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

November 13, 2012

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

1. Côte d’Ivoire continues to make great strides in normalizing its socio-political and security situation, and its economy continues to recover. All government institutions are now functional, in compliance with the provisions of the constitution. Draft and proposed legislation is once again subject to examination by Parliament. Public universities have been refurbished and resumed operations on September 3, 2012 after being closed for more than a year owing to their serious disrepair. The process of national reconciliation is under way, with the Commission for Dialogue, Truth and Reconciliation (CDVR) continuing to work with the political parties and civil society, and peace and reconciliation being promoted with the local population. Security has improved across the country, despite a few isolated outbreaks of violence that were quickly brought under control. A National Security Council (CNS) has been created under the authority of the President of the Republic.

The Memorandum of Economic and Financial Policies (MEFP) attached to this letter of intent describes progress made to date and the policies that we plan to implement in 2013. The economic recovery in 2012 was better than anticipated. The positive trends in the economic indicators should lead to a consolidation of the recovery, with GDP growth of 8.6 percent, compared to an initial target of 8.1 percent. The recovery has benefited from increased public investment and the structural reforms implemented as part of our economic and financial program, as well as the restoration of private sector confidence and related steps taken by the government to improve the business climate. The upturn has also benefited from the hope created by Côte d’Ivoire reaching the HIPC Initiative completion point on June 26, 2012. Côte d’Ivoire has received full relief, including the Debt Reduction and Development Contracts (C2D) with France, in the amount of CFA Francs 4,090 billion, or 64.2 percent of its external debt. For this we would like to express our sincere thanks to all of
our bilateral, private and multilateral partners, in particular the International Monetary Fund, the World Bank and the African Development Bank. All of our debt ratios are now in line with subregional and international standards, leaving room for new financing, while still ensuring that debt sustainability is maintained. Our debt management procedures have been revised accordingly.

2. **The government is pursuing structural reforms in key sectors of the economy.** The reform of the coffee-cocoa sector begun in 2011 to ensure a sufficiently remunerative price for producers of at least 60 percent of the c.i.f. price is now fully operational with the entry into effect of the new marketing system. The government has adopted the plan to reform public enterprises, including banks, in order to reduce its portfolio by 25 percent and improve performance. Efforts are ongoing to put the electricity and oil products sectors on a sound financial footing. The reforms undertaken in this area are aimed at restoring the viability of these sectors and supporting growth.

3. **The government is determined to respond to the needs of the people and to transform Côte d’Ivoire into an emerging economy by 2020.** In this context, it is implementing its 2012–15 National Development Plan (PND), which lays the foundations for sustained and sustainable economic growth that is driven primarily by investment, continued structural reforms, and the restoration of private sector confidence. Our aim is to consolidate the dynamic growth achieved thus far so as to reach a GDP growth rate of 9 percent in 2013 and at least 10 percent starting in 2014. The 2013 budget has been prepared on that basis and calls for an increase in public investment of 7.5 percent of GDP, as compared to 5.3 percent in 2012.

4. **The government is convinced that the policies and measures included in this memorandum are sufficient to achieve its objectives.** We ask the International Monetary Fund to provide financial support to the government under the Extended Credit Facility (ECF) in the amount of SDR 65.04 million. The government will consult with Fund staff, at its own initiative or at the request of the IMF Managing Director, before adopting any additional measure that it may deem necessary, or in the event of changes to the policies set out in this memorandum. It also agrees to cooperate fully with the IMF to achieve its policy objectives.

5. **The government requests the amendment of the program performance criteria for end-December 2012 and the establishment of end-June 2013 performance criteria.** The modification of the end-December 2012 performance criteria takes into account, in particular, the revision of the debt relief projections following the HIPC completion point. The amended criteria are in line with the macroeconomic objectives of the program overall.
6. The Ivoirien authorities consent to the release of this Letter of Intent, and the attached Memorandum of Economic and Financial Policies (MEFP) and Technical Memorandum of Understanding (TMU), as well as the IMF staff report on the request for disbursement under the ECF. We hereby authorize their publication and posting on the IMF website after approval of the review by the IMF Executive Board.

Sincerely yours,

/s/

Charles Koffi DIBY
Minister of Economy and Finance

Attachments:

– Memorandum of Economic and Financial Policies (MEFP)
– Technical Memorandum of Understanding (TMU)
1. **Since the investiture of the President of the Republic on May 21, 2011, and the appointment of the new Government, decisive action has been taken toward the implementation of a new economic strategy focused on the most urgent needs of the country, particularly social normalization, reconstruction, and the transformation of Côte d’Ivoire into an emerging economy by 2020.** The main institutions of the Republic are fully operational: peaceful and transparent legislative elections were held and the first regular session of the National Assembly took place on March 12, 2012. The national reconciliation process is under way, with the Commission for Dialogue, Truth and Reconciliation (CDVR) continuing to work with the political parties and civil society, and peace and reconciliation being promoted among the local population. Security has improved across the country, with isolated outbreaks of violence quickly brought under control. The creation of the National Security Council (CNS) under the aegis of the President of the Republic following the attacks of August 2012 is contributing to the improvement of the security situation. A new unified army has been created. The army (as well as the police and gendarmerie) is being restructured and modernized with assistance from the United Nations and other partner countries. In this regard, a new structure for managing disarmament, demobilization, and reintegration (the DDR) was created on August 8, 2012.

2. **Our economic take off has begun.** As of end-December 2011, all macroeconomic outcomes were better than anticipated, and preliminary results as of end-June 2012 show that the 8.1 percent growth target will be exceeded. Our efforts enabled us to reach the IMF and World Bank enhanced HIPC Completion Point in June 2012, thereby substantially reducing our debt stock. There has been a marked rebound in all sectors, with some sectors even exceeding expectations. The business confidence index is above 90 percent. Investments are picking up again. Following the closure of universities for two years, during which they were reconstructed, classes resumed on September 24, 2012. Schools, hospitals, and other public buildings are gradually being repaired. Roads are being rebuilt, along with the construction of new highways and roads connecting agricultural areas. The business climate is improving, aided by the adoption of a new investment code and the opening of a one-stop shop for investment. The reform of the coffee and cocoa sector has been fully implemented since the beginning of the new cocoa campaign in October 2012. Budget execution was better than expected in the first half of 2012, and inflation remains moderate. Macroeconomic stability has been strengthened (and the predictability of public resource management has clearly improved). The broad structural reforms initiated within the framework of programs supported by the IMF, the World Bank, the AfDB, and the European Union are beginning to bear fruit.
3. **The 2012–15 National Development Plan (PND) is the new anchor for our development strategy.** It calls for strong, sustainable, inclusive, and equitable growth. Growth will be driven by a substantial increase in both public and private investment (including foreign investment). These investments have been judiciously centered around both cross-cutting engines of growth (justice and good governance; technical and higher education and training; health, urbanization and housing, environment, sanitation, drinking water, water and forests, and security), and vertical engines of growth (infrastructure and transportation; energy, mining, and hydrocarbons; agriculture; industry and small- and medium-sized enterprises; information and communication technology and scientific research; trade, arts and crafts; and tourism). The main goals are to:

- achieve a real GDP growth rate of 8.6 percent in 2012, 9 percent in 2013, and 10 percent in 2014 and 2015. Investment is expected to increase from 12.5 percent of GDP in 2012 to 23.5 percent in 2015, with public investment increasing from 5.3 percent to 9 percent over the same period;
- reduce the poverty rate by half and rejoin the group of African countries with the highest rankings in terms of the Human Development Index of the United Nations Development Programme (UNDP);
- achieve, or make significant progress towards, the Millennium Development Goals (MDGs) by 2015;
- create one of the best business environments in Africa, and strengthen the competitiveness of the economy; and
- rejoin the group of leading African countries in terms of good governance and fighting corruption (the World Bank index).

4. **In its statement of policies, the government has reaffirmed its commitment to continue the implementation of the 2011–14 economic and financial policies supported by the Extended Credit Facility.** To this end, it will continue the reforms that have been started in: (i) public financial management; (ii) governance and modernization of public administration; (iii) restoring the financial equilibrium of the electricity sector and adjusting petroleum prices; (iv) restructuring of the financial sector; and (v) improving the business climate. The government intends to improve policies and the quality of institutions to ensure the efficient utilization of resources to promote sustainable development, create jobs, and reduce poverty. To this end, the consolidation of national reconciliation and reestablishing security throughout the country will remain top priorities.

This supplement to the Memorandum provides an update on the implementation of the 2012 economic and financial program adopted under the Memorandum of April 25, 2012, and presents the main outlines of the program for 2013.
II. ECONOMIC DEVELOPMENTS AND IMPLEMENTATION OF THE ECONOMIC AND FINANCIAL PROGRAM IN THE FIRST HALF OF 2012

A. Recent Economic Developments

5. The results at end-July 2012 were much better than anticipated, supported by public investment and the recovery of domestic demand. Some 90 percent of the businesses that are members of the Côte d’Ivoire Federation of Businesses (CGECI) expect their activities to rebound in 2012.

- Economic activity has increased at a more rapid rate than expected, supported by dynamic growth in the tertiary sector, especially retail sales and growth in industrial output tied to the strong growth in construction and public works. These developments represent a return of confidence among households and economic operators. The upturn has been driven by the government through the implementation of major public projects during the first half of 2012 to build up the socio-economic infrastructure. These projects include the renovation of public universities, the resumption of construction work on the Jacqueville bridge and the highway to the northern part of the country, as well as the refurbishment and construction of classrooms and health centers. The private sector has shown great interest in supporting the recovery, in particular through the construction of the Bédié bridge in Abidjan, the development of cogeneration at the Azito thermal power station, and increasing production capacity at the CIPREL thermal power station.

- Inflation was brought under control in the first half of 2012 (+0.3 percent) through the normalization of distribution channels and measures undertaken by the government in the context of containing the cost of living. Nevertheless, price levels remain high due to the exceptional increases recorded in 2011.

- Exports rose by 10 percent and imports grew by 118.7 percent, with a steep rise in imports of intermediate goods and equipment. The trade surplus fell by approximately 80 percent and reached CFAF 346.5 billion.

- Net external assets fell by CFAF 220.1 billion, in line with the strong increase in imports. Net domestic credit grew by 6 percent as a result of growth in net claims on government 18.1 percent and an increase in credit to the economy 1.4 percent. Consistent with these trends, the money supply contracted by 0.5 percent.

6. Budget execution in the first half of 2012 was better than anticipated.

- Revenue was higher than anticipated by CFAF 133.4 billion (1.1 percent of GDP), driven by the upturn in economic activity, the favorable trend in cocoa prices, as well as the reorganization and expansion of the tax services.
Regarding expenditure, current expenditures were contained by the close monitoring of spending and the commitment control mechanism put in place for regulating the use of appropriations to support sound budget management. Investment expenditures posted an execution rate of 94.0 percent, reaching CFAF 200.6 billion. Domestically financed investments totaled CFAF 147.4 billion, with an execution rate of 104.4 percent, owing to specific provisions supporting budget execution, particularly a reduction in the public procurement deadlines, periodic follow-up meetings with the Administrative and Financial Affairs Agencies (DAAF), as well as the funding of a special investment account intended to speed up payments.

Regarding domestic debt, at end-June 2012, the net reduction in amounts payable in Treasury accounts was CFAF 24.2 billion.

In addition, the government accessed the regional monetary and financial market for financing. It raised a net amount of CFAF 209.8 billion in this market.

B. Program Implementation

7. The overall implementation of the economic and financial program has been satisfactory, driven by sound budget execution. All the performance criteria at end-June 2012 were met. Higher tax revenue and efforts to streamline spending resulted in a fiscal balance of -0.2 percent of GDP, compared to a target of -1.4 percent. Pro-poor expenditure reached CFAF 496.1 billion, compared to a floor of CFAF 403 billion, driven by an accelerated pace of renovation of the universities and the timely implementation of projects under the Presidential Emergency Program.

8. The implementation of structural reforms has been ongoing. The main measures implemented are as follows:

- Regarding public finance: (i) the budget review laws for the years 2004 to 2010 were approved by the National Assembly, and the draft budget review law for 2011 was adopted by the Council of Ministers following a statement of compliance by the Audit Office; (ii) the 2013 budget bill was submitted to the National Assembly within the deadline required by the constitution; (iii) since December 2011, quarterly reports have been submitted to the Council of Ministers regarding the status of budget execution, including the delays for processing of the files in the SIGFiP; and (iv) the Medium-Term Expenditure Framework (MTEF) has been extended to eight (8) new ministries: security, defense, justice, agriculture, economic infrastructure, energy, environment, and social affairs.

- As for the coffee and cocoa sector, the reform adopted in November 2011 has been implemented by the Coffee and Cocoa Council. It launched the Forward Sales Program (PVAM) and organized public awareness sessions for various stakeholders.
All of these actions have made it possible to set a minimum guaranteed price for producers equal to 60 percent of the c.i.f. price for the 2012/2013 campaign. The discussions with operators led to the adoption of a price structure accepted by all the stakeholders that will result in a reduction in the registration fee from 5 percent to 1.28 percent of the c.i.f. price. This price schedule was the subject of an official communiqué issued on Tuesday, September 25, 2012, to inform all stakeholders. On this basis, the Coffee and Cocoa Council launched the campaign on October 3, 2012. The Coffee and Cocoa Council has made all the provisions for strict adherence to the price set for producers. The reserve fund has reached the CFAF 40 billion target.

- Regarding the financial sector, the strategic options being considered for the restructuring of public banks (merger, liquidation, privatization) have been approved. The restructuring plan is centered on a gradual withdrawal of the government over the medium term, with minimal participation to stimulate development in specific sectors, such as housing, small and medium-sized enterprises and industries, and agriculture. For microfinance, recovery and development actions have been initiated in collaboration with technical and financial partners. These actions include, undertaking sectoral audits, developing and implementing a restructuring plan for the National Union of Savings and Credit Cooperatives of Côte d'Ivoire (Union Nationale des Coopératives d'Epargne et de Crédit de Côte d'Ivoire, or UNACOOPEC-CI), a plan for placing UNACOOPEC-CI under transitional administration, as well as updating the National Microfinance Strategy (SNM).

- Regarding the hydrocarbon sector, the government has amended Law No. 96-699 of August 29, 1996, with the aim of encouraging oil companies to invest in exploration and in the production of crude oil and natural gas. These amendments also incorporate better transparency in the management of petroleum resources and the principle of environmental protection. In addition, a new framework for Production-Sharing Contract for Hydrocarbons has been adopted to enable operators to carry out exploratory drilling operations and to begin oilfield production as quickly as possible. The hydrocarbon code is being finalized.

- Regarding the electricity sector, the government has continued its efforts to reduce the structural financial deficit. Negotiations with the largest producer of natural gas, which accounts for more than two-thirds (2/3) of the output, resulted in the fixing of a base price of $5.5 per MMBTU, compared to an average price of $9.8 in 2011. Industrial electricity rates were increased by 10 percent in May 2012. In addition, measures have been taken by the government to apply the general tariff to households currently paying the social tariff if they consume more than 200 kWh on a bimonthly basis as from January 2013.
To ensure the financial viability of the refinery (SIR), most of the government debts to the company have been dealt through securitization or cash settlement.

A number of reforms have been undertaken to improve the business climate with the aim of creating a conducive environment for private investment. To this end, the government decided, in a January 11, 2012 Council of Ministers meeting, to create commercial courts. Thus, the Commercial Court of Abidjan has been operational since October 2012. Furthermore, the new investment code was adopted by Decree No. 2012/487 on June 7, 2012, with the aim of promoting foreign capital inflows. It also grants special advantages to small- and medium-sized enterprises (SMEs). The government expects that all of these reforms will lead to a significant improvement in Cote d’Ivoire’s ranking in the “Doing Business” survey.

Regarding public administration reforms, efforts to modernize the civil service have led to the completion of the census of civil servants and government employees. This resulted in the establishment of the Single Reference File (FUR), which has been in use by the Payroll Services unit since October 2012. As regards the Integrated System for the Management of Government Officials and Employees (SIGFAE) is concerned, the conception and development of its software program have been completed. The deployment phase within the administration has begun, with modules for the management of competitive recruitment and the handling of administrative acts. Furthermore, to raise the ethical standards of the civil service, an ethical charter and code of conduct for employees were adopted by the Council of Ministers on September 19, 2012.

Regarding the performance of public enterprises, a restructuring strategy was adopted by the Council of Ministers on May 26, 2012. It aims to reduce the government’s portfolio by 25 percent through privatization, merger, or the transfer of responsibilities to a technical oversight agency.

9. **The implementation of certain measures has been delayed for various reasons.**

Regarding the application of a new automatic adjustment mechanism for petroleum prices, based on the conclusions of the study that was completed in December 2011, the framework for a new mechanism was elaborated by the responsible ministries. Nevertheless, the continuing upward trend in international prices has not been conducive to the application of this measure in 2012, given the fragile social environment. Given the significant losses in revenue linked to current pricing policy, the government has initiated additional studies aimed at refining and finalizing the parameters involved in the price structure for petroleum products.

Regarding measures aimed at reducing the financial deficit in the electricity sector, in particular the renegotiation of the Canadian Natural Resources (CNR) transfer price
for gas and remuneration for the operator of the electricity distribution network, discussions are ongoing. The government intends to conclude these discussions as soon as possible to allow for the effective application of the measures in 2013. The government also intends to complete negotiations with Foxtrot regarding the remaining issues.

- Regarding the strategy for the management of the wage bill between 2012 and 2020, a draft consistent with the commitments under the NDP has been prepared. It is based on streamlining new hiring, progressive measures to raise salaries, as well as the modernization and computerization of the public administration. Its finalization is subject to the conclusions of the Social Forum launched in August 2012 by the government.

10. **The macroeconomic outlook confirms the upturn in 2012.**

- The economic upturn in Côte d’Ivoire is firming with a revised GDP growth forecast of 8.6 percent in 2012, compared to the original target of 8.1 percent, following a decline of 4.7 percent in 2011. This upward adjustment is due primarily to the recovery of the secondary sector (+14.8 percent, compared to an initial forecast of +11.8 percent). The upturn also benefited from a rebound following the post-election crisis, the consolidation of peace and security, the fiscal incentives granted to enterprises affected by the crisis, as well as an acceleration of public and private investment (63.2 percent compared to 2011, while the initial forecast was 58.3 percent).

- Inflation should be contained within the WAEMU norm of 3 percent. The annual average rise in prices will be 1.1 percent, contained in part by measures taken by the government to control the cost of living, including the suspension of import duties on rice to mitigate the impact of higher world prices for food and improvements in supply channels.

- As for foreign trade, imports and exports should see an increase in value equal to 7 percent of GDP and 1.7 percent of GDP, respectively. There will be a current account surplus equal to 2.9 percent of GDP, compared to 10.2 percent in 2011, driven by an increase in investment-related imports. As for the capital and financial account, it will post a deficit of 3.9 percent of GDP. Overall, the balance of payments deficit will be equal to 1 percent of GDP.

11. **The budget outlook for 2012 will be better than expected due to a solid recovery in tax and customs revenue, which will post a gain of CFAF 116.0 billion (0.9 percent of GDP).** This increase would be driven by the major taxes, in particular: (i) the non-oil corporate tax is higher due to business support measures taken by the government following the post-election crisis in 2011; (ii) the tax on income from securities; and (iii) the tax on
salaries and wages in connection with the recovery of employment and tax collection efforts. In addition, the Single Export Duty (DUS) on coffee and cocoa will benefit from the rise in world prices and from the elimination of the special treatment for processed cocoa. On the other hand, the registration fee, revenue from general goods, and taxes on petroleum products will see a decline due to a lower rate for the registration fee for cocoa within the context of the new price structure, a suspension of import duties and taxes on rice, and the freezing of petroleum pump prices.

12. The execution of budget spending should reach CFAF 3090.2 billion, with a slight overrun due to new requirements arising during the year. This overrun is due to the payment of CFAF 32.4 billion to the electricity sector to settle the arrears owed under the PARI-PASSU, the surcharges related to the use of HVO (liquid fuel) to generate enough electricity to meet demand, and the necessary investments to support the economic recovery.

13. The financing needs for 2012 should be covered. They would amount to CFAF 536.2 billion, or 4.3 percent of GDP, and they will be financed primarily by a net mobilization of funds in the regional financial market (WAEMU). After the exceptional efforts by multilateral institutions in 2011 following the post-election crisis, external budget support has declined. In addition, the government intends to complete the restructuring of external commercial debt (Standard Bank-BNI and Sphinx) under conditions comparable to those provided in the agreements of 2009 and 2011 with the Paris Club and in line with the HIPC Initiative. In June 2012, the government resumed the servicing of the EuroBond 2032 and made a good-faith payment towards settlement of the arrears. In addition, it has proposed an arrears repayment plan based on its financing capacity. The government will continue and conclude discussions with private creditors in a manner consistent with Fund policy regarding loans in arrears, in particular with regard to information transparency, equity among creditors, and dialogue.

14. Côte d’Ivoire benefited from CFAF 4,090 billion, or 64.2 percent of its external debt upon reaching the completion point under the Enhanced HIPC Initiative at end-June 2012. It received from the multilateral institutions and Paris Club creditors reductions of CFAF 946.3 billion and CFAF 3143.7 billion, respectively, on a debt stock amounting to CFAF 1,543.4 billion and CFAF 3,453.0 billion, respectively. Bilateral debt relief agreements have already been signed with certain members of the Paris Club, in particular France, Austria, and Canada. Côte d’Ivoire has benefited from the conversion of a portion of the debt owed to the French Development Agency in the form of debt for development swap contracts (C2D); a first support installment is planned for financing the 2012 budget.

15. In order to ensure the sustainability and viability of public debt following the debt relief, the government has decided to assign the coordination and monitoring of national debt policy to the National Public Debt Committee (CNDP), which was created
by Decree No. 2011-424 of November 30, 2011. This committee launched its operations with the development of a procedural manual and the implementation of its strategic action plan for 2012. On this basis, the Committee’s secretariat is in the process of preparing the national debt strategy with the technical assistance of the IMF and the World Bank.

III. Economic and Financial Program for 2013

16. Following the rebound in 2012, the recovery of the Ivorian economy should be confirmed in 2013. The government is planning to accelerate the rehabilitation and construction of the core socio-economic infrastructure and improve the business climate to support growth. The goal is to reduce poverty and progress toward meeting the MDGs in a peaceful environment. To this end, the government intends to proceed in line with the strategy outlined in the letter of intent of October 21, 2011, which places particular emphasis on national reconciliation, job creation, and public debt management.

17. The government is committed to the implementation of the coherent structural reform program launched in 2011 and to take additional measures. Public financial management will be reinforced through the transcription and implementation of new WAEMU directives. The government also intends to pursue the restructuring of the energy and agriculture sectors, public administration reform, and strengthening the financial system to support growth.

A. Macroeconomic Framework

18. In line with the National Development Plan, the government is projecting economic growth of 9 percent in 2013, driven primarily by investment. The investment rate should rise from 12.5 percent of GDP in 2012 to 16.2 percent of GDP in 2013. Public investment should play the role of leveraging growth and stimulating private investment. To this end, a Public Investment Program (PIP), consistent with the National Development Plan, has been prepared. It takes into account the regional integration projects that were the focus of a roundtable meeting among financial backers.

19. The private sector, which will benefit from an improvement in the business climate, will be one of the engines for the growth acceleration. The government has adopted a new investment code and has established a Business Support Center. The return of trade partners and major investment projects should also attract private investment, in particular through public-private partnerships (PPPs), where a priority list of eligible projects has been identified. These projects involve, among others, the creation of new factories, the construction of public housing, exploration and development in the oil and gold industries, and increasing production capacity in the electrical power sector.
20. **Robust economic activity is expected in all sectors.**

- The primary sector should see a growth rate of 4.7 percent in 2013, due to favorable developments in all of its components. This performance will be driven by an increase in mining output and the implementation of a development policy for the agricultural sectors through the National Agricultural Investment Program (PNIA); a roundtable organized in September 2012 enabled financing needs to be mobilized.

- The secondary sector should post growth of 12.1 percent, benefiting from: (i) an improvement in the business climate; (ii) the utilization of enterprises’ capacities; (iii) a return of investor confidence; and (iv) the promotion of public and private investment through the strengthening of public-private partnerships.

- The tertiary sector should grow by 12.9 percent, due to dynamic development in all of its components in line with the performance indicators achieved in the primary and secondary sectors.

21. **The inflation rate should remain within the WAEMU community 3 percent norm.** Agricultural development policies, in particular in the area of rice and other food crops, efforts to combat racketeering, and a gradual reduction in incidental expenses, as well as the repair of roads serving agricultural regions, should contribute to a better supply of markets and price stability. Thus, inflation would be around 2.3 percent.

**B. 2013 Budget Law**

22. **Fiscal policy will continue to put priority on mobilizing the full revenue potential of taxes and the rationalization of spending to create the fiscal space necessary for investment.** It adheres strictly to orthodox principles with regard to the management of public finances, in particular the approval of the budget in accordance with the constitutional deadline, and transparency and traceability in the chain of public expenditures. The government will take the necessary measures to ensure strict execution of spending within the limits of the budget envelopes, income generated from tax and customs receipts, and available financing. In this regard, meetings of the Treasury Committee will be continued with the aim of making the necessary adjustments through the SIGFiP.

23. **The draft budget law reflects the government’s desire to strengthen the mobilization of tax and customs revenues.** Despite the projected decline in the taxes for the coffee and cocoa sectors, and oil and gas revenues, tax revenues should be equal to 17.4 percent of GDP in 2013, compared to 17.3 percent in 2012. This performance is attributable to the resumption of economic activity, and also to specific actions and initiatives. In terms of domestic taxes, these include:
• the pursuit of taxation on informal activities and other activities that are insufficiently taxed;
• the implementation of an action plan aimed at optimizing the yield of VAT;
• the reinforcement of actions to combat fraud and, in particular to monitor the use of standardized invoices;
• the promotion of public tax compliance and public awareness of new taxes with the aim of improving the collection of these revenues, in particular through the implementation of a tax on windfall profits of mining operations;
• the improvement of the real estate tax collection rate; and
• the improvement of the yield of some user fees by dematerializing the support of this tax.

Taxes on external trade should increase from 7.5 percent in 2012 to 8.3 percent in 2013 owing to the strong performance of taxes on import of general goods which will be boosted by the economic rebound and to the resumption of the collection of import duties and taxes on rice suspended in 2012. Furthermore, as mentioned above, receipts from the DUS would improve because of the elimination of the tax relief provided in the past to cocoa processors and of the taxation of coffee on an ad valorem basis.

24. **The 2013 budget calls for an increase in public investment consistent with the National Development Plan for 2012–15.** With an appropriation equal to approximately 26.9 percent of budget revenue, capital expenditures are planned in the amount of CFAF 1031.9 billion, or 7.5 percent of GDP, compared to 5.4 percent in 2012. They will be directed primarily at the rehabilitation and construction of basic infrastructure, the support of the leading growth sectors, such as agriculture, transportation, and energy, as well as operations to strengthen security and national defense. In this context, the government is planning to expand the public procurement absorption capacity through: (i) strengthening the capacities of the principal parties involved in public spending; (ii) a reduction in the time required for the awarding of public contracts; (iii) speeding up the payment of suppliers; and (iv) the establishment of public procurement focal points within technical ministries.

25. **The government intends to improve the living conditions for the population by assigning priority to pro-poor spending that will be set at 8.3 percent of GDP, compared to 7.9 percent in 2012.** These resources should allow for the rehabilitation of schools and public health facilities, free targeted health care, the development and promotion of agriculture, the purchase of textbooks and school kits, and the continuation of the school meal program.
26. **Caps will be placed on some budget appropriations.** The government plans to limit operating expenses to CFAF 507 billion, and subsidies for the electricity sector to CFAF 64 billion. In addition, the government will continue to carry out expenditures in accordance with the pace of mobilization of domestic and external resources. Special emphasis will be placed on containing the wage bill at 7.5 percent of GDP. The introduction of computerized management of personnel and the streamlining of new recruitment should result in a decline in the estimated ratio of the wage bill to tax revenue to 43.1 percent in 2013.

27. **The overall primary basic balance will reach CFAF 23.2 billion, or 0.2 percent of GDP.** The total budget deficit, including grants (except grants for the settlement of arrears) would decline to 2.9 percent of GDP in 2013 from 4.3 percent of GDP in 2012.

C. **Structural Reforms**

28. **The government will continue structural reforms to improve the competitiveness of the economy.** These reforms are aimed at strengthening public financial management, and improving the effectiveness of public administration, governance, and the business climate.

29. **Efforts to improve public financial management will continue.** The plan rests on a number of key strategic elements:

- Concerning the legal and institutional framework, the preliminary draft organic laws dealing with the code of transparency and the budget system law will be adopted by the Council of Ministers in December 2012 and submitted to Parliament at end-March 2013. Following the promulgation of these laws, decrees pertaining to the General Regulations on Public Accounting, the Government Budget Nomenclature, the Government Chart of Accounts, and the Table of Government Financial Operations will be signed after the organic laws have been adopted by Parliament. To this end, the government will adopt by end-July 2013 a strategy and action plan for the implementation of the reforms.

- Progress will be made with regard to the transparency of budget execution through the implementation of the transparency code following its adoption. In addition, in the context of the statements presented to the Council of Ministers, quarterly reports on budget execution will be improved by incorporating the analysis of investment spending by ministry. With regard to technical matters, the rolling out of SIGFiP throughout the country will be continued.

- Regarding budget discipline, Treasury advances will be contained within the limits provided for under the order issued by the Minister of the Economy and Finance in March 2009. To optimize the allocation of resources and to ensure effective spending, the Medium-Term Expenditure Framework (MTEF) has been extended to eight
high-level ministries for 2013, in addition to the education and training, and health sectors. The process will be expanded to other ministries in 2014. In addition, an overall MTEF will be put in place for the preparation of the 2014 budget.

The government will pursue the reform of public finances by adopting a new action plan based on the Public Expenditure Management and Accountability Review (PEMFAR), and it will adopt before end-September 2013 a coordination plan for working with donors for its financing and implementation.

30. **The government will continue the reforms in the coffee and cocoa sector.** It will conduct an assessment on the need for hedging external market risk for cocoa and it will apply the recommendations. In addition, regular audits of the sales system will be carried out and a semi-annual report on the implementation of the reform will be published. Furthermore, it will establish ad valorem taxation for coffee starting from the 2013 campaign.

31. **Efforts to reduce the deficit in the electricity sector and to increase capacity will be continued.**

- The government (the ministries in charge of overseeing the sector from a technical and financial standpoint), as prior action, will adopt before November 15, 2012, a medium-term strategy for the development and restoration of the sector’s financial equilibrium. This strategy will take stock of the projects to increase both thermal and hydroelectric production capacities, and of the various measures envisaged to reduce costs and generate additional revenue to restore the sector’s financial equilibrium over 2013-15, while protecting low-income households.

- Development projects in the sector should make it possible between now and 2014 to boost natural gas production and reduce the need to resort to HVO fuel, which is more expensive. To this end, after boosting the production capacity of the Foxtrot natural gas field, the government is planning to develop the Gazelle field, which will go into production in 2014. Thus, starting in 2014 there will only be residual recourse to HVO. Over the medium term, the increase in hydroelectric capacities, in particular as a result of the completion of the Soubré hydroelectric dam, will also contribute to a reduction in costs.

- The increase in electricity capacity to support growth will be accompanied by measures aimed at reducing technical and non-technical losses and the completion of new projects for electricity generation. Specifically, this will entail: (i) an improvement in the overall efficiency of electricity generation, which will rise from 74.7 percent in 2012 to 77.7 percent in 2015, or 1 percentage point per year; (ii) the leasing of a thermal power station with a 100 MW capacity starting in March 2013; (iii) investments in 2013 to bring phase 4 of CIPREL on line in January 2014, and its
cogeneration cycle on line in January 2015; phases 1 and 2 of the Abatta cogeneration cycle thermal power station on line in December 2015 and February 2016, respectively, and its steam cycle on line in December 2016; the startup of the Azito steam cycle is planned for December 2014; and (iv) preliminary discussions are underway with potential investors regarding three other projects.

- As part of its strategy, the government also intends to complete negotiations with the operator of the electricity distribution network before end-June 2013 to consider a reduction in its remuneration and with gas field operators to reduce the gas price. In this context, the discussions that are under way regarding a change in the contract for the Foxtrot gas field will be completed at the earliest.

- The new electricity code will be adopted by the Council of Ministers before the end of 2012 and will then be submitted to the National Assembly.

- The electricity export contracts will be renegotiated with an adjustment in the rates to allow for a greater contribution toward production costs.

- The transition to the regular tariff for all customers consuming more than 200 kWh bimonthly will be effective for all the bills relating to consumption after January 1, 2013.

- A new tariff structure incorporating the recommendations of the social impact study initiated in 2012 would be applied starting in 2013. In addition, the government intends to implement gradual rate increases, starting with an average increase of 5 percent for the low-voltage tariff in July 2013, with the next steps intended to complement cost-cutting measures and mobilize additional resources, while protecting low-income households.

32. **Regarding petroleum products, the government plans to implement a new automatic price adjustment mechanism.** As prior action, a new price structure will be developed and adopted by the government before November 15, 2012. This will be the focus of a public awareness campaign before being implemented at end-March 2013. This new mechanism will balance the social impact of pump price changes and the need to reflect market prices. Considering the significant financial losses resulting from the butane price subsidy mechanism, the government has decided to raise prices for liquid petroleum products by a maximum of CFAF 15 (or around 2 percent) per liter beginning December 2012, and simultaneously limit the butane gas subsidy to 6 and 12 kg bottles. A study regarding the butane adjustment will be completed before end-November 2012 to ascertain the viability of the butane subsidy policy within the context of the new price structure.

33. **Concerning the extractive industries, Côte d’Ivoire aims to be fully compliant with the Extractive Industries Transparency Initiative (EITI).** Following the publication
of the reports for the years 2008–09 and 2010, and the amendment to the petroleum code requiring oil companies to participate in the EITI, the government hopes that the EITI Board will make a decision on the country’s compliance at its October 2012 meeting.

34. **Regarding public enterprises, the restructuring plan adopted by the Council of Ministers on May 23, 2012, will be implemented.** The ultimate objective is to reduce the government’s portfolio by 25 percent through privatization, merger, or the transfer of responsibilities to a technical oversight agency. The process has been started, with the development of the terms of reference aimed at defining the mechanism and the strategy to be employed for each enterprise involved. In addition, the government plans to institute performance contracts between the government of Côte d’Ivoire and public enterprises to improve their productivity. It will also oversee the application of the plan for the settlement of outstanding payments validated jointly by debtor public enterprises and social security institutions (CGRAE and CNPS).

35. **With regard to public banks, the designated strategic options for restructuring are in the process of being implemented.** International firms have been hired to assess the value of these banks with the aim of initiating the operational phase for the options that are chosen. The evaluation studies will be completed by end-November 2012.

36. **The government is planning to settle its arrears to the financial sector in 2013.** The government’s arrears to the Central Bank of West African States (BCEAO) will be subject to a settlement plan. Arrears to banks and financial institutions will be settled through issuing Treasury bonds. Arrears to the nonfinancial sector will be subject to an audit and a settlement plan will be designed thereafter.

37. **The government intends to finalize the Financial Sector Development Strategy (SDSF) with the support of the FIRST initiative.** This strategy should identify solutions for improving the financing of economic activities, particularly in housing, small- and medium-sized enterprises, and agriculture. It should also address the role of the government in the financial sector, the cost of credit, and the recovery of the microfinance sector. In this context, the finalization of complementary studies would make it possible to develop a strategy that will be validated in the course of a workshop at the end of the first quarter of 2013. A roundtable will be organized to arrange for its financing in 2013. The Financial Sector Monitoring and Development Committee (CODESFI), created in November 2009, will oversee the implementation of the SDSF in 2013.

38. **The government intends to capitalize on the significant progress made in improving the business climate.** Following the opening of the commercial court in Abidjan, two other commercial courts will be opened in 2013. Training for magistrates and judicial personnel will be subsequently bolstered. The Business Support Center will become operational under the aegis of the Center for the Promotion of Investments in Côte d’Ivoire (Centre de Promotion des Investissements en Côte d’Ivoire, or CEPICI), which has been
granted the status of an autonomous legal entity (a national public administrative agency). To ensure enterprises access to suitable industrial sites, a program for the rehabilitation and creation of industrial zones will be implemented. Furthermore, the government intends to complete the establishment of a one-stop shop for foreign trade, the feasibility studies of which have started.

39. **Regarding public administration, the government is planning to further modernize the civil service.** The deployment of SIGFAE and steps to improve the personnel management framework will be continued. This environment will be conducive to the implementation of a strategy to manage the wage bill, building on the recommendations of the Social Forum initiated in 2012, as well as containing new recruitment while meeting the requirements of the National Development Plan.

### IV. Debt Strategy

40. **The government will implement a strategy to ensure the sustainability of post-HIPC debt.** The goals of this strategy are to: (i) significantly lower the refinancing risk by converting domestic debt into medium- and long-term debt; (ii) favor concessional borrowing with regard to external debt; (iii) assist in the progressive development of the domestic market while opting for medium-term maturities; and (iv) minimize all costs and risks. To this end, following the establishment of the CNDP, the government intends to reorganize the operational framework for debt management, in particular by creating “front, middle, and back office” services handling both domestic and external debt. The government will adopt a debt strategy in the first half of 2013. On this basis, the CNDP will produce an annual report on the policy and execution of the debt strategy, which will be submitted to Parliament during the adoption of the budget law, starting with the 2014 fiscal year.

41. **The government will implement a strategy to promote public-private partnerships to boost investment while limiting risks to public finances.** To this end, the National Committee created in November 2011 has been instructed to put a legal and institutional framework in place before end-June 2013 as well as strengthening domestic capacity as regard PPPs. The priority projects eligible for the PPP, which are consistent with the National Development Plan, have been adopted by the Council of Ministers. More in-depth studies will be undertaken with the aim of preparing the financial structuring and the implementation of the PPPs. In this context, the government will seek assistance from the IMF, the World Bank, and other development partners as regard best international practices in this area.

42. **In order to meet the financing needs of its investment plans, the government will continue to favor concessional sources of financing.** However, some nonconcessional external borrowing may be necessary for investment projects that are economically profitable for which concessional borrowing is difficult to mobilize. While the government intends to reduce the financing burden on the budget through the use of PPPs, some government
participation financed by borrowing may be necessary in order to leverage in private participation and financing. However, the government intends to ensure that any borrowing, including on nonconcessional terms, is contracted in the context of a sound borrowing policy in order to preserve debt sustainability. To this end, alongside ongoing measures to strengthen debt management and to prepare its own debt management strategy, the government will limit its cumulative nonconcessional borrowing in 2013–14 to the equivalent of USD 100 million by end-2013 and USD 200 million by end-2014, which will be limited to infrastructure and energy sector investment projects that are economically profitable. Also, to benefit from the increase in the lending envelope of the West African Development Bank (BOAD) for Côte d’Ivoire, the government requests an increase of CFAF 25 billion (equivalent to USD 50 million) in the existing nonconcessional window for borrowing on nonconcessional terms from the (BOAD).

V. PROGRAM FINANCING AND MONITORING

43. The government considers that financing will be available for the program in 2013. The financing shortfall in 2013 will be CFAF 37.4 billion and will be financed through the domestic market. The funding of the PIP in 2013–15 will come through two main channels: (i) the C2D with the French Development Agency (AFD); and (ii) a donor meeting (consultative group) including an investors’ forum, supported by the World Bank, which will be organized in early December 2012 in Paris. The government intends to rely primarily on grants or concessional loans, particularly from the World Bank, the African Development Bank, the Islamic Development Bank, and the European Union. Nevertheless, nonconcessional financing might be needed for certain investments.

44. Regarding access to the domestic and regional markets, the government intends to mobilize more loans with longer maturities. Regular meetings of the Treasury Committee will be held to ensure that the revenue projections and public securities issues are consistent with the execution of expenditures and are meeting debt service obligations. The government will also continue to aim for a net reduction in amount payables by CFAF 25 billion in 2013, and to meet its obligations under securitized debt.

45. The program will be monitored on a half-yearly basis by the IMF Executive Board based on quantitative indicators and structural targets (Tables 1&2). These indicators are defined in the attached Technical Memorandum of Understanding (TMU). The semi-annual reviews will be based on the end-June and end-December data. The third (fourth) program review would be based on the performance criteria at end-December 2012 (end-June 2013) and should be completed no later than June 2013 (December 2013). To this end, the government undertakes:

- to refrain from accumulating new domestic arrears and any kind of advance against revenues and from obtaining nonconcessional external loans other than those specified in the TMU;
• to issue government securities only by means of an auction through the BCEAO or any other form of competitive bidding in the local financial market and the WAEMU and to consult with Fund staff regarding any new domestic financing;

• not to introduce or tighten restrictions on payments and transfers pertaining to current international transactions, not to introduce multiple exchange rate practices, not to conclude any bilateral payment agreements that are not in compliance with Article VIII of the IMF Articles of Agreement, and not to impose or tighten any restrictions on imports for the purpose of balancing the balance of payments;

• to adopt all new financial or structural measures as needed to ensure the successful implementation of its policies in consultation with the IMF.

VI. STATISTICS AND CAPACITY-BUILDING

46. The government undertakes to continue its efforts to improve the statistical system with a view to the regular production of high-quality economic and financial data. To this end, the Strategic Plan for the Strengthening of Statistics for 2012–15, which is consistent with the National Development Plan, was ratified through the adoption of the PND for 2012–15 on March 28, 2012, and has been put into operation. It entails: (i) support for the performance of national and sectoral surveys; (ii) workshops on the implementation of the Integrated Information Management System database; (iii) updating of the Harmonized Consumer Price Index (HCPI); (iv) development of the ministerial statistical services yearbook; and (v) the production of the projected balance of payments. A special effort will be made with the assistance of the African Regional Technical Assistance Center (AFRITAC West) to produce quarterly national accounts in 2013. The draft law regarding the organization, regulation, and coordination of statistical activities in Côte d’Ivoire has been updated and presented to the government. It should be adopted by the National Assembly in 2013.

47. Côte d’Ivoire will continue to strengthen its administrative capacities in a post-enhanced HIPC environment. The government will continue to benefit from assistance from the IMF and other development partners to: (i) strengthen the capacities of the tax and customs administrations; (ii) review tax exemptions; (iii) assist in the implementation of the action plan for the reform of public finances; (iv) improve national accounts with the aim of creating a social accounting matrix; and (v) develop capacities for the management of public resources and the monitoring of investment projects. To strengthen public debt management, the government intends to undertake a capacity-building program aimed at supporting the development and implementation of a medium-term debt strategy. The government will accordingly seek technical assistance from the IMF.
### A. Performance criteria

<table>
<thead>
<tr>
<th>Performance criteria</th>
<th>Indicative Target (IT)</th>
<th>Actual</th>
<th>Status</th>
<th>Adjusted PC</th>
<th>Actual</th>
<th>Status</th>
<th>Revised PC</th>
<th>IT</th>
<th>Revised IT</th>
<th>IT</th>
<th>Revised IT</th>
<th>IT</th>
<th>Revised IT</th>
<th>IT</th>
<th>Revised IT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floor on the overall fiscal balance (including grants)</td>
<td>-56.7</td>
<td>60.4</td>
<td>Met</td>
<td>-175.9</td>
<td>-153.4</td>
<td>-29.8</td>
<td>Met</td>
<td>-395.5</td>
<td>-536.4</td>
<td>-23.7</td>
<td>-131.7</td>
<td>-240.5</td>
<td>-398.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ceiling on net domestic financing (incl. WAEMU paper)</td>
<td>58.6</td>
<td>16.8</td>
<td>Met</td>
<td>161.7</td>
<td>32.2</td>
<td>Met</td>
<td>378.8</td>
<td>461.7</td>
<td>443.7</td>
<td>18.7</td>
<td>118.7</td>
<td>186.7</td>
<td>243.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ceiling on new nonconcessional external debt (in $ million)</td>
<td>0.0</td>
<td>0.0</td>
<td>Met</td>
<td>0.0</td>
<td>0.0</td>
<td>Met</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
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<tr>
<td>Ceiling on accumulation of new external arrears</td>
<td>0.0</td>
<td>0.0</td>
<td>Met</td>
<td>0.0</td>
<td>0.0</td>
<td>Met</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Ceiling on accumulation of new domestic arrears</td>
<td>0.0</td>
<td>0.0</td>
<td>Met</td>
<td>0.0</td>
<td>0.0</td>
<td>Met</td>
<td>0.0</td>
<td>0.0</td>
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<td>0.0</td>
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#### B. Indicative targets

<table>
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<tr>
<th>Indicative Target (IT)</th>
<th>Actual</th>
<th>Status</th>
<th>Adjusted PC</th>
<th>Actual</th>
<th>Status</th>
<th>Revised PC</th>
<th>IT</th>
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<th>IT</th>
<th>Revised IT</th>
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</thead>
<tbody>
<tr>
<td>Floor on primary basic balance</td>
<td>-0.2</td>
<td>89.5</td>
<td>Met</td>
<td>-56.4</td>
<td>71.4</td>
<td>Met</td>
<td>-192.8</td>
<td>-252.4</td>
<td>-235.9</td>
<td>24.2</td>
<td>29.6</td>
<td>42.1</td>
</tr>
<tr>
<td>Ceiling on expenditures by treasury advance</td>
<td>17.1</td>
<td>8.1</td>
<td>Met</td>
<td>42.0</td>
<td>38.5</td>
<td>Met</td>
<td>75.8</td>
<td>109.8</td>
<td>113.5</td>
<td>20.0</td>
<td>46.1</td>
<td>72.1</td>
</tr>
<tr>
<td>Floor on pro-poor expenditure</td>
<td>181.3</td>
<td>189.8</td>
<td>Met</td>
<td>403.0</td>
<td>496.1</td>
<td>Met</td>
<td>676.9</td>
<td>980.0</td>
<td>980.0</td>
<td>246.2</td>
<td>533.0</td>
<td>832.5</td>
</tr>
<tr>
<td>Floor on net reduction of government amounts payable</td>
<td>-5.0</td>
<td>-75.6</td>
<td>Met</td>
<td>-7.5</td>
<td>-24.2</td>
<td>Met</td>
<td>-15.0</td>
<td>-25.0</td>
<td>-25.0</td>
<td>-5.0</td>
<td>-7.5</td>
<td>-15.0</td>
</tr>
<tr>
<td>Floor on government revenue</td>
<td>525.8</td>
<td>598.7</td>
<td>Met</td>
<td>1,111.1</td>
<td>1,243.5</td>
<td>Met</td>
<td>1,697.3</td>
<td>2,357.6</td>
<td>2,492.2</td>
<td>615.6</td>
<td>1,339.3</td>
<td>2,027.5</td>
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#### Memorandum items:

<table>
<thead>
<tr>
<th>Memorandum items</th>
<th>Indicative Target (IT)</th>
<th>Actual</th>
<th>Status</th>
<th>Adjusted PC</th>
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<th>Revised PC</th>
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<th>IT</th>
<th>Revised IT</th>
<th>IT</th>
<th>Revised IT</th>
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</thead>
<tbody>
<tr>
<td>Net banking sector claims on government</td>
<td>3.1</td>
<td>-4.1</td>
<td>76.2</td>
<td>28.7</td>
<td>151.9</td>
<td>208.5</td>
<td>228.9</td>
<td>-19.0</td>
<td>25.0</td>
<td>28.1</td>
<td>75.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program grants</td>
<td>0.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
<td>0.0</td>
<td>49.2</td>
<td>49.2</td>
<td>98.4</td>
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<tr>
<td>Program loans</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project grants</td>
<td>3.7</td>
<td>12.7</td>
<td>25.0</td>
<td>29.2</td>
<td>30.0</td>
<td>42.2</td>
<td>51.7</td>
<td>25.0</td>
<td>50.0</td>
<td>70.0</td>
<td>147.7</td>
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<tr>
<td>Project loans</td>
<td>19.7</td>
<td>7.5</td>
<td>47.2</td>
<td>24.7</td>
<td>47.2</td>
<td>78.7</td>
<td>70.4</td>
<td>30.3</td>
<td>121.1</td>
<td>196.8</td>
<td>302.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sources:** Ivorian authorities and IMF staff.

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

1/ Cumulative change from December 31, 2011 for 2012 targets, and from December 31, 2012 for 2013 targets.

2/ Except for the ceiling on new nonconcessional external debt

3/ Continuous performance criteria.

4/ The new window in 2013 will be used for infrastructure and energy sector projects (MEFP §42)
Table 2. Côte d’Ivoire: Structural Benchmarks (SB), 2012 ECF

<table>
<thead>
<tr>
<th>Measures</th>
<th>Macroeconomic rationale</th>
<th>Timeframe</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax policy / Tax administration</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• Based on the <em>Procès Verbal Simplifié</em>, register at least 30 percent</td>
<td>Enhance transparency and counter</td>
<td>SB end-June 2012</td>
<td>Met</td>
</tr>
<tr>
<td>of custom frauds in the IT system by end-June 2012, with the aim of</td>
<td>fraud</td>
<td></td>
<td></td>
</tr>
<tr>
<td>reaching 90 percent by end-2012.</td>
<td></td>
<td>SB end-December 2012</td>
<td></td>
</tr>
<tr>
<td>• Review the taxes levied on petroleum products and prepare a gradual</td>
<td>Rationalize tax expenditures and</td>
<td>SB end-May 2012 (rescheduled)</td>
<td>Not met</td>
</tr>
<tr>
<td>adjustment strategy with a price-smoothing mechanism to transition to</td>
<td>promote more efficient use of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a system that will automatically set retail prices based on international</td>
<td>petroleum products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>price developments.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Implement the gradual adjustment strategy including a price-smoothing</td>
<td></td>
<td>SB July 2012 (rescheduled)</td>
<td>Not met</td>
</tr>
<tr>
<td>mechanism to transition to a system that will automatically set retail</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>prices based on international price developments.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Prepare MTEFs for eight ministries (defense, security, agriculture;</td>
<td>Improve strategic budget planning</td>
<td>SB end-October 2012</td>
<td>Met</td>
</tr>
<tr>
<td>economic infrastructure; justice; mines, petroleum and energy;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>environment; and social affairs)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Submit the 2011 budget review law to the Audit Office.</td>
<td>Enhance transparency of the budgetary</td>
<td>SB end-July 2012</td>
<td>Met</td>
</tr>
<tr>
<td><strong>Public expenditure management</strong></td>
<td>process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Update and implement a medium-term strategy for controlling the wage</td>
<td>Contain the size of the civil</td>
<td>SB end-June 2012 (rescheduled)</td>
<td>Not met</td>
</tr>
<tr>
<td>bill.</td>
<td>service and the wage bill</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Include an alert module in the debt management system to automatically</td>
<td>Ensure timely payment of debt</td>
<td>SB end-June 2012</td>
<td>Met</td>
</tr>
<tr>
<td>generate reminders as regard the receipts of notices for debt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>repayments.</td>
<td></td>
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</table>
Table 2. Côte d’Ivoire: Structural Benchmarks, 2012 ECF (continued)

<table>
<thead>
<tr>
<th>Measures</th>
<th>Macroeconomic rationale</th>
<th>Timeframe</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public expenditure management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Put in place an integrated management system (single file, SIGFAE) for government officials and employees (excluding defense and security forces).</td>
<td>Reduce fraud and improve the monitoring of wages and salaries</td>
<td>SB end-2012</td>
<td>Met</td>
</tr>
<tr>
<td>• No new injection of public funds in the five public banks in difficulty outside a restructuring plan discussed with the IMF and the World Bank.</td>
<td>Improve financial sector governance and management</td>
<td>SB continuous</td>
<td>Met</td>
</tr>
<tr>
<td>• Adopt a strategy for restructuring public enterprises, including the public banks in the Council of Ministers.</td>
<td>Curb banks’ recurring losses; reduce government subsidies</td>
<td>SB end-June 2012</td>
<td>Met</td>
</tr>
<tr>
<td><strong>Public sector reform</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Complete the study on the social impact of electricity rates and adopt a strategy to achieve financial equilibrium in the sector over the next three years.</td>
<td>Reduce government subsidies and enable investments to boost production capacity</td>
<td>SB end-September 2012 (rescheduled)</td>
<td>Not met</td>
</tr>
<tr>
<td>• Validate and implement a new electricity tariff structure based on the conclusions of the tariff structure study, taking into account the rationalization of modified rates.</td>
<td></td>
<td>SB end-2012 (rescheduled)</td>
<td>Not met</td>
</tr>
<tr>
<td>• Implement the social tariffs rationalization program, including progress reports at end-September 2012 and end-January 2013, in line with the end-March 2012 letter of instruction (dated March 28, 2012) from the Minister of Mines, Petroleum, and Energy.</td>
<td></td>
<td>SB end-September 2012</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SB end-January 2013</td>
<td></td>
</tr>
</tbody>
</table>


Table 2. Côte d’Ivoire: Structural Benchmarks, 2012 ECF (concluded)

<table>
<thead>
<tr>
<th>Measures</th>
<th>Macroeconomic rationale</th>
<th>Timeframe</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public sector reform</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Adopt the electricity code in the</td>
<td>Improve governance of the</td>
<td>SB end-June 2012</td>
<td>Not met</td>
</tr>
<tr>
<td>Council of Ministers.</td>
<td>electricity sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cocoa sector reform</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Reach an agreement as regard the</td>
<td>Advance the reform of the cocoa</td>
<td>SB end-September</td>
<td>Met</td>
</tr>
<tr>
<td>price structure for the various</td>
<td>sector</td>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>stakeholders.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Improving the business environment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Limit the current fiscal year’s VAT</td>
<td>Improve the business climate and</td>
<td>SB continuous</td>
<td>Met</td>
</tr>
<tr>
<td>arrears pending refund to under</td>
<td>the confidence of enterprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFAF 10 billion.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Adopt a new investment code in the</td>
<td>Facilitate investment</td>
<td>SB end-June 2012</td>
<td>Met</td>
</tr>
<tr>
<td>Council of Ministers.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3. Côte d’Ivoire: Structural Benchmarks, 2012–13 ECF

<table>
<thead>
<tr>
<th>Measures</th>
<th>Macroeconomic rationale</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax policy/Tax administration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Produce a quarterly report on the implementation of the Directorate General of Taxes action plan on VAT optimization no later than 45 days after the quarter ends.</td>
<td>Increase revenue from the VAT</td>
<td>SB continuous</td>
</tr>
<tr>
<td>• Review the taxes levied on petroleum products and prepare a gradual adjustment strategy with a price-smoothing mechanism to transition to a system that will automatically set retail prices based on international price developments.</td>
<td>Rationalize tax expenditures and promote more efficient use of petroleum products</td>
<td>Prior Action- Before November 15, 2012 SB end-March 2013</td>
</tr>
<tr>
<td>• Implement the gradual adjustment strategy including a price-smoothing mechanism to transition to a system that will automatically set retail prices based on international price developments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Increase the prices of liquid petroleum products by a maximum of CFAF 15 per liter to contribute to financing the butane stabilizer.</td>
<td>Finance the subsidy for the price of butane gas.</td>
<td>SB end-November 2012</td>
</tr>
<tr>
<td>• Undertake a stocktaking of VAT exemptions, including identifying those inconsistent with the WAEMU VAT directive.</td>
<td>Streamline tax expenditures/mobilize revenue</td>
<td>SB end-February 2013</td>
</tr>
<tr>
<td><strong>Public expenditure management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Update and implement a medium-term strategy for controlling the wage bill.</td>
<td>Contain the size of the civil service and the wage bill</td>
<td>SB end-February 2012</td>
</tr>
<tr>
<td>• No new injection of public funds in the five public banks in difficulty outside a restructuring plan discussed with the IMF and the World Bank.</td>
<td>Improve financial sector governance and management</td>
<td>SB continuous</td>
</tr>
<tr>
<td>• Prepare the global MTEF for application to the 2014 budget.</td>
<td>Improve strategic budget planning</td>
<td>SB end-September 2013</td>
</tr>
<tr>
<td>• Finalize and adopt by the Council of Ministers of draft texts transposing the six WAEMU directives on public finance.</td>
<td>Improve fiscal management</td>
<td>SB end-June 2013</td>
</tr>
<tr>
<td>• Prepare and adopt the medium-term debt management strategy.</td>
<td>Improve debt management</td>
<td>SB end-June 2013</td>
</tr>
<tr>
<td>Measures</td>
<td>Macroeconomic rationale</td>
<td>Timeframe</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td><strong>Public expenditure management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Reorganize debt management unit in the Directorate General of the Treasury and adopt a functional structure (front-, middle-, and back-office).</td>
<td>Improve public debt management.</td>
<td>SB end-June 2013</td>
</tr>
<tr>
<td>• Adopt a PPP framework.</td>
<td>Strengthen capacity to manage PPP projects and mitigate associated risks</td>
<td>SB end-June 2013</td>
</tr>
<tr>
<td><strong>Energy sector reform</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Adopt a comprehensive strategy to bring the electricity sector back to financial equilibrium over the next three years.</td>
<td>Reduce government subsidies and enable investments to boost production capacity</td>
<td>Prior Action- Before November 15, 2012</td>
</tr>
<tr>
<td>• Implement the social tariffs rationalization program, including progress reports at end-September 2012 and end-January 2013, in line with the end-March 2012 letter of instruction (dated March 28, 2012) from the Minister of Mines, Petroleum, and Energy.</td>
<td></td>
<td>SB end-March 2013</td>
</tr>
<tr>
<td>• Gradually raise rates, beginning with a 5% average increase of the low-voltage rate in July 2013, while protecting the low-income social categories.</td>
<td>Improve governance of the electricity sector</td>
<td>SB July 2013</td>
</tr>
<tr>
<td>• Adopt the electricity code in the Council of Ministers and submit it to Parliament</td>
<td></td>
<td>SB end-December 2012</td>
</tr>
<tr>
<td>• Adopt the hydrocarbon in the Council of Ministers.</td>
<td>Improve transparency in the hydrocarbon sector</td>
<td>SB end-June 2013</td>
</tr>
<tr>
<td>• Adopt the mining code in the council of Ministers.</td>
<td></td>
<td>SB end-June 2013</td>
</tr>
<tr>
<td><strong>Financial sector reform</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Prepare a financial sector reform and development strategy.</td>
<td>Improve governance and intermediation in the financial sector</td>
<td>SB end-February 2013</td>
</tr>
<tr>
<td>• Adopt an action plan including a timeline for restructuring the public banks based on the recommendations of the audits.</td>
<td>Improve governance and intermediation in the financial sector</td>
<td>SB end-February 2013</td>
</tr>
<tr>
<td><strong>Improving the business environment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Limit the current fiscal year’s VAT arrears pending refund to under CFAF 10 billion.</td>
<td>Improve the business climate and the confidence of enterprises</td>
<td>SB continuous</td>
</tr>
<tr>
<td>• Adopt the law on competition in the Council of Ministers.</td>
<td>Combat noncompetitive practices</td>
<td>SB end-March 2013</td>
</tr>
<tr>
<td>• Adopt a plan to pay the arrears vis-à-vis banks, insurance companies and financial institutions, with priority given to market financial instruments.</td>
<td>Improve the business climate and the confidence of the financial sector</td>
<td>SB end-March 2013</td>
</tr>
<tr>
<td>• Prepare a plan to pay arrears based on the results of the audits in progress.</td>
<td>Improve the business climate</td>
<td>SB end-March 2013</td>
</tr>
</tbody>
</table>
ATTACHMENT II. CÔTE D’IVOIRE: TECHNICAL MEMORANDUM OF UNDERSTANDING

ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY 2011–14

November 13, 2012

1. This Technical Memorandum of Understanding (TMU) describes the quantitative and structural assessment criteria established by the Ivorian authorities and the staff of the International Monetary Fund (IMF) to monitor the program supported by the Fund’s Extended Credit Facility (ECF). It also specifies the periodicity and the deadlines for the transmission of data to Fund staff for program monitoring purposes. Unless otherwise specified, the government is defined as the central government of Côte d’Ivoire, including the National Social Security Fund (Caisse Nationale de Prévoyance Sociale, CNPS) and the Civil Service Pension Fund (Caisse Générale de Retraite des Agents de l’Etat, CGRAE), and Treasury operations for public companies in liquidation; it does not include any local government authorities, the Central Bank of West African States (BCEAO), or any other government-owned entity with separate legal status.

I. Quantitative Indicators

2. For program monitoring purposes, the performance criteria (PC) and indicative targets (IT) are set for December 31, 2012, and June 30, 2013; there are indicative targets for these variables for September 30, 2012, and March 31, 2013.

The performance criteria include:

(a) a floor on the overall fiscal balance (including grants);
(b) a ceiling for net domestic financing (including the issuance of securities in the West African Economic and Monetary Union (WAEMU) financial market);
(c) a ceiling on new nonconcessional external debt;
(d) a zero ceiling for the accumulation of new external arrears; and
(e) a zero ceiling for the accumulation of new domestic arrears.

The indicative targets are:

(a) a floor on the primary basic fiscal balance;
(b) a ceiling on expenditures by treasury advance;
(c) a floor on “pro-poor” expenditures;
(d) a floor on the net reduction of the government amounts payables;
(e) a floor on total government revenue.
3. The PCs, the ITs, and the adjustors are calculated as the cumulative change from December 31, 2011, for the 2012 targets, and from December 31, 2012, for the 2013 targets (Table 2 of the Memorandum of Economic and Financial Policies, or the MEFP).

A. Government Revenue (IT)

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

B. Pro-poor expenditures (IT)

5. Pro-poor expenditures are derived from the detailed list of “pro-poor expenditures” in SIFBUD/SIGFIP system (see Table 1).

C. Treasury Advances (IT)

6. Within the framework of the program, Treasury advances are defined as spending paid for by the Treasury outside normal execution and control procedures, and which have not been subject to prior commitment and authorization. They exclude the “régies d’avances”, externally-financed expenditures, wages, subsidies and transfers, and debt service as set out through ministerial decree. The cumulative amount of expenditures by treasury advance as defined by the program will not exceed the cumulative quarterly ceilings representing 10 percent of quarterly budget allocations (excluding externally financed expenditures, wages, subsidies and transfers, and debt service). The nominative and restrictive list of expenditures eligible as treasury advances is as defined by ministerial Decree No. 178/MEF/CAB-01/26 of March 13, 2009.

D. Primary Basic Fiscal Balance (IT)

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

\[
\text{Tax and nontax revenue (excluding grants)} - \{\text{Expenditure + Net lending} - \text{Interest payments} - \text{Externally-financed capital expenditure (on a payment order basis for all expenditure items)}\}
\]
E. Overall Fiscal Balance (including grants) (PC)

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

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

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

F. Net Domestic Financing (PC)

10. Domestic financing by the central government is defined as the issuance of all debt instruments in CFAF to domestic creditors and in the WAEMU financial market, borrowing from the BCEAO (including drawings from the IMF), and any other kind of other liability in CFAF toward these creditors. The program ceiling on net domestic financing applies to net amounts of domestic/WAEMU borrowing defined as the gross amount of domestic/WAEMU borrowing less amortization during the period under consideration. This ceiling includes a margin of CFAF 10 billion above the net cumulative flow projected for each quarter.

\[
\text{Net domestic financing} = \text{Domestic financing (TOFE)} - \text{Net change in amounts payable} + \text{Treasury bonds from abroad (WAEMU)} + \text{Treasury bills placed abroad (WAEMU)} + \text{Treasury bonds placed abroad (WAEMU)} + \text{IMF drawings} + \text{Financing gap}
\]

11. The ceiling on the change in domestic financing of the government will be adjusted up (down) if external budget support falls short of (exceeds) the program amount over each of calendar years 2012 and 2013. Budget support is defined as grants and loans (excluding project grants and loans, and IMF resources). If disbursements of external budget support fall short relative to programmed amounts, the ceiling on net domestic financing will be adjusted upward accordingly up to a maximum of CFAF 40 billion of change in the programmed amount of budget support. If disbursements of external budgetary support exceed the programmed amounts, the ceiling on net domestic financing will be adjusted downward at a rate of 50 percent up to a maximum of 40 billion CFAF of change in the programmed amount of budget support.

12. This ceiling does not apply to either new agreements on restructuring domestic debt and securitization of domestic arrears or to new project loans from the West African Development Bank (BOAD) and the Bank for Investment and Development (BIDC) of the Economic Community of West African States (ECOWAS). For any new borrowing over and above a cumulative amount of CFAF 35 billion over each of the years 2012 and 2013, the
government undertakes not to issue government securities except by auction through the BCEAO or through public auction (appel d’offres compétitif) on the domestic or WAEMU financial markets registered with the Regional Council for Public Savings and Financial Markets (CREPMF), in consultation with Fund staff.

G. New Nonconcessional External Debt (PC)

13. The quantitative performance criterion concerning external debt applies to all nonconcessional external debt, irrespective of maturity, and whether it has been contracted or guaranteed by the government. It applies not only to the debt as defined above, but also to commitments contracted or guaranteed for which no value has been received. This performance criterion does not apply to:

- normal import-related commercial debts having a maturity of less than one year;
- rescheduling agreements;
- debts to the BOAD on loans up to the equivalent of CFAF 25 billion from January 1 to December 31, 2012 and CFAF 50 billion from January 1, 2013 to December 31, 2013;
- debts to the BIDC, up to the equivalent of CFAF 20 billion, for each of the periods from January 1 to December 31, 2012 and from January 1 to December 31, 2013;
- drawings on the IMF; and
- CFAF-denominated government securities (or CFAF-denominated debt contracted or guaranteed by the government) which are initially purchased (or contracted) by WAEMU residents.

14. A debt is considered concessional if its grant element is at least 35 percent, the net present value (NPV) of the debt being calculated using a discount rate based on the average of the OECD Commercial Interest Reference Rates (CIRRs) over the last 10 years for debt with a maturity of at least 15 years. For debt with a maturity of less than 15 years, the NPV is based on the average CIRRs of the preceding six-month period (February 15 to August 14 or August 15 to February 14). The same margins for differing repayment periods are added to both the 10-year and 6-month averages (0.75 percentage point for repayment periods of less than 15 years, 1 percentage point for 15 to 19 years, 1.15 percentage points for 20 to 29 years, and 1.25 percentage points for 30 years or more).

---

1 External debt is defined in Guidelines on Performance Criteria with Respect to External Debt in Fund Arrangements, Executive Board Decision No. 6230–(79/140), as amended by Executive Board Decision No 14416–(09/91) on August 31, 2009. External debt is defined on the basis of residency. For the assessment of the program, however, debt issued by Ivorian entities in CFA francs and held by residents of the member countries of the WAEMU zone shall not be considered to be external debt.
15. The government undertakes not to contract or guarantee nonconcessional external debt under the conditions defined in paragraphs 13 and 14, with the exception of debt constituting rescheduling of maturities and new debt contracted or guaranteed by the government as specified in paragraph 16. To this end, the government undertakes to consult with IMF staff on the terms and concessionality of any proposed new debt in advance of contracting such external debt.

16. A cumulative ceiling beginning January 1, 2013 of up $100 million to December 31, 2013, and $200 million to December 31, 2014, applies to new nonconcessional external debt other than specified in paragraph 13 (performance criteria.) This ceiling would be applicable to debt-financing of projects in the infrastructure and energy sectors. The government will inform staff in a timely manner before contracting any debt of this type and provide information on the terms of the new debt as well as a brief summary of the projects to be financed and their profitability, including an independent evaluation. The government will report the use of funds and project implementation in subsequent MEFPs or to staff.

H. External Payment Arrears (PC)

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

18. Excluded from this performance criterion until a restructuring or repayment plan is agreed arrears accumulated under:

i) the 2032 Eurobonds;
ii) the BNI-Standard Bank (London) 2007 and 2008 notes; and
iii) the Sphynx Capital Markets 2007 and 2008 notes.

No new arrears should be accumulated after the restructuring agreement or repayment plan comes into effect.

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

19. The “amounts payable” (or “balances outstanding”) include domestic arrears and floating debt and represent the government’s overdue obligations. They are defined as expenditures committed and verified (engagées et liquidées), validated (ordonnancées) by the financial controller (contrôleur financier), assumed (prise en charge) by the public accountant, and subject to payment order but yet to be paid. For the program definition, these
include (i) bills due and not paid to non financial public and private companies, and (ii) the
domestic debt service to commercial banks, insurance companies, and other financial
institutions. For program purposes, domestic payment arrears are those balances outstanding
to nonfinancial public and private companies for which the payment date exceeds the
deadline for payment stipulated by the administrative regulations of 90 days, and the
domestic debt service to commercial banks, insurance companies, and other financial
institutions for which the payment date exceeds 30 days. Floating debt refers to those
balances outstanding for which the payment date does not exceed the deadline for payment
stipulated by the administrative regulations (90 days for debt to nonfinancial public and
private companies and 30 days for debt service to commercial banks, insurance companies,
and other financial institutions). The balances outstanding are broken down by payer and
type, as well as by maturity and length of overdue period (< 90 days, 90–365 days, > 1 year
for nonfinancial companies, and <30 days, 30-365 days, > 1 year for financial companies).

20. In general, the stock of floating debt will not exceed three months’ worth of current
operating expenses (excluding utilities), monthly debt service due to financial
companies, and domestically-financed expenditure.

21. For program purposes, the government undertakes: (i) to reduce the stock of amounts
payable by CFAF 25 billion in 2012 and CFAF 25 billion in 2013; and (ii) not to accumulate
new domestic payment arrears in the current fiscal year, and the next fiscal year starting on
January 1, 2013. In addition, the stock of arrears related to debt service due to commercial
banks, insurance companies, and other financial institutions (net of service on claims on the
government that these entities may acquire from third parties as of October 1, 2012) on
December 31, 2012 should not exceed its level as of September 30, 2012; at the end of each
quarter, the stock of arrears to commercial banks, insurance companies, and other financial
institutions (net of service on claims on the government that these entities may acquire from
third parties from the 1st day of the quarter) should not exceed the level of the previous
quarter.

II. MEMORANDUM ITEMS

A. Net Bank Claims on the Government

22. Net bank claims on the government are defined as the difference between government
debts and government claims with the central bank and commercial banks. The coverage of
net bank claims on the government is that used by the BCEAO, and is the same as that shown
in the net government position (NGP).

B. External Financing (Definitions)

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

III. PROGRAM MONITORING AND DATA REPORTING

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

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

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

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

28. More generally, the authorities will report to the IMF staff any information needed for effective monitoring of the implementation of economic policies.
Table 1. Côte d’Ivoire: Pro-Poor Spending (incl. Social Spending), 2009–13
(Billion CFA Francs)

<table>
<thead>
<tr>
<th>Category</th>
<th>2009 Actual</th>
<th>2010 Actual</th>
<th>2011 Actual</th>
<th>2012 Budgeted</th>
<th>2013 Budgeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Agriculture and rural development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General administration</td>
<td>8.5</td>
<td>9.2</td>
<td>7.0</td>
<td>7.7</td>
<td>8.2</td>
</tr>
<tr>
<td>Agriculture promotion and development program</td>
<td>10.6</td>
<td>10.8</td>
<td>10.8</td>
<td>12.0</td>
<td>8.1</td>
</tr>
<tr>
<td>Training of supervisory staff</td>
<td>8.4</td>
<td>8.3</td>
<td>10.3</td>
<td>8.4</td>
<td>9.3</td>
</tr>
<tr>
<td>Water system works</td>
<td>1.5</td>
<td>4.0</td>
<td>3.0</td>
<td>3.4</td>
<td>0.8</td>
</tr>
<tr>
<td>Other</td>
<td>20.2</td>
<td>6.8</td>
<td>4.1</td>
<td>10.0</td>
<td>8.4</td>
</tr>
<tr>
<td>2 Fishing and animal husbandry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General administration</td>
<td>3.5</td>
<td>3.9</td>
<td>2.6</td>
<td>2.7</td>
<td>3.5</td>
</tr>
<tr>
<td>Milk production and livestock farming</td>
<td>2.3</td>
<td>1.8</td>
<td>1.2</td>
<td>1.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Fishing and aquaculture</td>
<td>1.0</td>
<td>0.2</td>
<td>0.1</td>
<td>0.5</td>
<td>0.0</td>
</tr>
<tr>
<td>3 Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General administration</td>
<td>19.5</td>
<td>24.9</td>
<td>24.7</td>
<td>23.6</td>
<td>8.6</td>
</tr>
<tr>
<td>Pre-schooling and primary education</td>
<td>336.7</td>
<td>366.7</td>
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<td>12.8</td>
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<td>4 Health</td>
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<td>47.7</td>
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<td>7 Social spending</td>
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<td>9 Decentralization</td>
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<td>10 Reconstruction</td>
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<td>11 Other poverty-fighting spending</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>843.0</strong></td>
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<td><strong>843.4</strong></td>
<td><strong>980.0</strong></td>
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Source: Ivorian authorities.
Table 2. Document Transmittals

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

Real sector (R)

General:

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

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

Coffee/cocoa:

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

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

**Monetary sector (M)**

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

**Fiscal sector (F)**

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

*Domestic arrears:*

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

*Domestic and foreign debt:*

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

*Post-crisis:*

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

*Treasury advances:*

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

*Investment:*

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

*Social/pro-poor expenditures:*

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

*Other revenue and expenditures:*

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

*VAT credits:*

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

*Financing:*

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

Table F.16.1: Projected wage bill (Q)
Table F.16.2: Changes in wage bill (Q)
Table F.16.3: Wage bill framing (AN)
Table F.16.4: Projected new recruits (AN)

Special accounts:

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

Cash flow plan:

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