



CÔTE D'IVOIRE

ECONOMIC DEVELOPMENT DOCUMENTS—NATIONAL DEVELOPMENT PLAN, 2016–20

December 2016

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**MINISTRY OF ECONOMY AND
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OFFICE OF THE MINISTER

REPUBLIC OF CÔTE D'IVOIRE
Union - Discipline - Labor

Abidjan, October 19, 2016

No. 5715/MPMEF/CAB-01/dk

Ms. Christine Lagarde
Managing Director
International Monetary Fund
Washington, D.C. 20431 USA

Re: Economic Development Document of Côte d'Ivoire –
National Development Plan for 2016-2020

Dear Madam Managing Director:

I am pleased to provide you with a detailed summary of the National Development Plan (NDP) for 2016-2020, which was adopted by the government on December 9, 2015. The full document and the summary are available online at <http://www.gcpnd.gouv.ci>. The authorities agree to the publication of this document on the IMF website.

The aim of the 2016-2020 NDP is to make Côte d'Ivoire an emerging country with a strong industrial base, and also to reduce poverty. Specifically, the 2016-2020 NDP calls for an increase in agricultural output, promotion of the manufacturing sector, and improvement in the standard of living.

The overall strategy is based on lessons learned from the 2012-2015 NDP, and it is organized around five pillars: i) enhancing the quality of governance and institutions; ii) accelerating the development of human capital and social welfare; iii) accelerating the structural transformation of the economy through industrialization; iv) developing infrastructure across the economy as a whole, while protecting the environment; and v) strengthening regional integration and international cooperation.

Steps will be taken in particular to modernize and improve public administration, to boost the quality of education and social services, to improve the business climate and access to credit for small and medium-sized businesses, and also to undertake major road and energy infrastructure projects.

The NDP incorporates a preventive approach aimed at mitigating risks and managing the impact of climate shocks and other exogenous shocks that could compromise the country's development, in particular by diversifying the economy and doing a better job of redistributing the benefits of growth.

We look forward to collaborating with the IMF to achieve our objectives within the framework of the 2016-2020 NDP.

Please accept, Madam Managing Director, the assurances of my highest consideration.

/s/

/official stamp/

Adama Kone

REPUBLIC OF COTE D'IVOIRE
Union-Discipline-Work



SUMMARY NDP 2016-2020

PREFACE

Implementation of the National Development Program (PND 2012-2015) was a huge success. In relaunching the economy, we have embarked on a path of robust growth, with the support



of our development partners. We have rejoined the group of countries spearheading rapid growth in the world with an average annual rate of real GDP of about nine percent. We have created more than two million jobs in four years. We have also raised the incomes of the vast majority of Ivorians in both urban areas and the countryside. These economic achievements have been sustained by strengthening our economic infrastructure and they have enabled us to improve living conditions for Ivorians.

At the same time my State visits to all parts of the country and the meetings I have had with my fellow citizens, particularly during the last presidential campaign, showed me that, despite the progress made, much remains to be done to consolidate our path to emergence.

Thus the 2016-2020 PND, which has learned from experience acquired in implementing the 2012-2015 PND, seeks to achieve the emergence of Côte d'Ivoire by 2020 with a solid industrial base. Poverty reduction and better distribution of the fruits of growth, above all for the least privileged and most vulnerable, are also pillars of our new vision. Our strategy for bringing about a structural transformation of the economy will include making it competitive and processing our commodities and exports.

The 2016-2020 PND will therefore focus on: (i) more extensive processing of our agricultural raw materials; and (ii) diversifying our industrial apparatus by promoting manufacturing. The 2016-2020 PND will also focus on improving living conditions for our fellow countrymen and women, especially by developing quality economic infrastructure while embracing the concerns relating to land development and environmental conservation.

The macroeconomic framework will continue to be solid. The scenario we have opted to pursue relies on robust, inclusive economic growth geared to creating jobs, especially for

young people and women. Particular heed will be paid to ensuring an attractive business environment and good governance.

The reforms must go hand in hand with human capital development. Here, a major effort will be made to enhance the quality of our education and training system and make it accessible to all, as well as sensitive to job market needs. We will also focus on enhancing the quality of our health services, while ensuring that they, too, are accessible to all, through Universal Health Coverage (UHC).

Finally, the 2016-2020 PND seeks to foster development of international cooperation, regional integration, and outreach activities promoting Côte d'Ivoire.

Clearly, we need to continue working to live up to our motto of union, discipline, work and - as the Father of Our Nation, Félix Houphouët-Boigny taught us – in peace. Indeed, only lasting peace, strong institutions and citizens prepared to place the interests of the nation above all else will enable our country to join, irreversibly, the ranks of the great democratic and developed nations.

That way, we will be able to forge a modern Côte d'Ivoire in which work is recognized and appreciated. A Côte d'Ivoire that is reassembled and united; that offers its people a better future; where all citizens acknowledge the rule of law.

I hope that all Ivorians, the Government, the institutions of the Republic, elected officials, enterprises, civil society and our development partners become even more involved than in the past in implementing our new 2016-2020 PND, ensuring that it is successful and beneficial for all Ivorians.

Alassane OUATTARA
President of the Republic of Côte d'Ivoire

I. BACKGROUND

1. In May 2011, when His Excellency, Mr. Alassane OUATTARA took office as President of the Republic of Côte d'Ivoire and a new government was formed, a new economic strategy was proposed for reducing the poverty rate by more than half by 2020 and transforming Côte d'Ivoire into an emerging country within that same period.
2. Other than that overarching goal, the specific objectives of this strategy are: (i) to achieve robust, sustainable, equitable, and inclusive growth geared to creating jobs and mindful of gender and the environment; (ii) to increase the share of value-added in the processing of commodities (cocoa, coffee, cashew, cotton, and so on); (iii) to establish one of the best business environments in Africa and in the world; (iv) to become a member of the lead group of countries in terms of human development indices; (v) to join the ranks of best African countries in terms of good governance and success in combating corruption; and (vi) to be a driving force for subregional and African integration.
3. With these objectives in mind, the Government has revived its traditional commitment to strategic planning and made it the centerpiece of government activity. Thus, its overall strategy has been spread over two stages. The first National Development Plan (the 2012-2015 PND) was to lay the foundations for emergence, while the second aims to expedite the path to emergence by 2020.
4. The 2016-2020 PND has made provision for, and incorporated, the subregional, regional, African and international initiatives that help shape Côte d'Ivoire's strategic and economic policy choices. Those initiatives have to do with: (i) the "post-2015" development agenda; (ii) the 2063 Agenda; (iii) the Common African Position (CAP) on the post-2015 development agenda; (iv) the African Union Plan of Action; (v) the Economic Community of West African States (ECOWAS) Vision 2020; and (vi) the West African Economic and Monetary Union (WAEMU) regional economic program.

An institutional framework for drawing up the 2016-2020 PND

5. An institutional framework for drawing up the plan was established through Decree No. 145/PM of March 25, 2015. This framework consists of an Interministerial Steering and Supervisory Committee (COS-PND 2016-2020), chaired by the Prime Minister, with the Minister of Planning and Development serving as vice-chair; a Technical Committee (CT-PND 2016-2020) chaired by the Prime Minister's Chief of Staff; a Technical Secretariat (ST-PND 2016-2020) coordinated by the Director General of Planning and Poverty Reduction; and thematic working groups.

Participatory and inclusive process for drawing up the PND

6. A participatory approach was adopted in drawing up the 2016-2020 PND. After work was completed on the overall review of the 2012-2015 PND, local consultations were held between November 17 and 24, 2004 in the capitals of the autonomous districts and former districts to ascertain the needs and aspirations of people on the ground. Those consultations brought together representatives of a wide range of bodies and organizations: local officials (*corps préfectoral*), decentralized authorities, decentralized government departments, traditional customary and religious authorities, women's and young people's associations, defense and security forces, development partners, the private sector and civil society. The outcomes of those consultations served as inputs in the preparation of the 2016-2020 PND.
7. Later on, the thematic working groups organized consultations at the central level with the principal stakeholders (line ministries, civil society, sectarian and community organizations, think tanks and development partners), so that their concerns and proposals could be taken into account.
8. A series of already existing studies on global, African and national approaches, on emergence, sectoral policies, and the lessons learned from implementation of the first PND all served as inputs for drawing up the diagnosis and outlining strategic guidelines.
9. The new 2016-2020 PND is thus the product of grass-roots consensus-building, research, studies of sectoral policies, and evaluation of the implementation of the 2012-2015 PND. It represents the framework within which the country and its partners commit to taking on the challenge of turning Côte d'Ivoire into an emerging country by 2020.
10. The results-based management (RBM) approach and the human rights, gender, equity and sustainable development-based planning approach have been adopted in order to underscore the specific changes expected to come about as a result of a series of actions.
11. This paper is divided into three parts: the first relates to the strategic diagnostic assessment of Côte d'Ivoire as it heads toward emergence; the second discusses strategic policy orientations; and the third contains the priority actions matrix.

II. GAINS FROM THE 2012-2015 PND

12. After four years of implementation, some notable results have been achieved: peace has been restored, social cohesion has been re-established, and the nation is well on the way to reconciliation. Moreover, the rule of law and security for both people and property have been re-established throughout the country. Thus, the security index, as defined by the United Nations, is the same in Côte d'Ivoire as it is in New York City

and Geneva, all of which encouraged the return of institutions like the African Development Bank to its statutory headquarters in Abidjan in September 2014.

13. Implementation of the PND has permitted strong, sustained and inclusive growth, enabling Côte d'Ivoire to reposition itself on the regional and international stage. With inflation brought under control (to below the Community average of 3 percent), GDP per capita increased 21 percent between 2012 and 2014.
14. As regards road infrastructure and transportation services, a high point in the implementation of the 2012-2015 National Development Plan (PND) was the completion of the first engineering projects contemplated as part of the emergence-by-2020 plan. They included the northern (Singrobo-Yamoussoukro) highway, the Riviera II highway interchange, and the Henri Konan Bédié, Bouaflé and Jacquerville bridges. In terms of roadwork, 140 km of the Gesco–Singrobo highway were reinforced and paving was completed for 86 km of the Singrobo–Yamoussoukro section and for 120 km of the Boundiali–Tengrela section. In addition, more than 5000 km of rural roads were upgraded.
15. Significant improvements were made in the social sectors. The number of jobs in the formal sector increased from 722,567 in 2012 to 756,597 in 2013, and again to 799,890 in 2014. This progress was achieved in the context of efforts to address youth unemployment.
16. Marked improvements were made in terms of access to education; 9,291 primary school classrooms were built, in addition to 3,500 secondary school classrooms and 45 middle schools. These achievements, in addition to a massive recruitment of staff, contributed to an increase in access to education. In that context, the gross primary school admission rate increased from 73.4 percent in 2008 to 97.8 percent in 2014. The gross school enrollment rate increased from 76.2 percent in 2008 to 94.7 percent in 2014.
17. Efforts undertaken to rehabilitate and re-equip hospitals and health centers contributed to an improvement in access to health services, as did the implementation of the initiative to provide mothers and children with free healthcare, C-sections, and medicines. In addition, efforts to equip and bring technical platforms of health facilities in line with standards contributed to an improvement in the quality of health services.
18. In terms of access to drinking water, the construction of 794 pumps and 76 water towers, as well as maintenance work performed on 11,446 human-powered pumps, contributed to a significant increase in access to drinking water infrastructure. Moreover, Abidjan's water treatment station now operates with a ground storage capacity of 10,000 m³. All of these developments are contributing to positive changes in the population's health and quality of life.

19. The commencement of 71 social housing construction projects throughout the country and allocation of 3,060 hectares of land for the low-cost social housing program is expanding the access of low-income populations to property.
20. The connection of roughly 800 rural towns to the electrical power grid and to ease service subscription costs for households has increased rates of access and coverage.
21. The private sector contributed significantly to the implementation of the PND, particularly through sizeable investments in the energy and mining sectors, especially the Tongon mine, oil and gas exploration, and the establishment of several processing units in the coffee, cocoa, and cashew sectors. During the period from 2012 to 2014, private sector investment amounted to CFAF 4,699 billion, compared with the predicted level of CFAF 3,946 billion, a 118.3 percent implementation rate. This performance attests to the role of the private sector as a driver of economic growth.
22. Despite this progress, the following challenges are worth highlighting: (i) maintaining strong, sustainable and equitable growth that is mindful of human rights, gender and the environment; (ii) preserving the country's image; and (iii) the return of Côte d'Ivoire to being a member of the lead group of countries in Africa and in the world with the best human development indices.

III. STRATEGIC DIAGNOSIS OF CÔTE D'IVOIRE ON THE PATH TO EMERGENCE

23. Drawing lessons from implementation of the 2012-2015 PND, it transpires that greater effort will be needed to ensure that Côte d'Ivoire both stays on the path to emergence and actually becomes an emerging country by 2020. The diagnostic assessment carried out to identify the challenges posed by the next (2016-2020) National Development Plan (2016-2020 PND) has highlighted the problems Côte d'Ivoire needs to address in order to expedite its emergence.
24. It has been recognized that a "developmental State" is a requirement for emergence, given its capacity to foster structural reforms for the general good, plan them for the long-term in a participatory manner, and achieve development results. Those development results should be supported by changes in production and consumption patterns driven by strong, diversified economic growth, focusing on human beings and based on sound use of technology and innovation. This diversification of an economy open to the outside world should build on expedited regional integration and increased mobilization of domestic resources. By ensuring that emergence goals target improvements for human beings (the human condition), emergence can help expedite human development.

Quality of institutions and governance issues

25. Security has improved and peace has been restored in Côte d'Ivoire. With regard to democratization and citizen participation, the institutionalization of a multiparty system still suffers from insufficient oversight over government activity, a limited role for the opposition and unequal access by the various political parties to public funding and State media.
26. The decentralization process is still not complete. Despite computerization and the partial implementation of e-government, public administration suffered greatly from the years of crisis, which both impaired technical capabilities and administrative memory and encouraged practices at odds with both principles and norms. In terms of capacity, public administration reveals shortcomings with regard to skill-sets, systems management, procedures and methods, as well as a shortage of the facilities needed to address the challenges of emergence.
27. While the importance of planning is acknowledged, it is still not deeply rooted enough in the culture to make the Foresight, Planning, Programming, Budgeting and Evaluation chain a driving force for producing development results.
28. All in all, in respect of a large number of the dimensions of governance, defined as macro-economic management, structural policies, social and equity policies, governance in the narrower sense and the quality of institutions, Côte d'Ivoire is less well positioned. In fact, it ranks among the lowest 25% of countries in Africa (Country Policy and Institutional Assessment – CPIA).
29. Enhancing the quality of governance in all its manifestations constitutes a challenge for Côte d'Ivoire. The quality of its institutions also appears to be problematic in terms of their effectiveness and observance of established rules and procedures. Boosting the quality of institutions and governance would appear to be vital for consolidating social cohesion, strengthening citizen participation, and ensuring that government actions are effective and transparent. The challenges that need to be addressed are: (i) the consolidation of peace, security and democracy; (ii) modernization of the State in line with its commitments and principles of transparency, effectiveness, and accountability; and (iii) the organization of robust participation in the development process by civil society and the private sector.

Issues relating to the preparedness and capacity of women and men to forge an emergent and prosperous Côte d'Ivoire

30. With respect to education and vocational training for both women and men, progress toward achieving universal primary and secondary education is slow and incomplete as regards girl-boy parity and literacy. A large number of youths leaving school do not find a job.
31. Links between the world of work and the school system are so scant that vocational training programs are rarely adjusted to meet employers' needs. Higher education remains rigid to a point at which training courses, for which the labor market offers

very few prospects of a job, continue to be taught without any major changes. Likewise, research is conducted with very little bearing on the needs of the productive sector.

32. Progress is being made on the health front, but not enough to bring about a swift improvement of life expectancy at birth. The demographic transition is slow in coming because of delays in reducing infant mortality rates and mortality rates at any age, while the total fertility rate remains high. Teenage pregnancy renders girls more likely to fail at school and have only a limited part in working life, compared to boys of the same age.
33. The government's goal of establishing a complete social protection system has yet to materialize. As regards the living environment, access to decent housing, to a healthy environment, electricity and safe water have all yet to be achieved. Inequality is still marked between poor and non-poor and between rural and urban areas. Overall, the human development index is improving, but slowly. The main challenge to be addressed relates to human development and the strengthening of resilience.

Issues relating to the changes in production and consumption patterns needed for emergence

34. The progress made with improving the business environment is real and is already attracting foreign direct investment, including in the processing of agricultural produce.
35. While still the primary source of employment in Côte d'Ivoire, agriculture remains characterized by low productivity. All segments of agriculture, fisheries and poultry farming have productivity and competitiveness issues. In many of them, except rubber tree cultivation, yields are lower than in competing countries.
36. Total factor productivity, like that of capital and labor, is still limited and contributes less to growth than in benchmark emerging countries.
37. Sectors with technological catch-up and research and development potential need to be identified to promote technological innovation and sustainable growth.
38. Exports are making little headway due to lack of diversification in the economy, but also because of specific competitiveness and product quality issues in each export sector. The still limited processing of its primary sector products renders Côte d'Ivoire vulnerable to volatility in the terms of trade.
39. The low level of diversification in the economy and limited processing of its commodities restricts employment and skills development opportunities for young people entering the job market. At the same time, the educational system is not

feeding the labor market with graduates endowed with the entrepreneurial and technical skills needed for innovation and business creativity.

40. Enterprises have difficulty finding funding, but they also are short on the managerial skills needed to come up with enough fundable projects. That means they face high factor costs. The normalization process involves costs that hamper competitiveness.
41. Both private and state-owned enterprises need to fully embrace their social responsibility for developing their human resources and toward communities, as well as a gender perspective and concern for the environment. In that way, they need to play their full part in developing a green economy.
42. Vitally needed structural change must be based on innovative entrepreneurial behavior and skills permeating all branches of activity, industrial and agricultural, as well as services, ICTs, tourism, culture, health, vocational training, and so on. The principal challenges it poses are; firstly, putting in place an operational strategy for innovation that involves all stakeholders (enterprises, research institutions, local authorities) working to process commodities and diversifying the economy by endowing it with new value chains; second, implementing policies and projects for competing in local, regional, and international markets (which will involve improving productive sector infrastructure, stabilizing or even reducing relative factor costs, and providing the assistance needed to meet the quality standards established for each product line); lastly, gradually ensuring that production and consumption patterns are altered in line with environmental sustainability principles, particularly the reduction of greenhouse gas emissions, environmental conservation, and biodiversity.

Issues relating to the development of strategic infrastructure as a factor propelling emergence in keeping with environmental sustainability principles

43. A huge effort was made within the 2012-2015 PND framework to rehabilitate -- and develop new -- transportation infrastructure, especially bridges, roads, and national highways. Social housing programs have also been launched to improve living conditions and reduce the number of impoverished neighborhoods. Despite the progress made with programs to increase water production capacity and the supply of safe water, such programs need to be more widespread so as to reach the entire population. Such colossal efforts should continue to reduce accumulated shortages and close the gaps that have widened between urban and rural areas, as well as between regions blessed with enterprises and large-scale agricultural and mining activities and those that lack them. Thus the challenge is to continue efforts to strengthen the social and collective facilities needed to improve the well-being of the population.
44. When it comes to putting up buildings at the local level and even in big cities, the whole environmental dimension and development of a green economy issue has to

be taken into account. The challenge of reducing greenhouse gas emissions must be borne in mind in every choice to be made, along with the quest for energy efficiency and the use of renewable forms of energy, appropriate waste management and the reduction of deforestation.

45. The infrastructure in place in the different regions is often not interconnected in such a way as to encourage the establishment of industrial or academic activities. They are also unequally distributed. That poses a dual challenge: that of creating growth and competitiveness poles to trigger positive externalities that could make it attractive to set up the economic structures needed for business.
46. The development of the infrastructure needed to provide comprehensive facilities, including energy and ICTs, must be geared to strengthening the resilience of the segments of the population and communities that will benefit from them. Their integration into an environment conducive to the development of their activities is essential. The challenge is, above all, to preserve the ecological equilibrium needed for the inhabitants of development zones to continue going about their daily lives undisturbed.
47. It is vital to involve the population, regions, districts and local authorities in choices that affect them. One way to do that could be to implement local development plans drawn up as part of a cooperative effort between the State and local actors, so as to ensure that they are consistent with the overall goals of the PND and with local government requirements.

Issues associated with beneficial insertion into the regional and global trade network

48. Côte d'Ivoire has once again garnered respect and influence in the past few years thanks to the personal involvement of the President of the Republic, His Excellency, Mr. Alassane Ouattara, in the resolution of the conflicts besetting the subregion. The economic upturn triggered by implementation of the 2012-2015 PND also enabled Côte d'Ivoire to recover its role as a driving force within both WAEMU and ECOWAS.
49. Regional and international cooperation is an important stepping-stone for building strategic partnerships to develop trade, elicit funding and receive technology transfers. It poses an important challenge when it comes to expediting the development process and expanding key markets for foreign direct investment and economic growth in Côte d'Ivoire. In essence, the challenge consists of forming solid partnerships conducive to the achievement of national development goals.
50. Community strategies may also help to achieve optimal allocation of local value chains within a larger framework of expanding the regional economy. The community framework grants licenses to set up business that Ivorian-owned enterprises do not appear to take full advantage of. Support could be given to such enterprises so that they can scale up their activities and operate at a regional level,

thereby boosting their competitiveness. The challenge here is to establish a public-private partnership geared to developing that potential.

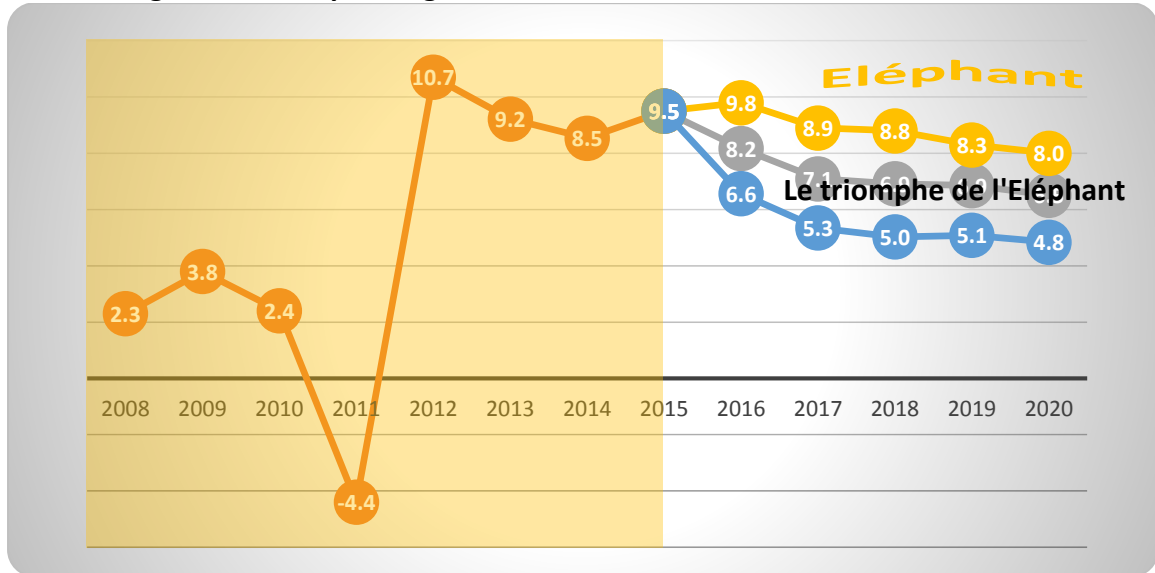
51. The organization of a consultative group to fund the 2012-2015 PND showed how useful strategic partnerships have been as catalysts in the transmission of constructive signals for Côte d'Ivoire. Since financing is one of the keys to the successful implementation of a plan, what matters now is to mobilize both regional and international partners in order to raise the additional funds required to implement the 2016-2020 PND.

IV. STRATEGIC GUIDELINES

52. The "Côte d'Ivoire 2040" study of the outlook for the country made it possible to come up with a long-term vision of its future. That Vision is based on the findings of retrospective studies, of the survey of the population's aspirations, of structural analysis, and of the interplay of the actors involved, and on the context used as a point of reference. As such, **the Vision of Côte d'Ivoire by 2040** may be expressed as follows: **Côte d'Ivoire, an industrial power, united in its cultural diversity, democratic, and open to the outside world.** The four pillars of the vision are thus: (i) Côte d'Ivoire is an industrial power; (ii) Côte d'Ivoire is a nation that is united in its cultural diversity; (iii) Côte d'Ivoire is a democratic nation; and (iv) Côte d'Ivoire is open to the world.
53. The strategic analysis conducted in connection with the drawing up of the 2016-2020 PND reinforces the idea that Côte d'Ivoire needs to base its emergence on a structural transformation brought about by expediting its industrialization. In a first phase, the 2012-2015 PND was to lay the foundations for emergence. In a second phase, the idea was to step up the pace so as to **transform Côte d'Ivoire into an emerging country.** The central objective of the 2016-2020 National Development Plan is to bring Côte d'Ivoire to emergence thanks to a consciously chosen strategy (*une stratégie volontariste*). To begin with, that emergence is a state in which this population as a whole is better-off, everywhere in Côte d'Ivoire, that will translate into a significant reduction of poverty and a concomitant rise of the middle class to ensure that growth will be sustained. It is also a dynamic economy driven by rapid industrialization, which will bring about a structural transformation and many more opportunities for decent jobs. It is also a Côte d'Ivoire that will gain from its integration into the global economy and which cooperates with its neighbors to strengthen regional integration.
54. Côte d'Ivoire intends, through its emergence process, to pursue its objective of rapid and sustained growth over the long term, so as to reach an upper-middle-income level and a higher standard of living for the whole of its population. It also plans to engage in far-reaching structural transformations and ensure that its economy is securely incorporated into regional and global value chains.

55. The overall outcome of the 2016-2020 is meant to be: **“Côte d’Ivoire is an emerging country by 2020 with a solid industrial base.”** Côte d’Ivoire sees itself as supported by the pillars selected as a result of strategic analysis, namely:
- Quality institutions and governance in all their manifestations;
 - The preparedness and capacities needed for women and men to forge an emergent and prosperous Côte d’Ivoire;
 - Changes in production and consumption patterns so as to achieve emergence;
 - Development of strategic infrastructure acting as a lever for emergence while abiding by environmental sustainability principles;
 - Beneficial insertion into regional and global trade and other networks.
56. Within the 2016-2020 PND framework aimed at making Côte d’Ivoire an emerging country with a solid industrial base by 2020, three macroeconomic framework scenarios have been drawn up depending on how both the national and regional socio-economic and political environment evolves. The three scenarios have been labeled: “elephant at rest”, “the triumph of the elephant”, and the “emerging elephant (*l’éléphant émergent*).”
57. The scenario chosen that reflects the aspirations of the 2016-2020 PND is the emerging elephant. This “can-do” planned scenario is based on consolidation of political stability and a robust level of both public and private productive investment. Such investment should be geared, in particular, to stimulating industry, a core pillar of the structural transformation of the Ivorian economy. Indeed, although Côte d’Ivoire’s industrial productive apparatus is relatively diversified compared to those of other countries in the region, there is still huge potential for industrial development. Expediting structural transformation along with job creation are the two challenges that have to be overcome in order to ensure that growth is inclusive and that the country continues on the path to emergence.
58. **Growth of real GDP:** The massive investments planned within a context of restored social and political stability should ensure ongoing relatively high growth. GDP growth is projected to go from 9.8 percent in 2016, to 8.9 percent in 2017, 8.8 percent in 2018, 8.3 percent in 2019 and 8.0 percent in 2020.

Figure 1: Changes in GDP depending on scenarios



59. Côte d'Ivoire intends to develop its industrial sector by exploiting its known comparative advantages, including in agro-industry by diversifying the sector, and in other manufacturing sectors by developing high-valued-added and, especially, labor-intensive activities.
60. The macroeconomic and budgetary framework of the 2016-2020 PND envisages investments totaling **CFAF 30 billion, including CFAF 11.284 billion for the public sector** (including nonprofit institutions). Private investments amount to **CFAF 18.716 billion**, or 62.4 percent of total investments.
61. Revenue and expenditure projections for 2016-2020 are based on 8.7 percent average annual growth of GDP over the period.

Table 1: Investment projections (CFAF billions)

Forecasts	2015	2016	2017	2018	2019	2020	Total 2016-2020	Breakdown (%)
Real GDP growth rate	9.5 %	9.8 %	8.9 %	8.8 %	8.3 %	8.0 %		
Investment	3 528.10	4 277.20	5 148.53	6 000.28	6 847.32	7 726.67	30 000.00	100
<i>Public</i>	1 502.20	1 643.68	1 950.68	2 286.28	2 560.38	2 843.44	11 284.45	37.6
<i>Private</i>	2 025.90	2 633.52	3 197.85	3 714.00	4 286.94	4 883.23	18 715.55	62.4
Investment Rate (% GDP)	18.70 %	20.20 %	21.20 %	22.40%	23.30 %	23.90%		
<i>Public</i>	7.9%	7.8%	8.0%	8.5%	8.7%	8.8%		
<i>Private</i>	10.7%	12.5%	13.2%	13.9 %	14.6%	15.1%		

Source: DGPLP/MEMPD, DCPE/DGE/MPMEF, DGBF/MPMBF

62. Fiscal policy for the 2016-2020 period is geared to increasing public investment while ensuring that public indebtedness remains sustainable. The Government will continue to enhance the quality of public expenditure and will implement the reforms proposed in the Fiscal Reform Commission's final report.
63. Revenue projections take into account those projected for 2015 and the national and global economic outlook. Thus, **total revenue and grants** are projected to increase from CFAF 4,444.8 billion in 2016 to CFAF **6,492.6 billion** in 2020: an average growth rate of 8.2 percent. The bulk of this revenue is tax revenue (averaging 80.6 percent over the period). **Tax revenue** is projected to **increase from CFAF 3,453.7 billion** in 2016 to **5,317.7 billion** in 2020. Tax pressure is projected to increase at less than the rate of growth of GDP, from 16.3 percent in 2016 to 16.9 percent in 2020.
64. **Nontax revenue** is projected to be CFAF 625.1 billion in 2016 and CFAF 679.2 billion in 2020, taking into consideration the impact of the social security reform and implementation of the wage bill strategy.
65. **Grants** are projected to total CFAF 366.1 billion in 2016 and CFAF 495.7 billion in 2020 (the financial projections take into account only projects for which agreements have been signed).
66. **Payroll costs** are projected to rise from CFAF 1,428.9 in 2016 to CFAF 1,684.8 in 2020, i.e., an increase of CFAF 255.9 over that period, which takes into account both regular recruitment needs and the financial impact of implementing the new wage bill management strategy.
67. **Operating expenses** are projected to total CFAF 831.0 billion in 2016, rising to CFAF 1,063.8 billion in 2020.
68. **Subsidies and transfers** are projected to increase from CFAF 372.9 billion in 2016 to CFAF 394.1 billion in 2020. These subsidies will be allocated mainly to private

schools, national public institutions (EPN), local governments (*collectivités*), the electric energy sector, and the cotton sector.

69. **Investment expenditure** is projected to total CFAF 1,643.7 billion in 2016, rising to CFAF 1,950.6 billion in 2017, then to CFAF 2,843.4 billion in 2020m taking into consideration the priorities of the PND.
70. **Interest on the public debt** is projected at CFAF 319.4 billion in 2016; CFAF 311.6 billion in 2017; CFAF 277.7 billion in 2018; CFAF 245.2 billion in 2019; and CFAF 212.2 billion in 2020, based on the government's public debt policy.
71. With respect to **fiscal balances**, government finance will be characterized increased deficits over the medium term essentially due to implementation of the wage enhancement measure and a slow-down in the rate of growth of revenues. As a percentage of GDP, fiscal deficits on a payment order basis are projected at: -3.3 percent of GDP in 2016; - 3/7 percent in 2017; -3.4 percent in 2018; -2.6 percent in 2019 and -2.1 percent in 2020.
72. 72. In addition, **implementing the 2016-2020 PND will require CFAF 9,003.1 billion**, including CFAF 1,751.5 billion in 2016; CFAF 1,987.1 billion in 2017; CFAF 1,883.1 billion in 2018; CFAF 1,732.1 billion in 2019; and CFAF 1m654.3 billion in 2020.
73. Under the 2016-2020, the budget surplus (*épargne publique*) is projected at CFAF 5,215.6 billion, so that there will be a **public investment financing gap** of CFAF 4,425.2 billion for 2017-2020, to be mobilized through the Consultative Group. For 2016, the financing gap is calculated at CFAF 1,075.2 billion, including CFAF 718 billion in grants and loans taken on. The remaining amount of CFAF 357.2 billion will be obtained on the regional money and financial market.
74. Within the 2016-2020 PND framework, the Government will continue to manage the public debt in accordance with new vision policies, taking international requirements and WAEMU standards into account. Each year, the Government formulates a Medium-Term Debt Strategy (MTDS) to guide its operational internal and external public indebtedness plan aimed at satisfying its financing needs at the lowest possible costs and risks. That strategy will be annexed to the budget law.

Years	2016	2017	2018	2019	2020	Total
REVENUE AND GRANTS	4444.8	4802.5	5279.3	5873.7	6492.6	26893.0
Total revenue	4078.8	4352.4	4855.2	5415.9	5996.9	24699.2
Grants	366.1	450.1	424.1	457.8	495.7	2193.7
Tax revenue/GDP	16.35 %	16.35 %	16.49 %	16.72 %	16.87 %	16.56 %
TOTAL EXPENDITURE AND NET LOANS	5134.4	5679.6	6175.0	6617.5	7159.1	30765.6
Corrected fiscal balance from the safety surplus	-791.0	-989.4	-1 020.0	-880.8	-817.5	-4498.6
Debt retirement	-935.6	-967.7	-838.1	-826.3	-811.7	-4379.5
FINANCING REQUIREMENTS	-1 751.5	-1 982.1	-1 883.1	-1 732.1	-1 654.3	-9003.1

Source: DGPLP/MEMPD, DCPE/DGE/MPMEF, DGBF/MPMBF

75. The 2015-2020 Medium-Term Debt Strategy envisages using debt instruments best suited to the government financing gap of CFAF 9,003.1 billion. This strategy takes into account both the major financing needed to support the ambitious investment program and constraints relating to the reduction of concessionary loan options, while at the same time ensuring that the debt is sustainable.
76. In the medium and long terms, the Government plans to raise more domestic resources to cover its financing needs. Under the 2016-2020 MTDS, on average 56 percent of new funding is to be raised in the domestic market and 44 percent abroad.
77. The massive influx of new funding needed to implement the 2016-2020 PND has to be sought at a time when traditional (multilateral and bilateral) creditors abroad have restricted the supply of soft loans, which means that the Government will be increasing its use of non-concessionary loans.
78. **For the 2016-2020 period, the 44 percent external financing portion comprises 20 percent of non-concessionary funding, 15 percent semi-concessionary funding, and 9 percent in soft loans. The 56 percent domestic financing component is made up of 7 percent short-term loans, 19 percent medium-term financing and 39 percent long-term financing.**
79. With respect to the domestic financing, they account for: (i) 56 percent in 2016-2020 (33 percent long-term securities, 17 percent medium-term securities and 6 percent short-term securities); (ii) 65 percent in 2021-2035 (7 percent short-term, 19 percent medium-term and 39 percent long term).
80. A Debt Sustainability Analysis (DSA) showing changes in Côte d'Ivoire's indebtedness indicators since 2012 and projections for 20 years from 2015 on has been performed to assess the risk of over-indebtedness.

Table 3: Public debt financing strategy by instrument and by source (2016-2020)

Sources and Types of Instruments	Percentage	2016	2017	2018	2019	2020	TOTAL
External debt	43.7 %	783	793.4	837.3	752.7	811.3	3 977.7
Loans:							
Concessional	8.8 %	195.7	198.3	167.5	112.9	121.7	796.1
Semi-concessional	14.7 %	203.6	285.6	301.4	263.5	283.9	1 338.00
Non-concessional	20.3 %	383.7	309.4	368.4	376.4	405.6	1 843.50
Domestic debt	56.3 %	783	969.7	1 023.4	1 129.1	1 216.9	5 122
Public securities:							
Short term (≤ 1year)	5.6 %	78.3	97	102.3	112.9	121.7	512.2
Medium term (2-5 years)	16.9 %	234.9	290.9	307	338.7	365.1	1 536.60
Long term (6 years and above)	33.8 %	469.8	581.8	614	677.5	730.1	3 073.20
Other domestic loans		-	-	-	-	-	-
Total Financing	100 %	1 565.9	1 763.1	1 860.7	1 881.8	2 028.1	9 099.7

Source: DGPLP/MEMPD, DCPE/DGE/MPMEF, DGBF/MPMBF

81. **The findings of the DSA show the risk of debt distress in respect of the external debt to be moderate. Solvency and liquidity ratios all remain below threshold levels in the period analyzed.** However, these indicators are vulnerable to a shock in the event of a 2 percent increase in the average interest rate charged for the financing.