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CÔTE D'IVOIRE

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

Prepared by the Staffs of the IMF and IDA¹

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¹ Approved by Anupam Basu and Anne McGuirk (IMF), and Callisto Madavo and Gobind Nankani (IDA).

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I. INTRODUCTION

1. This paper presents a preliminary assessment of Côte d'Ivoire's eligibility for assistance under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC Initiative). The findings are based on a joint mission of IDA and IMF staffs in November 2001. The preliminary results of the debt sustainability analysis (DSA), undertaken jointly with the authorities on the basis of end-2000 data, show that **Côte d'Ivoire could qualify for HIPC Initiative debt relief under the fiscal and openness criterion,**² as the net present value (NPV) of debt-to-revenue ratio after traditional debt-relief mechanisms stood at an estimated 397 percent at end-2000, above the 250 percent threshold. The NPV of debt-to-exports ratio stood at an estimated 145 percent at end-2000, already below the HIPC Initiative threshold of 150 percent.

2. Côte d'Ivoire had earlier qualified for assistance under the original HIPC Initiative. In March 1998, the Executive Boards of IDA and the IMF first discussed the decision point document for Côte d'Ivoire under the original initiative (IDA/R98/25; and EBS/98/40, 3/6/98). At that point, it was agreed that Côte d'Ivoire was eligible for assistance under the initiative in view of its status as an Enhanced Structural Adjustment Facility (ESAF)-eligible and IDA-only country, its high level of indebtedness, and its sound track record of macroeconomic and structural reforms under IDA- and Fund-supported programs since March 1994. The completion point was expected for 2001, and was conditioned on the successful implementation of the new three-year PRGF-supported program and satisfactory progress in implementing structural and social sector reforms supported by IDA. Because of the interruption of the program in early 1999, the completion point could not be reached. Meanwhile, the enhanced HIPC Initiative was launched, and the debt situation also evolved, requiring a new preliminary assessment. As Côte d'Ivoire has experienced protracted delays in reaching the completion point under the original HIPC Initiative framework, it is proposed that Executive Directors reassess Côte d'Ivoire's eligibility and qualification for enhanced HIPC Initiative relief, overtaking and including the amount of assistance committed at the original decision point in 1998, and establish conditions for reaching the enhanced completion point.

3. **During the period July-December 2001,** the Ivorien authorities strengthened their macroeconomic program, which was accompanied by a Fund-supported staff-monitored program (SMP). The SMP was implemented broadly satisfactorily. The National Reconciliation Conference, held during October-December 2001, set the stage for a return to political and social stability. A recent follow-up meeting of the four main party leaders was concluded with the issuance of a 14-point communiqué outlining the steps to be taken to

² Côte d'Ivoire also meets the two additional criteria for the eligibility under the fiscal/openness window (the ratio of exports-to-GDP should be equal or higher than 30 percent and the ratio of revenue-to-GDP should be higher than 15 percent). These ratios are respectively 39.9 percent and 17.1 percent (Table 6).

achieve full reconciliation. Côte d'Ivoire is now positioned to pursue a strong reform agenda, with a view to decisively addressing the challenge of poverty.

4. Section II of this document provides background information on eligibility, poverty, and the policy track record to date. Section III presents the preliminary debt sustainability analysis, including possible assistance under the enhanced HIPC Initiative. Section IV outlines the proposed time line for preparation of the decision point paper. It also proposes key reforms to be achieved by the completion point and a preliminary assessment of how the use of the debt-service savings after the decision point would be tracked. Section V provides issues for discussion by the Executive Board.

II. ELIGIBILITY FOR HIPC INITIATIVE ASSISTANCE

PRGF and IDA status

5. Côte d'Ivoire is currently a Poverty Reduction and Growth Facility (PRGF)-eligible and IDA-only country, with a per capita GDP of US\$625 in 2000.

Poverty and social development

6. Côte d'Ivoire has the population profile of a young country, with an estimated 43 percent of its population less than 15 years old. The population of over 16 million is growing rapidly (2.8 percent per year) and is very urbanized (46 percent of total population), with Abidjan alone (3.5 million) accounting for about one-fifth of the country's total population. Population density is moderate at 45 inhabitants per square kilometer (compared with 81 in Ghana), although it can reach more than 100 per square kilometer in parts of the more fertile southern region, where increasing land pressure has resulted in clashes over land access.

7. **Profile of poverty.** The 2000 United Nations Development Program (UNDP) human development index ranked Côte d'Ivoire 144th among 174 countries, well below the country's rank (130) in income terms; this situation indicates a country developing with a wide gap between economic and social development and with growing inequalities. **Many indicators of social welfare are low:** poor access to health care, a high infant mortality rate, a high percentage of child malnutrition, low enrollment and literacy rates, and an average life expectancy of 54 years (expected to decline further because of the impact of the HIV/AIDS pandemic). The 1985, 1995, and 1998 household surveys show that **poverty is most prevalent in rural areas:** about half of the rural population lives below the poverty line and about three-fourths of all poor are rural (Table 1). The surveys highlight the very negative impact of the economic recession that prevailed during most of the 1980s and early 1990s (a striking general worsening of poverty, which increased from 10 percent in 1985 to 37 percent in 1995 before falling slightly to 33.6 percent in 1998), as well as large and growing disparities in income (in 1998, the income of the 10 percent richest households was 13 times that of the 10 percent poorest). Following the 1994 devaluation, Côte d'Ivoire experienced strong economic growth during the 1995-98 period, which thereby boosted per capita

income. However, it is likely that most of these post-devaluation gains have been lost during the recent economic reversal.

Table 1. Côte d'Ivoire: Summary Poverty Rates, 1998¹
(In percent of population)

	Rural	Urban	All
Poverty	42.0	23.0	33.6
Extreme poverty	...	...	10.0

Source: "Interim poverty reduction strategy paper".

¹ Poverty is defined as an annual income of less than CFAF 162,800, and extreme poverty as income of less than CFAF 95,700.

8. In 1998, the highest proportion of poor rural households was found in the savanna zone (55 percent), but the proportion was also high in the forest zone (between 25 percent and 47 percent). **Poverty was most acute among food crop farmers (58 percent) and agricultural laborers/sharecroppers**, but it was also high among export crop producers (43 percent). The recent dramatic fall in the prices of Côte d'Ivoire's main export crops (about 40 percent for cocoa and coffee, and 20 percent for cotton during 1999-2000, compared with 1998 levels) has had a devastating impact on agricultural incomes and rural poverty. Cocoa and coffee represent the bulk of cash income in the forest region, and cotton in the savanna region. These crops also provide a considerable part of farm employment opportunities for wage laborers. In rural areas, agricultural policies and prices are, therefore, key determinants of income and employment opportunities, and, thus, of poverty. Finally, qualitative assessments showed that Ivoriens placed great importance on economic as well as noneconomic factors in evaluating their sense of well being. In addition to access to health and education services, the precariousness of income sources, the exclusion of social networks, and the feeling of powerlessness were all identified as critical elements of poverty.

9. **With a prevalence rate of HIV/AIDS of 12 percent, Côte d'Ivoire has the highest rate in West Africa.** The 1995 poverty survey highlighted the vulnerability of the AIDS-affected people, in addition to women and sharecroppers who had been traditionally suffering from general poverty and marginalization. The education sector, in particular, is facing a major challenge from the HIV/AIDS pandemic, with an estimated AIDS-related death of one teacher every day. The government has recently appointed a minister responsible for the fight against HIV/AIDS. The Bank is also launching a multisectoral support operation to energize the ongoing national campaign against AIDS, to alleviate funding constraints and to finance new initiatives, including programs initiated by nongovernmental organizations (NGOs), local communities, and the private sector.

10. **Assessment of past programs.** Economic growth in the 1980s was based on a competitive, open, export-oriented agricultural economy, accompanied by major public investments in basic infrastructure and social services. However, a long recession followed in the late 1980s and early 1990s, reflecting the gradual loss of competitiveness and the devastating impact of misguided public expenditure priorities. The government's social and economic development strategy following the 1994 devaluation undertook to better align public expenditures through a reallocation in favor of social sectors and basic infrastructure and a specific targeting of public resources in favor of poor areas (*zones prioritaires*). In 1997, the government adopted a National Poverty Reduction Plan, targeting rural poverty in particular, and focusing on (i) spurring widespread economic growth through further liberalization of the economy and the promotion of private sector development; (ii) improving basic infrastructure (in particular roads and water supply); (iii) improving social services delivery; and (iv) reforming the agricultural sector to boost productivity, competitiveness, and income. Although the economy responded well to the devaluation and macroeconomic stabilization policies, implementation of structural reforms and pro-poor policies fell short of expectations. Some progress was achieved during the 1995-98 period, but public expenditures in favor of priority sectors dwindled and structural reforms stalled when economic growth faltered, external assistance dried up, and political and social unrest escalated.

11. **Improving the poor's access to health and education services**, in order to build their human assets and provide them with better opportunities to increase their productivity and income, was a central part of the government's strategy. Although some gains were made during the 1996-98 period in the implementation of the social sector program, most of these gains were lost during the recent years of economic and social turmoil. Annual budgetary allocations for the education and health sectors were on average in line with targets, but preliminary estimates indicate that the coverage, targeting, and quality of services have all deteriorated, indicating strong internal inefficiencies in sector management.

Track record

12. Since 1994, the government has implemented macroeconomic and structural reform programs aimed at achieving robust and balanced growth and attaining financial viability. The International Monetary Fund and IDA have supported these programs. The Fund supported the government's program under the Enhanced Structural Adjustment Facility (ESAF) during the period 1994-97 and the Poverty Reduction and Growth Facility (PRGF) during 1998-2001. **Côte d'Ivoire satisfactorily implemented the program supported by the three-year ESAF arrangement** (totaling SDR 333.48 million, or 140 percent of quota) that was approved in March 1994 and completed in June 1997. Following the 1994 devaluation, IDA support was focused on maintaining macroeconomic stability, competitiveness, and human resource development while reducing poverty. Project and sectoral adjustment credits amounted to US\$1.2 billion from 1994 to 1996.

13. The results of the comprehensive adjustment strategy implemented during 1994-97 were encouraging.³ In particular, the recovery of the economy after the 1994 devaluation, especially in the export sector, was sustained, rapid growth resumed, and inflation declined considerably to low single-digit levels (Table 2). A number of measures were taken to improve government revenue performance, and expenditure was scaled back. Significant progress was made on the structural front, including privatization, the liberalization of prices and trade, and reform of the coffee and cocoa sectors. Projects were also implemented in the areas of education, health and HIV, and basic infrastructure, including a transport sector investment and adjustment credit. As a consequence of social programs and robust growth, the poverty rate declined from 36.8 percent in 1995 to 33.6 percent in 1998. Even though much progress was made during this period, Côte d'Ivoire's financial situation nevertheless remained vulnerable. In this context, the government prepared a new program in 1998, supported by the Fund and IDA, to address the unfinished reform agenda.

14. **Performance under the 1998 program was mixed, and there were some serious difficulties in its implementation.** Specifically, the fiscal situation remained very fragile, delays in the implementation of some structural measures persisted, and little progress was made on outstanding governance issues. The overall budget deficit for 1998 was larger than programmed, as the adjustment measures that had been put in place had neither been successful (on the revenue side) nor effective (on the expenditure side). Agreement could not be reached on the second annual arrangement because of these policy slippages and insufficient progress in implementing corrective measures.

Table 2. Côte d'Ivoire: Key Macroeconomic Indicators, 1995-2001

	1995	1996	1997	1998	1999	2000	2001
	(Annual average percent change)						
Real GDP	7.1	7.7	5.7	4.8	1.6	-2.3	-0.9
Consumer prices	14.1	2.7	4.2	4.5	0.7	2.5	4.4
	(In percent of GDP)						
Total revenue (excl. grants)	20.1	19.8	19.4	19.3	16.4	16.4	17.5
Overall fiscal balance (incl. grants)	-3.7	-2.0	-2.1	-2.2	-2.8	-1.3	1.1
Overall fiscal balance (excl. grants)	-4.4	-2.7	-2.7	-3.0	-3.4	-1.7	0.9
External current account (excl. official grants)	-6.3	-5.4	-2.5	-3.4	-2.1	-3.5	-3.1
External current account (incl. official grants)	-5.3	-4.2	-1.8	-2.7	-1.4	-2.9	-2.5

Sources: Ivoirien authorities; and staff estimates.

³ For a more extensive discussion on the track record of Côte d'Ivoire prior to the original HIPC Initiative decision point, see the decision point document for Côte d'Ivoire under the original initiative (IDA/R98/25; and EBS/98/40, 3/6/98).

15. **As the three-year arrangement went off track in early 1999**, the economy was affected by a sharp deterioration in the terms of trade and a significant slowdown of disbursements of external financial assistance. The fiscal and treasury situation remained very precarious, leading to a large accumulation of domestic and external payments arrears. Subsequently, the policy track record was further undermined by the military coup d'état, which took place at end-1999, and the new government largely focused on the political agenda. In the context of the severely deteriorated sociopolitical climate, real GDP contracted by about 2½ percent in 2000, mainly owing to political uncertainty and low business and consumer confidence. The public finance situation worsened further, with a large new accumulation of domestic and external payments arrears (as the total stock of arrears accounted for about 12 percent of GDP at end-2000). The social sector suffered, with actual spending lower than budgeted.

16. **Côte d'Ivoire reached its decision point under the original HIPC Initiative in March 1998**. Debt relief was provided by the Paris Club through a Lyons flow rescheduling (80 percent NPV reduction) and by the London Club through restructuring of the debt into three Brady bond instruments. The completion point was expected for 2001 and was conditioned on the successful implementation of the new three-year, PRGF-supported program and satisfactory progress in implementing structural and social sector reforms supported by IDA. Because of the interruption of the program, this completion point could not be reached.

17. **In July 2001, the government put in place a Fund supported staff-monitored program (SMP)**, covering the period July-December 2001, in order to stabilize the macroeconomic situation, accelerate structural reforms, and establish a track record of policy performance. Performance under the SMP was broadly satisfactory: on the fiscal front, for example, the authorities took decisive steps to strengthen the management of public finance. The overall budget balance for 2001 is estimated to have moved into a surplus of about 1 percent of GDP, a much better outturn than envisaged under the SMP, mainly reflecting better revenue performance but also lower spending, notably on investment. As regards structural policies supported by IDA and the Fund, despite some delays and difficulties, progress was made in the implementation of key reforms, including the liquidation of the former cocoa stabilization fund (CAISTAB), the restructuring of the state-owned financial institution (CAA), and the partial recovery of the CAISTAB's claims on delinquent cocoa exporters.

18. **The encouraging performance under the SMP paved the way for an agreement on a new PRGF-supported program** for the period January 2002–December 2004 and resumption of IDA support and operations⁴. The new medium-term program of the government will focus on maintaining macroeconomic stability and accelerating growth as

⁴ There are currently 16 projects in the IDA's Côte d'Ivoire portfolio. Total commitments amount to US\$621 million of which US\$297 million remain undisbursed.

prerequisites for poverty reduction, consistent with the interim poverty reduction strategy paper (I-PRSP, Box 1).

Box 1. Côte d'Ivoire: Interim PRSP

Côte d'Ivoire has had an antipoverty program since 1997, and it began the PRSP process in January 2000. The institutional framework was set up in 2000 with the establishment of a National Consultative Committee and a PRSP Supervision Committee that include representatives of the public and private sectors, as well as civil society. The interim PRSP process was launched in 2001 with the holding of many consultations and workshops, that helped to identify the weaknesses of past poverty reduction programs. These programs were negatively affected by the low level of investment, weak participation, insufficient decentralization, uneven distribution of basic social services, bad governance in the allocation and use of resources, and an excessive public debt burden. They were also highly dependent on resources generated by the coffee and cocoa sectors which, in turn, were subject to the price volatility fluctuations in international markets.

Objectives

The main objective of the interim poverty reduction strategy is to **reduce the poverty rate in the medium term from 33.6 percent in 1998 to 30 percent in 2005**, which will require (i) sustaining an economic growth rate of over 4 percent on average during the 2003-05 period; (ii) creating new jobs and increasing per capita income, notably for the poor; (iii) ensuring equitable access to basic social services and decent living conditions; and (iv) reducing regional and local inequalities and disparities.

Strategies

The strategic priorities in the fight against poverty are the following:

- (i) **stabilize the economy** and raise private investment to sustain higher growth;
- (ii) **promote the private sector** as the engine of growth and support for rural development to create wealth and jobs. As regards rural development, the diversification and development of production (rice, fishing, livestock farming, and exports of coffee, cocoa and cotton), the improvement of the marketing system and storage techniques, the application of the 1998 Rural Land Use Code, and preservation of environment have been identified as key strategies;
- (iii) **ensure equitable access to improved basic social services** with the implementation of free primary education, improved access to health care, and universal health insurance. For this purpose, the share of basic social services in public expenditure (excluding wages) would increase. The government will increase school capacity with the construction of 800 primary school classrooms per year, and the vaccination rate would increase to 80 percent in 2005 from 55 percent in 2000, while HIV/AIDS seroprevalence would be reduced to less than 10 percent by 2005;
- (iv) **decentralize** program implementation so as to promote participation in the development process and reduce regional disparities;
- (v) **promote good governance** and capacity building to allow for better resource allocation and use; and
- (vi) **strengthen the security** of individuals and property. For this purpose, security forces would be strengthened through training programs, the computerization of services, and enhanced work conditions.

III. SUMMARY DEBT SUSTAINABILITY ANALYSIS AND POSSIBLE HIPC INITIATIVE ASSISTANCE

Procedures and reconciliation status

19. The debt sustainability analysis (DSA) presented below, which was prepared jointly by the authorities and the staffs of IDA and the IMF, assesses the possible evolution of Côte d'Ivoire's external debt indicators over the next 20 years. The analysis was carried out on the basis of loan-by-loan data provided by the authorities on external public and publicly guaranteed debt outstanding and disbursed at end-December 2000⁵ (Tables 3 to 8). The external debt estimates and the net present value (NPV⁶) calculations are preliminary, pending complete reconciliation with all multilateral and bilateral creditors. Debt data have been reconciled with approximately 80 percent of multilateral creditors, but the process is still pending for bilateral and commercial debt. The authorities are contacting all creditors for this purpose. Following the payment difficulties experienced by Côte d'Ivoire since early 2000, notably with respect to its bilateral and commercial creditors, debt data could be subject to significant changes after reconciliation. The baseline projections simulate the impact of a hypothetical stock-of-debt operation by Paris Club creditors on Naples terms at end-2000, as well as comparable treatment from other bilateral and commercial creditors (Table 2). Projections of the stock of outstanding external debt at end-2001 have been prepared, taking into account the available information on debt, payments, and disbursements made during 2001, and simulating a stock-of-debt operation on Naples terms at end-2001. These estimates show slightly smaller amounts of required assistance (see below).

Structure of external debt

20. Côte d'Ivoire's public and publicly guaranteed external debt at end-2000 would have amounted to about US\$9.94 billion in nominal terms, and to US\$7.65 billion in net present value (NPV) terms (Table 3). **After full application of traditional debt-relief mechanisms**, total debt at end-2000 is estimated to have been about US\$6.92 billion in NPV terms, equivalent to 65 percent of GDP, 145 percent of exports of goods and nonfactor services, and

⁵ It excludes short-term debt other than long-outstanding arrears on short-term debt. It reflects the available information on nonguaranteed debt of public enterprises (in which the government's share is at least 50 percent), which is currently being reconciled with creditors.

⁶ The NPV of debt was calculated using end-2000 exchange rates, and the discount rates are the average currency-specific commercial interest reference rates (CIRRs) for the six-month period through December 31, 2000.

397 percent of government revenues.⁷ Of this debt and measured in NPV terms, 36 percent was due to multilateral creditors, 40 percent to bilateral creditors, and 24 percent to commercial creditors. France was the main creditor, accounting for 25 percent of the total outstanding external debt. The debt owed to the World Bank constituted 17 percent of the total, while the IMF and the African Development Bank (AfDB) Group held 6.6 percent and 9 percent of the total, respectively. Debt to other multilateral institutions accounted for 3.3 percent of the total debt.

21. **Arrears at end-2000 stood at US\$808.4 million**, with US\$122.5 million owed to multilateral creditors, US\$641.2 million to bilateral external creditors (of which US\$517.4 million to the Paris Club on pre-cutoff-date debt), and US\$44.7 million to commercial creditors (of which US\$28.2 million to the London Club). Arrangements for the clearance of arrears are being worked out by the authorities and need to be resolved by the time Côte d'Ivoire reaches its decision point. For this purpose, Côte d'Ivoire is expected to reach an agreement with the Paris Club following the approval of a new PRGF arrangement by the IMF, and it will seek comparable treatment from other bilateral creditors and commercial creditors. The arrears to all multilateral creditors should also be regularized through payments or rescheduling arrangements.⁸

Debt sustainability

22. The macroeconomic projections used in this joint analysis and agreed upon with the authorities assume continued implementation of sound macroeconomic policies, the improvement of key social indicators through the implementation of a poverty reduction

⁷ The NPV of debt-to-government revenue ratio is measured on the basis of the current-year revenue. The NPV of debt-to-exports ratio is measured on the basis of a backward-looking three-year average of exports of goods and nonfactor services. The debt-service ratio is calculated on the basis of current-year exports. The NPV of external debt is calculated using the average currency-specific commercial interest reference rate (CIRR) for the six-month period ended December 31, 2000, converted into U.S. dollars using the end-December 2000 exchange rates (Table 8).

⁸ Côte d'Ivoire had eight rescheduling agreements with Paris Club creditors but has not yet benefited from a Naples terms stock-of-debt operation. The last agreement was signed in April 1998 under Lyons terms (80 percent reduction). The second and the third tranches of this agreement—covering maturities falling due between April 1, 1999 and March 31, 2001—were contingent on successful completion of reviews for the second and third annual programs of the PRGF arrangement. Since the review for the second annual program was not completed, the second and third tranches were not implemented. Côte d'Ivoire signed all bilateral agreements with participating creditors, thus implementing fully the first tranche of this agreement. Debt relief was also provided by the London Club through restructuring of the debt into three Brady bond instruments and through a debt buyback operation under the IDA Debt and Debt Service Reduction Facility.

strategy, and the undertaking of successful structural reforms in key areas to facilitate high, sustainable economic growth. Real GDP is assumed to grow at an average rate of 5.7 percent per year during the projection period (2002-20), compared with average annual growth of about 5.4 percent during 1995-99 (Annex 1). Total revenue is projected to grow at an average annual rate of 8.6 percent in nominal terms during the projection period. Export volumes are projected to grow at an average annual rate of 5 percent. On the basis of these assumptions, **Côte d'Ivoire's external debt would remain unsustainable in terms of the NPV of debt-to-revenue ratio**, even after the application of traditional debt-relief mechanisms. The NPV of debt-to-revenue ratio was 397 percent in 2000, is estimated to have been 376 percent in 2001, and would remain above 250 percent until 2004 (Table 6); the NPV of debt-to-exports ratio was 145 percent in 2000. On the basis of estimated data at end-2001, the NPV of debt-to-exports ratio would be 154 percent.

Possible HIPC Initiative assistance

23. If the end-2000 data were used, Côte d'Ivoire would qualify for enhanced HIPC Initiative assistance under the fiscal/openness window, as its NPV of debt-to-revenue ratio at the decision point is expected to be above 250 percent.⁹ On the basis of the NPV of outstanding debt at end-2000, the total amount of HIPC Initiative assistance required to bring down the NPV of debt-to-government revenue ratio to 250 percent would be US\$2,569 million (Table 4).¹⁰ The assistance under the enhanced HIPC Initiative would entail a common reduction factor of 37.1 percent. **Based on proportional burden sharing at end-2000**, multilateral assistance would amount to US\$918 million, while bilateral creditors would need to provide US\$1,027 million and commercial lenders the remaining US\$624 million. The World Bank Group's HIPC Initiative assistance would total US\$438 million in NPV terms. The AfDB Group and the IMF would contribute US\$229 million and US\$166 million in NPV terms, respectively. Other multilateral creditors would need to contribute US\$84 million in NPV terms.

24. If the decision point were to be reached in September 2002, the DSA, as well as the level of assistance, would be based on end-2001 data for which the authorities are currently carrying out the reconciliation. Taking into account the evolution of exchange rates, discount

⁹ Although Côte d'Ivoire would qualify under the export criterion through the shift to end-2001 data, mainly due to low exports in 2001, the relief under the fiscal/openness window would provide for substantially more assistance than under the export criterion.

¹⁰ The efforts made by the Paris Club and the London Club in 1997-98 beyond traditional debt relief mechanisms would be taken into account in the calculation of the burden sharing.

rates, government revenues, and the estimated NPV of debt at end-2001, the estimated required assistance could be lower by about US\$250 million.¹¹

Comparison with the previous DSA

25. The following provides a rough comparison of the data underlying the current DSA with those presented in the earlier HIPC Initiative documents on Côte d'Ivoire. However, because the data on bilateral and commercial loans are being reconciled with creditor data, it is likely that revisions would be necessary at the decision point. With this in mind, and compared with the 1998 decision point document, the current estimate of the NPV of debt after traditional debt-relief mechanisms as of end-2000 is US\$913 million lower. This estimate reflects large repayments on nonconcessional multilateral loans since 1997. It also reflects a significant depreciation of the euro against the U.S. dollar in recent years. Compared with 1998, approximately US\$130 million in new loans (debt outstanding at end-2000) has been disbursed, mainly by IDA, the Arab Bank for Economic Development in Africa (BADEA), and the OPEC Fund.

26. Compared with the 1998 decision point document, the level of assistance is significantly higher, with the current estimate standing at US\$2,569 million compared with US\$345 million committed under the original framework. This is partly due to the change in the target sustainability ratio under the enhanced HIPC Initiative, as the NPV of debt-to-revenue ratio has been lowered from 280 percent to 250 percent.¹² The bulk of the increase in the amount of assistance results from the significantly lower government revenue in U.S. dollar terms (US\$1,742 million at end-2000, as compared with the US\$2,676 million projected in the earlier DSA), which is explained by the drop in tax revenues in CFAF terms resulting from the 2000 recession, as well as the depreciation of the CFA franc against the US dollar.

Impact of HIPC Initiative assistance

27. Based on end-2000 data, after relief under the enhanced HIPC Initiative, Côte d'Ivoire's debt-service burden would be reduced to well below the debt sustainability thresholds under the HIPC Initiative. The NPV of total debt-to-revenue ratio would fall from 182 percent in 2002 to 166 percent at the completion point in 2004; it would then steadily fall to 55 percent in 2020. In 2002, the debt service-to-government revenue ratio would decline from 33 percent after traditional relief mechanisms to 21 percent after enhanced HIPC Initiative relief. **At the completion point**, the debt service-to-government revenue ratio after HIPC Initiative relief would be 20 percent, and it then would fall to about 5 percent at the

¹¹ These estimates have been done on the basis of projected and nonreconciled data and aim only at indicating the possible trend of costs.

¹² Had the NPV of debt-to-revenue target remained at 280 percent, the amount of assistance needed would have been US\$2,047 million.

end of the projection period. After HIPC Initiative relief, debt-service payments would average US\$426 million per year during the first three years (2002-04), compared with average debt service of US\$851 million due per year without debt relief. The staffs estimate that the assistance under the HIPC Initiative could translate into an average annual debt-service reduction of US\$207 million throughout the projection period.

Sensitivity analysis

28. Côte d'Ivoire's dependency on export revenues, especially on cocoa and coffee, makes the economy vulnerable to external shocks, which, in turn, would affect government revenue. Furthermore, sustained long-term growth would require high rates of savings and investment. Under the baseline scenario, real GDP growth is projected to average 5.7 percent per year over the 2002-20 period. If the projected growth rates were reduced by 2 percentage points over the same period, then Côte d'Ivoire's total revenue would drop by about one-third by end-2020, compared with the baseline scenario. Under this alternative scenario, and assuming that the ensuing financing gap is financed by new concessional borrowing,¹³ the NPV of debt-to-revenue ratio would increase to 153 percent on average over the 2002-20 period, compared with 97 percent under the baseline scenario. Thus, Côte d'Ivoire's debt level would still remain sustainable in a lower growth scenario. After 2001, the NPV of debt-to-revenue ratio after HIPC Initiative assistance would remain below 250 percent (Table 5, alternative scenario I). A second sensitivity analysis was conducted, based on export¹⁴ prices that are 25 percent lower¹⁵ than under the baseline scenario for each year from 2002 onward. Under this scenario, and with the same assumptions as in the previous one,¹⁶ the NPV of debt-to-revenue ratio would increase to 104 percent over the 2002-20 period from an average of 97 percent under the baseline scenario. After 2001, the NPV of debt-to-exports ratio would always remain below 150 percent (Table 5, alternative scenario II).

29. The two scenarios of the sensitivity analysis presented show that Côte d'Ivoire's debt would remain sustainable even in the case of significant economic shocks, largely because of the high level of assistance Côte d'Ivoire will receive through the enhanced HIPC Initiative. In the sensitivity analysis, the growth of fiscal revenues is affected by lower GDP growth,

¹³ And given other assumptions as specified under the baseline scenario.

¹⁴ The export products considered are cocoa, coffee, cotton, wood, and petroleum; all together, these products represent 66 percent of the total value of Côte d'Ivoire's exports.

¹⁵ The prices of the main export products of Côte d'Ivoire could be affected by significant price changes (e.g., the cumulative export price decline was over 50 percent for coffee from 1999 to 2001; almost 40 percent for cocoa from 1999 to 2000; and almost 40 percent for cotton from 1998 to 2001).

¹⁶ Taking into account the implications of the simulated terms of trade shock on the revenue level.

but it is assumed that the capacity of the government to collect taxes still remains high (about 18 percent of GDP). So the main risk for debt sustainability in the long run would be a negative shock on the capacity of the government to collect taxes—as happened during the political turmoil in 1999.

IV. DECISION AND FLOATING COMPLETION POINTS

PRSP process

30. The government prepared an I-PRSP, which was discussed with Fund and Bank staffs. The staffs have prepared a joint staff assessment of the I-PRSP, which will be presented to the Boards of IDA and IMF in tandem with this document. The I-PRSP contains an analysis of poverty in the Republic of Côte d'Ivoire and a first draft of a poverty reduction strategy, including macroeconomic, sectoral and regional policies. The document also contains a cost and budget framework for 2002-04, a description of the planned participatory process and agenda for preparing the final PRSP, and a system for monitoring and assessing progress. The objective of the I-PRSP is to set forth the underlying key themes of the poverty reduction strategy, which will be discussed with all segments of civil society, down to the level of the communities. From this process, and after the poverty profile has been updated, a final PRSP will be drafted. The authorities anticipate finalizing the full PRSP by July 2002.

Possible decision point timing

31. In the staffs' view, a decision point for debt reduction could be reached as early as September 2002, based on Côte d'Ivoire's past track record, six-month performance under the PRGF-supported program, and the prospective full debt reconciliation undertaken for the DSA. By then, the first review of the PRGF-supported program would have been completed. The authorities have also expressed their wish for an early decision point.

Use of HIPC Initiative interim relief

32. The budgetary resources released by HIPC Initiative debt relief will be used for agreed current and investment spending that will benefit the poor. The precise expenditure categories will be identified by the government before the decision point, in consultation with the staffs.

33. In education, the government has already indicated that more resources will be allocated to parent-run school committees (COGES). Such new spending will likely concentrate on raising primary and secondary enrollment rates, particularly for girls. Currently, the high cost of schooling prevents the children of the rural poor from fully participating in education. To realize this objective of raising enrollment rates, Côte d'Ivoire will have to significantly lower the school costs for households and target resources to attract children who currently do not attend school. In health, improvements in sector allocations and management will be one area of focus. Health coverage will be expanded, with the focus on improving primary health care for the poor through reforms in district health offices and

support of parent health associations. AIDS has become a leading cause of adult mortality affecting all sectors of economic and social life. Funds will be needed for preventive programs, counseling, medicine and orphan care. In rural development, the expansion and maintenance of the feeder road network has high priority. In forestry, a program to conserve the remaining rain forests from uncontrolled cutting, to increase local control of the forests, and promote sound private exploitation should be implemented.

Possible completion point conditions

34. Although a comprehensive poverty reduction strategy will be spelled out in the final PRSP, the I-PRSP indicates some key priority areas. These include education and training, basic health, access to potable water, and rural electrification and roads. In addition, the I-PRSP highlights the critical importance of an effective civil service, strengthened through capacity building and further decentralization and local empowerment. From this agenda, which seeks to address key challenges to growth and poverty reduction in Côte d'Ivoire, the Bank and Fund staffs have, after holding discussions with the authorities on their medium-term policy framework, selected some areas as possible triggers for the HIPC Initiative completion point (Box 2). These actions will complement or reinforce the reforms and policies included in the PRGF-supported program, and in ongoing and future operations of IDA.

35. With respect to structural policies, the reform of the energy sector and the public financial institutions, given their drain on the budget, will be instrumental in strengthening the public finance position over the medium term. Together with the enhanced HIPC assistance, these reforms will help free up resources for financing the poverty reduction strategy. In particular, these reforms will include a new tariff structure in the energy sector, as well as a strategic plan that will secure the financial viability of the CGRAE (civil service pension fund) and the CECP (savings bank), and the reduction of the government's share in the Caisse Autonome d'Amortissement (CAA) to below 20 percent.

36. Given the poverty profile in the country, the preponderance of the cocoa sector in the Ivoirien economy, and its potentially critical role in the poverty reduction strategy, the staffs have agreed with the authorities that the overall fiscal and parafiscal taxes and levies on cocoa would be limited to a maximum of 30 percent.

37. In the late 1990s, Côte d'Ivoire experienced some serious lapses in governance, including large-scale diversions of public funds. The efficiency of the civil service was also adversely affected by several years of a virtual salary freeze. Major symptoms of this poor governance are corruption and fraud. One part of the problem is the failure to enforce sanctions through the investigative and control systems of the executive branch, and to prosecute offenders. Inadequate accountability is matched by the lack of transparency in public affairs, which erodes confidence in government. In 2001, the authorities took steps to improve the transparency and accountability in the management of public affairs and finances. The strategy focused on strengthening existing institutions and more strictly enforcing anticorruption legislation. In particular, the government is determined to make

progress on three fronts: competitive appointments in the civil service,¹⁷ “value-for-money” audits, and the recovery of diverted government money.

Box 2. Possible Triggers for Floating Completion Point

Triggers for reaching the floating completion point would cover broadly the areas listed below. The triggers will be selected and further specified in consultation with the authorities prior to decision point.

1. Poverty reduction strategy. A final PRSP will have been prepared and implemented satisfactorily for at least one year, as evidenced by the joint staff assessment of the country’s annual progress report.

2. Macroeconomic stability. Macroeconomic stability will be maintained, as evidenced by satisfactory implementation of the PRGF-supported program.

3. Public expenditure management and governance: A monitoring and tracking system for the budget, in particular for poverty related spending would be in place. Other specific measures to improve the efficiency of public expenditures (e.g. single taxpayer identification number, value-for-money audits) might also be agreed upon.

4. Social sectors and structural reforms:

Education: Increase the level of resources allocated to primary and secondary education, together with specific measures to improve the efficiency of education spending.

Health: Interventions to reduce high prevalence of tuberculosis, malaria, and HIV/AIDS, and increased level of resources and improved efficiency of health spending in the sector.

Structural reforms: Measures to increase the competitiveness of the productive sector, including the cocoa and coffee sectors, as well as the energy sector.

Monitoring the use of HIPC Initiative resources

38. The government intends to monitor expenditures made possible by the HIPC Initiative within an overall reform program aimed at improving budget management, by strengthening budget formulation, and budget execution, and implementing a new public procurement code.

¹⁷ For example, a competition was introduced for the first time in the recruitment of the heads of financial agencies.

39. **Improving budget management.** The government is attaching great importance to improving the efficiency and transparency of budget management, so as to enhance the delivery of public services and to enable the tracking of expenditures under an envisaged IDA economic recovery credit (ERC), the HIPC Initiative, and other programs. It has prepared, with the support of donors, a comprehensive improvement program, that focuses on three elements: budget formulation, budget execution and public procurement, and governance.

40. **Budget formulation.** The government will align public expenditure with poverty reduction priorities through the systematic use of public expenditure reviews (PERs) and the development of sectoral medium-term expenditure frameworks (MTEFs). Budget design will also be made more realistic by basing budgetary projections on past actual data, as opposed to past budgetary forecasts.

41. **Budget execution and public procurement.** The financial management system (SIGFIP) introduced in 1998 is, on the whole, functioning well, as it provides timely data on the execution of the budget. However, the limited circulation of these data does not facilitate the monitoring of the budget and the initiation of timely actions by spending agencies. These deficiencies will be corrected in order to facilitate the effective management of budgetary appropriations by ministries and decentralized governments. Procedures will be introduced to ensure that funds are released in a timely fashion to users, while ensuring full accountability for the use of this money. A new public procurement code has been finalized that permits a greater deconcentration and transparency in public sector procurement.

42. **Governance: internal controls, auditing, and external oversight.** Reforms will be carried out to increase the transparency and accountability of the budget process by (i) strengthening the financial control directorate (*Direction du contrôle financier*) and the Inspector General's office in the Ministry of Finance (*Inspection Générale des Finances*); and (ii) creating a fully autonomous General Accounting Office (*Cour des Comptes*); and (iii) initiating and publishing "value-for-money" audits to assess the efficiency of the delivery of public services.

V. ISSUES FOR DISCUSSION

43. This paper presents a preliminary assessment of Côte d'Ivoire's eligibility for assistance under the enhanced HIPC Initiative. Executive Director's views and guidance are sought on the following issues:

- **Eligibility.** Do Directors confirm Côte d'Ivoire's eligibility for assistance under the enhanced HIPC Initiative using the fiscal and openness criteria?
- **Timing of the decision point.** Do Directors agree that Côte d'Ivoire could reach its decision point, provided that (i) it completes the first review under a new, three-year PRGF agreement with the Fund; (ii) adequate progress is made towards establishing a

system for monitoring and tracking poverty-related spending and use of HIPC Initiative resources; and (iii) the debt reconciliation process is mostly completed.

- **Floating completion point.** Do Directors consider that the measures and policies indicated in Box 2 are appropriate as triggers for the completion point under the enhanced HIPC Initiative?

Table 3. Côte d'Ivoire: Nominal Stock and Net Present Value of Debt at End-2000 by Creditor Groups

	Nominal Debt Stock		NPV of Debt		NPV of Debt after Traditional Debt Relief 1/	
	US\$ million	Percent of total	US\$ million	Percent of total	US\$ million	Percent of total
Total	9,935.59	100.0	7,647.26	100.0	6,924.70	100.00
IMF	3,577.64	36.0	2,474.42	32.4	2,474.42	35.73
World Bank Group	549.33	5.5	449.56	5.9	449.56	6.49
IBRD	1,989.75	20.0	1,181.53	15.5	1,181.53	17.06
IDA	622.60	6.3	606.93	7.9	606.93	8.76
African Development Bank (AfDB) Group	1,367.14	13.8	574.60	7.5	574.60	8.30
Other multilaterals	768.63	7.7	616.25	8.1	616.25	8.90
International Fund for Agricultural Development (IFAD)	269.94	2.7	227.12	3.0	227.12	3.28
European Union/ European Investment Bank	6.39	0.1	4.58	0.1	4.58	0.07
Economic Community of West African States (Ecowas) Fund	117.20	1.2	91.38	1.2	91.38	1.32
Conseil de l'Entente	1.74	0.0	1.51	0.0	1.51	0.02
West African Development Bank	0.57	0.0	0.56	0.0	0.56	0.01
Central Bank of West African States (BCEAO)	44.79	0.5	44.13	0.6	44.13	0.64
Arab Bank for Economic Development in Africa (BADEA)	96.16	1.0	82.70	1.1	82.70	1.19
Organization of Petroleum Exporting Countries (OPEC)	3.03	0.0	2.22	0.0	2.22	0.03
Organization of Petroleum Exporting Countries (OPEC)	0.06	0.0	0.04	0.0	0.04	0.00
Bilateral	4,362.36	43.9	3,773.65	49.3	2,767.68	39.97
Paris Club 2/	4,312.12	43.4	3,738.52	48.9	2,732.54	39.46
Post-cutoff date	1,459.82	14.7	1,219.93	16.0	1,217.72	17.57
Official Development Assistance (ODA)	1,439.33	14.5	1,199.84	15.7	1,197.73	17.22
Non-ODA	20.49	0.2	20.09	0.3	19.99	0.28
Pre-cutoff date	2,852.30	28.7	2,518.59	32.9	1,514.82	21.88
ODA	561.14	5.6	506.38	6.6	448.11	6.47
Non-ODA	2,291.15	23.1	2,012.21	26.3	1,066.71	15.40
Italy	109.93	1.1	95.69	1.3	36.54	0.53
France	2,441.96	24.6	2,148.25	28.1	1,705.41	24.63
Austria	75.73	0.8	63.48	0.8	24.43	0.35
Belgium	181.58	1.8	147.93	1.9	91.16	1.32
Brazil	6.61	0.1	6.66	0.1	11.35	0.16
Canada	184.80	1.9	186.05	2.4	101.76	1.47
Germany	345.79	3.5	225.25	2.9	161.29	2.33
Spain	227.13	2.3	139.66	1.8	81.22	1.17
Netherlands	100.67	1.0	104.53	1.4	59.56	0.86
Norway	42.14	0.4	39.65	0.5	19.83	0.29
Japan	137.37	1.4	148.78	1.9	140.72	2.03
United Kingdom	46.06	0.5	45.19	0.6	20.69	0.30
United States	412.33	4.2	387.41	5.1	278.57	4.02
Other official Bilateral	50.25	0.5	35.14	0.5	35.13	0.51
Post-cutoff date	50.25	0.5	35.14	0.5	35.13	0.51
ODA	49.10	0.5	34.02	0.4	34.01	0.49
Non-ODA	1.15	0.0	1.12	0.0	1.12	0.02
Pre-cutoff date	-	0.0	-	0.0	-	-
ODA	-	0.0	-	0.0	-	-
Non-ODA	-	0.0	-	0.0	-	-
Commercial	1,995.65	20.1	1,399.18	18.3	1,682.61	24.30
Switzerland	5.36	0.1	5.35	0.1	5.33	0.08
Spain	42.56	0.4	41.01	0.5	40.89	0.59
London Club 2/	1,920.92	19.3	1,325.23	17.3	1,611.30	23.27
United Kingdom	23.64	0.2	24.10	0.3	21.60	0.31
South Africa	0.43	0.0	0.59	0.0	0.59	0.01
Italy	2.73	0.0	2.64	0.0	2.64	0.04
Memorandum items						
In percent of GDP	93.54	...	72.00	...	65.19	...
In percent of revenue	570.32	...	438.96	...	397.49	...
In percent of exports of goods and services	207.78	...	159.92	...	144.81	...

Sources: Ivorian authorities ; and staff estimates.

1/ Includes a stock-of-debt operation on Naples terms at end-2000 and at least comparable action by other official bilateral and commercial creditors on eligible debt (pre-cutoff-date and non-ODA debt).

2/ Net present value (NPV) after traditional relief for the Paris Club and the London Club does not include additional relief provided beyond Naples terms.

Table 4. Côte d'Ivoire: HIPC Initiative
 Assistance Levels Under a Proportional Burden-Sharing Approach, at end-December 2000 1/
 (In millions of U.S. dollars in end-December 2000 NPV terms, unless otherwise indicated) 2/

	Total	Multilaterals	Bilaterals	Commercial Banks	Common Reduction Factor 3/ (In percent)	Memo Item: Required NPV Debt Reduction on Comparable Treatment of Bilateral Debt Based on Overall Exposure 4/ (In percent)
Net Present Value (NPV) of debt-to-revenue target	250					
NPV of debt-to-exports target (in percent)	150					
Debt relief under baseline scenario	2,569	918	1,027	624	37.1%	
NPV of debt 4/ Revenue--year 2000	6,925 1,742	2,474	2,768	1,683		
NPV of debt-to-revenue ratio (in percent)	397					
Three-year export average	4,782					
NPV of debt-to-exports ratio (in percent) 5/	145					
Paris Club creditors	2733					79.0%
<i>Of which:</i> pre-cutoff-date non-ODA	1067					98.3%
Non-Paris Club creditors 6/	1718					79.0%
<i>Of which:</i> pre-cutoff-date non-ODA	1612					79.8%

Sources: Ivorian authorities; and staff estimates and projections.

1/ Assumes proportional burden-sharing as described in "HIPC Initiative: Estimated Costs and Burden-sharing Approaches "(EBS/97/127;

7/7/97, and IDA/SEC M97-306; 7/7/97), that is, after full application of traditional debt-relief mechanisms.

2/ Using six-month backward-looking discount rates at end-December 2000, and end-2000 exchange rates.

3/ Each creditor's NPV reduction in percent of its exposure at end-2000 (after hypothetical Naples stock-of-debt operation at the end of the base year).

4/ After a hypothetical stock-of-debt operation on Naples terms based on end-2000 data with comparable treatment from non-Paris club creditors.

5/ Based on the three-year backward-looking average of exports of goods and services (e.g., 1998-2000).

6/ Includes both official and commercial creditors.

7/ Côte d'Ivoire also meets the two additional criteria for the eligibility under the fiscal/openness window (the ratio of exports-to-GDP should be equal or higher than 30 percent and the ratio of revenue-to-GDP should be higher than 15 percent). These ratios are 39.9 percent and 17.1 percent, respectively.

Table 5. Côte d'Ivoire: External Debt Indicators and Sensitivity Analysis, 2000–20 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2001-04	2005-10	2011-20
																						Averages		
Baseline scenario																								
Net present value (NPV) of debt-to-revenue ratio 1/	250.0	218.8	182.3	166.4	165.9	149.9	132.7	118.2	105.3	94.1	84.5	78.2	73.1	69.3	66.3	64.1	62.1	60.1	58.3	56.6	55.1	183.3	114.1	64.3
NPV of debt-to-exports ratio 2/	91.1	89.6	86.1	81.7	79.4	72.6	65.7	59.6	54.3	49.5	45.3	42.7	40.7	39.3	38.4	37.8	37.2	36.7	36.2	35.8	35.4	84.2	57.8	38.0
Debt service-to-exports ratio 3/	...	8.4	9.6	9.0	8.9	6.7	7.3	6.6	6.0	5.5	5.1	3.7	3.5	3.1	2.9	2.7	2.9	3.0	3.1	3.2	3.3	9.0	6.2	3.2
Debt service-to-revenues ratio 4/	...	18.9	20.8	19.6	20.0	14.9	15.7	13.9	12.4	11.1	10.1	7.3	6.7	5.9	5.4	5.0	5.1	5.3	5.4	5.5	5.5	19.8	13.0	5.7
Memorandum items:																								
Exports of goods and services	4225.7	4119.9	4311.4	4644.9	4998.1	5378.8	5725.4	6124.0	6558.2	7025.4	7516.4	8044.1	8610.9	9224.4	9884.7	10595.7	11361.4	12186.4	13075.4	14033.7	15067.1	4518.6	6388.0	11208.4
Three-year export average	4781.9	4472.9	4219.0	4358.7	4651.4	5007.3	5367.4	5742.7	6138.9	6569.2	7033.3	7528.6	8057.1	8626.5	9240.0	9901.6	10613.9	11381.2	12207.7	13098.5	14058.7	4425.5	5976.0	10072.8
Government revenues	1742.1	1831.4	1992.9	2140.9	2224.7	2426.3	2636.9	2898.1	3163.6	3453.7	3768.6	4114.0	4489.4	4897.8	5345.3	5833.8	6368.6	6948.7	7586.5	8280.8	9039.3	2047.5	3061.2	6290.4
Alternative scenario I--lower real GDP growth 5/																								
NPV of debt-to-revenue ratio	250.0	218.8	187.0	175.9	181.6	170.3	157.6	147.7	139.6	133.5	129.3	129.1	130.4	133.6	138.0	143.6	149.5	155.8	162.2	169.0	176.2	190.8	178.7	171.4
NPV of debt-to-exports ratio 2/	91.1	89.9	87.8	84.6	83.0	76.2	69.9	64.2	59.9	56.5	54.5	54.2	54.5	55.6	57.2	59.3	61.5	63.8	66.2	68.7	71.3	86.3	63.6	61.2
Debt service-to-exports ratio 3/	...	8.5	9.9	9.2	9.1	6.8	7.3	6.4	6.0	5.5	5.2	4.1	4.0	3.8	3.8	3.8	4.2	4.5	4.9	5.3	5.6	9.2	6.2	4.4
Debt service-to-revenues ratio 4/	...	18.9	21.2	20.5	21.5	16.5	17.8	16.2	15.0	13.9	13.3	10.5	10.3	9.9	9.9	10.0	10.9	11.9	12.9	13.9	14.7	20.5	15.5	11.5
Alternative scenario II--lower export level due to lower prices 6/																								
NPV of debt-to-revenue ratio	250.0	218.8	187.2	171.7	172.0	156.1	139.0	124.6	111.9	100.8	91.2	85.0	80.0	76.2	73.3	71.1	69.1	67.1	65.2	63.5	61.9	187.4	171.8	159.7
NPV of debt-to-exports ratio 2/	91.1	89.6	90.9	91.4	93.9	86.4	78.4	71.6	65.6	60.1	55.4	52.6	50.5	48.9	47.9	47.3	46.8	46.2	45.6	45.2	44.8	91.4	69.6	47.6
Debt service-to-exports ratio 3/	...	8.4	11.2	10.6	10.5	7.9	8.5	7.7	7.0	6.4	6.0	4.5	4.2	3.9	3.6	3.4	3.6	3.8	4.0	4.1	4.1	10.2	7.3	3.9
Debt service-to-revenues ratio 4/	...	18.9	21.3	20.1	20.6	15.3	16.1	14.3	12.8	11.6	10.6	7.8	7.2	6.4	6.0	5.5	5.7	5.9	6.1	6.1	6.1	20.2	13.5	6.3

Sources: Ivorian authorities; and staff estimates and projections.

1/ Includes new debt. The completion point is assumed to be reached by September 2004; HIPC Initiative assistance is assumed to be committed and delivered unconditionally as of the base year (end-2000). Ratio in percent.

2/ As defined in *IMF Balance of Payments Manual*, 5th edition, 1993. Based on a three-year average of exports on the previous year (e.g., export average over 1998-2000 for NPV of debt-to-exports ratio in 2000). Ratio in percent.

3/ Exports of goods and services of the current year. Ratio in percent.

4/ Revenue is defined as central government revenue, excluding grants. Ratio in percent.

5/ GDP growth is 2 percent lower than in the baseline scenario throughout the period 2002-20.

6/ Price export level is 25 percent lower than in the baseline scenario throughout the period 2002-20.

Table 6. Côte d'Ivoire: Net Present Value of External Debt, 2000–20 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2015	2020	2000-10	2011-20
	Actual						Projected						Average		
After traditional debt relief 1/ 2/															
Net present value (NPV) of total debt 3/	6595.6	6338.1	6193.5	6003.4	5744.2	5504.8	5309.7	5160.2	4975.4	4826.8	4702.1	4358.6	4836.9	5577.6	4451.3
NPV of old debt	6595.6	6338.1	6069.1	5782.7	5425.3	5099.8	4816.0	4573.8	4320.6	4116.8	3941.9	2885.5	1703.4	5189.1	2699.1
Official bilateral and commercial	4121.2	4064.6	4001.3	3929.2	3799.3	3666.9	3541.5	3424.8	3280.9	3151.9	3012.7	2057.5	1023.5	3635.8	1894.8
Paris Club	2690.1	2615.5	2530.5	2435.1	2289.0	2141.4	2006.4	1872.9	1754.9	1682.2	1623.1	1353.5	967.7	2149.2	1299.6
Other official bilateral	35.1	35.8	34.6	33.0	30.6	27.8	24.8	21.8	18.5	15.0	11.2	1.7	0.0	26.2	2.0
Commercial	1396.0	1413.3	1436.1	1461.1	1479.7	1497.8	1510.3	1530.2	1507.4	1454.7	1378.3	702.3	55.8	1460.4	593.2
Multilateral	2474.5	2273.6	2067.8	1853.5	1626.0	1432.9	1274.5	1149.0	1039.7	964.9	929.3	828.0	680.0	1553.2	804.2
NPV of new debt 4/	...	0.0	124.4	220.7	318.9	405.0	493.7	586.4	654.8	710.0	760.2	1473.0	3133.5	388.6	1752.2
Memorandum items:															
Old debt															
NPV of debt-to-exports ratio (percent) 5/	137.9	141.7	143.9	132.7	116.6	101.8	89.7	79.6	70.4	62.7	56.0	29.1	12.1	103.0	28.2
NPV of debt-to-revenue ratio (percent) 6/	378.6	346.1	304.5	270.1	243.9	210.2	181.3	157.8	136.6	119.2	104.6	49.5	18.8	223.0	48.6
Total debt															
NPV of debt-to-exports ratio (percent) 5/	137.9	141.7	146.8	137.7	123.5	109.9	98.9	89.9	81.1	73.5	66.9	44.0	34.4	109.8	44.2
NPV of debt-to-revenue ratio (percent) 6/	378.6	346.1	310.8	280.4	258.2	226.9	199.8	178.1	157.3	139.8	124.8	74.7	53.5	236.4	75.2
Export-to-GDP ratio (percent)	39.9	39.9	39.2	38.9	38.7	38.7	38.3	37.8	37.2	36.8	36.3	34.2	32.5	38.3	34.1
Revenue-to-GDP ratio (percent)	17.1	16.8	17.2	17.7	17.6	17.5	17.4	17.5	17.6	17.7	17.9	18.5	19.2	17.5	18.6
After enhanced HIPC assistance 2/ 7/															
NPV of total debt 2/	6978.1	7376.1	6364.9	6440.3	3691.3	3637.3	3525.9	3424.9	3330.0	3248.7	3182.7	3740.3	4978.0	4654.6	3939.3
NPV of old debt	6978.1	7376.1	6240.5	6219.5	3372.4	3232.3	3032.2	2838.5	2675.2	2538.7	2422.5	2267.3	1844.5	4266.0	2187.1
Official bilateral and commercial	5172.8	5459.3	4551.6	4617.2	2601.6	2485.7	2306.8	2132.5	1977.3	1837.1	1713.4	1495.1	1170.2	3168.7	1448.7
Paris Club	3738.5	3932.0	3031.5	3022.2	1269.3	1159.6	993.1	830.0	684.3	553.6	439.4	298.1	231.4	1786.7	299.1
Other official bilateral	35.1	37.3	38.2	36.6	19.6	19.6	19.6	19.6	19.6	19.6	19.5	18.4	14.4	25.8	17.7
Commercial	1399.2	1490.1	1481.9	1538.3	1312.8	1306.6	1294.2	1282.9	1273.5	1264.0	1254.4	1178.7	924.4	1356.2	1132.0
Multilateral	1805.2	1916.8	1688.9	1602.4	770.8	746.6	725.4	706.0	697.9	701.6	709.2	772.2	674.2	1097.3	738.4
NPV of new debt 4/	...	0.0	124.4	220.7	318.9	405.0	493.7	586.4	654.8	710.0	760.2	1473.0	3133.5	388.6	1752.2
Memorandum items:															
Old debt															
NPV of debt-to-exports ratio (percent) 5/	145.9	164.9	147.9	142.7	72.5	64.6	56.5	49.4	43.6	38.6	34.4	22.9	13.1	87.4	22.1
NPV of debt-to-revenue ratio (percent) 6/	400.6	402.8	313.1	290.5	151.6	133.2	114.1	97.9	84.6	73.5	64.3	38.9	20.4	193.3	37.7
Total debt															
NPV of debt-to-exports ratio (percent) 5/	145.9	164.9	150.9	147.8	79.4	72.6	65.7	59.6	54.3	49.5	45.3	37.8	35.4	94.2	38.0
NPV of debt-to-revenue ratio (percent) 6/	400.6	402.8	319.4	300.8	165.9	149.9	132.7	118.2	105.3	94.1	84.5	64.1	55.1	206.7	64.3
After unconditional delivery of enhanced HIPC assistance 8/															
NPV of total debt 2/	4355.3	4006.4	3633.3	3562.0	3691.3	3637.3	3525.9	3424.9	3330.0	3248.7	3182.7	3740.3	4978.0	3599.8	3939.3
NPV of old debt	4355.3	4006.4	3509.0	3341.2	3372.4	3232.3	3032.2	2838.5	2675.2	2538.7	2422.5	2267.3	1844.5	3211.3	2187.1
Official bilateral and commercial	2799.0	2699.9	2468.6	2428.2	2601.6	2485.7	2306.8	2132.5	1977.3	1837.1	1713.4	1495.1	1170.2	2313.7	1448.7
Paris Club	1718.6	1601.6	1432.9	1372.3	1269.3	1159.6	993.1	830.0	684.3	553.6	439.4	298.1	231.4	1095.9	299.1
Other official bilateral	22.1	22.8	21.6	20.0	19.6	19.6	19.6	19.6	19.6	19.6	19.5	18.4	14.4	20.3	17.7
Commercial	1058.3	1075.6	1014.1	1035.9	1312.8	1306.6	1294.2	1282.9	1273.5	1264.0	1254.4	1178.7	924.4	1197.5	1132.0
Multilateral	1556.3	1306.5	1040.3	913.0	770.8	746.6	725.4	706.0	697.9	701.6	709.2	772.2	674.2	897.6	738.4
NPV of new debt 4/	-	0.0	124.4	220.7	318.9	405.0	493.7	586.4	654.8	710.0	760.2	1473.0	3133.5	388.6	1752.2
Memorandum items:															
Old debt															
NPV of debt-to-exports ratio (percent) 5/	91.1	89.6	83.2	76.7	72.5	64.6	56.5	49.4	43.6	38.6	34.4	22.9	13.1	63.6	22.1
NPV of debt-to-revenue ratio (percent) 6/	250.0	218.8	176.1	156.1	151.6	133.2	114.1	97.9	84.6	73.5	64.3	38.9	20.4	138.2	37.7
Total debt															
NPV of debt-to-exports ratio (percent) 5/	91.1	89.6	85.1	81.7	79.4	72.6	65.7	59.6	54.3	49.5	45.3	37.8	35.4	70.4	38.0
NPV of debt-to-revenue ratio (percent) 6/	250.0	218.8	182.3	166.4	165.9	149.9	132.7	118.2	105.3	94.1	84.5	64.1	55.1	151.6	64.3
Exports of goods and services 9/	4225.7	4119.9	4311.4	4644.9	4998.1	5378.8	5725.4	6124.0	6558.2	7025.4	7516.4	10595.7	15067.1	5511.6	11208.4
Three-year export average	4781.9	4472.9	4219.0	4358.7	4651.4	5007.3	5367.4	5742.7	6135.9	6569.2	7033.3	9901.6	14058.7	5303.6	10471.4
Central government revenue 10/	1742.1	1831.4	1992.9	2140.9	2224.7	2426.3	2656.9	2898.1	3163.6	3453.7	3768.6	5833.8	9039.3	2572.7	6290.4
GDP	10621.6	10468.7	11180.7	11982.1	12894.9	13970.7	15191.7	16455.1	17836.1	19334.6	20949.7	31307.9	46829.0	14626.0	33477.2

Sources: Ivorian authorities and staff estimates and projections.

1/ Refers to public and publicly guaranteed external debt only, and assumes full use of traditional debt-relief mechanisms, i.e., a hypothetical Paris Club stock-of-debt operation on Naples terms (67 percent NPV reduction) at end-2000, and at least comparable action by other official bilateral and commercial creditors.

2/ Debt relief beyond Naples terms provided by the Paris Club and the London Club is included.

3/ Discounted on the basis of the average commercial interest reference rate for the respective currency, derived over the six-month period prior to the latest date for which actual data are available, i.e. end 2000. The conversion of currency-specific NPVs U.S. dollars occurs for all years at the end-2000 exchange rate.

4/ Reflects the borrowing needed to close the gap.

5/ NPV of debt in percent of three-year average of exports of goods and nonfactor services.

6/ NPV of debt in percent of central government revenues, excluding grants.

7/ For the bilateral and commercial creditors, assumes a Cologne flow operation during the interim period (September 2002 - September 2004) followed by a Cologne stock operation at the end of the interim period. Multilateral creditors are assumed to provide debt relief as of the completion point, except for the IMF the World Bank and the AfDB for which the delivery would start during the interim period.

8/ NPV of the debt shows the results of the (hypothetical) unconditional commitment amount delivery of enhanced HIPC assistance at end 2000

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

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

Table 7. Côte d'Ivoire: External Debt Service, 2001-20 1/
(In millions of U.S. dollars, unless otherwise indicated)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2015	2020	2001-10	2011-20
	Averages													
Before traditional debt relief 2/														
Total	897.5	886.6	863.6	801.7	667.8	607.7	532.2	544.0	547.8	531.7	549.4	394.7	688.0	534.4
Principal	615.0	630.7	634.0	596.1	474.4	419.0	359.7	363.9	371.5	357.8	393.9	250.8	482.2	382.4
Multilateral	267.9	270.2	274.9	283.7	244.0	205.2	169.4	151.0	115.1	74.5	52.6	64.8	205.6	59.4
IMF	66.3	86.9	97.8	111.4	80.4	50.9	32.3	21.4	0.0	0.0	0.0	0.0	54.9	0.0
World Bank	67.2	77.5	79.2	83.8	83.5	84.5	70.5	72.1	76.8	43.4	45.5	59.1	73.9	49.3
AIDB Group	84.1	62.3	62.4	62.5	60.2	56.8	57.1	50.5	32.1	25.7	3.8	4.2	55.4	7.0
Others	48.3	43.4	35.5	26.0	19.8	12.9	9.5	7.0	6.2	5.4	3.2	1.5	21.4	3.0
Official bilateral	314.3	331.1	329.2	282.3	203.1	188.4	166.2	130.3	116.8	102.3	113.7	51.1	216.4	100.7
Paris Club	313.4	328.3	326.0	278.4	198.9	184.2	162.0	126.1	112.2	97.8	113.0	51.1	212.7	99.4
Non-Paris Club	0.8	2.8	3.2	3.8	4.2	4.2	4.1	4.3	4.6	4.6	0.7	0.0	3.7	1.3
Commercial	32.8	29.4	29.9	30.1	27.3	25.4	24.2	52.6	87.1	105.9	184.6	0.0	44.5	144.5
New debt 3/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.0	52.5	75.1	42.9	134.9	15.8	77.8
Interest	282.5	256.0	229.6	205.6	193.4	188.7	172.4	180.0	176.4	173.9	155.6	143.9	205.8	152.0
Multilateral	78.6	68.8	59.9	50.9	42.0	33.9	26.9	21.2	15.8	12.2	8.7	6.4	41.0	8.6
IMF	2.6	2.2	1.8	1.3	0.8	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.9	0.0
World Bank	47.1	42.6	37.9	33.0	28.0	23.4	19.3	16.1	12.9	9.9	7.6	5.5	27.0	7.3
AIDB Group	23.3	19.4	16.5	13.7	10.8	8.2	5.9	3.9	2.1	1.6	0.9	0.8	10.5	1.0
Others	5.6	4.6	3.7	3.0	2.4	1.9	1.5	1.1	0.9	0.7	0.2	0.1	2.5	0.3
Official bilateral	162.3	144.2	126.1	110.3	98.9	89.7	81.6	75.2	70.0	65.3	38.9	12.0	102.4	35.5
Paris Club	161.7	143.7	125.6	109.9	98.5	89.4	81.4	75.0	69.8	65.2	38.9	12.0	102.0	35.5
Non-Paris Club	0.6	0.6	0.5	0.4	0.4	0.3	0.2	0.2	0.2	0.1	0.0	0.0	0.4	0.0
Commercial	41.6	40.3	39.3	38.6	43.4	52.8	48.2	64.3	67.3	68.6	45.7	3.1	50.4	36.6
New debt 3/	0.0	2.6	4.4	5.8	9.0	12.3	15.7	19.4	23.3	27.8	62.2	122.4	12.0	71.3
Interest	267.7	254.5	241.0	226.0	216.5	212.8	196.9	203.7	199.8	198.5	190.9	182.5	221.7	187.4
Multilateral	78.6	68.8	59.9	50.9	42.0	33.9	26.9	21.2	15.8	12.2	8.7	6.4	41.0	8.6
IMF	2.6	2.2	1.8	1.3	0.8	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.9	0.0
World Bank	47.1	42.6	37.9	33.0	28.0	23.4	19.3	16.1	12.9	9.9	7.6	5.5	27.0	7.3
AIDB Group	23.3	19.4	16.5	13.7	10.8	8.2	5.9	3.9	2.1	1.6	0.9	0.8	10.5	1.0
Others	5.6	4.6	3.7	3.0	2.4	1.9	1.5	1.1	0.9	0.7	0.2	0.1	2.5	0.3
Official bilateral	144.5	139.8	134.6	128.0	119.9	112.2	105.1	98.4	93.3	89.8	74.2	50.6	116.6	70.8
Paris Club	143.8	139.2	134.1	127.5	119.5	111.9	104.8	98.2	93.1	89.7	74.2	50.6	116.2	70.8
Non-Paris Club	0.7	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.0	0.0	0.4	0.0
Commercial	44.6	43.3	42.2	41.3	45.6	54.3	49.2	64.7	67.4	68.7	45.8	3.2	52.1	36.7
New debt 3/	0.0	2.6	4.4	5.8	9.0	12.3	15.7	19.4	23.3	27.8	62.2	122.4	12.0	71.3
Interest	267.7	254.5	241.0	226.0	216.5	212.8	196.9	203.7	199.8	198.5	190.9	182.5	221.7	187.4
Multilateral	78.6	68.8	59.9	50.9	42.0	33.9	26.9	21.2	15.8	12.2	8.7	6.4	41.0	8.6
IMF	2.6	2.2	1.8	1.3	0.8	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.9	0.0
World Bank	47.1	42.6	37.9	33.0	28.0	23.4	19.3	16.1	12.9	9.9	7.6	5.5	27.0	7.3
AIDB Group	23.3	19.4	16.5	13.7	10.8	8.2	5.9	3.9	2.1	1.6	0.9	0.8	10.5	1.0
Others	5.6	4.6	3.7	3.0	2.4	1.9	1.5	1.1	0.9	0.7	0.2	0.1	2.5	0.3
Official bilateral	144.5	139.8	134.6	128.0	119.9	112.2	105.1	98.4	93.3	89.8	74.2	50.6	116.6	70.8
Paris Club	143.8	139.2	134.1	127.5	119.5	111.9	104.8	98.2	93.1	89.7	74.2	50.6	116.2	70.8
Non-Paris Club	0.7	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.0	0.0	0.4	0.0
Commercial	44.6	43.3	42.2	41.3	45.6	54.3	49.2	64.7	67.4	68.7	45.8	3.2	52.1	36.7
New debt 3/	0.0	2.6	4.4	5.8	9.0	12.3	15.7	19.4	23.3	27.8	62.2	122.4	12.0	71.3
Interest	267.7	254.5	241.0	226.0	216.5	212.8	196.9	203.7	199.8	198.5	190.9	182.5	221.7	187.4
Multilateral	78.6	68.8	59.9	50.9	42.0	33.9	26.9	21.2	15.8	12.2	8.7	6.4	41.0	8.6
IMF	2.6	2.2	1.8	1.3	0.8	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.9	0.0
World Bank	47.1	42.6	37.9	33.0	28.0	23.4	19.3	16.1	12.9	9.9	7.6	5.5	27.0	7.3
AIDB Group	23.3	19.4	16.5	13.7	10.8	8.2	5.9	3.9	2.1	1.6	0.9	0.8	10.5	1.0
Others	5.6	4.6	3.7	3.0	2.4	1.9	1.5	1.1	0.9	0.7	0.2	0.1	2.5	0.3
Official bilateral	144.5	139.8	134.6	128.0	119.9	112.2	105.1	98.4	93.3	89.8	74.2	50.6	116.6	70.8
Paris Club	143.8	139.2	134.1	127.5	119.5	111.9	104.8	98.2	93.1	89.7	74.2	50.6	116.2	70.8
Non-Paris Club	0.7	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.0	0.0	0.4	0.0
Commercial	44.6	43.3	42.2	41.3	45.6	54.3	49.2	64.7	67.4	68.7	45.8	3.2	52.1	36.7
New debt 3/	0.0	2.6	4.4	5.8	9.0	12.3	15.7	19.4	23.3	27.8	62.2	122.4	12.0	71.3
Interest	267.7	254.5	241.0	226.0	216.5	212.8	196.9	203.7	199.8	198.5	190.9	182.5	221.7	187.4
Multilateral	78.6	68.8	59.9	50.9	42.0	33.9	26.9	21.2	15.8	12.2	8.7	6.4	41.0	8.6
IMF	2.6	2.2	1.8	1.3	0.8	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.9	0.0
World Bank	47.1	42.6	37.9	33.0	28.0	23.4	19.3	16.1	12.9	9.9	7.6	5.5	27.0	7.3
AIDB Group	23.3	19.4	16.5	13.7	10.8	8.2	5.9	3.9	2.1	1.6	0.9	0.8	10.5	1.0
Others	5.6	4.6	3.7	3.0	2.4	1.9	1.5	1.1	0.9	0.7	0.2	0.1	2.5	0.3
Official bilateral	144.5	139.8	134.6	128.0	119.9	112.2	105.1	98.4	93.3	89.8	74.2	50.6	116.6	70.8
Paris Club	143.8	139.2	134.1	127.5	119.5	111.9	104.8	98.2	93.1	89.7	74.2	50.6	116.2	70.8
Non-Paris Club	0.7	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.0	0.0	0.4	0.0
Commercial	44.6	43.3	42.2	41.3	45.6	54.3	49.2	64.7	67.4	68.7	45.8	3.2	52.1	36.7
New debt 3/	0.0	2.6	4.4	5.8	9.0	12.3	15.7	19.4	23.3	27.8	62.2	122.4	12.0	71.3
Interest	267.7	254.5	241.0	226.0	216.5	212.8	196.9	203.7	199.8	198.5	190.9	182.5	221.7	187.4
Multilateral	78.6	68.8	59.9	50.9	42.0	33.9	26.9	21.2	15.8	12.2	8.7	6.4	41.0	8.6
IMF	2.6	2.2	1.8	1.3	0.8	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.9	0.0
World Bank	47.1	42.6	37.9	33.0	28.0	23.4	19.3	16.1	12.9	9.9	7.6	5.5	27.0	7.3
AIDB Group	23.3	19.4	16.5	13.7	10.8	8.2	5.9	3.9	2.1	1.6	0.9	0.8	10.5	1.0
Others	5.6	4.6	3.7	3.0	2.4	1.9	1.5	1.1	0.9	0.7	0.2	0.1	2.5	0.3
Official bilateral	144.5	139.8	134.6	128.0	119.9	112.2	105.1	98.4	93.3	89.8	74.2	50.6	116.6	70.8
Paris Club	143.8	139.2	134.1	127.5	119.5	111.9	104.8	98.2	93.1	89.7	74.2	50.6	116.2	70.8
Non-Paris Club	0.7	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.0	0.0	0.4	0.0
Commercial	44.6	43.3	42.2	41.3	45.6	54.3	49.2	64.7	67.4	68.7	45.8	3.2	52.1	36.7
New debt 3/	0.0	2.6	4.4	5.8	9.0	12.3	15.7							

Table 8. Côte d'Ivoire:
Discount Rate and Exchange Rate Assumptions, End-2000

	Discount Rates 1/ (In percent)	Exchange Rates 2/ (Currency per U.S. dollar)
Currency		
Deutsche mark	6.25	2.10
Danish krone	6.73	8.02
Domestic currency: metical	6.09	18,000.00
European currency unit	6.25	1.07
Spanish peseta	6.25	178.81
Euro	6.25	1.07
Finnish markka	6.25	6.39
French franc	6.25	7.05
U.K. pound	6.73	0.67
Irish pound	6.25	0.85
India rupee	6.09	46.75
Iraqi dinar	6.09	0.31
Italian lira	6.25	2,080.89
Japanese yen	2.03	114.90
Kuwaiti dinar	6.09	0.31
Libyan dinar	6.09	0.51
Bulgarian lev	6.09	2.10
Netherland guilder	6.25	2.37
Norwegian krone	8.02	8.85
Portuguese escudo	6.25	215.46
Saudi Arabia riyal	6.09	3.75
Special drawing rights	6.09	0.77
Swedish krone	6.20	9.54
U.A.E. dirham	6.09	3.67
United States dollar	7.19	1.00
south African rand	6.09	7.57
<i>Memorandum item</i>		
Paris Club cutoff date	7/1/1983	

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

1/ Average commercial interest reference rates for respective currencies over the six-month period prior to end-December 2000 (i.e., the end of the period for which actual debt and export data are available).

2/ End-of-period exchange rates as of end-December 2000.

Table 9. Côte d'Ivoire: Selected Economic and Financial Indicators, 1999-2004

	1999	2000 Est.	2001		2002	2003	2004
			Prog.	Est.	Prog.	Proj.	
(Annual percentage changes, unless otherwise indicated)							
National income 1/							
Real GDP per capita	-1.6	-5.2	-3.9	-3.9	0.0	1.3	1.7
GDP at constant prices	1.6	-2.3	-0.9	-0.9	3.0	4.5	5.0
GDP deflator	0.9	-0.1	2.1	2.1	2.3	2.1	2.2
Consumer price index (annual average)	0.7	2.5	4.4	4.4	3.0	3.0	2.7
External sector (on the basis of CFA francs)							
Exports, f.o.b., at current prices	5.7	-2.5	-0.1	-0.1	3.0	7.5	7.4
Imports, f.o.b., at current prices	0.0	1.4	-0.4	-0.4	2.2	7.4	7.3
Export volume	11.5	-3.3	-1.4	-1.4	3.3	3.5	4.5
Import volume	-2.8	-19.0	0.1	0.1	4.4	4.7	5.5
Terms of trade (deterioration -)	-7.9	-19.5	1.9	1.9	1.9	1.2	1.1
Nominal effective exchange rate (depreciation -) 2/	-5.3	-2.6	...	...	...	...	...
Real effective exchange rate (depreciation -) 2/	-5.8	-3.2	...	...	...	...	...
Central government operations							
Total revenue and grants	-8.9	-3.1	2.7	6.9	12.9	7.1	3.8
Total expenditure	-4.4	-10.6	1.2	-7.5	9.4	3.3	3.9
Money and credit							
Net domestic assets	5.1	-2.2	-5.5	-5.5	3.4	3.8	2.1
<i>Of which:</i> government	22.7	-16.9	-18.2	-18.2	-1.1	-12.9	-17.5
private sector	-8.4	3.2	6.2	6.2	8.2	8.9	8.9
Money and quasi money (M2)	0.8	-0.9	2.2	2.2	7.2	7.4	8.9
Velocity of circulation	4.6	4.6	4.5	4.5	4.5	4.4	4.4
(In percent of GDP, unless otherwise indicated)							
Central government operations							
Total revenue and grants	17.0	16.8	17.1	17.8	18.3	18.4	17.8
Total expenditure	19.8	18.1	18.1	16.6	18.8	18.2	17.7
Overall deficit (-), payment order basis	-2.8	-1.3	-1.0	1.2	-0.5	0.2	0.1
Primary balance 3/	2.8	4.2	4.1	5.2	4.9	5.0	4.6
Gross domestic investment	13.1	10.6	9.9	9.9	13.5	14.6	14.9
Central government	4.2	2.8	1.2	1.2	4.0	4.3	4.3
Nongovernment sector	8.9	7.8	8.6	8.6	9.5	10.3	10.7
Gross domestic savings	21.3	17.3	16.9	16.9	20.0	21.6	22.3
Central government	4.3	4.8	4.8	4.8	5.0	6.1	5.9
Nongovernment sector	17.0	12.6	12.1	12.1	15.0	15.5	16.4
Gross national savings	11.8	7.7	7.4	7.4	11.8	13.4	14.1
External sector							
Current account balance (including official transfers) 4/	-1.4	-2.9	-2.5	-2.5	-1.7	-1.2	-0.9
Current account balance (excluding official transfers) 4/	-2.1	-3.5	-3.1	-3.1	-2.3	-1.9	-1.5
Overall balance of payments (in millions of U.S. dollars)	-482	-866	-333	-333	115	-385	-266
External public debt (including IMF) 5/	87.7	93.3	89.5	89.5	78.8	68.1	58.5
Net present value of public debt (including IMF) 5/ 6/	153.7	179.9	174.3	174.3	157.2	135.4	116.8
Public external debt-service ratio (including IMF) 7/							
In percent of exports of goods and nonfactor services	20.4	19.3	20.4	20.4	21.4	20.2	17.6
In percent of government revenue	47.6	45.1	52.4	49.8	45.3	41.1	36.7
Central government domestic debt (end of period)	15.7	15.3	14.8	14.8	13.3	11.8	10.3
Nominal GDP at market prices (in billions of CFA francs) 1/	7,731	7,542	7,631	7,631	8,035	8,573	9,192

Sources: Ivorian authorities; and staff estimates and projections.

1/ Revised national accounts (base 1996).

2/ Based on end-of-period changes in relative consumer prices and the nominal effective exchange rate.

3/ Defined as total revenue minus total expenditure, excluding interest and foreign-financed investment expenditures.

4/ Excluding late interest on payments arrears to commercial banks before the 1998 London Club agreement.

5/ Including short-term liabilities to the Central Bank of West African States (BCEAO), arrears to commercial banks, and reflecting the 1998 flow rescheduling with the Paris Club.

6/ In percent of exports of goods and nonfactor services.

7/ Public debt service due.

Côte d'Ivoire: Main Assumptions for the Debt Sustainability Analysis (DSA)

The following macroeconomic assumptions are used for the 20-year baseline DSA projections:

- Real GDP growth is assumed to be 5.7 percent on average in the period 2002-20 (in nominal terms: 8 percent). Real GDP growth was about 5.4 percent on average in 1995-99.
- Total revenue growth in nominal terms is projected to be 8.6 percent on average in the period 2002-20 (assuming an elasticity of the ratio of revenue growth to nominal GDP growth of 1.1, based on the 1996-2001 average figure). As a consequence, the ratio of total revenue to GDP increases to 19.3 percent of GDP in 2020 from 17.8 percent in 2001 (18.2 percent on average during 2002-20, compared with 18 percent during 1996-2001).
- The terms of trade are projected to remain stable through the period 2011-20, after improving by 0.9 percent per year between 2002 and 2010.
- Export volume is projected to increase at a rate of about 5 percent per year on average in the period 2002-20. Export volume increased by about 6 percent on average in the 1996-2001 period.
- Gross domestic investment is expected to reach about 17 percent of GDP on average during the projection period (about 14 percent on average in 1995-99). Government investment is projected to rise to 6 percent of GDP after 2004 (from a 4 percent average during 2002-04, and a 4.1 percent growth rate during 1996-2001), and to remain stable at this level until 2020, with foreign-financed investment (excluding HIPC assistance) representing about 60 percent of government investment. Official budgetary grants and balance of payments support loans (excluding HIPC assistance, but including IMF loans) are expected to peak at 5.8 percent of GDP in 2002, after which they steadily decline to only 0.2 percent of GDP in 2020.
- In addition, 7 percent of the externally financed investment program would be funded by grants, and the remainder by concessional loans. New loans will continue to be highly concessional during the first years (about three-fourths on IDA terms—40 years' maturity, 10 years' grace, and 0.75 percent interest—during the 2002-10 period) but will move on less concessional terms (17 years' maturity, 6 years' grace period, and 2.5 percent interest) in the years after (60 percent of total).
- Foreign direct investment is projected to rise to 2 percent of GDP on average over the projection period (from 1 percent in 2000-01).
- The external current account deficit, excluding grants, is projected to decline from 3.5 percent of GDP in 2000 to 1.3 percent in 2005 and to stabilize at around 1 percent in 2010-20.

Côte d'Ivoire: Selected Demographic and Social Indicators

Indicator	Sub-Saharan Africa	Latest Single Year				1998 Est.
		1970-75	1980-85	1987-92	1994-2000	
Population						
(In units indicated)						
Total (thousands)	659,000	6,755	9,936	13,175	16,382	15,366
Annual growth rate (in percent)	2.6 ^{2/}	4	3.8	3.8	2.8	3.3 ^{1/}
Urban population (in percent of total)	34	32.1	37.6	51.2	51	43
Poverty (in percent of total)	...	...	10	...	...	33.6
Life expectancy (years)	47	...	53	56	54	51
Total fertility rate (births per woman)	6.1	7.4	7.4	6.6	5.3	5.3
Labor force						
Total, ages 15-64 (thousands)	228,878	3,153	4,053	4,840		7,282
Employment in agriculture (in percent of total)	...	71	65	67		...
Shares of public expenditure						
(as percent of GDP)						
Education 4/	4.5	...	6.0	6.8	4.8	3.9 ^{4/}
Health 4/	2.0	...	1.0	1.8	1.4	0.9 ^{4/}
Education						
(Percent of school-age population)						
Primary school enrollment ratio (gross)	78	62	75	67		73.4 ^{3/}
Male	85	77	88			...
Female	71	47	62			...
Secondary school enrollment ratio	18 ^{2/}	13	20	24		23 ^{2/}
(In units indicated)						
Primary school pupil-to-teacher ratio	39	44	36	37		41 ^{2/}
Adult illiteracy rate (percentage of population ages 15 and above)	40	...	51	57		49.8
Female	62	...	66	...		63 ^{2/}
Health						
Persons per hospital bed	1,329	864	...	1,268	...	...
Infant mortality rate (per 1,000 live births)	92	129	106	91	88	112 ^{2/}
Access to safe water (percentage of population)	55	44	...	...	63	63
Urban	...	...	...	...		81
Rural	...	...	...	...		59
Nutrition						
Food production per capita (1987 = 100)	...	99	100	89		116
Child malnutrition (percentage of children under age 5)	...	30.6	20.8	33.4	24	24

Sources: Ivoirien authorities; and World Bank.

^{1/} 1988-98 average.

^{2/} 1999 estimate.

^{3/} Estimate for 1999/00.

^{4/} Budgetary allocation for 2002.

Côte d'Ivoire: Debt Management Capacity

In July 1997, responsibility for the debt management was moved from the Caisse Autonome d'Amortissement (CAA) to the Direction de la Dette Publique (DDP) of the Ministry of Economy and Finance. This was expected to improve debt data management and to result in regular updates of the debt database.

The DDP is in charge of (i) debt statistics; (ii) bonds issuance and control; (iii) negotiation of the terms of new public debt; (iv) management of external financing or borrowing; and (v) public debt management. As regards debt management, the DDP is controlled by the Direction générale de la comptabilité publique et du trésor.

Despite this reform, debt management remains weak. Since the DDP has been responsible for debt management, it has not acquired the necessary means to accomplish its mission efficiently. Debt management is supposed to be tracked and monitored by the SYGADE software. However this software has not been fully set up yet. Consequently, there are no automatic links between the DDP, the department in charge of loans disbursements, and the department in charge of payment accountability. Communication among these three departments is not shared through a database, but is maintained through paper documents. This practice does not allow regular updates in debt statistics or debt-strategy simulations. The database of public debt (especially on the external debt of public enterprises) is not updated on a regular basis. Moreover, it has weaknesses in debt statistics and does not allow an efficient integration of these statistics into the macroeconomic framework. Human resources, as well as computer software and hardware, remain insufficient.

The government is seeking technical and financial assistance from the World Bank and the AfDB in order to improve the debt database, as well as the debt-management strategy. Such an improvement would be key to allowing the government to fully participate in the DSA process and to manage successfully an exit from debt rescheduling after the implementation of the enhanced HIPC Initiative.