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CÔTE D'IVOIRE

April 2024

REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR CÔTE D'IVOIRE

In the context of the Request for an Arrangement Under the Resilience and Sustainability 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 March 15, 2024, following discussions that ended on February 16, 2024, with the officials of Côte d'Ivoire on economic developments and policies underpinning the IMF arrangement under the Resilience and Sustainability Facility. Based on information available at the time of these discussions, the staff report was completed on March 1, 2024.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the International Development Association.
- A **World Bank Assessment Letter for the Resilience and Sustainability Facility**.
- A **Statement by the Executive Director** for Côte d'Ivoire.

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

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Washington, D.C.

PRESS RELEASE

PR 24/89

IMF Executive Board Approves US$1.3 Billion Under the Resilience and Sustainability Facility for Côte d'Ivoire

FOR IMMEDIATE RELEASE

- The IMF Executive Board approved a 30-month RSF arrangement for Côte d'Ivoire for a total amount of SDR975.6 million (approximately US$1.3 billion).
- Côte d'Ivoire is exposed and vulnerable to climate change. Rising temperatures, rainfall disruptions, flooding, rising sea levels and coastal erosion are major challenges and represent recurring risks for resilient, sustainable, and inclusive economic growth.
- The RSF arrangement will support the reforms of the Ivorian authorities to strengthen adaptation and mitigation, particularly in the areas of agriculture, transport, infrastructure, and public financial management.

Washington, DC – **March 15, 2024:** The Executive Board of the International Monetary Fund (IMF) approved a Resilience and Sustainability Facility (RSF) Arrangement for Côte d'Ivoire.

Reviews under the 30-month RSF arrangement with a total access of SDR975.6 million (about US$1.3 billion or 150 percent of Côte d'Ivoire's IMF quota) will coincide with reviews of the Extended Credit Facility (ECF) and Extended Fund Facility (EFF) arrangements approved in May 2023 (for an amount of about SDR2,601.6 million, or 400 percent of quota). The ECF/EFF arrangements support the government's economic program over 2023-2026 for macroeconomic stability and the structural economic transformation to transition Côte d'Ivoire towards an upper middle-income country.

Côte d'Ivoire is highly exposed to climate change through rising temperatures and sea levels as well as rain pattern changes. Economic vulnerabilities to climate change are mostly due to the country's heavy reliance on agriculture, and the concentration of industrial and services activity in coastal areas. Agriculture employs about half of the workforce and contributes about 17 percent of GDP and 10 percent of tax revenues. At the same time, greenhouse gas emission and pollution in urban areas are growing, albeit from a low level.

The authorities have made strong commitments to reducing the adverse effects of climate change and have developed several government initiatives with development partners' involvement. The RSF arrangement will support the authorities' ambitious homegrown package of reform measures which comprises a balanced mix of adaptation and mitigation efforts and centered around six key pillars: integrating climate into key aspects of PFM, strengthening governance of climate policies, reinforcing safeguards for the agricultural sector, creating a framework for green and sustainable financing, building resilience to climate hazards, and controlling and reducing greenhouse gas emissions. The strategy is based on strong diagnostics including the World Bank Country Climate and Development Report, Climate-Public Investment Management Assessment and green public financial management technical assistance and complemented by various national plans and strategies. Strong synergies with the EFF/ECF arrangements, notably in domestic revenue mobilization, public finance management and financial market deepening, should further enhance the impact of expected outcomes. Technical assistance from the IMF and development partners, including the World Bank Group, the African Development Bank, the UNDP, and bilateral partners should continue to play an important role in meeting challenges from climate change.

Following the Executive Board's discussion, Mr. Kenji Okamura, Deputy Managing Director and Acting Chair, made the following statement:

"Côte d'Ivoire is highly exposed to climate change mainly through rising temperatures and sea levels, and rain pattern changes. Economic vulnerabilities to climate change are exacerbated due to the country's heavy reliance on agriculture and the concentration of industrial and services activity in coastal areas, while greenhouse gas emissions are rising, albeit from low levels.

"Addressing the impact of climate change is a key priority for the country as reflected in its National Development Plan and multiple national strategies and plans, including the country's leadership in organizing the UNCCD COP15 in 2022 to combat desertification. The country has identified priority mitigation and adaptation policies to increase climate resilience in its Nationally Determined Contributions (NDC).

"Built on strong diagnostics, the reforms under the Resilience and Sustainability Facility (RSF) arrangement are centered around six pillars to address the key challenges related to climate change. They include integrating climate into key aspects of PFM, strengthening governance of climate policies, reinforcing safeguards for the agricultural sector, creating a framework for green sustainable financing, building resilience to climate hazards, and controlling and reducing greenhouse gas emissions. On the latter one, the authorities committed to develop a carbon taxation strategy which, along with other commitments, should also create synergies with key policies under the EFF/ECF arrangements such as enhancing domestic revenue mobilization.

"The implementation of reforms under the RSF arrangement should improve Côte d'Ivoire's resilience to climate change over the medium term, replace more expensive financing, build buffers against climate shocks and related prospective balance of payment needs. The strong collaboration with development partners should ensure complementarity of all actors' programs to support the country's reform agenda. It should also encourage the catalytical effect of the RSF to finance the large financing needs identified in the authorities' NDC."

Côte d'Ivoire: Select Economic Indicators 2020-24

Population (2021): 29 million

Gini Index (2018): 37.2

Per capita GDP (2021): 2,445 USD

Life Expectancy (2020): 59

Share of population below the poverty line (2018): 39.5%

	2020	2021	2022 Prel.	2023 Prel.	2024 Proj.
Output					
Real GDP Growth (%)	0.9	7.4	6.7	6.4	6.5
Prices					
Inflation (annual average, %)	2.4	4.2	5.2	4.4	3.8
Central government finances					
Revenues (% GDP)	14.4	15.3	14.8	15.8	16.2
Expenditure (% GDP)	20.4	20.7	22.1	21.7	20.7
Fiscal balance (% GDP)	-5.4	-4.9	-6.8	-5.2	-4.0
Public debt (% GDP)	46.3	50.9	56.8	58.1	57.3
Money and Credit					
Broad money (% change)	21.1	18.7	9.0	…	…
Credit to private sector (% change)	9.2	12.5	7.3	…	…
Balance of payments					
Current account (% GDP)	-3.1	-4.0	-7.7	-5.8	-3.8
Net FDI Inflows (% GDP)	1.1	1.5	1.8	1.7	1.8
WAEMU reserves (in months of imports)	5.5	5.1	4.2	…	…
External public debt (% GDP)	29.7	30.9	34.5	35.1	34.3
Exchange rate					
REER (% change, depreciation –)	5.1	-0.6	-5.2	…	…

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

CÔTE D'IVOIRE

REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY

March 1, 2024

EXECUTIVE SUMMARY

Context. Côte d'Ivoire is highly exposed to climate change through rising temperatures and sea levels as well as rain pattern changes. Economic vulnerabilities to climate change are mostly due to the country's heavy reliance on agriculture, and the concentration of industrial and services activity in coastal areas. Agriculture employs about half of the workforce and contributes about 17 percent of GDP and 10 percent of tax revenues. At the same time, greenhouse gas emission and pollution in urban areas are growing, albeit from a low level.

EFF/ECF Arrangements. Implementation of the economic program supported by the 2023-26 EFF/ECF arrangements has been strong so far. The Board completed the first program review on December 4, 2023 with all quantitative performance criteria (QPCs) for June 2023 and indicative targets (ITs) for June and September 2023 met. According to preliminary data, the end-December QPCs have been met and most ITs have been confirmed. The end-December 2023 structural benchmarks (SBs) to adopt a timeline to close government accounts with commercial banks and end-December 2023 SB on the use of e-procurement have also been met.

RSF. The authorities have made strong commitments to reduce the adverse effects of climate change and have developed several government initiatives with development partners' involvement. The proposed access of 150 percent of quota (or SDR 975.6 million) is commensurate with the authorities' ambitious reforms and proven track-record. The authorities' homegrown package of reform measures is balanced between mitigation and adaptation efforts and centered around six key pillars: integrating climate into key aspects of PFM, strengthening governance of climate policies, reinforcing safeguards for the agricultural sector, creating a framework for green and sustainable financing, building resilience to climate hazards, and controlling and reducing greenhouse gas emissions. The strategy is based on diagnostics including the World Bank CCDR, C-PIMA and green PFM TA and complemented by various national plans and strategies. Strong synergies with the EFF/ECF arrangements, notably in domestic revenue mobilization, public financial management, and financial market deepening, should further enhance the impact of expected outcomes. The 30-month RSF request is presented for Board approval ahead of the second EFF/ECF review to maintain strong reform momentum and ownership.

Approved By
Mlachila Montfort (AFR) and Boileau Loko (SPR)

An IMF team, comprising O. Unteroberdoerster (head), C. Gicquel, O. Ibrahim, B. Stadler, K. Youssef (all AFR), R. Koepke (SPR), W. Oman (MCM), A. Balduino Sollaci, C. Wendling (FAD), A. Touré (Resident Representative), and K. Kouao (local economist) held virtual discussions with the authorities during January 23-February 16, 2024. Mr. Abdoulaye Tall (OED) participated in some of the policy meetings. D. Datshkovsky and L. Magno (both AFR) provided research and administrative assistance, respectively. The mission team met with Minister of State for Agriculture, Rural Development and Food Production Kobenan Kouassi Adjoumani; Minister of Finance and Budget Adama Coulibaly; Minister of Economy, Planning and Development Nialé Kaba; Minister of Petroleum, Mines and Energy Sangawofa Coulibaly; the Minister of the Environment, Sustainable Development and Ecological Transition Konan Jacques Assahoré and other senior government officials.

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ANNEX

APPENDIX

Glossary

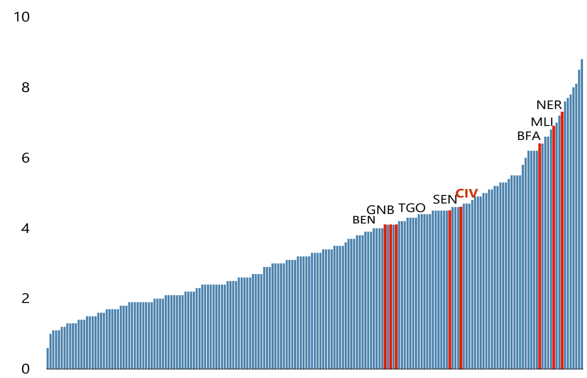
AfDB	African Development Bank
BCEAO	Central Bank of West African States
C2D	Debt Reduction and Development contract
CNDP	National Public Debt Committee
CNPS	Private Sector Pension Fund
CCDR	Country Climate and Development Report
C-PIMA	Climate-Public Investment Management Assessment
DGD	General Directorate of Customs
DGTCP	General Directorate of the Treasury and Public Accounting
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
EFF	Extended Fund Facility
E-GDDS	Enhanced General Data Dissemination System
EPN	National Public Establishments
ESG	Environmental, Social and Governance
FDI	Foreign Direct Investment
GFSM	Government Finance Statistics Manual
IHPI	Harmonized Industrial Production Index
MEFP	Memorandum of Economic and Financial Policies
MTBF	Medium-Term Budget Framework
MTDS	Medium-term Debt Strategy
MTEF	Medium-Term Expenditure Framework
MTRS	Medium-term Revenue Mobilization Strategy
NDF	Net Domestic Financing
NDP	National Development Plan
PFM	Public Financial Management
PIMA	Public Investment Management Assessment
PRGF	Poverty Reduction and Growth Facility
RSF	Resilience and Sustainability Facility
SME	Small- or Medium-sized Enterprise
TMU	Technical Memorandum of Understanding
TOFE	Tableau des Opérations Financières de l'État
TSA	Treasury Single Account
UNDP	United Nations Development Program
UNCCD COP15	United Nations Convention to Combat Desertification Conference of Parties 15
WAEMU	West African Economic and Monetary Union
WEO	World Economic Outlook

CONTEXT FOR RSF REQUEST, ECONOMIC SETTING, AND PROGRAM PERFORMANCE

A. Context for the RSF Request

1. After years of strong growth, the triple shock of the COVID pandemic, the war in Ukraine, and adverse external financing conditions left Côte d'Ivoire with large imbalances. The economic program supported by the EFF/ECF arrangements approved in May 2023 aims to safeguard macroeconomic stability and support Côte d'Ivoire's ambitious medium-term reform agenda towards upper middle-income status. Its key objectives include accelerating structural transformation, developing human capital, promoting private sector-led growth, strengthening inclusion and governance, preserving the environment, and fighting against the adverse impacts of climate change.

Text Figure 1. Climate Change Risk Index



Source: INFORM, IMF staff calculations.
Note: Climate change risk index ranges from 0 to 10, higher values indicating greater risk for humanitarian crises triggered by climate change. Charts report global sample versus WAEMU countries.

2. Côte d'Ivoire is highly exposed to climate change through rising temperatures and sea levels, as well as rain pattern changes (Annex I). With temperatures already on the rise and weather patterns becoming more extreme, studies project that, by 2050, Côte d'Ivoire could face the combined effects of hotter average temperatures (between 1 and 4°C higher depending on the scenario), greater variability in rainfall (-9 percent in May and +9 percent in October), and higher sea levels (up to 30 cm), as well as associated risks of flooding and coastal erosion.

3. Economic vulnerabilities to climate change are mostly due to heavy reliance on agriculture, and the concentration of industrial and services activity in coastal areas. Agriculture employs about half of the workforce and contributes about 17 percent of GDP and 10 percent of tax revenues.

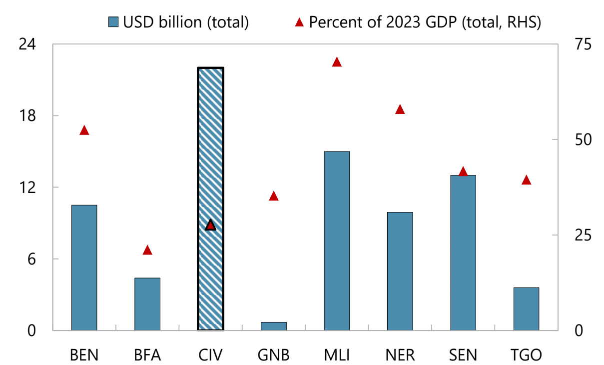
- Côte d'Ivoire is the world's largest producer and exporter of cocoa, accounting for 40 percent of global cocoa exports. Cocoa alone represents around 30 percent of the country's export revenue and provides income to about one-fifth of its population.
- Despite its importance for the Ivorian economy, only 0.2 percent of the country's cropland is under irrigation, making it vulnerable to adverse weather and climate change. Agricultural productivity is already severely impacted by climate change and may have decreased by more

than 35 percent compared to a counter-factual without climate change.[1] The World Bank estimates that the land suitable for cocoa production could shrink by about half by 2050.

- The 556-kilometer coastline is another major source of exposure and vulnerability, being home to about 30 percent of the population and 80 percent of economic activity, including fishing activities. Sea level rise will likely exacerbate flooding, shoreline retreat and loss of beaches.

4. The estimated costs of climate change are significant, as are the financing needs to implement adaptation and mitigation measures. Currently, Côte d'Ivoire experiences around US$80 million in annual losses from floods (or about 0.11 percent of GDP), which are heavily concentrated in the north-east part of the country. The authorities revised their Nationally Determined Contributions (NDC) in 2022 and made strong commitments to increase climate resilience and reduce emissions through adaptation and mitigation policies. The implementation cost of those policies is estimated at US$22 billion (US$12 billion in adaptation and US$10 billion in mitigation) over 8 years starting in 2022, or about 30 percent of GDP in 2022. Private financing, as well as international sources such as the Green Climate Fund and the Adaptation Fund, are expected to play a major role.

Text Figure 2. Climate Finance Needs



Sources: World Bank and IMF staff calculations.

5. To complement several government initiatives with development partners' involvement, the authorities requested access to the Resilience and Sustainability Facility Arrangement (RSF) of 150 percent of quota. Among those initiatives, the government developed the Abidjan Legacy Programme, a multi-partner initiative launched at UNCCD COP15 to combat desertification in 2022, and multiple strategies and plans such as the National Disaster Risk Reduction Strategy, National Platform for Risk Reduction and Disaster Management, and National Adaptation Plan (finalization expected by 2025). To pursue their ambitious climate change reform agenda, the authorities requested access to the RSF of 150 percent of quota (SDR 975.6 million) to enhance their economic resilience and sustainability—by (i) supporting policy reforms that reduce risks associated with longer-term structural challenges, and (ii) augmenting policy space and financial buffers to mitigate the risks arising from such longer-term structural challenges—thereby contributing to Côte d'Ivoire's prospective balance of payments stability. The authorities' home-grown proposals for a comprehensive set of reform

[1] Ortiz-Bobea et al (2021). "Anthropogenic climate change has slowed global agricultural productivity growth." *Nature* Accessed on 11/20/2023: https://www.nature.com/articles/s41558-021-01000-1, cited in IPCC AR6 WGII Chapter 9.

measures (RMs) are based on strong diagnostics from, among others, the CCDR and technical assistance on C-PIMA and green PFM, all completed in Q4-2023.

B. Economic Setting

6. The Ivorian economy remains resilient despite the adverse external environment. Economic activity was robust in the first half of 2023, led by stronger-than-expected domestic demand, despite weather shocks affecting cocoa and coffee crops and disease outbursts affecting cotton production. Weak external demand and tighter financial conditions are estimated to have weighed on industrial and service activity in the second half of the year. Against this backdrop, staff estimate real GDP growth at about 6.4 percent for 2023, down from 6.7 percent in 2022. Overall consumer price inflation (y/y) resumed its downward trend to average 4.4 percent in 2023, down from 5.2 percent at end 2022, reflecting lower import prices.

7. Revenue-based fiscal consolidation will support a narrower deficit. At end-December 2023, tax revenues stood at about 13.9 percent of GDP, in line with program targets, and a 1 percentage point increase over 2022. This is in part due to further gains from ongoing tax policy and administration reforms, as well as early yield from strong upfront policy measures under the program. The authorities responded to higher international oil prices in the second half of 2023 by increasing petrol and diesel pump prices by about 7 and 9 percent, respectively, in October. The 2023 fiscal deficit fell by 1.6 percentage points to 5.2 percent of GDP in 2023. The cost of reform measures is assumed to be absorbed by already budgeted or projected fiscal spending that is consistent with the baseline and would have no impact on the fiscal balance.

8. The current account deficit is also narrowing. Following a sustained surge in the price of cocoa, in part driven by lower production in the country due to adverse weather, the current account deficit is projected to narrow by about 4 percent of GDP over the course of two years (it reached 3.8 percent in 2024, down from an estimated 5.8 percent of GDP in 2023). Nevertheless, capital inflows in 2023 were insufficient to finance the still elevated current account deficit. Official reserves fell over the course of 2023 but edged up towards year-end, with Côte d'Ivoire's reserve path broadly mirroring that of the WAEMU region.

9. Côte d'Ivoire remains at moderate risk of debt distress. The inclusion of the RSF in the baseline is conservatively assumed to substitute only domestic borrowing, keeping external financing needs unchanged. Notwithstanding the implied further shift towards external debt, the preliminary outcome of the DSA remains the same as it was for the first EFF/ECF review DSA with debt assessed at moderate risk of distress. Judgement is applied to reflect a strong track record of market access, sustained active debt management, and improvement of institutional and legislative frameworks. The recent successful eurobond issuance in the amount of US$2.6 billion was added in the DSA baseline and marks an important milestone after two years of adverse external financing conditions. While details remain to be determined, the bond placement was mainly for liability-management purposes and should improve the outlook for both external and debt sustainability.

10. The outlook is favorable due to strong domestic fundamentals and a gradually improving external environment. Still strong private consumption and investment are expected to support robust output growth of 6.5 percent in 2024. Inflation is expected to fall within the BCEAO's 1–3 percent target range by end-2024, with an annual average of 3.8 percent. The overall fiscal deficit is projected to decline to 4 percent of GDP in 2024 amid further improvement in domestic revenue mobilization consistent with the 2024 budget. Output growth is expected to remain robust at around 6.4 percent over 2025-26, underpinned by capital deepening and the gradual improvement in external conditions, before converging to its estimated long-term potential of around 6 percent. Inflation is expected to average about 3 percent in 2025-26 and remain within the BCEAO target range while the current account deficit would narrow further to about 3 percent of GDP by 2025. The fiscal deficit is projected to reach the WAEMU deficit target of 3 percent of GDP by 2025.

11. The balance of risks has improved, but remains tilted to the downside. Regional security challenges could generate spending pressures and weigh on confidence, while a renewed spike in international oil prices could put pressure on tax revenue from petroleum products. However, these would be mitigated by the authorities' commitment to reduce non-priority spending in order to meet unforeseen additional security spending needs, and to undertake further pump price increases, as needed, to avoid revenue losses. Notwithstanding the recent successful bond issuance, a renewed deterioration in external financing conditions could increase debt service costs over time, making it challenging to meet significant financing needs (Table 9). A weaker-than-anticipated recovery in pooled regional FX reserves, could also weigh on investor confidence, as could regional fragmentation. On the upside, global inflation pressures could subside faster than anticipated, leading to more favorable financing conditions. Moreover, potentially higher oil and gas extraction could boost longer-term growth prospects.

C. Program Performance

12. Implementation of the program supported by the EFF/ECF-arrangements has been strong. All quantitative performance criteria (QPCs) and indicative targets (ITs) as of June 2023, the two end-September structural benchmarks (SBs), and all end-September 2023 indicative targets have been met (Tables 9 and 10). According to preliminary data, the end-December QPCs have been met and most ITs have been confirmed. The end-December 2023 SBs to adopt a timeline to close government accounts with commercial banks and end-December 2023 SB on the use of e-procurement have also been met. Moreover, the authorities are making progress towards meeting the May and June 2024 SBs. The authorities have maintained momentum towards adopting a medium-term-revenue-mobilization strategy (MTRS) by end-May, with an institutional framework, and consultations with stakeholders ongoing.

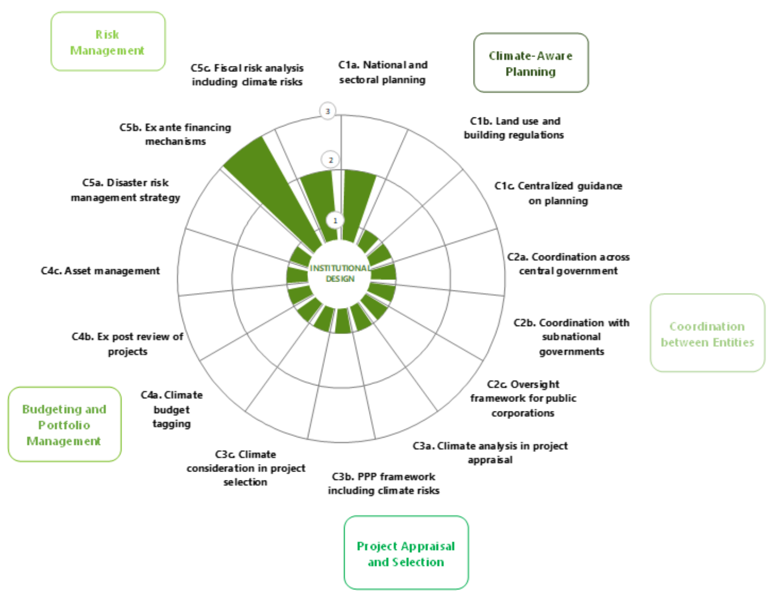
REFORM MEASURES SUPPORTED BY THE RSF ARRANGEMENT

Building on the homegrown Ivorian strategy and initiatives to address climate change, the authorities' reform priorities are designed around six key challenges: (i) lack of integration of climate into PFM; (ii) weak governance of climate policies; (iii) an exposed and vulnerable agriculture sector; (iv) lack of green and sustainable financing; (v) vulnerability to flooding and coastal erosion; and (vi) increasing greenhouse gas emissions. The key challenges have been diagnosed mainly by the World Bank CCDR, the C-PIMA and Green PFM technical assistance (TA) reports, with complementary analysis from several other multilateral and bilateral partners including the AfDB, UNDP, IFC, and the European Union (EU).

Key Challenge 1: Lack of Integration of Climate into PFM

13. Côte d'Ivoire is still at an early stage in the development of a robust framework for integration of climate considerations in public financial management. To strengthen their approach, the authorities committed to fully integrate climate change considerations into PFM/PIM frameworks. They will ensure that budget processes and institutions are responsive to environmental and climate concerns, including key PIM steps such as evaluation and selection of projects. This is a first step to implement a resilient low-carbon development model and fulfill the prerequisites to access climate financing. Specifically, the authorities committed to the following three complementary RMs, which will be supported by IMF TA:

Text Figure 3. Côte d'Ivoire – C-PIMA Results



Sources: 2023 C-PIMA/Green PFM TA report, IMF staff calculations.

- *(i) Adopt an* arrêté ministériel *establishing a system for tagging climate-related investment expenditure at the stage of public investment programming its execution during the fiscal year, with a coverage initially limited to five ministries, the ones in charge of energy, agriculture, environment and sustainable development, water management ("hydraulique"), and sanitation ("assainissement").*
  (ii) Prepare and publish on this basis a first climate budget statement attached to the 2026 budget law, presenting climate-related investment expenditure expected for these entities. (RM1). The system

would enable the identification of climate-related investment to foster a low carbon development model and facilitate access to green financing. Before the rollout to the whole government, the five pilot ministries will be integrated into the 2025 budget. The authorities also committed to expand the system to brown expenditure in a second phase.

- *Establish a framework for modeling, and integrate quantitative analysis of climate-related fiscal risks into the Fiscal Risk Statement by end-October 2025* (RM2). This is an important step to build capacity to integrate climate-related hazards into budgetary forecast and raise awareness through a budgetary risk statement.

- *Adopt an inter-ministerial* arrêté *in application of the decree 2022-742 on public investment management, making it mandatory and explicit to integrate climate considerations into the appraisal and selection of public investment projects and modify the decree 96-894 on environmental impact assessments to integrate explicitly climate considerations at end-2025 in order to promote low-carbon / climate-resilient investments and to discourage high-carbon / climate-vulnerable investments* by end-October 2025 (RM3) to ensure proper integration and consistency across all legislative documents.

Key Challenge 2: Weak Governance of Climate Policies

14. There is a wide consensus that Côte d'Ivoire suffers from institutional arrangements that generate a fragmentation of climate policy and a lack of coordination. The World Bank CCDR emphasizes that institutional responsibility for addressing climate change is spread across public sector institutions, and that climate change exerts stress on institutional capacities for policy planning, coordination, and policy implementation and monitoring. The C-PIMA and Green PFM TA reports find that coordination mechanisms across the state and with other entities to integrate climate change into decision-making remain limited. Against this backdrop, the government plans to adopt a law on climate change, which entails the creation of several entities, including the National Commission to Combat Climate Change, the National Climate Authority, a dedicated fund or another mechanism for mobilizing green finance, and the establishment of a scientific watchdog body to guide policy decisions for this purpose. To strengthen transparency, accountability, and coordination on climate policy, the authorities are committed to the following RM:

- *Task a commission, placed under the auspices of the Prime Minister's office, with producing an annual report, which will be published, on the government's progress on Côte d'Ivoire's climate transition which includes short-term and medium-term recommendations to the government on how to improve climate action. An official communication on this report will be presented in the Council of Ministers by end-October 2024* (RM4, see MEFP Table 1 for further details). The commission mentioned in this RM is expected to be the national commission under the future law on climate change.

Key Challenge 3: Exposed and Vulnerable Agriculture Sector

15. Agriculture is an important sector for the economy but is exposed and vulnerable to climate hazards. Given its importance and vulnerability, many partners are supporting the authorities in building resilience in the sector (see Annex I for details). Protecting farmers' livelihoods against growing climate-related income risks plays an important role in this regard. With increased financial resilience, farmers would be able to invest into more resistant crops, set up irrigation systems, and diversify their agricultural portfolio. The proposed RM exploits synergies with the West African Development Bank's partial and temporary support for the risk premia of a farmers' insurance scheme. The government will set up the insurance scheme and the private sector is expected to cover the insurance fully after four years, when the West African Development Bank's subsidy for the premia is completely phased out. The RM sets out to operationalize the scheme, including administration, monitoring, capacity building and building credit lines for risk reduction investments. Because of its macro-criticality, vulnerability and capacity, the cotton sector was chosen for the pilot scheme Specifically, the authorities are committed to:

- *Gradually implement an insurance system against climate hazards. As a first step, a pilot insurance system for the cotton sector will be set up through capacity building for stakeholders (producers and cooperatives) and preparations for the introduction of insurance products for the sector's stakeholders by the end of December 2025* (RM5).

Key Challenge 4: Lack of Green and Sustainable Financing for Private and Public Companies

16. Mobilizing new private sector climate financing requires developing a climate financial information architecture. The government took steps toward establishing a sustainable financing framework by introducing a green finance platform and a draft ESG framework. The platform was introduced in 2020 through an inter-ministerial *arrêté* to coordinate the mobilization of public and private climate financing and ensure the traceability of these financing flows; it is not operational, however. While the ESG framework was updated in 2023 and served as a basis for the issuance of a 9-year, US$1.1 billion sustainability bond in December 2023, it does not substitute for a climate financial information architecture. The latter is needed to steer credit allocation to private and public companies toward long-term investments that are aligned with the country's adaptation and mitigation objectives and to scale up domestic and international private climate financing. To address this gap, two complementary measures will be taken, together with a third measure aimed at operationalizing the green finance platform:

- *To develop the climate financial information architecture, adopt a decree on the introduction of two complementary frameworks along with the implementation timeline: (i) a transition taxonomy (reference framework for public and private sector climate investments) covering the country's mitigation and adaptation needs across key sectors; and (ii) an inter-ministerial coordination mechanism on the design of the taxonomy by end-April 2025* (RM6).

- To guide climate investments by the private sector, *based on the taxonomy implemented under RM6, adopt a decree that comprises: (i) the introduction of a climate risk disclosure framework for state-owned enterprises and non-financial private companies, connected to the taxonomy; and (ii) a disclosure requirement that is integrated within the financial reporting of state-owned enterprises and non-financial companies, based on the climate risk disclosure framework, together with their implementation timeline by end-April 2025* (RM7).

- *Adopt a decree that comprises two actions: (i) operationalize the green finance platform by (1) setting up a website where domestic and international climate finance actors can find key information on the principal pillars of the National Strategy on Mobilizing Private Climate Financing, the NDCs, the National Adaptation Plan, the National Development Plan, the quantified targets for the mobilization of domestic and international climate financing envisaged for different financial instruments, and the involvement of MDBs and other international development partners in the National Strategy on Mobilizing Private Climate Financing, and (2) designing and implementing a training and capacity development plan for national actors on climate financing instruments, climate-related taxonomies, and climate risk disclosure frameworks; and (ii) design and implement a finance Measurement, Reporting and Verification (MRV) system for said finance platform by end-October 2024* (RM8).

Key Challenge 5: Vulnerability to Flooding and Coastal Erosion

17. Côte d'Ivoire has experienced many extreme weather events, which are likely to increase in frequency and severity as climate change progresses. Extreme floods or droughts are already impacting the economy by destroying public and private capital, agricultural production and causing deaths and displacement. The following reform measures will help address such hazards:

- *Strengthen the environment and climate change component and deploy the multi-hazard early warning system in the Adzopé department. This early warning system will enable rapid responses to and mitigation of the impact of disasters, both in the short and long term. Prior to nationwide implementation, the early warning system will be tested in a pilot phase in the Adzopé department. A report summarizing the first alerts will be produced in December 2024.* (RM9). An early warning system enables the authorities and population to respond rapidly, which dampens the impact of disasters, both in the short and long term. Before a country-wide implementation, the authorities would pilot an early warning system in the exposed region of Adzopé. This RM exploits synergies with the World Bank and World Meteorological Organization projects on early warning systems. These partners focus on the effects of floods, while the RM covers other hazards and risks, including those directly related to climate change or that will be worsened by it, such as health and security concerns.

- *Design and adopt standardized maintenance methodologies integrating the impact of climate change for road infrastructure and pilot their implementation in the greater Abidjan* (RM10). With climate consideration integrated in the maintenance and accounting of fixed assets, the resilience of critical roads will increase, ultimately decreasing the long-term costs associated with degradation, and enabling quicker recovery from disasters (see Annex I). The authorities are committed to develop a road design manual for end-March 2024 and a follow-up report for end-October 2024.

Key Challenge 6: Increasing Greenhouse Gas Emissions

18. Côte d'Ivoire's emissions are increasing in key sectors, albeit from low levels. The country made an ambitious commitment to reduce emissions by over 30 percent (compared to status quo) by 2030 during the COP28. While agriculture and land-use change and forestry are the largest contributors to gas emissions, their emissions remained stagnant over the past decades compared to growing emissions from the energy and transport sectors (currently the second and third largest contributors to GHG emissions, respectively). It is important to ensure that rapid development will not be followed by a surge of emissions, which would make mitigation more costly in the future. To curb greenhouse gas emissions, the authorities are working on a comprehensive national strategy of carbon pricing, involving both the design of carbon credits and a strategy for carbon taxation. The RSF support will focus on the latter with targeted reform measures in the energy and transport sector. Given the importance of natural gas as transition fuel in Côte d'Ivoire's electrification strategy and relatively low CO2 emissions in electricity production, measures under the RSF will focus on improving efficiency of consumption and boosting the share of renewables in production. In the transport sector, a shift towards an explicit carbon taxation will be complemented by regulatory improvements for e-mobility and reforms to the environmental vehicle tax system to provide consistent incentives for transition to lower-emission vehicles. Moreover, integrating a range of environmental taxes and funds into the budget will be an important step to increase governance and reinforce climate policy reforms.

19. The authorities aim to sensitize the public and private sector to energy efficiency. The authorities committed to *implement a mandatory energy audit system of entities with annual energy consumption equal to or greater than a benchmark*[2] *for the industrial, tertiary and transportation sectors in 2025, and complete the first five audits by September 2025, and to implement a mandatory energy labeling system for new air conditioners, refrigerators, and electric lamps by December 2024* (RM11). The authorities also committed to provide the list of entities subject to the audit by March 2025 as well as a list of certified energy auditors who are not identified nor trained yet. These measures provide an enabling environment for decarbonization by disseminating information about ways to economize on energy consumption. This RM has synergies with RMs13-16, which should increase its potential impact.

20. The authorities are committed to develop and implement a national strategy on carbon taxation with IMF technical assistance. The authorities remain committed to adhering to market-driven fuel pricing, with automatic price changes within the limits of the existing mechanism (i.e., 40CFAF/L), as needed to reduce the volatility of end-user prices and preserve tax revenue on fuel products (including from a carbon tax). The authorities are thus committed *to continue to apply the existing fuel pricing mechanism with automatic adjustments to smooth price volatility and preserve tax revenues. In addition, the Government undertakes to develop a carbon taxation strategy tailored to Côte d'Ivoire's needs and in line with IMF technical assistance, and to make any necessary adjustments to fuel prices in line with this strategy by the end of December 2025 at the latest* (RM12, see MEFP Table 1 for further details). The IMF TA could also include a communication strategy where the carbon tax is staged in clear milestones and its rationale is clearly explained to the population. To attenuate the impact on the most vulnerable population, the authorities continue to expand well targeted assistance via the World Bank-supported cash transfers program, coupled with the social spending under the EFF/ECF arrangements.

[2] All entities with an annual energy consumption equal or superior to the threshold for the industry, tertiary, and transport sectors. Thresholds are defined as follows: Industry: 1,500 tonnes of oil equivalent (toe) or 2,000 MWh; Services and Transport: 500 toe or 1,000 MWh.

21. To strengthen mitigation efforts in the transport sector, the authorities are promoting e-mobility with the target of a 10 percent share of electric vehicles in the registered vehicle fleet by 2030 as set out in the NDC. To that effect, they intend to *adopt a decree to promote e-mobility in Côte d'Ivoire by addressing issues such as the installation of electric charging stations, technical inspections of electric vehicles, insurance for electric vehicles, and compliance with standards for battery charging stations by April 2024* (RM13).

22. Within the context of the national strategy on carbon taxation, the authorities also intend to ensure consistency between different parts of the environmental tax system for vehicles, notably between the application of registration fees, import duties, taxes, and other regulations relevant in terms of their impact on the promotion of cleaner, more efficient cars. In this regard, they are committed *to examine and adopt any necessary reforms on the existing environmental tax system on internal combustion engine vehicles in line with NDC targets by end-2025. More specifically, the Government intends to put in place a legal framework that ensures coherence between the different parts of the system, notably between the application of registration fees, import duties, taxes, and other regulations relevant in terms of their impact on the promotion of cleaner, more efficient cars* (RM14).

23. The authorities are pursuing an ongoing effort of consolidation and integration in the budget of fiscal and para-fiscal operations. They intend to *continue to integrate into the budget financing from the windows (*guichets*) of the United Nations Framework Convention on Climate Change (UNFCCC) windows (Global Environment Facility (GEF), Green Climate Fund (GCF) and Adaptation Fund (AF) and associated environmental taxes and earmarked fees, listed in MEFP Annex I, and align with the NDC where applicable (RM15)*. This should be included in the 2025 draft finances law, which should be adopted by Government in October 2024.

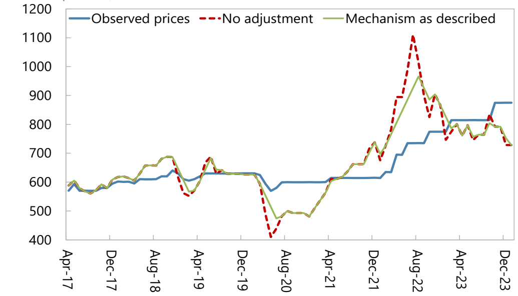
24. In parallel, the authorities are pursuing efforts to develop alternatives to fossil fuel and increase production capacity in line with the NDC target of reaching 45 percent of renewable energy by 2030 against 30 percent in 2023. According to the authorities' estimates an additional 250 MW capacity of renewable energy will be needed to achieve that goal. To raise private finance, as well as to enable price discovery and ensure least cost, competitive procurement is critical as highlighted by the CCDR. They intend to *complete the tendering process for the development, construction, and operation of solar power plants to help achieve the NDC targets. In this context, the competitive procurement processes for the independent power producers selected following the above-mentioned tenders must be completed by the end of 2025 for a solar power capacity to be installed equivalent to at least 100 MW* (RM16).

25. The above reform measures will complement existing adaptation and mitigation efforts. For instance, notable reforms supported by the EU, are ongoing to improve traceability in the cocoa sector at the national level—a key measure to combat deforestation and emissions from inappropriate land use necessary for Côte d'Ivoire to continue exporting cocoa to Europe, by far its single largest export market. The authorities are also developing carbon credit initiatives from establishing a national register for carbon credits to implementing a regulatory framework for managing carbon credits supported by the World Bank, the EU, and the UNDP. Comprehensive reforms are underway to improve water resources management across sectors (agriculture, drinking water, hydropower) and regions to fight water scarcity and improve water security.

Box 1. Carbon Taxation and the Role of the Fuel Price Mechanism

Maintaining fuel price stability in Côte d'Ivoire has entailed significant budgetary risks. The Ivorian fuel pricing mechanism is designed to automatically trigger a fuel price change of up to 40 CFA/L each month in response to international oil price movements. Emergency measures starting in late 2021 and 2022 suspended the mechanism and resulted in stabilized domestic prices, despite high volatility in international prices. This resulted in an implicit fuel subsidy, which posed a significant drain on tax revenues. Nevertheless, periodic stepwise and large increases in fuel prices were eventually undertaken by the authorities, with limited impact on inflation and without significant public protests. Staff analysis suggests that in the absence of the fuel price stabilization approach taken by the authorities,[1] Côte d'Ivoire would have experienced greater domestic price variation in line with international prices, while tax revenues between 2019 and 2023 would have been higher on average (though with variation across years). In addition, recent prices at the pump could have been lower than observed as of January 2024.

Fuel Price Mechanism Scenarios
(CFA per liter)



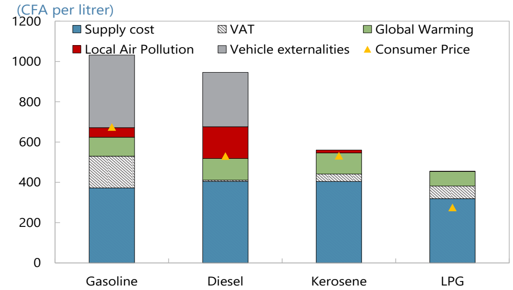
Souces: Ivorian authorities and IMF staff calculations.

Note: Observed prices are the prices at pump. No adjustment prices are calculated as: *PPI Max + excise tax – lissage + tax revenue + distribution costs*, where *PPI Max* indicates international prices plus transport costs and fees; the "*lissage*" term was introduced in 2021 to further smooth changes in domestic prices (and is thus removed from this price series); and t*ax revenue* considers all statutory taxes collected in customs (does not include changes to the pricing mechanism introduced in 2020). The "mechanism as described" price series applies the smoothing mechanism to the unadjusted price series (domestic prices only change when there is an international price variation of 2.5 percent or more in the previous quarter, and domestic price variation is constrained to 40 CFA/L monthly).

Fixing fuel prices runs counter to NDC goals. The effective carbon tax (i.e., the difference between supply costs and consumer prices) on fuels is intrinsically linked to the implied tax rates under the current fuel price setting mechanism. Keeping domestic fuel prices fixed results in the erosion of effective carbon tax when international prices are high. This reduces the incentive to reduce consumption of fossil fuels, which would in turn increase GHG emissions.

Fuel prices in Côte d'Ivoire can comfortably accommodate carbon taxes, but there is variation across types of fuels. Staff analysis shows that gasoline and kerosene prices are already close to what their environmental cost would entail. However, diesel and LPG are still highly subsidized (when environmental externalities are taken into account), due to their importance for transportation and use by lower income households, including in rural areas. In addition, accounting for other externalities such as congestion or traffic accidents implies considerably higher optimal prices of fuels used for transportation. At the same time, with more than 70 percent of households still relying on firewood and charcoal for cooking, greater access to LPG is an important element of achieving NDC targets in the transition to a low-carbon economy.

Liquid Fuels Pricing, 2019-23
(CFA per litrer)



Sources: CPAT and IMF staff calculations

Note: The chart averages each component of the price structure, as well as the observed consumer price, between 2019-2023. Externality calculations are specific to Côte d'Ivoire and estimated via the IMF's CPAT tool.

The social impact of fuel price liberalization remains an important concern. A carbon tax and price reform can be implemented with compensatory well-targeted cash transfers, to limit its effect on vulnerable groups (Annex I). In addition, gradual implementation along the safeguards in the automatic pricing mechanism can avoid large shocks to prices and provide time for consumers to adapt.

[1] The authorities' emergency response measures were made effective by overriding the automaticity of the price changes defined in the design of the existing fuel pricing mechanism.

FINANCING AND PROGRAM MODALITIES

26. Access, phasing, and reviews. Côte d'Ivoire is eligible for RSF financing under the country grouping (B). The proposed access of 150 percent of Côte d'Ivoire's quota (SDR 975.6 million) is warranted in light of the exceptionally strong reform package in terms of criticality, ambition, and depth of reform measures. The reform measures supported by the RSF arrangement are addressing key challenges and gaps to meet the country's adaptation and mitigation challenges. Côte d'Ivoire's strong track record, home-grown strategy, synergies with the economic program supported by the EFF/ECF arrangements (see below), and complementarity with development partners' green agenda, as well as the proposed duration of the arrangement (30 months) make for an impactful, deep, and credible reform package. A strong emphasis on the catalytic role of RSF financing with innovative measures on green financing would entail benefits beyond Côte d'Ivoire as a financial center for the WAEMU region as illustrated by the recent US$2.6 billion Eurobond issuance, including the ESG bond. The RSF will have six reviews with board dates scheduled to coincide with the EFF/ECF reviews (Table 1). The proposed phasing reflects implementation of reform measures, each equivalent to 9.375 percent of quota or SDR 60.975 million (Table 12).

27. Financing assurances, use of funds, and relation to the EFF/ECF arrangements. The EFF/ECF arrangements are fully financed for the next 12 months and there are good prospects for its financing over the remainder of the arrangement. The RSF funds will be used for budget support and are assumed to substitute more expensive domestic financing, in keeping with the authorities' commitment to fiscal consolidation under the EFF/ECF arrangements in line with the WAEMU deficit target of 3 percent of GDP by 2025. Therefore, the access to the RSF will not be used to close any new financing gap. The ambitious DRM agenda of the ECF/EFF arrangements would be complemented by the national strategy on carbon taxation under the RSF. Other mutually enhancing synergies include improvements in policy coordination, public financial management and further financial market development in line with Côte d'Ivoire's role as a regional financial center.

28. Capacity to repay the Fund remains adequate, albeit subject to risks. Fund credit outstanding is projected to rise from 4.2 percent of GDP in 2024 to 5.3 percent of GDP at its peak in 2026, above the 75th percentile of PRGT comparator countries. Debt service indicators for government revenue and exports would peak in 2024, also at elevated levels above the 75th percentile for comparators. Mitigating factors include Côte d'Ivoire's moderate risk of debt distress rating, solid economic fundamentals, including for the long-term, access to the regional reserve pool, and one of the best credit ratings in sub-Saharan Africa, underpinned by the successful eurobond issuance in January 2024.

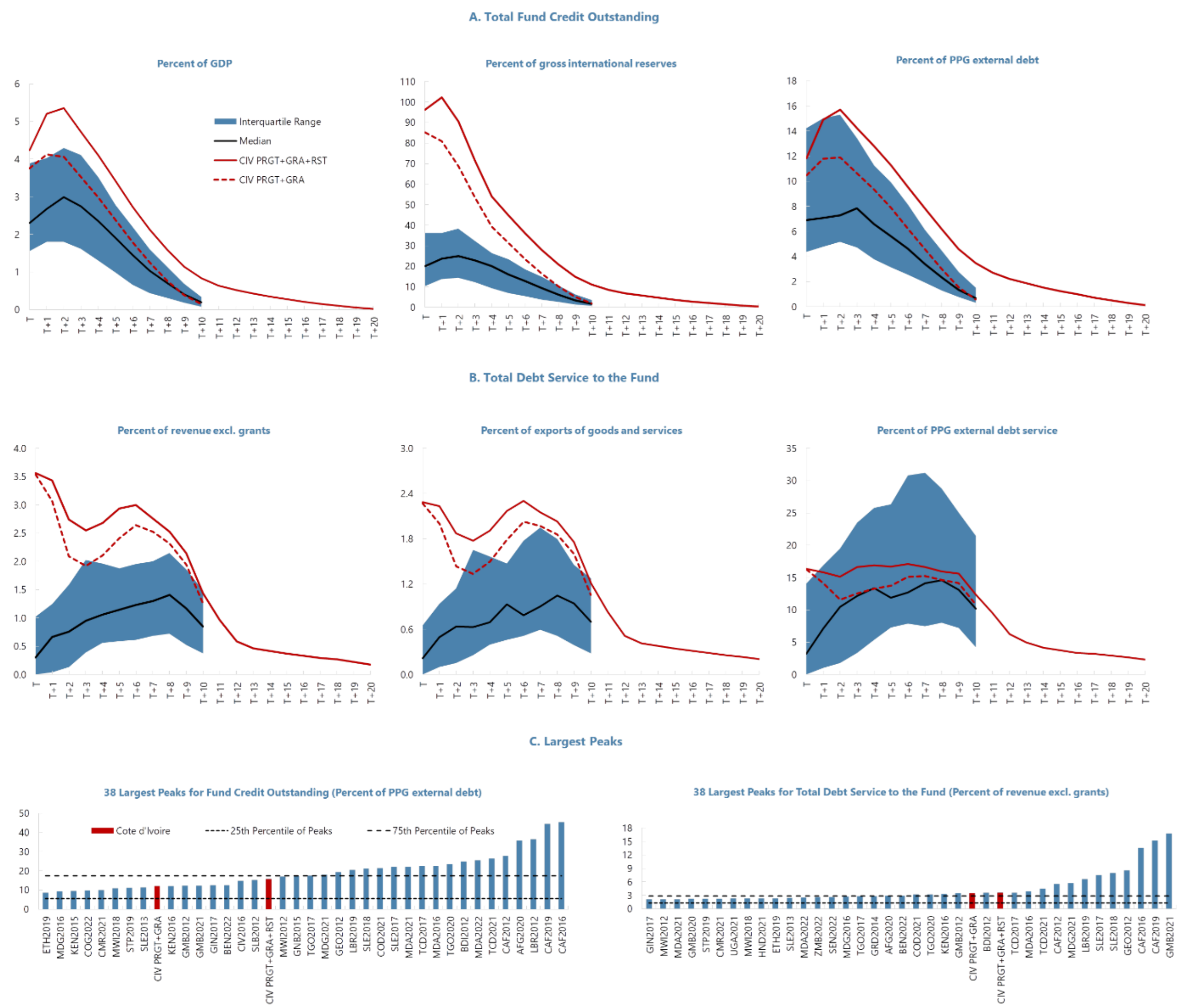
29. Safeguards assessment. The last assessment of the BCEAO, completed in August 2023, found that the central bank continues to have well-established audit arrangements and a strong control environment. The BCEAO is in the process of addressing the safeguards assessment's recommendation to align its Statute with changes in the 2019 cooperation agreement with France.

Table 1. Côte d'Ivoire: Timeline of Proposed Reform Measures

Mitigation
Adaptation
Both

Key Challenges	2nd EFF/ECF Review	3rd EFF/ECF Review	4th EFF/ECF Review	5th EFF/ECF Review	6th EFF/ECF Review
Lack of integration of climate into public financial management				**RM 1.** Establish a system for tagging of climate-related investment expenditure and integrate and publish it with the climate budget statement. **RM 2.** Integrate quantitative analysis of climate-related budget risks into budget risk statement. **RM 3**. Integrate climate aspects into PIM.	
Weak governance of climate policies		**RM 4.** Set up a national commission on climate issues under the Prime Minister's Office, tasked with producing an annual report with recommendations on improving the government's climate action that will be presented in the Council of Ministers and published.			
Exposed and vulnerable agriculture sector					**RM 5**. Implement a climate insurance system including a pilot in the cotton industry.
Lack of green and sustainable financing for private and public companies		**RM 8.** Adopt a Decree to operationalize the Green Finance Platform and design and implement a finance Measurement, Reporting and Verification system for the Green Finance Platform.	**RM 6.** Design a transition taxonomy and an inter-ministerial coordination mechanism on the design of the taxonomy. **RM 7**. Introduce a climate risk disclosure framework for public and private non-financial companies, connected to the taxonomy, and a disclosure requirement, based on the climate risk disclosure framework, that is integrated within the financial reporting of non-financial companies.		
Vulnerability to flooding and coastal erosion		**RM 10.** Design and adopt standardized maintenance methodologies for road infrastructure, including the pilot region of greater Abidjan.	**RM 9**. Strengthen and deploy the multi-hazard early warning system countrywide, implement the system in one pilot region.		
Increasing greenhouse gas emissions	**RM 13**. Promote electric vehicle mobility.	**RM 15.** Integrate different funds, associated environmental taxes and earmarked fees into the State budget in line with NDCs.		**RM 11**. Implement mandatory energy audits for high energy consumption organizations and a labeling system for appliances and lightbulbs.	**RM 12.** Develop a carbon taxation strategy tailored to Côte d'Ivoire's needs and in line with IMF technical assistance, and make any necessary adjustments to fuel prices in line with this strategy. **RM 14.** As part of the carbon taxation strategy, adopt reforms on environmental vehicle tax system to align with NDC targets. **RM 16.** Complete tendering process to build solar power capacity of at least 100 MW.

Text Figure 4. Capacity to Repay Indicators Compared to UCT Arrangements for PRGT Countries



Source: IMF staff calculations.

Notes:

1) T = date of arrangement approval. PPG = public and publicly guaranteed.
2) Red lines/bars indicate the CtR indicator for the arrangement of interest.
3) The median, interquartile range, and comparator bars reflect all UCT arrangements (including blends) approved for PRGT countries between 2012 and 2022.
4) PRGT countries in the control group with multiple arrangements are entered as separate events in the database.
5) Comparator series is for PRGT arrangements only and runs up to T+10.
6) Debt service obligations to the Fund reflect prospective payments, including for the current year.
7) In the case of blenders, the red lines/ bars refer to PRGT+GRA. In the case of RST, the red lines/ bars refer to PRGT+GRA+RST.
8) International reserves are proxied by imputed reserves as measured by net foreign assets.

30. Risks to the RSF are manageable. The main risks relate to implementing the ambitious reform agenda which could lead to social tensions, in the context of a challenging regional situation and upcoming presidential elections. The reform agenda would need to be accompanied by an effective communication campaign to involve all stakeholders. The authorities' strong ownership of the program, track record, and synergies with the underlying EFF/ECF arrangements, should help mitigate any implementation risks, as should strong involvement of development partners to address climate-related issues.

31. Catalytic effect and collaboration with development partners. The RSF financing is expected to catalyze further official financing as well as private financing, notably through the creation of a framework for green and sustainable financing, which could also serve as a model for the WAEMU region, given Côte d'Ivoire's role as a financial center. Development partners have been heavily involved in Côte d'Ivoire green agenda and a development partners' group for climate change was recently formed to foster collaboration, create synergies, and ensure complementary of the different agendas (Annex I, Section C).

STAFF APPRAISAL

32. Climate change is paramount for Côte d'Ivoire's economy. As the country is still heavily dependent on agriculture and the secondary and tertiary activities are concentrated in the coastal areas, climate change exacerbates economic vulnerabilities. Agricultural productivity has already been severely affected by climate-related shocks and attendant output losses. Building resilience against climate change is needed to prevent adverse economic effects and safeguard Côte d'Ivoire's ambitious development agenda and inclusive growth.

33. The Ivorian authorities have embraced the challenges of climate change in several government initiatives including the NDP. In addition to being a pillar of the NDP, climate change is laid out in the revised NDC with an implementation cost estimated at US$22 billion for both adaptation and mitigation. The country was also host of the UNCCD COP15 to combat desertification during which they launched the Abidjan Legacy Programme. A new code of the environment has been submitted to parliament and a climate change law is under preparation to strengthen the institutional and regulatory framework. In addition to strong adaptation efforts, Côte d'Ivoire's is also committed to achieving zero net-emissions by 2030.

34. Implementing reforms supported by the RSF arrangement will be key to building resilience against climate change, protecting the country's economy, and making progress on mitigation objectives. The country needs to take both a transversal approach to strengthen its institutional, regulatory, and legal frameworks, including governance and PFM, as well as a sectoral approach to tackle each sector's specific vulnerabilities. As such, agriculture needs to become resilient to ensure food security and farmers' livelihoods, while industries have to face climate shocks by integrating climate considerations into investment choices. The reform measures are appropriately balanced between adaptation and mitigation efforts, and entail important synergies with other national strategies, development partners' support and the economic program supported by the EFF/ECF arrangements.

35. Côte d'Ivoire needs to generate sufficient public and private resources to implement its ambitious agenda. The authorities aim to develop the full green finance strategy platform to leverage funding. As the domestic market is limited, the authorities are considering external financing sources such as development partners, blended financing, ESG bonds as successfully issued in January 2024, and international climate funds which could unlock significant private financing. Private investment is expected to play a major role in financing the NDP. Green finance reforms under the RSF will strengthen Côte d'Ivoire's role as a financial center and benefit the WAEMU region. Technical assistance will be important for capacity development in this area.

36. Coordination among developments partners will be key for impactful reforms. Development partners are heavily involved in Côte d'Ivoire in all aspects of climate change, and their coordination has been reinforced through regular meetings since 2023. The reform measures are expected to contribute to the coordination efforts and catalyze additional donors' participation.

37. Staff supports the authorities' request for an RSF arrangement and commend the authorities for the strong ownership of their reform agenda. The 30-month RSF arrangement will support the authorities' commitment to build resilience against climate change through ambitious mitigation and adaptation reform measures and enhance their economic resilience and sustainability—by: (i) supporting policy reforms that reduce risks associated with longer-term structural challenges, and (ii) augmenting policy space and financial buffers to mitigate the risks arising from such longer-term structural challenges—thereby contributing to Côte d'Ivoire's prospective balance of payments stability. Staff encourages the authorities to leverage the RSF to exploit synergies with other official financing and catalyze further private financing.

Table 2. Côte d'Ivoire: Selected Economic and Financial Indicators, 2021-28

Population (2021): 29 million — Gini Index (2018): 37.2
Per capita GDP (2021): 2,445 USD — Life Expectancy (2020): 59
Share of population below the poverty line (2018): 39.5%

	2021	2022	2023	2024	2025	2026	2027	2028
		Prel.		Program				
	(Annual percentage changes, unless otherwise indicated)							
National Income								
GDP at constant prices	7.4	6.7	6.4	6.5	6.4	6.3	6.1	6.0
GDP deflator	2.3	2.8	2.9	2.3	2.0	2.0	2.0	2.0
Consumer price index (annual average)	4.2	5.2	4.4	3.8	3.0	2.2	1.9	2.0
External Sector (on the basis of CFA francs)								
Exports of goods, f.o.b., at current prices	18.2	20.5	5.5	14.7	11.0	7.1	8.2	7.0
Imports of goods, f.o.b., at current prices	24.3	40.7	-2.8	6.3	5.2	6.1	6.6	6.2
Export volume	10.1	0.9	6.2	-1.3	9.9	9.2	7.7	6.7
Import volume	5.9	4.5	7.9	7.0	5.8	5.9	5.8	5.0
Terms of trade (deterioration –)	-18.2	-12.1	8.7	17.6	1.4	-2.5	-0.4	-0.6
Nominal effective exchange rate	-4.1	-2.6	...	...	...	...	...	...
Real effective exchange rate (depreciation –)	-0.6	-5.2	...	...	...	...	...	...
Central Government Operations								
Total revenue and grants	16.1	6.2	17.8	10.5	11.9	12.2	10.0	9.1
Total expenditure	11.7	17.1	7.4	4.1	5.9	11.6	9.4	9.0
	(Changes in percent of beginning-of-period broad money unless otherwise indicated)							
Money and Credit								
Money and quasi-money (M2)	18.7	9.0	...	...	...	...	...	...
Net foreign assets	8.2	-2.1	...	...	...	...	...	...
Net domestic assets	10.6	11.1	...	...	...	...	...	...
Of which : government	5.4	8.2	...	...	...	...	...	...
private sector	7.8	4.3	...	...	...	...	...	...
Credit to the economy (annual percentage change)	12.5	7.3	...	...	...	...	...	...
	(Percent of GDP unless otherwise indicated)							
Central Government Operations								
Total revenue and grants	15.8	15.3	16.5	16.7	17.2	17.8	18.1	18.2
Total revenue	15.3	14.8	15.8	16.2	16.8	17.5	17.8	17.9
Total expenditure	20.7	22.1	21.7	20.7	20.2	20.8	21.0	21.2
Overall balance, incl. grants, payment order basis	-4.9	-6.8	-5.2	-4.0	-3.0	-3.0	-3.0	-3.0
Basic primary balance 1/	-1.1	-1.8	0.4	-0.2	0.9	1.3	1.5	1.4
Investment and Savings								
Gross investment	21.7	24.7	25.2	26.1	25.1	25.6	26.4	26.8
Of which: Central government	8.9	11.0	11.2	11.7	9.7	10.4	10.9	11.1
Gross national saving	17.7	17.0	19.4	22.3	22.4	23.0	23.9	24.4
Of which: Central government	0.9	0.4	2.1	3.6	3.3	3.8	4.2	4.3
External Sector Balance								
Current account balance (including official transfers)	-4.0	-7.7	-5.8	-3.8	-2.7	-2.6	-2.4	-2.3
Current account balance (excluding official transfers)	-4.5	-8.2	-6.4	-4.3	-3.0	-2.9	-2.7	-2.6
Overall balance	2.5	-1.4	-3.7	0.3	-0.8	0.5	1.6	1.4
Public Sector Debt 2/								
Central government debt, gross	50.9	56.8	58.1	57.3	55.8	54.5	53.7	53.0
External debt	30.9	34.5	35.1	34.3	32.9	31.9	31.1	30.1
External debt-service due (CFAF billions)	803	973	1,325	1,838	2,063	1,937	1,808.0	2,042.2
Percent of exports of goods and services	8.9	9.0	11.6	14.0	14.1	12.4	10.7	11.3
Percent of government revenue	13.1	15.1	17.5	21.8	21.7	18.1	15.3	15.9
Memorandum Items								
Nominal GDP (CFAF billions)	39,821	43,682	47,825	52,125	56,570	61,337	66,379.9	71,770.0
Nominal exchange rate (CFAF/US$, period average)	554	622	...	...	...	...	...	...
Nominal GDP at market prices (US$ billions)	72	70	79	87	94	102	110.0	118.7
Population (million)	29.4	30.2	31.1	32.0	32.9	33.8	34.8	35.8
Nominal GDP per capita (CFAF thousands)	1,355	1,445	1,538	1,630	1,720	1,813	1,907	2,004.7
Nominal GDP per capita (US$)	2,445	2,322	2,536	2,711	2,860	3,009	3,160	3,316.9
Real GDP per capita growth (percent)	4.4	3.7	3.4	3.5	3.4	3.3	3.2	3.1

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

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

2/ Does not include debt guarantees.

Table 3a. Côte d'Ivoire: Balance of Payments, 2021-28

(CFA Billions)

	2021	2022	2023	2024	2025	2026	2027	2028
		Est.		Program				
Current account	-1,593	-3,348	-2,760	-1,984	-1,511	-1,583	-1,604	-1,685
Current account excl. grants	-1,778	-3,582	-3,082	-2,233	-1,721	-1,772	-1,815	-1,900
Trade balance	1,692	670	1,496	2,499	3,354	3,692	4,172	4,559
Exports, f.o.b.	8,491	10,236	10,799	12,387	13,754	14,727	15,930	17,041
Of which: cocoa	3,314	3,121	3,747	4,648	5,261	5,258	5,485	5,705
Of which: crude oil and refined oil products	957	1,841	1,790	1,740	1,957	2,268	2,462	2,589
Imports, f.o.b.	6,799	9,565	9,302	9,888	10,400	11,034	11,759	12,482
Of which: crude oil and refined oil products	1,278	3,023	2,838	2,809	2,988	3,171	3,324	3,482
Services (net)	-1,670	-2,359	-2,439	-2,502	-2,715	-2,944	-3,186	-3,445
Primary Income (net)	-1,240	-1,441	-1,530	-1,616	-1,754	-1,901	-2,124	-2,297
Of which: interest on public debt	-435	-525	-631	-657	-711	-695	-725	-758
Secondary Income (net)	-375	-218	-287	-365	-396	-429	-465	-502
General Government	11	194	202	205	127	68	60	0
Other Sectors	-385	-412	-489	-570	-522	-498	-525	-502
Capital and financial account	2,682	2,741	1,010	2,115	1,033	1,868	2,635	2,707
Capital account	92	40	119	44	83	121	151	215
Financial account (excl. exceptionnal financing)	2,591	2,701	890	2,071	949	1,747	2,485	2,491
Foreign direct investment	614	786	813	938	1,075	1,227	1,394	1,543
Portfolio investment, net	363	401	-195	470	83	112	112	31
Acquisition of financial assets	-413	-353	-393	-413	-400	-422	-434	-469
Incurrence of liabilities	776	754	198	883	483	534	545	500
Of which: Eurobonds	608	0	0	575	300	350	350	400
Other investment, net	1,631	1,534	874	1,506	736	907	979	917
Official, net	1,018	1,279	1,746	357	204	586	1,051	1,143
Project loans	802	1,440	1,751	1,033	988	1,306	1,521	1,589
Central government amortization due	-330	-686	-595	-983	-1,122	-1,084	-942	-1,104
Net acquisition of financial assets	-12	-14	-13	-13	-13	-13	-13	-13
Nonofficial, net	621	255	-872	1,149	532	321	-72	-226
Errors and omissions	-78	0	0	0	0	0	0	0
Overall balance	1,011	-607	-1,750	131	-478	285	1,032	1,022
Financing	-1,011	607	1,149	-729	-121	-586	-1,032	-1,022
Reserve flow (-=increase, without RSF)	-1,011	607	1,149	-729	-121	-586	-1,032	-1,022
Financing Gap	0	0	601	597	600	301	0	0
Use of Fund Credit: ECF/EFF	0	0	601	597	600	301	0	0
Residual Gap	0	0	0	0	0	0	0	0
RSF Disbursement	0	0	0	245	344	198	0	0
Memorandum items:								
Overall balance (percent of GDP)	2.5	-1.4	-3.7	0.3	-0.8	0.5	1.6	1.4
Current account inc. grants (percent of GDP)	-4.0	-7.7	-5.8	-3.8	-2.7	-2.6	-2.4	-2.3
Current account exc. grants (percent of GDP)	-4.5	-8.2	-6.4	-4.3	-3.0	-2.9	-2.7	-2.6
Trade balance (percent of GDP)	4.2	1.5	3.1	4.8	5.9	6.0	6.3	6.4
WAEMU gross official reserves (billions of US$)	24.2	18.5	…	…	…	…	…	…
(percent of broad money)	…	…	…	…	…	…	…	…
(months of WAEMU imports of GNFS)	5.1	4.2	…	…	…	…	…	…
Nominal GDP	39,821	43,682	47,825	52,125	56,570	61,337	66,380	71,770
Exchange rate (CFAF/US$) average	580	619	…	…	…	…	…	…
Exchange rate (CFAF/US$) end-of-period	554	622	…	…	…	…	…	…

Sources: Ivorian authorities and IMF staff estimates and projections.

Table 3b. Côte d'Ivoire: Balance of Payments, 2021-28

(Percent of GDP)

	2021	2022	2023	2024	2025	2026	2027	2028
		Est.		Program				
Current account	-4.0	-7.7	-5.8	-3.8	-2.7	-2.6	-2.4	-2.3
Current account excl. grants	-4.5	-8.2	-6.4	-4.3	-3.0	-2.9	-2.7	-2.6
Trade balance	4.2	1.5	3.1	4.8	5.9	6.0	6.3	6.4
Exports, f.o.b.	21.3	23.4	22.6	23.8	24.3	24.0	24.0	23.7
Of which: cocoa	8.3	7.1	7.8	8.9	9.3	8.6	8.3	7.9
Of which: crude oil and refined oil products	2.4	4.2	3.7	3.3	3.5	3.7	3.7	3.6
Imports, f.o.b.	17.1	21.9	19.5	19.0	18.4	18.0	17.7	17.4
Of which: crude oil and refined oil products	3.2	6.9	5.9	5.4	5.3	5.2	5.0	4.9
Services (net)	-4.2	-5.4	-5.1	-4.8	-4.8	-4.8	-4.8	-4.8
Primary Income (net)	-3.1	-3.3	-3.2	-3.1	-3.1	-3.1	-3.2	-3.2
Of which: interest on public debt	-1.1	-1.2	-1.3	-1.3	-1.3	-1.1	-1.1	-1.1
Secondary Income (net)	-0.9	-0.5	-0.6	-0.7	-0.7	-0.7	-0.7	-0.7
General Government	0.0	0.4	0.4	0.4	0.2	0.1	0.1	0.0
Other Sectors	-1.0	-0.9	-1.0	-1.1	-0.9	-0.8	-0.8	-0.7
Capital and financial account	6.7	6.3	2.1	4.1	1.8	3.0	4.0	3.8
Capital account	0.2	0.1	0.2	0.1	0.1	0.2	0.2	0.3
Financial account (excl. exceptionnal financing)	6.5	6.2	1.9	4.0	1.7	2.8	3.7	3.5
Foreign direct investment	1.5	1.8	1.7	1.8	1.9	2.0	2.1	2.2
Portfolio investment, net	0.9	0.9	-0.4	0.9	0.1	0.2	0.2	0.0
Acquisition of financial assets	-1.0	-0.8	-0.8	-0.8	-0.7	-0.7	-0.7	-0.7
Incurrence of liabilities	1.9	1.7	0.4	1.7	0.9	0.9	0.8	0.7
Of which: Eurobonds	1.5	0.0	0.0	1.1	0.5	0.6	0.5	0.6
Other investment, net	4.1	3.5	1.8	2.9	1.3	1.5	1.5	1.3
Official, net	2.6	2.9	3.7	0.7	0.4	1.0	1.6	1.6
Project loans	2.0	3.3	3.7	2.0	1.7	2.1	2.3	2.2
Central government amortization due	-0.8	-1.6	-1.2	-1.9	-2.0	-1.8	-1.4	-1.5
Net acquisition of financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonofficial, net	1.6	0.6	-1.8	2.2	0.9	0.5	-0.1	-0.3
Errors and omissions	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	2.5	-1.4	-3.7	0.3	-0.8	0.5	1.6	1.4
Financing	-2.5	1.4	2.4	-1.4	-0.2	-1.0	-1.6	-1.4
Reserve flow (-=increase, without RSF)	-2.5	1.4	2.4	-1.4	-0.2	-1.0	-1.6	-1.4
Financing Gap	0.0	0.0	1.3	1.1	1.1	0.5	0.0	0.0
Use of Fund Credit: ECF/EFF	0.0	0.0	1.3	1.1	1.1	0.5	0.0	0.0
Residual Gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF Disbursement	0.0	0.0	0.0	0.5	0.6	0.3	0.0	0.0
Memorandum items:								
Overall balance (percent of GDP)	2.5	-1.4	-3.7	0.3	-0.8	0.5	1.6	1.4
Current account inc. grants (percent of GDP)	-4.0	-7.7	-5.8	-3.8	-2.7	-2.6	-2.4	-2.3
Current account exc. grants (percent of GDP)	-4.5	-8.2	-6.4	-4.3	-3.0	-2.9	-2.7	-2.6
Trade balance (percent of GDP)	4.2	1.5	3.1	4.8	5.9	6.0	6.3	6.4
WAEMU gross official reserves (billions of US$)	24.2	18.5	…	…	…	…	…	…
(percent of broad money)	…	…	…	…	…	…	…	…
(months of WAEMU imports of GNFS)	5.1	4.2	…	…	…	…	…	…
Nominal GDP (billions of CFA francs)	39,821	43,682	47,825	52,125	56,570	61,337	66,380	71,770
Exchange rate (CFAF/US$) average	580	619	…	…	…	…	…	…
Exchange rate (CFAF/US$) end-of-period	554	622	…	…	…	…	…	…

Sources: Ivorian authorities and IMF staff estimates and projections.

Table 3c. Côte d'Ivoire: Balance of Payments, 2024-26
(CFA Billions)

	2024	2025	2026
Current Account [A]	**-1984**	**-1511**	**-1583**
Goods and Services	-3	639	748
Primary and Secondary Income	-1981	-2150	-2331
Capital and Financial Account [B]	**2115**	**1033**	**1868**
Overall Balance [A]+[B]	**131**	**-478**	**285**
Financing	**-729**	**-121**	**-586**
Change in reserves (- = increase, without RSF)	-729	-121	-586
Financing Gap	**597**	**600**	**301**
Use of Fund credit ECF/EFF	597	600	301
Residual Gap	**0**	**0**	**0**
Total RSF disbursements	245	344	198

Sources: Ivorian authorities and IMF staff calculations.

Table 4a. Côte d'Ivoire: Fiscal Operations of the Central Government, 2021-28
(CFA billions)

	2021	2022	2023	2024	2025	2026	2027	2028
		Prel.		Program				
Total revenue and grants	6,295	6,684	7,872	8,696	9,727	10,911	12,001	13,091
Total revenue	6,110	6,451	7,550	8,447	9,517	10,722	11,790	12,876
Tax revenue	5,251	5,617	6,638	7,532	8,518	9,639	10,616	11,606
Non-earmarked taxes	5,042	5,304	6,243	7,074	8,077	9,173	10,086	11,033
Direct taxes	1,402	1,630	1,857	2,175	2,455	2,754	3,120	3,488
Indirect taxes	3,640	3,674	4,386	4,900	5,622	6,419	6,966	7,545
of which taxes on project spending	155	166	178	161	208	222	157	163
Earmarked taxes	209	356	395	458	441	466	530	573
Nontax revenue	860	834	912	915	999	1,083	1,174	1,269
Grants, of which	185	234	322	249	210	189	211	215
Project grants	92	40	119	44	83	121	151	215
Total expenditure	8,257	9,666	10,382	10,806	11,442	12,767	13,971	15,224
Current expenditure	5,930	6,526	6,876	6,799	7,864	8,578	9,241	10,011
Wages and salaries	1,860	2,007	2,246	2,332	2,681	2,920	3,160	3,431
Social security benefits	371	390	422	444	566	583	657	746
Subsidies and other current transfers	907	768	648	565	594	712	856	926
Other current expenditure	1,548	1,873	1,695	1,740	1,975	2,241	2,319	2,508
Expenditure corresponding to eamarked taxes	209	356	395	458	441	466	530	573
Interest due	785	970	1,166	1,197	1,350	1,387	1,475	1,569
On domestic debt	330	448	540	540	638	692	749	810
On external debt	455	523	626	657	712	695	725	759
Capital expenditure	2,327	3,141	3,506	4,007	3,578	4,189	4,730	5,213
Domestically financed	1,394	1,668	1,650	2,930	2,506	2,762	3,057	3,407
of which counterpart funds for project taxes	155	166	178	161	208	222	157	163
Foreign-financed, of which	932	1,473	1,856	1,077	1,072	1,428	1,673	1,805
Foreign loan-financed	840	1,433	1,737	1,033	989	1,307	1,522	1,590
Basic primary balance	-429	-772	191	-85	497	770	966	1,026
Overall balance, including grants	-1,962	-2,982	-2,510	-2,110	-1,715	-1,856	-1,970	-2,133
Overall balance, excluding grants	-2,146	-3,216	-2,832	-2,359	-1,925	-2,045	-2,181	-2,348
Change in float (excl. on debt service)	-11	-111	-25	-25	0	0	0	0
Overall balance (cash basis)	-1,973	-3,093	-2,535	-2,135	-1,715	-1,856	-1,970	-2,133
Financing 1/	1,973	3,093	1,569	1,324	957	1,366	1,970	2,133
Domestic financing	659	1,048	205	698	791	794	750	957
Bank financing (net) 1/	709	793	-42	471	633	636	585	756
of which RSF disbursement	--	--	--	245	344	198	--	--
Nonbank financing (net)	-50	255	246	227	158	158	165	200
External financing	1,330	2,064	1,364	625	165	572	1,220	1,176
Financing gap (+ deficit / - surplus)	--	--	966	812	759	491	--	--
Expected financing (excluding IMF)	--	--	364	214	159	189	--	--
Residual gap, *of which*	--	--	601	597	600	301	--	--
IMF-ECF 2/	--	--	200	199	200	100	--	--
IMF-EFF 2/	--	--	401	398	400	201	--	--
Memorandum items:								
Nominal GDP	39,821	43,682	47,825	52,125	56,570	61,337	66,380	71,770

Sources: Ivorian authorities and IMF staff estimates and projections.

1/ Excludes disbursements of Fund resources channeled through the Central Bank. 2023 program column corrected for reclassification of IMF

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 4b. Côte d'Ivoire: Fiscal Operations of the Central Government, 2021-28

(Percent of GDP)

	2021	2022	2023	2024	2025	2026	2027	2028
		Prel.	Program					
Total revenue and grants	15.8	15.3	16.5	16.7	17.2	17.8	18.1	18.2
Total revenue	15.3	14.8	15.8	16.2	16.8	17.5	17.8	17.9
Tax revenue	13.2	12.9	13.9	14.5	15.1	15.7	16.0	16.2
Non-earmarked taxes	12.7	12.1	13.1	13.6	14.3	15.0	15.2	15.4
Direct taxes	3.5	3.7	3.9	4.2	4.3	4.5	4.7	4.9
Indirect taxes	9.1	8.4	9.2	9.4	9.9	10.5	10.5	10.5
of which taxes on project spending	0.4	0.4	0.4	0.3	0.4	0.4	0.2	0.2
Earmarked taxes	0.5	0.8	0.8	0.9	0.8	0.8	0.8	0.8
Nontax revenue	2.2	1.9	1.9	1.8	1.8	1.8	1.8	1.8
Grants, of which	0.5	0.5	0.7	0.5	0.4	0.3	0.3	0.3
Project grants	0.2	0.1	0.2	0.1	0.1	0.2	0.2	0.3
Total expenditure	20.7	22.1	21.7	20.7	20.2	20.8	21.0	21.2
Current expenditure	14.9	14.9	14.4	13.0	13.9	14.0	13.9	13.9
Wages and salaries	4.7	4.6	4.7	4.5	4.7	4.8	4.8	4.8
Social security benefits	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0
Subsidies and other current transfers	2.3	1.8	1.4	1.1	1.1	1.2	1.3	1.3
Other current expenditure	3.9	4.3	3.5	3.3	3.5	3.7	3.5	3.5
Expenditure corresponding to eamarked taxes	0.5	0.8	0.8	0.9	0.8	0.8	0.8	0.8
Interest due	2.0	2.2	2.4	2.3	2.4	2.3	2.2	2.2
On domestic debt	0.8	1.0	1.1	1.0	1.1	1.1	1.1	1.1
On external debt	1.1	1.2	1.3	1.3	1.3	1.1	1.1	1.1
Capital expenditure	5.8	7.2	7.3	7.7	6.3	6.8	7.1	7.3
Domestically financed	3.5	3.8	3.4	5.6	4.4	4.5	4.6	4.7
of which counterpart funds for project taxes			0.4	0.3	0.4	0.4	0.2	0.2
Foreign-financed, of which	2.3	3.4	3.9	2.1	1.9	2.3	2.5	2.5
Foreign loan-financed	2.1	3.3	3.6	2.0	1.7	2.1	2.3	2.2
Basic primary balance	-1.1	-1.8	0.4	-0.2	0.9	1.3	1.5	1.4
Overall balance, including grants	-4.9	-6.8	-5.2	-4.0	-3.0	-3.0	-3.0	-3.0
Overall balance, excluding grants	-5.4	-7.4	-5.9	-4.5	-3.4	-3.3	-3.3	-3.3
Change in float (excl. on debt service)	0.0	-0.3	-0.1	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-5.0	-7.1	-5.3	-4.1	-3.0	-3.0	-3.0	-3.0
Financing 1/	5.0	7.1	3.3	2.5	1.7	2.2	3.0	3.0
Domestic financing	1.7	2.4	0.4	1.3	1.4	1.3	1.1	1.3
Bank financing (net) 1/	1.8	1.8	-0.1	0.9	1.1	1.0	0.9	1.1
of which RSF disbursement	--	--	--	0.5	0.6	0.3	--	--
Nonbank financing (net)	-0.1	0.6	0.5	0.4	0.3	0.3	0.2	0.3
External financing	3.3	4.7	2.9	1.2	0.3	0.9	1.8	1.6
Financing gap (+ deficit / - surplus)	--	--	2.0	1.6	1.3	0.8	--	--
Expected financing (excluding IMF)	--	--	0.8	0.4	0.3	0.3	--	--
Residual gap, *of which*	--	--	1.3	1.1	1.1	0.5	--	--
IMF-ECF 2/	--	--	0.4	0.4	0.4	0.2	--	--
IMF-EFF 2/	--	--	0.8	0.8	0.7	0.3	--	--

Sources: Ivorian authorities and IMF staff estimates and projections.

1/ Excludes disbursements of Fund resources channeled through the Central Bank. 2023 program column corrected for reclassification of IMF financing and commercial loans.

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 4c. Côte d'Ivoire: Financing Requirements and Sources, 2024-26
(CFA Billions)

	2024	2025	2026
Total Revenue and Grants	**8,696**	**9,727**	**10,911**
Total Expenditure and Net Lending	**10,806**	**11,442**	**12,767**
Current expenditure	6,799	7,864	8,578
Capital expenditure	4,007	3,578	4,189
Change in float (excl. on debt service)	**-25**	**0**	**0**
Fiscal Balance	**-2,135**	**-1,715**	**-1,856**
Domestic Financing	**698**	**791**	**794**
of which RSF disbursement	245	344	198
External Financing	**625**	**165**	**572**
Expected Financing from Official Sources (excluding IMF)	**214**	**159**	**189**
EFF/ECF disbursements	**597**	**600**	**301**
Total Financing	**2,135**	**1,715**	**1,856**
Memorandum items			
Fiscal Balance excluding RSF spending	-1,890	-1,371	-1,659
Financing excluding RSF disbursement	1,079	612	1,168
Domestic financing without RSF	453	447	596

Sources: Ivorian authorities and IMF staff estimates and projections.

Table 5. Côte d'Ivoire: Monetary Survey, 2021-28

	2021	2022	2023	2024	2025	2026	2027	2028
		Prel.		Program				
	(Billions of CFA francs)							
Net foreign assets	4,206	3,886	2,634	3,605	4,076	4,868	5,909	6,938
Central bank	2,944	2,304	1,642	2,131	2,556	3,302	4,300	5,288
Other depository corporations	1,262	1,582	992	1,474	1,520	1,566	1,609	1,650
Net domestic assets	11,281	12,993	14,806	16,669	18,453	20,106	21,796	23,786
Net credit to the government 1/	4,617	5,894	6,264	7,522	8,755	9,692	10,277	11,033
Central Bank	1,505	1,459	1,863	2,417	3,134	3,476	3,336	3,156
Other depository corporations	3,112	4,435	4,399	5,105	5,621	6,217	6,942	7,877
Credit to the economy	9,139	9,807	11,399	12,378	13,205	14,216	15,634	17,201
Crop credits	672	589	672	881	998	998	1,041	1,082
Other credit (including customs bills)	8,468	9,218	10,726	11,497	12,206	13,218	14,593	16,119
Other items (net) (assets = +)	-2,475	-2,708	-2,857	-3,231	-3,507	-3,802	-4,115	-4,449
Broad money	15,487	16,879	17,440	20,274	22,529	24,974	27,705	30,724
Currency in circulation	3,721	3,973	4,019	4,367	4,853	5,405	6,037	6,741
Deposits	11,762	12,901	13,417	15,902	17,671	19,564	21,661	23,975
Deposits at the Central Bank	4.1	4.1	4.3	5.0	5.5	6.1	6.8	7.5
Memorandum item:								
Velocity of circulation	2.6	2.6	2.7	2.6	2.5	2.5	2.4	2.3
	(Changes in percent of beginning-of-period broad money)							
Net foreign assets	8.2	-2.1	-7.4	1.5	2.3	3.5	4.2	3.7
Net domestic assets	10.6	11.1	10.7	8.5	8.8	7.3	6.8	7.2
Net credit to the government	5.4	8.2	2.2	5.8	6.1	4.2	2.3	2.7
Central bank	5.5	-0.3	2.4	3.0	3.5	1.5	-0.6	-0.6
Other depository corporations	-0.1	8.5	-0.2	2.8	2.5	2.6	2.9	3.4
Credit to the economy	7.8	4.3	9.4	4.2	4.1	4.5	5.7	5.7
Broad money	18.7	9.0	3.3	10.1	11.1	10.9	10.9	10.9
	(Changes in percent of previous end-of-year)							
Net foreign assets	34.0	-7.6	-32.2	36.8	13.1	19.4	21.4	17.4
Net domestic assets	13.9	15.2	14.0	12.6	10.7	9.0	8.4	9.1
Net credit to the government	18.0	27.7	6.3	20.1	16.4	10.7	6.0	7.4
Central bank	91.7	-3.1	27.7	29.8	29.6	10.9	-4.0	-5.4
Other depository corporations	-0.5	42.5	-0.8	16.0	10.1	10.6	11.7	13.5
Credit to the economy	12.5	7.3	16.2	8.6	6.7	7.7	10.0	10.0
Broad money	18.7	9.0	3.3	16.3	11.1	10.9	10.9	10.9

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

1/ Includes the net use of Fund resources channeled through the Central Bank

Table 6. Côte d'Ivoire: Financial Soundness Indicators, 2015-23

	2015	2016	2017	2018	2019	2020	2021	2022	2023
									June
Capital Adequacy									
Regulatory capital to risk-weighted assets (CAR)	8.7	7.9	9.0	9.5	10.5	11.6	12.6	13.1	13.3
Regulatory tier 1 capital to risk-weighted assets	7.1	6.9	7.9	8.6	9.7	10.9	12.1	12.7	12.7
General provisions to risk-weighted assets	9.5	7.1	6.6	5.7	6.0	6.1	5.7	5.2	…
Capital to total assets	3.9	4.3	5.1	6.3	6.2	6.5	7.2	7.3	6.4
Asset Quality									
Total loans to total assets	57.1	57.3	57.3	58.8	57.0	53.5	52.0	51.2	…
Concentration: Loans to the 5 biggest borrowers to capital	145.8	129.1	108.9	87.4	66.5	53.8	53.0	84.2	…
Sectoral composition of loans 1/									
Agriculture, forestry and fisheries	5.9	6.4	8.0	9.2	4.7	5.8	4.0	5.7	5.8
Extractive industries	2.3	2.2	1.5	0.5	0.4	0.3	0.7	0.2	0.4
Manufacturing industries	25.1	24.1	23.9	23.0	20.5	18.7	16.5	15.6	18.4
Electricity, water, gas	6.3	8.4	11.2	13.2	9.0	10.7	11.5	16.0	13.3
Construction, public works	3.3	5.9	6.0	5.4	6.4	5.4	5.8	5.9	6.4
Commerce, restaurants, hotels	31.6	27.3	21.9	25.9	30.2	32.0	35.7	31.5	32.6
Transport, storage and communications	9.3	11.4	13.9	9.3	12.9	11.3	8.9	9.3	9.0
Insurance, real estate, business services	11.4	8.5	7.9	9.0	9.9	11.3	10.1	9.3	8.2
Miscellaneous services	4.8	5.8	5.7	4.5	6.1	4.6	6.9	6.5	5.8
Non-performing loans to total gross loans	10.4	9.1	9.8	9.3	8.4	8.8	8.9	7.8	7.2
General provisions to non-performing loans	66.6	70.5	63.0	64.9	70.2	68.8	66.3	69.5	70.0
Non-performing loans net of provisions to total loans	3.7	2.9	3.8	3.5	2.7	2.9	3.2	2.5	2.3
Non-performing loans net of provisions to capital	54.2	37.6	43.0	32.5	24.4	23.7	22.1	17.2	…
Earnings and Profitability 2/									
Average cost of borrowed funds	2.0	2.1	2.1	1.9	0.6	1.8	1.7	1.6	…
Average interest rate on loans	9.2	8.9	8.6	7.7	7.5	7.1	6.7	6.7	…
Average interest rate margin 3/	7.2	6.8	6.5	5.8	6.9	5.3	5.0	5.1	…
Return on assets (ROA) net of tax	1.4	1.6	1.4	1.3	1.6	1.4	1.8	1.7	…
Return on average equity (ROE) net of tax	24.5	29.2	21.5	16.5	19.0	16.9	20.7	19.9	…
Non-interest expenses to net banking income	59.6	57.5	55.6	59.3	57.1	55.8	53.2	49.1	…
Personnel expenses to net banking income	26.3	25.5	23.8	25.4	24.6	24.2	22.7	21.4	…
Liquidity									
Liquid assets to total assets	35.5	33.7	32.0	31.7	29.6	29.6	28.7	26.0	…
Liquid assets to total deposits	48.6	48.1	46.9	46.0	42.6	41.4	38.3	36.2	…
Total loans to total deposits	84.1	87.2	89.5	90.7	87.2	79.7	73.8	75.2	…
Total deposits to total liabilities	72.9	70.2	68.2	68.9	69.4	71.4	74.9	71.9	…

Source: BCEAO.

1 / Provisional data as of March 2023.

2 / Income statement items at semi-annual frequency.

3 / Excluding tax on banking transactions.

Table 7. Côte d'Ivoire: Capacity to Repay the Fund, 2024-44

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Fund Obligations Based on Existing Credit																					
(In millions of SDRs)																					
Principal	306.0	281.9	193.4	193.1	233.0	235.7	188.2	132.1	132.1	99.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Charges and interest	56.5	63.1	56.5	51.7	45.9	38.8	32.8	27.6	23.3	19.1	16.7	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6
Fund Obligations Based on Existing and Prospective Credit																					
(In millions of SDRs)																					
Principal	306.0	281.9	193.4	193.1	253.6	351.4	436.0	450.1	462.5	429.5	300.4	204.8	118.4	97.6	97.6	97.6	97.6	97.6	97.6	97.6	94.5
Charges and interest	68.3	121.9	168.6	177.1	170.2	160.4	141.1	120.9	105.9	90.9	78.0	68.9	62.1	57.0	52.2	47.5	42.7	37.9	33.2	28.4	23.6
Total Obligations Based on Existing and Prospective Credit																					
In millions of SDRs	374.2	403.8	362.0	370.2	423.8	511.7	577.1	571.0	568.4	520.4	378.4	273.7	180.5	154.6	149.8	145.0	140.3	135.5	130.7	126.0	118.2
In billions of CFA francs	300.8	325.7	293.3	300.9	345.9	417.7	471.0	466.0	463.9	424.8	308.9	223.4	147.3	126.1	122.3	118.4	114.5	110.6	106.7	102.8	96.4
In percent of government revenue	3.5	3.3	2.7	2.5	2.6	2.9	3.0	2.7	2.5	2.1	1.4	1.0	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.2	0.2
In percent of exports of goods and services	2.3	2.2	1.9	1.8	1.9	2.2	2.3	2.2	2.0	1.8	1.2	0.8	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2
In percent of external debt	2.3	2.8	2.7	3.0	3.9	5.5	7.5	9.2	11.5	12.5	9.9	7.7	5.4	4.8	5.3	5.9	6.6	6.6	6.6	6.6	6.5
In percent of GDP	0.6	0.6	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0
In percent of quota	57.5	62.1	55.7	56.9	65.2	78.7	88.7	87.8	87.4	80.0	58.2	42.1	27.8	23.8	23.0	22.3	21.6	20.8	20.1	19.4	18.2
of which: PRGT	37.8	31.5	17.9	16.7	16.6	22.2	25.0	27.3	29.2	27.3	19.7	12.1	4.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
of which: GRA	19.4	27.6	31.4	32.9	41.2	49.1	56.4	53.1	50.8	45.4	30.7	16.6	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which: RSF	0.3	3.0	6.4	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.8	13.3	20.0	21.2	20.5	19.7	19.0	18.3	17.5	16.8	15.6
Outstanding Fund Credit																					
In millions of SDRs	2,736.9	3,625.2	4,047.3	3,854.2	3,600.6	3,249.3	2,813.2	2,363.1	1,900.6	1,471.1	1,170.8	966.0	847.6	750.0	652.4	554.9	457.3	359.8	262.2	164.6	70.1
In billions of CFA francs	2,199.7	2,924.5	3,279.3	3,133.3	2,938.9	2,652.1	2,296.2	1,928.8	1,551.3	1,200.8	955.6	788.4	691.8	612.2	532.5	452.9	373.3	293.6	214.0	134.4	57.2
In percent of government revenue	25.3	30.1	30.1	26.1	22.4	18.4	14.5	11.3	8.4	6.0	4.4	3.4	2.7	2.2	1.8	1.4	1.1	0.8	0.5	0.3	0.1
In percent of exports of goods and services	16.7	20.0	21.0	18.5	16.2	13.8	11.2	8.9	6.8	5.0	3.7	2.9	2.4	2.0	1.7	1.3	1.0	0.8	0.5	0.3	0.1
In percent of external debt	16.7	24.8	30.5	31.7	33.2	35.0	36.3	38.2	38.6	35.3	30.7	27.2	25.3	23.5	23.1	22.5	21.4	17.5	13.3	8.7	3.9
In percent of GDP	4.2	5.2	5.3	4.7	4.1	3.4	2.7	2.1	1.6	1.1	0.8	0.6	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.0
In percent of quota	420.8	557.4	622.3	592.6	553.6	499.6	432.5	363.3	292.2	226.2	180.0	148.5	130.3	115.3	100.3	85.3	70.3	55.3	40.3	25.3	10.8
of which: PRGT	162.1	171.3	175.0	160.9	146.9	127.2	104.8	80.0	53.3	28.6	11.4	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which: GRA	211.8	273.6	297.3	281.7	256.7	222.4	177.8	133.3	88.9	47.6	19.0	3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which: RSF	46.9	112.5	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	149.5	143.4	130.3	115.3	100.3	85.3	70.3	55.3	40.3	25.3	10.8
Net Use of Fund Credit (millions of SDRs)	779.3	888.3	422.1	-193.1	-253.6	-351.4	-436.0	-450.1	-462.5	-429.5	-300.4	-204.8	-118.4	-97.6	-97.6	-97.6	-97.6	-97.6	-97.6	-97.6	-94.5
Disbursements	1,085.2	1,170.2	615.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and Repurchases	306.0	281.9	193.4	193.1	253.6	351.4	436.0	450.1	462.5	429.5	300.4	204.8	118.4	97.6	97.6	97.6	97.6	97.6	97.6	97.6	94.5
Memorandum items:																					
Exports of goods and services (billions of CFA francs)	13,168.4	14,602.3	15,646.6	16,925.9	18,118.0	19,249.9	20,429.5	21,650.9	22,866.7	24,163.9	25,608.6	27,121.0	28,725.8	30,427.5	32,264.5	34,249.5	36,394.9	38,658.3	41,103.9	43,747.2	46,560.5
Government revenue and grants (billions of CFA francs)	8,695.6	9,727.0	10,911.1	12,001.5	13,091.0	14,445.0	15,782.2	17,037.2	18,464.2	19,928.8	21,597.2	23,350.4	25,250.7	27,306.6	29,518.9	31,869.0	34,407.2	37,163.0	39,465.6	45,380.7	52,182.3
External debt (billions of CFA francs)	13,140.8	11,807.8	10,765.3	9,881.1	8,862.0	7,578.5	6,321.6	5,052.4	4,020.7	3,401.7	3,114.0	2,896.5	2,738.6	2,606.7	2,303.9	2,015.2	1,744.8	1,676.0	1,609.9	1,546.4	1,485.4

Sources: IMF staff estimates and projections.

Table 8. Côte d'Ivoire: External Financing Requirements, 2023-26
(CFA Billions)

	2023	2024	2025	2026	2023-26
		Projections			Cumulative
A. External Financing Requirements	**3,047**	**4,578**	**3,528**	**3,773**	**14,927**
Current account deficit excl. official transfers	3,082	2,233	1,721	1,772	8,807
Official sector amortization + net acquisition of fin assets	1,115	1,617	1,685	1,415	5,832
of which: Fund repayments	196	289	227	157	870
Change in official reserves (without RSF, + = increase)	-1,149	729	121	586	287
B. External Financing Sources	**1,879**	**3,562**	**2,643**	**3,214**	**11,298**
Capital flows to private sector, net	-313	1,866	1,187	1,316	4,055
Project financing	1,737	1,033	989	1,307	5,066
Capital transfers	119	44	83	121	367
Government gross borrowing from private sector	217	575	300	350	1,443
of which: Eurobonds	0	575	300	350	1,225
of which: other commercial	217	0	0	0	217
Official transfers (project grants only)	119	44	83	121	367
C. Financing Gap (= A - B)	**1,168**	**1,017**	**885**	**559**	**3,628**
D. Prospective Financing	**1,168**	**1,017**	**885**	**559**	**3,628**
IMF ECF/EFF	**601**	**597**	**600**	**301**	**2,100**
World Bank	182	120	90	90	483
AfDB	28	74	49	49	200
Other multilateral creditors	3	5	10	10	28
Bilateral creditors	355	219	136	108	819
E. Exceptional Financing/Residual Gap (C + D)	**0**	**0**	**0**	**0**	**0**
RSF disbursements	0	245	344	198	787
F. Reserve accumulation (with RSF)	-1,149	974	466	784	1,074
Memorandum Items:					
Change in official reserves excl. all IMF financing	-1,750	131	-478	285	-1,812
Nominal GDP	52,125	56,570	61,337	66,380	…

Sources: Ivorian authorities and IMF staff calculations.

Table 9. Côte d'Ivoire: Quantitative Performance Criteria and Indicative Targets Under the EFF/ECF Arrangements, June 2023–December 2024 1/

	2023									2024			
	June			September			December			March	June	September	December
	PC	Outturn	Status	IT	Outturn	Status	PC	Prelim. Outturn	Status	IT	PC	IT	PC
A. Performance Criteria													
Floor on the overall fiscal balance (incl. grants)	-1338	-1029	MET	-2007	-1507	MET	-2514	-2508	MET	-507	-1,085	-1,505	-2,110
Ceiling on net domestic financing (incl. the issuance of securities in CFAF)	777	749	MET	952	952	MET	1160	1014	MET	14	594	1,036	1,355
Ceiling on the present value of new external debt (with a maturity of more than one year) contracted or guaranteed by the central government (millions of US$)	2533	1434	MET	4242	...	MET	4650	2639	MET	1157	2,205	3,233	4,286
Floor on government tax revenue	3079	3254	MET	4620	4791	MET	6306	6507	MET	1643	3,538	5,299	7,156
Performance Criteria on Continuous Basis													
Ceiling on accumulation of new external arrears by the central government (continuous basis)	0	0	MET	0	0	MET	0	0	MET	0	0	0	0
Ceiling on accumulation of new domestic arrears by the central government (continuous basis)	0	0	MET	0	0	MET	0	0	MET	0	0	0	0
B. Indicative Targets													
Floor on targeted social spending	307	345	MET	700	736	MET	949	970	MET	230	462	765	989
Ceiling on expenditure by treasury advance	167	150	MET	263	259	MET	345	291	MET	82	192	307	446
Floor on net reduction of central government amounts payable (- = reduction)	-132	-136	MET	-78	-82		-25	-26	MET	-54	-41	-33	-25
Floor on basic primary balance	-162	164	MET	-130	295	MET	187	...	TBC	55	86	150	-20
Memorandum Items:													
Program grants (millions of US$) 2/	162	96	...	96	96	...	324	194	...	0	160	160	329
Program loans (millions of US$) 2/	349	333	...	503	436	...	1266	952	...	957	982	1022	1266
Project grants (millions of US$) 2/	67	34	...	94	77	...	191	114	...	17	36	53	70
Project loans (millions of US$) 2/	1139	645	...	1366	928	...	2287	1382	...	353	952	1284	1656
Cumulative C2D	80	100	...	100		...	200	141	...	20	80	140	200
Total pro-poor spending	1623	1623	...	2403		...	3318	3497	...	748	1655	2467	3405

Sources: Ivoirian authorities; and IMF staff estimates.
1/ Cumulative amount from January 1, 2023 for 2023 targets, and from January 1, 2024 for 2024 targets.
2/ Converted with US$/CFAF program exchange rate.

Table 10. Côte d'Ivoire: Structural Benchmarks, 2023–24				
Reform Area	**Structural Benchmark**	**Rationale**	**Status**	**Due Date**
Revenue Mobilization	Prepare and implement a plan to manage and collect outstanding tax arrears.	Boost domestic revenue to preserve fiscal and debt sustainability and create fiscal space for public investment and poverty reduction.	Met	End-September 2023
	Cabinet approval of a Medium-Term Revenue Mobilization strategy (MTRS), with revenue targets and a timeline, and publication of a comprehensive summary.[1]	Boost domestic revenue to preserve fiscal and debt sustainability and create fiscal space for public investment and poverty reduction.		End-May 2024
	Strengthen the module relating to automated VAT management by incorporating the control of the VAT deduction collected at customs.	Boost domestic revenue and strengthen 2024 budget measures.		End-June 2024
	Issue an ordinance to streamline the provisions relating to exemptions linked to the investment code.	Boost domestic revenue and strengthen 2024 budget measures.		End-September 2024
Governance	Approve a ministerial decree by the Council of Ministers to (i) designate the AML/CFT supervisors for the real estate agents, dealers in precious metals and stones, casinos and gambling establishments, business agents (*agents d'affaires)*, and trust and company service providers; and (ii) set out their powers and responsibilities to undertake risk-based supervision in line with FATF Recommendation 28.	Improve the effectiveness of the AML/CFT framework.		End-May 2024

[1]See https://www.tax-platform.org/medium-term-revenue-strategy for examples of such publications.

Table 10. Côte d'Ivoire: Structural Benchmarks, 2023–24 (concluded)

Reform Area	Structural Benchmark	Rationale	Status	Due Date
PFM	Adopt by the council of ministers the draft law on national debt policy.	(i) Define general objectives for public debt and prudential rules; (ii) establish public debt commitment procedures for ministerial departments and state agencies; (iii) rationalize the framework for debt operation and debt management; (iv) clarify the rules and purposes for government on-lending; (v) and strengthen the institutional framework for public debt management.	Met	End-September 2023
	Treasury Single Account (TSA): Adopt by the government a timetable for closing accounts with commercial banks.	Improve cash management and minimize financial cost.	Met	End-December 2023
	Enforce e-procurement to be used by an average of at least 10 percent of the operations for which the procurement procedures will start from October 2023.	Improve the efficiency and transparency in procurement.	Met	End-December 2023
	Enforce e-procurement to be used by at least 50 percent of all ordinary operations (those with value larger than 100 million CFAF) between January 1, 2024, and June 30, 2024.	Improve the efficiency and transparency in procurement.		End-July 2024
Financial sector	Complete a mid-term review of the National Strategy for Financial Inclusion to take into account the government's new priorities in relation to the objectives of the NDP, particularly access to financial services for women.	Improve the access to financial services, particularly for disadvantaged populations.		End-May 2024

Table 11. Côte d'Ivoire: Reviews and Purchases/Disbursements Under the 40-month EFF/ECF Arrangements, 2023-26

Date of availability	Condition	Amount (millions of SDRs)			Percent of Quota		
		Total	ECF	EFF	Total	ECF	EFF
May 24, 2023	Executive Board approval of the ECF/EFF arrangements.	371.657	123.886	247.771	57.143	19.048	38.095
November 15, 2023	Observance of PCs for end-June 2023, continuous PCs and completion of the first review.	371.657	123.886	247.771	57.143	19.048	38.095
May 15, 2024	Observance of PCs for end-December 2023, continuous PCs and completion of the second review.	371.657	123.886	247.771	57.143	19.048	38.095
November 15, 2024	Observance of PCs for end-June 2024, continuous PCs and completion of the third review.	371.657	123.886	247.771	57.143	19.048	38.095
May 15, 2025	Observance of PCs for end-December 2024, continuous PCs and completion of the fourth review.	371.657	123.886	247.771	57.143	19.048	38.095
November 15, 2025	Observance of PCs for end-June 2025, continuous PCs and completion of the fifth review.	371.657	123.886	247.771	57.143	19.048	38.095
May 15, 2026	Observance of PCs for end-December 2025, continuous PCs and completion of the sixth review.	371.658	123.884	247.774	57.143	19.047	38.096
	Total	2601.601	867.198	1734.403	400.000	133.333	266.667

Note: Côte d'Ivoire's quota is SDR 650.40 million.

Table 12. Côte d'Ivoire: Reviews and Proposed Schedule of Disbursements Under the Resilience and Sustainability Facility, 2024-26

Date of availability	Condition (implementation of RMs)	RSF (in million of SDR)	RSF (in percent of quota)
March 15, 2024	Expected Approval Date		
May 15, 2024	RM13	60.975	9.375
November 15, 2024	RM4	60.975	9.375
November 15, 2024	RM8	60.975	9.375
November 15, 2024	RM10	60.975	9.375
November 15, 2024	RM15	60.975	9.375
May 15, 2025	RM6	60.975	9.375
May 15, 2025	RM7	60.975	9.375
May 15, 2025	RM9	60.975	9.375
November 15, 2025	RM1	60.975	9.375
November 15, 2025	RM2	60.975	9.375
November 15, 2025	RM3	60.975	9.375
November 15, 2025	RM11	60.975	9.375
May 15, 2026	RM5	60.975	9.375
May 15, 2026	RM12	60.975	9.375
May 15, 2026	RM14	60.975	9.375
May 15, 2026	RM16	60.975	9.375
	Total	975.600	150.00

Note: Côte d'Ivoire's quota is SDR 650.40 million.

Table 13. Côte d'Ivoire: Decomposition of Public Debt Stock and Debt Service by Creditors, 2022-25[1/]

	Debt Stock (end of period)			Debt Service					
	2022			2023	2024	2025	2023	2024	2025
	(In US$ billions)	*(Percent total debt)*	*(Percent GDP)*	*(In US$ billions)*			*(Percent GDP)*		
Total	40.0	100.0	56.7	4.5	5.5	5.9	6.2	7.0	6.8
External	24.3	60.8	34.5	1.6	2.2	2.9	2.2	2.8	3.4
Multilateral creditors[2,3]	7.2	18.0	10.2	0.4	0.6	0.8	0.5	0.7	0.9
IMF	2.0	5.0	2.9						
World Bank	2.8	7.1	4.0						
AfDB	1.0	2.5	1.4						
Other Multilaterals	1.3	3.4	1.9						
o/w: IDB	0.7	1.7	1.0						
o/w: BOAD	0.4	0.9	0.5						
Others	0.3	0.8	0.4						
Bilateral Creditors[2]	4.1	10.2	5.8	0.1	0.2	0.3	0.2	0.2	0.3
Paris Club	1.1	2.8	1.6	0.0	0.0	0.1	0.0	0.1	0.1
o/w: France	0.6	1.6	0.9						
o/w: Germany	0.3	0.8	0.5						
Others	0.2	0.5	0.3						
Non-Paris Club	2.9	7.4	4.2	0.1	0.2	0.2	0.2	0.2	0.3
o/w: China	2.7	6.8	3.9						
o/w: India	0.2	0.4	0.2						
Others	0.1	0.1	0.1						
Bonds	8.5	21.4	12.1	0.5	0.6	0.7	0.8	0.7	0.8
Commercial creditors	4.5	11.3	6.4	0.5	0.9	1.2	0.7	1.1	1.4
o/w: MUFG	0.6	1.5	0.9						
o/w: SGF	0.6	1.5	0.8						
Others	3.3	8.3	4.7						
Domestic	15.7	39.2	22.2	2.9	3.3	3.0	4.0	4.2	3.4
Held by residents, total	n/a	n/a	n/a						
Held by non-residents, total	n/a	n/a	n/a						
T-Bills	0.4	1.0	0.6	0.6	0.4	0.0	0.8	0.5	0.0
Bonds	3.9	9.8	5.6	0.9	1.1	1.0	1.3	1.4	1.1
Loans, and others	11.4	28.4	16.1	1.4	1.8	2.0	1.9	2.3	2.3
Memo Items:									
Collateralized debt[4]	n/a	n/a	n/a						
Contingent liabilities[5]	n/a	n/a	n/a						
Nominal GDP	70.2								

Sources: Ivorian authorities and IMF staff calculations.

1/As reported by Country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA, except for guaranteed debt.

2/Some public debt is not shown in the table due to limited availability of information. This includes non-guaranteed SOE debt and local government debt.

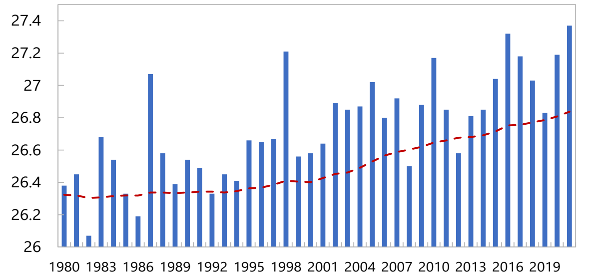
3/Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears).

4/Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.

5/Includes other-one off guarantees not included in publicly guaranteed debt (e.g. credit lines) and other explicit contingent liabilities not elsewhere classified (e.g. potential legal claims, payments resulting from PPP arrangements).

Annex I. Challenges from Climate Change and Policy Priorities

A. Côte d'Ivoire's Main Vulnerabilities to Climate Change



Source: World Bank and IMF staff calculations

1/ Last 30 years refers to the 30 years prior, and including, a data point.

1. Côte d'Ivoire is highly exposed to climate change through temperature rise, and sea level and rain pattern changes. The average temperature increased between 0.5°C and 0.8°C between 1970 and 2021 (5-year running mean).[1] Rain patterns have shifted as precipitation has become more frequent in the dry season, while there have been more rainless periods in the wet season. Different studies from the British Met Office, the European Centre for Medium-Range Weather Forecasts (ECMWF), and the World Bank project that Côte d'Ivoire could face the combined effects of hotter average temperatures (between 1°C and 4°C depending on the GHG emissions scenario), increased frequency of extremely hot days (with 20 additional hot days by 2030 and a substantial 60 more until 2060 in a moderate emission scenario),[2] greater variability in rainfall (-9 percent in May and +9 percent in October), and higher sea levels (up to 30 cm by 2050), as well as associated risks of flooding and coastal erosion.

2. The Ivorian economy is vulnerable to climate change mostly through its impact on agriculture. The sector employs about half of the workforce and contributes about 17 percent of GDP and 10 percent of tax revenues. Côte d'Ivoire is the world's largest producer and exporter of cocoa accounting for 40 percent of global cocoa exports. Cocoa alone represents 30 percent of the country's export revenue and provides income to about one-fifth of its population. Despite its importance for the Ivorian economy, only 0.2 percent of the country's cropland is under irrigation, making it vulnerable to adverse weather and climate change. Agricultural productivity is already severely impacted by climate change, with a 35 percent slowdown of its growth since 1960s—compared to a counterfactual without climate change.[3] The World Bank estimates that the land suitable for cocoa production will also shrink by around half by 2050. The country also exports substantial quantity of cashew nuts, cotton and bananas. Other major crops in Côte d'Ivoire include coffee, maize, oil palm fruit, plantains, rice, sugar cane and yams. The World Bank CCDR estimates

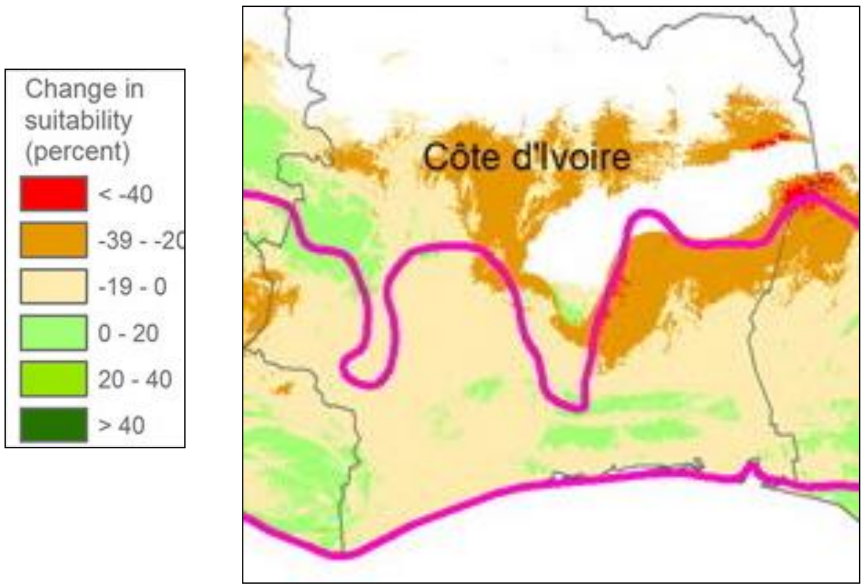
[1] The average 5-year temperature went from 26.29°C in 1970 to 27.22°C in 2021, or an increase of 0.93°C. Taking into account only yearly temperatures, which is more likely to present outliers, the increase in this period is 0.70°C.

[2] As average annual temperatures increase, the frequency of extremely hot days (with daily maximum temperatures exceeding 35°C) is expected to rise significantly, especially in northern Côte d'Ivoire. Within the SSP2-4.5 scenario (moderate emissions reduction), it is projected that by 2030, there could be an additional 20 very hot days per year compared to 2000. This number is anticipated to grow to 30 by 2050 and a substantial 60 more by 2080.

[3] Ortiz-Bobea, A., Ault, T., Carillo, C., Chambers, R., Lobell, D. (2021) Anthropogenic climate change has slowed global agricultural productivity growth. Nature Climate Change. https://www.nature.com/articles/s41558-021-01000-1 cited in IPCC AR6 WG2 Chapter 9.

most of these crops will be affected by higher temperatures with up to 20-30 percent decline in production in the most pessimistic scenario. It is important to note that even heat-resistant crops such as cotton, will likely to be negatively affected because of the water cycle disruption. For example, in 2023 January cotton production—which is the third largest agricultural export, after cocoa and cashew—almost halved in Côte d'Ivoire (compared to the previous season), because of droughts that led to widespread pests—a damage equivalent of US$60 million.[4] While it is difficult to estimate the number of cotton farmers, as most farmers grow multiple crops, the authorities estimate it to be around one million.

Change in Cacao Suitability 2013-50



Sources: IMF with data from Laderach, P., Martinez-Valle, A., Schroth, G., Castro, N. (2013).

Note: The pink line delineates the suitable area as of 2013. The map illustrates the changes in cocoa farming suitability due to climate changes from 2013 to 2050.

3. Climate change also poses risk to water security, which affects agriculture and other sectors. While Côte d'Ivoire has sufficient water resources, they are unevenly distributed across the country, with southern parts being well-watered and northern regions often experiencing water shortages. For example, Bouaké, the second largest city in Côte d'Ivoire, experienced a water shortage in 2018, which left 1.5 million people without access to drinking water.[5] With changing precipitation patterns and a decreasing trend in total precipitation,

[4] Portail Officiel du Gouvernement de Côte d'Ivoire. Soutien à la filière coton: 34,52 milliards de FCFA de subvention de l' Etat aux cotonculteurs pour la campagne 2022-2023 (02/03/2023). https://www.gouv.ci/_actualite-article.php?recordID=14675.

[5] Claon et al (2020) Water Scarcity in African Cities: Anthropic factor or Climate Change? Case of Bouaké (Côte d'Ivoire). https://en.unesco.org/sites/default/files/claon_0.pdf.

competition for water resources will likely increase. The main user of water is agriculture, with about half of the total water consumption in the country.

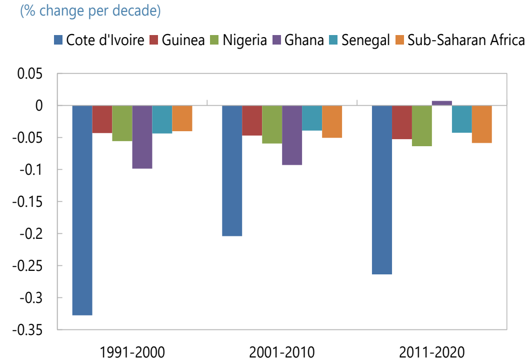
4. **Disruption of the water cycle has also led to increased floodings.** Floods have been the most frequent disasters in Côte d'Ivoire. According to the World Bank,[6] the annual cost of coastal floods is around 4 percent of GDP, which will likely be exacerbated by sea-level rise. Such disasters affect tourism (about 5-7 percent of GDP), and can lead to saltwater intrusion, which negatively affects water supplies. The frequency of floods is increasing according to EM-DAT. Notwithstanding EM-DAT's shortcomings, it is worth noting that while between 1990 and 2000, only one flood is recorded, the following decade the number of floods jumped to four, and between 2010 and 2020 it increased further to eight. The total annual losses from fluvial and flash floods are estimated to be around 0.11 percent of GDP, according to the UNDRR. Most of the loss from these types of floods is concentrated in the southern regions some of which experience US$20 million direct economic loss annually, in addition to the mortality and displacement effects. For example, in the Adzopé department, each year about 5 percent of population is impacted by floods.

5. **Climate change will likely place additional burden on Côte d'Ivoire, by contributing to the spread of diseases and exacerbating conflicts.** The World Bank CCDR estimates that both vector-borne (malaria, dengue) and water-born (diarrheal) disease could increase. While the projections for vector-borne diseases are uncertain—and in some scenarios even decreasing with climate change, water-borne disease outbreaks and spread are likely to increase. In addition, many may be displaced by the effects of climate change (for example, by the decreasing agricultural yields), and competition for scarce resources (land, water or food) will increase, potentially leading to new conflicts.

6. **Women are more vulnerable to climate hazards.** Women are more likely to be employed in sectors vulnerable to climate change. They also have twice higher rate of illiteracy when compared to men, limited access to information, productive inputs, and collateral, with only 8 percent of women holding a land title or certificate of sale, compared to 22 percent of men.[7] This limits their ability to protect their crops or adapt to climate hazards.

7. **Côte d'Ivoire's vulnerability to climate change is exacerbated by deforestation.** Driven by intensive agricultural production practices, the country has experienced severe loss of forest from 37 percent of the country coverage in 1960 to 14 percent in 2010. By 2019, the forest coverage was down to 8 percent. While forests typically capture carbon, deforestation reduces that effect. It also increases vulnerability to

Forest Area
(% change per decade)



Sources: World Bank and IMF Staff calculations.

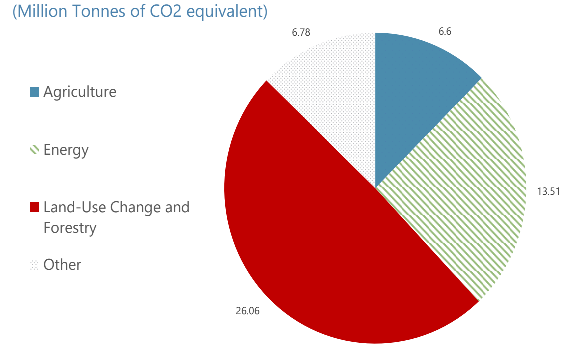
[6] Croitoru, L., Miranda, J., Sarraf, M. (2019) The Cost of Coastal Zone Degradation in West Africa: Benin, Côte d'Ivoire, Senegal and Togo https://documents1.worldbank.org/curated/en/822421552504665834/pdf/The-Cost-of-Coastal-Zone-Degradation-in-West-Africa-Benin-Côte-dIvoire-Senegal-and-Togo.pdf.

[7] World Bank CCDR.

climate change by amplifying temperature increase, decreasing the likelihood of rainfall, and degrading land, thereby increasing the risk of floods and landslides.

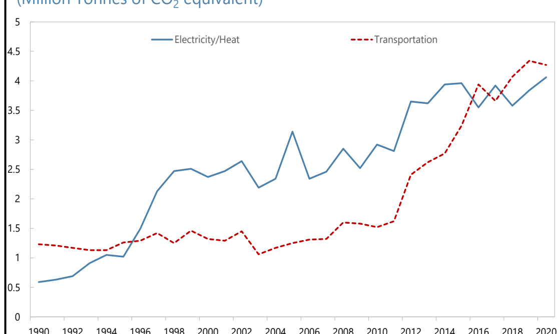
8. While greenhouse gas emissions are low, they are growing rapidly in several sectors. Côte d'Ivoire's emissions per capita stood at 2 tonnes of CO2 equivalent (or tCO2e), well below the sub-Saharan African average of 3.2 tCO2e, thanks the country's reliance on hydro- and natural gas power. More than 60 percent of emissions comes from Agriculture and Land-Use Change and Forestry with agriculture being the largest contributor to both methane and nitrous oxide emissions. Emissions from these sectors have remained stagnant over the past decades. The energy sector, especially from transport and electricity generation, is the second largest source of emissions and is growing rapidly as the economy develops. Emissions from electricity generation grew 40 percent in the last ten years—driven by electrification, with per capita levels increasing more modestly at 10 percent. Emissions from the transport sector have tripled, with per capita level of tCO2e emissions more than doubling between 2010 and 2020. In addition to the global public good of reduced carbon emissions, this would also help address health effects of air pollution, which is the second most serious health risk factor in Côte d'Ivoire, after malnutrition, according to the 2019 Global Burden of Disease. As the country is expected to continue to grow rapidly, while continuing electrification of its economy, it is expected that emissions will also increase steeply in the coming years. However, low current emissions, low energy intensity of the economy and its renewable energy potential place Côte d'Ivoire in a good position to avoid carbon lock-in (i.e., inertia in the use of high emission infrastructure assets), including by implementing policies that discourage carbon-intensive technologies, encourage the efficient use of energy, and provide an enabling environment for renewables to grow even further in importance.

Sources of GHG emissions (2020)
(Million Tonnes of CO2 equivalent)



Sources: Climate Watch and IMF staff calculations.

Emissions from Electricity/Heat and Transportation Sectors
(Million Tonnes of CO_2 equivalent)



Sources: Climate Watch and IMF staff calculations.

B. National Initiatives and Legal Framework

9. The authorities revised the NDC in 2022 and made strong commitments to pursue mitigation policies. Côte d'Ivoire is also signatory country of the Paris Climate Agreement, and the NDC pledges net zero emission by 2030, in part conditional on international support. The Government has also adopted the minutes of Côte d'Ivoire's participation at COP28 on climate change. Côte d'Ivoire's new, unconditional commitment is to reduce greenhouse gas emissions by

30 percent by 2030 (compared to a business-as-usual baseline), with a focus on increasing renewable energies in electricity production to 45 percent of the energy mix by 2030.

10. The NDC also addresses exposure and vulnerability to climate change through adaptation. The NDC emphasizes the importance of increasing resilience in agriculture, as well as the need to strengthen the protection and restoration of forests. In addition, NDC seeks to improve water resource governance through integrated water resources management, addressing health challenges by building capacity and increasing health surveillance, and increasing the resilience of coastal zones.

11. Implementing NDC commitments bears significant costs. The implementation cost of climate policies is estimated at US$22 billion (US$12 billion in adaption and US$10 billion in mitigation). Private financing is expected to play a major role in financing, as well as international sources such as the Green Climate Fund and the Adaptation Fund.

12. Risks from climate change are also addressed in several national plans. The latest NDP 2021-2025 states as one of its five pillars, the management of the environment, forest and wildlife resources and the fight against climate change. As part of this pillar, the authorities are preparing a National Adaptation Plan with five priority sectors as identified in the NDC: agriculture, land use, water resources, coastal zones, and health. A National Disaster Risk Reduction Strategy was revised for 2020-2030, and the National Platform for Risk Reduction and Disaster Management created in 2011, though implementation has remained lackluster. Climate changes issues are also covered in key sectoral strategies, including agriculture, mining, transport, water management, energy, and forestry, although capacity, resource, or coordination constraints have hampered implementation. More comprehensive, integrated, and effective plans will need to involve stakeholders at the national and local levels.

13. While legal frameworks are in place in many key sectors, systematically addressing climate change issue is often missing, sometimes by lack of clear policy or capacity. The country currently does not have a comprehensive climate change legal and regulatory framework in line with its adaption and decarbonization objectives, though there is a climate change law in the drafting phase. The current absence of an umbrella and multi-sectoral climate change law makes setting priorities for climate policies vulnerable to political changes and undermines sustainable climate change policy planning over several policy cycles. The authorities intend to pursue their efforts on the legislative front by implementing the forestry code and updating the environmental code. They also plan to develop a carbon credit market and an environmental tax system, including carbon taxes, based on a national strategy.

14. Côte d'Ivoire is at the early stage of development of robust public investment management (PIM) and PFM frameworks for integration of climate considerations. The country recently adopted a new PIM legal framework with FAD support, which should provide a good base to integrate climate considerations overtime. As noted in the C-PIMA/Green PFM TA report, initiatives in the green PFM have been mostly linked to secure access to climate finance.

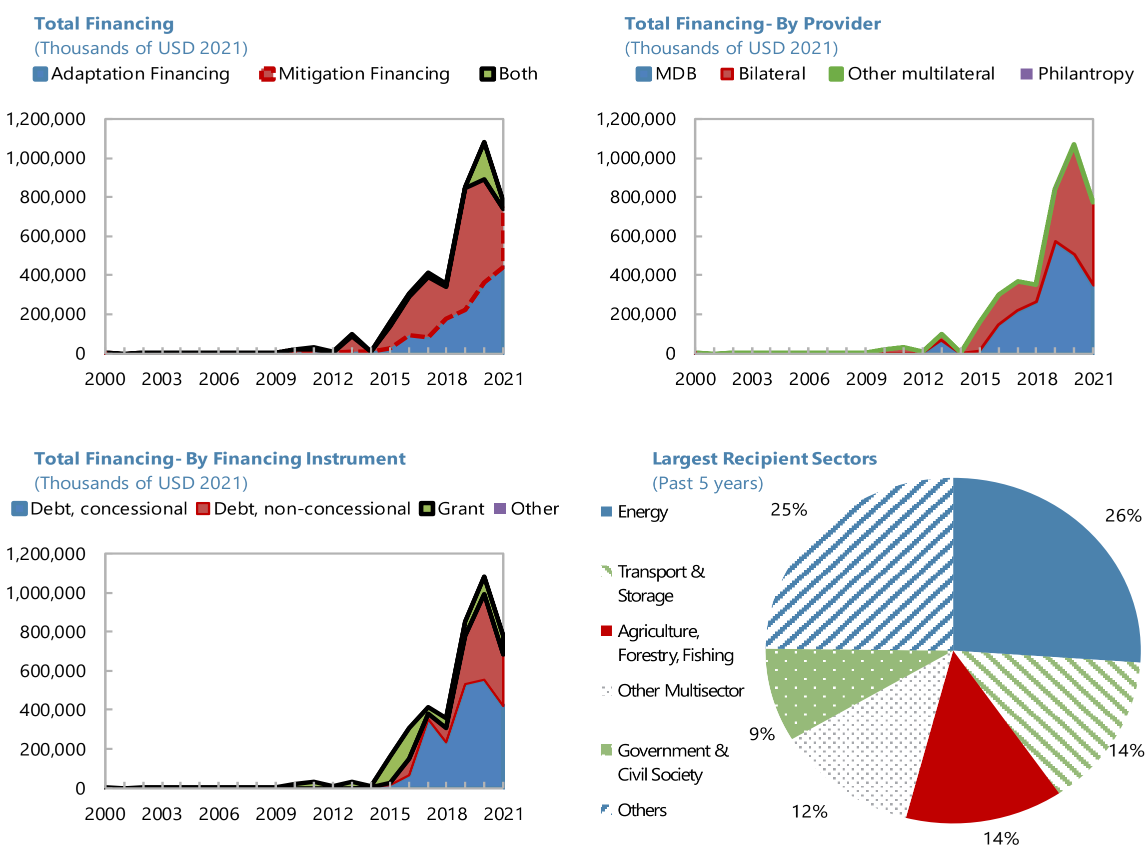
Text Table 1. NDCs Priority Adaption and Mitigation Actions	
Sector	**Priority Adaptation Actions**
Agriculture, livestock, aquaculture	(i) put in place protective measures against climate risks, (ii) promote agricultural practices that protect soil fertility, and (iii) support climate-smart agro-pastoral and fishery systems
Forests and land use	(i) improve land governance, (ii) strengthen the protection of forests and prevent land degradation, and (iii) restore degraded lands and forests.
Water Resources	(i) support Integrated Water Resources Management (GIRE), and (ii) strengthen technology transfer for improved management of water resources.
Health	(i) strengthen surveillance of diseases sensitive to climate change, (ii) build technical capacity to deal with diseases linked to climate change, and (iii) build capacity of health institutions and intersectoral collaboration.
Coastal Zones	(i) build capacity of technical and financial institutions for integrated management of coastal zones, (ii) establish early warning systems, and (iii) support vulnerable communities through physical and social investments.
	Priority Mitigation Actions
Energy	(i) improve electricity access at an affordable price, (ii) increase the use of renewable energy in electricity generation, (iii) improve energy efficiency, (iv) renew and diversify the vehicle fleet, and (v) promote mass transportation
Waste	(i) improve waste collection and urban sanitation, and (ii) ensure the sustainable management and recovery of waste.
Agriculture	(i) ensure self-sufficiency and food security, and (ii) improve agriculture productivity and competitiveness
Forestry	(i) significantly reduce deforestation, and (ii) increase carbon stocks.
Source: Côte d'Ivoire's Nationally Determined Contributions.	

15. Despite recent advances, climate mitigation policy faces governance constraints. Climate policy is under the purview of the Environment Ministry, which is budgeted in a different way from other ministries. Specifically, the Environment Ministry is mainly financed by an off-budget system which is based on environmental taxes. Small projects and perverse incentives encourage multiple, low level environmental taxes, which are sometimes in contradiction with each other. For example, there are multiple vehicle taxes with separate administrative procedures, which neutralize each other in terms of their potential impact on reducing GHG emissions.

C. Development Partners

16. Côte d'Ivoire has worked closely with development partners on climate related issues. Key stakeholders, including the IMF, have recently created a coordination group to enhance collaboration and foster synergies. As the country stepped up its green agenda and reforms' program, so did the development partners and NGOs, both by providing more climate-related financing and TA. Figure 1 shows the general trends of official climate-related development finance. After being dominated by mitigation financing in the earlier years, adaptation financing has increased steadily. A shift can also be observed in the type of creditors where multilateral creditors were dominating until 2020, until bilateral financing has picked up in Côte d'Ivoire, while the majority of financing is based on debt. More than half of the projects are in the energy, and transport and storage, and agriculture sectors.

Figure 1. Adaptation and Mitigation Strategies Financing



Sources: OECD and IMF staff calculations.

17. Partners are heavily involved in agriculture, notably sustainable cocoa production. European legislation requires that after end-2024 all cocoa-exporting countries to the EU should be able to provide traceability on their goods to ensure the products' origin and prevent further deforestation. The EU has provided budget support and TA to smooth the process. The Adaptation

Fund is also active in climate smart agriculture, such as improved water management technologies and options to diversify crops, and the ADF and the World Bank works on the securitization of rural land and reforestation efforts. The World Bank is also supporting the operationalization of the traceability system and key legislative reforms through budget support. On the financial resilience side, the Adaptation Fund is working to provide access to green finance for farmers, while the West African Development Bank will provide temporary funding to partially subsidize premia for an agricultural insurance scheme for cotton. Relatedly, the government also developed the Abidjan Legacy Programme, a multi-partner initiative launched at UNCCD COP15 to combat desertification in May 2022 to address the challenges of land use. It focuses on identifying risk profiles for key commodity value chains (especially cash crops) and supporting the sustainable transition of these value chains.

18. A number of World Bank programs focus on the critical need for improved management of water resources. Specifically, the World Bank is implementing a 17-year long program in three phases, currently in its second phase, aimed at operationalizing integrated water management. The program started in 2011, with the first phase aiming to restore basic infrastructure service delivery following the civil war. The second phase started in 2016 and focused on improved water supply and hygiene, while conducting strategic studies on the implementation integrated water resource management. The third phase will start in 2024 and seeks to provide investment and support reforms that are focused on integrated water resource management. This includes partnerships with various stakeholders, and detailed master plans including for reforming institutions as well as expanding infrastructure in the future.

19. Côte d'Ivoire is working with partners on early warning systems for floods. The World Meteorological Organization has operational pilots in a few departments of the country, including the Volta Basin. In Abidjan, the World Bank has implemented an early warning system for floods with plans for extension to other cities. These interventions include technical support, capacity building, and investments in equipment.

20. Green finance has generated strong interest to attract the private sector's involvement. The UNDP helped Côte d'Ivoire develop an ESG framework in 2021, and the World Bank is currently supporting a strengthening of their framework. The AfDB 2023 country report focused on green finance and the AfDB provided a partial guarantee for a ESG loan in July 2023.

21. Many partners have supported mitigation and decarbonization efforts. The World Bank and EU are helping the country develop carbon credit system starting with a registry. The World Bank provided extensive reports on environmental taxation and more specifically on the 'parafiscal' system of environmental taxes and funds, while the UNDP also provided TA on carbon taxation and carbon credits. Côte d'Ivoire became one of the first countries in the region to benefit from climate finance through the Emission Reduction Program (REDD+) as it succeeded in reducing emissions from deforestation and forest degradation around the Tai National Park. Development partners are also involved in developing renewable energy sources and promoting greener transportation, such as KFW financing a solar power project in the north of the country and AFD supporting electric mobility by the construction of the Abidjan metro.

22. To fight climate related issues, the World Bank committed to mobilize more than US$4.2 billion by 2025, of which US$1.7 billion in new projects and budget support. The World Bank is developing projects in diverse areas such as agriculture including cashew value chain sustainability, inclusive connectivity and climate resilient community infrastructure (i.e., roads, schools, markets and electrification), electricity and renewable energy, rural land tenure management, water security and sanitation, and financial inclusion for green and resilient housing. The World Bank Country Partnership Framework (FY23-FY27) places climate-related issues and combating fragility at the core of the institutions' engagement in the next 5 years.

D. Main Adaptation and Mitigation Strategies Under the RSF Arrangement

Catalyzing Public and Private Financing

23. Raising adequate financing to build resilience is a major challenge. The Ivorian authorities would need to develop a full green finance strategy to cover financing estimated at US$22 billion. Given limitations in the domestic financing system, all sources of financing would need to be considered, traditional donors but also international climate funds, which could unlock significant private financing, as well as different types of financing. The authorities have already used blended financing through regional bank provided guarantees. The strategy should include sustainability-linked bonds to be able to fully leverage private sector participation. As mentioned earlier, private investment should play a major role, as it is assumed to cover 74 percent of the NDP. Reform measures to address financing will thus likely play an important role to maximize the catalytic impact of Fund financial support through the RSF.

Insurance Schemes to Promote Resilience

24. While the government already subscribed to some insurance against drought, it needs to develop a full strategy to build resilience again disasters. The authorities should reduce vulnerability, for example through an end-to-end early warning system by strengthening disaster risk management policies. For disaster risks against which resilience building is insufficient, Ivorian authorities should explore disaster risk financing options and develop a disaster risk financing strategy. The authorities purchased drought insurance with the help of UNDP from the African Risk Capacity (ARC) since the 2019/20 season but there are opportunities for other instruments. They should also build adequate financial protection instruments, such as sovereign catastrophe insurance, contingent credit liens and disaster funds. They could develop a strategy based on the World Bank's risk layering approach and implement sovereign disaster risk financing instruments.

Role of PFM Reforms

25. To be able to match green financing needs, the government needs to develop a full green public financial management system. The authorities should adopt a climate-informed procurement system that stands along the PFM chain. The PFM organic law, the code of transparency and good governance, the citizen budget, and other texts should provide for the integration of climate change policy objectives in public finance and investment management tools, to move toward green public procurement. For PFM and the introduction of climate-sensitive budgeting (CSB), the first step would be to introduce a climate budget tagging limited to investment expenditures. This approach could in time be extended to other types of expenditure and usher in a published budget document showing in a transparent manner how the government uses the budget to foster its ambitions in the field of climate change.

Role of More Resilient Investment

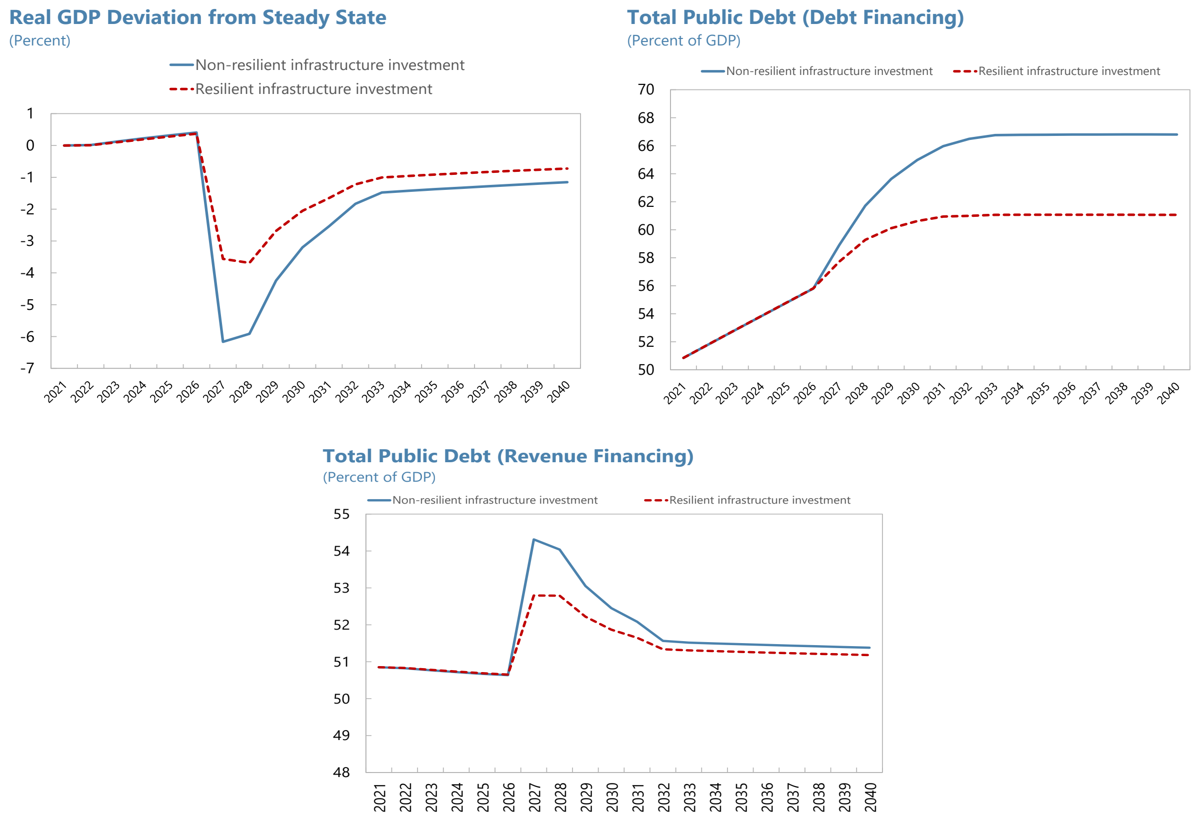
26. **The PPP legal framework should also be enhanced to create incentives for greater private sector participation in climate resilient-infrastructure projects.** Reforms should aim at allowing risk-sharing on investments in new technologies, innovative business practices, and climate-smart performance-based contracts. Key regulatory and legal reforms are needed to increase private equity and venture capital (PE/VC) for green technologies. A comprehensive framework should include clear guidelines for licensing conditions, supervision of fund functionaries, and a revised tax regime conforming to global standards. These regulations, combined with an investor-friendly environment and streamlined processes, will attract capital, drive the growth of the PE/VC industry, and facilitate financing flows to green projects. RM3 should strengthen PPP framework by enhancing evaluation and selection of investments 'projects. Additionally, several donors such as the AFDB and United Nations Economic Commission for Africa are also involved.

27. **Integrating climate considerations into PIM framework implies the modification the institutional framework and tools.** The main reforms aim at integrating climate change in the appraisal and selection of public investment projects. This will require the adoption of a standard methodology to improve consideration of climate issues in the ex-ante environmental impact studies, and formalization of project selection criteria including climate change (exposition to climate change risk, impact in terms of climate change adaptation and/or mitigation). Another reform is about integrating climate-related vulnerabilities linked to the localization and design of public assets into maintenance and asset management policies.

Macro Fiscal Implications of Investment into Resilience

28. **Climate-related PIM reform could enhance the resilience of infrastructure and, ultimately, the economy.** To assess the macro-fiscal implications of strengthening resilience to climate change, several Debt, Investment, Growth, and Natural Disaster (DIGNAD) model scenarios were run. The DIGNAD model is a dynamic general equilibrium (DGE) model designed to study the effects of public investment on economic growth and debt sustainability in a context of a natural disaster. Through its simulations, the model presents macro-fiscal outcomes associated with public adaptation investment, economic growth, and debt, relative to those at steady state. In the model, natural disasters are expected to affect the economy through five channels: (i) damages to public capital, (ii) damages to private capital, (iii) a temporary productivity loss, (iv) a decline in public investment efficiency, and (v) a loss in credit worthiness.

Figure 2. DIGNAD Model Selected Outcomes



Source: IMF staff calculations.

Note: Simulations made with the Debt, Investment, Growth and Natural Disasters (DIGNAD) model. The macro-variables are calibrated to reflect the Ivorian economy's averages from the last 5 years, where possible. When Côte d'Ivoire's data were unavailable, regional averages were imputed for parameters. The disaster is assumed to be a coastal flood causing 9 percent GDP loss, which is a severe flood based on the 2019 World Bank report on coastal zone degradation in West Africa. 'Resilient infrastructure' scenario assumes 1 percent of GDP investment in more expensive, but resilient infrastructure five years prior the disaster. Non-resilient infrastructure' scenario assumes 1 percent of GDP investment each year for five years prior the disaster. Second and third figures show debt and revenue financing mechanisms, respectively, for each scenario.

29. **Côte d'Ivoire is set to significantly benefit from investments in resilience to climate change.** The macro-variables are calibrated to reflect the Ivorian economy's averages from the last 5 years, where possible. When Côte d'Ivoire's data were unavailable, regional averages were imputed for parameters. The disaster is assumed to be a coastal flood causing 9 percent GDP loss, which is a severe flood based on the 2019 World Bank report on coastal zone degradation in West Africa. The fiscal gap caused by the disaster is assumed to be filled by debt financing. Figure 2 shows the GDP and public debt effects of the disaster for two scenarios: (1) the authorities invest in cheaper, non-resilient infrastructure in the years before the disaster, and (2) the authorities invest in more expensive, resilient infrastructure. Not only is the GDP drop less pronounced for resilient infrastructure, but it also recovers more quickly compared to the non-resilient infrastructure investment. Similarly, while the flood raises public debt in both types of investment,

with resilient infrastructure the effect is more muted with about 10 percentage points of GDP increase, compared to 16 percentage points of non-resilient infrastructure investment.

30. Steadfast progress in domestic revenue mobilization would attenuate the negative effect of natural disasters on debt sustainability. A different scenario assumes the same parameters for the Ivorian economy and the same effect of coastal floods, but instead infrastructure investment and recovery are financed by domestic revenue mobilization. As before, the resilient infrastructure makes the effect of natural disaster more muted both for GDP and for total public debt. However, revenue financing makes the effect on public debt much more muted in the short and long term, as revenues are used to finance the gap, with about 4 percentage point of GDP short term increase for the non-resilient infrastructure, and half of that for the resilient infrastructure.

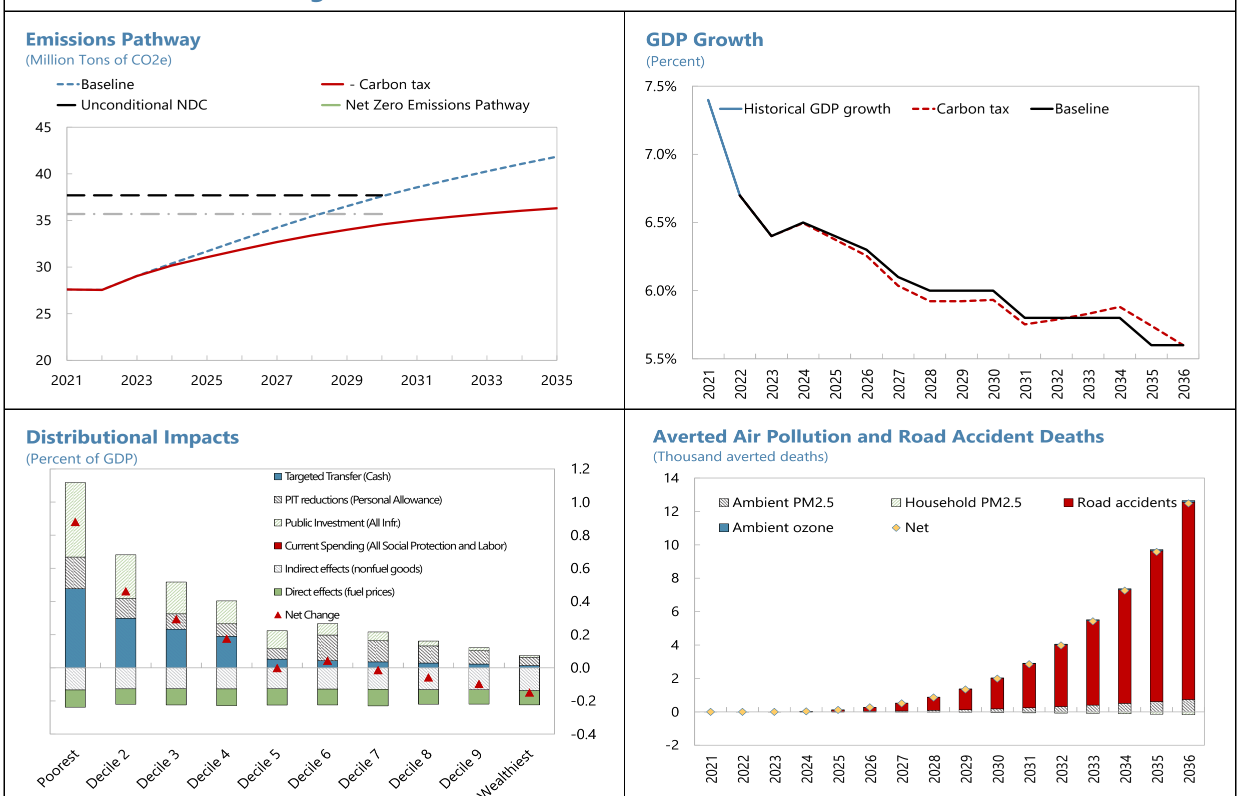
Role of Carbon Taxation

31. The authorities' intention to develop a national strategy of carbon taxation offers an opportunity to systematically improve the mitigation efforts in Côte d'Ivoire. Existing institutional structures and the 'parafiscal' system of environmental taxes are suboptimal to incentivize mitigation. An economy-wide perspective on carbon taxation would consistently provide incentives for decarbonization. It also enables lowering other, distortionary taxes, such VAT or labor income tax, the so-called double dividend. A comprehensive carbon tax may simultaneously contribute towards environmental and economic goals. In countries with a large informal sector, such a tax is best applied at chokepoints where fossil fuels enter in the economy. The Fund recommends an international carbon price floor of US$50 per tonne for middle-income countries, such as Côte d'Ivoire, in addition to the existing taxes and excises. While based on preliminary analysis the current implicit tax on carbon—the fuel excises for oil products weighted by their carbon content—is estimated at about US$91 per tonne on average for 2023, Côte d'Ivoire's fuel price stabilization mechanism has implied significant implicit carbon subsidization when global oil prices were high in the past (such as a US$35 per tonne subsidy in 2022). Reform of the fuel price mechanism would aim to reconcile the need to avoid carbon subsidization by ensuring a minimum carbon tax with the need to protect the economy from disruptive fuel price swings due to global market volatility.

32. Modelling shows that levying a carbon tax could lead to substantial benefits. Assessment of a carbon tax is done with the IMF-World Bank Carbon Policy Assessment Tool (CPAT). The CPAT is a spreadsheet-based model that allows the evaluation of a number of climate change mitigation measures across countries. For the modelling exercise staff uses data from Côte d'Ivoire, whenever possible—the carbon tax is assumed in addition to existing taxes and excises and is set at US$5 per tonne initially and gradually increase to US$50 per tonne by 2030. The model allows for multiple ways to use the tax revenue. For instance, in this illustrative exercise, the tax revenue is assumed to be used for a combination of increasing investment in infrastructure and lump-sum transfer to protect the most vulnerable and lowering taxes on personal income relative to the baseline. Figure 3 shows that a US$50 carbon taxation would lower the greenhouse gas emissions by about 15 percent in 2035, and would be sufficient for Côte d'Ivoire to fulfill its ambitious NDC.

33. Despite the large effect on emissions, the carbon tax would have only a small impact on the economy (Figure 3). At its peak, the carbon tax (with revenue recycling to lower taxes, increase investment and lump-sum transfers), would have an impact of about 0.04 percentage points decrease compared to a baseline annual growth. The small impact on GDP growth holds true in a wide range of different scenarios. The CPAT analysis also shows that carbon taxation would be progressive and increase consumption of the poorest households by about 0.5-1 percent in 2025 (without revenue recycling the tax would reduce consumption of about 0.2 percent across wealth deciles). If a higher share of revenue is recycled to decrease corporate and labor income taxes, the progressive nature of carbon tax dampens; while using more revenue to increase public investment and to lump-sum transfers strengthens the progressive nature of the tax.[8] In addition to contributing to public good of climate change mitigation and advancing Côte d'Ivoire's own climate agenda, a carbon tax would also have co-benefits—as shown in Figure 3. Specifically, reduced car use would lead to fewer road accidents and less local air pollution. According to the model a total about 10,000 deaths could be averted by the carbon tax.

Figure 3. Effects of Carbon Tax – CPAT Simulations



Sources: CPAT and IMF staff calculations.

[8] While recycling revenues to lower labor income taxes makes the tax less progressive, it is worth noting that the model does not include possible long-run benefits, such as increased formality of the economy and broadening of the tax base.

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Appendix I. Letter of Intent

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, DC, USA

March 1, 2024

Re: Letter of Intent for the Resilience and Sustainability Facility Arrangement

Madam Managing Director:

1. **The Ivorian economy has sustained its buoyancy in 2023, with a growth rate estimated at 7.0 percent, in spite of difficult international economic circumstances, marked in particular by the tightening of financing conditions and inflationary pressures.** Execution of the 2021-2025 National Development Plan (PND), coupled with the pursuit of far-reaching structural reforms, has contributed to ensuring the resilience of the macroeconomic framework. Inflation was kept at 4.4 percent at end-December 2023, as against 5.2 percent in 2022. The budget deficit is expected to be consolidated in 2025. The current account deficit was held to 5.8 percent in 2023, thanks to an upturn in the trade surplus. Debt distress risks continue to be moderate. Despite the uncertainties with respect to the changing global and regional situation, the country's outlook remains favorable.

2. **The government is conscious of the fact that Côte d'Ivoire ranks among the countries most vulnerable to the impacts of climate change.** Thus, in May 2022 it carried out a review of its Nationally Determined Contributions (NDC). These NDCs, with a financing cost that comes to 22 billion dollars, envisage a reduction of greenhouse gas emissions (mitigation) by 30.41 percent in 2030, as against 28.25 percent previously, and growth of resilience in the key sectors deemed to be highly vulnerable to climate change (adaptation). The NDC thus contain significant adaptation measures in the areas of transportation, agriculture and livestock, forestry, water resources, coastal areas, and human health.

3. **Within this context, Côte d'Ivoire requests a 30-month arrangement under the Resilience and Sustainability Facility (RSF) in the amount of SDR 975.6 million (or 150 percent of the quota share, equivalent to around US$1.3 billion).** This instrument will help the government to implement policies and reforms required to sustain the prospective stability of its balance of payments and to address the structural challenges over the longer term linked to the economic consequences of climate change. The arrangement under the RSF will complement the existing three-year arrangements under the ongoing ECF and EFF, approved by the IMF in May

2023 for a total amount of SDR 2601.6 million (400 percent of the quota share), one of the objectives of which is to enhance resilience to climate change. It will thus make it possible to address the issues of the policies, legislation, and establishment of the institutions and statistics related to the emergence of a green economy, through the operationalization of various priority reform measures and related actions.

4. The 16 reform measures (RMs), implementation of which will trigger disbursements under the RSF, are presented in the attached Memorandum on Economic and Financial Policies (MEFP). The program contains six basic pillars.

5. The first pillar is designed to integrate climate issues into the process of public financial and investment management. The second pillar pertains to the strengthening of governance and climate policy coordination. The third pillar deals with increasing the climate resilience of agriculture. The fourth pillar focuses on mobilizing green and sustainable financing for private and state-owned enterprises. The fifth pillar in turn has to do with measures aimed at limiting vulnerability to flooding and coastal erosion. Lastly, the sixth pillar relates to measures to limit greenhouse gas emissions.

6. Throughout implementation of the reform measures under the RSF, the government will carry on a close dialogue with the IMF, and will consult with it prior to any revision of the reform measures contained in the MEFP, in accordance with the IMF's consultation policies in this regard. In addition, it will provide information to the IMF on the progress made in implementing these measures and achieving their objectives. In the same way, within the framework for dialogue mentioned above, the difficulties and other contingencies liable to disrupt the process will be discussed with the IMF.

7. Lastly, the government gives its consent for publication of this letter of intent, the MEFP supplement, and the IMF Staff Report on this program.

Sincerely yours,

_______________/s/_______________

Adama Coulibaly
Minister of Finance and Budget

Attachment:
1. Supplement to the Memorandum on Economic and Financial Policies

Attachment I. Supplement to the 2024–26 Memorandum of Economic and Financial Policies for the Resilience and Sustainability Facility

CONTEXT

1. **Côte d'Ivoire ranks among the fastest-growing countries worldwide,** having since 2021 regained its pre-pandemic growth levels, recording average growth since then of close to 7 percent per year, driven by the new National Development Plan for 2021-2025. Despite the successive exogenous shocks of these last three years, Côte d'Ivoire is expected to maintain its dynamism, with an expected growth of 7.0 percent on average over 2023-2025, well above the average rate of 3.8 percent expected in sub-Saharan Africa.

2. **Côte d'Ivoire – which also stands out due to the quality of its public financial management** – continues to maintain excellent relations with the whole of the multilateral and bilateral development partners. As such, it will pursue its efforts with regard to revenue mobilization, so as to accelerate its path toward fiscal consolidation, with an expected government deficit of 4.0 percent in 2024; it should reach the WAEMU convergence threshold of 3.0 percent in 2025.

3. **Firmly committed on the path to emergence, today Côte d'Ivoire is one of the most attractive countries on the continent, thanks to strong political and institutional stability.** The most recent regional and municipal elections of September 2023 were held in a peaceful climate, bearing witness to the progress achieved with respect to governance and institutional framework. These achievements continue to be welcomed by international observers. Indeed, in recent years Côte d'Ivoire has been registering continuous improvement in its scores on the leading international governance indicators (World Governance Indicators, CPIA).

4. **The recent first nine-year bond issue, which is ESG-labeled, reinforces Côte d'Ivoire's standing on the sustainable finance market.** Indeed, this inaugural ESG issue draws on the ESG Framework published by the country in July 2021 and updated in September 2023, as well as on the technical assistance partnerships put in place with the United Nations Development Program (UNDP) and the Global Center on Adaptation (GCA), aiming to strengthen the national mechanism for selection and reporting of ESG projects.

5. **Nevertheless, the authorities are aware that the economy of Côte d'Ivoire is exposed and vulnerable to climate change,** by virtue of the increase in temperature, of sea-level changes, and of the rainfall pattern**.** The average temperature increased between 0.5° C and 0.8° C between 1970 and 2021. Rainfall patterns have changed, as precipitation has become more frequent during the dry season while there have been even greater periods without rain during the wet season. By the year 2050, Côte d'Ivoire could face the combined effects of warmer average temperatures, an increased frequency of extremely

hot days, and a larger variability in precipitation. The increase in the sea level, as well as in the associated risks of floods and coastal erosion, also remain major concerns. All else being equal, and with a pessimistic climate scenario, climate change is expected to reduce the real gross domestic product (GDP) by as much as 13 percent by the year 2050, and 1.63 million people would be prevented from escaping from poverty. Adaptation measures are costly, but they could potentially offset a major part of the negative impact on the climate, in particular on the poor.

6. **In the National Development Plan for 2021-2025, the authorities have identified climate change as a challenge.** The Ivorian economy is vulnerable to climate change, primarily because of its impact on agriculture. The sector employs around half of the workforce and contributes around 17 percent of GDP and 10 percent of tax revenues. The productivity of the main cash crops has already been seriously affected by climate change. Thus, the production of cotton, which is the third-largest agricultural export following cocoa and cashew nuts, dropped by almost half as a result of the droughts that brought a generalized spread of pests in their wake.

7. **The authorities acknowledge the urgency of stepping up efforts for mitigation and adaptation, in particular in the fields of agriculture, transportation, and infrastructure.** Apart from its direct effect on agriculture, climate change will also affect the availability of drinking water and hydroelectric power generation, with negative impacts on the population, growth, and the stability of the macroeconomic framework. The NDCs thus contain significant adaptation measures in the areas of transportation, agriculture and livestock breeding, forestry, water resources, coastal areas, and health. They include priority sectors for mitigation such as energy, waste, agriculture, and forestry. As for adaptation, the actions and projects will continue to be implemented that are contained in the National Gender and Climate Change Strategy, adopted in 2019, and the National Agricultural Investment Program 2 (PNIA, 2018-2025).

8. **The government plans to strengthen its actions in combating climate change.** Pursuant to its climate strategy, built around the Paris Agreement, in May 2022 the government submitted its new Nationally Determined Contributions (NDCs). These envisage greenhouse gas emissions reduction (mitigation) of 30.41 percent in 2030, compared to a previous figure of 28.25 percent, and growth in resilience in five key sectors (forestry, agriculture, water resources, coastal areas, and health) that are highly vulnerable to climate change (adaptation). In terms of mitigation, it will ensure rollout of the various strategies developed. These include the National Strategy for Reducing Greenhouse Gas Emissions from Deforestation and Forest Degradation (REDD+), the new Forestry Policy, and the National Strategy to Reduce Short-Lived Climate Pollutants (SLCPs). In addition, with respect to the undertaking of activities of production, processing, and distribution of oil and gas, the government will continue to ensure compliance with the international environmental standards, and aims by the year 2030 to reduce fugitive methane emissions arising from oil and gas, in accordance with the NDCs.

9. **In addition, the government will continue to ensure implementation of its commitments on desertification and drought under the Abidjan Initiative, adopted in May 2022 within the**

framework of COP15. The Abidjan Initiative seeks to create the conditions for environmental sustainability, to replace the agricultural sector in its job creation role, and to produce a social equilibrium guaranteeing the right to a healthy diet and a decent life. It is organized around four components: (i) combating deforestation; (ii) restoration of no less than 20 percent of the forest cover by the end of the decade; (iii) improvement in agricultural productivity and identification of the value chains of the future; and (iv) sustainability of the current value chains. Within the context of its implementation, the government has set up a Coordination Unit that will monitor in particular the National Plan to Combat Drought and the land restoration projects. To do this, the government has adopted a 1.5 billion dollar investment plan over the next five years, the financing of which requires the support of the technical and financial partners.

Box 1. Initiatives Already Undertaken by Côte d'Ivoire on Climate Change

Drawing up of the Nationally Determined Contributions

1. In 2015, in the run-up to COP21 in Paris, Côte d'Ivoire committed to reducing its greenhouse gas (GHG) emissions, through its initial Nationally Determined Contributions. Following evaluation of those NDCs, and in accordance with the requirements of the Paris Agreement, the Government of Côte d'Ivoire carried out a review of its aspirations, updating the efforts for GHG reduction (mitigation), as well as assessing its vulnerability and the adaptation options in response to climate change, thus rising to 30.41 percent, corresponding to abatement by the year 2030 of 37 million metric tons of CO_2 equivalent in greenhouse gas emissions from all sectors, including forestry and other uses of the land. This unconditional contribution consists of a reduction of 13.2 million metric tons of GHG emissions resulting from the implementation of measures in the sectors of energy, waste, and agriculture, and a reduction of 23.8 million metric tons of GHG emissions resulting from implementation of measures in the sector of forestry and other uses of the land.

2. Côte d'Ivoire's commitment on climate issues has yielded:

- the setting up in 2005 of a National Authority responsible for the Clean Development Mechanism (AN-MDP) coming out of the Kyoto Protocol;
- the joining in 2011 of the Mechanism for Reducing Greenhouse Gas Emissions from Deforestation and Forest Degradation (REDD+);
- the creation of a National Program to Combat Climate Change (PNCC), followed in 2013 by the joining of the Climate and Clean Air Coalition (CCAC), with a view to the reduction of short-lived climate pollutants (SLCPs);
- the finalizing, under way, of the process of drawing up of the National Plan for Adaptation (PNA);
- the creation in 2016, following the Paris Agreement, of a central directorate responsible for combating climate change, for the purpose of coordinating climate action;
- the enshrining within the 2021-2025 National Development Plan (the reference document with regard to national development planning), of one of the six priority pillars, in particular Pillar 5 pursuant to combating climate change.

The creation by Interministerial Order in 2020 of the green finance platform, following the acceptance by Côte d'Ivoire to the six core principles of the Coalition of Finance Ministers for Climate Action, the secretarial services for which are managed jointly by the World Bank Group and the IMF. This platform – made up of the stakeholders from public finance, those from the real and financial private sector, as well as the emitting sectors and those vulnerable to climate change – is intended to ensure coordination of the actions for mobilizing green finance and investments, to promote the monitoring and traceability of the support arrangements and needs, as well as to foster transparency in management of green financing pursuant to Article 13 of the Paris Climate Agreement.

Box 1. Initiatives Already Undertaken by Côte d'Ivoire on Climate Change (concluded)

3. Implementation of these NDCs draws on (i) an investment and financing plan specifying costs; (ii) a partnership plan that will highlight the key sectoral needs; (iii) a plan for monitoring/evaluation for optimal and efficient implementation of the measures defined; and (iv) a communication strategy to publicize the results. Execution of these projects requires major investments that call for enhanced cooperation between the Ivorian authorities, the private sector, and the international financial institutions, including the new climate finance mechanisms such as the Green Climate Fund (GCF) and the financial instruments of the multilateral development banks. In addition, Côte d'Ivoire considers the putting in place of market and nonmarket mechanisms to be of the utmost importance.

Abidjan Legacy Program

4. Launched by the Ivorian Government on the sidelines of COP15, the Abidjan Legacy Program or Abidjan Initiative is a program carried forward since 2022 by His Excellency the President of the Republic, designed to allow Côte d'Ivoire to include approaches for sustainable land management and for restoration of highly degraded forest ecosystems within its development strategies, in response to the challenges of drought and land restoration.

Taking Gender Issues into Account in Climate Action

5. To take gender-related issues into account in climate action, pursuant to the provisions of the United Nations Framework Convention on Climate Change (UNFCCC), the Ministry of the Environment and Sustainable Development (MINEDD) has undertaken initiatives for mobilization and engagement of the key stakeholders nationally, which produced the preparation in 2019 of a National Gender and Climate Change Strategy (2020-2024). This dynamic is reinforced by a memorandum of understanding (MoU) signed on October 25, 2021 between the Minister of the Environment and Sustainable Development and the Minister of Women, the Family, and Children. This high-level political commitment seeks to strengthen the process of advocacy for the systematic integration of the nexus of gender and climate within sectoral planning and strategic and policy documents at national level.

6. Thus, this involves: (i) with regard to mitigation, analyzing gender-disaggregated responsibility in the mechanisms of greenhouse gas emission and/or reduction; and (ii) with regard to adaptation, analyzing the gender-disaggregated situation in connection with vulnerability risks and impact chains, so as to strengthen the gender dimension within the National Plan for Adaptation.

Other Initiatives in the Three Key Sectors

- **Energy:** The Government of Côte d'Ivoire has taken several measures seeking to reach its target of 45 percent renewable energy sources within its production capacity by the year 2030. The 2019 sectoral policy for development of renewable energy sources and energy efficiency seeks to optimize energy consumption, enhance energy efficiency, promote renewable electricity, and reduce emissions of greenhouse gases in the electricity sector. The country has also revised its tax arrangements, with the aim of fostering investments in the renewable energy sector, by means of the exemption of equipment and materials for power generation and distribution from the value-added tax, customs duties, and import taxes. As well, it makes provision for setting a feed-in tariff (*tarif de rachat*) for the renewable energy produced.
- **Forestry:** The government has developed an ambitious program with a view to reversing the trends in deforestation and forest degradation, by adopting its Strategy for Forest Preservation, Rehabilitation, and Extension (SPREF, 2018). The country intends to generate a transformative change in forest management, and increase forest cover from 11 percent to 20 percent by the year 2040. A new Forestry Code was adopted in 2019, with the aim of fostering and developing agroforestry, as well as of strengthening the existing natural forest protections.

Transportation: Côte d'Ivoire is undertaking sectoral studies that include assessment of a carbon tax for the transportation sector, with the aim of tackling the increase in emissions. The country has adopted a series of decrees aimed at reducing the average age of private and public vehicles and putting in place a more energy-efficient and less polluting fleet. These decrees set limits on the age of used vehicles imported into Côte d'Ivoire, tax relief for green and socially responsible productive investments, and the setting of maximum thresholds for air quality by type of vehicle.

10. To improve resilience to climate change, a set of reform measures will be implemented to alleviate the challenges identified, with the technical assistance of partners, in particular of the IMF, the World Bank Group, the ADB, and bilateral partners. These measures involve: (i) mainstreaming climate into PFM; (ii) strengthening of governance of the climate policies; (iii) reduction of the exposure and vulnerability of the agricultural sector; (iv) an increase in green and sustainable financing; (v) reduced vulnerability to flooding and coastal erosion; and (vi) a reduction in greenhouse gas emissions.

A. Recent Trends in the Economy and Outlook

11. In 2023 Côte d'Ivoire sustained its economic buoyancy, with a growth rate estimated at 7.0 percent, in spite of difficult international economic circumstances, marked in particular by the tightening of financing conditions and by inflationary pressures. Execution of the 2021–2025 National Development Plan (PND), coupled with continued major structural reforms, have contributed to ensuring the resilience of the macroeconomic framework. Inflation was contained at 4.8 percent in 2023, following observed price inflation on average of 4.7 percent over the 2021-2022 period. The budget deficit was to go from 6.8 percent of GDP in 2022 to 5.2 percent in 2023, in anticipation of fiscal consolidation in 2025. The current account deficit was to be held to 5.8 percent in 2023, following 7.7 percent in 2022, thanks to an upturn in the trade surplus. Overall and external risks of debt distress are expected to remain moderate.

B. Performance Under the ECF/EFF Program

12. The 40-month Economic and Financial Program entered into with the IMF in May 2023 is posting satisfactory performance in its implementation. The first review of the program was completed on December 4, 2023, accompanied by a second disbursement under the Enhanced Credit Facility (ECF), coupled with the Extended Fund Facility (EFF). According to preliminary data, the end-December 2023 quantitative performance criteria have been met and most of the indicative targets have been confirmed. The same applies to the structural benchmarks, which have all been met.] In accordance with the program objectives, the government will maintain its efforts to: (i) ensure the sustainability of public finance and debt, through a gradual increase in the fiscal pressure, and budget deficit convergence in 2025 with the WAEMU community standard of 3 percent; (ii) combat poverty and stimulate job creation for young people; (iii) bring about change in Côte d'Ivoire's growth paradigm, towards a model based on the productivity of the private sector and vertical diversification; (iv) develop the financial sector and deepen financial inclusion; and (v) improve climate change resilience by creating increasingly green growth. The government is confident regarding the achievement of the objectives of the economic program and implementation of the reforms, including adoption of an overall Medium-Term Revenue Strategy (MTRS) by May 2024.

C. Reform Measures in the Resilience and Sustainability Facility

Integrating Climate into the Process of Public Financial and Investment Management

13. To implement a climate-resilient development model, the public financial and investment management frameworks will include climate concerns contained in the matrix of reforms negotiated with the Fund (cf. Table 1). This strengthening of the institutional framework is a first step in implementing a resilient low-carbon development model and fulfilling the preconditions for accessing climate finance. The government will implement three reform measures, with help from partners:

- Adopting a ministerial *arrêté* establishing a system of tagging of climate-related capital spending at the stage of public investments programming in October 2024, then integrating this system into the 2026 budget preparation process, with coverage initially limited to five ministries – those entrusted with energy, agriculture, environment and sustainable development, water management (*hydraulique*) and sanitation (*assainissement*), and water and forests. On this basis, prepare and publish a first climate budget statement attached to the 2026 budget law, presenting the climate-related investment expenditure expected for these entities (RM1). Monitoring of execution of these expenditures will be carried out in the course of FY2026. The system would make it possible to identify climate-related investments, so as to foster a model of development based on low-carbon emissions and facilitate access to green financing. In a second phase, the government intends to progressively expand this system to encompass brown expenditure.
- Establishing a modeling framework and integrating quantitative analysis of climate-related fiscal risks in the fiscal risk statement at end-October 2025 (RM2). This is an important stage in strengthening the capacities for incorporation of climate-related hazards within the budgetary forecasts, and awareness-raising by means of a budgetary risk statement.
- Adopting an interministerial *arrêté* in application of Decree No. 2022-742 on the management of public investment projects, making it mandatory and explicit to integrate climate considerations into the appraisal and selection of public investment projects, and modifying Decree 96-894 on environmental impact assessment to integrate climate considerations, by the end of 2025, to promote low-carbon/climate-resilient investments and discourage high carbon-/climate-vulnerable investments (RM3).

Strengthening of Governance and of Coordination of Climate Policies

14. The government envisages strengthening of the legislative, governance, and institutional framework in order to pilot Côte d'Ivoire 's national efforts of mitigation, adaptation, and transition.

- To that end, the government plans to set up a national commission in charge of combating climate change issues, under the auspices of the Prime Minister's Office, with a mandate to ensure compliance with the commitments made by Côte d'Ivoire at international level with regard to combating climate change and taking climate challenges into account in sectoral policies, and climate-sensitive economic planning and disaster risks management.

- Moreover, this commission will be responsible for producing an annual progress report evaluating the status of climate transition in Côte d'Ivoire, which will include short- and medium-term recommendations to the government to improve climate action and which will be published. An official communication on the report will be presented in the Council of Ministers (RM4).

- In addition, the government will adopt a draft climate change bill, encompassing the creation of several entities, including: a National Climate Authority for strengthening of coordination at national level of all of the actions for combating climate change; a dedicated fund or other mechanism for mobilizing green finance; and a scientific watchdog body for guidance for policy decisions. The commission referenced above under RM4 could be included in this institutional framework.

Strengthening of the Climate Resilience of Agriculture

15. In dealing with climate change, resilience of the agricultural sector is a key objective. Given the vulnerability of agriculture to climate change, the government deems it essential to foster adaptation of the agricultural sector. To do so, it envisages:

- Gradually implementing an insurance system against climate hazards. As a first stage, a pilot insurance system for the cotton sector will be set up through capacity-building for the stakeholders (producers and cooperatives), and preparation by end-December 2025 of the introduction of insurance products for the benefit of the sector's stakeholders (RM5). The system will be gradually extended to the other organized agricultural sectors, in particular those of palm oil, rice, and cocoa.

16. Consistent with the Abidjan Initiative, the government intends to roll out the sustainable cocoa program, with a view to bringing Ivorian cocoa growing into line with the new international requirements. The objectives and strategic pillars of the program are fleshed out in Box 2 below with regard to combating climate change.

Box 2. Objectives and Strategic Pillars of the Sustainable Cocoa Program

Overall objectives

- Progressively restore the forest cover from 11 percent in 2015 to 20 percent by the year 2030;
- Eradicate the worst forms of child labor (WFCL) and work under the minimum age for admission to employment in cocoa cultivation by the year 2025.

Strategic pillars and guidelines

Pillar No. 1: Economic sustainability

- Improvement in income and living conditions of the producers;
- Development of sustainable cocoa production at national level and strengthening of cocoa bean supply management;
- Upgrading of the status of cocoa producers;
- Acceleration of the augmentation of local processing of cocoa;
- Development of cocoa consumption at national and regional levels and in the emerging markets;
- Putting into place and operationalization of a sole domestic traceability system.

Pillar No. 2: Environmental sustainability

- Implementation of the Strategy for Forest Preservation and Restoration, in order to successfully tackle deforestation.

Pillar No. 3: Social sustainability

- Strengthening of the efforts to eradicate the worst forms of child labor;
- Improvement in access to basic social services and to social protection mechanisms.

Mobilization of Green and Sustainable Financing for Private and Public Enterprises

17. The government plans to strengthen the management framework for climate investments, in particular through the gradual implementation of its National Strategy for Long-Term Climate Finance, which offers consistency and a strategic orientation to private and public companies. It will also be coupled with the development of the architecture for climate-related financial information and the adoption of a decree on the introduction of two complementary frameworks, as well as the implementation timetable, namely: (i) a transition taxonomy (reference framework for climate investments in the public and private sectors), covering the needs of the country with regard to mitigation and adaptation in the key sectors; and (ii) introduction of an interministerial coordination mechanism on the design of the taxonomy (RM6).

18. In order to guide climate investments by the private sector, starting from the taxonomy put in place within the framework of RM6, the government will adopt a decree that includes: (i) introduction of a climate risk disclosure framework for the state-owned enterprises and the private sector non-financial corporations connected to the taxonomy; and (ii) a disclosure requirement integrated into the financial reporting of the state-owned enterprises and private non-financial enterprises, based on climate risk disclosure framework, as well as their implementation timeline (RM7).

19. In order to operationalize the green and sustainable finance platform, the government will adopt a decree that comprises two actions: (i) operationalizing the green finance platform by (1) setting up a website where domestic and international actors in climate finance will be able to find the key information on the main pillars of the National Climate Finance Mobilization Strategy, the Nationally Determined Contributions, the National Adaptation Plan, the National Development Plan, the quantified targets for mobilization of domestic and international climate finance and the role envisaged for the various financial instruments, and involvement of the multilateral donors and other international partners in the National Climate Finance Mobilization Strategy; and (2) the development and implementation of a plan for training and capacity-building for national actors on climate finance instruments, taxonomies, and disclosure frameworks for climate risks; and (ii) designing and implementing a framework for the monitoring and tracking of green financing, through the system of Measurement, Reporting, and Verification (MRV) of finance for that said platform (RM8).

Limit Vulnerability to Flooding and Coastal Erosion

20. In order to be protected from extreme weather events, such as floods or droughts, which have already had an impact on agriculture, households, and the economy, the government will implement the following reform measures, with partners' TA:

- Strengthen the environmental and climate change component and deploy the multi-hazard early warning system in Adzopé County *(département)*. This early warning system will enable rapid responses to and mitigation of the impact of disasters, over both the short and the long terms. Prior to implementation at national level, the early warning system will be tested in a pilot phase in Adzopé County. A report summarizing the first alerts will be produced in December 2024 (RM9). The system will be deployed progressively at the national level.
- Design and adopt standardized maintenance methodologies for road infrastructures that take into account the impact of climate change, and pilot their implementation in Greater Abidjan (RM10). The road design manual to be drawn up will apply to existing roads (in the case of rehabilitation work) and to new roads to be built.

Limit Greenhouse Gas Emissions

21. Despite Côte d'Ivoire's low level of emissions, the government is committed to limiting their increase, so as to avoid mitigation costs in the future. It will do the following, with partners' TA, in order to reduce emissions of greenhouse gases:

i. Implement plans to operationalize the mandatory energy audit system for those entities with annual energy consumption equal to or greater than a benchmark[1] for the industrial, tertiary,

[1] Industry: 1500 ton of oil equivalent (toe) or 2000 MWh; Tertiary and Transportation: 500 toe or 1000 MWh.

and transportation sectors in 2025, and complete the first five audits by end September 2025 and an energy labeling system for new air conditioners, refrigerators, and electric lamps in December 2024 (RM11). These measures will contribute to decarbonization by identifying the measures to be carried out by the enterprises subject to the mandatory energy audit, with the aim of reducing their energy consumption and raising awareness among the population in the choice of less energy-intensive equipment, consequently reducing greenhouse gas emissions. These measures will be accompanied by an awareness-raising campaign. Based on energy consumption in 2022, the audit system targets around 250 energy-intensive entities the electricity consumption of which represents around 22 percent of national consumption, which will have five years to implement the recommendations, with a return on investment time of less than five years, failing which penalties will be applied.

ii. Continue to apply the existing fuel pricing mechanism, with an automatic adjustment to smooth price volatility and preserve tax revenues. In addition, given that the mechanism already includes an element of carbon taxation (Compliance with the Quality Standards CNQ), the government undertakes to develop a strategy on carbon taxation tailored to the needs of Côte d'Ivoire and in line with IMF technical assistance, and to make any necessary adjustments to the fuel price in line with this strategy at the latest by end-December 2025 (RM12). This strategy will take into account the WAEMU Directives related to the taxation of petroleum products. IMF staff TA will be requested for the preparation of this strategy, including on the mechanism of adjustment of carbon taxes on fuel prices.

iii. Take a decree to promote electric mobility in Côte d'Ivoire. In order to help achieve the 10 percent target for electric vehicles in the vehicle fleet by the year 2030, as mentioned in the NDCs, the government plans to take this decree on electric mobility by the end of April 2024. This decree will address issues such as the installation of electric charging stations, technical inspection of electric vehicles, insurance for electric vehicles, and compliance with the standards related to the battery charging stations (RM13).

iv. Within the framework of preparation of the carbon taxation strategy, the government will examine the existing environmental tax system on combustion engine vehicles, and if necessary, will adopt reforms to the taxation of these vehicles, in line with the objectives of the NDCs. More specifically, the Government intends to put in place a legal framework that ensures coherence between the different parts of the system, notably between the application of registration fees, import duties, taxes, and other regulations relevant in terms of their impact on the promotion of cleaner, more efficient cars (RM14).

v. Continue to integrate funding from the windows (*guichets)* of the United Nations Framework Convention on Climate Change, the Global Environment Facility (GEF), the Green Climate Fund (GCF) and Adaptation Fund (AF), the environmental taxes and associated earmarked fees, listed in MEFP Annex I, into the State budget, and align them to the NDCs where applicable (RM15).

vi. Finalize the tendering process for the development, construction, and operation of solar power plants to help achieve the NDC targets. In this context, the competitive procurement process for the independent power producers selected as a result of the above-mentioned tenders must be completed by end-2025, for a solar energy capacity to be installed equivalent to at least 100 MW (RM16).

Box 3. Progress Made in Work on the Carbon Market

1. Côte d'Ivoire currently benefits from UNDP assistance in order to implement a regulatory, institutional, and legislative framework devoted to the carbon market and the management of Côte d'Ivoire's carbon credits, in connection with its NDCs. Thus the draft report, the basis for the technical discussions under way, proposes the following arrangements:

In terms of the institutional framework

2. The framework envisages the creation of a National Carbon Market Authority, placed under the technical oversight of the Ministry of the Environment and the financial oversight of the Ministry of Finance, and enjoying financial autonomy.

3. This Authority could be structured as follows:

- A supervisory body chaired by the Prime Minister's Office.
- A signatory entity under the cooperative approach; it has been recommended that the Minister of Finance be the sole signatory, as financial oversight body of the Authority.
- A Carbon Market Office, to provide secretariat services for the Carbon Market Authority.

In terms of the regulatory framework – ownership of the carbon securities

4. Within the framework of a pilot project, and in accordance with the provisions of Decree No. 2021-674 of November 3, 2021, the ownership of the emission reduction securities belongs to the government.

5. A mechanism for benefit sharing is envisaged, and foresees:

- A fixed percentage of the carbon credits to revert to the central government, in order to meet the NDC commitments;
- A fixed percentage of the revenues from the transactions to be paid out for adaptation;
- A percentage of the revenues from the transactions to be shared between the various project stakeholders, defined on a case-by-case basis (government, owners of the facility, project developer, local communities, other project stakeholders).

6. These percentages remain to be determined.

In terms of the legal framework

7. It is suggested that the Carbon Market Authority be a state-owned enterprise of a specific type, in order to be empowered to collect the *taxes* and to autonomously generate revenues for its operation. If in the future a Law on Climate Change is enacted, this Authority could at that time be integrated within the framework of that law.

Table 1. Côte d'Ivoire: RSF Reform Measure Matrix

Key Challenge	Reform Measure	Diagnostic Reference	Proposed Timing	Expected Outcome	Development Partner Role/IMF CD
Integration of climate into public financial management	RM1. Adopt a ministerial *arrêté* establishing a system for tagging climate-related investment expenditure at the stage of public investment programming, then integrate this system into the 2026 budget preparation process with coverage initially limited to five (5) ministries including those in charge of energy, agriculture, environment and sustainable development, *hydraulique et assainissement,* and water and forests. Prepare and publish on this basis a first climate budget statement attached to the 2026 budget law, presenting the climate-related investment expenditure expected for these entities	C-PIMA and green PFM TA report	End of October 2025 (5th EFF/ECF review)	- Ministerial *arrêté* establishing a system for tagging climate-related capital expenditure (October 2024); - Climate budget statement attached to the 2026 budget law.	GCA/ IMF TA
	RM2. Establish a modeling framework and integrate quantitative analysis of climate-related fiscal risks into the fiscal risk statement for end-October 2025	C-PIMA and green PFM TA report	End of October 2025 (5th EFF/ECF review)	- Annex to the 2026 budget law on the declaration of budgetary risks incorporating the quantification of climate risks	IMF TA
	RM3. Adopt an interministerial *arrêté* in application of decree N°2022-742 on the management of public investment projects, making it mandatory and explicit to integrate climate considerations into the appraisal and selection of public investment projects, and modify decree 96-894 on environmental impact assessments to integrate climate considerations, in order to promote low-carbon/climate-resilient investments and discourage high-carbon/climate-vulnerable investments.	C-PIMA and green PFM TA report	End of October 2025 (5th EFF/ECF review)	- Interministerial *arrêté* implementing decree no. 2022-742 on the management of public investment projects (end October 2025); - Decree 96-894 on the environmental impact study to incorporate climate considerations modified (end June 2024).	

Table 1. Côte d'Ivoire: RSF Reform Measure Matrix (continued)

Key Challenge	Reform Measure	Diagnostic Reference	Proposed Timing	Expected Outcome	Development Partner Role/IMF CD
Strengthening the governance of climate policies	RM4. Set up a national commission in charge of climate change issues under the auspices of the Prime Minister's Office, with a mandate to ensure that Côte d'Ivoire complies with its international commitments to combat climate change, and that climate issues are taken into account in sectoral policies, climate-sensitive economic planning and disaster risk management. This commission will be responsible for producing an annual progress report on the status of the climate transition in Côte d'Ivoire, which will include short- and medium-term recommendations to the government to improve climate action, and which will be published. An official communication on the report will be presented in the Council of Ministers.	CCDR AfDB report on mobilizing climate financing in the private sector	End of October 2024 (3rd EFF/ECF review)	- Decree creating the National Commission in charge of climate change issues (end June 2024). - Official communication on the report at the Council of Ministers on the annual progress report on the climate transition (end October 2024). - Publication of the annual progress report on the climate transition.	
Exposed and vulnerable agriculture sector	RM5. Gradually implement an insurance system against climate hazards. As a first step, a pilot insurance system for the cotton sector will be set up through capacity-building for stakeholders (producers and cooperatives) and preparations for the introduction of insurance products for the sector's stakeholders by the end of December 2025.	CCDR	End of December 2025; 6^{th} EFF/ECF review	- Report on awareness-raising and capacity-building activities; - Information note on the insurance product for the cotton sector available (end December 2025).	BOAD: Supervision of the implementation of activities in line with procedures; partial financial contribution to subsidize insurance premiums for the second stage of the project.

Table 1. Côte d'Ivoire: RSF Reform Measure Matrix (continued)

Key Challenge	Reform Measure	Diagnostic Reference	Proposed Timing	Expected Outcome	Development Partner Role/IMF CD
Increasing green and sustainable financing for private and public companies (develop financial information architecture)	RM6. Develop the architecture for climate-related financial information, and adopt a decree on the introduction of two complementary frameworks and the timetable for their implementation, namely (i) a transition taxonomy (reference framework for public and private sector climate investments) covering the country's mitigation and adaptation needs across key sectors, and (ii) introducing an inter-ministerial coordination mechanism on the design of the taxonomy.	CCDR C-PIMA and green PFM TA report AfDB country report on mobilizing climate financing in the private sector WAEMU FSAP World Bank TN on Climate Risks and Opportunities	End of April 2025; 4th EFF/ECF review	- Interministerial *arrêté* on the introduction of a coordination mechanism (March 2024); - Decree on transition taxonomy (end of April 2025)	IMF/ World Bank TA available
	RM7. Based on the taxonomy introduced as part of RM6, adopt a decree that includes: (i) the introduction of a climate risk disclosure framework for state-owned enterprises and private non-financial private companies, connected to the taxonomy; and (ii) a disclosure requirement that is integrated within the financial reporting of state-owned enterprises and non-financial companies, based on the climate risk disclosure framework, as well as their implementation timeline.	CCDR	End of April 2025; 4th EFF/ECF review	- Decree introducing a climate risk disclosure framework and requirement (end April 2025)	IMF/ World Bank TA available

Table 1. Côte d'Ivoire: RSF Reform Measure Matrix (continued)					
Key Challenge	**Reform Measure**	**Diagnostic Reference**	**Proposed Timing**	**Expected Outcome**	**Development Partner Role/IMF CD**
	RM8. Adopt a decree that comprises two actions: (i) making the green finance platform operational by (1) setting up a website where domestic and international climate finance actors can find key information on the main pillars of the National Climate Finance Mobilization Strategy, Nationally Determined Contributions, the National Adaptation Plan, the National Development Plan, quantified targets for mobilizing domestic and international climate finance and the role envisaged for the various financial instruments, and the involvement of multilateral donors and other international partners in the National Climate Finance Mobilization Strategy, and (2) the development and implementation of a training and capacity-building plan for national actors on climate finance instruments, taxonomies and disclosure frameworks for climate risks; (ii) design and implement a framework for monitoring and tracking climate finance through a finance Measurement, Reporting and Verification (MRV) system for the said platform	CCDR	End of October 2024 (3rd EFF/ECF review)	- Decree on the operationalization of the Green Finance Platform • Website; • Training and capacity-building plan for national players on climate finance instruments, taxonomies and reporting frameworks for climate risks - Framework for monitoring and tracking operational green finance through the Measurement, Reporting and Verification (MRV) system	Regarding (ii) on the monitoring and traceability framework for green financing, ICAT will support the conceptualization of the MRV tool, the training of stakeholders and the development of a roadmap for its operationalization.
Vulnerability to flooding and coastal erosion	RM9. Strengthen the environment and climate change component and deploy the multi-hazard early warning system in the Adzopé department. This early warning system will enable rapid responses to and mitigation of the impact of disasters, both in the short and long term. Prior to nationwide implementation, the early warning system will be tested in a pilot phase in the Adzopé department. A report summarizing the first alerts will be produced in December 2024.	CCDR	End of December 2024; 4th EFF/ECF review.	- Report summarizing the first alerts (December 2024)	AFD, WMO (World Meteorological Organization) in the framework of Climate Risk Early Warning Systems initiative from the UN, World Bank.
	RM10. Design and adopt standardized maintenance methodologies for road infrastructure that take into account the impact of climate change; and pilot their implementation in the Greater Abidjan area.	C-PIMA and green PFM TA report	End of October 2024 (3rd EFF/ECF review)	- Road design manual (end March 2024); - Stocktaking report (end October 2024).	

Table 1. Côte d'Ivoire: RSF Reform Measure Matrix (continued)

Key Challenge	Reform Measure	Diagnostic Reference	Proposed Timing	Expected Outcome	Development Partner Role/IMF CD
Reducing greenhouse gas emissions	RM11. Implement plans to operationalize the mandatory energy audit system for entities with annual energy consumption equal to or greater than a benchmark[1] for the industrial, tertiary and transportation sectors in 2025, and complete the first 5 audits by the end of September 2025 and an energy labeling system for new air conditioners, refrigerators and electric lamps by December 2024.		End of September 2025 (5th EFF/ECF review)	- First five audits completed (end September 2025) - List of approved energy auditors (end March 2025); - List of organizations subject to energy audits (end March 2025); - Notice to importers on the administrative procedure for applying for an energy label (end December 2024).	KFW, World Bank and EU
	RM12. Continue to apply the existing fuel pricing mechanism with automatic adjustment to smooth price volatility and preserve tax revenues. In addition, given that the mechanism already includes a carbon taxation component (Conformité aux Normes de Qualité (CNQ)), the Government undertakes to develop a carbon taxation strategy tailored to Côte d'Ivoire's needs and in line with IMF technical assistance, and to make any necessary adjustments to fuel prices in line with this strategy by the end of December 2025 at the latest.	World Bank reports [Fund TA]	End of December 2025; 6th EFF/ECF review	- Request technical assistance from IMF staff (October 2024). - Strategy on carbon taxation adopted by the Government (end December 2025); - If necessary, adopt a legislative text to adjust fuel prices	IMF TA to elaborate the strategy on carbon taxation
	RM13. Adopt a decree to promote electric mobility in Côte d'Ivoire. In order to help achieve the 10 percent target for electric vehicles in the vehicle fleet by 2030, as set out in the NDCs, the government plans to adopt this decree on electric mobility by the end of April 2024. The decree will address issues such as the installation of electric charging stations, technical inspections of electric vehicles, insurance for electric vehicles, and compliance with standards for battery charging stations.	World Bank reports	End of April 2024 (2nd EFF/ECF review)	- Decree to promote electric mobility in Côte d'Ivoire (end-April 2024)	GIZ

[1] Industry: 1500 ton of oil equivalent (toe) or 2000 MWh; Tertiary and Transportation: 500 toe or 1000 MWh.

Table 1. Côte d'Ivoire: RSF Reform Measure Matrix (concluded)					
Key Challenge	**Reform Measure**	**Diagnostic Reference**	**Proposed Timing**	**Expected Outcome**	**Development Partner Role/IMF CD**
	RM14. As part of the carbon taxation strategy, the government will examine the existing environmental tax system on combustion engine vehicles and, if necessary, adopt reforms to the taxation of these vehicles in line with the objectives of the NDCs. More specifically, the Government intends to put in place a legal framework that ensures coherence between the different parts of the system, notably between the application of registration fees, import duties, taxes, and other regulations relevant in terms of their impact on the promotion of cleaner, more efficient cars.		End of December 2025; 6th EFF/ECF review.	- Strategy on carbon taxation adopted by the Government (end December 2025); - If necessary, issue regulations for environmental vehicle tax reforms	IMF TA to elaborate the strategy on carbon taxation
	RM15. Continue to integrate funding from the windows (*guichets*) of the United Nations Framework Convention on Climate Change (UNFCCC) windows (Global Environment Facility (GEF), Green Climate Fund (GCF) and Adaptation Fund (AF)), associated environmental taxes and earmarked fees, listed in MEFP Annex I, into the State budget, and align them with NDCs where applicable.	World Bank reports [Fund TA]	End of October 2024 (3rd EFF/ECF review)	- Draft 2025 budget law (end October 2024);	
	RM16. Finalize the tendering process for the development, construction and operation of solar power plants to help achieve the NDC targets. In this context, the competitive procurement process for the independent power producers selected as a result of the above-mentioned tenders must be completed by the end of 2025 for a solar power capacity to be installed equivalent to at least 100 MW.	CCDR IFC report "Unlocking Private Investment: A Roadmap to achieve Côte d'Ivoire's 42 percent renewable energy target by 2030"	End of December 2025; 6th EFF/ECF review	- Two decrees approving agreements for the construction, operation and transfer of two solar photovoltaic power plants (end December 2025)	EU, World Bank

Annex I. List of Environmental Taxes to Integrate to the State Budget

No.	TAXES		TAXES – Original Text	
1	**TAX ON THE EXPORT OF SCRAP METAL AND FERROUS BY-PRODUCTS**		**TAXE SUR L'EXPORTATION DE LA FERRAILLE ET DES SOUS-PRODUITS FERREUX** (Art.1136 Code général des Impôts (CGI))	
2	**INSPECTION AND CONTROL TAXES FOR DANGEROUS, UNSANITARY OR UNFIT ESTABLISHMENTS**		**TAXES D'INSPECTION ET DE CONTROLE DES ETABLISSEMENTS DANGEREUX, INSALUBRES OU INCOMMODES** (article 8 de l'annexe fiscale à la loi de Finances n° 84-1367 du 26 décembre 1984 portant Budget de l'Etat pour l'année 1984)	
3	**ENVIRONMENTAL TAXES APPLICABLE TO SEA SHIPS AND OIL TANKERS IN STOPOVER IN THE IVORY COAST**		**TAXES D'ENVIRONNEMENT APPLICABLES AUX NAVIRES DE MER ET PETROLIERS EN ESCALE EN CÔTE D'IVOIRE** (article 10 de l'annexe fiscale à la loi n° 84-1367 du 26 décembre 1984 portant Budget de l'Etat pour la gestion 1985)	
4	**TAX ON FUEL DISPENSING PUMPS**		**TAXE SUR LES POMPES DISTRIBUTRICES DE CARBURANT** (loi n° 2003-489 du 26 décembre 2003 portant régime financier, fiscale et domanial des collectivités territoriales et article 15 de l'annexe fiscale à la loi de Finances n° 2023-1000 du 18 décembre 2003 portant Budget de l'Etat pour l'année 2024)	
5	**OPERATING TAX FOR WATER WITHDRAWAL FROM AQUIFERS**		**TAXE D'EXPLOITATION POUR LE PRELEVEMENT D'EAU DANS LES NAPPES AQUIFERES**	
6	**FORESTRY TAXES**	The renewal fee	**TAXES FORESTIERES (Article 1097 à 1098 du CGI)**	La taxe de renouvellement
		The fee for works of general interest		La redevance au titre des travaux d'intérêt général
		Levy on sales of standing timber.		Prélèvement sur les ventes de bois sur pied.
		Reforestation tax		taxe de reboisement
7	**ENVIRONMENTAL TAX AND ANNUAL ENVIRONMENTAL FEE ON CLASSIFIED ESTABLISHMENTS**		**TAXE ENVIRONNEMENTALE ET REDEVANCE ENVIRONNEMENTALE ANNUELLE SUR LES ETABLISSEMENTS CLASSES**	
8	**SPECIAL TAX ON WATER CONSUMPTION**		**TAXE SPECIALE SUR LA CONSOMMATION D'EAU** (article 412 du Code général des Impôts)	

INTERNATIONAL MONETARY FUND

CÔTE D'IVOIRE

March 1, 2024

REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—DEBT SUSTAINABILITY ANALYSIS[1]

Approved by
Montfort Mlachila and Boileau Loko (IMF); and Abebe Adugna Dadi and Manuela Francisco (IDA)

Prepared by the International Monetary Fund and the International Development Association

Côte d'Ivoire: Joint Bank-Fund Debt Sustainability Analysis	
Risk of external debt distress	Moderate
Overall risk of debt distress	Moderate
Granularity in the risk rating	Limited space to absorb shocks
Application of judgement	Yes

Côte d'Ivoire's overall and external public debt remain at moderate risk of debt distress. The external debt service-to-revenue indicator breaches the threshold three times, in 2024, 2025 and 2026, one additional breach compared to the last debt sustainability analysis (DSA) due to the inclusion of the January 2024 Eurobond emission in the baseline but without the debt management operation (DMO) as it is still being finalized. Though the ratio remains below the threshold during the remainder of the projection period. The other projected external debt burden indicators are below their thresholds under the baseline. All indicators are susceptible to stress scenarios, the most extreme of which involves a shock to exports. The PV of overall debt-to-GDP ratio is below its threshold, but exceeds it in most stress scenarios, the most extreme of which involves the shock to exports. The impact of the deterioration in debt burden metrics is mitigated by the limited number of breaches, Côte d'Ivoire's history of successful implementation of reforms under the current and the past two Fund arrangements, and its strong track record of market access, sustained active debt management, and moderate risk signal from the market financing pressures tool. This assessment is further supported by the recent Eurobond issuance, which has been announced to be mainly used for a DMO and should improve debt sustainability prospects. The space to absorb shocks remains limited.

[1] Under the revised Debt Sustainability Framework for Low-Income Countries, Côte d'Ivoire's Composite Indicator (CI) is 2.94 based on the October 2023 WEO and the 2022 CPIA, corresponding to a medium debt carrying capacity.

PUBLIC DEBT COVERAGE

1. **Public debt covers both the debt of the central government, as well as the guarantees provided by the central government, including those guarantees that pertain to state-owned enterprise (SOE) debt** (Text Table 1). The DSA classifies external and domestic debt based on the currency criterion, given data constraints that prevent the use of the residency criterion.[2] The debt of local governments is excluded from the DSA coverage. Local governments are authorized to borrow within limits and under conditions set by decree. There is no information available on this debt. On SOE debt, the authorities have continued to improve debt coverage and monitoring in recent years. At end-2022, SOE guaranteed and non-guaranteed commercial debt amounted to 1.3 and 0.7 percent of GDP, respectively. In the context of the current DSA, the following approach is taken:

- All *guaranteed* SOE debt and *on-lent* debt is included in the debt stock in the baseline.[3]
- *Non-guaranteed* SOE debt is captured as a contingent liability shock - this shock is set at 0.7 percent of GDP.[4]

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

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

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

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

[3] The amount corresponding to the debt service due by the Port Autonome d'Abidjan (PAA) is added to the revenue for the calculation of the external debt service to revenue ratio to take into account that the PAA has been servicing its debt and is in financially sound situation.

[4] Non-guaranteed SOE debt and local government debt are not included in the baseline because of limited information.

the IDA Sustainable Development Finance Policy (SDFP), authorities have been implementing reforms (Performance and Policy Actions or PPAs) in the areas of debt transparency (by publishing on-lent loans to SOEs on a quarterly basis,), fiscal sustainability (by adopting a legal framework for collection and oversight of non-tax revenue), and debt management (by adopting a mechanism for approving on-lending to SOEs).

3. **The magnitude of the shock in the contingent liability stress test applied in the sensitivity analysis reflects potential additional liabilities.** The LIC-DSF default settings are applied for the contingent liabilities shock. They could emanate from SOE debt not captured in the data coverage, especially from non-guaranteed debt and domestic arrears, public-private partnership agreements, and the financial sector. Total contingent liabilities for the CL test are estimated at 8 percent of GDP (Text Table 2). The stock of public private partnerships represents about 6.6 percent of GDP at end-2022, with more than half of investment commitments in the energy sector. The tailored stress test includes a 0.7 percent of GDP shock for risks related to SOEs, a 2.3 percent of GDP shock to accommodate potential fiscal risks on 35 percent of the PPP capital stock, and a financial sector shock of 5 percent of GDP.

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

1	The country's coverage of public debt	The central government plus social security, central bank, government-guaranteed debt		
		Default	Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0 percent of GDP	0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	0.7 percent of GDP	0.7	To reflect the share of non-guaranteed debt not included in the DSA
4	PPP	35 percent of PPP stock	2.30	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5	
	Total (2+3+4+5) (in percent of GDP)		8.0	

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

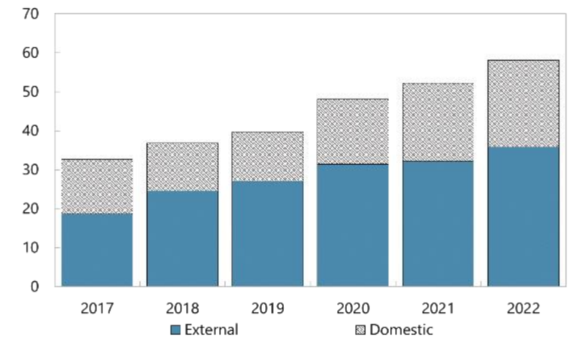
DEBT BACKGROUND

4. **Public debt increased significantly over the last few years, with external debt growing as a share of total debt**.[5] The increase in indebtedness over 2017-2022 was driven by higher recourse to external debt including to finance an increase in investment and social spending in the context of the National Development Plan 2021-2025, as well as economic spillovers from the war in Ukraine and adverse external financing conditions. The medium-term debt strategy 2023-2026 envisaged that on average 44 percent of new financing would come from external sources, against 63 percent projected for 2023, and favor borrowing in euros and CFA francs to limit exchange rate risk. Already a large share of external borrowing is denominated in euros. Public debt stood at 58.1 percent of GDP at end-2022,

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

compared with 32.7 percent in 2017. External debt stood at 35.8 percent of GDP, compared to 18.7 percent in 2017—representing 61.7 percent of total debt at end-2022, well below the peak of 68.5 percent in 2019. The successful eurobond issuance in January 2024 in the amount of US$2.6 billion marks an important milestone after two years of adverse external financing conditions (see Box 1).

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

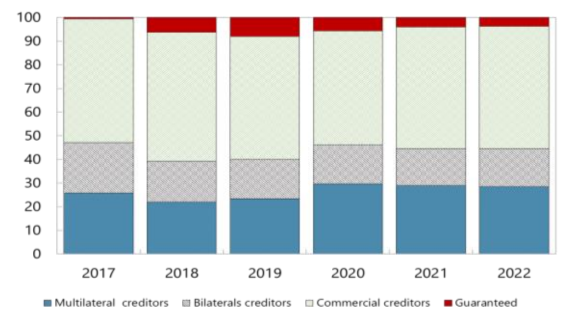


Source: Ivorian authorities' data.

5. **Most of the domestic debt is in the form of CFAF denominated securities.** Those securities have a maturity between 3 months and 15 years and are held by domestic and other WAEMU investors. Debt financing has shifted to shorter term debt issuance in 2023 at substantially higher interest rates as regional market conditions have tightened. The BCEAO increased its policy interest rate to 3.5 percent in December 2023, the sixth increase since June 2022.

6. **Within external debt (excluding guarantees), commercial creditors hold more than half of the external debt stock.** Close to 90 percent of commercial debt is in the form of eurobonds. Multilateral creditors have increased their share of debt since 2018 and represented 28.5 percent of external debt in 2022, as Côte d'Ivoire mobilized substantial concessional external financing to fund its response to the pandemic. On the other hand, the share of bilateral creditors has decreased since 2016, accounting for about 16 percent of the external debt stock at end-2022 compared to 21 percent in 2017. The remaining shares are associated with commercial creditors (51.7 percent) and guaranteed debt (3.7 percent) (see Table 5 for details).

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



Source: Ivorian authorities' data.

RECENT DEVELOPMENTS AND UNDERLYING ASSUMPTIONS

- **After showing resilience to the pandemic, the rebound of the Ivorian economy has softened amid the war in Ukraine and global monetary tightening.** Economic activity was robust in the first half of 2023, led by stronger-than-expected domestic demand and despite weather shocks affecting cocoa and coffee crops and disease outbursts affecting cotton production. Weak external demand and tighter financial conditions are estimated to have weighed on industrial and service activity in the second half of the year. Against this backdrop, staff estimate real GDP growth at about 6.4 percent for 2023, down from 6.7 percent in 2022. Inflation eased to an estimated 4.4 percent in 2023 from 5.2 percent in 2022, reflecting lower import prices.

- **The assumptions in the baseline scenario are consistent with the macroeconomic framework under the RSF arrangement request.** (Text Tables 2 and 3). The authorities requested an arrangement of 150 percent quota, representing about US$1.3 billion to support long-term BOP needs, which would complement the ongoing EFF/ECF arrangements to boost adaption and mitigation policies to cope with the adverse impacts of climate change. As the budget is fully financed under the EFF/ECF arrangements, the RSF financing is conservatively assumed to substitute for domestic financing.[6] The first review of the EFF/ECF arrangements showed strong performance with all quantitative criteria and structural benchmarks (SB) met. The end-December QPCs have been met and most ITs have been confirmed according to preliminary data. The authorities are making progress towards meeting the May and June 2024 SB, including the MTRS strategy.

- **GDP growth is projected to range between 6 and 6.5 percent through the medium term, similarly to the previous DSA.** Real GDP growth is projected at 6.5 percent in 2024, supported by stronger consumption and investment growth on the demand side, and an improvement in the primary sector on the supply side, notably export agriculture. Growth is expected to converge towards 6 percent in the following years and over the medium term, thanks to continued investments in human capital, infrastructure and reforms to improve competition in the digital, telecom, financial and transport sectors supported by the World Bank Development Policy Financing series. Growth is expected to be supported by industry and services as reforms improve competition on the supply side and by investments in infrastructure and human capital on the demand side. The implementation of a strong reform agenda from the NDP could, however, catalyze stronger business confidence and investment, and further lift productivity and growth, while persistent insecurity in the north of the country, still tight financing conditions, and uncertain global developments represent downside risks.

- **Gradual return to subdued inflation over the medium term.** Annual average inflation (CPI) is projected to ease further to 3.8 percent in 2024, reflecting a downward trend of global food and commodity prices and the BCEAO's monetary tightening. It is expected to remain low at around 2 percent in the medium term, benefiting from the exchange rate peg to the euro.

- **Wider budget deficits in the short term.** Primary and overall fiscal deficits reached, respectively, 4.6 and 6.8 percent of GDP in 2022, due to the response to adverse spillovers from war in Ukraine and higher security spending to respond to insecurity in the north and the acceleration of public investment under the NDP. While the NDP prominently focuses on an increase in private sector investment, it also has goals for public investment and debt financed public investment projects. The authorities are committed to converging to the regional target of 3 percent of GDP of overall fiscal deficit in 2025 through strong consolidation efforts, especially by raising domestic revenue, while preserving priority spending. The consolidation expected under the ECF/EFF arrangements

[6] External debt sustainability indicators would improve to the extent external financing is replaced.

favors domestic revenue mobilization (DRM) efforts to preserve much needed capital investment and social priority spending.

- **Higher tax revenue projections.** One of the authorities' key goals under the ECF/EFF arrangements is to keep Côte d'Ivoire's debt rating at moderate risk of debt distress. This requires significant and sustained efforts to mobilize revenues under the program and beyond. A quantitative performance criterion monitors the tax revenue level through a floor. Continued improvements are expected through strengthened digitalization and tax administration but also through tax policy, supported by the design and implementation of a comprehensive medium-term revenue mobilization strategy (MTRS) and technical assistance of the Fund, the World Bank and other donors (structural benchmark). Tax revenue is assumed to increase from 12.9 percent of GDP in 2022 to 15.1 percent of GDP in 2025, reaching close to 18 percent by the end of the projection period. Efforts should include eliminating VAT tax exemptions, accelerating the removal of business tax exemptions, streamlining the personal income tax regime, improving property regime, fully rolling out a new IT system and pursuing public financial management reforms. A conservative approach was taken on additional revenue measures generated by the RSF, especially on carbon taxation, which were assumed to be revenue neutral.

- **Revenue coverage.** It remains the same as the two last DSAs consistent with the Government Finance Statistics Manual 2014 (GFSM 2014) and WAEMU directives.[7]

- **A narrowing current account deficit.** The external current account deficit is estimated to have declined to 5.8 percent in 2023 from 7.7 percent of GDP in 2022, and is expected to narrow to 2.3 percent of GDP in 2028. Exports are expected to grow more than imports from 2024 onwards helped by the implementation of NDP and Côte d'Ivoire 2030 policies, especially on private sector development and export diversification. Exports also benefit from higher prices in key export crops, especially cocoa. Fiscal consolidation should also support a narrowing of the current account deficit over the medium term and boost the merchandise trade surplus. Official reserves remained under pressure in 2023, with Côte d'Ivoire contributing to the decline in FX reserves at the regional level. The climate-related investment level is assumed to reflect the authorities' identified financing and broadly consistent with an overall investment path somewhat below the level assumed in the 2021-2025 NDP as the envisaged 74 percent of private sector participation under the NDP has not materialized so far.

- **Risks.** These assumptions are subject to downside risks, though the balance of risks has improved. Regional security challenges could generate spending pressures and weigh on confidence, while a renewed spike in international oil prices could put pressure on tax revenue from petroleum products. Notwithstanding the recent successful bond issuance, a renewed deterioration in external financing conditions could increase debt service costs over time, making it challenging to meet significant financing needs. A weaker-than-anticipated recovery in regional FX reserves could also

[7] It includes off-budget earmarked revenues collected by public enterprises, specifically the retroactive inclusion of the Perequation Produit revenue collected by the refinery (SIR) and taxes paid for and collected by the state in relation to donor externally financed projects.

weigh on investor confidence, as could a deteriorating regional security situation. The upside risks consist mainly of the strict implementation of the NDP, and global inflationary pressures subsidizing faster than anticipated, which could lead to more favorable financing conditions.

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

	2020	2021	2022	2023	2024	2025	2026	2027	2028
			Prel.			Projections			
(Annual percentage changes, unless otherwise indicated)									
National income									
GDP at constant prices	0.9	7.4	6.7	6.4	6.5	6.4	6.3	6.1	6.0
GDP deflator	1.5	2.3	2.8	2.9	2.3	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	-2.9	18.2	20.5	5.5	14.7	11.0	7.1	8.2	7.0
Imports of goods, f.o.b., at current prices	-1.5	24.3	40.7	-2.8	6.3	5.2	6.1	6.6	6.2
Export volume	-2.4	10.1	0.9	6.2	-1.3	9.9	9.2	7.7	6.7
Import volume	16.2	1.1	4.5	7.9	7.0	5.8	5.9	5.8	5.0
(Percent of GDP unless otherwise indicated)									
Central government operations									
Total revenue and grants	15.0	15.8	15.3	16.5	16.7	17.2	17.8	18.1	18.2
Total revenue	14.4	15.3	14.8	15.8	16.2	16.8	17.5	17.8	17.9
Total expenditure	20.4	20.7	22.1	21.7	20.7	20.2	20.8	21.0	21.2
Primary expenditure	18.6	18.8	19.9	19.3	18.4	17.8	18.6	18.8	19.0
Primary balance	-3.6	-3.0	-4.6	-2.8	-1.8	-0.6	-0.8	-0.7	-0.8
Overall balance, incl. grants, payment order basis	-5.4	-4.9	-6.8	-5.2	-4.0	-3.0	-3.0	-3.0	-3.0
External Sector									
Current account balance	-3.1	-4.0	-7.7	-5.8	-3.8	-2.7	-2.6	-2.4	-2.3
Non-interest current account balance	-2.1	-2.9	-6.5	-4.5	-2.5	-1.4	-1.4	-1.3	-1.3

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

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

	Previous DSA			Current DSA		
	2023-2028	2029-2033	2034-2042	2023-2028	2029-2033	2034-2042
Nominal GDP (USD Billion)	99.0	151.4	259.4	98.4	150.6	258.1
Real GDP (y/y % change)	6.3	5.9	5.6	6.3	5.9	5.6
(Percent of GDP unless otherwise noted)						
Fiscal (Central Government)						
Revenue and grants	17.4	18.7	19.2	17.4	18.9	19.3
of which grants	0.4	0.2	0.1	0.4	0.2	0.1
Primary expenditure	18.7	18.5	19.3	18.7	18.6	19.3
Primary balance	-1.2	0.2	-0.1	-1.3	0.3	0.0
Balance of Payments						
Exports of goods and services	23.0	21.6	19.0	23.7	22.4	19.6
Imports of goods and services	18.4	16.2	14.4	18.3	16.2	14.4
Non-interest current account balance	-2.5	-2.0	-2.9	-2.1	-1.6	-2.8
Current account balance	-3.7	-2.9	-3.6	-3.3	-2.5	-3.4
Foreign direct investment (net inflows)	2.0	2.3	2.7	1.9	2.3	2.7

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

7. **The authorities' debt management strategy aims to meet gross financing needs while ensuring debt sustainability, based on a mix of external and domestic financing instruments.** The authorities intend to rely more on domestic financing over time as stated in their 2023-2026 medium-term debt strategy. The authorities are expecting to borrow externally around 66 percent

of total financing in 2023 due to the tightening of domestic financing conditions and to reduce the external borrowing to 36 percent by 2026. The level of external commercial borrowing is set close to projected external commercial debt service. Multilateral and bilateral financing is projected to gradually decline from 5 percent of GDP in 2022 to around 2 percent in 2042. In the short term, the government is expected to rely on both concessional and non-concessional borrowing to meet its financing needs. The debt service of Eurobonds represents 25 percent of external debt service over the next 3 years. The authorities also intend to balance the recourse to the international and regional markets given the potential crowding-out effect at the regional level. Domestic financing is assumed to rely on issuances of CFAF securities with the following maturities from 2024 onwards: less than one-year (12 percent of issuances), one to three years (8 percent), three to seven years (46 percent) and more than seven years (34 percent). The authorities are continuing to strengthen processes related to debt management, with World Bank support and have shown gradual and steady improvement in the World Bank Debt Transparency Heatmap since 2020. Moreover, debt management has been further strengthened by upgrading the institutional and legislative framework with the creation of the new debt department, *la Direction Générale des Financements*, which was finalized in late 2023, and the new law on public debt policies submitted to Parliament in September 2023.

8. **While setting ambitious policy targets, the macroeconomic framework is broadly plausible** (Figure 4). The realism tool shows that the macroframework, while plausible, will require relatively strong consolidation efforts from the authorities to meet its ambitious targets. The projected medium-term debt-creating flows are below those observed in the past five years, which were driven by a sizable residual. The 2.2 percent of GDP residual calculated for 2022 mostly reflects a different recording of project loan disbursements in the fiscal accounts and the debt statistics, as well as the non-integration in the fiscal accounts of the flows associated with new debt contracted by the government and on-lent to SOEs, which is included in public debt.

COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

9. **Côte d'Ivoire is assessed to have medium debt-carrying capacity.** Based on the October 2023 WEO macroeconomic framework and the World Bank's 2022 CPIA index, Côte d'Ivoire's composite indicator is 2.94 (above the lower cut-off of 2.69 but below the strong capacity cut-off value of 3.05) confirming the medium debt carrying capacity assessment used in previous DSA.[8] The relevant thresholds are used to assess debt risk rating.

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

Text Table 5. Côte d'Ivoire: CI Score

Debt Carrying Capacity	Medium

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage
Medium	Medium 2.94	Medium 2.90	Medium 2.94

APPLICABLE	
EXTERNAL Debt Burden Thresholds	
PV of Debt in % of	
Exports	180
GDP	40
Debt Service in % of	
Exports	15
Revenue	18

APPLICABLE	
TOTAL Public Debt Benchmark	
PV of total public debt in percent of GDP	55

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.661	1.41	48%
Real growth rate (in percent)	2.719	5.840	0.16	5%
Import coverage of reserves (in percent)	4.052	39.591	1.60	55%
Import coverage of reserves^2 (in percent)	-3.990	15.674	-0.63	-21%
Remittances (in percent)	2.022	0.276	0.01	0%
World economic growth (in percent)	13.520	2.889	0.39	13%
CI Score			2.943	100%
CI rating			Medium	

10. Given Côte d'Ivoire's reliance on global capital markets, a tailored test for international market financing was conducted. Côte d'Ivoire issued sizeable Eurobonds both in 2020 and early 2021 (for about US$1.2 billion and US$1 billion, respectively) and used about half of the 2020 issuance to buy back bonds with shorter maturities and reduce the currency risk. In January 2024, the country also issued US$2.6 of Eurobonds mainly for liabilities management operations which are to be finalized (Box 1). Its debt management strategy aims at leveraging global capital markets to finance part of the country's gross financing needs when market's conditions are favorable. A tailored test for market financing assumes a temporary increase in the cost of new commercial external borrowing by 400 basis points combined with a nominal depreciation of 15 percent of the CFAF vis-à-vis the US$ and a shortening of maturities and of grace periods.[9]

11. Standard stress tests on real GDP growth, primary balance, exports, current transfers, foreign exchange (FX) depreciation, and a tailored test on commodity prices have also been applied. The first four shocks set each of the above variables to the lower of its historical average minus one standard deviation, or its baseline projection minus one standard deviation. The FX

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

depreciation considers a nominal depreciation of 30 percent of the CFAF vis-à-vis the US$ in the first year of the projection. The commodity price shock captures the impact of a sudden one standard deviation decline in commodity prices.

EXTERNAL DEBT SUSTAINABILITY ANALYSIS

12. The country remains at moderate risk of debt distress when judgement is applied, despite three temporary breaches under the baseline in 2024, 2025, and 2026. The debt service-to-revenue ratio remains below the 18 percent threshold during the projection period, except for three breaches at 21.6, 22.2, and 18.5 in 2024, 2025, and 2026, respectively, which would correspond to a mechanical rating of high risk of debt distress. The ratio would steadily decline well below the threshold under the Fund-supported program before returning closer to the threshold around 2030. In the long run, it would decrease steadily until the end of projections. The deterioration of the external debt service comes mainly from the deterioration of the euro/US$ exchange rate, and to a lesser extent the external commercial debt contracted in 2022 on non-concessional terms, with higher interest rate and shorter maturities reflecting the tightening of financial conditions.

13. Applying judgement to maintain a moderate risk of debt distress is warranted by the country's recent Eurobond issuance, the strong track record of market access and active consideration of liability management operations. Côte d'Ivoire has generally enjoyed consistent market access through eurobonds issuance for about the past decade and continues to benefit from one of the strongest credit ratings in Sub-Saharan Africa. Guarantees from regional banks may allow for better financing conditions on external public commercial loans in case of delays in market normalization. The recent Eurobond issuance is included in the baseline but not the ongoing DMOs which are expected to be completed soon. The proceeds from the Eurobond issuance will mainly be used for buyback and refinancing of Eurobonds and commercial loans. Once the operations are finalized, it should improve debt sustainability, including liquidity indicators, which should be reflected in the next EFF/ECF program review DSA (Box 1). It is also supported by the risk signal from the market financing pressures tool, which indicates moderate risk (Figure 6).

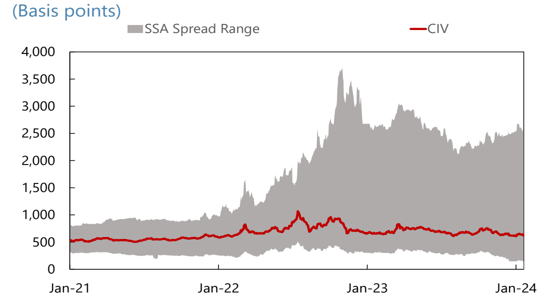
14. All other PPG debt indicators are below their corresponding thresholds for the next ten years in the baseline scenario. The PV of external debt-to-GDP is expected to decrease from 31 percent in 2023 to 21 percent in 2033 (Table 1 and Figure 1), well below the relevant threshold of 40. The PV of external debt to exports peaks at 132 percent at the beginning of the projection period before decreasing and the debt service-to-exports ratio is expected to reach 15 percent in 2025, with thresholds respectively at 180 and 15 percent. After the 2024–26 spike, the debt-service-to-revenue ratio is expected to remain below the threshold throughout the following years. The trajectory of the debt-service-to-revenue ratio underscores the criticality of improving domestic revenue mobilization to provide the authorities with a sustainable source of funding for their important development needs and to provide buffers on debt service.

Box 1. Côte d'Ivoire: Eurobond Issuance

On January 23, 2024, Côte d'Ivoire placed US$2.6 billion Eurobond issuances in international markets, which represents the country's first international issuance since early 2021, and the first issuance for any SSA country since April 2022. The new bonds include an ESG bond, a conventional bond, and a EUR-USD hedge.

After a three-year hiatus, the successful US$-denominated international bond issuance marks an important turning point for Côte d'Ivoire. Over three times the planned issuance amount, the placement has drawn significant interest from both existing and new investors. The issuance comprises a US$1.5 billion traditional Eurobond with a 13-year maturity at a yield of 8.5 percent, a US$1.1 billion ESG bond with a 9-year maturity at 7.875 percent, and an EUR-USD hedge that results in effective interest rates in euro terms of 6.85 percent and 6.3 percent, respectively. Most of the issuance will be used for a debt management operation (DMO) to buy back and refinance Eurobonds and commercial loans. The country's spreads have fallen below 600 basis points, for the first time since end-January 2022.

Sub-Saharan Africa Sovereign Spreads
(Basis points)



Source: Sovereign Spread Monitor

*Angola, Benin, Cameroon, Gabon, Ghana, Kenya, Mozambique, Namibia, Nigeria, Rwanda, Senegal and South Africa.

The issuance highlights markets' positive view of Côte d'Ivoire's prospects, as well as its beneficial introduction of an ESG framework. The inclusion of an ESG bond in the issuance comes after the country publicized an updated ESG framework in late 2023. Strong investor interest in the issuance highlights markets' confidence in the country's political and macroeconomic stability, sustained by the authorities' ongoing reforms and successful track record, including under the Fund-supported EFF/ECF program.

Pending a more thorough analysis and a DSA update to be undertaken in the context of the upcoming EFF/ECF review, staff expects the DMO to reduce near-term debt sustainability risks. The design of the program had assumed a return to markets in 2024, consistent with the authorities' intention to issue bonds as soon as market conditions would become more favorable. The DSA baseline includes the Eurobond emission but not the DMO. Once the buyback operation is finalized, the DSA is expected to improve, especially due to lower debt service ratios in the near and medium term. The favorable terms and size of the issuance may help ease pressures on WAEMU FX reserves, improve regional market liquidity, and catalyze other SSA sovereigns' access to international markets — amid improving international financing conditions.

15. Exports and depreciation shocks would have a significant negative impact on Côte d'Ivoire's external debt sustainability. An export shock would cause debt service-to-export ratio to breach the threshold from 2024 onward and, while most shocks would cause the debt-service-to-revenue indicator to breach the threshold starting in 2024. This highlights the importance of accelerating policies aiming at active debt management to moderate reliance on external borrowing to address liquidity management in order to strengthen the resilience of the Ivorian economy to shocks.

PUBLIC DEBT SUSTAINABILITY ANALYSIS

16. Under the baseline scenario, the PV of public debt-to-GDP ratio is below its threshold of 55 percent (Figure 4). The PV of public debt-to-GDP is expected to slightly decline over the projection period, to around 38 percent by 2033. Meanwhile, the PV of debt-to-revenue and grants ratio would decline from around 321 percent in 2023 to 202 percent in 2033. Finally, the debt service-to-revenue and grants ratio is projected to soar to 49 percent in 2024 and decline back to around 21 percent at the end of the projection period. This again underscores the importance of strengthening domestic revenue mobilization.

17. Standard stress tests highlight that Côte d'Ivoire's most extreme public debt vulnerability would emerge from a shock to exports (Figure 2 and Table 4). Under the standard exports stress test, the PV of public debt-to-GDP would breach its corresponding threshold of 55 percent starting in 2024 and would continue increasing afterwards. This shock would lead to an explosive pattern of the two debt indicators, which could be exacerbated if exports were to decrease even further. It confirms the country's dependence on exports, as in the case of external debt, hence the importance of accelerating diversification policies.

CLIMATE CHANGE RISKS

18. Côte d'Ivoire is highly exposed to climate change through rising temperatures and sea levels as well as rain pattern changes. With temperatures already on the rise and weather patterns becoming more extreme, studies project that by 2050, Côte d'Ivoire could face the combined effects of hotter average temperatures, greater variability in rainfall, and higher sea levels, as well as associated risks of flooding and coastal erosion.

19. Economic vulnerabilities to climate change are mostly due to heavy reliance on agriculture, and the concentration of industrial and services activity in coastal areas. Agriculture employs about half of the workforce and contributes about 17 percent of GDP and 10 percent of tax revenues. Climate change would affect the debt sustainability indicators through its negative impact on (i) output due to productivity decrease and loss of suitable land, (ii) the fiscal balance owing to weaker revenue mobilization as, notably, agriculture becomes more vulnerable, and increased spending due to rising natural disaster cost and spending needs to build resilient infrastructure, and (iii) the balance of payment.

20. Côte d'Ivoire's Nationally Determined Contributions (NDC) address exposure and vulnerability to climate change and imply significant costs. The NDC emphasizes the importance of increasing resilience in agriculture, improving water resource governance, addressing health challenges by building capacity and increasing health surveillance, and increasing the resilience of coastal zones. The implementation cost of climate policies is estimated at US$22 billion (US$12 billion in adaptation and US$10 billion in mitigation). Private financing is expected to play a major role in financing (assumed to cover 74 percent of the National Development Plan), as well as international sources such as the Green Climate Fund and the Adaptation Fund.

21. Raising adequate financing to build resilience is a major challenge. The Ivorian authorities would need to develop a full green finance strategy to cover the above-mentioned financing needs. Given limitations in the domestic financing system, all sources of financing would need to be considered, traditional donors but also international climate funds, which could unlock significant private financing, as well as different types of financing. The authorities have already used blended financing through regional bank provided guarantees and ESG bonds. Reform measures to address financing will thus likely play an important role to maximize the catalytic impact of Fund financial support through the RSF.

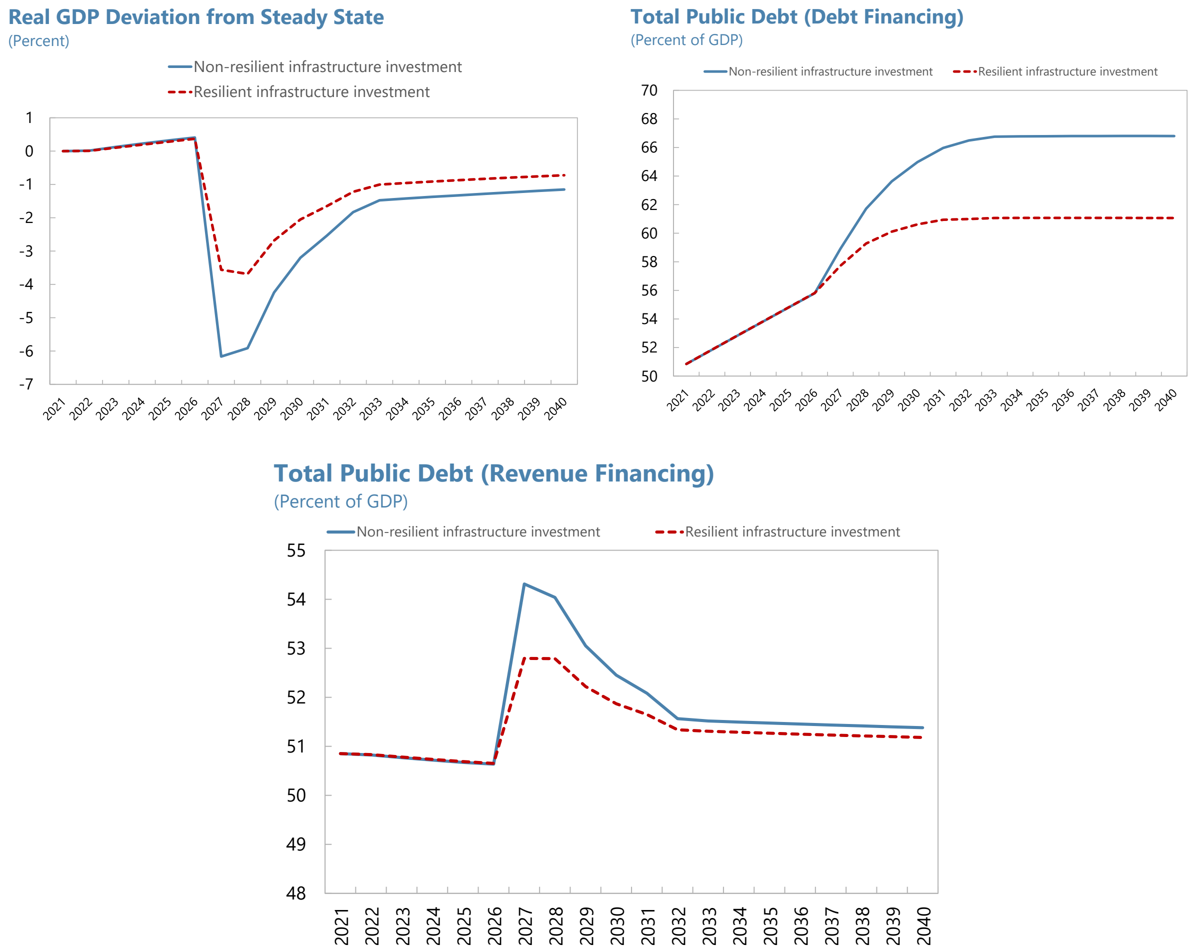
22. A severe natural disaster could occur in the form of flooding impacting coastal populations' livelihoods and the agriculture and tourism sectors. 56 percent of population of Côte d'Ivoire live in an urban costal area. According to the World Bank,[10] floods are extremely damaging in the country with an estimated annual cost (expected value) of about 3 percent of GDP due to fluvial and pluvial floods (not accounting for seawater due to a lack of data) along the coast through the cost of mortality and the damage to assets and economic production. The standard natural disaster stress test is informed by the World Bank flooding cost estimates. The calibration assumes one-off 9 percentage points decline in real GDP growth and a standard size of associated export growth shock of 3.5 percentage points.

23. Customized stress test shows that the natural disaster shock is the most extreme shock of public debt. The PV of debt to-revenue ratio would surge to about 370 percent in 2024 and the debt service-to-revenue ratio would spike to 69 percent in 2025. The results highlight the urgent need for addressing climate change challenges.

24. Modeling scenarios highlight that Côte d'Ivoire would benefit from investments in resilient infrastructure and greater revenue mobilization to attenuate the negative effect of natural disasters on debt sustainability. The complementary outcomes of the DIGNAD model on a similar flood shock to one described in ¶22 show the GDP and public debt effects of the disaster for two scenarios: (1) the authorities invest in cheaper, non-resilient infrastructure in the years before the disaster, and (2) the authorities invest in more expensive, resilient infrastructure. Not only is the GDP drop less pronounced for resilient infrastructure, but it also recovers more quickly compared to the scenario with non-resilient infrastructure investment. Similarly, while the flood shock raises public debt in both types of investment, with resilient infrastructure the effect is more muted compared to non-resilient infrastructure investment. A different scenario assumes the same parameters for the Ivorian economy and the same effect of coastal floods, but instead infrastructure investment and recovery are financed by domestic revenue mobilization. As before, the resilient infrastructure makes the effect of a natural disaster more muted both for GDP and for total public debt. Moreover, revenue financing makes the effect on public debt much more muted in the short and long term, as revenues are used to finance the gap. The financing composition to build resilient infrastructure will be key to keep the debt at moderate risk of distress and should favor grants, revenue mobilization, and concessional financing.

[10] The Cost of Coastal Zone Degradation in West Africa: Benin, Cote d'Ivoire, Senegal, and Togo (worldbank.org).

Text Figure 3. DIGNAD Model Selected Outcomes



Source: IMF staff calculations.

Note: Simulations made with the Debt, Investment, Growth and Natural Disasters (DIGNAD) model. The macro-variables are calibrated to reflect the Ivorian economy's averages from the last 5 years, where possible. When Côte d'Ivoire's data were unavailable, regional averages were imputed for parameters. The disaster is assumed to be a coastal flood causing 9 percent GDP loss, which is a severe flood based on the 2019 World Bank report on coastal zone degradation in West Africa. 'Resilient infrastructure' scenario assumes 1 percent of GDP investment in more expensive, but resilient infrastructure five years prior the disaster. Non-resilient infrastructure' scenario assumes 1 percent of GDP investment each year for five years prior the disaster. Second and third figures show debt and revenue financing mechanisms, respectively, for each scenario.

RISK RATING AND VULNERABILITIES

25. The new debt sustainability analysis indicates that Côte d'Ivoire remains at moderate risk of external debt distress as in the December 2023 DSA when judgement is applied, and with limited capacity to absorb shocks. Except for three temporary breaches in 2024, 2025, and 2026, the debt service-to-revenue ratio remains below but close to its corresponding threshold under the baseline scenario, and the other debt indicators stay below their thresholds. Standard stress tests show that the PV of external debt-to-exports ratio, debt service-to-export ratio, and debt service-to-revenue ratio would cross the threshold in the most extreme shock scenarios. The space to absorb shocks is limited with the external debt-service-to-revenue ratio breaching and then remaining below but close to the threshold during the projection period (Figure 5). This reinforces the focus under the ECF/EFF-arrangements of policy commitments to intensify revenue mobilization and promote private-sector led economic transformation, including diversifying the export base. It is also crucial to have a prudent external borrowing strategy aimed at balancing the costs and risks of new loans to preserve Côte d'Ivoire's borrowing space and medium-term debt sustainability. Replacing external borrowing with RSF financing could also be considered to improve debt burden indicators. The recent successful eurobond issuance marks an important turning point after two years of adverse external financing conditions. The ECF/EFF and the RSF arrangements, along with the World Bank DPO should catalyze other donors' financing at concessional terms.

26. This DSA indicates that the overall risk of debt distress also remains moderate, and stress tests highlight high vulnerabilities of external and total debt to shocks. While the overall debt sustainability risk remains moderate, the PV of public debt-to-GDP breaches its threshold of 55 percent starting in 2024 under the most extreme shock (exports) arising from the standard stress tests. Three out of four external debt indicators would breach their threshold under the most extreme shocks (exports and depreciation). Risks have been exacerbated by the post COVID environment, the war in Ukraine, and global monetary tightening, as the global growth recovery, and hence that of Ivorian exports, could prove weaker than currently projected, even if it benefits from high cocoa prices in the current environment.

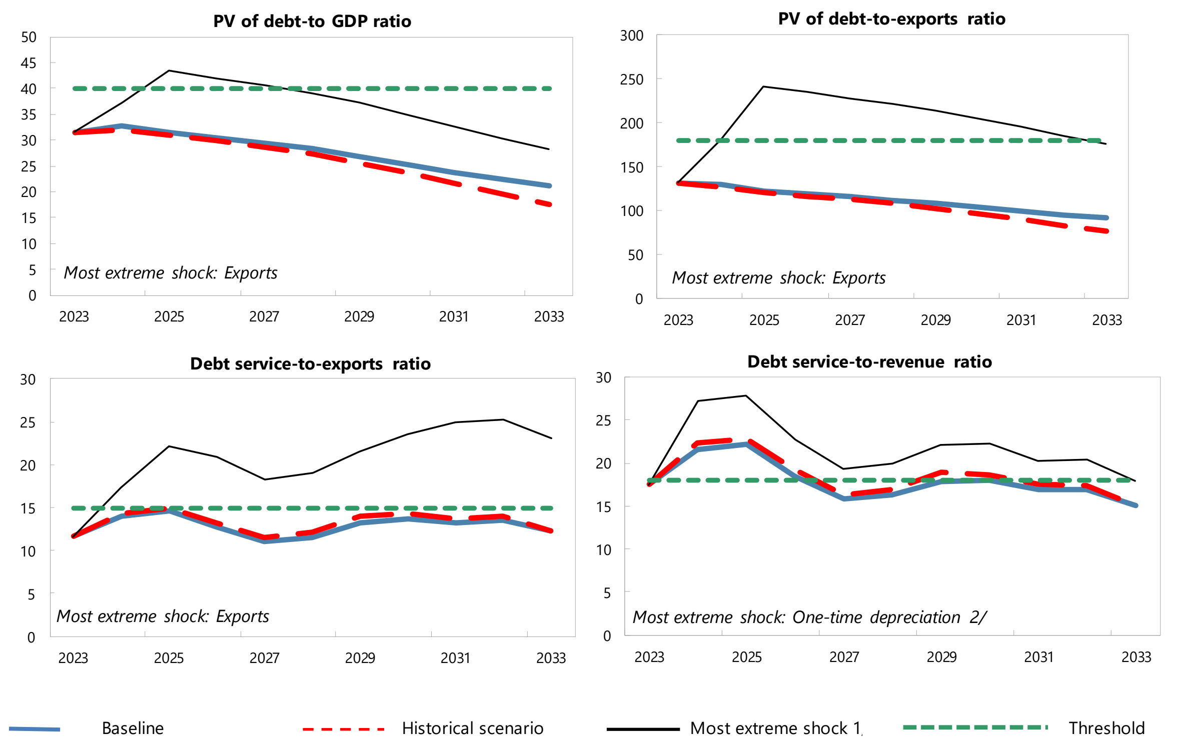
27. The granularity assessment indicates that there is limited space to absorb shocks (Figure 6). Under the module, which allows qualifying the moderate risk of debt-distress, Côte d'Ivoire is assessed as having limited space to absorb shocks, especially when considering the debt service ratios, both to exports and to revenue, stressing the liquidity vulnerability of the country and the importance of strengthening DRM and diversifying exports.

28. The authorities are appropriately focused on building resilience against shocks to debt sustainability. Keeping the country at moderate risk of debt distress is a priority for the authorities and is therefore an anchor under the ECF/EFF arrangements. The authorities' effort to consolidate through continued and sustained domestic revenue mobilization is paramount while remaining committed to containing medium-term public expenditure, to reach the WAEMU target of 3 percent of GDP fiscal deficit, another anchor under the Fund-supported program. Additionally, the DSA results highlight the need to carefully monitor debt indicators, use prudent GDP growth assumptions, create fiscal space, implement judicious policies to preserve macroeconomic stability, and have full oversight of SOE debt contracting. Within this context, the authorities are committed toward fully integrating SOE debt in their debt sustainability assessment. A careful and active debt management, including balancing domestic and external debt, will be crucial to preserve debt sustainability and keep the country at moderate risk of debt distress.

AUTHORITIES' VIEWS

29. The authorities agreed that Côte d'Ivoire remains at moderate risk of debt distress. They are strongly committed to keeping the country at moderate risk of debt distress. They are aware that the external debt service to revenue ratio breaches the threshold three times in 2024, 2025, and 2026, leaving limited margin to absorb shocks. However, the use of their recent Eurobond proceeds for DMO is expected to strengthen overall debt sustainability including liquidity indicators and reduce debt vulnerabilities. Furthermore, they have continued to actively manage their debt portfolio and monitor closely the concessionality of new contracts and the pace of disbursements to remain in the same debt distress category. The authorities are strongly committed to the policies and targets under the ECF/EFF arrangements for increasing domestic revenue mobilization.

Figure 1. Côte d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2023–33[1/]



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

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

Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	3.4%	3.4%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	18	18
Avg. grace period	5	5

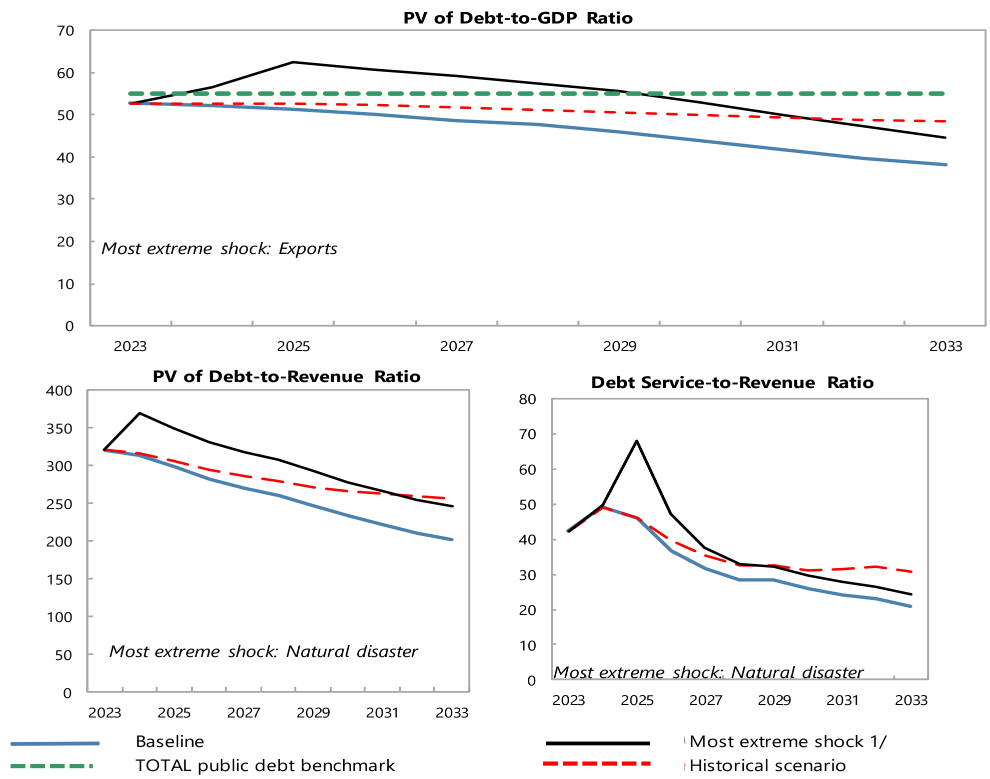
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research

Figure 2. Côte d'Ivoire: Indicators of Public Debt Under Alternative Scenarios, 2023–33



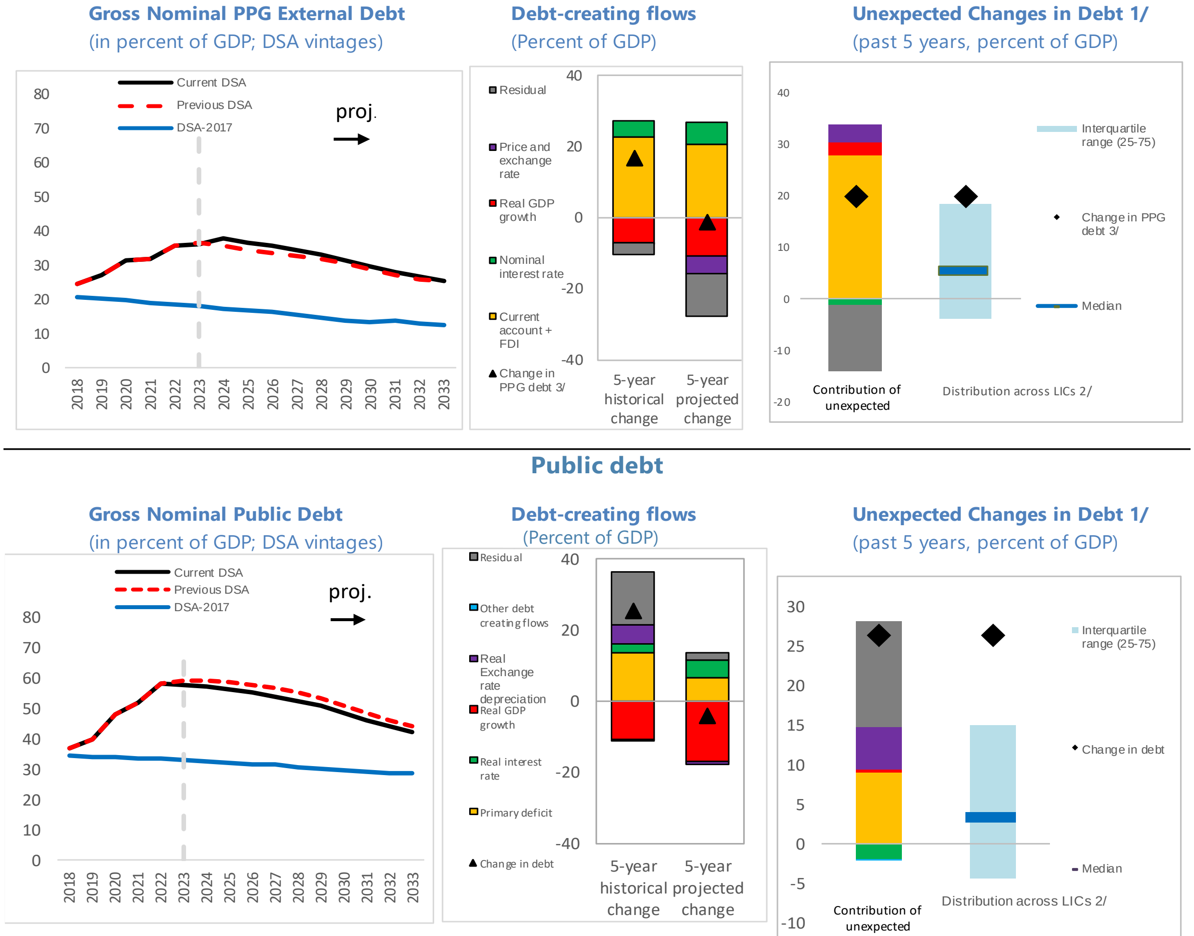
Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	61%	61%
Domestic medium and long-term	34%	34%
Domestic short-term	5%	5%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	3.4%	3.4%
Avg. maturity (incl. grace period)	18	18
Avg. grace period	5	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	3.6%	3.6%
Avg. maturity (incl. grace period)	1	1
Avg. grace period	0	0
Domestic short-term debt		
Avg. real interest rate	3.5%	3.5%

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

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

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



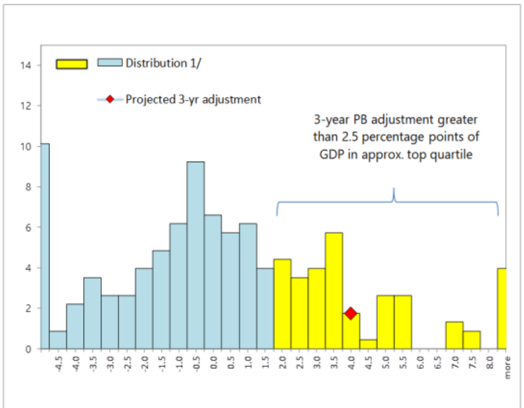
1/ Difference between anticipated and actual contributions on debt ratios.

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

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

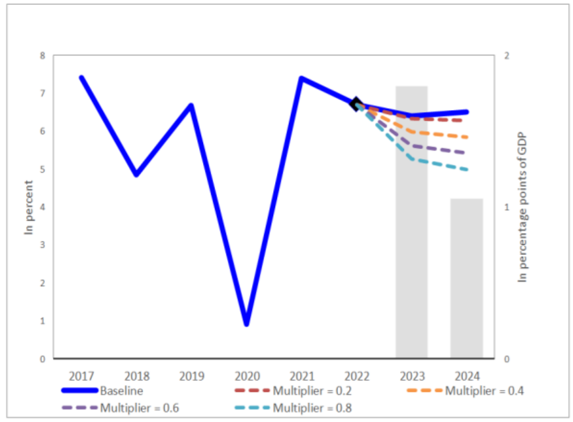
Figure 4. Côte d'Ivoire: Realism Tools

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



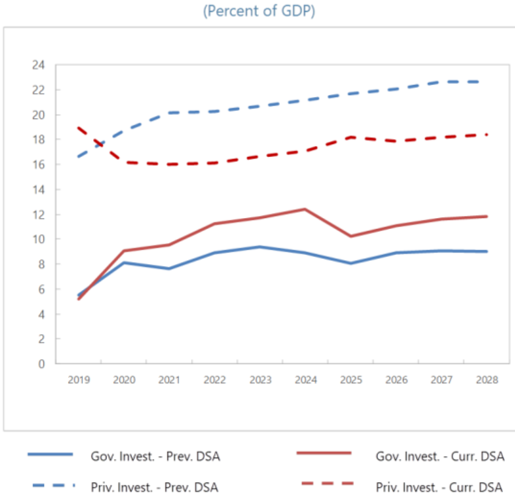
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



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

Public and Private Investment Rates
(Percent of GDP)



Contribution to Real GDP growth
(Percent, 5-year average)

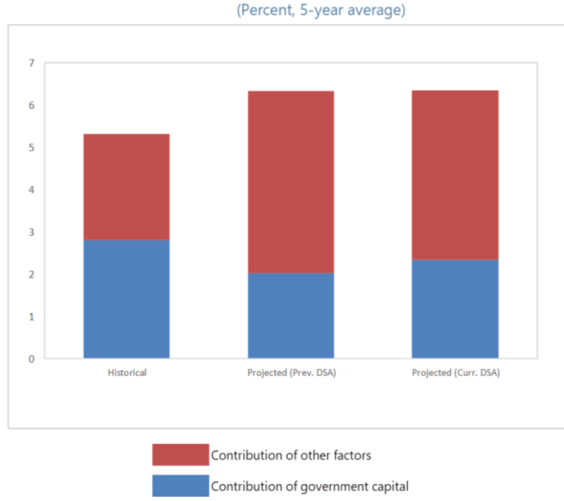
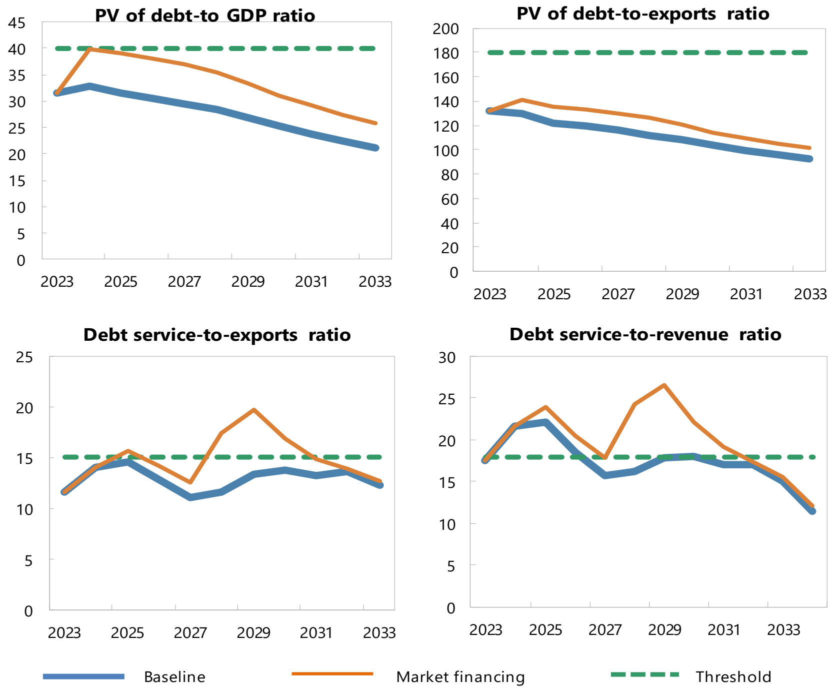


Figure 5. Côte d'Ivoire: Market-Financing Risk Indicators

	GFN 1/	EMBI 2/
Benchmarks	14	570
Values	10	596
Breach of benchmark	No	Yes
Potential heightened liquidity needs	Moderate	

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



Sources: Country authorities; and staff estimates and projections.

Figure 6. Côte d'Ivoire: Qualification of the Moderate Category, 2023-33[1/]

Sources: Country authorities; and staff estimates and projections.

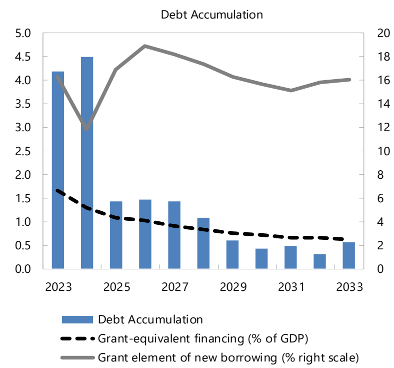
1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

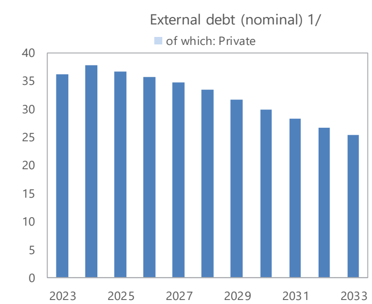
Table 1. Côte d'Ivoire: External Debt Sustainability Framework, Baseline Scenario, 2020–43

(Percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2033	2043	Historical	Projections
External debt (nominal) 1/	31.4	32.2	35.8	36.2	37.8	36.7	35.7	34.7	33.4	25.4	19.3	**22.9**	**32.4**
of which: public and publicly guaranteed (PPG)	31.4	32.2	35.8	36.2	37.8	36.7	35.7	34.7	33.4	25.4	19.3	**22.9**	**32.4**
Change in external debt	4.2	0.7	3.7	0.4	1.5	-1.1	-1.0	-1.0	-1.3	-1.3	-0.6		
Identified net debt-creating flows	3.1	1.7	10.2	5.4	3.5	2.3	2.4	2.5	2.6	3.8	6.6	**2.4**	**3.1**
Non-interest current account deficit	2.1	2.9	6.6	4.6	2.7	1.3	1.4	1.2	1.2	2.0	4.1	**1.7**	**1.8**
Deficit in balance of goods and services	-0.9	-0.1	3.9	2.0	0.0	-1.1	-1.2	-1.5	-1.6	-1.1	0.8	**-1.1**	**-0.9**
Exports	21.0	22.6	24.7	23.9	25.3	25.8	25.5	25.5	25.2	22.9	19.7		
Imports	20.1	22.5	28.6	25.9	25.3	24.7	24.3	24.0	23.7	21.8	20.5		
Net current transfers (negative = inflow)	1.1	0.9	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	**0.9**	**0.7**
of which: official	-0.1	0.0	-0.4	-0.4	-0.4	-0.2	-0.1	-0.1	0.0	0.0	0.0		
Other current account flows (negative = net inflow)	1.9	2.0	2.3	2.1	2.0	1.7	1.9	2.0	2.1	2.4	2.6	**1.9**	**2.1**
Net FDI (negative = inflow)	1.1	1.5	1.8	1.7	1.8	1.9	2.0	2.1	2.2	2.4	2.9	**1.1**	**2.1**
Endogenous debt dynamics 2/	-0.1	-2.7	1.8	-0.9	-1.1	-0.9	-0.9	-0.8	-0.8	-0.6	-0.5		
Contribution from nominal interest rate	1.1	1.1	1.0	1.1	1.1	1.4	1.2	1.2	1.1	0.8	0.6		
Contribution from real GDP growth	-0.2	-2.0	-2.2	-2.0	-2.1	-2.2	-2.1	-2.0	-1.9	-1.4	-1.0		
Contribution from price and exchange rate changes	-0.9	-1.8	3.0	...	...	...	...	...	...	...	...		
Residual 3/	1.1	-1.0	-6.5	-5.1	-1.9	-3.4	-3.4	-3.5	-3.9	-5.0	-7.2	**-0.1**	**-4.1**
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	31.2	31.5	32.7	31.5	30.5	29.5	28.3	21.2	16.1		
PV of PPG external debt-to-exports ratio	...	...	126.2	131.9	129.5	122.0	119.4	115.7	112.3	92.5	81.9		
PPG debt service-to-exports ratio	8.4	8.9	9.0	11.6	14.0	14.5	12.7	11.0	11.6	12.3	8.8		
PPG debt service-to-revenue ratio	12.3	13.1	15.1	17.5	21.6	22.2	18.5	15.8	16.2	15.0	8.5		
Gross external financing need (Million of U.S. dollars)	3121.8	4604.8	7488.0	7187.2	6978.6	6548.1	6724.3	6760.9	7464.4	12578.7	32238.3		
Key macroeconomic assumptions													
Real GDP growth (in percent)	0.9	7.4	6.7	6.4	6.5	6.4	6.3	6.1	6.0	5.8	5.6	**6.8**	**6.1**
GDP deflator in US dollar terms (change in percent)	3.5	6.1	-8.5	5.6	3.3	2.0	1.8	1.8	1.8	2.0	2.0	**0.1**	**2.4**
Effective interest rate (percent) 4/	4.1	4.1	3.1	3.5	3.3	3.9	3.6	3.6	3.5	3.3	3.1	**3.9**	**3.5**
Growth of exports of G&S (US dollar terms, in percent)	-4.1	22.7	6.9	8.5	16.3	10.9	6.9	8.0	6.9	5.7	6.4	**3.2**	**7.9**
Growth of imports of G&S (US dollar terms, in percent)	-1.7	27.9	24.0	1.6	7.5	6.0	6.5	6.8	6.5	6.5	5.5	**5.9**	**6.0**
Grant element of new public sector borrowing (in percent)	...	...	...	16.3	11.8	16.9	18.9	18.2	17.4	16.0	17.9	**...**	**16.2**
Government revenues (excluding grants, in percent of GDP)	14.4	15.3	14.8	15.8	16.3	16.9	17.6	17.8	18.0	18.7	20.4	**13.9**	**17.8**
Aid flows (in Million of US dollars) 5/	336.3	333.1	375.5	1409.2	1216.3	1140.0	1144.4	1220.3	1265.2	773.9	425.0		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	1.7	1.3	1.1	1.0	0.9	0.8	0.6	0.3	**...**	**0.9**
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	24.6	17.5	23.6	24.9	25.5	24.8	21.8	17.9	**...**	**23.0**
Nominal GDP (Million of US dollars)	63,074	71,849	70,180	78,857	86,719	94,093	101,803	109,996	118,749	174,461	367,419		
Nominal dollar GDP growth	4.4	13.9	-2.3	12.4	10.0	8.5	8.2	8.0	8.0	7.9	7.7	**6.8**	**8.6**
Memorandum items:													
PV of external debt 7/	...	...	31.2	31.5	32.7	31.5	30.5	29.5	28.3	21.2	16.1		
In percent of exports	...	...	126.2	131.9	129.5	122.0	119.4	115.7	112.3	92.5	81.9		
Total external debt service-to-exports ratio	8.4	8.9	9.0	11.6	14.0	14.5	12.7	11.0	11.6	12.3	8.8		
PV of PPG external debt (in Million of US dollars)			21896.0	24835.9	28381.2	29620.0	31002.2	32452.5	33652.7	36987.6	59262.3		
(PVt-PVt-1)/GDPt-1 (in percent)				4.2	4.5	1.4	1.5	1.4	1.1	0.6	0.7		
Non-interest current account deficit that stabilizes debt ratio	-2.1	2.1	3.0	4.3	1.2	2.4	2.3	2.3	2.5	3.3	4.8		

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





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

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

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

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

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

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

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

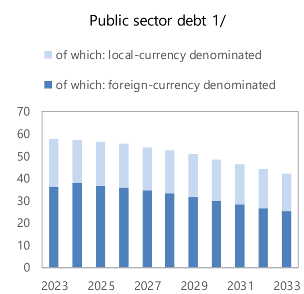
8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

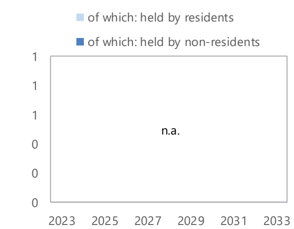
Table 2. Côte d'Ivoire: Public Sector Debt Sustainability Framework, Baseline Scenario, 2020–43

(Percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2033	2043	Historical	Projections
Public sector debt 1/	48.1	52.1	58.1	57.8	57.4	56.5	55.4	53.9	52.6	42.3	31.6	37.9	51.4
of which: external debt	31.4	32.2	35.8	36.2	37.8	36.7	35.7	34.7	33.4	25.4	19.3	22.9	32.4
Change in public sector debt	8.3	4.0	5.9	-0.3	-0.4	-0.9	-1.1	-1.5	-1.3	-1.9	-0.7		
Identified debt-creating flows	2.4	2.9	3.7	-0.4	-0.9	-1.5	-1.4	-1.2	-1.1	-1.2	-0.3	1.0	-1.2
Primary deficit	3.6	3.0	4.6	2.8	1.8	0.6	0.8	0.7	0.8	-0.2	0.4	1.9	0.6
Revenue and grants	15.0	15.8	15.3	16.5	16.7	17.2	17.8	18.1	18.2	18.9	20.4	14.7	18.0
of which: grants	0.5	0.5	0.5	0.7	0.5	0.4	0.3	0.3	0.3	0.2	0.0		
Primary (noninterest) expenditure	18.6	18.8	19.9	19.3	18.4	17.8	18.6	18.8	19.0	18.7	20.8	16.7	18.6
Automatic debt dynamics	-1.2	-0.1	-0.6	-3.2	-2.6	-2.2	-2.1	-2.0	-1.9	-1.0	-0.7		
Contribution from interest rate/growth differential	1.0	-3.0	-3.8	-3.2	-2.6	-2.2	-2.1	-2.0	-1.9	-1.0	-0.7		
of which: contribution from average real interest rate	1.3	0.3	-0.5	0.3	0.9	1.3	1.2	1.2	1.1	1.4	1.0		
of which: contribution from real GDP growth	-0.4	-3.3	-3.3	-3.5	-3.5	-3.5	-3.4	-3.2	-3.1	-2.4	-1.7		
Contribution from real exchange rate depreciation	-2.2	2.9	3.2	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0
Privatization receipts (negative)	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	6.0	1.2	2.2	0.1	0.5	0.7	0.2	-0.2	-0.2	-0.6	-0.4	2.3	-0.2
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	53.3	52.8	52.3	51.3	50.2	48.8	47.6	38.1	28.4		
PV of public debt-to-revenue and grants ratio	...	...	348.1	320.8	313.8	298.6	281.9	269.6	260.9	201.6	138.9		
Debt service-to-revenue and grants ratio 3/	32.4	32.8	41.5	42.3	49.1	45.8	36.7	31.6	28.4	20.8	12.4		
Gross financing need 4/	8.4	8.1	10.6	9.8	9.9	8.5	7.3	6.5	6.0	3.7	2.9		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	0.9	7.4	6.7	6.4	6.5	6.4	6.3	6.1	6.0	5.8	5.6	6.8	6.1
Average nominal interest rate on external debt (in percent)	4.1	3.9	3.3	3.5	3.3	3.9	3.6	3.6	3.5	3.3	3.1	3.9	3.5
Average real interest rate on domestic debt (in percent)	4.6	3.1	2.7	2.0	2.8	3.2	3.3	3.3	3.3	3.5	3.7	3.3	3.2
Real exchange rate depreciation (in percent, + indicates depreciation)	-7.9	10.0	11.1	...	...	...	...	...	...	...	...	3.1	...
Inflation rate (GDP deflator, in percent)	1.5	2.3	2.8	2.9	2.3	2.0	2.0	2.0	2.0	2.0	2.0	1.8	2.1
Growth of real primary spending (deflated by GDP deflator, in percent)	19.1	8.6	13.2	3.0	1.9	3.0	10.6	7.7	7.1	6.6	10.7	10.0	5.5
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-4.7	-1.1	-1.3	3.1	2.1	1.5	1.9	2.2	2.1	1.7	1.1	-2.4	2.0
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

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





Sources: Country authorities; and staff estimates and projections.
1/ Coverage of debt: The central government plus social security, central bank, government-guaranteed debt . Definition of external debt is Currency-based.
2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.
4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.
5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.
6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 3. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2023–33

(Percent)

	Projections 1/										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
PV of debt-to GDP ratio											
Baseline	31	33	31	30	30	28	27	25	24	22	21
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	31	32	31	30	29	27	26	24	22	20	17
B. Bound Tests											
B1. Real GDP growth	31	34	34	33	32	31	29	27	26	24	23
B2. Primary balance	31	34	35	34	34	32	31	29	27	26	24
B3. Exports	31	37	**43**	**42**	**41**	39	37	35	33	30	28
B4. Other flows 3/	31	33	33	32	31	29	28	26	25	23	22
B5. Depreciation	31	**41**	37	36	35	34	32	30	28	26	25
B6. Combination of B1-B5	31	39	37	36	35	33	32	30	28	26	25
C. Tailored Tests											
C1. Combined contingent liabilities	31	37	37	36	35	34	32	31	29	28	26
C2. Natural disaster	31	38	38	38	37	36	35	33	32	30	29
C3. Commodity price	31	33	32	32	31	30	28	27	25	24	23
C4. Market Financing	31	40	39	38	37	35	33	31	29	27	26
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	132	130	122	119	116	112	108	103	99	95	93
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	132	127	120	117	113	108	103	97	91	83	76
B. Bound Tests											
B1. Real GDP growth	132	130	122	119	116	112	108	103	99	95	93
B2. Primary balance	132	133	135	135	132	128	124	119	114	110	107
B3. Exports	132	**181**	**241**	**235**	**228**	**222**	**214**	**205**	**195**	**185**	177
B4. Other flows 3/	132	132	127	124	120	117	112	107	103	99	96
B5. Depreciation	132	130	115	113	109	106	102	97	94	90	88
B6. Combination of B1-B5	132	169	131	171	166	161	155	148	142	136	131
C. Tailored Tests											
C1. Combined contingent liabilities	132	146	144	143	139	135	131	126	122	118	114
C2. Natural disaster	132	153	152	152	149	146	142	138	134	131	128
C3. Commodity price	132	131	126	124	121	118	114	110	106	101	98
C4. Market Financing	132	141	136	134	130	126	120	114	109	105	101
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	12	14	15	13	11	12	13	14	13	14	12
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	12	14	15	13	11	12	14	14	14	14	12
B. Bound Tests											
B1. Real GDP growth	12	14	15	13	11	12	13	14	13	14	12
B2. Primary balance	12	14	15	14	12	12	14	15	15	15	14
B3. Exports	12	**17**	**22**	**21**	**18**	**19**	**21**	**23**	**25**	**25**	**23**
B4. Other flows 3/	12	14	15	13	11	12	13	14	14	14	13
B5. Depreciation	12	14	15	12	11	11	13	13	13	13	12
B6. Combination of B1-B5	12	**16**	**20**	**18**	**15**	**16**	**18**	**20**	**19**	**19**	**17**
C. Tailored Tests											
C1. Combined contingent liabilities	12	14	**15**	14	12	12	14	15	14	14	13
C2. Natural disaster	12	14	**16**	14	12	13	15	**15**	15	**15**	14
C3. Commodity price	12	14	15	13	11	12	14	14	14	14	13
C4. Market Financing	12	14	**16**	14	13	**17**	**20**	**17**	15	14	13
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	18	**22**	**22**	**19**	16	16	18	18	17	17	15
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	18	**22**	**23**	**19**	16	17	**19**	**19**	17	17	15
B. Bound Tests											
B1. Real GDP growth	18	**22**	**24**	**20**	17	18	**19**	**19**	**18**	**18**	16
B2. Primary balance	18	**22**	**23**	**20**	17	17	**19**	**19**	**19**	**19**	17
B3. Exports	18	**22**	**24**	**21**	**18**	**19**	**20**	**21**	**22**	**22**	**20**
B4. Other flows 3/	18	**22**	**22**	**19**	16	16	**18**	**18**	17	17	15
B5. Depreciation	18	**27**	**28**	**23**	**19**	**20**	**22**	**22**	**20**	**20**	18
B6. Combination of B1-B5	18	**23**	**25**	**21**	18	**18**	**20**	**21**	**20**	**20**	18
C. Tailored Tests											
C1. Combined contingent liabilities	18	**22**	**23**	**20**	17	17	**19**	**19**	**18**	18	16
C2. Natural disaster	18	**22**	**23**	**20**	17	18	**19**	**19**	**18**	**18**	16
C3. Commodity price	18	**24**	**24**	**20**	17	18	**19**	**19**	18	18	16
C4. Market Financing	18	**22**	**24**	**21**	18	**24**	**27**	**22**	**19**	17	15
Threshold	18	18	18	18	18	18	18	18	18	18	18

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

Table 4. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public Debt, 2023–33

(Percent)

	Projections 1/										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
PV of Debt-to-GDP Ratio											
Baseline	53	52	51	50	49	48	46	44	42	40	38
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	53	53	53	52	52	51	51	50	49	49	48
B. Bound Tests											
B1. Real GDP growth	53	55	**57**	**57**	**57**	**56**	**56**	55	53	52	51
B2. Primary balance	53	54	**56**	55	53	52	50	48	46	43	42
B3. Exports	53	**57**	**62**	**61**	**59**	**58**	**56**	53	50	47	45
B4. Other flows 3/	53	53	53	51	50	49	47	45	43	41	39
B5. Depreciation	53	**59**	**56**	53	50	48	45	41	38	35	32
B6. Combination of B1-B5	53	52	53	52	50	48	47	44	42	40	38
C. Tailored Tests											
C1. Combined contingent liabilities	53	**60**	**58**	**57**	**55**	54	52	50	47	45	43
C2. Natural disaster	53	**62**	**60**	**59**	**57**	**56**	55	52	50	48	46
C3. Commodity price	53	55	**56**	**57**	**58**	**59**	**58**	**57**	**56**	54	53
C4. Market Financing	53	**55**	55	54	52	51	49	47	44	42	40
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
PV of Debt-to-Revenue Ratio											
Baseline	321	314	299	282	270	261	247	234	222	211	202
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	321	315	306	294	286	280	272	266	263	259	256
B. Bound Tests											
B1. Real GDP growth	321	329	332	320	313	309	300	290	283	276	271
B2. Primary balance	321	322	327	307	294	284	269	254	242	230	220
B3. Exports	321	339	363	342	327	316	299	282	266	250	236
B4. Other flows 3/	321	317	306	289	276	267	253	239	227	215	205
B5. Depreciation	321	353	326	299	278	262	241	221	203	187	172
B6. Combination of B1-B5	321	309	309	290	276	265	250	235	222	210	199
C. Tailored Tests											
C1. Combined contingent liabilities	321	358	338	319	304	294	279	264	251	239	229
C2. Natural disaster	321	369	350	331	317	308	293	278	267	255	245
C3. Commodity price	321	353	351	346	338	332	318	303	295	288	283
C4. Market Financing	321	332	320	302	290	280	264	248	235	222	212
Debt Service-to-Revenue Ratio											
Baseline	42	49	46	37	32	28	28	26	24	23	21
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	42	49	46	40	35	33	33	31	32	32	31
B. Bound Tests											
B1. Real GDP growth	42	51	51	43	39	36	36	34	33	32	31
B2. Primary balance	42	49	50	45	36	31	31	28	27	26	24
B3. Exports	42	49	47	39	34	30	30	29	29	28	25
B4. Other flows 3/	42	49	46	37	32	29	29	26	25	24	21
B5. Depreciation	42	49	51	41	35	32	33	30	28	27	24
B6. Combination of B1-B5	42	48	46	42	33	29	29	26	24	23	21
C. Tailored Tests											
C1. Combined contingent liabilities	42	49	65	45	36	31	31	28	26	25	22
C2. Natural disaster	42	50	68	47	38	33	32	30	28	27	24
C3. Commodity price	42	53	55	49	44	40	39	36	34	34	32
C4. Market Financing	42	49	48	39	34	36	37	30	26	24	21

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

Table 5. Côte d'Ivoire: Decomposition of Public Debt Stock and Debt Service by Creditors, 2022-25[1/]

	Debt Stock (end of period)			Debt Service					
	2022			2023	2024	2025	2023	2024	2025
	(In US$ billions)	*(Percent total debt)*	*(Percent GDP)*	*(In US$ billions)*			*(Percent GDP)*		
Total	40.0	100.0	56.7	4.5	5.5	5.9	6.2	7.0	6.8
External	24.3	60.8	34.5	1.6	2.2	2.9	2.2	2.8	3.4
Multilateral creditors[2,3]	7.2	18.0	10.2	0.4	0.6	0.8	0.5	0.7	0.9
IMF	2.0	5.0	2.9						
World Bank	2.8	7.1	4.0						
AfDB	1.0	2.5	1.4						
Other Multilaterals	1.3	3.4	1.9						
o/w: IDB	0.7	1.7	1.0						
o/w: BOAD	0.4	0.9	0.5						
Others	0.3	0.8	0.4						
Bilateral Creditors[2]	4.1	10.2	5.8	0.1	0.2	0.3	0.2	0.2	0.3
Paris Club	1.1	2.8	1.6	0.0	0.0	0.1	0.0	0.1	0.1
o/w: France	0.6	1.6	0.9						
o/w: Germany	0.3	0.8	0.5						
Others	0.2	0.5	0.3						
Non-Paris Club	2.9	7.4	4.2	0.1	0.2	0.2	0.2	0.2	0.3
o/w: China	2.7	6.8	3.9						
o/w: India	0.2	0.4	0.2						
Others	0.1	0.1	0.1						
Bonds	8.5	21.4	12.1	0.5	0.6	0.7	0.8	0.7	0.8
Commercial creditors	4.5	11.3	6.4	0.5	0.9	1.2	0.7	1.1	1.4
o/w: MUFG	0.6	1.5	0.9						
o/w: SGF	0.6	1.5	0.8						
Others	3.3	8.3	4.7						
Domestic	15.7	39.2	22.2	2.9	3.3	3.0	4.0	4.2	3.4
Held by residents, total	n/a	n/a	n/a						
Held by non-residents, total	n/a	n/a	n/a						
T-Bills	0.4	1.0	0.6	0.6	0.4	0.0	0.8	0.5	0.0
Bonds	3.9	9.8	5.6	0.9	1.1	1.0	1.3	1.4	1.1
Loans, and others	11.4	28.4	16.1	1.4	1.8	2.0	1.9	2.3	2.3
Memo Items:									
Collateralized debt[4]	n/a	n/a	n/a						
Contingent liabilities[5]	n/a	n/a	n/a						
Nominal GDP	70.2								

Sources: Ivorian authorities and IMF staff calculations.

1/As reported by Country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA, except for guaranteed debt.

2/Some public debt is not shown in the table due to limited availability of information. This includes non-guaranteed SOE debt and local government debt.

3/Multilateral creditors" are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears).

4/Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.

5/Includes other-one off guarantees not included in publicly guaranteed debt (e.g. credit lines) and other explicit contingent liabilities not elsewhere classified (e.g. potential legal claims, payments resulting from PPP arrangements).

CÔTE D'IVOIRE

March 12, 2024

REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY

WORLD BANK ASSESSMENT LETTER FOR THE RESILIENCE AND SUSTAINABILITY FACILITY

A. Country Vulnerability to Climate Change Including Human, Social and Economic Costs

1. **Despite its low contributions to greenhouse gas (GHG) emissions, Côte d'Ivoire stands to be severely affected by climate change.** GHG emissions are lower than the sub-Saharan average (SSA), which is estimated at 3.3 tCO2e per capita, and Côte d'Ivoire's share of total global CO2 emissions is very small at 0.1 percent. CO2 emissions represented 70 percent of total GHG emissions in 2019. The Agriculture, Forestry and Other Land Use (AFOLU) sector is the single most important contributor to GHG emissions, amounting to 62 percent. The energy sector, on the other hand, is responsible for 25 percent of total emissions, a per-capita rate of 0.51 tons of CO2e. While GHG emissions are expected to increase as the country develops, and mitigation measures should be considered in order to avoid carbon lock-ins, Côte d'Ivoire's main challenge is its vulnerability to climatic shocks. The country ranks 140 out of 181 countries for extreme climate vulnerability (181 being the most vulnerable).[1] Climate change is therefore set to have a significant impact on the most vulnerable population and key economic sectors in the coming decades.

2. **The impacts of climate change are already visible and are expected to worsen over time with increased temperatures, greater weather variability, and more extreme weather events.**[2] Under a 2.7°C global warming scenario (i.e., under current policies), temperatures are expected to increase by 1 and 4°C in northern areas and 1 and 3°C in the south, with northern areas experiencing greater extremes. Future dry and wet periods are likely to become more extreme, and more droughts and a higher risk of floods are expected.

[1] See ND-GAIN Country Index (University of Notre Dame Global Adaptation Index) (dashboard), University of Notre Dame, Notre Dame, IN, https://gain.nd.edu/our-work/country-index/.

[2] World Bank CIV Country Climate and Development Report (2023). The report uses the World Bank guidance for the selection of global climate scenarios for CCDR analyses. These include SSP2-4.5, SSP3-7.0 for adaptation; and SSP3-7.0 GCMs and SSP1-1.9 GCMs for mitigation.

The sea level is estimated to rise by up to 30 cm by 2050.[3,4] Droughts are perhaps the most visible climate change effects and are expected to increasingly impact the semi-arid northern savannah region of the country, exacerbating food insecurity, impacts to livelihoods, and leading to GDP growth losses. More than 10 percent of Côte d'Ivoire's land was degraded between 2000 and 2010, and the rate of degradation has subsequently accelerated.[5]

3. Climate change's impact is magnified by high levels of poverty and inequality. Climate change impacts are asymmetric: poor households are generally more exposed to air, water, and soil pollution and to rising temperatures, uneven rainfall, and other extreme weather events. In addition, poor households rely on low-quality public health services and have fewer financial resources to cope with damage. High exposure to shocks poses serious challenges for poverty reduction, with negative spillover effects on the labor productivity and well-being of households. Increasing temperatures and floods will also have an impact on the spread of infectious diseases, such as malaria. Social safety nets are still nascent in Côte d'Ivoire and do not yet account for the climate dimension, while most of the health and education infrastructure is vulnerable to climatic shocks.

4. The destruction and degradation of the country's remaining forests will continue to fuel ecosystem degradation and reduce resilience to climate change impacts. The annual rate of deforestation averaged 2.8 percent in 1990-2020, the highest in the world.[6] Côte d'Ivoire could lose all its forests by 2034 if no transformational action is taken. The loss of forest cover has led to biodiversity loss, reduced capacity to absorb carbon emissions, reduced capacity for resilience, and wide-ranging landscape changes. Soil degradation and local climate change following deforestation is causing cocoa production to decline and to shift to the center-west and eventually to the south-west where forest cover remains. With no action, climate change could cut cocoa production by half of current production.

5. Adapting to climate change requires a resilient growth model. Many sectors relevant to climate action (such as agriculture, disaster-risk management, energy, human health, social protection, transport, tourism, urban planning, water, and sanitation) are also critical for growth. The negative impact[7] could be large if no action is taken. Without any additional adaptation effort, modelling estimates that average annual GDP losses will increase over time and could reach up to 13 percent of GDP by 2050 and 1.63 million people would be prevented from escaping poverty. Adaptation measures are costly, but they can potentially offset significant parts of negative climate impact, particularly on the poor. Key economic sectors, including cocoa and energy, are at risk of

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[3] Doherty, A., Amies, J., Mayhew, L., Higazi, A., Osborne, R., Griffith, H. and Buonomo, E., 2022. Climate Risk Report for the West Africa region. Met Office, ODI, Foreign, Commonwealth and Development Office.

[4] Note that potential catastrophic impacts and tipping points that are not easily captured through existing estimates may pose the biggest future threats.

[5] Ministère de la Salubrité de l'Environnement et du Développement Durable, 2017. Engagement de la Côte d'Ivoire de mettre en œuvre la Neutralité en matière de Dégradation des Terres.

[6] World Bank, 2022. *République de Côte d'Ivoire Note Politique Forestière*. © World Bank.

[7] Estimates are from World Bank Côte d'Ivoire's Country Climate and Development Report (November 2023).

underperforming if action is not taken today to address climate impacts and leverage technological or regulatory developments.

B. Government Policies and Commitments in Terms of Climate Change Adaptation and Priority Areas to Strengthen Resilience

6. Côte d'Ivoire has established its climate change commitments and strategic objectives. Côte d'Ivoire has an ambitious climate agenda. Its Nationally Determined Contribution (NDC) seeks to achieve significant adaptation action in agriculture and livestock, forests, water resources, coastal zones, and human health. It includes priority sectors for mitigation such as energy, waste, agriculture, and forestry. Implementation of the NDC until 2030 is estimated to cost US$22 billion, which represents 17 percent of 2030 GDP or assuming an equal distribution across the next decade, an annual average cost of about 2 percent of GDP.

7. Côte d'Ivoire has recently adopted a revised National Disaster Risk Reduction Strategy 2020-2030. The strategy aims to (i) strengthen the legislative and regulatory environment for disaster risk reduction, (ii) strengthen the technical capacity of institutions at both the national and local level, and (iii) use innovative and sustainable financing mechanisms for disaster risk reduction. But the track record has been poor. The new strategy follows the previous National Disaster Risk Reduction Strategy for 2015-2020, which has largely not been implemented because of weak capacity and lack of coordination. Similarly, a National Platform for Risk Reduction and Disaster Management was created in 2011, but the committee in charge of the platform has never convened. The country also has yet to operationalize a national early warning system. While it has established a legal framework for urban planning, the process remains largely centralized and does not adequately address climate adaptation and resilience to disaster risks. As part of the new reform package to support the implementation of the strategy, authorities are planning to include climate into key aspects of Public Financial Management (PFM), strengthening governance, creating a framework for green and sustainable financing, among others.

8. The adaptation and resilience assessment carried out in the Country Climate and Development Report shows however that Côte d'Ivoire has much to do to meet its adaptation ambitions, and to strengthen adaptation and resilience capacities at the national and local levels. Côte d'Ivoire performs primarily in the "nascent" and "emerging" stages of managing adaptation and resilience across all pillars of the diagnostic. Institutional reforms are planned to reinforce the policy coordination mechanisms, including through the adoption of a Climate Change Law, and reinforce capacity, including through World Bank-led TA on macroeconomic and climate modelling in the first half of 2024.

C. Government Policies and Commitments in Terms of Climate Change Mitigation and Priority Areas to Reduce Greenhouse Gas Emissions

9. Despite its low contribution to GHG emissions, Côte d'Ivoire has established strong commitments. On the mitigation side, while contributing only 0.1 percent of global emissions, Côte d'Ivoire has committed to carbon neutrality by 2030 but only if it receives the external support it needs to achieve this goal. With conditional support, Côte d'Ivoire commits to reducing GHG emissions by 98.95 percent compared with a business-as-usual (BAU) scenario by 2030 by dramatic emissions reductions in the forestry and land-use sector.

10. The energy transition is an opportunity to embrace a less carbon-intensive development path. The Government of Côte d'Ivoire has taken several steps toward its goal of 45 percent of renewable energy in its generation capacity by 2030. The 2019 Sector Policy for the Development of Renewable Energy and Energy Efficiency aims to optimize energy consumption, improve energy efficiency, promote renewable electricity, and reduce GHG emissions in the electricity sector. Côte d'Ivoire's electricity sector will need private-sector investment in renewable energy generation to meet its targets as allowed by the Electricity Code, adopted in 2014. The legal framework also requires the Ministry to launch a competitive tender for solar photovoltaic (PV) generation every two years, but this is not always followed. Deeper integration with the West African Power Pool regional electricity market is also needed. Integration will allow Côte d'Ivoire to develop more renewable energy generation than is needed domestically to allow exports and make it easier to integrate renewable energy into the Ivorian grid. Opportunities to reduce GHG emissions throughout the sector value chain, which will require a clear policy and regulatory framework and close consultation and coordination with private operators.

11. The government has responded ambitiously to reverse the trends of deforestation and forest degradation with its Forest Preservation, Rehabilitation, and Extension Strategy (SPREF, 2018). Côte d'Ivoire's ambition is to generate a transformational change in the management of forests and to increase forest cover from 11 percent to 20 percent by 2040. A new Forest Code was adopted in 2019 to promote and develop agroforestry and to strengthen protections for existing natural forests. It has also begun to reform and implement land tenure policies to reduce the uncertainties and poor logging management that hamper sustainable forest management.[8] The government has also prepared a jurisdictional Emissions Reduction Program[9] targeting the most densely forested area pressured by deforestation and forest degradation due to cocoa production in the five regions around the Taï National Park in the southwest of the country. It is one of the only remaining intact dense rainforests in West Africa. Finally, Côte d'Ivoire has made some progress in addressing the role of cocoa in deforestation and in catalyzing private-sector commitments.

12. The government has identified key needed investments to support the energy transition and reverse deforestation. Related to the former, it includes an estimated needed investment of an additional 250 MW capacity of renewable energy. Related to the latter, it includes the development of the sustainable cocoa traceability system, the implementation of the SPREF

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[8] 387 ''Forest Exploitation Perimeters" have been allocated to private loggers in the Rural Land Domain without the active enforcement of sustainable forest management regulations.

[9] An Emission Reductions Payment (ERP) was negotiated with the Carbon Fund Donors in 2019, for US$50M carbon credits to FCPF donors with a purchase option for an additional US$30M under implementation with a first payment expected by the end of 2023. ERP Document: https://www.forestcarbonpartnership.org/system/files/documents/190422-ERPD%20RCI%20FV.pdf.

through the protection of heavily degraded forests, the development of agro-forestry and increasing private sector participation in the forestry sector, among others.

D. Financial Challenges

13. Côte d'Ivoire's climate transition hinges upon accelerating the funding and financing for climate- smart investment. The CCDR estimates that additional investment needs[10] to curb future climate impact in the strictest sense would amount to at least 0.2 to 0.4 percent of GDP per year between 2023 and 2050. The necessary investment needs to be implemented early on, to lower the country's vulnerability. Given intrinsic interlinkages between investment for development and climate resilience, the overall investment needs associated with climate resilient growth will be higher. First, the adoption of strict additionality to define climate change adaptation needs excludes the cost of closing the gap to achieve an optimal level of adaptation to current climate conditions. Second, adaptation costs can be hard to separate from other development needs when growth, structural transformation and adaptation are mutually-reinforcing. As such, investing in climate adaptation is not necessarily distinct from the investment needs identified under the PND or the NDC. The NDC estimated that until 2030 the investment needs amounted to US$22 billion, half of which would need to be financed by the private sector, but overall representing about 17 percent of 2030 GDP, or assuming an annual average cost of about 2 percent of GDP over the next decade.

14. Overall, private-sector equity and debt will need to step up given public resource constraints. In the context of tightening financial conditions and heightened borrowing costs, a significant share of this cost – particularly in the short- and medium-term – will need to be financed by the private sector. Climate funds are also limited: according to the Climate Funds Update database,[11] Côte d'Ivoire had received only US$100.7 million from multilateral climate change funds as of January 2022. To reach the amount needed, it will be critical to identify synergies between fiscal policy and climate objectives (mitigation/adaptation), to tap into sovereign green debt instruments on the public side, and to scale green capital markets and private investments. Furthermore, to reduce these costs, the government could adopt structural reforms to improve the efficiency of public spending and incentivize private-sector investment in green and climate-smart projects. Reinforcing inter-sectoral, cross-sectoral, and institutional capacity will ensure these objectives are met. In this direction, Côte d'Ivoire is developing a robust public investment management (PIM) and PFM frameworks for integration of climate considerations.

[10] For the purpose of the CCDR, we defined financing needs according to a strict additionality definition, that is, the difference between optimal investment levels with and without climatic shocks. This implies that many investments already planned or included in government plans for economic development are not included in this stricter definition.

[11] Overseas Development Institute and Heinrich Boll Stiftung Washington, D.C. 2023. Climate Funds Update © ODI and HBF, London and Washington, D.C. https://climatefundsupdate.org/about-climate-finance/

E. World Bank Engagement in Climate Change

15. In line with the International Development Association's priority of addressing climate change and development together, climate action is a cross-cutting dimension of the World Bank's operations, technical assistance, and knowledge generation for Côte d'Ivoire. The World Bank has a strong country engagement on climate change with a large portfolio of financing and technical assistance that is helping Côte d'Ivoire implement its climate commitments and to strengthen its climate resilience. The CCDR (November 2023) has also informed the Country Partnership Framework (CPF FY23-FY26). Recent activities include:

- **Active operations that have high climate co-benefits include:** the Cashew Value Chain Competitiveness Project (US$200 million, P158810) that aims to increase cashew productivity, quality and added value, benefiting smallholder farmers and the cashew processing industry; the E-Agriculture Project (US$70 million, P160418) that aims to increase access to digital services and farmer's access to markets through digital platforms and roads, and mitigate the impact of external shocks on the agriculture sector; the Water Security and Sanitation Support Project in preparation (US$250 million, P177118) that will strengthen the management of water resources and increase access to improved drinking water and sanitation services in selected regions. In urban areas, resilience to flooding and other climatic hazards is being supported through the Urban Resilience and Solid Waste Management Project (US$315 million, P168308), the Sustainable and Inclusive Secondary Cities Project (US$300 million, P177062) and the Abidjan Urban Mobility (US$300 million, P167401). Finally, the Forest Investment Project Phase 2 (US$140 million, P175982) supports the conservation and increase of the forest stock and improves access to sources of income from sustainable forest management for selected communities in target zones. In the energy sector the National Electricity Digitalization and Access Operation (US$300 million, P176776) increases access to electricity and improves the quality of electricity service, in the lagging region; and enhances institutional capacity to support the electrification programs in the country. The project also supports the deployment of renewable energy sources. See below on the DPF series.

- **Operations under preparation are strongly aligned with the CCDR priority areas aiming to strengthen climate resilience across key economic sectors, human capital development and infrastructure.**

- **Analysis and technical assistance.** The CCDR provides a strong knowledge base to support the country engagement on climate change across all sectors. The Bank also provides technical assistance, through TA components of projects and TA financed by the Climate Support Facility trust fund, to support the implementation of the NDCs, including the development of the MRV system, the strengthening of the DRM framework, and the operationalization of the CCDR findings.

16. The World Bank First, Second and Third Investment for Growth Development Policy Financing (DPF) series support policy and institutional reforms that strengthen climate resilience and adaptation and advance a low-carbon development pathway. The DPF series is strongly aligned with the policy recommendations of the CCDR and aims at strengthening the sustainable use of natural resources. It does so by improving the environmental institutional framework, creating the regulatory instruments to reduce coastal erosion, and most importantly supporting the sustainable cocoa traceability system and the legal instruments to reverse deforestation.

17. The proposed RSF for Côte d'Ivoire contributes to the operationalization of the CCDR recommendations, along with other WB engagement. The reform measures envisaged under the RSF program have been identified in close coordination with WB staff. They have been identified in the CCDR as critical reforms to pursue a resilient development. They build on and complement the extensive WB engagement as described above.

Statement by Mr. Facinet Sylla, Executive Director for Côte d'Ivoire, Mr. Marcellin Koffi Alle and Mr. Abdoulaye Tall, Senior Advisors to the Executive Director
March 15, 2024

I. INTRODUCTION

On behalf of our Ivorian authorities, we would like to thank Executive Directors, Management and Staff for the Fund's continued support to Côte d'Ivoire. We are appreciative of the Staff's constructive engagement during the Resilience and Sustainability Facility (RSF) program negotiations and for the technical assistance provided on C-PIMA and green PFM. The authorities also acknowledge valuable contribution from the World Bank Staff, as detailed in the CCDR report, and the World Bank's Assessment Letter for the RSF. They share the thrust of the Staff's appraisal and recommendations.

Côte d'Ivoire's authorities continued to exhibit strong performance in conducting sound economic policies to maintain macroeconomic stability while responding to the series of global and regional shocks and advancing the implementation of their National Development Plan (NDP) 2021-2025. Economic growth rate remains robust, standing at about 6.4 percent in 2023, in line with the decade-long growth outturn. Prospects for 2024 are promising, reaping, amongst others, the benefits of a successful African Cup of Nations, and a robust ESG-linked investment program in line with the NDP. On December 4, 2023, the Executive Board completed the first reviews of Côte d'Ivoire's program supported by the Extended Fund Facility and the Extended Credit Facility (EFF/ECF). The Board welcomed the Ivorian authorities' ownership and remarkable performance under the program and commended their decisive reforms to strengthen macroeconomic stability.

These positive developments paved the way for an upgrade of Côte d'Ivoire's sovereign debt rating, and a successful Eurobond issuance on January 23, 2024. Côte d'Ivoire's issuance is an important milestone, as it is one of the first Sub-Saharan African countries to successfully tap international capital markets post-COVID. This is achieved amidst still adverse external financing conditions. The issuance, which attracted both existing and new investors, is a testimony of market confidence in the country's prospects.

Despite these positive prospects, Côte d'Ivoire remains vulnerable to climate change. Climate events put at risk the livelihood of a significant share of the population. Indeed, agriculture contributes about 17 percent of GDP and 10 percent of tax revenue, employs more than 50 percent of the population and is uniquely vulnerable to extreme weather events including drought, decreased rainfall, and deforestation. In addition, the country's coast is exposed to erosion which threatens the largest cities. Moreover, economic vulnerabilities to climate change stem from the importance of the agriculture sector and the high share of industrial and services activity located in coastal areas.

The authorities are acutely aware that without forceful reforms, climate change would prevent them from achieving their macro- and socio-economic objectives, including the goal of doubling per capita income and transitioning Côte d'Ivoire towards an upper middle-income country by 2030. Against this backdrop, the authorities have taken proactive steps to address the existential threat of climate change. They strengthened the legal framework and adopted ambitious commitments under international agreements. These include notably the Paris climate agreements and the United Nations Convention to Combat Desertification (UNCCD)'s Abidjan legacy program. In line with the international agreements, they developed their Nationally Determined Contribution (NDC) and National Adaptation Plans (NAP).

To further sustain their momentum to implement macro-critical climate reforms, the Ivorian authorities are requesting an arrangement under the Resilience and Sustainability Facility (RSF). The reform package planned to be supported by the RSF is ambitious and appropriately complements the EFF/ECF program. The RSF would also help to catalyze additional financing for the authorities' climate mitigation and adaptation policies.

II. THE RSF PROGRAM

The RSF program is built along six pillars balancing adaptation and mitigation efforts:

Pillar I. Integrating Climate into the Public Financial and Investment Management

As assessed by Staff, Côte d'Ivoire has built robust public financial management, including through Fund supported reforms and technical assistance. Building on the gains made, the authorities are resolved to mainstream climate into the public financial and investment management processes. In this regard, they plan to leverage the IMF's green PFM and C-PIMA technical assistance recommendations.

The Government is committed to establishing a system for tagging climate-related investment expenditure, from planning to execution. Coverage will initially start with the five ministries in charge of energy, agriculture, environment and sustainable development, water management, and sanitation. On PFM, the authorities will prepare a climate budget statement attached to the 2026 budget law, which will present climate-related investment expenditures. Completion of this reform measure will facilitate access to ESG financing as well.

The government will also prepare the required legislations and regulations to ensure that climate-related risks are reflected into the budget law's risks statement. They will make it mandatory to include climate considerations into the appraisal and selection of public investment projects, notably through the environmental impact assessments of all projects, with the view to promoting low-carbon climate-resilient investments.

Pillar II. Strengthening Governance and Climate Policy Coordination

Implementation of the authorities' climate policies needs to reduce the fragmentation of the regulations and the agencies involved and to enhance further coordination. To strengthen further policy coordination, the authorities plan to adopt a comprehensive legislation on climate change, and establish coordinating bodies, including a National Commission to Combat Climate Change under the Prime Minister's leadership, a National Climate Authority, and a scientific board of overseers. A dedicated fund for mobilizing green finance will also be put in place. The National Commission will produce an annual report on progress made in meeting the country's pledges and include recommendations to improve climate action.

Pilar III. Increasing Climate Resilience of the Key Agriculture Sector

The authorities' goal is to build the financial resilience of farmers which will enable them to invest in more resistant farming, including by building capacity, and through irrigation systems or crop diversification. Building on the West African Development Bank's (BOAD) project to support a farmers' insurance scheme, the authorities will put in place an enabling legal and regulatory framework for the private sector's participation in climate-related insurance coverage. One focus area at the pilot stage would be the cotton sector, given its economic importance and unique vulnerability.

Pilar IV: Mobilizing Green and Sustainable Financing

As mentioned above, Côte d'Ivoire successfully issued an ESG-linked Eurobond in the amount of $2.6 billion dollars, marking an important milestone after two years of adverse external financing conditions. The authorities will intensify efforts to mobilize private sector's financing for their adaptation and mitigation reforms, and to make Côte d'Ivoire a hub for climate finance in West Africa. Estimated at $22 billion over 8 years, the implementation costs of the policies are balanced between adaptation, which accounts for $12 billion, and the $10 billion mitigation costs estimates. In addition to the government's own contribution, the participation of the private sector and international and bilateral partners will be needed.

The government is committed to developing the climate financial information architecture as part of its strategy to mobilize the required private sector financing. In this vein, a transition taxonomy reference framework for public and private sector climate investments will be adopted. Based on this framework, the authorities will introduce a climate risk disclosure framework connected to the taxonomy for state-owned enterprises and non-financial private companies.

Furthermore, the authorities will operationalize a green finance platform by: (1) setting up a finance website portal, where domestic and international climate finance actors can find key information on the principal pillars of the relevant strategies and partnerships notably with Multilateral Development Banks (MDBs) and other international development institutions; and (2) designing and implementing a training and capacity development plan for national actors on climate financing instruments, climate-related taxonomies, and climate risk disclosure frameworks.

Pillar V: Addressing Vulnerability to Flooding and Coastal Erosion

The authorities will comprehensively address the challenges of extreme weather events, focusing initially on the vulnerability to flooding and coastal erosion. Nationwide early warning systems will continue to be developed to respond rapidly and mitigate the impact of extreme weather events. A pilot phase will be implemented in the Adzopé department. The authorities will also take steps to buttress the resilience of the critical road infrastructure, starting with the greater Abidjan area.

Pilar VI. Limiting Greenhouse Gas Emissions

Côte d'Ivoire made the pledge to reduce greenhouse gas emissions by 30 percent by 2030. To support this ambitious goal, transformative reforms and initiatives are envisioned, including steps to i) strengthen the control of greenhouse gas emissions in the key transport and energy sectors; and ii) develop carbon credits initiatives and a strategy for carbon taxation.

In the energy sector, the authorities will strive to incentivize energy efficiency and increase to 45 per cent the share of renewables in the energy production mix by 2030. In the transport sector, the authorities will promote e-mobility, including with the installation of electric cars charging stations, technical inspections of electric vehicles, insurance for electric vehicles, and the streamlining of the vehicles tax system, with the goal of transitioning towards lower-emission vehicles.

On carbon taxation, the authorities will first seek to draw on the experience from peers and Fund technical assistance to inform their carbon taxation strategy, given that most carbon taxation initiatives across the world are at an early stage of conception. From these inputs, they will design a carbon taxation system which is tailored to the country's needs while seeking to protect vulnerable households from excessive fuel price volatility.

III. RSF AND DEBT SUSTAINABILITY

The authorities welcome the conclusion of Staff's Debt Sustainability Analysis (DSA) that Côte d'Ivoire's overall and external public debt will remain sustainable with a moderate risk of debt distress under the RSF arrangement. The authorities are confident that their Medium-Term Revenue Strategy (MTRS) under finalization will substantially improve the external debt service-to-revenue indicator and hence the overall debt profile.

IV. CONCLUSION

Côte d'Ivoire's authorities are taking forceful and proactive steps to build the economy's resilience to climate change. Their RSF program will be one of the soundest to date, and the access level requested is commensurate with the strength of this program. These reflect the authorities' forward-leaning vision and their robust climate reform package. Implementation capacity will lean on their established track record of policymaking and reforms, and supported by well-targeted capacity development across relevant Government agencies which the authorities call for. In addition, the Fund's catalytic role in helping the authorities garner additional financing will be instrumental for the implementation of climate adaptation and mitigation policies and the success of the RSF program.

In view of the authorities' commitment to address the impact of climate change and the expected positive spillovers from this RSF program, we would like to request Executive Directors' favorable consideration of the authorities' request.