International Monetary Fund

Côte d'Ivoire and the IMF

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

Press Release:
IMF Executive Board Completes Fourth Review under the ECF arrangement for Côte d'Ivoire, and Approves US$75 Million Disbursement
December 6, 2013

November 20, 2013

The following item is a Letter of Intent of the government of Côte d'Ivoire, which describes the policies that 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 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.

Country's Policy Intentions Documents

Côte d'Ivoire—Letter of Intent

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

Office of the Minister

Republic of Côte d'Ivoire

No. 5906 MPMEF/CAB/CT-TK

Abidjan, November 20, 2013

The Managing Director
International Monetary Fund
WASHINGTON DC, 20431

Subject: Letter of intent

Dear Madame Managing Director:

1. The upturn in economic growth recorded in Côte d'Ivoire in 2012 has been consolidated in 2013 in the context of the country's normalized social, political, and security conditions. The holding of free and transparent municipal and regional elections in 2013 has completed the electoral cycle. National reconciliation and political dialogue is progressing in a generally calmer climate, prompting the return of a large number of refugees. As regards security, the situation has been normalized over the entire territory owing notably to actions undertaken by the National Security Council (CNS). Implementation of the process of disarmament and reintegration of ex-combatants by the Disarmament, Demobilization and Reintegration Authority (ADDR) is progressing, while the local delegations of the Dialogue, Truth and Reconciliation Commission (CDVR) are now working actively in the regions to consolidate social cohesion.

2. The attached Memorandum of Economic and Financial Policies (MEFP) describes progress made to date, the outlook at end-2013, and the policies we will implement in 2014. All the quantitative criteria and indicative targets included in our economic and financial program supported by the IMF's Extended Credit Facility (ECF) were observed at end-June 2013. In macroeconomic terms, the outcomes already recorded in 2013 are better than expected. End-June results confirm that the growth target of 9 percent in 2013 is within reach, while the inflation rate is expected to remain below 3 percent. The basic primary balance and the overall fiscal deficit are poised to improve faster than expected. The business environment has also improved markedly, in particular with the implementation of the new investment code and the coming on stream of the single window for business formalities. Progress has also been noted with regard to the financial balance of the energy sector.

3. The year 2014 is expected to confirm the strong economic growth momentum observed since 2012, in line with the National Development Plan (NDP). The government has set a GDP growth

target of 10 percent for 2014, while containing inflation within the community norm of 3 percent. To achieve this objective, the government expects to reap the benefits of continued progress in normalizing social, political, and security conditions, as well as of the full effects of the structural reforms being implemented, in particular, to improve the business climate. The government also intends to continue its public investment program to crowd in private investment further, in line with its aim to make the private sector the main driver of economic growth. The new investment code for the promotion of foreign direct investment (FDI) and the development of SMEs/SMIs, the single window for business formalities, and public private partnerships (PPPs) for which the institutional and regulatory framework has been developed will support the government's efforts to boost investment. The measures taken to improve the business climate led to an upgrade in Côte d'Ivoire's rating in the "2014 Doing Business" report of the World Bank, which is in particular ranking Côte d'Ivoire among the 10 economies improving the most their business climate in 2012/13. Further, the government is planning to hold a forum, from January 29 to February 1, 2014, entitled Doing Business in Côte d'Ivoire 2014/Investir en Côte d'Ivoire: ICI 2014. The forum, which is expected to attract around 3,000 participants, will provide an opportunity for discussion between national and international investors in support of the government's policy objectives.

4. The government will continue to implement structural reforms with a view to strengthening the bases of a competitive economy. It also plans to step up the pace of public financial management reforms by enacting decrees for the draft laws transposing the WAEMU directives into Côte d'Ivoire's legislation; these draft laws have already been submitted to the National Assembly. We will also review the public expenditure chain and take corrective measures to strengthen verification of the delivery of goods and services, eliminate exceptional payment order procedures, and limit the use of treasury cash advances. By end-November 2013, we intend to adopt an action plan to regularize domestic arrears with government suppliers, as well as a medium-term debt management strategy (MTDS) to safeguard fiscal sustainability. In addition, progress achieved in implementing the medium-term strategy aimed at restoring financial balance in the electricity sector will be further consolidated in 2014. The government will also intensify its efforts to develop the financial sector so as to increase the latter's contribution to financing the economy. Our objective is to strengthen the performance and competitiveness of all sectors of the economy.

5. The government intends to broaden its sources of financing by accessing international financial markets, including through the issuance of Eurobonds. This initiative, along with obtaining a sovereign credit rating, forms part of the debt strategy framework. The purpose of issuing Eurobonds is to broaden our sources of financing as well as improve our debt maturity profile and assets/liabilities management. More specifically, the government is planning a Eurobond issuance in 2014. In that regard, we are requesting IMF approval to increase the cumulative nonconcessional lending window by USD 500 million at end-2014. In addition, in keeping with the commitments undertaken under the economic and financial program, the government will continue to seek loans on concessional terms, including for major infrastructure projects.

6. The government reaffirms its intention to reduce poverty significantly and is committed to implementing the NDP with a view to making Côte d'Ivoire an emerging country with solid fundamentals by 2020. In that context, the government will continue to prioritize and implement transformational projects that contribute to improving access to employment for young people. Actions already underway include implementation of the youth employment and skills development project, PEJEDEC, and strengthening the resources of the FAFCI, a fund created in 2012 to support the women of Côte d'Ivoire by helping them access microcredit at low interest rates. The government has also launched a vast food crop production recovery program aimed at creating youth employment in rural areas and achieving food self-sufficiency by 2016. In addition, various investment programs have been initiated to improve the quality of life in rural areas. Rural roads are being renovated and cocoa and coffee producers are effectively receiving 60 percent of the CIF price through a program of forward sales based on averaged prices. This process aimed at improving the management of major cash crops will continue to be implemented in the cotton and cashew sectors. Civil service staffing levels in the health and education sectors are being strengthened in the context of a strategy that provides for containment of the wage bill over the medium term.

7. The government of Côte d'Ivoire is convinced that the policies and measures included in the MEFP are sufficient to achieve its objectives. However, the government will take any additional measure that it may deem necessary to this end. The government will consult with the Fund staff before adopting such measures, or in the event of changes to the policies set out in this memorandum. The government agrees to provide any information that the Fund may request to monitor progress in the implementation of economic policies and the achievement of program objectives.

8. We ask the International Monetary Fund (IMF) to provide financial support to the government under the Extended Credit Facility (ECF) in an amount equivalent to SDR 48.78 million.

9. The Ivoirien authorities consent to the release of this Letter of Intent, and the attached Memorandum of Economic and Financial Policies (MEFP) and Technical Memorandum of Understanding (TMU), as well as the IMF staff report on the review of the ECF-supported program. We hereby authorize their publication and posting on the IMF website after approval of the review of the program by the IMF Executive Board.

Very truly yours,

_____________ /s / ___________________

Nialé KABA

Minister at the Prime Minister's Office

in charge of Economy and Finance

Attachments:

- Memorandum of Economic and Financial Policies (MEFP)
- Technical Memorandum of Understanding (TMU)

Attachment I. Côte d'Ivoire: Memorandum of Economic and Financial Policies

November 20, 2013

Context

1. Côte d'Ivoire is consolidating its economic recovery in the context of normalized, social, political and security conditions. The holding of free and transparent municipal and regional elections in 2013 has completed the electoral cycle. . National reconciliation and political dialogue is progressing in a generally calmer climate, prompting the return of a large number of refugees. As regards security, the situation has been normalized over the entire territory.[1] This has been achieved as a result of the action of the National Security Council (CNS), the permanent entity for analysis and policy development involving the highest government authorities, and is part of the overall reform of the security sector. Measures adopted in this area include capacity-building for the security services (equipment and training), creation of specialized units to combat racketeering and restore security, and a video protection program for the city of Abidjan. The process for the disarmament and reintegration of former combatants by the Disarmament, Demobilization, and Reintegration Authority (ADDR) is making headway. In addition, the local delegations of the Dialogue, Truth, and Reconciliation Commission (CDVR) are working in the regions to consolidate social cohesion.

2. A response has been made to some of the key issues at the center of the people's concerns for several years. In fact, in August 2013 the National Assembly adopted two laws on nationality and rural property. These laws clarify the conditions and procedures for access to Ivoirian nationality and rural property, and should help strengthen social unity.

3. As to the economic situation, the impact of the implementation of the National Development Plan (2012–15) has confirmed a sharp upswing in economic activity. In 2012, the GDP growth rate reached 9.8 percent, placing Côte d'Ivoire among the countries with the strongest growth rates in the world. In 2013, based on the results from the first half of the year we expect to achieve a 9 percent growth rate while the inflation rate is projected at 2.7 percent. All of the quantitative performance criteria and indicative targets for end-June 2013 for our economic and financial program supported by the IMF's Extended Credit Facility have been met, thanks to continued efforts to rationalize the management of public finances. The business climate has considerably improved, with the implementation of a new investment code, the startup of a one-stop facility for investments, and a reduction of the fiscal costs for creating a business and

[1] The General Ivoirien Security Index (IGIS) averaged 1.8 on a scale of 10 for the first half of 2013, as compared to 2.45 for the same period in 2012. The United Nations Index went from 5 in April 2011 to 1.6 in May 2013, on a scale of 5.

obtaining real estate. These efforts have been reflected in a significant increase in new businesses (1,095 in the first half of 2013, compared with 396 during the same period in 2013), and in private investment. These major reforms have been recognized in the World Bank's report, "Doing Business in 2014", which ranks Côte d'Ivoire amongst the 10 countries in the world that have made the greatest improvement.

4. In line with the objectives of the PND, the 2014 economic and financial program will focus in particular on consolidating macroeconomic stability and pursuing reforms designed to improve public financial management and combating poverty. To achieve its 10 percent growth target on average for 2014 and 2015, the government is working to strengthen the implementation of transformational investment projects and to mobilize the financing announced by donors during the meeting of the Consultative Group in December 2012 in Paris. The ratio of investment to GDP should rise from 13.7 percent in 2012 to 17.8 percent in 2013 and 19.6 percent in 2014, and the ratio for public investment from to 4.9 percent, to 7.2 percent and 8.2 percent, respectively. The government also intends to accelerate the restructuring of public banks, restore the financial viability of the electricity sector, strengthen public financial management, especially debt management, deepen tax policy reforms, modernize the government administration, and rehabilitate and develop the financial sector. Furthermore, the government is determined to strengthen subregional integration.

This memorandum updates the 2011–14 three-year economic and financial program, supported by the Extended Credit Facility, of which the objectives are to stabilize the macroeconomic framework and improve public financial management.

Economic Developments and Implementation of the Program for the First Half of 2013

A. Recent Economic Developments

5. At end-June 2013, economic activity in most sectors is well-placed thanks to the increased sociopolitical stability and the implementation of the principal PND projects.

- **Economic activity continues to expand,** with good performance in the tertiary sector, especially in retail trade (+14.8 percent), industrial production, mainly linked to a resurgence of activity in the food and beverage industries (+5.7 percent), furniture and miscellaneous products (+44.2 percent), and electricity, gas, and heating (+17.3 percent). Despite the halt in bitumen production due to maintenance of the factories, which contributed to a 14.2 percent drop in the leading indicator for construction and public works, the dynamism of this sector is reflected in a 69.4 percent increase in national sales of concrete, a 42.7 percent rise in sheet metal sales, and a 23.7 percent rise in sales of gravel.

- **Average annual inflation was 3.5 percent at end-June**, due to the higher costs of "education, and clothing and footwear," as well as certain food products, such as fresh vegetables. However, the inflation rate has slowed down since April, and reached 2.9 percent year-on-year in June 2013.

- **Exports were up by 15.8 percent,** mainly driven by the 20.8 percent increase in manufactured products and a good performance in primary products (cocoa beans (+39.6 percent)), and cashew nuts (12.3 percent). **Imports** grew by 4.1 percent, due to the combined effect of a substantial increase in capital goods (+24.6 percent), almost stable consumer goods (+0.6 percent), and a decline in intermediate goods -3.2 percent.

- **With regard to the monetary developments,** medium- and long-term credit increased by 5.8 percent compared to end-December 2012, reflecting enhanced private sector participation in the economic recovery. In addition, new credits are up by 9.9 percent over the same period in 2012.

- **Employment in the formal sector has also increased** (+2.8 percent at end June 2013) since the start of the year, especially in the private sector.

- **On the stock market**, capitalization of shares on the Regional Stock Exchange (BRVM) rose to an historic level of CFAF 6,116.5 billion in the first half of 2013. This strong performance reflects the confidence of regional and international investors, due to the improved economic prospects of the WAEMU and the strong growth potential of the companies listed on the exchange. The BRVM shifted from a price fixing system to continuous trading on September 16.

6. Measures taken by the government to boost activity have enhanced the confidence of the private sector. This confidence is reflected in the creation of new businesses, especially in the construction and public works sector (cement factories); food products (breweries, rice processing plants), services (financial institutions), and extractive industries; as well as in a show of interest in public-private partnerships (PPP). The private sector investment rate increased from 8.8 percent of GDP in 2012 to 10.3 percent of GDP in 2013.

7. Budget execution at end-June 2013 was satisfactory.

- Budget revenue exceeded the objective by CFAF 23.3 billion, on account of the performance of the profit tax (BIC) (excluding petroleum), the personal income and wage tax, stamp and registration taxes, and export taxes. The good revenue performance made it possible to limit the impact of shortfalls recorded in collection of the VAT and import taxes on general merchandise.

- Inflows from external loans and project grants were higher than expected reflecting a good level of mobilization, as a result of drawings made primarily on World Bank loans financing projects related to employment and for improvements in economic infrastructure.

- Total expenditures were lower than targeted. For current expenditures, the wage bill was executed within the expected allocation. The subsidy to the electricity sector turned out to be CFAF 43.1 billion as compared to the planned CFAF 15.3 billion, because the discussions on the selling price of gas from the CI 26 field had not yet been completed. However, good rainfall reduced the need for recourse to heavy vacuum oil (HVO). Investment expenditures amounted to CFAF 419 billion, representing an 86.9 percent execution rate in comparison with the end-June 2013 target. In terms of the annual objective, they represent 38.4 percent in 2013, as compared to 30.3 percent in 2012. Externally funded expenditure was CFAF 219.2 billion, or 49.8 percent of annual allocations. Domestically funded capital expenditure amounted to CFAF 201.8 billion, as compared to the expected CFAF 347.9 billion at end-June 2013, representing a 58 percent execution rate. This outcome is attributable to delays in implementing certain projects, in particular those planned in the context of C2D.

8. The fight against poverty remains a priority. The Government has strengthened national job-promotion structures, including the Agency for Employment Studies and Promotion (AGEPE), through schemes for training and placing young unemployed graduates, such as the Youth Job and Skill Development Project (PEJEDEC), which is now operational. The Women's Support Fund of Côte d'Ivoire (FAFCI), established in 2012, has been allocated a budget of CFAF one billion, to facilitate access to micro-credit with reduced rate (1% per month). The return of a price-guarantee system has increased the remuneration of cocoa producers (about 700,000) and coffee producers, who are now receiving a farm-gate price equivalent to 60 percent of the CIF price. Through 2020, civil service recruitment will focus primarily on the education and health sectors, as well as on security. Draft legislation to introduce universal health insurance (CMU) has been prepared and submitted to the Council of Government. The construction and equipping of classrooms and health centers also remains a government priority. In this respect, the policy of "free schooling for all" has been maintained to increase access of children to education. Finally, apart from the major construction projects to build a third bridge and extend the highway to the North, the government has instructed the Coffee and Cocoa Council to renovate rural roads. This decision will permit all the stakeholders in this leading sector of the economy to share in the improvement in rural living conditions.

9. As regards financing, the government has made recourse to the sub-regional monetary and financial market, in the amount of CFAF 321 billion, as compared to the expected CFAF 324.3 billion. In terms of the annual objective, this amount represents 39.8 percent of expected domestic financing. External financing was CFAF 309.8 billion, of which grants (CFAF 132.9 billion), borrowing (CFAF 140.3 billion), and budget support (CFAF 36.6 billion).

B. Implementation of the Program

10. Good budget execution during the first half of 2013 enabled the government to observe all performance criteria and indicative targets of the economic and financial program. The primary basic balance recorded a surplus of CFAF 116.3 billion, as compared to the programmed deficit of CFAF 55.5 billion. The government has not only accumulated no new external and internal arrears, but also it has made an effort to reduce net amounts payable by CFAF 88.3 billion, as compared to the target minimum of CFAF 10 billion, to lower the high level of floating debt at the end of 2012. In addition, the government has been pursuing its anti-poverty efforts. Thus, "pro-poor" expenditures amounted to CFAF 590.5 billion, as compared to the target minimum of CFAF 588.8 billion. The level of budget advances excluding debt, revenue-collecting agencies (*régies*), and personnel, was posted at CFAF 52.8 billion, in comparison with the CFAF 59 billion ceiling.

11. In the process of consolidating a sustainable economic recovery a range of structural reforms were implemented through end-June in the context of the program. The principal measures were as follows:

- Two proposed organic laws based on the WAEMU directives of 2009 related to the transparency code and the budget law were adopted by the Council of Ministers on June 6, 2013;

- A new pricing mechanism for petroleum products was adopted in November 2012 and implemented as of April 2013. The new mechanism includes a refining fee to support the Ivoirien Refining Corporation (*Société Ivoirienne de Raffinage,* SIR). In addition, the government's outstanding debt vis-à-vis SIR at end-2012 was the subject of a securitization agreement in June 2013;

- Government efforts to improve the transparency of the extractive industries sector have enabled Côte d'Ivoire to be in compliance with the Extractive Industries Transparency Initiative (EITI) since May 2013. EITI reports for 2008, 2009, 2010, and 2011 were published and forwarded to EITI International;

- Implementation of the medium-term strategy for restoring the equilibrium of the electricity sector adopted in November 2012 produced the following results: (i) the remuneration of the concessionaire was revised downward and an agreement was obtained on its support for the sector for the period 2013–15; (ii) the rate of collection of bills in the central-north-west (CNO) zones increased from 40 percent in 2012 to 60 percent at end-June 2013; and (iii) customers registered at the moderate tariff rate and using more than 200 Kwh bimonthly were reclassified at the general household rate during the first quarter of 2013. The discussions with the operator of the CI-26 field (CNR) are ongoing; and

- The legal and institutional framework for the management of public-private partnerships (PPP) has been completed and is operational.

With regard to the business climate, the significant results achieved in 2012 were further strengthened (Box 1).

Box 1. Côte d'Ivoire: A Business Climate Propitious for Investment

The objective is for Côte d'Ivoire to become an emerging market economy by 2020. This choice is firmly based on a policy to stimulate private investment as the engine for economic growth and recovery and cannot succeed without an improvement in the business climate.

To achieve this, Côte d'Ivoire has embarked on a process of reforms relating in particular to six of the "Doing Business" indicators this year, and four more in 2014. The six indicators concern the creation of companies, property transfer, cross-border trade, tax payment, building permits, and the execution of contracts. An institutional arrangement devoted exclusively to the business climate was created. This arrangement, based on best practices in Africa and throughout the world, was placed under the authority of the Prime Minister and head of government. The following steps have been taken under this initiative:

- Decree No. 2012-867 of September 6, 2012 establishing the Investment Promotion Center in Côte d'Ivoire (CEPICI) as the single port of entry for investment in Côte d'Ivoire. The same decree defines several windows, including the "One-Stop Shop for Business Procedures," now in operation, which makes it possible to complete all of the formalities involved in establishing and opening a business within the space of 48 hours.
- The operator of the one-stop window for foreign trade (GUCE) started activities on July 1, 2013. When finalized the GUCE will permit the simplification of formalities for importing goods and provide a response to WTO concerns in the area of trade facilitation. Its advantages are that it simplifies and standardizes trade procedures, shortens the time involved, reduces costs related to procedures, and increases the competitiveness of the private sector. In addition, it will make it possible to obtain quality data on trade in real time, help strengthen governance and transparency in foreign trade, and improve the position of the country in international indices..
- The new investment code was adopted by order No. 2012-487 of June 7, 2012. It has attractive tax features, and provisions for strengthened guarantees and protection, in keeping with best international standards on the subject.
- The institutional and legal framework governing PPPs is in place. In this regard, a national committee was set up , and has identified over 60 priority projects, several of which are already being implemented.
- In the area of judicial reform, the following steps have been taken, among others: (i) In February 2012, adoption by the Council of Ministers of an order of *exequatur* with regard to arbitration courts decisions determining the intervention of national jurisdictions in arbitration proceedings; and (ii) Ivoirien law was brought into conformity with provisions in international law regarding anti-corruption and illicit enrichment.
- The first Commercial Court of Côte d'Ivoire began operating in October 2012, and is handing down decisions within a maximum of 90 days.

All of these measures have resulted in the improvement of Côte d'Ivoire's rank in the World Bank's "Doing Business 2014" classification, which rates Côte d'Ivoire among the 10 countries in the world that have made the most progress this year in improving their business climate.

C. Economic Prospects for End-2013

12. Macroeconomic prospects confirm the strong growth of activity in 2013.

- The GDP growth rate in 2013 is estimated at 9 percent, thanks to the vitality of all sectors.
- The slowdown observed in prices since April 2013 should make it possible to bring the average annual inflation rate down to 2.7 percent by the end of the year.
- The trade balance should remain in surplus, despite the continued rise in imports linked to public and private investment. In fact, imports are expected to grow by 13.8 percent, owing mainly to capital goods. As for exports, they would rise by 10.9 percent, with an increase in sales of petroleum, crude oil, palm oil, and agrofood and manufacturing products. The current account balance will remain in deficit, while the balance of payments should register a surplus.

13. Budget revenue (CFAF 2,766.7 billion) will be in line with the objective (CFAF 2,764.5 billion), despite the drop in indirect taxes and import duties. With the upturn in economic activity, the objectives for some revenues were revised upward, especially for the BIC, taxes on petroleum products, and export taxes. However, based on the end-July 2013 data for revenues, collection of the VAT and import tax on general merchandise could be below initial projections, owing to a higher-than-projected rise in capital goods imports benefiting from exemptions under the investment code. Similarly, VAT receipts would be CFAF 230.6 billion compared to the CFAF 245 billion target. Specific measures have been adopted to optimize the potential of these taxes. They include tightening the various types of control namely, an increased effort to collect tax arrears, the systematic monitoring of the VAT statements showing a credit, a review of the criteria for selecting products subject to controls, and an increase in the valuation of imported goods thanks to the new operator, which will lead to increased revenue.

14. Expenditures (CFAF 3,384.4 billion) will be broadly in line with the objective (CFAF 3,445.3 billion). However, the subsidy to the electricity sector would be CFAF 63.2 billion compared to the CFAF 32.3 billion objective, as a result of the continued negotiations on the selling price of gas from block CI 26. In addition, investment expenditures should post an execution rate of the program objective of 92 percent, despite the fact that implementation of C2D projects was weaker than expected.

15. Financing needs for 2013 should be covered. They amount to CFAF 382 billion, or 2.7 percent of GDP compared with the goal of CFAF 53.3 billion. As projected, these needs will be financed primarily by a net mobilization of resources on the regional financial market (WAEMU), and by external resources of multilateral institutions and bilateral lenders. More specifically, important contractual debts falling due at end 2013 will be financed by recourse to the regional financial market and by mobilizing of domestic resources.

16. **The government is planning to partially use the nonconcessional lending window capped at a ceiling of USD 800 million in 2013**. To implement the vast investment program under the PND, nonconcessional loan agreements were signed for a total of USD 680 million. The amount of loans that met have become effective is USD 500 million, for financing the Soubré hydroelectric power plant project.

17. **The progress expected in the area of structural reforms over the remainder of 2013 is summed up as follows**:

- The proposed law on the customs code and the draft decree on the procedural manual for customs inquiries were approved during a workshop in July 2013. Adoption of the manual of procedures depends on passage of the proposed customs code, which has been submitted to the Council of Ministers for consideration, and will then be forwarded to the National Assembly.

- A standard public procurement plan is being prepared, and will be disseminated among appropriations managers at the outset of 2014 budget execution. An expenditure commitment plan will also be available before end-January 2014. Work on that plan will begin as soon as the proposed budget is adopted by the Council of Ministers.

- The proposed Medium-Term Debt Management Strategy (2013–15, MTDS) in line with international standards will be adopted by the Council of Ministers at end-November 2013. The MDTS will be made consistent with the Debt Sustainability Analysis that was updated at end-October 2013, with IMF technical assistance.

- A debt management structure incorporating a front office, middle office, and back office will be put in place before end-December 2013. A draft staff organizational chart based on this new structure is being finalized and will be implemented in 2014.

- Domestic Treasury arrears on amounts owed to suppliers at end-2010 were audited, to get a better understanding of the debt submitted for settlement. Based on the results, a plan for settling these domestic arrears will be adopted by end-November 2013. The audit was done in two main stages. The first stage consisted of examining the Treasury's payables for validation, on the basis of the vouchers produced for the various transactions. The payments due from this stage amounted to CFAF 356.7 billion. At the end of the audit procedure, the auditors found that CFAF 142.1 billion was irregular, and proposed that it be rejected, and that CFAF 192.2 billion be approved. A second audit was initiated on payables validated during the first audit. This second audit went beyond an evaluation of the accounts, to determine whether the services were actually performed and to assess the cost of the work involved.

- A bill introducing universal health coverage (CMU) is being prepared. This law will guarantee access to health care for the most vulnerable sectors of the population based on principles of national solidarity, equity, and risk-sharing.

- A bill on the labor code is under preparation. This new bill is designed to provide better protection against job insecurity, to strengthen labor administration capacity, and to promote jobs for graduates and access to jobs for the disabled.

- As for the financial sector development strategy, an initial draft prepared with the technical assistance of the FIRST initiative is being finalized. It is expected to be approved by the Council of Ministers before end-December 2013;

- With regard to public enterprises, the communication adopted on May 26, 2012 in the Council of Ministers presented strategic options for a 25 percent reduction in the government portfolio (through privatization, mergers, or restructuring), including public banks. Implementation of these options requires studies on valuation and methods of privatization, as well as studies on the strategic and operational arrangements for possible mergers. For public banks, these studies were initiated in June 2013, and final reports should be available by early October 2013. An IMF technical assistance mission on the subject was already conducted in September 2013 to analyze the draft report of the consultants. Based on the recommendations of these studies, a plan of action will be drawn up and adopted by the Council of Ministers before end-December 2013;

- The global medium-term expenditure framework (MTEF) for 2014–16 as well as the multiyear economic and budget programming document have been prepared; they will be submitted to the National Assembly after they have been adopted by the Council of Ministers;

- The main lines of a strategy for reform of the VAT have been prepared and two measures for the rationalization of VAT exemptions are included in the fiscal annex to the 2014 budget law;

- A strategy for management of the wage bill was prepared with IMF technical assistance. It defines a recruitment profile in line with increased staffing needs, especially in the education and health sectors, and sustainable remuneration, thus moving towards the WAEMU convergence criterion by 2022. It will be adopted by the Council of Ministers by end-December 2013.

- The electricity code will be finalized for submission to the National Assembly before end-December 2013. It should set out a better framework for managing physical and financial flows in the sector by (i) a better definition of the activities of the electricity sector and their legal framework; (ii) a greater flexibility regarding permissible organizational structures and the management structure for the segments which are granted state monopolies, which can now be operated by one or more private operators; (iii) the coverage by the code of new and renewable energy sources as well as energy-saving schemes; (iv) strengthening the framework for preventing fraud and damaging criminal acts in the electricity sector; and (v) the creation by law of an independent regulatory commission with the necessary powers to fulfill its mission.

Economic and Financial Program for 2014 and Medium-Term Objectives

D. Macroeconomic Framework

18. **The government reaffirms its intention to reduce poverty and consolidate its foundations, to make Côte d'Ivoire an emerging economy by 2020, through the implementation of the PND.** This strategy is based on strong, sustained, and inclusive growth, with respect for women and the environment, in order to create jobs and reduce poverty. The primary objectives are as follows:

- Achieve a growth rate of about 9 percent in 2013, and 10 percent in 2014, as a result of a substantial increase in investments, which are expected to climb from 13.7 percent of GDP in 2012 to 19.6 percent of GDP in 2015;
- Cut the poverty rate in half by 2015, and return to the group of African countries with the best UNDP Human Development Index rating;
- Attain the Millennium Development Goals by 2015, or move significantly closer to them;
- Create one of the best business climates in Africa and make the economy more competitive; and
- Rejoin the group of top African countries in terms of good governance and anti-corruption efforts.

19. **To achieve these overall objectives, the government will ensure that the sectoral objectives and strategies assigned to the different ministries are implemented**. To this end, the national report on implementation of the 2012–15 PND will be submitted to the Council of Ministers before end-2013. On this basis, supplementary measures will be adopted to improve monitoring of investment projects. The government will make every effort to ensure that all of the priority investment projects included in the PND are effectively carried out. It will also pursue implementation of structural and sector reforms.

20. **The government objective is to achieve a 10 percent growth rate of GDP by 2014, in line with the PND objectives**. The economy should benefit from normalization of the sociopolitical and security situation, and from the full impact of the structural reforms implemented, especially those to improve the business climate. Growth will rely on public investment, which should act as a

catalyst to further stimulate private investment. Moreover, the private sector should increase its production capacity, thanks to the new investment code, the opening of the window to facilitate the creation of businesses, and the promotion of public-private partnerships (PPP).

21. Supply will be driven by the buoyancy of all sectors

- **The primary sector** is making headway as a result of the good performance of subsistence agriculture and food crops, in conjunction with the implementation of the National Rice Development Plan (PNDR), and investments made in the exploration, development, and maintenance of existing wells and mines. In addition, implementation of the plan to reform the cashew nut and cotton industries will make it possible to structure these sectors and improve their productivity.

- **The secondary sector** will increase as a result of the good performance of the construction and agrofood sectors. Also, dynamic domestic demand should help sustain the sector's growth.

- **The tertiary sector will benefit from the growth of the primary and secondary sectors**. In addition, the institutional and legal framework of SMEs will be strengthened by the preparation of the craft or cottage industry code and the adoption of a law to promote SMEs. Furthermore, the creation of the one-stop window for foreign trade (GUCE), the opening of the Bouaké wholesale market, the revival of SOTRA, the installation of new groups in the distribution and hotel industry sectors, as well as the return of the AfDB to its headquarters in Abidjan will contribute to a significant growth of activities in the sector in 2014.

22. The inflation rate should level out at an average of 2.4 percent in 2014. The increase in the supply of subsistence foodstuffs and the repair of rural roads should help improve the supply of markets and contain food prices.

23. The current account balance will remain in deficit in 2014. Imports will continue to rise in line with the dynamism of the economy, as a result of the demand for capital and intermediate goods. The capital and financial operations account will show a surplus, due to project grants received, as well as a rebound in foreign direct and portfolio investment. The overall balance of payments will be in surplus.

24. The money supply should increase by 9.5 percent. This development is mainly linked to the increase in credit to the private sector which will benefit from easier access to bank credit on the part of SMEs and SMIs. In addition, net foreign assets should increase as a result of a good performance of exports and foreign direct investment flows.

25. The government plans to take appropriate steps to deal with risks that could jeopardize the achievement of its macroeconomic objectives. There are three types of risks that could interfere with the achievement of its objectives: (i) a deterioration of the terms of trade; (ii) a poor rainy season; and (iii) a weak mobilization of financing and a slowdown in the execution of investments. To deal with these risks, the government will take steps to optimize potential revenue, by emphasizing an expansion of the tax base, better control of expenditures, ensure a sustainable debt management policy, and by adopting measures to mobilize expected financing.

E. Budget Framework

26. Budget policy for 2014 and the medium term takes into account the main strategic pillars of the National Development Plan. The priority activities under the 2012–15 PND, as reflected in the Public Investment Program (PIP), have been incorporated in the proposed 2014 budget. In line with the economic and financial program, 2014 budget priorities are focused primarily on improving the standard of living of the population and strengthening the foundations for economic growth. To this end, the principal projects concern road rehabilitation and construction, improving access to drinking water, health, education, and electricity, as well as enhancing security and the development of basic socioeconomic infrastructure.

27. The government will continue to give priority to maximizing potential tax collection and rationalizing expenditures, in order to create the fiscal space needed for investment. The medium-term objective is to realize a surplus in the primary basic balance. The budget will continue to be prepared according to constitutional and regulatory provisions. Efforts will be pursued to improve transparency and traceability in the public expenditure execution chain.

28. 2014 budget revenue is projected to rise to CFAF 3,051.0 billion, up by 10.3 percent over 2013 estimates. Tax revenue will grow by 10.8 percent, thanks to efforts to improve collection of the principal taxes, including the VAT, payroll tax (ITS), and the BIC, excluding petroleum. As regards port duties and fees, revenues collected on general merchandise will increase by CFAF 46 billion due to improvements in the recording and valuation of goods, as well as anti-fraud efforts. The registration tax and the single export tax (DUS) will decline, because of an expected drop in cocoa production. As for nontax revenue, it will amount to CFAF 408.7 billion.

29. Maximizing potential tax revenue collection is a government priority for achieving the budget revenue objectives. To this end, measures involving both tax administration and fiscal policy are planned for 2014. They include the following:

- Gradually reducing VAT exemptions, in particular by prohibiting new exemptions to be granted that do not conform with the WAEMU directives (especially those granted through special covenants) or which are not justifiable on economic or social grounds in the short and medium term;
- Standardizing the method for computing excise taxes on beverages and tobacco, by correcting the tax bases on which taxes are levied and the tax rates to bring them in line with the practices of WAEMU;
- Harmonizing rates applicable to capital gains and profits in order to adjust the Ivorien tax system in line with the regional WAEMU norms;
- Introducing a minimum tax for taxpayers under the simplified itemized tax system (*régime du réel simplifié d'imposition*), through a withholding tax of 2 percent applied on business turnover including all taxes. The amount withheld should not be less than CFAF 500,000 a year which would be the minimum assessment;
- Strengthen taxation on telecommunications by:
    - An increase in the tax rate on telecommunications from 3 percent to 5 percent;
    - The introduction of a specific tax at a rate of 3 percent on consumers, assessed on the cost of phone calls and internet use; and
    - An increase in the rate of tax from 25 percent to 30 percent on industrial and commercial profits of companies in the sector for telecommunication, information technology and communications.
- Improving the segmentation of taxpayers on the basis of recommendations in IMF technical assistance reports. To this end, the tax administration is planning to pursue a deconcentration policy for its staff, to strengthen the Large Enterprises Directorate (DGE) by increasing its sphere of competence (intervention threshold and coverage throughout the territory), and to set up a structure for the administration of medium-sized enterprises. The tax enforcement policy will be advanced by reinforcing inspection units and improving the coverage rates of fiscal inspections;
- For the Ivoirien customs administration, measures will draw on technical assistance recommendations, including those of the IMF, and on the implementation of measures to improve the recording of goods by: (i) connecting the customs information system with the system of the Port of Abidjan; (ii) operationalizing a simplified system of recording the transshipment of containers in the customs information system; and, (iii) liberalization of consignment at the airport, by putting an end to the single *régie* system. Furthermore customs will step up its anti-fraud efforts by (a) making optimum use of scanners on imports and exports on the basis of risk analysis and the installation of a scanner at the airport; (b) increasing surveillance of the sea coast and lagoon shores; and, (c) strengthening capacity to fight fraud and smuggling across land borders.

30. **Public expenditures for 2014 are expected to amount to CFAF 3,973.4 billion, increasing by CFAF 409 billion compared to 2013**. The government plans to improve the rate of execution of investments, especially those planned as part of C2D with allocations of CFAF 140.2 billion. In addition, pro-poor expenditures will amount to CFAF 1,517.7 billion, as compared to CFAF 1,309 billion in 2013. In line with the proposed wage bill strategy, personnel expenditures will rise to CFAF 1,186.2 billion, taking into account the full application of revaluation measures, as well as new recruits, especially in the education, health, and security sectors.

31. **The primary basic balance will be CFAF -9.9 billion, or -0.1 percent of GDP, compared to -0.2 percent of GDP in 2013**. The overall budget deficit including grants (excluding grants for settlement of arrears) would rise to CFAF 364.5 billion (or 2.3 percent of GDP, compared to 2.7 percent of GDP in 2013).

F. Long-Term Fiscal Sustainability

32. **The government reiterates its commitment to achieve fiscal consolidation, maintain macroeconomic stability and debt sustainability**. To achieve this, it intends to improve mobilization of revenue, control the medium-term evolution of the wage bill and operating expenses, reduce the subsidy to the electricity sector until it reaches financial equilibrium, and clean up the domestic debt situation.

33. **The strategy for the medium-term control of the wage bill adopted before end-December 2013 by the government will be implemented**. It is aimed at eventually ensuring compliance with the WAEMU convergence criterion of 35 percent of tax revenue. To this end, the following measures have been identified to respond to the hiring needs of priority sectors while strengthening management: optimization of the recruitment policy; staff management through a performance rating system; assignment of personnel identification numbers related to employment grades, implementation of the Management Information System for Government Officials and Employees (SIGFAE), and establishment of a Human Resources Directorate in all ministries.

34. **The government plans to reduce subsidies to the electricity sector over the medium term**. To accomplish this, it intends to consolidate progress made in implementing the medium-term strategy to restore financial equilibrium to the sector, adopted by the Council of Ministers on November 7, 2012 (Box 2). A delay in the start of operations of field CI-202 created a shortage of gas for electricity production. To meet national and sub-regional demand, the government has embarked on a wide-ranging investment program at a total cost of CFA 5300 billion to build new hydraulic and thermal power plants, and to improve the transmission network to reduce technical losses. In this effort, it has the support of several partners, including the World Bank, IFC, AfDB, BOAD, and the Exim-Bank of China. As for exports, the government will bill quantities in excess of the contractual minimum at the marginal cost of electricity production.

Box 2. Côte d'Ivoire: Moving Toward Financial Equilibrium in the Electricity Sector and a Substantial Increase in the Supply of Electricity

Achievement of a sustained growth rate requires an adequate supply of electricity at low cost, or an increase of around 700 gigawatt hours (GWh) a year. However, in the current situation, the sector is experiencing financial disequilibrium, primarily as a result of the supply of natural gas, the main source (70 percent) of electricity production. This deficit has led to a delay in investment in the transmission and distribution network.

To deal with this situation, the government, following an evaluation of the sector, decided to implement robust measures to boost production and reduce the financial deficit. Thus, in November 2012, the Council of Ministers adopted a medium-term strategy to restore financial equilibrium to the electricity sector and promote its development to sustain growth. This strategy is based on the following pillars: (i) a reduction of charges (renegotiation of the price of natural gas, review of the utility company's remuneration, and demand management); (ii) an improvement of revenue (review of national and export electricity tariffs, shift to the general rate for moderate-use customers that consume over 200 KWh bimonthly, and improvement of collection in the areas outside the central-north-west (CNO) zone); (iii) an improvement in the overall yield (reduction of technical and nontechnical losses and adoption of the electricity code).

To implement this strategy, the following steps have been taken. The cost of gas from the CI-27 blocks has been reduced. As for the utility company's remuneration, it was revised downward and an agreement was obtained on support by the utility to the sector, in the amount of CFAF 8 billion a year from 2013 to 2015. To bring demand under control: (i) over 100,000 low wattage light bulbs were distributed in the communities of Treichville, Abobo, and Yamoussoukro; (ii) export tariffs were revised, and a 10 percent increase was applied to the rate for industries; (iii) moderate use customers using over 200 KWh bimonthly were shifted to the general tariff; (iv) the rate of collection on invoices was improved in the CNO zone, from 40 percent in 2012 to over 60 percent in 2013; and (v) action taken to reduce losses has led to a 3-point increase in overall yield from 2012 to 2013. In addition, a new electricity code has been adopted by the Council of Ministers and will soon be submitted to the National Assembly. Its application will help improve the legal framework for fighting fraud. In the medium term, the government is exploring options to ensure adequate supplies of gas on a regular basis.

All of these steps, including those taken in 2012, should make it possible to eliminate the financial imbalance of the sector and thus make it possible to undertake the investments needed to improve the supply of electricity, with a view to consolidating Côte d'Ivoire's status as an electricity exporter. Several projects for the development of the sector have been carried out or are under way. They include: (i) the leasing of a 100 MW thermal power plant in 2013; (ii) investment in the distribution network to improve overall yield by one point a year, beginning in 2013; and (iii) the implementation of phase 4 of CIPREL in January 2014, and phase 3 of AZITO in April 2015. In the medium term, an increase in hydroelectric capacity, as a result of the Soubré dam, will help control electricity production costs.

35. **The government will implement a plan to settle the domestic debt in order to support private sector activity**. It will make every effort to respect the schedule of planned payments envisioned in this plan, that is based on the criteria of priority, nature of the expenditure (pro-poor, etc.), and specified tranche payments by based on discount levels and the tax status of the creditor. In order to guarantee equity and transparency, orders for payment will be posted on the premises of the Accounting Unit in question and on the Treasury's web site.

G. Rehabilitation and Promotion of the Financial Sector

36. **The government will implement the development strategy for the financial sector**. This strategy should permit a better response to the economy's financing needs, especially for housing, SME/SMI, and agriculture. It should also take the following into account: (i) the government's role in the sector; (ii) contractual savings; (iii) the poor access to financial services; (iv) the cost of credit; (v) the rehabilitation of the banking and microfinance sectors; and (vi) the legal and judicial framework of the sector. The Financial Sector Development Committee (CODESFI) will be responsible for implementation.

37. **The government intends to accelerate the restructuring of public banks**. The plan for restructuring public banks will be submitted to the Council of Ministers before end-December 2013. This plan aims to clean up the banking sector, to make it more effective and better able to support the government's sector policies (housing, SME/SMI, and agriculture), and be in compliance with WAEMU prudential regulations.

38. **The government intends to improve supervision of the microfinance sector**. **Measures to rehabilitate and develop the sector have been initiated and will be strengthened with the support of technical and financial partners**. Activities, amongst others, will include doing audits of the sector, as well as preparing and implementing the plan for restructuring UNACOOPEC-CI.

39. **The government will encourage the BCEAO to accelerate the creation of primary dealers (SVT) and the development of information systems (credit bureaus and registers)**. To this end, it will support the efforts of the WAEMU Council of Ministers to adopt the draft charter governing "relations between issuers and the SVTs on public debt markets of member states." The entry into force in October 2013 of the instruction regarding repurchase operations and the upcoming creation of the SVTs will contribute to the development and deepening of the sub-regional financial market. Moreover, the government intends to work on creating a secondary market to make the financial market more dynamic. The government is also planning to promote financial transactions between the WAEMU and CEMAC regions.

H. Debt Policy and Strategy

40. **A medium-term debt management strategy (MTDS) will be submitted to the Council of Ministers before end-November 2013**. The primary objective of this strategy is to preserve the sustainability of medium- and long-term public debt. It reflects a plan to control risks related to the

debt, especially exchange and refinancing risks. To this end, the government will favor the mobilization of external concessional financing, centralize the issuance and management of public debt in a single entity, and improve its communications with the market. It will also strengthen government liquidity management, especially through the implementation of a single treasury account.

41. The government intends to expand its financing sources by having recourse to the international financial market, notably by issuing Eurobonds. This initiative is part of the debt strategy, including the aim of obtaining a sovereign credit rating. The objective of issuing Eurobonds is to expand financing sources and improve the maturity structure of domestic and external debt, as well as asset-liability management. The government intends to issue a Eurobond in 2014. To this end, the government is requesting IMF approval to increase the cumulative nonconcessional external borrowing window at end 2014 by another USD 500 million, to enable it to make a Eurobond issue. Moreover, the government will continue to seek concessional terms on its borrowing, including for major infrastructure projects.

42. The government will request assistance from its technical and financial partners (TFPs) to continue improving public debt management. The technical support of TFPs will help the Ivoirien authorities consolidate the new approach regarding the strategic orientation of the government's debt, and thereby build upon the gains from reaching the completion point under the HIPC Initiative on June 26, 2012. In particular, this support will help the government implement the new debt management structure and to strengthen the capacity of its services.

I. Strengthening the Competitiveness of the Economy

43. Strong, sustainable growth requires a much more competitive private sector and an improved business climate. To this end, the network of economic infrastructure (telecommunications, roads, energy, ports) is being strengthened, thanks to increased public investment and implementation of important public-private partnership projects. Instruments for developing industrial infrastructure will also be put into play, with the creation and/or expansion of industrial zones. The government will continue to place an emphasis on health care, in particular by developing a pharmaceutical industry for generic medicines and making Côte d'Ivoire a sub-regional hub for hospital services, as well as on education and training, to ensure that companies have access to skilled workers. It also intends to support research. The agricultural potential of Côte d'Ivoire will be enhanced by improving farm yields. The sector will benefit from the implementation of the National Agricultural Investment Program (PNIA), which is designed to strengthen food security and develop value chains. The government plans to guarantee the sustainability of the coffee-cocoa sector by pursuing the reform of this sector, including by completing the census of producers. The reforms are being extended to other sectors of the economy, in particular cotton and cashew nuts. Subsistence agriculture will post strong figures, with an increase in the production of rice (aiming to achieve self-sufficiency by 2016) and cassava. Furthermore, the government is planning to organize a forum entitled "Invest in Côte d'Ivoire: ICI 2014" from January 29 to February 1, 2014. This forum, which should be attended by nearly 3,000 participants, will be a platform for exchanges among national and international investors to support the government's policy.

44. The government intends to ensure that Côte d'Ivoire remains in compliance with the Extractive Industries Transparency Initiative (EITI). To this end, the petroleum code was amended and a new hydrocarbons code was adopted, to ensure greater transparency in the management of resources and environmental preservation. Moreover, the government is planning to adopt a new mining code. This new mining code aims to make Côte d'Ivoire a preferred destination. It is based on the following principles:

- Incorporation of best international practices in the area of good governance (EITI, Kimberley Process, Equator Principles);
- Transparency in granting mining rights;
- Reduction and control of the time required for processing documents;
- Organization of artisanal or small-scale mining operations and gold panning;
- Cohabitation between large and small mines; and
- Rational use of assigned surfaces to intensify research.

45. The government will adopt a new industrial policy in 2014, to make businesses more competitive and better able to create wealth and jobs. The 2012 evaluation of the industrial sector shed light on steps to take to define an industrial development strategy. On this basis the government identified the main lines of a policy founded on the following three pillars: (i) a sizeable contribution from the private sector; (ii) the use of comparative advantages; and (iii) targeted support from the government (quality, standards, restructuring, access to credit, creation of industrial zones, and targeted tax advantages). The principal objective will be to increase the share of industry in GDP from around 30 percent in 2012 to 40 percent by 2020. To achieve this objective, it will rely particularly on increasing the processing rate of farm products (cashew nuts, cotton, and rice), and the diversification of the textile industry, by promoting light industries.

J. Public Financial Management and Governance

46. The government will continue to reform public financial management. To this end, it will prepare a standard plan for government contracting, to be disseminated among appropriation managers at the start of execution of the 2014 budget, formulate an expenditure commitment plan in January 2014, and pursue its efforts to decentralize management of public finance by connecting five new locations with SIGFIP in 2014. It will adopt in the Council of Ministers, no later than end-March 2014, four proposed decrees on the transposition of the WAEMU public financial management directives after the vote on the organic laws establishing the Transparency Code and the Budget Law. The government will evaluate the expenditure chain and adopt corrective measures to reinforce verification of the delivery of goods and services, with a view to eliminating exceptional payments order procedures (payments orders based on counterfoils [*mandats souches*] or on provisions [*mandats provisions*]) and to limiting recourse to cash advances. The objective is to continue to streamline and enhance the effectiveness of the expenditure chain, and ensure that it is consistent with the principles of fiscal orthodoxy.

47. The government will continue to respect the public contracting code and to promote competitive procedures. Thus, enabling regulation for implementing the code will be adopted in 2014. In line with the public financial management reform plan (PEMFAR), the government has defined nine strategic pillars, in particular strengthening the transparency of public financial management, strengthening budget discipline, improving the traceability and control of budget execution, and improving the operational framework for government procurement. These provisions should lead to greater transparency and more effective action to combat corruption and fraud, and offer effective recourse to government officers managing procurement. With regard to government procurement procedures, recourse to single-source contracts will continue to be rationalized. Notable changes made to the legal framework for government contracts, include the separation of the functions of control and regularization, and extension of the scope of the code by requiring institutions to comply with it, will contribute to achieving the aforesaid objectives.

48. Implementation of the National Good Governance and Anti-Corruption Plan (PNBGLC) will be stepped up. The following specific actions will be taken:

- The High Authority for Good Governance, instituted by order No. 2013-661 of September 20, 2013, and the Special Court to Prevent and Fight Corruption will be put in place in the second half of 2014;
- Campaigns to raise awareness and provide information on corruption initiated in May 2013 will be continued; and
- The anti-corruption center will be set up after the regulations for its operation are completed in 2014.

Financing and Monitoring the Program

49. The government believes that the financing needs of the 2014 program will be covered. On the sub-regional monetary and financial markets, CFAF 867 billion is expected to be mobilized in the form of Treasury bills and bonds, compared to CFAF 806.7 billion expected for 2013. As for external financing, including budget support amounting to CFAF 247.8 billion, the primary lenders and donors are the World Bank, IMF, AfDB, EU, AFD, IDB, and the Exim-Bank of China. The government will pursue talks with the remaining creditors that have yet to grant debt relief under the HIPC Initiative.

50. The program will continue to be monitored on a biannual basis by the IMF Executive Board on the basis of the quantitative performance criteria and indicative targets (Table 1). These indicators are defined in the attached Technical Memorandum of Understanding (TMU). Semi-annual reviews will be based on end-June and end-December data. The fifth (sixth) review of the program will be based on performance criteria at end-December 2013 (end-June 2014) and should be completed by April/May 2014 (October/November 2014) at the latest. In this effort, the government undertakes to:

- Refrain from accumulating new domestic arrears and any kind of advance against revenue, and from contracting nonconcessional external borrowing other than the loans specified in the TMU;

- Issue government securities only by auction through the BCEAO or any other form of competitive bidding on the local financial market and the WAEMU market, and to consult with IMF staff regarding any new financing;

- Refrain from introducing or tightening restrictions on payments and transfers related to current international transactions, or from introducing multiple exchange rate practices, or from concluding any bilateral payment agreements that are not in compliance with Article VIII of the IMF Articles of Agreement, or from imposing or tightening any import restrictions for the purpose of bringing the balance of payments into equilibrium;

- Adopt any new financial or structural measures that might be needed to ensure the success of its policies, in consultation with the IMF.

Statistics and Capacity Building

51. Economic statistics are a pillar of the government's efforts to become an emerging country, and improving its statistical tools remains a priority. With a view to boosting its access to international capital markets, Côte d'Ivoire intends to move towards the Special Data Dissemination Standard. To this end, a proposed law on the organization, regulation, and coordination of the National Statistics System was adopted by the Council of Ministers in December 2012, and was passed by the National Assembly on June 10, 2013. The government will ensure that it is implemented. Moreover, the 2012–15 master plan on statistics, consistent with the National Development Plan, was approved in March 2012 and is being implemented. Its strategic pillars cover the following areas:

- Support for conducting national and sectoral surveys;

- Improving the range and monitoring of economic outlook indicators;

- Holding workshops on setting up the data base for the Integrated Information Management System;

- Preparation of quarterly national accounts;

- Changing the baseline year of the national accounts;

- Updating the Harmonized Consumer Price Index (HCPI); and

- Preparation of a directory of ministerial statistical staff.

All of these efforts, together with the 2013–14 General Population and Housing Census, will contribute to the regular production of quality economic and financial data.

52. The government will support capacity building. The inauguration of the AFRITAC West Technical Assistance Center by the IMF Managing Director after a decade of being located elsewhere is proof of the determination of the Ivoirien authorities to give priority to national capacity-building. Technical assistance needs in the coming 12 months concern: (i) setting up a customs revenue forecasting model; (ii) strengthening the tax administration, and especially for the VAT; and (iii) preparation of balance of payments forecasts.

Table 1. Côte d'Ivoire: Performance Criteria and Indicative Targets, ECF 2013–14 1/

(In billions of CFA francs) [2/]

	2013								2014			
	March			June			Sept.	Dec.	March	June	Sept.	Dec.
	IT	Actual		PC	Actual	Status	IT	PC	IT	PC	IT	IT
A. Performance criteria												
Floor on primary basic balance [3/]				-55.5	114.9	Met	-112.1	-44.0	7.3	-66.4	-52.7	-9.9
Floor on the overall fiscal balance (including grants) [4/]	-24.5	82.5	Met	...	...		...	...	...	...	...	...
Ceiling on net domestic financing (incl. WAEMU paper) [5/]	22.0	20.9	Met	210.1	111.7	Met	346.9	300.6	43.6	220.4	289.5	339.7
Ceiling on new nonconcessional external debt (in $ million) [5/ 6/ 7/]	100.0	0.0	Met	800.0	500.0	Met	800.0	800.0	900.0	900.0	900.0	900.0
Ceiling on accumulation of new external arrears [6/]	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	0.0	0.0	0.0	0.0
Ceiling on accumulation of new domestic arrears [6/]	0.0	0.0	Met	0.0	0.0	Met	0.0	0.0	0.0	0.0	0.0	0.0
B. Indicative targets												
Floor on the overall fiscal balance (including grants) [4/]				-183.5	-63.6	Met	-391.3	-453.4	-76.1	-263.6	-336.3	-364.5
Floor on primary basic balance [3/]	24.2	96.6	Met	...	...		...	...	...	...	...	...
Ceiling on expenditures by treasury advance	20.0	17.0	Met	59.0	52.8	Met	93.7	114.3	19.8	50.1	79.9	115.2
Floor on pro-poor expenditure	248.2	249.2	Met	588.8	590.5	Met	916.0	1309.1	259.4	676.7	1022.3	1517.7
Floor on net reduction of government amounts payable (- = reduction)	-5.0	-95.8	Met	-10.0	-88.5	Met	-25.0	-50.0	-5.0	-10.0	-25.0	-50.0
Floor on government revenue	615.6	640.9	Met	1,338.7	1,360.4	Met	2,031.9	2,764.5	621.8	1,374.4	2,148.0	3,051.0
Memorandum items:												
Net banking sector claims on government	-17.4	-15.6		83.6	33.5		123.4	108.8	11.3	-1.0	37.8	77.7
Program grants	0.0	6.8		49.2	56.0		49.2	105.2	0.0	73.8	73.8	156.6
Program loans	0.0	1.0		0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Project grants	25.0	47.1		51.5	76.9		77.2	122.3	44.3	132.8	166.0	221.3
Project loans	30.3	5.2		82.5	140.3		197.9	313.4	61.3	183.9	229.9	306.5

Sources: Ivoirien authorities and IMF staff.

Note : The terms in this table are defined in the TMU.

1/ Cumulative change from December 31, 2012 for 2013 targets, and from December 2013 for 2014 targets.

2/ Except for the ceiling on new nonconcessional external debt.

3/ The primary basic balance becomes a PC starting from end-June 2013.

4/ The overall fiscal balance becomes an indicative target starting from end-June 2013.

5/ In the event of the issuance of an Eurobond, the 2014 ceiling will be adjusted upward by an amount equivalent to US$500 million and the ceiling on net domestic financing will be adjusted downward by the same amount. The proceeds of the eventual Eurobond will be used for asset-liability management.

6/ Continuous performance criteria.

7/ The new window in 2013 will be used for infrastructure, energy, and transport projects.

Table 2. Côte d'Ivoire: Structural Benchmarks, 2013–14, ECF

Fourth Program Review			
Measures	**Macroeconomic rationale**	**Timeframe**	**Status**
Tax policy/Tax administration			
• Present a VAT reform strategy attached to the 2014 draft budget law and include the first measures rationalizing VAT exemptions in its tax annexes. This reform strategy will include a stock-taking of VAT exemptions, including those inconsistent with the WAEMU VAT directive	Rationalize tax expenditures	**SB** End-September 2013 *(delayed February 2013 benchmark)*	**Met:** A VAT reform strategy was prepared; the 2014 draft budget act includes the elimination of two VAT exemptions.
Public expenditure management			
• Adopt by the Council of Ministers a medium-term strategy for controlling the wage bill	Contain the size of the civil service and the wage bill	**SB end-**October 2013 *(rescheduled from end-February)*	**Not Met:** the adoption of the strategy is now scheduled for end-December 2013
• No new injection of public funds in the five public banks in difficulty outside a restructuring plan approved by the authorities	Improve financial sector governance and management	**SB** continuous	**Met**
• Prepare the global MTEF for application to the 2014 budget	Improve strategic budget planning	**SB** End-September 2013	**Met**: The global MTEF has been prepared and will be adopted by the Council of Ministers in November and submitted to the National Assembly
• Finalize and adopt by the Council of Ministers draft texts transposing two WAEMU directives (finance laws and transparency code) on public finance	Improve fiscal management	**SB** end-July 2013 *(rescheduled from end-June 2013)*	**Met**

Table 2. Côte d'Ivoire: Structural Benchmarks, 2013–14, ECF (continued)

Fourth Program Review			
Measures	**Macroeconomic rationale**	**Timeframe**	**Status**
• Prepare and adopt by the Council of Ministers the medium-term debt management strategy	Improve debt management	**SB** end-September 2013 (rescheduled from end-June 2013)	**Not met:** Adoption of the strategy is now scheduled for end-November 2013.
• Adopt by the Council of Ministers a PPP framework	Strengthen capacity to manage PPP projects and associated risks	**SB** end-June 2013	**Met**
Energy sector reform			
• Adopt the electricity code in the Council of Ministers	Improve governance of the electricity sector	**SB** end-September	**Met:** The new code was adopted by the Council of Ministers, but has not yet been submitted to the National Assembly.
• Finalize arrears settlement plan vis-à-vis the SIR	Improve transparency of the hydrocarbon sector	SB end-June 2013	**Met**
Financial sector reform			
• Adopt in the Council of Ministers a time-bound action plan for restructuring the public banks based on the recommendations of the audits	Improve governance and intermediation in the financial sector	**SB** end-October 2013 (*rescheduled from end-February 2013*)	**Not met:** The action plan is scheduled to be adopted by end-December 2013
Improving the business environment			
• Limit the current fiscal year's VAT arrears pending refund to under CFAF 10 billion	Improve the business climate and the confidence of enterprises	**SB** continuous	**Met**
• Adopt the law on competition in the Council of Ministers	Combat noncompetitive practices	**SB** end-May 2013 (*rescheduled from end-March 2013*)	**Met**
• Outline the main principles of arrears clearance strategy	Improve the business climate and the confidence of enterprises	**Prior Action**-Before May 15, 2013	**Met**
• Adopt in the Council of Ministers a plan to pay arrears based on the results of the audits in progress	Improve the business climate and the confidence of enterprises	**SB** –end-September 2013 *(consolidation of the two previous SBs on domestic arrears)*	**Not met:** The action plan should be adopted by end-November 2013

Table 2. Côte d'Ivoire: Structural Benchmarks, 2013–14, ECF (continued)

Fifth and Sixth Program Reviews		
Measures	**Macroeconomic rationale**	**Timeframe**
Tax policy/Tax administration		
• Strengthen the large taxpayer office by broadening its scope to cover the whole country and by focusing its activity on the largest corporations, and implement a medium-sized taxpayer office	Mobilize revenue	**SB** End-December 2013
• Adopt a decree pertaining to Customs' controls and audits methodology, to allow for post-clearance audits	Enhance transparency and counter fraud	**SB** End-December 2013
Public expenditure management		
• Adopt by the Council of Ministers a medium-term strategy for controlling the wage bill	Contain the size of the civil service and the wage bill	**SB** End-December 2013
• No new injection of public funds in the five public banks in difficulty outside a restructuring plan approved by the authorities	Improve financial sector governance and management	**SB** continuous
• Finalize and adopt by the Council of Ministers draft regulations transposing the remaining four WAEMU directives on public finance	Improve fiscal management	**SB** End-March 2014
• Reorganize the debt management framework, including a functional structure (front-, middle-, and back-office)	Improve public debt management.	**SB** End-December 2013
• Prepare consolidated commitment and procurement plans for 2014	Smooth budget execution and facilitate cash management	**SB** End-January 2014
• Identify the bank accounts of all public entities held in commercial banks and at the Central Bank, and determine their balances	Improve fiscal management	**SB** End-March 2014 (new)
• Adoption by the Minister of Finance the strategy for putting in place a single Treasury account, choice of the implementation model and adoption of a time-bound action plan	Improve fiscal management	**SB** End-June 2014 (new)

Table 2. Côte d'Ivoire: Structural Benchmarks, 2013–14, ECF (concluded)

Fifth and Sixth Program Reviews		
Measures	**Macroeconomic rationale**	**Timeframe**
• Adopt an instruction limiting the use of provisional payment orders. This instruction will (i) create a committee in charge of authorizing provisional payment orders: (ii) lay down the procedures for reducing the recourse to provisional payment orders by end-December 2013; and (iii) forbid provisional payment orders by end-December 2014	Improve fiscal management	**SB** End-November 2013 (new)
• Review the expenditure chain and the end-of-year budgetary procedures, with IMF technical assistance	Improve fiscal management	**SB** End-June 2014 (new)
Energy sector reform		
• Submit the electricity code to the National assembly	Improve governance in the electricity sector	**SB** End-December 2013 (new)
Financial sector reform		
• Adopt in the Council of Ministers a time-bound action plan for restructuring the public banks based on the recommendations of the audits	Improve governance and intermediation in the financial sector	**SB** End-December 2013 (*rescheduled from end-September 2013*)
• Prepare a financial sector reform and development strategy	Improve governance and intermediation in the financial sector	**SB** End-December 2013
Improving the business environment		
• Limit the current fiscal year's VAT arrears pending refund to under CFAF 10 billion	Improve the business climate and the confidence of enterprises	**SB** continuous
• Adopt in the Council of Ministers a plan to pay arrears based on the results of the audits in progress	Improve the business climate and the confidence of enterprises	**SB** End-November 2013 (*rescheduled from end-September 2013*)

Attachment II. Côte d'Ivoire: Technical Memorandum of Understanding

Arrangement Under the Extended Credit Facility 2011–14

November 20, 2013

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

Quantitative Indicators

2. **For program monitoring purposes, the performance criteria (PC) and indicative targets (IT) are set for December 31, 2013 and June 30, 2014; the same variables are indicative targets for these variables for March 31, 2014**.
The performance criteria include:

(a) a floor on the primary basic fiscal balance;
(b) a ceiling for 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 new nonconcessional external debt;
(d) a zero ceiling for the accumulation of new external arrears; and
(e) a zero ceiling for the accumulation of new domestic arrears.

The indicative targets are:

a) a floor on the overall fiscal balance (including grants);
b) a ceiling on expenditures by treasury advance;
c) a floor on "pro-poor" expenditures;
d) a floor on the net reduction of the government amounts payables;
e) a floor on total government revenue.

3. **The PCs, the ITs, and the adjustors are calculated as the cumulative change from December 31, 2013 for the 2014 targets (Table [1] of the Memorandum of Economic and Financial Policies, or the MEFP)**.

A. Government Revenue (IT)

4. Total government revenue is defined as all revenue collected by the Tax Administration (DGI), the Directorate-General of the Treasury and Public Accounting Administration (DGTCP), the Customs Administration (DGD), the CNPS, and the CGRAE, and other nontax revenue as defined in the fiscal reporting table (TOFE).

B. Pro-poor Expenditures (IT)

5. Pro-poor expenditures are derived from the detailed list of "pro-poor expenditures" in the SIGFIP system (see attached Table 1).

C. Treasury Advances (IT)

6. 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, and which have not been subject to prior commitment and authorization. They exclude the "régies d'avances", as set out through ministerial decrees n° 2002-345 , 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 (PC)

7. The primary basic fiscal balance is the difference between the government's total revenue (excluding grants) and total expenditure plus net lending, excluding interest payments and externally-financed capital expenditure (on a payment order basis for all expenditure items):

Tax and nontax revenue (excluding grants) – {Expenditure + Net lending – Interest payments – Externally-financed capital expenditure (on a payment order basis for all expenditure items)}

8. The floor on the primary basic fiscal balance will be adjusted downward (upward) for an excess (shortfall) of external budget support (program grants/loans) relative to the programmed amount.

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

9. The overall fiscal balance is the difference between the government's total revenue (including grants except World Bank budget support grants- AfDB budget support grants) and total expenditure plus net lending (on a payment order basis):

Tax and nontax revenue + (Grants – World Bank budget support grants – AfDB budget support grants) – {Expenditure + Net lending (on a payment order basis for all expenditure items)}

10. The floor on the overall fiscal balance will be adjusted downward (upward) for an excess (shortfall) of project loans relative to the programmed amount.

F. Net Domestic Financing (PC)

11. The net domestic financing by 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 privatization and sales of assets, and of correspondant sub-account of the Treasury and excluding the net variation of the amounts payable); and (iii) any financing borrowed and serviced in Francs of the Financial Community of Africa (FCFA). This ceiling includes a margin of CFAF 10 billion above the net cumulative flow projected for each quarter.

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

This ceiling does not apply to either new agreements on restructuring domestic debt and securitization of domestic arrears or to new project loans from the Bank for Investment and Development (BIDC) of the Economic Community of West African States (ECOWAS). For any new borrowing over and above a cumulative amount of CFAF 35 billion over 2013, and over and above a cumulative amount of CFAF 35 billion in 2014, the government undertakes not to issue government securities except by auction through the BCEAO or through competitive public auction (appel d'offres competitif) on the WAEMU financial markets registered with the Regional Council for Public Savings and Financial Markets (CREPMF), in consultation with Fund staff. This ceiling will be lowered by an amount equal to the eventual issuance of an Eurobond (for a maximum equivalent to US$500 million) used for financing an additional domestic debt reduction beyond the amount included in the program.

G. New Nonconcessional External Debt (PC)

12. The definition of debt is set out in Executive Board Decision No.6230-(79/140), Point 9, as revised on August 31, 2009 (Decision No. 14416-(09/91)): 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, according to a specific schedule; these payments will discharge the obligor of 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 that 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 this guideline, 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 necessary for the operation, repair, or maintenance of the property. Under the definition of debt set out above, 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.

13. External debt is defined as debt borrowed or serviced in a currency other than the CFA franc of the Financial Community of Africa (FCFA).

14. The quantitative performance criterion concerning external debt applies to all nonconcessional external debt, irrespective of maturity, and whether it has been contracted or guaranteed by the government. It applies not only to the debt as defined above, but also to 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;
- debts to the BIDC, up to the equivalent of CFAF 20 billion, for the period from January 1 to December 31, 2013; and up to the equivalent of CFAF 20 billion, for the period from January 1 to December 31, 2014;
- drawings on the IMF.

15. A debt is considered concessional if its grant element is at least 35 percent, the net present value (NPV) of the debt being calculated with a 5 percent discount rate.

16. The government undertakes not to contract or guarantee nonconcessional external debt under the conditions defined in paragraphs 12–15, with the exception of debt constituting rescheduling of maturities and new debt contracted or guaranteed by the government as specified in paragraphs 14 and 17. To this end, the government undertakes to consult with IMF staff on the terms and concessionality of any proposed new debt in advance of contracting such external debt.

A cumulative ceiling for 2013–14 of US$ 800 million to December 31, 2013, and US$900 million to December 31, 2014, applies to new nonconcessional external loans other than those specified in paragraph 14 (performance criteria). This ceiling would be applicable to debt-financing of projects, in the energy, infrastructure and transport sectors. The government will inform staff in a timely manner before contracting any debt of this type and provide information on the terms of the new debt as well as a brief summary of the projects to be financed and their profitability, including an independent evaluation. The government will report on the use of funds and project implementation (in subsequent MEFPs or to staff). The ceiling will be increased by the amount of the eventual issuance of an Eurobond for a maximum amount equivalent to US$500 million to be used for asset-liability management, notably by paying down debt (bonds and treasury bills), securitized debt, and/or domestic arrears. The last day of the period for purchase of the bonds as specified under the final terms of exchange will be considered to be the date of issuance of the Eurobonds.

H. External Payment Arrears (PC)

17. External arrears are considered to be the nonpayment of any interest or principal amounts on their due dates (taking into account relevant contractual grace periods, if any). This performance criterion applies to arrears accumulated under external debt of the government and external debt guaranteed by the government for which the guarantee has been called by creditors, consistent with the definitions given under the external debt criterion (paragraph 15). This performance criterion is monitored on a continuous basis.

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

18. The "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 the program definition, these obligations represent (i) bills due and not paid to non financial public and private companies; and (ii) the domestic debt service (excluding the BCEAO).

19. For program purposes, domestic payment arrears are those balances outstanding to nonfinancial public and private companies and the domestic debt service (excluding the BCEAO). Arrears to non financial and private companies are defined as overdue obligations to non financial and private companies for which the payment date exceeds the deadline for payment stipulated by the administrative regulations of 90 days; arrears on the domestic debt service refer to debt service obligations for which the payment date exceeds 30 days.

20. Floating debt refers to those balances outstanding for which the payment date does not exceed the deadline for payment stipulated by the administrative regulations (90 days for debt to nonfinancial public and private companies and 30 days for debt service to commercial banks, insurance companies, and other financial institutions).

21. The balances outstanding are broken down by payer and type, as well as by maturity and length of overdue period (< 90 days, 90–365 days, > 1 year for nonfinancial companies, and <30 days, 30-365 days, > 1 year for financial companies).

22. For program purposes, the government undertakes: (i) to reduce the stock of amounts payable by at least CFAF 50 billion in 2013 (of which CFAF 10 billion of arrears payment in cash); and by at least 50 billion in 2014. For 2014, the reduction will be increased by an amount equal to the share of an eventual Eurobond issuance (for a maximum amount equivalent to US $500 million) to be used for paying down debt (bonds and treasury bills), securitized debt, and/or domestic arrears; and (ii) not to accumulate new domestic arrears in fiscal years 2013 and 2014.

Memorandum Items

A. Net Bank Claims on the Government

23. Net bank claims on the government are defined as the difference between government debts and government claims with the central bank and commercial banks, (including the C2D deposits). The coverage of net bank 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)

24. 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 certain 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

25. A quarterly assessment report on the monitoring of the quantitative performance criteria, indicative targets, and structural benchmarks will be produced by the authorities at the latest within 45 days of the end of each quarter.

26. The government will report the information specified in Table 2 on a monthly basis, at the latest within 45 days of month-end or quarter-end, unless otherwise indicated. Tables F.3.1, F.3.2, and F.3.3 are updated to take into account the expanded coverage of arrears.

27. The government will report final data provided by the BCEAO within 45 days of the end of the period in question. The information provided will include a complete, itemized listing of public sector liabilities and assets with: (i) the BCEAO; (ii) the National Investment Bank (Banque Nationale d'Investissement, or BNI); and (iii) the banking sector (including the BNI).

28. The authorities will consult with the Fund staff on any proposed new external debt contracts or government guarantees on new external debt, including leases. The authorities will inform the Fund staff, following signature, of any new external debt contracted or guaranteed by the government, including the terms of these contracts or guarantees. Data on new external debt, the amount outstanding, and the accumulation and repayment of external payment arrears will be reported monthly within six weeks of the end of each month.

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

Table 1. Côte d'Ivoire: Pro-Poor Spending (incl. Social Spending), 2009–14

	2009	2010	2011	2012		2013	2014
	Actual	Actual	Actual	Budgeted	Actual	SBL [1/]	Prog.
01 Agriculture and rural development	49.2	39.1	35.2	41.4	68.2	72.1	81.9
01.0 General administration	8.5	9.2	7.1	7.7	10.0	16.3	28.0
01.1 Agriculture promotion and development program	10.6	10.8	10.8	12.0	18.7	15.1	17.8
01.2 Training of supervisory staff	8.4	8.3	10.3	8.4	13.5	15.7	16.9
01.3 Water system works	1.5	4.0	3.0	3.4	26.0	16.6	19.3
01.4 Other investments in the rural area (FRAR,FIMR)	20.2	6.8	4.1	10.0	0.0	8.4	0.0
02 Fishing and animal husbandry	6.7	5.9	4.0	4.7	7.2	5.9	8.0
02.0 General administration	3.5	3.9	2.7	2.7	4.0	3.8	4.5
02.1 Milk production and livestock farming	2.3	1.8	1.2	1.5	2.9	0.9	1.7
02.2 Fishing and aquaculture	1.0	0.2	0.1	0.5	0.4	1.2	1.9
03 Education	533.1	590.1	529.2	628.6	651.2	754.6	836.3
03.0 General administration	19.6	24.9	24.7	23.6	19.8	19.5	20.6
03.1 Pre-schooling and primary education	336.7	366.7	301.1	398.2	379.2	454.4	316.6
03.2 Literacy	0.2	0.2	0.5	0.6	0.5	0.5	0.4
03.3 Secondary education and vocational training	83.0	83.8	74.2	80.3	74.8	83.7	296.8
03.4 University and research	93.7	114.5	117.0	113.0	140.0	153.0	155.4
03.5 Emergency/Presidential program/Education	0.0	0.0	11.7	12.8	36.9	43.5	46.5
04 Health	118.4	113.6	120.2	138.0	169.2	205.1	263.3
04.00 General administration	45.8	47.8	49.2	55.4	63.9	89.5	119.0
04.01 Primary health system	30.7	30.0	25.2	34.8	47.5	53.9	38.7
04.02 Preventive healthcare (enlarged vaccination program)	1.9	1.4	0.4	0.8	2.3	2.6	2.9
04.03 Disease-fighting programs	1.7	1.5	1.1	1.4	4.0	1.2	24.8
04.04 Infant/mother health and nutrition	0.8	0.4	0.4	0.6	1.4	0.6	18.1
04.05 HIV/AIDS	10.8	5.9	6.9	8.0	6.4	5.4	5.6
04.06 Health centers and specialized programs	26.6	26.6	25.7	25.1	31.8	33.9	34.2
04.07 Emergency/Presidential program/Health	0.0	0.0	11.3	12.0	12.0	18.0	20.0
05 Water et De-contamination	20.4	19.8	36.3	39.9	49.5	73.5	82.1
05.1 Access to drinking water and de-contamination	4.9	6.0	10.2	10.7	10.8	25.4	37.0
05.2 Environmental protection spending	15.5	13.8	13.1	13.0	22.4	23.6	18.1
05.4 Emergency/Presidential program/healthiness and de-contamination	0.0	0.0	13.1	16.2	8.0	11.5	13.5
05.5 Emergency/Presidential program/drinking water	0.0	0.0	0.0	0.0	8.2	13.0	13.5
06 Energy	16.5	9.7	8.9	17.0	18.8	26.7	30.1
06.1 Access to electricity	16.5	9.7	8.9	9.0	10.8	13.7	16.6
06.2 Emergency/Presidential program/Electricity	0.0	0.0	0.0	8.0	8.0	13.0	13.5
07 Roads and Art Works	39.1	45.4	33.5	47.1	51.4	101.7	112.7
07.1 Road maintenance	0.5	2.4	2.1	5.1	2.3	11.4	6.0
07.2 Constructions of art works	3.0	2.5	1.1	7.5	4.0	22.2	23.3
07.3 Other road projects	35.6	40.6	22.2	23.5	34.1	52.2	65.5
07.4 Emergency/Presidential program/maintenance and development	0.0	0.0	8.0	11.0	11.0	16.0	18.0
08 Social Spending	13.6	15.0	24.7	14.1	20.0	18.1	22.4
08.0 General administration	8.6	9.8	8.9	9.0	15.1	13.4	16.1
08.1 Training for women	0.6	0.7	0.5	0.7	0.7	0.5	0.9
08.2 Orphanages, day nurseries, and social centers	1.5	2.0	1.9	2.5	2.2	2.1	3.1
08.3 Training of support staff	1.7	1.9	1.6	1.3	1.6	1.8	2.0
08.4 Indigents and victims of war or disaster	1.2	0.5	11.8	0.7	0.5	0.4	0.4
09 Decentralisation (excl. education, health and agriculture)	35.1	32.0	29.0	32.1	31.7	31.8	60.0
09.1 Decentralisation	35.1	32.0	29.0	32.1	31.7	31.8	60.0
10 Reconstructions and rehabilitations	1.4	2.6	5.6	1.2	0.3	13.0	10.4
10.1 Reconstruction and rehabilitation	1.4	2.6	4.6	1.2	0.3	0.1	0.0
10.2 Emergency/Presidential program	0.0	0.0	1.0	0.0	0.0	12.9	10.4
11 Other poverty-fighting spending	9.6	11.9	16.2	15.9	13.0	6.7	10.5
11.1 Promotion and insertion of youth	8.4	8.9	13.7	13.4	7.6	5.1	8.1
11.2 Support and follow-up of DSRP	0.3	0.2	0.4	0.4	0.5	0.0	0.6
11.3 Development of tourism and craftmanship	0.9	2.8	2.0	2.1	4.9	1.6	1.8
TOTAL	843.0	885.2	843.4	0.0	1080.3	1309.1	1517.7

Source: Ivoirian authorities.

[1/] Supplementary Budget Law.

Table 2. Côte d'Ivoire: Document Transmittals

Detailed tables to be transmitted monthly, quarterly, or annually to the IMF staff. Examples of each of these tables have been provided for illustration. The documents expected monthly are indicated by "M," those expected quarterly by "Q," and those expected annually by "AN." This list is not necessarily exhaustive.

Real sector (R)

General:

Table R.1: Cyclical Indicators *(M)*
Table R.2.1: Macroeconomic Framework *(AN)*
Table R.2.2: Supply-use accounts, current francs *(AN)*
Table R.2.3: GDP in francs (n-1): annual variation in volume *(AN)*
Table R.2.4: GDP deflators year (n-1) *(AN)*
Table R.2.5: Macroeconomic framework, underlying assumptions *(AN)*
Table R3: Price index *(M)*

Energy:

Table R.4.1: Summary crude oil and gas production *(M)*
Table R.4.2: Crude oil and gas production – CI11 *(M)*
Table R.4.3: Crude oil and gas production – CI26 *(M)*
Table R.4.4: Crude oil and gas production – CI27 *(M)*
Table R.4.5: Crude oil and gas production – CI40 *(M)*
Table R.4.6: Crude oil and gas – volume, price, and financial flows *(M)*
Table R.4.7: Ivorian Refinery (SIR) activities *(M)*
Table R.4.8: SIR: transfers to warehouses and exports *(M)*
Table R.4.9: Activities of marketers *(M)*
Table R.4.10: Goods released to market by type of tax *(M)*
Table R.4.11: Financial flows in cash, Electricity Sector Asset Management Company (*Société de Gestion du Patrimoine du Secteur Electricité,* SOGEPE) *(M)*
Table R.4.12: Operating financial flows, SOGEPE *(Q)*
Table R.4.13: Crude oil: Shipment report (Q)
Table R.4.14: Petroleum revenue: Structure of maximum sales prices (M).

Coffee/cocoa:

Table R.5.1: Quasi-fiscal levies and fees, and utilization – operations *(Q)*
Table R.5.2: Quasi-fiscal levies and fees, and utilization – investment *(Q)*
Table R.5.3: Investments in funds managed by the Coffee/Cocoa Committee *(Q)*
Table R.5.4: Bank accounts *(Q)*

Balance of Payments sector (B)

Table B.1.1: Summary table of foreign trade *(AN)*
Table B.1.2: Imports (source DGD - monthly) *(M)*
Table B.1.3: Exports (source DGD - monthly) *(M)*
Table B2.1: Detailed balance of payments (including capital account) CFA francs *(AN)*
Table B.2.1.a: Exports – quantities *(Q)*
Table B.2.1.b: Exports – unit prices *(Q)*
Table B.2.2.a: Imports – quantities *(Q)*
Table B.2.2.b: Imports – unit prices *(Q)*
Table B.3: Balance of Payments: Summary presentation *(AN)*

Monetary sector (M)

Table M.1: Banks *(M)*
Table M.2: Summary BCEAO position *(M)*
Table M.3: Net government position *(M)*
Table M.4: Changes in net foreign assets (NFA) *(M)*
Table M.5: Integrated Monetary Survey *(M)*
Table M.6: Government liabilities to banks *(M)*

Fiscal sector (F)

Table F.1: Table of government financial operations (TOFE) *(M)*
Table F.2: Estimated government tax revenue *(M)*

Domestic arrears:

Table F.3.1: Domestic arrears *(M)*
Table F.3.2: Consolidated Treasury balances outstanding *(M)*
Table F.3.3: Treasury balances outstanding - targets/execution *(M)*
Table F.3.4: Clearings and securitizations *(M)*

Domestic and foreign debt:

Table F.4.1: Domestic debt *(M)*
Table F.4.2: Total domestic debt *(M)*
Table F.4.3: Negotiable instruments *(M)*
Table F.4.4: Explanation of variances in domestic debt service *(M)*
Table F.5.1: Foreign debt *(M)*
Table F.5.2: Details of foreign debt *(M)*
Table F.5.3: Analysis of projected foreign debt service variances *(M)*
Table F.5.4: Projected debt service (Q)

Post-crisis:

Table F.6: Crisis- and election-related expenditures *(M)*

Treasury advances:

Table F.7.1: Advances from the Treasury *(M)*
Table F.7.2: Treasury advances reclassified *(M)*

Investment:

Table F.8: Investment expenditures *(M)*

Social/pro-poor expenditures:

Table F.9.1: Education and health expenditures – other *(M)*
Table F.9.2: Education and health expenditures – personnel/operations/transfers/ investments *(M)*
Table F.9.3: Subsidies and transfers: Targeted social expenditures *(M)*
Table F.9.4: Execution of social expenditures *(M)*
Table F.9.5: Execution of pro-poor expenditures *(M)*
Table F.9.6: Budget execution report (SIGFIP) detail/category (Q)

Other revenue and expenditures:

Table F.10: Other operating expenses *(M)*
Table F.11: CNPS and CGRAE social security and civil service pension contributions *(M)* Table F.12: Summary table of expenditures *(M)*
Table F.13: Summary table of nontax revenue and grants *(M)*

VAT credits:

Table F.14.1: Summary statistical statement of VAT credit refunds (monthly) *(M)*

Financing:

Table F.15.1: Issues/redemptions of public debt *(M)*
Table F.15.2: Bridge loans and other Treasury advances *(M)*

Wage bill:

Table F.16.1: Projected wage bill *(Q)*
Table F.16.2: Changes in wage bill *(Q)*

Table F.16.3: Wage bill framing *(AN)*
Table F.16.4: Projected new recruits *(AN)*

Special accounts:

Table F.17.1: ECOWAS levy (PCC) *(AN)*
Table F.17.2: WAEMU levy (PCS) *(AN)*
Table F.18: Proceeds from privatization and sale of assets *(AN)*

Cash flow plan:

Table F.20.1: Annual cash flow, resources/expenditures plan *(AN)*
Table F.20.2*:* Execution of cash flow plan (*M)*
Table F.20.3: Overall balance of Treasury account