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This paper was prepared by staffs of the International Monetary Fund and the World Bank in connection with the Executive Board's consideration of Côte d'Ivoire's debt sustainability analysis undertaken in connection with the Enhanced Initiative for Heavily Indebted Poor Countries. It is based on the information available at the time it was completed on March 12, 2009. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of Côte d'Ivoire or the Executive Board of the IMF.

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CÔTE D'IVOIRE

Enhanced Initiative for Heavily Indebted Poor Countries (HIPC)
Decision Point Document

Prepared by the Staffs of the International Development Association
and the International Monetary Fund

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LIST OF ACRONYMS

AfDB	African Development Bank
AfDF	African Development Fund
AFRITAC-West	Africa Technical Assistance Center–West (Bamako)
BCEAO	Central Bank of West African States
BNI	National Investment Bank
BOAD	West African Development Bank
CET	Common External Tariff
CGRAE	Civil Service Pension Fund
CNCE	Postal Savings Fund
CNPS	Private Sector Social Security Fund
CNW	Center-North-West (of Côte d'Ivoire)
DDR	Disarmament, Demobilization and Reintegration
DRA	Debt Relief Analysis
DSA	Debt Sustainability Analysis
ECOWAS	Economic Community of West African States
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
EPA	Economic Partnership Agreement
EPCA	Emergency Post-Conflict Assistance
ERER	Equilibrium real exchange rate
EU	European Union
FAGACE	African Economic Cooperation and Guarantee Fund
FED	European Development Fund
FN	New Forces
FSF	Fragile States Facility (AfDB Group)
FSAP	Financial Sector Assessment Program
GFS	Government Finance Statistics
HIPC	Heavily Indebted Poor Country
HDI	Human Development Index
ISN	Interim Strategy Note
LIC	Low-income country
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MEFP	Memorandum of Economic and Financial Policies
MTEF	Medium Term Expenditure Framework
NEER	Nominal effective exchange rate
NPV	Net present value
ODA	Official Development Assistance
OPA	Ouagadougou Political Accord
PCAP	Post-Conflict Assistance Project
PEMFAR	Public Expenditure Management and Financial Accountability Review

PPG	Public and Publicly Guaranteed
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
REER	Real effective exchange rate
SIGFiP	Integrated Public Finance Management System
TMU	Technical Memorandum of Understanding
UNSC	United Nations Security Council
VAT	Value-Added Tax
WAEMU	West African Economic and Monetary Union

EXECUTIVE SUMMARY

- After more than a decade of civil strife and economic hardship, Côte d'Ivoire is in the process of economic recovery and political normalization. The March 2007 Ouagadougou Political Accord (OPA) provides a roadmap for reunification, national reconciliation, demobilization, and presidential elections expected in late 2009. Economic activity is improving despite the adverse effects of the global economic slowdown, but the speed of recovery is subject to risks related to the global environment and domestic policy implementation.

- The Debt Relief Analysis (DRA) confirms that Côte d'Ivoire qualifies for debt relief under the fiscal window of the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. Côte d'Ivoire's public and publicly-guaranteed external debt was estimated at US$14.3 billion as of end-December 2007 (US$12.8 billion in NPV terms after assuming full application of traditional debt relief mechanisms). After applying traditional debt relief mechanisms, Côte d'Ivoire's NPV of debt-to-revenue ratio at end-2007 is estimated at 327 percent, which is above the HIPC Initiative threshold of 250 percent.

- Côte d'Ivoire has also fulfilled the other requirements to qualify for debt relief under the HIPC Initiative. In particular, Côte d'Ivoire: (i) adopted a full PRSP in February 2009; and (ii) has established a satisfactory track record of policy performance under the IMF-EPCA program. In addition, understandings have been reached between IMF and IDA staffs and the authorities on appropriate completion point triggers, with two changes relative to the HIPC preliminary document. In the context of a new PRGF arrangement, Côte d'Ivoire cleared remaining arrears with the AfDB in early March and is expected to clear arrears or reach an agreement on clearing them with other multilateral creditors.

- HIPC debt relief to Côte d'Ivoire is estimated at US$3,004.9 million in NPV terms, based on a common reduction factor of 23.6 percent. As of now, Côte d'Ivoire has already received about 55 percent of its estimated HIPC debt relief through past debt reschedulings and concessional arrears clearance operations.

- Upon reaching the HIPC completion point, Côte d'Ivoire will qualify for relief under the Multilateral Debt Relief Initiative. Under MDRI, nominal debt service (principal and interest) to IDA and the African Development Fund is expected to be reduced by US$1,692.6 million and US$311.6 million, respectively. Reduction in the outstanding debt stock to the IMF is estimated at US$9.3 million.

I. INTRODUCTION

1. **This paper presents a final assessment of the eligibility and qualification of the Republic of Côte d'Ivoire (hereafter "Côte d'Ivoire") for assistance under the Enhanced HIPC Initiative.**[1] It builds on the preliminary HIPC document for Côte d'Ivoire discussed by the Executive Boards of the IMF and IDA on December 12 and 16, 2008, respectively.[2] Directors agreed that Côte d'Ivoire is eligible for assistance under the HIPC Initiative and that Côte d'Ivoire could reach the decision point provided the authorities i) strengthened performance under the IMF-supported program to end-2008, ii) agreed on appropriate completion point triggers, iii) put in place a poverty reduction strategy, and iv) cleared all outstanding arrears with multilateral creditors or reached agreements to clear them in the context of the PRGF arrangement. The triggers proposed in the preliminary document were broadly agreed by Directors, though suggestions were made for strengthening in certain areas as well as for a streamlining.

2. **The main changes to the preliminary HIPC document are**: i) an update of the macroeconomic framework and poverty situation; ii) a discussion of the recently adopted poverty reduction strategy; iii) revisions in two triggers; and iv) new annexes containing the Debt Sustainability Analysis (DSA) under the Debt Sustainability Framework for Low-Income Countries, and an assessment of debt management capacity.

3. **Côte d'Ivoire qualifies for debt relief under the HIPC Initiative.** Côte d'Ivoire is a PRGF-eligible IDA-only country, included in the list of ring-fenced countries grandfathered by the Boards in April 2006, and it is implementing a program supported by the IMF's Emergency Post-Conflict Assistance (EPCA).[3] Cote d'Ivoire has established a satisfactory track record of policy performance under respective IMF- and IDA-supported programs and has in place a poverty reduction strategy. The DRA indicates that after application of traditional debt relief, Côte d'Ivoire's NPV of debt-to-revenue ratio at end-2007 is above the HIPC Initiative threshold.

4. **Possible HIPC Initiative debt relief is estimated at US$3,004.9 million in end-2007 NPV terms, based on a common reduction factor of 23.6 percent. As of now, Côte d'Ivoire has already received about 55 percent of its estimated HIPC debt relief** through past debt reschedulings from Paris Club and London Club creditors as well as concessional arrears clearance operations undertaken by IDA (in April 2008) and by the

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[1] "Enhanced HIPC Initiative" is hereafter referred to as "HIPC Initiative."

[2] See IMF Country Report No. 09/33 (12/04/08) and Report No. P7713-CI.

[3] See IDA and IMF, "Heavily Indebted Poor Countries (HIPC) Initiative—Issues Related to the Sunset Clause," August 16, 2006 (IDA/R2006-0175/1; IMF: www.imf.org, 7/20/06).

AfDB Group (in early March 2009).[4] Côte d'Ivoire's resolution of its arrears with multilateral and bilateral creditors would give it access to additional development assistance, helping it make progress toward achieving its Millennium Development Goals (MDGs).

5. Upon reaching its HIPC completion point, Côte d'Ivoire will qualify for Multilateral Debt Relief Initiative (MDRI) assistance. MDRI assistance at the projected completion point would amount to US$1,692.6 million from IDA, US$9.3 million from the Fund, and US$311.6 million from the AfDF in nominal terms.[5]

6. **This paper is organized as follows**. Section II provides background information on Côte d'Ivoire's eligibility under the HIPC Initiative, including its track record on policy implementation. Section III discusses Côte d'Ivoire's medium- to long-term strategy. Section IV summarizes the DRA and presents the amounts of HIPC relief and MDRI assistance. Section V discusses possible completion point triggers. Section VI presents issues for discussion.

II. Background and Eligibility for HIPC Initiative Assistance

A. PRGF and IDA Status

7. **Côte d'Ivoire's reform program has been supported by the Fund's EPCA since August 2007.** Soon after taking office in April 2007, the transition government requested Emergency Post-Conflict Assistance (EPCA) from the IMF which was approved in August 2007, followed by a second EPCA in April 2008. Côte d'Ivoire made overall progress toward the program's goals: (i) maintaining modest primary basic surpluses while creating fiscal space to address urgent social and infrastructure needs; (ii) improving public expenditure management; and (iii) increasing transparency and launching reforms in the cocoa/coffee and energy sectors. However, in the course of 2008, extrabudgetary spending, mainly for the transfer of the capital city, emerged and led the government to make offsetting expenditure cuts and put in place transparency safeguards (see para. 15–16). Based on overall broadly satisfactory performance under EPCA in 2007–08, the government's strong commitment to a new program as evidenced by strong prior actions, and with financing assurances in place, a PRGF arrangement is scheduled to be discussed by the IMF Board in parallel with this document.

[4] Côte d'Ivoire reached the decision point under the original HIPC Initiative in 1998. As the PRGF-supported program was interrupted in early 1999 and the completion point under the original HIPC was not reached, no HIPC relief was disbursed by multilateral creditors. In early 2002, Côte d'Ivoire's eligibility for debt relief under the enhanced HIPC Initiative was reassessed in the preliminary document, and on that basis the country was expected to reach the decision point in late 2002; however, the crisis interrupted the PRGF-supported program and the decision point under the enhanced HIPC Initiative was never considered. Meanwhile, in debt restructurings with Paris Club creditors (in 1998 and 2002) and London Club creditors (in 1998), Côte d'Ivoire obtained debt relief in excess of traditional debt relief mechanisms (on Lyon terms—80 percent NPV reduction—and Brady terms, respectively).

[5] This is based on the end-2007 SDR/US$ exchange rate.

8. **Côte d'Ivoire is an IDA-only country with a gross national income per capita of US$960 in 2007 (using the World Bank's Atlas methodology).** A Joint Interim Strategy Note (ISN) discussed by the IDA Board on April 1, 2008, sets out the World Bank Group's support to the government's reform program for the period FY08-FY09. The ISN has three main objectives: (i) supporting the government in the implementation of the Ouagadougou Accord; (ii) assisting war-affected populations through community rehabilitation and support for the provision of basic social services; and (iii) strengthening economic recovery by supporting governance reforms and transparency, building capacity, and closing basic infrastructure gaps. The ISN foresees the use of development policy operations, investment projects and trust fund resources, and the undertaking of analytical and advisory activities.

B. Country Background and Political Developments

9. **Political instability following the death of Côte d'Ivoire's first president in 1993 led to civil strife in the second half of the 1990s culminating in a brief civil war during September 2002-January 2003**. The crisis set the country and the entire WAEMU region back economically and socially. Although the armed conflict was short and physical destruction relatively limited, the country went into a prolonged crisis: (i) agriculture was disrupted in many parts of the country; (ii) intra-regional trade through Côte d'Ivoire came to a halt; (iii) illicit traffic in natural resources flourished; and (iv) domestic and foreign investment fell drastically and some enterprises relocated outside the country.

10. **The years of crisis led to a substantial increase in poverty and deterioration in living standards.** Real per capita GDP fell by a cumulative 15 percent during 2000–06. The recent household budget survey has estimated that poverty incidence has increased from 38.2 percent in 2002 to 48.9 percent in 2008. The country's ranking in the UN Human Development Index (HDI) deteriorated from 154th (out of 174 countries) in 1999 to 166th (out of 177) in 2007. Since the late 1990s, the gross primary school enrollment stagnated at about 70 percent, mortality rates of children under 5 increased from 175 to 195 per thousand, and life expectancy at birth declined from 49 in 1995 to 47 in 2006, while these indicators continued to improve in most sub-Saharan African (SSA) countries. Basic health and educational services have been severely affected in the North of the country, where the official public administration was absent for over five years.

11. **The March 2007 Ouagadougou Political Accord (OPA) provides a roadmap for reunification, national reconciliation, demobilization and elections**. Following initial delays, identification of the population and voter enrollment are now expected to be complete by end-March. The presidential elections were postponed from the planned end-November 2008 date, and are now expected in late 2009. Crucial steps have been completed, notably the identification hearings and the redeployment of the public administration in the Center-North-West (CNW) zone. A unified government after the elections should help accelerate the pace of reform. Since the OPA, the security situation has steadily improved and military roadblocks and racketeering have been significantly reduced in recent months. The continued presence of UN and French troops should help improve security for the elections, although risks remain.

C. Post-Conflict Macroeconomic Track Record

12. **Performance under the EPCA-supported programs has been broadly satisfactory, except for important fiscal slippages in the form of extra-budgetary spending for the new capital in 2008**. Despite post-conflict pressures and a worsening international environment in 2008, Côte d'Ivoire, under EPCA during 2007–08, achieved modest primary basic surpluses, met the targets for social spending, made significant repayments to the World Bank Group and the AfDB (totaling 3 percent of GDP), reduced the stock of domestic arrears, and showed overall good progress on the structural front, despite some delays.

13. **With improved political stability and ongoing reunification, the economic recovery which started in 2007 has continued in 2008 (Table 1).** Output growth in 2008 reached 2.3 percent, driven by favorable agricultural output and a continued rebound in the secondary sector. Twelve-month CPI inflation, which fluctuated at around 2.5 percent in recent years, is estimated to have risen to 9 percent at end-2008 (6.3 percent on an annual average basis), reflecting the earlier sharp increases in international food and fuel prices.

14. **Significant revenue efforts and overall expenditure restraint have resulted in modest space for social and crisis-exit spending (Table 1).** As a result, Côte d'Ivoire achieved primary basic surpluses of roughly ½ percent of GDP in both 2007 and 2008, although about ½ percent of GDP below target each year. Sovereignty spending[6] was kept in check. However, as current expenditure overruns in 2007 and the extrabudgetary spending in 2008 were offset by expenditure cuts on rehabilitation investment, the reorientation of spending toward pro-poor programs fell short of expectations in both years.

15. **The central government revenue-to-GDP ratio has improved from 18.4 percent in 2006 to 18.9 percent in 2008.** This resulted from the authorities' significant efforts in customs/tax collection, as well as from favorable oil and cocoa revenues. They also broadly maintained tax revenue on petroleum products—despite sharp increases in world oil prices earlier in the year—by increasing pump prices by 25 percent on average in July, while effecting subsequent price reductions in line with falling oil prices since September. However, the automatic petroleum pricing mechanism was put in place, with some delay, in March 2009. Revenue performance in 2008 would have been ½ percent of GDP better were it not for the revenue losses due to tax reductions for essential food items introduced in mid-2008 in response to surging world food prices and the related social unrest.

16. **Normalization of budget execution procedures since early 2007 has generally helped respect budget allocations but extra-budgetary spending caused deviations from the 2008 fiscal targets, including for spending composition.** The extra-budgetary spending

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[6] Discretionary operating spending by the Presidency and the Prime Minister's office. It does not include spending for the transfer of the capital.

was undertaken in the course of 2008 for large construction works in the new capital Yamoussoukro (0.7 percent of GDP) which were paid for directly by oil shipments. In response, the authorities made offsetting expenditure cuts, which were, however, at the expense of rehabilitation investment. Furthermore, overruns on the wage bill (as a result of demand, resulting from the food and oil price increases, for higher transport allowances and emoluments granted to teachers, health workers, and military/police) and higher than planned gas subsidies for the ailing electricity sector caused the primary basic surplus to fall short of the target by 0.4 percent of GDP in 2008.

17. **To eliminate extrabudgetary spending in the future and enhance transparency, the authorities established (by a Prime Ministerial instruction) a range of safeguards**. These include (i) incorporation in the budget of all spending for public works and its reporting in budget execution statements; (ii) discontinuation of payments by oil shipments for these works; (iii) oversight of these works by an interministerial committee; (iv) application of public procurement rules to all new works; and (v) an audit of the past public works for the new capital by the general financial inspector.

18. **In 2008, progress was made in clearing arrears to domestic suppliers and external creditors.** The lower-than-planned primary basic surplus, combined with shortfalls in mobilizing funds from the WAEMU market, led to unplanned accumulation of domestic arrears in 2008. Although the target for net domestic arrears reduction was not met in 2008, the authorities made some progress on this front during 2007–08: they reduced the stock of domestic arrears from 5.4 percent of GDP at end-2006 to 3.5 percent of GDP at end-2008 through net cash payments (in 2007) and securitization (in late 2008). A full plan for clearing remaining domestic arrears was adopted in November 2008 and has started to be implemented. On external arrears, the government repaid its share of arrears clearance to the World Bank Group (one-half of arrears or 1.1 percent of GDP, the remainder being cleared through a bridge loan from an external partner and an IDA grant) in early 2008. Thanks to a bridge loan from an external partner, the government repaid its share of arrears to the AfDB Group (one-third of end-April 2007 arrears, 0.8 percent of GDP), while the remainder was cleared through an AfDB grant in early March. Côte d'Ivoire fulfilled its current debt service obligations to these and other multilateral creditors in 2007–08, except for the EIB/EU and small amounts of arrears to a few other multilaterals (see para. 40 below).

Table 1. Côte d'Ivoire: Selected Economic and Financial Indicators, 2006-13

	2006	2007	2008		2009	2010	2011	2012	2013	2013-27
			EPCA-2	Prov.			Proj.			Average
	(Annual percentage changes, unless otherwise indicated)									
National income										
GDP at constant prices	0.7	1.6	2.9	2.3	3.7	4.2	4.7	5.3	5.8	5.1
GDP deflator	4.5	2.7	4.7	8.1	0.6	2.7	3.0	3.1	3.0	3.3
Consumer price index (annual average)	2.5	1.9	4.3	6.3	5.9	3.2	2.9	2.7	2.5	2.5
Consumer price index (end of period)	2.0	1.5	6.8	9.0	3.4	3.0	2.9	2.7	2.5	2.5
External sector (on the basis of CFA francs)										
Exports, f.o.b., at current prices	9.3	-5.7	12.8	8.3	-16.2	6.0	7.2	8.6	8.8	10.6
Imports, f.o.b., at current prices	1.3	4.7	17.8	3.1	-19.6	15.3	14.5	15.3	13.7	11.8
Export volume	6.0	-8.4	1.6	-7.8	6.1	4.5	5.3	7.4	7.3	7.2
Import volume	3.9	5.1	4.0	-4.6	4.5	5.6	6.8	8.4	9.4	1.7
Terms of trade (deterioration –)	5.8	3.3	-2.1	8.7	2.7	-7.1	-5.0	-4.9	-2.5	-6.2
Nominal effective exchange rate	-0.4	2.2	...	-0.3	...	...	...	...	...	...
Real effective exchange rate (depreciation –) [1/]	-0.4	1.6	...	0.4	...	...	...	...	...	...
Central government operations										
Total revenue and grants	10.3	10.7	11.7	15.2	0.3	10.1	9.4	11.3	11.4	10.1
Total expenditure	10.3	3.1	9.6	14.0	3.7	11.9	12.1	13.5	13.5	9.7
	(Changes in percent of the beginning-of-periof broad money)									
Money and credit										
Money and quasi-money (M2)	10.3	23.6	7.6	7.4	6.0	…	…	…	…	…
Net foreign assets	5.7	9.4	1.4	1.4	-0.3	…	…	…	…	…
Net domestic assets	4.6	14.2	6.2	6.0	6.3	…	…	…	…	…
Of which: government	-1.6	3.7	3.3	-1.1	3.4	…	…	…	…	…
private sector	4.9	10.0	3.9	6.4	2.9	…	…	…	…	…
Velocity of money	4.0	3.3	3.5	3.4	3.4	…	…	…	…	…
	(Percent of GDP, unless otherwise indicated)									
Central government operations										
Total revenue and grants	19.0	19.7	20.7	20.6	19.8	20.4	20.7	21.3	21.7	24.6
Total revenue	18.4	19.2	19.4	18.9	19.0	19.4	19.7	20.1	20.5	23.4
Total expenditure	20.8	20.5	21.1	21.1	21.0	22.0	22.9	24.0	25.0	27.4
Overall balance, incl. grants, payment order basis	-1.8	-0.8	-0.4	-0.6	-1.3	-1.6	-2.2	-2.8	-3.3	-2.8
Primary basic balance [2/]	0.3	0.6	0.8	0.3	0.9	1.2	1.2	1.2	1.2	1.7
Gross investment	9.3	8.7	10.4	10.1	11.3	13.4	14.9	16.6	18.1	17.8
Central government	3.1	2.6	3.1	3.0	3.0	4.5	5.5	6.8	7.7	7.7
Nongovernment sector	6.3	6.1	7.4	7.1	8.3	8.9	9.3	9.8	10.4	10.0
Gross domestic saving	19.6	14.6	16.8	17.9	18.1	17.9	17.4	17.2	17.3	15.1
Central government	2.4	2.8	2.5	2.1	2.9	3.5	3.8	4.2	4.5	4.9
Nongovernment sector	17.2	11.8	14.3	15.7	15.2	14.4	13.6	13.0	12.8	10.2
Gross national saving	12.1	8.0	11.6	12.6	11.8	11.8	11.5	11.7	12.3	11.1
Central government	0.9	2.2	2.8	2.6	1.9	3.0	3.4	4.2	4.5	5.1
Nongovernment sector	11.2	5.8	8.8	9.9	9.8	8.8	8.1	7.6	7.8	6.0
External sector										
Current account balance (including official transfers)	2.8	-0.7	1.2	2.4	0.4	-1.6	-3.3	-4.8	-5.8	-6.7
Current account balance (excluding official transfers)	3.0	-1.5	-0.6	1.0	-0.1	-2.3	-4.1	-5.8	-6.8	-7.6
Overall balance	-2.7	-0.5	-0.8	0.1	-3.7	-2.5	-2.4	-3.3	-2.1	-0.4
External public debt	71.4	64.8	66.8	60.7	53.7	51.3	49.4	48.6	48.1	39.6
Public external debt-service due before rescheduling (CFAF billions)	396	384	364	426	380	310	319	312	265	291.9
Percent of exports of goods and services	8.3	8.5	7.2	8.7	9.1	7.0	6.7	6.1	4.7	2.5
Percent of government revenue	23.7	20.7	19.1	21.6	18.2	13.6	12.8	11.4	8.7	4.8
Memorandum items:										
Public debt in arrears (percent of GDP)	26.6	24.1	21.3	25.3	2.0	1.2	0.5	0.3	0.0	0.0
Domestic (after securitization)	4.5	2.5	1.6	2.7	2.0	1.2	0.5	0.3	0.0	0.0
External	22.1	21.6	19.7	22.6	0.0	0.0	0.0	0.0	0.0	0.0
Nominal GDP (CFAF billions)	9,081	9,487	10,103	10,485	10,925	11,690	12,587	13,637	14,854	17,753
Nominal exchange rate (CFAF/US$, period average)	522	479	446	446	498	496	494	492	489	488
Nominal GDP at market prices (US$ billions)	17.4	19.8	22.7	23.5	21.9	23.6	25.5	27.7	30.4	36.4
Population (million)	19.6	20.2	19.0	20.8	21.4	22.0	22.7	23.4	24.1	25.6
Population growth (percent)	3.0	3.0	1.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Nominal GDP per capita (CFAF thousands)	464	471	531	505	511	531	555	584	617	692.4
Nominal GDP per capita (US$)	888	983	1,190	1,132	1,026	1,070	1,123	1,187	1,262	1,420
Real GDP per capita growth (percent)	-2.3	-1.4	1.4	-0.7	0.7	1.2	1.7	2.3	2.8	2.4

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

[1/] Based on end-of-period changes in relative consumer prices and the nominal effective exchange rate.

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

D. Governance Developments

19. **Côte d'Ivoire's prolonged period of political instability and conflict resulted in a deterioration of governance and transparency**. With political and security concerns dominating daily life, the standard budget cycle was disrupted and public financial management processes and procedures suffered. A large share of public expenditures (over 50 percent in 2006) was executed outside regular budget procedures using discretionary treasury advances, some oil revenue stayed off-budget, quasi-fiscal levies on cocoa were not used by the sector's agencies to the benefit of producers as intended, and public procurement methods have lacked transparency.

20. **Since 2006, the government has made progress in strengthening public financial management (PFM) and procurement.** The government has significantly reduced the practice of treasury advances (most importantly since early 2008); however, faced with treasury difficulties, it resorted to advanced tax payments and other forms of borrowing from domestic companies, at very high interest costs. Since the second half of 2007, the government has published (including on the internet) and further improved budget execution statements each quarter. It has also returned to timely preparation and adoption of the budget, and submitted in steps to the Chamber of Accounts the final draft budget execution laws for 2003–2006. In 2006, a new Procurement Code became effective which eliminates discriminatory procedures, increases competition, and establishes a regulatory framework to fight against corruption and fraud in public procurement. In early March 2009, the government adopted its public financial management (PFM) action plan, based on the recommendations of the Public Expenditure Management and Financial Accountability Review (PEMFAR), carried out jointly by the World Bank, IMF, the AfDB Group and European Commission (EC) and completed in June 2008.

21. **The authorities have increased their efforts to enhance governance and transparency in the energy sector**. In 2007 the government launched three audits, financed by IDA, in the areas of oil/gas exploration, development and production, oil refining, and electricity. The findings of the audits indicate the need to: (i) introduce a clear and attractive regulatory and contractual framework to maximize the benefits derived from hydrocarbon resources while minimizing their potential negative social and environmental impacts; and (ii) adopt industry reporting standards for the preparation and disclosure of PETROCI's financial reports. Since early 2007, the "Petroleum Committee"—under the auspices of the Ministers of Economy and Finance and of Mining and Energy—has provided quarterly reports to the Council of Ministers on the physical, financial and tax flows in the sector. Côte d'Ivoire became a candidate country for the Extractive Industries Transparency Initiative (EITI) in May 2008, following the creation of the EITI National Committee. The external financial audit of PETROCI was completed in December 2008.

22. **Producer incentives and governance in the cocoa/coffee sector have improved in the last two years, but big challenges remain to enhance the sector's contribution to growth and poverty reduction.** This sector accounts for one-quarter of Côte d'Ivoire's

exports and public revenues and 700,000 small holder families (4 million people) depend on it for much of their income and employment. Since 2006, the government has regularly reported to the Council of Ministers on the quasi-fiscal levies and their use by the sector's agencies. A large part of the investment levies since early 2006 have been allocated to rural infrastructure and social projects under the supervision of an inter-ministerial committee. Since early 2008, the budgets and certified accounts of the agencies are made public. Furthermore, in late 2007, the Attorney General started an investigation into longstanding allegations that some of the supervisory cocoa/coffee entities have misused funds meant to aid producers. Since then, several key executives of the entities are being prosecuted. In September 2008, a temporary "Management Committee for the Cocoa/Coffee Sector" was established to manage the existing four structures and handle the 2008/09 season, while a second committee has been created to develop a new strategy for the sector. The quasi-fiscal levies have been reduced from CFAF 53.15/kg in the 2005/06 season to CFAF 46.46/kg in 2007/08, and to CFAF 31.26/kg in 2008/09.

E. Progress with Social Reforms

23. **The government has made efforts to reverse the deterioration in basic service provision** by redeploying public services throughout the country and progressively rehabilitating education, health, and village water supply infrastructures. Since 2007/08 the academic years have proceeded normally throughout the country. With most teachers and education administrators redeployed, enrollment rates are up nationwide at all educational levels. In the health sector, a recent mission to assess requirements in the CNW zones identified urgent needs that the government has begun addressing. As a result, 2,417 health officials have been redeployed, while approximately 1,700 additional health officials have been recruited in 2007 and 2008. The rehabilitation of health care facilities is in progress and vaccination programs have resumed with help from multilateral agencies.

F. Reform Agenda

24. **The medium-term economic and social objectives of the government are defined in its PRSP, adopted in February 2009.** They include efforts to promote national reconciliation and full reunification of the country; restore basic infrastructure and social services; improve governance and transparency; and fully normalize financial relations with creditors. Fiscal policy will focus on further fiscal consolidation to achieve debt sustainability, while creating fiscal space for poverty-reducing spending through revenue mobilization, cuts in non-priority spending and strengthened public financial management (PFM).

25. **The government is undertaking reforms to address weaknesses in revenue mobilization and PFM.** These include: (i) improving tax and customs administration, especially in the CNW zones and regarding transit trade; (ii) enhancing the revenue contributions from the oil/gas subsector and petroleum product taxation; (iii) reducing tax exemptions; and (iv) ensuring that public enterprises transfer to the treasury all social

contributions on wages. As regards PFM, the government is committed to implement its PFM action plan. Key elements of this plan, which are supported by several donors, include: (i) enhancing the budget nomenclature and classification, consolidating public entities in the global budget and preparing an MTEF; (ii) shortening the lags in the cycle of approvals and processing through the Integrated Public Finance Management (SIGFIP) system; (iii) making the information on budget allocations and execution more easily available to the public; (iv) enhancing the functioning of the Chamber of Accounts and reducing delays in its reviews of the budget execution laws; and (v) separating procurement regulatory and execution functions and enhancing public information on procurement contracts and processes.

26. **The government is preparing—with World Bank support—a new comprehensive strategy for the cocoa/coffee sector, with a view to improving the sector's contribution to growth and poverty reduction.** A committee, formed in February 2009, is reviewing past reforms and audits of the sector and revisiting the role of the sector's four agencies, with a view to formulating a new institutional and regulatory framework for the sector. As part of the strategy preparation, the government intends to launch external audits of the four agencies, including their roles in the utilization of quasi-fiscal levies. The government also plans to further reduce and incorporate into the budget all cocoa quasi-fiscal levies, while increasing transparency in their use. Actions will also be taken to increase competition in marketing in order to improve the farmers' share of the world price.

27. **In the cotton sector, the main short run objectives are to clear arrears, finance inputs such as seeds and fertilizers, stabilize producer prices and reorganize the main companies.** A liquidation procedure for the *Compagnie cotonnière de Côte d'Ivoire* and privatization of the *Compagnie Ivoirienne pour le Développement des Textiles* is currently underway. In the longer run, the strategy foresees an improvement of cotton's competitiveness through mechanization, research, seed selection and regional partnerships.

28. **In the financial sector**, **the government is committed to support the efforts of the WAMU Banking Commission to ensure compliance with prudential regulations.** Other priorities include the restructuring of the microfinance sector based on the National Microfinance Strategy and reforming the BNI and CNCE. The Government is preparing a Financial Sector Strategy that will draw, inter alia, on the recommendations of the 2007 regional FSAP and the forthcoming country-specific FSAP, planned for April/May 2009.

29. **In the energy sector, the government intends to develop a strategy to strengthen the sector's efficiency and management and to improve further the transparency of the related physical and financial flows**. For the petroleum sector, the government intends to: (i) maximize the generation of petroleum revenue over time, including by attracting new investors; (ii) improve the monitoring of existing, and strengthen the ability for negotiating new, petroleum contracts; and (iii) manage the social and environmental aspects that are likely to arise from increased production. In addition, after having become a candidate for the EITI, the government plans to meet the remaining indicators in the validation framework,

including the publication and distribution of regular EITI Reports, starting with the 2006 report expected around end-March 2009. In the electricity sector, the government has adopted a letter of sector policy in January 2009 outlining reforms to improve the sector's long-term efficiency and restore its financial viability. This takes into account the key recommendations of the recently completed electricity sector audit.

30. **In the health and education sectors**, the government plans to update and implement sectoral plans. A National Health Development Plan is being finalized with a focus on measures to strengthen the health system over a five-year period. In 2007, the government prepared a school restoration plan to mobilize donor funding for the most immediate needs, and launched a comprehensive education sector review with support from donors. It is expected that by end-2009 the government will have a comprehensive education sector program. This will make it possible for Côte d'Ivoire to have access to the considerable resources of the Education for All Fast-Track Initiative.

III. Medium- to Long-Term Strategy and Prospects

A. Macroeconomic Framework and Prospects

31. **During 2009–13, growth is projected to continue its gradual pick up—despite the possible impact of the global financial crisis, and reach a path of 5 percent from 2013.** The 5 percent growth path is a prudent projection taking into account the possible impact of the financial crisis, and is also well below the averages of the 1994–99 pre-crisis period (6.6 percent per year) and of the 1960–80 boom years (6 percent a year) (Box 1). In spite of the global economic slowdown, growth in 2009–10 should pick up slightly to 3.7 percent, reflecting continued post-conflict recovery and assuming a continued consolidation of the peace process, successful elections, the restoration of investor confidence, return to full capacity utilization, normal levels of public and private investment, and structural reforms.

32. **Growth prospects in the near term are subject to several downside external and internal risks.** The global economic slowdown could further depress commodity prices and adversely affect foreign direct investment, aid, and other capital inflows necessary to rebuild the economy. Specifically, a further drop in oil prices and a fall in cocoa prices (currently still at their pre-financial crisis levels) would also reduce government revenue and the fiscal space for reconstruction spending. On the internal side, continued political instability—and further postponement of the elections—could weaken domestic consensus for sound fiscal policies and structural reforms, and thereby growth prospects.

Box 1. Key Macroeconomic Assumptions Underlying the DRA

Real GDP growth is projected to average about 5 percent over the period 2009–27. Real output growth should peak at 6 percent in 2013 (from 2.3 percent in 2008) as capacity utilization in industry returns to normal and private investment recovers, while oil output plateaus in 2011. Over the longer term, real output growth is expected to stabilize at 5 percent as productivity and investment would return to their pre-crisis growth path. The medium and longer-term scenario is also contingent on further stabilization of the security and political situation, and progress in structural reforms.

CPI inflation is projected to return to 3 percent in the medium term following the temporary jump in 2008 related to international food and fuel price increases.

Fiscal policy aims at further fiscal consolidation and prudent debt management. The government plans continued primary basic surpluses of around 1.2 percent of GDP in the medium term, which would allow a gradual reduction in total public debt in line with WAEMU convergence criteria. Fiscal space for pro-poor spending should come from a modest increase in the revenue/GDP ratio, containing the wage bill in line with the WAEMU criterion, and reducing nonproductive spending. Total revenues (excluding grants) are projected to stabilize at about 20½ percent of GDP by 2013, from an average of 18.8 percent during 2006–08. Government expenditures are projected to increase to 24 percent of GDP by 2012, from 21 percent during 2006–08. The wage bill would fall below 6½ percent of GDP from 2012, dropping close to the WAEMU criterion of 35 percent of revenue. Capital spending would stabilize at 7.5 percent of GDP in 2013 (from 3.0 percent in 2008)—in part reflecting increased foreign-financed investment.

External financing. External grants, mainly for projects, are expected to stay at their current level of 1 percent of GDP over the period. Project loans are expected to gradually increase from ½ percent of GDP in 2007 to 2.5 percent in 2012 and stabilize thereafter. The residual external financing need is assumed to be covered by multilateral and bilateral creditors (average grant element of 47 and 35 percent, respectively), and any residual by domestic/WAEMU financing.

The external current account deficit (excluding official transfers) is expected to increase from about 2 percent of GDP in 2007–08 to a peak of 7 percent in 2013 and stabilize at about 5½ percent thereafter. Exports of goods and nonfactor services, mostly in agriculture and mining, are expected to increase on average by about 6 percent annually in volume terms over the projected horizon, with a temporary slowdown around 2010–11 as oil production peaks. Import volumes are expected to grow faster (by an average of 7.3 percent during 2009–13), driven by investment, and to stabilize at 5 percent thereafter.

B. The Government's Poverty Reduction Strategy

33. **In February 2009, the government adopted a full PRSP, drawing on the 2002 Interim Poverty Reduction Strategy Paper and the 2008 household budget survey.** Translation of the interim strategy into a full poverty reduction strategy could not take place due to conflict that erupted in September 2002 and the crisis that ensued. In 2008, ten regional consultations took place with local governments and the population at large to assess their perception of poverty levels and the impact of the crisis as well as learn about their main challenges and possible ways to address them. The household budget survey indicated that poverty has continued to climb and now affects almost half (48.9 percent) of the population. The strategy was validated in a national workshop in January 2009.

34. **The broad objectives of the government's PRSP**[7] **are**: (i) the consolidation of peace and security and the promotion of good governance; (ii) improving the macroeconomic framework; (iii) job and wealth creation by supporting the rural and private sectors; (iv) enhancing access to, and the quality of, social services, protecting the environment, and promoting gender equality and social security; (v) decentralization; and (vi) integration into the regional and global economy.

IV. Debt Relief Analysis and Possible HIPC, MDRI and Beyond-HIPC Assistance

A. Debt Reconciliation Status

35. **The DRA below was prepared jointly by the authorities and the World Bank and IMF staffs.** It draws on data provided by the authorities and creditors for the public and publicly guaranteed external (PPG) debt disbursed and outstanding as of end-December 2007. The reconciliation covering almost 100 percent of multilateral, bilateral and commercial debt was completed in May 2008.[8] The successful reconciliation was facilitated by good record keeping by the Directorate of Public Debt at the Ministry of Finance.

B. Structure of External Debt

36. **Prior to the application of traditional debt relief, Côte d'Ivoire's PPG external debt was estimated at US$14.3 billion in nominal terms at end-December 2007**. Of this amount, 27.8 percent was owed to multilateral creditors, 50.2 percent to Paris Club creditors and 21.5 percent to commercial creditors. The largest individual creditors of Côte d'Ivoire were France (31.6 percent), the World Bank Group (17.7 percent) and the AfDB Group (7.0 percent).

37. **Arrears on Côte d'Ivoire's PPG external debt at end-December 2007 amounted to US$5.2 billion, or approximately one-third of all PPG external debt**. This included arrears to the World Bank Group (US$508.1 million) and the AfDB Group (US$536.3 million) as well as other multilateral creditors. Arrears to the World Bank Group were subsequently cleared in April 2008 (see para. 38) while AfDB Group arrears were cleared in early March 2009 (see para. 39). Arrears to bilateral and commercial creditors (accounting for nearly 78 percent of the total stock of arrears) will need to be regularized in the context of discussions on HIPC debt relief.

[7] The Joint Staff Advisory Note is being issued.

[8] The debt records of the authorities and those of the creditors were fully reconciled, with the exception of three loans to the SOTRA (*Société des Transports d'Abidjan*) representing a tiny portion of the debt.

C. Arrears Clearance Strategy

38. **Arrears to the World Bank Group were cleared in April 2008 through a significant payment by the Government and a bridge loan provided by a bilateral donor**.[9] Côte d'Ivoire paid roughly one-half of its arrears (equivalent to 1.1 percent of GDP) from its own resources and then used the proceeds of a development policy operation (the Economic Governance and Recovery Grant) to repay the bridge loan. This operation was financed with an exceptional allocation of IDA resources, provided on grant terms.

39. **Arrears to the AfDB Group were cleared in early-March 2009**. Grants amounting to two-thirds of the amount of arrears were provided by the AfDB Group under its Fragile States Facility (FSF). The remaining one-third was paid by Côte d'Ivoire in January and February 2009 with the help of a bridge loan from a bilateral donor. Côte d'Ivoire used the proceeds of two AfDB budget support operations to repay the bridge loan.

40. **In the context of a PRGF arrangement (prior to reaching the HIPC decision point), Côte d'Ivoire reached agreements to clear the remaining arrears to multilaterals during the program period.** An agreement in principle was reached with the EIB and EU for a restructuring and cancellation of their respective shares in arrears (Euro 51.4 million at end-2008). At end-December 2008, Côte d'Ivoire also had relatively small amounts of arrears to other multilaterals (totaling some US$15 million, of which more than half to WAEMU, and the rest to BOAD, BID, BADEA, CEDEAO, OPEC Fund and FIDA). These arrears are expected to be cleared in March 2009.

41. **The grant element embedded in the clearance of arrears toward multilateral creditors will be counted toward their contribution to debt reduction under the HIPC Initiative.** This is consistent with the standard HIPC Initiative methodology.[10] To date, an estimated US$270.5 million of HIPC debt relief has been delivered through the clearance of World Bank Group arrears and US$199.5 million through the clearance of AfDB Group arrears.

42. **Arrears to bilateral and commercial creditors will need to be regularized in the context of discussions on HIPC debt relief and rescheduling with those creditors**. Any relief already granted by those creditors beyond traditional debt relief mechanisms will be credited towards their share in HIPC relief. Côte d'Ivoire has held preliminary discussions with both Paris Club and London Club creditors on debt relief and rescheduling. The Paris Club has provided financing assurances.

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[9] Between January and March 2008, Côte d'Ivoire cleared about US$241 million of arrears towards the World Bank Group with its own resources.

[10] See "HIPC Debt Initiative: the Chairman's Summary of the Multilateral Development Banks' Meeting," March 6, 1998, IDA/Sec M98–90.

D. Possible HIPC Initiative Assistance

43. **Côte d'Ivoire's debt in NPV terms, after full application of traditional debt relief mechanisms, is an estimated US$12,759.3 million as of end-2007 (Table A2).** This is equivalent to 327.0 percent of government revenue, when excluding one-off revenue related to toxic waste damage compensation (Box 2). Côte d'Ivoire would thus qualify for debt relief under the HIPC Initiative's "fiscal window", based on end-2007 data, having an NPV of-debt-to-revenue ratio greater than the 250 percent threshold.[11,12] The country also meets the two sub-criteria under the "fiscal window": its export-to-GDP ratio is 44.8 percent (above the 30 percent threshold) and the fiscal revenues-to-GDP ratio is 18.9 percent (above the 15 percent threshold).

44. **The reduction of Côte d'Ivoire's NPV of debt-to-revenue ratio from 327 percent to 250 percent would require HIPC debt relief of US$3,004.9 million in NPV terms.** This implies a common reduction factor of 23.6 percent. Based on proportional burden sharing, multilateral assistance would amount to US$694.3 million (in NPV terms) and bilateral and commercial assistance to US$2,310.5 million (in NPV terms).

45. **As of now, Côte d'Ivoire has already received about 55 percent of its estimated HIPC debt relief.** In addition to the pre-2002 excess debt relief provided by the Paris Club and London Club creditors, the NPV reduction embedded in the concessional arrears clearance operation undertaken by IDA (April 2008) and by the AfDB Group (early-March, 2009) has been counted as HIPC debt relief.

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[11] In April 1997, the fiscal revenues/openness criterion was established to allow for countries that continued to have an unsustainable external debt burden relative to fiscal revenues despite reaching the debt-to-export target. In order to qualify for this window, the country must have an export-to-GDP ratio of at least 30 percent, and a fiscal revenues-to-GDP ratio of at least 15 percent, using an average of the last three years of actual data.

[12] Côte d'Ivoire also qualifies for HIPC debt relief under the exports window with NPV-of-debt to exports ratio of 160 percent in end-2007. However, as per HIPC guidelines, the 'fiscal window' was retained as it provides more debt relief compared with the exports window.

Box 2. Revenue Adjusted for Toxic Waste Damage Compensation

The government revenues for 2007 have been adjusted for a compensation in the amount of CFAF 95 billion (1 percent of GDP). The compensation was received in the first quarter of 2007 from a waste handling/shipping company following the settlement with the government. The compensation was included in the fiscal accounts in 2007 as are the related toxic waste remedial expenses. Spending to compensate the victims and for clean-up operations began in 2006 and will continue through 2009.

The revenue base for the purpose of calculating the amount of HIPC Initiative debt relief should exclude the toxic waste compensation. Such compensation does not increase Côte d'Ivoire's capacity to service its debt as the funds would be used to clean up the damage and compensate victims.

Including this one-off revenue would reduce the NPV-of-debt to revenue ratio by 12 percentage points and HIPC relief by over US$ 400 million.

46. **The following illustrative scenarios on the delivery of HIPC Initiative debt relief are based on the assumption that Côte d'Ivoire reaches its HIPC decision point in March 2009 and its completion point by end-December 2011.**

- **The World Bank Group's share of HIPC debt relief is estimated at US$402.3 million in NPV terms**. Of this, US$270.5 million has already been provided through the clearance of IDA and IBRD arrears. It is assumed that interim relief to be provided by the World Bank Group will be entirely on IBRD debt outstanding. Accordingly, during the interim period, assistance would take the form of IDA grants (over and above the country IDA envelope) to finance debt service on IBRD loans. Such resources will be used to cover 50 percent of the debt service owed to IBRD during the interim period (subject to the ceiling of one-third of total debt relief to be provided on NPV terms).[13] At the assumed completion point, given that IBRD loans are expected to be fully repaid, the remaining share of HIPC assistance from the World Bank Group would be provided on IDA credits. Nominal HIPC debt relief provided by the World Bank Group during the interim period is estimated at US$45.4 million, with a further US$110.4 million after the completion point. The details of World Bank Group's assistance are presented in Table A8.

- **IMF assistance is estimated at US$37.71 million in NPV terms**. Immediately following the approval of the decision point by the Boards of IDA and the IMF, the IMF will extend interim assistance—provided that the necessary financing assurances are in place—in the form of debt-service reduction. The details of delivery of IMF's HIPC and MDRI debt relief are presented in Table A9.

[13] Consistent with precedent, the one-third ceiling on the World Bank Group's interim debt relief is calculated on the total HIPC debt relief to be provided by the World Bank Group minus the amount of HIPC relief already provided through the pre-decision point concessional arrears clearance.

- **AfDB Group's share of US$199.5 million** in HIPC assistance would have been fully delivered through the arrears clearance operation.
- **Assistance provided by all other multilateral creditors** would total US$54.8 million in NPV terms. While EIB/EU would provide HIPC debt relief through arrears clearance, all other multilaterals are assumed to clear arrears on non-concessional terms and are expected to provide HIPC assistance through reduction in future debt service payments.
- **Paris Club bilateral creditors** are assumed to provide their share of HIPC debt relief (US$1,280.6 million in NPV terms) through a flow treatment on Cologne terms—i.e., a 90 percent NPV reduction on eligible debt-after reaching the decision point, with delivery of the remaining required assistance at the completion point through a stock-of-debt operation.
- Comparable treatment is assumed to be provided by **non-Paris Club official bilateral creditors** and by **commercial creditors** (delivery of US$1,030.0 million in NPV terms of required assistance under the HIPC Initiative). In 1998 and 2002, official bilateral and commercial creditors went beyond traditional debt relief as part of a broader debt reduction package for the country (see Annex I). As noted above, in the HIPC calculation, these creditors are fully compensated for provision of debt relief in excess of traditional mechanisms.

47. **Status of Creditor Participation**. IDA and IMF staffs have initiated consultations with multilateral creditors and bilateral creditors. So far, among multilateral creditors, IDA, IMF, AfDB, EIB/EU and OFID have indicated their willingness to provide HIPC Initiative debt relief to Côte d'Ivoire (Table A11).These creditors account for 22 percent of total HIPC Initiative relief. Among bilateral and commercial creditors, the Paris Club, China and Private Creditors Coordinating Committee (London Club), accounting for 75 percent of debt relief, have indicated their willingness to provide HIPC assistance.

E. Expected Impact of HIPC Debt Relief on Côte d'Ivoire's Debt Ratios

48. **The debt sustainability analysis presented in this section is based on an updated macroeconomic framework prepared in the context of a possible new PRGF arrangement (see Box 1).** Compared to the preliminary document, the current macroeconomic framework for 2009–13 reflects the less favorable external outlook, lower growth, and somewhat higher external current account deficits. However, the assumptions underlying the medium and long term macroeconomic framework are essentially unchanged. As in the preliminary document, the current framework assumes the continuation of sound macroeconomic policies, including maintaining fiscal prudence while increasing revenues, ensuring adequate levels of poverty-reduction spending, and seeking concessional external financing.

49. **Assuming the unconditional delivery of HIPC Initiative assistance, Côte d'Ivoire's NPV of debt to revenue ratio is expected to decline from 250 percent as of end-2007 (assuming unconditional HIPC assistance) to approximately 74.4 percent by 2027 (Figure 2).** This ratio would consistently remain below the threshold level through the projection period. The debt service to exports ratio is expected to increase immediately after the completion point—on account of additional debt service on rescheduled or refinanced debt with relatively short maturities—and to start declining a few years later.

F. Debt Relief under MDRI and Possible Additional Bilateral Assistance Beyond HIPC

50. **On reaching the completion point under the HIPC Initiative, Côte d'Ivoire would qualify for MDRI debt relief from IDA, IMF and AfDF.**

- **IDA**: MDRI relief from IDA includes all debt outstanding and disbursed before end-2003 and still outstanding at the beginning of the quarter following the date on which the country reaches completion point.
- **IMF**: The IMF would provide, under the MDRI, 100 percent debt relief on all debt disbursed prior to end-2004 and still outstanding at the completion point after provision of HIPC assistance.
- **AfDF**: MDRI assistance from AfDF would include cancellation of all debt outstanding and disbursed before end-2004 and still outstanding on the day following completion point.

51. **Assuming that Côte d'Ivoire reaches the completion point in December 2011, preliminary estimates indicate that MDRI relief could amount to US$2,013.5 million in nominal terms**. Of this amount, US$1,692.6 million would be provided by IDA, US$311.6 million by the AfDF, and US$9.3 million by the IMF. After unconditional HIPC assistance and MDRI relief, Côte d'Ivoire's NPV of debt-to-revenue ratio would fall to 72.2 percent in 2027 (Figure 2).[14]

52. **Upon reaching completion point, Côte d'Ivoire could also benefit from beyond-HIPC debt relief from some creditors (Table A12).**

G. Sensitivity Analysis

53. **Simulations under two scenarios were conducted to test the sensitivity of Côte d'Ivoire's external debt indicators after HIPC Initiative assistance (Table A7 and Figure 3)**.

54. **The first scenario highlights the sensitivity of debt indicators to lower cocoa prices**. A 30 percent reduction in cocoa prices is assumed from 2009 onwards. Compared

[14] This is based on the end-2007 SDR/US$ exchange rate.

with the baseline scenario, this sensitivity shows a gradual but limited deterioration in the NPV of debt-to-revenue and debt service-to-exports ratio.

55. **The second scenario considers the sensitivity of debt and debt service indicators to lower real GDP growth**. A uniform shock among sectors resulting in a lower real GDP growth by 2 percentage points is considered from 2009 onward. This shock results in a significant deterioration in the NPV of debt to revenues ratio, especially in the outer years. While this ratio declines from 190.8 percent in 2009 to 127.1 percent in 2017 (although less than in the baseline), it starts to increase from 2018, reaching 187 percent by 2027.

V. The Floating Completion Point

A. Triggers for the Floating Completion Point

56. **The IDA and IMF staffs and the authorities have reached understandings on the HIPC completion point triggers** (see Box 3), including the standard triggers regarding the preparation and implementation of the full PRSP and the maintenance of macroeconomic stability. In response to the suggestions made by some Directors on the Boards of the IMF and IDA for a strengthening in the PFM area as well as streamlining triggers, the compliance period for the procurement trigger has been lengthened from six months to one year, while a trigger on quasi-fiscal cocoa levies has been removed. The latter trigger will be replaced by more immediate actions covered by the next development policy operation of IDA (in the case of audits of the use of these levies) and by the PRGF arrangement (for the incorporation of investment levies into the normal budget process). These programs also include other prior actions and performance criteria to prevent extra-budgetary expenditures and promote transparency and efficiency in public financial management, and the energy, cocoa and financial sectors.

57. **Several triggers focus on reforms and good governance in public resource management,** which is crucial for the adequate use of HIPC debt relief for poverty reduction (see Section II.D). In the budget area, the triggers aim at enhancing transparency in budget execution and reporting, including on poverty reducing spending. Certification of conformity of budget execution laws on a timely basis would increase accountability. Greater transparency in public procurement and concession contracts will help avoid past problems, lower costs and promote a sounder investment climate. Regular publication of public debt data will help support debt sustainability and strengthen relations with creditors and investors.

58. **Other triggers concern the key export sectors of oil and gas, and cocoa**. Improved reporting on financial flows from oil and gas extraction—including through the EITI initiative—should help increase revenues and transparency in their use and over time help increase the sector’s efficiency. This is particularly important in light of the expected growth in oil and gas production and exports in the medium-term. In the cocoa/coffee sector, reduction in the overall taxation of cocoa exports and reform of the institutional framework

should help improve the efficiency of the sector and the living standards of the many Ivorian households dependent on these crops. Reduced taxation, coupled with complementary measures to increase competition in marketing, will put more cash in the hands of cocoa farmers, who currently account for some 28 percent of the poor in Côte d'Ivoire.

59. **There are also triggers aimed to improve social sector performance.** The political crisis of the last ten years has had a major negative impact on social services throughout the country, notably in the rebel-held areas. The triggers will encourage safer birth delivery, thereby protecting the lives of women and children, as well as greater access to text books to ensure quality education. Côte d'Ivoire's maternal mortality rate of 543 per 100,000 is significantly higher than the African average, and is probably related to high neonatal mortality. Given existing plans to increase nursing and midwife capacity, Côte d'Ivoire should be able to make significant improvements in this area. Progress will be monitored through the routine data systems in health care facilities.

B. Monitoring Public Spending Following Provision of HIPC Assistance

60. **Securing the effective use of public spending for pro-poor growth is a key objective of the HIPC Initiative.** The authorities are committed to strengthening their ongoing efforts to improve the programming, management and control of public expenditures and to improve service delivery in key sectors, as discussed in section II.F. This includes the modification of the budget classification system to identify poverty-reducing expenditures, and facilitate their tracking. Within this framework, the technical assistance provided or planned by IDA, the IMF, the AfDB Group, the EC and other donors will be important to strengthen budget management capacity. This includes follow-up assistance to help implement the government's action plan based on the PEMFAR completed in June 2008.

61. **The Government intends to use HIPC related savings to fund activities indicated in Box 4 and monitor their use closely along with all budget expenditures.** The resources from HIPC assistance would focus largely on health, education, water supply and sanitation, food production, and rural infrastructure, while other areas such as major infrastructure programs and disarmament, demobilization and reintegration would be financed by other external resources. Regarding monitoring, quarterly publication of detailed budget execution statements would provide a tool to monitor and publicly disseminate the use of resources made available by the HIPC Initiative. Measures are also being taken to strengthen the external audit function which will provide external validation of budget execution reports. The Government intends to institutionalize monitoring and evaluation mechanisms in the context of the PRSP, which will have an important role in providing oversight in the allocation of resources for poverty reduction, notably savings from debt relief.

Box 3. Côte d'Ivoire: Triggers for Floating Completion Point

PRSP

- Preparation of a full PRSP through a participatory process and its satisfactory implementation for at least one year, as evidenced by an Annual Progress Report submitted by the government to IDA and the IMF.

Macroeconomic stability

- Maintenance of macroeconomic stability as evidenced by satisfactory performance under a PRGF-supported program.

Public Financial Management

- Quarterly publication of budget execution statements (including revenue; expenditure by type, function, and administration/type and by different stages of budget execution; and the identification of poverty-reducing spending) within six weeks after the end of each quarter, for at least the four quarters immediately preceding the completion point.
- Certification of conformity (*certification de conformité)* by the competent authority of the draft *Loi de règlements* of a given fiscal year, within 10 months after the end of that fiscal year, for at least one year immediately preceding the completion point.
- Public procurement regulatory entity operational (separate from control entities) and quarterly publication in the public procurement bulletin of all signed procurement and concession contracts (including those from the parastatals), for at least one year immediately preceding the completion point.

Social Sectors

- Increase in trained personnel-supervised birth deliveries to 65 percent on average nationwide (from 56 percent in 2006) during at least the year immediately preceding the completion point.
- 90 percent of students enrolled in all public primary schools to have received three textbooks covering French, mathematics, and civic education, during at least the school year immediately preceding the completion point.

Debt Management

- Publication on the Treasury website, on a quarterly basis within six weeks after the end of each quarter, of data on external and domestic public and publicly-guaranteed debt (debt stocks, current debt service obligations, actual debt service payments and loan disbursements) for at least four quarters immediately preceding the completion point.

Governance

- Regular public reporting of payments to, and revenues received by, the government for the extractive industries (mining, oil and gas) in line with the EITI criteria, with a recent annual report during at least the year immediately preceding the completion point.
- Annual publication, within seven months of the end of the fiscal year, of the certified financial statements, in accordance with international standards, of PETROCI for at least the year immediately preceding the completion point.
- A reduction in overall indirect taxation of the cocoa sector to no more than 22 percent of the CIF price, as evidenced by: (i) promulgation of a budget law, and (ii) an official communication issued to exporters no more than five months before the start of the upcoming cocoa marketing season; adoption by the government of a new institutional and regulatory framework for the cocoa/coffee sector and satisfactory implementation of the functions under government responsibility for at least six months immediately preceding the completion point, based on its new strategy for development of the sector.

Box 4. Medium-Term Expenditure Priorities for Use of HIPC Savings

Education
- Strengthening of the *Education for All* program free of charge (textbooks, school kits, and other teaching materials)
- Rehabilitation, new construction and full equipment of primary and secondary school classes

Health
- Provision of essential drugs (generic) in all district and general hospitals
- Strengthening of the Extended Vaccination Program (PEV)
- Rehabilitation, new construction and full equipment of maternities, health centers and hospitals

Water supply and sanitation
- Improvements in access to safe drinking water and provision of sanitation systems for poor urban groups and rural households

Feeder and other rural roads
- Reconstruction and maintenance of rural roads and provision of road access to food production zones

Rural development and food security
- Development of food production, especially rice
- Construction of treatment and storage infrastructure for food production, especially of cereals (including rice)

Rural electrification
- Nationwide improvement in the rural electrification network.

VI. Issues for Discussion

62. **This paper assesses Côte d'Ivoire's qualification for assistance under the HIPC Initiative. Executive Directors' views and guidance are sought on the following issues:**

- **Qualification:** Do Directors agree that Côte d'Ivoire qualifies for assistance under the HIPC Initiative and do they approve the decision point?
- **Amount and delivery of assistance:** In order to reduce the NPV of debt to the threshold of 250 percent of fiscal revenues, the total amount of assistance under the Enhanced HIPC Initiative is estimated at US$3,004.9 million in NPV terms. Under proportional burden sharing, the share of the World Bank Group and the IMF is estimated at US$402.3 and US$37.7 million in NPV terms, respectively. IDA has already provided US$270.5 million in NPV through its Development Policy Operation in April 2008 in support of Côte d'Ivoire's arrears clearance. Do Directors agree with that assessment? Do Directors agree that the IMF and IDA should provide interim assistance between the decision and completion points, in line with existing guidelines?
- **Floating completion point:** Do the Directors agree that the HIPC floating completion point will be reached when the triggers in Box 3 have been met? Debt relief will be provided unconditionally only when the completion point triggers have been met and satisfactory assurances of other creditors' participation under the enhanced HIPC Initiative for Côte d'Ivoire have been received.

Figure 1A. Côte d'Ivoire: Composition of Stock of External Debt as of December 31, 2007 by Creditor Group

(Nominal stock: $14.3 billion)

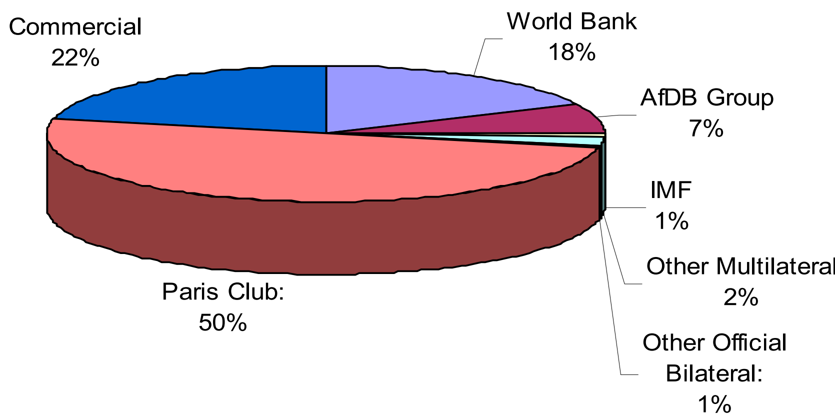
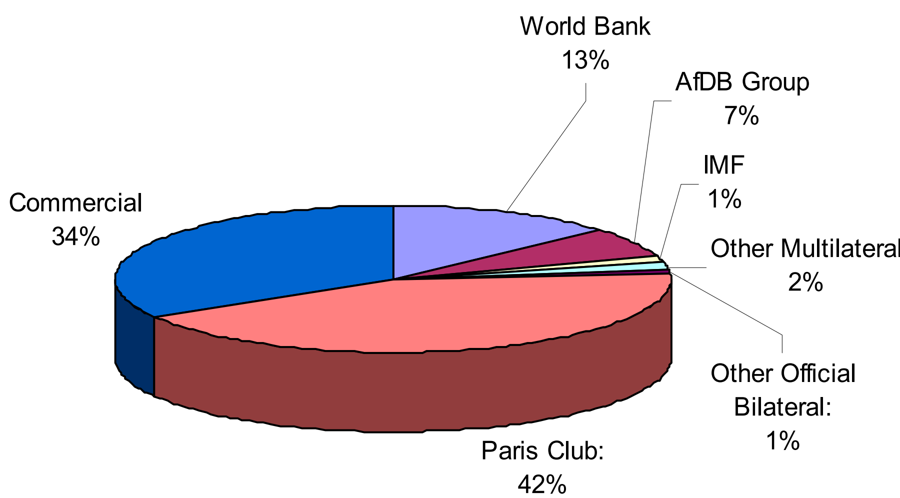


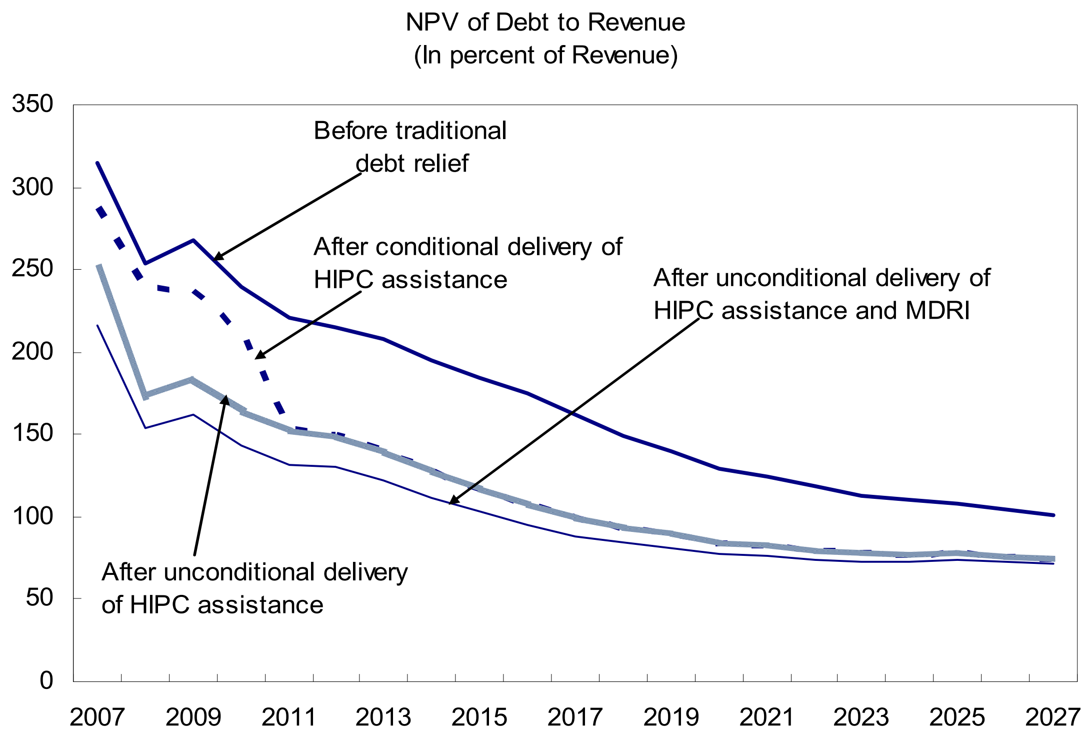
Figure 1B. Côte d'Ivoire: Potential Costs of the HIPC Initiative by Creditor Group

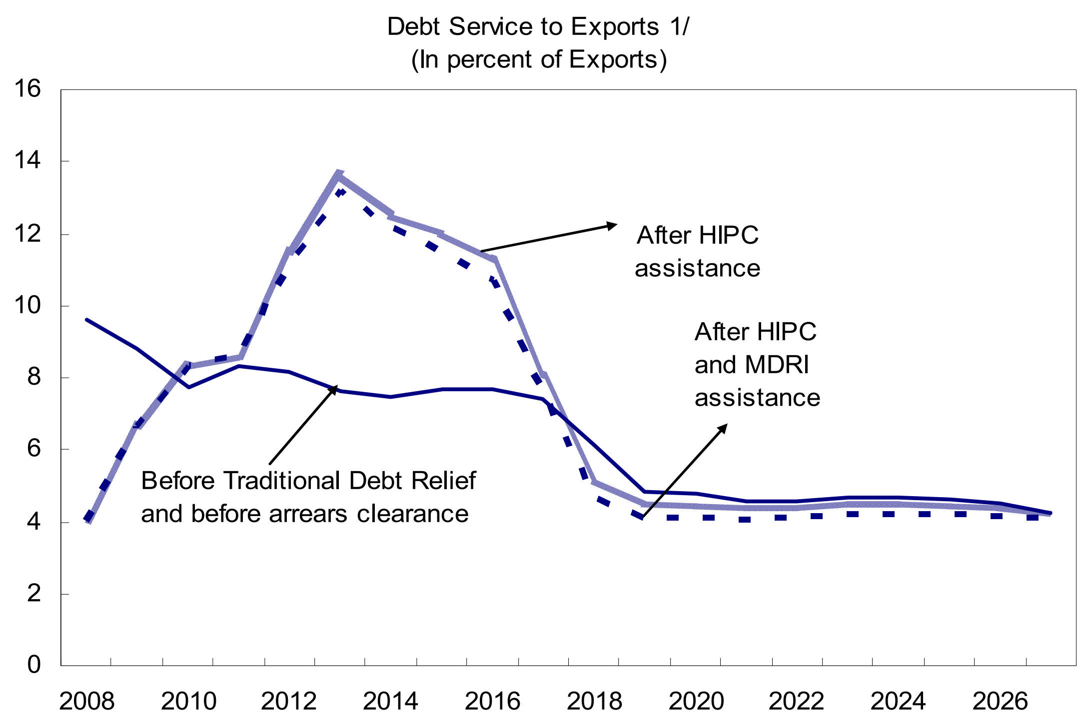
(Total Estimated HIPC Enhanced Assistance: $3005 million, end-2007 NPV terms)



Sources: Ivorien authorities and staff estimates.

Figure 2. Côte d'Ivoire: External Debt Burden Indicators, 2007–27

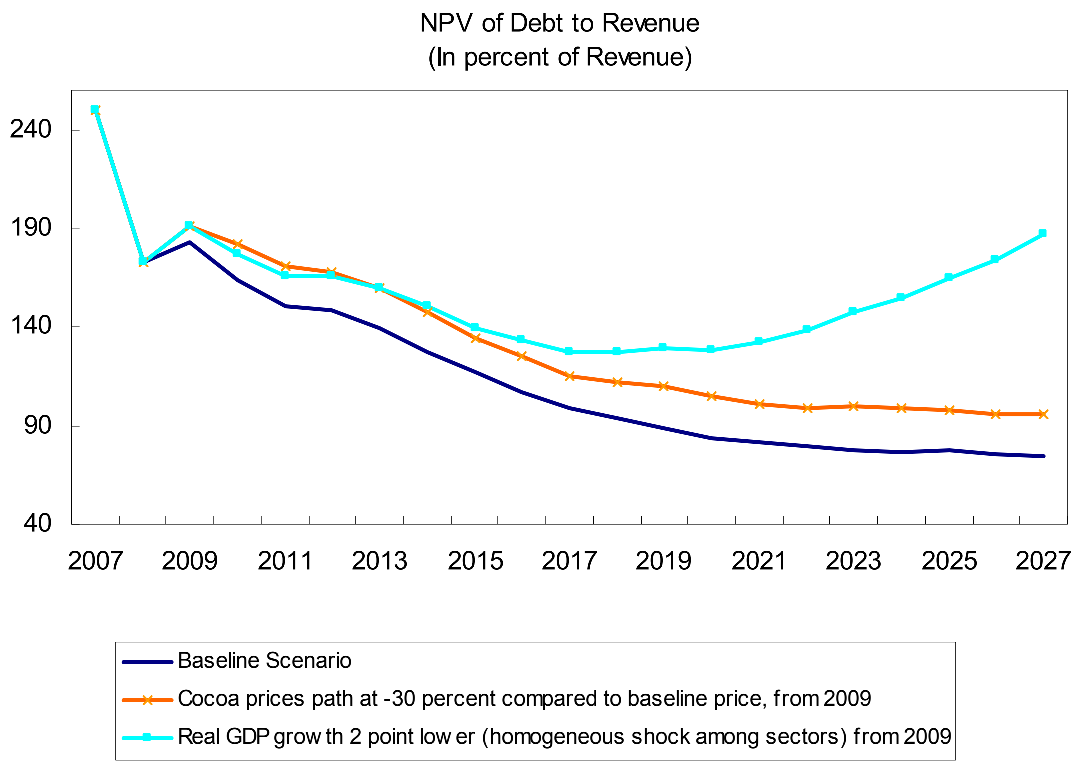


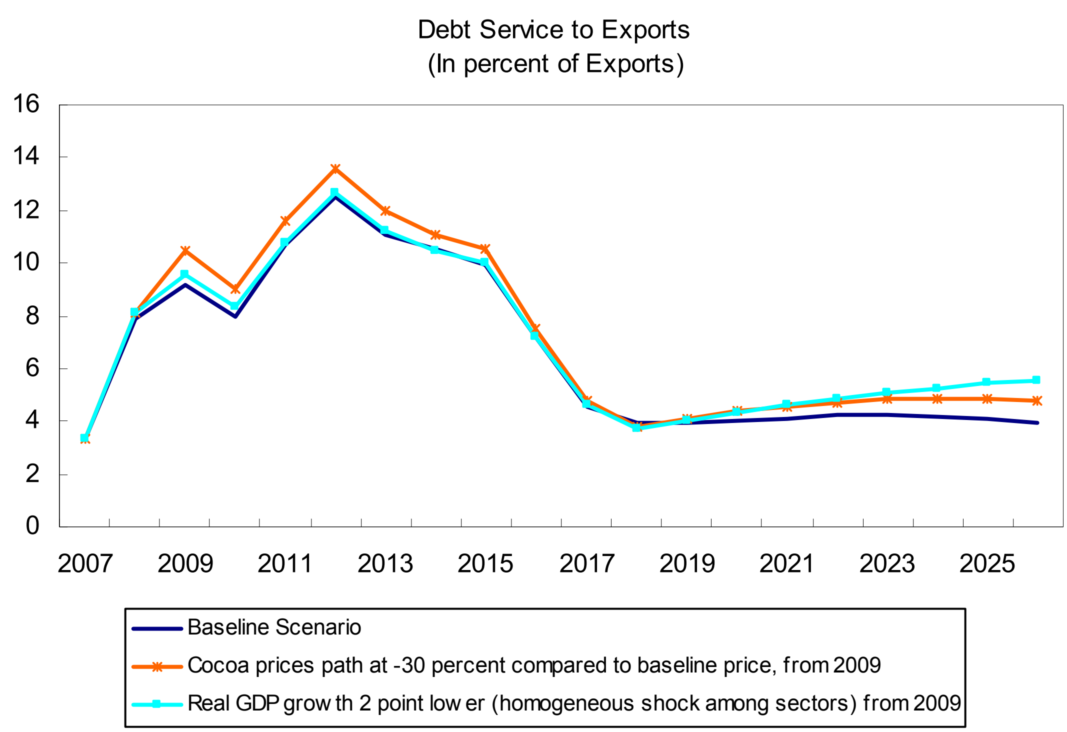


1/The large increase in debt service between 2012 and 2017 reflects the arrears repayment and the assumed resumption of payment of post cut-off debt as well as other debt from creditors that have already provided their share of relief.

Sources: Ivorien authorities and staff estimates.

Figure 3. Côte d'Ivoire: Sensitivity Analysis, 2007–27





Sources: Ivorien authorities and staff estimates.

Table A1. Côte d'Ivoire: Nominal Stock and Net Present Value of Debt as of December 31, 2007, by Creditor Groups

	Legal Situation						Base Situation for Calculation of HIPC Debt Relief 2/		
	Nominal Debt Stock 1/		Arrears Stock		NPV of Debt 1/		NPV of Debt		
	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	
Total	14,293.5	100.0	5,154.2	100.0	12,282.8	100.0	12,759.3	100.0	
Multilateral	3,973.1	27.8	1,114.3	21.6	2,948.2	24.0	2,948.2	23.1	
World Bank	2,523.1	17.7	508.1	9.9	1,708.2	13.9	1,708.2	13.4	
IDA	1,970.9	13.8	127.0	2.5	1,160.5	9.4	1,160.5	9.1	
IBRD	552.1	3.9	381.2	7.4	547.8	4.5	547.8	4.3	
AfDB Group	1,001.1	7.0	536.3	10.4	847.2	6.9	847.2	6.6	
AfDB	711.0	5.0	523.2	10.2	715.9	5.8	715.9	5.6	
AfDF	290.2	2.0	13.1	0.3	131.3	1.1	131.3	1.0	
IMF	173.5	1.2	-	0.0	160.1	1.3	160.1	1.3	
EIB	133.2	0.9	67.1	1.3	114.8	0.9	114.8	0.9	
BOAD	38.0	0.3	2.0	0.0	33.9	0.3	33.9	0.3	
OFID	14.0	0.1	0.0	0.0	10.8	0.1	10.8	0.1	
CEDEAO/ECOWAS	18.6	0.1	-	0.0	16.4	0.1	16.4	0.1	
UEMOA/WAEMU	40.6	0.3	-	0.0	35.9	0.3	35.9	0.3	
BADEA	9.7	0.1	-	0.0	7.2	0.1	7.2	0.1	
FAGACE	2.5	0.0	0.8	0.0	2.4	0.0	2.4	0.0	
IDB	4.4	0.0	-	0.0	3.0	0.0	3.0	0.0	
IFAD	14.5	0.1	-	0.0	8.3	0.1	8.3	0.1	
Bilateral and Commercial	10,320.4	72.2	4,039.9	78.4	9,334.6	76.0	9,811.1	76.9	
Bilateral	7,246.8	50.7	3,365.0	65.3	6,407.5	52.2	5,508.9	43.2	
Paris Club:	7,169.7	50.2	3,364.6	65.3	6,352.8	51.7	5,437.6	42.6	3/
Post-cutoff date	3,011.0	21.1	1,943.9	37.7	2,835.7	23.1	2,696.6	21.1	
ODA	2,829.6	19.8	1,777.1	34.5	2,654.6	21.6	2,518.2	19.7	
Non-ODA	181.4	1.3	166.8	3.2	181.1	1.5	178.5	1.4	
Pre-cutoff date	4,158.7	29.1	1,420.6	27.6	3,517.1	28.6	2,741.0	21.5	
ODA	1,067.4	7.5	361.0	7.0	979.1	8.0	913.4	7.2	
Non-ODA	3,091.2	21.6	1,059.6	20.6	2,538.0	20.7	1,827.5	14.3	
Austria	127.3	0.9	24.8	0.5	67.2	0.5	44.6	0.3	
Belgium	313.6	2.2	61.7	1.2	220.0	1.8	108.2	0.8	
Brazil	8.6	0.1	3.1	0.1	6.0	0.0	10.9	0.1	
Canada	158.6	1.1	68.1	1.3	127.9	1.0	117.5	0.9	
France	4,523.1	31.6	2,472.6	48.0	4,270.8	34.8	3,855.7	30.2	
Germany	574.5	4.0	141.5	2.7	422.2	3.4	327.8	2.6	
Italy	122.6	0.9	39.2	0.8	89.7	0.7	57.1	0.4	
Japan	167.1	1.2	66.7	1.3	166.1	1.4	161.4	1.3	
Netherlands	165.1	1.2	76.2	1.5	170.6	1.4	130.3	1.0	
Norway	33.4	0.2	13.2	0.3	25.9	0.2	24.3	0.2	
Spain	461.2	3.2	149.5	2.9	301.1	2.5	240.3	1.9	
Switzerland	4.8	0.0	4.8	0.1	4.8	0.0	4.7	0.0	
United Kingdom	90.1	0.6	62.1	1.2	82.0	0.7	68.3	0.5	
United States	419.9	2.9	181.1	3.5	398.6	3.2	286.7	2.2	
Other Official Bilateral:	77.1	0.5	0.4	0.0	54.7	0.4	71.3	0.6	
China	50.3	0.4	0.4	0.0	36.2	0.3	52.7	0.4	4/
India	26.7	0.2	-	0.0	18.4	0.2	18.4	0.1	
Kuwait	0.1	0.0	-	0.0	0.1	0.0	0.1	0.0	
Commercial	3,073.6	21.5	674.9	13.1	2,927.1	23.8	4,302.2	33.7	
BNP Luxembourg	2,898.5	20.3	667.9	13.0	2,752.5	22.4	4,127.7	32.4	5/
Hopitaux De France	4.5	0.0	4.5	0.1	4.5	0.0	4.5	0.0	
Iran Khodro Diesel	6.5	0.0	-	0.0	7.1	0.1	7.1	0.1	
RATP	0.8	0.0	0.8	0.0	0.8	0.0	0.8	0.0	
Renault Vehicule Industriel	1.6	0.0	1.6	0.0	1.6	0.0	1.6	0.0	
Standard Bank	161.7	1.1	-	0.0	160.6	1.3	160.6	1.3	

Sources: Ivorien authorities; and Fund and World Bank staff estimates.

1/ Includes arrears.

2/ Includes a hypothetical stock-of-debt operation on Naples terms at end-2007 and at least comparable action by other official bilateral and commercial creditors on eligible debt (pre cutoff and non-ODA). Also includes excess relief beyond traditional debt relief from bilateral and commercial creditors.

3/ Increased by the amount of excess relief provided beyond traditional relief through two flow rescheduling operations on Lyon terms (80 percent reduction).

4/ Increased by the NPV of the 2007 cancelled loans by China in line with the HIPC methodology applied to other countries.

5/ Increased by the amount of excess relief provided beyond traditional debt relief through the 1998 agreement.

Table A2. Côte d'Ivoire: HIPC Initiative Assistance Under a Proportional Burden-Sharing Approach 1/ 2/

(In millions of U.S. dollars, unless otherwise indicated)

	Debt Outstanding (NPV terms) end-2007 (A)	Debt Outstanding (NPV terms) Post-HIPC (B)	Reduction of the NPV of Debt due to HIPC (A-B) /3
Total	12,759	9,754	3,005
(as percent of revenue)	327	250	77
of which:			
Multilateral	2,948	2,254	694
Bilateral	5,509	4,212	1,297.4
Paris Club:	5,438	4,157	1,281
Other Official Bilateral:	71	54	17
Commercial	4,302	3,289	1,013.2
Memorandum Items:			
Common reduction factor (percent) 3/	23.6		
Revenue 4/	3,902		
Exports to GDP 5/	45		
Fiscal Revenues to GDP 6/	19		

Sources: Ivorien authorities; and IMF and World Bank staff estimates and projections.

1/ The proportional burden sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches"

2/ Includes a hypothetical stock-of-debt operation on Naples terms (end-December 2007) and comparable treatment by other official bilateral creditors.

3/ Each creditor's NPV reduction in percent of its exposure at the reference date, end-December 2007, calculated as (A-B)/A.

4/ 2007 government revenue without grant and adjusted for the toxic waste compensation (see Box III in the text).

5/ Three-year average of exports and GDP (2005-2007)

6/ Three-year average of fiscal revenues and GDP (2005-2007)

Table A3. Côte d'Ivoire: Discount and Exchange Rate Assumptions as of end-December, 2007

Currency Name	Discount Rate 1/ (In percent per annum)	Exchange Rate 2/ (Currency per U.S. dollar)
CFA Franc	5.35	445.59
Swiss Franc	3.96	1.13
Chinese Yuan	5.27	7.30
Danish Krone	5.40	5.08
Euro	5.35	0.68
U.K. Pound	6.34	0.50
Japanese Yen	2.47	114.00
Kuwaiti Dinar	5.64	0.27
Special Drawing Rights	5.27	0.63
Swedish Krona	5.29	6.41
U.S. Dollar	5.64	1.00
Memorandum item:		
Paris Club cutoff date	July 1, 1983	

Sources: OECD; and IMF, *International Financial Statistics* .

1/ The discount rates used are the average commercial interest reference rates over the six-month period piror to end-December 2007, i.e., the end of the period for which actual debt and export data are available.
2/ The exchange rates are expressed as national currency per U.S. dollar at end-December 2007.

Table A4. Côte d'Ivoire: External Debt Service, 2008–2027 1/

(in millions of U.S. dollars, unless otherwise indicated)

	2008	2009	2010	2011	2012	2017	2022	2027	Averages 2008-2017	Averages 2018-2027
Before traditional debt relief and before arrears clearance										
Total	893.2	803.9	702.5	687.8	730.3	1,179.5	1,308.5	1,728.4	854.8	1,376.0
Existing debt 2/	893.2	800.3	693.2	669.8	669.5	692.8	227.1	131.3	702.3	249.6
Multilateral	268.0	227.6	142.7	123.8	122.3	100.6	107.2	75.6	140.0	101.5
Official bilateral	351.4	321.1	291.5	289.2	287.3	239.5	115.2	51.1	278.9	126.8
Commercial	273.8	251.5	259.0	256.8	259.9	352.8	4.7	4.7	283.4	21.4
New debt	0.0	3.6	9.3	18.0	60.8	486.7	1,081.4	1,597.1	152.5	1,126.4
Debt service to exports ratio	9.6	8.8	7.7	8.3	8.2	7.4	4.6	4.2	8.0	4.8
Debt service to revenue ratio	18.9	18.5	14.5	13.0	12.5	12.0	8.3	7.4	13.5	8.3
After traditional debt relief and multilateral arrears clearance 3/ 4/										
Total	998.9	907.5	803.5	809.4	1,382.8	1,117.9	1,397.5	1,876.1	1,189.9	1,455.3
Existing debt	998.9	903.9	794.2	791.4	1,322.0	631.2	316.0	279.0	1,037.4	328.9
Multilateral	268.0	227.6	142.7	123.8	122.3	100.6	107.2	75.6	140.0	101.5
Official bilateral	420.2	387.9	355.6	373.9	771.1	177.9	204.2	198.7	522.3	206.1
Commercial	310.7	288.4	295.9	293.7	428.7	352.8	4.7	4.7	375.1	21.4
New debt	0.0	3.6	9.3	18.0	60.8	486.7	1,081.4	1,597.1	152.5	1,126.4
Debt service to exports ratio	10.8	10.0	8.8	9.8	15.5	7.0	4.9	4.6	11.3	5.0
Debt service to revenue ratio	21.2	20.9	16.6	15.3	23.7	11.3	8.8	8.0	18.6	8.7
After HIPC assistance 5/										
Total	375.7	606.0	756.7	709.8	1,026.7	1,281.6	1,257.9	1,728.6	1,047.5	1,313.6
Existing debt 2/	375.7	602.4	747.4	691.8	965.9	794.9	176.5	131.6	894.9	187.3
Multilateral	268.0	184.9	126.7	119.8	84.9	98.5	106.1	74.9	121.0	100.3
Official bilateral	0.5	243.9	310.1	263.6	476.6	264.0	65.8	52.0	395.8	65.6
Commercial	107.2	173.6	310.7	308.5	404.4	432.3	4.7	4.7	378.1	21.4
New debt	0.0	3.6	9.3	18.0	60.8	486.7	1,081.4	1,597.1	152.5	1,126.4
Debt service to exports ratio after HIPC assistance	4.0	6.7	8.3	8.6	11.5	8.1	4.4	4.2	9.7	4.5
Debt service to revenue ratio after HIPC assistance	8.0	13.9	15.6	13.4	17.6	13.0	7.9	7.4	15.6	7.8
Reduction in debt service as a result of										
HIPC Initiative assistance 6/	...	301.5	46.8	99.6	356.1	-163.7	139.6	147.4	89.1	141.6
After HIPC and MDRI assistance 7/										
Total	375.7	606.0	756.7	709.8	988.7	1,191.6	1,158.4	1,657.9	1,011.2	1,219.5
Existing debt 6/	375.7	602.4	747.4	691.8	927.9	704.9	76.9	60.8	858.7	93.2
Multilateral	268.0	184.9	126.7	119.8	46.9	8.6	6.5	4.1	84.7	6.2
Official bilateral	0.5	243.9	310.1	263.6	476.6	264.0	65.8	52.0	395.8	65.6
Commercial	107.2	173.6	310.7	308.5	404.4	432.3	4.7	4.7	378.1	21.4
New debt	0.0	3.6	9.3	18.0	60.8	486.7	1,081.4	1,597.1	152.5	1,126.4
Debt service to exports ratio after HIPC and MDRI assistance	4.0	6.7	8.3	8.6	11.1	7.5	4.1	4.1	9.4	4.2
Debt service to revenue ratio after HIPC and MDRI assistance	8.0	13.9	15.6	13.4	16.9	12.1	7.3	7.1	15.1	7.2
Reduction in debt service as a result of										
MDRI assistance	0.0	0.0	0.0	0.0	38.0	90.0	99.5	70.8	36.3	94.1
After conditional additional bilateral relief beyond enhanced HIPC and MDRI assistance 7/ 8/										
Total	375.7	606.0	756.8	689.7	540.3	944.1	1,099.1	1,609.3	713.1	1,160.1
Existing debt 6/	375.7	602.4	747.5	671.7	479.5	457.4	17.7	12.3	560.6	33.7
Multilateral	268.0	184.9	126.7	119.8	46.9	8.6	6.5	4.1	84.7	6.2
Official bilateral	0.5	243.9	310.1	243.4	28.2	16.5	6.5	3.5	97.8	6.1
Commercial	107.2	173.6	310.7	308.5	404.4	432.3	4.7	4.7	378.1	21.4
New debt	0.0	3.6	9.3	18.0	60.8	486.7	1,081.4	1,597.1	152.5	1,126.4
Debt service to exports ratio after additional bilateral and MDRI as	4.0	6.7	8.3	8.3	6.1	5.9	3.8	3.9	6.7	3.9
Debt service to revenue ratio after additional bilateral and MDRI a	8.0	13.9	15.6	13.0	9.3	9.6	6.9	6.9	11.1	6.9
Memorandum items:										
Exports of goods and nonfactor services 9/	9,291.5	9,109.4	9,117.4	8,280.7	8,919.5	15,887.8	28,554.3	40,774.7	10,728.6	29,390.2
Government revenues 10/	4,719.4	4,347.0	4,841.5	5,301.4	5,836.7	9,849.8	15,846.6	23,456.7	6,579.0	16,864.9

Sources: Ivorien authorities and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated. Fiscal year ends in December.

2/ Includes only principal and interest due on debt outstanding as of the reference date (12/31/2007) and does not include projected penalty interest on arrears.

3/ Includes the impact of arrears clearance operation by IDA, AfDB and BOAD.

4/ Assumes a hypothetical stock of debt operation on Naples terms and comparable treatment from other bilateral creditors as of end-2007.

5/ Bilateral and commercial creditors are assumed to provide a Cologne flow rescheduling on eligible debt during the interim period (April 2009-December 2011) and a Cologne stock-of-debt operation at the completion point (end December 2011). Cote d'Ivoire is assumed to continue accumulating arrears on non-current bilateral and commercial debts until end-March 2009. Multilateral creditors are assumed to provide HIPC debt relief as of the decision point, except for BADEA, BOAD, CEDEAO, FAGACE, IDB, IFAD and OFID which are assumed to provide relief at the completion point.

6/ The reduction is measured as the difference between the projected debt service after full use of traditional debt relief and debt service after the application of HIPC relief.

7/ MDRI assistance applies to the World Bank, the IMF and the AfDB and starts after the assumed completion point (December 2011). Assumes that MDRI has no impact on Cote d'Ivoire's new borrowing over the projection period.

8/ Paris Club creditors deliver, under bilateral initiatives, additional debt relief beyond the HIPC Initiative at the completion point. Details on the modalities of the delivery are presented on Table A11.

9/ As defined in IMF, Balance of Payments Manual, 5th edition, 1993. Refers to current year exports.

10/ Revenues are defined as central government revenues, excluding grants.

Table A5. Côte d'Ivoire: Net Present Value of External Debt, 2007-2027
(in millions of U.S. dollars, unless otherwise indicated)

										Averages	
	2007	2008	2009	2010	2011	2012	2017	2022	2027	2007-2017	2018-2027
I. Before traditional debt-relief and before arrears clearance											
NPV of total debt	12,282.8	11,996.1	11,661.3	11,624.3	11,701.1	12,571.1	15,937.3	18,739.9	23,778.8	13,288.9	19,619.5
NPV of outstanding debt	12,282.8	11,996.1	11,442.0	11,124.8	10,798.8	10,463.0	8,461.6	7,881.8	7,595.4	10,438.9	7,847.2
Official bilateral and commercial	9,334.6	8,993.5	8,686.8	8,385.7	8,073.0	7,742.2	5,761.5	5,193.8	4,914.9	7,672.5	5,159.4
Multilateral	2,948.2	3,002.6	2,755.2	2,739.1	2,725.8	2,720.8	2,700.1	2,688.0	2,680.5	2,766.3	2,687.7
NPV of new borrowing	0.0	0.0	219.3	499.4	902.3	2108.2	7475.7	10858.1	16183.4	2,850.0	11,772.3
II. After traditional debt relief and multilateral arrears clearance 1/ 2/											
NPV of total debt	11,152.8	9,753.7	9,339.1	9,311.9	9,393.9	9,731.1	11,097.8	13,669.7	18,014.9	10,149.9	14,438.1
NPV of outstanding debt	11,152.8	9,753.7	9,119.8	8,812.5	8,491.6	7,622.9	3,622.1	2,811.6	1,831.5	7,299.9	2,665.8
Official bilateral and commercial	8,204.6	7,913.1	7,660.5	7,419.2	7,148.8	6,331.7	2,526.0	1,979.7	1,301.8	5,830.6	1,871.8
Multilateral	2,948.2	1,840.6	1,459.3	1,393.3	1,342.8	1,291.2	1,096.1	831.9	529.7	1,469.3	793.9
NPV of new borrowing	0.0	0.0	219.3	499.4	902.3	2108.2	7475.7	10858.1	16183.4	2,850.0	11,772.3
III. After conditional delivery of enhanced HIPC assistance 4/											
NPV of total debt	11,243.9	11,272.1	10,309.1	10,245.1	8,123.6	8,734.0	9,718.3	12,552.0	17,447.0	9,739.1	13,412.7
NPV of outstanding debt	11,243.9	11,272.1	10,089.8	9,745.7	7,221.3	6,625.8	2,242.7	1,693.9	1,263.6	6,889.1	1,640.4
Official bilateral and commercial	9,335.8	9,504.1	8,649.3	8,356.3	5,878.5	5,334.6	1,146.5	862.0	733.9	5,523.0	846.5
Multilateral	1,908.1	1,768.0	1,440.5	1,389.5	1,342.8	1,291.2	1,096.1	831.9	529.7	1,366.0	793.9
NPV of new borrowing	0.0	0.0	219.3	499.4	902.3	2108.2	7475.7	10858.1	16183.4	2,850.0	11,772.3
IV. After unconditional delivery of enhanced HIPC assistance 5/											
NPV of total debt	9,754.4	8,141.7	7,971.4	7,917.7	8,003.0	8,644.4	9,708.2	12,547.0	17,445.2	8,865.5	13,407.8
NPV of outstanding debt	9,754.4	8,141.7	7,752.1	7,418.3	7,100.7	6,536.2	2,232.5	1,688.9	1,261.8	6,015.5	1,635.5
Official bilateral and commercial	7,500.5	6,490.4	6,420.4	6,143.3	5,878.5	5,334.6	1,146.5	862.0	733.9	4,678.4	846.5
Multilateral	2,253.9	1,651.2	1,331.7	1,274.9	1,222.2	1,201.7	1,086.0	826.9	527.9	1,337.1	789.0
NPV of new borrowing 8/	0.0	0.0	219.3	499.4	902.3	2,108.2	7,475.7	10,858.1	16,183.4	2,850.0	11,772.3
V. After conditional delivery of enhanced HIPC and MDRI assistance 4/ 6/											
NPV of total debt	10,381.7	10,364.5	9,361.7	9,247.9	7,073.8	7,666.9	8,691.4	11,760.3	16,936.1	8,721.2	12,657.6
NPV of outstanding debt	10,381.7	10,364.5	9,142.4	8,748.5	6,171.6	5,558.8	1,215.7	902.2	752.7	5,871.2	885.3
Official bilateral and commercial	9,335.8	9,504.1	8,649.3	8,356.3	5,878.5	5,334.6	1,146.5	862.0	733.9	5,523.0	846.5
Multilateral	1,046.0	860.4	493.1	392.2	293.0	224.2	69.2	40.2	18.8	348.2	38.9
NPV of new borrowing	0.0	0.0	219.3	499.4	902.3	2,108.2	7,475.7	10,858.1	16,183.4	2,850.0	11,772.3
VI. After conditional additional bilateral relief beyond enhanced HIPC and MDRI assistance 4/ 6/ 7/											
NPV of total debt	10,381.7	10,364.5	9,361.7	9,247.9	3,955.7	4,810.8	7,839.1	11,007.2	16,291.3	7,473.1	11,919.0
NPV of outstanding debt	10,381.7	10,364.5	9,142.4	8,748.5	3,053.4	2,702.7	363.4	149.1	107.9	4,623.1	146.7
Official bilateral and commercial	9,335.8	9,504.1	8,649.3	8,356.2	2,760.4	2,478.5	294.2	108.9	89.1	4,274.9	107.9
Multilateral	1,046.0	860.4	493.1	392.2	293.0	224.2	69.2	40.2	18.8	348.2	38.9
NPV of new borrowing	0.0	0.0	219.3	499.4	902.3	2,108.2	7,475.7	10,858.1	16,183.4	2,850.0	11,772.3

Sources: Ivorien authorities and staff estimates and projections.

1/ Includes the impact of arrears clearance operation by IDA, AfDB and BOAD.

2/ Shows the external debt situation after the full use of traditional debt-relief mechanisms, and assuming at least comparable treatment from official bilateral creditors. Does not include excess relief beyond traditional debt relief from Paris Club, London Club and China.

3/ In terms of simple historical three-year average of exports of goods and nonfactor services.

4/ Assumes interim relief under the enhanced HIPC Initiative from April 2009 to December 2011 and full delivery of assistance in January 2012.

5/ Assumes full delivery of estimated HIPC initiative debt relief as end-December 2007.

6/ MDRI assistance applies to the World Bank, the IMF and the AfDB Group, and starts after the completion point (December 2011).

7/ Paris Club creditors deliver, under bilateral initiatives, additional debt relief beyond the HIPC Initiative at the completion point. Details on the modalities of the delivery are presented on Table A12.

Table A6. Côte d'Ivoire: External Debt Indicators , 2007-27 1/

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Averages 2007-2016	2017-2026
											(In percent, unless otherwise indicated)												
I. Before traditional debt-relief																							
NPV of debt-to-GDP ratio	62.0	49.8	50.9	47.1	43.8	43.3	42.7	40.9	39.4	37.9	35.7	33.6	32.0	30.4	29.1	28.0	27.2	26.5	25.7	24.8	24.0	44.9	28.2
NPV of debt-to-exports ratio 2/ 3/	153.7	129.1	128.0	127.5	141.3	140.9	140.2	132.7	122.3	111.4	100.3	90.9	82.5	74.5	68.9	65.6	64.5	63.2	61.8	59.9	58.3	129.8	69.0
NPV of debt-to-revenue ratio 4/	314.8	254.2	268.3	240.1	220.7	215.4	207.3	194.5	184.8	175.0	161.8	149.2	139.3	129.3	124.5	118.3	113.0	109.9	108.1	104.1	101.4	221.5	119.7
Debt service ratio	...	7.8	10.4	8.5	7.7	7.6	7.0	6.6	6.7	6.8	6.6	5.4	4.3	4.2	4.2	4.3	4.4	4.4	4.3	4.2	4.0	7.6	4.4
Debt service-to-revenue ratio 4/	...	18.9	18.5	14.5	13.0	12.5	11.2	10.9	11.6	12.1	12.0	10.0	8.2	8.3	8.3	8.3	8.2	8.1	8.1	7.9	7.4	13.5	8.3
II. After traditional debt relief and multilateral arrears clearance 5/																							
NPV of debt-to-GDP ratio	56.3	40.5	40.8	37.7	35.2	33.5	32.1	29.8	27.8	26.0	24.8	23.8	22.9	21.9	21.1	20.4	20.1	19.7	19.3	18.7	18.2	35.0	20.6
NPV of debt-to-exports ratio 2/ 3/	139.6	105.0	102.5	102.1	113.4	109.1	105.4	96.7	86.3	76.4	69.9	64.4	59.0	53.6	49.9	47.9	47.5	47.0	46.3	45.2	44.2	100.6	50.5
NPV of debt-to-revenue ratio 4/	285.8	206.7	214.8	192.3	177.2	166.7	155.9	141.8	130.4	120.0	112.7	105.6	99.5	93.1	90.2	86.3	83.3	81.8	81.1	78.4	76.8	173.1	87.6
Debt service ratio	...	8.8	11.8	9.7	9.1	14.4	13.0	11.5	10.8	10.1	6.3	5.1	4.5	4.4	4.5	4.6	4.7	4.7	4.6	4.5	4.3	10.5	4.6
Debt service-to-revenue ratio 4/	...	21.2	20.9	16.6	15.3	23.7	20.8	19.1	18.7	18.0	11.3	9.4	8.6	8.7	8.9	8.8	8.7	8.7	8.7	8.5	8.0	18.6	8.7
III. After conditional delivery of enhanced HIPC assistance 6/																							
NPV of debt-to-GDP ratio	56.7	46.8	45.0	41.5	30.4	30.1	28.8	26.7	24.9	23.2	21.8	21.0	20.4	19.7	19.2	18.7	18.7	18.5	18.3	18.0	17.6	34.2	19.0
NPV of debt-to-exports ratio 2/ 3/	140.7	121.3	113.2	112.4	98.1	97.9	94.6	86.7	77.2	68.1	61.2	56.9	52.6	48.3	45.4	44.0	44.2	44.2	44.0	43.4	42.8	97.4	46.6
NPV of debt-to-exports ratio (existing debt only)	140.7	121.3	110.8	106.9	87.2	74.3	59.4	44.8	31.8	20.6	14.1	11.2	9.4	7.9	6.8	5.9	5.2	4.6	4.0	3.5	3.1	73.8	6.2
NPV of debt-to-revenue ratio 4/	288.2	238.8	237.2	211.6	153.2	149.6	140.0	127.1	116.7	107.1	98.7	93.3	88.8	83.8	82.0	79.2	77.4	76.8	77.0	75.3	74.4	169.8	80.8
Debt service-to-exports ratio	...	3.3	7.9	9.2	8.0	10.7	12.5	11.0	10.6	10.0	7.2	4.6	4.0	3.9	4.0	4.1	4.2	4.2	4.2	4.1	4.0	9.0	4.1
Debt service-to-revenue ratio 4/	...	8.0	13.9	15.6	13.4	17.6	20.2	18.3	18.2	17.7	13.0	8.5	7.6	7.8	8.0	7.9	7.9	7.8	7.8	7.6	7.4	15.6	7.8
IV. After unconditional delivery of enhanced HIPC assistance 7/																							
NPV of debt-to-GDP ratio	49.2	33.8	34.8	32.1	30.0	29.8	28.6	26.7	24.9	23.2	21.7	21.0	20.4	19.7	19.2	18.7	18.7	18.5	18.3	18.0	17.6	30.4	19.0
NPV of debt-to-exports ratio 2/ 3/	122.1	87.6	87.5	86.8	96.6	96.9	94.0	86.5	77.1	68.1	61.1	56.8	52.5	48.2	45.4	43.9	44.1	44.2	44.0	43.4	42.8	87.7	46.5
NPV of debt-to-exports ratio (existing debt only)	122.1	87.6	85.1	81.4	85.8	73.3	58.8	44.6	31.6	20.5	14.1	11.1	9.4	7.9	6.8	5.9	5.2	4.6	4.0	3.5	3.1	64.1	6.2
NPV of debt-to-revenue ratio 4/	250.0	172.5	183.4	163.5	151.0	148.1	139.1	126.8	116.5	107.0	98.6	93.2	88.7	83.7	82.0	79.2	77.4	76.8	77.0	75.3	74.4	150.6	80.8
Debt service-to-exports ratio	...	3.3	7.9	9.2	8.0	10.7	12.5	11.0	10.6	10.0	7.2	4.6	4.0	3.9	4.0	4.1	4.2	4.2	4.2	4.1	4.0	9.0	4.1
Debt service-to-revenue ratio 4/	...	8.0	13.9	15.6	13.4	17.6	20.2	18.3	18.2	17.7	13.0	8.5	7.6	7.8	8.0	7.9	7.9	7.8	7.8	7.6	7.4	15.6	7.8
V. After conditional delivery of enhanced HIPC and MDRI assistance 8/																							
NPV of debt-to-GDP ratio	52.4	43.1	40.9	37.5	26.5	26.4	25.4	23.6	22.0	20.6	19.5	19.0	18.6	18.2	17.8	17.6	17.6	17.6	17.6	17.4	17.1	30.7	17.9
NPV of debt-to-exports ratio 2/ 3/	129.9	111.5	102.8	101.4	85.4	86.0	83.4	76.5	68.3	60.6	54.7	51.4	48.0	44.4	42.2	41.2	41.8	42.1	42.3	41.9	41.5	87.3	43.7
NPV of debt-to-exports ratio (existing debt only)	129.9	111.5	100.4	96.0	74.5	62.3	48.1	34.6	22.8	13.0	7.7	5.7	4.8	4.1	3.6	3.2	2.8	2.6	2.3	2.0	1.8	63.7	3.3
NPV of debt-to-revenue ratio 4/	266.1	219.6	215.4	191.0	133.4	131.4	123.4	112.1	103.2	95.2	88.2	84.3	81.0	77.1	76.2	74.2	73.2	73.2	74.0	72.8	72.2	152.6	75.8
Debt service-to-exports ratio	...	3.3	7.9	9.2	8.0	10.3	12.2	10.7	10.0	9.4	6.7	4.1	3.6	3.6	3.7	3.8	3.9	3.9	3.9	3.8	3.8	8.8	3.8
Debt service-to-revenue ratio 4/	...	8.0	13.9	15.6	13.4	16.9	19.6	17.8	17.3	16.8	12.1	7.6	6.9	7.1	7.3	7.3	7.3	7.3	7.4	7.2	7.1	15.1	7.2
VI. After conditional additional bilateral relief beyond HIPC and MDRI assistance 9/																							
NPV of debt-to-GDP ratio	52.4	43.1	40.9	37.5	14.8	16.6	17.8	18.0	18.1	18.1	17.6	17.3	17.1	16.8	16.6	16.4	16.6	16.7	16.8	16.6	16.5	26.8	16.7
NPV of debt-to-exports ratio 2/ 3/	129.9	111.5	102.8	101.4	47.8	53.9	58.6	58.4	56.1	53.1	49.3	46.8	44.0	41.1	39.2	38.5	39.4	40.0	40.3	40.2	40.0	74.8	40.9
NPV of debt-to-exports ratio (existing debt only)	129.9	111.5	100.4	96.0	36.9	30.3	23.3	16.5	10.6	5.6	2.3	1.1	0.9	0.7	0.6	0.5	0.5	0.4	0.3	0.3	0.3	51.2	0.6
NPV of debt-to-revenue ratio 4/	266.1	219.6	215.4	191.0	74.6	82.4	86.6	85.5	84.7	83.5	79.6	76.7	74.3	71.3	70.8	69.5	69.0	69.5	70.6	69.8	69.5	133.5	71.1
Debt service-to-exports ratio	...	3.3	7.9	9.2	7.8	5.6	6.4	6.0	6.1	6.1	5.3	3.8	3.3	3.3	3.5	3.6	3.7	3.8	3.7	3.7	3.7	6.4	3.6
Debt service-to-revenue ratio 4/	...	8.0	13.9	15.4	12.7	8.2	8.6	7.6	7.1	6.5	4.6	1.7	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	9.3	0.3

Sources: Ivorien authorities and staff estimates and projections.
1/ All debt indicators refer to public and publicly guaranteed (PPG) debt at end-December 2007.
2/ Exports are defined as in IMF, *Balance of Payments Manual* , 5th edition, 1993.
3/ Based on a three-year average of exports on the previous year (e.g., export average over 2005-2007 for NPV of debt-to-exports ratio in 2007).
4/ Revenue is defined as central government revenue, excluding grants, and adjusted for toxic waste compensation (see Box III in the text).
5/ Shows the external debt situation after the full use of traditional debt-relief mechanisms, and assuming at least comparable treatment from official bilateral creditors.
6/ Assumes interim relief under the enhanced HIPC Initiative from April 2009 to December 2011 and full delivery of assistance in January 2012.
7/ Assumes full delivery of estimated HIPC initiative debt relief as end-December 2007.
8/ MDRI assistance to the World Bank, the IMF and the African Development Bank, and starts after the completion point (December 2011). Assumes that MDRI has no impact on Cote d'Ivoire's new borrowing over the projection period.
9/ Paris Club creditors deliver, under bilateral initiatives, additional debt relief beyond the HIPC Initiative at the completion point. Details on the modalities of the delivery are presented on Table A11.

Table A7. Côte d'Ivoire: Sensitivity Analysis, 2007-27 1/

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Averages 2007-2017	Averages 2018-2027
												(In percent, unless otherwise indicated)											
I. Baseline scenario 2/																							
NPV of debt-to-GDP ratio	49.2	33.8	34.8	32.1	30.0	29.8	28.6	26.7	24.9	23.2	21.7	21.0	20.4	19.7	19.2	18.7	18.7	18.5	18.3	18.0	17.6	30.4	19.0
NPV of debt-to-exports ratio 3/ 4/	122.1	87.6	87.5	86.8	96.6	96.9	94.0	86.5	77.1	68.1	61.1	56.8	52.5	48.2	45.4	43.9	44.1	44.2	44.0	43.4	42.8	87.7	46.5
NPV of debt-to-revenue ratio 5/	250.0	172.5	183.4	163.5	151.0	148.1	139.1	126.8	116.5	107.0	98.6	93.2	88.7	83.7	82.0	79.2	77.4	76.8	77.0	75.3	74.4	150.6	80.8
Debt service-to-exports ratio	...	3.3	7.9	9.2	8.0	10.7	12.5	11.0	10.6	10.0	7.2	4.6	4.0	3.9	4.0	4.1	4.2	4.2	4.2	4.1	4.0	9.0	4.1
Debt service-to-revenue ratio	...	8.0	13.9	15.6	13.4	17.6	20.2	18.3	18.2	17.7	13.0	8.5	7.6	7.8	8.0	7.9	7.9	7.8	7.8	7.6	7.4	15.6	7.8
II. Sensitivity analysis																							
II.(a) Cocoa prices path at -30 percent compared to baseline price, from 2009																							
NPV of debt-to-GDP ratio	49.2	33.8	36.3	35.0	33.0	33.1	32.2	30.5	28.9	27.4	26.1	25.5	25.1	24.5	24.2	23.9	24.0	24.1	24.2	24.0	23.9	33.2	24.4
NPV of debt-to-exports ratio 3/ 4/	122.1	87.6	88.5	92.2	109.4	113.9	110.9	102.6	92.5	82.5	75.0	70.4	65.6	60.7	57.7	56.5	57.2	57.9	58.3	58.2	58.3	97.9	60.1
NPV of debt-to-revenue ratio 5/	250.0	172.5	190.8	182.4	170.5	168.0	159.3	147.6	134.0	124.9	115.2	111.8	109.7	104.4	101.3	98.9	99.7	98.6	97.9	95.6	95.3	165.0	101.3
Debt service-to-exports ratio	...	3.3	8.1	10.5	9.0	11.6	13.6	12.0	11.1	10.5	7.5	4.8	3.8	4.1	4.4	4.5	4.7	4.8	4.8	4.8	4.8	9.7	4.6
Debt service-to-revenue ratio	...	8.0	14.4	17.2	14.7	18.6	21.3	19.6	18.4	18.1	13.1	8.6	7.3	8.0	8.4	8.5	8.7	8.8	8.7	8.5	8.3	16.3	8.4
II.(b) Real GDP growth 2 point lower (homogeneous shock among sectors) from 2009																							
NPV of debt-to-GDP ratio	49.2	33.8	36.3	34.3	32.8	33.4	33.0	31.8	30.7	29.8	29.3	29.6	30.1	30.6	31.7	33.2	35.2	37.3	39.9	42.4	45.3	34.0	35.5
NPV of debt-to-exports ratio 3/ 4/	122.1	87.6	88.5	89.4	102.0	103.3	101.3	94.4	86.0	77.9	72.2	69.3	66.1	62.9	62.0	63.4	66.8	70.5	74.6	78.7	83.2	93.1	69.7
NPV of debt-to-revenue ratio 5/	250.0	172.5	190.8	176.4	166.1	165.9	160.0	150.6	139.8	133.5	127.1	127.5	129.4	128.3	132.4	138.2	147.1	154.2	164.9	173.7	186.9	166.6	148.3
Debt service-to-exports ratio	...	3.3	8.1	9.6	8.3	10.7	12.7	11.2	10.4	10.0	7.2	4.6	3.7	4.0	4.3	4.6	4.8	5.1	5.2	5.4	5.6	9.2	4.7
Debt service-to-revenue ratio	...	8.0	14.4	16.7	14.5	18.6	21.8	20.2	19.3	19.3	14.2	9.5	8.3	9.3	10.1	10.7	11.3	11.9	12.5	12.8	13.3	16.7	11.0

Sources: Ivorien authorities and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after HIPC debt relief assumed delivered unconditionally at end-December 2006.

2/ The baseline scenario is described in Section III.

3/ As defined in IMF, *Balance of Payments Manual*, 5th edition, 1993.

4/ Based on a three-year average of exports on the previous year (e.g., export average over 2004-2006 for NPV of debt-to-exports ratio in 2006).

5/ Revenue is defined as central government revenue, excluding grants.

Table A8. Côte d'Ivoire: Possible Delivery of World Bank Group's Assistance Under the Enhanced HIPC Initiative, 2009-2027 1/

(In millions of U.S. dollars, unless otherwise indicated)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Cumulative 2015-27	2028-38	2009-41
World Bank Debt service before HIPC Assistance	128.2	75.5	68.6	67.5	67.7	70.0	73.1	81.9	84.8	88.5	90.8	90.2	89.6	91.5	90.8	90.0	89.4	84.4	62.7	1107.7	514.0	2114.8
IBRD	75.0	22.6	13.8	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	111.4
IDA	53.2	52.9	54.8	67.5	67.7	70.0	73.1	81.9	84.8	88.5	90.8	90.2	89.6	91.5	90.8	90.0	89.4	84.4	62.7	1107.7	514.0	2003.4
World Bank Debt Service after HIPC Assistance	93.6	64.7	68.6	33.8	33.8	35.0	65.4	81.9	84.8	88.5	90.8	90.2	89.6	91.5	90.8	90.0	89.4	84.4	62.7	1100.0	514.0	1959.0
IBRD	40.3	11.8	13.8	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	66.0
IDA	53.2	52.9	54.8	33.8	33.8	35.0	65.4	81.9	84.8	88.5	90.8	90.2	89.6	91.5	90.8	90.0	89.4	84.4	62.7	1100.0	514.0	1893.0
Savings on debt service to the World Bank	34.6	10.8	0.0	33.8	33.8	35.0	7.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7	0.0	155.8
IBRD	34.6	10.8	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	0.0	45.5
IDA	0.0	0.0	0.0	33.8	33.8	35.0	7.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7	0.0	110.3
Savings as percent of debt service due to World Bank Group (percent)	27	14	0	50	50	50	11	0	0	0	0	0	0	0	0	0	0	0		1	0	7

Source: Staff estimates.

1/ Decision point is expected to be reached in early 2009. Delivery of the interim assistance by the World Bank Group is expected to start on April 1, 2009.

Table A9. Cote d'Ivoire: Possible Delivery of IMF Assistance under the Enhanced HIPC Initiative and the MDRI, 2009-19 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2009 Apr-Dec	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
(Based on the US$/SDR exchange rate as of March 2, 2009)											
I. Pre-MDRI Debt relief (under the HIPC Initiative only) 2/											
HIPC-eligible debt service due on IMF obligations 3/	18.3	18.5	18.4	9.8	1.2	24.5	47.7	47.4	47.2	47.0	23.4
Principal	17.2	17.2	17.2	8.6	-	23.4	46.7	46.7	46.7	46.7	23.4
Interest and charges	1.1	1.3	1.3	1.2	1.2	1.1	0.9	0.7	0.5	0.2	0.0
HIPC assistance--deposits into member's Umbrella Account											
Interim assistance 4/	7.5	7.5	7.5								
Completion point disbursement 5/			16.1								
Completion point assistance			15.1								
Completion point interest 6/			1.0								
IMF assistance--drawdown schedule from member's Umbrella Account	7.5	7.6	7.6	0.6	-	3.5	3.1	2.9	3.6	3.5	1.6
IMF assistance without interest	7.5	7.5	7.5	0.5	-	2.2	2.2	2.2	3.3	3.3	1.5
Estimated interest earnings 6/	-	0.0	0.1	0.0	-	1.4	0.9	0.8	0.3	0.2	0.1
Debt service due on current IMF obligations after IMF assistance	10.7	10.9	10.8	9.2	1.2	21.0	44.6	44.5	43.6	43.4	21.8
Delivery schedule of IMF assistance (in percent of the total assistance; on a flow basis)	20.0	20.0	20.0	1.4	-	5.8	5.8	5.8	8.7	8.7	3.9
Share of debt service due on IMF obligations covered by HIPC assistance (in percent)	41.3	40.9	41.3	5.8	-	14.5	6.4	6.2	7.6	7.5	6.8
Proportion (in percent) of each repayment falling due during the period to be paid by HIPC assistance from the principal deposited in Umbrella Account	44.0	44.0	44.0	6.2	-	9.3	4.7	4.7	7.0	7.0	6.2
II. Post-MDRI Debt relief (under both MDRI and HIPC Initiatives)			**24.1**								
Projected pre MDRI cutoff date debt at completion point			8.6								
Delivery of debt relief (on stock basis):											
from the MDRI-II Trust 7/			8.0								
from the HIPC Umbrella Account 8/			0.6								
Delivery of remaining HIPC assistance for post MDRI cutoff date debt (on stock basis):			15.5								
III. Debt service due to the IMF after HIPC and MDRI debt relief 9/	10.7	10.9	10.8	1.1	1.1	8.9	47.7	47.4	47.2	47.0	23.4
Memorandum items:											
(Based on debt service data and exchange rates as of December 31, 2007)											
Total debt service due (in millions of U.S. dollars)	404.0	756.7	709.8	1,026.7	1,317.5	1,346.2	1,472.7	1,582.0	1,281.6	926.4	927.8
Debt service due on IMF obligations (in millions of U.S. dollars)	19.7	19.9	19.9	10.5	1.3	26.4	51.4	51.1	50.9	50.6	25.2
Debt service due on current IMF obligations after IMF assistance (in percent of current year exports of goods and nonfactor services)	0.2	0.1	0.1	0.1	0.0	0.2	0.4	0.3	0.3	0.2	0.1
Share of total debt service covered by IMF assistance (in percent)	41.3	40.9	41.3	5.8	-	14.5	6.4	6.2	7.6	7.5	6.8

Source: Fund staff estimates and projections.

1/ Total IMF assistance under the enhanced HIPC Initiative is US$ 37.71 million in NPV terms calculated on the basis of data available at the decision point, excluding interest earned on Cote d'Ivoire's Umbrella account and on committed but undisbursed amounts as described in footnote 6.
2/ Estimated delivery of HIPC assistance in the absence of MDRI decision.
3/ Forthcoming obligations estimated based on schedules in effect as of end-February 2009, assuming a first disbursement under a new PRGF arrangement and a repurchase of outstanding EPCA credit in April 2009. Interest obligations exclude net SDR charges and assessments.
4/ The first delivery of interim assistance of 20 percent of commitment will be deposited into the Cote d'Ivoire's Umbrella account at the expected decision point in April 2009 to cover principal repayment obligations falling due to the Fund over the next 12 months. The second and third interim assistances are assumed to be disbursed in April 2010 and 2011, respectively.
5/ The remaining IMF's grant HIPC assistance assumed to be disbursed into member's account at the assumed completion point in December 2011, which is reflected in the calculation of interest.
6/ Estimated interest earnings on: (a) amounts held in Cote d'Ivoire's Umbrella Account; and (b) up to the completion point, amounts committed but not yet disbursed. The projected interest earnings are estimated based on assumed interest rates which are gradually rising to 4.5 percent in 2014 and beyond; actual interest earnings may be higher or lower.
7/ Credit outstanding at end-2004 that has not been repaid by the member or with HIPC assistance at the completion point and is not scheduled to be repaid by HIPC assistance, as defined in the MDRI-II Trust Instrument.
8/ It is estimated that 3.5 percent of the completion point HIPC assistance would be used for financing of the MDRI debt relief.
9/ Estimates as of end-February 2009.

Table A10. HIPC Initiative: Status of Country Cases Considered Under the Initiative, January 31, 2009

Country	Decision Point	Completion Point	Target NPV of Debt-to- Exports (in percent)	Target NPV of Debt-to- Gov. revenue (in percent)	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral and commercial	Multilateral Total	Multilateral IMF	Multilateral World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework (24)											
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
original framework	*Sep. 97*	*Sep. 98*	*225*		*448*	*157*	*291*	*29*	*54*	*14*	*760*
enhanced framework	*Feb. 00*	*Jun. 01*	*150*		*854*	*268*	*585*	*55*	*140*	*30*	*1,300*
Burkina Faso					553	83	469	57	231		930
original framework	*Sep. 97*	*Jul. 00*	*205*		*229*	*32*	*196*	*22*	*91*	*27*	*400*
enhanced framework	*Jul. 00*	*Apr. 02*	*150*		*195*	*35*	*161*	*22*	*79*	*30*	*300*
topping-up	*…*	*Apr. 02*	*150*		*129*	*16*	*112*	*14*	*61*	*24*	*230*
Burundi	Aug. 05	Jan. 09	150		833	127	706	28	425	92	1,336
Cameroon	Oct. 00	Apr. 06	*150*		1,267	879	322	37	176	27	4,917
Ethiopia					1,982	637	1,315	60	832		3,275
enhanced framework	*Nov. 01*	*Apr. 04*	*150*		*1,275*	*482*	*763*	*34*	*463*	*47*	*1,941*
topping-up		*Apr. 04*	*150*		*707*	*155*	*552*	*26*	*369*	*31*	*1,334*
Gambia, The	Dec. 00	Dec. 07	150		67	17	49	2	22	27	112
Ghana	Feb. 02	Jul. 04	144	250	2,186	1,084	1,102	112	781	56	3,500
Guyana					591	223	367	75	68		1,354
original framework	*Dec. 97*	*May 99*	*107*	*280*	*256*	*91*	*165*	*35*	*27*	*24*	*634*
enhanced framework	*Nov. 00*	*Dec-03*	*150*	*250*	*335*	*132*	*202*	*40*	*41*	*40*	*719*
Honduras	Jul. 00	Mar-05	110	250	556	215	340	30	98	18	1,000
Madagascar	Dec. 00	*Oct-04*	150		836	474	362	19	252	40	1,900
Malawi					1,057	171	886	45	622		1,628
enhanced framework	Dec. 00	*Aug-06*	150		646	164	482	30	333	44	1,025
topping-up	…	*Aug-06*	150		411	7	404	15	289	35	603
Mali					539	169	370	59	185		895
original framework	*Sep. 98*	*Sep. 00*	*200*		*121*	*37*	*84*	*14*	*43*	*9*	*220*
enhanced framework	*Sep. 00*	*Mar. 03*	*150*		*417*	*132*	*285*	*45*	*143*	*29*	*675*
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50	1,100
Mozambique					2,023	1,270	753	143	443		4,300
original framework	*Apr. 98*	*Jun. 99*	*200*		*1,717*	*1,076*	*641*	*125*	*381*	*63*	*3,700*
enhanced framework	*Apr. 00*	*Sep. 01*	*150*		*306*	*194*	*112*	*18*	*62*	*27*	*600*
Nicaragua	Dec. 00	Jan. 04	150		3,308	2,175	1,134	82	191	73	4,500
Niger					663	235	428	42	240		1,190
enhanced framework	*Dec. 00*	*Apr. 04*	*150*		521	211	309	28	170	53	944
topping-up	*…*	*Apr. 04*	*150*		143	23	119	14	70	25	246
Rwanda					696	65	631	63	383		1,316
enhanced framework	*Dec. 00*	*Apr-05*	*150*		452	56	397	44	228	71	839
topping-up	*…*	*Apr-05*	*150*		243	9	235	20	154	53	477
São Tomé and Príncipe					124	31	93	1	47	128	263
enhanced framework	Dec. 00	*Mar-07*	150		99	29	70	-	24	83	215
topping-up	…	*Mar-07*	150		25	2	23	1	23	45	49
Senegal	Jun. 00	Apr. 04	133	250	488	212	276	45	124	19	850
Sierra Leone	Mar. 02	Dec. 06	150		675	335	340	125	123	81	994
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					1,003	183	820	160	517		1,950
original framework	*Apr. 97*	*Apr. 98*	*202*		*347*	*73*	*274*	*69*	*160*	*20*	*650*
enhanced framework	*Feb. 00*	*May 00*	*150*		*656*	*110*	*546*	*91*	*357*	*37*	*1,300*
Zambia	Dec. 00	Apr-05	150		2,499	1,168	1,331	602	493	63	3,900
Decision point reached under enhanced framework (10)											
Afghanistan	Jul. 07	Floating	150		571	436	135	-	75	51	1,272
Central African Rep.	Sept. 07	Floating	150		583	217	365	27	209	68	782
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Congo, Democratic Rep. of	Jul. 03	Floating	150		6,311	3,837	2,474	472	831	80	10,389
Congo Rep. of	Mar. 06	Floating		250	1,679	1,561	118	8	49	32	2,881
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Haiti	Nov. 06	Floating	150		140	20	120	3	53	15	213
Liberia	Mar. 08	Floating	150		2,846	1,420	1,426	732	375	91	4,008
Togo	Nov. 08	Floating		250	270	120	150	0.3	98	19	360
Total assistance provided/committed					**39,690**	**19,596**	**19,994**	**3,369**	**9,329**	**1,262**	**# 68,484**

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.
2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.
3/ Equivalent to SDR 1,698 million at an SDR/USD exchange rate of 0.644524 , as of October 4, 2007.

Table A11. Côte d'Ivoire: Status of Creditor Participation under the Enhanced HIPC Initiative

	Debt relief in NPV terms (US$ millions)	Percentage of total assistance	Modalities to deliver debt relief
World Bank	402	13	Part of the World Bank's debt relief has been delivered through the clearance of arrears on grant terms in April 2008. Immediately following the approval of the decision point by the Boards, the World Bank would begin to provide interim assistance in the form of debt service reduction on debt outstanding and disbursed as of December 31, 2007.
AfDB Group	200	7	AfDB assistance has been fully delivered through its concessional arrears clearance operation under the Fragile States Facility.
IMF	38	1	The Fund will provide interim assistance following the approval of the decision point by the Boards of IDA and the IMF - provided that the necessary financing assurances are in place - in the form of debt service reduction.
EIB/EU	27	1	HIPC assistance will be delivered through a combination of concessional arrears clearance and debt service reduction.
BOAD	8	0	[Assistance to be delivered at completion point]
OFID	3	0	Assistance to be delivered at completion point
CEDEAO/ECOWAS	4	0	[Assistance to be delivered at completion point]
UEMOA/WAEMU	8	0	[Since debt service obligations to UEMOA end in 2011, HIPC assistance is expected to be delivered during the interim period through debt service reduction.]
BADEA	2	0	[Assistance to be delivered at completion point]
FAGACE	1	0	[Assistance to be delivered at completion point]
IDB	1	0	Assistance to be delivered through debt service reduction
IFAD	2	0	[Assistance to be delivered at completion point]
Total multilateral	**694**	**23.1**	
Paris Club Creditors	1281	42.6	The Paris Club has delivered part of its HIPC relief through two Lyon flow rescheduling operations in 1998 and 2002. It is expected to deliver interim assistance through a Cologne flow during the interim period.
Non-Paris Club Creditors	17	0.6	
China	12	0.4	China delivered its share of HIPC relief through loans' cancellation in 2007.
India	4	0.1	
Kuwait	0	0.0	
Commercial Creditors	1013	33.7	
BNP PARIBAS Luxembourg (as fiscal agent)	972	32.4	BNP PARIBAS Luxembourg delivered its share of HIPC relief through a rescheduling agreement signed in 1998.
Hopitaux De France	1	0.0	
Iran Khodro Diesel	2	0.1	
RATP	0	0.0	
Renault Vehicule Industriel	0	0.0	
Standard Bank	38	1.3	
Total bilateral and commercial	**2311**	**77**	
TOTAL	**3005**	**100**	

Sources: Ivorien authorities; and Bank-Fund staff estimates.

1/ Includes the Universal Postal Union and the Pan-African Postal Union, which are agencies, respectively, of the United Nations and the African Union. Also includes the International Postal Universities at Abidjan and Brazzaville, and the African Institute of Savings Institutions, which the authorities have reported to also be agencies of multilateral institutions.

Table A12. Paris Club Creditors' Delivery of Debt Relief under Bilateral Initiatives Beyond the HIPC Initiative 1/

Countries Covered		ODA (In percent)		Non-ODA (In percent)		Provision of Relief	
		Pre-cutoff Date Debt	Post-cutoff Date Debt	Pre-cutoff Date Debt	Post-cutoff Date Debt	Decision Point (In percent)	Completion Point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100 2/	2/	2/
Austria	HIPCs	100	-	100	-	Case-by-case, flow	Stock
Belgium	HIPCs	100	100	100	-	100 flow	Stock
Canada	HIPCs 3/	- 4/	- 4/	100	100	100 flow	Stock
Denmark	HIPCs	100	100 5/	100	100 5/	100 flow	Stock
France	HIPCs	100	100	100	-	100 flow 6/	Stock
Finland	HIPCs	100	- 7/	100	- 7/	-	-
Germany	HIPCs	100	100	100	100	100 flow	Stock
Ireland	-	-	-	-	-	-	-
Italy	HIPCs	100	100 8/	100	100 8/	100 flow	Stock
Japan	HIPCs	100	100	100	-	-	Stock
Netherlands, the	HIPCs	100 9/	100	100	-	90-100 flow 9/	Stock 10/
Norway	HIPCs	10/	10/	11/	11/	-	-
Russia	HIPCS	- 12/	- 12/	100	100	-	Stock
Spain	HIPCs	100	Case-by-case	100	Case-by-case	-	Stock
Sweden	HIPCs	-	- 13/	100	-	-	Stock
Switzerland	HIPCs	- 14/	- 14/	90-100 15/	-	90-100 flow	Stock
United Kingdom	HIPCs	100	100	100	100 16/	100 flow 16/	Stock
United States	HIPCs	100	100	100	100 17/	100 flow	Stock

Source: Paris Club Secretariat.

1/ Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table indicates that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

2/ Australia: post-cutoff date non-ODA relief to apply to debts incurred before a date to be finalized; timing details for both flow and stock relief are to be finalized.

3/ Canada: including Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 13 out of 17 HIPCs with debt service due to Canada. Eligible countries are Benin, Bolivia, Cameroon, Dem. Rep. of Congo, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Rwanda, Senegal, Tanzania, and Zambia. 100% cancellation will be granted at completion point. As of July 2004, Canada has provided completion point stock of debt cancellation for Benin, Bolivia, Guyana, Senegal, and Tanzania.

4/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.

5/ Denmark provides 100 percent cancellation of ODA loans and non-ODA credits contracted and disbursed before September 27, 1999.

6/ France: cancellation of 100 percent of debt service on pre-cutoff date commercial claims on the government as they fall due starting at decision point. Once countries have reached completion point, debt relief on ODA claims on the government will go to a special account and will be used for specific development projects.

7/ Finland: no post-Cutoff date claims

8/ Italy: cancellation of 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point, cancellation of the related amounts falling due in the interim period. At completion point, cancellation of the stock of remaining debt.

9/ The Netherlands: 100 percent ODA (pre- and post-cutoff date debt will be cancelled at decision point); for non-ODA: in some particular cases (Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Nicaragua, Rwanda, Tanzania, Uganda and Zambia), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPCs will receive 100 per cent cancellation of the remaining stock of the pre-cutoff date debt.

10/ Norway has cancelled all ODA claims.

11/ Due to the current World Bank/IMF methodology for recalculating debt reduction needs at HIPC completion point, Norway has postponed the decisions on whether or not to grant 100% debt reduction until after HIPCs' completion point.

12/ Russia has no ODA claims

13/ Sweden has no ODA claims.

14/ Switzerland has cancelled all ODA claims.

15/ In some particular cases (Central African Republic, Liberia, Republic of Congo, Sierra Leone, Togo), Switzerland will write off 100 percent of the remaining debt stock at completion point; all other HIPCs will receive debt relief according to Paris Club terms.

16/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at decision point of any debt service paid before the decision point.

17/ United States: 100 percent post-cutoff date non-ODA treated on debt assumed prior to June 20, 1999 (the Cologne Summit).

Annex 1. Côte d'Ivoire: Status of Recent Debt Rescheduling Agreements

1. This Annex provides an overview of rescheduling agreements, with emphasis on the 1998 and 2002 ones, under which both Paris Club and London Club creditors went beyond traditional debt relief mechanisms.

Paris Club

2. The Paris Club first granted debt relief to Côte d'Ivoire on May 4, 1983 when the cut-off date was set at July 1, 1983. Since then there have been eight additional debt treatments of which the last four remain active. There has not yet been a stock-of-debt operation. Cancellation of consolidated maturities took place under each of the last three agreements: (i) on March 23, 1994, under London terms (50 percent); (ii) on April 24, 1998, under Lyon terms (80 percent); and (iii) on April 10, 2002, under Lyon terms (80 percent).

3. The 1998 agreement on Lyon terms was in support of the three-year ESAF program and part of a broader debt reduction package under the HIPC Initiative. It covered some US$l.4 billion in debt service falling due from April 1, 1998 to March 31, 2001. ODA arrears and current maturities were rescheduled over 40 years, with 16 years grace, and interest rate at least as favorable as the original concessional terms. Pre-cutoff date non-ODA debt arrears and current maturities were rescheduled either under the debt-reduction option (cancellation of 80 percent and the remainder rescheduled at market interest rates with 23 years maturity and six years grace) or under the debt-service-reduction option (reduced interest rates, 40 years maturity, eight years grace). Debt swaps were also allowed.

4. The 2002 agreement was also on Lyon terms, consistent with the Paris Club practice to limit the use of these terms to countries that had previously benefited from them but not reached the HIPC decision point. It was in support of a new three-year PRGF arrangement and treated US$1.8 billion of arrears outstanding at end-March 2002 and maturities falling due from April 1, 2002 to December 31, 2004. Pre-cut off date ODA credits were to be rescheduled over 40 years, with 16 years grace, at interest rates at least as favorable as the original concessional rates. Pre-cutoff date non-ODA credits after cancellation of 80 percent (taking into account previous Paris Club cancellations) were rescheduled at market interest rates with 23 years maturity and 6 years grace. The agreement resulted in cancellation of half the consolidated amount. Creditors further agreed to top-up the reduction rate to 90 percent (Cologne terms) as soon as Côte d'Ivoire would reach the decision point under the enhanced HIPC Initiative. The interruption of the PRGF program in September 2002 led to the suspension of the Agreed Minutes.

London Club

5. Following two conventional restructuring agreements in 1985 and 1986, on March 31, 1998, Côte d'Ivoire signed a third agreement on Brady terms, which called for a reduction of 75.86 percent in NPV terms and the remainder to be refinanced by issuing Brady bonds in US$ and French francs. The total restructured debt amounted to US$2.4 billion, including the equivalent (at March 31, 1998 exchange rates) of US$1,484 million in Front Loaded Interest Reduction Bonds (FLIRBs) with 20 years maturity and 10 years grace, US$917 million in Past Due Interest Bonds (PDI) with 20 years maturity and no grace period, and of US$71 million in Discount Bonds (DB) with a 50 percent discount and a 30 year-balloon maturity. These bonds fell into default in September 2000, and at end-2007, arrears had reached US$668 million. On March 24, 2006, Côte d'Ivoire entered into a tolling agreement with the London Club, which acknowledged the amounts outstanding and waived the statute of limitation benefits and defense under New York State law, which governs the Brady bonds.

Annex 2. Côte d'Ivoire: Debt Management Capacity

1. The Debt Management Unit (DMU) under the Ministry of Economy and Finances is responsible for external and domestic debt management functions in Côte d'Ivoire. The Minister of Finance is the designated official with the legal authority to borrow on behalf of the Government. The DMU provides technical advice in loan negotiations and restructurings, ensures that every new loan is contracted with the appropriate concessionality and monitors projects receiving external financing. The DMU is adequately staffed with well-trained personnel to carry out all these activities.

2. The centralized debt database, managed using SYGADE, is comprehensive, up-to-date and fairly accurate. The database includes all public loans and guarantees provided by the government. Physical copies of debt agreements are filed methodically and the unit has a reliable computer network.

3. Consequently, the DMU is capable of efficiently handling the basic debt management functions such as monitoring the stock of debt, disbursements, and debt service payments. Analysis of debt data and reporting and payment procedures are also well established. The DMU updates its records after every payment cycle for which it relies both on its own records and on creditor information.

4. Members of the DMU, as well as other units of the Ministry of Finance, have attended debt sustainability workshops delivered by Bank-Fund teams. This is expected to improve the capacity of the authorities to undertake debt sustainability analysis and also help improve the coordination between debt management and macroeconomic policy.

5. Currently, the DMU does not have an explicit debt management strategy. However, it prepares and publishes internally a comprehensive debt report on a monthly basis. In addition, as part of the annual budget submission, information is publicly provided on the existing stock of debt and debt service obligations expected during the coming year.

6. While the DMU is fairly efficiently managed, continued efforts are needed to build capacity to ensure that debt is managed in a way consistent with long-term debt sustainability. The DMU should focus on: (i) training staff, including passing on knowledge to new staff and improving negotiation skills for new borrowing; (ii) building capacity to undertake debt-related macroeconomic and debt sustainability analysis; (iii) publishing periodic reports on public debt and analyzing how the existing debt fits within the broader borrowing strategy; and (iv) producing a debt management strategy.

Annex 3. Côte d'Ivoire: Joint Bank-Fund Debt Sustainability Analysis

The debt sustainability analysis (DSA) shows that Côte d'Ivoire is at a high risk of debt distress.[15] *Under the external DSA baseline scenario, NPV-based indicators are projected to stay above the relevant indicative thresholds over the next few years. Alternative scenarios illustrate the impact of additional HIPC, MDRI and beyond-HIPC debt relief at the completion point. Under these scenarios, debt burden indicators would improve significantly. The inclusion of domestic debt does not alter the assessment of Côte d'Ivoire's risk of debt distress.*

1. **This DSA is based on the Debt Sustainability Framework (DSF) for Low-Income Countries.** The DSA presents the projected path of Côte d'Ivoire's external and public sector debt burden indicators, and assesses the country's risk of external debt distress. Methodologically, the DSA differs from the Debt Relief Analysis (DRA) in the decision point document in that it compares the evolution over the projection period of debt burden indicators against policy-dependent indicative thresholds. In contrast, under the DRA, the historical debt burden indicators are compared to uniform thresholds in order to calculate the amount of HIPC debt relief that Côte d'Ivoire qualifies for in the context of the HIPC Initiative.[16]

2. **The last DSA for Côte d'Ivoire was prepared in 2007 and assessed Côte d'Ivoire as being in debt distress**.[17] At that time, Côte d'Ivoire was accumulating arrears to a number of creditors and several debt burden indicators showed substantial breaches of their respective indicative thresholds. Compared to 2007 DSA results, the analysis below finds improved debt dynamics as a consequence of projected improvements in the macroeconomic policy framework, large arrears clearance operations, and HIPC Initiative interim debt relief.

C. Baseline Assumptions

3. **The assumptions of the DSA are consistent with projections of the HIPC Initiative DRA and with the PRGF arrangement** (Box 1). After several years of below-trend growth, real GDP growth is expected to have improved to 2.3 percent in 2008

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[15] This DSA has been prepared jointly by the World Bank and Fund staffs using the Debt Sustainability Framework (DSF) for Low Income Countries (see "Applying the Debt Sustainability Framework for Low-Income Countries Post Debt Relief" (www.imf.org, 11/06/06 and IDA/SecM2006-0564, 8/11/06). Côte d'Ivoire's quality of policies and institutions, as measured by the average World Bank's Country Policy and Institutional Assessment (CPIA) for the period 2005-2007 (2.5), places it as a "weak performer." The corresponding indicative thresholds for the external debt indicators are 30 percent for the NPV of debt-to-GDP ratio, 100 percent for the NPV of debt-to-exports ratio, 200 percent for NPV of debt-to-revenue ratio, 15 percent for the debt service-to-exports ratio and 25 percent for the debt service-to-revenue ratio.

[16] In addition, the results of the LIC DSA differ from the HIPC DRA because of methodological differences related to the definition of the discount rates and the exchange rates.

[17] Côte d'Ivoire: 2007 Article IV Consultation and Request for Emergency Post-Conflict Assistance - Staff Report; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Côte d'Ivoire.

and increase further to 3.7 percent in 2009. Growth continues to be driven by construction, crude oil, food production, and telecommunications. Overall agricultural exports stagnated, as cashew nuts expanded while coffee and cotton declined because of structural problems. The projected pick-up in growth to 4.7 percent over the medium term reflects full political normalization, including successful elections, restoration of investor confidence, return to full capacity utilization and normal levels of public and private investment, and structural reforms. These projections are subject to downside risks related to the global environment and commodity prices.

4. **After some acceleration, inflation is expected to return to the WAEMU target. CPI** inflation accelerated to 6.3 percent on average in 2008, fueled by import food prices and domestic price adjustments. The surge in retail food prices was tempered by the reduction in VAT and import duties on essential food items, effective since April. With declines in food and oil prices, inflation is projected to moderate in 2009 and be contained over the medium term, anchored in the WAEMU currency union and fiscal prudence.

5. **Macroeconomic stability will be anchored on a prudent fiscal policy and structural reforms.** The fiscal strategy aims at continued fiscal consolidation and addressing social and reconstruction needs. The 2009 budget aims at creating additional fiscal space for growth-enhancing investment and pro-poor social expenditure. The authorities intend to rebalance the composition of spending by allowing higher social expenditure while reducing sovereign spending and non-essential investment, including on the large-scale investment projects related to the transfer of the capital to Yamoussoukro. The authorities also plan to enhance transparency and governance, achieve debt sustainability and improve overall public finance management.

7. **The baseline scenario reflects the full delivery of traditional debt relief as well as interim HIPC assistance.** [18] Consistent with the DSF guidelines, the baseline does not reflect the delivery of HIPC, MDRI and bilateral or multilateral beyond-HIPC assistance after the completion point.[19] The evolution of Côte d'Ivoire's debt indicators after the full impact of debt relief under the HIPC Initiative and MDRI is presented as an alternative scenario (Figure 3). Furthermore, given Côte d'Ivoire's extensive level of debt to the Paris Club, an additional scenario presenting the impact of HIPC, MDRI and debt relief beyond HIPC by Paris Club creditors is also presented.

[18] The authorities cleared arrears to the World Bank Group in 2008 and AfDB in early 2009 and agreed on modalities for arrears clearances with EIB/EU.

[19] See "Staff Guidance Note on the Application of the Joint Bank-Fund Debt Sustainability Framework for Low-Income Countries" (www.imf.org and IDA/SECM2007/0226, 03/05/2007).

D. Debt Sustainability Analysis

External Debt Sustainability

8. **Under the baseline scenario, Côte d'Ivoire's external debt indicators remain above their relevant indicative thresholds** (Table 1a, Figure 1). The NPV of public and publicly guaranteed (PPG) debt declines from 74 percent of GDP in 2007 to 63 percent of GDP in 2008 and stays above the 30 percent indicative threshold until 2013. The decline in 2008 is primarily on the back of robust GDP growth. The NPV of external debt-to-revenue ratio moves below the 200 percent indicative threshold in 2013. Conversely, debt service ratios generally remain below their respective indicative thresholds over the whole projection period, reflecting the high degree of concessionality of Côte d'Ivoire's debt. However, the debt service-to-revenue ratio breaches its indicative threshold (25 percent of GDP) in 2012–14, reflecting the expiration of the grace period assumed for the restructured debt owed to the London Club and the Paris Club.

9. **Côte d'Ivoire's external debt outlook is subject to considerable vulnerabilities** (Table 1b, Figure 1). Given the impact of distortions on trend caused by the civil conflict in Côte d'Ivoire, the sensitivity analysis is based on regional averages and standard deviations for all relevant indicators. The sensitivity analysis highlights Côte d'Ivoire's vulnerability to a one-time 30 percent nominal depreciation of the CFA in 2009, a reduction in official and private transfers and net FDI, and to new public external borrowing on less favorable terms.

10. **Alternative scenarios assume additional delivery of debt relief at the completion point** (Figure 3). Debt relief under the HIPC Initiative, MDRI and possible bilateral and multilateral beyond-HIPC assistance, would significantly improve Côte d'Ivoire's external debt outlook. Reaching the completion point, which is assumed in 2011, and the resulting irrevocable debt relief would reduce all external debt indicators below the relevant indicative thresholds.

Public Sector Debt Sustainability

11. **If domestic public debt is included in the analysis, Côte d'Ivoire's debt situation deteriorates modestly** (Table 2a, Figure 2**).** However, public debt ratios would fall over the long run owing to the projected improvement in the macroeconomic outlook and high concessionality of new borrowing under the baseline scenario.

12. **Public debt dynamics are vulnerable to shocks** (Table 2b, Figure 2). Public debt indicators are sensitive to the assumptions on GDP growth, and a one-time depreciation of the CFA.

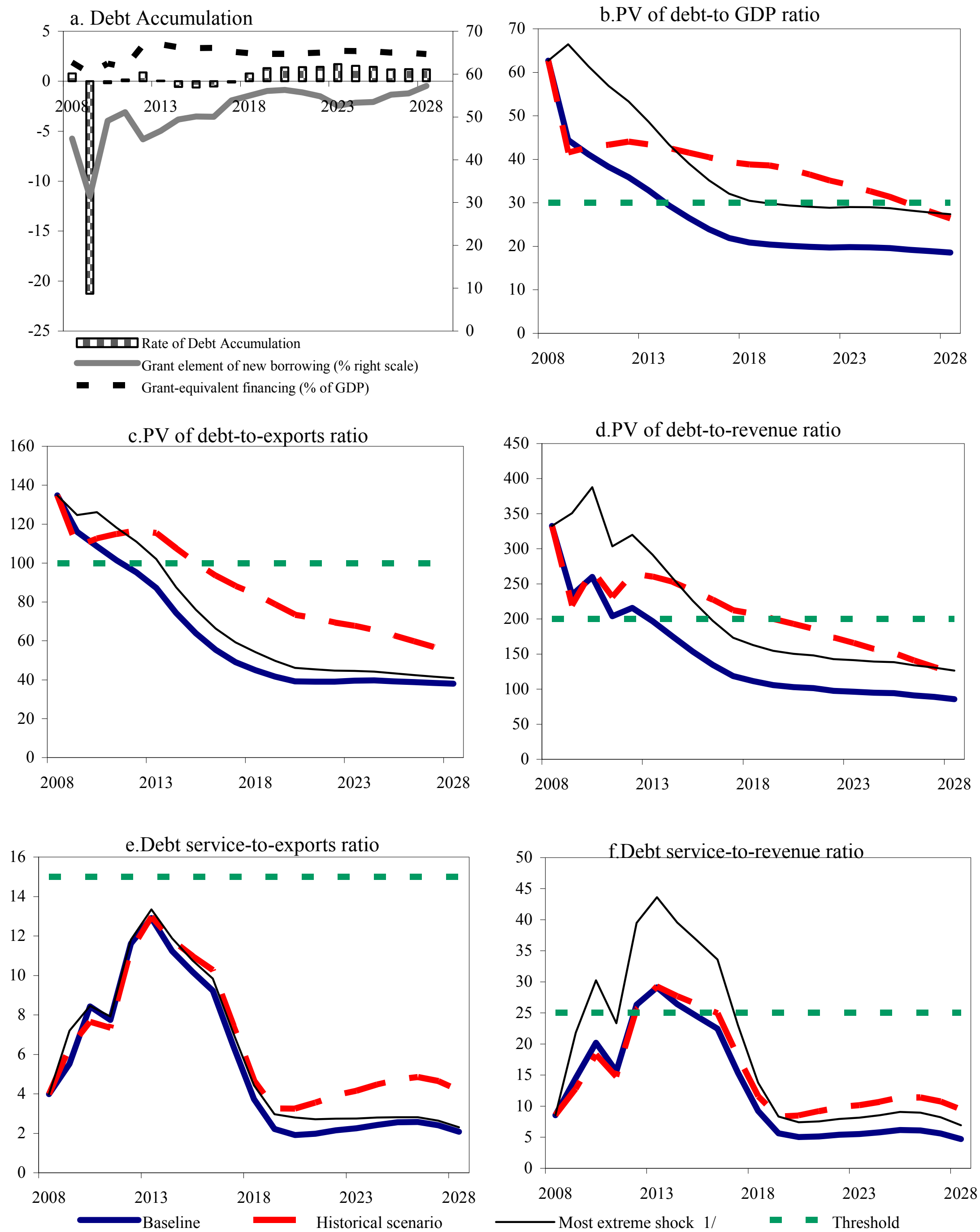
E. Conclusion

13. **In the staff's view, Côte d'Ivoire is at high risk of debt distress.** This compares to the "in debt distress", which was the outcome of the 2007 DSA. The change is primarily on account of multilateral arrears clearance and assumptions on interim HIPC debt relief. In the

current LIC DSA, the PV of external debt-to-GDP and the PV of debt-to-revenue ratios, although declining, remain above the indicative thresholds for some time. Alternative scenarios and bound tests emphasize the vulnerability of Côte d'Ivoire's external debt outlook. The inclusion of domestic debt does not alter the assessment of Côte d'Ivoire's risk of debt distress.

14. **A sustainable external debt position can be achieved based on sound macroeconomic policies, debt relief and a policy of concessional borrowing.** Sustained increased growth, solid export and fiscal revenue performance and prudent debt management are important for achieving debt sustainability. Debt relief under the HIPC Initiative, MDRI and beyond-HIPC assistance significantly improves Côte d'Ivoire's external debt outlook.

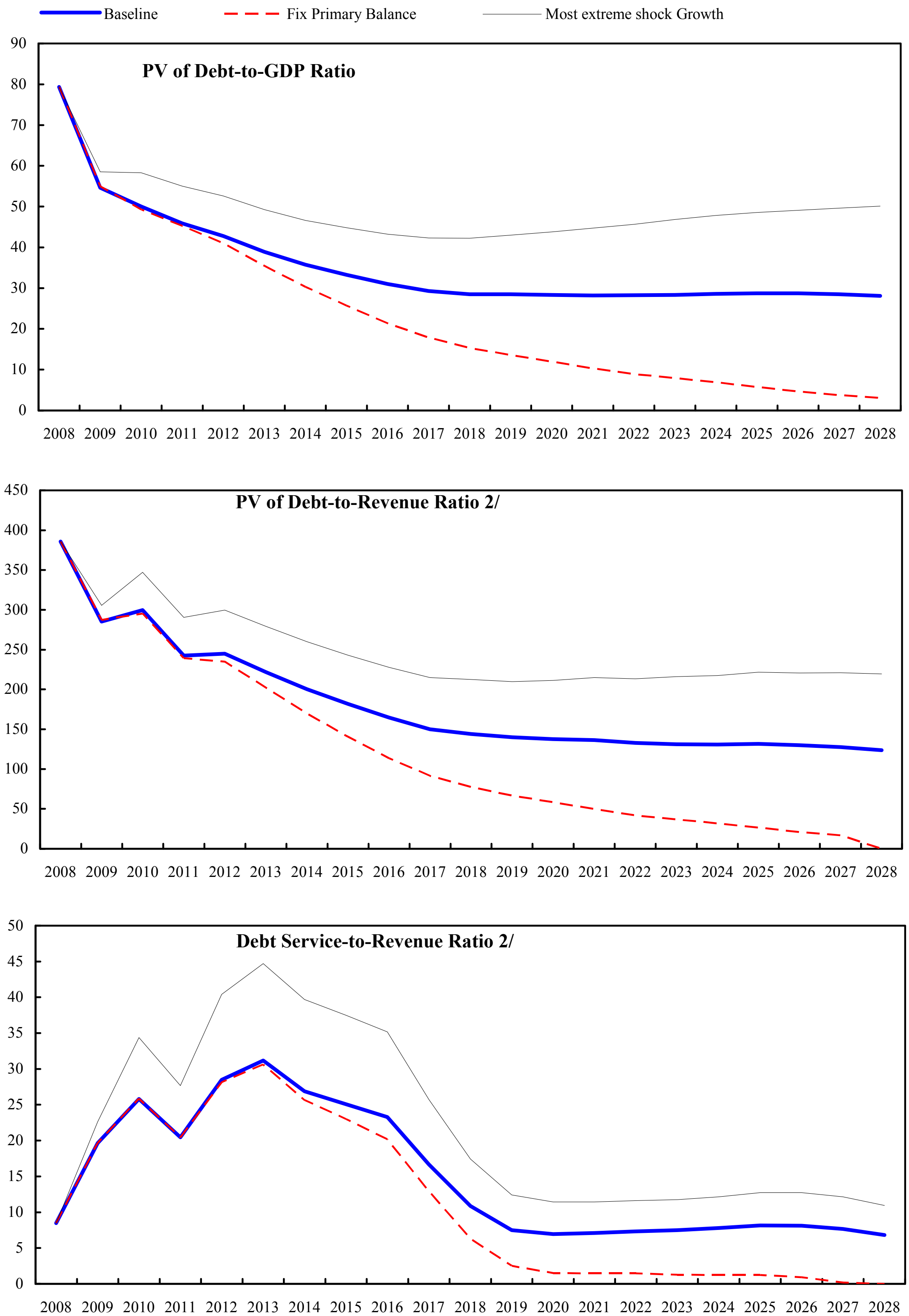
Figure 1. Cote d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2008-2028 1/



Source: Staff projections and simulations.

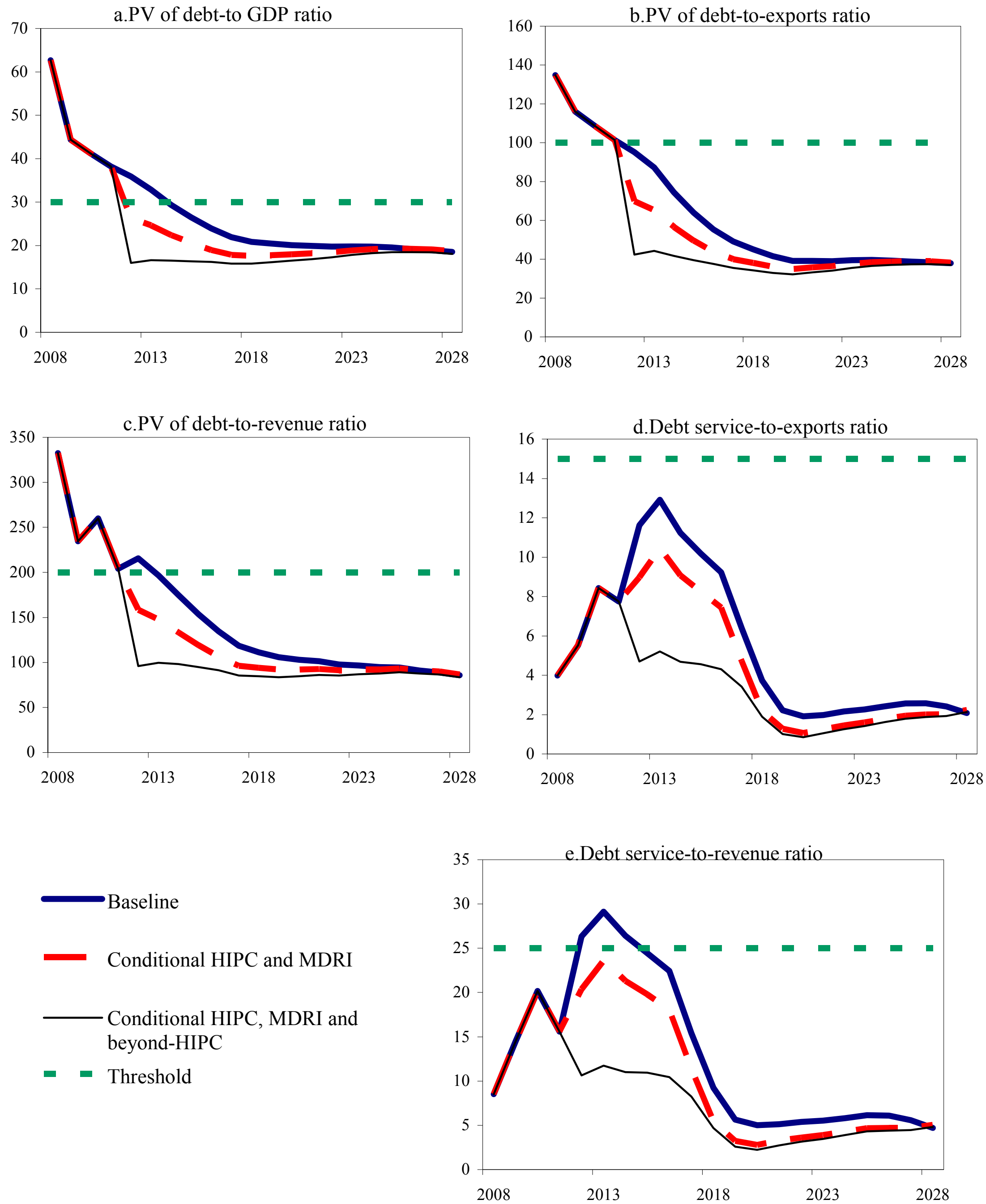
1/ The most extreme stress test is the test that yields the highest ratio in 2018. In figure b. it corresponds to a One-time depreciation shock; in c. to a Non-debt flows shock; in d. to a One-time depreciation shock; in e. to a Terms shock and in picture f. to a One-time depreciation shock

Figure 2.Cote d'Ivoire: Indicators of Public Debt Under Alternative Scenarios, 2008-2028 1/



Sources: Country authorities; and Fund staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in 2018.
2/ Revenues are defined inclusive of grants.

Figure 3. Cote d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2008-2028 1/



Source: Staff projections and simulations.

Table 1a.: External Debt Sustainability Framework, Baseline Scenario, 2005-2028 1/
(In percent of GDP, unless otherwise indicated)

	Actual			Historical 0 Average	0 Standard Deviation	Projections									
	2005	2006	2007			2008	2009	2010	2011	2012	2013	2008-2013 Average	2018	2028	2014-2028 Average
External debt (nominal) 1/	**44.8**	**38.4**	**100.8**			**92.4**	**68.8**	**63.4**	**58.9**	**56.8**	**54.1**		**40.3**	**36.0**	
o/w public and publicly guaranteed (PPG)	0.0	0.0	67.8			65.2	40.6	38.0	36.1	36.5	36.0		30.1	32.1	
Change in external debt	-6.0	-6.4	62.4			-8.4	-23.6	-5.4	-4.5	-2.1	-2.7		-1.6	-0.7	
Identified net debt-creating flows	-4.2	-6.5	-5.7			-6.4	-5.9	-3.2	-1.6	-0.3	0.6		2.6	4.3	
Non-interest current account deficit	**-4.0**	**-6.0**	**-2.1**	**-5.0**	**3.6**	**-4.0**	**-2.8**	**-1.2**	**0.8**	**2.3**	**3.6**		**5.3**	**6.6**	5.8
Deficit in balance of goods and services	-7.5	-10.3	-5.9			-7.7	-6.8	-4.5	-2.5	-0.7	0.8		2.1	4.0	
Exports	51.1	52.7	47.8			46.5	38.2	37.9	37.7	37.8	37.7		46.3	48.9	
Imports	43.6	42.4	41.9			38.8	31.4	33.4	35.2	37.1	38.5		48.5	52.9	
Net current transfers (negative = inflow)	2.8	3.1	2.1	3.1	0.5	1.1	2.3	2.1	2.0	1.8	1.4		1.4	1.4	1.4
o/w official	0.1	0.2	-0.8			-1.4	-0.5	-0.7	-0.8	-1.0	-1.0		-1.0	-1.0	
Other current account flows (negative = net inflow)	0.7	1.2	1.7			2.6	1.8	1.2	1.3	1.1	1.3		1.7	1.1	
Net FDI (negative = inflow)	**-1.9**	**-1.8**	**-2.2**	**-2.1**	**0.5**	**-2.1**	**-2.1**	**-2.2**	**-2.3**	**-2.4**	**-2.3**		**-1.8**	**-1.1**	-1.5
Endogenous debt dynamics 2/	**1.7**	**1.3**	**-1.4**			**-0.4**	**-1.1**	**0.3**	**0.0**	**-0.1**	**-0.6**		**-1.0**	**-1.2**	
Contribution from nominal interest rate	4.5	3.9	3.3			1.6	2.6	3.0	2.7	2.7	2.4		1.1	0.5	
Contribution from real GDP growth	-0.9	-0.3	-0.5			-2.0	-3.7	-2.7	-2.7	-2.8	-3.0		-2.1	-1.7	
Contribution from price and exchange rate changes	-1.8	-2.2	-4.2			…	…	…	…	…	…		…	…	
Residual (3-4) 3/	**-1.9**	**0.1**	**68.1**			**-2.0**	**-17.7**	**-2.2**	**-3.0**	**-1.8**	**-3.3**		**-4.2**	**-5.1**	
o/w exceptional financing	-4.5	-4.0	-3.0			0.1	-21.7	0.0	0.0	0.0	0.0		0.0	0.0	
PV of external debt 4/	...	...	106.6			89.9	72.6	66.6	61.1	56.2	51.0		31.0	22.5	
In percent of exports	...	...	222.9			193.2	189.8	175.7	162.0	149.0	135.3		67.0	45.9	
PV of PPG external debt	**...**	**...**	**73.5**			**62.7**	**44.4**	**41.1**	**38.2**	**35.9**	**32.9**		**20.9**	**18.6**	
In percent of exports	**...**	**...**	**153.8**			**134.8**	**116.1**	**108.6**	**101.4**	**95.1**	**87.2**		**45.0**	**37.9**	
In percent of government revenues	**...**	**...**	**383.9**			**332.6**	**234.4**	**259.9**	**204.0**	**215.7**	**196.8**		**111.3**	**85.8**	
Debt service-to-exports ratio (in percent)	**13.8**	**13.9**	**17.6**			**14.5**	**16.2**	**20.5**	**18.2**	**21.7**	**20.1**		**7.0**	**3.7**	
PPG debt service-to-exports ratio (in percent)	**4.1**	**4.2**	**8.5**			**4.0**	**5.5**	**8.4**	**7.7**	**11.6**	**12.9**		**3.7**	**2.1**	
PPG debt service-to-revenue ratio (in percent)	**12.3**	**11.9**	**21.1**			**8.5**	**14.5**	**20.2**	**15.6**	**26.3**	**29.1**		**9.2**	**4.7**	
Total gross financing need (Billions of U.S. dollars)	1.5	1.1	1.9			1.0	1.8	2.0	2.4	3.2	3.6		4.0	8.2	
Non-interest current account deficit that stabilizes debt ratio	2.0	0.4	-64.5			4.4	20.8	4.2	5.3	4.4	6.2		6.9	7.3	
Key macroeconomic assumptions															
Real GDP growth (in percent)	1.9	0.7	1.6	0.4	2.5	2.3	3.7	4.2	4.7	5.3	5.8	4.3	5.4	4.9	5.1
GDP deflator in US dollar terms (change in percent)	3.8	5.3	12.3	5.3	9.5	15.9	-10.0	3.1	3.3	3.4	3.5	3.2	3.4	3.1	3.2
Effective interest rate (percent) 5/	9.3	9.2	9.8	8.0	1.9	1.9	2.6	4.7	4.6	5.1	4.6	3.9	2.9	1.5	2.6
Growth of exports of G&S (US dollar terms, in percent)	11.2	9.4	3.6	7.5	12.4	15.3	-23.3	6.5	7.6	9.0	9.3	4.1	13.1	7.4	10.4
Growth of imports of G&S (US dollar terms, in percent)	17.1	3.1	12.9	8.3	12.8	9.7	-24.5	14.3	13.9	14.8	13.7	7.0	14.7	6.8	10.8
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	45.0	31.5	49.1	51.1	44.8	46.8	44.7	55.0	57.3	53.9
Government revenues (excluding grants, in percent of GDP)	17.0	18.4	19.2			18.9	18.9	15.8	18.7	16.7	16.7		18.7	21.6	19.6
Aid flows (in Billions of US dollars) 7/	0.2	0.1	0.1			0.5	0.2	0.5	0.6	1.9	2.1		2.0	4.1	
o/w Grants	0.2	0.1	0.1			0.4	0.0	0.2	0.0	0.2	0.3		0.5	1.1	
o/w Concessional loans	0.0	0.0	0.0			0.1	0.2	0.3	0.5	1.7	1.9		1.5	3.0	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			1.9	0.8	1.8	1.4	3.6	3.7		2.8	2.7	3.0
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			89.3	37.8	65.2	54.3	51.0	53.1		65.9	68.6	64.4
Memorandum items:															
Nominal GDP (Billions of US dollars)	16.4	17.4	19.8			23.5	21.9	23.6	25.5	27.7	30.4		46.5	102.5	
Nominal dollar GDP growth	5.7	6.0	14.0			18.6	-6.7	7.4	8.1	8.9	9.5	7.6	8.9	8.1	8.4
PV of PPG external debt (in Billions of US dollars)			14.6			14.7	9.7	9.7	9.7	10.0	10.0		9.7	19.0	
(PVt-PVt-1)/GDPt-1 (in percent)						0.8	-21.3	-0.2	0.2	0.9	0.1	-3.3	0.8	1.2	0.9

Source: Staff simulations.

1/ Includes both public and private sector external debt.
2/ Derived as [r - g - r(1+g)]/(1+g+r+gr) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and r = 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/ Assumes that PV of private sector debt is equivalent to its face value.
5/ Current-year interest payments divided by previous period debt stock.
6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.
7/ Defined as grants, concessional loans, and debt relief.
8/ 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).

Table 1b.Cote d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2008-2028
(In percent)

	Projections												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**	2023	2028
PV of debt-to GDP ratio													
Baseline	63	44	41	38	36	33	29	27	24	22	**21**	20	19
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2008-2028 1/	63	42	43	43	44	43	43	41	40	39	**39**	34	26
A2. New public sector loans on less favorable terms in 2008-2028 2	63	44	41	38	36	33	30	27	25	23	**22**	21	21
A3. Conditional delivery of HIPC and MDRI	63	44	41	38	26	25	22	21	19	18	**18**	19	19
A4. Conditional delivery of HIPC, MDRI and beyond HIPC debt relief	63	44	41	38	16	17	17	16	16	16	**16**	18	18
B. Bound Tests													
B1. Real GDP growth at historical average minus one standard deviation in 2009-2010	63	45	43	40	37	34	30	27	24	22	**21**	20	19
B2. Export value growth at historical average minus one standard deviation in 2009-2010 3/	63	39	33	31	29	26	23	20	18	16	**15**	16	16
B3. US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	63	42	43	40	37	34	30	27	24	22	**21**	20	19
B4. Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	63	48	48	45	42	38	35	31	29	26	**25**	22	20
B5. Combination of B1-B4 using one-half standard deviation shocks	63	37	34	31	29	26	23	21	18	16	**16**	16	16
B6. One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	63	66	61	57	53	49	43	39	35	32	**30**	29	27
PV of debt-to-exports ratio													
Baseline	135	116	109	101	95	87	74	64	55	49	**45**	39	38
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2008-2028 1/	135	109	113	115	117	115	108	100	94	88	**84**	68	54
A2. New public sector loans on less favorable terms in 2008-2028 2	135	115	109	102	95	88	75	65	57	51	**47**	42	42
A3. Conditional delivery of HIPC and MDRI	135	116	109	101	70	65	57	50	44	40	**38**	38	38
A4. Conditional delivery of HIPC, MDRI and beyond HIPC debt relief	135	116	109	101	42	44	42	39	38	35	**34**	36	37
B. Bound Tests													
B1. Real GDP growth at historical average minus one standard deviation in 2009-2010	135	116	108	101	94	86	73	63	54	48	**44**	39	37
B2. Export value growth at historical average minus one standard deviation in 2009-2010 3/	135	82	77	71	67	60	50	42	36	31	**29**	28	29
B3. US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	135	116	108	101	94	86	73	63	54	48	**44**	39	37
B4. Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	135	125	126	118	111	102	88	76	66	59	**54**	45	41
B5. Combination of B1-B4 using one-half standard deviation shocks	135	79	70	65	60	55	46	39	33	29	**26**	25	26
B6. One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	135	116	108	101	94	86	73	63	54	48	**44**	39	37
PV of debt-to-revenue ratio													
Baseline	333	234	260	204	216	197	175	154	134	118	**111**	97	86
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2008-2028 1/	333	219	270	231	265	260	253	240	227	213	**207**	166	122
A2. New public sector loans on less favorable terms in 2008-2028 2	333	233	261	205	215	197	177	156	138	123	**116**	102	95
A3. Conditional delivery of HIPC and MDRI	333	234	260	204	158	148	133	119	106	96	**94**	92	87
A4. Conditional delivery of HIPC, MDRI and beyond HIPC debt relief	333	234	260	204	96	100	98	95	91	85	**85**	87	84
B. Bound Tests													
B1. Real GDP growth at historical average minus one standard deviation in 2009-2010	333	238	270	211	223	203	180	157	138	121	**113**	99	88
B2. Export value growth at historical average minus one standard deviation in 2009-2010 3/	333	208	211	164	172	155	135	116	100	86	**81**	79	76
B3. US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	333	223	270	211	223	203	180	157	137	121	**113**	99	88
B4. Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	333	252	302	238	251	230	206	182	161	143	**134**	109	92
B5. Combination of B1-B4 using one-half standard deviation shocks	333	198	214	166	175	158	138	119	102	89	**83**	79	76
B6. One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	333	351	388	304	320	291	258	226	197	173	**163**	142	126

Table 1b.Cote d'Ivoire: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2008-2028 (continued)
(In percent)

	Projections												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**	2023	2028
Debt service-to-exports ratio													
Baseline	4	6	8	8	12	13	11	10	9	6	**4**	2	2
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2008-2028 1/	4	6	8	7	11	13	12	11	10	7	**5**	4	4
A2. New public sector loans on less favorable terms in 2008-2028 2	4	7	8	8	12	13	12	11	10	7	**4**	3	2
A3. Conditional delivery of HIPC and MDRI	4	6	8	8	9	10	9	8	7	5	2	2	2
A4. Conditional delivery of HIPC, MDRI and beyond HIPC debt relief	4	6	8	8	5	5	5	5	4	3	2	1	2
B. Bound Tests													
B1. Real GDP growth at historical average minus one standard deviation in 2009-2010	4	7	8	8	12	13	11	10	9	6	**4**	2	2
B2. Export value growth at historical average minus one standard deviation in 2009-2010 3/	4	6	7	6	10	11	10	9	8	5	**3**	1	1
B3. US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	4	7	8	8	12	13	11	10	9	6	**4**	2	2
B4. Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	4	7	9	8	12	13	11	10	9	7	**4**	3	2
B5. Combination of B1-B4 using one-half standard deviation shocks	4	5	6	6	9	10	8	8	7	5	**3**	1	1
B6. One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	4	7	8	8	12	13	11	10	9	6	**4**	2	2
Debt service-to-revenue ratio													
Baseline	9	15	20	16	26	29	26	24	22	15	**9**	6	5
A. Alternative Scenarios													
A1. Key variables at their historical averages in 2008-2028 1/	9	13	18	15	26	29	28	26	25	18	**12**	10	9
A2. New public sector loans on less favorable terms in 2008-2028 2	9	15	20	16	27	30	28	26	24	17	**11**	7	5
A3. Conditional delivery of HIPC and MDRI	9	15	20	16	20	24	21	20	18	11	5	4	5
A4. Conditional delivery of HIPC, MDRI and beyond HIPC debt relief	9	15	20	16	11	12	11	11	10	8	5	3	5
B. Bound Tests													
B1. Real GDP growth at historical average minus one standard deviation in 2009-2010	9	15	21	16	27	30	28	26	23	16	**10**	6	5
B2. Export value growth at historical average minus one standard deviation in 2009-2010 3/	9	15	20	15	26	28	26	24	22	15	**9**	4	4
B3. US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	9	14	21	16	27	30	28	25	23	16	**10**	6	5
B4. Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	9	15	21	16	27	30	27	25	23	16	**10**	7	5
B5. Combination of B1-B4 using one-half standard deviation shocks	9	13	19	15	25	28	25	24	22	15	**9**	4	4
B6. One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	9	22	30	23	39	44	40	37	34	23	**14**	8	7
Memorandum item:													
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	50	50	50	50	50	50	50	50	50	50	**50**	50	50

Source: Staff projections and simulations.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline., while grace and maturity periods are the same as in the baseline.
3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).
4/ Includes official and private transfers and FDI.
5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.
6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

Table 2a.Cote d'Ivoire: Public Sector Debt Sustainability Framework, Baseline Scenario, 2005-2028
(In percent of GDP, unless otherwise indicated)

	Actual			Average	Standard Deviation	Estimate	Projections								
	2005	2006	2007			2008	2009	2010	2011	2012	2013	2008-13 Average	2018	2028	2014-28 Average
Public sector debt 1/	12.8	12.8	78.6			76.3	50.9	46.9	43.8	43.4	42.1		37.7	41.7	
o/w foreign-currency denominated	0.0	0.0	67.8			65.2	40.6	38.0	36.1	36.5	36.0		30.1	32.1	
Change in public sector debt	0.3	0.0	65.7			-2.3	-25.3	-4.0	-3.1	-0.4	-1.3		-0.2	-0.1	
Identified debt-creating flows	...	...	...			-2.0	-1.0	0.1	-2.0	0.2	0.8		1.8	0.5	
Primary deficit	0.2	0.5	-0.3	0.4	1.3	-0.1	-0.7	1.6	-0.2	1.8	2.8	0.9	3.9	2.9	3.6
Revenue and grants	18.1	19.0	19.7			20.6	19.1	16.7	18.9	17.5	17.5		19.8	22.7	
of which: grants	1.1	0.6	0.6			1.7	0.2	0.9	0.2	0.8	0.8		1.0	1.0	
Primary (noninterest) expenditure	18.4	19.5	19.4			20.4	18.4	18.3	18.7	19.2	20.4		23.7	25.5	
Automatic debt dynamics	...	...	...			-1.8	-0.2	-1.5	-1.7	-1.6	-2.0		-2.2	-2.3	
Contribution from interest rate/growth differential	...	...	...			-6.8	-1.8	-1.4	-1.6	-1.5	-1.9		-2.2	-2.4	
of which: contribution from average real interest rate	...	...	...			-5.0	0.9	0.7	0.5	0.7	0.5		-0.2	-0.5	
of which: contribution from real GDP growth	-0.2	-0.1	-0.2			-1.8	-2.7	-2.1	-2.1	-2.2	-2.4		-1.9	-2.0	
Contribution from real exchange rate depreciation	...	...	...			5.0	1.5	-0.1	-0.1	-0.1	-0.1		...	...	
Other identified debt-creating flows	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	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 (specify, 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	
Residual, including asset changes	...	...	...			-0.4	-24.4	-4.1	-1.2	-0.5	-2.1		-2.0	-0.7	
Other Sustainability Indicators															
PV of public sector debt	12.8	12.8	79.9			79.3	54.6	50.0	45.9	42.7	38.9		28.5	28.1	
o/w foreign-currency denominated	0.0	0.0	69.1			68.3	44.3	41.1	38.1	35.8	32.8		20.9	18.6	
o/w external	...	...	69.1			68.3	44.3	41.1	38.1	35.8	32.8		20.9	18.6	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 2/	2.3	2.7	5.5			1.6	3.0	5.9	3.6	6.8	8.3		6.1	4.4	
PV of public sector debt-to-revenue and grants ratio (in percent)	70.8	67.5	405.3			385.8	285.4	299.6	242.6	244.9	221.9		144.1	123.9	
PV of public sector debt-to-revenue ratio (in percent)	75.3	69.8	417.3			420.8	288.3	315.8	244.8	256.7	232.9		152.1	129.9	
o/w external 3/	…	…	360.9			362.4	234.0	259.4	203.6	215.2	196.4		111.3	85.8	
Debt service-to-revenue and grants ratio (in percent) 4/	11.6	11.5	29.3			8.5	19.6	25.8	20.5	28.5	31.2		10.9	6.8	
Debt service-to-revenue ratio (in percent) 4/	12.3	11.9	30.1			32.7	28.5	26.6	24.6	17.6	11.5		8.2		
Primary deficit that stabilizes the debt-to-GDP ratio	-0.1	0.5	-66.1			2.2	24.6	5.6	2.9	2.2	4.2		4.1	3.0	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	1.9	0.7	1.6	0.4	2.5	2.3	3.7	4.2	4.7	5.3	5.8	4.3	5.4	4.9	5.1
Average nominal interest rate on forex debt (in percent)	...	...	...	474.0	553.8	0.4	1.4	4.0	4.0	4.7	4.0	3.1	1.9	1.0	1.8
Average real interest rate on domestic debt (in percent)	...	...	...	…	…	-2.6	3.8	1.7	1.9	2.1	2.3	1.5	2.7	2.9	2.9
Real exchange rate depreciation (in percent, + indicates depreciation)	13.8	-10.2	-9.5	-4.0	11.5	8.1	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	3.6	4.5	2.8	2.9	1.9	8.0	0.5	2.7	2.9	2.9	2.9	3.3	3.4	3.1	3.2
Growth of real primary spending (deflated by GDP deflator, in percent)	0.0	0.1	0.0	0.0	0.1	0.1	-0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Grant element of new external borrowing (in percent)	...	...	...	…	…	45.0	31.5	49.1	51.1	44.8	46.8	44.7	55.0	57.3	...

Sources: Country authorities; and Fund staff estimates and projections.

1/ [Indicate coverage of public sector, e.g., general government or nonfinancial public sector. Also whether net or gross debt is used.]

2/ 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.

3/ Revenues excluding grants.

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

5/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

Table 2b.Cote d'Ivoire: Sensitivity Analysis for Key Indicators of Public Debt 2008-2028

	Projections							
	2008	2009	2010	2011	2012	2013	2018	2028
PV of Debt-to-GDP Ratio								
Baseline	79	55	50	46	43	39	28	28
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	79	57	54	52	49	46	28	15
A2. Primary balance is unchanged from 2008	79	55	49	45	41	35	15	3
A3. Permanently lower GDP growth 1/	79	55	51	47	44	41	33	42
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2009-2010	79	59	58	55	53	49	42	50
B2. Primary balance is at historical average minus one standard deviations in 2009-2010	79	56	52	47	44	40	29	29
B3. Combination of B1-B2 using one half standard deviation shocks	79	58	56	52	50	46	39	45
B4. One-time 30 percent real depreciation in 2009	79	85	78	72	66	58	38	29
B5. 10 percent of GDP increase in other debt-creating flows in 2009	79	61	56	51	48	44	32	30
PV of Debt-to-Revenue Ratio 2/								
Baseline	386	285	300	243	245	222	144	124
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	386	298	320	273	281	257	135	61
A2. Primary balance is unchanged from 2008	386	287	295	239	235	202	77	0
A3. Permanently lower GDP growth 1/	386	287	304	248	253	232	165	183
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2009-2010	386	306	347	291	300	279	212	220
B2. Primary balance is at historical average minus one standard deviations in 2009-2010	386	293	309	250	253	229	149	126
B3. Combination of B1-B2 using one half standard deviation shocks	386	304	332	276	283	263	195	197
B4. One-time 30 percent real depreciation in 2009	386	444	469	380	375	333	190	128
B5. 10 percent of GDP increase in other debt-creating flows in 2009	386	317	334	272	274	249	162	133
Debt Service-to-Revenue Ratio 2/								
Baseline	8	20	26	20	28	31	11	7
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	8	20	28	23	33	38	11	0
A2. Primary balance is unchanged from 2008	8	20	26	20	28	31	6	0
A3. Permanently lower GDP growth 1/	8	20	26	21	29	32	12	11
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2009-2010	8	21	29	24	33	37	15	13
B2. Primary balance is at historical average minus one standard deviations in 2009-2010	8	20	26	21	29	32	11	7
B3. Combination of B1-B2 using one half standard deviation shocks	8	21	28	23	32	35	14	12
B4. One-time 30 percent real depreciation in 2009	8	23	34	28	40	45	17	11
B5. 10 percent of GDP increase in other debt-creating flows in 2009	8	20	27	23	31	34	11	8

Sources: Country authorities; and Fund staff estimates and projections.
1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the length of the projection period.
2/ Revenues are defined inclusive of grants.