investments aimed at developing industrial infrastructure and improving private sector competitiveness. The number and quality of industrial zones will be increased, in particular with the establishment of the Industrial Infrastructure Management and Development Agency (*Agence de Gestion et de Développement des infrastructures Industrielles* – AGEDI) and the Industrial Infrastructure Development Fund (*Fonds de Développement des Infrastructures Industrielles* – FODI). Thus, in addition to the rehabilitation of industrial zones, additional work is under way, particularly on safety, the construction of local services, and the repair of roads to improve accessibility and attractiveness. Work will continue on the development of the new industrial zones on land parcels covering: (i) 124 hectares, including 59 hectares for cement manufacturers; (ii) 127 hectares financed by Eximbank, China; (iii) 112 hectares under a PPP with Afreximbank; and (iv) 300 hectares for a logistics zone and an industrial park. As part of the development of competitive economic clusters, the government plans to build new industrial zones for cashew nut processing, the non-polluting food industry, and the construction and operation of a textile free-zone in various regions in the interior of the country under a PPP. In terms of port infrastructure, after widening and deepening the Vridi Canal, the government will provide funding for other projects to rehabilitate and modernize existing infrastructure, and to develop new infrastructure.

57. The government will also press ahead with efforts to improve governance and combat corruption and related offences. With regard to the suppression of acts of corruption and other economic crimes, the government will finalize the national strategy to combat corruption and similar crimes for the period 2021-23, which aims at better coordination and synergy of actions among the stakeholders and agencies involved in combating economic crimes. It will implement all measures needed to make the economic crime unit operational, by providing suitable premises and by appointing magistrates and training them in techniques for handling cases involving economic crimes. By the end of March 2021, the government, acting through the Council of Ministers, will also adopt the Draft Law on the Code of Conduct of Public Officials for submission to Parliament for consideration and vote. It will also finalize the development of curricula and training modules on combating corruption, with a view to integrating them into the school and university systems and training schools for civil servants and other public officials. Lastly, the legislative and regulatory texts relating to the High Authority for Good Governance (HABG) will be revised to address the challenges encountered in their application, particularly as regards the declaration of assets and repression of corruption. Implementation of the interactive platform on asset declaration statistics will be completed, to allow for the permanent updating of taxpayer registers, the registration of assets declarations, the production and publication of dynamic maps of asset declarations, and the online declaration and processing of asset declarations. The guide for the prevention and resolution of conflicts of interest will be disseminated in public and para-public administrations to make it easy to use.

58. The national climate strategy 2015-20 as set out in the Nationally Determined Contributions (NDCs) adopted in late 2014 is summarized as follows:

- **In terms of mitigation**: the cumulative target for greenhouse gas (GHG) reduction is 28 percent by 2030 with the following major goals: in the energy area: (i) improve people's access to electricity and energy at an affordable price; and (ii) increase the use of renewable energy in power generation (42 percent renewable energy including large-scale hydropower in the generating mix by 2030); in the agriculture area: (i) pursue food self-sufficiency and security; and (ii) improve productivity and competitiveness; in the forestry sector: sustainable forest management with a target of 20 percent national forest cover in the 2014 Forestry Code (the "Zero Deforestation Agriculture" concept); in waste management: (i) improve urban sanitation; and (ii) ensure sustainable waste management and recovery.

- **In terms of adaptation**: the aim is to increase the country's resilience in 11 sectors that are vulnerable to the effects of climate change, including six of high vulnerability (agriculture/livestock/aquaculture - land use - forests - water resources - energy - coastal areas), and five of medium-to-low vulnerability (fisheries - infrastructure (habitats) - transport (roads) - public health - gender).

Côte d'Ivoire has started to revise this climate strategy and intends to upgrade its ambitions for the 2030 horizon through the updated NDCs at the twenty-sixth Conference of the Partie (COP-26) in November 2021.

F. Strengthening of the Statistical System and of Economic and Financial Programming

59. The government will continue to implement its National Statistics Development Strategy (*Stratégie Nationale de Développement de la Statistique* – NSDS) for the period 2017-21, to strengthen the National Statistical System (*Système Statistique National* – SNN) and bring it into line with international standards. In this regard, following implementation of the 2008 SNA and the change in the national accounts base year, it will focus on:

- Making the National Statistics Development Fund (*Fonds National de Développement Statistique* – FNDS) operational in September 2021, backed by the statistical fee to ensure regular financing of statistical activities;

- Continue the task of backcasting the new national accounts under the 2008 SNA until March 2021, and produce the quarterly national accounts (QNAs) from the supply side according to the 2008 SNA by end-September 2021;

- Start work to produce QNAs from the expenditure side, starting in October 2021;

- Produce and regularly publish business turnover indices (*indices du chiffre d'affaires* – ICA) for commerce, manufacturing industry, and construction starting in the first quarter of 2021;

- Backcast the high frequency indicators (Harmonized Industrial Production Index (IHPI) and ICA) up to 1996 by end-July 2021 at the latest;

- Roll out NHS staff capacity building program in 2021;

- Validate the Annual Statistical Activity Reports (*Rapports Annuels d'Activités Statistiques* – RAAS) for the years 2017 to 2019 and the Annual Statistical Activity Programs (*Programmes Annuels d'Activités Statistiques* – PAAS)) for the years 2017 to 2020, in October 2020, for regular monitoring of SNDS implementation;

- Conduct the final evaluation of the 2017-21 SNDS in October 2021; and

- Complete the enumeration of the General of Population and Housing Census (*Recensement Général de la Population et de l'Habitat* – RGPH) in April 2021 and have preliminary data available in May 2021 and final overall results in July 2021.

60. The government intends to further improve Côte d'Ivoire's economic and financial programming framework. To this end, with support from the International Data Corporation (IDC) and AFRITAC West, the government will develop an improved economic and financial programming tool adapted to Côte d'Ivoire's data. It will also strive to make its macroeconomic aggregates more consistent.

Table 1. Côte d'Ivoire: Performance Criteria (PC) and Indicative Targets (IT), ECF/EFF 2019–20[1/]

(Billions of CFA francs, unless otherwise indicated)

	2019				2020								
	December				March			June				September	December
	PC	Adj. PC	Est.	Status	IT	Est.	Status	PC	Adj. PC	Est.	Status	IT	proj.
A. Performance criteria													
Floor on the overall fiscal balance (incl. grants)	-790.2		-785.3	MET	-274.3	-136.5	MET	-493.5		-825.5	NOT MET	-794.5	-2,084.5
Ceiling on net domestic financing (incl. WAEMU paper)	-4.7	14.9 [2/]	-56.3	MET	206.1	265.4	NOT MET	166.6	666.6 [2/]	628.7	MET	106.0	1,013.8
Ceiling on the present value of new external debt contracted by the central government ($ million)	3,480.5	3,827.1 [3/]	3,770.1	MET	…	…		2,265.3	1,417.2 [4/]	2,245.5	NOT MET	…	3,694.6
Ceiling on accumulation of new external arrears by the central government (continuous basis)	0.0		0.0	MET	0.0	0.0	MET	0.0		0.0	MET	0.0	0.0
Ceiling on accumulation of new domestic arrears by the central government (continuous basis)	0.0		0.0	MET	0.0	0.0	MET	0.0		0.0	MET	0.0	0.0
B. Indicative targets													
Floor on government tax revenue	4,056.6		3,972.3	NOT MET	1,028.4	1,004.0	NOT MET	2,245.9		1,900.9	NOT MET	3,300.9	3,984.6
Ceiling on expenditures by treasury advance	190.4		163.8	MET	50.6	48.9	MET	104.3		176.7	NOT MET	162.6	275.8
Floor on pro-poor expenditure	2,505.5		2,550.6	MET	623.0			1,326.8		1,298.9	NOT MET	2,052.2	2,754.9
Floor on net reduction of central government amounts payable (- = reduction)	-25.0		106.2	NOT MET	-60.0	-165.3	MET	-71.5		-201.7	MET	-51.5	-25.0
Floor on primary basic fiscal balance	164.0		-17.3	NOT MET	61.7	78.2	MET	156.2		-283.0	NOT MET	124.8	286.4
Memorandum items:													
Program grants	169.9		167.5		0.0	0.0		80.6		73.8		80.6	104.6
Program loans	156.3		0.0		0.0	0.0		76.2		133.5		76.2	458.0
Project grants	143.9		107.4		42.8	3.2		85.7		18.1		128.5	173.1
Project loans	592.0		414.5		173.6	64.2		368.5		300.5		520.7	769.6
Budget support from the European Union, World Bank, and African Development Bank	114.8		95.2		0.0	0.0		0.0		133.5		0.0	389.7
Fuel tax revenues	388.1		440.4		112.8	113.9		228.2		248.4		341.6	524.5

Sources: Ivoirien authorities; and IMF staff estimates.

1/ Cumulative amount from January 1, 2020.

2/ Adjusted upward by the difference between programmed and disbursed budget support from the European Union, the World Bank and the African Development Bank, and the difference between the recourse to international capital markets envisaged under the program and the actual recourse.

3/ Adjusted upward by the total amount of the new external debt contracted or guaranteed by the government for the purpose of restructuring the debt of CI-Energies .

4/ Adjusted downward by the difference between the recourse to international capital markets envisaged under the program and the actual recourse.

Table 2. Côte d'Ivoire: Structural Benchmarks (SB) Due from end-December 2019 to end-November 2020

Price Adjustment Mechanism			
Apply the retail fuel price mechanism to preserve fuel tax revenue at a level envisaged in the budget law.[1]	**SB** quarterly **Met**	Improve budget revenue	Inter-ministerial decree
Tax Policy and Administration			
Assign a Single Taxpayer Identification Number (STIN) to all new businesses and re-register at least 40 percent of firms recorded in the large and medium-sized firm directorates with a STIN.	**SB** for end-December 2019 **Met**	Improve the quality of the database	Implementation report
Produce a report on discrepancies between Ivoirien import data and international data on world exports to Côte d'Ivoire for 20 large products in terms of customs import revenue and draw up an action plan to address identified deficiencies.	**SB** for end-March 2020 **Met**	Improve customs administration	Implementation report and action plan
Public Enterprises			
By the end of each quarter produce a summary table of public enterprise debt service in the previous quarter based on progress in the data availability	**SB** quarterly **Met**	Reduce budget risk	Summary debt service table
Submit a report on the financial situation of Air Côte d'Ivoire	**SB** semi-annual **Met**	Reduce budget risk	Report submitted to the Minister in charge of the Budget and Government Portfolio
Develop a dashboard and produce, at the end of each quarter, the main financial indicators for state enterprises and enterprises which are majority owned by the government for the preceding quarter.[2]	**SB** for end-March 2020 **Not met** and end-June 2020. **Met**	Reduce fiscal risks	Implementation report and scorecard

Table 2. Côte d'Ivoire: Structural Benchmarks (SB) Due from end-December 2019 to end-November 2020 (concluded)

Public Finance Management			
Adoption by the Council of Ministers of draft supplementary budget law for 2020	**Prior Action** for the conclusion of the combined 7th and 8th reviews **Met**	Improve accountability	Communication of Council of Ministers on supplementary budget law for 2020
National Statistics			
Extend the 2018 annual fiscal tables (TOFE) coverage under GFSM 2001/14 standards to include the central government, two social security funds, local governments, four extrabudgetary funds and national public institutions (EPNs).[3]	**SB** for end-June 2020 **Met**	Improve Fiscal Transparency	Extended TOFE tables

[1]See memorandum item "Fuel tax revenues" in Table 1.
[2]See the list of indicators in the technical memorandum of understanding (TMU).
[3]See the list of social security funds and extra-budgetary funds in the TMU.

Annex I. Outturn of the Economic, Social and Humanitarian Support Plan (PSEHS) at End-June 2020

PSESH EXPENDITURE CATEGORY	Projection for year 2020	Fiscal outturn	Disbursements to beneficiaries by the funds			Projection year 2021
		at end-June 2020	at end-June 2020	at end-July 2020	at end-August 2020	
SUBSIDIES AND TRANSFERS	**318,410,000,000**	**195,728,000,000**	**23,557,000,000**	**31,955,000,000**	**70,934,000,000**	**334,490,000,000**
Support funds	***253,000,000,000***	***165,000,000,000***	***23,557,000,000***	***31,955,000,000***	***70,934,000,000***	***311,500,000,000***
Large Entreprise Support Fund (FSGE)	38,000,000,000	30,000,000,000	6,800,000,000	8,832,000,000	12,390,000,000	110,000,000,000
SME Support Fund (FSPME)	40,000,000,000	40,000,000,000	1,440,000,000	2,210,000,000	2,210,000,000	
Informal Sector Support Fund (FASI)	20,000,000,000	20,000,000,000	3,178,000,000	3,785,000,000	3,785,000,000	30,000,000,000
Humanitarian Solidarity and Emergency Support Fund (FSS)	60,000,000,000	50,000,000,000	12,139,000,000	17,128,000,000	18,689,000,000	40,000,000,000
Agricultural Emergency Program (PURGA)	95,000,000,000	25,000,000,000			33,860,000,000	131,500,000,000
of which domestically financed	64,200,000,000	25,000,000,000			25,000,000,000	
foreign financed	30,800,000,000				8,860,000,000	
Cashew nuts	*36,690,000,000*	*10,320,000,000*			*19,180,000,000*	
Cotton	*5,060,000,000*	*300,000,000*			*300,000,000*	
Rubber	*10,780,000,000*	*500,000,000*			*500,000,000*	
Palm oil	*500,000,000*	*500,000,000*			*500,000,000*	
Banana	*500,000,000*	*500,000,000*			*500,000,000*	
Pineapple	*1,000,000,000*	*500,000,000*			*500,000,000*	
Mango	*1,800,000,000*	*800,000,000*			*800,000,000*	
Rice	*9,830,000,000*	*1,500,000,000*			*1,500,000,000*	
Other	*28,840,000,000*	*10,080,000,000*			*10,080,000,000*	
Support for public entreprises	***64,410,000,000***	***30,728,000,000***				***22,990,000,000***
SODEXAM and ANAC	6,500,000,000	1,000,000,000				
Air Côte d'Ivoire	18,810,000,000	12,156,000,000				2,090,000,000
Port Autonome de San Pedro	2,000,000,000	500,000,000				
Port Autonome d'Abidjan (PAA)	15,000,000,000	11,223,000,000				
FER	5,000,000,000					
SOTRA	17,100,000,000	5,849,000,000				900,000,000
Public Banks						20,000,000,000
Other	***1,000,000,000***					
Support purchases of COVID-19 protection kits for commercial entities located in markets	1,000,000,000					
STATE BUDGET EXPENDITURES (OPERATING EXPENSES)	**3,040,000,000**					**57,010,000,000**
Monitoring prices of basic consumer products	500,000,000					
Communicating on availability of basic consumer products and security stock	540,000,000					
Disinfecting markets of Côte d'Ivoire	2,000,000,000					2,000,000,000
Financing implementation of the Health Response Plan in case of realization of extreme pandemic phase						55,010,000,000
DOMESTICALLY FINANCED BUDGET INVESTMENT SPENDING	**2,000,000,000**					
Securing electricity for sites producing drinking water and hospitals/testing laboratories with the Ministry of Health	2,000,000,000					
TOTAL	**323,450,000,000**	**195,728,000,000**				**391,500,000,000**

Annex II. Preliminary Outturn of PSGOUV in Fiscal Account at End-June 2020

(Billions of CFAF, unless otherwise indicated)

LABEL	Fiscal Accounts 2018 and prior (cash accounting)	Fiscal accounts 2019 (Prév)	Fiscal accounts 2020 (Sep 2019) (1)	Fiscal accounts 2020 End-June outturn (2)	Execution rate (2)/(1)
Wage bill					
Subsidies and transfers	**0.0**	**34.8**	**14.9**	**12.8**	**86.2%**
Scholarships and school kits (allowance for teacher trainees)	*0*	*5.8*	*14.5*	*8.4*	*58.0%*
Other	*0*	*29.0*	*0.4*	*4.4*	*-*
Other current spending	**0.0**	**18.0**	**18.0**	**2.7**	**15.0%**
SIGFiP	*0*	*18.0*	*18.0*	*2.7*	*15.0%*
Targeted social spending	**0.0**	**0.0**	**5.3**	**1.0**	**19.0%**
Domestically financed investment	**37.1**	**119.2**	**203.1**	**131.0**	**64.5%**
SIGFiP	*0*	*54.6*	*107.8*	*72.8*	*67.5%*
C2D	*37.1*	*16.1*	*39.6*	*34.5*	*87.1%*
CMU	*0*	*1.5*	*8.7*	*3.5*	*40.2%*
FER	*0*	*47.0*	*47.0*	*20.2*	*43.0%*
Investment via project grants	**0.0**	**63.5**	**13.5**	**10.2**	**75.6%**
Investment via project loans	**0.0**	**10.8**	**162.7**	**30.4**	**18.7%**
TOTAL FISCAL ACCOUNTS	**37.1**	**246.3**	**417.4**	**188.1**	**45.1%**

Source: MBPE/DGBF

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

November 20, 2020

SEVENTH AND EIGHTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUEST FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND PROPOSAL FOR POST-PROGRAM MONITORING—DEBT SUSTAINABILITY ANALYSIS[1]

Approved by
Abebe Aemro Selassie and Chad Steinberg (IMF); and Marcello Estevão (IDA)

Prepared by the International Monetary Fund and the International Development Association

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

*Côte d'Ivoire remains at moderate risk of **external debt** distress. All the projected external debt burden indicators are below their thresholds under the baseline, but the debt service-to-revenue ratio exceeds its threshold in the case of a market financing shock. In addition, the debt service-to-revenue ratio remains below but close to its threshold throughout the medium-term under the baseline scenario. The space to absorb shocks is therefore limited and has further shrunk with the advent of the COVID-19 shock, reinforcing the urgent need to boost domestic revenue mobilization. The overall risk of **public debt** distress is also moderate, with public debt expected to gradually decrease over the projection horizon. The PV of public debt-to-GDP ratio remains below its prudent benchmark in both the baseline and shock scenarios.*

[1]Under the revised Debt Sustainability Framework for Low-Income Countries, Côte d'Ivoire's Composite Indicator is 2.97 based on the October 2019 WEO and the 2018 CPIA, corresponding to a medium debt-carrying capacity.

PUBLIC DEBT COVERAGE

1. **Public debt covers both the debt of the central government, as well as the guarantees provided by the central government, including those guarantees that pertain to state-owned enterprises (SOEs) debt** (Text Table 1). The DSA classifies external and domestic debt based on the currency criterion, given data constraints that prevent the use of the residency criterion. On SOE debt, the authorities have made progress in collecting further financial information and improving monitoring in past years. For end-2019, SOE non-guaranteed commercial debt amounted to 0.9 percent of GDP (0.1 external and 0.8 domestic). In the context of the current DSA, the following approach is taken:

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

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

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

2. **Efforts to step up the government's capacity to record and monitor public debt and contingent liability continue**. Further work is needed to enhance data coverage of SOEs in the DSA baseline, including consolidating the general government fiscal accounts with the financial statements of the SOEs (both on the revenue and expenditure sides). The authorities see this consolidation as a prerequisite for incorporating SOE debt into total debt (in the baseline) and have received a technical assistance (TA) mission in February to advance this task. Further IMF TA will continue as needed.

3. **The magnitude of the shock of the contingent liability test applied in the context of the sensitivity analysis of this DSA reflects potential additional liabilities**. They could emanate from SOE debt not captured in the data coverage, public-private partnership agreements. and the financial sector. Total contingent liabilities for the CL test are estimated at 8.2 percent (Text Table 2 and paragraph 11).

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

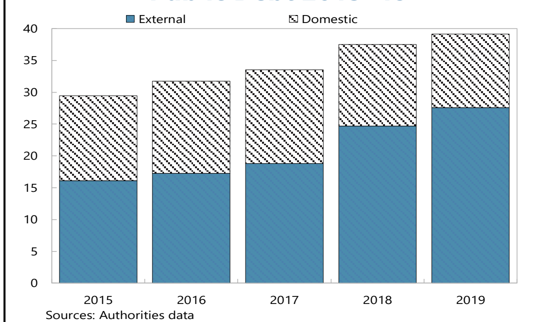
1	The country's coverage of public debt	The central government plus social security, central bank, government-guaranteed debt		
		Default	Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0 percent of GDP	0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	2.00	
4	PPP	35 percent of PPP stock	1.24	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5	
	Total (2+3+4+5) (in percent of GDP)		8.2	

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

DEBT BACKGROUND

4. **Public debt increased by 10 percentage points of GDP over the last 5 years with external debt growing as a share of total debt.**[2] Public debt stood at 39.1 percent of GDP at end-2019, compared with 29.5 percent in 2015. External debt stood at 27.6 percent of GDP, compared to 16.1 in 2015—representing 70 percent of total debt in end-2019 as opposed to 55 percent in 2015 (Text Figure 1). All ratios in percent of GDP are nonetheless lower than presented in the December 2019 Debt Sustainability Assessment (DSA), due to a rebasing of National Accounts that resulted in a 34 percent higher nominal GDP in 2018. (Box 1).

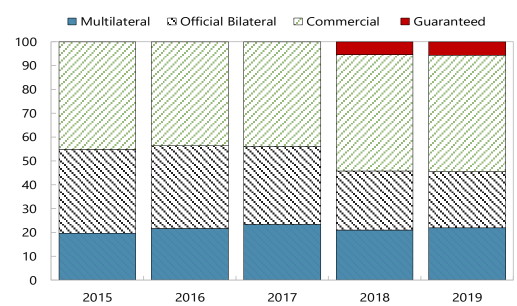
Text Figure 1. Côte d'Ivoire: Evolution of Public Debt 2015–19



Sources: Authorities data

5. **Within external debt, commercial creditors have grown and represent now almost half of external debt stock**. Reflecting largely Eurobond issuances, commercial credit increased by 5 percentage points in 2018 to reach 49 percent of external debt. (Text Figure 2). This share remained broadly unchanged in 2019 and close to 90 percent of commercial debt is in the form of Eurobonds. The authorities undertook a liability management operation in 2019 to reduce exchange rate risks and lengthen maturity. Multilateral creditors have maintained a fairly constant share over the last 5 years and represented 22 percent of external debt in 2019. On the other hand, the share of

Text Figure 2. Côte d'Ivoire: Composition of External Debt 2015–19



Sources: IMF with authorities data

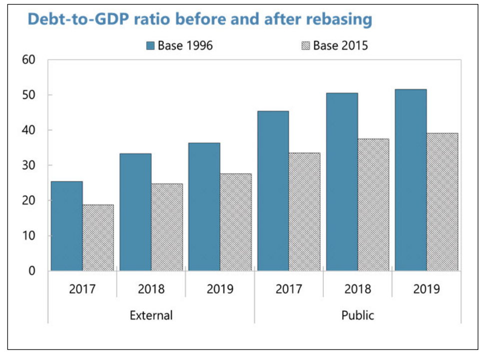
[2]In this DSA, Public and Publicly Guaranteed external debt excludes claims under Debt Reduction-Development Contract (C2D), which were cancelled in the context of beyond HIPC debt relief. The C2D is a debt restructuring tool under which Côte d'Ivoire continues to service its bilateral debts to France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

bilateral creditors has decreased, accounting for 23 percent of the external debt stock at end-2019 compared to 35 percent in 2015.

6. **The authorities joined the Debt Service Suspension Initiative (DSSI) in 2020**. The authorities sent formal letters to the Paris Club, with an expected reduction in debt service of 0.24 percent of GDP for the May-December 2020 period.

Box 1. Implications of GDP Rebasing on Debt and Investments Ratios

Côte d'Ivoire updated the base year for the calculation of its national accounts from 1996 to 2015. Rebased series for 2015-2017, as well as preliminary accounts for 2018-19 were reflected into the macroeconomic framework. The rebasing increased 2015 nominal GDP by 38 percent. Downward revisions to real growth rates and lower GDP deflators in 2016-2018, however, brought the overall increase in 2018 to 34 percent. As a result, debt-to-GDP ratios are now lower over the entire 2015–19 period.



Regarding investment, historical levels of private (and to a less extent public) investment were revised up in the context of the national account rebasing, as elements such as new processes and new technology are now included in the computation of investment. As a result, the private investment-to-GDP ratio is higher than in the old base, whereas the public investment-to-GDP ratio is slightly lower (as the upward revision to GDP was larger than the one to public investment).

Source: Ivoirien Authorities, Institut National de la Statistique.

UNDERLYING ASSUMPTIONS

7. **The assumptions in the baseline scenario are consistent with the macroeconomic framework outlined in the staff report for the seventh and eighth reviews under the EFF/ECF blended arrangements** (Text Table 3). These include lower growth in 2020 than projected at the time of the sixth review and a recovery back to a 6½ percent growth trend from 2021 onward, subdued inflation thanks to the exchange rate peg to the Euro, a gradual improvement in the external position due to higher value-added of exports, gradual fiscal consolidation to the 3 percent of GDP regional fiscal deficit norm by 2023, and lower tax revenue than in the previous DSA, reflecting both the underperformance in 2019 and 2020 relative to program expectations as well as lower incremental increases in the tax-to-GDP ratio over the medium-term. Projections also assume a balanced recourse to domestic and external debt.

- **Lower GDP growth in 2020 but a rebound to strong growth from 2021 onward**. Real GDP is projected to grow by 1.8 percent in 2020 and recover to 6.5 percent over 2021–25 as global conditions improve, and domestic demand recovers to pre-COVID trend.[3]

[3]Relative to the DSA from the sixth review, the public and private investment-to-GDP ratios are higher, reflecting the base effect from the rebasing for private investment and higher forecasts for public investment in the years 2020-22.

- **Subdued inflation**. Annual average inflation picked up from 0.8 percent at end-2019 to 2.1 percent in September 2020, reflecting the impact of containment measures and border closures. It is expected to remain subdued at around 2 percent in the medium term, reflecting the exchange rate peg to the euro.

- **Wider budget deficits in the short term**. The need for a decisive policy response to counter the pandemic led to a projected widening of the budget deficit to 5.9 percent of GDP in 2020. The authorities committed to a fiscal deficit of 4.6 percent of GDP in 2021 and to a gradual consolidation to return the regional norm of 3 percent of GDP in 2023.

- **Lower tax revenue projections**. Given the weaker performance in terms of tax revenues over 2016–19 compared to projections at the onset of the IMF program, the assumptions on the incremental increase of the tax-to-GDP ratio going forward have been adjusted downward compared to the December 2019 DSA. Tax revenues are now assumed to increase from 12.3 percent of GDP in 2019 to 13.7 percent in 2030. Revenue mobilization still presents downside risks.

- **A narrowing current account deficit**. The external current account deficit is expected to gradually narrow from -3.9 percent of GDP in 2020 to -2.5 percent of GDP in 2025. These assumptions are subject to downside risks including from possible unfavorable terms-of-trade shocks and weaker-than-expected global growth in the pandemic and rising protectionism context.

8. **The authorities' debt management strategy aims to meet gross financing needs while ensuring debt sustainability, based on a balanced mix of external and domestic financing instruments**. Consistent with the authorities' medium-term debt management strategy, Côte d'Ivoire's financing needs are expected to be met by relying on a mix of sources in domestic and foreign currencies in 2020. The country is expected to continue to increasingly rely on commercial debt as the country transitions toward an emerging market economy. However, in the short term, the government is expected to rely on both concessional and non-concessional lending to meet its financing needs. The authorities also intend to carefully balance the recourse to the international and regional markets given the potential crowding-out effect at the regional level. The authorities are continuing to strengthen processes related to debt management, with World Bank support.

9. **The realism of the macroeconomic framework is confirmed by several checks** (Figure 6). The projected medium-term debt-creating flows do not deviate significantly from the historical outturns. The projected fiscal adjustment for the next three years is below the top quartile of the distribution of approved Fund-supported programs for LICs since 1990. The difference in 2020 between the expected fiscal impulse and the baseline is explained by necessary response to the unprecedented Covid-19 shock.

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

	Previous DSA			*Current DSA (based on old GDP)*			*Current DSA*		
	2018-23	2024-29	2030-38	2018-23	2024-29	2030-38	2018-23	2024-29	2030-38
Nominal GDP (USD Billion)	51.6	82.7	143.4	51.6	82.7	143.4	68.0	108.5	186.2
Real GDP (y/y % change)	7.1	5.9	5.6	7.1	5.9	5.6	5.7	6.0	5.6
Fiscal (central government)									
Revenue and grants 1/	20.1	20.5	22.7	18.9	18.6	19.7	15.1	15.4	16.5
of which: grants	0.9	0.1	0.0	0.9	0.1	0.0	0.7	0.1	0.0
Primary expenditure	21.4	21.7	23.9	21.4	20.1	21.4	17.1	16.7	17.9
Primary basic balance (excluding C2D grants)	0.5	0.7	0.8	-0.73	0.4	0.3	-0.61	0.4	0.3
Balance of payments									
Exports of goods and services	28.8	27.6	25.4	27.7	29.3	29.0	21.2	22.2	22.4
Imports of goods and services	27.4	24.8	22.7	26.9	25.4	24.2	20.6	19.4	18.7
Non-interest current account deficit 2/	1.7	0.6	0.8	2.1	-0.9	-1.8	1.6	-0.6	-1.4
New foreign direct investment (net inflows)	1.4	1.7	2.1	1.0	1.5	2.0	0.7	1.1	1.5

Sources: Ivoirien authorities, and IMF staff estimates
1/ C2D grants are excluded from revenue and grants.
2/ C2D grants are excluded from official transfers.

COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

11. **Côte d'Ivoire is assessed to have medium debt carrying capacity**. Based on the October 2019 WEO macroeconomic framework and the World Bank's 2018 CPIA index, Côte d'Ivoire's composite indicator is 2.97 (above the lower cut-off of 2.69 but below the strong capacity cut-off value of 3.05) confirming the medium debt carrying capacity assessment used in previous DSA.[4] The relevant thresholds are used to assess external debt risk rating.

Text Table 4. Côte d'Ivoire: CI Score

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.386	1.30	44%
Real growth rate (in percent)	2.719	7.562	0.21	7%
Import coverage of reserves (in percent)	4.052	39.075	1.58	53%
Import coverage of reserves^2 (in percent)	-3.990	15.269	-0.61	-21%
Remittances (in percent)	2.022	0.446	0.01	0%
World economic growth (in percent)	13.520	3.499	0.47	16%
CI Score			2.97	100%
CI rating			Medium	

12. **Given Côte d'Ivoire's continuous reliance on global capital markets, a tailored test for international market financing was conducted**. Côte d'Ivoire issued sizeable Eurobonds in 2017 and 2018 and tapped international markets for smaller amounts in 2019. Its debt management

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

strategy aims at leveraging global capital markets to finance part of the country's gross financing needs over the next five years. A tailored test for market financing assumes a temporary increase in the cost of new commercial external borrowing by 400 basis points combined with a nominal depreciation of 15 percent of the CFAF vis-à-vis the US$ and a shortening of maturities and of grace periods.[5]

13. A contingent liability tailored shock was conducted to capture potential fiscal risks arising from SOEs, PPPs, and the financial market. This tailored stress tests include the standardized 2 percent of GDP, a 1¼ percent of GDP shock to accommodate potential fiscal risks on 35 percent of the PPP capital stock, and a financial sector shock of 5 percent of GDP.

14. Standard stress tests on real GDP growth, primary balance, exports, current transfers, foreign exchange (FX) depreciation, and tailored test on commodity price have also been applied. The first four shocks set each of the above variables to its historical average minus one standard deviation, or to its baseline projection minus one standard deviation, whichever is lower, for 2020 and 2021. The FX depreciation considers a nominal depreciation of 30 percent of the CFAF vis-à-vis the US$ in the first year of the projection. The commodity price shock captures the impact of a sudden one standard deviation decline in commodity prices.

EXTERNAL DEBT SUSTAINABILITY ANALYSIS

15. External debt indicators have improved relative to the previous DSA on account of the rebased GDP, but vulnerabilities associated with debt service remain significant. The external DSA assessment indicates that all PPG debt indicators are below their corresponding thresholds for the next ten years in the baseline scenario. The PV of external debt-to-GDP is expected to decrease from 29.1 percent in 2020 to 19.9 percent in 2030 (Table 1 and Figure 3), well below the relevant threshold of 40. However, the debt-service-to-revenue ratio is now projected to come just short of its threshold in 2025 and remain just below it throughout the following years. The trajectory of the debt-service-to-revenue ratio underscores the criticality of improving domestic revenue mobilization to provide the authorities with sustainable source of funding for their important development needs and to provide buffers on debt service.

16. Exports and market financing shocks would have a significant negative impact on Côte d'Ivoire's external debt sustainability. An exports shock would cause the debt service-to-export ratio to breach the threshold starting in 2021 while a market financing shock would cause the debt-service-to-revenue indicator to breach the threshold starting in 2025. These results underscore downside risks for debt sustainability from potential exports shocks or rollover risks that could result from a deterioration in global risk sentiment or from a shortening of maturities of new external commercial borrowing.

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

PUBLIC DEBT SUSTAINABILITY ANALYSIS

17. Under the baseline scenario, the PV of public debt-to-GDP ratio is below its threshold of 55 percent (Figure 4). The PV of public debt-to-GDP is expected to remain constant over the projection period, around 40 percent. Meanwhile, the PV of debt-to-revenue ratio would go from 281.1 percent in 2020 to 254.9 percent in 2030. Finally, the debt service-to-revenue ratio, at 36.1 in 2020, is projected to increase and reach 48.8 in 2030. This also underscores the importance of strengthening domestic revenue mobilization.

18. Stress tests highlight that Côte d'Ivoire's most extreme public debt vulnerability would emerge from a shock to commodity price (Figure 4 and Table 4). Under the standard stress test of commodity price, the PV of public debt-to-GDP would breach its corresponding threshold of 55 percent starting in 2024 and would continue growing afterwards. This shock would lead to an explosive pattern of the three debt and debt service indicators.

RISK RATING AND VULNERABILITIES

19. The debt sustainability analysis under the new DSA indicates that Côte d'Ivoire remains at moderate risk of external debt distress as in the December 2019 DSA, but with limited capacity to absorb shocks. While none of the external debt indicators breaches their corresponding threshold under the baseline scenario, standard stress tests show that the PV of external debt-to-exports ratio would cross the threshold in the most extreme shock scenarios. Moreover, the ratio of the external debt service-to-revenue in the baseline would almost reach its threshold in 2025 and remain below but close to it subsequently. This reinforces the need to intensify revenue mobilization and diversify the export base through structural transformation over the medium term. It is also crucial to have a prudent external borrowing strategy aimed at balancing the costs and risks of new loans to preserve Côte d'Ivoire's borrowing space and medium-term debt sustainability.

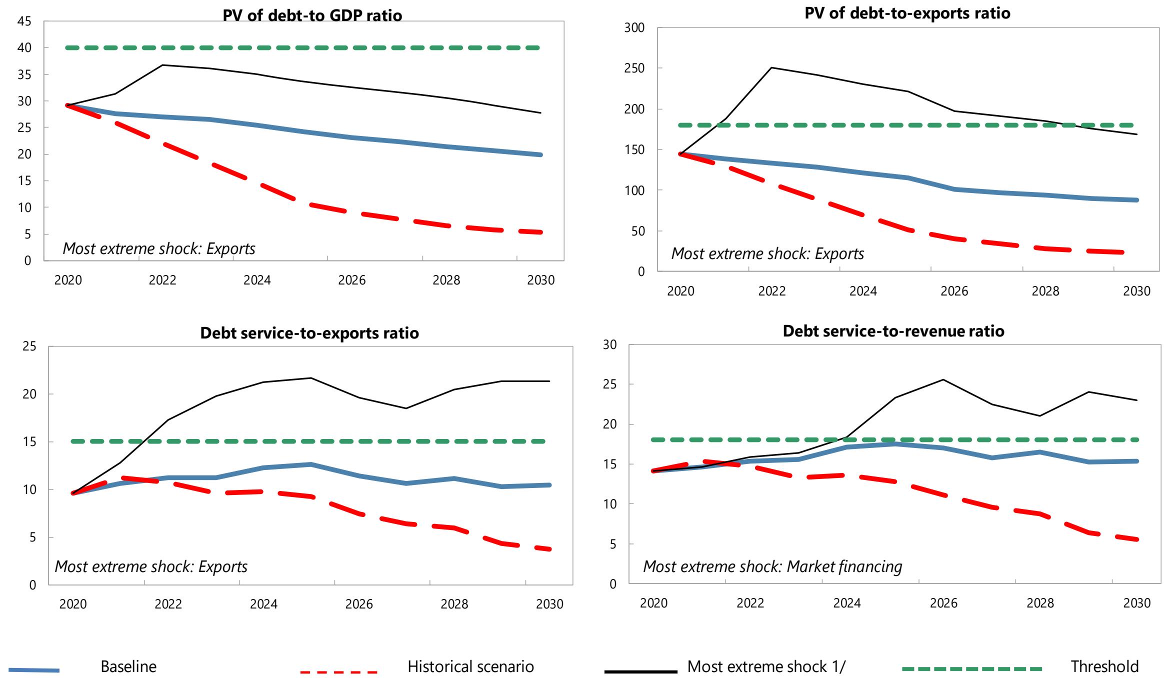
20. This DSA also indicates that the overall risk of debt distress remains moderate, but stress tests highlight high vulnerabilities of external and total debt to shocks. While the overall debt sustainability risk is moderate, the PV of public debt-to-GDP breaches its threshold of 55 percent starting in 2021 under the most extreme shock (growth) arising from the standard stress tests. Three out of four external debt indicators would breach their threshold under the most extreme shock (exports and market financing). Risks have been exacerbated by the COVID environment, as the global growth recovery, and hence that of Ivorien exports, could prove more protracted than currently projected.

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

AUTHORITIES' VIEWS

22. The authorities agreed that Côte d'Ivoire remains at moderate risk of debt distress with a limited ability to weather shocks. Their own debt sustainability assessment leads to similar conclusions. They concurred with the importance of balancing recourse to international market and to the regional market. They stressed that their medium-term debt strategy aims at reducing the refinancing and exchange rate risks while lengthening maturities and achieving a balanced portfolio structure in terms of external and domestic debt. They acknowledged the potential crowding-out effect of increasing recourse to the regional market at this time but also flagged concerns with the possible increase in the cost of borrowing in the international capital markets in the current uncertain global context.

Figure 1. Côte d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, 2020–30[1/]



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

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

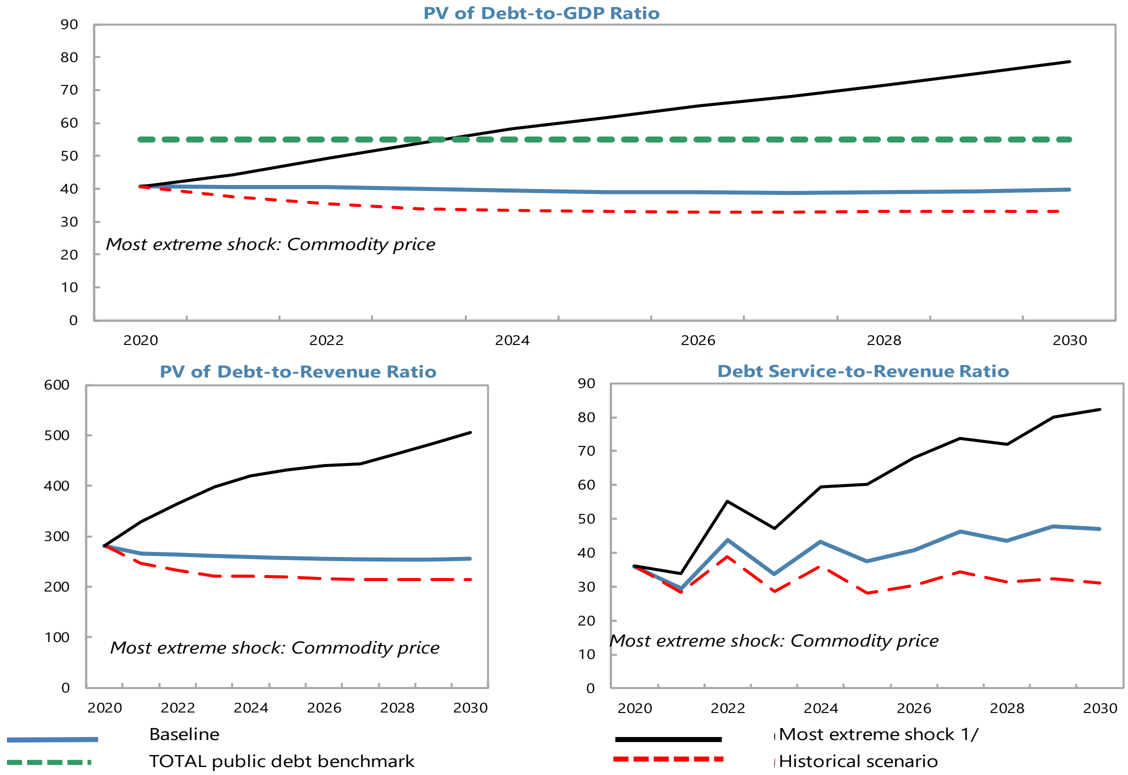
Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	3.2%	7.0%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	16	16
Avg. grace period	6	6

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

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 2. Côte d'Ivoire: Indicators of Public Debt Under Alternative Scenarios, 2020–30



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	40%	46%
Domestic medium and long-term	54%	42%
Domestic short-term	6%	12%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	3.2%	7.0%
Avg. maturity (incl. grace period)	16	16
Avg. grace period	6	6
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.7%	4.4%
Avg. maturity (incl. grace period)	4	4
Avg. grace period	3	3
Domestic short-term debt		
Avg. real interest rate	4.3%	3.0%

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

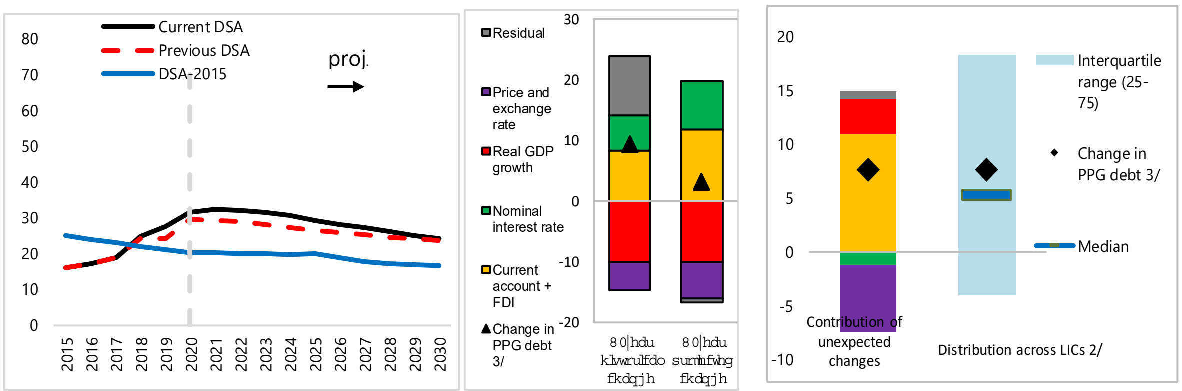
Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

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

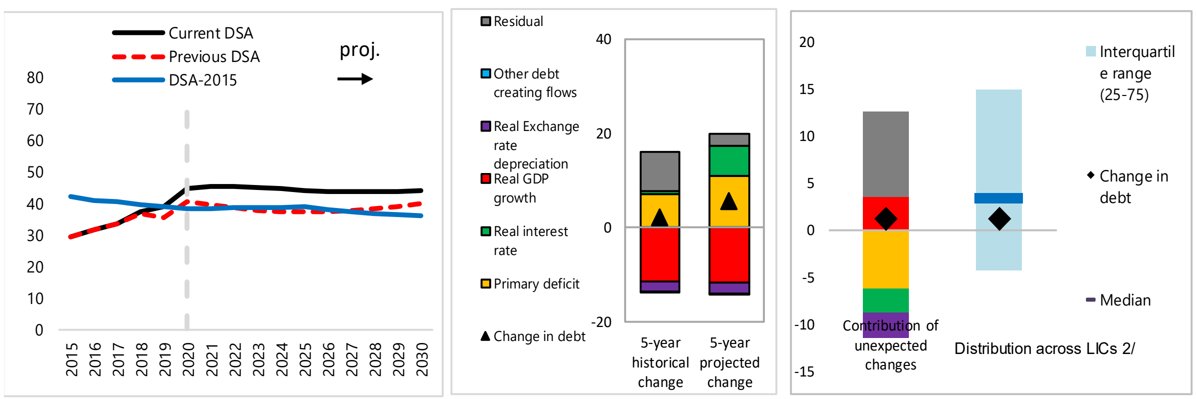
External debt

Gross Nominal PPG External Debt (in percent of GDP; DSA vintages) | Debt-creating flows (percent of GDP) | Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)



Public debt

Gross Nominal Public Debt (in percent of GDP; DSA vintages) | Debt-creating flows (percent of GDP) | Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)



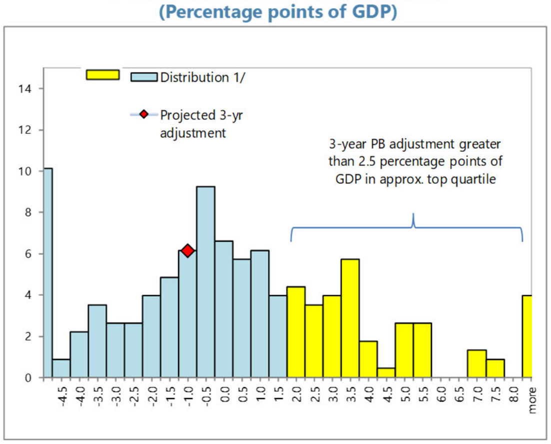
1/ Difference between anticipated and actual contributions on debt ratios.

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

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

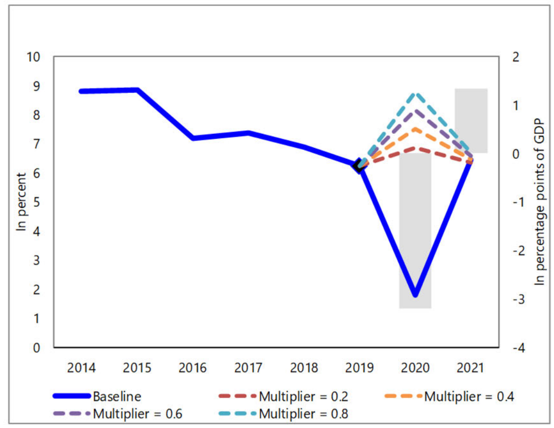
Figure 4. Côte d'Ivoire: Realism Tools

3-Year Adjustment in Primary Balance (Percentage points of GDP)



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

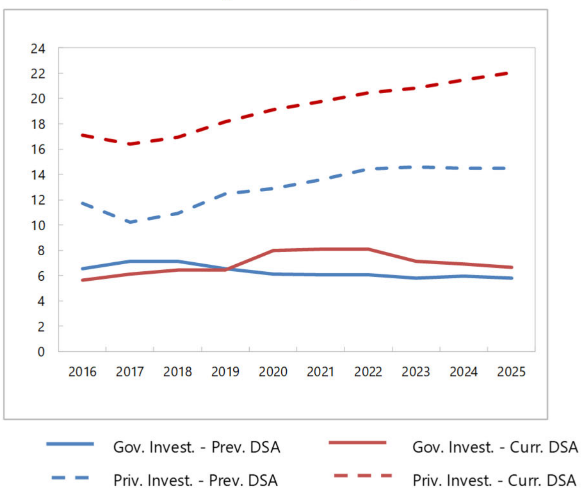
Fiscal Adjustment and Possible Growth Paths 1/



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

Public and Private Investment Rates

(percent of GDP)



Contribution to Real GDP growth

(percent, 5-year average)

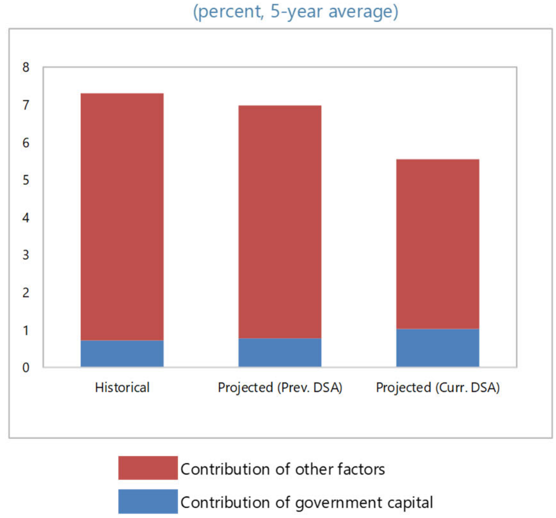
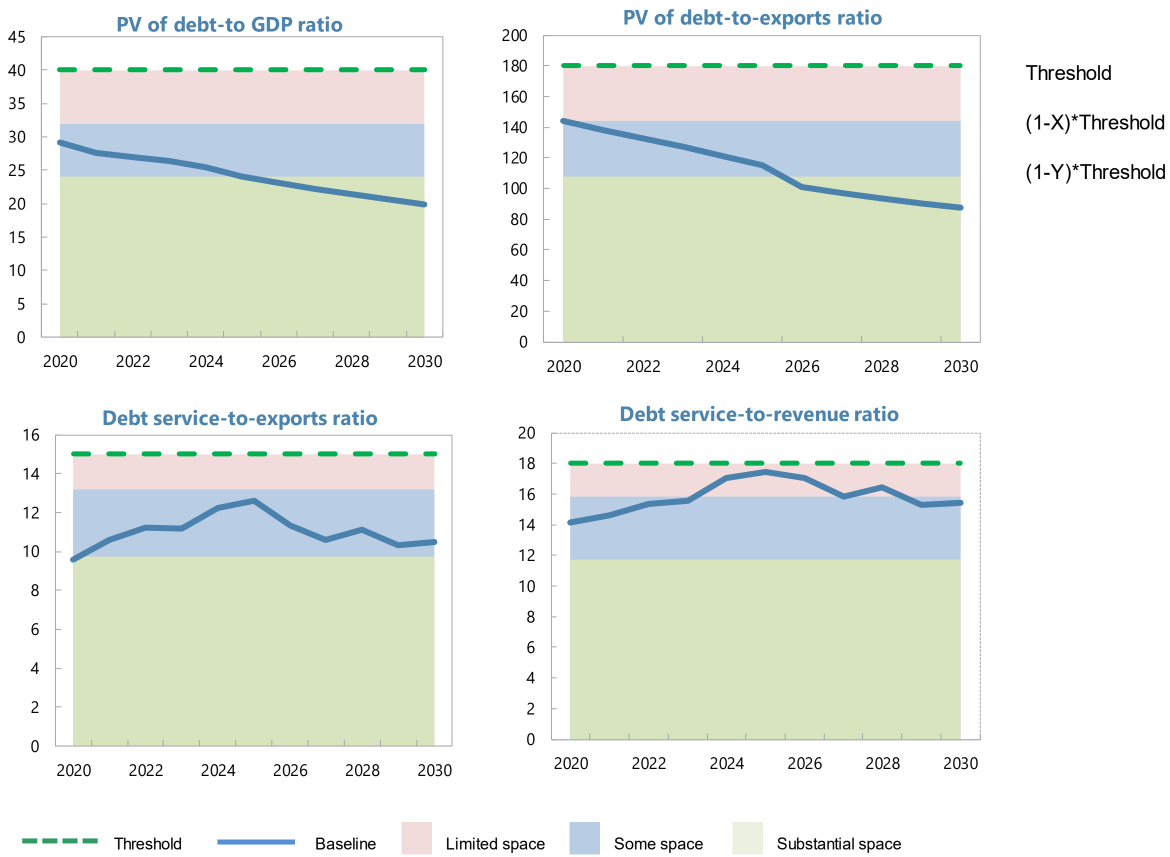


Figure 5. Côte d'Ivoire: Qualification of the Moderate Category, 2020-30[1/]



Sources: Country authorities; and staff estimates and projections.

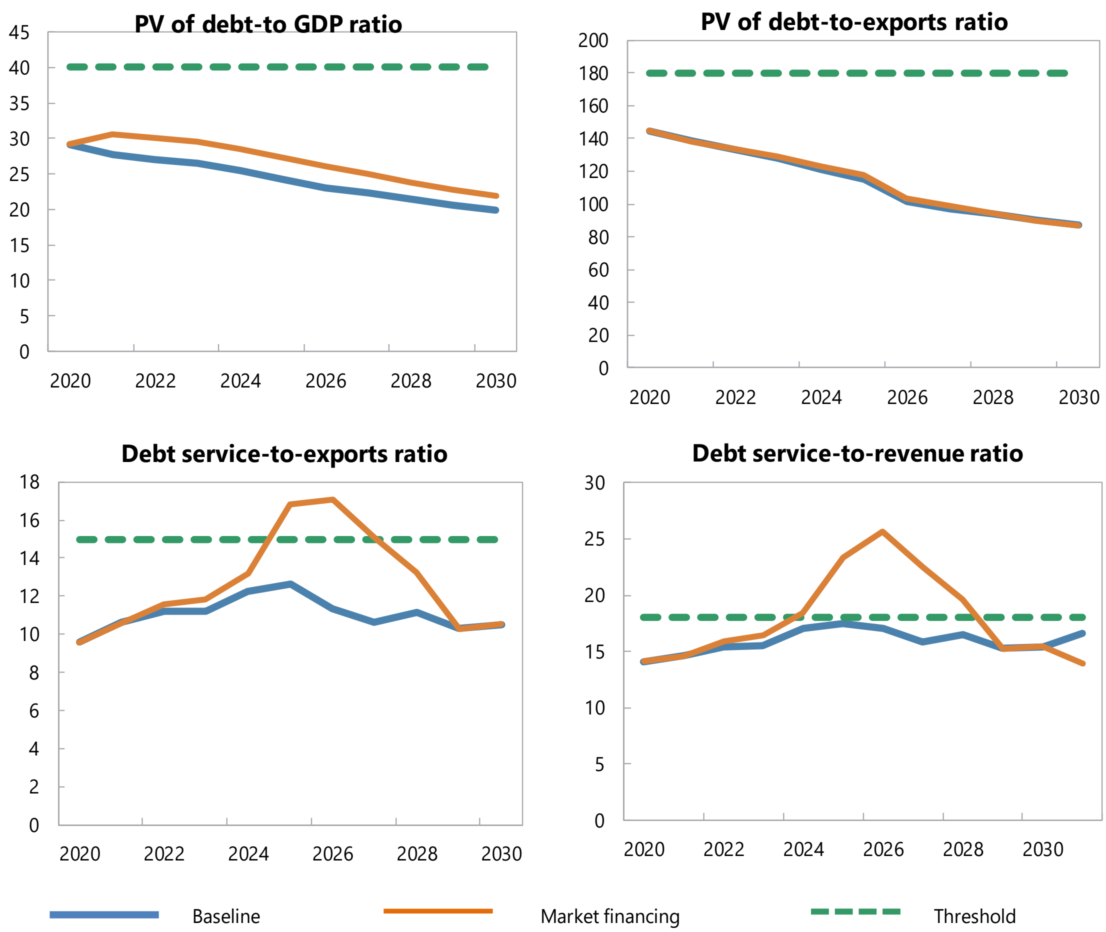
1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

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

	GFN 1/	EMBI 2/
Benchmarks	14	570
Values	9	447
Breach of benchmark	No	No
Potential heightened liquidity needs	Low	

1/ Maximum gross financing needs (GFN) over 3-year baseline projection horizon.

2/ EMBI spreads correspond to the latest available data.



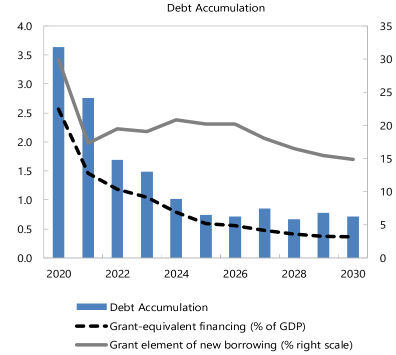
Sources: Country authorities; and staff estimates and projections.

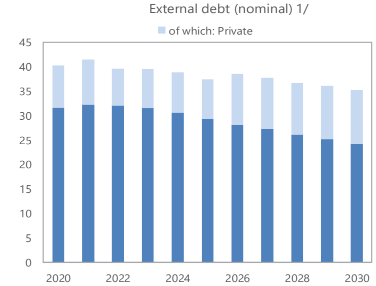
Table 1. Côte d'Ivoire: External Debt Sustainability Framework, Baseline Scenario, 2017–40

(Percent of GDP; unless otherwise indicated)

	Actual			Projections								Average 8/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
External debt (nominal) 1/	**29.4**	**34.0**	**35.2**	**40.2**	**41.5**	**39.5**	**39.5**	**38.8**	**37.4**	**35.2**	**28.0**	**40.9**	**38.3**
of which: public and publicly guaranteed (PPG)	**18.8**	**24.7**	**27.6**	**31.6**	**32.2**	**32.0**	**31.5**	**30.6**	**29.3**	**24.3**	**15.7**	**25.4**	**28.9**
Change in external debt	1.0	4.6	1.2	5.0	1.3	-2.0	-0.1	-0.7	-1.4	-0.9	0.1		
Identified net debt-creating flows	**0.6**	**1.1**	**3.4**	**3.4**	**1.9**	**1.8**	**1.5**	**1.2**	**1.2**	**-0.6**	**0.0**	**-2.2**	**0.7**
Non-interest current account deficit	**0.9**	**2.4**	**1.4**	**2.3**	**2.0**	**1.7**	**1.3**	**1.0**	**1.1**	**-1.4**	**-1.4**	**-1.5**	**0.3**
Deficit in balance of goods and services	-2.0	-0.2	-1.3	0.1	-0.2	-0.7	-1.1	-1.4	-1.5	-3.7	-3.2	**-4.4**	**-2.1**
Exports	24.9	22.5	23.3	20.2	20.0	20.3	20.7	21.0	21.0	22.8	21.2		
Imports	23.0	22.3	22.0	20.3	19.7	19.6	19.5	19.5	19.5	19.1	18.0		
Net current transfers (negative = inflow)	1.0	1.0	1.1	0.9	1.1	1.2	1.2	1.2	1.2	1.1	1.1	**1.3**	**1.1**
of which: official	-0.3	-0.3	-0.5	-0.3	-0.4	-0.4	-0.4	-0.1	0.0	0.0	0.0		
Other current account flows (negative = net inflow)	1.8	1.7	1.6	1.3	1.2	1.2	1.2	1.2	1.3	1.2	0.7	**1.6**	**1.2**
Net FDI (negative = inflow)	**0.6**	**0.8**	**1.0**	**0.1**	**0.5**	**1.0**	**1.0**	**1.0**	**1.0**	**1.3**	**1.8**	**1.1**	**1.0**
Endogenous debt dynamics 2/	**-0.8**	**-2.1**	**1.0**	**1.0**	**-0.6**	**-0.9**	**-0.8**	**-0.8**	**-0.9**	**-0.5**	**-0.4**		
Contribution from nominal interest rate	1.2	1.1	1.3	1.6	1.6	1.6	1.6	1.6	1.4	1.4	1.1		
Contribution from real GDP growth	-1.9	-1.8	-2.1	-0.6	-2.3	-2.5	-2.4	-2.4	-2.3	-1.9	-1.5		
Contribution from price and exchange rate changes	-0.1	-1.5	1.8	...	...	...	...	...	...	...	...		
Residual 3/	**0.3**	**3.4**	**-2.2**	**1.6**	**-0.6**	**-3.7**	**-1.5**	**-1.9**	**-2.6**	**-0.2**	**0.1**	**-2.1**	**-0.7**
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	**...**	**...**	**26.9**	**29.1**	**27.6**	**27.0**	**26.4**	**25.4**	**24.2**	**19.9**	**13.0**		
PV of PPG external debt-to-exports ratio	**...**	**...**	**115.1**	**144.5**	**138.3**	**133.0**	**127.8**	**121.2**	**115.2**	**87.3**	**61.1**		
PPG debt service-to-exports ratio	**5.2**	**5.9**	**9.0**	**9.6**	**10.6**	**11.2**	**11.2**	**12.3**	**12.6**	**10.5**	**9.7**		
PPG debt service-to-revenue ratio	**9.0**	**9.5**	**14.8**	**14.1**	**14.6**	**15.4**	**15.6**	**17.1**	**17.5**	**15.4**	**12.7**		
Gross external financing need (Million of U.S. dollars)	3344.6	4463.7	3783.7	2866.4	4094.6	5070.1	3853.1	4489.7	5241.6	7624.8	17751.9		
Key macroeconomic assumptions													
Real GDP growth (in percent)	7.4	6.9	6.2	1.8	6.5	6.5	6.5	6.5	6.5	5.6	5.6	**6.3**	**5.7**
GDP deflator in US dollar terms (change in percent)	0.2	5.2	-5.0	2.7	8.4	2.0	1.2	1.4	1.6	1.6	1.6	**3.0**	**2.3**
Effective interest rate (percent) 4/	4.4	4.4	3.9	4.7	4.7	4.2	4.4	4.4	4.0	4.1	4.1	**3.8**	**4.2**
Growth of exports of G&S (US dollar terms, in percent)	9.0	1.5	4.7	-9.6	14.4	10.4	9.8	9.5	8.3	6.7	4.7	**1.2**	**8.1**
Growth of imports of G&S (US dollar terms, in percent)	10.5	9.2	-0.4	-3.7	12.4	7.6	7.6	8.0	8.2	6.8	7.0	**3.4**	**6.8**
Grant element of new public sector borrowing (in percent)	...	...	...	30.0	17.3	19.5	19.0	20.8	20.2	14.9	14.3	**...**	**19.3**
Government revenues (excluding grants, in percent of GDP)	14.2	14.0	14.2	13.7	14.5	14.8	14.9	15.0	15.1	15.5	16.2	**15.5**	**15.0**
Aid flows (in Million of US dollars) 5/	577.8	589.6	580.3	1905.4	1163.2	1009.1	940.7	697.6	539.3	165.3	18.6		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	2.6	1.5	1.2	1.0	0.8	0.6	0.4	0.3	**...**	**0.9**
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	38.4	31.0	31.8	30.4	26.0	21.9	15.1	14.5	**...**	**24.3**
Nominal GDP (Million of US dollars)	51,588	58,011	58,539	61,213	70,660	76,741	82,733	89,341	96,668	138,209	279,326		
Nominal dollar GDP growth	7.6	12.5	0.9	4.6	15.4	8.6	7.8	8.0	8.2	7.3	7.3	**9.5**	**8.2**
Memorandum items:													
PV of external debt 7/	...	...	34.5	37.8	36.9	34.6	34.4	33.6	32.3	30.9	25.3		
In percent of exports	...	...	148.0	187.5	184.7	170.2	166.2	160.3	153.8	135.3	119.3		
Total external debt service-to-exports ratio	20.2	19.8	17.3	11.4	16.6	19.4	11.6	14.4	15.7	24.8	28.3		
PV of PPG external debt (in Million of US dollars)			15717.9	17843.5	19533.2	20727.9	21867.5	22704.8	23362.4	27532.0	36177.4		
(PVt-PVt-1)/GDPt-1 (in percent)				3.6	2.8	1.7	1.5	1.0	0.7	0.7	0.4		
Non-interest current account deficit that stabilizes debt ratio	-0.1	-2.1	0.1	-2.7	0.7	3.6	1.3	1.6	2.5	-0.6	-1.5		

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





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

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

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

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

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

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

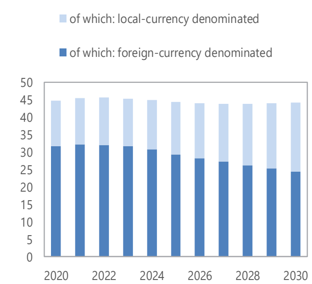
Table 2. Côte d'Ivoire: Public Sector Debt Sustainability Framework, Baseline Scenario, 2017–40

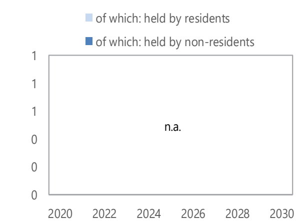
(Percent of GDP; unless otherwise indicated)

	Actual			Projections								Average 6/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
Public sector debt 1/	33.5	37.5	39.1	44.7	45.4	45.6	45.2	44.8	44.3	44.1	48.3	41.0	44.5
of which: external debt	18.8	24.7	27.6	31.6	32.2	32.0	31.5	30.6	29.3	24.3	15.7	25.4	28.9
Change in public sector debt	1.8	4.0	1.6	5.6	0.7	0.2	-0.4	-0.4	-0.5	0.2	0.9		
Identified debt-creating flows	-0.3	1.4	0.5	3.2	0.4	0.3	-0.1	-0.8	-0.7	-0.6	-0.1	-0.8	-0.1
Primary deficit	2.1	1.6	0.8	4.0	2.6	1.8	1.3	1.2	1.3	1.4	1.9	1.3	1.7
Revenue and grants	15.1	14.8	15.0	14.5	15.3	15.4	15.4	15.2	15.2	15.5	16.2	16.4	15.3
of which: grants	0.9	0.8	0.8	0.8	0.8	0.6	0.5	0.2	0.1	0.0	0.0		
Primary (noninterest) expenditure	17.2	16.4	15.8	18.5	18.0	17.1	16.6	16.5	16.5	16.9	18.1	17.7	17.0
Automatic debt dynamics	-2.3	-0.1	-0.2	-0.8	-1.9	-1.5	-1.4	-2.0	-2.0	-2.0	-2.0		
Contribution from interest rate/growth differential	-0.9	-1.3	-1.1	0.9	-1.5	-1.6	-1.1	-2.0	-1.9	-1.5	-1.7		
of which: contribution from average real interest rate	1.3	0.8	1.1	1.6	1.2	1.2	1.7	0.8	0.8	0.8	0.8		
of which: contribution from real GDP growth	-2.2	-2.2	-2.2	-0.7	-2.7	-2.8	-2.8	-2.8	-2.7	-2.3	-2.5		
Contribution from real exchange rate depreciation	-1.4	1.2	0.8	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	-0.1	0.0	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	-0.1	0.0	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	2.1	2.5	1.1	2.4	0.3	-0.1	-0.3	0.3	0.2	1.0	1.1	-1.8	0.6
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	38.3	40.8	40.6	40.5	40.0	39.5	39.1	39.7	45.5		
PV of public debt-to-revenue and grants ratio	...	...	254.9	281.2	265.2	263.8	260.5	259.3	257.2	255.5	280.3		
Debt service-to-revenue and grants ratio 3/	13.2	29.1	34.0	36.1	29.5	43.8	33.6	43.2	37.4	47.1	63.2		
Gross financing need 4/	4.0	5.9	5.9	9.2	6.8	8.5	6.4	7.8	7.0	8.7	12.1		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	7.4	6.9	6.2	1.8	6.5	6.5	6.5	6.5	6.5	5.6	5.6	6.3	5.7
Average nominal interest rate on external debt (in percent)	4.1	3.9	3.9	4.4	4.1	4.1	4.0	4.0	3.6	3.6	3.0	3.1	3.8
Average real interest rate on domestic debt (in percent)	7.2	4.3	5.3	7.0	4.8	4.8	4.6	4.5	4.4	4.5	4.5	0.1	4.8
Real exchange rate depreciation (in percent, + indicates depreciation)	-8.8	6.6	3.5	...	...	...	...	...	...	...	...	-0.4	...
Inflation rate (GDP deflator, in percent)	-1.8	0.6	0.2	0.6	0.8	1.0	1.2	1.4	1.6	1.6	1.6	5.7	1.3
Growth of real primary spending (deflated by GDP deflator, in percent)	11.9	1.9	2.6	18.8	3.6	1.7	3.4	5.5	6.6	6.7	9.4	5.5	6.4
Primary deficit that stabilizes the debt-to-GDP ratio 5/	0.3	-2.4	-0.9	-1.6	2.0	1.6	1.6	1.7	1.8	1.1	1.0	-1.0	1.2
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

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

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

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

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

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

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

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

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

Table 3. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2020–30

(Percent)

	Projections 1/										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PV of debt-to GDP ratio											
Baseline	29.1	27.6	27.0	26.4	25.4	24.1	23.1	22.2	21.4	20.6	19.9
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	29.1	25.9	21.9	18.3	14.6	10.7	9.0	7.7	6.4	5.8	5.2
B. Bound Tests											
B1. Real GDP growth	29.1	29.7	31.2	30.5	29.4	27.9	26.7	25.8	24.7	23.9	23.0
B2. Primary balance	29.1	27.9	27.8	27.2	26.2	25.0	24.0	23.2	22.3	21.6	20.8
B3. Exports	29.1	31.3	36.7	36.0	34.9	33.6	32.4	31.6	30.4	29.1	27.8
B4. Other flows 3/	29.1	29.1	29.3	28.7	27.7	26.4	25.3	24.5	23.5	22.6	21.8
B5. Depreciation	29.1	34.2	30.5	29.8	28.6	27.1	25.8	24.8	23.7	22.9	22.2
B6. Combination of B1-B5	29.1	34.8	33.6	32.9	31.8	30.3	29.1	28.1	26.9	25.9	24.9
C. Tailored Tests											
C1. Combined contingent liabilities	29.1	31.9	31.6	31.0	29.9	30.0	29.1	28.3	27.4	27.0	26.4
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	29.1	28.2	28.5	28.3	27.5	26.5	25.6	24.9	24.2	23.6	23.0
C4. Market Financing	29.1	30.6	30.0	29.5	28.5	27.2	26.1	25.0	23.8	22.8	21.8
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	144.4	138.2	132.8	127.5	121.0	114.9	101.1	97.2	93.7	89.9	87.2
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	144.4	129.6	107.9	88.2	69.4	50.8	39.6	33.8	28.3	25.2	22.8
B. Bound Tests											
B1. Real GDP growth	144.4	138.2	132.8	127.5	121.0	114.9	101.1	97.2	93.7	89.9	87.2
B2. Primary balance	144.4	139.6	136.7	131.4	124.7	119.0	105.3	101.3	97.8	94.0	91.4
B3. Exports	144.4	**187.3**	**250.2**	**241.2**	**230.6**	**221.4**	**196.9**	**190.9**	**184.7**	175.7	168.7
B4. Other flows 3/	144.4	145.7	144.3	138.8	132.0	125.8	111.0	107.0	103.1	98.7	95.4
B5. Depreciation	144.4	138.2	121.1	116.1	109.8	103.9	91.1	87.2	83.7	80.6	78.5
B6. Combination of B1-B5	144.4	**183.2**	143.8	**181.9**	173.0	165.0	145.6	140.4	134.5	128.8	124.6
C. Tailored Tests											
C1. Combined contingent liabilities	144.4	159.6	155.7	150.0	142.8	142.7	127.7	123.7	120.1	117.9	115.8
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	144.4	141.6	140.5	136.8	131.4	126.2	112.3	109.0	106.1	102.8	100.7
C4. Market Financing	144.4	138.2	133.3	128.7	122.8	117.3	103.3	98.6	94.2	89.8	86.5
Threshold	180.0	180.0	180.0	180.0	180.0	180.0	180.0	180.0	180.0	180.0	180.0
Debt service-to-exports ratio											
Baseline	9.6	10.6	11.2	11.2	12.2	12.6	11.4	10.6	11.1	10.3	10.5
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	9.6	11.2	10.7	9.6	9.7	9.2	7.4	6.4	5.9	4.3	3.7
B. Bound Tests											
B1. Real GDP growth	9.6	10.6	11.2	11.2	12.2	12.6	11.4	10.6	11.1	10.3	10.5
B2. Primary balance	9.6	10.6	11.3	11.5	12.5	12.9	11.6	10.9	11.5	10.7	10.9
B3. Exports	9.6	12.8	17.3	19.8	21.2	21.6	19.5	18.4	20.4	21.3	21.3
B4. Other flows 3/	9.6	10.6	11.7	11.9	13.0	13.3	12.0	11.2	12.1	11.5	11.7
B5. Depreciation	9.6	10.6	11.2	10.4	11.5	11.9	10.7	9.9	10.5	9.0	9.3
B6. Combination of B1-B5	9.6	12.4	16.3	15.7	17.1	17.5	15.8	14.8	16.7	15.1	15.3
C. Tailored Tests											
C1. Combined contingent liabilities	9.6	10.6	12.6	12.6	13.7	14.0	13.0	12.3	12.8	12.0	12.3
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	9.6	10.8	11.6	11.9	13.1	13.6	12.3	11.5	12.2	11.6	11.8
C4. Market Financing	9.6	10.6	11.6	11.8	13.1	16.8	17.1	15.1	13.2	10.3	10.6
Threshold	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Debt service-to-revenue ratio											
Baseline	14.1	14.6	15.4	15.5	17.1	17.5	17.0	15.8	16.4	15.3	15.4
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	14.1	15.4	14.7	13.3	13.5	12.8	11.1	9.6	8.8	6.3	5.5
B. Bound Tests											
B1. Real GDP growth	14.1	15.7	17.8	18.0	**19.8**	**20.2**	**19.7**	**18.3**	**19.0**	17.7	17.8
B2. Primary balance	14.1	14.6	15.6	15.9	17.5	17.8	17.4	16.2	17.0	15.9	16.0
B3. Exports	14.1	14.7	17.1	**19.8**	**21.3**	**21.6**	**21.1**	**19.9**	**21.8**	**22.8**	**22.6**
B4. Other flows 3/	14.1	14.6	16.0	16.5	**18.1**	**18.4**	18.0	16.8	18.0	17.1	17.1
B5. Depreciation	14.1	**18.1**	**19.1**	18.0	**19.9**	**20.4**	**19.9**	**18.4**	**19.2**	16.6	16.9
B6. Combination of B1-B5	14.1	16.2	**19.6**	**19.1**	**20.8**	**21.3**	**20.7**	**19.3**	**21.7**	**19.6**	**19.6**
C. Tailored Tests											
C1. Combined contingent liabilities	14.1	14.6	17.2	17.6	**19.1**	**19.4**	**19.5**	**18.4**	**19.0**	17.8	**18.1**
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	14.1	16.9	**18.2**	**18.8**	**20.1**	**20.0**	**19.0**	17.2	**18.1**	17.2	17.4
C4. Market Financing	14.1	14.6	15.9	16.4	**18.3**	**23.3**	**25.6**	**22.5**	**19.5**	15.2	15.5
Threshold	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0

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

Table 4. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public Debt, 2020–30

(Percent)

					Projections 1/						
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					PV of Debt-to-GDP Ratio						
Baseline	40.7	40.6	40.5	40.0	39.4	39.0	38.8	38.8	39.0	39.2	39.6
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	40.7	37.5	35.5	33.8	33.5	33.1	32.9	32.9	33.0	33.1	33.2
B. Bound Tests											
B1. Real GDP growth	40.7	44.9	50.5	52.3	54.7	**56.9**	**59.6**	**62.7**	**66.1**	**69.5**	**73.1**
B2. Primary balance	40.7	41.2	41.9	41.4	41.4	41.3	41.7	42.2	43.1	44.0	45.1
B3. Exports	40.7	44.0	49.6	49.1	48.5	48.0	47.7	47.6	47.6	47.3	47.1
B4. Other flows 3/	40.7	42.1	42.8	42.3	41.7	41.3	41.1	41.0	41.1	41.2	41.5
B5. Depreciation	40.7	47.1	45.2	43.2	41.7	40.2	39.1	38.4	38.0	37.7	37.6
B6. Combination of B1-B5	40.7	40.1	41.4	41.0	41.2	41.3	41.7	42.4	43.4	44.4	45.6
C. Tailored Tests											
C1. Combined contingent liabilities	40.7	49.9	49.6	49.0	48.9	48.7	48.9	49.5	50.3	51.2	52.2
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	40.7	44.3	49.2	53.7	**58.1**	**61.6**	**65.0**	**68.0**	**71.4**	**74.8**	**78.4**
C4. Market Financing	40.7	40.6	40.6	40.2	39.8	39.5	39.3	39.1	39.1	39.2	39.5
TOTAL public debt benchmark	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0
					PV of Debt-to-Revenue Ratio						
Baseline	281.1	265.0	263.4	260.0	258.8	256.7	254.3	252.4	252.8	253.6	254.9
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	281.1	245.6	231.7	220.8	220.0	218.1	216.0	214.3	214.2	214.1	213.7
B. Bound Tests											
B1. Real GDP growth	281.1	291.6	327.1	338.6	358.1	374.2	390.7	408.2	428.5	449.2	470.3
B2. Primary balance	281.1	269.0	272.8	269.2	271.7	271.8	273.0	275.2	279.6	284.6	290.1
B3. Exports	281.1	287.1	323.3	319.4	318.1	315.5	312.5	310.0	308.7	305.5	303.0
B4. Other flows 3/	281.1	274.7	278.6	275.1	273.9	271.6	269.1	267.0	266.8	266.5	266.9
B5. Depreciation	281.1	309.0	295.2	281.5	273.7	264.3	256.5	250.2	246.5	243.7	241.7
B6. Combination of B1-B5	281.1	262.3	269.6	267.0	270.4	271.4	273.4	276.4	281.6	287.2	293.4
C. Tailored Tests											
C1. Combined contingent liabilities	281.1	325.7	322.9	318.6	320.8	320.3	320.7	322.3	326.3	330.8	335.9
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	281.1	328.5	364.0	396.6	418.9	431.5	439.2	443.1	463.1	483.4	504.2
C4. Market Financing	281.1	265.1	264.1	261.6	261.3	259.9	257.4	254.5	253.7	253.4	253.8
					Debt Service-to-Revenue Ratio						
Baseline	36.1	34.5	45.1	39.6	44.5	44.3	45.7	44.4	46.0	47.9	48.8
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	36.1	33.0	40.0	33.9	37.2	33.6	34.3	33.0	33.1	32.5	32.1
B. Bound Tests											
B1. Real GDP growth	36.1	37.0	53.3	48.9	55.9	59.3	65.1	65.5	69.2	74.2	78.2
B2. Primary balance	36.1	34.5	45.8	40.7	45.3	46.3	48.0	45.6	47.1	49.5	50.5
B3. Exports	36.1	34.5	46.5	43.5	48.4	48.1	49.5	48.2	51.1	55.1	55.7
B4. Other flows 3/	36.1	34.5	45.7	40.6	45.5	45.3	46.7	45.3	47.6	49.7	50.5
B5. Depreciation	36.1	34.9	47.4	42.0	47.3	47.0	47.4	46.4	47.1	48.1	49.1
B6. Combination of B1-B5	36.1	33.9	46.3	40.9	45.7	45.4	47.8	46.0	47.5	49.3	50.7
C. Tailored Tests											
C1. Combined contingent liabilities	36.1	34.5	55.2	44.2	48.6	67.2	54.9	50.3	51.4	59.1	56.3
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	36.1	39.7	56.5	54.3	61.0	67.9	73.4	71.9	74.6	80.2	84.2
C4. Market Financing	36.1	34.5	45.5	40.4	45.8	50.1	54.2	51.1	49.1	47.9	48.9

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

CÔTE D'IVOIRE

December 3, 2020

SEVENTH AND EIGHTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT AND THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUEST FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, AND PROPOSAL FOR POST-PROGRAM MONITORING—SUPPLEMENTARY INFORMATION

Approved By
Abebe Aemro Selassie (AFR) and Chad Steinberg (SPR)

Prepared by the African Department in consultation with the Strategy, Policy, and Review Department

1. **This supplement provides an update on developments since the issuance of the staff report on November 20, 2020**. The additional information does not change the thrust of the staff appraisal.

2. **Recent indicators confirm a continued recovery**. Third quarter data are consistent with estimates in the staff report (EBS/20/172). Oil and cocoa productions and maritime traffic are recovering, and growth remained strong in electricity consumption and the production of gold and electricity. End-September data also suggest that end of year targets for the fiscal and trade balances continue to be within reach. CPI inflation remained contained, at 2.3 percent (annual average) at end-October.

3. **Based on preliminary data, the two applicable structural benchmarks (SBs) and four out of nine indicative targets (ITs) for end-September 2020 were met** (Tables 1 and 2). As was the case for some of the program conditionality at end-June 2020, the ITs on the floor of government tax revenue, as well as the floors on the overall and primary basic fiscal balance were breached. These were set at the time of the 6th review and before the pandemic shock hit, and as such, were expected to be missed, as they did not foresee the shock to growth and the need for emergency spending. Similarly, the ceiling on net domestic financing and the ceiling on expenditures by treasury advance were not met, as the pandemic response necessitated higher recourse to domestic financing prior to the adoption of the draft 2020 supplementary budget by the government in November. Conversely, the IT on the floor on pro-poor expenditure which had been missed at end-June, was met at end-September.

4. Côte d'Ivoire successfully issued a Eurobond on November 23-24, the first such issuance by a sub-Saharan African country since the onset of the pandemic. The issuance of €1 billion was oversubscribed 5 times and carried an average 10.2-year maturity, a 5 percent yield, and a 4.875 percent coupon—more favorable conditions than for the last issuance conducted in October 2019. In line with program agreement, €230 million will be used to fund part of the 2020 budgetary financing need. The authorities also used the proceeds to pre-finance some of 2021 financing needs for a similar amount. While the end-2020 indicator on the present value of new external debt contracted by the general government might consequently exceed by about US$250 million the amount of US$3,694.6 million currently projected in the staff report, this is a sensible strategy that takes advantage of currently favorable market conditions. The remaining amount, some €540 million, was used to refinance part of the Eurobonds coming due between 2025 and 2032.

Table 1. Côte d'Ivoire: Indicative Targets (IT) for end-September 2020[1/]
(Billions of CFA francs, unless otherwise indicated)

	2020				
	September				
	IT	Adj. IT		Est.	Status
A. Performance criteria					
Floor on the overall fiscal balance (incl. grants)	-794.5			-1,371.8	NOT MET
Ceiling on net domestic financing (incl. WAEMU paper)	106.0	606.0	2/	986.7	NOT MET
Ceiling on the present value of new external debt contracted by the central government ($ million)	…	…		…	
Ceiling on accumulation of new external arrears by the central government (continuous basis)	0.0			0.0	MET
Ceiling on accumulation of new domestic arrears by the central government (continuous basis)	0.0			0.0	MET
B. Indicative targets					
Floor on government tax revenue	3,300.9			2,972.1	NOT MET
Ceiling on expenditures by treasury advance	162.6			208.4	NOT MET
Floor on pro-poor expenditure	2,052.2			2,065.8	MET
Floor on net reduction of central government amounts payable (- = reduction)	-51.5			-135.5	MET
Floor on primary basic fiscal balance	124.8			-493.7	NOT MET
Memorandum items:					
Program grants	80.6			73.8	
Program loans	76.2			182.7	
Project grants	128.5			36.8	
Project loans	520.7			521.0	
Budget support from the European Union, World Bank, and African Development Bank	0.0			167.7	
Fuel tax revenues	341.6			401.2	

Sources: Ivoirien authorities; and IMF staff estimates.
1/ Cumulative amount from January 1, 2020.
2/ Adjusted upward by the difference between the recourse to international capital markets envisaged under the program and the actual recourse.

Table 2. Côte d'Ivoire: Structural Benchmarks for end-September 2020[1]

Measures	Timetable	Macroeconomic Rationale	Documentation
Price Adjustment Mechanism			
Apply the retail fuel price mechanism to preserve fuel tax revenue at a level not below the level in the supplementary budget law.[1]	**SB** quarterly **Met**	Improve budget revenue	Inter-ministerial decree
Public Debt Management			
By the end of each quarter produce a summary table of public enterprise debt service in the previous quarter based on progress in the data availability.	**SB** quarterly, starting from end-June 2017 **Met**	Enhance monitoring of debt service by public enterprises	Summary debt service table

[1]See memorandum item "fuel tax revenues" in Table 1.

Statement by Mr. Aivo Andrianarivelo, Executive Director for Côte d'Ivoire and Mr. Marcellin Koffi Alle, Senior Advisor to the Executive Director

December 9, 2020

1. On behalf of our Ivorian authorities, we would like to thank the Board, Management and Staff for the Fund's continued support. The authorities particularly appreciated the swift disbursement under the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI), which provided much-needed resources to complement the government's efforts to address the COVID-19 related health emergency and subsequent economic fallout. This emergency assistance was also instrumental in keeping afloat the program supported by the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF). The combined 7th and 8th reviews mark the end of a 4-year program, which has helped Côte d'Ivoire enhance macroeconomic stability and push ahead major structural reforms. The authorities broadly share the thrust of the staff report as a fair account of their recent discussions.

2. Owing to its strong fundamentals and notable diversification, the Ivorian economy has shown resilience in the face of the COVID-19 shock. GDP growth in 2020 will remain in positive territories compared with peer countries. Furthermore, a strong rebound is projected for 2021, macroeconomic prospects are favorable and fiscal consolidation should resume starting next year. Against this backdrop, Côte d'Ivoire successfully completed on November 23-24, a Eurobond issuance worth €1 billion. On the back of favorable country prospects and global market conditions, the bond was oversubscribed 5 times and carried an average 10.2-year maturity, a 5 percent yield, and a 4.875 percent coupon. Overall, this issuance, which was the first by a sub-Saharan African country since the onset of the pandemic bodes well for the authorities' ambition to build back a stronger economy post-pandemic.

3. Going forward, the authorities would like to reaffirm their commitment to keeping pace with the sound policymaking that was observed under the ECF/EFF-supported program and generally over the past decade. Key policy areas in 2021 and beyond will encompass domestic revenue mobilization through enhanced digitalization, prudent debt management, and structural reforms aimed at further economic transformation.

Recent Developments, Program Performance and Outlook

4. Recent developments have been dominated by the authorities' response to the COVID-19 and its effects on the economy. The government's action was twofold: an emergency healthcare meant to stop the spread of the virus and take care of infected people, and an economic package to support the private sector with an emphasis on SMEs, and the vulnerable households. The overall effort amounted to 1½ percent of GDP for 2020. Actions taken by the regional central bank, BCEAO, supported credit to the economy, thus complementing the fiscal measures. On the external side, in addition to the IMF emergency financing and donors' support, Côte d'Ivoire benefited from the first tranche of the G20 Debt Service Suspension Initiative (DSSI).

5. The authorities' macroeconomic response and the early lifting of lockdowns and other restrictions helped limit the effects of the pandemic. GDP growth is projected to stand at 1.8 percent in 2020 – compared with 6.7 projected pre-pandemic – and should quickly rebound to a 6½ percent starting in 2021, on the back of improving global conditions and recovering exports and domestic demand. Though annual inflation increased from 0.8 percent at end-2019 to 2.1 percent in September, it should remain subdued as food supply chain disruptions ease. As well, with recovering external demand and FDI, the external current account deficit should narrow gradually from its 2020 level of -3.9 percent of GDP.

6. Despite the challenging environment, the Ivorian authorities have striven to limit the effects of the pandemic on macroeconomic indicators and keep pace with their strong program implementation record. For the 7th review, all end-December 2019 performance criteria (PCs) were met. Indicative targets (IT) were also met, except for the ones related to tax revenue. The end-June performance for the 8th review however, suffered the impact of the pandemic. As revenue fell with shrinking output, and emergency outlays increased, most ITs established pre-COVID were missed. Consequently, the authorities have requested waivers of nonobservance of the end-June 2020 PCs on the overall budget balance and the new external debt contracted, and have taken corrective measures accordingly. Structural reforms have advanced well as evidenced by most structural benchmarks (SBs) being met amidst the pandemic-induced constraints.

7. As regards the outlook, the authorities are cognizant of the downside risks both globally and at the national level. On the global front, they are optimistic that the recent developments regarding vaccines will significantly stop the spread of the coronavirus and hence help improve the global economic outlook. At the national level, the authorities are working expeditiously to ease the political tensions that erupted since the presidential election. The consultations started between President Alassane Ouattara and opposition leader Henri Konan Bédié should open a phase of dialogue and peaceful settlement of political differences. This should help maintain a positive investor sentiment towards Côte d'Ivoire.

Policies for Post-Pandemic Recovery and Economic Transformation

8. While the ending ECF/EFF-supported program has broadly met its objectives, many issues remain to be addressed, including the need to substantially increase domestic revenue for development financing. Furthermore, the pandemic has compounded existing challenges and shed more light on the imperative of further structural transformation to boost economic resilience. For the period ahead, the authorities will implement policies for a strong post-pandemic recovery and for a broad-based economy.

Fighting the Pandemic

9. The relaxation of the fiscal stance has been the first line of defense against the economic impact of the COVID-19. The 2020 deficit that was planned at 2.3 percent of GDP at the time of the sixth ECF/EFF review, is now expected to reach 5.9 percent, to accommodate the pandemic-related higher spending, lower revenue and economic support. Specific measures included a

moratorium granted to firms on tax liabilities through June 2020. As regards the economic package to firms, the disbursement of funds accelerated recently after starting at a slow pace due to the baby steps of the special administrative procedures put in place.

Resuming Revenue-Centered Fiscal Consolidation

10. As the pandemic recedes, our authorities are committed to resuming gradually their efforts of fiscal consolidation, starting in 2021, with the view to reverting to the WAEMU fiscal deficit target of 3 percent of GDP by 2023. Next year budget will consolidate only by 1¼ percent of GDP, with a projected deficit of 4.6 percent of GDP, compared with 5.9 percent in 2020. The economic package will continue to play a role in supporting the recovery. Consequently, the consolidation strategy will emphasize increasing domestic revenue mobilization, notably by taxing more non-traditionally covered sectors such as the informal sector. The databases built to facilitate the disbursement of economic support funds will help bring a sizable share of these informal activities into the tax base. The rolling-out of digital procedures in most of fiscal administration services and ongoing measures to boost property tax collection are additional steps to increase the tax-to-GDP ratio.

Strengthening the Financial Sector

11. A vibrant financial sector capable of maintaining a high level of credit to the economy is part of the authorities' strategy to support strong post-pandemic recovery. In this regard, it is worth noting that the banking sector displayed strong ratios at the onset of the pandemic, with above-the-norm capital adequacy ratio, declining credit concentration and a low level of NPLs. Appreciable progress has also been made in restructuring the once-troubled public banks. Banque Nationale d'Investissement (BNI) and Banque Populaire have seen substantial improvements in their balance sheets and are in the final phase of their restructuring. The authorities are committed to pursuing their efforts, including recapitalizing the Banque Nationale de l'Habitat (BHCI), with the view to making all public banks viable and enhancing financial inclusion. In the same vein, the government will leverage recent measures by the BCEAO to further develop mobile banking.

Preserving Debt Sustainability

12. Preserving debt sustainability is a key priority to the Ivorian authorities. They take positive note of the indication from the DSA that "Côte d'Ivoire remains at moderate risk of external debt distress" and that "the overall risk of public debt distress is also moderate, with public debt expected to gradually decrease over the projection horizon." The authorities also welcome the encouraging signal of the recent successful Eurobond issuance amidst rather unfavorable global conditions. Going forward, the authorities are determined to maintain this positive investor sentiment and access to international capital markets. They will also continue to pursue a prudent borrowing strategy, balancing recourse to international markets and to the regional market, with the view to preserving the country's moderate risk of debt distress ranking.

Bolstering Structural Reforms

13. The pandemic has given priority to emergency measures at the expense of transformative structural reforms. Post-COVID, the authorities intend to resume their structural transformation agenda, backed notably by the new National Development Plan 2021-25. The overarching goal remains to build a broad-based private sector-led growth. To this end, the government will continue its strategy of attracting massive investment in the manufacturing and service sectors to move away from commodity exports. An emphasis will be put on the job-rich agro-industry. To support the development of the private sector, steps will continue to be taken to build an enabling business climate, including by improving the judiciary system, fostering digitalization and other fiscal structural reforms. As well, with the assistance of partners like the World Bank, the government continues to improve the education system with a focus on the adequacy between curricula and skills demand from the private sector.

Conclusion

14. The COVID-19 pandemic has temporarily set back Côte d'Ivoire's strong growth momentum of the last decade. The authorities' swift response has helped limit the effects of the crisis and maintain a satisfactory performance under the ECF/EFF-supported program. As the pandemic recedes, the authorities are preparing to resume their macroeconomic policies and structural reforms to support a strong recovery and build a broad-based and resilient economy.

15. In view of the authorities' satisfactory performance notwithstanding the constraints imposed by the pandemic, we would appreciate Executive Directors' support for the completion of the 7th and 8th reviews under the Extended Credit Facility arrangement and the extended arrangement under the Extended Fund Facility, and request for waivers of nonobservance of performance criteria.