

**Côte d'Ivoire: Enhanced Heavily Indebted Poor Countries (HIPC) Initiative—
Preliminary Document**

This paper was prepared by staff of the International Monetary Fund and the World Bank in connection with the Executive Board's consideration of Côte d'Ivoire's preliminary assessment of eligibility for assistance under the Enhanced Heavily Indebted Poor Countries Initiative. It is based on the information available at the time it was completed on December 1, 2008. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of Côte d'Ivoire or the Executive Board of the IMF.

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INTERNATIONAL DEVELOPMENT ASSOCIATION
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CÔTE D'IVOIRE

**Enhanced Heavily Indebted Poor Countries (HIPC) Initiative
Preliminary Document**

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

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LIST OF ACRONYMS

AfDB	African Development Bank
AfDF	African Development Fund
AFRITAC-West	Africa Technical Assistance Center–West (Bamako)
BCEAO	Central Bank of West African States
BNI	National Investment Bank
BOAD	West African Development Bank
CET	Common External Tariff
CGRAE	Civil Service Pension Fund
CNCE	Postal Savings Fund
CNPS	Private Sector Social Security Fund
CNW	Center-North-West (of Côte d’Ivoire)
DDR	Disarmament, Demobilization and Reintegration
DRA	Debt Relief Analysis
DSA	Debt Sustainability Analysis
ECOWAS	Economic Community of West African States
EITI	Extractive Industries Transparency Initiative
EPA	Economic Partnership Agreement
EPCA	Emergency Post-Conflict Assistance
ERER	Equilibrium real exchange rate
EU	European Union
FAGACE	African Economic Cooperation and Guarantee Fund
FED	European Development Fund
FN	New Forces
FSF	Fragile States Facility (AfDB Group)
FSAP	Financial Sector Assessment Program
GFS	Government Finance Statistics
HIPC	Heavily Indebted Poor Country
LIC	Low-income country
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MEFP	Memorandum of Economic and Financial Policies
NEER	Nominal effective exchange rate
NPV	Net present value
ODA	Official Development Assistance
PCAP	Post-Conflict Assistance Project
PEMFAR	Public Expenditure Management and Financial Accountability Review
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
REER	Real effective exchange rate
SIGFiP	Integrated Public Finance Management System
TMU	Technical Memorandum of Understanding
UNSC	United Nations Security Council
VAT	Value-Added Tax
WAEMU	West African Economic and Monetary Union

EXECUTIVE SUMMARY

- After more than a decade of civil strife and economic hardship, Côte d'Ivoire is in the process of economic recovery and political normalization. The March 2007 Ouagadougou Political Accord (OPA) provides a roadmap for reunification, national reconciliation, demobilization, and presidential elections. The latter, originally scheduled for November 30, 2008, have, however, been postponed with a new date to be set by end-December 2008. Economic activity is improving despite the adverse effects of the volatility in food and fuel prices, but the speed of recovery is subject to risks related to the global environment and domestic policy implementation.
- Côte d'Ivoire's public and publicly-guaranteed external debt was estimated at US\$14.3 billion as of end-December 2007 (US\$12.8 billion in NPV terms after assuming full application of traditional debt relief mechanisms). A preliminary Debt Relief Analysis (DRA) shows that Côte d'Ivoire meets the HIPC Initiative indebtedness criterion under the fiscal window based on end-2007 data. HIPC debt relief is estimated at US\$3,004.9 million in NPV terms, based on a common reduction factor of 23.6 percent.
- As of now, Côte d'Ivoire has already received about 55 percent of its estimated HIPC debt relief. In debt restructurings with Paris Club creditors (in 1998 and 2002) and London Club creditors (in 1998), Côte d'Ivoire obtained debt relief in excess of traditional debt relief mechanisms, with the excess counted as HIPC debt relief. Furthermore, the NPV reduction embedded in the concessional arrears clearance operation undertaken by IDA (in April 2008) and expected to be undertaken by the AfDB Group (in early-December 2008) has been counted as HIPC debt relief.
- Côte d'Ivoire could reach the decision point in early 2009, subject to strengthened implementation of the IMF-supported program through end-2008, and having in place a poverty reduction strategy. The country will also need to agree on appropriate completion point triggers to be included in the decision point document. Furthermore, before approval of a PRGF arrangement Côte d'Ivoire would also need to have cleared outstanding arrears with multilateral creditors or have reached an agreement to clear them during the program period.
- Upon reaching the HIPC completion point, Côte d'Ivoire will also qualify for relief under the Multilateral Debt Relief Initiative. Under MDRI, nominal debt service (principal and interest) to IDA and the African Development Fund is expected to be reduced by US\$1,732.1 million and US\$311.6 million (respectively). Reduction in the outstanding debt stock to the IMF is estimated at US\$9.3 million.

I. INTRODUCTION

1. **This paper presents a preliminary assessment of the eligibility of the Republic of Côte d'Ivoire (hereafter “Côte d'Ivoire”) for assistance under the enhanced HIPC Initiative.**¹ The assessment is based on joint IDA/IMF staff missions to Abidjan in November 2007 and May 2008. Together with the authorities, the staffs conducted a preliminary debt relief analysis (DRA) based on a reconciliation of external debt data as of end-2007.

2. **Côte d'Ivoire is potentially eligible for debt relief under the HIPC Initiative.** Côte d'Ivoire is a PRGF-eligible IDA-only country, included in the list of ring-fenced countries grandfathered by the Boards in April 2006, and it is implementing a program supported by the IMF's Emergency Post-Conflict Assistance (EPCA).² The DRA indicates that after application of traditional debt relief, Côte d'Ivoire's NPV of debt-to-revenue ratio at end-2007 is above the HIPC Initiative threshold. Côte d'Ivoire could reach the decision point in early 2009, and to qualify for HIPC debt relief it needs to: (i) demonstrate strengthened implementation of an IMF-supported program, such as Emergency Post-Conflict Assistance (EPCA); and (ii) have in place a poverty reduction strategy.³ The country will also need to agree on appropriate completion point triggers to be included in the decision point document. Furthermore, before approval of a PRGF arrangement Côte d'Ivoire needs to have cleared outstanding arrears with multilateral creditors or have reached an agreement to clear them during the program period.

3. **Côte d'Ivoire reached the decision point under the original HIPC Initiative in 1998 and the preliminary document under the enhanced HIPC Initiative was discussed by the Boards in March 2002.**⁴ As the PRGF-supported program was interrupted in early 1999 and the completion point under the original HIPC was not reached, no HIPC relief was disbursed by multilateral creditors. In early 2002, Côte d'Ivoire's eligibility and qualification for debt relief under the enhanced HIPC Initiative was reassessed in the preliminary document, and on that basis the country was expected to reach the decision point in late 2002; however, the crisis interrupted the PRGF-supported program and the decision point under the enhanced HIPC Initiative was never considered. Meanwhile, in debt restructurings

¹ “Enhanced HIPC Initiative” is hereafter referred to as “HIPC Initiative.”

² See IDA and IMF, “Heavily Indebted Poor Countries (HIPC) Initiative—Issues Related to the Sunset Clause,” August 16, 2006.

³ A poverty reduction strategy could be set out in an Interim-Poverty Reduction Strategy Paper (PRSP), a PRSP preparation status report, a full PRSP or a PRSP Annual Progress Report (APR). Côte d'Ivoire is well advanced in the preparation of a full PRSP.

⁴ See “Côte d'Ivoire—Final Document on the Initiative for Heavily Indebted Poor Countries,” March 1998; and “Côte d'Ivoire—Enhanced Heavily Indebted Poor Countries (HIPC) Initiative – Preliminary document,” March 2002.

with Paris Club creditors (in 1998 and 2002) and London Club creditors (in 1998), Côte d'Ivoire obtained debt relief in excess of traditional debt relief mechanisms (on Lyon terms—80 percent NPV reduction—and Brady terms, respectively). In the HIPC calculations, this excess is counted as HIPC debt relief (see para. 42).

4. **Possible HIPC Initiative debt relief is estimated at US\$3,004.9 million in end-2007 NPV terms, based on a common reduction factor of 23.6 percent. As of now, Côte d'Ivoire has already received about 55 percent of its estimated HIPC debt relief.** In addition to the pre-2002 excess debt relief provided by the Paris Club and London Club creditors, the NPV reduction embedded in the concessional arrears clearance operation undertaken by IDA (in April 2008) and expected to be undertaken by the AfDB Group (in early-December 2008) has been counted as HIPC debt relief. Côte d'Ivoire's resolution of its arrears with multilateral and bilateral creditors would give it access to additional development assistance, helping it make progress toward achieving its Millennium Development Goals (MDGs). Also, once Côte d'Ivoire reaches the completion point, it will qualify for Multilateral Debt Relief Initiative (MDRI) assistance. MDRI assistance at the projected completion point would amount to US\$1,732.1 million from IDA, US\$9.3 million from the Fund, and US\$311.6 million from the AfDF in nominal terms.⁵

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

II. BACKGROUND AND ELIGIBILITY FOR HIPC INITIATIVE ASSISTANCE

A. PRGF and IDA Status

6. **Côte d'Ivoire's reform program has been supported by the Fund's EPCA since August 2007.** Soon after taking office in April 2007, the transition government requested Emergency Post-Conflict Assistance (EPCA) from the IMF which was approved in August 2007, followed by a second EPCA in April 2008. Côte d'Ivoire made progress toward the program's goals: (i) maintaining modest primary basic surpluses while creating fiscal space to address urgent social and infrastructure needs; (ii) improving public expenditure management; and (iii) increasing transparency in the cocoa/coffee and energy sectors. However, extra-budgetary spending of 0.7 percent of GDP, mainly for the transfer of the capital city, required the government to take offsetting and transparency measures (see para. 14), which are being implemented in the last quarter. Provided performance under

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

EPCA-2 through end-2008 is satisfactory, commitment to the new program is strong, and financing assurances are in place, Côte d'Ivoire could move to a PRGF arrangement with the IMF by early 2009.

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

B. Country Background and Political Developments

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

9. **The years of crisis led to a substantial increase in poverty and deterioration in living standards.** Real per capita GDP fell by a cumulative 15 percent during 2000-06. The World Bank's recent poverty diagnostic⁶ estimates that, based on simulations, poverty incidence may have increased from 38.2 percent in 2002 to 43.2 percent in 2006. The country's ranking in the UN Human Development Index (HDI) deteriorated from 154th (out of 174 countries) in 1999 to 166th (out of 177) in 2007. Since the late 1990s, the gross primary school enrollment stagnated at about 70 percent, mortality rates of children under 5 increased from 175 to 195 per thousand, and life expectancy at birth declined from 49 in 1995 to 47 in 2006, while these indicators continued to improve in most sub-Saharan African (SSA) countries. Basic health and educational services have been severely affected in the North of the country, where the official public administration was absent for over five years.

⁶ World Bank (2006), *Côte d'Ivoire, Contributions à l'Analyse de la Pauvreté*, Report n. 36625-CI.

Table 1. Côte d'Ivoire: Poverty and Social Indicators 1/
(In indicated units)

	Côte d'Ivoire	Sub-Saharan Africa	Low-income country
Population, mid-year (millions)	19	723	2,426
<i>Of which</i> : Urban population (% of total)	45	35	33
Population growth (in percent, 1975-2005)	3.5	2.8	2.3
GNI per capita (US\$, 2007)	910	829	649
Poverty (% of population below poverty line)	43	40	...
Life expectancy at birth (years)	47	49	59
Infant mortality (per 1,000 live births)	90	94	74
Child malnutrition (% under 5 years)	22	27	35
Access to an improved water source (% of population)	51	56	75
HIV/AIDS: estimated prevalence rates (in percent)			
Age group 15-49	7.1	6.1	1.7
Male (ages 15-24)	5.1	4.3	...
Female (ages 15-24)	1.7	1.5	...
Immunization rate (% of children , ages 12-23 months)			
Measles	73	71	69
DPT	77	72	68
Net primary enrollment rate (% of age group), total	56 2/	68	80
Male	62 2/	71	83
Female	50 2/	65	77

Sources: World Bank, *World Development Report, 2007-2008*, and *African Development Indicators, 2006*.

1/ Latest year available (2005 or 2006).

2/ 2004.

10. **The March 2007 Ouagadougou Political Accord (OPA) provides a roadmap for reunification, national reconciliation, demobilization and elections.** Following initial delays, especially in the identification of the population and voter enrollment, presidential elections have been postponed to 2009 with a new date to be set by end-December 2008. Crucial steps were completed, notably the identification hearings and the redeployment of the public administration in the Center-North-West (CNW) zone. A unified government after the elections should help accelerate the pace of reform. Since the OPA, the security situation has steadily improved and military roadblocks and racketeering have been significantly reduced in recent months. The continued presence of around 8,000 UN and 3,000 French troops should help improve security for the elections, although risks remain.

C. Post-Conflict Macroeconomic Track Record

11. **Performance under the EPCA-supported programs has been broadly satisfactory, except for extra-budgetary spending in 2008.** With improved political stability, the economy has picked up, the fiscal outcomes have been close to their targets despite spending pressures in a post-crisis environment, the government has made significant efforts to clear arrears, and there has been good progress on structural measures.

12. The economic recovery which started in 2007 is accelerating in 2008 (Table 2).

Output growth in 2008 is projected at 2.9 percent, driven by an increase in oil output, an improving investment climate, and the reunification of the country. Twelve-month CPI inflation, which fluctuated at around 2.5 percent in recent years, is projected to climb to 9 percent at end-2008 (6 percent on annual average basis), reflecting sharp increases in international food and energy prices.

13. Fiscal consolidation has generated fiscal space while reducing external and domestic arrears.

Significant revenue collection efforts and overall expenditure restraint resulted in a modest primary basic surplus in 2007 and a similar outcome is foreseen for 2008 (Table 2). The revenue-to-GDP ratio (corrected for the one-time toxic waste damage compensation received in 2007) rose from 17.0 percent in 2005 to 19.2 percent in 2007, and the target of 19.4 percent in 2008 is expected to be exceeded by ½ percent of GDP, thanks to favorable oil prices. In April 2008, in the face of sharp increases in world food prices, the government suspended or reduced taxes on essential food items, such as rice, wheat, sugar, and edible oil; the budgetary impact of these implicit subsidies, estimated at ½ percent of GDP, is expected to be offset by higher oil tax revenues. In July 2008, petroleum product prices were increased by 25 percent on average to bring them closer to international levels and safeguard revenue; in line with falling world oil prices since September, pump prices were reduced by 10 percent in early November.

14. Normalization of budget execution procedures since early 2007 has helped restrain sovereignty spending⁷ but extra-budgetary spending caused overall spending overruns around mid-2008 putting the fiscal program targets for the year at risk.

The extra-budgetary spending (0.7 percent of GDP) has been for large construction works in the new capital city. This—combined with wage-bill pressures from teachers, health workers, and the military/police and higher subsidies for the ailing electricity sector—caused significant treasury tensions which resulted in lower social and rehabilitation spending and accumulation of domestic arrears at end-September 2008. In response, the authorities cut non priority spending and obtained additional contributions from the state-owned oil company. They also took measures, notably an executive order by the Prime Minister, to avoid such extra-budgetary spending in the future and enhance transparency of spending on the works for the new capital, including through regular audits and reports to the Council of Ministers.

15. The government has made progress in clearing arrears to external creditors and domestic suppliers.

The stock of domestic arrears has declined from 5.4 percent of GDP at end-2006 to 3.5 percent of GDP at end-2007. A plan for clearing the remaining domestic arrears is expected to be adopted by end-November 2008 for implementation during 2008-10. The government repaid its share in arrears clearance to the World Bank Group in early 2008 (one-half of arrears or 1.1 percent of GDP) and is expected to complete arrears clearance to

⁷ Discretionary spending by the Presidency and the Prime Minister's office.

the AfDB Group by early December 2008 (one-third of end-April 2007 arrears or 0.8 percent of GDP plus arrears accumulated since early 2008, or 0.6 percent of GDP).

Table 2. Côte d'Ivoire: Selected Economic and Financial Indicators, 2004-13

	2004	2005	2006	2007	2008		2009	2010	2011	2012	2013	2013-27 Average
					Est.	Est.							EPCA-2	Proj.
(Annual percentage changes, unless otherwise indicated)												
National income												
GDP at constant prices	1.6	1.9	0.7	1.6	2.9	2.9	4.4	5.1	5.7	5.9	6.1	5.1
GDP deflator	0.6	4.2	4.5	2.7	4.7	5.0	0.3	2.8	2.9	3.0	3.0	3.3
Consumer price index (annual average)	1.5	3.9	2.5	1.9	4.3	6.3	5.7	2.2	2.4	2.4	3.0	3.0
Consumer price index (end of period)	4.4	2.5	2.0	1.5	6.8	9.0	3.0	1.5	2.5	2.5	3.0	3.0
External sector (on the basis of CFA francs)												
Exports, f.o.b., at current prices	8.4	11.3	9.3	-5.7	12.8	21.5	-7.4	5.7	7.2	7.9	5.2	6.1
Imports, f.o.b., at current prices	21.9	22.9	1.3	4.7	17.8	27.6	-6.3	9.9	9.3	8.9	7.0	6.9
Export volume	21.7	4.2	6.0	-8.4	1.6	0.4	8.1	5.0	5.7	7.4	6.9	6.7
Import volume	21.6	3.0	3.9	5.1	4.0	3.9	6.3	6.3	7.4	8.0	7.4	5.3
Terms of trade (deterioration -)	-11.1	-10.5	5.8	3.3	-2.1	-1.6	-2.9	-2.7	-0.3	-0.3	-1.2	-2.1
Nominal effective exchange rate	2.4	-1.1	-0.4	2.2	...	-0.3	...	...	...	...	...	...
Real effective exchange rate (depreciation -) ^{1/}	1.3	0.0	-0.4	1.6	...	0.4	...	...	...	...	...	...
Central government operations												
Total revenue and grants	8.2	3.9	10.3	10.7			2.3	8.3	9.8	10.0		
Total expenditure	4.8	4.3	10.3	3.1			3.4	8.8	12.1	12.2		
(Changes in percent of the beginning-of-period broad money)												
Money and credit												
Money and quasi-money (M2)	9.5	7.4	10.3	23.6	7.6	7.5	7.5	...	...	...	...	...
Net foreign assets	11.7	3.2	5.7	9.4	1.4	-1.2	5.1	...	...	...	...	...
Net domestic assets	-2.2	4.2	4.6	14.2	6.2	8.7	2.4	...	...	...	...	...
Of which: government	-3.6	1.8	-1.6	3.7	3.3	-0.2	-2.0	...	...	...	...	...
private sector	4.6	0.8	4.9	10.5	3.9	8.8	4.3	...	...	...	...	...
Velocity of money	4.2	4.1	4.0	3.3	3.5	3.4	3.3	...	...	...	...	...
(Percent of GDP, unless otherwise indicated)												
Central government operations												
Total revenue and grants	18.4	18.1	19.0	19.6	20.7	24.2	20.9	21.0	21.3	21.5	21.7	21.9
Total revenue	17.5	17.0	18.4	19.2	19.4	20.0	19.9	20.1	20.3	20.5	20.7	20.9
Total expenditure	20.1	19.9	20.8	20.7	21.1	21.5	22.4	22.6	23.3	24.0	24.2	24.8
Overall balance, incl. grants, payment order basis	-1.7	-1.7	-1.8	-1.1	-0.4	2.8	-1.5	-1.6	-2.1	-2.6	-2.5	-3.0
Primary basic balance ^{2/}	0.9	0.4	0.3	0.3	0.8	1.3	1.2	1.3	1.3	1.3	1.3	0.1
Gross investment												
Central government	2.8	2.7	3.1	2.9	3.1	3.4	4.4	5.1	6.0	6.9	7.0	7.0
Nongovernment sector	8.0	7.0	6.3	6.1	7.4	7.3	8.5	9.0	9.4	9.8	10.4	10.3
Changes in stocks	10.9	10.9	10.8	10.7	11.7	10.5	10.4	10.3	10.3	10.2	10.2	4.5
Gross domestic saving												
Central government	2.2	1.9	2.4	2.8	2.5	3.3	3.8	4.3	4.6	4.7	4.8	3.7
Nongovernment sector	17.8	15.3	17.2	12.0	14.3	12.5	12.8	11.9	12.0	12.7	12.5	13.0
Gross national saving												
Central government	12.4	10.0	12.1	8.2	11.6	13.0	10.9	10.5	10.9	11.9	12.6	12.7
Nongovernment sector	0.3	0.2	0.9	2.1	2.8	6.3	3.1	3.7	4.1	4.5	4.6	4.1
External sector												
Current account balance (including official transfers)	1.6	0.2	2.8	-0.7	1.2	2.3	-2.0	-3.6	-4.5	-4.7	-4.8	-4.6
Current account balance (excluding official transfers)	1.7	0.4	3.0	-1.5	-0.6	-1.7	-3.3	-4.9	-5.6	-5.9	-5.9	-5.5
Overall balance	-3.6	-4.0	-2.7	-0.8	-0.8	1.0	-3.1	-1.6	-1.4	-2.3	-1.3	-0.1
External public debt	72.4	73.4	71.4	70.1	66.8	58.5	57.4	55.6	54.0	52.4	50.5	3.5
Public external debt-service due before rescheduling (CFAF bilion)	524	447	396.5	332.8	364.2	434.3	373.9	333.9	331.7	312.1	266.2	54.0
Percent of exports of goods and services	13.2	10.1	8.3	8.5	7.2	8.0	7.3	6.2	5.7	5.0	4.0	0.8
Percent of government revenue	36.6	30.4	23.7	20.7	19.1	21.2	17.5	14.4	13.0	11.2	8.6	2.9
Memorandum items:												
Public debt in arrears (percent of GDP)	19.4	25.0	27.6	25.0	21.3	23.6	2.3	1.7	1.4	1.1	1.0	1.0
Domestic	6.4	5.7	5.4	3.5	1.6	3.1	2.3	1.7	1.4	1.1	1.0	1.0
External	13.0	19.4	22.1	21.5	19.7	20.6	0.0	0.0	0.0	0.0	0.0	0.0
Nominal GDP (CFAF billions)	8,178	8,631	9,081	9,487	10,103	10,238	10,709	11,550	12,538	13,654	14,905	17,770
Nominal exchange rate (CFAF/US\$, period average)	528	527	522	479	446	445	490	488	485	483	483	483
Nominal GDP at market prices (US\$ billions)	15.5	16.4	17.4	19.8	22.7	23.0	21.9	23.7	25.8	28.2	30.8	36.8
Population (million)	18.5	19.0	19.6	20.2	19.0	20.8	21.4	22.0	22.7	23.4	24.1	25.6
Population growth (percent)	5.1	2.7	3.0	3.0	1.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Nominal GDP per capita (CFAF thousands)	442	454	464	471	531	493	500.8	524.4	552.7	584.3	619.3	693.1
Nominal GDP per capita (US\$)	838	863	888	983	1190	1109	1023	1076	1139	1209	1281	1434
Real GDP per capita growth (percent)	-3.5	-0.8	-2.3	-1.4	1.4	-0.1	1.4	2.1	2.7	2.9	3.1	2.5

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

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

^{2/} Defined as total revenue minus total expenditure, excluding all interest and foreign-financed investment expenditure.

D. Governance Developments

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

17. **Since 2006, the government has made progress in strengthening public financial management (PFM) and procurement.** The government has reduced the practice of treasury advances (most importantly since early 2008) and stopped advanced payments at a discount of cocoa export taxes. Since the second half of 2007, the government has published (including on the internet) budget execution statements each quarter. It has also returned to timely preparation and adoption of the budget, and submitted in steps to the Chamber of Accounts the final draft budget execution laws for 2003–2006. In 2006, a new Procurement Code became effective which eliminates discriminatory procedures, increases competition, and establishes a regulatory framework to fight against corruption and fraud in public procurement.

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

19. **Producer incentives and governance in the cocoa/coffee sector have improved in the last two years, but big challenges remain to enhance the sector’s contribution to growth and poverty reduction.** This sector accounts for one quarter of Côte d’Ivoire’s exports and public revenues and 700,000 small holder families (4 million people) depend on it for much of their income and employment. Since 2006, the government has regularly reported to the Council of Ministers on the quasi-fiscal levies and their use by the sector’s agencies. A large part of the investment levies since early 2006 have been allocated to rural infrastructure and social projects under the supervision of an inter-ministerial committee.

E. Progress with Social Reforms

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

F. Reform Agenda

21. **The medium-term economic and social objectives of the government, as defined in its draft PRSP, are threefold: (i) maintain macroeconomic stability; (ii) promote rapid economic growth; and (iii) make progress toward the MDGs.** The draft PRSP includes efforts to restore peace and security and promote national reconciliation and full reunification of the country; restore basic infrastructure and social services; improve governance and transparency in budget and the cocoa/coffee and energy sectors; and fully normalize financial relations with creditors. Fiscal policy will focus on further fiscal consolidation to achieve debt sustainability, while creating fiscal space for poverty-reducing spending through revenue mobilization, cuts in non-priority spending and strengthened PFM.

22. **The government is undertaking reforms to address weaknesses in revenue mobilization and PFM.** These include: (i) improving tax and customs administration, especially in the CNW zones and regarding transit trade; (ii) enhancing the revenue contributions from the oil/gas subsector and petroleum product taxation; (iii) reducing tax exemptions; and (iv) ensuring that public enterprises transfer to the treasury all social contributions on wages. As regards PFM, the government is committed to implement a medium-term reform program based on the recommendations of the Public Expenditure Management and Financial Accountability Review (PEMFAR), carried out jointly by the World Bank, IMF, the AfDB Group and European Commission (EC) and completed in

June 2008. Key elements of this plan, which are supported by the above donors, include: (i) on *budget preparation and transparency*, enhancing the budget nomenclature and classification, consolidating public entities in the global budget and preparing an MTEF; (ii) on *budget execution*, shortening the lags in the cycle of approvals and processing through the Integrated Public Finance Management (SIGFIP) system; (iii) on *dissemination*, making the information on budget allocations and execution more easily available to the public; (iv) on *external controls*, enhancing the functioning of the Chamber of Accounts and reducing delays in its reviews of the budget execution laws; and (v) on *procurement*, separating procurement regulatory and execution functions and enhancing public information on procurement contracts and processes.

23. **The government is preparing—with World Bank support—a new comprehensive strategy for the cocoa/coffee sector, with a view to improving the sector’s contribution to growth and poverty reduction.** Two committees, formed in September 2008, are reviewing past reforms and audits of the sector and revisiting the role of the sector’s four agencies, with a view to formulating a new institutional and regulatory framework for the sector. As part of the strategy, the government intends to launch external audits of the four agencies, including their roles in the collection of quasi-fiscal levies. The government also plans to further reduce and incorporate into the budget all cocoa quasi-fiscal levies, while increasing transparency in their use. Actions will also be taken to increase competition in marketing in order to improve the farmers’ share of the world price.

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

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

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

the EITI, the government plans to meet the remaining indicators in the validation grid, including the publication and distribution of regular EITI Reports, starting with the 2006 report in early 2009. In the electricity sector, the government intends to adopt a letter of sector policy in 2008 outlining reforms to improve the sector's long-term efficiency and restore its financial viability. This plan will take into account the key recommendations of the just completed electricity sub-sector audit.

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

III. MEDIUM- TO LONG-TERM STRATEGY AND PROSPECTS

A. Macroeconomic Framework and Prospects

28. **After a catch-up period of somewhat higher growth in the period 2009-13, real GDP growth should stabilize at 5 percent.** This growth rate is a prudent projection, well below the averages of the 1994-99 pre-crisis period (6.6 percent per year) and of the 1960–80 boom years (6 percent a year) (Box 1). Short-term growth is expected to be strong, in spite of the global economic slowdown, assuming a consolidation of the peace process, successful elections, and the restoration of local investor confidence.

29. **Fiscal policies are expected to support macroeconomic stability and poverty reduction, while allowing progress towards the WAEMU convergence criteria.** A modest, gradual increase in revenues, an increase in foreign project financing on concessional terms, and a relative reduction in nonproductive spending should create the fiscal space for poverty-reducing spending.

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

Box 1. Key Macroeconomic Assumptions Underlying the DRA

Real GDP growth is projected to average about 5 percent over the period 2009-27. Real output growth should reach 6 percent by 2012-13 (from 2.9 percent in 2008) as capacity utilization in industry returns to normal and private investment recovers, while oil output plateaus in 2011. Over the longer term, real output growth is expected to stabilize at 5 percent as productivity and investment would return to their pre-crisis growth path. The medium and longer-term scenario is also contingent on further stabilization of the security and political situation, and progress in structural reforms.

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

Fiscal policy aims at further fiscal consolidation and prudent debt management. The government plans continued primary basic surpluses of around 1 percent of GDP in the medium term, which would allow a gradual reduction in total public debt in line with WAEMU convergence criteria. Fiscal space for pro-poor spending should come from a modest increase in the revenue/GDP ratio, containing the wage bill in line with the WAEMU criterion, and reducing nonproductive spending. Fiscal revenues (excluding grants) are projected to stabilize at about 20½ percent of GDP by 2013, from 19.2 percent during 2006-08. Government expenditures are projected to increase to 24 percent of GDP by 2012, from 21 percent during 2006-08. The wage bill would stabilize at 6½ percent of GDP from 2012, dropping close to the WAEMU criterion of 35 percent of revenue. Capital spending would stabilize at 7 percent of GDP in 2013 (from 2.9 percent in 2007)—in part reflecting increased foreign-financed investment.

External financing. External grants, mainly for projects, are expected to stay at their current level of 1 percent of GDP over the period. Project loans are expected to gradually increase from ½ percent of GDP in 2007 to 2.3 percent in 2012 and stabilize thereafter. The residual external financing need is assumed to be covered by multilateral and bilateral creditors (average grant element of 47 and 35 percent, respectively), and any residual by domestic/WAEMU financing.

The external current account deficit (excluding official transfers) is expected to increase from 1½ percent of GDP in 2007-08 to a peak of 6 percent in 2012 and stabilize at about 5½ percent thereafter. Exports of goods and nonfactor services, mostly in agriculture and mining, are expected to increase on average by about 6.7 percent annually in volume terms over the projected horizon, with a temporary slowdown around 2010-11 as oil production peaks. Import volumes are expected to grow faster (by an average of 5.3 percent during 2009-13), driven by investment, and to stabilize at 5 percent thereafter.

B. The Government's Poverty Reduction Strategy

31. **The government is preparing a full PRSP (expected to be completed in December 2008), drawing on the 2002 Interim Poverty Reduction Strategy Paper (I-PRSP).** Translation of this interim strategy into a full poverty reduction strategy could not take place due to conflict that erupted in September 2002 and the crisis that ensued. Ten regional consultations have taken place with local governments and the population at large to assess their perception of poverty levels and the impact of the crisis as well as learn about their main challenges and possible ways to address them. A technical workshop is also planned to validate the draft PRSP. A household budget survey was launched in May 2008 and its results are reflected in the poverty reduction strategy.

32. **The broad objectives of the government's post-conflict program** as detailed in the draft PRSP focus on: (i) implementing the key elements of the Ouagadougou Accord to restore peace and security and promote national reconciliation and reunification of the country; (ii) restoring basic infrastructure and social services in the country; and (iii) implementing key measures to improve governance and transparency in public expenditure management, and in the energy and cocoa/coffee sectors.

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

A. Debt Reconciliation Status

33. **The preliminary DRA below was prepared jointly by the authorities and the Bank and IMF staffs.** It draws on data provided by the authorities and creditors for the public and publicly guaranteed external (PPG) debt disbursed and outstanding as of end-December 2007. The reconciliation covering almost 100 percent of multilateral, bilateral and commercial debt was completed in May 2008.⁸ The successful reconciliation was facilitated by good record keeping by the Directorate of Public Debt at the Ministry of Finance.

B. Structure of External Debt

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

35. **Arrears on Côte d'Ivoire's PPG external debt at end-December 2007 amounted to US\$5.2 billion, or approximately one-third of all PPG external debt.** This included arrears to the World Bank Group (US\$508.1 million) and the AfDB Group (US\$536.3 million) as well as other multilateral creditors. Arrears to the World Bank Group have been subsequently cleared (see para. 36) while AfDB Group arrears are expected to be cleared in early-December 2008 (see para. 37).

C. Arrears Clearance Strategy

36. **Arrears to the World Bank Group were cleared in April 2008 through a bridge loan provided by a bilateral donor.**⁹ Côte d'Ivoire then used the proceeds of a development policy operation (the Economic Governance and Recovery Grant) to repay the

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

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

bridge loan. This operation was financed with an exceptional allocation of IDA resources, provided on grant terms.

37. **Arrears to the AfDB Group are expected to be cleared in early-December 2008 through an operation under the framework for assisting fragile states.** Grants amounting to two-thirds of the amount of the arrears would be provided by the AfDB Group under its Fragile States Facility (FSF) while the remaining one-third would be financed by Côte d'Ivoire. Shortly after the arrears clearance, the AfDB Group would disburse new budget support under the FSF.

38. **In the context of a PRGF arrangement (prior to reaching the HIPC decision point), Côte d'Ivoire must conclude agreements to clear remaining arrears with the other multilateral creditors.** Proposals to clear arrears of US\$61.7 million to the EIB and EU are under consideration. At end-December 2007, Côte d'Ivoire's arrears to BOAD and FAGACE amounted to US\$2.0 million and US\$0.8 million, respectively. Arrears to BOAD were subsequently cleared in March 2008.

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

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

D. Possible HIPC Initiative Assistance

41. **Côte d'Ivoire's debt in NPV terms, after full application of traditional debt relief mechanisms, is an estimated US\$12,759.3 million as of end-2007 (Table A2).** This is equivalent to 327.0 percent of government revenue, when excluding one-off revenue related to toxic waste damage compensation (Box 2). Côte d'Ivoire would thus qualify for debt relief under the HIPC Initiative's "fiscal window", based on end-2007 data, having an NPV of-debt-to-revenue ratio greater than the 250 percent threshold.^{11,12} The country also meets

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

¹¹ In April 1997, the fiscal revenues/openness criterion was established to allow for countries that continued to have an unsustainable external debt burden relative to fiscal revenues despite reaching the debt-to-export target. In order to qualify for this window, the country must have an export-to-GDP ratio of at least 30 percent, and a fiscal revenues-to-GDP ratio of at least 15 percent, using an average of the last three years of actual data. See "Modifications to the Heavily Indebted Poor Countries (HIPC) Initiative," July 23, 1999.

the two sub-criteria under the “fiscal window” –its export-to-GDP ratio is 44.8 percent (above the 30 percent threshold) and the fiscal revenues-to-GDP ratio is 18.9 percent (above the 15 percent threshold).

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

Box 2. Revenue Corrected for Toxic Waste Damage Compensation

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

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

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

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

- **The World Bank Group’s share of HIPC debt relief is estimated at US\$402.3 million in NPV terms.** Of this, US\$270.5 million has already been provided through the clearance of IDA and IBRD arrears. It is assumed that interim relief to be provided by the World Bank Group will be entirely on IBRD debt outstanding. IBRD net income transfers may not be used to provide debt relief on IBRD debt. Accordingly, during the interim period, assistance will be funded by donor contributions to the HIPC window of the Debt Relief Trust Fund, to the extent available for IBRD, or directly to IDA and assistance would take the form of

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

supplemental HIPC debt relief grants from IDA. Such resources will be used to cover 50 percent of the debt service owed to IBRD during the interim period (subject to the ceiling of one-third of total debt relief to be provided on NPV terms).¹³ At the assumed completion point, given that IBRD loans are expected to be fully repaid, the remaining share of HIPC assistance from the World Bank Group would be provided on IDA credits. In total, the nominal HIPC debt relief provided by the World Bank Group during the interim period and after the completion point is estimated at US\$155.8 million. The details of World Bank Group's assistance are presented in Table A8.

- **IMF** assistance would total US\$37.7 million in NPV terms. Of this, US\$22.6 million would be provided during the interim period while the remaining US\$15.1 million would be provided after completion point. Following the approval of the decision point by the Boards of the IDA and the IMF, it is expected that the IMF will extend interim assistance in the form of reduction of debt service during the interim period (subject to a ceiling of 60 percent of total HIPC debt relief in NPV terms to be provided by the IMF). The details of IMF's anticipated assistance are presented in Table A9.
- **AfDB Group's share of US\$199.5 million** in HIPC assistance would have been fully delivered through the arrears clearance operation.
- **Assistance provided by all other multilateral creditors** would total US\$54.8 million in NPV terms. While EIB/EU would provide HIPC debt relief through arrears clearance, all other multilaterals are assumed to clear arrears on non-concessional terms and are expected to provide HIPC assistance through reduction in future debt service payments.
- **Paris Club bilateral creditors** are assumed to provide their share of HIPC debt relief (US\$1,280.6 million in NPV terms) through a flow treatment on Cologne terms—i.e., a 90 percent NPV reduction on eligible debt—after reaching the decision point, with delivery of the remaining required assistance at the completion point through a stock-of-debt operation. Comparable treatment is assumed to be provided by **non-Paris Club official bilateral creditors** and by **commercial creditors** (delivery of US\$1,030.0 million in NPV terms of required assistance under the HIPC Initiative). In 1998 and 2002, official bilateral and commercial creditors went beyond traditional debt relief as part of a broader debt reduction package for the country (see Annex I). As noted above, in the HIPC calculation, these creditors are fully compensated for provision of debt relief in excess of traditional mechanisms.

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

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

44. **This analysis assumes annual economic growth of 5 percent (see Box 1).** It also assumes the continuation of sound macroeconomic policies, including maintaining fiscal prudence while increasing revenues, ensuring adequate levels of poverty-reduction spending, and seeking concessional external financing.

45. On the basis of the assumptions detailed in Box 1 and assuming the unconditional delivery of HIPC Initiative assistance, **Côte d'Ivoire's NPV of debt to revenue ratio is expected to decline from 250 percent as of end-2007 (assuming unconditional HIPC assistance) to approximately 52 percent by 2027 (Figure 2).** This ratio would consistently remain below the threshold level through the projection period. The debt service to exports ratio is expected to increase immediately after the completion point—on account of additional debt service on rescheduled or refinanced debt with relatively short maturities—and to start declining a few years later.

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

46. **On reaching the completion point under the HIPC Initiative, Côte d'Ivoire would qualify for MDRI debt relief from IDA, IMF and AfDF.** MDRI relief from IDA would include all debt outstanding and disbursed before end-2003 and still outstanding at the beginning of the quarter following the date on which the country reaches completion point. In the case of Côte d'Ivoire, there would be full relief of all debt service payments to IDA following completion point. The IMF would provide, under the MDRI, 100 percent debt relief on all debt disbursed prior to end-2004 and still outstanding at the completion point after provision of HIPC assistance. MDRI assistance from AfDF would include cancellation of all debt outstanding and disbursed before end-2004 and still outstanding on the day following completion point.

47. **Assuming that Côte d'Ivoire reaches the completion point in December 2011, preliminary estimates indicate that MDRI relief could amount to US\$2,053 million in nominal terms.** Of this amount, US\$1,732.1 million would be provided by IDA, US\$311.6 million by the AfDF, and US\$9.3 million by the IMF. After the completion point, Côte d'Ivoire's NPV of debt-to-revenue ratio would fall significantly, remaining below 55 percent post 2019 (Figure 2).¹⁴

G. Sensitivity Analysis

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

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

49. **The first scenario highlights the sensitivity of debt indicators to lower cocoa prices.** A 30 percent reduction in cocoa prices is assumed from 2009 onwards. Compared with the baseline scenario, this sensitivity shows a gradual but limited deterioration in the NPV of debt-to-revenue and debt service-to-exports ratio.

50. **The second scenario considers the sensitivity of debt and debt service indicators to lower real GDP growth.** A uniform shock among sectors resulting in a lower real GDP growth by 2 percentage points is considered from 2009 onward. This shock results in deterioration in the NPV of debt to revenues. While this ratio declines from 190.2 percent in 2009 to 80.5 percent in 2018 (although less than in the baseline), it starts to increase from 2019, reaching 112.6 percent by 2027.

V. THE DECISION AND FLOATING COMPLETION POINTS

A. Possible Decision Point Timing

51. **Provided performance under the EPCA through end-2008 is satisfactory, Côte d'Ivoire could reach the HIPC decision point in early 2009,** at the same time as presentation to the IMF Board of a three-year PRGF arrangement. However, there are uncertainties around policy implementation which could delay the decision point and the start of a PRGF arrangement.

B. Possible Triggers for the Floating Completion Point

52. **As outlined in Sections II and III, a program of key economic, governance and structural reforms would support the peace process and development in Côte d'Ivoire.** The IDA and IMF staffs and the authorities have reached preliminary understandings on the major areas to be covered by the HIPC completion point triggers (see Box 3). Besides the standard triggers regarding the preparation and implementation of the full PRSP and the maintenance of macroeconomic stability, the triggers would focus on reforms and good governance in public resource management, which is crucial for the adequate use of HIPC debt relief for poverty reduction (see Section II.D). In the budget area, the triggers aim at enhancing transparency in budget execution and reporting, including on poverty reducing spending. In the mining, oil and gas sectors, improved reporting on financial flows from extraction—including through the EITI initiative—should help increase revenues and transparency in their use and over time help increase the sector's efficiency. In the cocoa/coffee sector, reduction in the overall taxation of cocoa exports and reform of the institutional framework should help improve the efficiency of the sector and the living standards of the many Ivorian households dependent on these crops. There are also triggers aimed to improve social sector performance and debt management.

C. Monitoring Public Spending Following Provision of HIPC Assistance

53. **Securing the effective use of public spending for pro-poor growth is a key objective of the HIPC Initiative.** The authorities are committed to strengthen their ongoing efforts to improve the programming, management and control of public expenditures and to improve service delivery in key sectors, as discussed in section II.F. Within this framework, the technical assistance provided or planned by IDA, the IMF, the AfDB Group and other donors will be important to strengthen budget management capacity.

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

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

PRSP

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

Macroeconomic stability

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

Public Financial Management

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

Social Sectors

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

Debt Management

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

Governance

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

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

Education

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

Health

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

Water supply and sanitation

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

Feeder and other rural roads

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

Rural development and food security

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

Rural electrification

- Nationwide improvement in the rural electrification network.

VI. ISSUES FOR DISCUSSION

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

- **Eligibility:** Do Directors agree that Côte d'Ivoire is eligible for assistance under the enhanced HIPC Initiative? Do Directors agree that Côte d'Ivoire' revenues should be corrected for toxic waste damage compensation for the purpose of HIPC calculations?
- **Timing of the decision point:** Do Directors agree with the staffs' recommendation that Côte d'Ivoire could reach its decision point by early 2009 provided that it: (i) has a satisfactory track record of policy implementation under its EPCA-supported program; (ii) has in place a poverty reduction strategy; (iii) agrees on appropriate completion point triggers; and (iv) in the context of a new PRGF arrangement, clears

its outstanding arrears with multilateral creditors or reaches an agreement to clear them during the program period?

- **Floating completion point:** What are Directors' views on staffs' recommendations on possible triggers against which satisfactory performance would be measured for the floating completion point?

Annex I. Côte d'Ivoire—Status of Recent Debt Rescheduling Agreements

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

Paris Club

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

3. The 1998 agreement on Lyon terms was in support of the three-year ESAF program and part of a broader debt reduction package under the HIPC Initiative. It covered some US\$1.4 billion in debt service falling due from April 1, 1998 to March 31, 2001. ODA arrears and current maturities were rescheduled over 40 years, with 16 years grace, and interest rate at least as favorable as the original concessional terms. Pre-cutoff date non-ODA debt arrears and current maturities were rescheduled either under the debt-reduction option (cancellation of 80 percent and the remainder rescheduled at market interest rates with 23 years maturity and six years grace) or under the debt-service-reduction option (reduced interest rates, 40 years maturity, eight years grace). Debt swaps were also allowed.

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

London Club

5. Following two conventional restructuring agreements in 1985 and 1986, on March 31, 1998, Côte d'Ivoire signed a third agreement on Brady terms, which called for a reduction of 75.86 percent in NPV terms and the remainder to be refinanced by issuing Brady bonds in US\$ and French francs. The total restructured debt amounted to US\$2.4 billion, including the equivalent (at March 31, 1998 exchange rates) of US\$1,484 million in Front Loaded Interest Reduction Bonds (FLIRBs) with 20 years maturity and 10 years grace,

US\$917 million in Past Due Interest Bonds (PDI) with 20 years maturity and no grace period, and of US\$71 million in Discount Bonds (DB) with a 50 percent discount and a 30 year balloon maturity. These bonds fell into default in September 2000, and at end-2007, arrears had reached US\$668 million. On March 24 2006, Côte d'Ivoire entered into a tolling agreement with the London Club, which acknowledged the amounts outstanding and waived the statute of limitation benefits and defense under New York State law, which governs the Brady bonds.

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

(Nominal stock: \$14.3 billion)

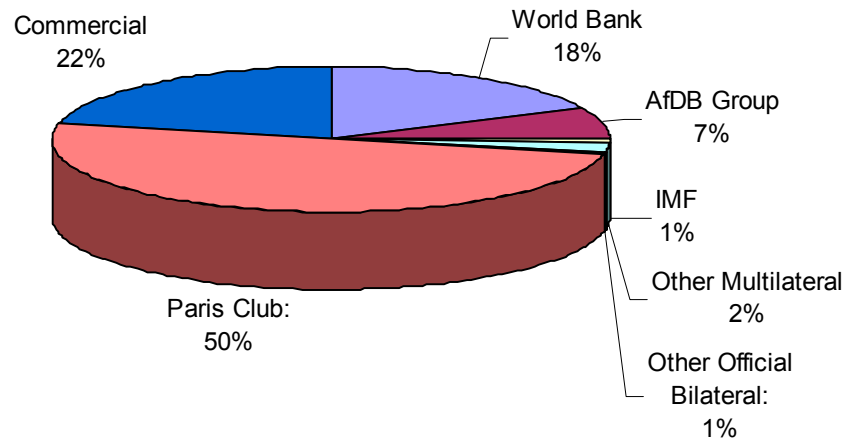
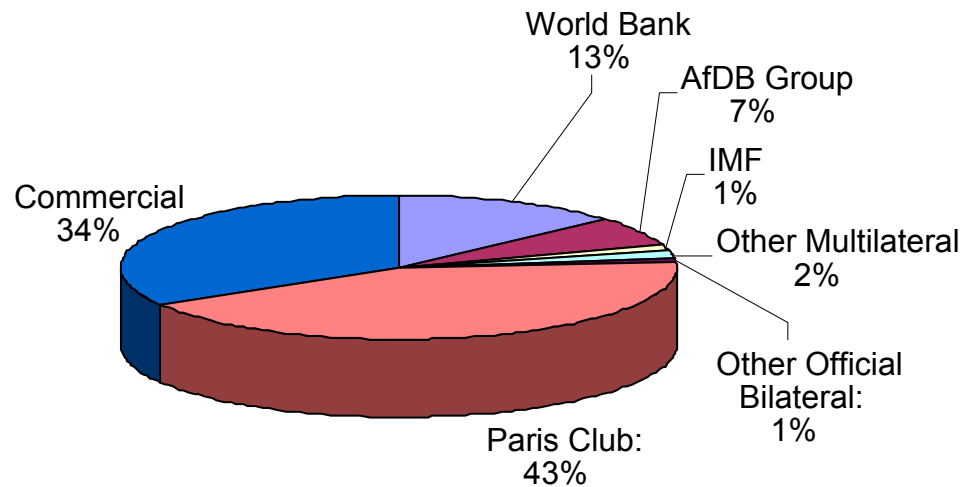


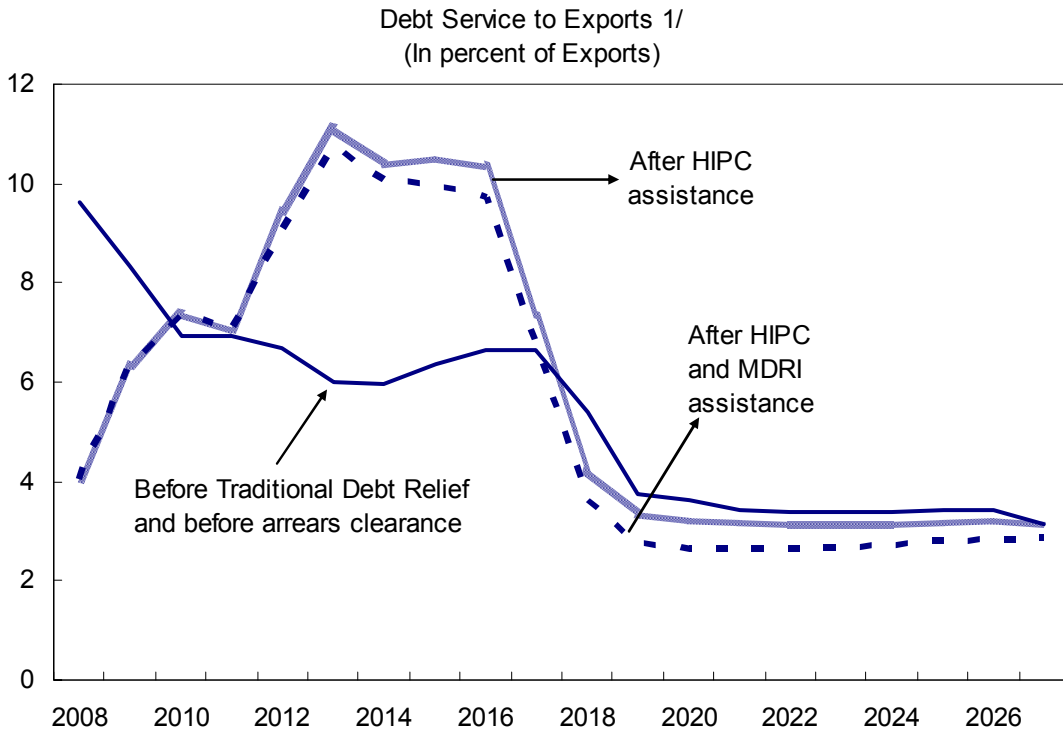
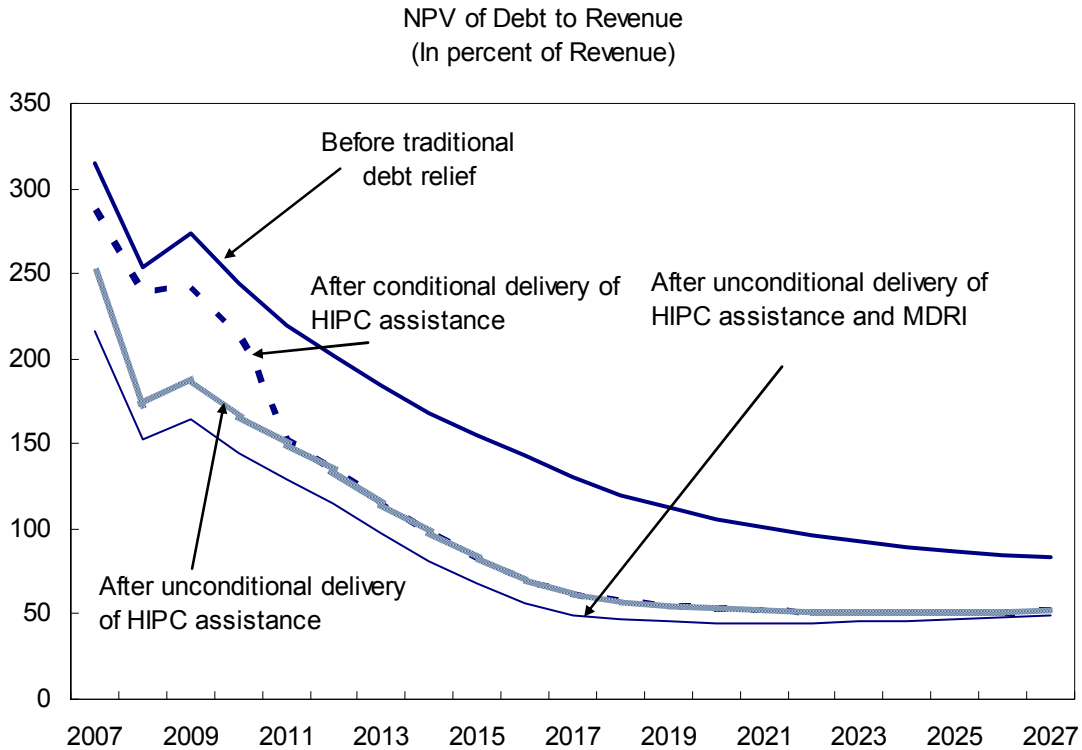
Figure 1B. Côte d'Ivoire: Potential Costs of the HIPC Initiative by Creditor group

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



Sources: Ivorien authorities and staff estimates.

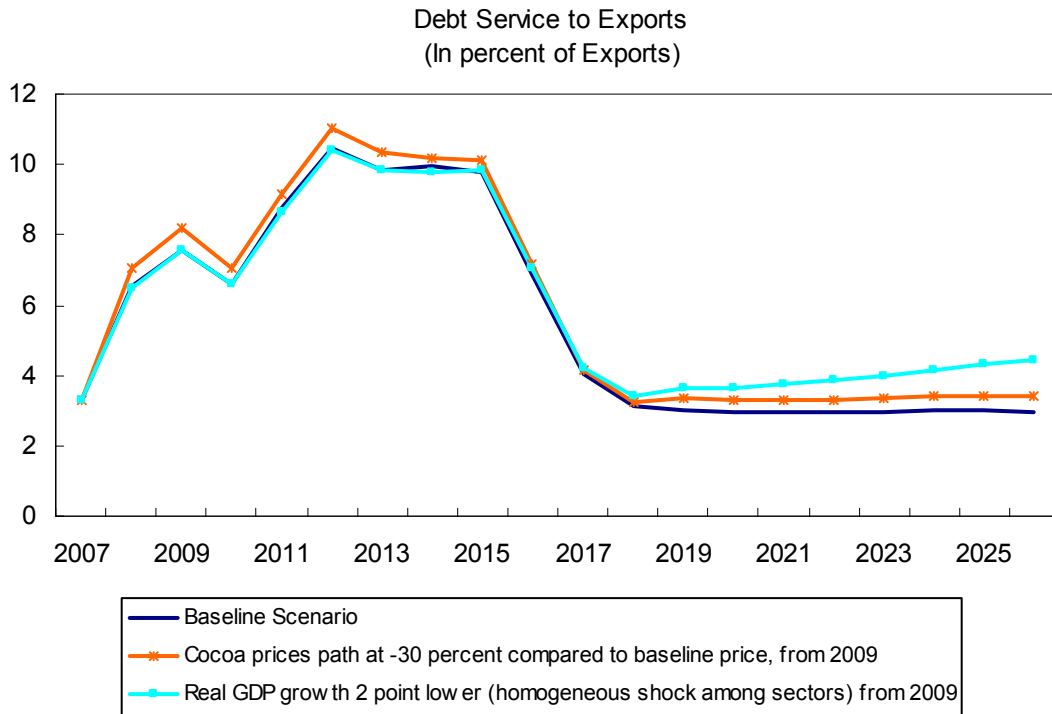
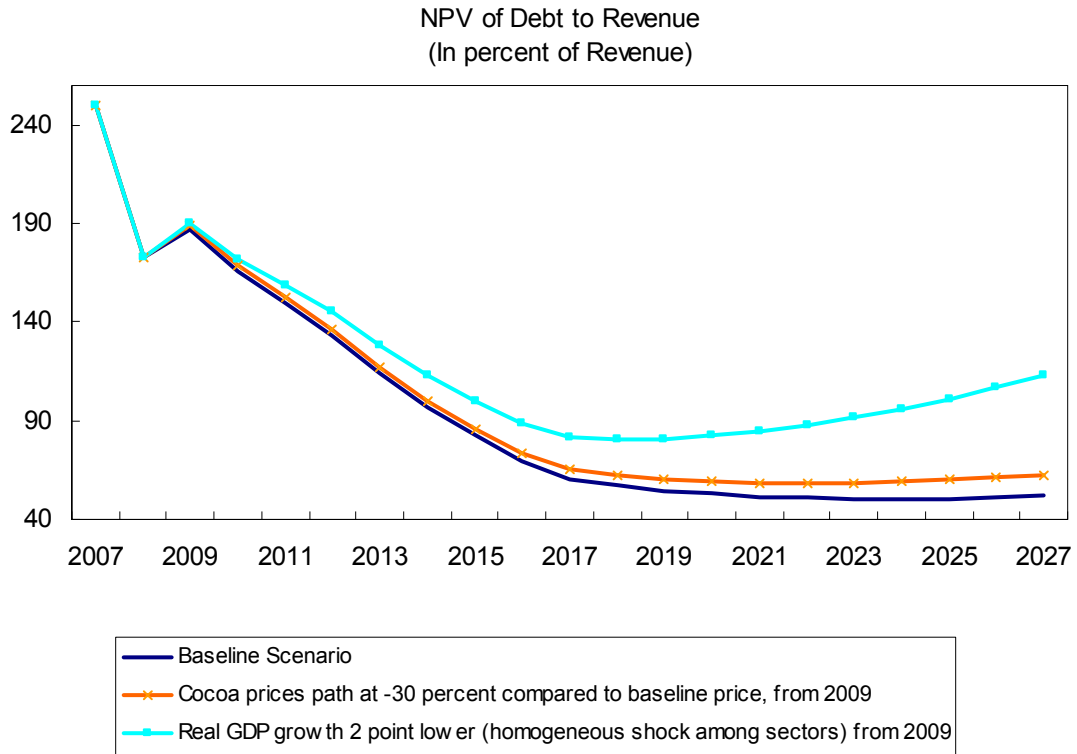
Figure 2. Côte d'Ivoire: External Debt Burden Indicators, 2007-2027



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

Sources: Ivorian authorities and staff estimates.

Figure 3. Côte d'Ivoire: Sensitivity Analysis, 2007-2027



Sources: Ivorian authorities and staff estimates.

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

	Legal Situation						Base Situation for Calculation of HIPC Debt Relief 2/	
	Nominal Debt Stock 1/		Arrears Stock		NPV of Debt 1/		NPV of Debt	
	US\$ million	Percent of total	US\$ million	Percent of total	US\$ million	Percent of total	US\$ million	Percent of total
Total	14,293.5	100.0	5,154.2	100.0	12,282.8	100.0	12,759.3	100.0
Multilateral	3,973.1	27.8	1,114.3	21.6	2,948.2	24.0	2,948.2	23.1
World Bank	2,523.1	17.7	508.1	9.9	1,708.2	13.9	1,708.2	13.4
IDA	1,970.9	13.8	127.0	2.5	1,160.5	9.4	1,160.5	9.1
IBRD	552.1	3.9	381.2	7.4	547.8	4.5	547.8	4.3
AfDB Group	1,001.1	7.0	536.3	10.4	847.2	6.9	847.2	6.6
AfDB	711.0	5.0	523.2	10.2	715.9	5.8	715.9	5.6
AfDF	290.2	2.0	13.1	0.3	131.3	1.1	131.3	1.0
IMF	173.5	1.2	-	0.0	160.1	1.3	160.1	1.3
EIB	133.2	0.9	67.1	1.3	114.8	0.9	114.8	0.9
BOAD	38.0	0.3	2.0	0.0	33.9	0.3	33.9	0.3
OFID	14.0	0.1	0.0	0.0	10.8	0.1	10.8	0.1
CEDEAO/ECOWAS	18.6	0.1	-	0.0	16.4	0.1	16.4	0.1
UEMOA/WAEMU	40.6	0.3	-	0.0	35.9	0.3	35.9	0.3
BADEA	9.7	0.1	-	0.0	7.2	0.1	7.2	0.1
FAGACE	2.5	0.0	0.8	0.0	2.4	0.0	2.4	0.0
IDB	4.4	0.0	-	0.0	3.0	0.0	3.0	0.0
IFAD	14.5	0.1	-	0.0	8.3	0.1	8.3	0.1
Bilateral and Commercial	10,320.4	72.2	4,039.9	78.4	9,334.6	76.0	9,811.1	76.9
Bilateral	7,246.8	50.7	3,365.0	65.3	6,407.5	52.2	5,508.9	43.2
Paris Club:	7,169.7	50.2	3,364.6	65.3	6,352.8	51.7	5,437.6	42.6
Post-cutoff date	2,107.2	14.7	546.0	10.6	1,540.5	12.5	1,499.6	138.3
ODA	584.6	4.1	148.1	2.9	524.6	4.3	516.2	84.6
Non-ODA	1,522.6	10.7	397.9	7.7	1,015.9	8.3	983.4	53.7
Pre-cutoff date	5,062.5	35.4	2,818.6	54.7	4,812.3	39.2	3,938.0	30.9
ODA	3,312.5	23.2	1,990.1	38.6	3,109.1	25.3	2,915.5	22.8
Non-ODA	1,750.0	12.2	828.5	16.1	1,703.2	13.9	1,022.6	8.0
Austria	127.3	0.9	24.8	0.5	67.2	0.5	44.6	0.3
Belgium	313.6	2.2	61.7	1.2	220.0	1.8	108.2	0.8
Brazil	8.6	0.1	3.1	0.1	6.0	0.0	10.9	0.1
Canada	158.6	1.1	68.1	1.3	127.9	1.0	117.5	0.9
France	4,523.1	31.6	2,472.6	48.0	4,270.8	34.8	3,855.7	30.2
Germany	574.5	4.0	141.5	2.7	422.2	3.4	327.8	2.6
Italy	122.6	0.9	39.2	0.8	89.7	0.7	57.1	0.4
Japan	167.1	1.2	66.7	1.3	166.1	1.4	161.4	1.3
Netherlands	165.1	1.2	76.2	1.5	170.6	1.4	130.3	1.0
Norway	33.4	0.2	13.2	0.3	25.9	0.2	24.3	0.2
Spain	461.2	3.2	149.5	2.9	301.1	2.5	240.3	1.9
Switzerland	4.8	0.0	4.8	0.1	4.8	0.0	4.7	0.0
United Kingdom	90.1	0.6	62.1	1.2	82.0	0.7	68.3	0.5
United States	419.9	2.9	181.1	3.5	398.6	3.2	286.7	2.2
Other Official Bilateral:	77.1	0.5	0.4	0.0	54.7	0.4	71.3	0.6
China	50.3	0.4	0.4	0.0	36.2	0.3	52.7	0.4
India	26.7	0.2	-	0.0	18.4	0.2	18.4	0.1
Kuwait	0.1	0.0	-	0.0	0.1	0.0	0.1	0.0
Commercial	3,073.6	21.5	674.9	13.1	2,927.1	23.8	4,302.2	33.7
BNP Luxembourg	2,898.5	20.3	667.9	13.0	2,752.5	22.4	4,127.7	32.4
Hopitaux De France	4.5	0.0	4.5	0.1	4.5	0.0	4.5	0.0
Iran Khodro Diesel	6.5	0.0	-	0.0	7.1	0.1	7.1	0.1
RATP	0.8	0.0	0.8	0.0	0.8	0.0	0.8	0.0
Renault Vehicule Industriel	1.6	0.0	1.6	0.0	1.6	0.0	1.6	0.0
Standard Bank	161.7	1.1	-	0.0	160.6	1.3	160.6	1.3

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

1/ Includes arrears.

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

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

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

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

Table A2. Côte d'Ivoire: HIPC Initiative Assistance Under a Proportional Burden-Sharing Approach 1/ 2/
(In millions of U.S. dollars, unless otherwise indicated)

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

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

1/ The proportional burden sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches" (www.imf.org).

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

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

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

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

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

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

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

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

1/ The discount rates used are the average commercial interest reference rates over the six-month period prior to end-December 2007, i.e., the end of the period for which actual debt and export data are available.

2/ The exchange rates are expressed as national currency per U.S. dollar at end-December 2007.

Table A4. Côte d'Ivoire: External Debt Service, 2008–2027 1/
(in millions of U.S. dollars, unless otherwise indicated)

	2008	2009	2010	2011	2012	2017	2022	2027	Averages	
									2008-2017	2018-2027
Before traditional debt relief and before arrears clearance										
Total	893.2	806.4	704.7	688.1	713.2	959.5	661.1	827.7	791.0	726.7
Existing debt 2/	893.2	800.4	693.2	669.8	669.5	692.8	227.1	131.3	702.3	249.6
Multilateral	268.0	227.8	142.7	123.8	122.3	100.6	107.2	75.6	140.0	101.5
Official bilateral	351.4	321.1	291.5	289.2	287.3	239.5	115.2	51.1	278.9	126.8
Commercial	273.8	251.5	259.0	256.8	259.9	352.8	4.7	4.7	283.4	21.4
New debt	0.0	5.9	11.5	18.3	43.7	266.7	434.1	696.4	88.7	477.1
Debt service to exports ratio	9.6	8.4	6.9	6.9	6.7	6.6	3.4	3.1	7.0	3.6
Debt service to revenue ratio	18.9	18.9	14.8	13.1	12.3	10.7	4.9	4.1	13.2	5.2
After traditional debt relief and multilateral arrears clearance 3/ 4/										
Total	998.9	910.0	805.7	809.7	1,365.8	897.9	750.1	975.4	1,126.1	806.0
Existing debt	998.9	904.1	794.2	791.4	1,322.0	631.2	316.0	279.0	1,037.4	328.9
Multilateral	268.0	227.8	142.7	123.8	122.3	100.6	107.2	75.6	140.0	101.5
Official bilateral	420.2	387.9	355.6	373.9	771.1	177.9	204.2	198.7	522.3	206.1
Commercial	310.7	288.4	295.9	293.7	428.7	352.8	4.7	4.7	375.1	21.4
New debt	0.0	5.9	11.5	18.3	43.7	266.7	434.1	696.4	88.7	477.1
Debt service to exports ratio	10.8	9.4	7.9	8.1	12.8	6.2	3.9	3.7	9.9	4.0
Debt service to revenue ratio	21.2	21.3	16.9	15.4	23.6	10.0	5.5	4.9	18.4	5.7
After HIPC assistance 5/										
Total	375.7	608.6	750.8	701.9	1,009.0	1,057.6	610.6	827.9	980.3	664.0
Existing debt 2/	375.7	602.7	739.3	683.6	965.2	790.9	176.5	131.6	891.6	186.9
Multilateral	268.0	185.2	118.6	111.6	84.2	94.6	106.1	74.9	117.6	100.0
Official bilateral	0.5	243.9	310.1	263.6	476.6	264.0	65.8	52.0	395.8	65.6
Commercial	107.2	173.6	310.7	308.5	404.4	432.3	4.7	4.7	378.1	21.4
New debt	0.0	5.9	11.5	18.3	43.7	266.7	434.1	696.4	88.7	477.1
Debt service to exports ratio after HIPC assistance	4.0	6.3	7.4	7.0	9.4	7.3	3.1	3.2	8.4	3.3
Debt service to revenue ratio after HIPC assistance	8.0	14.2	15.8	13.4	17.4	11.8	4.5	4.1	15.3	4.7
Reduction in debt service as a result of HIPC Initiative assistance 6/										
	...	301.4	54.9	107.8	356.8	-159.7	139.6	147.4	92.8	142.0
After HIPC and MDRI assistance 7/										
Total	375.7	608.6	750.8	701.9	969.9	966.4	509.3	755.5	943.3	568.2
Existing debt 6/	375.7	602.7	739.3	683.6	926.2	699.7	75.2	59.1	854.6	91.1
Multilateral	268.0	185.2	118.6	111.6	45.2	3.4	4.8	2.4	80.7	4.2
Official bilateral	0.5	243.9	310.1	263.6	476.6	264.0	65.8	52.0	395.8	65.6
Commercial	107.2	173.6	310.7	308.5	404.4	432.3	4.7	4.7	378.1	21.4
New debt	0.0	5.9	11.5	18.3	43.7	266.7	434.1	696.4	88.7	477.1
Debt service to exports ratio after HIPC and MDRI assistance	4.0	6.3	7.4	7.0	9.1	6.7	2.6	2.9	8.1	2.8
Debt service to revenue ratio after HIPC and MDRI assistance	8.0	14.2	15.8	13.4	16.8	10.8	3.8	3.8	14.8	4.0
Reduction in debt service as a result of MDRI assistance										
	0.0	0.0	0.0	0.0	39.0	91.2	101.3	72.4	36.9	95.8
Memorandum items:										
Exports of goods and nonfactor services 8/	9,291.5	9,652.3	10,203.6	9,960.7	10,700.9	14,463.0	19,450.2	26,283.4	11,443.6	20,354.5
Government revenues 9/	4,719.4	4,271.6	4,759.0	5,250.8	5,783.5	8,980.7	13,528.8	20,047.9	6,305.2	14,415.9

Sources: Ivorian authorities and staff estimates and projections.

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

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

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

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

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

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

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

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

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

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

	2007	2008	2009	2010	2011	2012	2017	2022	2027	Averages	
										2007-2017	2018-2027
I. Before traditional debt-relief and before arrears clearance											
NPV of total debt	12,282.8	11,996.1	11,697.8	11,605.7	11,556.7	11,661.8	11,673.3	13,064.9	16,692.2	11,782.4	13,669.1
NPV of outstanding debt	12,282.8	11,996.1	11,442.0	11,124.8	10,798.8	10,463.0	8,461.6	7,881.8	7,595.4	10,438.9	7,847.2
Official bilateral and commercial	9,334.6	8,993.5	8,686.8	8,385.7	8,073.0	7,742.2	5,761.5	5,193.8	4,914.9	7,672.5	5,159.4
Multilateral	2,948.2	3,002.6	2,755.2	2,739.1	2,725.8	2,720.8	2,700.1	2,688.0	2,680.5	2,766.4	2,687.7
NPV of new borrowing	0.0	0.0	255.8	480.9	758.0	1198.8	3211.7	5183.1	9096.8	1,343.5	5,821.9
II. After traditional debt relief and multilateral arrears clearance 1/ 2/											
NPV of total debt	11,152.8	9,753.7	9,375.6	9,293.4	9,249.6	8,821.8	6,833.8	7,994.8	10,928.3	8,643.4	8,487.7
NPV of outstanding debt	11,152.8	9,753.7	9,119.8	8,812.5	8,491.6	7,622.9	3,622.1	2,811.6	1,831.5	7,299.9	2,665.8
Official bilateral and commercial	8,204.6	7,913.1	7,660.5	7,419.2	7,148.8	6,331.7	2,526.0	1,979.7	1,301.8	5,830.6	1,871.8
Multilateral	2,948.2	1,840.7	1,459.3	1,393.3	1,342.8	1,291.2	1,096.1	831.9	529.7	1,469.3	793.9
NPV of new borrowing	0.0	0.0	255.8	480.9	758.0	1198.8	3211.7	5183.1	9096.8	1,343.5	5,821.9
III. After conditional delivery of enhanced HIPC assistance 4/											
NPV of total debt	11,244.1	11,272.3	10,345.6	10,226.6	7,979.3	7,824.7	5,454.3	6,877.1	10,360.4	8,232.6	7,462.3
NPV of outstanding debt	11,244.1	11,272.3	10,089.8	9,745.7	7,221.3	6,625.8	2,242.7	1,693.9	1,263.6	6,889.1	1,640.4
Official bilateral and commercial	9,335.8	9,504.1	8,649.3	8,356.3	5,878.5	5,334.6	1,146.5	862.0	733.9	5,523.0	846.5
Multilateral	1,908.3	1,768.2	1,440.5	1,389.5	1,342.8	1,291.2	1,096.1	831.9	529.7	1,366.1	793.9
NPV of new borrowing	0.0	0.0	255.8	480.9	758.0	1198.8	3211.7	5183.1	9096.8	1,343.5	5,821.9
IV. After unconditional delivery of enhanced HIPC assistance 5/											
NPV of total debt	9,754.4	8,139.7	8,007.8	7,899.2	7,858.7	7,735.1	5,444.2	6,872.0	10,358.6	7,358.8	7,457.4
NPV of outstanding debt	9,754.4	8,139.7	7,752.1	7,418.3	7,100.7	6,536.2	2,232.5	1,688.9	1,261.8	6,015.3	1,635.5
Official bilateral and commercial	7,500.5	6,490.4	6,420.4	6,143.3	5,878.5	5,334.6	1,146.5	862.0	733.9	4,678.4	846.5
Multilateral	2,253.9	1,649.2	1,331.7	1,274.9	1,222.2	1,201.7	1,086.0	826.9	527.9	1,336.9	789.0
NPV of new borrowing 8/	0.0	0.0	255.8	480.9	758.0	1,198.8	3,211.7	5,183.1	9,096.8	1,343.5	5,821.9
V. After conditional delivery of enhanced HIPC and MDRI assistance 4/ 6/											
NPV of total debt	10,284.8	10,262.5	9,290.6	9,116.1	6,810.3	6,666.9	4,407.1	6,068.6	9,837.2	7,143.9	6,691.0
NPV of outstanding debt	10,284.8	10,262.5	9,034.9	8,635.2	6,052.3	5,468.1	1,195.4	885.5	740.4	5,800.4	869.1
Official bilateral and commercial	9,335.8	9,504.1	8,649.3	8,356.3	5,878.5	5,334.6	1,146.5	862.0	733.9	5,523.0	846.5
Multilateral	949.1	758.4	385.5	279.0	173.8	133.5	48.9	23.5	6.6	277.4	22.6
NPV of new borrowing	0.0	0.0	255.8	480.9	758.0	1,198.8	3,211.7	5,183.1	9,096.8	1,343.5	5,821.9

Sources: Ivorian authorities and staff estimates and projections.

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

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

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

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

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

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Averages		
																						2007-2016	2017-2026	
(In percent, unless otherwise indicated)																								
I. Before traditional debt-relief																								
NPV of debt-to-GDP ratio	62.0	49.8	53.5	49.0	44.7	41.3	38.1	35.0	32.2	29.8	27.1	25.0	23.5	22.2	21.1	20.2	19.5	18.8	18.3	17.8	17.4	42.0	20.4	
NPV of debt-to-exports ratio 2/ 3/	153.7	129.1	121.2	113.7	116.0	109.0	102.6	96.7	91.4	86.6	80.7	76.3	73.4	70.9	68.9	67.2	65.8	64.8	64.0	63.6	63.5	109.2	67.8	
NPV of debt-to-revenue ratio 4/	314.8	254.2	273.8	243.9	220.1	201.6	184.2	167.8	154.6	142.9	130.0	119.6	112.2	105.9	100.7	96.6	93.0	89.7	87.1	85.0	83.3	208.0	97.3	
Debt service ratio	...	7.8	8.6	7.1	6.5	6.2	5.7	5.7	6.0	6.3	6.3	5.1	3.5	3.4	3.2	3.2	3.2	3.2	3.2	3.2	3.0	6.6	3.4	
Debt service-to-revenue ratio 4/	...	18.9	18.9	14.8	13.1	12.3	10.8	10.4	10.8	11.0	10.7	8.5	5.7	5.4	5.0	4.9	4.7	4.7	4.7	4.6	4.1	13.2	5.2	
II. After traditional debt relief and multilateral arrears clearance 5/																								
NPV of debt-to-GDP ratio	56.3	40.5	42.9	39.2	35.8	31.2	27.2	23.5	20.2	17.4	15.9	14.8	14.0	13.3	12.8	12.4	12.1	11.8	11.6	11.5	11.4	31.8	12.6	
NPV of debt-to-exports ratio 2/ 3/	139.6	105.0	97.1	91.1	92.9	82.4	73.3	64.9	57.3	50.7	47.3	45.1	43.7	42.6	41.7	41.1	40.8	40.6	40.7	40.9	41.6	82.0	41.9	
NPV of debt-to-revenue ratio 4/	285.8	206.7	219.5	195.3	176.2	152.5	131.6	112.6	96.9	83.6	76.1	70.8	66.9	63.6	61.0	59.1	57.6	56.2	55.3	54.7	54.5	157.9	60.0	
Debt service ratio	...	8.8	9.8	8.1	7.6	11.8	10.8	10.3	10.2	9.9	5.9	4.7	3.8	3.7	3.7	3.6	3.6	3.6	3.7	3.7	3.5	9.3	3.8	
Debt service-to-revenue ratio 4/	...	21.2	21.3	16.9	15.4	23.6	20.6	18.9	18.3	17.3	10.0	7.8	6.2	5.9	5.7	5.5	5.4	5.4	5.3	5.3	4.9	18.4	5.7	
III. After conditional delivery of enhanced HIPC assistance 6/																								
NPV of debt-to-GDP ratio	56.7	46.8	47.3	43.2	30.9	27.7	23.8	20.3	17.1	14.5	12.7	11.9	11.4	11.1	10.8	10.7	10.6	10.5	10.6	10.7	10.8	31.0	10.9	
NPV of debt-to-exports ratio 2/ 3/	140.7	121.3	107.2	100.2	80.1	73.1	64.2	56.1	48.7	42.2	37.7	36.4	35.7	35.3	35.2	35.4	35.8	36.3	37.2	38.2	39.4	79.2	36.5	
NPV of debt-to-exports ratio (existing debt only)	140.7	121.3	104.5	95.5	72.5	61.9	50.1	39.6	30.1	21.2	15.5	13.1	11.9	10.8	9.7	8.7	7.8	6.9	6.1	5.4	4.8	68.5	8.5	
NPV of debt-to-revenue ratio 4/	288.2	238.8	242.2	214.9	152.0	135.3	115.2	97.3	82.3	69.7	60.7	57.0	54.6	52.8	51.5	50.8	50.5	50.3	50.6	51.1	51.7	154.2	52.1	
Debt service-to-exports ratio	...	3.3	6.5	7.6	6.6	8.7	10.5	9.8	9.9	9.8	6.9	4.0	3.2	3.0	3.0	3.0	2.9	3.0	3.0	3.0	3.0	8.0	3.1	
Debt service-to-revenue ratio 4/	...	8.0	14.2	15.8	13.4	17.4	19.9	18.0	17.8	17.0	11.8	6.7	5.1	4.8	4.6	4.5	4.4	4.4	4.3	4.3	4.1	15.3	4.7	
IV. After unconditional delivery of enhanced HIPC assistance 7/																								
NPV of debt-to-GDP ratio	49.2	33.8	36.6	33.3	30.4	27.4	23.6	20.2	17.1	14.5	12.6	11.9	11.4	11.0	10.8	10.6	10.6	10.5	10.6	10.7	10.8	27.2	10.9	
NPV of debt-to-exports ratio 2/ 3/	122.1	87.6	83.0	77.4	78.9	72.3	63.7	55.9	48.6	42.1	37.6	36.3	35.6	35.3	35.2	35.3	35.7	36.3	37.1	38.2	39.4	69.9	36.5	
NPV of debt-to-exports ratio (existing debt only)	122.1	87.6	80.3	72.7	71.3	61.1	49.6	39.4	30.0	21.1	15.4	13.1	11.8	10.7	9.7	8.7	7.8	6.9	6.1	5.4	4.8	59.2	8.5	
NPV of debt-to-revenue ratio 4/	250.0	172.5	187.5	166.0	149.7	133.7	114.3	96.9	82.1	69.5	60.6	56.9	54.5	52.7	51.5	50.8	50.5	50.3	50.5	51.1	51.7	134.8	52.0	
Debt service-to-exports ratio	...	3.3	6.5	7.6	6.6	8.7	10.5	9.8	9.9	9.8	6.9	4.0	3.2	3.0	3.0	3.0	2.9	3.0	3.0	3.0	3.0	8.0	3.1	
Debt service-to-revenue ratio 4/	...	8.0	14.2	15.8	13.4	17.4	19.9	18.0	17.8	17.0	11.8	6.7	5.1	4.8	4.6	4.5	4.4	4.4	4.3	4.3	4.1	15.3	4.7	
V. After conditional delivery of enhanced HIPC and MDRI assistance 8/																								
NPV of debt-to-GDP ratio	51.9	42.6	42.5	38.5	26.4	23.6	20.1	16.9	14.1	11.8	10.2	9.8	9.5	9.4	9.4	9.5	9.6	9.8	10.0	10.3	27.1	9.7		
NPV of debt-to-exports ratio 2/ 3/	128.7	110.5	96.3	89.3	68.4	62.3	54.2	46.8	40.0	34.3	30.5	29.8	29.8	30.0	30.5	31.2	32.1	33.2	34.5	35.9	37.4	69.2	32.4	
NPV of debt-to-exports ratio (existing debt only)	128.7	110.5	93.6	84.6	60.8	51.1	40.1	30.4	21.5	13.2	8.3	6.6	6.0	5.5	5.0	4.6	4.1	3.8	3.4	3.1	2.8	58.4	4.5	
NPV of debt-to-revenue ratio 4/	263.6	217.5	217.5	191.6	129.7	115.3	97.3	81.2	67.7	56.6	49.1	46.7	45.5	44.9	44.6	44.9	45.4	46.0	46.9	48.0	49.1	135.2	46.2	
Debt service-to-exports ratio	...	3.3	6.5	7.6	6.6	8.4	10.1	9.5	9.4	9.2	6.3	3.4	2.6	2.5	2.5	2.5	2.5	2.5	2.6	2.7	2.7	7.7	2.6	
Debt service-to-revenue ratio 4/	...	8.0	14.2	15.8	13.4	16.8	19.3	17.4	16.8	16.0	10.8	5.7	4.2	3.9	3.8	3.8	3.7	3.7	3.8	3.8	3.8	14.8	4.0	

Sources: Ivorian authorities and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt at end-December 2007.

2/ Exports are defined as in IMF, *Balance of Payments Manual*, 5th edition, 1993.

3/ Based on a three-year average of exports on the previous year (e.g., export average over 2005-2007 for NPV of debt-to-exports ratio in 2007).

4/ Revenue is defined as central government revenue, excluding grants, and adjusted for toxic waste compensation (see Box III in the text).

5/ Shows the external debt situation after the full use of traditional debt-relief mechanisms, and assuming at least comparable treatment from official bilateral creditors.

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

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

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Averages		
																						2007-2017	2018-2027	
(In percent, unless otherwise indicated)																								
I. Baseline scenario 2/																								
NPV of debt-to-GDP ratio	49.2	33.8	36.6	33.3	30.4	27.4	23.6	20.2	17.1	14.5	12.6	11.9	11.4	11.0	10.8	10.6	10.6	10.5	10.6	10.7	10.8	27.2	10.9	
NPV of debt-to-exports ratio 3/ 4/	122.1	87.6	83.0	77.4	78.9	72.3	63.7	55.9	48.6	42.1	37.6	36.3	35.6	35.3	35.2	35.3	35.7	36.3	37.1	38.2	39.4	69.9	36.5	
NPV of debt-to-revenue ratio 5/	250.0	172.5	187.5	166.0	149.7	133.7	114.3	96.9	82.1	69.5	60.6	56.9	54.5	52.7	51.5	50.8	50.5	50.3	50.5	51.1	51.7	134.8	52.0	
Debt service-to-exports ratio	...	3.3	6.5	7.6	6.6	8.7	10.5	9.8	9.9	9.8	6.9	4.0	3.2	3.0	3.0	3.0	2.9	3.0	3.0	3.0	3.0	8.0	3.1	
Debt service-to-revenue ratio	...	8.0	14.2	15.8	13.4	17.4	19.9	18.0	17.8	17.0	11.8	6.7	5.1	4.8	4.6	4.5	4.4	4.4	4.3	4.3	4.1	15.3	4.7	
II. Sensitivity analysis																								
II.(a) Cocoa prices path at -30 percent compared to baseline price, from 2009																								
NPV of debt-to-GDP ratio	49.2	33.8	37.6	34.3	31.3	28.2	24.4	20.9	18.0	15.5	13.8	13.2	12.8	12.6	12.4	12.4	12.4	12.5	12.7	12.9	13.1	27.9	12.7	
NPV of debt-to-exports ratio 3/ 4/	122.1	87.6	85.3	81.8	86.0	78.5	69.0	60.7	53.4	47.2	43.0	42.1	41.9	42.1	42.5	43.2	44.1	45.3	46.7	48.4	50.2	74.0	44.7	
NPV of debt-to-revenue ratio 5/	250.0	172.5	188.6	168.8	152.3	136.3	116.8	99.3	85.3	73.5	65.3	62.3	60.5	59.3	58.6	58.5	58.7	59.1	59.9	60.9	62.1	137.2	60.0	
Debt service-to-exports ratio	...	3.3	7.1	8.2	7.1	9.2	11.0	10.4	10.2	10.1	7.1	4.1	3.2	3.4	3.3	3.3	3.3	3.3	3.4	3.4	3.4	8.4	3.4	
Debt service-to-revenue ratio	...	8.0	14.2	15.9	13.4	17.3	19.8	17.9	17.2	16.7	11.5	6.5	4.9	5.0	4.8	4.8	4.7	4.6	4.6	4.6	4.5	15.2	4.9	
II.(b) Real GDP growth 2 point lower (homogeneous shock among sectors) from 2009																								
NPV of debt-to-GDP ratio	49.2	33.8	37.3	34.7	32.4	30.0	26.8	23.7	21.0	18.8	17.4	17.2	17.3	17.7	18.2	18.9	19.8	20.7	21.8	23.0	24.4	29.6	19.9	
NPV of debt-to-exports ratio 3/ 4/	122.1	87.6	83.1	77.9	80.1	74.3	66.5	59.7	53.5	48.3	45.2	45.4	46.3	47.8	49.7	52.1	54.8	57.9	61.5	65.5	69.9	72.6	55.1	
NPV of debt-to-revenue ratio 5/	250.0	172.5	190.2	171.9	158.4	145.2	128.1	112.5	99.5	88.6	81.6	80.5	81.0	82.3	84.7	88.0	91.9	96.2	101.2	106.8	112.6	145.3	92.5	
Debt service-to-exports ratio	...	3.3	6.5	7.6	6.6	8.6	10.4	9.8	9.8	9.8	7.0	4.2	3.4	3.6	3.6	3.8	3.8	4.0	4.2	4.3	4.4	7.9	3.9	
Debt service-to-revenue ratio	...	8.0	14.3	16.2	13.9	18.1	21.2	19.6	19.1	18.9	13.4	7.9	6.3	6.6	6.5	6.7	6.8	7.0	7.2	7.4	7.6	16.3	7.0	

Sources: Ivorian authorities and staff estimates and projections.

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

2/ The baseline scenario is described in Section III.

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

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

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

Table A8. Côte d'Ivoire: Possible Delivery of World Bank Group's Assistance Under the Enhanced HIPC Initiative, 2009-2027 1/
(In millions of U.S. dollars, unless otherwise indicated)

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

Source: Staff estimates.

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

Table A9. Cote d'Ivoire: Possible Delivery of IMF Assistance under the Enhanced HIPC Initiative and the MDRI, 2009-2019 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2009 Apr-Dec	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
(Based on the US\$/SDR exchange rate as of November 6, 2008)											
I. Pre-MDRI Debt relief (under the HIPC Initiative only) 2/											
HIPC-eligible debt service due on IMF obligations 3/	18.7	18.8	18.7	9.9	1.2	24.9	48.5	48.2	48.0	47.7	23.8
Principal	17.5	17.5	17.5	8.7	-	23.8	47.5	47.5	47.5	47.5	23.8
Interest and charges	1.3	1.4	1.3	1.2	1.2	1.1	0.9	0.7	0.4	0.2	0.0
HIPC assistance--deposits into member's Umbrella Account											
Interim assistance 4/	7.5	7.5	7.5								
Completion point disbursement 5/				18.0							
Completion point assistance				15.1							
Completion point interest				2.9							
IMF assistance--drawdown schedule from member's Umbrella Account	7.5	7.7	7.8	0.6	-	4.8	4.0	3.7	3.7	3.6	1.6
IMF assistance without interest	7.5	7.5	7.5	0.5	-	2.2	2.2	2.2	3.3	3.3	1.5
Estimated interest earnings 6/	-	0.1	0.2	0.1	-	2.6	1.8	1.6	0.5	0.3	0.2
Debt service due on current IMF obligations after IMF assistance	11.2	11.2	11.0	9.3	1.2	20.1	44.5	44.5	44.2	44.2	22.2
Delivery schedule of IMF assistance (in percent of the total assistance; on a flow basis)	20.0	20.0	20.0	1.4	-	5.8	5.8	5.8	8.7	8.7	3.9
Share of debt service due on IMF obligations covered by HIPC assistance (in percent)	40.2	40.6	41.4	6.4	-	19.3	8.2	7.8	7.8	7.5	6.8
Proportion (in percent) of each repayment falling due during the period to be paid by HIPC assistance from the principal deposited in Umbrella Account	43.2	43.2	43.2	6.1	-	9.2	4.6	4.6	6.9	6.9	6.1
II. Post-MDRI Debt relief (under both MDRI and HIPC Initiatives)											
Projected pre MDRI cutoff date debt at completion point			8.7								
Delivery of debt relief (on stock basis):											
from the MDRI-II Trust 7/			8.1								
from the HIPC Umbrella Account 8/			0.6								
Delivery of remaining HIPC assistance for post MDRI cutoff date debt (on stock basis):			17.4								
III. Debt service due to the IMF after HIPC and MDRI debt relief 9/	11.2	11.2	11.0	1.1	1.1	7.5	48.5	48.2	48.0	47.7	23.8
Memorandum items:											
(Based on debt service data and exchange rates as of November 3, 2008)											
Total debt service due (in millions of U.S. dollars)	700.6	849.0	826.4	1,129.4	1,070.0	793.2	835.5	949.1	1,150.8	747.9	604.4
Debt service due on IMF obligations (in millions of U.S. dollars)	19.1	19.2	19.1	10.2	1.2	25.5	49.6	49.4	49.1	48.9	24.4
Debt service due on current IMF obligations after IMF assistance (in percent of current year exports of goods and nonfactor services)	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.3%	0.3%	0.3%	0.2%	0.1%
Share of total debt service covered by IMF assistance (in percent)	1.1%	0.9%	1.0%	0.1%	0.0%	0.6%	0.5%	0.4%	0.3%	0.5%	0.3%

Source: Fund staff estimates and projections.

1/ Total IMF assistance under the enhanced HIPC Initiative is US\$ 37.71 million in NPV terms calculated on the basis of data available at the decision point, excluding interest earned on Cote d'Ivoire's Umbrella account and on committed but undischursed amounts as described in footnote 6.

2/ Estimated delivery of HIPC assistance in the absence of MDRI decision.

3/ Forthcoming obligations estimated based on schedules in effect as of end-September 2008, including a disbursement under a new PRGF arrangement projected in February 2009. Interest obligations exclude net SDR charges and assessments.

4/ The first delivery of interim assistance of 20 percent of commitment will be deposited into the Cote d'Ivoire's Umbrella account at the expected decision point in April 2009 to cover principal repayment obligations falling due to the Fund over the next 12 months. The second and third interim assistances are assumed to be disbursed in April 2010 and 2011, respectively.

5/ The remaining IMF's grant HIPC assistance assumed to be disbursed into member's account at the assumed completion point in December 2011, which is reflected in the calculation of interest.

6/ Estimated interest earnings on: (a) amounts held in Cote d'Ivoire's Umbrella Account; and (b) up to the completion point, amounts committed but not yet disbursed. The projected interest earnings are estimated based on assumed interest rates which are gradually rising to 5 percent in 2013 and beyond; actual interest earnings may be higher or lower.

7/ Credit outstanding at end-2004 that has not been repaid by the member or with HIPC assistance at the completion point and is not scheduled to be repaid by HIPC assistance, as defined in the MDRI-II Trust Instrument.

8/ It is estimated that 3.5 percent of the completion point HIPC assistance would be used for financing of the MDRI debt relief.

9/ Estimates as of end-September 2008.

Table A10. HIPC Initiative: Status of Country Cases Considered Under the Initiative, March 18, 2008

Country	Decision Point	Completion Point	Target		Assistance Levels 1/					Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)		
			NPV of Debt-to-Gov.		(In millions of U.S. dollars, present value)								
			Exports (in percent)	revenue	Total	Bilateral and commercial	Total	IMF	World Bank				
Completion point reached under enhanced framework (23)													
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31	460		
Bolivia					1,302	425	876	84	194		2,060		
<i>original framework</i>	<i>Sep. 97</i>	<i>Sep. 98</i>	<i>225</i>		<i>448</i>	<i>157</i>	<i>291</i>	<i>29</i>	<i>54</i>	<i>14</i>	<i>760</i>		
<i>enhanced framework</i>	<i>Feb. 00</i>	<i>Jun. 01</i>	<i>150</i>		<i>854</i>	<i>268</i>	<i>585</i>	<i>55</i>	<i>140</i>	<i>30</i>	<i>1,300</i>		
Burkina Faso					553	83	469	57	231		930		
<i>original framework</i>	<i>Sep. 97</i>	<i>Jul. 00</i>	<i>205</i>		<i>229</i>	<i>32</i>	<i>196</i>	<i>22</i>	<i>91</i>	<i>27</i>	<i>400</i>		
<i>enhanced framework</i>	<i>Jul. 00</i>	<i>Apr. 02</i>	<i>150</i>		<i>195</i>	<i>35</i>	<i>161</i>	<i>22</i>	<i>79</i>	<i>30</i>	<i>300</i>		
<i>topping-up</i>	<i>...</i>	<i>Apr. 02</i>	<i>150</i>		<i>129</i>	<i>16</i>	<i>112</i>	<i>14</i>	<i>61</i>	<i>24</i>	<i>230</i>		
Cameroon	Oct. 00	Apr. 06	150		1,267	879	322	37	176	27	4,917		
Ethiopia					1,982	637	1,315	60	832		3,275		
<i>enhanced framework</i>	<i>Nov. 01</i>	<i>Apr. 04</i>	<i>150</i>		<i>1,275</i>	<i>482</i>	<i>763</i>	<i>34</i>	<i>463</i>	<i>47</i>	<i>1,941</i>		
<i>topping-up</i>	<i>Apr. 04</i>	<i>Apr. 04</i>	<i>150</i>		<i>707</i>	<i>155</i>	<i>552</i>	<i>26</i>	<i>369</i>	<i>31</i>	<i>1,334</i>		
Gambia, The	Dec. 00	Dec. 07	150		67	17	49	2	22	27	112		
Ghana	Feb. 02	Jul. 04	144	250	2,186	1,084	1,102	112	781	56	3,500		
Guyana					591	223	367	75	68		1,354		
<i>original framework</i>	<i>Dec. 97</i>	<i>May 99</i>	<i>107</i>	<i>280</i>	<i>256</i>	<i>91</i>	<i>165</i>	<i>35</i>	<i>27</i>	<i>24</i>	<i>634</i>		
<i>enhanced framework</i>	<i>Nov. 00</i>	<i>Dec-03</i>	<i>150</i>	<i>250</i>	<i>335</i>	<i>132</i>	<i>202</i>	<i>40</i>	<i>41</i>	<i>40</i>	<i>719</i>		
Honduras	Jul. 00	Mar-05	110	250	556	215	340	30	98	18	1,000		
Madagascar	Dec. 00	Oct-04	150		836	474	362	19	252	40	1,900		
Malawi					1,057	171	886	45	622		1,628		
<i>enhanced framework</i>	<i>Dec. 00</i>	<i>Aug-06</i>	<i>150</i>		<i>646</i>	<i>164</i>	<i>482</i>	<i>30</i>	<i>333</i>	<i>44</i>	<i>1,025</i>		
<i>topping-up</i>	<i>...</i>	<i>Aug-06</i>	<i>150</i>		<i>411</i>	<i>7</i>	<i>404</i>	<i>15</i>	<i>289</i>	<i>35</i>	<i>603</i>		
Mali					539	169	370	59	185		895		
<i>original framework</i>	<i>Sep. 98</i>	<i>Sep. 00</i>	<i>200</i>		<i>121</i>	<i>37</i>	<i>84</i>	<i>14</i>	<i>43</i>	<i>9</i>	<i>220</i>		
<i>enhanced framework</i>	<i>Sep. 00</i>	<i>Mar. 03</i>	<i>150</i>		<i>417</i>	<i>132</i>	<i>285</i>	<i>45</i>	<i>143</i>	<i>29</i>	<i>675</i>		
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50	1,100		
Mozambique					2,023	1,270	753	143	443		4,300		
<i>original framework</i>	<i>Apr. 98</i>	<i>Jun. 99</i>	<i>200</i>		<i>1,717</i>	<i>1,076</i>	<i>641</i>	<i>125</i>	<i>381</i>	<i>63</i>	<i>3,700</i>		
<i>enhanced framework</i>	<i>Apr. 00</i>	<i>Sep. 01</i>	<i>150</i>		<i>306</i>	<i>194</i>	<i>112</i>	<i>18</i>	<i>62</i>	<i>27</i>	<i>600</i>		
Nicaragua	Dec. 00	Jan. 04	150		3,308	2,175	1,134	82	191	73	4,500		
Niger					663	235	428	42	240		1,190		
<i>enhanced framework</i>	<i>Dec. 00</i>	<i>Apr. 04</i>	<i>150</i>		<i>521</i>	<i>211</i>	<i>309</i>	<i>28</i>	<i>170</i>	<i>53</i>	<i>944</i>		
<i>topping-up</i>	<i>...</i>	<i>Apr. 04</i>	<i>150</i>		<i>143</i>	<i>23</i>	<i>119</i>	<i>14</i>	<i>70</i>	<i>25</i>	<i>246</i>		
Rwanda					696	65	631	63	383		1,316		
<i>enhanced framework</i>	<i>Dec. 00</i>	<i>Apr-05</i>	<i>150</i>		<i>452</i>	<i>56</i>	<i>397</i>	<i>44</i>	<i>228</i>	<i>71</i>	<i>839</i>		
<i>topping-up</i>	<i>...</i>	<i>Apr-05</i>	<i>150</i>		<i>243</i>	<i>9</i>	<i>235</i>	<i>20</i>	<i>154</i>	<i>53</i>	<i>477</i>		
São Tomé and Príncipe					124	31	93	1	47	128	263		
<i>enhanced framework</i>	<i>Dec. 00</i>	<i>Mar-07</i>	<i>150</i>		<i>99</i>	<i>29</i>	<i>70</i>	<i>-</i>	<i>24</i>	<i>83</i>	<i>215</i>		
<i>topping-up</i>	<i>...</i>	<i>Mar-07</i>	<i>150</i>		<i>25</i>	<i>2</i>	<i>23</i>	<i>1</i>	<i>23</i>	<i>45</i>	<i>49</i>		
Senegal	Jun. 00	Apr. 04	133	250	488	212	276	45	124	19	850		
Sierra Leone	Mar. 02	Dec. 06	150		675	335	340	125	123	81	994		
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000		
Uganda					1,003	183	820	160	517		1,950		
<i>original framework</i>	<i>Apr. 97</i>	<i>Apr. 98</i>	<i>202</i>		<i>347</i>	<i>73</i>	<i>274</i>	<i>69</i>	<i>160</i>	<i>20</i>	<i>650</i>		
<i>enhanced framework</i>	<i>Feb. 00</i>	<i>May 00</i>	<i>150</i>		<i>656</i>	<i>110</i>	<i>546</i>	<i>91</i>	<i>357</i>	<i>37</i>	<i>1,300</i>		
Zambia	Dec. 00	Apr-05	150		2,499	1,168	1,331	602	493	63	3,900		
Decision point reached under enhanced framework (10)													
Afghanistan	Jul. 07	Floating	150		571	436	135	-	75	51	1,272		
Burundi	Aug. 05	Floating	150		826	124	701	28	425	92	1,465		
Central African Rep.	Sept. 07	Floating	150		583	217	365	27	209	68	782		
Chad	May. 01	Floating	150		170	35	134	18	68	30	260		
Congo, Democratic Rep. of	Jul. 03	Floating	150		6,311	3,837	2,474	472	831	80	10,389		
Congo Rep. of	Mar. 06	Floating		250	1,679	1,561	118	8	49	32	2,881		
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800		
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790		
Haiti	Nov. 06	Floating	150		140	20	120	3	53	15	213		
Liberia	Mar. 08	Floating	150		2,846	1,420	1,426	732	375	91	4,008		
Total assistance provided/committed					38,842	19,037	19,705	3,368	3/	9,155	1,192	#	66,980

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

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.

3/ Equivalent to SDR 2,171 million at an SDR/USD exchange rate of 0.644524, as of October 4, 2007.