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Côte d'Ivoire and the IMF

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

November 17, 2017

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.

Letter of Intent

Ministry of Economy and Finance

MINISTER'S OFFICE

Republic of Côte d'Ivoire

Union-Discipline-Travail

No. 006141 MEF/DGE/DPPSE/SDPPE/AJC

Abidjan, November 17, 2017

To

The Managing Director of the
International Monetary Fund
WASHINGTON DC, 20431

Subject: Letter of intent

Dear Madame Managing Director:

1. **By implementing the 2016–20 National Development Plan (*Plan national de développement* – PND), supported by the "2016–19 ECF-EFF" Economic and Financial Program (EFP), Côte d'Ivoire was able to keep growth strong and inclusive in a stable macroeconomic framework**. In 2016, Côte d'Ivoire was the second most dynamic economy in Africa, with a growth rate three times higher than the African average and with subdued inflation. Backed by decent contribution from the private sector, which is enjoying steady improvement in the business climate, this momentum is expected to continue in 2017. Thus, GDP growth is forecast to be [8.1 percent] despite a less favorable international context, performance that speaks to the resilience of the Ivoirien economy. From a social perspective, the government is continuing its efforts to improve living conditions for the entire population notably by stepping up youth integration and employment programs and projects, implementing reforms to promote "school for all," and rolling out Universal Medical Coverage (*Couverture Maladie Universelle*), which entered its test phase in the first quarter of 2017.

2. Côte d'Ivoire continues to have investor confidence and is displaying favorable economic prospects. This confidence is reflected in the successful issuance of the Eurobond in June 2017 and the retention of a "B+" financial rating from Fitch Ratings, with a stable outlook. Moreover, on the basis of the good governance reforms it has undertaken, Côte d'Ivoire is one of seven countries selected for the "Compact with Africa" initiative. Its membership in the Open Government Partnership (OGP) demonstrates the government's commitment to improving public services and public resource management, in particular. These achievements should help the country meet the 2016–20 PND targets of average growth around [8 percent] over the 2018–20 period.

3. The attached supplement to the Memorandum of Economic and Financial Policies (MEFP) describes the progress that has been made as at end-June 2017, and outlines the key directions for 2017 and 2018 as well as the medium-term outlooks. At end-June 2017, implementation of the EFP was good. All performance criteria and indicative benchmarks were met, and all structural benchmark measures were implemented, in accordance with the commitments made by the government. This successful implementation helped limit the impact of shocks associated with the rise in oil prices and the substantial drop of about [35 percent] in cocoa prices, and keep the economic outlook favorable. For the rest of 2017, the main projected equilibria will be reached; the fiscal deficit, in particular, is expected to be 4.5 percent of GDP as forecast.

4. To help achieve the 2016–20 PND targets, the government plans to continue implementing the EFP. To that end, it intends to gradually reduce the fiscal deficit to reach the community standard of the West African Economic and Monetary Union (WAEMU) of 3 percent of GDP in 2019 by increasing revenues, cutting spending, and managing fiscal risks more effectively. The government will also continue to improve the efficacy of public investment as recommended by IMF technical assistance. Also, in order to promote private investment, the government will continue to implement reforms aimed at improving the business climate. It will also implement its Financial Sector Development Program (*Programme de Développement du Secteur Financier* – PDESFI) with a view to further strengthening and developing the banking system. Furthermore, it will place special emphasis on consolidating the financial equilibrium of the energy sector, in particular by restructuring the sector's enterprises.

5. Under the "2016–19 ECF-EFF" supported program, we hereby request the completion of the second review and a disbursement of SDR 96.786 million. The government believes that the policies set forth in this Memorandum are appropriate for meeting the program objectives. To that end, it will take any further measures that may become necessary to achieve those objectives. The government will consult Fund staff prior to adopting such measures and in advance of revisions to the policies contained in the MEFP, in accordance with Fund policies on such consultations.

6. The government agrees to provide Fund staff with any information that may be required for monitoring the implementation of program measures and the achievement of program objectives, as set out in the attached Technical Memorandum of Understanding, on the dates agreed between the two parties. The government also authorizes the IMF to publish and post this letter and its attachments on its website, along with the IMF staff report, following approval of the program by the IMF Executive Board.

Very truly yours,

______________/s/________________

Adama KONE

Minister of Economy and Finance

Attachments*:*

- Supplementary MEFP
- Technical Memorandum of Understanding

Attachment I. Supplementary Memorandum of Economic and Financial Policies for 2017–19

November 17, 2017

CONTEXT

1. **Côte d'Ivoire is maintaining strong, sustained, inclusive growth in a stable macroeconomic framework despite a challenging international context.** The Ivoirien economy has shown resilience to exogenous and endogenous shocks. In 2016, the economy grew at a rate three times the continental average, placing Côte d'Ivoire second among African countries with high growth rates in a context of controlled inflation. This buoyancy is expected to continue in 2017 with a GDP growth rate estimated at 8.1 percent. This performance reflects the strong contribution of the private sector, which is benefiting from continued improvements in the business climate including the automation of administrative documents and procedures and improvement of the legal framework. In terms of social progress, the government is continuing its efforts to improve living conditions for all segments of the population. To this end, particular emphasis is given to intensified projects and programs to provide jobs and support the socioeconomic integration of youths. In line with the government's commitment to promote socioeconomic integration and empowerment of young women, at least 30 percent of the beneficiaries of the various programs and projects will be women. In the education sector, a number of reforms to promote "Education for All" were implemented and will be continued to further the goal of improving the performance and capacity of the educational system. And the government's universal health coverage initiative entered the experimental phase in the first quarter of 2017. The government plans to extend the program nationwide in the coming years.

2. **Investors' and the technical and financial partners' confidence in the Ivoirien economy bodes well for Côte d'Ivoire**. Their trust was reflected in the success of the June 2017 Eurobond issue and helped maintain Côte d'Ivoire's Fitch rating of B+ with stable outlook. Moreover, based on reforms under way in the area of governance, Côte d'Ivoire was selected among the seven countries eligible to receive the 2017 envelope under the G-20 Compact with Africa. It is a model in the Millennium Challenge Compact eligibility process, complying with 14 indicators in 2017 compared to five in 2011. Its membership in the Open Government Partnership reflects the government's commitment to improve public services and the management of public resources. These gains are expected to lead to the achievement of the 2016–20 National Development Plan (PND) objectives, including average growth above 8 percent over the 2018–20 period.

3. The positive economic outlook is expected to continue with improved social cohesion and the normalization of security conditions. A five-year truce was concluded between the government and union officials representing government employees. The government also reached an agreement with the military on claims and expect to improve their living and working conditions with the implementation of the December 2016 military programming law. These various initiatives are helping to establish a peaceful social and security environment, in which Côte d'Ivoire has hosted a number of international summits and successfully held the 2017 Jeux de la Francophonie. And in a first for sub-Saharan Africa, the fifth summit between the European Union and the African Union, slated for November 2017, will be held in Côte d'Ivoire.

4. To maintain a solid outlook in a less favorable international context, appropriate measures have been taken in the context of the economic and financial program. In the context of external shocks, marked by increasing oil prices and the substantial drop of roughly 35 percent in the price of cocoa, the government adjusted operating and investment expenditure in the supplemental budget to take account of project preparation status as well as consistency with the 2016–20 PND. It applied the automatic adjustment mechanism to pump prices to preserve tax revenue derived from petroleum products. Price guarantees for cocoa producers were also adjusted in line with trends in international prices. The government also helped finance the budget by raising funds on the international financial market, extending the maturity of the debt, and bolstering WAEMU international reserves, which stood at the equivalent of 5.2 months of imports at end-June 2017 compared to 4.2 months at end-December 2016.

5. The government intends to carry on with the good implementation of its 2016–19 Economic and Financial Program (PEF) supported by arrangements under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF)**.** To that end, it plans to gradually reduce the budget deficit to conform to the community standard by end-2019. In that context, it will continue reform efforts to improve tax collection, rationalize expenditure, and more effectively manage fiscal risks. The government will continue improving the efficiency of public investment and implementing reforms to improve the business environment. It will continue implementation of the Financial Sector Development Program (PDESFI) to consolidate the soundness and development of the banking system. It will also give particular emphasis to consolidating the financial stability of the energy sector.

6. This supplement to the Memorandum on Economic and Financial Policies reviews progress under the PEF as at end-June 2017 and present the main strategy objectives for 2017 and 2018 and the medium-term outlook.

RECENT DEVELOPMENTS AND PROGRAM IMPLEMENTATION

A. Macroeconomic and Financial Context

7. The Ivoirien economy continues to show resilience to the internal and external shocks arising during the first half of 2017. Despite the sharp drop in the price of cocoa, the Ivoirien economy posted improvements in terms of trade following an increase in the prices of other principal exports and lower import prices. Côte d'Ivoire was therefore able to raise external resources at lower cost to finance critical projects, in particular in view of the soundness of its macroeconomic framework and continued improvements in governance.

8. Economic performance at end-June 2017 points to a general upturn in economic activity.

- **The economy posted buoyant performance in all sectors.** The primary sector gradually recovered, reflecting in particular the recovery of agricultural exports sustained by cocoa production (+59.8 percent), which benefited from increased rainfall. In the secondary sector, the growth of industrial activity (+3.1 percent) is driven by solid performance in manufacturing (+7.7 percent) and increased energy production (electricity, gas, and water) (+3.4 percent), despite the retreat of extractive activities (-18.3 percent). The tertiary sector, in turn, was driven by trade (+7.5 percent) and transport. The inflation rate stood at 0.7 percent, well below the community maximum of 3 percent.

- **Public finances** generated a surplus of CFAF 2.7 billion for total revenue and grant relative to the programmed objectives, reflecting improved tax collection. Total expenditure and net lending saw under-consumption by CFAF 292.9 billion, primarily due to the government reorganization at the start of the year. The basic primary balance posted a surplus of CFAF 182.8 billion. The fiscal balance (payment order basis) stood at a deficit of CFAF 197.4 billion, which was covered with funds raised on the subregional and international financial and money markets.

- **Foreign trade benefited from improved terms of trade**. The balance of trade posted a surplus reflecting buoyant exports, which increased by 19.4 percent, combined with higher prices and sales volumes for primary and processed products. Imports fell by 8.1 percent, reflecting lower prices and overall volume. However, consumer goods imports increased by 3.7 percent in terms of volume.

- **Monetary conditions** were marked by an increase in the money supply 7.0 percent with respect to December 2016, driven by increased net foreign assets 56.9 percent, attributable in particular to the 2017 Eurobond issue. Net domestic credit, in turn, declined by 4.2 percent due to the improved net government position. Credit to the economy increased by 1.6 percent, driven by medium- and long-term credit.

9. Public sector debt remains sustainable. Central government borrowing represented 41.2 percent of GDP at end-June 2017, which includes 24.4 percent for external debt. The May 2017 debt sustainability analysis for the 2017–37 period concluded that Côte d'Ivoire's risk of debt distress remains moderate. In addition, the reforms implemented by the government improved Côte d'Ivoire's score in the World Bank Country Policy and Institutional Assessment (CPIA) from 3.24 in 2016 to 3.29 in 2017. With respect to public enterprises, improved management of statistics and payments facilitated more effective monitoring of their debt. The stock of public enterprises' medium-term and long-term debt stood at 3 percent of GDP at end-June 2017 compared to 3.5 percent of GDP at end-December 2016, of which debt guaranteed by the government represented 0.17 percent of GDP.

10. The financial soundness of the banking sector was clearly improved as at end-June 2017. The solvency ratio stood at 9.8 percent following 8.6 percent in June 2016, above the international standard of 8 percent, reflecting inter alia increased bank capital. In fact, a number of banks that already complied with the regulation on CFAF 10 billion minimum capital proceeded to increase their capital ahead of the implementation of Basel II and III regulations planned in 2018. The banks not in compliance also increased their capital. There were six such banks at end-July 2017, and their balance sheet totals represent 3 percent of all banks. The ratio of liquid assets to total assets stood at 52.88 compared to 50.76 as at June 2016.

B. Social Policy and Employment

11. The government is implementing an ambitious job policy, particularly for youths. In that context, youth training is a particular priority. In the first half of 2017, 22,498 youths received services from the Youth Employment Agency (AEJ) under the "Training, my passport to employment" (*Une formation, mon passeport pour l'emploi*) program. Initiatives were also carried out to support youths in self employment and entrepreneurship. In that context, over 13,000 individual and collective projects were financed with government resources and support from the French Development Agency (AFD). Also in the context of supporting youths in finding paid employment, 1133 youths were placed in pre-employment internships and 409 youths were placed directly in jobs. The total number of youths holding paid jobs increased by 2.3 percent, corresponding to a net creation of 21,215 jobs, as at end-June 2017. This favorable trend is attributable primarily to the private sector (+2.6 percent), with the net addition of 18,286 jobs, thereby contributing 86.2 percent of net job creation and continuing to serve as the principal driver of the job market.

12. **The government has accelerated the deployment of universal health coverage**. As at July 31, 2017, a total of 2,218,076 individuals were enrolled out of an initial target population of 3,169,382, or a coverage rate of roughly 70 percent. The operation is to be extended to poor individuals during the second half of 2017. The mechanism for collecting contributions from the formal sector is already defined; for the other sectors, a study to determine the modalities of collecting contributions will be conducted in cooperation with the World Bank and the AFD. The experimental phase, concerning a population of 150,000 individuals, began on April 25, 2017. In that context, the 18 enrollment health centers selected for the pilot were brought up to standards, and 43,740 insurance cards were distributed enabling the holders to access healthcare services in the first seven health centers opened. General distribution of the carts is planned for November 2017.

13. **The government is continuing to strengthen the educational system in order to promote education for all**. To this end, it is working to increase supply by building classrooms and hiring teachers. In addition, enrollment costs were reduced, especially for the poorest, through the distribution of school supplies at no cost to children enrolled in public primary schools. A number of outreach campaigns were also conducted, primarily to promote girls' education, leading to an improvement of the net primary enrollment rate from 72.9 percent during the 2012–13 school year to 91 percent in 2016–17. The government intends to continue this trend with the implementation of the education and training sector plan covering the 2016–25 period. The plan aims to expand equitable access at the different educational levels in terms of quality as well as the diversity of educational programming offered.

14. **The government is continuing to improve the public health system through the implementation of the second National Health Development Plan (PNDS) for the period 2016–20.** The plan aims to increase the availability of quality healthcare services to provide adequate care for populations, particularly the vulnerable. In the context of implementing the plan, the government increased the supply of community health services in 2016 through: (i) building and re-equipping healthcare centers; (ii) stepping up efforts to combat HIV/AIDS and malaria; and (iii) training healthcare workers, particularly in Integrated Management of Childhood Illnesses (IMCI). In addition, to make reliable healthcare information available, the Annual Public Health Survey (RASS) is to be produced each year.

C. Program Implementation During the First Half of 2017

15. All the performance criteria and quantitative indicative benchmarks at end-June 2017 were met. Efforts to increase revenue combined with rationalization of expenditure resulted in an overall fiscal balance of CFAF -197.4 billion compared to CFAF 493.0 billion in the program (commitment basis). The net domestic financing stood at CFAF -348.1 billion below the ceiling of CFAF -142.7 billion. The present value of new external debt contracted by the government, including the Eurobond, stood at US$ 2,060 billion, below the adjusted ceiling of US$2,728.8 billion. No external or domestic payment arrears were accumulated during budget execution. The basic primary balance stood at CFAF 182.8 billion above the floor of CFAF -64.2 billion. Treasury advances totaled CFAF 62.1 billion compared to a ceiling of CFAF 95.3 billion. Net reduction of payables totaled CFAF -179.1 billion compared to a floor of CFAF -105.7 billion. Continuation of the government's social policy resulted in an estimated CFAF 945.3 billion in pro-poor spending, exceeding the objective by CFAF 3.9 billion.

16. All measures associated with the structural benchmarks at end-June 2017 were implemented in accordance with the government's commitments.

Price Adjustment Mechanisms:

- Cocoa prices guaranteed to producers were adjusted based on international price trends in accordance with the price guarantee mechanism. In April 2017, the minimum price guaranteed to producers was set at CFAF 700 for the 2016–17 intermediate harvest compared to CFAF 1100 for the main harvest;
- The pump price adjustment mechanism was continually applied to preserve tax revenue associated with fuels at the minimum provided in the 2017 supplemental budget law;
- Electricity tariffs were adjusted beginning June 28, 2017 pursuant to interministerial decision No. 027/MPEDER/MBPE/MEF.

Tax Policy and Administration:

- Two (2) new medium-size business taxpayer centers (CME) created by Decision No. 879/MPMBPE/DGI of December 21, 2016 were open for business, bringing the total number of CMEs to four. Also, the eligibility threshold for taxpayers managed by the CME was reduced from CFAF 400 million to CFAF 200 million.

Public Debt Management:

- The database of public enterprises' debt was improved by incorporating the debt service of 20 enterprises compared to an initial target of 12;
- The dashboard used to monitor public enterprises debt service was produced for the first six months of 2017.

Public Enterprises:

- The report on Air Côte d'Ivoire's financial position for the first half of 2017 is available.

17. Significant reforms were implemented in the area of tax policy and administration:

- segmentation of taxpayer services was consolidated, with the creation and start of operations of the Directorate of Medium-Sized Business Taxpayers (DME);
- the tax audit function was devolved to regional ("deconcentrated") units of the Directorate General of Taxes (DGI);
- the DGI Directorate of Investigation, Crosschecks, and Risk Analysis started operations;
- the requirement of auditor certification of financial statements was established for economic operators not subject to the requirement of an audit by statutory auditors;
- online tax filing and payments were effectively implemented for firms with turnover of more than CFAF 200 million; and
- two new scanners were purchased and deployed at border posts.

18. Additional Structural Reforms

- The database of public-private partnership (PPP) projects was made available online;
- In the context of efforts to boost cross-border trade, the web portal for trade information was completed;
- The process of privatizing the Banque de l'Habitat (BHCI) was completed as provided by the financial sector development program. The NSIA Banque was also privatized and is now listed on the stock exchange.

D. Outlook for End-2017

19. The macroeconomic framework continues to be solid in 2017.

- Economic activity is expected to post 8.1 percent growth, driven by strong performance in all sectors. The primary sector growth rate should reach 9.9 percent, supported by the principal cash crops, particularly cocoa. Secondary sector growth should stand at 7.3 percent, reflecting the performance of other manufacturing industries, energy, and construction and public works. The tertiary sector is expected to post 9.1 percent growth, sustained by transportation, telecommunications, and trade. On the demand side, activity is expected to be driven by strong consumption 7.1 percent and a recovery in exports 7.4 percent, which should benefit from increase in agricultural export production, especially cocoa. Total investment would increase by 11.3 percent, the result of increased industrial capacity and building construction.
- The inflation rate should be contained at 1 percent, below the community norm of 3 percent.
- The money supply should expand by 12.4 percent, to CFAF +1052.8 billion through the consolidation of net foreign assets by +24.2 percent and domestic credit by +9.1 percent. The increased external assets would be the result of improved repatriation of export revenue and the proceeds of the June 2017 Eurobond.

20. The budget deficit in 2017 will stand at 4.5 percent of GDP, as planned.

- Total revenue including grants will represent 19.4 percent of GDP compared to an objective of 19.6 percent due to corrections of the amount of social security contributions. The tax ratio will be maintained at 15.4 percent of GDP compared to 15.6 percent in 2016.
- Total expenditure and net lending will stand at 23.0 percent of GDP compared to the program projection of 23.2 percent. Investment expenditure will represent 6.8 percent of GDP compared to 7.1 percent planned, or an execution rate of over 95 percent.

21. The financing requirement for 2017 will be covered by raising CFAF 1155.2 billion on the regional financial market and CFAF 1143.5 billion abroad. In accordance with the new IMF policy on borrowing, the government intends to contract new loans (not including the Eurobond) within the limit of US$2,043.5 billion in present value. The proposed loans will be used in particular to improve transportation, access to electricity in Côte d'Ivoire, and access to safe drinking water.

ECONOMIC AND FINANCIAL PROGRAM IN 2018 AND IN THE MEDIUM TERM

A. Program Objectives for 2018–19

22. Consistent with the initial objectives, the aim of the PEF during the 2018–19 period is to support the effective implementation of the 2016–20 PND while ensuring a stable macroeconomic framework. In that context, particular emphasis will be given to increasing the amount and efficiency of public investment in infrastructure and establishing an environment even more conducive to private sector activity. To this end, the program will focus on the following actions:

(i) preserving the stability of the macroeconomic framework and fiscal headroom for the government, notably by increasing tax revenue and maintaining debt sustainability;

(ii) strengthening public financial management and the management of public enterprises;

(iii) improving the business environment and developing the private sector;

(iv) restructuring and developing the financial sector; and

(v) strengthening the statistics system.

23. The main domestic and external balances provided for the program period are maintained.

- The budget deficit is expected to stand at 3.75 percent of GDP in 2018 and 3 percent of GDP in 2019; and
- Inflation will remain below 3 percent in accordance with the community standard.

B. Medium-Term Macroeconomic and Fiscal Framework

Macroeconomic Framework

24. Implementation of the 2016–20 PND is expected to generate average medium-term growth of 8% over the 2018–20 period. The program is based on the continuation of critical investments and ambitious structural reforms. The real GDP growth rate is expected to stand at 8.3 percent in 2018 and 8.0 percent in 2019, driven by the primary, secondary, and tertiary sectors, which will grow respectively by 5.3 percent, 10.9 percent, and 8.9 percent. The overall rate of investment is projected at 14.6 percent of GDP on average over the 2018–19 period, with an average private investment rate of 16.5 percent. Inflation is projected at 2.0 percent over the 2018–19 period, below the community standard.

Fiscal Policy

25. Consistent with the medium-term fiscal policy, the proposed 2018 budget adopted by the government on October 4, 2017 provides for a fiscal deficit of 3.75 percent of GDP compared to 4.5 percent of GDP in 2017. This improvement reflects the combined effect of optimized revenue potential, controlled spending, and sound management of budget execution. Accordingly, in 2018:

- Total revenue and grants will represent 19.2 percent of GDP in 2018 following 19.4 percent of GDP in 2017. Tax ratio will stand at 15.6 percent of GDP following 15.4 percent in 2017;
- Expenditure and net lending will total 21.9 percent of GDP compared to 23.0 percent of GDP in 2017. Operating expenditure will be controlled at 3.9 percent of GDP following 4.8 percent of GDP in 2017. The wage bill will represent 6.3 percent of GDP, consistent with the updated wage bill management strategy. Investment expenditure, in turn, will total 6.9 percent of GDP compared to 6.8 percent of GDP in 2017; and
- Budget regulation will continue by aligning the consumption of budget appropriations with the pace of revenue collection.

26. Fiscal policy will aim to strengthen public financial management. The overall fiscal balance should total -3.75 percent of GDP in 2018 then converge toward the target of -3.0 percent of GDP in 2019, consistent with the program objectives. Continued improvement of tax collection and control of operating expenditure should create the fiscal headroom needed to finance public investment and social expenditures.

27. On the revenue side, the government plans to implement the measures provided with respect to domestic taxation as well as import duties. The measures are part of the government policy to rationalize tax exemptions and expand the tax base while maintaining a business environment conducive to investment. The government will amend the Investment Code, drawing on the latest studies on the subject and considering the strategic objectives of sector development of the economy and rationalization of exemptions. An action plan will be prepared following review of the conclusions of the Investment Code study. In addition, an inventory of quasi-fiscal levies will be completed in 2018 and will serve as the basis to gradually enlarge the tax base.

Box 1. Measures Provided in the 2018 Annex on Tax Measures (*Annexe Fiscale*)

The tax measures entail, inter alia:

Domestic taxation:

- amendment of the minimum flat tax and the minimum business tax;
- amendment of the regulatory and legislative framework and the adoption of complementary measures to more effectively combat tax optimization and tax evasion;
- the adoption of measures to prevent under-capitalization;
- the phase-out through non-renewal of tax exemptions expiring in 2018 that do not comply with WAEMU directives;
- the limitation of targeted exemptions to the social sectors;
- the revision of excise taxes on specific products to conform to applicable WAEMU provisions;
- the alignment of VAT rates with the community standard and strict observance of neutrality;
- the adjustment of excise taxes on targeted products; and
- the gradual elimination of VAT exemptions except those provided by the WAEMU directive.

Import duties:

- the application of VAT to the export of certain products; and
- the gradual collection of export duties on certain agricultural products.

28. The government will continue its efforts to keep gradually improving the collection of domestic taxes and import duties. In this context, priority will be given to accelerating the simplification of the tax system already begun with the minimum flat tax. Studies on the optimal tax scheme for SMEs and optimizing the revenue potential of e- commerce are expected to help in establishing a tax base that will serve to increase government revenue. The combination of these efforts and administrative measures are expected to increase the tax ratio to 15.6 percent of GDP in 2018 and 15.9 percent of GDP in 2019.

29. The government will continue implementing the strategy to control the wage bill. This effort will be aligned with the government priorities defined in the 2016–20 PND, specifically as concerns hiring in the education and health sectors. The budget impact of the entry into force of military programming and domestic security laws, as well as impact of accords reached with the unions representing civil servants were taken into account in the proposed 2018 budget law. The wage bill in proportion to tax revenue will continue on a downward trend and is expected to converge with the community standard in 2020. Also, in the context of modernization and rationalization of civil service procedures and practices, the government is expected to adopt a proposed law on reform of the general statute.

30. The government will continue work on developing the government financial operations table (TOFE) in accordance with the 2001/2014 Government Financial Statistics Manual (GFSM). In that context, the minimum framework is in place with the transcription of central government financial operations in accordance with GFSM 2001. Further action will also be taken to ensure the compatibility of data transmitted by the national public entities (EPN) and social security institutions. The data will be gradually integrated starting in late 2018. Work is also in progress to finalize the tables presenting financial assets and liabilities, the debt position, and the cash flow position.

31. The government will pursue its policy of rationalizing expenditure. To that end, it plans to control operating expenses and accord priority to critical capital expenditures and pro-poor spending.

- Operating expenditure will be contained through stricter controls, including control of government utilities accounts, and continued implementation of the strategy to control the wage bill, which is expected to be adjusted in 2018 without financial impact. This adjustment will be consistent with the government priorities defined in the 2016–20 PND.
- The government will continue to enforce the provisions limiting the use of exceptional procedures, including strict application of Decision No. 178/MEF/CAB-01/20 of March 13, 2009 concerning Treasury advances.
- In the context of its anti-poverty strategy, the government will continue to make pro-poor spending a priority. This spending, which is expected to increase by 10.7 percent in 2018 will address the needs of the most disadvantaged segments of the population, including in the areas of rural electrification, village water systems, food crop production, and job creation. Particular attention will continue to be given to the education and health sectors, with the entry into force of the law on mandatory schooling and upgrade of the healthcare system in connection with implementation of universal health coverage. The government has also forgone cocoa registration duties (*droits d'enregistrement*) on cocoa in order to support producer prices. Accordingly, around CFAF 50 billion in 2018, or 0.2 percent of GDP, will be redistributed to rural populations hard hit by the shock to international commodity prices.

32. The current account deficit will be contained during the 2018–19 period. The trade balance will continue to generate a surplus, while the service balance deficit will widen.

33. Monetary conditions will be marked by an increase in the money supply resulting from increased domestic credit and the consolidation of net foreign assets.

Public Financial Management

34. The government will continue the modernization of public financial management (PFM) in line with the strategy for implementation of fiscal reforms. To this end, it plans a new Public Expenditure and Financial Accountability Assessment (PEFA) in cooperation the Union European and the World Bank. It will also finalize the regulatory texts implementing the framework laws on the harmonized PFM framework. This will include, inter alia, orders on financial and fiscal control, the program management charter, materials accounting, and reform of budget execution channels and procedures. In preparation for the transition to program budgets, the government will complete the design of the Budget Information System (SIB) execution module in 2018. Also, in order to integrate payment in the automated expenditure cycle and improve the monitoring of exceptional expenditure, the government will (i) complete the interface between the Integrated Public Financial Management System (SIGFiP) and the Accounting Management System (ASTER). The government will also work to put the automated Treasury advance management module by end-2018. It will pursue efforts to improve consistency between public procurement, commitments, and cash flow plans, inter alia, with the procurement plans and commitment plans to be prepared by the technical ministries.

35. The government will continue to modernize the public procurement system by automating procedures and strengthening actors' capacities. The Public Contracts Code will be amended to provide for the use of automated procedures in contract award, delegated project management, and delegated public services in accordance with the framework law on the Transparency Code. In regard to strengthening actors' capacities, information and training sessions will be organized to disseminate the new simplified contracting procedures. The automation process will continue in 2018: the web version of the Integrated Public Contracts Management System (SIGMAP) was completed and will be deployed and operational by June 2018. Also, 28 of the 30 planned contracting units were installed and will be fully in operation by December 2017. The government will also continue the automation of contracting procedures by putting the "e-contracts," e-learning," and "decision support" modules in operation by the end of 2018.

36. The government will accord particular priority to the efficiency of public investment. To this end, measures will be taken to closely monitor the recommendations of the Public Investment Management Assessment (PIMA) mission, in particular:

- increasing transparency as to the strategic and financial management of PPP projects;
- improving the institutional mechanism for PPPs to handle a growing volume of projects;

- improving coordination between the different capital investment programming and budgeting tools; and
- including PPPs in the public investment program (PIP), which will be in effect for the 2018–20 PIP.

37. The government will continue implementing measures to strengthen management of budget risks.

- Regarding the use of PPPs, no PPP project currently receives a direct government guarantee of debt. The study to evaluate projects financed under the PPP mechanism and identify explicit and implicit budget risks will be finalized by end-2017, and will provide input to the database of budget commitments and revenue guarantees for all PPPs currently in progress or for which conventions have been signed. In particular, the study will review contracts signed to date and identify commitments that could potentially entail future budget risks for the government. With respect to the Abidjan Metro project in particular, the operation contract could take the form of a facility operation contract, which would essentially limit budget commitments to the investments.
- Following the IMF technical assistance on surveillance of budget risks, the government plans to annex a document on budget risks beginning in 2019.
- The government will continue its oversight actions with respect to public enterprises. The database of debt service will be regularly updated and periodically forwarded to the Directorate of Public Debt and Grants for input to the Debt Management and Analysis System (DMAS). The database, which covers 23 public enterprises, will be expanded as information becomes available. The government will continue to produce the quarterly summary table on public enterprises' debt service. Ultimately, an interface will be developed between DMAS and the Public Enterprise Information Management System (SIGEP), making the information available in real time. The government will also ensure that those enterprises comply with the decision on borrowing terms and will continue the presentation of annual reports on public enterprises economic and financial position in the Council of Ministers and as an annex to the proposed annual budget law. The reorganization of the Directorate General of the State Portfolio (DGPE) by sector of activity has been completed and put in operation. Performance contracts, which will be finalized with seven public enterprises, define performance indicators and will be monitored by portfolio managers. The mechanism will be extended to other public enterprises in 2018.

- Validated liabilities for the period 2000–10 totaled CFAF 150 billion. The government will prepare and adopt a plan to clear the validated amount, possibly applying a discount, by June 2018. Pending adoption, the government provisioned CFAF 9.1 billion in the 2018 budget as a precaution. The dossier relating contract payments outstanding since 1992 was closed with no budget impact for the government.

38. The government will continue the implementation of tax and customs administration reforms to increase revenue collection, especially VAT. To this end, it will gradually phase in online tax declarations and payment for all taxpayers beginning in 2018. Also in 2018 it will launch tax payments by mobile telephone for one category of taxpayers and individuals subject to real property tax. The procedure of certifying financial statements in order to improve the quality of financial reporting will continue in 2018. Regarding taxpayer segmentation, the government will regularly monitor the performance of CMEs to confirm that performance is in line with the initial encouraging results observed. In connection with the start of operations of the Directorate of Investigation, Crosschecks, and Risk Analysis, the government will increase directorate staff and capacities as recommended by the IMF technical assistance mission to better address the data analysis dimension. Regarding import taxes, the two mobile scanners recently installed are now operational. The government will also continue efforts to better monitor merchandise in transit in order to reduce the risk of fraud. Finally, capacity-building efforts will continue for both the tax and customs administration.

39. The government will continue its efforts to contain spending within the limits established in order to adhere to the agreed overall fiscal balance. Reforms in this regard will aim to better control current spending through continued budget regulation to adapt the rate of expenditure commitments to the rate at which revenue is raised. In regard to investment and pro-poor spending, efforts will focus on improving effectiveness in order to address the dual objective of reducing poverty and boosting economic growth.

40. The launch of the Treasury single account (TSA) in 2018 will help improve cash flow management (Box 2).

Box 2. Treasury Single Account

The purpose of the TSA is to facilitate control over all public funds in real time and optimize cash flow and public debt management. To this end, all public funds are to be paid into a settlement account (*compte de règlement*) at the BCEAO from which all government expenditure will be executed.

To this end, the government began an inventory of government accounts opened primarily at commercial banks and the Treasury deposits bank (ACCD). The account closing process began with dormant or duplicate accounts. A pilot of the TSA revenue component was also launched; for this purpose, the ACCD units were provided with all necessary equipment to scan bank records in order to accelerate the collection of revenue through the TSA. This operation is expected to accelerate the processing of bank accounts held by those units.

To fully implement the TSA as planned in 2018, the following actions will be taken:

Continue and complete deployment of the TSA revenue component in the accounting units;

Finish capacity testing of the automated TSA management system (SyGACUT) and begin the experimental phase for the TSA expenditure component;

Finish transferring all bank accounts of entities covered by the TSA from commercial banks and the BCEAO to the ACCD and ensure the accounts are operational;

Implement remote payments;

Secure transactions in SyGACUT;

Reduce the number of accounts with commercial banks and the BCEAO from 2745 to 1000.

Borrowing Policy and Strategy

41. **Consistent with the 2016–19 PEF, the borrowing policy aims to contain the ratio of the present value of public debt in proportion to GDP in order to minimize the risk of debt distress and strengthen resilience to external shocks**. During 2018–19, the borrowing policy will take account of refinancing and exchange risk as well as any volatility in the financial markets and tightening of lending conditions. It will also seek to expand and diversify Côte d'Ivoire's national and regional creditors, including through efforts in cooperation with regional institutions to develop the secondary debt market. For 2018, the ceiling for new government's external borrowings is set at US$2,400.0 million in present value, equivalent to US$ 3,316.8 million in nominal terms.

42. **The 2017–22 Medium-Term Debt Strategy (MTDS) consists of meeting the government financing requirements and payment obligations at the lowest possible cost while maintaining a moderate level of risk**. Consistent with the 2017 debt sustainability analysis, the strategy accords priority to domestic financing through the issuance of medium- and long-term public securities, predominantly long-term instruments. External financing will represent 30 percent by giving preference to the prudent use of semi-concessional facilities. The strategy also aims to limit

exchange risk relating to external borrowing by borrowing in euros where possible and avoiding concentration of maturities. The government will cover its exchange risk on dollar issues by means of a euro/dollar swap. Finally, it will continue to avoid the accumulation of new external and domestic payment arrears, thereby sending a favorable signal to investors while substantially reducing the cost of the debt.

43. The government will continue improving the public debt management framework in accordance with WAEMU community standards. To this end, it will carry out the capacity-building program for staff of the Directorate of Public Debt and Grants, with technical and financial support from a number of development partners including the African Development Bank, the IMF, and the Arab Bank for Economic Development in Africa (BADEA). Also, to facilitate stricter and more efficient public debt management, it will adopt measures to strengthen the legal framework, i.e., the proposed law on the national borrowing and public debt management policy and the decree amending Decree No. 83-501 of June 2, 1983 on the terms and conditions of providing and managing government guarantees and onlending.

Structural Reforms

44. To account for changes in international prices, the government will take the following measures, if needed, to adjust prices in the principal sectors concerned:

- Guaranteed minimum farm gate price for cocoa producers; and
- Maintaining the automatic pump price adjustment mechanism to preserve tax revenue.

45. To address recent speculation as to a number of commodities prices, the government temporarily capped prices in accordance with applicable regulations. The ceilings were established in consultation with private sector actors and are consistent with normal market functioning. The government will continue to evaluate market dysfunctions with respect to certain commodities and will take further measures should they prove necessary.

46. The government intends to continue efforts to improve the financial stability of the electricity sector.

Box 3. Consolidation of Electricity Sector Finances

The electricity sector operating account is improving. As at end-2016, the operating balance stood at a surplus of CFAF 5.280 billion compared to a deficit of CFAF 39.901 billion in 2015. The financial flows projected over 2017–19 also indicate constantly improving surpluses, in line with booming demand, the adjustment of industrial tariffs, avoidance of use of heavy vacuum oil (HVO), and improved performance following investments.

However, sector financial stability remains fragile in view of cash flow pressures due to delays in payment of electricity bills; the accumulation of domestic payment arrears, particularly with the public sector; and exports. This situation has led to payment arrears to the Independent Electricity Producers.

To improve the sector cash flow position, an agreement was reached concerning reciprocal debts and claims between the government and its instrumentalities and the sector. Under the agreement, the government will draw up a plan to clear net central government liabilities to the sector by December 2017. It will continue paying current invoices, and the 2018 budget will also provide sufficient appropriations to cover central government electricity consumption.

A second plan will be prepared to clear the outstanding liabilities of local governments and public administrative establishments.

Regarding exports, the government will continue efforts to collect from the entities concerned.

Regarding supplier debts, a loan from commercial banks guaranteed by the World Bank is under discussion.

47. **The continued improvement of the energy sector financial position is expected to help expand the supply of electricity in order to support the booming economy**. Continued efforts to improve network output and reduce production costs, with the start of operations of the Soubré hydropower plant at end-2017 (275 MW; first generator commissioned in May 2017) and combined-cycle operations of the Ciprel and Azito plants will generate operating surpluses and build reserves to fund new production works. The production capacity as at end-2017 will be 2199 MW. To achieve the objective of 4000 MW in 2020, the government plans to implement a number of projects, including: (i) the construction of two hydropower plants (Singrobo, Gribopopoli); (ii) expand thermal production capacities with the start of operations of new thermal plants (Azito and Ciprel); (iii) the construction of a 700 MW coal plant; and (iv) renewable energies projects representing additional capacity of over 200 MW. In addition, the feasibility study for the liquefied natural gas (LNG) project is expected to be completed in the second half of 2018. The aim of the project is basically to provide for total coverage of the natural gas sector requirements.

48. **The government will continue restructuring enterprises of the hydrocarbons sector.**

- The financial and cash flow positions of the national petroleum company (Société Nationale d'Opérations Petrolière, PETROCI) are consolidated, supporting a gradual reduction of the stock of short-term debt. This situation is expected to continue in view of the positive outlook for production. Also, in the context of implementing the applicable restructuring plan, the transfer of the service station network is expected to be finalized in early 2018.

Other projects are also planned including (i) the creation of a co-enterprise for pipeline operation and development; (ii) importation and massive storage of LNG; and (iii) the transfer of gas distribution activities to private parties.

- The operating results of the national oil refining corporation (Société Ivoirienne de Raffinage, SIR) are improving, but its debt burden must be lightened. The debt restructuring plan is envisaged before end-2017, and funds will be raised to restructure a portion of the debt, amounting to CFAF 368 billion, in 2018 through a syndicated loan from commercial and development banks. Government support, representing CFAF 26.7 per liter will be fully allocated to repaying the debt. The refinancing of short-term debt combined with other SIR initiatives undertaken in 2016 to reduce operating costs and achieve productivity gains are expected to help achieve financial stability.

49. The government will continue to ensure the stability of the cocoa sector. The producer price for the principal 2017–18 harvest was fixed at CFAF 700 per kilogram, in line with international prices at 60 percent of the average approved export price (*prix de déblocage*). And as provided by Decree No. 2012-765 of August 1, 2012 on the coffee-cocoa sector reserve fund, the government contracted an independent institutional, technical, and financial audit of the Average Sales Advance Program (PVAM) and the reserve fund in preparation for an in-depth evaluation of the domestic and international cocoa commercialization system and the mechanisms for projecting harvest and monitoring marketing activities.

50. Reporting by the Coffee-Cocoa Board (CCC) will be improved. Information on coffee-cocoa segment physical and financial flows will be published on the Ministry of Economy and Finance website beginning from end-March 2018.

51. Public enterprises in the transportation sector are continuing to implement their strategic plans.

- Air Côte d'Ivoire (ACI) is seeing a boom in activity, with a 58.3 percent increase in passenger traffic for the domestic network and 15.9 percent for the regional network. In connection with its development strategy, the company prepared a new 201722 business plans with the main objective of acquiring five new aircraft for a total of CFAF 163 billion and achieving financial stability in 2018. The business plan calls for a capital increase by 2019. The government will continue producing and presenting a semiannual report on the company's financial position.

- Urban bus transport operator Abidjan Transport Company (SOTRA) posted net earnings of CFAF 1.3 billion in 2016 and is expected to continue generating positive results in the coming years. According to its business plan, the government acquired 500 new buses and launched new lines dedicated to intra-commune service (WIBUS). The plan provides for the purchase of 2500 buses by end-2020. These actions are expected to help consolidate its financial position.

Financial Sector Development and Financial Inclusion

52. The government intends to develop a modern, efficient financial system that promotes financial inclusion through the implementation of the Financial Sector Development Program (PDESFI). The plan aims in particular to improve the soundness of the banking sector by re-sizing public banks, improving financial inclusion, and reducing information asymmetries.

53. The government will finish re-sizing the portfolio of public banks in the context of divesting its interests in the productive sectors. The strategy provides for privatizing two majority-held banks, the transfer of minority interests in two other banks, strengthening the capital of one of the banks, restructuring and recapitalizing another, and liquidating the last bank. At this date, the process of divesting the government's interests for two of the seven banks concerned was completed concomitantly with the initial offering of their shares on the regional stock exchange (BRVM). The privatization process was completed for one of the banks. For the other four banks, the restructuring of one will be completed through measures including capital strengthening. To this end, the government will pay the balance of its contribution in the bank's recapitalization in 2018. Steps will be taken to sell land owned by the bank pursuant to competitive bidding. Vigorous measures will also be adopted to improve the collection of receivables. The liquidation of the second bank previously begun is now in the final stages, with 2 percent of liabilities remaining to be cleared. The privatization of the third bank is suspended pending litigation. However, negotiations are continuing on a potential settlement. Finally, the strategic plan for the fourth bank is being implemented with technical support from Boston Consulting Group. The plan provides for (i) intensified business activities; (ii) redefinition of missions; (iii) improved governance through the appointment of independent directors; and (iv) securing risky operations.

54. The government will step up the rehabilitation and surveillance of the microfinance sector. Microfinance activity continues on a growth trend, particularly in deposit taking and credit activities. The sector's buoyancy is expected to continue on a sound and sustainable footing through measures including implementation of the National Microfinance Strategy. In the context of sector reorganization, in addition to revoking the licenses of illegal and unsustainable Decentralized

Financial Systems (SFD), the terms and conditions of licensing have been tightened in order to limit the sector to financially sound, professional entities. In addition, enhanced sector supervision will continue with modernization of desk-based reviews through the use of the Electronic Internal Control Form (CECI) to support the efficient collection and analysis of internal control reports.

55. The government will continue implementing the reorganization plan for the National Union of Savings and Loan Cooperatives (UNACOOPEC) adopted on October 1, 2016. The plan provides for restructuring and recapitalization of the savings and loan cooperative network over the period 2017–19. The restructuring will include (i) ensuring the conformity of member institutions by restructuring the network as 24 viable, accredited savings and loan cooperatives; (ii) redefining the umbrella organization's mission; and (iii) creating a financial entity in the form of a stock corporation whose shares are held by a third entity. An expert has been retained to define UNACOOPEC's missions and prepare a new business plan, including a financial entity that will intervene toward the end of the network restructuring process. The recapitalization will address the deficit of CFAF -27 billion to be cleared by end-2019 through measures including contributions from members and the sale of some network assets. When the process is completed, the umbrella organization's capital is expected to be in surplus and the financial entity's capital will be offered to specialized investors.

56. The government continues to establish a modern regulatory framework intended, inter alia, to reduce information asymmetries and further increase financing of the economy. To increase the availability of reliable financial information, the government plans to support the full operationalization of the credit reporting bureau (BIC), which should eventually lead to borrowers' ratings. In addition, the establishment of an Observatory on Financial Services Quality will provide comprehensive and comparable information to financial services consumers on fees charged by banks and financial institutions and a precise description of the financial products offered. The Observatory will also expedite the resolution of disputes and sustainably improve relations between the different parties.

Strengthening the Business Environment and Private Sector Development

57. The government will continue to make the private sector the driver of growth. Building on the gains from reforms in the context of Doing Business, it will continue to improve the business environment to make the economy more attractive to investors. Also, consistent with the 2016–20 PND, it expects to make greater use of PPPs to implement significant investment projects. It will also work to improve private sector productivity and promote SMEs and SMIs.

58. The government plans to implement its "2017–19 Reform Agenda." The reforms are geared mainly toward automating administrative services, reducing turnaround times for issuing documents and instruments, and improving the legal framework for businesses (Box 4).

Box 4. Principal Measures Provided in the 2017–19 Reform Agenda

Business Creation

- Implement online business creation in Côte d'Ivoire.
- Update the registrations of businesses previously registered by assigning them a unique identifier.
- Make business license and permit information available online.
- Gradually automate the issuance of business licenses and permits (authorizations, accreditations, certificates).

Electricity Connections

- Establish a viable economic model for reducing the initial cost of electricity connections.
- Establish a virtual window for electricity connections.

Transfer of Ownership

- Institute online processing and publication of property transfer instruments.

Payment of Taxes

- Implement online payment of taxes and social security contributions.

Investor Services

- Establish a one-stop window for investor services.

Construction Permits

- Optimize the one-stop window for construction permits by adopting the law on the construction and building code.

Cross-border Trade

- Take all remaining steps to make the one-stop window for international trade and cross-border trade fully operational.
- Finish implementing the trade information web portal.

Enforcement of Contracts

- Establish a six-month deadline for decisions in civil cases.
- Reduce the time to enforce judicial decisions to 90 days.
- Finalize and implement the judicial activities module at the Commercial Tribunal.

Resolving Insolvency

- Create a dedicated website to publish information on insolvency procedures and hold online auctions.
- Establish a mechanism to provide economic support to businesses in court-supervised reorganization.

59. The government plans to carry out an investment targeting strategy. A strategic plan was adopted for this purpose to increase foreign direct investment (FDI) and domestic investment in the priority sectors identified in the 2016–20 PND. The FDI targeting strategy relies on information on recent flows and the stated intentions of emerging country authorities with respect to investment. To target domestic investment, the strategy is based on regional investment opportunities suited to the decentralization process, the identification of financing and partnership models adapted to the needs of SMEs and SMIs, and support for prospective national champions.

60. The government will accord preference for PPP projects in implementing the 2016–20 PND. It will focus on implementing important structural projects over the 2017–20 period. In that context, a number of contracts have been signed, including (i) expansion and deepening of the Vridi Canal and construction of the second container terminal; (ii) relocation and expansion of the container terminal at the San Pédro Port; (iii) construction and launch of lines 1 and 2 of the Abidjan metro; (iv) rehabilitation and launch of the Abidjan-Ouagadougou-Kaya railroad line; (v) construction and start of operations of the San Pédro coal plants; and (vi) supplying Côte d'Ivoire with liquefied natural gas.

61. The government will continue investments to reduce the cost of factors of production so as to improve the productivity and competitiveness of the private sector. In that context, it established the Industrial Infrastructure Development Agency (AGEDI) and the Industrial Infrastructure Development Fund (FODI) to optimize the monitoring of rehabilitation work in industrial zones. The government also plans to build additional industrial zones in the different regions in the context of developing competitive economic centers and strengthening of the network of economic infrastructures (telecommunication, transportation, and energy) to support the industrialization policy. In addition, the government is continuing the execution of investments to increase the supply of electricity at lower costs to meet the increasing energy needs of industries as well as the population nationwide.

62. The government will promote the development and growth of SMEs through the implementation of its "Program Phoenix" Strategic Development Plan. The program objective is to create a critical mass of competitive, dynamic, and innovative SMEs by 2020 that will significantly contribute to the sustainable socioeconomic development of Côte d'Ivoire. To this end, the institutional framework was strengthened by the adoption of a law on the national SME development policy. The creation of the executing agency, CI-PME, responsible for coordinating program implementation and business incubators and centers is part of the arsenal aimed at promoting SMEs. To promote access to markets and financing, the government is working to establish a rating tool and a dedicated SME guarantee fund. The initial conclusions of the consulting firms are available. The subcontracting and co-contracting charter of 2015 between large businesses and SMEs aims to help SMEs launch their development process with the help of more and larger markets.

IMPROVING THE STATISTICS SYSTEM

63. The government will continue improving the statistics system by carrying out the new National Statistics Development Strategy covering the period 2017–21. The strategy will correct weaknesses in the production of statistics by improving statistical production and dissemination, archiving, and the statistics culture. The following actions are planned in that context:

- The establishment of a continuous financial statements processing mechanism to support the regular production of the national accounts, in order to reduce the turnaround times for publication of the national accounts and various indices. In this regard, the development of an IT platform for automation and electronic collection of statistical and financial reports (DSF) is planned for the second half of 2017;
- The implementation of the improved General Data Dissemination System (GDDS-i). The national data summary page (NDSP) and training for operators (contributors, managers, and contact person) in charge of updating the GDDS-i dissemination tool were completed following the IMF technical assistance conducted during the second quarter of 2016. The NDSP will be put online in December 2017;
- The establishment of a permanent agricultural statistics system. The terms of reference for the system audit are being prepared and expected to be completed in 2017 in parallel with the dissemination of results of the Agricultural Operations and Operators Survey (REEA);
- The completion of work on changing the base year and implementing the SNA 2008. The government authorized financing for the project, which will extend over the period 2017–18.

The National Statistics Development Strategy also provides for the strengthening of management and governance mechanisms and human, material, and financial resources.

64. The National Quarterly Accounts (CNT) will be disseminated starting from end-December 2017. Fine-tuning of the CNT is continuing along with capacity strengthening for INS managers responsible for the CNT, with support from AFRITAC West. The capacity strengthening should ensure publication of the CNT within 90 days from the close of each quarter.

PROGRAM FINANCING AND MONITORING

65. The program financing requirements will be covered. Financing will be raised primarily on the subregional financial and money markets by means of predominantly medium- and long-term instruments in accordance with the MTDS. In that context, primary dealers will participate in issues and placements of Treasury securities and will provide liquidity on the secondary market for WAEMU public securities. Assistance is also anticipated from the technical and financial partners including the World Bank, the IMF, the African Development Bank, the ASD, and the European Union.

66. The program will continue to be monitored semiannually by the IMF Executive Board based on quantitative indicators and structural benchmarks (Tables 1 and 2). Those indicators are defined in the accompanying Technical Memorandum of Understanding (TMU) which provides a summary of the assumptions underlying projections and the basis for evaluating performance in specific areas. The third semiannual review will be based on data and performance criteria at end-December 2017 and can be completed on or after April 15, 2018. The fourth semiannual review will be based on data and performance criteria at end-June 2018 and can be completed on or after October 15, 2018. To this end, the government undertakes, in particular:

- to refrain from accumulating any new domestic payment arrears; providing any form of advance against revenue; or contracting non-concessional loans other than those specified in the TMU;
- to issues government securities only by auctions through the BCEAO or any form of competitive bidding on the local financial market and the WAEMU market, and to consult with IMF staff regarding any new financing;
- to refrain from introducing or tightening restrictions on payments and transfers relating to current international transactions, introducing multiple currency practices, entering into bilateral payment arrangements not in accordance with Article VIII of the IMF Articles of Agreement, or imposing or tightening restrictions on imports for balance of payments purposes; and
- to adopt further financial or structural measures that may prove necessary for the success of their policies, in consultation with the IMF staff.

Table 1. Côte d'Ivoire: Performance Criteria (PC) and Indicative Targets (IT), ECF/EFF 2017–18 1/

(Billions of CFA francs, unless otherwise indicated)

	2017							2018 (proposed)			
	June				September	December		March	June	September	December
	PC	Adj. PC	Est.	Status	IT	PC	Rev. IT	IT	PC	IT	IT
A. Performance criteria											
Floor on the overall fiscal balance (incl. grants)	-493.0		-197.4	MET	-772.9	-1,052.0		-171.2	-358.8	-661.5	-954.8
Ceiling on net domestic financing (incl. WAEMU paper)	-142.7		-348.1	MET	24.8	179.7		167.1	379.5	410.2	640.6
Ceiling on the present value of new external debt contracted by the central government ($ million) 2/	1,528.8	2,728.8	2,060.1	MET	...	2,043.5		...	1,839.5	...	2,400.0
Ceiling on accumulation of new external arrears by the central government (continuous basis)	0.0		0.0	MET	0.0	0.0		0.0	0.0	0.0	0.0
Ceiling on accumulation of new domestic arrears by the central government (continuous basis)	0.0		0.0	MET	0.0	0.0		0.0	0.0	0.0	0.0
B. Indicative targets											
Floor on government tax revenue	1,760.4		1,820.7	MET	2,568.7	3,435.5		878.8	1,913.6	2,790.5	3,803.2
Ceiling on expenditures by treasury advance	95.3		62.1	MET	141.4	188.8		39.3	88.7	139.0	194.3
Floor on pro-poor expenditure	941.4		945.3	MET	1,437.1	2,070.1		411.0	914.9	1,502.3	2,290.8
Floor on net reduction of central government amounts payable (- = reduction)	-105.7		-179.1	MET	-55.7	-75.0		-112.2	-131.5	-34.3	-50.0
Floor on primary basic fiscal balance	-64.2		182.8	MET	-134.0	-179.8	-274.4	44.4	73.0	-2.8	-28.3
Memorandum items:											
Program grants	73.8		73.8		73.8	147.6		0.0	78.0	78.0	156.1
Program loans	80.9		78.3		80.9	161.7		0.0	76.0	76.0	152.0
Project grants	78.2		50.2		117.3	195.5		58.4	92.7	118.4	144.3
Project loans	293.8		261.5		410.8	586.2	511.6	144.2	279.4	403.6	620.9
Budget support from the European Union, World Bank, and African Development Bank	0.0		0.0		0.0	115.2	130.7	0.0	0.0	81.0	81.0
Fuel tax revenues	150.5		162.8		228.5	322.8		102.9	227.3	321.0	415.0

Sources: Ivoirien authorities; and IMF staff estimates.

1/ Cumulative amount from January 1, 2017 for 2017 targets and from January 1, 2018 for 2018 targets.

2/ The number for end-June 2017 includes proceeds from the Eurobond issuance (about US$1.2 billion).

Table 2. Côte d'Ivoire: Structural Benchmarks (SBs) for 2017–18			
Measures	**Timetable**	**Macroeconomic rationale**	**Documentation**
Price adjustment mechanism			
Apply the retail fuel price mechanism to preserve fuel tax revenue at a level not below the level in the supplementary budget law.[1]	**SB (quarterly)** **MET**	Improve budget revenue	Inter-ministerial decree
Adjust electricity rates in accordance with the plan discussed with IMF staff.	**SB** end-July 2017 **MET**	Recoup the costs of the electricity sector	Communication in the Council of Ministers
Tax policy and administration			
Do not renew the temporary exemptions that expire at end-December 2017 except for those related to grants and the social sectors (education, health).	**SB** end-December 2017	Improve the collection of taxes and fees	2018 draft budget law
In the Council of Ministers, adopt the upward revision of excise taxes on beverages.	**SB** end-December 2017	Improve the collection of taxes and fees	2018 draft budget law
Conduct a study of the investment code	**SB** end-September 2017 **MET**	Optimize tax potential	Study report
Create two new Medium-Sized Enterprise Centers (CMEs) in Abidjan and reduce the threshold for coverage by the CMEs	**SB** end-June 2017 **MET**	Improve the collection of taxes and fees	Ministerial decree
Prepare action plan to improve tracking of merchandise in transit.	**New SB** for end-March 2018	Improve collection of customs duties and fees	Action plan
Prepare action plan to rationalize tax exemptions.	**New SB** for end-June 2018	Improve tax collection	Action plan

Table 2. Côte d'Ivoire: Structural Benchmarks (SBs) for 2017–18 (concluded)

Measures	Timetable	Macroeconomic Rationale	Documentation
Public Debt Management			
Strengthen the public enterprise debt database by including debt service for 12 enterprises	**SB** end-June 2017 **MET**	Improve public debt management	Public enterprise debt monitoring databases
By the end of each quarter produce a summary table of public enterprise debt service in the previous quarter based on progress in the data availability	**SB (quarterly)** starting from end-June 2017 **MET**	Enhance monitoring of debt service by public enterprises	Summary debt service table
Public Enterprises			
Every six months submit a report on the financial situation of Air Côte d'Ivoire.	**SB** (continuous starting from June 2017) - **MET**	Reduce budget risks	Report submitted to the Minister in charge of the Budget and Government Portfolio
Finalize the SIR debt restructuring plan	**SB** end-December 2017	Reduce budget risks	Debt restructuring agreement
Adoption by the Council of Ministers of a treatment protocol to settle cross-debt and claims between the government and PETROCI.	**New SB** for end-December 2017	Reduce budget risks	Treatment protocol
Public Financial Management			
Develop the PPP database to include the main PPP projects.	**SB** end-December 2017	Reduce budget risks	Database
Financial Sector			
Pay the remainder of government contribution for the recapitalization of the *Caisse Nationale des Caisses d'Épargne* (CNCE).	**New SB** for end-March 2018	Strengthen banking system and promote financial inclusion	Budget execution report
Real Sector Statistics			
Start regular publication of the quarterly national accounts	**New SB** for end-December 2017	Support macroeconomic analysis and policymaking	Publication by the National Institute of Statistics

[1] See memorandum item "fuel tax revenues" in Table 1.

Attachment II. Technical Memorandum of Understanding

November 17, 2017

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

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

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

QUANTITATIVE INDICATORS

4. **For program monitoring purposes, performance criteria (PCs) and indicative targets (IT) are set for June 30, 2017, December 31, 2017 and June 30, 2018; the same variables are indicative targets for September 30, 2017, March 31, 2018, September 30, 2018 and December 31, 2018**.

The PCs include:

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

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

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

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

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

The ITs are:

a) a floor for government tax revenues;

b) a ceiling on expenditures by treasury advance;

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

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

e) a floor for the basic primary balance.

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

A. Government Tax Revenue (IT)

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

B. Pro-poor Expenditures (IT)

7. Pro-poor expenditures are derived from the detailed list of "pro-poor expenditures" in the SIGFIP system (see Table 3).

C. Treasury Advances (IT)

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

D. Primary Basic Fiscal Balance (IT)

9. The primary basic balance is the difference between the government's total revenue (excluding grants) and total expenditure (including expenditure corresponding to earmarked revenues) plus net lending, excluding interest payments and externally financed capital expenditure. Government expenditures are defined as expenditures for which payment orders have been issued and which have been assumed by the Treasury:

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

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

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

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

F. Net Domestic Financing (PC)

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

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

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

12. The adjustor for the performance criterion on the net domestic financing. The NDF ceiling will be adjusted upward by the full amount of the difference between the effectively disbursed and the projected budget support from the European Union, the World Bank and the African Development Bank projected at CFAF 130.7 billion in 2017 and CFAF 81 billion in 2018 (MEFP Table 1).

G. External Debt (PC)

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

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

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

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

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

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

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

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

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

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

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

For program monitoring purposes, external debt is deemed to be contracted or guaranteed at the date of its approval by the government of Côte d'Ivoire (Council of Ministers). In the case of the issuance of euro bonds, the amount deemed contracted is the amount subscribed/purchased at the end of the subscription/purchase period as specified in the final clauses of the exchange. For program purposes, the value in U.S. dollars of new external debt of 2017 is calculated using the average exchange rate for January 2017 in the IMF's International Financial Statistics (IFS) database.

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

17. In the case of variable interest rate debt in the form of a reference interest rate plus a fixed margin, the PV of the debt is calculated on the basis of the program reference rate plus a fixed margin (in basis points) specified in the loan agreement. The program reference rate for the US$ six-month LIBOR is 3.04 percent and will remain unchanged until December 31, 2017. The margin between the euro six-month LIBOR and the US$ six-month LIBOR is -300 basis points. The margin between the yen six-month LIBOR and the US$ six-month LIBOR is -300 basis points. The margin between the pound sterling six-month LIBOR and the US$ six-month LIBOR is -250 basis points. For interest rates applicable in currencies other than the euro, yen and pound sterling, the margin vis-à-vis the US$ six-month LIBOR is -250 basis points.[3] When the variable rate is linked to a reference interest rate other than the US$ six-month LIBOR, a margin corresponding to the difference between the reference rate and the US$ six-month LIBOR (rounded to the closest 50 basis points) is added. For the period January 1, 2018 to December 31, 2018 these rates will be fixed and will remain fixed based on the fall 2016 edition of World Economic Outlook (WEO).

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

- The program ceiling applicable to the PV of new external debt is adjusted upward up to a

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

[3] The program reference rate and margins are based on the "average projected rate" for the US$ six-month LIBOR over a period of 10 years as from the fall 2016 edition of World Economic Outlook (WEO). The rate will be updated each year on the basis of the fall edition of the WEO.

maximum of 5 percent of the ceiling on the PV of external debt in cases in which differences vis-à-vis the PC on the PV of new debt are caused by a variation in financing conditions (interest, maturity, grace period, payment schedule, front-end fees, management fees) of the debt or debts. The adjustor may not be applied when the differences are the result of an increase in the face value of the total debt contracted or guaranteed.

- The program ceiling applicable to the PV of new external debt is adjusted upward by the full amount of the new Eurobond issued by the government up to US$ 1.2 billion in 2018.
- The ceiling will exclude external borrowing which is for the sole purpose of refinancing existing public sector debt and which helps to improve the profile of public sector debt.
- The program ceiling applicable to the PV of new external debt is adjusted upward by the total amount of the new external debt contracted or guaranteed by the government for the purpose of restructuring the debt of *Société Ivoirienne de Raffinage* (SIR), up to an equivalent of CFA francs 368 billion, or US$ 596 million, calculated at the January 2017 average exchange rate (CFAF 618.01).

19. The authorities will inform IMF staff of any planned external borrowing and the conditions on such borrowing before the loans are either contracted or guaranteed by the government. The current government borrowing plan is summarized in Tables 1 and 2. In these tables, the value in U.S. dollars of the new external debt is calculated on the basis of the average exchange rates of January 2017 for January–June 2017 and January–December 2017 and that of August 2017 (average euro-dollar exchange rate of 0.84701) for January–June 2018 and January–Decembe 2018 (see below).

Table 1. Côte d'Ivoire: Summary Table on External Borrowing Program (January–December 2017)
(Millions of US dollars)

	January-June 2017		January-December 2017	
External debt contracted or guaranteed	Volume of new debt, US$ million 1/	PV of new debt, US$ million 1/	Volume of new debt, US$ million 1/	PV of new debt, US$ million 1/
Source of debt financing	**2,475.9**	**1,528.8**	**3,328.0**	**2,043.5**
Concessional debt 2/	***2,152.5***	***1,224.4***	***2,659.6***	***1,453.6***
Multilateral debt	1,653.6	929.6	1,909.1	1,062.8
Bilateral debt	498.9	294.8	750.5	390.7
Non-concessional debt	***323.4***	***304.0***	***668.4***	***590.0***
Semi-concessional debt 3/	323.4	304.0	581.0	502.5
Commercial terms 4/	0.0	0.0	87.5	87.5
Uses of debt financing	**2,475.9**	**1,528.8**	**3,328.0**	**2,043.5**
Infrastructure	1,748.2	1,111.8	2,387.5	1,491.8
Social expenditure	0.0	0.0	125.4	47.2
Budget financing	371.5	219.5	371.5	219.5
Other	356.2	197.6	43.7	285.0

Source: Ivoirien authorities.

1/ Contracting and guaranteeing of new debt. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.

2/ Concessional debt is defined as debt with a grant element that exceeds the minimum threshold of 35 percent.

3/ Debt with a positive grant element which does not meet the minimum grant element.

4/ Debt without a positive grant element. For commercial debt, the present value would be defined as the nominal/face value.

Table 2. Côte d'Ivoire: Summary Table on External Borrowing Program (January–December 2018)
(Millions of US dollars)

	January-June 2018		January-December 2018	
External debt contracted or guaranteed	Volume of new debt, US$ million 1/	PV of new debt, US$ million 1/	Volume of new debt, US$ million 1/	PV of new debt, US$ million 1/
Source of debt financing	**2,533.1**	**1,839.5**	**3,316.8**	**2,400.0**
Concessional debt 2/	***1,178.3***	***676.0***	***1,691.8***	***969.6***
Multilateral debt	1,178.3	676.0	1,691.8	969.6
Bilateral debt	0.0	0.0	0.0	0.0
Non-concessional debt	***1,354.8***	***1,163.5***	***1,625.0***	***1,430.1***
Semi-concessional debt 3/	1,354.8	1,163.5	1,472.9	1,277.9
Commercial terms 4/	0.0	0.0	152.1	152.1
Uses of debt financing	**2,533.1**	**1,839.5**	**3,316.8**	**2,400.0**
Infrastructure	1,997.0	1,510.3	2,386.0	1,732.1
Social expenditure	479.9	277.7	604.5	349.8
Budget financing	0.0	0.0	0.0	0.0
Other	56.1	51.4	326.3	318.1

Source: Ivoirien authorities.

1/ Contracting and guaranteeing of new debt. The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.

2/ Concessional debt is defined as debt with a grant element that exceeds the minimum threshold of 35 percent.

3/ Debt with a positive grant element which does not meet the minimum grant element.

4/ Debt without a positive grant element. For commercial debt, the present value would be defined as the nominal/face value.

H. External Payments Arrears (PC)

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

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

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

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

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

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

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

MEMORANDUM ITEMS

A. Net Banking System Claims on the Government

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

B. External Financing (Definitions)

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

C. Fuel Tax Revenues

28. The fuel tax revenue is defined as revenues from oil products taxation collected by the General Directorate of Customs (DGD) as reported in the fiscal reporting table (TOFE) under the line "taxes sur les produits pétroliers".

D. Program Monitoring and Data Reporting

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

30. The government will report the information specified in Table 4 no later than 45 days following the month-end or quarter-end, except in the case of the information that will be provided later, as specified in Table 4.

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

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

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

Table 3. Côte d'Ivoire: Pro-Poor Spending (incl. Social Spending), 2014–18

(Billions of CFA francs)

	2014	2015	2016	2017 Budget	2018 Budget
Agriculture and rural development	**140.5**	**111.2**	**124.0**	**73.3**	**105.9**
General administration	62.8	47.7	58.6	34.8	55.7
Agriculture promotion and development program	31.1	24.0	24.5	9.0	16.2
Training of supervisory staff	19.2	19.4	10.2	12.2	13.2
Water system works	27.4	9.2	17.1	2.9	7.4
Other investments in the rural area (FRAR, FIMR)	0.0	10.9	13.6	14.5	13.4
Fishing and animal husbandry	**8.9**	**9.8**	**9.1**	**11.9**	**15.7**
General administration	4.9	6.6	5.6	5.8	7.9
Milk production and livestock farming	2.7	2.7	2.3	1.6	1.0
Fishing and aquaculture	1.3	0.5	1.2	4.6	6.8
Education	**818.8**	**991.6**	**1,179.3**	**1,111.7**	**1,263.1**
General administration	23.5	26.2	32.8	35.1	32.9
Pre-schooling and primary education	307.4	399.7	531.1	473.5	540.1
Literacy	0.4	0.3	0.6	0.5	0.5
Secondary education and vocational training	291.8	320.9	359.9	411.6	463.4
University and research	149.2	198.0	211.4	191.1	226.3
Emergency/Presidential program/Education	46.5	46.5	43.5	0.0	...
Health	**228.9**	**279.5**	**330.4**	**379.7**	**356.1**
General administration	121.8	133.4	157.0	164.3	175.5
Primary health system	47.9	62.3	59.5	97.7	88.1
Preventive healthcare (enlarged vaccination program)	1.2	2.9	4.0	2.8	2.0
Disease-fighting programs	1.4	5.3	38.5	20.5	29.2
Infant/mother health and nutrition	0.7	10.7	1.4	11.5	11.3
HIV/Aids	1.6	1.8	3.2	23.0	11.8
Health centers and specialized programs	34.3	43.1	46.9	59.9	38.1
Emergency/Presidential program/Health	20.0	20.0	20.0	0.0	...
Water and De-contamination	**146.6**	**74.8**	**58.6**	**80.3**	**107.0**
Access to drinking water and de-contamination	103.0	32.5	21.6	79.2	96.8
Environmental protection spending	16.6	15.3	7.1	1.2	10.2
Emergency/Presidential program/healthiness and de-contamination	13.5	13.5	13.5	0.0	...
Emergency/Presidential program/drinking water	13.5	13.5	16.5	0.0	...
Energy	**50.6**	**53.6**	**45.5**	**74.8**	**90.1**
Access to electricity	37.1	40.1	32.0	74.8	90.1
Emergency/Presidential program/Electricity	13.5	13.5	13.5	0.0	...
Roads and Art Works	**138.6**	**155.6**	**153.8**	**215.0**	**216.5**
Road maintenance	4.4	7.3	20.1	13.4	6.6
Construction of art works	11.7	12.1	8.2	7.8	0.5
Other road projects	122.5	108.0	100.6	193.8	209.4
Emergency/Presidential program/maintenance and development	0.0	28.2	25.0	0.0	...
Social spending	**25.3**	**28.8**	**38.4**	**36.3**	**40.0**
General administration	19.5	23.1	31.2	27.5	21.9
Training for women	1.1	0.5	1.6	0.7	0.4
Orphanages, day nurseries, and social centers	2.2	2.9	3.1	3.6	3.4
Training of support staff	2.1	1.9	1.8	1.7	1.6
Indigents and victims of war or disaster	0.4	0.3	0.7	2.9	12.6
Decentralization (excl. education, health and agriculture)	**54.9**	**48.0**	**55.1**	**63.3**	**65.7**
Decentralization	54.9	48.0	55.1	63.3	65.7
Reconstruction	**1.5**	**14.2**	**11.3**	**12.8**	**9.6**
Reconstruction and rehabilitation	0.0	0.1	0.0	0.1	0.5
Emergency/Presidential program	1.5	14.1	11.3	12.7	9.2
Other poverty-fighting spending	**8.0**	**3.1**	**9.2**	**10.8**	**21.1**
Promotion and insertion of youth	6.3	1.2	6.6	7.2	18.7
Support and follow-up of DSRP	0.1	0.1	0.1	1.0	1.5
Development of tourism and craftmanship	1.6	1.8	2.5	2.6	0.9
TOTAL	**1,622.4**	**1,770.2**	**2,014.8**	**2,070.1**	**2,290.8**

Source: Ivoirien authorities.

Table 4. Côte d'Ivoire: Document Transmittal for Program Monitoring			
Sector	Type of data	Frequency	Transmittal deadline
Real sector	Cyclical indicators	Monthly	End of month + 45 days
	Provisional national accounts	Annually	End of year + 9 months
	Final national accounts	Variable	60 days after revision
	Disaggregated consumer price indices	Monthly	End of month + 45 days
Energy sector	Crude oil: offtake report	Quarterly	End of quarter + 45 days
	Oil product price structure	Monthly	End of month + 45 days
Public finances	Fiscal reporting table (TOFE)	Monthly	End of month + 45 days
	Budget execution report	Quarterly	End of quarter + 45 days
	Report on the public procurement operations	Quarterly	End of quarter + 45 days
	Estimated tax revenue	Monthly	End of month + 45 days
	Summary statement of VAT credit refunds	Monthly	End of month + 45 days
	Summary statement of tax and customs exemptions	Monthly	End of month + 45 days
	Pro-poor expenditures	Monthly	End of month + 45 days
	Treasury advances	Monthly	End of month + 45 days
	Central government domestic arrears	Monthly	End of month + 45 days
	Consolidated Treasury balances outstanding	Monthly	End of month + 45 days
	Annual cash flow plan	Annually	End of year + 45 days
	Execution of cash flow plan	Quarterly	End of quarter + 45 days
	General balance of the Treasury accounts	Quarterly	End of quarter + 45 days

Table 4. Côte d'Ivoire: Document Transmittal for Program Monitoring (concluded)

Sector	Type of data	Frequency	Transmittal deadline
Domestic debt	Detailed domestic debt statement	Monthly	End of month + 45 days
	Breakdown of new domestic loans and guarantees	Monthly	End of month + 45 days
	Detailed projected domestic debt service	Quarterly	End of quarter + 45 days
	Statement of issuances and redemptions of securities	Monthly	End of month + 45 days
External debt	Detailed external debt statement	Monthly	End of month + 45 days
	Breakdown of new external loans and guarantees	Monthly	End of month + 45 days
	Table of disbursements on new loans	Monthly	End of month + 45 days
	Projected external debt service	Quarterly	End of quarter + 45 days
Public companies	Debt statement of public companies	Quarterly	End of quarter + 45 days
	List of public companies	Quarterly	End of quarter + 45 days
Balance of payments	Provisional balance of payments (provisional)	Annually	End of year +9 months
	Provisional balance of payments (final)	Annually	End of year + 12 months
Monetary and financial sectors	Banking system statement	Monthly	End of month + 45 days (preliminary); end of month + 60 days (final)
	BCEAO summary statement	Monthly	End of month + 45 days (preliminary); end of month + 60 days (final)
	Monetary sector statement	Monthly	End of month + 45 days (preliminary); end of month + 60 days (final)
	Government net financial position	Monthly	End of month + 45 days
	Banks's prudential ratios	Monthly	End of month + 45 days
	Financial soundness indicators	Quarterly	End of month + 45 days
	Lending and borrowing interest rates, BCEAO intervention rate and compulsory reserves	Monthly	End of month + 45 days