International Monetary Fund

Republic of Côte d'Ivoire and the IMF

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December 13, 2016

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Republic of Côte d'Ivoire: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

November 21, 2016

The following item is a Letter of Intent of the government of Republic of Côte d'Ivoire, which describes the policies that Republic of Côte d'Ivoire intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Republic of Côte d'Ivoire, is being made available on the IMF website by agreement with the member as a service to users of the IMF website.

Letter of Intent

Ministry at the Prime Minister's office in charge of Economy and Finance
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THE MINISTER

Republic of Côte d'Ivoire

Union-Discipline-Travail

No....6210.../MPMEF/DGE/DPPSE/SPEF/AC

Abidjan, November 21, 2016

The Managing Director
International Monetary Fund

WASHINGTON DC, 20431

Subject: Letter of Intent

Dear Madame Managing Director:

1. **Implementation of the 2012–15 National Development Plan (PND) with IMF support has enabled Côte d'Ivoire to make great strides.** The GDP growth rate averaged 9 percent during the period, placing Côte d'Ivoire among the fastest growing countries in the world**.** It has been able to achieve this strong economic performance while keeping the fiscal deficit and inflation under control. The business climate and international competitiveness of the economy have also improved significantly according to Côte d'Ivoire's performance in the World Bank's Doing Business Report and the World Economic Forum's Global Competitiveness Report. Implementation of important structural reforms have fostered Côte d'Ivoire's access to international financial markets. In just four years, more than two million jobs have been created, economic and social infrastructure has been strengthened, and the poverty rate has been lowered by around 3 percentage points. Politically, Côte d'Ivoire has consolidated its position at the international level owing to its improved governance, internal stability, and protection of social cohesion, culminating in the return of the African Development Bank, the opening of the office of the International Cocoa Organization (ICCO), and the free and transparent democratic elections held in October 2015. Moreover, Côte d'Ivoire's

compact with the Millennium Challenge Corporation (MCC) attests to the progress made in the macroeconomic policy, good governance and transparency spheres.

2. **In support of the implementation of the 2012–15 PND, Côte d'Ivoire concluded an arrangement with the IMF under the Extended Credit Facility (ECF) in November 2011.** This arrangement ended in December 2015, following a one-year extension. Successful implementation of this program has helped to (i) establish a sound macroeconomic framework after external and internal imbalances resulting from the post-electoral crisis; (ii) reduce poverty; (iii) restructure and cancel debt and normalize relations with creditors; (iv) improve business climate; (v) settle domestic arrears; (vi) improve the financial stability of the electricity sector; (vii) ensure adequate incomes for coffee and cocoa producers; and (viii) improve the management of public finances and the debt.

3. **It is in this context that Côte d'Ivoire has adopted a new National Development Plan (2016-2020 PND), which is intended to raise the country to emerging-market status by 2020 and halve poverty.** This plan provides a new framework for economic and social policy. It prioritizes: (i) the strengthening of institutional quality and good governance; (ii) the structural transformation of the economy, based primarily on the acceleration of industrialization, specifically in agroindustry; (iii) the consolidation of the macroeconomic framework; and (iv) the better redistribution of the benefits of growth in order to halve the poverty rate. The PND growth targets are 9.3 percent in 2016, followed by 8.9 percent in 2017 and an average rate of around 8.5 percent from 2018 to 2020. These targets focus on inclusive, equitable, gender and environmentally friendly growth that creates jobs, particularly for young people. Moreover, a particular effort will be made to improve the quality of the educational system, making it accessible to all and aligning it with the needs of the labor market. Finally, emphasis will be put on improving the quality of health services while ensuring accessibility to all via the Universal Medical Coverage (CMU).

4. **In order to reach PND objectives, the three-year economic and financial government program will be based on the following pillars**: (i) preserving room for government fiscal adjustments and ensuring the continuing sustainability of the public debt; (ii) reinforcing public finance administration and the management of public enterprises; (iii) developing the private sector; (iv) stabilizing and developing the financial sector; and (v) reinforcing the statistics production system.

5. **The attached Memorandum of Economic and Financial Policies (MEFP) describes the progress made under the previous economic and financial program covering the period 2012–15 and establishes the government's objectives and policies for the short and medium term.** In support of its strategy, Côte d'Ivoire is requesting IMF arrangements to support the

implementation of the government's economic and financial program for the period 2016–19 and the establishment of quantitative performance criteria and structural measures through to December 2017. For this new program, the government is seeking the approval of the Extended Credit Facility and the Extended Fund Facility (the ECF and EFF) arrangements with combined access of SDR 487.8 million. Moreover, the government is convinced that the policies and measures described in the attached MEFP are adequate to achieve the program objectives. It will take any further measures that may prove necessary to achieve these objectives and will consult with IMF staff prior to taking such measures or making any changes to the policies contained in the memorandum in accordance with the IMF's policies on such consultations.

6. The Ivoirien authorities agree to provide the IMF with information on the implementation of the measures agreed and program execution, as set out in the attached Technical Memorandum of Understanding, on the dates agreed between the two parties. Moreover, the government authorizes the IMF to publish and post this letter and its attachments on its website, along with the IMF staff report after completion of the review of the program by the IMF Executive Board.

_________________/s/_________________

Minister at the Prime Minister's Office in charge of Economy and Finance
Adama KONE

Attachments:

- *Memorandum of Economic and Financial Policies*
- *Technical Memorandum of Understanding*

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

November 21, 2016

CONTEXT

1. **Implementation of the 2012–15 National Development Plan (PND) has been a resounding success in many regards and, according to the international community, the results over the past four years have been impressive.** We have been successful in setting our economy on a path of strong, sustainable growth with the full support of our development partners. We are among the fastest growing countries in the world, with a real GDP growth rate averaging around 9 percent. In just four years we have created more than two million jobs and increased the incomes of most Ivoiriens in rural and urban areas and in both the public and private sectors. These economic results have enabled us to strengthen our economic and social infrastructure, which has helped to improve the living conditions of our citizens. Macroeconomic stability has been restored as fiscal and external balances have been brought under control. Moreover, the business environment has improved significantly. According to the 2016 report of the World Economic Forum, Côte d'Ivoire is one of the most competitive economies in Africa. It rose 25 positions on the 2015–16 Global Competitiveness Index after improving 11 places in the previous classification. At the same time, the 2016 report of the Mo Ibrahim Foundation placed Côte d'Ivoire among the 10 countries that have made the most progress in the area of governance over the past five years. Finally, Côte d'Ivoire's compact with the Millennium Challenge Corporation (MCC) attests to the progress made in the macroeconomic policy, good governance and transparency spheres. There have also been achievements in the development of human capital owing to significant investments in health, education and nutrition. Politically, the reforms implemented have made it possible to restore the rule of law and civil liberties.

2. **The sociopolitical environment continues to improve.** The open, free and transparent presidential elections held on October 25, 2015 took place in a peaceful environment. The government intends to consolidate this environment by holding legislative elections in 2016. Moreover, a referendum on the Constitution was held on October 30, 2016. The new Constitution seeks in particular to strengthen social cohesion and political stability.

3. **Work remains to be done to consolidate our path toward emerging market status by 2020 and to reduce poverty by half.** In this context, the major objectives of our 2016–20 PND are an acceleration of the redistribution of the benefits of growth, particularly for the most

disadvantaged, food self-sufficiency, access to safe drinking water, electrification of all villages with more than 500 inhabitants, education for all, better access to information owing to the "one citizen, one computer, one internet connection" program, a high quality community health system, universal medical coverage, greater representation for women, classification among the top 50 countries in the world in terms of the business climate, and a place of honor among African countries with the highest rankings for good governance, transparency in the management of public resources, and human development.

4. The 2016–20 PND establishes industry as one of the pillars of the structural transformation of the economy. It therefore places emphasis on: (i) improvement of the rate of processing of commodities and the development of complete value chains, particularly in the agricultural subsectors; (ii) vocational training and corporate accountability of enterprises; and (iii) diversification of industrial production by capitalizing on the country's comparative advantages. The macroeconomic framework will remain solid and sustainable. The scenario selected is based on strong, inclusive, equitable, gender and environmentally friendly economic growth that creates jobs, particularly for young people. A concerted effort will be made to improve the quality of our educational system, making it accessible to all and aligning it with the needs of the labor market. Finally, we will focus on improving the quality of our health services while ensuring that they are accessible to all via the Universal Medical Coverage (CMU).

5. To support the PND, Côte d'Ivoire has requested new three-year arrangements under the Extended Credit Facility (ECF) combined with the Extended Fund Facility (EFF). Implementation of the economic and financial programs supported by the ECF over the period 2011–15 helped to: (i) solidify the macroeconomic framework after the external and internal imbalances resulting from the post-electoral crisis; (ii) reduce poverty; (iii) cancel and restructure debt and normalize relations with creditors; (iv) improve Doing Business indicators; (v) settle domestic arrears; (vi) improve the financial stability of the electricity sector; (vii) ensure adequate incomes for coffee and cocoa producers; (viii) strengthen management of public finances and debt; and (ix) improve monitoring and governance of public enterprises.

6. The new three-year arrangements are aimed at supporting the government's efforts to consolidate the progress it has made, particularly by maintaining the sustainability of the macroeconomic and fiscal framework for implementation of the 2016–20 PND. It is aligned with the government's objectives, i.e.: (i) to continue to strengthen the quality of institutions and good governance; (ii) to maintain the stability of the macroeconomic framework; (iii) to accelerate the structural transformation of the economy; and (iv) to halve the poverty rate through a better distribution of the benefits of growth.

This memorandum describes the recent economic developments, lists short-term objectives, and presents the medium-term economic and financial program.

RECENT ECONOMIC DEVELOPMENTS

7. **Despite sluggish global growth and declining commodity prices, Côte d'Ivoire's real GDP growth rate of 9.2 percent in 2015 was among the highest in the world.** This performance was supported in particular by export-oriented agriculture, mining (oil, gold), construction and public works, and the services sector. Moreover, the external and fiscal balances exceeded forecasts. Dynamic management of the government budget, i.e., keeping expenditure in line with mobilized resources, made it possible to contain the fiscal deficit despite a significant increase in investments and external support. In 2015, an electoral year, the overall fiscal deficit stood at 2.9 percent of GDP (as against the 3.6 percent forecast). The inflation rate of 1.2 percent was well below the community standard of 3 percent in the West African Economic and Monetary Union (WAEMU).

8. **The risk of debt overhang for Côte d'Ivoire remains moderate.** The stock of central government external debt increased from 19.5 percent of GDP at end-2014 to 22.8 percent of GDP at end-2015. The ratio of domestic debt to GDP remained steady at 18.5 percent in 2015. The monitoring of the debt of the public enterprises was stepped up, leading to an improvement in the management of statistics and payments. Thus, the government produces data on guarantees and lent loans, foreign currency loans, past due payments (including the arrears on guaranteed and lent loans), and domestic and external debt. At end-June 2016, the stock of public enterprise debt recorded in the "public enterprise database"[1] totaled 3.5 percent of GDP, of which 0.2 percent of GDP was guaranteed by the government.

9. **Economic activity strengthened through end-June 2016.**

- All sectors of the economy posted strong growth with the exception of the primary sector owing to low rainfall levels. In the secondary sector, the Harmonized Industrial Production Index (IHPI) grew 10.1 percent on average in the first semester of 2016. Industrial activity benefited from advances in mining (+75.5 percent) and the "electricity, gas and water" sector (+14.0 percent). Construction and public works remained buoyant with the forward indicator increasing 8.1 percent on average. In the tertiary sector, the retail business index excluding oil products reflected the increase in sales of 1.0 percent. Transportation also improved with

[1] The database covers all majority government-owned enterprises and the Société Ivoirienne de Raffinage (SIR).

a 8.8 percent increase in the number of commercial travelers, and the telecommunications sector remained solid. Enterprises are choosing Côte d'Ivoire more and more to establish their production units and as a base for exporting to countries in the subregion.

- Budget execution was characterized by solid revenue collection and under-execution of expenditures. Tax revenues exceeded their target by CFAF 7.6 billion. "Total expenditure and net lending" recorded under-consumption, resulting in particular from the low level of execution of externally financed capital expenditure. The execution rate for externally financed investments was 72.1 percent, while the execution of domestically financed investments stood at 83.6 percent. These execution levels result from: (i) the procedures of some of the technical and financial partners, which execute the projects themselves with a delay in the provision of data on the national portion; and (ii) the need for procurement specialists to improve documents preparation so as to further reduce procurement lead times, which fell from 322 days in 2013 to 122 days at end-2015, and thus to achieve the government's target of 88 days. A basic primary surplus of CFAF 85.5 billion was recorded, along with an overall fiscal deficit of CFAF 191.3 billion.
- The money supply grew 11.0 percent, primarily as a result of the increase in credit to the economy (+20.4 percent) and the net government position (+31.4 percent). Net foreign assets declined 10.9 percent.
- In the area of the financial stability of the banking sector, the number of violations by banks of the regulations on the minimum capital requirement of CFAF 10 billion fell from 10 in December 2015 to 7 in June 2016. The latter have a grace period, expiring on June 30, 2017, to comply with the threshold of CFAF 10 billion. However, the capital adequacy ratio stood at 8.6 percent in June 2016, compared with 9.6 percent in June 2015.
- Developments on the labor market continue to be positive, with a 6.2 percent increase in the number of employees in the formal sector. This increase results particularly from the private sector (+6.5 percent), which accounts for 81.3 percent of the net creation of jobs.
- The stock indexes have experienced a modest rally, with the BRVM 10 index up 1.6 percent and the BRVM Composite Index up 15.9 percent compared to end-June 2015. At the same time, stock market capitalization rose 8.3 percent.

10. Major structural reforms have been implemented.

- To improve tax collection, the government has introduced significant reforms, for both domestic taxation and border taxation (see Box 1).

Box 1. Côte d'Ivoire: Tax Reforms Through End-2015

Domestic taxation:

- An action plan based on the VAT reform strategy was prepared and implemented with a view to optimizing the yield of this tax. As well, two Medium-Sized Enterprise Centers (CME) were created in the context of efforts to strengthen the effectiveness of the tax administration, and these centers are now operational. The two centers have been a success, significantly reducing the non-filer rate, which fell from 30-35 percent to less than 5 percent in 2015, i.e., the normal rate recorded in the model countries. Moreover, the CMEs have improved the administration's effectiveness in collecting the VAT. According to the IMF's February 2016 technical assistance mission report, DGI VAT collections increased by 0.3 percent of GDP in 2015 as compared to 2014.
- The problem of the accumulation of unrefunded credits, which the government has faced for over 10 years, has been resolved. There are no longer any pending validated VAT credits and the average time for payment has been reduced from 13.7 months in 2013 to 1.1 days at end-December 2015. The government has also improved the transparency of the payments, performing those on a "first in, first out" basis. As well, in the context of the modernization of the tax administration and with a view to facilitating the tracking of VAT credit refund files by clients of the tax administration, the process for the review of VAT credit refund files has been automated, from the filing of the application through to payment. A web interface has been established to allow economic agents to track their cases on-line. Moreover, the tax and customs administrations have been interconnected to automate the exchange of information, particularly on export certificates and taxpayer account numbers, and to reduce the risk of fraud.
- A single tax return form has been created to facilitate the formalities to be completed by economic agents. The single form has reduced the number of procedures and payments from 63 to 24 in a single year, and is now used by 100 percent of enterprises.
- An Electronic Land Registry (LIFE) was established in 2014 to enable real estate professionals to obtain on-line the information they need to conduct their business. This reform should help to improve the performance of the real estate sector and increase the formalization of land registry documents, an indicator of greater mobilization of land taxes. LIFE, which can be defined as a computerized version of the land registry and which is aimed at improving the speed and security of real estate transactions, entered into the consultation phase in January 2014.
- The government has developed a tax audit management application to add greater transparency and improve the quality and results of audits.
- To ensure better tracking of oil revenues, a specific subdirectorate has been created in the General Directorate of Taxes (DGI). It participates in oil product offtakes and ensures timely payments of the government share of offtakes.

Box 1. Côte d'Ivoire: Tax Reforms Through End-2015 (concluded)

Border taxation:

- Electronic management of checks has been computerized at the General Directorate of Customs (DGD) in cooperation with the BCEAO. This measure has made it possible to resolve the problem of a lack of follow-up of NSF checks. The encashment rate for NSF checks increased from 71 percent at end-2014 to almost 100 percent in 2015.
- The government has stepped up verifications of merchandise, with the help of the rehabilitation of border posts, coverage of the entire territory, and the purchase of two mobile x-ray scanners. These purchases, which do not incur additional costs for economic agents and which are operated by customs officers, have opened the DGD to new processes, particularly imaging, and have considerably reduced the risk of smuggling.
- The government has also created a directorate responsible for management of customs procedures with an economic impact, such as temporary admissions, bonded warehousing and exemptions. These provisions, combined with increased controls, resulted in an increase in customs revenues over the 2012–15 period.
- The creation of the One-Stop Shop for Foreign Trade (GUCE) should contribute to simplify formalities for the import of merchandise and reduce the number of documents and delays.

Finally, to better inform the population of the cost of exemptions and their distribution, the government has begun to produce a report on tax expenditures, which is annexed to the Budget Law.

- To improve management of the public debt, the government will complete the reorganization of the Public Debt Directorate in line with international best practices and WAEMU community standards. This new entity will be organized into a front, middle and back office and centralize all public debt and government cash flow management operations.
- The management framework for public enterprise governance has been strengthened. The governing bodies of public enterprises have been established and are managed in accordance with a roadmap for improving governance. Audit and risk management committees have been set up in 39 enterprises out of 43. Moreover, an order setting the threshold for public enterprise borrowing above which the Ministry of Budget approval is necessary was signed in June 2015 with a view to controlling their debt and ensuring their financial viability.
- A general directorate responsible for water has been established within the Ministry of Agriculture to address all issues related to irrigation in a context of climate change.
- The consolidation of the financial sector is continuing. The Caisse Nationale des Caisses d'Épargne (CNCE) was placed under provisional administration in June 2015 and the government took the decision in March 2016 to restructure it. In this context, a strategy was adopted and a call for bids was launched in May 2016 for the recruitment of a consultant

responsible for preparing the bank's overall restructuring plan. The government also made the decision in March 2016 to privatize the Versus Bank and the Banque de l'Habitat de Côte d'Ivoire (BHCI). A consulting bank was recruited to assist the Privatization Committee in the assessment of these banks and in the identification of potential buyers.

- Efforts to improve the business climate continued with the establishment of the One-Stop Shop for Construction Permits to facilitate the procedures for the acquisition of property titles and ensure that applications are processed more rapidly. As well, 10 primary dealers were selected to assist in the efforts to mobilize resources. The Credit Information Bureau (BIC) has been operational since February 2016 and information is available on around 690,000 account holders. In accordance with the provisions of the uniform law on the regulation of the BIC, all establishments subject to the regulations are required to participate in the system for sharing credit information. Moreover, since the enactment of Ordinance No. 2016–20 of January 27, 2016, the prior consent of customers who received loans before the date on which the BIC was created is no longer required for the collection of such information.

2016–19 ECONOMIC AND FINANCIAL PROGRAM

A. Macroeconomic Framework

11. In accordance with the National Development Plan (2016–20 PND), Côte d'Ivoire's rise to emerging market status will be based on the structural transformation of the economy primarily through the processing of cash crops and acceleration of industrialization in a sound macroeconomic framework. The 2016–20 PND targets rapid, sustained growth that will enable Côte d'Ivoire to become a middle-income country with better living conditions for the entire population. The development of the agricultural and agroindustry sectors be an essential tool for diversification of the economy and the reduction of vulnerability to exogenous shocks. This will require the development of higher value-added manufacturing industries and coherent land use policies to trigger a process of structural transformation that can lead to a higher level of development based on competitiveness and innovation. The government and institutions of the Republic stand at the center of this structural transformation. It will also require (i) the development of high-quality economic infrastructure that takes into account land use and environmental protection concerns; and (ii) a climate of peace and security that will offer opportunities for the development of international cooperation, regional integration, and participation of the Ivoirien diaspora in Côte d'Ivoire's development.

12. The National Development Plan (2016–20 PND) anticipates growth of 9.3 percent in 2016, followed by 8.9 percent in 2017 and an average rate of around 8.4 percent from 2018 to 2020. The performance of the Ivoirien economy during the period 2017–20 will be led by all sectors, but primarily the secondary and tertiary sectors. During this period, these sectors will record average annual growth rates of around 6.4 percent, 9.5 percent and 10.7 percent, respectively, based on an increase in investment, particularly by the private sector, and by conducting large-scale structural measures.

- The primary sector would be led in particular by subsistence agriculture, which should benefit from the effects of the National Agricultural Investment Program (PNIA), and the program for the boosting of subsistence agriculture. Significant resources have been devoted to the modernization of agriculture in order to raise productivity and foster the reallocation of labor towards other sectors, and specifically towards the industrial sector. As regards subsistence agriculture, the government conducted a detailed analysis of food production capacities in order to assess the impact of global warming and to identify urgent structural reforms that can strengthen production capacities. The results of this analysis led to intensified measures, particularly for rice, banana, cassava and yam crops. These measures include: (i) distribution of enhanced seeds and construction of seed centers; (ii) formalization of the retail industry in order to undermine cartels' pressure; (iii) further development of hydro-agricultural infrastructure and installation of huskers; (iv) reinforcement of agricultural vocational education; and (v) creation of market for raw agricultural materials. Funding for this program is reflected in the government budget and the program is implemented in accordance with budget rules.
- The secondary sector would be driven by construction and public works, the development of manufacturing, specifically in agrifood industries, and the growth of mining and energy production. It will also benefit from the development and entry into operation of new industrial zones, particularly in Abidjan.
- As for the tertiary sector, it would benefit from the solid performance of transportation, telecommunications, and banking and financial activities.

Box 2. Côte d'Ivoire: Strategic Orientations and Expected Outcomes of the 2016–20 PND

Execution of the 2012–15 PND was a resounding success, and Côte d'Ivoire was among the fastest growing countries in the world, with an average annual real GDP growth rate of 9 percent. The scenario selected is based on strong, mutually supportive, equitable, gender and environmentally friendly growth that creates jobs, particularly for young people.

The aim of the 2016–20 PND, which draws on the lessons from the implementation of the 2012–15 PND, is to raise Côte d'Ivoire to emerging market status by 2020 and reduce the poverty rate by half. The new strategy is based on the structural transformation of the economy. It establishes industry as one of the pillars of this structural transformation by emphasizing: (i) the densification and diversification of industrial production by capitalizing on the comparative advantages enjoyed by Côte d'Ivoire; (ii) improvement of the rate of processing of commodities and the development of comprehensive value chains, particularly in the agricultural subsectors; and (iii) the development of human capital.

Poverty reduction and a better redistribution of the benefits of growth, particularly for the most disadvantaged and most vulnerable, are also a pillar of the strategy.

The government intends, through the implementation of the 2016–20 PND, to pursue wide-ranging structural and sectoral reforms to enable Côte d'Ivoire to become one of the top 50 countries in the world in terms of its business climate by 2020, as established by the World Bank's Doing Business classification. These reforms should also enable Côte d'Ivoire to move into the top tier of African countries in terms of good governance and transparency in the management of public resources. Côte d'Ivoire also intends to become one of the top African countries on the UNDP's Human Development Index.

To achieve these objectives, an overall investment of around CFAF 30,000 billion (or around US$60 billion) over the period 2016-2020 is planned, including CFAF 11,284 billion (US$22.5 billion) for structural public investments and CFAF 18,716 billion (US$37.5 billion) for private investments. The investment rate should increase from 18.7 percent of GDP in 2015 to 23.9 percent in 2020 (public investment will increase from 8 percent in 2015 to 9.4 percent in 2020 and private investment from 10.7 percent in 2015 to 14.5 percent in 2020). The contribution of the private sector to investment, including public-private partnerships (PPPs), should reach 70 percent by 2020.

Investments have been selected carefully from among strong crosscutting drivers of growth (security, governance, justice, health, education and the environment) and vertical drivers of growth (agriculture, energy, mining, hydrocarbons, industry, tourism and the financial sector).

In order to mobilize the resources needed to finance the National Development Plan (2016–20 PND), a successful Consultative Group was held on May 17 and 18, 2016 in Paris.

In the public sector, financing announced by donors totals CFAF 7,700 billion, or US$15.4 billion, including CFAF 6,350 billion (US$12.7 billion) in new financing and CFAF 1,350 billion (US$2.7 billion) in financing already acquired.

In the private sector, the direct interest expressed in investment opportunities presented during the Consultative Group totaled US$19 billion, or CFAF 9,500 billion, pending the completion of the discussions that are to continue over the coming months.

13. **In 2016, the economy is expected to grow 9.3 percent, led by the secondary and tertiary sectors.** The rate of growth of the primary sector should stand at +2.0 percent due to the strong performance of subsistence agriculture (+7.4 percent) following the return of rains. The rate of growth in the secondary and tertiary sectors is expected to stand at +16.8 percent and +10.8 percent, respectively, owing to the performance of energy, construction and public works and mining, as well as transportation services, banking and insurance. On the demand side, growth will be driven by final consumption (+8.0 percent) and the buoyancy of investment (+28.6 percent), in line with the continued improvement of the business climate and the acceleration project implementation.

14. **Foreign trade will be characterized by an overall surplus of 0.8 percent of GDP in 2016** owing to capital inflows.

15. **The money supply is expected to increase 12.9 percent in 2016 in comparison with 2015 owing to an 8.5 percent increase in net foreign assets and an 18.5 percent increase in credit to the economy.** The increase in foreign assets will result from the mobilization of external resources on project loans and foreign direct investment. Credit to the economy will benefit from the confidence of banking sector participants and the positive medium-term outlook, which will offer increasing opportunities.

B. Employment and Social Policy

16. **The government plans to give priority to the development of human capital and improvement of the well-being of the population.** Inclusive growth, which is the main means of improving the well-being of local populations, will require: (i) the implementation of measures favoring youth employment and support for small rural farmers; (ii) better access to high-quality basic social services to accelerate the achievement of the Sustainable Development Goals (SDGs); and (iii) a social protection system that improves the resilience and productive capacity of poor and vulnerable households.

17. **The government plans to promote the creation of sustainable jobs.** In this context, the Youth Employment Agency created in December 2015 will be responsible for coordinating the actions of the various stakeholders and will address all employment issues, particularly those of young people. The government also plans to adapt training to the needs of the labor market by reforming vocational training. This reform is aimed at: (i) meeting the demand for technical and vocational training; (ii) providing training that is adapted to the skill requirements expressed by the labor market; (iii) strengthening the school/business partnership; (iv) establishing the conditions for

the sustainable integration of jobseekers and individuals in precarious circumstances; (v) establishing a mechanism for skills certification in coordination with the business community; and (vi) promoting effective and efficient governance of the Vocational and Technical Training (FTP) system by promoting the autonomy and accountability of training and educational institutions.

18. The government will endeavor to reduce the inequalities between the social classes and improve the Human Development Index (HDI). It will continue to deploy its Universal Medical Coverage (CMU) policy, for which the enrollment phase, begun in 2015, is expected to extend over 7 years. It will be accompanied by the implementation of a pilot project in 2017 to verify the effectiveness of the system. Finally, to guarantee its sustainability and viability, the government will monitor its financial soundness and ensure that it is carefully managed. To ensure the quality of the medical services provided, particular emphasis will be placed on the upgrading and expansion of the health centers and the technical support platform. The CMU should help to improve life expectancy at birth and lower infant mortality. Moreover, the government will pursue its policy of access to education for all, decent housing, clean energy, safe drinking water, and a healthy living environment. In this context, there will be a continued focus on increasing pro-poor spending and improving the incomes of farmers by ensuring that they receive fair prices and optimizing product yields. Projects under way to increase financial inclusion should also help to ensure more inclusive growth.

C. Objectives of the 2016–19 Program

19. The main aim of the 2016–19 economic and financial program supported by the ECF and EFF is to help the government achieve the objectives of the 2016–20 PND and implement large-scale structural policies. The annual average growth rate is projected at around 8.8 percent over the period 2016–19 owing to the implementation of a number of large projects in the areas of agriculture, mining, energy, infrastructure and tourism. The government will also pursue structural reforms to consolidate the foundations for good governance established from 2012 to 2015, develop the financial sector, and make the business climate even more attractive.

20. During the program period, the internal and external balances will be protected.

- A fiscal deficit of 4.0 percent of GDP is expected in 2016, thereafter declining gradually to 3.0 percent of GDP in 2019.
- Inflation will remain below 3 percent, in line with WAEMU norm.
- The external current account deficit will be held steady under 3 percent of GDP during the 2016–19 period, despite an increase in imports of intermediate and capital goods in support

of investment. However, an overall surplus will be recorded during the period owing in particular to foreign direct investment.

21. **To achieve the objectives of the PND,** the economic and financial program supported by the ECF/EFF will focus on the following pillars: (i) protection of the government's fiscal space, particularly by maintaining debt sustainability; (ii) improvement of public finance and public enterprises management; (iii) development of the private sector; (iv) stabilization and development of the financial sector; and (v) improvement of the statistics system.

D. Protection of the Government's Fiscal Space and Continued Investment in the Priority Sectors

22. **In the global context of tightening international financial conditions and sluggish global growth, fiscal policy during the period 2016–19 will aim to preserve the government's fiscal space while pursuing structural investment, specifically in basic infrastructure and in the social sectors in accordance with the 2016–20 PND.** The budget outlook is exposed to downside risks. Externally, these include the tightening of international financial conditions and the global slowdown of economy and its impact on export revenues, despite favorable terms of trade and the good results of the PND financing consultation group. Domestically, those are related to the financial position of some public enterprises, risks stemming from the increased recourse to public-private partnerships, and drought. At the same time, consolidation of strong and inclusive economic growth requires a continued effort by the government to: (i) ease bottlenecks in the areas of transportation, communications, energy and agricultural infrastructure; (ii) increase social spending to improve human capital, reduce poverty and prevent pandemics; and (iii) maintain security.

In this context, emphasis will be placed on increasing tax revenues by resuming improvements in the effectiveness of tax and customs administrations, by streamlining exemptions, and by resuming current spending control. The medium-term fiscal objectives, based on the program's financial planning, are:

- to raise the tax ratio from 15.7 percent of GDP in 2015 to 17.1 percent of GDP in 2019;
- to increase the public investment rate from 6.6 percent of GDP in 2015 to 7.4 percent in 2016 and then to 8.7 percent in 2019;
- to increase pro-poor spending from 9.4 percent of GDP in 2015 to 9.5 percent in 2016 and 2017.

- to gradually reduce the fiscal deficit from 4.0 percent of GDP in 2016 to regional standard of 3 percent of GDP in 2019.

23. For 2016, the fiscal deficit is expected to rise owing to additional spending on security. Tax revenues should total CFAF 3,318.2 billion, a 12.3 percent increase over 2015. Investments aimed at improving the living conditions of the population and strengthening the basis for economic growth are expected to total CFAF 1,547.1 billion, up 24.0 percent from 2015. Additional investments will primarily target security and anti-terrorism spending and the improvement of basic education infrastructure to respond to the need for schooling for all. The externally financed share of projects is expected to total CFAF 484.6 billion, or 30.9 percent of overall funding. This should bring the primary and overall fiscal balances to CFAF -812.1 billion and CFAF -834.5 billion (respectively, -3.9 percent of GDP and -4.0 percent of GDP). Moreover, pro-poor spending is expected to total CFAF 1,998.5 billion as against CFAF 1,770.2 billion in 2015. This spending will be up 12.9 percent compared to 2015, representing 9.5 percent of GDP and cover the various social sectors.

24. Reforms will be undertaken to broaden the tax base and strengthen the tax and customs administrations in the context of tighter international financial conditions. The anticipated tax ratio of 16.7 percent of GDP in 2016 should rise to 17.1 percent of GDP by 2019. The actions and initiatives planned to improve tax and customs revenue collection are described in Box 3.

25. The government will take measures to execute expenditures prudently. To this end, it will strictly apply the smoothing of budget execution. Meetings of the Treasury Committee will continue in order to make the necessary adjustments to fiscal operations using the integrated IFMIS (SIGFIP).

26. To the extent possible, the government will give preference to critical public investment expenditures and pro-poor spending. To ensure sufficient fiscal space, the government plans to streamline current expenditures by enhancing controls over government subscriptions and further managing civil service staffing levels effectively. The government also intends to revise its current strategy for controlling the wage bill by taking account of the strategies and macroeconomic framework of the 2016–20 PND in order to pursue convergence toward the community standard of 35 percent of tax revenues. It will step up measures to rehabilitate and construct basic infrastructure. In accordance with its objective of halving poverty by 2020, the government will continue to give preference to pro-poor spending by increasing its share in the budget, particularly spending on rural electrification, village water supplies, subsistence farming and employment. It is prepared to receive technical and financial support from the development partners, particularly the World Bank, for the definition and financing of these expenditures. Moreover, the government also plans to promote subsistence farming through the mass production of food crops and agroindustry to promote the creation of jobs and combat poverty.

Box 3. Côte d'Ivoire: Medium-Term Tax and Customs Reforms

The reforms focus on expanding the tax base, simplifying the tax system, and modernizing the tax and customs administrations.

The government intends to review the Investment Code in order to determine the socioeconomic impact of tax exemptions with a view to reducing them and to ensure the relevance of the code's provisions vis-à-vis the objectives set in the PND.

At the same time, the reform efforts undertaken in the tax and customs administrations will be continued to further improve their performance.

In the area of domestic taxation, the reforms will focus on:

Simplification of the tax system and broadening of the tax base by:

- creating two new Medium-Sized Enterprise Centers (CME) to enhance taxpayer monitoring and modifying the threshold for coverage by the centers with the long-term objective of aligning with the VAT threshold; and
- better evaluating of tax expenditures with the help of technical assistance from the IMF.

Modernization of the tax administration by:

- developing a new IT blueprint for the DGI;
- introducing electronic filing after the success of the single tax return form;
- automating the one-stop shop for the filing of financial statements;
- gradually introducing electronic payments; and
- continuing implementation of the Electronic Land Registry.

In the area of border taxation, the reforms relate to:

- adoption of the new Customs Code;
- continuation of risk analysis;
- purchase and deployment of new scanners at the border; and
- continuation of anti-smuggling capacity building.

27. The government plans to continue the reform and restructuring of enterprises in the public sector to improve their management and limit subsidies and potential risks for the government budget. In this context:

- The government will continue to submit the annual report on the economic and financial position of enterprises in the government's portfolio to the Council of Ministers and annex it to the draft budget law.
- The government will step up monitoring of public enterprise debt. It will continue to improve the database on public enterprise debt by including data on debt service for 12 enterprises by end-June 2017. The data for all the enterprises concerned will be included

by end-December 2017. This process will be monitored on a regular basis. A report to be released end-March 2017 will highlight the progress being made and the prospects of achieving the goals set for end-June 2017. Based on this, the government will, by the end of each quarter, produce a summary table on debt service by public enterprises for the previous quarter. Moreover, the government will continue to ensure strict application of Order No. 399/MPMB/DPP of June 1, 2015 setting the threshold for public enterprise borrowing and guarantees.

- The audit committees created by the government within the executive boards of companies will carry on their work in order to allow these boards to monitor and manage the companies more efficiently. The systematic transmission of boards official reports will be strengthened in order to allow the financial supervision to be alerted timely about malfunctions.
- Enterprises in the energy sector will be restructured on the basis of the recommendations of the audits of SIR and PETROCI.
    - PETROCI's financial position is expected to improve in 2016 and the net result should break even or post a surplus with the help of the restructuring plan being implemented. The government will pay particular attention to the monitoring of the plan.
    - SIR's operating income has improved owing to the increase in national demand. Implementation of the recommendations of the audit conducted in 2016 will allow for the proposal of a restructuring plan for the CFAF 368 billon debt with a view to achieving financial stability in the medium term. In this context, the government intends to assist in the restructuring of SIR's debt, which remains a major factor in the deterioration of its financial position. By granting a guarantee, the government will help SIR to leverage adequate resources for the restructuring. It has adopted a communiqué of the Council of Ministers on the aforementioned debt restructuring in October 2016. The repayment of this loan will be backed in part by the margin protection granted by the government to SIR. This information will be entirely tracked in the government budget in accordance with public finance procedures.
- The measures implemented in the electricity sector (see Box 4) should restore its financial stability by end-2016 and help to increase the electricity supply in support of growth, despite the suspension of the January 2016 rate increase.

Box 4. Côte d'Ivoire: Financial Stability and Development of the Electricity Sector

Restoration of financial stability

The financial position of the electricity sector is improving owing to the implementation of the medium-term strategy for its development and the restoration of financial stability, adopted in November 2012

In 2015, the operating deficit totaled CFAF 39.9 billion compared to a forecast of CFAF -53.3 billion, as a result in particular of rate adjustments implemented starting in July 2015 and greater availability of gas, which made it possible to reduce the use of Heavy Vacuum Oil (HVO).

The 2016 operating balance will be consolidated in 2017 and strengthened in 2018 and 2019. The 2016–19 projections include rate adjustments during the entire period.

The operating surplus achieved starting in 2016 should help to finance projects to increase the domestic and external electricity supply and maintain the network in order to respond to domestic and external demand. These projects should make it possible to reach more than 4000 MW in 2020 with an energy mix of 34 percent renewable energies, 50 percent thermal and 9 percent coal.

During the period 2016–17, the government intends to continue its efforts by implementing the following measures:

To increase supply

- Continue projects in the coal subsector (development of a new electricity production center at San Pedro consisting of two 700 MW coal power plants).
- Continue to pursue the hydroelectricity option (completion of the Soubré dam, development of other sites on the Bandama, Sassandra, Cavally, and Comoé Rivers).
- Step up the production of renewable energies (implementation of solar, small biomass, and small hydroelectricity projects).
- Continue production of gas-based thermal electricity through the development of combined cycles.
- Implement the liquefied natural gas (LNG) supply project.
- Pursue the project for exploration and development of local natural gas.

For maintenance of the transportation and distribution networks

- Implement the project for the rehabilitation and development of the transportation and distribution network throughout the country with the construction of 13 new delivery point substations, more than 2000 km of power lines, and the expansion and enhancement of 14 existing delivery point substations.
- Implement the projects identified in the blueprints, particularly those slated for donor financing: AfDB, EIB, WB and EU.

- The restructuring of public enterprises in the transportation sector will continue.

- The restructuring of public enterprises in the transportation sector will continue.
  - Air Côte d'Ivoire's development will focus on the enhancement of its fleet to reach an optimal size in order to ensure financial profitability in accordance with the new business plan that will be adopted by end-2016. In the long run, implementation of this business plan, which should involve gradual divestment by the government, will allow the company to reach financial stability. In the meantime, a report on the financial situation of Air Côte d'Ivoire will be prepared and submitted to the Minister of Budget and State Holdings every six months.
  - SOTRA's financial position has improved owing to the implementation of the restructuring plan during the period 2012-2015. Based on its business plan, the company's financial position is expected to strengthen and it should be in the black throughout the entire period 2017-2025, owing in particular to the purchase of new buses and the operation of new lines dedicated to intracommunal transport (WIBUS).

- As part of the privatization program, a list of 15 enterprises to be privatized was adopted by the government in December 2012. Three enterprises have been privatized and the process is under way for the others.
- To improve public enterprise management, on June 15, 2016 the government decided in the Council of Ministers to establish performance contracts between the government and these enterprises. These contracts will be used to establish operational, technical, economic and financial performance objectives, in line with the plan for each company and the government's strategic goals, to be achieved by the enterprises over several years, in the form of a 3- to 5-year program of actions. This operation will begin with a pilot phase involving 10 enterprises that will end in December 2016, with gradual deployment following in 2017.

28. The government plans to implement the recommendations of the various audits of liabilities and public contracts.

- The government has included all requirements in the budget since 2015 and the execution of these allocations will be reviewed to ensure that no new fuel consumption liability has been created. It will also settle all outstanding armed forces fuel payments to PETROCI by the end of 2016.
- The government will review the audit of outstanding payments on contracts between 1993 and 2012 with a view to their settlement.
- As regards the liabilities from the period 2000–10, which total some CFAF 428 billion, the preliminary validated amount totals CFAF 184 billion. The government will make a decision on

this result to determine the final amount to be paid. The government will develop and adopt the arrears settlement plan. In the meantime, the plan's financial implications have been provisioned in the 2017 government budget as a precautionary measure.

29. **The government will assess all projects financed in the form of Public-Private Partnerships (PPPs).** This will involve adopting a mechanism to inventory and assess all explicit and implicit fiscal risks stemming from PPPs. As well, the government plans to strengthen the capacity of public investment management institutions and strengthen the legal framework applicable to PPPs. The government hopes to benefit from IMF technical assistance in this context in 2017.

30. **As regards the central government debt, the results of the most recent External Debt Sustainability Analysis (DSA) confirms that Côte d'Ivoire's debt remains sustainable and that the risk of debt overhang remains moderate.** In the reference scenario, all of the debt indicators remain below their respective thresholds. However, in stress tests some indicators on the stock of debt would exceed their thresholds in the case of an extreme combined shock. The DSA shows that Côte d'Ivoire remains vulnerable to negative macroeconomic shocks, particularly those affecting exports, the growth rate, and foreign direct investment and underscores the need to avoid a further bunching of maturities in the mid-2020s.

31. **The government 2017–19 fiscal policy will be characterized by a gradual reduction in the overall fiscal deficit in order to reach the WAEMU norm by 2019.** The draft budget for 2017 was adopted by the Government during the Council of Ministers on the 28th of September 2016 with a fiscal deficit of 3.7 percent of GDP. It has been submitted to the National Assembly for a final adoption. The fiscal deficit should decrease from 4.0 percent of GDP in 2016 to 3.0 percent in 2019. This evolution will result from a combination of optimizing fiscal revenue administration and reining in spending. Regarding revenues, the government will optimize tax payment processes by setting up electronic payment system that encompasses wire transfers and mobile payments. It will intensify the fight against fraud by strengthening tax and customs administrations' IT systems. As for fiscal policy, the government has decided, inter alia, to conduct a study reviewing the Investment Code aimed at assessing the impact of fiscal loopholes on economic growth and public finances as well as identifying conditions that would allow the government to achieve the sectorial development objectives defined in the 2016–20 PND. Regarding expenditure, fiscal reforms will curb the growth of operational expenses by improving efficiency in public services. The share of wages relative to fiscal revenues will keep decreasing in accordance with the overall fiscal tightening strategy which will continue to be monitored. A particular emphasis will be on public investments to support government education and health policies and address infrastructure needs underlying strong long term growth. The government intends to gradually streamline public procurement procedures in order to reduce costs and delivery

time as well as to improve the access of SMEs to public procurement and the overall efficiency of public investment execution.

32. The borrowing policy under the 2016–19 program is aimed at lowering the present value (PV) of the total public debt-to-GDP ratio so as to reduce the risk of debt overhang and strengthen resilience to external shocks. In particular, the borrowing plan will aim to:

- limit debt vulnerabilities and avoid excessive bunching of maturities in the mid-2020s, while bearing in mind potential refinancing and exchange risks;
- mobilize resources on the international financial markets and take into account the potential volatility of these markets and the possible deterioration of lending conditions;
- expand the pool of national and regional creditors and diversify this pool, particularly through the issuance of Sukuk bonds and by working with regional institutions to develop the secondary bond market.

33. The government will continue to strengthen debt management. A three-year (2016–18) capacity building plan for all staff in the Debt Directorate, now undergoing reorganization into a front, middle, and back office, will be finalized. It should benefit from technical and financial support from the AfDB, IMF and BADEA. The main training focuses of this plan are risk analysis and management, financial programming, macroeconomic management, the medium-term debt strategy, the debt sustainability analysis and medium-term expenditure framework, financial analysis, cash flow management, legal aspects of debt for economists, and economic aspects of debt for legal experts. Moreover, draft laws and regulations constituting the legal framework for the debt and the procedures of the National Public Debt Committee (CNDP) are being finalized. They involve referrals to the CNDP, its operating framework, and laws and regulations on the approval of loans and public guarantees.

34. The government will continue to improve public debt management in accordance with international best practices and WAEMU community standards. It will adopt a bill on the national borrowing and public debt management policy. Moreover, after this law is adopted by the National Assembly, several implementing decrees will be issued, particularly a decree on referrals to the National Public Debt Committee (CNDP).

35. The government intends to protect its credit rating and its good image in the eyes of investors. It hopes to benefit from the reorganization of the Debt Directorate into a front, middle, and back office and from the development of the procedures manual for the CNDP. To this end, the government plans to:

- improve the capacities of the CNDP and the Public Debt Directorate;
- perform active cash management;
- continue to improve communications with the market; and
- expand the scope of debt monitoring to the entire public sector. In this context, the government will complete the database on the debt of public entities and majority government-owned corporations by including the debt service. In the medium term, the Public Enterprise Management System (SIGEP) and the Debt Analysis and Management System (SIGADE) will be interconnected to ensure that reliable, real-time information is available.

E. Improving Public Finance Management

36. The government will continue to modernize its public finance management system and procedures. To this end, it will continue (i) adoption of the regulations for the Organic Law on the Budget Law; (ii) finalization of the Program Management Charter; (iii) implementation of the new Budget Information System; (iv) better implementation of the budgetary expenditure commitment plan in coordination with the public contracting plans and the cash flow plan while continuing to reduce recourse to exceptional expenditure procedures; (v) training of public expenditure officials in the central and decentralized departments on the new public finance management system, particularly the MTEFs and Program Budgeting with the start of the pilot phase in five ministries; and (vi) capacity building for the MTEF sectoral committees in the development of performance tools. Moreover, it plans to continue to improve the quality and transparency of budget and accounting information through reporting in the Council of Ministers on budget execution and public procurement operations. To this end, the government will continue its efforts to ensure the quality of the aggregate balance of accounts and, in particular, the clearance of suspense accounts. To follow up on implementation of the new Budget Information System, it will pursue the project for implementing an information system that will provide optimal integration of the budgetary and accounting aspects of the expenditure process, particularly through an interface between SIGFIP and ASTER in December 2017. It will expand the budget documentation to include the risks related to the difficult financial position of some public enterprises and the risks related to PPPs and, in a second phase, publish a report on the performance of public enterprises, which will be annexed to the budget documentation starting in 2018.

37. The government plans to strengthen the information center for economic agents (CELIOPE) to ensure greater transparency and good governance. This unit was created within the General Directorate of Budget and Finance (DGBF) to facilitate and improve communications with the private sector. The government remains convinced that better dissemination of information on the budget execution process to economic agents will help to eliminate the creation of extra budgetary liabilities. The actions to be taken include:

- completion and implementation of the CELIOPE management software and training of officials; and
- continuation of the strategy of promoting and publicizing the activities of CELIOPE.

38. The government will continue to improve the public procurement system. To this end, it intends to (i) continue its efforts to reduce public procurement delays; (ii) establish public procurement units in the technical ministries and other entities subject to the Public Procurement Code; and (iii) transpose the community directives on Delegated Project Ownership and the Delegation of Public Services into national law. Moreover, the government commits to limit pre-financing contracts in accordance with the public procurement code.

39. With a view to preparing the TOFE in accordance with the 2001 Government Finance Statistics Manual (GFSM), expansion of the scope of the TOFE is planned for 2017 after the finalization of the minimum framework. To this end, in accordance with the timetable adopted for the work of the TOFE Committee, the transcription of central government financial operations in accordance with the 2001 GFSM will be effective by December 2016 and extrabudgetary entities will be incorporated by mid-2017. Steps will also be taken to ensure compliance with the formatting of data transmitted by the national public establishments (EPN) and social security institutions. Coverage will be gradually broadened to other units of the administration by end-2018.

40. Cash flow management will be further modernized and optimized with the implementation of the Treasury Single Account (TSA). At the end of the pilot phase begun in 2015, which is expected to be completed by June 2017, the closing of the accounts will be accelerated and the inventory of accounts at commercial banks will be updated. The TSA will be brought on line gradually by end-2018. It will help to ensure active cash flow management by the government.

F. Enhancing the Business Climate and Developing the Private Sector

41. The government intends to significantly increase the contribution of the industrial sector to the creation of wealth and jobs. This industrialization requires a deeper understanding of the issues related to the steady improvement of the business climate, enhancement of competitiveness, and development of partnerships.

42. Building on achievements made in its "Doing Business" reform, the government will continue efforts to improve the business environment (Box 5). Moreover, the actions of the High Authority for Good Governance in public life will be stepped up through an extensive anti-corruption campaign and control of public procurement. The main measures plan to target: (i) promotion of public integrity, transparency and accountability; and (ii) enhancement of governance in the strategic sectors (agriculture, oil, mining, education, and health).

Box 5. Côte d'Ivoire: Business Climate Reform in 2016 and 2017

Côte d'Ivoire has implemented measures to improve the business environment: "Focus Doing Business." Some of the specific actions to be taken during the period 2016–17 are:

Starting a business

- Introduce a single identifier for the registration of businesses in Côte d'Ivoire.
- Make it possible to start businesses on-line in Côte d'Ivoire.
- Place information on the formalities for obtaining business licenses and permits on-line.
- Regularize the status of enterprises already registered by assigning them a single identifier.
- Gradually automate the process for the issuance of business licenses and permits (accreditation, certificates, authorizations, etc.).

Dealing with construction permits

- Place all the information relating to construction permits on-line.
- Establish a Virtual One-Stop Shop for Construction Permits.

Trading across borders

- Make the One-Stop Shop for Cross-Border Foreign Trade fully operational.
- Expand the scope of conventional and judicial mediation for resolving land disputes.

Enforcing contracts

- Reduce the time required for the issuance of court decisions on the enforcement of contracts from 350 days to 200 days.
- Reduce the cost of accessing the courts.

43. **The government will continue to work to improve the productivity and competitiveness of the private sector by reducing factor costs:**

- The economic infrastructure network (telecommunications, transport, and energy) will be further strengthened to support the industrialization policy.
- The establishment of the Industrial Infrastructure Development and Management Agency (AGEDI) and the Industrial Infrastructure Development Fund (FODI) will help to accelerate the rehabilitation of the Yopougon industrial zone and the development of the PK24 industrial zone.
- The construction of new industrial zones is planned in various regions in the context of the development of competitive economic centers.
- The government will continue to promote government-private dialogue by strengthening the Government-Private Sector Consultation Committee (CCESP).

44. **The government plans to further develop the SME/SMI sector and modernize it in order to create more jobs for young people.** The expansion of small and medium-sized enterprises will involve implementation of the SME development program (Phoenix Program). Moreover, the access of

SMEs to public contracts will be improved through the implementation of new government procurement measures, particularly in terms of access to financing and public contracts.

G. Developing the Financial Sector and Financial Inclusion

45. The government will continue implementation of its Financial Sector Development Program (PDESFI) to promote the stabilization and development of this sector and improve financial inclusion. For purposes of stabilization, the government will accelerate the resizing of the public banking sector to create an effective sector that is capable of supporting the government's sectoral policies and is aligned with the government's desire to withdraw from the productive sector. The reforms will also involve strengthening supervision of the insurance sector and enhancing transparency and the availability of financial information. For the development of the sector, efforts will focus on financing SMEs and expanding the capital market. Finally, the government will facilitate implementation of the National Financial Inclusion Strategy to increase the use of banking services and access to credit.

46. The government will complete implementation of its public bank restructuring strategy and will continue to work to improve the soundness of the banking sector. To this end, out of the four public banks in its portfolio, two will be privatized, one will be restructured and the fourth will be strengthened. In this context, the securitized debt of the last bank will be converted into tradable securities by December 2016. In the case of the banks in which the government has a minority holding, the government will ensure their listing on the Regional Stock Exchange (BRVM) to participate to the vitality of this market and obtain better financing. To improve the capital adequacy of banks, the government will ensure that the BCEAO decision on the increase in minimum regulatory capital is implemented by end-June 2017. It has submitted the plan for the restructuring of the Caisse Nationale des Caisses d'Epargne (CNCE) to the Banking Commission for its opinion and will take into account the Commission's recommendations in the implementation of the plan.

47. The government will step up the consolidation of the microfinance sector. The government has asked for assistance from the World Bank via its FIRST (Financial Sector Reform and Strengthening Initiative) and FISF (Financial Inclusion Support Framework) initiatives in the implementation of the National Microfinance Strategy to consolidate the soundness of the microfinance institutions sector and increase the confidence of small savers. In this context, the UNACOOPEC-CI rehabilitation plan will be continued. The government will also continue to encourage the entry of new participants and the development of innovative products, particularly in information and communications technologies (ICTs) via mobile money, in order to promote greater financial inclusion of households.

48. The government plans to establish a modern regulatory framework promoting a greater and more diversified supply of financial services while enhancing the protection of consumers. Regarding the diversification of financial services, the government, together with the BCEAO and all participants in the financial sector, will ensure that the Credit Information Bureau (BIC) becomes permanent. Moreover, it will continue to stimulate the activity of the regional stock market and increase its liquidity, as well as enhancing the role of insurance in the mobilization of national savings. To protect consumers, the government will establish a Financial Services Quality Observatory by end-2016 to: (i) promote the transparency and comparability of financial services; (ii) ensure better management of complaints from users of financial services; and (iii) enhance financial education.

STRENGTHENING THE STATISTICS SYSTEM

49. The production of statistics and publication of high-quality economic data are essential for better informing decision-makers, market participants, and the general public. In this context the government plans to implement the Statistics Blueprint mentioned in the 2016–20 PND with assistance from the IMF and the other development partners. The following measures are being implemented: (i) the final annual national accounts for 2014 and the provisional accounts for 2015 were completed and published in September 2016; (ii) continued refining of the quarterly national accounts, in order to have them finalized and published after their evaluation; (iii) migration to the 2008 System of National Accounts; (iv) implementation of a permanent system of agricultural statistics; and (v) implementation of the Enhanced General Data Dissemination System (e-GDDS).

50. The government is determined to publish quarterly national accounts. A Multi-year Technical Assistance Project (MTAP) approved by the IMF has enabled work on the quarterly accounts to begin. The government is seeking an assessment mission through technical assistance in order to make sure that the indicators are reliable, exhaustive, and robust.

PROGRAM FINANCING AND MONITORING

51. The government estimates that the financing needs for the 2016–19 program will be covered. Additional financing will be mobilized on the regional money market and with the external partners. For 2016, given the tightening of international financial conditions, the financing needs of the budget will be exclusively covered by recourse to the subregional money and financial markets, particularly through the issuance of a second series of Sukuk bonds in August 2016 and by assistance from the World Bank, the International Monetary Fund, the African Development Bank, the French Development Agency and the European Union. The government will pursue its efforts to develop the subregional public debt market. Primary dealers that have begun operations since March 1, 2016 will participate in the issuances of public securities and placement of Treasury securities and will ensure the liquidity of the WAEMU secondary market for public securities.

52. The program will continue to be monitored on a half yearly basis by the IMF Executive Board on the basis of quantitative indicators and criteria and structural benchmarks (Tables 1 and 2). These criteria and indicators are defined in the attached Technical Memorandum of Understanding (TMU), which includes a summary of the projection assumptions that are the basis for the assessment of some performance. The first half yearly review will be based on data and performance criteria at end-December 2016. It should be completed no later than end-June 2017. To this end, the government plans to:

- refrain from accumulating new domestic arrears and any form of advances on revenues and from contracting nonconcessional external loans other than those specified in the TMU;
- issue public securities only through BCEAO auctions or any other form of competitive bidding on the local and WAEMU financial markets and to coordinate with IMF staff on any new financing;
- not to introduce or intensify restrictions on payments and transfers for current international transactions, introduce multiple currency practices, enter into bilateral payments agreements that are inconsistent with Article VIII of the IMF Articles of Agreement, or introduce or intensify import restrictions for balance of payments purposes; and
- adopt any new financial or structural measures that may be necessary for the success of its policies, in consultation with the IMF.

Table 1. Côte d'Ivoire: Performance Criteria (PC) and Indicative Targets (IT), ECF/EFF 2016–17 1/

(Billions of CFA francs, unless otherwise indicated)

	2016	2017			
	December	March	June	September	December
	PC	IT	PC	IT	IT
A. Performance criteria					
Floor on the overall fiscal balance (incl. grants)	-839.5	-226.0	-458.9	-640.1	-842.2
Ceiling on net domestic financing (incl. WAEMU paper)	684.2	89.2	340.3	491.8	547.7
Ceiling on the present value of new external debt contracted by the central government ($ million) 2/	762.9	...	1,534.1	...	2,046.6
Ceiling on accumulation of new external arrears by the central government (continuous basis)	0.0	0.0	0.0	0.0	0.0
Ceiling on accumulation of new domestic arrears by the central government (continuous basis)	0.0	0.0	0.0	0.0	0.0
B. Indicative targets					
Floor on government tax revenue	3,318.2	876.6	1,855.5	2,719.8	3,711.8
Ceiling on expenditures by treasury advance	197.7	44.8	97.9	145.9	194.9
Floor on pro-poor expenditure	1,998.5	516.8	1,093.0	1,593.2	2,216.8
Floor on net reduction of central government amounts payable (- = reduction)	-25.0	-5.0	-10.0	-15.0	-25.0
Floor on primary basic fiscal balance	-327.5	0.3	-32.2	-93.5	30.8
Memorandum items:					
Program grants	147.6	14.8	73.8	118.1	147.6
Program loans	0.0	0.0	0.0	0.0	0.0
Project grants	105.6	39.1	84.1	117.3	195.5
Project loans	387.8	173.7	293.1	358.3	586.2
Budget support from the European Union and World Bank.	88.5	0.0	0.0	0.0	69.2

Sources: Ivoirien authorities; and IMF staff estimates.
1/ Cumulative amount from January, 1st 2016 for 2016 targets, and from January 1, 2017 for 2017 targets.
2/ Cumulative amount from July, 1st 2016 for 2016 target, and from January 1, 2017 for 2017 target.

Table 2. Côte d'Ivoire: Structural Benchmarks (SB) for 2016–17			
Measures	**Timetable**	**Macroeconomic Rationale**	**Documentation**
Tax policy and administration			
Conduct a study on the Investment Code	**SB** end-June 2017	Optimize fiscal potential	Study report
Create two new medium-sized enterprise centers (CMEs) in Abidjan and reduce the threshold for coverage by the CMEs	**SB** end-June 2017	Improve tax collection	Ministerial decree
Public debt management			
Complete the reorganization of the Debt Directorate in the form of a front, middle and back office in 2016	**SB** end-December 2016	Improve public debt management	Reorganization Order
Strengthen the public enterprise debt database by including debt service for 12 enterprises	**SB** end-June 2017	Improve public debt management	Public enterprise debt database
By the end of each quarter produce a summary table of public enterprise debt service in the previous quarter based on progress in the data availability	**SB** starting from June 2017	Enhance monitoring of debt service by public enterprises	Summary debt service table
Public enterprises			
Every six months submit a report on the financial situation of Air Côte d'Ivoire.	**SB** starting from June 2017	Reduce budget risks	Report submitted to the Minister of Budget and State Holdings
Financial sector			
Exchange the securitized debt held by the BNI for marketable securities	**SB** end-December 2016	Improve the BNI's balance sheet and liquidity	Report on the operation

Attachment II. Technical Memorandum of Understanding Arrangements Under the Extended Credit Facility and Extended Fund Facility, 2016–19

November 21, 2016

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

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

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

QUANTITATIVE INDICATORS

4. For program monitoring purposes, performance criteria (PCs) and indicative targets (IT) are set for December 31, 2016 and June 30, 2017; the same variables are indicative targets for March 31, 2017, September 30, 2017, and December 31, 2017.

The PCs include:

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

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

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

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

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

The ITs are:

a) a floor for government tax revenues;

b) a ceiling on expenditures by treasury advance;

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

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

e) a floor for the basic primary balance.

5. The PCs, ITs and adjustors are calculated as the cumulative change from January 1, 2016 for the 2016 targets and from January 1, 2017 for the 2017 targets (Table 1 of the Memorandum of Economic and Financial Policies, or MEFP)**.**

A. Government Tax Revenue (IT)

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

B. Pro-poor Expenditures (IT)

7. Pro-poor expenditures are derived from the detailed list of "pro-poor expenditures" in the SIGFIP system (see Table 2).

C. Treasury Advances (IT)

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

D. Primary Basic Fiscal Balance (IT)

9. The primary basic balance is the difference between the government's total revenue (excluding grants) and total expenditure (including expenditure corresponding to earmarked revenues) plus net lending, excluding interest payments and externally financed capital expenditure.

Government expenditures are defined as expenditures for which payment orders have been issued and which have been assumed by the Treasury:

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

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

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

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

F. Net Domestic Financing (PC)

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

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

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

12. The adjustor for the performance criterion on the net domestic financing. The NDF ceiling will be adjusted upward by the full amount of the difference between the effectively disbursed and the projected budget support from the European Union and the World Bank, projected at FCFA 88.5 billion in 2016 and FCFA 69.2 billion in 2017 (MEFP Table 1).

G. External Debt (PC)

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

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

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

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

(iii) leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of these guidelines, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.

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

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

15. The performance criterion (PC) concerning the present value (PV) of new external debt contracted by the central government applies to all external debt (whether or not

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

concessional) contracted or guaranteed, including commitments contracted or guaranteed for which no value has been received. This performance criterion does not apply to:

- normal import-related commercial debts having a maturity of less than one year;
- rescheduling agreements;
- IMF disbursements.

For program monitoring purposes, external debt is deemed to be contracted or guaranteed once all conditions for its entrance into effect have been met, including approval of the relevant agreement by the government of Côte d'Ivoire (Council of Ministers) if necessary. In the case of the issuance of euro bonds, the amount deemed contracted is the amount subscribed/purchased at the end of the subscription/purchase period as specified in the final clauses of the exchange. For program purposes, the value in U.S. dollars of new external debt is calculated using the average exchange rate for July 2016 in the IMF's International Financial Statistics (IFS) database.

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

17. In the case of variable interest rate debt in the form of a reference interest rate plus a fixed margin, the PV of the debt is calculated on the basis of the program reference rate plus a fixed margin (in basis points) specified in the loan agreement. The program reference rate for the US$ six-month LIBOR is 3.34 percent and will remain unchanged until December 31, 2016. The margin between the euro six-month LIBOR and the US$ six-month LIBOR is -250 basis points. The margin between the yen six-month LIBOR and the US$ six-month LIBOR is -300 basis points. The margin between the pound sterling six-month LIBOR and the US$ six-month LIBOR is -100 basis points. For interest rates applicable in currencies other than the euro, yen and pound sterling, the margin vis-à-vis the US$ six-month LIBOR is -200 basis points.[3] When the variable rate is linked to a reference interest rate other than the US$ six-month LIBOR, a margin corresponding to the difference between the reference rate and the US$ six-month LIBOR (rounded to the closest 50 basis points) is added. For the period January 1, 2017 to December 31, 2017 these rates will be fixed and will remain fixed based on the fall 2016 edition of World Economic Outlook (WEO).

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

[3] The program reference rate and margins are based on the "average projected rate" for the US$ six-month LIBOR over a period of 10 years as from the fall 2015 edition of World Economic Outlook (WEO). The rate will be updated each year on the basis of the fall edition of the WEO.

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

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

19. The authorities will inform IMF staff of any planned external borrowing and the conditions on such borrowing before the loans are either contracted or guaranteed by the government. The current government borrowing plan is summarized in Table 1. In this table, the value in U.S. dollars of the new external debt is calculated on the basis of the average exchange rates for July 2016 (see below).

Table 1. Summary Table on External Borrowing Program (July 2016–December 2017)

External debt contracted or guaranteed	July-December 2016 Volume of new debt, US$ million 1/	July-December 2016 PV of new debt, US$ million 1/	January-June 2017 Volume of new debt, US$ million 1/	January-June 2017 PV of new debt, US$ million 1/	January-December 2017 Volume of new debt, US$ million 1/	January-December 2017 PV of new debt, US$ million 1/
Source of debt financing	**1,059.8**	**762.9**	**1,900.6**	**1,534.1**	**2,531.9**	**2,046.6**
Concessional debt 2/	308.2	119.0	429.6	244.3	564.9	296.2
Multilateral debt	44.0	17.3	410.2	236.3	432.6	250.6
Bilateral debt	264.2	101.7	19.4	8.0	132.3	45.6
Non-concessional debt 2/	751.6	643.9	1,471.0	1,289.8	1,966.9	1,750.4
Semi-concessional debt 3/	464.1	356.5	1,105.6	924.4	1,601.5	1,384.9
Commercial terms 4/	287.5	287.5	365.4	365.4	365.4	365.4
Uses of debt financing	1,059.8	762.9	1,900.6	1,534.1	2,531.9	2,046.6
Infrastructure	634.9	422.8	1,513.4	1,302.9	2,144.7	1,815.3
Social expenditure	125.4	47.2	38.5	22.9	38.5	22.9
Budget financing	0.0	0.0	3.2	2.0	3.2	2.0
Other	299.5	292.9	345.4	206.2	345.4	206.2

Source: Ivoirien authorities.

1/ Contracting and guaranteeing of new debt. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.
2/ Concessional debt is defined as debt with a grant element that exceeds the minimum threshold of 35 percent.
3/ Debt with a positive grant element which does not meet the minimum grant element.
4/ Debt without a positive grant element. For commercial debt, the present value would be defined as the nominal/face value.

H. External Payments Arrears (PC)

20. External arrears correspond to the nonpayment of any interest or principal amounts on their due dates (taking into account any contractual grace periods). This performance criterion applies to arrears accumulated on external debt contracted by the government and external debt guaranteed by the government for which the guarantee has been called by the creditors. This performance criterion is monitored on a continuous basis.

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

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

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

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

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

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

MEMORANDUM ITEMS

A. Net Banking System Claims on the Government

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

B. External Financing (Definitions)

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

C. Program Monitoring and Data Reporting

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

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

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

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

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

Table 2. Côte d'Ivoire: Pro-Poor Spending (incl. Social Spending), 2014–17

(Billions of CFA Francs)

	2014	2015	2016 Budget	2017 Budget
Agriculture and rural development	**140.5**	**111.2**	**96.2**	**103.1**
General administration	62.8	47.7	49.4	51.8
Agriculture promotion and development program	31.1	24.0	14.9	18.0
Training of supervisory staff	19.2	19.4	12.0	14.7
Water system works	27.4	9.2	6.0	4.0
Other investments in the rural area (FRAR, FIMR)	0.0	10.9	13.9	14.5
Fishing and animal husbandry	**8.9**	**9.8**	**9.6**	**10.8**
General administration	4.9	6.6	5.1	5.3
Milk production and livestock farming	2.7	2.7	1.9	2.0
Fishing and aquaculture	1.3	0.5	2.6	3.4
Education	**818.8**	**991.6**	**1,190.9**	**1,167.1**
General administration	23.5	26.2	37.0	37.7
Pre-schooling and primary education	307.4	399.7	520.1	474.0
Literacy	0.4	0.3	0.6	0.6
Secondary education and vocational training	291.8	320.9	369.6	416.3
University and research	149.2	198.0	220.0	238.5
Emergency/Presidential program/Education	46.5	46.5	43.5	0.0
Health	**228.9**	**279.5**	**351.9**	**388.8**
General administration	121.8	133.4	161.6	165.0
Primary health system	47.9	62.3	74.0	101.6
Preventive healthcare (enlarged vaccination program)	1.2	2.9	2.9	2.8
Disease-fighting programs	1.4	5.3	38.7	20.6
Infant/mother health and nutrition	0.7	10.7	2.4	13.3
HIV/Aids	1.6	1.8	4.2	24.0
Health centers and specialized programs	34.3	43.1	48.0	61.5
Emergency/Presidential program/Health	20.0	20.0	20.0	0.0
Water and De-contamination	**146.6**	**74.8**	**89.1**	**123.5**
Access to drinking water and de-contamination	103.0	32.5	38.8	81.9
Environmental protection spending	16.6	15.3	20.3	41.6
Emergency/Presidential program/healthiness and de-contamination	13.5	13.5	13.5	0.0
Emergency/Presidential program/drinking water	13.5	13.5	16.5	0.0
Energy	**50.6**	**53.6**	**38.4**	**76.1**
Access to electricity	37.1	40.1	24.9	76.1
Emergency/Presidential program/Electricity	13.5	13.5	13.5	0.0
Roads and Art Works	**138.6**	**155.6**	**120.7**	**196.1**
Road maintenance	4.4	7.3	6.9	0.0
Construction of art works	11.7	12.1	20.8	7.3
Other road projects	122.5	108.0	68.0	181.6
Emergency/Presidential program/maintenance and development	0.0	28.2	25.0	0.0
Social spending	**25.3**	**28.8**	**24.1**	**36.1**
General administration	19.5	23.1	17.8	20.1
Training for women	1.1	0.5	0.5	0.7
Orphanages, day nurseries, and social centers	2.2	2.9	3.1	4.0
Training of support staff	2.1	1.9	1.8	1.8
Indigents and victims of war or disaster	0.4	0.3	0.9	9.5
Decentralization (excl. education, health and agriculture)	**54.9**	**48.0**	**61.2**	**63.3**
Decentralization	54.9	48.0	61.2	63.3
Reconstruction	**1.5**	**14.2**	**5.2**	**15.9**
Reconstruction and rehabilitation	0.0	0.1	0.2	0.4
Emergency/Presidential program	1.5	14.1	5.0	15.5
Other poverty-fighting spending	**8.0**	**3.1**	**11.2**	**36.0**
Promotion and insertion of youth	6.3	1.2	8.7	32.1
Support and follow-up of DSRP	0.1	0.1	0.5	1.0
Development of tourism and craftmanship	1.6	1.8	2.0	2.9
TOTAL	**1,622.4**	**1,770.2**	**1,998.5**	**2,216.8**

Source: Ivoirien authorities.

Table 3. Côte d'Ivoire: Document Transmittal for Program Monitoring			
Sector	**Type of data**	**Frequency**	**Transmittal deadline**
Real sector	Cyclical indicators	Monthly	End of month + 45 days
	Provisional national accounts	Annually	End of year + 9 months
	Final national accounts	Variable	60 days after revision
	Disaggregated consumer price indices	Monthly	End of month + 45 days
Energy sector	Crude oil: offtake report	Quarterly	End of quarter + 45 days
	Oil product price structure	Monthly	End of month + 45 days
Public finances	Fiscal reporting table (TOFE)	Monthly	End of month + 45 days
	Budget execution report	Quarterly	End of quarter + 45 days
	Report on the public procurement operations	Quarterly	End of quarter + 45 days
	Estimated tax revenue	Monthly	End of month + 45 days
	Summary statement of VAT credit refunds	Monthly	End of month + 45 days
	Summary statement of tax and customs exemptions	Monthly	End of month + 45 days
	Pro-poor expenditures	Monthly	End of month + 45 days
	Treasury advances	Monthly	End of month + 45 days
	Central government domestic arrears	Monthly	End of month + 45 days
	Consolidated Treasury balances outstanding	Monthly	End of month + 45 days
	Annual cash flow plan	Annually	End of year + 45 days
	Execution of cash flow plan	Quarterly	End of quarter + 45 days
	Treasury consolidated trial balance	Quarterly	End of quarter + 45 days

Table 3. Côte d'Ivoire: Document Transmittal for Program Monitoring (concluded)

Sector	Type of data	Frequency	Transmittal deadline
Domestic debt	Detailed domestic debt statement	Monthly	End of month + 45 days
	Breakdown of new domestic loans and guarantees	Monthly	End of month + 45 days
	Detailed projected domestic debt service	Quarterly	End of quarter + 45 days
	Statement of issuances and redemptions of securities	Monthly	End of month + 45 days
External debt	Detailed external debt statement	Monthly	End of month + 45 days
	Breakdown of new external loans and guarantees	Monthly	End of month + 45 days
	Table of disbursements on new loans	Monthly	End of month + 45 days
	Projected external debt service	Quarterly	End of quarter + 45 days
Public companies	Debt statement of public companies	Quarterly	End of quarter + 45 days
	List of public companies	Quarterly	End of quarter + 45 days
Balance of payments	Provisional balance of payments	Annually	End of year +9 months (provisional); end of year + 12 months (final)
	Final balance of payments	Variable	TBD
Monetary and financial sectors	Banking survey	Monthly	End of month + 45 days (provisional); end of month + 60 days (final)
	Summary BCEAO position	Monthly	End of month + 45 days (provisional); end of month + 860 days (final)
	Integrated monetary survey	Monthly	End of month + 45 days (provisional); end of month + 60 days (final)
	Net government position	Monthly	End of month + 45 days
	Bank prudential ratios	Monthly	End of month + 45 days
	Financial soundness indicators	Quarterly	End of month + 45 days
	Borrowing and lending rates, BCEAO intervention rate, required reserves	Monthly	End of month + 45 days