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

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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.

Appendix I. Letter of Intent

Minister at the Prime Minister's Office
In Charge of Economy and Finance

CABINET



Republic of Côte d'Ivoire

Union-Discipline-Travail

N°2097/MPMEF/CAB/DGE/DCPE/SPEF/HS

Abidjan, May 19, 2015

Managing Director of the
International Monetary Fund
WASHINGTON DC, 20431

Subject: Letter of Intent

Madame Managing Director:

1. Côte d'Ivoire has made considerable progress since the end of the post-election crisis in 2011, thus putting the country on a path to strong, sustainable, and inclusive growth. On the economic front, implementation of the National Development Plan (PND 2012–15) has resulted in the completion of the first major infrastructure projects related to transport, communication, and water supply. On the political front, political institutions, such as the Independent Electoral Commission, have been reinforced and have the confidence of all political parties and the civil society. Building on this progress, Côte d'Ivoire will hold free, democratic, and transparent presidential elections at the constitutionally scheduled date in 2015.

2. The attached Memorandum of Economic and Financial Policies (MEFP) describes the progress made under the program and the outlook and policies for 2015. Implementation of the program supported by an arrangement under the Extended Credit Facility was satisfactory in 2014. All the performance criteria and indicative targets at end-December 2014 were met with the exception of the indicative target on fiscal revenue. In terms of macroeconomic performance, with GDP growing at 8.5 percent in 2014 (after 10.7 percent in 2012 and 9.2 percent in 2013)

Côte d'Ivoire continues to be ranked among the countries with the highest growth in the world. Buoyed by these good economic outcomes, per capita GDP has risen by more than 21 percent over three years. In addition to public investment, this performance reflects the marked increase in private investment associated with the improved business climate, resulting from simplified business start-up procedures, tax incentives included in the new investment code, the existence of a legal and institutional framework for settling commercial disputes, and the empowerment and activation of the public-private sector consultation committee, all of which continue to bear fruit.

3. In accordance with our vision of turning Côte d'Ivoire into an emerging country by 2020 and substantially reducing poverty, the government will seek to maintain strong, sustainable growth in a stable macroeconomic framework. In 2015, we expect the dynamic growth trend that has been ongoing since 2012 to persist, with a GDP growth rate of 9.4 percent and a moderate inflation rate of 1.7 percent. This goal would be supported by the implementation of structural measures and the completion of the National Development Plan (PND 2012–15) whose implementation has created the economic foundations needed for sustainable development. In the medium term, a new PND 2016–20, based on private investment, is expected to facilitate the structural transformation of the economy and substantially lower the poverty rate. Investment is therefore expected to increase from 16.1 percent of GDP in 2014 to 18.6 percent of GDP in 2015, of which 10.7 percent from private investment, while preserving debt sustainability.

4. To take account of developments since the adoption of the 2015 budget law, the government will prepare a draft supplementary budget. The fiscal deficit is projected to reach 3.6 percent (consistent with the program performance criteria). The government requests the modification of the program performance criteria on the primary basic balance and net domestic financing as of end-June 2015, as well as the indicative targets, consistent with the framework of the economic and financial program.

5. The attached Memorandum of Economic and Financial Policies (MEFP), describes the policies we plan to implement to achieve our objectives. In that context, under the seventh program review of the ECF-supported program, we are requesting financial assistance in an amount equivalent to SDR 48.78 million. Further, the government will take any further measures that may be appropriate to meet its objectives. Nonetheless, the government will consult with the IMF on the adoption of these measures and in advance to the revisions to the policies contained in the Memorandum, of Economic and Financial Policies in accordance with the IMF's policies on such consultation.

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

Very truly yours,

_____/s/_____
Nialé Kaba

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

Attachments:

- *Supplement to the Memorandum of Economic and Financial Policies*
- *Technical Memorandum of Understanding*

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

May 19, 2015

CONTEXT

1. Since 2011, Côte d'Ivoire has achieved considerable progress that has placed the country on a path toward strong, sustainable and inclusive growth. The final stages of implementation of the National Development Plan (2012–15 PND) has resulted in the completion of the first major infrastructure projects undertaken to improve transportation and water supply and to upgrade processing units for coffee, cocoa and cashews. The large-scale structural reforms undertaken in key economic sectors have contributed to promoting and maintaining a trend of sustained economic growth. The GDP growth rates of 10.7 percent, 9.2 percent and 8.5 percent in 2012, 2011, and 2014, respectively, have thus allowed Côte d'Ivoire to maintain its position among the countries with the highest growth rates in the world. This high level of economic performance contributed to an increase in per capita GDP of over 21 percent in three years. In addition to public investments, this performance may be attributed to the significant increase in private investments resulting from an improvement in the business climate. The latter continues to improve as a result of the simplification of business start-up procedures, tax incentives contained in the new investment code, the existence of a legal and institutional regulatory framework for commercial disputes, and the upgrading of the committee for dialogue between the public and private sectors. These gains led to a 40 percent increase in foreign direct investment during the period from 2012 to 2014 and the net creation of 43,293 jobs in the formal sector as of end-December 2014. The government intends to continue to support this growth while preserving macroeconomic stability. To this end, it will work to implement the economic and financial program supported by the Extended Credit Facility (EFP-ECF) with an end date of December 31, 2015.

2. Côte d'Ivoire has consolidated its domestic stability, solidified its status as a leading member of the West African Economic and Monetary Union (WAEMU) and reclaimed its position as the second largest economy of the Economic Community of West African States (ECOWAS) after Nigeria. At the national level, the conclusion of the work of the Commission for Dialogue, Truth and Reconciliation has paved the way for ensuring that victims are compensated. To that end, a new National Commission for Reconciliation and Compensation of Victims (CONARIV) has been established. At the international level, the return of the headquarters of the African Development Bank to Abidjan in June 2014 has contributed to strengthening the position of

Côte d'Ivoire. In addition, the government has invested heavily in major regional infrastructure projects in the energy and communication sectors to strengthen sub-regional integration.

3. Côte d'Ivoire will organize free, democratic and transparent elections at the constitutionally scheduled date in 2015. Members of the Independent Electoral Commission (CEI), the body responsible for organizing the elections, have been appointed by consensus. They represent the major political parties, civil society, and government. The CEI has begun its work with a view to holding the first round of the presidential election in October 2015.

This memorandum first describes the progress made under the economic and financial program in 2014 and then presents the main trends for 2015, as well as medium-term prospects.

RECENT ECONOMIC DEVELOPMENTS AND PROGRAM IMPLEMENTATION

A. Recent Developments in the Macroeconomic Environment

4. In 2014, economic activity remained strong within a stable macroeconomic environment.

- **Developments in economic activity were driven by growth in the primary and tertiary sectors.** *The primary sector* registered a growth rate of 12 percent driven primarily by the strong performance of subsistence agriculture, and particularly the significant increase in the production of manioc, yams and corn resulting from the implementation of the National Agricultural Investment Program (PNIA). Agricultural exports also increased by 2.8 percent owing to the strong performance registered in the areas of cashew (+15.8 percent), cotton seed (+13.3 percent), rubber (+9.4 percent) and sugar (+6.9 percent) production. Cocoa production registered a modest increase (+0.3 percent). *The secondary sector* likewise experienced an upward trend underpinned by growth in the public works sector (15.5 percent) and agro-food industries (+8.6 percent). Performance in these areas was hindered by a slowdown of mining, petroleum products and in the energy sector. The latter, despite having registered an increase in electricity production, incurred more costly intermediate consumption of Heavy Vacuum Oil (HVO.) *The tertiary sector* remains primarily driven by retail trade (11.1 percent) and transportation (9.4 percent), particularly air transport, which registered a record number of passengers.
- **Inflation remains low, particularly owing to the decline in food prices. On average, the price index has remained stable compared to 2013, displaying a slight variation of**

- 0.4 percent as a result of the modest decrease in the price of food products (-2.1 percent) and transportation costs (-0.4 percent).** This trend is evidence of the strong performance of subsistence agriculture and the government's efforts to promote better trade flows and improved market supply. Moreover, the price of gas at the pump benefited from the decline in international petroleum prices, a gain resulting from the implementation of the automatic pricing mechanism for petroleum products.
- **The trade balance remained in surplus owing to a marked improvement in the terms of trade and volume of exports.** The terms of trade improved by 3.2 percent as a result of the significant increase in export prices (+5.2 percent) relative to import prices (1.7 percent.) Exports of goods increased by 9.8 percent] owing to increased sales of agro-food and manufacturing products, as well as an increase in agricultural exports. Imports of goods registered an increase of 5.6 percent, owing to a higher demand of consumption and equipment goods.
 - **Credit to the private sector continued to increase (+27.4 percent). This growth involved medium- and long-term credits (+30.5 percent), as well as ordinary short-term credits (+13.6 percent).** This development reflects the return of economic agents' confidence and the country's strong economic growth. The ratio of credit to the economy in relation to GDP increased slightly to 20.4 percent.
 - **The solidity of the banking system has improved.** Its capital adequacy ratio was recorded at 10.1 percent in December 2014, compared with 9.2 percent in December 2013. In addition, the percentage of non-performing loans decreased from 12.3 percent at end-December 2013 to 10.44 percent at end-December 2014.
 - **Formal employment posted a gain of (+6.2 percent) from end-December 2013, a development driven by the private (+6.6 percent) and public (+4.9 percent) sectors.** This gain was largely underpinned by growth in the private sector, where 82 percent of net job creation took place.
 - **The stock market continued to grow, owing to the favorable economic outlook and the modernization of the Regional Stock Exchange (BRVM) with the shift to continuous trading. Capitalization of the stock market rose year-on-year by 11.4 percent, with an average increase in trading volume of 75.6 percent from 2013.** This renewed vitality is also evidence of the strong economic performance of Côte d'Ivoire within WAEMU, marked by a 7 percent increase in GDP.

- **The number of business start-ups and rate of private investment have increased significantly.** According to figures from the Investment Promotion Center in Côte d'Ivoire (CEPICI), 6,487 businesses were created at end-December 2014, compared with 2,775 in 2013. Private investment amounted to CFAF 968 billion, representing an increase of 28 percent, and was primarily concentrated in the secondary and tertiary sectors. The overall rate of private investment amounted to 9.9 percent in 2014, compared with 6.7 percent of GDP in 2012 and 8.3 percent of GDP in 2013. This strong performance is indicative of investors' renewed confidence in the Ivorian economy and of the ongoing improvement in the business climate.

5. The budget balance at end-December 2014 was in line with targets despite the revenue shortfall.

- Total revenues amounted to CFAF 2,989.4 billion (17.7 percent of GDP) compared with the target figure of CFAF 3,064.6 billion (18 percent of GDP), representing a shortfall of CFAF 75.2 billion. The gaps observed in relation to projections may be attributed to (i) a shortfall in VAT revenues owing, among other things, to exemptions stemming from the investment code and higher than predicted VAT refunds; (ii) lower than expected revenues from taxes on income and wages, particularly as a result of low collection from some businesses experiencing cash flow constraints in 2014; (iii) a shortfall in tax revenues from investment income, particularly in view of the higher than predicted level of investment by certain sectors and of reinvested earnings; (iv) shortfalls in income from petroleum and gas; and (v) lower than expected revenues from export duties and taxes owing to the concomitant decline in volume and prices relative to projections. Mobilized revenues nevertheless increased by 5.3 percent relative to end-2013 outturn.
- Total expenditure was lower than predicted, amounting to CFAF 3,669.6 billion (21.7 percent of GDP) compared with the target figure of CFAF 3,784.9 billion (22.2 percent of GDP). Operating expenditure (excluding staff-related expenditure, subsidies and post-crisis spending) was contained at CFAF 617.4 billion, in line with targets. Investment expenditure (excluding post-crisis spending) was lower than expected, amounting to CFAF 994.2 billion, compared with the programmed amount of CFAF 1,095.4 billion. Domestic resources were used to fund 61.2 percent of this expenditure, while 38.8 percent was externally funded. The implementation rate of projects funded with external resources was 90.1 percent. Expenditures were able to be contained to the levels mentioned above as a result of efforts undertaken to regulate the pace of project implementation, with a view to keeping expenditure in line with balance targets. As a result, an overall budget deficit of

CFAF 376.2 billion was registered, equivalent to 2.2 percent of GDP, compared with the target of 2.3 percent of GDP. This deficit was covered, among other components, by financing on the regional market amounting to CFAF 1,101.6 billion and by mobilization of external budget supports amounting to CFAF 144.3 billion. In addition, the government successfully launched its first bond on the international financial market in the form of a Eurobond. This issuance allowed the country to raise US\$750 million at 5.625 percent compared with an initial offering of US\$500 million at 5.875 percent.

B. Implementation of the Program

6. All the performance criteria and indicative benchmarks at end-December 2014 were observed, with the exception of the floor on tax revenues. Despite the tax revenue shortfall, the primary basic balance target was met as a result of sound budgetary regulation. Cash advances, as defined in the Technical Memorandum of Understanding (TMU), amounted to CFAF 112.4 billion, under the target ceiling of CFAF 124.5. Budget execution at end-December 2014 resulted in a moderate level of floating debt (CFAF 201.7 billion). With respect to debt remaining from 2013 and previous years, the government was able to clear CFAF 354.1 billion, leading to a net reduction in payables in the amount of CFAF 152.3 billion, as compared to a target floor of CFAF 110 billion. Pro-poor expenditures were registered at CFAF 1,622.4 billion, above the target floor, an outcome that attests to the social orientation of the country's public expenditure policy.

7. Nonconcessional loans contracted since the start of 2013 amounted to US\$2,441.5 million (including the Eurobond and the loan to finance the extension of the Autonomous Port of Abidjan), below the cumulative ceiling of US\$2,444.4 million at end-December 2014. These loans were used to finance key priority projects in the energy, economic infrastructure, and transport sectors. Moreover, the government successfully raised US\$750 million on the international market by issuing a Eurobond at 5.625 percent, as compared with the initial offering of US\$500 million at 5.875 percent. This issuance allowed the country to lengthen debt maturities and accelerate repayment of domestic arrears, in keeping with program targets. The success of this operation is a testament to the confidence of international investors in the government's economic strategy and reflects marked improvement in public debt management.

8. The structural benchmarks at end-December 2014 were observed, with the exception of the restructuring of a new state-owned bank, a process that was slightly delayed.

- Subsidies for HVO (Heavy Vacuum Oil) in the amount of CFAF 40.37 billion have been provided to the energy sector.

- A detailed timetable for closing public accounts at commercial banks was adopted in December 2014. An action plan for implementing the recommendations of assistance missions regarding government accounts, along with a timetable and quantitative indicators for the clearing of suspense accounts, was also adopted in this context.
- The government continued to implement the plan to clear the full range of domestic arrears on audited debt, securitized and agreed debt. At end-December 2014, of the validated stock of CFAF 152.9 billion, 69 percent had been paid. An audit of domestic arrears covering the period from 2000 to 2010 validated an amount of CFAF 92.8 billion excluding taxes corresponding to private creditors of the state and of local and national government establishments and institutions. This debt-clearing plan enabled the government to repay CFAF 56.7 billion of its arrears in 2013, of which tax debts accounted for CFAF 5.5 billion, to the companies concerned. Of the remaining debt balance of CFAF 41.7 billion, the state cleared CFAF 26.2 billion in 2014. The remaining CFAF 15.5 billion may be broken down as follows:
 - CFAF 11.5 billion, of which CFAF 3.0 billion are owed for refunds of VAT credits, an amount that could be converted into treasury securities.
 - CFAF 3.9 billion in counterfoils [*mandats souches*] for which a separate audit is needed.
- The restructuring of Société Ivoirienne de Banque (SIB) took place with a three months delay. Discussions with prospective buyers regarding the valuation of the state's shares took longer than expected.

9. A regulatory framework for monitoring and supervising government procurement timelines was established and strengthened through the adoption of Decree No. 2014-306 of May 27, 2014, enacted to amend Decree No. 2009-259 of August 6, 2009 establishing the public procurement code. The decree provides for greater leniency and flexibility in the procurement process by reducing the timeline for government procurement to 88 days. Thus, the average time for procurement, from examination of the call for tender documents to approval of contracts, decreased from 322 days at end-2013 to 126 days at end-2014. Moreover, Order No. 068/MPMB/CAB of February 21, 2014 established a committee for monitoring procurement deadlines and execution of expenditure. A general procurement plan and procurement plan have been developed in the context of 2014 budget management efforts in order to ensure that transactions can be traced and anticipated. Efforts have also been undertaken to update simplified documents on procurement procedures and to disseminate call for tender

documents. Lastly, new tools are currently being developed to improve estimation of investment budgets and categorization of businesses.

10. Use of non-competitive procurement contracts declined considerably. Non-competitive procurement contracts accounted for 5.6 percent of the government contracts approved in 2014, compared with 10.7 percent in 2013; they accounted for 23 percent of the value of those contracts in 2014, compared with 42.8 percent in 2013. Efforts undertaken to disseminate simplified bidding documents and procedural guides and to strengthen the capacities of procurement actors, as well as to carry out the specific measures planned for 2015, including development of a database for classifying businesses, will contribute to the continuation of this trend.

11. An audit of the public procurement stock was begun with a view to consolidating the database of the public procurement management system. The audit, begun in December 2014, covers procurement contracts from 1993 to 2012 contained in the database of the public procurement management system ((SIGMAP). Its goal is to conduct an appraisal of the physical and financial execution of these contracts with a view to consolidating the system's database. At the conclusion of the audit, steps will be taken to dissolve unexecuted contracts that can no longer justifiably be maintained. The government will also follow up on contracts that are still of relevance but require review given their age. The audit will also enable appropriate steps to be taken to improve traceability and to conduct more effective monitoring of public procurement management. The final audit report is expected at the end of the first semester of 2015.

Box 1. Côte d'Ivoire: Reforms Implemented to Improve Public Procurement Procedures

The government has put tools in place to guarantee more effective management of public procurement operations. Steps taken include:

- the adoption, implementation and dissemination of Decree Nos. 2013-404, 2013-405, and 2013-406 of June 5, 2013 and of new tender documents for public works projects, provision of supplies and related services and intellectual services to ensure that standard bidding documents are made available to all public procurement actors and that all national and international bids may be processed;
- the design of three (03) simplified bidding documents to serve as reference for projects relating to fuel provision, routine public works and provision of routine supplies, in order to make the bidding process faster and more efficient for procurement stakeholders;
- a review of the procedural manual in 2009 to reflect a more simplified version of the public procurement code and again in April 2014 to align it with the procedures and regulations in effect;
- completion of the establishment of procurement units in seven pilot ministries;
- the production of procedural guides aimed at improving the design of bidding documents;
- the inclusion of a database of reference prices (BDPR) on the website of the Directorate of Public Procurement (DMP).

All of these steps aim to facilitate the operational implementation of Decree No. 2014-306 of May 27, 2014, adopted to amend Decree No. 2009-259 of August 6, 2009 establishing the public procurement code, with a view to reducing the overall timeline for government procurement from over 300 days to 88 days. Thus, the average time for procurement has decreased from 322 days in 2013 to 126 days in 2014.

12. The government continued to optimize tax potential in order to improve monitoring of taxpayers and tax revenue collection. In terms of internal revenue, the government has reviewed the organization of the Directorate of Large Enterprises (Direction des Grandes Entreprises), a designation now reserved for taxpayers with a turnover in excess of CFAF 3 billion. In addition, the government established two Centers for Medium-Sized Enterprises (Centres des Moyennes Entreprises), operational since July 2014, to improve management and monitoring of taxpayers with a turnover of between CFAF 400 million and CFAF 3 billion. The government also launched an electronic land register to allow business professionals to consult online documents relating to land ownership. Additionally, in the interest of expanding the tax base and strengthening controls, the government set up an automatic data exchange framework between the Tax and Customs Departments. With respect to import duties, the government has begun implementing customs clearance operations at border checkpoints for goods from outside the WAEMU. It has also begun to clean up the records for the operators who have benefited from special customs arrangements for periods exceeding the periods allowed by regulations.

13. Significant progress was made in the area of public financial management reform. In June 2014, the National Assembly adopted a new organic budget law and an organic law establishing a transparency code, thereby transposing the WAEMU directives into the national legal framework. The government also adopted four implementing decrees for those laws in July 2014. Additionally, the government established a committee for monitoring the timely execution of expenditure. Thus, for financial auditors, the timeframe for authorizing payment orders decreased from 8 business days in 2013 to 5 days in 2014. Furthermore, the government has undertaken efforts to integrate technical ministries in multi-year programming relating to medium-term expenditure. In that context, 6 additional ministries were integrated in 2014, bringing the total number of ministries covered to 22.

14. The government established and gradually strengthened a legal and institutional framework to encourage investment and promote support for small and medium-sized enterprises (SMEs). As a result of these efforts, Côte d'Ivoire improved by 30 places in the World Bank Group's Doing Business ranking between 2012 and 2014 and ranked among the world's top ten reformers in 2014 and 2015. Côte d'Ivoire also advanced 11 spots in the rankings of the World Economic Report's Global Competitiveness Report 2014–15. The country likewise rose by 21 places in the latest rankings published by Transparency International, a testament to the effectiveness of its anti-corruption efforts. In December 2014, Côte d'Ivoire received the prize for the most improved country in terms of mining reform at the Mines and Money conference in London. Lastly, the selection of Côte d'Ivoire for the Millennium Challenge Corporation's Threshold Program is a testament to the progress achieved by the country in several areas, particularly macroeconomic policy, good governance, and transparency.

Box 2. Côte d'Ivoire: Key Measures Taken to Improve the Business Climate in 2013 and 2014

Among other measures, the government took steps to lower costs, simplify procedures and reduce timetables applicable to the Doing Business indicators. The following specific actions were taken:

Business creation

- Publication of companies' incorporation notice on the CEPICI website.
- Reduction of companies' fiscal costs for registration fees for a limited liability company (LLC) [French acronym, SARL] whose equity does not exceed 10 million CFAF.
- Reduction in the time required to start up a business at the CEPICI Single Window from 48 hours to 24 hours.
- Implementation of the optional procedure of using a notary for establishing charters of LLC companies.
- Elimination of the minimum capital requirement for LLCs.

Construction permits

- Reduction in the number of procedures for granting construction permits from 16 to 11, and in the time required from 364 to 87 days.

Provision of electricity

- Reduction in the number of procedures from 8 to 4, and in the time required from 55 to 28 days, for providing electricity to a warehouse on the national electrical power grid at an agreed voltage of 160 KVA and a connection distance of 200 meters.

Property transfer

- Reduction in the preparation time of the notary document from 10 days to 2 days, and in the combined procedure for the registration and publication of the act of sale by the land registry from 25 to 15 days.
- Reduction in the rate of registration fees on real estate transfers from 7 percent to 6 percent.
- Launching of the electronic land register.

Borrowing

- Adoption of the legal framework for the creation, approval, organization and supervision of credit bureaus tasked with gathering data on credit and monitoring borrowers.

Investor protection

- Strengthening of investor protection with an increase in the ease of shareholder suits index and the extent of director liability index.

Cross-border trade

- Establishment of the One-Stop Window for Foreign Trade (GUCE).
- Creation of the import declaration form (FDI) through combining the import information form (FRI) and the advance import declaration form (DAI) in one single document.

Execution of contracts

- Establishment of the Commercial Court of Abidjan in addition to:
 - ✓ attainment of an average of 56 days for dealing with commercial disputes (average for trials and hearings);
 - ✓ appointment of commercial court judges alongside professional judges;
 - ✓ regulation of costs for court services with a view to avoiding incidental court expenses.

15. The financial equilibrium of the electricity sector remains a priority for bolstering financing for investment projects aimed at increasing the electricity supply, with a view to promoting robust economic activity. The effective implementation of the strategy to reduce the deficit in the electricity sector led to significant improvements in the operational accounts of the electricity sector. However, the higher than projected use of HVO fuel needed to keep up with domestic demand led to additional costs. The state granted additional support in the amount of CFAF 19.7 billion to help defray those costs. Furthermore, transfer rates were negotiated upward for export sales (EDM and Sonabel) for amounts in excess of the agreed quantities on the basis of the real costs of production. The decline in the per-barrel price of oil, the appreciation of the dollar, and delays in defraying costs incurred by the use of HVO fuel delivered to the electricity sector are expected to have an adverse impact on the operational and treasury accounts of the Ivoirian Refinery Company (Société Ivoirienne de Raffinage (SIR)) and the National Petroleum Operations Company (Société Nationale des Opérations Pétrolières (PETROCI)).

16. Actions are being undertaken to strengthen development of the financial sector and increase its role in the financing of the economy. In this context, a financial sector development strategy was adopted at the beginning of 2014. This strategy is aimed at improving access to financial services and addressing the legal and judicial obstacles that financial institutions encounter in carrying out their functions. To implement it, the government adopted a Financial Sector Development Program (PDESFI). This program takes into account the action plan for the financial development strategy, as well as the design and monitoring of the implementation of projects to support and develop financial inclusion, the development of leasing in Côte d'Ivoire, and all programs related to the support of the country's financial sector. Certain activities included under the strategy have been applied in the context of ongoing efforts to consolidate the microfinance sector. The microfinance sector thus registered an increase in capital from CFAF -10.9 billion in 2013 to CFAF -3.3 billion in 2014, an increase linked to the 39.2 percent rise in credit volume to households and SMEs. Progress regarding public bank restructuring primarily included the liquidation of the Bank for Agricultural Financing (Banque pour le financement de l'agriculture (BFA)) in December 2014 and the transfer, in March 2015, of the 44 percent of shares that were held by the state in the SIB.

17. The government strengthened implementation of its social policy:

- Regarding the social housing project, the first complexes are expected to be delivered in 2015.
- With respect to employment, the government is implementing a national strategy for boosting employment (Stratégie Nationale de Relance de l'Emploi (SNRE)) that is designed

to (i) strengthen and consolidate existing programs; (ii) establish trainee positions for first-time employment and implement decentralized job creation strategies; and (iii) improve the availability of information on the job market. In this context, the government organized a jobs forum in Abidjan to provide a platform for networking, exchange, and knowledge-sharing among job training professionals, job seekers, and employers in the public and private sectors. In addition, the regular conduct of the national survey on employment and child labor provides valuable information to guide the reorientation of the strategy.

- Regarding gender, the Women's Support Fund of Côte d'Ivoire (FAFCI), with a budget of CFAF 1.5 billion and additional private sector funding of CFAF 500 million, focused primarily in the interior, particularly on women in rural areas.
- In the agricultural sector, coffee-cocoa sector reform has yielded good results. Sharing of best practices between the coffee-cocoa and cotton-cashew sectors led to the establishment of a guaranteed price system for cotton and cashew producers. Additionally, the Rural Investment Fund (FIMR) increased its investments in basic infrastructure. In the rubber sector, which was adversely affected by the decline in global rubber prices, a tax relief arrangement was established to enable plant owners to maintain their margins and to avoid the collapse of the sector.
- In the area of education, the government has pursued its commitment to improving the access of children, and particularly of girls, to education. In that context, more than 15,000 classrooms have been built since 2012. The number of school cafeterias increased by 6000 in 2014 and inspections were strengthened in order to improve the quality of teaching. In the context of efforts to expand free access to primary schooling, free textbooks were distributed to more than 3 million students in 2014. Special emphasis was placed on girls' education, particularly in terms of raising awareness regarding school pregnancy and combating school violence.
- In terms of health, although no cases have been noted in Côte d'Ivoire, a contingency plan of CFAF 57.1 billion was adopted in the context of Ebola prevention efforts, given the spread of the epidemic in the sub-region. The implementation of this plan, with the support of foreign partners, led to the establishment of 16 treatment centers, a medical laboratory in Abidjan, and the strengthening of prevention and awareness-raising efforts nationwide. These steps allowed for ties to be re-established and trade to be maintained among countries of the sub-region. In addition, universal health coverage (CMU) facilities are now able to provide basic healthcare to all members of the population.

These results are a reflection of the successful execution of pro-poor expenditure, which was registered at CFAF 1,622.4 billion at end-2014, or 9.6 percent of GDP, versus 8.6 percent of GDP in 2013. These expenditures increased by 21.3 percent with respect to end-December 2013, owing to reforms undertaken by the government in key sectors, including agriculture, health, education, energy, water, and public sanitation.

18. The mid-term review of the 2012–15 PND highlighted the favorable results achieved in the context of its implementation, results that should serve as a guide for crafting the new 2016–20 PND in 2015.

Box 3. Côte d'Ivoire: Key results achieved in the implementation of the 2012–15 PND

The implementation of the PND resulted in strong, sustained, and inclusive economic growth, thereby allowing Côte d'Ivoire to reposition itself on the regional and international scenes. Per capita GDP increased by 21 percent during the period from 2012 to 2014 against a backdrop of moderate inflation, below the WAEMU 3 percent threshold.

In terms of road and transport infrastructure, the implementation of the National Development Plan (PND 2012–15) resulted in the completion of the first major infrastructure projects planned in the context of the strategy to turn Côte d'Ivoire into an emerging country by 2020. These projects included the northern highway (Abidjan–Yamoussoukro), the Riviera II highway interchange, and the Henri Konan Bédié, Bouaflé and Jacqueville bridges. In terms of roadwork, 140 km of the Gesco–Singrobo highway were reinforced and paving was completed for 86 km of the Singrobo–Yamoussoukro section and for 120 km of the Boundiali–Tengrela section. In addition, more than 5000 km of rural roads were upgraded.

Significant improvements were made in the social sectors. The number of jobs in the formal sector increased from 722,567 in 2012 to 756,597 in 2013, and again to 799,890 in 2014. This progress was achieved in the context of efforts to address youth unemployment.

Marked improvements were made in terms of access to education; 9,291 primary school classrooms were built, in addition to 3,500 secondary school classrooms and 45 middle schools. These achievements, in addition to a massive recruitment of staff, contributed to an increase in access to education. In that context, the gross primary school admission rate increased from 73.4 percent in 2008 to 97.8 percent in 2014. The gross school enrollment rate increased from 76.2 percent in 2008 to 94.7 percent in 2014.

Efforts undertaken to rehabilitate and re-equip hospitals and health centers contributed to an improvement in access to health services, as did the implementation of the initiative to provide mothers and children with free healthcare, C-sections, and medicines. In addition, efforts to equip and bring technical platforms of health facilities in line with standards contributed to an improvement in the quality of health services.

In terms of access to drinking water, the construction of 794 pumps and 76 water towers, as well as maintenance work performed on 11,446 human-powered pumps, contributed to a significant increase in access to drinking water infrastructure. Moreover, Abidjan's water treatment station now operates with a ground storage capacity of 10,000 m³. All of these developments are contributing to positive changes in the population's health and quality of life.

The commencement of 71 social housing construction projects throughout the country and allocation of 3,060 hectares of land for the low-cost social housing program is expanding the access of low-income populations to property.

Efforts to connect roughly 800 rural towns to the electrical power grid and to ease service subscription costs for households has increased rates of access and coverage.

The private sector contributed significantly to the implementation of the PND, particularly through sizeable investments in the energy and mining sectors, especially the Tongon mine, oil and gas exploration, and the establishment of several processing units in the coffee, cocoa, and cashew sectors. During the period from 2012 to 2014, private sector investment amounted to CFAF 4,699 billion, compared with the predicted level of CFAF 3,946 billion, a 118.3 percent implementation rate. This performance attests to the role of the private sector as a driver of economic growth.

ECONOMIC AND FINANCIAL PROGRAM FOR 2015 AND MEDIUM-TERM OBJECTIVES

19. The government will work to maintain strong, sustainable, inclusive, gender-sensitive and environmentally conscious growth in a stable macroeconomic environment. Based on the recommendations contained in the report on the implementation of the PND 2012–15 published in March 2015, a new PND 2016–20 framework should be finalized before end-June 2015. The effective implementation of this new PND should allow Côte d'Ivoire to achieve its goal of becoming an emerging economy by 2020 and lead to a substantial reduction in poverty. With respect to the funding of the public portion of the new PND, special emphasis will continue to be placed on mobilization of domestic resources and on expenditure control. Mobilization of external resources will be conducted in accordance with the medium-term debt management strategy in order to preserve debt sustainability.

20. Reforms aimed at improving the business climate, transparency, good governance and competitiveness will continue to be pursued proactively. Such reforms should place Côte d'Ivoire in the upper 50% of countries ranked at the top of the World Bank's Doing Business ranking, Transparency International's anti-corrupting ranking and the global competitiveness ranking issued by the World Economic Forum. They should also allow Côte d'Ivoire to rise considerably in the UNDP's human development ranking. Growth will also help to promote gender sensitivity and environmental consciousness. With respect to gender, the government will accelerate the implementation of the policy for the economic empowerment of women and revitalize the Institutions for the Training and Education of Women (IFEFE). Efforts to protect the environment will focus on improving and strengthening environmental conditions as well as overseeing the protection and reforestation of the forest canopy, taking into account the effects of climate change.

21. The GDP growth rate is thus expected to reach 9.4 percent in 2015 and 9.6 percent in 2016–17. Investments are projected to increase by 25.1 percent and amount to 18.6 percent of GDP in 2015. In 2016 and 2017, they would increase by 17.5 percent and 12.4 percent respectively, to reach 20.2 percent of GDP in 2016 and 21.1 percent in 2017, respectively. In addition, the government will pursue efforts to ensure that the benefits of economic growth are distributed among the most vulnerable populations, including by increasing pro-poor expenditure and developing local infrastructure to promote job creation. Steps to increase, diversify, and modernize national agricultural production (subsistence and export agriculture) will continue to be undertaken in the context of implementing the national program for agricultural investment (PNIA), and efforts

to increase local processing of basic commodities will be redoubled. Self-sufficient levels of rice production should be reached by 2016/2017. Lastly, the enactment of the new industrial policy, which is aimed primarily at modernizing existing industrial areas and creating new industrial areas in Abidjan and in the interior of the country, should ultimately allow for 50 percent of basic commodities to be processed locally.

A. Macroeconomic Framework

22. Growth should reach 9.4 percent in 2015, with solid performance in all sectors.

- **The primary sector** will be driven by subsistence farming and will benefit from the implementation of the PNIA since 2012, as well as from efforts to strengthen sectors and improve processing of exports, particularly cocoa, cashews, and cotton.
- **The secondary sector** will grow, driven primarily by the construction and public works sector, development of manufacturing and agro-food industries, as well as by mining and energy production stimulated by significant investments in those sectors.
- **The tertiary sector** will register growth, particularly in transportation and telecommunications, and in terms of an increase in the number of regional and international conferences owing to the return of the African Development Bank (ADB) headquarters to Abidjan in late 2014.

23. Average annual inflation is expected to remain moderate at 1.7 percent in 2015.

Moderate price increases will be bolstered by the ongoing increase in the local supply of food products and from improved transportation of persons and goods.

24. The current account balance deficit is expected to be -1.2 percent of GDP in 2015, while the trade balance would continue to post a surplus despite an increase in imports. The capital and financial operations account would also post a surplus owing to increases in portfolio investment and foreign direct investment. Finally, the overall balance of payments should record a surplus of CFAF 60 billion (0.3 percent of GDP.) In addition, the international economic climate, characterized by a decline in crude oil prices and the depreciation of the euro against the dollar, should contribute to improving the terms of exchange and strengthening Côte d'Ivoire's price competitiveness.

25. Money supply is expected to grow by 11 percent. This increase will originate, in particular, from an increase in credits to the economy and in net foreign assets.

B. Public Financial Management

26. The government will continue to strengthen public financial management. With this goal, it will continue to mobilize tax revenues, rationalize expenditure, and preserve debt sustainability. The government has begun implementing a new VAT credit management procedure aimed at speeding up payments and improving monitoring of VAT revenue collection. The government will also improve monitoring to ensure that VAT credit refund files are processed in a timely manner. It will acquire at least one mobile scanner to improve customs clearance control for goods arriving at border checkpoints. In the context of the multi-year program relating to medium-term expenditure, the government will integrate 7 additional ministries in the preparation of program budgets.

27. Total tax revenues in 2015 are expected to increase to CFAF 2,881.1 billion or 15.3 percent of GDP, compared with 15.2 percent of GDP in 2014. This increase is linked to the expected growth of direct and indirect tax revenues, particularly non-oil corporate profits taxes (14.2 percent), VAT (15.6 percent), and payroll taxes (17.6 percent). These targets take into account anticipated tax reform measures. Among these measures, priority will be given to operationalizing Centers for Medium-Sized Enterprises (CME), developing the tax bases of excise taxes on tobacco and beverages by fixing a minimum price, decentralizing tax control, securing local taxes frameworks, modernizing tax management by introducing online tax reporting, and simplifying business tax systems.

28. Expenditure in 2015 is expected to increase to CFAF 4,500.9 billion or 23.9 percent of GDP, compared with 22.7 percent of GDP in 2014. This rise in expenditures is largely linked to the revaluation of wages and income at the level of public administration, an increase in public investment, strengthening of social policy with the launch of CMU, pursuit of policies dedicated to underprivileged populations (CFAF 1,716.4 billion), and the organization of elections.

29. With respect to securitized and agreed debt, of a total predicted amount of CFAF 142.9 billion, 69.9 percent has been treated through the bond issued by the Treasury in December 2014. In view of the encouraging results of this operation, the remainder of the securities will be exchanged for new market securities, bearing in mind the current maturity profile of each type of debt.

30. The government is committed to ensuring the financing for additional subsidies required for HVO is incorporated in the budget. HVO consumption, initially expected to amount to CFAF 31 billion according to projections by the energy sector and provided for accordingly in the

budget, was ultimately registered at CFAF 50.7 billion, exceeding the projected figure by CFAF 19.7 billion. An examination of debts and cross-debts at end of 2014 between the government and the energy sector, which took into account this overrun, allowed establishing a net requirement of approximately CFAF 8.3 billion to cover the relevant debts, an amount that will be reflected in the state's budget for 2015. In addition, to improve the SIR's cash flow situation, the next maturities of securitized debt coming due will be paid up to CFAF 56.9 billion, through market issuances. Furthermore, a consultation framework will be established to conduct monthly examinations of liquid fuel consumption (HVO) needs with a view to avoiding potential unanticipated budget overruns.

31. Budget allocations for 2015 will be adjusted upward to cover recently emerging needs for private school and fuel subsidies.

- The education and training sector has expressed the need for an additional CFAF 36 billion for the 2014-2015 academic year, of which CFAF 12 billion will be financed through budgetary reallocations and CFAF 24 billion will be financed through upward budgetary adjustments. Furthermore, the government will undertake efforts to audit liabilities stemming from school fees amounting to CFAF 46.7 billion and will sign, before end-2015, a memorandum of understanding for the treatment of these debts with private school administrators.
- The government will make an additional effort of CFAF 4 billion to fully cover fuel needs in 2015. Additionally, liabilities in the amount of CFAF 22.4 billion incurred as a result of budget overruns in recent years will be treated in the context of an agreement for the repayment of debts and cross-debts between the government and the energy sector.

32. The government has decided to conduct a general audit of liabilities incurred during the period from 2000 to 2010. This audit, to be performed by the financial auditing department (*Inspection Generale des Finances*), excludes liabilities stemming from school fees, HVO subsidies, and fuel. The results of the audit are expected during the second half of 2015. On the basis of the available information, the government has confirmed that no liabilities constituting recognized debt on the part of the state currently exist, apart from those identified in this memorandum. These liabilities consist of extra-budgetary expenditures, meaning expenditures executed outside of the expenditure chain for which no budget line exists.

33. The government will ensure that expenditures are strictly executed through the state budget and will undertake rigorous measures to prevent extra-budgetary liabilities from

being incurred. In this regard, the following steps will be taken with a view to preventing extra-budgetary liabilities from being incurred:

- The government will establish, within the General Directorate of Budget and Finance, an information unit for economic agents. The role of the unit will be to provide information on the availability of budgetary allocations to cover operations initiated by staff in charge within public entities. It will also be in charge of explaining public financial procedures, including regulations for procurement and spending execution.
- In addition, the government will ensure that regulatory mechanisms aimed at imposing sanctions for non-compliance with budget execution procedures are strictly enforced. In this regard, article 35 of Decree No. 98-716 of December 16, 1998 on the reform of the chains and procedures of expenditure and general state budget revenue execution, special Treasury Accounts, and the implementation of the integrated system for public financial management (SIGFIP) states that, at the national level, the state is only responsible for execution of expenditures that have been duly committed in the SIGFIP system and, at the local level, for expenditures that have been duly committed for specific allocations. Article 36 of the aforementioned Decree also stipulates that any agent of the state who commits expenditures by unofficial means will incur sanctions of a disciplinary, civil or criminal nature, without prejudice to the sanctions that may be imposed by the financial jurisdiction.
- The government will also ensure that public financial management procedures are strictly observed with respect to fuel expenditures.
- Lastly, the government will explore the possibility of creating a chamber for the enforcement of budgetary discipline in the context of establishing the court of auditors.

34. The basic primary balance is expected to amount to CFAF 90.6 billion or -0.5 percent of GDP, versus -0.5 percent in 2014. The overall budget deficit, including grants, is expected to be CFAF 676.5 billion (or -3.6 percent of GDP, as compared with -2.2 percent of GDP in 2014).

35. The government will ensure that measures adopted to improve budget execution are effectively implemented. In doing so, it will continue its efforts to rationalize expenditures by: (i) limiting recourse to cash advances to emergency situations; (ii) reducing the number of *régies d'avance* [petty cash or imprest mechanisms]; (iii) using the database of reference prices in an effective manner; (iv) reducing public procurement granted on a non-competitive basis to 20 percent of the total number of procurement contracts approved. The government will also ensure that inter-ministerial Order No. 0011 MPMB /MPMEF/CAB of November 29, 2013 establishing regulatory measures for the use provisional payment orders.

36. The government will continue its efforts to strengthen good governance and redouble anti-corruption efforts. To this end, it will reinforce the work of the high authority on good governance tasked with fighting corruption and strengthen control of government contracting management through (i) simplifying procedures, as well as training and information for actors involved in the procurement chain and (ii) ongoing efforts to reduce timetables in the procurement chain to ensure the smoother flow of expenditure during the year. The government will also establish audit committees within the executive boards of public companies to enhance public enterprise management. Moreover, it will ensure that yearly governance assessments are produced by public companies and companies in which the state is a majority stakeholder. The legal framework governing public enterprise management will be strengthened, particularly through the adoption of the implementing decree for the laws pertaining to those enterprises. The government will also develop and begin to implement a computer application for public enterprise management.

C. Improving Management and Strengthening the Long-Term Viability of Public Finances

37. The government has adopted a master plan for public financial reform and reform of internal and external controls. Developed with the support of technical and financial partners, this master plan outlines, in an organized and comprehensive manner, the reform efforts currently underway and those expected to be undertaken in the future. It comprises a plan outlining strategic actions relating to budget, fiscal, procurement, accounting, and treasury reform to be implemented during the period from 2014 to 2016. The implementation of this plan will contribute to the development of a modern public financial management system in Côte d'Ivoire that is consistent with relevant international standards.

38. The government will consistently and gradually reduce subsidies to the electricity sector as a result of the completion of major infrastructure projects enabling the increase and diversification of the power supply. Investments totaling CFAF 5,300 billion will be devoted to building new production facilities or to overhauling existing sites with production units using new types of inputs, including biomass, and improving the network for transporting and distributing electricity. These investments will also promote an increase in the supply of gas and obviate the need for HVO. As a result, the government will be able to reduce its subsidies to the sector in support of production costs to meet national needs.

39. The government will continue to undertake efforts to ensure the long-term equilibrium of the energy sector. In that context, it will issue a call for bids by end-June 2015 to

recruit a group of consultants to conduct a strategic diagnostic study of the SIR. In addition, it will adopt a protocol for the treatment of HVO deliveries and payments, by end-June 2015. In the interest of monitoring HVO consumption, monthly technical meetings will be held among the Ministry of Petroleum and Energy, the Ministry for Budgetary Affairs, the Ministry of Economy and Finances, and actors from the energy sector. In addition, the government will define the terms governing fuel supply with a view to reducing the budgetary overruns observed.

40. The government will focus its efforts on establishing a Treasury Single Account (TSA) with a view to centralizing the government's treasury operations. To this end, 1,400 out of a total of 2,500 public accounts held with commercial banks will be closed. Dormant accounts, however, will be closed at end-April 2015 after the relevant accounting instructions are drafted or updated, as applicable. The remaining accounts will be treated progressively over the next three years in order to guarantee the stability of the financial system and gauge the strength of the financial architecture adopted. Moreover, meetings intended to raise awareness of the TSA mechanism are already underway with members of government units that hold accounts in commercial banks and members of senior management from those banks. The implementation process will begin in 2015, when the mechanism will be tested on four account headings.

D. Consolidation and Development of the Financial Sector

41. The government will focus on ensuring the stability and promoting the expansion of the financial sector. To this end, it will implement the program to develop the financial sector (PDESFI). The program's director will be named by end-June, 2015. In addition, a draft law on leasing will be adopted by the government by end-September 2015 to develop and enable greater usage of this program. Lastly, to improve the soundness of the banking sector, the government is committed to ensuring that banks comply with regulations adopted by the Central Bank of West African States (BCEAO) and the Banking Commission.

42. The government will continue with the restructuring of public banks. Remaining steps include:

- The transfer of a majority of shares to another bank with a minority share. The privatization committee is working to expedite discussions with purchasers regarding the selling price of state shares.
- For the four banks in which the state is a majority shareholder, the government will name a program director by end-June 2015, under the supervision of a steering committee, in order to conduct the privatization or resizing strategy required for each bank, bearing in mind the

need to maintain public service functions, especially as regards financing the economy, savings, and the availability of bank services.

43. The government will continue to take steps to overhaul the microfinance sector. In that context, it has begun to implement measures designed to overhaul and consolidate the microfinance sector on the basis of three (3) major strategic orientations: (i) the need to revoke licenses held by non-viable institutions and to exercise caution in granting prior authorization to operate; (ii) the need to strengthen supervision through enforcing sanctions and regulations; (iii) the need to provide support for the microfinance sector in the context of the national strategy for financial inclusion. Steps taken in pursuit of these goals will be aimed at strengthening supervision in the sector as well as the managerial and operational capacities of participants from Decentralized Financial Systems (SFD). Therefore, in implementing the national strategy for financial inclusion, the government plans to carry out a number of measures on the basis of the two agreements signed with the French Development Agency (AFD) with a view to improving training, technical assistance, research, and capacity-building to support review of applications for licenses and off-site and on-site audits carried out by the supervision entity. These efforts should contribute to the consolidation of a portfolio of sound, credible, and viable structures with the capacity to assist the government in implementing its policy to ensure cost-effective access to financing for the poorest sectors of the population.

44. The government will support the BCEAO's efforts to improve access to financial services and bring about a reduction in the cost of financial operations. It will undertake, in conjunction with the BCEAO, all of the steps necessary to finalize the establishment of credit bureaus during 2015. A leading company in this area has already been selected following a call for bids. Concerning the measures establishing the provision of some banking services free of charge, the instructions adopted by the BCEAO establish sanctions against violators of these measures.

E. Debt Policy and Strategy

45. The government will continue to strengthen public debt management in accordance with the medium-term debt management strategy (SDMT 2015–19) adopted in 2014. This strategy outlines actions for optimal management of debt instruments in 2015 and incorporates sustainability analysis needed to ensure debt sustainability. In addition, efforts undertaken to develop a centralized database on the debt of public enterprises as well as government guarantees on that debt should be completed before end-June 2015 and will enable improved monitoring of debt incurred by public enterprises. Finally, the government will also complete, before end-June 2015, its reorganization of the Directorate of Public Debt (DDP) in the front, middle, and back

offices on the basis of technical assistance recommendations provided by the IMF in order to ensure comprehensive public debt management. The government likewise intends to assess the performance of debt management (DEMPA) with the technical assistance of the World Bank, following the reorganization of the DDP.

46. The government intends to undertake a number of measures aimed at developing the sub-regional financial market with the support of the IMF and the World Bank. Particular emphasis will be placed on reopening already existing bond facilities (increasing the total number of bonds within a given category). In the context of implementing the TSA mechanism, which is expected to promote pro-active management of cash flow and debt, the government will progressively resume issuance of very-short term securities (1, 3, 6 months), which may potentially be issued at floating rates and for refinancing purposes. In addition, the government will improve its communication with the market by publishing on its website, or by other appropriate means, its medium-term debt management strategy (SDMT). The success of these measures depends on adequate strengthening of technical capacities needed to conduct active cash position management and management of refinancing risk.

47. The government will continue to diversify sources of funding in order to fully implement its development policy. In view of the increasing scarcity of concessional resources to cover the financing needs of major development projects in 2015, the government will continue to diversify its sources of funding in line with its debt strategy. To this end, the government is exploring the possibility of participating in the Islamic financial markets by issuing *Sukuk* in order to complete certain projects under the 2012–15 PND. In 2015, non-concessional external loans contracted over the period during 2013–15 have been limited to a ceiling of US\$3.843 billion (including the Eurobond), with the possibility of adjusting the ceiling upward by a maximum amount of US\$820 million to include the development and rehabilitation of Côte d'Ivoire's electrical grid, in the event the terms were nonconcessional.

F. The Private Sector as a Driver of National Economic Growth

48. The government will pursue structural and sector reforms aimed at improving the economy's competitiveness and making the private sector the main engine of growth. Efforts to reinforce the network of economic infrastructure (telecommunications, the road system, energy, and port facilities) as well as to create, rehabilitate, and extend industrial zones will be redoubled as part of the government's industrialization policy. Efforts to develop health services and a pharmaceutical industry that produces generic medications will also be undertaken with a view to making Côte d'Ivoire a hub for hospital services in the sub-region. An assessment of training and

employment policies will also allow for more effective targeting of training programs in order to provide companies with a well-qualified workforce and to support innovation by entities involved in research and training. The continued implementation of the PNIA will improve food security and promote the development of the agro-industrial sector. Lastly, the results of the General Population and Housing Census and of the household survey will be used to better define and guide sector and anti-poverty policies.

49. With respect to the business climate, the government will continue to build upon existing measures with a view to ensuring that Côte d'Ivoire is ranked among the African countries with the best business climate (See Box 4).

Box 4. Côte d'Ivoire: Reforms To Improve the Business Climate in 2015

For the third year in a row, Côte d'Ivoire is continuing its efforts to improve the business climate, with a focus on the Doing Business indicators. For this task, the country is drawing upon the recommendations of the *Doing Business* evaluation team from the World Bank, which visited Abidjan from July 7–10, 2014, on-site diagnostic studies by the CEPICI team, and information from a benchmarking mission to Rwanda on September 10–21, 2014. The recommendations emanating from these activities concerned the consolidation of existing gains, the rationalization of the procedures covered by the business indicators, and the implementation of reforms relating to these indicators. During 2015, efforts will be undertaken with a view to achieving the following aims:

- Promoting electronic, geographically-unified management of the registry of guarantees under the Trade and Personal Property Credit Register (*Registre du Commerce et du Crédit Mobilier – RCCM*) with a database indexed by debtors' names.
- Promoting the dissemination of information up to 3 years old from BCEAO's *Centrale des Risques* (credit risk database).
- Reducing the time for moving import and export merchandise at ports.
- Establishing a legal framework for trade mediation.
- Revising articles 31 and 39 of Decision No. 01/PR on the creation, organization, and functions of commercial courts to endow the president of the Commercial Court with the authority to enforce decisions.
- Encouraging the completion of insolvency proceedings by the relevant professionals.
- Guaranteeing quality of construction projects by introducing a building permit issuing mechanism based on risk management.
- Improving the security level of real estate transactions by incorporating technological solutions and expediting the formalities for real estate transfers by introducing electronic publication.
- Making credit bureaus operational in Côte d'Ivoire.
- Establishing and organizing a group of mediators on trade and commercial matters.
- Introducing online business start-up procedures.
- Strengthening the procedures for quality control of electrical equipment on the market.
- Establishing a prior, external examination of transactions presenting conflicts of interest to enable auditors to issue their opinion prior to the completion of such transactions.

All of these efforts should contribute to improving Côte d'Ivoire's ranking in the 2016 *Doing Business* report.

50. The government will continue to promote SMEs and the development of the industrial sector. Government policy in this area will focus on implementing the Phoenix program with a view to supporting the creation and development of a robust and diverse network of SMEs. This program provides a global support strategy for SME development. The strategy's coherence is ensured through the framework law for the promotion and development of SMEs and the establishment of an SME development agency. The agency is responsible for coordinating all policies and actions aimed at promoting SMEs. To this end, a National Program for the Restructuring and Upgrading of Industries (PNRMN), launched for a total amount of

CFAF 152 billion, is currently being implemented to strengthen the operating and management capacities of SMEs and Small and Medium-Sized Industries (SMIs.) The government has also undertaken efforts to sign agreements with banks aimed at promoting financing of SMEs.

G. Employment and Social Policy

51. The government will pursue the programmed activities outlined in the 2014–15 operational action plan under the government’s national strategy for boosting employment.

In this context, a database will be developed to identify potential trainees. The government will also focus on producing and periodically disseminating an employment scoreboard (*tableau de bord*). Additionally, a decentralized job creation strategy will be implemented, including through regional divisions and branches of the Agency for Employment Research and Promotion (AGEPE). Self-employment promotion initiatives will be strengthened. Lastly, labor market monitoring activities will continue to be conducted, including in the form of surveys and employment-related research.

52. To improve the living conditions of the population, the government will promote, *inter alia*, enrollment in the CMU, for which the registration period has begun, and will continue to ensure that producers of cacao, coffee, cashews and cotton receive 60 percent of the “farm gate” price (*prix bord champ*) for their products. Law No. 2014-131 establishing the CMU, which was adopted by the National Assembly on March 6, 2014 and published on March, 24, 2014, created a legal framework for this new health insurance system aimed at ensuring that all of Côte d’Ivoire’s population has access to quality and affordable healthcare. CMU is a basic healthcare system that allows the majority of the population to have access to health insurance that protects them against the most prevalent health risks, for CFAF 1,000/month per person.

53. Efforts will be undertaken to improve the healthcare system in the context of operationalizing the CMU. To this end, the implementation of the National Healthcare Development Plan (PNDS 2012–15) will be stepped up, with particular attention to improving first-contact health services. Efforts in this context will focus on: (i) launching a special program to extend coverage in first-contact facilities; (ii) rehabilitating and re-equipping emergency care services in health facilities; (iii) re-organizing existing channels for admitting emergency patients and introducing new procedures for managing emergency services; (iv) developing regulatory mechanisms within hospitals to reduce overcrowding; (v) improving the distribution of healthcare staff throughout the country and achieving an equitable geographic distribution of healthcare facilities; and (vi) rehabilitating and re-equipping maternity wards. In addition, the 2016–20 PNDS will be drafted and approved in time for implementation to begin in 2016. The government will use

the CFAF 24 billion provided by the IMF to prevent the outbreak and spread of epidemics like Ebola through redoubling efforts to improve the healthcare system.

54. Efforts in the area of education will be strengthened through the implementation of the “universal schooling” program. This program, for which funding is currently being secured, will enable the establishment of middle schools in local communities and allow for an extension of the network of technical and professional high schools to effectively address the challenge of workforce integration after training. This program will: (i) make school enrollment obligatory for all children up to the age of 15; (ii) allow for the recruitment of more than 20,000 teachers; (iii) enable the establishment of distance training programs for teachers; (iv) promote the acceleration of literacy programs, particularly in bus terminals and markets. In addition, efforts will be undertaken to reform school curricula through: (i) introducing courses on information technology and communications, as well as financial management, business, and human rights; and (iii) developing textbooks for teachers. The government also intends to fulfill Côte d'Ivoire's commitments in the context of the Sahel Women's Empowerment and Demographics Project, for which the World Bank has provided financing in the amount of US\$30 million. The project is aimed at improving the economic prospects of women and young girls and encouraging voluntary fertility reduction.

PROGRAM FINANCING AND MONITORING

55. The government deems that the funding needs of the 2015 program will be met.

Additional financing will be mobilized on the regional money market and the international financial market, as well as from foreign partners. The government intends to raise CFAF 648.7 billion on the sub-regional money and financial markets, compared with CFAF 1,101.6 billion in 2014. External financing, including budget support, is expected to amount to CFAF 1,100.1 billion, owing in particular to the assistance of the World Bank, the International Monetary Fund, the African Development Bank, the European Union, the French Development Agency, the Islamic Development Bank, and Eximbank China. The government issued a Eurobond in the amount of US\$1 billion in 2015 in order to benefit from favorable financing conditions on international markets. Moreover, the government is exploring the possibility of participating in the Islamic financial market by issuing *Sukuk in national currency* in 2015. Lastly, it will continue its bilateral discussions with remaining creditors regarding debt relief under the Heavily Indebted Poor Countries (HIPC) initiative of the World Bank and IMF.

56. The program will continue to be monitored biannually by the IMF Executive Board on the basis of quantitative indicators and structural benchmarks (Tables 1 and 2). These indicators are defined in the attached Technical Memorandum of Understanding (TMU). The eighth

review will be based on performance criteria and indicative targets at end-June 2015, and structural benchmarks centered on public expenditure management, financial soundness and business climate. The eighth review is expected to be completed by December 2015 at the latest. To this end, the government undertakes to:

- Refrain from accumulating new domestic arrears and from any kind of advances on revenue, as well as from contracting any nonconcessional external borrowing other than that specified in the TMU.
- Issue government securities only by auction through the BCEAO or through any other form of competitive bidding on the local financial market and the WAEMU market, and to consult with IMF staff on any new financing.
- Refrain from introducing or intensifying any restrictions on payments and transfers related to current international transactions and from introducing multiple currency practices or entering into bilateral payment agreements that are inconsistent with Article VIII of the IMF Articles of Agreement, or from imposing or intensifying import restrictions for balance of payments purposes.
- Adopt any new financial or structural measures that may prove necessary for the success of its policies, in consultation with the IMF.

STATISTICS AND CAPACITY-BUILDING

57. Further efforts will be undertaken to develop the statistical system to better guide government policy and inform the decisions of economic agents. To this end, the implementation of the 2012–15 statistics master plan, aligned with the 2012–15 PND, will be completed. The master plan comprises the following activities: (i) conducting national and sector surveys; (ii) strengthening and monitoring economic indicators; (iii) setting up a database for the Integrated Information Management System; (iv) changing the base year of national accounts and establishing quarterly national accounts; (v) reforming the Harmonized Consumer Price Index (HCPI); and (vi) preparing a directory of ministerial statistical offices. In this connection, the final reports from the 2013/2014 General Population and Housing Census and from the employment survey are now available. Analysis of the data from the household survey and the General Agricultural Survey is currently being conducted. With respect to the work to change the base of the annual national accounts, a new classification system for activities and products has been developed and published. The year 2014 was chosen as the new base year for the annual national accounts as the General Population and Housing Census was conducted in 2014. Lastly, good progress has been made toward the preparation of the quarterly national accounts, and efforts to produce a breakdown of

government financial operations based on the 2001 GFSM are being undertaken and may be completed by the end of December 2015. Eventually, Côte d'Ivoire intends to migrate to the Special Data Dissemination Standard, as this will allow it to gain access on better terms to international financial markets.

58. The government will continue to support capacity-building in government

administration. The National Governance and Capacity-Building Secretariat will assist various public entities with training through gauging needs and skills, designing customized programs, and seeking the financing arrangements necessary to promote modern and effective government management. The technical assistance needs identified for 2015 comprise the following: (i) modernization of the customs administration, especially on economic regimes and risk analysis systems; (ii) support for setting up quarterly accounts; (iii) strengthening the tax administration, and especially of the tax base and the VAT; (iv) preparation of balances of payment forecasting; (v) tax revenue forecasts; (vi) support for the production of the government financial operations table (TOFE) in accordance with the 2001 GFSM; and (vii) support for developing short-term economic indicators for the real sector. In addition, the government is requesting an IMF technical assistance arrangement of at least one year to create and establish long-term financing instruments in local currency on the international market in support of the two CFAF zones (the West African Economic and Monetary Union (WAEMU) and the Economic and Monetary Community of Central Africa (CEMAC)).

Table 1. Côte d'Ivoire: Performance Criteria and Indicative Targets, ECF 2014–15 ^{1/}
(Billions of CFA francs) ^{2/}

	2014												2015									
	March			June			Sept.			Dec			March		June		Sept.		Dec			
	IT	Actual	Status	PC	Actual	Status	IT	Adjusted IT	Actual	Status	PC	Adjusted PC	Actual	Status	IT	Adjusted IT	PC	Modified PC	IT	Modified IT	IT	Modified IT
A. Performance criteria																						
Floor on primary basic balance	7.3	7.0	Met	-135.4	2.7	Met	-80.1		-77.6	Met	-81.6		-80.4	Met	-10.5		-14.4	-150.7	-108.0	-151.8	-41.6	-90.7
Ceiling on net domestic financing (incl. WAEMU paper) ^{5/}	43.6	113.1	Not Met	315.3	286.6	Met	360.2	110.2	62.9	Met	107.6		100.7	Met	-56.4		96.5	186.8	87.9	104.3	36.3	-17.4
Ceiling on new nonconcessional external debt (in \$ million) ^{3/ 4/ 5/ 6/}	900.0	717.3	Met	900.0	738.4	Not Met ^{3/}	900.0		1,488.6	Not Met	1,650.0	2,443.4	2,441.5	Met	3,050.0	3,843.4	3,050.0	3,843.4	3,050.0	3,843.4	3,050.0	3,843.4
Ceiling on accumulation of new external arrears	0.0	0.0	Met	0.0	0.0	Met	0.0		0.0	Met	0.0		0.0	Met	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Ceiling on accumulation of new domestic arrears	0.0	0.0	Met	0.0	0.0	Met	0.0		0.0	Met	0.0		0.0	Met	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Floor on the overall fiscal balance (incl. grants)	-76.1	-81.7	Met ^{7/}	-310.6	-143.4	Met	-364.5		-356.1	Met	-394.8		-376.1	Met	-179.3		-331.0	-451.2	-533.2	-584.7	-672.1	-676.6
Ceiling on expenditures by treasury advance	19.8	25.8	Met	55.6	54.6	Met	81.5		80.5	Met	124.5		112.4	Met	29.4		63.4	74.7	107.7	109.9	146.1	144.9
Floor on pro-poor expenditure	259.4	300.4	Met	676.7	717.8	Met	1,022.3		1,086.1	Met	1,521.8		1,622.4	Met	292.6		763.3	763.3	1,153.1	1,153.1	1,716.4	1716.4
Floor on net reduction of government amounts payable (- = reduction)	-5.0	-85.8	Met	-50.0	-129.7	Met	-70.0		-170.9	Met	-110.0		-152.4	Met	-20.0		-50.0	-30.0	-70.0	-40.0	-100.0	-50.0
Floor on government revenue	621.8	659.9	Met	1,392.1	1,462.3	Met	2,167.9		2,167.7	Not Met	3,064.6		2,989.4	Not Met	749.5		1,642.2	1,630.5	2,486.4	2,472.8	3,474.8	3,448.2
Memorandum items:																						
Net banking sector claims on government	11.3	61.5		129.3	122.9		17.4		29.5		9.1		127.3		-41.0		-11.9	54.8	-35.1	1.4	-24.5	-33.9
Program grants	0.0	9.0		82.8	82.8		82.8		82.8		156.6		167.0		0.0		73.8	73.8	73.8	73.8	147.6	147.6
Program loans	0.0	0.0		0.0	0.0		0.0		0.0		50.5		0.0		0.0		0.0	6.4	0.0	6.4	58.4	46.4
Project grants	44.3	54.4		123.3	113.7		166.0		125.3		168.8		137.0		57.2		114.3	114.3	137.2	137.2	228.6	228.6
Project loans	61.3	73.5		170.7	134.1		229.9		218.7		259.6		249.1		115.5		230.9	241.1	277.1	281.2	461.8	401.8

Sources: Ivorian authorities and IMF staff.

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

^{1/} Cumulative change from December 31, 2013 for 2014 targets, and from December 31, 2014 for 2015 targets.

^{2/} Except for ceiling on new nonconcessional external debt.

^{3/} Continuous performance criterion. It was breached in July 2014 with the US\$750 million Eurobond issuance.

^{4/} The new non-concessional external debt will be used for infrastructure, energy, and transport projects.

^{5/} Adjusted for the China Exim-bank loan for the Port of Abidjan (US\$793.4 million).

^{6/} If concessional terms are not obtained for the electricity network (US\$820 million) project, the ceiling on new nonconcessional external debt will be adjusted upward pro tanto. See paragraph 10 on the adjustor in the TMU.

^{7/} See paragraph 10 on the adjustor in the TMU.

Table 2a. Côte d'Ivoire: Structural Benchmarks, 2014–15, ECF

Seventh Program Review			
Measures	Macroeconomic Rationale	Timeframe	Status
Public expenditure management			
Pay subsidies to support the electricity sector (HVO [Heavy Vacuum Oil]) in the amount of CFAF 40 billion	Reduce fiscal risks	SB end-December 2014	Met
Adopt a detailed timetable for closing public accounts at commercial banks	Improve cash-flow management	SB end-December 2014	Met
Restructuring of banking sector			
Restructure a state-owned bank	Reduce banking sector vulnerabilities and fiscal risks	SB end-December 2014	Not met (implemented with delay in February 2015)
Improving the business environment			
Limit the current fiscal year's VAT arrears pending refund to under CFAF 10 billion	Improve business climate	Continuous SB	Met
Implement plan to settle the full range of domestic arrears on audited debt, securitized and agreed debt	Improve business climate	SB end-December 2014	Met

Table 2b. Côte d'Ivoire: Proposed structural Benchmarks, 2015, ECF

Eight Program Review		
Measures	Macroeconomic Rationale	Timeframe
Public expenditure management		
Payment in cash of the securitized debt held by SIR and PETROCI	Improve the financial position of the energy sector	SB end-June 2015
Adopt a protocol clarifying the responsibilities of the respective parties, including the government, as regards the payment of HVO	Reduce fiscal risks	SB end-June 2015
Issue a call for tender for the selection of an audit company that would complete a strategic audit aiming to restructure SIR.	Reduce fiscal risks	SB end-June 2015
Strengthening the soundness and development of the financial sector		
Adopt a draft law aimed at developing leasing	Develop the financial sector	SB end-September 2015
Restructure a public bank	Strengthen financial sector soundness	SB end-November 2015
Improving the business environment		
Limit the current fiscal year's VAT arrears pending refund to under CFAF 10 billion	Improve the business climate	Continuous SB
Clear the full range of domestic arrears on audited debt from 2010 and earlier years.	Improve the business climate	SB end-September 2015
Regularize domestic arrears on securitized and contractual debt ("dette conventionnée")	Improve the business climate	SB end-September 2015

Attachment II. Côte d'Ivoire: Technical Memorandum of Understanding—Arrangement Under the Extended Credit Facility, 2011–15

May 19, 2015

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'État, CGRAE), and Treasury operations for public companies in liquidation; it does not include any local government authorities, the Central Bank of West African States (BCEAO), or any other government-owned entity with separate legal status.

QUANTITATIVE INDICATORS

2. For program monitoring purposes, the performance criteria (PC) and indicative targets (IT) are set for June 30, 2015; the same variables are indicative targets for these variables for September 30, 2015 and December 31, 2015.

The performance criteria include:

- (a) a floor on the primary basic fiscal balance;
- (b) a ceiling for net domestic financing (including the issuance of securities in Francs of the Financial Community of Africa (CFA)—or *Communauté Financière Africaine* in French);
- (c) a ceiling on new nonconcessional external debt;
- (d) a zero ceiling for the accumulation of new external arrears; and
- (e) a zero ceiling for the accumulation of new domestic arrears.

The indicative targets are:

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

3. The PCs, the ITs, and the adjusters are calculated as the cumulative change from December 31, 2014 for the 2015 targets, with the exception of new nonconcessional external loans for which the cumulative change starts from December 31, 2012 (Table 1 of the Memorandum of Economic and Financial Policies, or the MEFP).

A. Government Revenue (IT)

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

B. Pro-poor Expenditures (IT)

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

C. Treasury Advances (IT)

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

D. Primary Basic Fiscal Balance (PC)

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

$$\text{Tax and nontax revenue (excluding grants)} - \{ \text{Expenditure} + \text{Net lending} - \text{Interest payments} - \text{Externally-financed capital expenditure} - \text{Expenditure related to the Ebola outbreak (on a payment order basis for all expenditure items)} \}$$

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

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

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

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

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

F. Net Domestic Financing (PC)

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

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

This ceiling does not apply to either new agreements on restructuring domestic debt and securitization of domestic arrears or to new project loans from the Bank for Investment and Development (BIDC) of the Economic Community of West African States (ECOWAS). For any new borrowing over and above a cumulative amount of CFAF 50 billion during 2015, the government undertakes not to issue government securities except by auction through the BCEAO or through competitive public auction (appel d'offres compétitif) on the 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)

12. The definition of debt is set out in Executive Board Decision No.6230-(79/140), Point 9, as revised on August 31, 2009 (Decision No. 14416-(09/91)): Debt will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, according to a specific schedule; these payments will discharge the obligor of the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows: (i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures,

commercial loans, and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans, under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements); (ii) suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and (iii) leases, i.e., arrangements under which property is provided that the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of this guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement, excluding those payments necessary for the operation, repair, or maintenance of the property. Under the definition of debt set out above, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

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

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

- normal import-related commercial debts having a maturity of less than one year;
- rescheduling agreements;
- debts to the BIDC, up to the equivalent of CFAF 20 billion, for the period from January 1 to December 31, 2015;
- drawings on the IMF.

15. A debt is considered concessional if its grant element is at least 35 percent, the net present value (NPV) of the debt being calculated with a 5 percent discount rate. The government undertakes not to contract or guarantee nonconcessional external debt under the conditions defined in paragraphs 12–15, with the exception of debt constituting rescheduling of maturities and new debt contracted or guaranteed by the government as specified in paragraphs 14 and 17. To this end, the government undertakes to consult with IMF staff on the terms and concessionality of any proposed new debt in advance of contracting such external debt.

16. A cumulative ceiling for 2013–15 of US\$800 million for the period through December 31, 2013, US\$1,650 million through December 31, 2014, and US\$3,843.4 million through December 31, 2015 applies to new nonconcessional external loans other than those specified in paragraph 14 (performance criterion). This ceiling would be applicable to debt-financing of projects, in the energy, infrastructure and transport sectors, and to the issuance of a Eurobond in 2015 for a maximum amount equivalent to US\$1 billion. The ceiling on new

nonconcessional foreign borrowing will be adjusted upward to reflect the loan to finance the rehabilitation and expansion of the electric power grid by a maximum amount equivalent to US\$ 820 million, if the terms of this loan should prove to be nonconcessional. The government will inform staff in a timely manner before contracting any debt of this type and provide information on the terms of the new debt as well as a brief summary of the projects to be financed and their profitability, including an independent evaluation. The government will report on the use of funds and project implementation (in subsequent MEFPs or to staff). The US dollar value of eligible loans subject to this ceiling will be calculated using the exchange rates at end-August 2013 in the IFS (International Financial Statistics) database of the IMF. The amount of the Eurobond deemed contracted will be the amount subscribed/purchased at the end of the subscription/purchase period as specified under the final terms of exchange. The amounts subscribed/purchased of the Eurobond prior to the end of the subscription/purchase period of the Eurobond will not impact the performance criterion on external debt (paragraph 14).

H. External Payment Arrears (PC)

17. External arrears are considered to be the nonpayment of any interest or principal amounts on their due dates (taking into account relevant contractual grace periods, if any).

This performance criterion applies to arrears accumulated under external debt of the government and external debt guaranteed by the government for which the guarantee has been called by creditors, consistent with the definitions given under the external debt criterion (paragraph 15). This performance criterion is monitored on a continuous basis.

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

18. The “amounts payable” (or “balances outstanding”) include domestic arrears and floating debt and represent the government’s overdue obligations. They are defined as expenditures assumed (*prise en charge*) by the public accountant, but *yet to be paid*. For the program definition, these obligations represent (i) bills due and not paid to non financial public and private companies; and (ii) the domestic debt service (excluding the BCEAO).

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

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

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

22. For program purposes, the government undertakes: (i) to reduce the stock of amounts payable by at least CFAF 50 billion in 2015; and (ii) to not accumulate new domestic arrears in 2015.

MEMORANDUM ITEMS

A. Net Bank Claims on the Government

23. Net bank claims on the government are defined as the difference between government debts and government claims with the central bank and commercial banks, (including the C2D deposits). The coverage of net bank claims on the government is that used by the BCEAO, and is the same as that shown in the net government position (NGP) (including the C2D deposits).

B. External Financing (Definitions)

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

C. Program Monitoring and Data Reporting

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

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

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

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

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

Table 1. Côte d'Ivoire: Pro-Poor Spending (incl. Social Spending), 2009–15

	2009	2010	2011	2012		2013		2014 Budget	2015 Draft Budget
				Budget	Actual	SBL ^{1/}	Actual		
Agriculture and rural development	49.2	39.1	35.2	41.4	68.2	72.1	81.7	81.9	88.6
General administration	8.5	9.2	7.0	7.7	10.0	16.3	21.4	28.0	33.9
Agriculture promotion and development program	10.6	10.8	10.8	12.0	18.7	15.1	15.9	17.8	23.4
Training of supervisory staff	8.4	8.3	10.3	8.4	13.5	15.7	18.4	16.9	21.5
Water system works	1.5	4.0	3.0	3.4	26.0	16.6	18.3	19.3	9.7
Other investments in the rural area (FRAR, FIMR)	20.2	6.8	4.1	10.0	0.0	8.4	7.7	0.0	
Fishing and animal husbandry	6.7	5.9	4.0	4.7	7.2	5.9	7.5	8.0	9.0
General administration	3.5	3.9	2.7	2.7	4.0	3.8	4.4	4.5	4.6
Milk production and livestock farming	2.3	1.8	1.2	1.5	2.9	0.9	1.7	1.7	2.0
Fishing and aquaculture	1.0	0.2	0.1	0.5	0.4	1.2	1.4	1.9	2.4
Education	533.1	590.1	529.2	628.6	651.2	754.6	756.3	836.3	960.9
General administration	19.6	24.9	24.7	23.6	19.8	19.5	19.5	20.6	25.2
Pre-schooling and primary education	336.7	366.7	301.1	398.2	379.2	454.4	449.2	316.6	403.8
Literacy	0.2	0.2	0.5	0.6	0.5	0.5	0.4	0.4	0.4
Secondary education and vocational training	83.0	83.8	74.2	80.3	74.8	83.7	87.7	296.8	306.9
University and research	93.7	114.5	117.0	113.0	140.0	153.0	156.1	155.4	178.1
Emergency/Presidential program/Education	0.0	0.0	11.7	12.8	36.9	43.5	43.5	46.5	46.5
Health	118.4	113.6	120.2	138.0	169.2	205.1	197.9	267.4	310.1
General administration	45.8	47.7	49.2	55.4	63.9	89.5	71.4	123.0	150.7
Primary health system	30.7	30.0	25.2	34.8	47.5	53.9	70.5	38.7	63.3
Preventive healthcare (enlarged vaccination program)	1.9	1.4	0.4	0.8	2.3	2.6	1.6	2.9	1.5
Disease-fighting programs	1.7	1.5	1.1	1.4	4.0	1.2	1.7	24.8	5.6
Infant/mother health and nutrition	0.8	0.4	0.4	0.6	1.4	0.6	0.8	18.1	10.9
HIV/Aids	10.8	5.9	6.9	8.0	6.4	5.4	1.6	5.6	16.7
Health centers and specialized programs	26.6	26.6	25.7	25.1	31.8	33.9	32.3	34.2	41.4
Emergency/Presidential program/Health	0.0	0.0	11.3	12.0	12.0	18.0	18.0	20.0	20.0
Water and De-contamination	20.4	19.8	36.3	39.9	49.5	73.5	118.4	82.1	83.3
Access to drinking water and de-contamination	4.9	6.0	10.2	10.7	10.8	25.4	69.9	37.0	38.7
Environmental protection spending	15.5	13.8	13.1	13.0	22.4	23.6	24.0	18.1	17.6
Emergency/Presidential program/healthiness and de-contamination	0.0	0.0	13.1	16.2	8.0	11.5	11.5	13.5	13.5
Emergency/Presidential program/drinking water	0.0	0.0	0.0	0.0	8.2	13.0	13.0	13.5	13.5
Energy	16.5	9.7	8.8	17.0	18.8	26.7	25.5	30.1	34.9
Access to electricity	16.5	9.7	8.9	9.0	10.8	13.7	12.5	16.6	21.4
Emergency/Presidential program/Electricity	0.0	0.0	0.0	8.0	8.0	13.0	13.0	13.5	13.5
Roads and Art Works	39.1	45.4	33.4	47.1	51.4	101.7	80.2	112.7	118.7
Road maintenance	0.5	2.4	2.1	5.1	2.3	11.4	8.7	6.0	6.2
Construction of art works	3.0	2.5	1.1	7.5	4.0	22.2	5.6	23.3	20.4
Other road projects	35.6	40.6	22.2	23.5	34.1	52.2	49.9	65.5	67.0
Emergency/Presidential program/maintenance and development	0.0	0.0	8.0	11.0	11.0	16.0	16.0	18.0	25.0
Social spending	13.6	15.0	24.7	14.1	20.0	18.1	24.3	22.4	23.6
General administration	8.6	9.8	8.9	9.0	15.1	13.4	19.1	16.1	17.1
Training for women	0.6	0.7	0.5	0.7	0.7	0.5	0.6	0.9	0.8
Orphanages, day nurseries, and social centers	1.5	2.0	1.9	2.5	2.2	2.1	2.3	3.1	3.1
Training of support staff	1.7	1.9	1.6	1.3	1.6	1.8	1.9	2.0	2.1
Indigents and victims of war or disaster	1.2	0.5	11.8	0.7	0.5	0.4	0.4	0.4	0.5
Decentralization (excl. education, health and agriculture)	35.1	32.0	29.0	32.1	31.7	31.8	34.5	60.0	56.1
Decentralization	35.1	32.0	29.0	32.1	31.7	31.8	34.5	60.0	56.1
Reconstruction	1.4	2.6	5.6	1.2	0.3	13.0	2.9	10.4	20.4
Reconstruction and rehabilitation	1.4	2.6	4.6	1.2	0.3	0.1	0.1	0.0	0.4
Emergency/Presidential program	0.0	0.0	1.0	0.0	0.0	12.9	2.9	10.4	20.0
Other poverty-fighting spending	9.6	11.9	16.2	15.9	13.0	6.7	7.9	10.5	10.8
Promotion and insertion of youth	8.4	8.9	13.7	13.4	7.6	5.1	5.4	8.1	8.2
Support and follow-up of DSRP	0.3	0.2	0.4	0.4	0.5	0.0	0.2	0.6	0.6
Development of tourism and craftsmanship	0.9	2.8	2.0	2.1	4.9	1.6	2.3	1.8	2.0
TOTAL	843.0	885.2	842.7	980.0	1,080.5	1,309.1	1,337.1	1,521.8	1716.4

Source: Ivorian authorities.

1/ Supplementary Budget Law.

Table 2. Côte d'Ivoire: Document Transmittals

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

Real sector (R)

General:

Table R.1: Cyclical Indicators (M)

Table R.2.1: Macroeconomic Framework (AN)

Table R.2.2: Supply-use accounts, current francs (AN)

Table R.2.3: GDP in francs (n-1): annual variation in volume (AN)

Table R.2.4: GDP deflators year (n-1) (AN)

Table R.2.5: Macroeconomic framework, underlying assumptions (AN)

Table R3: Price index (M)

Energy:

Table R.4.1: Summary crude oil and gas production (M)

Table R.4.2: Crude oil and gas production – CI11 (M)

Table R.4.3: Crude oil and gas production – CI26 (M)

Table R.4.4: Crude oil and gas production – CI27 (M)

Table R.4.5: Crude oil and gas production – CI40 (M)

Table R.4.6: Crude oil and gas – volume, price, and financial flows (M)

Table R.4.7: Ivorian Refinery (SIR) activities (M)

Table R.4.8: SIR: transfers to warehouses and exports (M)

Table R.4.9: Activities of marketers (M)

Table R.4.10: Goods released to market by type of tax (M)

Table R.4.11: Financial flows in cash, Electricity Sector Asset Management Company (*Société de Gestion du Patrimoine du Secteur Electricité*, SOGEPE) (M)

Table R.4.12: Operating financial flows, SOGEPE (Q)

Table R.4.13: Crude oil: Shipment report (Q)

Table R.4.14: Petroleum revenue: Structure of maximum sales prices (M).

Coffee/cocoa:

Table R.5.1: Quasi-fiscal levies and fees, and utilization – operations (Q)

Table R.5.2: Quasi-fiscal levies and fees, and utilization – investment (Q)

Table R.5.3: Investments in funds managed by the Coffee/Cocoa Committee (Q)

Table R.5.4: Bank accounts (Q)

Balance of Payments sector (B)

- Table B.1.1: Summary table of foreign trade (AN)
 Table B.1.2: Imports (source DGD - monthly) (M)
 Table B.1.3: Exports (source DGD - monthly) (M)
 Table B.2.1: 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)

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Table F.16.3: Wage bill framing (AN)

Table F.16.4: Projected new recruits (AN)

Special accounts:

Table F.17.1: ECOWAS levy (PCC) (AN)

Table F.17.2: WAEMU levy (PCS) (AN)

Table F.18: Proceeds from privatization and sale of assets (AN)

Cash flow plan:

Table F.20.1: Annual cash flow, resources/expenditures plan (AN)

Table F.20.2: Execution of cash flow plan (M)

Table F.20.3: Overall balance of Treasury account