INTERNATIONAL MONETARY FUND

IMF Country Report No. 19/197

CÔTE D'IVOIRE

July 2019

FIFTH REVIEWS UNDER THE ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY—PRESS RELEASE; STAFF REPORT; SUPPLEMENTARY INFORMATION AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR CÔTE D'IVOIRE

In the context of the Fifth Reviews Under the Arrangement the Extended Credit Facility and Under the Extended Arrangement Under the Extended Fund Facility, 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 June 14, 2019, following discussions that ended on March 27, 2019, with the officials of Côte d'Ivoire on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the staff report was completed on May 28, 2019.
- A **Supplementary Information** updating information on recent developments.
- A **Statement by the Executive Director** for Côte d'Ivoire.

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

Letter of Intent sent to the IMF by the authorities of Côte d'Ivoire*
Memorandum of Economic and Financial Policies by the authorities of Côte d'Ivoire*
Technical Memorandum of Understanding*
*Also included in Staff Report

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

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June 14, 2019

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IMF Executive Board Completes Fifth Reviews under Extended Credit Facility Arrangement and Extended Arrangement under the Extended Fund Facility for Côte d'Ivoire and Approves US$133.9 Million Disbursement

- The country's economic outlook remains strong, with growth projected at about 7½ percent in 2019.
- The budget deficit is projected to converge to the WAEMU regional norm of 3 percent of GDP in 2019.
- The program aims to foster inclusive growth and poverty reduction, support fiscal discipline, enhance domestic revenue mobilization, ensure debt sustainability, and achieve a sustainable balance of payments position.

On June 14, 2019, the Executive Board of the International Monetary Fund (IMF) completed the fifth reviews under the Extended Credit Facility (ECF)[1] arrangement and the extended arrangement under the Extended Fund Facility (EFF)[2] for Côte d'Ivoire. Completion of the reviews enables the immediate disbursement of SDR 96.786 million (about US$133.9 million), bringing total disbursements under the arrangements to SDR 553.6 million (about US$765.8 million).

The three-year ECF/EFF arrangements with a total access of SDR 650.4 million (about US$889.7 million or 100 percent of Côte d'Ivoire's quota) were approved by the IMF Executive Board on December 12, 2016.

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

"Côte d'Ivoire is implementing a program of macroeconomic policies and structural reforms to sustain strong growth, ensure macroeconomic stability, reduce poverty and

[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.

promote inclusiveness. The performance under this IMF-supported program has been commendable, with all performance criteria and all but one indicative target met at end-December 2018. Five out of six structural benchmarks were also met. The medium-term growth outlook is expected to remain robust, predicated on sound policies to lock in macroeconomic stability and improve the business environment.

“The 2018 budget deficit target was met, and the authorities have reiterated their commitment to reach a budget deficit of 3 percent of GDP in 2019 and onwards, which will be critical for both domestic macroeconomic stability and regional external stability at the level of the West African Economic and Monetary Union. This can be achieved via additional tax revenue mobilization, which will create fiscal space to address socio-economic and infrastructure needs. While the authorities have embarked on revenue administration reforms to secure more tax revenue over the medium-term, broadening the tax base also offers currently untapped revenue potential. To preserve debt sustainability, prudent management of public debt needs to continue, including by limiting contingent liabilities. Borrowing policy carefully assessing the cost and benefits of new loans is required to keep Côte d’Ivoire’s debt on a sustainable path.

“Structural reforms are ongoing and need to be sustained on all fronts. The authorities are implementing reforms to strengthen revenue administration and public financial management, consolidate banking sector stability, promote inclusive growth, improve the business climate and reinforce the statistical apparatus.”

Côte d'Ivoire: Selected Economic Indicators: 2016–21

	2016	2017	2018	2019	2020	2021
			Est.	Projections		
	(Annual percentage changes, unless otherwise indicated)					
National income						
GDP at constant prices	8.0	7.7	7.4	7.5	7.3	7.0
GDP deflator	-1.1	-1.7	0.4	1.0	1.6	1.6
Consumer price index (annual average)	0.7	0.7	0.4	1.0	2.0	2.0
External sector						
Exports of goods, f.o.b., at current prices	-7.0	6.8	-4.9	7.9	9.5	8.4
Imports of goods, f.o.b., at current prices	-8.5	6.5	7.1	2.9	11.8	8.8
Central government operations						
Total revenue and grants	6.6	8.0	5.3	10.6	9.8	9.0
Total expenditure	12.2	9.9	3.4	6.2	9.4	8.5
Money and credit						
Money and quasi-money (M2)	10.1	8.8	13.5	11.0	12.3	10.1
Credit to the economy	13.3	15.2	11.3	13.2	13.3	13.3
	(Percent of GDP unless otherwise indicated)					
Central government operations						
Total revenue and grants	20.0	20.4	19.9	20.3	20.4	20.4
Total revenue	18.6	19.2	18.8	19.0	19.2	19.5
Total expenditure	24.0	24.9	23.8	23.3	23.4	23.3
Overall balance, incl. grants, payment order basis	-4.0	-4.5	-4.0	-3.0	-3.0	-2.9
Gross investment	17.7	19.5	20.8	22.0	22.9	23.8
Central government	7.4	7.5	7.1	6.9	7.1	7.2
Nongovernment sector	10.3	12.0	13.7	15.1	15.8	16.6
Gross domestic saving	20.3	22.1	21.3	23.7	24.4	25.2
Central government	2.2	2.0	2.4	3.3	3.6	3.9
Nongovernment sector	18.2	20.2	18.9	20.4	20.8	21.2
External sector balance						
Current account balance	-1.2	-2.7	-4.7	-3.5	-3.3	-3.1
Overall balance	-1.2	1.7	0.8	-0.1	0.6	1.0
Public sector debt						
Central government debt, gross	48.4	49.8	53.2	52.5	51.2	49.6
Central government debt (excluding C2D)	43.1	45.3	49.7	49.9	49.3	48.0
External debt	29.0	30.5	36.5	37.8	35.3	34.8
External debt (excluding C2D)	23.4	25.4	32.5	34.7	33.1	32.9
Memorandum items:						
Nominal GDP (CFAF billions)	20,931	22,151	23,900	25,955	28,308	30,786

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

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

May 28, 2019

FIFTH REVIEWS UNDER THE ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY

EXECUTIVE SUMMARY

Context. The political context has become more complex and uncertain ahead of the 2020 presidential elections, with the three traditional parties openly competing since the end of the ruling coalition between President Ouattara's Republican Democratic Rally and former President Bédié's Democratic Party of Côte d'Ivoire. Positive investor perceptions of Côte d'Ivoire have so far not been affected.

Economic outlook. The growth outlook remains strong at 7½ percent, predicated on a continuously improving business environment, buoyant investment and sustained private consumption. Inflation is expected to remain low. Downside risks include the effects of the uncertain political landscape and weaker-than-expected global growth.

Program policies. Program performance was satisfactory, with all end-December 2018 and continuous performance criteria and all but one indicative target met. Five out of six structural benchmarks applicable at end-2018 were met and one from end-2017, the debt restructuring of the national oil refinery SIR, was implemented with delay. The authorities recommitted to the budget deficit target of 3 percent of GDP in 2019, which is expected to be achieved through revenue gains and expenditure rationalization, and to a financing strategy with a balanced mix of foreign and domestic currency sources.

Staff views. Staff supports the authorities' requests for the conclusion of the fifth review of the program supported by the ECF and EFF arrangements, which would release disbursements equivalent to SDR 96.786 million.

Approved By
Dominique Desruelle (AFR) and Maria Gonzalez (SPR)

Discussions were held in Abidjan during March 14–27, 2019. The mission team comprised Ms. Céline Allard (head), Mr. Michael Gorbanyov, Ms. Dominique Simard, Ms. Genet Zinabou (all AFR), Ms. Anna Fruttero (SPR), Ms. Aleksandra Zdzienicka (FAD), Mr. Jose Gijon (IMF resident representative) and Mr. Hermann Yohou (local economist). Mr. Marcellin Koffi Alle (OED) participated in the discussions. Ms. Cooray, Mr. Li and Mr. Magno assisted the team from headquarters.

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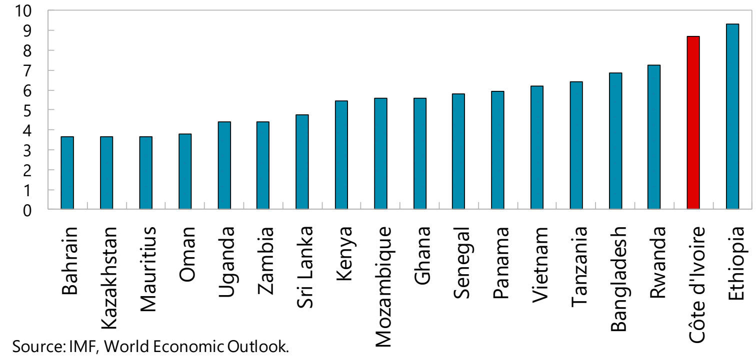
CONTEXT AND RECENT ECONOMIC DEVELOPMENTS

1. **Côte d'Ivoire has experienced healthy growth since 2012, with a reform agenda geared towards the country becoming a top investment destination in Africa**. Growth averaged 8.7 percent over 2012–18, placing Côte d'Ivoire among the fastest growing frontier market economies. Beyond the initial rebound from the 2010–11 civil strife, this performance has been underpinned by solid macroeconomic stability and sustained progress in structural reforms to improve the business climate (Box 1). In this improving environment, business creation grew by 26 percent (y/y) between 2017 and 2018 and private investment picked up to 13.7 percent of GDP in 2018, including through higher FDI.

Text Figure 1. Average Growth in Top Growing Frontier Markets, 2012-18



Source: IMF, World Economic Outlook.

2. **Strong domestic demand sustained this favorable momentum in 2018**. Contrarily to 2017—when a bumper cocoa crop boosted net exports—growth in 2018, estimated at 7.4 percent, was mainly driven by strong consumption and non-government investment. Activity was particularly buoyant in agri-business, construction, and retail commerce, while the contribution of agriculture declined, and the mining sector further contracted. Higher household incomes, including from a small hike in farmgate cocoa prices in October 2018, supported consumption. Meanwhile, lower cocoa exports (on account of both lower volumes and prices compared to 2017) contributed to widen the current account deficit from 2.7 percent of GDP in 2017 to 4.7 percent in 2018. Inflation remained subdued at 0.4 percent.

3. **The political context has become more complex ahead of the 2020 presidential elections**. The coalition between President Ouattara's Republican Democratic Rally (RDR) and former President Bédié's Democratic Party of Côte d'Ivoire (PDCI), which ruled the country since 2011, fractured in the summer of 2018. Former President Gbagbo's conditional release by the International Criminal Court should solidify reconciliation but could also intensify political uncertainty. With the three traditional parties openly competing and potential new contenders, the range of possible scenarios around the 2020 elections has increased.

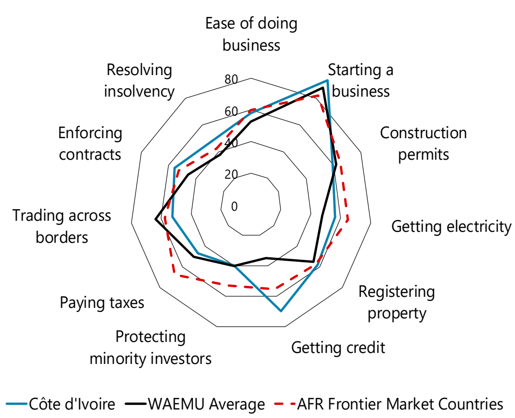
Box 1. Côte d’Ivoire’s Business Environment and Competitiveness

Côte d’Ivoire gained 25 places in its World Bank Doing Business ranking since 2015 and placed twice among the top ten reformers, most recently in 2018. This reflects sustained progress in structural reforms, including to digitalize government services, improve access to credit, enforce contracts, and facilitate electricity connections. Based on the Doing Business indicators, most aspects of Côte d’Ivoire’s business environment compare favorably to that of WAEMU while Côte d’Ivoire outperforms the average African frontier market country in the ease of starting a business and accessing credit. Improvements in the ease of starting a business, access to credit, and Information and Communication Technology adoption were also noted in the World Economic Forum Competitiveness Index, where Côte d’Ivoire’s top score in macroeconomic stability outperforms that of the average African frontier market country.

Côte d’Ivoire and AFR Frontier Market Countries

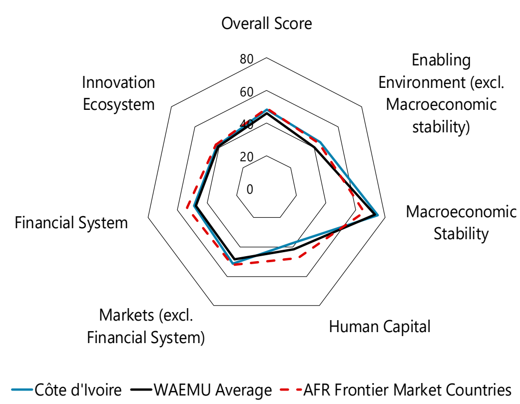
Doing Business, 2018

(Zero indicates poor business climate)



WEF, Global Competitiveness Index, 2018

(Zero indicates poor business climate)

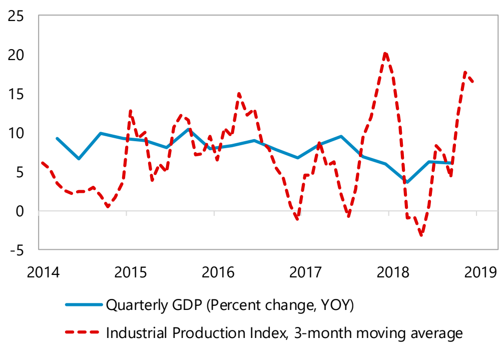


Sources: World Bank 2019, “Doing Business”. Survey-based indicators reflect investors’ perceptions on the business environment; World Economic Forum (WEF)’s Global Competitiveness Index 2018. The index combined both official data and survey responses from business executives on several dimensions of competitiveness. The use of these indicators should be considered carefully as they are derived from perceptions-based data.

Figure 1. Côte d'Ivoire: Recent Economic Developments, 2014–19

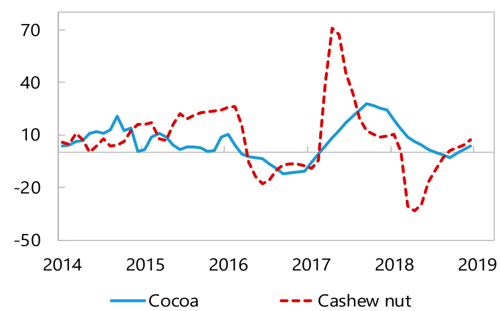
Real GDP growth picked up in 2018Q2 and 2018Q3, as did industrial production through end-year 2018…

Quarterly GDP and Industrial Production Index (YOY percent change, 3-month MA)



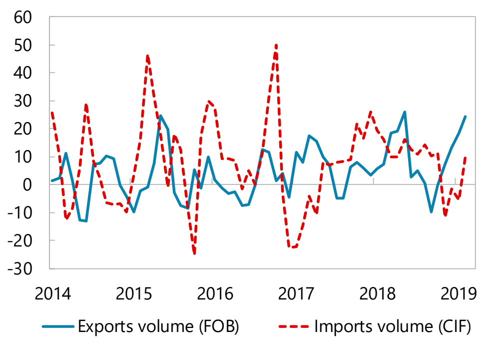
…but cocoa production declined after the bumper harvest of 2017, recovering again in 2018:Q4.

Cocoa and Cashew Nut Production (YOY percent change, 12-month MA)



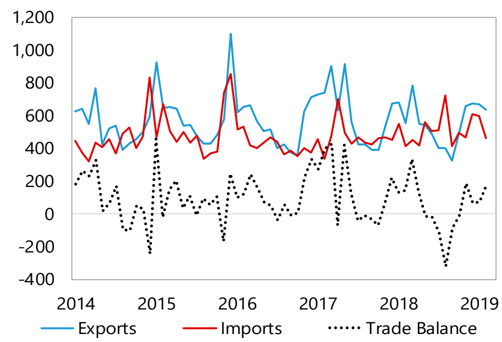
Import and exports volumes picked up at end-2018, the latter led by rebounding cocoa and cashew exports.

Trade Volumes (YOY percent change, 3-month MA)



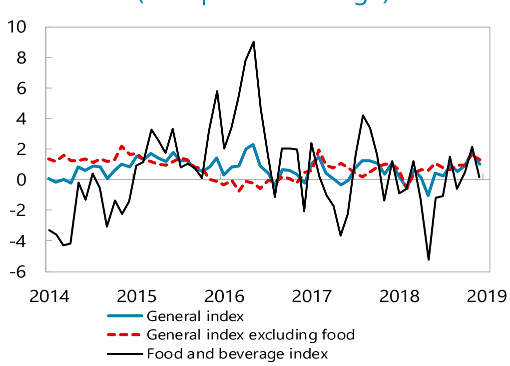
The trade balance improved in late 2018 from the low point at mid-year.

Trade (CFAF billions)



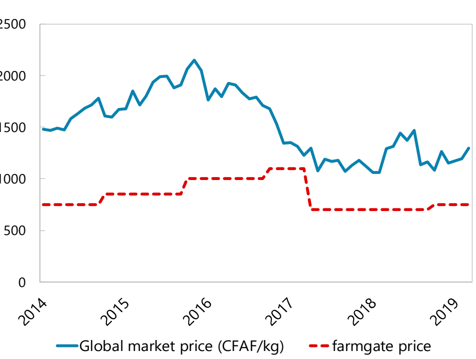
Inflation remained low, but rising food and fuel prices contributed to its moderate acceleration in 2018:H2.

Inflation (YOY percent change)



Recovering world cocoa prices warranted a moderate increase in the farmgate price from October 2018.

Cocoa Price: World Market Versus Farmgate (CFAF/Kg)



Sources: Ivoirien authorities; and IMF staff estimates.

PROGRAM PERFORMANCE

4. **Program performance was satisfactory, with all end-December and continuous performance criteria (PCs) and almost all indicative targets (ITs) met, but tax revenue underperformed at end-2018** (MEFP ¶¶9, 16–18 and Table 1). The budget deficit, at 4.0 percent of GDP in 2018, met the program ceiling (Text Table 1). However, fiscal revenues underperformed by about 0.3 percent of GDP, largely due to lower than programmed receipts from fuel taxes (0.1 percent of GDP) and non-oil import duties (0.1 percent of GDP). The latter resulted from lower imports volume, which partly reflected enhanced quality controls for imported consumer goods that slowed customs clearance procedures and that have now been scaled back. The revenue shortfall was offset by under-executing the investment budget and some non-priority current expenditure. The primary basic balance, pro-poor spending and domestic arrears clearance met program targets.

Text Table 1. Côte d'Ivoire: Fiscal Operations of the Central Government, 2018

(Percent of GDP)

	Prog.	Est.	Diff.
Total revenue and grants	20.4	19.9	-0.5
Total revenue	19.2	18.8	-0.3
Tax revenue	16.5	16.2	-0.3
Nontax revenue	2.6	2.7	0.0
Grants	1.3	1.0	-0.2
Total expenditure	24.4	23.8	-0.6
Current expenditure	17.5	17.4	-0.1
Capital expenditure	6.9	6.5	-0.5
Domestically financed	4.0	3.7	-0.2
Foreign-financed, *of which*	3.0	2.7	-0.2
Foreign loan-financed	2.4	2.4	0.0
Primary basic balance	-0.5	-0.4	0.1
Overall balance	**-4.0**	**-4.0**	**0.0**
Domestic arrears and float	-0.4	-0.5	0.0
Overall balance (cash basis)	-4.4	-4.4	0.0

Sources: Ivoirien authorities; and IMF staff estimates.

5. **Five out of six structural benchmarks (SBs) applicable by end-2018 were met and one from end-2017 was implemented with delay** (MEFP ¶18 and Table 2). In late 2018, the Council of Ministers approved the National Strategy for the Development of Statistics and the draft 2019 budget aimed at increasing tax revenues by at least 0.4 percent of GDP. The authorities did not renew the temporary tax exemptions expiring at end-December. In the context of their continuous monitoring of state-owned enterprises, they also prepared a summary table of public enterprise debt service and the report on the financial situation of Air Côte d'Ivoire. Moreover, the authorities finalized the debt restructuring of the national oil refinery SIR in December 2018, implementing with delay a SB from end-2017. However, the application of the retail fuel price adjustment mechanism was not sufficient to meet the fuel tax revenue target, as retail prices only gradually adjusted to rapidly rising world oil prices in the first half of 2018 and sales volumes were lower than projected (¶4). At end-March 2019, the action plan to rationalize tax exemptions was adopted by the Council of Ministers. However, the re-registration of 3,000 existing firms using the unique identification number was not completed, due to technical difficulties.

OUTLOOK AND RISKS

6. **The growth outlook remains strong, predicated on a continuously improving business environment, buoyant investment and sustained private consumption** (Figure 2 and Text Table 2). Real GDP growth is projected at about 7½ percent in 2019 and 2020, gradually declining to 6½ percent in 2024. Medium-term productive capacity is foreseen to expand at a healthy pace as private investment is catalyzed by a continuously improving business environment and a favorable perception of Côte d'Ivoire as a frontier market. Sectoral growth drivers are expected to be agro-processing, construction, and services—particularly trade and mobile technologies. Consumption is also projected to remain buoyant, with household incomes supported by continued robust economic activity and the government's increased emphasis on social spending. Following its sharp deterioration in 2018, the current account deficit is expected to narrow to 2¾ percent of GDP by 2024, thanks to improved terms of trade, higher value-added of agricultural exports, and stronger exports of services. Inflation is foreseen to gradually increase to 2 percent in 2020.

Côte d'Ivoire: Selected Economic Indicators, 2017-24

(Percent of GDP unless otherwise indicated)

	2017	2018		2019		2020	2021	2022	2023	2024
		Prog.	Est.	Prog.	Proj.	Projections				
GDP growth, percent	7.7	7.4	7.4	7.5	7.5	7.3	7.0	6.7	6.5	6.4
Inflation, percent	0.7	1.7	0.4	2.0	1.0	2.0	2.0	2.0	2.0	2.0
Current account balance	-2.7	-3.9	-4.7	-3.7	-3.5	-3.3	-3.1	-2.9	-2.8	-2.7
Total revenue and grants	20.4	20.4	19.9	20.5	20.3	20.4	20.4	20.5	20.6	20.6
Non-earmarked tax revenues	15.6	15.6	15.3	16.0	15.8	16.0	16.2	16.4	16.6	16.8
Current expenditure	18.0	17.5	17.4	17.0	17.0	16.9	16.7	16.9	16.8	17.0
Capital expenditure	6.9	6.9	6.5	6.6	6.3	6.5	6.6	6.5	6.7	6.5
Fiscal balance (including grants)	-4.5	-4.0	-4.0	-3.0	-3.0	-3.0	-2.9	-2.9	-2.9	-2.9
Public debt	49.8	52.6	53.2	51.0	52.5	51.2	49.6	48.6	47.8	48.2
Nominal GDP (FCFA billion)	22,151	23,892	23,900	25,957	25,955	28,308	30,786	33,411	36,202	39,211

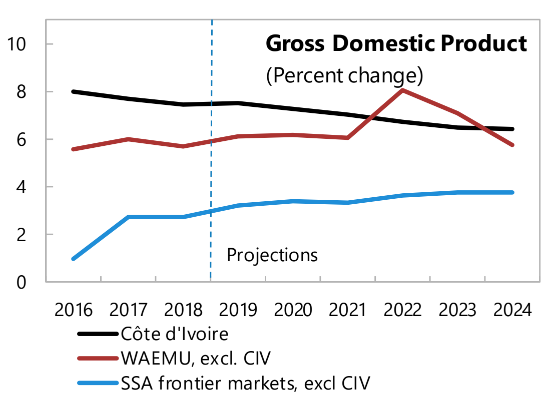
Sources: Ivoirien authorities; and IMF staff estimates.

7. **The more complex political landscape and heightened global uncertainty, nonetheless, pose downside risks (Annex I)**. Rising pressures ahead of the 2020 elections could limit growth-enhancing public spending and revenue mobilization efforts. While positive investor perceptions of Côte d'Ivoire have not so far been dampened by greater uncertainty, this could change as the political landscape evolves. Slower global growth, rising protectionism and lower investment risk appetite could exert downward pressure on external demand and investment.

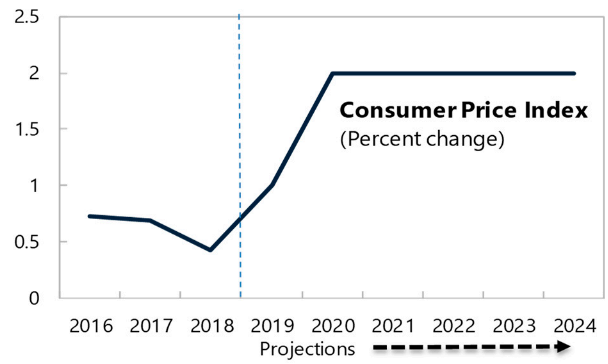
Figure 2. Côte d'Ivoire: Medium-Term Outlook, 2016–24

(Percent of GDP, unless otherwise indicated)

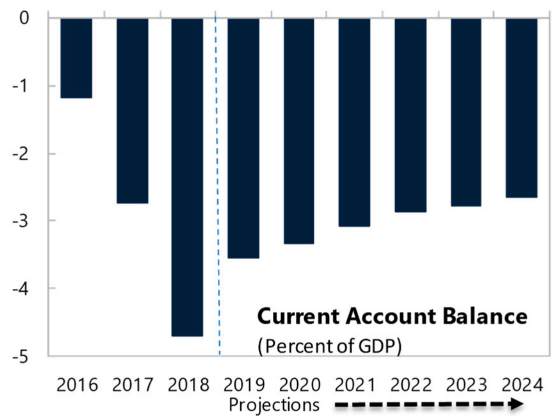
Growth will taper but remain relatively strong.



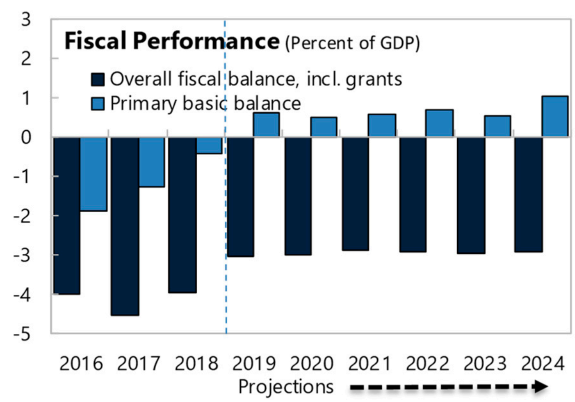
Inflation will remain subdued.



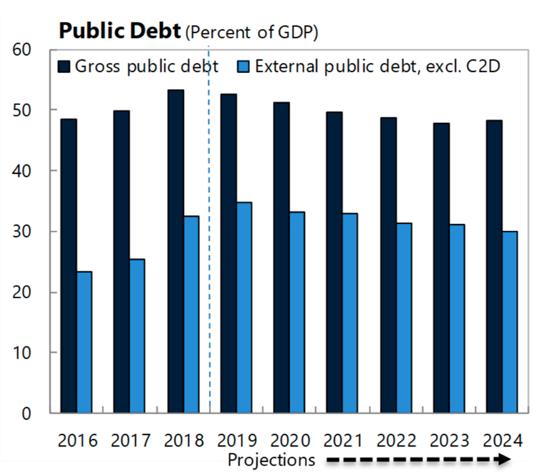
External shocks and temporary imports widened the current account deficit in 2017-18.



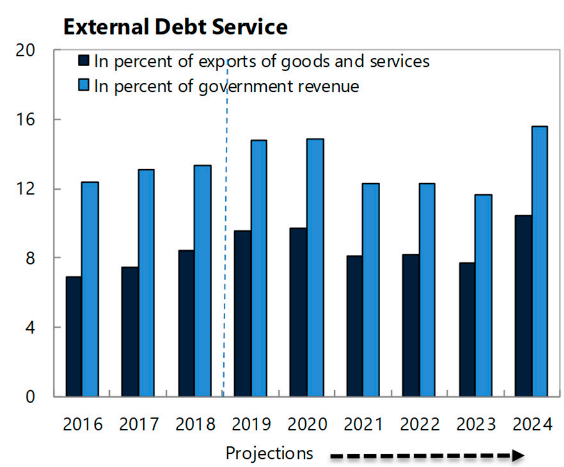
After accommodating shocks in 2017, the fiscal deficit will narrow in 2019.



Public debt will remain under control…



… and debt service costs remain manageable.

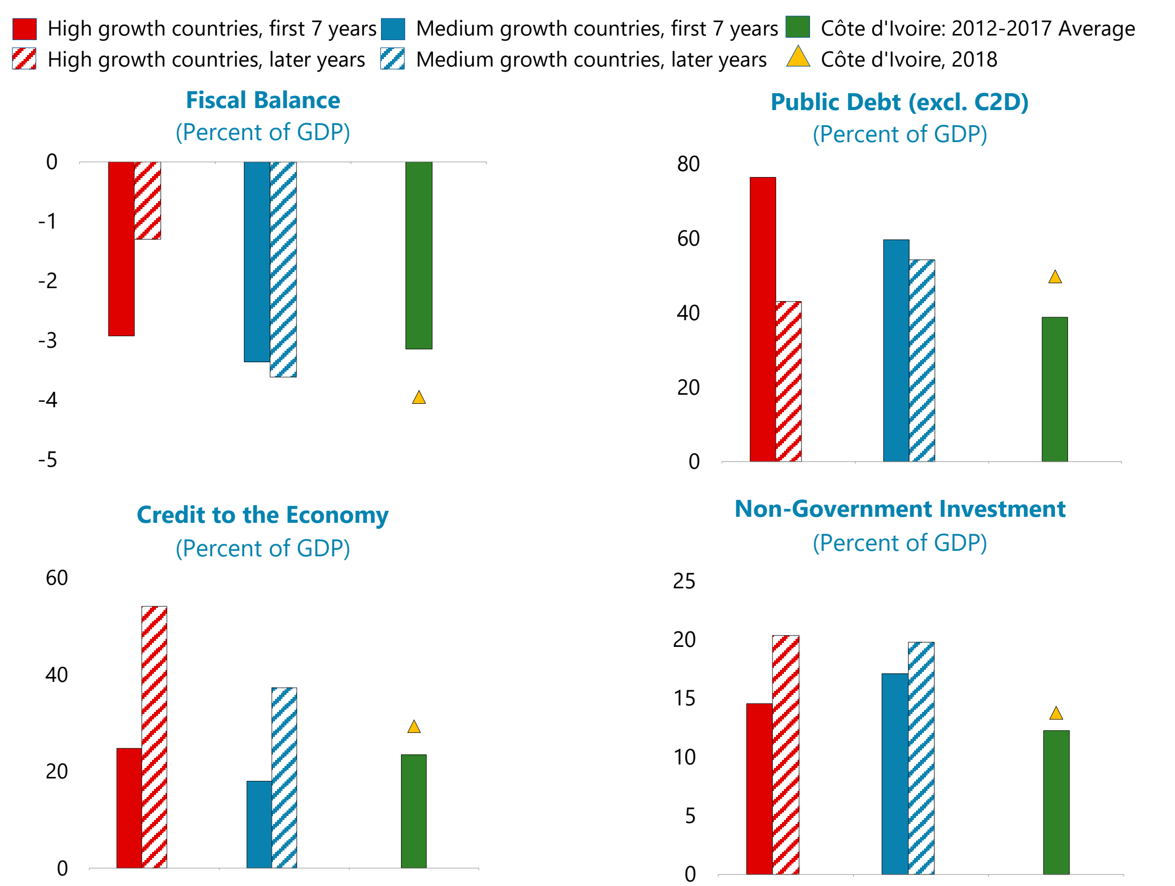


Sources: Ivoirien authorities; and IMF staff estimates.

ECONOMIC POLICIES FOR 2019

8. **Taking Côte d'Ivoire to emerging market status will require strong growth for an extended period, underpinned by reforms geared towards macroeconomic stability and a robust private sector**. Past experiences from countries progressing to emerging market status suggest that to reach that goal, growth needs to be sustained for decades. Sustained high growth episodes have also historically been accompanied by contained fiscal deficits, declining public debt, robust credit growth and healthy private investment (Figure 3).

Figure 3. Côte d'Ivoire's Macro-Environment Compared to Other High-Growth Economies[1/]



Sources: World Bank, World Development Indicators; IMF, Word Economic Outlook; and IMF staff estimates.

[1/]High growth countries include countries who grew at an average annual rate of above 6 percent in per capita terms for at least 12 consecutive years, while medium growth countries include countries who grew at an average annual rate of between 4 and 6 percent, again for at least 12 consecutive years. The sample covers all countries in the world over the period 1960-2017.

9. **Policies for 2019 will have to mirror those dual priorities of macroeconomic stability and private sector-led growth**. The last seven years in Côte d'Ivoire compare mostly favorably with metrics for the early years of sustained growth spurts experienced elsewhere in the world. Still, preserving this performance remains critical, particularly with respect to adhering to the 3 percent of GDP budget deficit ceiling, maintaining a moderate risk of debt distress, strengthening the

banking sector, and further improving the business environment. Ongoing structural reforms, leveraging extensive IMF technical assistance, will support Côte d'Ivoire on this path (Annex II).

A. Preserving Macroeconomic Stability

10. The authorities recommitted to a 3 percent deficit target in 2019. This ambitious consolidation objective, of 1 percentage point of GDP compared to 2018, will take the budget deficit to the WAEMU convergence norm. Such consolidation is critical to macroeconomic stability, both in Côte d'Ivoire and regionally, to preserve adequate financing resources for the private sector and to buttress the regional foreign exchange reserves position.[1]

11. The ambitious fiscal consolidation in 2019 is expected to be achieved through revenue gains and expenditure rationalization. Compared to objectives agreed at the time of the 4th review, the small tax revenue shortfall in 2018 is projected to carry over to 2019. Nonetheless, revenue administration and tax policy measures are expected to boost tax revenue by 0.5 percentage point (ppt) of GDP relative to 2018 (MEFP ¶35 and Box 3). With regards to customs revenue, the enhanced quality controls have been recalibrated to improve product targeting and speed up customs clearance procedures and staff stressed that close monitoring was warranted to ensure that the measures deliver as expected. The authorities also reiterated their commitment to apply the price adjustment mechanism to preserve tax revenue for petroleum products but pointed out the need to smooth the impact of global price fluctuations on domestic fuel prices for social considerations. The rest of the consolidation effort will come from the expenditure side, by reducing subsidies (0.2 ppt of GDP), the wage bill (0.2 ppt of GDP), other current spending (0.2 ppt of GDP) and domestic public investment (0.2 ppt of GDP)—despite an 0.2 ppt of GDP increase in interest payments. Furthermore, the authorities are committed to safeguard the deficit target by curtailing spending proportionally to any potential revenue underperformance, as they did in 2018 (MEFP ¶51). However, tax revenue inflows will need to be closely monitored throughout the year so that corrective action can be promptly taken to meet the program targets, helping avoid revenue shortfalls and a further compression of capital outlays.

12. Within this constrained envelope, the government intends to prioritize key infrastructure investments and social spending. Priority public infrastructure projects include the 5th traffic bridge and new metro in Abidjan, and the expansion of the electricity grid in rural areas. The authorities also committed to maintaining pro-poor spending at close to 10 percent of GDP in 2019 (MEFP ¶40). This envelope includes most of this year's measures announced by the President as part of a new social program for 2019–20 (MEFP Box 2, worth about 3 percent of GDP over two years), which are already in the budget. The remainder is expected to be accommodated by re-prioritizing budget outlays.

[1]International Monetary Fund, "West African Economic and Monetary Union-Staff Report on Common Policies for Member Countries", Country Report No. 19/90, March 2019.

B. Supporting Fiscal Discipline Through Structural Reforms

13. The authorities viewed improved tax collection and the broadening of the tax base as essential to boost domestic revenue mobilization (MEFP ¶36). The digitalization of the tax administration continues, with electronic tax filing and payment generalized to all large and medium firms, as well as increasing use of mobile phone payments for property taxes and small firms. All new firms are now issued a Single Taxpayer Identification Number (STIN) and, after resolving technical issues, the conversion of existing firms should accelerate later this year. Firms are also mandated to produce certified financial statements and dedicated units of the revenue administration are making progress in implementing tax audits on a risk basis. Meanwhile, the customs administration is reinforcing its valuation risk analysis and controls.[2] While these advances in revenue administration are likely to continue to yield revenue gains over the medium-term, broadening the tax base also offers revenue potential. In that regard, taxpayer and real-estate owner census programs have been launched. In addition, the authorities adopted a plan to rationalize tax exemptions over 2020–23, which, based on preliminary estimates, could yield a fiscal gain of over ¾ percent of GDP by 2023.

14. The authorities also pledged to boost spending efficiency to create fiscal space.

- They continue to implement their 2014 ***wage bill strategy*** with one new hire for two retirees in all sectors except education and health, voluntary departures in the military, and the modernization of the civil servants' evaluation system. Despite new hiring in the education sector, the authorities expect to reach the regional target of 35-percent wage-to-tax revenue ratio by 2023 (MEFP ¶40).

- They have put in place clearly defined criteria, tools, and procurement rules to prioritize and select ***investment projects, including for PPPs*** (MEFP ¶41). The authorities also continue to strengthen links between investment programming and budgeting tools and to monitor recurrent investment expenditure and physical investment.

- They are further strengthening ***public finance management***, including by reinforcing the framework for cash advances, strengthening public procurement processes for goods and services, improving information-sharing and controls across government units, and implementing more stringent criteria on transfers to municipalities. Meanwhile, the transition to the Treasury Single Account (TSA) is progressing, with more revenue and spending operations done through the TSA and more commercial bank accounts closed (MEFP ¶19). Fiscal accounts reporting under the (new) GFSM 2001/14 standards is available for the consolidated government (i.e., central government, social security, and national

[2]The program for enhanced quality controls on imported goods was reintroduced but only on a pilot basis for a reduced number of goods.

public entities) but only for 2016–17 (MEFP ¶19). The authorities are working to report all annual fiscal accounts for the consolidated government and quarterly fiscal accounts for the central government under these standards starting in mid-2019 (MEFP ¶53).[3]

C. Preserving Debt Sustainability

15. In light of the upward trend in public debt, the authorities recommitted to financing the deficit through a balanced mix of foreign and domestic currency sources (MEFP ¶44 and ¶45). Public debt has been increasing steadily to reach 53.2 percent of GDP at end-2018, the highest level since the 2012 HIPC debt restructuring—with external debt now accounting for more than 60 percent of that amount. In that context, the authorities recommitted to their debt strategy of a balanced mix of domestic and foreign currency borrowing for 2019 and the medium-term. Combined with the planned fiscal consolidation, this should help maintain a moderate risk of debt distress.[4]

Text Figure 2. Cote d'Ivoire: Evolution of Public Debt
(Percent of GDP)

Sources: Ivoirien authorities; and IMF staff estimates.

16. The authorities are aware that containing fiscal risks is critical for debt sustainability.

- ***State-owned enterprises*** (SOEs) had accumulated 7.7 percent of GDP of debt at end-2018; however, 6.2 ppt of GDP of that debt is already accounted for in the stock of public debt, in the form of public guarantees and on-lent debt (contracted by the central government and on-lent to SOEs under the same terms). To help predict and manage associated risks, the authorities have operationalized a dashboard to monitor the financial performance and obligations of SOEs (MEFP ¶19), and to strengthen accountability of their management, committees monitor performance against signed performance contracts. The restructuring of the national refinery SIR's debt at end-2018, and ongoing restructuring of the energy sector arrears (MEFP ¶57) should also help contain specific fiscal risks. Finally, the authorities plan to integrate SOEs debt in the debt sustainability assessment, once appropriate data work has been concluded (MEFP ¶48).

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[3]Monthly fiscal reporting under the current ECF/EFF programs is under GFSM 1986 standards and covers only the central government and social security administrations.

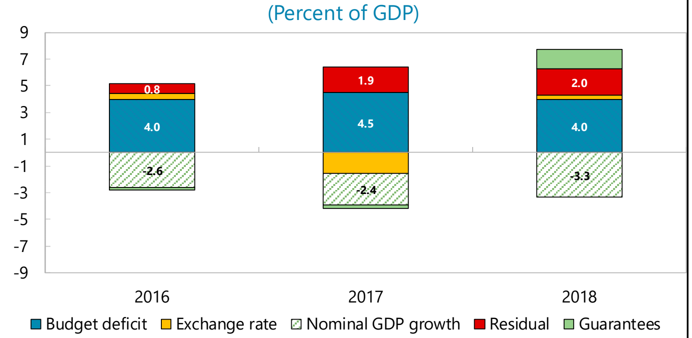
[4]International Monetary Fund Country Report No. 18/367.

- ***Debt guarantees and broader fiscal risks***. Public guarantees amounted to 2.2 percent of GDP at end-2018, and will rise further once the restructuring operation of the CI-Energy is finalized in 2019. Explicit guarantees, or any commitment by the government to pay moneys under certain events on behalf of other borrowers, require close monitoring, and the TMU has been strengthened to that effect.[5] The authorities prepared a first fiscal risk statement in 2018, and plan to include an updated version of that statement in the 2020 budget law (MEFP ¶50).

- ***Other sources of debt dynamics***. Over the years, changes in public debt have not always perfectly mirrored fiscal deficits, giving way to a residual between stocks and flows that fluctuates over time. This residual has reached close to 4 ppt of GDP in cumulative terms over 2017–18. However, a significant part of this residual 3¼ ppt of GDP) reflects differences in coverage, as the public debt stock includes on-lent debt to SOEs—a further rationale for including SOE debt in the debt sustainability assessment, and for continuing to strengthen the monitoring of SOE obligations; actual transfers to SOEs should be reflected in the central government fiscal accounts (above the line) when warranted. The remaining ¾ ppt of GDP of residual over 2017–18 also potentially signal below-the-line operations.[6] This calls for particular caution related to potential below-the-line operations, including accounts payables to municipalities or other exceptional expenses that are settled with available financing resources, but not accounted as budgetary outlays. The authorities plan to set up internal control structures in line ministries in July 2019, hence further strengthening procedural compliance for executing public expenditure (MEFP ¶40, ¶41 and ¶50), which should help limit such operations in the future.

Text Figure 3. Côte d'Ivoire: Key Drivers of Public Debt (excl. C2D)[1/]

(Percent of GDP)



Sources: Ivoiren authorities; and IMF Staff estimates.

[1/]The Debt Reduction-Development Contract (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.

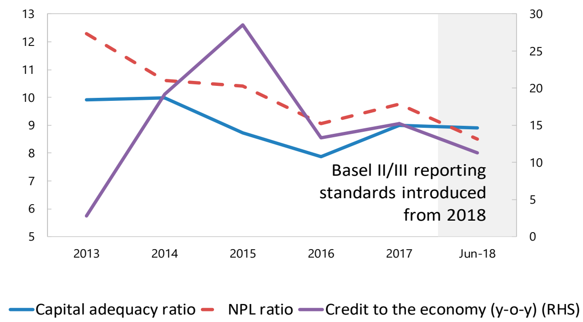
[5]As a transitory measure, an adjustor was added to the debt ceiling conditionality to accommodate the counter-guarantee to the World Bank guarantee and associated support from the government to CI-Energies for the purpose of the restructuring operation in the electricity sector.

[6]Below-the-line operations have been substantial in the WAEMU sub-region over 2013–18. See International Monetary Fund, "West African Economic and Monetary Union: Staff Report on Common Policies of Member Countries", March 29, 2019, Country Report No. 19/90 and A. Féler and D. Simard "The WAEMU Surveillance Framework: Reforms to Foster Public Debt Sustainability", In the West African Economic and Monetary Union, Selected Issues, International Monetary Fund, March 2019, Country Report No. 19/91.

D. Strengthening the Financial Sector to Better Leverage the Economy

17. The banking sector remains sound overall, although with pockets of vulnerability. Following the introduction of the new standards aligned with Basel II/III principles from 2018, average capital adequacy remained stable at 9 percent at mid-2018, above the new regulatory norm of 8.625 percent for end-year. Nonetheless, a few small banks remained undercapitalized. The ratio of non-performing loans (NPLs) declined to 8.5 percent at mid-2018, with about three quarters of them covered by provisions (Table 5) The Banking Commission instructed banks to fully provision their exposure to the large cocoa trader that went bankrupt in 2018, which weighed on credit to the agriculture sector. More broadly, credit to the economy decelerated to a still robust pace of 11.3 percent (y/y) at end-2018, but data through end-February 2019 point to a pick-up to 15.2 percent (y/y).

Text Figure 4. Financial Soundness Indicators, 2013–18
(Percent)



Sources: Ivoirien authorities; and IMF staff estimates.

18. The authorities are taking measures to support the financial sector:

- They are restructuring ***public banks*** so that they can meet prudential norms. One was recapitalized last year, and for another one, the social security fund will provide fresh capital in 2019 as a new shareholder. The restructuring of the public savings bank is still ongoing, but the authorities were confident that a mix of cost-cutting measures, asset sales and entry of strategic shareholders would allow a return to profitability and positive equity (MEFP ¶63).

- Buttressing the ***microfinance sector*** continued with restructuring of the largest microfinance network (COOPEC), through consolidation measures and recapitalization with members' contributions (MEFP ¶¶64–66). The authorities also recalled the licenses of six micro-financial institutions in 2018 and are modernizing and strengthening the sector's supervision.

E. Nurturing the Private Sector

Improving the Business Climate

19. The authorities aim to continue improving the business climate to energize the private sector and sustain a higher level of investment and growth over the medium-term. Meaningful progress has been achieved since 2012, but opportunities for upgrades remain.

- ***Public services to enterprises***. The STIN is expected to contribute to more efficient provision of public services through the resulting unified online one-stop portal (MEFP ¶21). These services include construction permits, business licenses and certificates, property transfers, tax declaration and payments, and communication of legal decisions. Together with streamlined regulations, the portal will reduce the processing time for government services. Moreover, measures to further improve governance will strengthen professionalism and accountability. The government intends to buttress the assets declaration regime for elected and government officials, including by tightening cooperation between the High Authority for Good Governance and public prosecution offices and reinforcing their capacity (MEFP ¶67), although further efforts are required to align the framework with best practices, including by publishing these asset declarations.

- ***Further improvement in the business environment***. Areas for improvement include better protecting minority investors and facilitating cross-border trade. The authorities should consider further reinforcing the legal framework governing investment and expanding the scope of the one-stop window for external trade, which is to be finalized in 2019. Better leveraging the authorities' participation in the Compact with Africa also offers potential.

- ***Better access to financing***. The authorities are implementing their National Financial Inclusion Strategy for 2019–24 to increase financing of SMEs and promote financial inclusion—especially in rural areas by developing fintech and mobile banking services. They continue to register more individuals and businesses in the Credit bureau (MEFP ¶62), which should prompt banks to extend more loans, as they can better price risks. The authorities also aim to keep monitoring the proper implementation of their 2016 AML/CFT law (MEFP ¶72).

Strengthening Statistics

20. Strengthening statistics is essential to better inform policy decisions. Following adoption of the National Strategy for the Development of Statistics in 2018, the authorities intend to make the National Council of Statistics fully operational and set up the Fund for the National Development of Statistics in 2019 (MEFP ¶73). They are also committed to adequately fund the National Institute of Statistics to fulfill its mandate in 2019, which includes improving the quality and coverage of high frequency data, carrying out the 2019 population census and rebasing national accounts. The new census will update the poverty rate last computed in 2015.

PROGRAM MODALITIES AND FINANCING ASSURANCES

21. The program is fully financed (Tables 6a and 6b). The country's external financing needs in 2019 will be covered by market borrowing, donor financing, and Fund disbursements. Disbursements of the projected financing from donors over the next 12 months are expected to be timely. Access to both domestic and external debt markets should be maintained during the program.

22. Capacity to repay the Fund is good. It is supported by Côte d'Ivoire's solid track record of meeting its obligations. Obligations to the Fund would peak in 2021 at 1.8 percent of government revenue or 0.4 percent of GDP (Table 7).

23. Program implementation risks. The program is on track, but revenue mobilization and expenditure challenges pose risks to fiscal consolidation. Program performance was satisfactory through end-December 2018. However, demands from the challenging political environment may exacerbate expenditure pressures and weaken tax revenue mobilization efforts underpinning the envisaged fiscal consolidation.

24. Capacity development. Technical assistance priorities are aligned with the program objectives. The focus is on revenue administration, public financial management, debt management, tax policy, and statistics of the real sector and balance of payments.

25. Safeguards assessments. The 2018 updated safeguards assessment of the BCEAO, found that the central bank has maintained a strong control environment, audit arrangements were in broad conformity with international standards, and the finance statements were prepared according to International Financial Reporting Standards (IFRS). The BCEAO has recently enhanced the oversight role of its audit committee in line with the assessment recommendations.

STAFF APPRAISAL

26. Buoyant domestic demand sustained growth in 2018, positioning Côte d'Ivoire among the most dynamic frontier market economies. Growth is estimated at 7.4 percent in 2018, supported by strong private investment and consumption and led by the manufacturing and services sectors. All end-December 2018 PCs and almost all ITs were met, along with five out of six applicable SBs and one SB from end-2017 implemented with delay. The medium-term growth outlook remains good, averaging near 7 percent over 2019–24, spurred by expanded productive capacities, investment in the manufacturing and services sectors and dynamic consumption.

27. To reach emerging market status, however, strong policies are needed to lock in macroeconomic stability over the long term. Economies that have successfully achieved prolonged growth spurts in the past managed to contain their fiscal positions and sustain private sector-led development over several decades. The authorities' commitment and actions toward fiscal consolidation, a prudent debt strategy, and structural reforms to foster a strong financial sector and support private investment are promising but must be sustained.

28. Maintaining a budget deficit of 3 percent of GDP is critical for macroeconomic stability, both in Côte d'Ivoire and the WAEMU. This budgetary target will limit government financing needs to a level compatible with securing adequate resources to fund the development of the private sector. It will restrain indebtedness while preserving external stability. The resulting macroeconomic stability will contribute to a favorable business environment and further enhance investment attractiveness.

29. Mobilizing additional tax revenue will create room to address socio-economic and infrastructure needs. The authorities' commitment to increase revenue by 0.5 percent of GDP in 2019 is commendable but needs to be sustained and intensified over the medium- to long-term to bridge human capital and infrastructure gaps and meet Côte d'Ivoire's developmental aspirations. Moreover, given tax revenue underperformance in 2018, revenue inflows will need to be closely monitored throughout 2019 so that corrective action can be properly taken to help meet program targets, to avoid further revenue shortfalls and adjustment on capital spending. While reforming the revenue administration is a promising strategy to secure more tax revenue over the medium-term, broadening the tax base offers currently untapped revenue potential.

30. To preserve debt sustainability, prudent management of public debt needs to continue, including by limiting contingent liabilities. While Côte d'Ivoire's sound macroeconomic policies have opened access to international financial markets, it is important that the country taps into them with restraint. A moderate recourse to external market financing, including through a balanced mix of foreign and domestic currency sources in 2019 and over the medium-term, is critical to maintain a moderate risk of debt distress. Moreover, building on recent advances to monitor and contain fiscal risks, accelerating the pace of public financial management reforms would be key to contain net financing needs at the level of the budget deficit, including by limiting below-the-line operations. Caution also needs to be applied when extending public guarantees.

31. Transition to the new regulatory framework and recapitalization of public banks have helped strengthen the banking system. Implementation of the new regulatory framework aligned with Basel II/III principles from 2018 strengthened reporting standards and promoted bank recapitalization, as well as NPL provisioning or write-off. Along with increasing recourse to the Credit Bureau, this should improve the banking system's resilience to shocks and help it be in a better position to extent credit to the economy. The recapitalization of public banks goes in the same direction but needs to be complemented by the full implementation of the restructuring strategies.

32. Reinforcing the statistical apparatus would help better inform economic policy. The adoption of the National Strategy for the Development of Statistics is welcomed, but making the National Council of Statistics fully operational and setting up the Fund for the National Development of Statistics are now urgently needed. The National Institute of Statistics needs to be funded at a level permitting it to carry out its ambitious mandates for 2019.

33. Staff supports the authorities' request for the completion of the fifth reviews under the ECF and EFF arrangements, which would release disbursements equivalent to SDR 96.786 million (Table 8). Staff supports the authorities' request for modification of the IT on the government tax revenue for end-June 2019. The attached Letter of Intent (LOI) and Memorandum of Economic and Financial Policies (MEFP) set out appropriate policies to pursue the program's objectives. The capacity to repay the Fund is adequate, and risks to program implementation are manageable given the government's solid track record for policy implementation.

Table 1. Côte d'Ivoire: Selected Economic Indicators, 2016–24

	2016	2017	2018		2019		2020	2021	2022	2023	2024
			Prog.	Est.	Prog.	Proj.	Projections				
	(Annual percentage changes, unless otherwise indicated)										
National income											
GDP at constant prices	8.0	7.7	7.4	7.4	7.5	7.5	7.3	7.0	6.7	6.5	6.4
GDP deflator	-1.1	-1.7	0.4	0.4	1.1	1.0	1.6	1.6	1.7	1.7	1.8
Consumer price index (annual average)	0.7	0.7	1.7	0.4	2.0	1.0	2.0	2.0	2.0	2.0	2.0
External sector (on the basis of CFA francs)											
Exports of goods, f.o.b., at current prices	-7.0	6.8	16.7	-4.9	8.6	7.9	9.5	8.4	9.3	10.6	9.0
Imports of goods, f.o.b., at current prices	-8.5	6.5	21.6	7.1	8.7	2.9	11.8	8.8	10.9	10.3	6.8
Export volume	-10.1	6.5	11.2	-1.9	10.1	8.8	9.3	9.1	10.0	10.4	8.8
Import volume	2.4	19.9	9.1	0.7	7.2	4.9	6.1	9.9	10.5	9.9	10.5
Terms of trade (deterioration –)	17.5	6.7	-4.0	-8.8	-2.7	1.0	-0.2	-0.7	-1.0	-0.2	-0.2
Nominal effective exchange rate	1.2	1.1	...	2.8	...	...	...	...	...	...	...
Real effective exchange rate (depreciation –)	0.2	-0.1	...	1.0	...	...	...	...	...	...	...
Central government operations											
Total revenue and grants	6.6	8.0	8.2	5.3	9.3	10.6	9.8	9.0	8.7	8.9	8.3
Total expenditure	12.2	9.9	5.9	3.4	5.0	6.2	9.4	8.5	8.8	9.0	8.2
	(Changes in percent of beginning-of-period broad money unless otherwise indicated)										
Money and credit											
Money and quasi-money (M2)	10.1	8.8	11.0	13.5	11.9	11.0	12.3	10.1	12.2	11.5	13.1
Net foreign assets	-0.7	0.1	5.1	3.0	2.0	1.6	2.1	2.9	1.8	3.6	2.6
Net domestic assets	10.8	8.7	5.9	10.6	10.0	9.4	10.2	7.2	10.4	8.0	10.5
Of which : government	3.4	3.1	-3.3	3.7	-0.1	0.4	1.0	-2.1	0.8	-1.7	0.6
private sector	8.5	10.0	9.3	7.8	10.0	9.0	9.2	9.3	9.6	9.7	9.8
Credit to the economy (percent)	13.3	15.2	13.4	11.3	14.1	13.2	13.3	13.3	13.3	13.3	13.3
	(Percent of GDP unless otherwise indicated)										
Central government operations											
Total revenue and grants	20.0	20.4	20.4	19.9	20.5	20.3	20.4	20.4	20.5	20.6	20.6
Total revenue	18.6	19.2	19.2	18.8	19.4	19.0	19.2	19.5	19.8	20.0	20.3
Total expenditure	24.0	24.9	24.4	23.8	23.6	23.3	23.4	23.3	23.4	23.5	23.5
Overall balance, incl. grants, payment order basis	-4.0	-4.5	-4.0	-4.0	-3.0	-3.0	-3.0	-2.9	-2.9	-2.9	-2.9
Primary basic balance [1/]	-1.9	-1.3	-0.5	-0.4	0.5	0.6	0.5	0.6	0.7	0.6	1.0
Gross investment	17.7	19.5	21.8	20.8	22.4	22.0	22.9	23.8	24.2	24.7	24.6
Central government	7.4	7.5	7.6	7.1	7.2	6.9	7.1	7.2	7.1	7.3	7.1
Nongovernment sector	10.3	12.0	14.2	13.7	15.1	15.1	15.8	16.6	17.1	17.3	17.5
Gross domestic saving	20.3	22.1	21.7	21.3	22.4	23.7	24.4	25.2	25.3	26.0	26.4
Central government	2.2	2.0	2.6	2.4	3.6	3.3	3.6	3.9	4.1	4.4	4.6
Nongovernment sector	18.2	20.2	19.2	18.9	18.8	20.4	20.8	21.2	21.2	21.6	21.8
Gross national saving	16.1	16.7	17.9	16.1	18.7	18.4	19.6	20.7	21.3	21.9	21.9
Central government	2.5	2.4	2.9	2.5	3.6	3.2	3.5	3.7	3.6	3.8	3.6
Nongovernment sector	13.6	14.4	15.0	13.6	15.1	15.2	16.1	17.0	17.7	18.1	18.3
External sector balance											
Current account balance (including official transfers)	-1.2	-2.7	-3.9	-4.7	-3.7	-3.5	-3.3	-3.1	-2.9	-2.8	-2.7
Current account balance (excluding official transfers)	-2.6	-3.9	-5.1	-5.7	-4.8	-4.8	-4.5	-4.0	-3.6	-3.4	-2.9
Overall balance	-1.2	1.7	1.1	0.8	0.0	-0.1	0.6	1.0	0.8	1.6	1.2
Public sector debt											
Central government debt, gross	48.4	49.8	52.6	53.2	51.0	52.5	51.2	49.6	48.6	47.8	48.2
Central government debt (excluding C2D)	43.1	45.3	49.1	49.7	48.4	49.9	49.3	48.0	47.1	46.5	46.9
External debt	29.0	30.5	36.7	36.5	36.8	37.8	35.3	34.8	33.0	32.7	31.4
External debt (excluding C2D)	23.4	25.4	32.7	32.5	33.8	34.7	33.1	32.9	31.2	31.2	30.0
External debt-service due (CFAF billions)	481	556	590	599	841.7	732	811	735	810	840	1242
Percent of exports of goods and services	6.9	7.5	6.8	8.4	9.0	9.6	9.7	8.1	8.2	7.7	10.5
Percent of government revenue	12.4	13.1	12.9	13.3	16.7	14.8	14.9	12.3	12.3	11.6	15.6
Memorandum items:											
Nominal GDP (CFAF billions)	20,931	22,151	23,892	23,900	25,957	25,955	28,308	30,786	33,411	36,202	39,211
Nominal exchange rate (CFAF/US$, period average)	593	581	...	555	...	...	...	...	...	...	...
Nominal GDP at market prices (US$ billions)	35.3	38.1	43.2	43.0	46.3	45.2	49.9	54.6	59.6	64.6	69.9
Population (million)	24.3	25.0	25.6	25.6	26.3	26.3	27.0	27.7	28.4	29.1	29.9
Nominal GDP per capita (CFAF thousands)	860	887	933.0	933	988	988	1,050	1,113	1,177	1,243	1,313
Nominal GDP per capita (US$)	1,451	1,528	1686.9	1,681	1,762	1,722	1,850	1,973	2,100	2,218	2,341
Real GDP per capita growth (percent)	5.2	5.0	4.8	4.7	4.9	4.8	4.6	4.3	4.0	3.8	3.7

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

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

Table 2a. Côte d'Ivoire: Balance of Payments, 2016–24

(Billions of CFA francs; unless otherwise indicated)

	2016	2017	2018		2019		2020	2021	2022	2023	2024
			Prog.	Est.	Prog.	Proj.	Projection				
Current account	-246	-608	-922	-1,124	-949	-921	-942	-946	-958	-1,010	-1,042
Current account excl. grants	-538	-874	-1,225	-1,370	-1,251	-1,235	-1,269	-1,245	-1,189	-1,221	-1,136
Trade balance	1,818	1,955	1,470	1,272	1,590	1,638	1,670	1,786	1,847	2,067	2,434
Exports, f.o.b.	6,449	6,886	8,128	6,552	8,830	7,071	7,745	8,397	9,175	10,147	11,060
Of which: cocoa	2,740	2,905	3,468	2,532	3,726	2,627	2,755	2,834	2,873	2,974	3,021
Of which: crude oil and refined oil products	868	1,050	1,130	1,125	1,329	1,198	1,325	1,362	1,391	1,444	1,503
Imports, f.o.b.	4,631	4,930	6,658	5,279	7,240	5,434	6,075	6,611	7,329	8,080	8,626
Of which: crude oil and refined oil products	1,136	925	2,440	1,318	2,623	1,296	1,339	1,425	1,543	1,658	1,782
Services (net)	-1,179	-1,372	-1,481	-1,143	-1,583	-1,188	-1,242	-1,351	-1,466	-1,588	-1,720
Primary Income (net)	-638	-892	-701	-950	-699	-1,064	-1,049	-1,041	-902	-976	-1,066
Of which: interest on public debt	177	176	208	228	306	321	363	370	416	426	476
Secondary Income (net)	-246	-300	-211	-304	-256	-306	-322	-340	-438	-512	-690
General Government	83	88	303	246	303	314	327	299	230	212	94
Other Sectors	-329	-388	-514	-550	-558	-620	-649	-639	-668	-724	-784
Capital and financial account	44	933	1,187	1,315	961	902	1,124	1,266	1,230	1,577	1,507
Financial account (excl. exceptionnal financing)	-66	821	1,079	1,227	851	812	1,035	1,178	1,142	1,489	1,419
Foreign direct investment	325	173	393	333	427	360	438	452	490	542	626
Portfolio investment, net	349	782	1,160	928	650	471	218	644	247	725	459
Acquisition of financial assets	-23	-29	62	17	67	-49	-40	-5	-6	-6	-7
Incurrence of liabilities	372	811	1,099	911	583	520	258	650	253	731	466
Of which: Eurobonds	0	1,144	1,115	1,115	500	500	0	500	0	500	0
Other investment, net	-741	-134	-475	-34	-227	-20	379	82	404	223	333
Official, net	69	-129	265	342	178	237	201	360	393	412	126
Project loans	262	486	567	569	556	592	576	633	702	737	810
Central government amortization due	-270	-711	-290	-290	-365	-342	-362	-261	-296	-312	-671
Net acquisition of financial assets	-14	-12	-12	-12	-12	-13	-12	-12	-12	-12	-12
Nonofficial, net	-810	-5	-740	-375	-405	-257	178	-278	12	-190	207
Errors and omissions	-54	45	0	0	0	0	0	0	0	0	0
Overall balance	-255	370	265	192	12	-19	181	321	271	568	465
Financing	255	-370	-265	-192	-12	19	-181	-321	-271	-568	-465
Reserve assets, includes reserve position in the Fund	255	-370	-422	-192	-233	-192	-256	-395	-271	-568	-465
Operations account	231	-461	-415	-264	-148	-107	-170	-292	-174	-466	-370
IMF (net)	23	91	-6	72	-85	-85	-86	-103	-98	-102	-95
Disbursements	57	145	77	157	...	...	...	...	...	...	...
Repayments	-34	-63	-82	-82	-85	-85	-86	-103	-98	-102	-95
Financing gap	0.0	0.0	156.9	0.0	221.0	210.1	74.7	74.3	0.0	0.0	0.0
Expected financing (excluding IMF)	...	...	81.0	...	68.4	55.0	74.7	74.3	0.0	0.0	0.0
Residual gap/ IMF financing, *of which*	...	...	76.0	...	152.5	155.1	...	...	...	...	...
IMF-ECF [1/]	...	...	25.3	...	50.8	51.7	...	...	...	...	...
IMF-EFF [1/]	...	...	50.6	...	101.7	103.4	...	...	...	...	...
Memorandum items:											
Overall balance (percent of GDP)	-1.2	1.7	1.1	0.8	0.0	-0.1	0.6	1.0	0.8	1.6	1.2
Current account inc. grants (percent of GDP)	-1.2	-2.7	-3.9	-4.7	-3.7	-3.5	-3.3	-3.1	-2.9	-2.8	-2.7
Current account exc. grants (percent of GDP)	-2.6	-3.9	-5.1	-5.7	-4.8	-4.8	-4.5	-4.0	-3.6	-3.4	-2.9
Trade balance (percent of GDP)	8.7	8.8	6.2	5.3	6.1	6.3	5.9	5.8	5.5	5.7	6.2
WAEMU gross official reserves (billions of US$)	10.5	13.0	...	14.9	...	...	...	...	...	...	...
(percent of broad money)	60.6	69.8	...	69.1	...	...	...	...	...	...	...
(months of WAEMU imports of GNFS)	3.9	3.8	...	4.3	...	...	...	...	...	...	...
Nominal GDP (billions of CFA francs)	20,931	22,151	23,892	23,900	25,957	25,955	28,308	30,786	33,411	36,202	39,211
Exchange rate (CFAF/US$) average	593.0	580.9	...	555.2	...	...	...	...	...	...	...
Exchange rate (CFAF/US$) end-of-period	622.3	546.9	...	562.7	...	...	...	...	...	...	...

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

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

Table 2b. Côte d'Ivoire: Balance of Payments, 2016–24

(Percent of GDP; unless otherwise indicated)

	2016	2017	2018		2019		2020	2021	2022	2023	2024
			Prog.	Est.	Prog.	Proj.	Projection				
Current account	-1.2	-2.7	-3.9	-4.7	-3.7	-3.5	-3.3	-3.1	-2.9	-2.8	-2.7
Current account excl. grants	-2.6	-3.9	-5.1	-5.7	-4.8	-4.8	-4.5	-4.0	-3.6	-3.4	-2.9
Trade balance	8.7	8.8	6.2	5.3	6.1	6.3	5.9	5.8	5.5	5.7	6.2
Exports, f.o.b.	30.8	31.1	34.0	27.4	34.0	27.2	27.4	27.3	27.5	28.0	28.2
Of which: cocoa	13.1	13.1	14.5	10.6	14.4	10.1	9.7	9.2	8.6	8.2	7.7
Of which: crude oil and refined oil products	4.1	4.7	4.7	4.7	5.1	4.6	4.7	4.4	4.2	4.0	3.8
Imports, f.o.b.	22.1	22.3	27.9	22.1	27.9	20.9	21.5	21.5	21.9	22.3	22.0
Of which: crude oil and refined oil products	5.4	4.2	10.2	5.5	10.1	5.0	4.7	4.6	4.6	4.6	4.5
Services (net)	-5.6	-6.2	-6.2	-4.8	-6.1	-4.6	-4.4	-4.4	-4.4	-4.4	-4.4
Primary Income (net)	-3.0	-4.0	-2.9	-4.0	-2.7	-4.1	-3.7	-3.4	-2.7	-2.7	-2.7
Of which: interest on public debt	0.8	0.8	0.9	1.0	1.2	1.2	1.3	1.2	1.2	1.2	1.2
Secondary Income (net)	-1.2	-1.4	-0.9	-1.3	-1.0	-1.2	-1.1	-1.1	-1.3	-1.4	-1.8
General Government	0.4	0.4	1.3	1.0	1.2	1.2	1.2	1.0	0.7	0.6	0.2
Other Sectors	-1.6	-1.8	-2.2	-2.3	-2.2	-2.4	-2.3	-2.1	-2.0	-2.0	-2.0
Capital and financial account	0.2	4.2	5.0	5.5	3.7	3.5	4.0	4.1	3.7	4.4	3.8
Capital account	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2
Financial account (excl. exceptional financing)	-0.3	3.7	4.5	5.1	3.3	3.1	3.7	3.8	3.4	4.1	3.6
Foreign direct investment	1.6	0.8	1.6	1.4	1.6	1.4	1.5	1.5	1.5	1.5	1.6
Portfolio investment, net	1.7	3.5	4.9	3.9	2.5	1.8	0.8	2.1	0.7	2.0	1.2
Acquisition of financial assets	-0.1	-0.1	0.3	0.1	0.3	-0.2	-0.1	0.0	0.0	0.0	0.0
Incurrence of liabilities	1.8	3.7	4.6	3.8	2.2	2.0	0.9	2.1	0.8	2.0	1.2
Of which: Eurobonds	0.0	5.2	4.7	4.7	1.9	1.9	0.0	1.6	0.0	1.4	0.0
Other investment, net	-3.5	-0.6	-2.0	-0.1	-0.9	-0.1	1.3	0.3	1.2	0.6	0.8
Official, net	0.3	-0.6	1.1	1.4	0.7	0.9	0.7	1.2	1.2	1.1	0.3
Project loans	1.3	2.2	2.4	2.4	2.1	2.3	2.0	2.1	2.1	2.0	2.1
Central government amortization due	-1.3	-3.2	-1.2	-1.2	-1.4	-1.3	-1.3	-0.8	-0.9	-0.9	-1.7
Net acquisition of financial assets	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Nonofficial, net	-3.9	0.0	-3.1	-1.6	-1.6	-1.0	0.6	-0.9	0.0	-0.5	0.5
Errors and omissions	-0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-1.2	1.7	1.1	0.8	0.0	-0.1	0.6	1.0	0.8	1.6	1.2
Financing	1.2	-1.7	-1.1	-0.8	0.0	0.1	-0.6	-1.0	-0.8	-1.6	-1.2
Reserve assets, includes reserve position in the Fund	1.2	-1.7	-1.8	-0.8	-0.9	-0.7	-0.9	-1.3	-0.8	-1.6	-1.2
Operations account	1.1	-2.1	-1.7	-1.1	-0.6	-0.4	-0.6	-0.9	-0.5	-1.3	-0.9
IMF (net)	0.1	0.4	0.0	0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2
Disbursements	0.3	0.7	0.3	0.6	...	...	...	...	...	...	...
Repayments	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2
Financing gap	0.0	0.0	0.7	0.0	0.9	0.8	0.3	0.2	0.0	0.0	0.0
Expected financing (excluding IMF)	...	...	0.3	...	0.3	0.2	0.3	0.2	0.0	0.0	0.0
Residual gap/ IMF financing, *of which*	...	...	0.3	...	0.6	0.6	...	...	...	...	...
IMF-ECF [1/]	...	...	0.1	...	0.2	0.2	...	...	...	...	...
IMF-EFF [1/]	...	...	0.2	...	0.4	0.4	...	...	...	...	...
Memorandum items:											
Overall balance	-1.2	1.0	1.1	0.8	0.0	-0.1	0.6	1.0	0.8	1.6	1.2
Current account inc. grants	-1.2	-3.8	-3.9	-4.7	-3.7	-3.5	-3.3	-3.1	-2.9	-2.8	-2.7
Current account exc. grants	-2.6	-5.3	-5.1	-5.7	-4.8	-4.8	-4.5	-4.0	-3.6	-3.4	-2.9
Trade balance	8.7	6.5	6.2	5.3	6.1	6.3	5.9	5.8	5.5	5.7	6.2
WAEMU gross official reserves (billions of US$)	10.5	13.0	...	14.9	...	...	...	...	...	...	...
(percent of broad money)	60.6	69.8	...	69.1	...	...	...	...	...	...	...
(months of WAEMU imports of GNFS)	3.9	3.8	...	4.3	...	...	...	...	...	...	...
Nominal GDP (billions of CFA francs)	20,931	22,151	23,892	23,900	25,957	25,955	28,308	30,786	33,411	36,202	39,211
Exchange rate (CFAF/US$) average	593.0	580.9	...	555.2	...	...	...	...	...	...	...
Exchange rate (CFAF/US$) end-of-period	622.3	546.9	...	562.7	...	...	...	...	...	...	...

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

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

Table 3a. Côte d'Ivoire: Fiscal Operations of the Central Government, 2017–24

(Billions of CFA francs, unless otherwise indicated)

	2017	2018		2019		2020	2021	2022	2023	2024
		Prog.	Est.	Prog.	Proj.	Projections				
Total revenue and grants	4,510.9	4,879.4	4,750.8	5,333.6	5,256.2	5,771.9	6,292.3	6,842.1	7,454.3	8,069.9
Total revenue	4,244.8	4,576.3	4,504.6	5,031.0	4,942.5	5,444.9	5,993.4	6,611.6	7,242.7	7,975.7
Tax revenue	3,648.3	3,947.3	3,869.1	4,416.3	4,326.6	4,769.7	5,236.7	5,770.5	6,331.2	6,988.5
Non-earmarked taxes	3,458.1	3,727.6	3,651.1	4,145.7	4,098.7	4,521.3	4,988.2	5,470.0	6,005.7	6,605.9
Direct taxes	948.3	1,091.0	1,093.9	1,257.1	1,275.4	1,410.9	1,563.7	1,713.9	1,854.9	2,039.2
Indirect taxes	2,509.8	2,636.6	2,557.2	2,888.6	2,823.3	3,110.4	3,424.5	3,756.1	4,150.8	4,566.7
Earmarked taxes	190.2	219.7	218.0	270.7	227.8	248.5	248.5	300.5	325.6	382.6
Nontax revenue	596.5	629.1	635.6	614.7	615.9	675.2	756.7	841.2	911.4	987.2
Grants, *of which*	266.1	303.0	246.2	302.6	313.7	327.0	299.0	230.5	211.6	94.2
Project grants	115.2	144.3	87.4	143.9	143.9	157.1	140.0	70.0	50.0	40.0
Total expenditure	5,509.3	5,833.7	5,695.0	6,124.6	6,046.4	6,617.2	7,182.2	7,817.2	8,521.8	9,218.4
Current expenditure	3,982.4	4,174.8	4,147.7	4,402.8	4,414.7	4,777.1	5,152.6	5,648.9	6,093.5	6,655.0
Wages and salaries	1,512.3	1,635.4	1,621.9	1,720.8	1,720.8	1,824.8	1,980.8	1,971.8	2,076.5	2,152.4
Social security benefits	263.7	301.7	296.3	330.3	323.7	375.0	409.4	563.9	663.0	763.9
Subsidies and other current transfers	430.1	405.5	403.7	391.2	400.1	447.8	508.5	607.4	673.0	758.7
Other current expenditure	1,060.8	1,157.0	1,141.0	1,149.2	1,187.5	1,296.1	1,409.6	1,529.8	1,657.6	1,795.4
Expenditure corresponding to eamarked taxes	190.2	219.7	218.0	270.7	227.8	248.5	248.5	300.5	325.6	382.6
Crisis-related expenditure[1/]	145.7	29.4	32.6	24.6	22.7	5.0	5.0	5.0	5.0	5.0
Interest due	379.5	426.2	434.2	516.1	532.1	579.8	590.9	670.6	692.8	797.0
On domestic debt	203.6	217.8	206.1	210.3	211.6	217.1	221.2	254.2	266.7	321.2
On external debt	175.8	208.4	228.0	305.7	320.5	362.8	369.7	416.4	426.2	475.8
Capital expenditure	1,526.8	1,658.9	1,547.2	1,721.9	1,631.6	1,840.1	2,029.6	2,168.3	2,428.3	2,563.4
Domestically financed	927.2	948.4	891.2	1,022.4	895.7	1,107.1	1,256.1	1,396.8	1,641.7	1,713.2
Foreign-financed, *of which*	599.6	710.5	656.0	699.5	735.9	733.0	773.4	771.5	786.6	850.3
Foreign loan-financed	484.4	566.2	568.6	555.6	592.0	575.9	633.4	701.5	736.6	810.3
Primary basic balance	-281.4	-119.7	-99.2	122.0	164.1	140.5	175.5	236.5	200.3	404.5
Overall balance, including grants	-998.3	-954.3	-944.2	-791.1	-790.2	-845.3	-889.9	-975.1	-1,067.6	-1,148.5
Overall balance, excluding grants	-1,264.5	-1,257.3	-1,190.3	-1,093.6	-1,103.9	-1,172.3	-1,188.9	-1,205.6	-1,279.1	-1,242.7
Change in domestic arrears and float (excl. on debt service)	-200.2	-106.6	-109.7	-25.0	-25.0	-25.0	-25.0	0.0	0.0	0.0
Overall balance (cash basis)	-1,198.5	-1,060.9	-1,053.9	-816.1	-815.2	-870.3	-914.9	-975.1	-1,067.6	-1,148.5
Financing	1,198.5	1,060.9	1,053.9	816.1	815.2	870.3	914.9	975.1	1,067.6	1,148.5
Domestic financing	74.3	-444.1	136.5	-289.4	-192.0	65.4	-330.7	63.7	-319.4	77.1
Bank financing (net)	65.9	-467.7	203.0	-327.6	-284.3	23.3	-376.5	14.0	-373.2	18.8
Nonbank financing (net)	8.5	23.6	-66.5	38.3	92.2	42.1	45.8	49.7	53.8	58.3
External financing	1,124.2	1,348.0	917.4	884.5	797.0	730.2	1,171.2	911.4	1,386.9	1,071.4
Regional financing (WAEMU)	96.7	-43.9	-551.6	194.2	47.3	516.2	299.2	506.2	462.4	932.6
Foreign financing (net)	1,027.4	1,391.9	1,469.0	690.3	749.7	214.0	872.0	405.3	924.5	138.8
Financing gap (+ deficit / – surplus)	0.0	156.9	0.0	221.0	210.1	74.7	74.3	0.0	0.0	0.0
Expected financing (excluding IMF)	...	81.0	...	68.4	55.0	74.7	74.3	0.0	0.0	0.0
Residual gap/IMF financing, *of which*	...	76.0	...	152.5	155.1	...	...	...	...	...
IMF-ECF[2/]	...	25.3	...	50.8	51.7	...	...	...	...	...
IMF-EFF[2/]	...	50.6	...	101.7	103.4	...	...	...	...	...
Memorandum items:										
Nominal GDP	22,151	23,892	23,900	25,957	25,955	28,308	30,786	33,411	36,202	39,211
External debt (central government)	6,765	8,766	8,722	9,564	9,798	9,986	10,712	11,011	11,845	12,308
Pro-poor spending (including foreign financed)	2,110	2,291	2,361	2,505	2,505	2,761	3,033	3,292	3,567	3,863

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

1/ In 2017, includes one-off payments to soldiers of about FCFA 101 billion.

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

Table 3b. Côte d'Ivoire: Fiscal Operations of the Central Government, 2017–24

(Percent of GDP, unless otherwise indicated)

	2017	2018		2019		2020	2021	2022	2023	2024
		Prog.	Est.	Prog.	Proj.	Projections				
Total revenue and grants	20.4	20.4	19.9	20.5	20.3	20.4	20.4	20.5	20.6	20.6
Total revenue	19.2	19.2	18.8	19.4	19.0	19.2	19.5	19.8	20.0	20.3
Tax revenue	16.5	16.5	16.2	17.0	16.7	16.8	17.0	17.3	17.5	17.8
Non-earmarked taxes	15.6	15.6	15.3	16.0	15.8	16.0	16.2	16.4	16.6	16.8
Direct taxes	4.3	4.6	4.6	4.8	4.9	5.0	5.1	5.1	5.1	5.2
Indirect taxes	11.3	11.0	10.7	11.1	10.9	11.0	11.1	11.2	11.5	11.6
Earmarked taxes	0.9	0.9	0.9	1.0	0.9	0.9	0.8	0.9	0.9	1.0
Nontax revenue	2.7	2.6	2.7	2.4	2.4	2.4	2.5	2.5	2.5	2.5
Grants, *of which*	1.2	1.3	1.0	1.2	1.2	1.2	1.0	0.7	0.6	0.2
Project grants	0.5	0.6	0.4	0.6	0.6	0.6	0.5	0.2	0.1	0.1
Total expenditure	24.9	24.4	23.8	23.6	23.3	23.4	23.3	23.4	23.5	23.5
Current expenditure	18.0	17.5	17.4	17.0	17.0	16.9	16.7	16.9	16.8	17.0
Wages and salaries	6.8	6.8	6.8	6.6	6.6	6.4	6.4	5.9	5.7	5.5
Social security benefits	1.2	1.3	1.2	1.3	1.2	1.3	1.3	1.7	1.8	1.9
Subsidies and other current transfers	1.9	1.7	1.7	1.5	1.5	1.6	1.7	1.8	1.9	1.9
Other current expenditure	4.8	4.8	4.8	4.4	4.6	4.6	4.6	4.6	4.6	4.6
Expenditure corresponding to eamarked taxes	0.9	0.9	0.9	1.0	0.9	0.9	0.8	0.9	0.9	1.0
Crisis-related expenditure[1/]	0.7	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Interest due	1.7	1.8	1.8	2.0	2.0	2.0	1.9	2.0	1.9	2.0
On domestic debt	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.8	0.7	0.8
On external debt	0.8	0.9	1.0	1.2	1.2	1.3	1.2	1.2	1.2	1.2
Capital expenditure	6.9	6.9	6.5	6.6	6.3	6.5	6.6	6.5	6.7	6.5
Domestically financed	4.2	4.0	3.7	3.9	3.5	3.9	4.1	4.2	4.5	4.4
Foreign-financed, *of which*	2.7	3.0	2.7	2.7	2.8	2.6	2.5	2.3	2.2	2.2
Foreign loan-financed	2.2	2.4	2.4	2.1	2.3	2.0	2.1	2.1	2.0	2.1
Primary basic balance	-1.3	-0.5	-0.4	0.5	0.6	0.5	0.6	0.7	0.6	1.0
Overall balance, including grants	-4.5	-4.0	-4.0	-3.0	-3.0	-3.0	-2.9	-2.9	-2.9	-2.9
Overall balance, excluding grants	-5.7	-5.3	-5.0	-4.2	-4.3	-4.1	-3.9	-3.6	-3.5	-3.2
Change in domestic arrears and float (excl. on debt service)	-0.9	-0.4	-0.5	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0
Overall balance (cash basis)	-5.4	-4.4	-4.4	-3.1	-3.1	-3.1	-3.0	-2.9	-2.9	-2.9
Financing	5.4	4.4	4.4	3.1	3.1	3.1	3.0	2.9	2.9	2.9
Domestic financing	0.3	-1.9	0.6	-1.1	-0.7	0.2	-1.1	0.2	-0.9	0.2
Bank financing (net)	0.3	-2.0	0.8	-1.3	-1.1	0.1	-1.2	0.0	-1.0	0.0
Nonbank financing (net)	0.0	0.1	-0.3	0.1	0.4	0.1	0.1	0.1	0.1	0.1
External financing	5.1	5.6	3.8	3.4	3.1	2.6	3.8	2.7	3.8	2.7
Regional financing (WAEMU)	0.4	-0.2	-2.3	0.7	0.2	1.8	1.0	1.5	1.3	2.4
Foreign financing (net)	4.6	5.8	6.1	2.7	2.9	0.8	2.8	1.2	2.6	0.4
Financing gap (+ deficit / – surplus)	0.0	0.7	0.0	0.9	0.8	0.3	0.2	0.0	0.0	0.0
Expected financing (excluding IMF)	...	0.3	...	0.3	0.2	0.3	0.2	0.0	0.0	0.0
Residual gap/IMF financing, of which	...	0.3	...	0.6	0.6	...	...	...	...	...
IMF-ECF [2/]	...	0.1	...	0.2	0.2	...	...	...	...	...
IMF-EFF [2/]	...	0.2	...	0.4	0.4	...	...	...	...	...
Memorandum items:										
External debt (central government)	30.5	36.7	36.5	36.8	37.8	35.3	34.8	33.0	32.7	31.4
Pro-poor spending (including foreign financed)	9.5	9.6	9.9	9.7	9.7	9.8	9.9	9.9	9.9	9.9

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

[1/] In 2017, includes one-off payments to soldiers of about 0.5 percent of GDP.

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

Table 4. Côte d'Ivoire: Monetary Survey, 2016–24

	2016	2017	2018	2019	2020	2021	2022	2023	2024
				Projections					
	(Billions of CFA francs)								
Net foreign assets	1,753	1,763	2,032	2,202	2,441	2,819	3,076	3,643	4,107
Central bank	1,399	1,551	1,702	2,122	2,561	3,139	3,686	4,253	4,718
Banks	354	212	330	80	-120	-320	-610	-610	-610
Net domestic assets	6,593	7,316	8,275	9,240	10,405	11,327	12,793	14,056	15,909
Net credit to the government	1,727	1,983	2,320	2,361	2,471	2,198	2,309	2,038	2,152
Central Bank	487	450	421	568	475	382	289	196	103
Banks	1,240	1,534	1,899	1,793	1,995	1,816	2,020	1,842	2,049
Credit to the economy	5,468	6,300	7,009	7,933	8,988	10,184	11,538	13,073	14,811
Crop credits	425	439	752	766	806	828	841	870	884
Other credit (including customs bills)	5,043	5,861	6,257	7,168	8,183	9,356	10,697	12,202	13,927
Other items (net) (assets = +)	-601	-967	-1,054	-1,054	-1,054	-1,054	-1,054	-1,054	-1,054
Broad money	8,346	9,079	10,307	11,442	12,845	14,146	15,869	17,699	20,017
Currency in circulation	2,500	2,521	2,671	2,851	3,200	3,524	3,953	4,409	4,987
Deposits	5,844	6,553	7,634	8,589	9,642	10,618	11,911	13,285	15,024
Other deposits	3	5	3	3	4	4	4	5	6
Memorandum item:									
Velocity of circulation	2.5	2.4	2.3	2.3	2.2	2.2	2.1	2.0	2.0
	(Changes in percent of beginning-of-period broad money)								
Net foreign assets	-0.7	0.1	3.0	1.6	2.1	2.9	1.8	3.6	2.6
Net domestic assets	10.8	8.7	10.6	9.4	10.2	7.2	10.4	8.0	10.5
Net credit to the government	3.4	3.1	3.7	0.4	1.0	-2.1	0.8	-1.7	0.6
Central bank	-1.0	-0.4	-0.3	1.4	-0.8	-0.7	-0.7	-0.6	-0.5
Banks	4.4	3.5	4.0	-1.0	1.8	-1.4	1.4	-1.1	1.2
Credit to the economy	8.5	10.0	7.8	9.0	9.2	9.3	9.6	9.7	9.8
Broad money	10.1	8.8	13.5	11.0	12.3	10.1	12.2	11.5	13.1
	(Changes in percent of previous end-of-year)								
Net foreign assets	-2.9	0.5	15.3	8.4	10.8	15.5	9.1	18.4	12.8
Net domestic assets	14.2	11.0	13.1	11.7	12.6	8.9	12.9	9.9	13.2
Net credit to the government	17.5	14.9	17.0	1.8	4.6	-11.1	5.1	-11.7	5.6
Central bank	-13.3	-7.7	-6.3	34.9	-16.4	-19.6	-24.4	-32.2	-47.5
Banks	36.5	23.7	23.8	-5.6	11.3	-9.0	11.3	-8.8	11.2
Credit to the economy	13.3	15.2	11.3	13.2	13.3	13.3	13.3	13.3	13.3
Broad money	10.1	8.8	13.5	11.0	12.3	10.1	12.2	11.5	13.1

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, 2014–18

(Percent)

	2014	2015	2016	2017	2018 June
Capital adequacy					
Regulatory capital to risk-weighted assets (CAR)	10.0	8.7	7.9	9.0	8.9
Regulatory tier 1 capital to risk-weighted assets	8.7	7.1	6.9	7.9	8.2
General provisions to risk-weighted assets	8.4	9.5	7.1	6.6	6.0
Capital to total assets	5.5	3.9	4.3	5.1	5.8
Asset quality					
Total loans to total assets	54.8	57.1	57.3	57.3	56.6
Concentration: Loans to the 5 biggest borrowers to capital	70.6	145.8	129.1	108.9	98.4
Sectoral composition of loans [1/]					
Agriculture, forestry and fisheries	5.6	5.9	6.4	8.0	8.2
Extractive industries	2.6	2.3	2.2	1.5	1.1
Manufacturing industries	24.6	25.1	24.1	23.9	21.7
Electricity, water, gas	4.7	6.3	8.4	11.2	12.1
Construction, public works	3.2	3.3	5.9	6.0	5.8
Commerce, restaurants, hotels	34.3	31.6	27.3	21.9	25.4
Transport, storage and communications	10.1	9.3	11.4	13.9	14.1
Insurance, real estate, business services	9.8	11.4	8.5	7.9	7.1
Miscellaneous services	5.1	4.8	5.8	5.7	4.5
Non-performing loans to total gross loans	10.6	10.4	9.1	9.8	8.5
General provisions to non-performing loans	72.6	66.6	70.5	63.0	75.8
Non-performing loans net of provisions to total loans	3.2	3.7	2.9	3.8	2.2
Non-performing loans net of provisions to capital	31.7	54.2	37.6	43.0	21.4
Earnings and profitability [2/]					
Average cost of borrowed funds	2.1	2.0	2.1	2.1	...
Average interest rate on loans	9.7	9.2	8.9	8.6	...
Average interest rate margin [3/]	7.6	7.2	6.8	6.5	...
Return on assets (ROA) net of tax	1.5	1.4	1.6	1.4	...
Return on average equity (ROE) net of tax	24.4	24.5	29.2	21.5	...
Non-interest expenses to net banking income	62.2	59.6	57.5	55.6	...
Personnel expenses to net banking income	27.3	26.3	25.5	23.8	...
Liquidity					
Liquid assets to total assets	35.6	35.5	33.7	32.0	31.4
Liquid assets to total deposits	48.4	48.6	48.1	46.9	44.2
Total loans to total deposits	80.6	84.1	87.2	89.5	85.3
Total deposits to total liabilities	73.67	72.95	70.16	68.21	71.00

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, 2016–24
(Billions of CFA francs)

	2016	2017	2018		2019		2020	2021	2022	2023	2024
			Prog.	Est.	Prog.	Est.	Projections				
External financing requirements	-514	-1,975	-2,327	-2,176	-1,689	-1,706	-1,067	-1,596	-1,020	-1,536	-993
Current account balance (excluding official transfers)	-538	-874	-1,225	-1,370	-1,251	-1,235	-1,269	-1,245	-1,189	-1,221	-1,136
Amortization and net acquisition of financial assets	-283	-723	-302	-303	-378	-355	-374	-274	-309	-324	-684
Fund repayments	-34	-63	-82	-82	-85	-85	-86	-103	-98	-102	-95
Private capital, net	110	147	-302	-157	173	75	833	318	749	577	1,292
Change in official reserves without IMF (- = increase)	231	-461	-415	-264	-148	-107	-170	-292	-174	-466	-370
Available financing	514	1,975	2,170	2,176	1,468	1,496	992	1,521	1,020	1,536	993
Capital transfers	111	112	108	89	110	90	89	89	88	88	88
Project financing	262	486	567	569	556	592	576	633	702	737	810
Eurobond	0	1,144	1,115	1,115	500	500	0	500	0	500	0
Fund disbursements	57	145	77	157	0	0	0	0	0	0	0
Official transfers	83	88	303	246	303	314	327	299	230	212	94
Financing gap	0	0	-157	0	-221	-210	-75	-74	0	0	0
Expected financing	...	...	81.0	...	68.4	55.0	74.7	74.3	0.0	0.0	0.0
World Bank	...	...	60.0	...	55.0	55.0	56.6	...	...	...	...
AfDB	...	...	0.0	...	0.0	0.0	0.0	...	...	...	...
EU	...	...	21.0	...	13.4	0.0	18.1	...	...	...	...
Residual gap / IMF financing [1/]	...	...	76.0	...	152.5	155.1	...	...	...	...	...
IMF-ECF Financing	...	...	25.3	...	50.8	51.7	...	...	...	...	...
IMF-EFF Financing	...	...	50.6	...	101.7	103.4	...	...	...	...	...

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, 2016–24
(Percent of GDP, unless otherwise indicated)

	2016	2017	2018		2019		2020	2021	2022	2023	2024
			Prog.	Est.	Prog.	Proj.	Projections				
External financing requirements	-2.5	-8.9	-9.7	-9.1	-6.5	-6.6	-3.8	-5.2	-3.1	-4.2	-2.5
Current account balance (excluding official transfers)	-2.6	-3.9	-5.1	-5.7	-4.8	-4.8	-4.5	-4.0	-3.6	-3.4	-2.9
Amortization and net acquisition of financial assets	-1.4	-3.3	-1.3	-1.3	-1.5	-1.4	-1.3	-0.9	-0.9	-0.9	-1.7
Fund repayments	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2
Private capital, net	0.5	0.7	-1.3	-0.7	0.7	0.3	2.9	1.0	2.2	1.6	3.3
Change in official reserves without IMF (- = increase)	1.1	-2.1	-1.7	-1.1	-0.6	-0.4	-0.6	-0.9	-0.5	-1.3	-0.9
Available financing	2.5	8.9	9.1	9.1	5.7	5.8	3.5	4.9	3.1	4.2	2.5
Capital transfers	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2
Project financing	1.3	2.2	2.4	2.4	2.1	2.3	2.0	2.1	2.1	2.0	2.1
Eurobond	0.0	5.2	4.7	4.7	1.9	1.9	0.0	1.6	0.0	1.4	0.0
Fund disbursements	0.3	0.7	0.3	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Official transfers	0.4	0.4	1.3	1.0	1.2	1.2	1.2	1.0	0.7	0.6	0.2
Financing gap	0.0	0.0	-0.7	0.0	-0.9	-0.8	-0.3	-0.2	0.0	0.0	0.0
Expected financing	...	...	0.3	...	0.3	0.2	0.3	0.2	0.0	0.0	0.0
World Bank	...	...	0.3	...	0.2	0.2	0.2	...	...	...	...
AfDB	...	...	0.0	...	0.0	0.0	0.0	...	...	...	...
EU	...	...	0.1	...	0.1	0.0	0.1	...	...	...	...
Residual gap / IMF financing [1/]	...	...	0.3	...	0.6	0.6	...	...	...	...	...
IMF-ECF Financing	...	...	0.1	...	0.2	0.2	...	...	...	...	...
IMF-EFF Financing	...	...	0.2	...	0.4	0.4	...	...	...	...	...
Nominal GDP (billions of CFA francs)	20,931	22,151	23,892	23,900	25,957	25,955	28,308	30,786	33,411	36,202	39,211

Sources: Ivoirien authorities; and IMF staff estimates and projections.
1/ Numbers may not sum up exactly because of rounding.

Table 7. Côte d'Ivoire: Indicators of Capacity to Repay the Fund, 2019–27

	2019	2020	2021	2022	2023	2024	2025	2026	2027
Fund obligations based on existing credit									
(In millions of SDRs)									
Principal	85.5	112.8	133.4	123.8	128.5	118.6	95.9	81.2	60.2
Charges and interest [1/]	4.9	6.6	6.5	6.2	5.4	4.3	3.2	2.1	1.1
Fund obligations based on existing and prospective credit [2/]									
(In millions of SDRs)									
Principal	85.5	112.8	133.4	123.8	133.8	143.4	130.3	115.6	94.6
Charges and interest [1/]	6.1	9.3	9.3	9.0	8.2	6.9	5.3	3.7	2.2
Total obligations based on existing and prospective credit [2/]									
In millions of SDRs	91.7	122.2	142.7	132.8	142.0	150.2	135.6	119.4	96.9
In billions of CFA francs	73.5	97.6	114.0	106.1	113.4	120.0	108.3	95.4	77.4
In percent of government revenue	1.4	1.7	1.8	1.6	1.5	1.5	1.2	1.0	0.7
In percent of exports of goods and services	1.0	1.2	1.3	1.1	1.0	1.0	0.9	0.7	0.6
In percent of debt service [3/]	10.0	12.0	15.5	13.1	13.5	9.7	7.4	7.0	5.3
In percent of GDP	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.2	0.2
In percent of quota	14.1	18.8	21.9	20.4	21.8	23.1	20.8	18.4	14.9
Outstanding Fund credit									
In millions of SDRs	1,073.8	961.0	827.5	703.7	569.9	426.6	296.3	180.7	86.0
In billions of CFA francs	860.6	767.5	661.1	562.3	455.3	340.8	236.7	144.4	68.7
In percent of government revenue	16.4	13.3	10.5	8.2	6.1	4.2	2.7	1.5	0.7
In percent of exports of goods and services	11.3	9.2	7.3	5.7	4.2	2.9	1.9	1.1	0.5
In percent of debt service	117.7	94.7	90.0	69.4	54.2	27.4	16.1	10.7	4.7
In percent of GDP	3.3	2.7	2.1	1.7	1.3	0.9	0.6	0.3	0.1
In percent of quota	165.1	147.8	127.2	108.2	87.6	65.6	45.6	27.8	13.2
Net use of Fund credit (millions of SDRs)	108.0	-112.8	-133.4	-123.8	-133.8	-143.4	-130.3	-115.6	-94.6
Disbursements	193.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and Repurchases	85.5	112.8	133.4	123.8	133.8	143.4	130.3	115.6	94.6
Memorandum items:									
Nominal GDP (billions of CFA francs)	25,955	28,308	30,786	33,411	36,202	39,211	42,351	45,671	49,016
Exports of goods and services (billions of CFA francs)	7,644	8,330	9,033	9,866	10,895	11,870	12,457	13,016	13,640
Government revenue and grants (billions of CFA francs)	5,256	5,772	6,292	6,842	7,454	8,070	8,770	9,565	10,390
Debt service (billions of CFA francs)	732	811	735	810	840	1,242	1,469	1,354	1,465
CFA francs/SDR (period average)	801	799	799	799	799	799	799	799	799

Sources: IMF staff estimates and projections.

[1/] On December 4, 2018 the IMF Executive Board approved an extension of the modified interest rate setting mechanism which effectively sets interest rates to zero on ECF and SCF through June 30, 2019 and possibly longer. The Board also decided to extend zero interest rate on ESF until end-June 2019 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 30, 2019: projected interest charges between 2019 and 2020 are based on 0/0/0/0.25 percent per annum for the ECF, SCF, RCF and FINFRESF, respectively, and beyond 2020 0/0.25/0/0.25 percent per annum.

[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, 2016–19

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
	Total	650.400	216.800	433.600	100.000	33.333	66.667

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.

Annex I. Risk Assessment Matrix[1]

Sources of Risks	Relative Likelihood	Impact if Realized	Recommended Policy Response
Rising protectionism and retreat from multilateralism	**High**	**Medium/High** Escalating and sustained trade actions and isolationism could reduce international inflows and impede export market access.	Strengthen regional bond markets and trade, rebuild fiscal buffers through revenue mobilization, further improve public financial management, and design prudent public investment plans.
Sharp tightening of global financial conditions	**Low/ Medium**	**Medium/High** Tighter U.S. monetary policy or rising risk premium could jeopardize access to international debt markets, increase funding and debt service costs, and raise the risk of debt distress.	
Weaker-than-expected global growth	**Medium/ High**	**High** The global growth slowdown could reduce infrastructure investments and FDI as well as affect demand for exports.	Improve the business climate to diversify investor base and export markets. Preserve fiscal space for countercyclical policy. Reinforce the banking sector by building up countercyclical capital buffers.
Intensification of security risks in parts of Africa, Asia, Europe, and/or the Middle East	**High**	**Medium/High** Adverse socio-economic impact	Rebuild fiscal buffers, promote inclusive growth and strengthen social safety nets. Facilitate job creation in the private sector.
Large swings in energy prices	**Medium**	**Medium** Supply and demand shocks can cause large and persistent price swings	Automatically adjust domestic retail fuel prices in line with the world energy prices.

[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 listed 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
Adverse weather conditions	**Medium**	**High** Adversely affect agricultural output and exports, lower cocoa tax revenues, increase subsidy needs, and reduce the population's living standards.	Mitigate the impact on poor through targeted fiscal spending and transfers. Monitor second-round effects on inflation.
Financial difficulties of public enterprises and banks	**Medium**	**Low/Medium** Adverse effect on the budget and banking sector.	Restructure loss-making public companies; enhance monitoring of public enterprises; recapitalize and restructure ailing public banks.
Decline in cocoa prices	**Medium**	**High** Adverse impact on cocoa producers, fiscal revenues, and economic growth.	Adjust regulated cocoa prices in line with the world market price.
Policy implementation risks stemming from fragile political and social environment	**High**	**Medium/High** Policy slippage can result in lower than expected revenue mobilization, higher fiscal deficit and financing needs, less resources available for capital expenditure and debt service. A fragile social and political environment could also affect investors' confidence, FDI and economic growth.	Adopt additional revenue mobilization measures, optimize current spending, re-prioritize public investments.

Annex II. Côte d'Ivoire's Program Objectives and IMF Technical Assistance

An extensive agenda of IMF Technical Assistance (TA) has been implemented since the beginning of the ECF/EFF-supported program to advance the program's objectives in line with the National Development Plan. In particular, TA supported the program's goal of strengthening the fiscal position, with a view to sustaining strong growth, reducing poverty, and promoting inclusiveness. TA also supported the program's dual objective of ensuring macroeconomic stability and building resilience to future economic shocks by underpinning fiscal consolidation and debt sustainability and further strengthening the financial sector. So far, the implementation of TA recommendations has been uneven. Actions to enhance revenue administration and public finance management have been relatively more sustained than those targeted at improving the design of the tax system.

To create fiscal space by boosting tax revenue and mobilization, containing current spending and improving the efficiency of government outlays, the following TA was provided:

Tax Policy: Comprehensive TA activities were undertaken in 2012 and 2013 and touched upon all major components of the tax system. It was proposed to prioritize VAT and excise tax reforms, while leaving income tax reforms to the medium term. More recent TA focused on the VAT, the informal economy and property taxation. It was suggested to adopt a multi-year tax reform strategy and expand the VAT base through gradual taxation of the agricultural sector. In particular, recommendations focused on aligning indirect tax rates and tax exemption coverage with WAEMU directives, expanding the tax base, mainly in agriculture, transportation, and real estate, but also in financial services, the digital economy, and telecommunication. It was recommended to rationalize investment tax incentives including through better targeting and clearer design.[1,2,3] The adoption of the recommended measures has been protracted. However, some indirect tax rates (e.g., excise rates on beverages and tobacco, VAT rate on tobacco) were more closely aligned with regional directives in the 2018 and 2019 budgets. In addition, the plan to rationalize tax exemptions adopted in March 2019 built on some of the TA recommendations. The government has also established the Tax Reform committee to improve the dialogue with the private sector on tax policy reforms.

Revenue Administration: TA has aimed at improving monitoring, supervision, control, and risk analysis. The implementation of measures was accompanied by improved revenue performance since 2012. Control functions of the revenue administration are improving, with risk analysis integrated into the tax audit system and firms mandated to produce certified financial statements. Recommendations have also focused on the following three main aspects:

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[1]Fossat, P., V. de Paul Koukpaïzan, and G. Chambas (2012), "Côte d'Ivoire–Poursuite de la modernisation de l'administration fiscale." IMF Technical Assistance Report.

[2]Mansour M., C. Waerzeggers, and J.-F. Brun (2013), "La Poursuite des réformes de la politique fiscale." IMF Technical Assistance Report.

[3]Rota-Graziosi, G. G. Gilbert, and S. Leduc (2018). "Côte d'Ivoire. La Taxe sur la valeur ajoutée, la fiscalisation du secteur informel et l'impôt foncier." IMF Technical Assistance Report, October.

- *Modernizing tax and customs administration* through targeted streamlining of the tax registry and improving the IT system.[4] Increasing the VAT threshold was recommended as key to improving revenue administration performance over the medium term. Other areas of recommendations focused on dematerializing customs clearance procedures, simplifying custom transit and strengthening monitoring, and optimizing control of custom values.[5,6] In relation to these recommendations, progress has been made in restructuring and modernizing the tax and customs administrations, enhancing compliance and taxpayer base reliability, and reducing informality. The restructuring of the DGI's organization (including strengthening HQ functions and establishing Medium Taxpayer Offices), implemented digitalization measures (see below), improvement in the risk-based tax audit, and launch of the taxpayer census (e.g., to identify property owners and taxpayers of various taxes in several communities) are some examples of these efforts. Moreover, benefiting from TA support, VAT refund processing improved significantly. However, the recommended increase in the VAT threshold has not been implemented yet.

- *Digitalizing the tax administration.* TA activities are focused on fully instituting electronic payment of taxes, improving the DGI's capacity to collect and analyze tax data, implementing a single taxpayer identification number and transiting of existing firms to the new system, as well as securing digital transactions.[7] Following the 2018 Hackathon that grouped national, regional, and international representatives from both the private and public sectors, the authorities have accelerated these efforts. On-line tax filing and payment has been generalized to all large and medium firms in 2018, increasing their overall compliance rate from 36 percent in January 2018 to 78 percent in December 2018. Moreover, all new firms now receive a unique tax identification number.

- *Modernizing the management of human resources* through redesigning managerial procedures and staff evaluation guidance, enhancing skills and competencies, reducing fragmentation, improving communication, and building closer relationships with taxpayers.[8,9]

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[4]Schlotterbeck, S., F. Gheriss, A. Soubrie, and S. Mani (2018). "Côte d'Ivoire. Action Plan for the Implantation of the February 2018 Hackathon's Winning Solutions." IMF Technical Assistance Report, October.

[5]Montagnat-Rentier, G., G. Parent, and J. Barnett (2017). "Côte d'Ivoire. Poursuite de la modernisation de l'administration douanière." IMF Technical Assistance Report, July.

[6]Bremeersch, C. (2019). "Côte d'Ivoire. Poursuite de la modernisation de l'administration douanière." IMF Technical Assistance Report, February.

[7]Schlotterbeck, S., F. Gheriss, A. Soubrie, and S. Mani (2018). "Côte d'Ivoire. Action Plan for the Implantation of the February 2018 Hackathon's Winning Solutions." IMF Technical Assistance Report, October.

[8]Andre, N. (2018). "Côte d'Ivoire. Modernisation de la gestion des ressources humaines à la Direction Générale des Impôts." IMF Technical Assistance Report, December.

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

Public Financial Management: TA has focused on improving fiscal transparency and accountability, containing fiscal risks, and strengthening public investment management. The main recommendations targeted the following areas:

- *Increasing transparency of public finance* through strengthening the framework for cash advances, consolidating revenues in the Treasury Single Account by curbing the recourse to unorthodox spending procedures, improving information-sharing and controls across government units,[10] extending coverage of financial reporting beyond the central government, improving data availability and compatibility (e.g., publication of financial data and their reconsolidation reports), and enhancing internal and external communication within administration entities and with the general public.[11] With respect to implementation, progress towards enhancing transparency in the execution of expenditure and revenue collection was achieved as more revenue and expenditure transactions were moved to the Treasury Single Account with the closing of commercial bank accounts.

- *Enhancing management of fiscal risks related to SOEs, PPPs, local governments, and extra-budgetary funds* through their more systematic and comprehensive identification, analysis, and communication (e.g., fiscal risk reports). Other key recommendations include strengthening the strategic role and capacities of the General Directorate of Public Enterprises (DGSP), as well as improving communication across all shareholders.[12] Progress has been achieved in improving management of fiscal risk related to PPPs and SOEs (including by preparing a report).[13] The capacities of the DGSP and communication have been strengthening. The draft fiscal risks statement is an example of best regional practices.

- *Reinforcing the surveillance and management of SOEs* (beginning with the largest ones) through the development of monitoring tools, stronger oversight of performance contracts, greater accountability of all stakeholders, and better leveraging of the strategic role played by the DGSP.[14] The authorities have enhanced the monitoring of SOE financial and debt performance (including by producing a summary table on SOEs debt service and continuing to publish reports on strategic SOEs).

- *Strengthening Public Investment Management* through tighter coordination on the National Development Plan between the central government and local governments, better integration between planning and budgeting (e.g., implementation of multi-year

[10]Roumegas, Pierre (2015). "Côte d'Ivoire: Appui à l'amélioration de la balance générale des comptes de l'Etat." IMF Technical Assistance Report AFRITAC de l'ouest, June.

[11]Wiest, B., M.-L. Lelong, P. Rouegas, et C. Wendling (2019). "Côte d'Ivoire: Renforcer la transparence et valoriser l'information portant sur les Finances Publiques." IMF Technical Assistance Report, January.

[12]Gonguet, F., T. Kurkdjian, C. Mungenast, and R. Tapsoba (2017). "Cote d'Ivoire. Moderniser l'analyse, le suivi et la communication sur les risques budgétaires." IMF Technical Assistance Report, September.

[13]Queyranne, M., B. Wiest, J.-Y. Gacon, and V. Piron (2017). "Cote d'Ivoire. Gestion des risques budgétaires liés aux partenariats public-privé." IMF Technical Assistance Report, March.

[14]Tenne, A. (2018). "Cote d'Ivoire. Surveillance des entreprises publiques : suivi et analyse de la performance et des risques." IMF Technical Assistance Report, October.

commitment budgeting tool); and intensified risk monitoring (e.g., control of recurrent investment costs, financial transparency and strategic management of PPPs).[15]

***Debt management*: To help foster a sustainable level of public debt, TA also centered on strengthening debt management and sharpening tools for debt sustainability assessment (DSA)**. The authorities received support in developing and implementing a Medium-Term Debt Management Strategy,[16] which informed the need to lengthen the maturity profile of domestic debt and increase the share of external debt denominated in Euros as opposed to U.S. dollars. It was recommended to more closely reflect evolving market conditions and improve the communication of the approved strategy. Broadening the investor base and developing the regional market for sovereign debt were identified as priorities. The authorities also received training on the new DSA framework.

***Statistics*: To better inform economic policy, TA was delivered to strengthen the statistical system**. To help enhance the visibility of fiscal operations by extending the perimeter of fiscal accounts, ongoing TA in fiscal statistics is focused on integrating local governments and extrabudgetary units in the fiscal accounts according to GFSM 2001/2014.[17] TA is supporting the elaboration of quarterly national accounts,[18] the construction of high-frequency indicators of economic activity,[19] and the rebasing of GDP from 1996 to 2015 according to the SNA 2008 methodology.[20] It is also helping to improve statistics of the Balance of Payments, including for trade in goods and services and the international investment position.[21] TA recommendations extended to the organizational structure of the National Committee for the Harmonization of External Trade Statistics and contributed to the National Strategy of Statistics, which is expected to secure regular and adequate funding for the National Institute of Statistics (INS).

[15]Fouad, M. F. Gonguet, H. Vu, P. Roumegas, S. Ba. M. Fam, and A. Mfombouot (2017). "Côte d'Ivoire. Evaluation de la Gestions des Investissement Publics—PIMA." IMF Technical Assistance Report, January.

[16]Dissou, O., Rivetti, D., Perez, Joanne, Scipioni, A. (2018). "Côte d'Ivoire. Amélioration des pratiques d'élaboration et de mise en œuvre de la stratégie de la dette à moyen terme." IMF Technical Assistance Report, November.

[17]Kacou, N. (2018) "Côte d'Ivoire. Élargissement du champ de couverture des statistiques de finances publiques selon le Manuel des Statistiques de Finances Publiques 2001/2014." IMF Technical Assistance Report, Novembre.

[18]Ndiaye, F. (2018). "Côte d'Ivoire. Mission d'Assistance Technique en Statistiques de Comptabilité Nationale." IMF Technical Assistance Report, June.

[19]Ngampana, R.F. (2019). "Côte d'Ivoire: Rapport de Mission d'Assistance Technique en Statistiques de Conjoncture." IMF Technical Assistance Report, January.

[20]Couaillac, P. (2019). "Côte d'Ivoire. Rapport de mission d'Assistance Technique en Statistiques de Comptabilité Nationale." IMF Technical Assistance Report, February.

[21]Djoufack, Y.M. (2018). "Côte d'Ivoire. Rapport de la Mission d'Assistance Technique sur les Statistiques du Secteur Extérieur." IMF Technical Assistance Report, November.

Appendix I. Letter of Intent

MINISTRY OF ECONOMY AND FINANCE

THE MINISTER

REPUBLIC OF CÔTE D'IVOIRE

Union-Discipline-Travail

No………… MEF/DGE/DPPSE/SDPPE/AJC

Abidjan, May 22, 2019

The Managing Director
International Monetary Fund
Washington DC 20431

Subject: **Letter of Intent**

Dear Madame Managing Director:

1. **Côte d'Ivoire has had remarkable economic success, ranking among the fastest growing countries in the world**, with an annual average growth rate of 8.8 percent during the period 2012–17. In 2018, economic activity grew an estimated 7.4 percent in a context of deteriorating terms of trade, attesting to the resilience of the Ivorien economy. This momentum can be traced back to the successful implementation of the 2016–20 National Development Plan, which has strengthened the socioeconomic infrastructure and launched the structural transformation of the economy. It is reflected, in particular, in the solid performance of the agri-business industries, which grew by (15.4 percent). As a result of this strong performance, inflation was held to 0.4 percent, below the ceiling of 3 percent established by the WAEMU community standard, and the fiscal and current account deficits were held to 4.0 percent and 4.7 percent of GDP, respectively. Moreover, the banking system remains sound, as reflected in a capital adequacy ratio of 8.79 percent at end-June 2018, above the prudential minimum of 8.625 percent within WAEMU.

2. **These economic results are based primarily on the steady improvement of the business environment and the consolidation of achievements in the area of good governance**. The ambitious reforms implemented by the government, which have focused on a transition to electronic processes and procedures, have enabled Côte d'Ivoire to improve its Doing Business ranking from 139 in 2018 to 122 in 2019 and to move up 45 notches between 2012 and 2019. Côte d'Ivoire is again among the top reforming countries in the world. Its good governance record has been unprecedented according to the 2019 Mo Ibrahim Index report. It is in fact the only country to have progressed in each of the four categories and 14 subcategories of the index, improving from a rank of 41st in 2017 to 22nd in 2018. This has improved the attractiveness of the economy, as reflected in an improvement in the private

investment rate to 13.8 percent in 2018 from 12 percent in. Moreover, approved private investments increased by 50.7 percent, and business start-ups rose by 25.5 percent in 2018, with 14,812 businesses created, relative to 11,800 in 2017. To promote investment in the priority sectors, a new investment code aligned with international standards was adopted in 2018.

3. **The economic outlook remains favorable owing to the gradual diversification of the economy**. The private sector is expected to continue to drive growth, with a steady rise in private investment from 13.8 percent of GDP in 2018 to 15.2 percent in 2019 and 16.0 percent in 2020. The private sector should take advantage of the opportunities offered by the agreements concluded in the context of the G20's Compact with Africa, the Millennium Challenge Corporation (MCC) and C2D. Moreover, the construction of infrastructure in the transportation, telecommunications and energy sectors should improve the competitiveness of the private sector, which should also benefit from the development and opening of industrial zones. The private sector should also benefit from the enhancement of human capital through the implementation of targeted programs and projects to improve the matching between training, jobs and skills development. On the political front, to ensure peaceful presidential elections in 2020, the government is implementing various actions aimed at reassuring players on the Ivorien political stage. A forum for dialogue with all stakeholders has been established with the aim of reforming the Independent Electoral Commission in accordance with the recommendations of the African Court on Human and Peoples' Rights.

4. **The attached Supplementary Memorandum of Economic and Financial Policies outlines the progress made at end-December 2018 and presents the main policy directions for 2019, as well as the medium-term outlook**. In keeping with the government's commitments, the Economic and Financial Program was broadly well executed at end-December 2018. All of the performance criteria and structural benchmarks were met, with the exception of the benchmark on revenue from taxes on petroleum products. All of the indicative targets were also met, with the exception of the floor for tax revenue.

5. **The successful implementation of the Economic and financial Program should help to strengthen the macroeconomic framework and facilitate the implementation of the Social Program initiated by the government in order to make growth more inclusive**. To enhance the social impact of the projects and reforms implemented by the government, a Social Program entitled "PSGouv 2019–20," aimed at improving the well-being of the population, was adopted in 2019. In this context, several projects with a high social impact have been identified and prioritized in the areas of employment, health, education, housing, and access to water and electricity. Along with this program, the government will protect the internal and external balances. The fiscal deficit should improve to reach the target of 3.0 percent of GDP in 2019, in accordance with the program objectives. To this end, the fiscal policy is focused on optimizing tax revenue collection and streamlining expenditure, while giving priority to spending on infrastructure and poverty reduction. The management of fiscal risks will be enhanced through closer monitoring of public enterprise debt and improvement of PPP management. The government will also work to consolidate the stability of the energy sector. As well, implementation of the Financial Sector Development Program (PDESFI) will continue with a view to consolidating the soundness of the banking system, promoting financial inclusion, and increasing the financing of the economy. In the area of improving the business environment, the 2018–20 Doing Business reform agenda will further enhance Côte d'Ivoire's attractiveness.

6. **We would like to request the conclusion of the fifth review of the 2016–19 ECF/EFF-supported program and a disbursement of SDR 96.786 million, as well as the amendment of one indicative target in accordance with the framework adopted in the context of the program**. The government requests the amendment of one indicative target—the floor for tax revenues for end-June 2019 and end-September 2019—to reflect the updating of the tax revenue projections. The government is convinced that the policies outlined in this memorandum are sufficient to achieve the program objectives and will take any additional measures that may be necessary to this end. The government will consult IMF staff before adopting such additional measures and before making changes to any of the policies contained in this memorandum in accordance with IMF policy in this area.

7. **The government agrees to provide IMF staff with all of the information required to monitor implementation of the program measures and attainment of the program objectives as outlined in the attached Technical Memorandum of Understanding on the dates agreed by the two parties**. The government also authorizes the IMF to publish this letter and its annexes, as well as the report prepared by IMF staff following the program's approval by the IMF Executive Board, and post them on its website.

Very truly yours,

________________/s/________________

Adama KONE
Minister of Economy and Finance

Attachments:

- Supplementary MEFP;
- Technical Memorandum of Understanding.

Attachment I. Supplementary Memorandum of Economic and Financial Policies for 2016–19

May 22, 2019

BACKGROUND

1. **Côte d'Ivoire has had remarkable economic success, ranking among the fastest growing countries in the world**, with an average annual growth rate of 8.8 percent during the period 2012–17. In 2018, economic activity grew an estimated 7.4 percent in a context of deteriorating terms of trade, attesting to the resilience of the Ivoirien economy. This momentum can be traced back to the successful implementation of the 2016–20 National Development Plan, which has strengthened the socioeconomic infrastructure and launched the structural transformation of the economy, and is reflected in particular in the favorable performance of the agri-food industries, which grew (15.4 percent). As a result of this strong performance, inflation was held to 0.4 percent, below the ceiling of 3 percent established by the WAEMU community standard, and the fiscal and current account deficits were held to 4.0 percent and 4.7 percent of GDP, respectively. Moreover, the banking system remains robust, as reflected in a capital adequacy ratio of 8.79 percent at end-June 2018, above the WAEMU-wide minimum prudential ratio of 8,625 percent.

2. **These economic results are based primarily on the steady improvement of the business environment and sustained progress in good governance**. The ambitious reforms implemented by the government, including in particular the transition to electronic processes and procedures, have enabled Côte d'Ivoire to improve its Doing Business ranking from 139 in 2018 to 122 in 2019, and to move up 45 notches between 2012 and 2019. Once again, Côte d'Ivoire is among the top reforming countries in the world. Its good governance record has been unprecedented according to the 2019 Mo Ibrahim Index report. It is in fact the only country to have progressed in each of the four categories and 14 subcategories of the index, improving from a rank of 41st in 2017 to 22nd in 2018, its strongest improvement at 12.7 points. Moreover, Côte d'Ivoire was awarded the Anticorruption Prize by the African Union in February 2019 during the 32nd Ordinary Session of the Conference of Heads of State and Government. This has increased the attractiveness of the economy, as reflected in an improvement in the private investment rate from 12 percent of GDP in 2017 to 13.8 percent of GDP in 2018. As well, approved private investments increased by 50,7 percent, and business start-ups rose by 25.5 percent in 2018, with 14,812 businesses created, compared to 11,800 in 2017. To promote investment in the priority sectors of agriculture, agro-industry, health and hospitality, a new investment code aligned with international standards was adopted in 2018.

3. **To make growth more inclusive and significantly reduce the poverty rate, the government introduced a social program for the period 2019–20**. This program is divided into five segments: (i) providing local health, food and healthy nutrition services to the population and improving social protection; (ii) improving school access and retention conditions for children ages 6 to 16, and students' living and studying conditions; (iii) facilitating access to essential services, housing, energy, transportation, clean drinking water, along with affordable mass consumption goods and services and adequate living standards; (iv) improving employability and access to decent and stable jobs for youth and women; and (v) improving food security and rural living conditions. In this context, the government reduced the subsidized

rate for electricity by 20 percent in January 2019. As well, eligibility for social safety net programs will be expanded to 100,000 households in 2019 with the assistance of the World Bank, African Development Bank and other partners, relative to 50,000 in 2018 and 35,000 in 2017.

4. **The economic outlook remains favorable, predicated on economic diversification and despite relatively low global prices for Côte d'Ivoire's main export products**. The private sector is expected to continue to drive growth, with a steady rise in private investment from 13.8 percent of GDP in 2018 to 15.2 percent in 2019 and 16.0 percent in 2020. The private sector should leverage the opportunities offered by the agreements concluded in the context of the G20's Compact with Africa, the Millennium Challenge Corporation (MCC) and C2D. Moreover, the development and opening of the industrial zones should provide a favorable environment for production. New infrastructure in the transportation, telecommunications and energy sectors should improve the private sector's competitiveness, along with enhanced human capital through the implementation of targeted programs and projects to better matching jobs and enhanced skill sets. On the political front, to ensure peaceful presidential elections in 2020, the government is taking various measures aimed at reassuring players on the Ivorien political stage. A forum for dialogue with all of the stakeholders has been established with the aim to reform the Independent Electoral Commission according to the recommendations of the African Court on Human and Peoples' Rights. Awareness-raising campaigns are also being conducted to strengthen social cohesion and ensure peaceful elections.

5. **Successful implementation of the Economic and Financial Program—the 2016–19 "ECF/EFF EFP"—should help to strengthen the macroeconomic framework**. Aligned with program objectives, the fiscal deficit should improve to reach the target of 3.0 percent of GDP in 2019. To this end, fiscal policy is focused on optimizing tax revenue collection and streamlining expenditure, while prioritizing spending on infrastructure, human capital and poverty reduction. The management of fiscal risks will be improved by the analysis of the impact of the various identified risks, closer monitoring of public enterprise debt, enhancement of PPP management, and preparation and implementation of any needed mitigation measures. The government will also work to consolidate the position of the energy sector. As well, implementation of the Financial Sector Development Program (PDESFI) will continue in order to consolidate the soundness of the banking system, promote financial inclusion, and enhance financing of the economy. Concerning improving the business environment, the 2018–20 reform agenda will further enhance Côte d'Ivoire's attractiveness.

6. **This supplementary memorandum describes some of the progress made in the context of the Economic and Financial Program through end-December 2018 and also presents the main policies for 2019 and the medium-term outlook**.

RECENT DEVELOPMENTS AND PROGRAM IMPLEMENTATION

A. Macroeconomic and Financial Context

7. **Côte d'Ivoire's robust pace of economic activity was maintained in 2018, with growth of 7.4 percent, as against 7.7 percent in 2017, in a context of deteriorating terms of trade**. Côte d'Ivoire's terms of trade deteriorated 5 percent in 2017 and 6.0 percent in 2018

owing to declining prices for its main export products. However, supported by strong domestic demand, the economy benefited from the steady improvement in the business environment, the development of agro-industries owing primarily to the establishment of the Agricultural Value Chain Development Program (PADFA) and measures to promote the processing of agricultural products, as well as the acceleration of major infrastructure projects and plentiful rainfall in the last quarter of 2018.

- On the supply side, growth was driven by all sectors. The primary sector posted a growth rate of 4.2 percent as against 11.2 percent in 2017, attributable to the performance of export crops (+7.0 percent) and food crops (+2.1 percent), which benefited from plentiful rainfall and implementation of the National Agriculture Investment Program (PNIA 2). The secondary sector recorded growth of 7.1 percent, driven primarily by the performance of agri-business industries (+15.4 percent), other manufacturing industries (+5.8 percent), construction and public works (+16.5 percent), petroleum products (7.2 percent), and energy (+4.0 percent). Mining was down (-3.2 percent) owing to reduced crude oil and gas production. The tertiary sector was up (9.2 percent) owing to the strength of transport (+9 percent), telecommunications (+12.4 percent), commerce (+8.4 percent), and other services (+8.6 percent).

- On the demand side, growth was primarily driven by private investment (+23.1 percent) and final consumption (+7.2 percent). This performance was offset by the decline in net external demand.

8. Inflation averaged 0.4 percent annually, below the community standard of 3 percent, owing to the combined effect of rising prices for nonfood products of 0.8 percent and a decline in prices for food products and nonalcoholic beverages of 0.5 percent. This curbing of inflation is explained primarily by favorable supply conditions on the local market. Inflation excluding energy and fresh food stood at 0.3 percent.

9. Budget execution in 2018 resulted in the improvement of the fiscal deficit to 4.0 percent of GDP, in line with the program objective, as against a deficit of 4.5 percent of GDP in 2017. This fiscal consolidation resulted from the streamlining of expenditures to offset lower revenues.

- Tax revenues, including earmarked and quasi-tax revenues, totaled 16.2 percent of GDP, as against a target of 16.5 percent of GDP. This performance reflected the impact of (i) the measure prohibiting the import of vehicles more than five years old; (ii) the introduction of the import compliance certificate (verification of conformity—VOC); (iii) smaller volumes of the main petroleum products released to the market; (iv) lower VAT contributions in the telecommunications sector owing to the substantial investments made; and (v) lower than targeted taxes on cocoa. However, the excellent results of the audit and collection of tax arrears helped to mitigate the impact of the above factors.

- Expenditure totaled 23.8 percent of GDP, as against a target of 24.4 percent of GDP. The savings resulted primarily from the under-execution of investment expenditure. The execution rate for public investments stood at 93.7 percent because drawings on project grants and C2D projects, as well as domestically financed investment levels, were lower than anticipated.

- This shortfall was covered by borrowing on the subregional market in the amount of CFAF 337.1 billion and the issuance of a eurobond in the amount of CFAF 1,115.1 billion denominated entirely in euros. As well, Côte d'Ivoire benefited from project loans totaling CFAF 569.3 billion and budgetary support in the amount of CFAF 229.2 billion. These funds resulted in a net reduction in the stock of "amounts payable" of CFAF 53.1 billion.

10. Côte d'Ivoire's risk of debt distress remained moderate in 2018. The stock of central government debt stood at 48.6 percent of GDP in 2018 as against 45.3 percent in 2017. External debt totaled 31.9 percent of GDP compared to 26.0 percent in 2017, while domestic debt totaled 16.7 percent of GDP as against 18.2 percent in 2017. At end-2018, the stock of public enterprise debt stood at 7.7 percent of GDP, of which 2.2 percent of GDP was guaranteed by the government and 4 percent comprised on-lent loans (the latter are included in central government debt).

11. Looking at foreign trade, the current account posted a deficit of 4.7 percent of GDP in 2018 as compared to 2.7 percent in 2017. This deterioration is the result of higher imports (6.9 percent) owing to the buoyancy of the economy, coupled with the deterioration of the terms of trade caused primarily by depressed prices for cocoa and higher import prices. Exports of goods fell 5 percent from 2017 levels owing to the declining value of the main export products and despite rising exports of petroleum products (+16.4 percent), crude oil (+8.0 percent) and uncarded and uncombed cotton (+32.2 percent). The increase in the value of imports resulted primarily from (i) higher prices for electrical, electronic and mechanical equipment and construction materials and (ii) the higher volume of crude oil to support the performance of the oil refining company (Société Ivoirienne de Raffinage, SIR). The resulting deficit was financed by foreign direct investment (FDI) and the issuance of a eurobond, helping to consolidate the level of community reserves.

12. Monetary policy remained unchanged in 2018, with the minimum interest rate for access to liquidity injection auctions held steady at 2.50 percent and the interest rate on the marginal lending window unchanged at 4.50 percent. The reserve ratio applicable to banks in the Union also remained steady at 3.0 percent.

13. The money supply grew 13.4 percent reflecting a consolidation of net foreign assets of 15.3 percent, mainly in the second half of the year, and the growth of net domestic credit 12.6 percent. Supported by the issuance of the eurobond in the first half of 2018, net foreign assets rose in response to the trade surplus in the second half of the year and the improvement in the rate of repatriation of export proceeds. The increase in domestic claims was a result of higher net claims on the government of 17.0 percent (+ CFAF 337.2 billion) and credit to the economy of 11.2 percent (+ CFAF 709.5 billion). New regular loans, discounting of commercial bills, and deposits rose cumulatively by 19.3 percent (+ CFAF 869.5 billion), 17.5 percent (+ CFAF 159.9 billion) and 4.2 percent (+ CFAF 78.4 billion), respectively.

14. The financial soundness of the banking system improved in 2018 owing to increased oversight of prudential ratios following the application of the Basel II and Basel III rules. At end-June 2018, the capital adequacy ratio for the sector stood at 8.79 percent, above the prudential minimum required in the WAEMU of 8.625 percent at end-2018, in the context of the entry into effect of standards based on Basel II/III. The gross rate of deterioration of the banks' portfolios stood at 8.68 percent compared to 9.83 percent at end-

December 2017, and 10.7 percent at end-June 2017. Moreover, the increase in contingency reserves (75.1 percent at end-June 2018relative to 63.32 percent at end-December 2017) was reflected in the decline in the net rate of deterioration of the banks' portfolios from 3.85 percent at end-December 2017 to 2.30 percent in June 2018. Five banks were in violation of the minimum capital requirement of CFAF 10 billion at end-December 2017. At end-December 2018, one of those banks was in compliance, three were required to produce a compliance plan, and the license of one bank was revoked. Furthermore, the risks to the banking sector posed by the liquidation of SAF CACAO were limited, as the Banking Commission instructed the banks to fully provision their claims against this enterprise. As well, the company taking over SAF CACAO has undertaken to repurchase all of its debts.

15. The Regional Securities Market (BRVM) continues to strengthen its activities. To offset the decline of its reference indexes and its market capitalization, the BRVM plans to take a number of steps to make the market more dynamic, acting on both the supply and demand for securities. To affect the supply of securities, the BRVM plans to (i) make public enterprises (privatizations) and private enterprises more aware of the benefits of being listed on the market; (ii) encourage small and medium-sized enterprises (SME) to be listed on the third compartment dedicated to them; and (iii) encourage member states to issue bonds targeting the diaspora (Diaspora Bonds). This policy will be supported by the decision of the Regional Council for Public Savings and Financial Markets (CREPMF) to forcefully ease the conditions for tapping the regional financial market for eligible enterprises, particularly the third compartment of the BRVM, by setting at CFAF ten (10) million the minimum social capital required by entities issuing public offerings on the WAEMU regional financial market.

B. Program Implementation in 2018

16. All of the program performance criteria through end-December 2018 were met, in line with the government's commitments. The fiscal balance stood at CFAF -944.2 billion against a program target of (CFAF -954.3 billion), for a margin of CFAF 10.1 billion. This was the result of the combined effect of lower than anticipated tax revenues CFAF -78.2 billion and a lower level of execution of expenditure (CFAF -138.7 billion). Net domestic financing totaled CFAF -414.4 billion, above the program ceiling of CFAF -402.0 billion. The net present value of new foreign debt contracted by the government, including the Eurobond issued in 2018 and the guarantee for the restructuring of the debt of SIR completed in December 2018, was USD 5,054.3 million, for an adjusted ceiling of USD 5,072.8 million. No domestic or foreign arrears were incurred during the execution of the 2018 budget.

17. All indicative targets at end-December 2018 were met, with the exception of the floor for tax revenues. The basic primary balance totaled CFAF -99.2 billion, as against a floor of CFAF -119.7 billion. Expenditures executed using the cash advance procedure totaled CFAF 106.8 billion, as against a floor of CFAF 198.2 billion. The net reduction of the stock of "amounts payable" totaled CFAF 53.1 billion, as against a floor of CFAF 50.0 billion. "Pro-poor" spending totaled CFAF 2,361.4 billion, against a target of CFAF 2,290.8 billion, an increase of 2.9 percent over such spending as at end-2017. Tax revenues totaled CFAF 3,651.1 billion, as against a target of CFAF 3,727.6 billion, for a shortfall of CFAF 76.5 billion.

18. All of the program structural benchmarks at end-December 2018 were met except the benchmark on maintaining the minimum level of revenue from taxes on petroleum products:

- The draft 2019 budget, which included an increase in the ratio of tax revenues to GDP of at least 0.4 percentage point between 2018 and 2019, was adopted by the Council of Ministers on September 26, 2018.

- The temporary exemption (excluding grants and the social sectors (education, health)), which expired it at end-December 2018, was not renewed.

- The Statistics Blueprint for the revision of the Statistics Law and the establishment of the National Statistics Council was adopted in the Council of Ministers on December 12, 2018.

- The plan for the SIR debt restructuring was completed with the signing on December 12, 2018 of a tripartite financing agreement between the Government of Côte d'Ivoire, SIR and the lenders.

- A summary table of public enterprise debt service and a report on the financial position of Air Côte d'Ivoire were prepared.

- However, the target for tax revenues on petroleum products was not met owing to lower consumption of fuel than anticipated and the need to reduce the social cost of the sharp increase in international prices.

19. Major reforms have been implemented since the fourth review.

Price Adjustments:

- The coffee and cocoa prices guaranteed to producers were further adjusted based on changes in international prices, according to the price guarantee mechanism. The farmgate price for cocoa was held steady at CFAF 700 throughout the main 2017/2018 season and set at CFAF 750 for the main 2018/2019 season on October 1, 2018, and the farm gate price for coffee was increased from CFAF 670 in 2016 to CFAF 750 for 2017–18.

- The farmgate price for cashew nuts was set at CFAF 500/kg in 2018, compared with CFAF 448/kg in 2017.

Tax Policy:

- The 2018 budget law called for an increase in excise taxes on tobacco and alcoholic beverages of 1 percent and 2 percent, respectively.

- A new Investment Code was adopted by the Council of Ministers in August 2018 and entered into effect on January 1, 2019.

- The 10 percent tax introduced on exports of cashew nuts was temporarily reduced to 3.5 percent to reflect adverse conditions relating to the decline in external demand in 2018.

- Efforts to combat tax evasion and the indirect transfer of profits abroad were further stepped up. In this context, Côte d'Ivoire undertook to modernize its transfer price control mechanism by adopting the provisions of Article 15 of the Tax Annex to Law No.

2016-1116 of December 8, 2016 on the Government Budget for 2017 and Article 14 of the Tax Annex to Law No. 2017-870 of December 27, 2017 on the Government Budget for 2018.

Tax Administration:

- The online filing and payment of taxes was expanded to all medium and large businesses in 2018. The overall compliance rate for these businesses increased from 36 percent in January 2018 to 78.1 percent at end-December 2018. On the collections side, taxes paid online represented 50 percent of domestic tax revenues at end-December 2018.

- Payment of property taxes and the synthetic tax by mobile telephone has been in effect since February 2018. At end-2018, payments of property taxes and the synthetic tax totaled CFAF 109.6 billion, including CFAF 81.6 billion by mobile telephone, or a rate of 74.4 percent.

- The entry into full operation of the Risk Analysis, Information and Investigations Directorate (DERAR) made it possible to incorporate risk analysis in tax audits to enhance their effectiveness.

- The audit and approval of financial statements were made mandatory. By end-2018, over 6,700 financial statements for fiscal year 2017 had been audited or approved, for a completion rate of 80 percent.

- The census program for property owners and taxpayers of various taxes was launched in several communities in order to increase the tax base (property taxes and business taxes).

- Actions to collect property taxes were buttressed by the creation of the Committee for the Optimization of Property Tax Yields (CORIF) in September 2018.

- The electronic property registry was established to allow for online consultation of property titles by all notaries. As a result, the number of property titles placed online increased from 172,913 in December 2017 to over 211,000 at end-December 2018.

- The dialogue between the government and private sector was enhanced in the context of the preparation of the 2019 Tax Annex, through the establishment in February 2018 of the Tax Reform Committee by Order No. 088/PM/CAB of the Prime Minister and the reactivation of the forum for discussion and reflection (*cercle d'échanges et de réflexions, CER*).

- Quarterly reports to the Council of Ministers on the status of tax exemptions have been produced since March 2018 to improve the monitoring of these exemptions and ensure that they are managed in line with the legislation and policies in effect.

Customs Administration:

- Risk analysis was improved by (i) the advance inspection of shipments using the "sentinelle" mechanism and preparation of the database of high-risk merchandise and operators; and (ii) consideration of the operator profile;

- Transit offices and mandatory approval by Customs of the country of destination were eliminated to improve transit operations;
- A second scanner was installed at the northern border in the Ouangolodougou office in May 2018;
- Six land border posts were renovated in the second half of 2018 in the context of reinforcing inspection operations;
- Six new more powerful scanners were installed at Félix Houphouët-Boigny International Airport in Abidjan in March 2019 to increase the capacity to inspect baggage at air borders and improve customs revenue collection;
- The automated risk analysis module using a "scoring" method was updated. New coefficients and score threshold intervals for determining the treatment of declarations were established at end-2018;
- Use of the automated risk analysis module was extended to most offices in the Abidjan area since May 2018, as well as two offices in the Regional Directorate (San-Pedro and Yamoussoukro); and
- the functionalities of SYDAM-World were improved to ensure more rapid transit management.

Despite these measures in support of the customs administration, Customs revenues were less than projected in 2018 owing in particular to the difficulties in implementing the Verification of Conformity (VOC) program.

Management of Fiscal Risks:

- A mechanism for the anticipation and management of public enterprise risks was introduced in the form of:
    - ➢ production in December 2018 of a summary table on public enterprises' debt service, containing updated information for twenty (20) units covered by the mechanism to monitor debt owed to national and international financial institutions;
    - ➢ continued publication of strategic reports, particularly the report on the financial position of Air Côte d'Ivoire for 2018; and
    - ➢ implementation of the decree on borrowing conditions and recourse to the government guarantee by public enterprises.
- The database on PPP projects is regularly updated;
- A report on fiscal risks has been prepared. It is entitled "Report on 2019–20 Fiscal Risks" and identifies, analyzes and assesses the main risks to fiscal revenues and expenditures;
- An Analysis and Projection Committee (CORA) on fiscal risks has been created in the General Directorate of the Government Portfolio (GDPE) and is operational; it aims to

ensure better coordination and effective monitoring of fiscal risks related to public enterprises, such as through reports, seminars, internal communications, etc.;

- An assessment of the public finance management system using the 2016 PEFA methodology was conducted from October 2017 to July 2018 and a seminar on the results of the assessment was held in January 2019; and

- Following the signing of an initial series of performance contracts between the government and seven public enterprises, a contract was signed with another enterprise and preparations are under way for the signing of performance contracts with a further six enterprises. Moreover, the establishment of monitoring committees is continuing, with five such committees created and set up.

Public Financial Management:

- The module for the management of cash advances, which allows for more effective management of the earmarking of budget appropriations to regularize the advances granted and which was completed since 2016, is in the pilot phase.

- The deployment of the Integrated Public Finance Management System (SIGFiP) continued with the connection of 16 national representative offices abroad in 2018, bringing the total number of national representative offices abroad connected to SIGFiP to 35.

- The "Preparation of Budgetary Measures" module in the new Integrated Fiscal Management System (SIB) is available and the "Execution" module is being finalized.

- The Integrated Programming Analysis and Project Monitoring and Evaluation System (SINAPSE) has been finalized in June 2017 and is being implemented in the ministries.

- The procurement units are operational and have covered all ministries since October 2018.

- The automated procurement system has been operational in 10 ministries via the "e-procurement" module since July 2018.

- Twelve (12) government corporations and twenty-six (26) national public establishments have been connected to the Integrated Procurement Management System (SIGMAP) via the internet.

- The revenue and expenditure modules of the Single Treasury Account (STA) are operational in the General Directorate of Taxation, the General Directorate of Customs, and the General Directorate of the Treasury and Public Accounting. Following the satisfactory pilot phase for the TSA, which took place between February 28, 2017 and January 24, 2018, deployment is now under way with completion of the first phase in December 2018 covering 278 accounting posts for the revenue module and 65 for the expenditure module as against the 26 and 21, respectively, connected at end-September 2018. At end-December 2018, 1,121 accounts had been closed at public and commercial banks, as against 903 in September 2018.

- The consolidated annual fiscal reporting table (Tableau des opérations financières de l'État or TOFE), covering budgetary central government, the EPNs and the social security funds, is available for 2016 and 2017, along with the bridge table resulting from the codification of their charts of accounts. As well, the draft tables of financial assets and liabilities, debt, and the cash flow position have been prepared for 2017. The work to codify the chart of accounts for local governments has been completed.

Energy Sector Balance:

- In the context of implementation of the memorandum of understanding between the government and the energy sector:
  - the discount fees due from CI-ENERGIES to PETROCI in the amount of CFAF 2.5 billion were paid in December 2018;
  - payment of electricity invoices by the public sector has improved significantly, with the full payment of arrears for 2016 and 2017 and the regular payment of invoices for 2018 by the central government. Moreover, memoranda of understanding have been signed with government corporations for the clearance of their arrears; and
  - cumulative validated invoices, in the amount of CFAF 8,576 million at end-December 2017 for street lighting and traffic lights in the city of Abidjan, were paid by means of the securitization operation carried out on October 10, 2018.
- Financing in two tranches was concluded with the support of the World Bank for a proposed guarantee on 60 percent of the loan up to €400 million. The first tranche in the amount of CFAF 95 billion was drawn from local banks without use of the guarantee. The second, in the amount of €300 million, will be contracted with international banks and benefit from the World Bank guarantee. This financing will be used as a priority to clear outstanding loans with banks and to partially settle arrears to independent power producers (IPP) and gas companies.

Development of the Financial Sector:

- The Financial Inclusion Promotion Agency (APIF) established on May 30, 2018 is operational. It is responsible for implementing the National Financial Inclusion Strategy for the period 2019–24.
- The Caisse des Dépôts et Consignations is being set up; its governance bodies have been established and the Secretary General, Director General and members of the Supervisory Council have been appointed.
- The Credit Information Bureau (BIC) has been enhanced with the development of credit scoring services used by financial institutions and the finalization of the procedure for the integration of large public utilities into the BIC database. At end-2018 the BIC database had registered 2.8 million individuals, as against 1.2 million at end-2017, and 9,105 enterprises, as against 6,920 at end-2017.
- The license of one bank was revoked in October 2018 owing to its failure to respect the minimum capital requirement of CFAF 10 billion and the continued deterioration of its financial position.

Business Environment:

- The one-stop shop for investment services in Côte d'Ivoire (https://225invest.ci) has been operational since December 8, 2018 and information on property is available there.

- The virtual window for electricity connections has been operational since October 18, 2018. Procedures for requesting electricity connections are now online, with the option of a Unit Price Schedule (BPU) for connections, a specifications calculator and access for users to electricity sector services.

- The Financial Services Quality Observatory is being set up.

- The Appeals Division of the Commercial Tribunal has been operational since April 27, 2018.

- Law (No. 2018-573 of June 13, 2018) on the legal framework for the freezing of illicit assets was approved by the National Assembly on May 28, 2018 and enacted by the President of the Republic on June 13, 2018.

- The rate of asset disclosures by various public officials and figures subject to this requirement has improved from 62.86 percent in 2017 to 77.7 percent at end-December 2018.

Box 1. Main Features of the Electricity Sector

Consolidation of its financial position

The financial position of the electricity sector is improving owing to the implementation of the medium-term strategy for the development of the sector and restoration of its financial stability, adopted in November 2012. Since 2016, the sector as a whole has recorded surpluses, with a net improvement in its cash flow.

This has resulted primarily from (i) the implementation of the rate adjustment policy, which led to successive increases in the electricity rates in 2015 and 2017; (ii) the reduction of production costs owing to the abandonment of the use of heavy vacuum oil (HVO) and the investments made, particularly in the Soubré dam and combined cycle power plants; (iii) the reduction in technical losses owing to the rehabilitation and development of the transport and distribution network; and (iv) measures to combat fraud. As well, a 20 percent decrease in the rate of applicable to the Domestic Social 5A category (the subsidized rate) was introduced in January 2019. This decrease covers 40 percent of households at a cost estimated at CFAF 4.5 billion in 2019.

Increase in the electricity supply

Côte d'Ivoire's production capacity has increased from 1,391 MW in 2011 to 2,200 MW in 2018, a 58 percent increase, consolidating the creation of a subregional energy hub. This is the result of the entry into operation of the Soubré dam with a capacity of 275 MW and the increase in the production of thermal electricity of approximately 534 MW with the development of the AZITO and CIPREL combined cycle power plants.

Improved access to electricity

In parallel to the implementation of the strategy, the government has introduced several measures to promote and facilitate access to electricity.

The Electricity for All Program (PEPT) was launched in 2014 to increase the rate of access of the poorest households to electricity by electrifying 200,000 households each year through 2020 for a connection fee of just CFAF 1,000. By end-December 2018, more than 564,000 households had been electrified under this program. In addition to this cost reduction measure, the government launched the National Rural Electrification Program (PRONER), which aims to electrify all communities with more than 500 inhabitants by 2020. In 2019, 917 communities are scheduled to be electrified.

ECONOMIC AND FINANCIAL PROGRAM FOR 2019 AND THE MEDIUM TERM

A. Program Objectives

20. The 2016–19 Economic and Financial Program reinforces the 2016–20 National Development Plan (PND), which aims to raise Côte d'Ivoire to emerging country status and substantially the reduce poverty rate. To this end it focuses on the following areas:

- consolidation of the macroeconomic framework and the fiscal space available to the government, particularly by increasing tax revenues, streamlining public expenditures, and controlling public debt;
- strengthening of fiscal consolidation and public finance management, including the management of public enterprises;

- improvement of the business environment and development of the private sector;
- continued consolidation and development of the financial sector; and
- improvement of the statistics system.

21. Moreover, in the context of the Economic and Financial Program, the authorities have undertaken to implement the following actions supported by structural benchmarks:

- adoption by the Council of Ministers of a plan to streamline tax exemptions by end-March 2019 (cf. §38);
- assignment of a unique identification number (NIU) to all new enterprises and reregistration of 3,000 existing enterprises by end-March 2019 (cf. §36);
- audit of at least 20 percent of companies that received a VAT credit in the previous year by end-June 2019 (cf. §39);
- establishment by end-June 2019 of a committee to track the performance contracts signed as at end-December 2018 (cf. §19);
- expansion of the Integrated Procurement Management System (SIGMAP) to at least five local governments outside Abidjan by end-June 2019 (c §52);

22. The government will continue implementation of the 2016–20 PND to maintain the solid performance of the economy and make growth more inclusive through the implementation of the Government Social Program (PsGouv 2019–20). In addition to major socioeconomic infrastructure projects, the government plans to implement its social plan for the period 2019–20. In this context, the emphasis in 2019 will be on 12 priority PsGouv actions with a significant immediate impact on the well-being of the population, particularly the most disadvantaged (Box 2). Moreover, to maintain strong, sustained, environmentally friendly growth, the government will continue its policy of attracting domestic and foreign investment. To this end it will continue to implement reforms aimed at improving the business environment and governance. Implementation of the new Investment Code adopted by the Council of Ministers on August 1, 2018 should support Côte d'Ivoire's industrial policy, particularly agro-business. Efforts will also be focused on the continuation of critical public investments, the development of human capital, and the implementation of initiatives aimed at protecting the environment. This strategy should consolidate the diversification and resilience of the economy and substantially reduce the poverty rate and inequality.

23. While ensuring strong sustained growth, the Economic and Financial Program aims to protect the internal and external balances. For 2019, the overall fiscal deficit is projected at 3.0 percent of GDP, in line with the community standard, as against 4.0 percent in 2018. Inflation should also be held below the community standard of 3 percent and the current account deficit held below 5.0 percent of GDP. These balances will be maintained in the medium term owing to the continued fiscal consolidation efforts and the structural transformation of the economy.

B. Macroeconomic Framework

24. Economic activity will remain robust with a growth rate estimated at 7.5 percent in 2019. Growth will be driven primarily by the secondary and tertiary sectors. The secondary sector should post a growth rate of 10.1 percent based on the strength of construction and public works, which will continue to benefit from infrastructure projects; industrial production, particularly agro-business; and the performance of petroleum products following the finalization of SIR's debt restructuring plan and the re-entry into service of the hydrocracker. The tertiary sector should benefit from the strength of all of its segments of activities. The primary sector should post growth of 1.7 percent, driven by staple crops, which will be supported by the implementation of the National Agriculture Investment Program (PNIA 2), and despite the decline in export crops owing to lower levels of cocoa production as compared to the exceptional levels in previous years. On the demand side, growth will be driven by robust private investment (18.4 percent), which will benefit from the improvement in the business environment, the implementation of PPP projects and the enhancement of agro-business production facilities. Public investment would rise by (7.4 percent) as a result of the continued implementation of major socioeconomic infrastructure projects, and final consumption would increase by 5.9 percent. Despite the export growth by 5.2 percent, net external demand is expected to stagnate owing to rising imports to meet domestic demand. Inflation is projected at 0.5 percent in 2019, below the community standard of 3 percent.

25. The external current account deficit should stand at 4.1 percent of GDP in 2019, down from 4.7 percent in 2018. This current account deficit lower than in the previous year would reflect an improvement in the trade balance related to a stronger rise in exports than in imports. Exports are expected to improve owing to improving global prices of cocoa and the increase in its transformation. Exports' buoyancy would also reflect foreign sales of gold, cashew nuts and cotton resulting from their increased production. Imports would remain strong, based on higher consumption and investment. However, the deficits on the services accounts and primary and secondary income accounts should deteriorate slightly.

26. The money supply is expected to grow 9.4 percent in 2019, compared to 13.4 percent in 2018. This increase would result from a rise in domestic credit owing to robust private sector activity and in net foreign assets as a result of the issuance of a Eurobond in 2019 or some other form of budget financing on international capital markets.

C. Social and Employment Policy

27. To strengthen the social impact of the projects and reforms and limited by the government, a social program called the "Government Social Program (PsGouv 2019–20)" was adopted in 2019. This program aims to make growth even more inclusive by improving the well-being of the population through high-quality public services that are more accessible and effective. It focuses on five main strategic areas, comprising 67 projects, including 12 rapid projects with a broad impact. In this context, several projects with a high social impact have been identified and categorized as high priority in the areas of employment, health, education, housing and access to water and electricity (see Box 2). In 2019, the total cost will be CFAF 376 billion, of which 13 percent is already included in the budget and 59 percent is covered by financing already identified by donors. Of the 28 percent for which financing has not yet been identified, 10 percent, or CFAF 36 billion, should be financed by the

2019 budget, and trade-offs will be made to ensure that these expenditures do not affect the deficit, so as to maintain the deficit target of 3 percent of GDP in 2019.

Box 2. The 12 Key Measures of the 2019–20 Government Social Program (PsGouv 2019–20)

At a total cost of CFAF 727.5 billion in 2019 and 2020, with 76 percent covered by the budget, the 12 key measures of the Government Social Program primarily target job creation, particularly for young people, improving the standard of living of rural populations, and reducing the cost of living.

Education

- improvement of study conditions and guidance for students; and
- improvement of the living conditions of students in the school environment through the construction of toilets in village schools that have been declared Open Defecation Free (PLEV-ODF).

Health

- enhancement of the Targeted Free Program;
- enhancement of the Expanded Program on Immunization (EPI); and
- gradual implementation of the Universal Health Coverage (CMU).

Housing

- acceleration of the social housing program.

Access to water and electricity

- reduction of the subsidized rate for electricity;
- more rapid access to electricity through the enhancement of the National Rural Electrification Program (PRONER) and the Electricity for All Program (PEPT); and
- enhancement of the program for rural access to drinking water.

Employment

- development of empowerment activities for women and young people.

Other actions

- intensification and expansion of the coverage of the productive social safety nets program;
- control of the cost of transport for staple foods by regrading 120,000 km of dirt roads and paths throughout the national territory.

28. The government will take measures and implement targeted reforms to improve the employability of women and young people and their access to decent stable jobs. To this end, particular emphasis will be placed on projects and programs, particularly the Training, My Passport to Employment Project, the Youth Employment and Skills Development Project (PEJEDEC) and the Hiring Assistance Program (PAE). Moreover, implementation of the project to achieve the Sahel Women's Empowerment and Demographic Dividend and combat poverty (SWEDD) will help enhance the empowerment of women and adolescent females. These actions are aimed at promoting entrepreneurship and the financing of empowerment activities for 100,000 young people by 2020.

29. The government will continue its efforts to improve social protections by strengthening the social safety nets program. To this end, direct cash transfers of CFAF 144,000/year will gradually be expanded to 100,000 poor households in 2019, compared to 50,000 in 2018, and to 125,000 households, or 750,000 direct beneficiaries throughout the national territory, by 2020. In tandem with the deployment of the Universal Health Coverage, an additional budgetary appropriation of CFAF 6 billion will be established in 2019 to cover the health expenses of 411,354 destitute people.

30. Universal Health Coverage (CMU) should be deployed in 2019. A pilot phase that started on April 25, 2017 focused on a population of 150,000 students distributed across five communities whose coverage was provided by the government. This phase made it possible to rehabilitate and equip nine university health centers at a cost of CFAF 2.2 billion. On February 13, 2019, over 2 million individuals were enrolled, and 834,172 cards were distributed to an insured population consisting of students, destitute people, and public, private and informal sector employees and their dependents. The mechanism for collecting contributions in the formal sector has been devised and withholding should begin in April 2019. The government plans to expand the CMU starting on July 1, 2019, with 4 million individuals representing 17.35 percent of the population. A rate of coverage of 38 percent is targeted by 2023.

31. The government will improve school access and retention conditions for children ages 6 to 16, and enhance study conditions. The construction and equipment of 3,000 preschool and primary school classrooms are planned, as well as the construction of boarding schools for young girls to meet the needs of 100,000 preschool and primary school pupils by 2020. Moreover, 10,300 trainee teachers will be recruited on a contractual basis. These actions should build on achievements in the supply of education and improve the net enrollment ratio at the primary level, which stood at 91.06 percent in 2017–18, up from 87.8 percent in the 2015–16 school year.

32. The government will facilitate access to basic socioeconomic services, particularly electricity and clean water. Concerning access to electricity, communities with more than 500 inhabitants will be electrified through the National Rural Electrification Program (PRONER) by 2020. For 2019, 454 communities are targeted. Furthermore, implementation of the Electricity for All Program (PEPT) should reach more than 200,000 new customers per year. This program aims to facilitate the arrangement of an electricity contract and connection against an initial payment of CFAF 1,000. In addition to these measures, the subsidized rate was reduced by 20 percent in January 2019. Regarding access to drinking water, steps will be taken to rehabilitate and maintain 21,000 hand pumps throughout the national territory by 2020.

D. Fiscal Policy

33. The government's public finance management will include continued implementation of its fiscal consolidation policy in 2019. In this context, it will continue its efforts to:

- improve tax collection;
- control operating expenditures, while prioritizing expenditure on poverty reduction and the reduction of social disparities;

- reduce the overall fiscal deficit to 3 percent of GDP in 2019 and maintain it on a trajectory compatible with the domestic and external balances;
- improve the effectiveness of capital expenditures and the management of fiscal risks; and
- improve public finance management by implementing program budgeting.

34. In accordance with the program objectives, the 2019 fiscal deficit should stand at 3.0 percent of GDP, down from 4.0 percent in 2018. Tax collection efforts should result in a tax ratio, including earmarked and quasi-tax revenues, of 16.7 percent in 2019, as compared to 16.2 percent in 2018. The reduction in the tax ratio compared to the initial target of 17 percent is explained by lower tax revenues from petroleum products than anticipated, the introduction of the import compliance certificate, a lower VAT contribution, and implementation of the measure prohibiting the import of vehicles over five years old. As well, to maintain the overall fiscal deficit target, expenditures and net lending will be reduced to 23.3 percent of GDP, compared to the 23.6 percent of GDP initially programmed, without compromising the commitments contained in the Government Social Program. This adjustment should also lead to an improvement in the basic primary balance of 0.2 percent of GDP compared to the initial target.

35. The government has included a series of tax measures in the 2019 Budget Law to release additional resources estimated at 0.5 percentage point of GDP compared to 2018. The main measures, which are presented in Box 3, concern both Customs duties and domestic taxation. Once these measures are implemented, the tax ratio, including earmarked and quasi-tax revenues, should increase by 0.5 percentage point of GDP to 16.7 percent of GDP, compared to 16.2 percent of GDP in 2018.

Box 3. Key Measures to Optimize the Mobilization of Tax Revenues in 2019

Domestic taxation

The planned measures include:

- the introduction of a cocoa registration duty;
- the enhancement of property tax collection efforts;
- continued efforts to collect tax arrears;
- the installation of computerized cash registers to improve VAT management for certain categories of taxpayers;
- the elimination of some exemptions on investment projects to increase the VAT yield;
- the gradual elimination of VAT exemptions, with the exception of those covered by the WAEMU Directive and in respect of previous commitments, as well as the nonrenewal of exemptions that expired in 2018.
- the introduction in March 2019 of the Integrated Tax Management System (SIGICI) in Côte d'Ivoire to safeguard tax revenues, provide reliable data for tax audits, track the status of tax obligations in real time, and provide decision-makers with relevant information for effective management;
- improvement of property registry operations through targeted censuses of property owners in high potential areas and intensification of the work of the Committee for the Enhancement of Property Tax Collections (CORIF) through its expansion into the interior of the country;
- continuation of the infrastructure work to strengthen the technical capacity of units and increase the effectiveness of their tax base, audit and collection work (introduction of electronic invoicing);
- monitoring of the measures to increase government resources contained in the 2019 Tax Annex; and
- combating of tax evasion by sharing information and data under international cooperation agreements.

Customs duties

- gradual normalization of the Single Exit Duty on cashew nuts, with an increase in the rate (which was temporarily reduced in 2018) from 3.5 percent to 7.0 percent in February 2019;
- introduction of an excise duty of 10 percent on vehicles, with horsepower equal to or exceeding 13 hp, and on marble;
- increase in the excise duty on tobacco of 1 percentage point to better align it with regional standards;
- elimination of exemptions on computer hardware; and
- interconnection of the custom systems of Côte d'Ivoire and Burkina Faso to crosscheck information in order to improve inspections.

36. **The government will continue to implement the reforms of the tax and customs administrations to improve revenue levels**. These reforms are aimed at (i) improving the effectiveness of operations; (ii) optimizing property taxation; and (iii) expanding the tax base.

- Improving the effectiveness of operations will involve the implementation of the unique identification number for taxpayers in Côte d'Ivoire introduced in October 2018. Owing to technical issues, the reregistration process for existing enterprises has not yet started. It will begin in the second half of 2019 and aims to cover as many enterprises as possible through the end of the year. Moreover, the government will publicize the rules and procedures for the online payment of taxes and will pursue taxpayers' payment of property and synthetic taxes by mobile telephone. Campaigns to promote the use of DGI Mobile to pay the synthetic and property taxes are ongoing. Furthermore, the government will continue implementation of the Integrated Tax Management System in Côte d'Ivoire to have a comprehensive, automatic view of taxpayer records, to control and secure cash flows, to automate relations between the tax administration and users, to introduce decision-making tools, and to integrate all business lines in a single IT tool. Several other measures have been introduced, including the mechanism to monitor telecommunications flows to obtain a better understanding of the turnover of operators in this sector; the completion of a new IT blueprint; and the implementation of electronic records management to digitize documentation and files as a way of accelerating procedures for the issuance of administrative acts and monitoring of taxpayer files.

- Optimization of property taxation will involve continuing the property registry work in high potential areas and operations to identify taxpayers in the city of Abidjan and the interior of the country in order to expand the tax base for property taxes and various other taxes. Access to the Electronic Land Register should be given to banks and financial institutions to strengthen and further secure the mortgage market. Moreover, a targeted inventory of taxpayers and property owners in four pilot sites is planned for 2019, and implementation of the system to identify plots will begin.

- Efforts to expand the tax base will be stepped up by taking steps to formalize informal activities. In this context, consideration is being given to the introduction of appropriate tax measures to promote the development of SMEs and thus gradually reduce the weight of the informal sector. Discussions on this topic have begun with SME representatives. The government will also use communications campaigns as part of its continued efforts to increase public awareness regarding taxpayer compliance.

37. The dialogue between the government and the private sector will continue, similar to the dialogue that was held prior to the adoption of the 2019 Tax Annex. In this context, the government intends to capitalize on the work of the Tax Reform Committee that was established on February 13, 2018 by Order No. 088/PM/CAB of the Prime Minister. Moreover, a forum for discussion and reflection (the *cercle d'échanges et de réflexions* or *CER*) that allows the DGI and private sector to discuss key issues has been reactivated. The private sector is also continuing to work on the Joint Committee on VAT Credit Refund Monitoring and is a member of the Regulatory Council of the National Procurement Regulation Authority.

38. The government has adopted a plan to streamline tax exemptions in order to increase the available fiscal space on March 27, 2019. This plan is based on the new Investment Code and the community standards for defining the timetable for the actions needed to streamline the approval of exemptions. Moreover, the administrative documents needed to obtain an exemption have been modified to limit the identified abuses. To be validated, exemption orders must be cosigned by the Minister responsible for the budget and specify the exact nature of the exempt products, the name of the beneficiaries including subcontractors, and the duration of the order. The taxes targeted by the streamlining plan include primarily the Value Added Tax, the Tax on Industrial and Commercial Profits, and the Tax on Income from Receivables.

39. The government plans to audit VAT credit refunds. The introduction of a FIFO refund system for VAT credits has significantly improved the refund process. As a result, outstanding VAT credit refunds have been reduced to CFAF zero (0) billion monthly since 2015. Given this result, the government has decided to ensure that economic agents are not abusing the system and will therefore in 2019 audit at least 20 percent of enterprises that received a VAT credit in the previous year.

40. The government will continue its policy of streamlining expenditure by prioritizing key public investment expenditures and expenditures included in the Government Social Program for 2019–20 (PsGouv 2019–20).

- Implementation of the strategy to control the wage bill will continue so as to maintain the downward trend of the "wage bill/tax revenue" ratio, which is expected to stand at 39.8 percent in 2019 and be brought down to 34.9 percent by 2023, despite the integration of trainee teachers in the civil service in 2020. To achieve this, the government will maintain its policy of reducing recruitment in sectors other than the education-training and health sectors through its recruitment policy of one new hire for every two departures, along with the voluntary separation policy included in the military planning law. The government also intends to enhance the performance assessment system for civil servants and government officials by adopting an assessment grid that will define the terms and conditions for promotion for non-managerial and managerial staff in 2020. As well, a job and skills inventory will be adopted to ensure better alignment between needs and recruitment profiles.

- For other operating expenditures, the government will continue to ensure strict enforcement of Order No. 178/MEF/CAB-01/20 of March 13, 2009 establishing the terms and conditions for the use of cash advances. Moreover, operations of the audit team looking at subscriptions and utility expenditures will be reinforced. The establishment of a criterion for the allocation of transfers to local governments should also improve their effectiveness.

- The government will step up its intervention in favor of vulnerable persons with the implementation of PsGouv 2019–20. The projects included in this program will help enhance the effectiveness of pro-poor spending, which will total 9.73 percent of GDP in 2019, compared to 9.9 percent of GDP in 2018.

41. The government plans to place particular emphasis on the effectiveness of its investments, specifically by implementing the recommendations of the Public Investment Management Assessment (PIMA). To this end in 2019:

- As part of the effort to enhance transparency in the selection of investment projects, the procedures manual for the preparation of the Public Investment Program (PIP) being drafted will be completed and disseminated to all parties concerned in the first half of 2019. The government will also continue to incorporate the various PPP projects currently being implemented in the PIP preparation tool.

- In the budgeting phase, the government will continue to establish the priority of projects by taking account of their maturity and their impact on economic activity, while building the capacity of its officials in the design and evaluation of investment projects.

- It will continue to pay particular attention to the monitoring of public investments, ensuring that appropriations to cover the related recurrent expenditures are included in the budget. To this end, a study on the assessment of recurrent expenses will be conducted in 2019.

- The physical monitoring of public investment projects began during 2018. It will be continued with the involvement of all stakeholders. The results of this monitoring process will make it possible to restructure projects that are performing poorly to improve the effectiveness of public spending.

- Implementation of the Integrated Programming Analysis and Project Monitoring-Evaluation System (SYNAPSE) in various ministries will help to improve the selection of projects through better targeting. In the long term, the interconnection of the information systems (SIGFIP and SYNAPSE) will ensure better coordination between the planning and budgeting phases of public investments.

- The government will continue its efforts to ensure better coordination between the expenditure commitment plan, the procurement plan, and the cash flow plan.

- The introduction of program budgeting in 2020 will help to improve the rate of execution of investment expenditures at the commitment authorization (AE) and payment appropriation (CP) stages by entering them in the 2020–22 multiyear expenditure programming document (DPPD) and in the 2020 budget (Budget Law). Periodic audits and evaluations of the budget operations of investment projects by the Public Expenditure Audit and Evaluation Unit (CEADP) are also planned.

42. Financing of the overall budget deficit in 2019 will aim to achieve a balance between sources of financing denominated in CFAF and those denominated in foreign currencies. The portion of financing denominated in foreign currencies will include expected disbursements on project loans (CFAF 592 billion) and on donor programs, including the IMF (CFAF 221 billion), as well as borrowing on the financial markets and from international banks up to the amount of (CFAF 500 billion).

E. Debt Policy and Strategy

43. The debt sustainability analysis conducted in December 2018 covering the period 2019–39 indicates that the risk of debt distress for Côte d'Ivoire remains moderate. This analysis is based on the assumption that gross financing needs will be covered more or less equally by funding sources denominated in CFAF and in foreign currencies over the projected period. It also shows that Côte d'Ivoire remains vulnerable to adverse macroeconomic shocks, particularly shocks affecting exports, the U.S. dollar exchange rate, and the growth rate. It also underscores the need for effective management of the public debt so as not to increase the already high concentration of repayments in 2024 and 2025.

44. **The borrowing policy aims to finance needs while ensuring debt sustainability**. In this context the government intends to pass a law on the national public borrowing and public debt management policy. For 2019, the government plans borrow on the financial markets in amounts that will maintain a moderate risk of debt distress, while limiting the portion of financing denominated in foreign currencies to approximately half of financing needs.

45. **The Medium Term Debt Strategy (MTDS) will be the reference framework for all operations to finance the government's needs**. The 2019–23 MTDS proposes to cover gross financing needs by borrowing according to a balanced ratio between CFAF and foreign currency financing instruments. This strategy is consistent with the Debt Sustainability Analysis (DSA) and will ensure that the costs and risks of new financing are controlled. It could be revised if the parameters determining sustainability change. The government will ensure that the exchange risks related to foreign borrowing are limited by favoring borrowing in euros. To this end, the government entered into a swap on September 6, 2018 to service its debt denominated in U.S. dollars over the 2018–22 period. As regards financing on the capital markets and borrowing from international banks in 2019, the government plans to access CFAF 1,319.0 billion, including the equivalent of CFAF 500 billion in foreign currencies and CFAF 819.0 billion on the regional market.

46. **The government will continue to fine-tune its public debt management in line with international best practices and WAEMU community standards**. To this end it intends to strengthen the legal and institutional framework by finalizing a draft law on the national borrowing and debt management policy for adoption by the Council of Ministers by end-2019. Once this law has been passed by Parliament, the government will issue decrees on (i) Ministry of Economy and Finance referral procedures for direct government borrowing and (ii) the amendment of Decree No. 83-501 of June 2, 1983 on the regulation of the conditions for the granting and management of government guarantees and on-lent loans. As well, emphasis will be placed on building the capacity of the staff of the Public Debt and Grants Directorate in the areas integral to these reforms.

47. **For 2019, in accordance with the program objectives, the government does not plan to contract or guarantee new foreign loans above the limit of USD 3,480.5 million in present value terms**.

48. **A database of 20 public enterprises subject to close monitoring in the context of the program will be established for inclusion in the debt sustainability analysis**. In this connection, a request for technical assistance will be submitted to the IMF for the identification of needs. On the basis of the results of this technical assistance, a timetable could be set up for inclusion of these enterprises in the debt sustainability analysis in accordance with the guidelines of the debt sustainability analysis framework.

F. Structural Reforms

Price Regulation

49. **To take account of changes in international prices, the government will continue to take the necessary measures to adjust prices in the main sectors concerned**.

- The minimum farmgate prices guaranteed to cocoa, coffee and cashew nut producers are set in accordance with the existing mechanisms.

- Retail prices for petroleum products will continue to reflect the adjustment mechanism, while maintaining adequate levels of tax revenues in 2019.

Public Financial Management

50. The government will continue to improve its public finance management through the implementation of the 2018–20 Public Finance Reform Blueprint. To this end:

- It will place particular emphasis on the transition to program budgeting, which constitutes an in-depth reform of public finance management that focuses on performance and the greater accountability of those involved. Steps will be taken in this context to finalize the instruction establishing the timetable for preparation of the government budget in line with Decree No. 2013-461 of June 19, 2013, the instructions on the terms and conditions and expenditure procedures in program budgets, and the order on the specific provisions of the Decree on Financial and Budgetary Control. Moreover, the "Budgetary Measures Preparation" module and the submodule for interface with the ASTER application in the new Fiscal Management IT System have been completed and are available. They will be tested in 2019 to ensure that they are fully operational in 2020.

- Implementation of the measures identified to ensure better coordination between the procurement plan, the public expenditure commitment plan, and the cash flow plan will continue. This includes (i) aligning the procurement timetable with the budget execution timetable; (ii) systematically updating the procurement plan in line with the budget regulation and budgetary amendments; (iii) submitting the public expenditure commitment plan to the Public Debt and Grants Directorate (DDPD) for consideration in the preparation of the cash flow plan; and (iv) preparing and launching an information campaign targeting economic agents and officials.

- Management of fiscal risks will be enhanced by improving the "fiscal risks reporting" document, which will be attached to the 2020 Budget Law. This document will also improve fiscal transparency.

- A citizen budget for 2019 will be produced and published in line with the commitments made by the government in the context in the Partnership for Open Government to make the budget accessible to the population.

- The government will also continue deployment of SIGFiP in embassies and communities in the interior of the country. Thus, in the context of improving monitoring of budget execution, six (6) new representative offices abroad and four (4) additional local communities will be connected to SIGFiP.

51. Fiscal regulation will be pursued by aligning the consumption of budgetary appropriations with the rate of collection of revenues to respect the program targets. In the event of unfavorable revenue collection trends, the government will take equivalent compensatory measures on the revenue side or make adjustments to expenditures. The government intends to protect high-impact spending in any adjustment trade-offs that may be needed.

52. The government will continue to modernize its public procurement system. In this context:

- A draft revised public procurement code has been prepared to take account of new contracting procedures and new bid assessment methods to ensure greater effectiveness of procurement processes. This code will be adopted by the Council of Ministers in 2019.

- The process to automate public procurement procedures will continue with the extension of the phase 1 modules to all ministries by end-December 2019. Phase 2, covering the private sector, will be developed with assistance from the World Bank and tested in 2020 for general application of the automation process in 2021.

- National public establishments and government corporations will gradually be connected to the Integrated Procurement Management System (SIGMAP) starting in the first quarter of 2019 with the aim of covering all of these entities by end-2019. Moreover, the government will extend SIGMAP to at least five municipalities outside the district of Abidjan by end-June 2019.

53. The TOFE will be prepared in 2019 in accordance with the 2001/2014 GFSM. Building on what has been achieved, the government plans to produce the consolidated TOFE (central government, EPNs, social security funds) for 2018 in the second half of 2019. Moreover, based on data through end-June 2019, the government will produce the quarterly TOFE in accordance with the 2001/2014 GFSM for the central government only at first, and will gradually expand its scope to the social security agencies, EPNs and local governments, and subsequently to other extrabudgetary entities (Road Maintenance Fund, Coffee-Cocoa Council, etc.). For this purpose, monthly accounts must be produced for all of these entities. Furthermore, the government plans to: (i) transition to accrual basis accounting; (ii) produce all four tables of the Minimum Analysis Framework for the general government sector; and (iii) prepare the table of other economic flows for all of general government.

54. The government will continue to strengthen the management framework for Public-Private Partnership (PPP) contracts to ensure better risk management. In this context, reporting will be strengthened through the updating of the catalogue of PPP projects for 2019–23, including their mode of financing. This catalogue will identify the priority projects for the period 2019–20. Moreover, an annual report on reforms of the management and execution framework for PPPs will be produced in 2019. The government will also regularly publish financial data on the PPPs that involve a government guarantee to ensure greater transparency. In cooperation with the development partners, the government will build the capacity of the National Steering Committee for Public-Private Partnerships (CNP-PPP), particularly in the detailed evaluation frameworks for PPP projects. As well, in accordance with Decree No. 2018-358 of March 29, 2018, the CNP-PPP will ensure that any non-standard procedures in PPP procurement contracts (direct negotiation and competitive dialogue procedures) are submitted to it in advance for recommendation and to the Ministry responsible for the Budget for approval. The government will also prepare a supplementary study assessing fiscal risks based on the fiscal risk mapping exercise carried out by an international firm.

55. Deployment of the Treasury Single Account (TSA) should be effective in 2019. Following deployment of the revenue and expenditure components for 278 and 65 accounting posts, respectively, in 2018, the process has continued on these two components, with coverage of 410 and 232 accounting posts at end February 2019. The deployment process should be completed in 2019 with the connection of the general accounting posts and the accounting posts of the EPNs. Finally, the entry into operation of the TSA should make it possible to step up the closing of bank accounts.

Public Sector

56. Consolidation of the financial stability of the hydrocarbons sector is continuing in line with the successful implementation of the restructuring plans for enterprises in the sector.

- PETROCI's strong financial performance continued in 2018, with an anticipated net profit of CFAF 22.04 billion, as against CFAF 13.94 billion in 2017 and CFAF 5.38 billion in 2016, owing to rising crude oil prices and the successful implementation of its strategic plan. As part of the implementation of the strategic plan, a consulting firm was selected to carry out the process for the restructuring of the butane gas distribution activities. Moreover, the process for the reassignment of staff to the new entities should reduce PETROCI's operating expenses. The signing of a Joint Development Agreement between PETROCI and its strategic partners in 2019 should accelerate the development of the logistic base, particularly the large-scale storage of petroleum products in Abidjan and in the interior of the country.

- The commercial performance of SIR combined with the competitiveness gains resulting from the reduction of expenses and some support from the government enabled it to consolidate its operating income in 2017 and 2018. Moreover, the strong demand for petroleum products projected for the coming years will be met owing to the re-entry into operation of the hydrocracker, which occurred in April 2019. Moreover, SIR's problems in accessing foreign currencies have been resolved following its compliance with the BCEAO requirements. This solid performance, combined with the completion of the process for the restructuring of SIR's debt of CFAF 378.9 billion in December 2018, augur well for the improvement of SIR's financial position in the medium term.

- An inventory of the cross claims and debts between the government, PETROCI and SIR was prepared in the first quarter of 2019 and an agreement on their regularization will be concluded in 2019.

57. Consolidation of the financial position of the electricity sector should continue. Benefiting from the reforms and investments made, the operating surplus should be maintained in 2018 and 2019, despite the decline in export sales in 2018 and the 20 percent reduction in subsidized rates in 2019. To enhance the viability of the sector, particular emphasis will be placed on clearing arrears and collecting outstanding balances.

- In the context of the implementation of the "Government-Energy Sector" memorandum of understanding, payments to the central government and EPNs and payments for street lighting and traffic lights in Abidjan will continue to be made on a regular basis.

As well, memoranda have been signed with government corporations for the clearance of their arrears.

- To collect export claims, two solutions are planned: (i) in the short term, continue negotiations with the commercial banks for the settlement of arrears; and (ii) in the medium term, establish a mechanism entitled "Energy Commerce" piloted by the World Bank to facilitate energy transactions in the subregion and the settlement of arrears.

- To clear the stock of arrears to the banks, IPPs and gas producers, a disbursement of CFAF 95 billion as made on February 8, 2019, with the guarantee of the government. A second tranche of €300 million, guaranteed by the government and the World Bank, should take place upon completion of the negotiations currently under way.

- In the context of this process of consolidation of the financial position of the electricity sector, the government undertakes not to reduce electricity rates in 2019 below the decrease in the subsidized rate that entered into effect in January 2019.

58. The completion of projects under way in the electricity sector should help to ensure a sufficient energy supply to support the strength of the economy and to make Côte d'Ivoire a subregional energy hub. To achieve the production capacity target of 4,000 MW by 2020, the government intends to (i) step up the production of renewable energies with the entry into operation of four solar power plants, including the Korhogo plant (25 MW) and the Poro plant (66 MW) for which agreements have been signed; (ii) develop combined cycle power plants for the production of gas thermal electricity on the Azito (283 MW) and CIPREL 5 (390 MW) sites; (iii) implement coal sector projects involving the development of a new electricity production center in San-Pedro with the construction of a coal power plant of 700 MW; (iv) pursue analysis of the project to supply Côte d'Ivoire with liquefied natural gas (LNG); and (v) continue the project for local natural gas exploration and development in Ivorien sedimentary basin blocks. As well, the government plans to promote the implementation of solar and biomass projects. In this context, two bids have been received for the installation of two cotton- and cocoa-based biomass power plants of 20 MW and 25 MW, respectively.

59. Implementation of the strategic plans of the public enterprises in the transportation sector continues.

- Air Côte d'Ivoire (ACI) is pursuing its expansion plan with the acquisition of two new airplanes scheduled for 2020 and 2021. Moreover, a new business plan will be prepared to take account of the current economic situation and the growth outlook for the sector with a view to making the company profitable. The government will continue to produce and submit a half yearly report on the Air Côte d'Ivoire's financial position.

- SOTRA's operating income continues to improve with the implementation of the strategic plan. Under this plan, following the delivery of 500 buses in 2017, 120 buses were delivered in 2018 against a target of 450 buses; the balance will be delivered in 2019. Steps have been taken for the purchase of a third set of 500 buses. SOTRA's strategic plan has been updated to note that the investment assumptions were not prepared in time, resulting in the signing in January 2019 of a performance contract with the government for the period of 2018–20.

60. The government will continue to implement its plan for divestment from the productive sectors. The privatization operations carried out by the National Privatization Committee resulted in the completion of five (05) operations out of the 17 validated by the government. The privatizations and sales of assets under way should continue in 2019, in accordance with the multiyear plan adopted by the government.

Financial Sector Development and Financial Inclusion

61. With the implementation of the Financial Sector Development Program (PDESFI), the government plans to establish a modern well-functioning financial system that can support the strength of the economy and promote financial inclusion. This program aims, notably, to reinforce the soundness of the banking sector, consolidate the microfinance sector, increase financing for small and medium-sized enterprises (SME), and promote financial inclusion.

62. The government will continue to modernize the regulatory and institutional framework of the banking sector so as to reduce the cost of risk and further increase financing of the economy. To this end, to strengthen the Credit Information Bureau (BIC), the addition of individuals and legal entities to the BIC database will continue. Particular emphasis will be placed on encouraging banks to systematically consult the credit history of customers before entering into lending operations. As well, the entry into operation of the Financial Services Quality Observatory (OQSF) will be completed with the establishment of all of its bodies, including the mediation center, which aims to improve the confidence of users in financial institutions and to promote transparency. Finally, the government will complete the steps necessary for the entry into operation of the Caisse des Dépôts et Consignations de Côte d'Ivoire (CDC-CI) by preparing the implementing decrees for the Law creating the CDC-CI following the establishment of its governance bodies. The next step will be to identify the initial endowment needed for its entry into operation.

63. Efforts to reduce vulnerabilities in the banking sector will continue with the implementation of the various restructuring plans.

- Implementation of the restructuring plan for the public savings bank (Caisse Nationale des Caisses d'Épargne, CNCE) should shore up its capital, which is currently negative, and return it to profitability by 2021. The recapitalization of this bank also involves the planned sale of land and release of 2018 provisions, as well as the identification of strategic shareholders. Measures to optimize operating expenses will include a reduction in overhead, particularly through the introduction of competitive bidding procedures.

- One of the three other public banks is currently being privatized, another was recapitalized in December 2018, and the decision on the recapitalization of the third and the opening of its capital to new shareholders was taken by the government in March 2019; the disbursement will take place during the year. Implementation of the strategic plan for the period 2017–21 is continuing in accordance with the established timetable, with the help of an international strategy consulting firm. The strategy involves (i) stepping up business activity through the automation of banking financing; (ii) developing the network of agencies; (iii) improving risk management; (iv) developing human capital; and (v) improving governance.

64. The government plans to strengthen and consolidate the microfinance sector to keep its operations on a sound footing. Development of the microfinance sector continued in 2018, with increases in the stock of loans and deposits estimated at 16 percent and 15 percent, respectively. Along with these positive trends, efforts to consolidate the sector resulted in the revocation of six licenses and the submission to the central bank of two requests for approval in 2018. Moreover, the government will continue its awareness raising campaigns on the amalgamation of the decentralized financial systems (DFS). It will also pay particular attention to the modernization of the supervisory and audit tools for the sector, with the use of the revised Internal Control Electronic Framework (CECI) by the DFSs and the establishment of a Management and Information System (MIS). These tools should remedy the staff shortages and improve use of the internal control reports.

65. Restructuring and recapitalization of the savings and loan (COOPEC) network in accordance with the recovery plan.

- Progress was made with compliance as 133 service points (sectors) were merged into 24 COOPECs. Completion of the process for bringing the COOPEC network into compliance with the regulatory provisions in effect should help to improve governance and management.

- As regards the recapitalization of the institution, the withholdings of member contributions are estimated at CFAF 8.8 billion, including CFAF 4.3 billion in 2018. For 2019, building on the improvement in the cash flow situation of the umbrella organization, efforts will be made to increase the contribution from the members.

- The process to strengthen the Management and Information System (MIS) should be accelerated 2019 with the assistance of an international consultant and result in improved management and internal control of the activities of the umbrella organization in the long term.

- The articles of incorporation and organizational structure have been adopted for the creation of the bank-type financial entity in the form of a limited company This entity will primarily be responsible for centralizing and managing surplus resources in the network.

66. The government will continue to promote financial inclusion. In this context, the Financial Inclusion Promotion Agency (APIF) will be responsible for implementing the 2019–24 National Financial Inclusion Strategy prepared in November 2018. Moreover, the government will continue its information campaigns to promote the use of bank accounts, targeting particular social segments of the population such as the rural population, and will continue to promote the development of innovative projects, especially with FinTech and Mobile Banking, which are expanding rapidly. It also plans to take advantage of the establishment in Abidjan of the headquarters of the Sub-Saharan Africa and Middle East and North Africa Regional Office of the Alliance for Financial Inclusion (AFI), which is one of the main international organizations promoting financial inclusion and deregulation policies.

Improvement of the Business Environment and Development of the Private Sector

67. The government intends to make Côte d'Ivoire a magnet for domestic and international private investment. Building on what has been achieved, the government plans to continue to improve the business environment by implementing its reform agenda for the period 2018–20, adopted by the Council of Ministers in September 2018. Moreover, particular emphasis will be placed on PPP-type projects in the construction of large-scale socioeconomic infrastructure. The government will strengthen the partnership with the private sector, including in the context of the G20's Compact for Africa. It will also step up its efforts to support and promote SMEs and will strengthen infrastructure to reduce production costs and improve the competitiveness of the private sector. Furthermore, it will aim to make good governance institutions fully operational, specifically by (i) preparing additional regulations to compel those concerned to submit asset disclosures; (ii) analyzing and updating the disclosures; (iii) reinforcing the capacity of the financial crime section of the Abidjan public prosecution office; and (iv) establishing a framework for collaboration between the High Authority on Good Governance and public investigative bodies.

68. The government will ensure that its new Doing Business reform agenda for the period 2018–20 is successfully implemented. With the implementation of this agenda, Côte d'Ivoire aims to continue to improve its Doing Business ranking. The main indicators on which significant progress is expected are presented in Box 4.

Box 4. Key Measures Contained in the 2018–20 Reform Agenda

Starting a business

- regularize the status of enterprises already registered by assigning them a unique identification number;
- establish a mechanism for locating newly created businesses and bringing them under the purview of the tax service;
- establish a one-stop shop for the issuance of business licenses, certificates and permits; and
- gradually automate the issuance of business licenses and permits (approvals, certificates, authorizations).

Getting electricity

- establish a collaborative, coordinated framework for inspections and the acceptance of works for transformer stations and large-scale projects; and
- establish a sustainable financing facility for electricity connections for SME/SMIs.

Registering property

- provide for the remote publication of land conveyance documents; and
- introduce and implement a unique plot identifier.

Paying taxes

- introduce remote filing and payment of social contributions; and
- move to electronic tax audits.

Dealing with construction permits

- reduce the time required to issue a compliance certificate from 73 days to 10 days; and
- reduce the time required to complete geotechnical studies from 25 days to 10 days and the time needed to issue fire safety notices from 10 days to 2 days.

Getting credit

- reduce the legal delays for handling complaints and correction of erroneous BIC data from 30 days to 15 days;
- streamline, simplify and reduce the costs and red tape involved in electricity (CIE) and water (SODECI) contracts, transfers and cancellations; and
- establish a national registry of personal property security that is geographically unified and accessible on line for registration, amendment and cancellation purposes.

Enforcing contracts

- provide for on-line registration of legal acts and decisions;
- publish, on line with free access, decisions rendered at all levels by commercial and civil courts; and
- reduce the time between referral to the courts and the rendering of decisions.

69. The entry into operation of the Côte d'Ivoire SME Agency should help to accelerate implementation of the Phoenix Program, which aims to promote and provide support to SMEs. In the context of an SME mapping exercise, the agency will complete the establishment of the electronic entrepreneur identification and status platform. To address the issue of SME access to financing, two agreements have been signed with two private banks for financing totaling CFAF 15 billion and preparations are underway for the signing of other agreements. With the support of Bpifrance, an enterprise financing and development entity, the agency is also working to set up a guarantee fund provided with an SME risk rating tool. Moreover, measures will be taken to create incubators in Abidjan and Yamoussoukro based on an agreement with the Aquitaine-Bordeaux Regional Incubator (IRA), an internationally renowned entity. Also, a multiyear capacity-building program for managers, directors and associations of SMEs is under way.

70. The government intends to continue its investments aimed at improving the production environment and competitiveness of the private sector. To this end it plans to increase the supply of industrial land and enhance the attractiveness of industrial zones.

- Following the rehabilitation of the Yopougon industrial zone, technical studies are being conducted for the upgrading of the Koumassi and Vridi industrial zones.

- The first phase for the development of the new Akoupé-Zeudji Pk-24 Abidjan industrial zone, covering 62 ha, is more than 95 percent complete and the plots have been assigned. Four (4) other phases are being prepared for the development of (i) a parcel of 124 ha, of which 59 ha are dedicated to cement companies; (ii) 127 ha with financing from Eximbank China; (iii) 112 ha in the context of a public-private partnership (PPP) with Afreximbank; and (iv) 300 ha for a logistics zone and industrial park.

- Concerning industrial zones in the interior, technical studies are under way for the development of industrial platforms dedicated to the processing of cashew nuts, as well as the construction and operation of a duty-free textile zone under a PPP.

Moreover, to improve Côte d'Ivoire's competitiveness in terms of berthing facilities and the quality of its handling equipment, the Autonomous Port of Abidjan (PAA) has been further modernized by expanding and deepening the access canal (Vridi Canal). Completion of these works should, in particular, make it possible for container and conventional ships to access the port without length limitations and improve the security and safety of navigation in the canal.

71. The private sector is benefiting from the implementation of reforms and projects resulting from agreements concluded in the context of the G20's Compact with Africa, the Millennium Challenge Corporation (MCC) and the C2D. Efforts deployed in the context of the Compact with Africa have achieved tangible gains in terms of financing, investment, and the easing of conditions on exports to Germany. Moreover, agreements have been signed under the bilateral compact with Germany defining the terms under which some German companies could invest in Côte d'Ivoire. To further publicize the Compact with Africa, the reform matrix will be presented to national private sector organizations in 2019 to take their expectations into account. Concerning the MCC, a grant agreement in an amount equivalent to CFAF 315 billion is to enter into effect in the first half of 2019. It will fund several socioeconomic projects, including the Project for Youth Employability and Enterprise Productivity, as well as the Abidjan Transport Project. Regarding C2D, implementation of the second C2D agreement covering the 2014–20 period will continue in order to carry out the various projects pre-identified jointly with all stakeholders.

72. Efforts to improve governance will be intensified to attract additional private investment and improve productivity. The authorities will continue to enhance transparency and accountability in the management of public funds. To this end the actions of the High Authority for Good Governance to combat corruption and similar offenses will be strengthened. Asset disclosures by public figures and senior officials managing public resources, for which the rate was approximately 78 percent at end-2018, will be increased and bolstered by the passage of additional regulations to initiate the analysis and gradual audit of the disclosures. Moreover, a National Anti-Corruption Strategy will be drafted in preparation for the introduction of anticorruption measures in government departments and para-public and private entities. These measures should include procedures manuals, ethics codes and various tools to enhance governance. Moreover, the High Authority for Good Governance (HABG) will establish formal frameworks for collaboration with other public investigatory and audit agencies to increase the repression of acts of corruption and similar offenses in liaison with the financial division of the public prosecution office. Finally, the government will continue to ensure that the anti-money laundering and countering financing of terrorism law approved in 2016 is enforced and will build the capacities of the financial crime section of the Abidjan public prosecution office.

STRENGTHENING OF THE STATISTICAL SYSTEM

73. The government will continue to strengthen the National Statistics System to enable it to produce high-quality statistics and publish economic data in a timely fashion. In this context, the National Statistics Development Strategy (SNDS) for the period 2017–21, adopted on December 12, 2018, will be subject to special monitoring. Moreover, with the assistance of the technical and financial partners, the government has undertaken to implement the following measures:

- revise the law on statistics. This revision will take account of the change in the legal status of National Statistics Council (CNStat) and the creation of the National Statistics Development Fund (FNDS);
- establish the National Statistics Development Fund (FNDS) in 2019 after the revised law is adopted and promulgated and provide a budgetary allocation for the FNDS in the 2020 Budget Law. Moreover, the resources needed by INS to finance its activities in 2019 will be provided;
- establish a centralized system to support the sectoral statistical services and develop a career profile for public sector statisticians and demographers;
- continue to build the capacities of the ministries for the production of high-quality statistics;
- regularly publish data and indicators on the sites of the National Statistics Institute (www.ins.ci), the Ministry of Economy and Finance (www.finances.gouv.ci), and the BCEAO

(www.bceao.int), in accordance with the timetable approved for the dissemination of Côte d'Ivoire's National Summary Data Page (NSDP);

- ensure the production of high frequency indicators for the secondary and tertiary sectors, building on the progress made; to this end, the updated Harmonized Industrial Production Index (IHPI) and the Turnover Indices (ICA) for construction, industry and commerce should be produced and published in the second trimester of 2019 after an AFRISTAT mission. The work to create an ICA for services should start in 2019 in the context of the extension of the program (PSR-WAEMU);

- complete the work to change the base year and implement SNA 2008. Specifically, the production of the national accounts for the base year of 2015 and the current year of 2016 should be completed at end-June 2019, and the reconstruction of past series of annual national accounts through to 2017 will be completed in 2019;

- conduct the second wave of the Harmonized Survey on Householdes Standards of Living (EHCVM) in 2019 after the first wave of 2018 and make the results available by end-December 2019 at the latest; and

- conduct the General Population and Housing Census (RGPH) in 2019. The mapping activity is underway for this purpose, and the enumeration operation is expected to begin in November 2019, with the first results being available in May 2020.

74. The government plans to further improve Côte d'Ivoire's economic and financial programming. In this context, it will ensure that the validated recommendations from the technical assistance provided by the IMF's Institute for Capacity Development, particularly those on the creation and entry into operation of the Interministerial Committee on the Macrobudgetary Framework in 2019 and the strengthening of the economic and financial programming tool, are implemented, supplementing the technical assistance received from AFRITAC. At the same time, the officials involved in the preparation of the macroeconomic and financial framework benefited from training on financial programming from the IMF's Institute for Capacity Development in April 2019.

75. The Quarterly National Accounts (QNA) will be disseminated on time. The QNA for the fourth quarter of 2018 remain to be published. Going forward, the National Statistics Institute (INS) will endeavor to publish the QNA within three months of the end of the quarter and to improve the robustness and reliability of these accounts. The production of QNA from the demand side will start in 2020.

PROGRAM FINANCING AND MONITORING

76. The program financing requirements will be covered. Financing will be covered mainly by borrowing on the regional and international financial markets in the form of medium- and long-term instruments in accordance with the Medium-Term Debt Management Strategy. In this context, primary dealers will continue to take part in issuances and placements of Treasury securities and will ensure that there is liquidity on the WAEMU secondary market for public securities. Moreover, assistance is expected from the technical and financial partners, mainly the World Bank, International Monetary Fund, African Development Bank, French Development Agency and European Union.

77. The program will continue to be monitored half yearly by the IMF Executive Board on the basis of the quantitative indicators and structural benchmarks (Tables 1 and 2). These indicators are defined in the attached Technical Memorandum of Understanding (TMU), which provides a summary of the assumptions underlying the projections and the basis for evaluating performance in specific areas. The final program review will be based on data and performance criteria at end-June 2019. To this end, the government commits, in particular:

- to refrain from accumulating new domestic payments arrears and any form of advance against revenue and from contracting non-concessional external loans other than those specified in the TMU;

- to issue public securities only by BCEAO auctions or any other form of competitive bidding on the local financial market and WAEMU market and to consult with IMF staff on any other mode of financing;

- to refrain from introducing or tightening restrictions on payments and transfers relating to current international transactions, introducing multiple currency practices, entering into bilateral arrangements not in accordance with Article VIII of the IMF Articles of Agreement, or imposing or tightening restrictions on imports for balance of payments reasons; and

- to adopt any further financial or structural measures that may prove necessary for the success of its policies, in consultation with the IMF.

Table 1. Côte d'Ivoire: Performance Criteria (PC) and Indicative Targets (IT), ECF/EFF 2018–19[1/]

(Billions of CFA francs, unless otherwise indicated)

	2018				2019						
	December				March	June		September		December	
	Prog.	Adj. prog.	Est.	Status	IT	PC	Proposed Rev. IT	IT	Proposed Rev. IT	Prog.	Proj.
A. Performance criteria											
Floor on the overall fiscal balance (incl. grants)	-954.3		-944.2	MET	-222.7	-427.3		-614.0		-791.1	-790.2
Ceiling on net domestic financing (incl. WAEMU paper)	-402.0	-395.7	-415.1	MET	188.1	-108.9		-15.6		97.3	50.4
Ceiling on the present value of new external debt contracted by the central government ($ million)	4,472.9	5,072.8	5,054.3	MET	...	2,541.9		...		3,480.5	3,480.5
Ceiling on accumulation of new external arrears by the central government (continuous basis)	0.0		0.0	MET	0.0	0.0		0.0		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		0.0		0.0	0.0
B. Indicative targets											
Floor on government tax revenue	3,727.6		3,651.1	NOT MET	907.2	1,990.6	1,973.2	3,013.0	2,983.6	4,145.7	4,098.7
Ceiling on expenditures by treasury advance	198.2		106.8	MET	40.4	90.3		142.2		203.7	193.6
Floor on pro-poor expenditure	2,290.8		2,361.4	MET	482.0	1,081.6		1,690.1		2,505.5	2,505.5
Floor on net reduction of central government amounts payable (- = reduction)	-50.0		-53.1	MET	-53.7	-40.5		-32.7		-25.0	-25.0
Floor on primary basic fiscal balance	-119.7		-99.2	MET	54.5	72.5		119.0		122.0	164.1
Memorandum items:											
Program grants	158.7		158.7		0.0	79.4		79.4		158.7	169.9
Program loans	149.0		154.4		0.0	76.2		76.2		152.5	155.1
Project grants	144.3		87.4		36.0	71.9		107.9		143.9	143.9
Project loans	566.8		569.3		138.9	277.8		416.7		555.6	592.0
Budget support from the European Union, World Bank, and African Development Bank	81.0		74.7		0.0	0.0		0.0		68.4	55.0
Fuel tax revenues	394.1		363.2		95.1	188.6		287.2		399.9	392.0

Sources: Ivoirien authorities; and IMF staff estimates.

1/ Cumulative amount from January 1, 2018 for 2018 targets, and from January 1, 2019 for 2019 targets.

Table 2a. Côte d'Ivoire: Structural Benchmarks (SB) Due by end-December 2018

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 **Not met at end-December 2018**	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 at end-December 2018**	Enhance monitoring of debt service by public enterprises	Summary debt service table
Public Enterprises			
Every six months submit a report on the financial situation of Air Côte d'Ivoire	**SB** semi-annual, starting from June 2017. **Met at end-December 2018**	Reduce budget risks	Report submitted to the Minister in charge of the Budget and Government Portfolio
Finalize the SIR debt restructuring plan	**SB** for end-December 2017 **Not met; Implemented with delay in December 2018**	Reduce budget risks	Debt restructuring agreement
Tax Policy and Administration			
Do not renew the temporary exemptions that expire at end-December 2018 except for those related to grants and the social sectors (education, health).	**SB** for end-December 2018 **Met**	Improve the collection of taxes and fees	2019 draft budget law
In the Council of Ministers, adopt the 2019 draft budget law aimed at increasing the ratio of tax revenues to GDP by at least 0.4 percentage point between 2018 and 2019.	**SB** for end-October 2018 **Met**	Improve the collection of taxes and fees	2019 draft budget law
National Statistics			
Adoption by the Council of Ministers of the Strategy for the Development of Statistics to revise the law on statistics and establish the National Council of Statistics.	**SB** for end-December 2018 **Met**	Improve the production of statistics	Communiqué of the Council of Ministers and Strategy for the Development of Statistics

[1]See memorandum item "Fuel tax revenues" in Table 3.

Table 2b. Côte d'Ivoire: Structural Benchmarks (SB) for 2019			
	Price Adjustment Mechanism		
Apply the retail fuel price mechanism to preserve fuel tax revenue at a level envisaged in the budget law.[1]	**SB** for end-March, end-June, and end-September 2019	Improve budget revenue	Inter-ministerial decree
	Tax Policy and Administration		
Audit at least 20 percent of the companies that benefited from a VAT credit refund the previous year.	**SB** for end-June 2019	Improve tax collection and quality of the database	Implementation report
Assign a Single Taxpayer Identification Number to any new business starting in January 2019 and, using the Single Taxpayer Identification Number, re-register 3,000 existing businesses.	**SB** for end-March 2019 **Met for new businesses, Not met for existing businesses due to technical difficulties;**	Improve the quality of the database	Implementation report
Adoption by the Council of Ministers of an action plan to rationalize tax exemptions.	**SB** for end-March 2019 **Met**	Improve tax collection	Action plan
	Public Enterprises		
Set up a Monitoring Committee and a financial performance monitoring dashboard for performance contracts signed at the end of December 2018.	**SB** for end-June 2019	Reduce budget risks	Implementation report and monitoring dashboard
	Public Finance Management		
Deploy the Integrated Public Procurement Management System in at least 5 local communities.	**SB** for end-June 2019	Improve Public Finance Management	Implementation report

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

Attachment II. Technical Memorandum of Understanding

May 22, 2019

1. **This Technical Memorandum of Understanding (TMU) describes the quantitative and structural assessment criteria established by the Ivoirien authorities and the staff of the International Monetary Fund (IMF) to monitor the program supported by the Fund's Extended Credit Facility (ECF) and Extended Fund Facility (EFF)**. It also specifies the periodicity and the deadlines for the transmission of data to Fund staff for program monitoring purposes.

2. **Unless otherwise specified**, the government is defined in this TMU as the central government of Côte d'Ivoire, including the National Social Security Fund (Caisse Nationale de Prévoyance Sociale, CNPS) and the Civil Service Pension Fund (Caisse Générale de Retraite des Agents de l'État, CGRAE), and Treasury operations for public companies in liquidation; it does not include any local government authorities, the Central Bank of West African States (BCEAO), or any other government-owned entity with separate legal status.

3. **Unless otherwise indicated**, public entities are defined in this TMU as majority government-owned companies, the Société Ivoirienne de Raffinage (SIR), and other public entities receiving earmarked tax and quasi-tax revenues.

QUANTITATIVE INDICATORS

4. **For program monitoring purposes, performance criteria (PCs) and indicative targets (IT) are set for December 31, 2018, and June 30, 2019; the same variables are indicative targets for March 31, 2019, and September 30, 2019**.

The PCs include:

(a) a floor for the overall fiscal balance (including grants);

(b) a ceiling on net domestic financing (including the issuance of securities in francs of the Financial Community of Africa (CFA)—or *Communauté Financière Africaine* in French);

(c) a ceiling on the present value of new external debt (with a maturity of more than one year) contracted by the central government;

(d) a zero ceiling on the accumulation of central government new external arrears; and

(e) a zero ceiling on the accumulation of central government new domestic arrears.

The ITs are:

a) a floor for government tax revenues;

b) a ceiling on expenditures by treasury advance;

c) a floor for "pro-poor" expenditures;

d) a floor for the net reduction of the stock of amounts payables; and

e) a floor for the basic primary balance.

5. The PCs, ITs and adjustors are calculated as the cumulative change from January 1, 2018 for the 2018 targets and from January 1, 2019 for the 2019 targets (Table 1 of the Memorandum of Economic and Financial Policies, or MEFP).

A. Government Tax Revenue (IT)

6. Total tax revenue is defined as all fungible tax revenue (excluding earmarked revenue) collected by the General Directorate of Taxes (DGI), the General Directorate of the Treasury and Public Accounting (DGTCP) and the General Directorate of Customs (DGD), as defined in the fiscal reporting table (TOFE).

B. Pro-poor Expenditures (IT)

7. Pro-poor expenditures are derived from the detailed list of "pro-poor expenditures" in the SIGFIP system (see Table 3).

C. Treasury Advances (IT)

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

D. Primary Basic Fiscal Balance (IT)

9. The primary basic balance is the difference between the government's total revenue (excluding grants) and total expenditure (including expenditure corresponding to earmarked revenues) plus net lending, excluding interest payments and externally financed capital expenditure. Government expenditures are defined as expenditures for which payment orders have been issued and which have been assumed by the Treasury:

Fiscal revenue (tax and nontax revenue, excluding grants) – {Total expenditure + Net lending – Interest payments – Externally financed capital expenditure (on a payment order basis for all expenditure items)}

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

10. The overall fiscal balance is the difference between the government's fiscal revenue (including grants other than World Bank and African Development Bank budget support program grants) and total expenditure (including expenditure corresponding to earmarked revenue and net lending). Government expenditures are defined as expenditures for which payment orders have been issued and taken over by the Treasury:

{Fiscal revenue (tax and nontax) + (Grants – World Bank budget support grants – AfDB budget support grants)} – {Expenditure + Net lending (on a payment order basis)}

F. Net Domestic Financing (PC)

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

Net domestic financing (NDF) = Variation of banking system's net claims on the government (TOFE) + Net non-bank domestic financing (excluding the net variation of amounts payable and clearance of obligations to local governments and national public entities (NPE)) + Borrowing denominated and serviced in Francs of the Financial Community of Africa (CFAF) + Financing margin of CFAF 10 billion.

This ceiling does not apply to new agreements for the restructuring of domestic debt or the securitization of domestic arrears. For any new borrowing over and above a cumulative amount of CFAF 50 billion, the government undertakes to issue government securities only by auction through the BCEAO or by competitive bidding (*appel d'offres compétitif*) on the WAEMU financial market registered with the Regional Council for Public Savings and Financial Markets (CREPMF), in consultation with Fund staff.

12. The adjustor for the performance criterion on the net domestic financing.

- The NDF ceiling will be adjusted upward by the full amount of the difference between the effectively disbursed and the projected budget support from the European Union, the

World Bank and the African Development Bank projected at CFAF 81.0 billion in 2018 and CFAF 68.4 billion in 2019 (MEFP Table 1).

- Program projections for end-June 2019 include the issuance of Eurobond or the contracting of loans from international banks by the Government in foreign currency, up to U.S. dollar 880.2 million, an amount equivalent to CFAF 500 billion, calculated at the average exchange rate for August 2018 (U.S. dollar 1 = CFAF 568.0, as defined in paragraph 15). In the event that the Eurobond issuance in foreign currency or the contracting of loans from international Banks by the Government is for an amount less than expected or in the absence of an issuance, the end-June 2019 ceiling for net domestic financing (NDF) will be adjusted upwards by the total amount of the difference between the projected amount of the issuance and the actual issuance of the Eurobond in foreign currency or the loans from international banks converted in CFAF at the average exchange rate for August 2018 (U.S. dollar 1 = CFAF 568.0).

G. External Debt (PC)

13. For program purposes, the definition of debt is set out in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to IMF Executive Board Decision No. 15688-(14/107), adopted on December 5, 2014.[1]

(a) For the purpose of these guidelines, the term "debt" will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:

(i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

(ii) suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

(iii) leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of these guidelines, the debt is the present value (at the

[1]http://www.imf.org/external/pp/longres.aspx?id=4927.

inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.

(b) Under the definition of debt set out in this paragraph, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

14. External debt is defined as debt contracted or serviced in a currency other than the franc of the Financial Community of Africa (CFAF).

15. The performance criterion (PC) concerning the present value (PV) of new external debt contracted by the central government applies to all external debt (whether or not concessional) contracted or guaranteed, including commitments contracted or guaranteed for which no value has been received. In addition, guarantees by the central government denominated in CFAF but guaranteeing an external debt are also guarantees for purposes of this PC. Further, guarantees by the central government guaranteeing contingent obligations or indemnifying a guarantor of external debt also constitute guarantees for purposes of this PC. For program monitoring purposes, guarantees over external debt encompass: (i) explicit guarantees of the government; and (ii) contingent commitments or undertakings by the government, upon the occurrence of certain events, to pay, reimburse, transfer, or otherwise assume responsibility for any external debt payments due. This performance criterion does not apply to:

- normal import-related commercial debts having a maturity of less than one year;
- rescheduling agreements;
- IMF disbursements;
- for program monitoring purposes, external debt is deemed to be contracted or guaranteed: (i) at the date of its approval by the government of Côte d'Ivoire (Council of Ministers); or (ii) for those operations considered as guarantees in this TMU but for which adoption by the Council of Minister is not required, signature of the relevant document(s) by the Minister of Economy and Finance of Côte d'Ivoire or by any other person authorized to sign such document(s). In the case of the issuance of euro bonds, the amount deemed contracted is the amount subscribed/purchased at the end of the subscription/purchase period as specified in the final clauses of the exchange. For program purposes, (i) the value in U.S. dollars of new external debt of 2018 is calculated using the average exchange rate for January 2018 in the IMF's International Financial Statistics (IFS) database; (ii) the value in U.S. dollars of new external debt of 2019 is calculated using the average exchange rate for August 2018 in the IMF's IFS database.

16. The PV of new external debt is calculated by discounting all future debt service payments (principal and interest) on the basis of a program discount rate of 5 percent and taking account of all loan conditions, including the maturity, grace period, payment schedule, front-end fees and management fees. The PV is calculated using the IMF model for this type of calculation[2] based on the amount of the loan. A debt is considered concessional if on the date on which it is contracted the ratio of its present value to its face value is less than 65 percent (equivalent to a grant element of at least 35 percent). In the case of loans for which the grant element is zero or less than zero, the PV is set at an amount equal to the face value.

17. In the case of variable interest rate debt in the form of a reference interest rate plus a fixed margin, the PV of the debt is calculated on the basis of the program reference rate plus a fixed margin (in basis points) specified in the loan agreement. The program reference rate for the US$ six-month LIBOR is 3.04 percent and will remain unchanged during the period between January 1, 2018 and December 31, 2018. It will then be 3.44 percent for the period of January 1, 2019 to December 31, 2019. The margin between the euro six-month LIBOR and the US$ six-month LIBOR is -300 basis points for 2018 and -400 basis points for 2019. The margin between the yen six-month LIBOR and the US$ six-month LIBOR is -300 basis points for both 2018 and 2019. The margin between the pound sterling six-month LIBOR and the US$ six-month LIBOR is -250 basis points. For interest rates applicable in currencies other than the euro, yen and pound sterling, the margin vis-à-vis the US$ six-month LIBOR is -250 basis points for 2018 and 2019. When the variable rate is linked to a reference interest rate other than the US$ six-month LIBOR, a margin corresponding to the difference between the reference rate and the US$ six-month LIBOR (rounded to the closest 50 basis points) is added. These rates will remain fixed and will not be revised until every Fall edition of the World Economic Outlook (WEO).

18. The adjustors for the performance criterion on the PV of new external debt:

- The program ceiling applicable to the PV of new external debt is adjusted upward up to a maximum of 5 percent of the ceiling on the PV of external debt in cases in which differences vis-à-vis the PC on the PV of new debt are caused by a variation in financing conditions (interest, maturity, grace period, payment schedule, front-end fees, management fees) of the debt or debts. The adjustor may not be applied when the differences are the result of an increase in the face value of the total debt contracted or guaranteed.

- The ceiling will exclude external borrowing which is for the sole purpose of refinancing existing public sector external debt and which helps to improve the profile of the repayment schedule.

- The program ceiling applicable to the PV of new external debt is 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 *Société Ivoirienne de Raffinage* (SIR), up to an equivalent of CFAF 368 billion, or US$ 684.07 million, calculated using January 2018 average exchange rate (US$ 1=CFAF 537.95).

- The program ceiling applicable to the PV of new external debt is 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, up to EUR 300 million, or

[2] https://www.imf.org/external/np/spr/2015/conc/index.htm.

CFAF 196.8 billion, calculated using the average exchange rate for January 2019 (EUR 1=CFAF 655.994).

- Program projections for end-June 2019 include the Eurobond issuance in foreign currency or the loan from international banks by the Government, up to an amount equivalent to CFAF 500 billion, or US$ 880.2 million, calculated at the average exchange rate for August 2018 (US$ 1 = CFAF 568.0). In the case of an actual Eurobond issuance or a contracting of loans from international banks by the Government by an amount less than the expected or of the non-issuance of Eurobond or non-contracting of the loans from international banks, the program ceiling applicable to the PV of new external debt at end-June 2019 will be adjusted downward by the total amount of the difference between the projected and the actual Eurobond issuance or loans contracted with the international banks, calculated at the average exchange rate for August 2018 (US$ 1 = CFAF 568.0).

19. **The authorities will inform IMF staff of any planned external borrowing and the conditions on such borrowing before the loans are either contracted or guaranteed by the government**. The current government borrowing plan for January-December 2019 is summarized in Table 1. In this table, the value in U.S. dollars of the new external debt is calculated on the basis of the average Euro-dollar exchange rates of August 2018 (US$1=EUR 0.87) for January–December 2019. The actual government external borrowing for January–June 2019 is summarized in Table 2. In that table, the average dollar value of new external debt is calculated on the basis of the average EUR-Dollar exchange rate for August 2018 (US$1=EUR 0.87) for January–December 2019.

Table 1. Summary Table on External Borrowing Program for January-December 2019
(Millions of US dollars)

	January-June 2019		January-December 2019	
	Volume of new debt, US$ million 1/	PV of new debt, US$ million 1/	Volume of new debt, US$ million 1/	PV of new debt, US$ million 1/
Sources of debt financing	**3,145.5**	**2,541.9**	**4,114.3**	**3,480.5**
Concessional debt 2/	**635.1**	**362.2**	**635.1**	**362.2**
Multilateral debt	635.1	362.2	635.1	362.2
Bilateral debt	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Non-concessional debt	**2,510.3**	**2,179.7**	**3,479.1**	**3,118.3**
Semi-concessional 3/	1,630.1	1,299.5	2,508.9	2,148.1
Commercial terms 4/	880.2	880.2	970.2	970.2
Uses of debt financing	**3,145.5**	**2,541.9**	**4,114.3**	**3,480.5**
Infrastructure	2,265.2	1,661.7	3,129.0	2,499.8
Social Spending	0.0	0.0	0.0	0.0
Budget Financing	880.2	880.2	880.2	880.2
Other	0.0	0.0	105.0	100.4

Source: Ivoirien authorities

1/ Contracting and guaranteeing of new debt. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.

2/ Concessional debt is defined as debt with a grand element that exceeds the minimum threshold of 35 percent.

3/ Debt with a positive grant element which does not meet the minimum grant element.

4/ Debt without a positive grant element. For commercial debt, the present value would be defined as the nominal/face value.

Table 2. Actual External Borrowing for January-December 2018
(Millions of US dollars)

	January-December 2018					
	Program		Adjusted program 1/		Program	
	Volume of new debt, US$ million 2/	PV of new debt, US$ million 2/	Volume of new debt, US$ million 2/	PV of new debt, US$ million 2/	Volume of new debt, US$ million 2/	PV of new debt, US$ million 2/
Sources of debt financing	**5419,7**	**4472,9**	**6019,6**	**5072,8**	**5859,5**	**5054,3**
Concessional debt 3/	**1747,3**	**1001,7**	**1747,3**	**1001,7**	**1105,2**	**588.5**
Multilateral debt	1594,3	938,1	1594,3	938,1	919.3	509.2
Bilateral debt	153,0	63,6	153.0	63,6	186.0	79.3
Non-concessional debt	**3672,4**	**3471,2**	**4272,3**	**4071,1**	**4754,3**	**4465,8**
Semi-concessional 4/	1517,3	1316,1	1517,3	1316,1	1473,2	1184,7
Commercial terms 5/	2155,1	2155,1	2755,0	2755,0	3,281.1	3281,1
Uses of debt financing	**5419,7**	**4472,9**	**6019,6**	**5072,8**	**5859,5**	**5054,3**
Infrastructure	2464,3	1788,9	2464,3	1788,9	1498,8	1249,2
Social Spending	649,4	384,3	649,4	384.3	310.2	179.7
Budget Financing	2072,9	2072,9	2072,9	2072,9	2178,3	2133,2
Other	233,1	226,8	833.1	826.7	1872,4	1492,2

Source: Ivoirien authorities

1/ Adjusted by the amount of the guarantee of 492 million Euros for the restructuring of the debt of state-owned oil company - Societe Société Ivoirienne de Raffinage (SIR)

2/ Contracting and guaranteeing of new debt. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.

3/ Concessional debt is defined as debt with a grand element that exceeds the minimum threshold of 35 percent.

4/ Debt with a positive grant element which does not meet the minimum grant element.

5/ Debt without a positive grant element. For commercial debt, the present value would be defined as the nominal/face value.

H. External Payments Arrears (PC)

20. External arrears correspond to the nonpayment of any interest or principal amounts on their due dates (taking into account any contractual grace periods). This performance criterion applies to arrears accumulated on external debt contracted by the government and external debt guaranteed by the government for which the guarantee has been called by the creditors. There will be no accumulation of new external payment arrears. This performance criterion is monitored on a continuous basis.

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

21. "Amounts payable" (or "balances outstanding") include domestic arrears and floating debt and represent the government's overdue obligations. They are defined as expenditures assumed (*prise en charge*) by the public accountant, but yet to be paid. For purposes of the program, these obligations include (i) bills due and not paid to nonfinancial public and private companies; and (ii) the domestic debt service.

22. For program purposes, domestic payment arrears are balances outstanding to suppliers and on domestic debt service. Arrears to suppliers are defined as overdue obligations of the government to nonfinancial and private companies for which the payment delay exceeds the regulatory delay of 90 days; arrears on the domestic debt service refer to debt service obligations for which the payment delay exceeds 30 days.

23. Floating debt refers to balances outstanding for which the payment delay does not exceed the regulatory delay (90 days for debt to nonfinancial companies and 30 days for debt service).

24. Balances outstanding are broken down by payer and type, as well as by maturity and length of time overdue (< 90 days, 90–365 days, > 1 year for amounts owing to nonfinancial companies, and <30 days, 30–365 days, > 1 year for amounts owing to financial institutions).

25. For program purposes, the ceiling on the accumulation of new domestic payments arrears is zero.

MEMORANDUM ITEMS

A. Net Banking System Claims on the Government

26. Net banking system claims on the government are defined as the difference between government debts and government claims vis-à-vis the central bank and commercial banks, (including the C2D deposits). The scope of net banking system claims on the government is that used by the BCEAO and is the same as that shown in the Net Government Position (NGP) (including the C2D deposits).

B. External Financing (Definitions)

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

C. Fuel Tax Revenues

28. The fuel tax revenue is defined as revenues from oil products taxation collected by the General Directorate of Customs (DGD) as reported in the fiscal reporting table (TOFE) under the line "taxes sur les produits pétroliers".

D. Program Monitoring and Data Reporting

29. A quarterly assessment report on the monitoring of the quantitative performance criteria, indicative targets, and structural benchmarks will be prepared by the authorities no later than 45 days following the end of each quarter.

30. The government will report the information specified in Table 3 no later than 45 days following the month-end or quarter-end, except in the case of the information that will be provided later, as specified in Table 3 of the TMU.

31. The government will report final data provided by the BCEAO within 45 days following the month-end. The information provided will include a complete, itemized listing of public sector assets and liabilities vis-à-vis: (i) the BCEAO; (ii) the National Investment Bank (*Banque Nationale d'Investissement*, or BNI); and (iii) the banking system (including the BNI).

32. The government will provide a detailed statement of payment orders and payments on IMF financing related to Ebola expenditures within 45 days of the end of each month. These expenditures are included in the government budget. The authorities will consult with Fund staff on any proposed new external debt. The authorities will inform Fund staff of the signature of any new external debt contracted or guaranteed by the government, including the conditions on such debt. Data on new external debt, the amount outstanding, and the accumulation and repayment of external payments arrears will be reported monthly within six weeks of the end of each month.

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

Table 3. Côte d'Ivoire: Pro-Poor Spending, 2016–19
(Billions of CFA francs)

	2016	2017	2018	2019 Budget
Agriculture and rural development	**124.0**	**84.3**	**79.1**	**120.3**
General administration	58.6	45.0	39.8	76.0
Agriculture promotion and development program	24.5	5.9	4.5	15.9
Training of supervisory staff	10.2	15.1	14.2	14.4
Water system works	17.1	4.7	7.1	1.4
Other investments in the rural area (FRAR, FIMR)	13.6	13.6	13.4	12.5
Fishing and animal husbandry	**9.1**	**10.2**	**12.1**	**17.9**
General administration	5.6	6.0	7.8	8.1
Milk production and livestock farming	2.3	2.2	1.8	1.1
Fishing and aquaculture	1.2	1.9	2.5	8.7
Education	**1,179.3**	**1,085.5**	**1,194.5**	**1,315.6**
General administration	32.8	35.0	26.9	25.6
Pre-schooling and primary education	531.1	480.2	528.0	557.0
Literacy	0.6	0.5	0.4	0.5
Secondary education and vocational training	359.9	357.3	407.8	481.9
University and research	211.4	212.5	231.3	250.6
Emergency/Presidential program/Education	43.5	0.0	0.0	
Health	**330.4**	**338.9**	**305.6**	**376.3**
General administration	157.0	165.0	174.1	192.0
Primary health system	59.5	70.6	60.9	73.1
Preventive healthcare (enlarged vaccination program)	4.0	1.5	4.5	1.5
Disease-fighting programs	38.5	20.4	14.8	36.1
Infant/mother health and nutrition	1.4	11.3	0.8	12.6
HIV/Aids	3.2	23.3	11.9	18.5
Health centers and specialized programs	46.9	46.8	38.6	42.5
Emergency/Presidential program/Health	20.0	0.0	0.0	
Water and De-contamination	**58.6**	**48.3**	**57.6**	**100.0**
Access to drinking water and de-contamination	21.6	47.5	49.1	40.4
Environmental protection spending	7.1	0.8	8.5	59.6
Emergency/Presidential program/healthiness and de-contamination	13.5	0.0	0.0	
Emergency/Presidential program/drinking water	16.5	0.0	0.0	
Energy	**45.5**	**113.9**	**189.5**	**131.2**
Access to electricity	32.0	113.9	189.5	131.2
Emergency/Presidential program/Electricity	13.5	9.2	0.0	
Roads and Art Works	**153.8**	**329.4**	**426.7**	**296.8**
Road maintenance	20.1	22.3	28.4	2.4
Construction of art works	8.2	9.2	15.2	1.0
Other road projects	100.6	297.9	383.0	293.4
Emergency/Presidential program/maintenance and development	25.0	0.0	0.0	
Social spending	**38.4**	**27.2**	**24.6**	**39.2**
General administration	31.2	19.3	16.4	18.2
Training for women	1.6	0.6	1.1	0.5
Orphanages, day nurseries, and social centers	3.1	3.9	3.8	3.3
Training of support staff	1.8	1.6	1.5	1.5
Indigents and victims of war or disaster	0.7	1.8	1.7	15.6
Decentralization (excl. education, health and agriculture)	**55.1**	**55.0**	**59.6**	**76.5**
Decentralization	55.1	55.0	59.6	76.5
Reconstruction	**11.3**	**12.7**	**8.8**	**9.5**
Reconstruction and rehabilitation	0.0	0.0	0.0	0.3
Emergency/Presidential program	11.3	12.7	8.8	9.2
Other poverty-fighting spending	**9.2**	**4.3**	**3.5**	**22.3**
Promotion and insertion of youth	6.6	2.6	2.4	21.1
Support and follow-up of DSRP	0.1	0.1	0.0	
Development of tourism and craftmanship	2.5	1.6	1.1	1.2
TOTAL	**2,014.8**	**2,109.6**	**2,361.4**	**2,505.5**

Source: Ivoirien authorities.

Table 4. Côte d'Ivoire: Document Transmittal for Program Monitoring			
Sector	**Type of data**	**Frequency**	**Transmittal deadline**
Real sector	Cyclical indicators	Monthly	End of month + 45 days
	Provisional national accounts	Annually	End of year + 9 months
	Final national accounts	Variable	60 days after revision
	Disaggregated consumer price indices	Monthly	End of month + 45 days
Energy sector	Crude oil: offtake report	Quarterly	End of quarter + 45 days
	Oil product price structure	Monthly	End of month + 45 days
Public finances	Fiscal reporting table (TOFE)	Monthly	End of month + 45 days
	Budget execution report	Quarterly	End of quarter + 45 days
	Report on the public procurement operations	Quarterly	End of quarter + 45 days
	Estimated tax revenue	Monthly	End of month + 45 days
	Summary statement of VAT credit refunds	Monthly	End of month + 45 days
	Summary statement of tax and customs exemptions	Monthly	End of month + 45 days
	Pro-poor expenditures	Monthly	End of month + 45 days
	Treasury advances	Monthly	End of month + 45 days
	Central government domestic arrears	Monthly	End of month + 45 days
	Consolidated Treasury balances outstanding	Monthly	End of month + 45 days
	Annual cash flow plan	Annually	End of year + 45 days
	Execution of cash flow plan	Quarterly	End of quarter + 45 days
	General balance of the Treasury accounts	Quarterly	End of quarter + 45 days
Domestic debt	Detailed domestic debt statement	Monthly	End of month + 45 days
	Breakdown of new domestic loans and guarantees	Monthly	End of month + 45 days
	Detailed projected domestic debt service	Quarterly	End of quarter + 45 days
	Statement of issuances and redemptions of securities	Monthly	End of month + 45 days

Table 4. Côte d'Ivoire: Document Transmittal for Program Monitoring (concluded)

Sector	Type of data	Frequency	Transmittal deadline
External debt	Detailed external debt statement	Monthly	End of month + 45 days
	Breakdown of new external loans and guarantees	Monthly	End of month + 45 days
	Table of disbursements on new loans	Monthly	End of month + 45 days
	Projected external debt service	Quarterly	End of quarter + 45 days
Public companies	Debt statement of public companies	Quarterly	End of quarter + 45 days
	List of public companies	Quarterly	End of quarter + 45 days
Balance of payments	Provisional balance of payments (provisional)	Annually	End of year +9 months
	Provisional balance of payments (final)	Annually	End of year + 12 months
Monetary and financial sectors	Banking system statement	Monthly	End of month + 45 days (preliminary); end of month + 60 days (final)
	BCEAO summary statement	Monthly	End of month + 45 days (preliminary); end of month + 60 days (final)
	Monetary sector statement	Monthly	End of month + 45 days (preliminary); end of month + 60 days (final)
	Government net financial position	Monthly	End of month + 45 days
	Banks's prudential ratios	Monthly	End of month + 45 days
	Financial soundness indicators	Quarterly	End of month + 45 days
	Lending and borrowing interest rates, BCEAO intervention rate and compulsory reserves	Monthly	End of month + 45 days

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

June 10, 2019

FIFTH REVIEWS UNDER THE ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY AND UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY—SUPPLEMENTARY INFORMATION

Approved By
Dominique Desruelle (AFR) and Maria Gonzalez (SPR)

Prepared by the African Department in consultation with other Departments

1. **This supplement provides an update on developments since the issuance of the staff report on May 30, 2019**. The additional information does not change the thrust of the staff appraisal.

2. **Recent indicators confirm healthy growth and low inflation**. Preliminary 2019Q1 data showed a moderate growth in cocoa and industrial production, but robust growth in oil production, electricity consumption and transportation. Gold mining slowed down by less than previously anticipated. Overall, this remains consistent with staff projections of 7½ percent of GDP for 2019. CPI inflation remains modest, at 0.7 percent (y/y) at end-April 2019, in line with the staff's annual projection of an average of 1 percent by end-year.

3. **According to preliminary data, three of four structural benchmarks (SBs) and all quantitative indicative targets (ITs) for end-March 2019 were met**, including the IT on tax revenue (Tables 1 and 2). Along with the previously reported completed SB on the action plan to rationalize tax exemptions, two additional SBs were met. The retail fuel price mechanism was applied to preserve fuel tax revenue at the level envisaged in the budget law, and a summary table of public enterprise debt service at end 2018Q4 was produced. As noted in the staff report, the fourth SB on re-registering 3,000 existing businesses under the Single Taxpayer Identification Number was missed due to technical difficulties; re-registration is expected to begin in the second half of 2019 after these difficulties are resolved.

Table 1. Côte d'Ivoire: Indicative Targets (IT) for end-March 2019[1/]
(Billions of CFA francs, unless otherwise indicated)

	2019		
	March		
	IT	Est.	Status
A. Performance criteria			
Floor on the overall fiscal balance (incl. grants)	-222.7	-164.7	MET
Ceiling on net domestic financing (incl. WAEMU paper)	188.1	130.3	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	907.2	907.3	MET
Ceiling on expenditures by treasury advance	40.4	19.3	MET
Floor on pro-poor expenditure	482.0	544.6	MET
Floor on net reduction of central government amounts payable (- = reduction)	-53.7	-102.8	MET
Floor on primary basic fiscal balance	54.5	132.7	MET
Memorandum items:			
Program grants	0.0	0.0	
Program loans	0.0	76.2	
Project grants	36.0	27.6	
Project loans	138.9	161.4	
Budget support from the European Union, World Bank, and African Development Bank	0.0	0.0	
Fuel tax revenues	95.1	103.5	

Sources: Ivoirien authorities; and IMF staff estimates.

1/ Cumulative amount from January 1, 2019.

Table 2. Côte d'Ivoire: Structural Benchmarks for end-March 2019			
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
Tax Policy and Administration			
Adoption by the Council of Ministers of an action plan to rationalize tax exemptions.	**SB** for end-March 2019 **Met**	Improve tax collection	Action plan
Assign a Single Taxpayer Identification Number to any new business starting in January 2019 and, using the Single Taxpayer Identification Number, re-register 3,000 existing businesses.	**SB** for end-March 2019 **Met for new businesses, Not met for existing businesses due to technical difficulties;**	Improve the quality of the database	Action plan
[1]See memorandum item "fuel tax revenues" in Table 1.			

Statement by Mr. Mohamed-Lemine Raghani, Executive Director for Côte d'Ivoire and Mr. Marcellin Koffi Alle, Senior Advisor to the Executive Director
Executive Board Meeting

June 14, 2019

1. Our Ivorian authorities would like to thank the Board, Management and Staff for the Fund's continued support to Côte d'Ivoire. The Extended Credit Facility (ECF) and the Extended Fund Facility (EFF) arrangements have been instrumental in the authorities' efforts to strengthen macroeconomic stability and move the country towards emerging market status. The authorities appreciate the policy dialogue with Staff and broadly share the thrust of their report, which properly highlights the major achievements in the recent period as well as the policy challenges for the period ahead.

2. Côte d'Ivoire's solid growth momentum has continued throughout the 5th reviews of the ECF/EFF. The authorities' reforms, especially in improving the business climate have bolstered private investment, which is contributing more substantially to growth. As well, prudent fiscal management has helped keep deficits in check and sustain a steady path towards achieving the WAEMU fiscal deficit target of 3 percent in 2019. These efforts have underpinned the good performance under the program.

3. Going forward, the authorities are committed to maintaining this reform momentum to further enhance macroeconomic stability and support the development of the private sector. To this end, they intend to improve the quality of fiscal consolidation by increasing domestic resource mobilization and creating space for capital outlays and social expenditures while reinforcing spending efficiency and maintaining debt sustainability. Further strengthening the financial sector and keeping pace with structural reforms also rank high on their agenda, with the view to buttress strong private sector-led growth and bolster living standards for the population.

Recent Developments, Program Performance and Outlook

4. Recent developments have displayed appreciable macroeconomic achievements. Real GDP growth stood at 7.4 percent at end-2018, driven by robust consumption and buoyant agri-business, construction, and retail commerce. Inflation remained low over the period, at 0.4 percent y-o-y. However, the current account deficit deteriorated from 2.7 percent of GDP in 2017 to 4.7 percent in 2018, mainly as a result of lower cocoa exports.

5. In this context, program performance continues to be strong, thus maintaining the momentum since the installment of the ECF/EFF arrangements. All end-December and continuous performance criteria and almost all indicative targets were met. Amid a revenue shortfall at end-2018, an adjustment in non-priority spending helped meet program targets on the primary basic balance, pro-poor spending and domestic arrears clearance. Furthermore, the authorities have taken remedial measures to address slowed customs procedures that

caused the underperformance in tax revenue. Good results were also achieved on the structural front. Five out of six structural benchmarks (SBs) were met. A milestone was reached with the finalization of the debt restructuring of the national oil refinery SIR, which was programmed for end-2017 and completed in December 2018. The authorities have also implemented other key structural reforms, including the adoption at end-March 2019 of the plan to rationalize tax exemptions, which should boost tax revenue going forward. Likewise, they expect a better functioning of the automatic fuel pricing mechanism in the period ahead, with the view to increase fuel tax revenue.

6. Looking forward, activity should continue to be sustained by strong consumption and private investment, bringing growth to a projected 7.5 percent in 2019-20. The fiscal deficit is anticipated to fall to 3 percent of GDP in 2019 and below in subsequent years. Inflation will remain under control while the current account deficit should improve on the back of more favorable terms of trade, increased exports of services and higher value-added of agriculture exports. The authorities are committed to continue enhancing the business climate and further improving the economy's competitiveness. They also take note of the balance of risks, including the potential impact that a sharp tightening of global financial conditions could have on Côte d'Ivoire's access to international debt markets. They remain engaged in taking preemptive measures where needed to improve economic resilience, as well as formulating appropriate policy responses, should the risks materialize. As regards the sociopolitical environment, the authorities are determined to take the necessary steps to hold a peaceful and transparent presidential election in 2020.

Policies for 2019 and Beyond

7. Our authorities share the view that maintaining macroeconomic stability is critical to advance their economic transformation agenda. In this vein, they will pursue further fiscal consolidation with an emphasis on domestic revenue mobilization and spending prioritization. Macroeconomic stability geared on quality adjustment will be accompanied by structural reforms aimed at creating an enabling environment for a more diverse and thriving private sector. The authorities remain confident that macroeconomic stability will continue to be underpinned at the regional level by sound monetary policy anchored in the currency union which has served this economy well.

Meeting fiscal targets through quality adjustment and meaningful reforms

8. The authorities have reiterated their commitment to meeting the WAEMU fiscal deficit target of 3 percent of GDP as the central objective of their adjustment effort in 2019. In doing so, they have designed a strategy geared at raising the quality of fiscal consolidation while preserving capital outlays and social spending. The consolidation package is worth an additional one percent of GDP compared to 2018 and half of it will come from tax revenue. Administrative measures include enhanced quality controls at the customs and expanding digitalization for tax collection. Tax policies encompass measures such as the elimination of some VAT exemptions; the introduction of a cocoa registration duty; and the increase of the

Single Export Duty on cashew nuts from 3.5 percent to 7.0 percent. Efforts on the expenditure side include reductions of subsidies, the wage bill and other current spending. The authorities also stand ready to preserve the deficit target by making further spending cuts, should revenue underperform.

9. Important structural reforms are underway to support fiscal discipline and improve public financial management (PFM). The 2014 wage bill strategy is maintained with the "one new hire for two retirees" policy, except for the education and health sectors. New tools and enhanced procedures are being put in place for public procurements, investment programming and public-private partnerships (PPPs). In addition, the implementation of the Treasury Single Account (TSA) is progressing well with the closing of most accounts in commercial banks and more operations done through the TSA.

Balancing the financing mix to maintain debt sustainability

10. Preserving debt sustainability over the medium-to-long term is a top priority to the Ivorian authorities. Their strategy is twofold in this regard. First, they are determined to make every effort to broaden the tax base and substantially raise the tax-to-GDP ratio to finance key investments. Second, for 2019 and the medium-term, they have recommitted to borrowing from a balanced mix of domestic and foreign currency sources. Furthermore, an array of actions has been taken recently to closely monitor debt from state-owned enterprises (SOEs), the issuance of guarantees and other fiscal risks. Such measures should help keep public debt in check and maintain the country's moderate risk of debt distress.

Strengthening the financial sector

11. The banking sector is sound and has further strengthened with the introduction since 2018 of new standards aligned with the Basel II/III principles. All but a few small banks meet the BCEAO's new minimum capital requirement. The restructuring of public banks has proceeded well. In particular, two institutions, *Banque Nationale d'Investissement* (BNI) and *Caisse Nationale des Caisses d'Epargne* (CNCE), underwent new developments recently; the former benefited from fresh capital from the social security fund as a new shareholder while the latter should make a critical step with the sales of properties to consolidate its financial position. The authorities' strategy for financial inclusion should also be enhanced with the inception of a new agency for financial inclusion overseen by the ministry of economy and finance. It is meant to support diversification towards innovative financial services and products such as FinTech and mobile banking. Similar efforts are also made in the supervision of the restructuring of microfinance institutions.

Improving the business climate to promote private sector development

12. The authorities' ambition to transform Côte d'Ivoire into an emerging market economy leans on promoting a large, diverse and flourishing private sector as the engine of growth. Progress made thus far in enhancing the business environment include setting a

one-stop shop for creating business and cutting red tape, establishing industrial zones, digitalizing many government services, improving access to credit, enforcing contracts including through commercial courts, and facilitating the delivery of public utilities. As a result of these strides, Côte d'Ivoire has gained 25 places in its World Bank Doing Business ranking since 2015 and placed twice among the top ten reformers, most recently in 2018.

13. Going forward, the authorities are committed to making further progress, notably in delivering public services to enterprises mainly through digitalized procedures. In this regard, the issuance of a Single Taxpayer Identification Number (STIN) to all new firms and soon to existing ones is aimed at creating a unified online one-stop portal for delivering services such as construction permits, business licenses and certificates, property transfers, tax declaration and payments, and communication of legal decisions. Complemented with other reforms, including in governance, and an improved access to finance, these efforts should further ease the doing of business, help attract more foreign direct investment (FDI) and spur the development of local Start-ups and small-and medium-sized enterprises (SMEs).

Sharing growth dividends through social policy

14. The authorities are cognizant of the need to make growth more inclusive. They adopted earlier this year, the "2019-20 Government Social Program" aimed at *"improving the well-being of the population through high-quality public services".* The program is built around 67 projects, of which 12 are quick-to-implement projects with a broad impact in the areas of employment, health, education, housing and access to water and electricity. The cost for 2019 is estimated at CFAF 376 billion, of which 13 percent are already in the budget and 59 percent covered by donor financing identified by this time. In addition, the government continues to implement other initiatives such as the social safety nets through cash transfers and the deployment of the Universal Health Coverage.

Conclusion

15. Côte d'Ivoire's economy continues its strong growth momentum underpinned by the authorities' unwavering reform commitment. The Fund's support under the ECF and EFF arrangements is instrumental in enhancing macroeconomic stability and implementing transformative reforms. Performance continues to be strong and the authorities are on track to meeting the WAEMU fiscal target in 2019 and hence contribute to strengthening regional stability. In addition, they remain steadfast in pursuing their debt strategy which is critical to ensure debt sustainability. They also stay the course with their structural reform agenda whose implementation is bearing fruit in paving the way for robust and sustained private sector-led growth.

16. In view of Côte d'Ivoire' strong economic performance and the authorities' renewed commitment to the objectives of the program, we would appreciate Executive Directors' support for the completion of the fifth reviews under the ECF and the EFF arrangements.