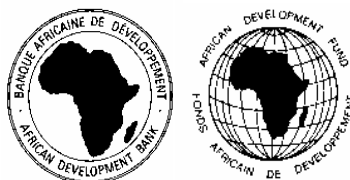


**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



REPUBLIC OF COTE D'IVOIRE

2001-2002 DIALOGUE PAPER

**COUNTRY DEPARTMENT
WEST REGION
December 2001**

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CURRENCY EQUIVALENTS
(November 2001)

1 UA	=	CFAF 927,189
1 UA	=	USD 1.27808

ACRONYMS AND ABBREVIATIONS

ADB	:	African Development Bank
ADF	:	African Development Fund
ANADER	:	Agence national pour le développement rural
API	:	Public Administration
APRI	:	Private Administration
ARCC	:	Autorité de régulation du café et du cacao
BCC	:	Bourse du café et du Cacao
BIAO-CI	:	Banque internationale de l'Afrique de l'Ouest en Côte d'Ivoire
CAA	:	Caisse autonome d'amortissement
CECP	:	Caisse d'épargne et chèques postaux
CGRAE	:	Caisse générale de retraites des agents de l'Etat
CSP	:	Country Strategy Paper
DSRP	:	Poverty Reduction Strategy Paper
EU	:	European Union
FRPC	:	Poverty Reduction and Growth Facility
FSAP	:	Financial Sector Adjustment Programme
GDP	:	Gross Domestic Product
GFFC	:	Gross Formation of Fixed Capital
HIPC	:	Highly Indebted Poor Country
IMF	:	International Monetary Fund
OHADA	:	Organization for the Harmonization of Business Law in Africa
PNUD	:	United Nations Development Programme
SIGFIP :	:	Système intégré de gestion des finances publiques
SIR	:	Société ivoirienne de raffinage
SME	:	Small and Medium Sized Enterprise
TEC	:	Tarif extérieur commun
UA	:	Unit of Account
VAT	:	Value- added Tax
WAEMU	:	West African Economic Union

INTRODUCTION

1.1. The Boards of Directors approved the most recent Country Strategy Paper (CSP) for Côte d'Ivoire, covering the 1996-98 period, in October 1996 (ADB/BD/WP/96/100 and ADF/BD/WP/96/72 of 12 August 1996.). An extended programme was recommended and the priorities determined were: Agriculture, Public Utilities, the Social Sector and Policy-based lending. This CSP was updated in November 1997 (ADB/BD/WP/97/135, ADF/BD/WP/97/185) and Côte d'Ivoire's performance justified the maintenance of the extended programme as well as the sector priorities, however with an increased allocation to the agriculture sector, where the absorptive capacity was greatest.

1.2 For the 1999-2001 period, it was decided to prepare the CSP within the context of a process of consultation with the World Bank and the European Union. On conclusion of this same process, a «Comprehensive Framework of Development» was to be outlined for Côte d'Ivoire, which was one of the pilot countries selected for this exercise. An interim was prepared, however its Board presentation was deferred, pending the return to normal of the socio-political situation. After several meetings and seminars, the process was suspended, since the country was having difficulty pursuing the programme of reforms initiated in 1998, and owing to the political events of December 1999, as a result of which the development partners suspended their cooperation. After a year of tumultuous transition, the country has been able to finish off the process of re-establishing the democratic institutions and concluded an agreement for an interim programme with the Bretton woods institutions. The present dialogue paper seeks to (i) inform the Boards of recent trends on Côte d'Ivoire's economic and social scene over the 2000-2001 period, (ii) propose for 2001, a strategy to underpin the economic policy dialogue, supported with measures to aid resumption of Bank Group intervention in the country.

1.3 This document draws on information gathered during the economic mission of June 1999, the participation in joint WB/IMF missions in April and July 2001, the results of the mission for mid-term review of the interim programme in November 2001, and other documents obtained from the Government as part of the exchange of information between the Bank and the technical departments. The document notes the salient developments in recent times (Chapter II) through an analysis of the macro-economic context, the political situation, governance and constraints to development. Chapter III reviews the Government's programme and chapter IV assesses the position regarding dialogue with the donor community. Chapter V discusses the Bank Group portfolio and its management and the strategies and measures for further dialogue on economic policy and settlement of arrears. Lastly, Chapter VI presents the conclusions and recommendations of the report.

II RECENT POLITICAL AND ECONOMIC DEVELOPMENTS

2.1 Macro-economic Context

2.1.1 Growth contraction and moderate inflation: The political uncertainty and the social unrest, coupled with deteriorating terms of trade, rising petroleum prices, dwindling investments and the interruption of external financing, in the absence of donor programmes collectively dealt blows to the country's economy by wiping out the progress achieved during 1996-1998 when the growth rate was around 6.3%. 1999 brought a slowdown in growth (1.6%), and recession once more set in, with GDP contracting (-2.3% in 2000 and -0.9% in 2001). Primary sector activity was marked by cash crop fluctuations. Following a production decrease of 1.3% in 1999, growth attained 12.7% in 2000, owing to the significant increase in

export crops recorded in 2000 (28.6%). For 2001, the export crop decline was estimated at 1.6%. The secondary sector performed appreciably through 1996-98 (12.5% yearly average), and then fell into recession, recording a production slump of 14.4% that continued into 2001, with a rate of -24%. Production waned in all the sub-sectors. The tertiary sectors followed the other sectors and mirrored the general decline in demand, recording decreases of 7.8% in 2000 and 0.1 in 2001, compared to average growth of about 5% from 1996 to 1998. The contraction of economic activity along with the increased supply of food products slowed price hikes, as seen in the 2.6% inflation recorded for 2000 against 3.4% for 1996-1999. In 2001, pressure was applied to prices, through measures such as aligning the VAT on a rate of 20% and adjusting petroleum prices. A 4% interest rate is anticipated for 2001.

2.1.2 Savings and Investment: The economic degradation since 1999 has particularly affected investment, which has over the past three years - 1999-2001-, averaged a 17% decrease, of which 35.6% relates to public investment, severely affected by cash difficulties resulting from fiscal income falling below expectations and reduction of external aid. It should be noted that even during the good growth period (1994-1998), gross fixed capital formation remained limited, not only in relation to GDP (under 16%), but also, in comparison with the domestic savings rate which was about 26% of GDP. This apparent contradiction is primarily due to a structural factor, namely the heavy debt interest paid externally, which strains the payment capacity of the economy on the whole. To these factors limiting private savings mobilization should be added the still low income level, the growth slowdown and contraction, the structural shortcomings of *financial intermediation* (non diversified financial instruments, unhurried move towards time deposits, given the preference for short-term credit, lack of competition, etc.). The non-banking financial intermediaries such as the Caisse d'épargne (savings funds) and postal cheque system are in difficulty and facing problems in connection with the regulatory framework (the dilemma of separation of the postal system as opposed to merging with the financial services). The decentralized financing companies are at grips with the problems arising from their portfolio quality, which is compromised by the high level of unpaid debts (over 30%). The Regional Stock market of Abidjan which seeks to offer instruments suited to savers' needs, has some forty companies listed and has been greatly handicapped by the socio-political crisis which reduced its transactions by more than half between 1999 and 2000. Moreover the lapses of the justice system, corruption, fraud and still stand in the way of private investment.

2.1.3 Public Finances and the secure budget: Having attained 18.8% of GDP in 1996, *fiscal income* followed a downward trend up to 2000, when it represented no more than 16.2% of GDP. The trend however reversed in 2001 (16.5% of GDP), with the action initiated by the financial regulation bodies to improve collection. *Non fiscal income* for its part recorded a steep fall in 1999 (1.8 % points down in relation to GDP), on account of the diminishing surpluses from stabilization. *Public Expenditure* declined in relation to GDP, from 25.2% in 1996 to 20.2% in 2000 and 18% in 2001. Capital expenditure declined steeply in 2000 and 2001, with the suspension of external aid, which compelled the government to adopt a "secure budget". Though the overall public finance deficit showed a net improvement (3%) of GDP in 1996 and 1.7% in 2000), the rise in expenditure committed but without orders for payment being issued (DENO), owing to State cash flow constraints, and the decreasing external aid, led to an accumulation of internal and external arrears and greater recourse to the banking system. In the face of such slippage, and in order to resume dialogue with its partners, the authorities revised the 2000 budget downwards and applied stringent restrictive measures for the 2001 budget. Regarding the *external account*, and, despite the effects of decelerated economic activity on the import demand, the unfavorable market trends of the main exports widened the current account deficit (excluding public transfers) which

attained 5.7% in 2000 as against 4.5% in 1998, though below the 7.3% attained in 1996; the 2001 results point to a deficit of 6 %.

2.1.4 Monetary Policy: The money supply reflected the trend in the economic activity. It increased by 0.8% in 1999 and –3.5% in 2000, in relation to the slowing economic activity. In 2001, the increase was estimated at 4.5%. Regarding the counterparts, the net external position became negative in 1999 and 2000, continuing into 2001. However, given the financial difficulties, this decrease will not lead to total withdrawal of the Treasury from the Central Bank, as decided by the WAEMU Council of Ministers in September 1998. Lastly, the credit to the economy evolved according to the level of economic activity, with a growth rate of nearly 7% over the 1996-1998 period, followed by decline of about 2.5% in 1999-2000.

2.1.5 Public Debt: Concerning the *domestic debt*, the reduction of recognized arrears helped reduce the burden. In 1999, the steep decline in external resources renewed arrears accumulation and the Government more than in the past turned to the banking system and institutional savers, investing in 1999 a bond loan of CFAF 30.3 billion on the regional financial market. The internal payments arrears level attained 4.3% of GDP in 2000, of which 38% of the overall amount corresponds to the remainders to be paid by the Treasury and 32% to audited arrears.

2.1.6 The nominal amount of the *direct and guaranteed external debt*, including payment arrears, at the end of 2000 is CFAF 9.158 billion, which is 101.2% of GDP as compared to 125% in 1998 and 158% in 1995. This decline is primarily due to the reduction of the commercial debt obtained from the London Club in 1998 and which represented 15% of external debt stock in 1999 as compared to 39% in 1994. The bilateral debt represented 32% and the multilateral debt, 27%, with 15 % for the world Bank, 5% for ADB and 3.6% for IMF. As the agreement for the enhanced structural adjustment facility was concluded in 1998, Côte d'Ivoire qualified for the Highly Indebted Poor Countries (HIPC) Initiative and the net present value of the debt was to be reduced from 283% of GDP in 1998 to 248% on the completion date in April 2001. A fresh analysis of debt viability is underway in order to set a new date, once the government has concluded an agreement concerning a three-year programme with IMF. The payment arrears accumulated as at end December 2001 attained CFAF 446 billion (6.7% of GDP) of which 20.6% was payable to multilateral organizations and 74.7% represented bilateral arrears. The multilateral arrears stood at the end October 2001 at nearly UA 33 Million (USD 42 Million) for the World Bank and UA 78.5 million (USD 100.5 for ADB).

2.1.7 Public Debt Management is under Direction de la Dette publique, within Direction de la comptabilite Publique et du Tresor. Since its separation from Caisse autonome d'amortissement 1998, this department has not been able to acquire the necessary computer facilities nor human resources for efficient management of the debt burden. The Project for support of Governance and Bank capacity building aims at its modernization.

2.1.8 Principal Structural Reforms: The main reforms in recent years have concerned initiation of administrative changes, adoption of a new items listing for preparation of a single budget, entry into force in 1999 of the integrated public finance management system (SIGFIP), elimination of non-tariff barriers, price control for a wide range of products and de-control of agricultural production. The adverse economic situation and the rising internal socio-political tension made it impossible to implement reforms at the pace required to actualize the objectives set as part of the structural adjustment programme concluded in

March 1998 with the donors. However the efforts of the Government of the 2nd Republic to resume dialogue with the development partners and implement emergency measures to restructure the national economy are worthy of note. Regarding the budgetary policy pursued, the common external tariff (TCE) was instituted in January 2000, limiting the scope of exemptions, VAT was aligned on a 20% in January “2001, and action is underway to increase collection capacities at the level of the financial regulation bodies (Excise and Customs Directorates, Public Accounting and Treasury Departments).

2.1.9 In its bid to give prominence to the *private sector*, the Government has initiated several strategic lines of action over the past four years. It first launched a programme to ameliorate economic and public finance management, so as to improve the basic data relating to the economy and restore confidence in the sector. In that regard, a restrictive salary policy has been pursued to avoid any decline in competitiveness. Alongside the macro-economic measures, structural reforms have been undertaken to build up the market forces and bolster the private sector drive. Outputs in this area relate to liberalization of maritime transport, telecommunications, adoption of a new investment code and improvement of labor legislation, including labor code reform and termination of one public agency’s monopoly over job placement activities. With regard to energy, stabilization measures are underway as part of an interim programme to clear the deficits of companies operating in this sector. In the agricultural sector, programmes have been implemented for integration of young farmers. Moreover the reform of coffee/cocoa production has been pursued through de-control of these two products in 1998 and 1999 respectively and dis-establishment of the “Caistab” (stabilization/marketing board).

2.1.10 To enable Ivorian producers to be more competitive on the world markets, the government initiated a series of reforms of customs procedures to improve their efficiency. Manual entries have been stopped, management of exemptions has been computerized and a system of sanctions depending on the nature of infringement has been introduced. To encourage trade within UEMOA, profit taxes have been brought down from 50% to 30%. The Common External Tariff (TEC) was brought into application in January 2000 with four rates (0%, 5%, 10% and 20%) for which the regional tariff listing is already in force. Moreover, the scope of exemptions has been broadened and a minimum customs tax of 5% instituted in that regard.

2.1.11 *The privatization programme* started in 1998 continued in 1999 with the privatization of 13 enterprises. Following the December 1999 events, the process came to a halt, with the result that public enterprises such as Air Ivoire, SIR, GESTOCI, SOTRA and SICOI could not be privatized as projected. For budgetary reasons in particular, the State had decided to release part of its shares in listed companies. In all, over the 1992-2000 period, 58 enterprises were privatized with a gain of CFAF 403.2 billion for the State. The total amount of investments for the period is estimated at CFAF 330 billion. Job creation increased by an average of 4% yearly. Concerning export promotion, Association de Promotion des exportations (APEX-CI), managed by the private sector, has been set up to replace Centre de Commerce International d’Abidjan, which no longer met the enterprises’ needs. Lastly, the Government laid emphasis on the increase of the rate of industrial processing of raw materials and provision of new opportunities in the services sector. In this context, the private sector has been involved in the financing and running of infrastructure projects thus enabling the State to channel its investments towards other development operations. Lastly, a Competitiveness and Growth committee was set up in April 2001 to identify short-term measures to promote competition within the Ivorian productive system.

2.1.12 With regard to *the capital market*, efforts have been made in the past to restructure the financial sector, especially in 1994, as part of the FISAP co-financed with ADB. However certain weaknesses have persisted, such as: (i) under-capitalization of banks, with an equity ratio (4%) in force at end 1999, which is below international standards; (ii) the high level of bad debts, owing to the losses incurred by the coffee/cocoa exporters. To guarantee stability in the sector and support the private sector promotion strategy, prudential legislation has been strengthened at the sub-regional level, with the adoption of criteria in conformity with international frameworks. BIAO has been privatized, while CAA is under restructuring. Lastly, the entry into activity of the Regional Stock Market is aimed at opening new prospects for development of financial savings and private enterprises.

2.1.13 *Concerning the legal and judicial set-up*, a number of measures have been initiated pursuant to the “actes unifies” (common regulations) of the Organization for Harmonization of business law (OHADA). These are, in the main, establishment of a court of arbitration within the Chamber of Commerce and Industry, reform of the registries and first phase of decentralization of the justice system. Despite these measures, the justice served, with its shortcomings, does not meet the expectations of the clients and the modern and integrated private sector. The reforms initially envisaged with the support of certain development partners could not be carried through. To promote consultation and dialogue between the private and public sectors, a State/private sector consultative committee has been put in place. A national-level mechanism of support to SMEs was set up in February 1999, as well as a new private sector development department in November 1998, within the Ministry of Industrial and SME Development. The private sector also acquired the means for effective dialogue which will strengthen the professional organizations such as the Chamber of Commerce and Industry, Conseil national du patronat ivoirien –CNPI- (the employers’ Association Board) and the Federation of female entrepreneurs.

2.1.14 Côte d’Ivoire is actively engaged in the *regional integration process* that has been making strides since 1994. There has been significant progress with regard to harmonization of the legislation, multilateral surveillance of macro-economic policies and establishment of a common market. The first phase would include firstly, introduction of the OHADA “actes unifies”, which constitute a basis for modernization of business legislation, the start of activities of the Court of Arbitration and Justice and the Court of accounts. The West African Accounting system (SYSCOA) came into force in 1998 and the national organization is being set up (establishment of the National Order of Certified and Chartered Accountants and the establishment of approved management centers).

2.1.15 For the purpose of multilateral monitoring, the criteria for convergent budgetary performance adopted by the member states in 1997 were replaced in December 1999 with new measures under the Pact for convergence, stability, growth and solidarity between the Union’s member states. Owing to the crisis, Côte d’Ivoire has been unable to meet all the criteria. Lastly, other action is underway to institute community policies in the sectors (agriculture, energy, industry, territorial development, etc.).

2.1.16 The Common External Tariff (TEC) has been in force since January 2000 and a total franchise of duties and taxes of equivalent effect has been granted for products from within the union. This reform seeks to foster the yet hesitant trade within the Union. For Côte d’Ivoire, for example, about 1% of the imports come from UEMOA countries, which absorb only about 10% of its exports. The indirect tax harmonization is one project under which Côte d’Ivoire adopted, from July 2001, a single VAT of 20% applicable to a wider scope, to offset any losses relating to the TEC.

2.1.17 In the financial sphere, WAEMU's «Conseil régional de l'épargne publique et des marchés financiers» was set up in 1997, the principle of single approval for inception of financial institutions within WAEMU territory entered into force in January 1999, regional norms were adopted in accordance with international standards for prudential regulations, fiscal provisions relating to stocks were harmonized, while the regional stock market started up in Abidjan in September 1998. Currently, over 40 enterprises are listed, with a capitalization level of over CFAF 900 billion, representing 6% of the Union's GDP. Bonds were also traded on the market, however the volume of shares is still limited, under 1% of GDP (roughly CFAF 94 billion).

Sector Overview

2.1.18 *Primary Sector:* The agricultural activity (including stock-raising, fisheries and forestry) is still preponderant in the economy, with a contribution of 32% to GDP and 70%, to export earnings, and job supply for 66% of the labor force. Cash crops dominated by coffee and cocoa, account for approximately 50% of the agriculture value added. This sub-sector is in dire difficulty with the combined incidence of the slump of world prices and the liberalization of cocoa/coffee production in 1998 and 1999. Thus the suspension of the stabilization system led to a correlative slump in producer prices exceeding 60% in the case of coffee. Structurally, this sector also has productivity deficiencies, for lack of the necessary investments needed to intensify planting techniques and rejuvenate coffee plantations. To limit the effects of these factors on production, certain measures have been initiated, such as liberalization of the coffee/cocoa sector, liquidation of the new Caistab and adoption of new organs for management of the sector (Bourse du Café et du Cacao, l'Agence de Régulation du Café et du Cacao and Fonds de Régulation et de Contrôle). To reduce deductions from the farmers' incomes, the single duty on cocoa and coffee exports was brought from CFAF 200 to 160 per kilogram in July 2001.

2.1.19 With regard to forestry, silviculture represents about 5% of primary value-added. Its growth is known to have slowed down, because of decline in natural forest potential, from 13 million hectares at the beginning of the '60s to 2.5 million at present, and given the protection measures now starting to be implemented to counter the overexploitation of forest resources.

2.1.20 Concerning food crops, the demand for a wide range of products, all based on self-reliance (with the exception of rice, which is 50% provided by imports). This sub-sector contributes about a third of the agriculture value-added and has benefited for the past three years from specific measures by Agence nationale pour le développement rural (ANADER) which is currently dealing with about 30% of the farmers (30,000). However, these efforts still fall short of the requirements for fully and efficiently exploiting the potential of this sub-sector. With regard to animal resources, the contribution to value-added is in the range of 12%, and there are 360.000 stockbreeders and 70.000 fishermen. Despite the investments by the State as part of the sector livestock programme and aquaculture and fisheries programmes adopted in 1993 and 1996, respectively, the rate of coverage of the needs is still low for the main animal products (54% for meat and 12% for milk). Over-exploitation of forest resources.

2.1.20 *Secondary Sector:* 1994, the year of the CFAF devaluation, marked the readjustment and consolidation of Ivorian industry. Indeed, the post-devaluation period saw significant growth of the economy and the industry showed new impetus and competitiveness. This partial return of competitiveness, obtained also through the adjustment programme to improve competitiveness of the Ivorian economy (PASCO), made it possible to support the first

phase of the industrial sector revival. Thus, after a period of virtual stagnation, the manufacturing sector excluding energy recorded a growth rate of 11.2% yearly, over the 1996-98 period, including 14.7% for agro-industry, which is one of the main components of the sector that benefited from significant private investment as part of the policy of development of agricultural resources. *Energy sector* activity has been supported by investments following its opening up to the private sector, and by a rising demand resulting from the electrification programmes implemented. The opening up of the sector to private operators made it possible to increase the penetration and electrification rates, to 20 % and 68%, respectively, which are satisfactory in the regional context. However the sector is now facing two main difficulties, namely the financial imbalance and major electricity rates that remain unpaid, for example the amounts owed by Ghana (about USD 33.7 for 2000). A stabilization plan has been initiated as part of the interim programme (see paragraph 3.1.6.).

2.1.22 In the water sector, the adoption of the water code (Code de l'Eau), establishment of the Haut Commissariat à l'Hydraulique for integrated management of the water resources, and the upward adjustment (+ 23.7 %) of safe water tariffs have made it possible to increase the number of urban areas supplied with water to 57 % and the population with access to water to 25 %. In the rural areas, despite the 2400 structures financed since 1994, the water supply coverage rate fell from 77 to 62 % owing to the population increase. In addition, the water sector is in a precarious situation that deserves particular and urgent attention from the State. Certain State action has in fact had the effect of destabilizing the sector (State/SODECI agreement guaranteeing the financial autonomy and management of the sector) and affected its credibility (introduction of the special water consumption tax, non-application of the tariff negotiations for the 1998-2003 period, heavy arrears owed SODECI). Lastly, the building and public works activities are fueled by public investments and private property investments. The business euphoria following the devaluation gave strong impetus to the sector, which recorded growth exceeding 20% in 1995-96. This rate gradually returned to a level reflecting the general trend of the economy, with a rate of 10% in 1998 and 5% in 1999.

2.1.23 *Tertiary Sector*: The sector was drawn into the recession in 2000, following the slowdown in the other sectors. (-7% in 2000). As for commerce and the other services, they followed the same trend as production and trade. The transport sector experienced great difficulty from 1996, owing to the lack of institutional reforms, failure to adapt to the economic situation and to prioritize activities and the inadequate resources available for asset conservation. The transport sector is affected by the suspension of the financial cooperation with the World Bank, ADB and the European Union, which support transport sector structural adjustment programme (CI-TSAP) With regard to Telecommunications, beyond the difficulties arising from the recession, this sector has been supported by institutional reforms: adoption of a law concerning the Telecommunications Code and privatization of the sector's management.

2.2 **Political Situation and Status of Governance**

2.2.1 The political situation following the 1996-1998 period was dominated by governance problems, the 24 December 1999 coup d'état and the uncertainties relating to the process of setting up democratic institutions. This process brought a series of mutinies, more military action, curfews and other states of emergency, protest marches, boycotts, social unrest and amplified insecurity of persons and property.

2.2.2 Despite this crisis, the schedule for putting in place the democratic institutions was pursued, with the adoption by referendum on 23 and 24 July 2000 of a new constitution and electoral legislation, organization of the presidential elections on 22 October 2000 and

legislative elections on 10 December 2000, 7 and 14 January 2001, the swearing in of the new Head of State elected on 26 October 2000, election of a new bureau of the National Assembly and appointment of a new Government and of the Economic and Social Council. The municipal elections of 25 March 2001 saw the participation of all the major political parties, were held to the general satisfaction of the national political actors and the international Community. In addition, the decentralization policy of the new Government was concretized by the adoption of: (i) the policy law on the general organization of territorial administration, (ii) the law concerning the districts of Abidjan and Yamoussoukro, and (iii) the law on organization of the district. It goes without saying that this process can only produce the desired results if it is accompanied by an increase in the capacities and resources of the territorial administrations.

2.2.3 Specifically concerning governance from the economic standpoint, a number of measures have already been initiated. These are mainly the strengthening in 1997 of the State General Inspectorate, which is active in the auditing of the Government service, and the establishment in 1999 of the National Capacity Building Secretariat, which has played an active role in the coordination of the national capacity building programme. To improve public finance management, the Government in January 1998 adopted the integrated public finance management system (SIGFIP). The aim of this body was to ensure fluid information all along the expenditure chain and guarantee direct communication between the different parties, to reduce the time taken for the expenditure process and control the rhythm and pace of implementation of projects and consumption of credits. However, its implementation revealed lapses arising from over-centralization of operations under-equipping (in terms of computer facilities) and inadequate training for operation and administration of the system, which really slowed down the implementation of projects and added to the decline in external resource mobilization observed in 1999 and 2000. There are also other aspects that have not been handled as diligently as required, such as the application of the recommendations of the Caistab external audit, the sanctions against defaulting exporters, credits to offset poor crop years and measures against fraud.

2.2.4 In the legal and judicial sphere, a number of measures were initiated pursuant to the OHADA “actes unifiés”. These are in the main, the establishment of a court of arbitration within the Chamber of Commerce and Industry and the first steps for decentralization of the judiciary.

2.2.5 Despite all these reforms, Côte d’Ivoire still has acute governance problems. The weaknesses and lapses noted with regard to public resource management in the absence of transparent control functions, raises a major obstacle to stabilization of the State’s financial situation and more efficient public expenditure. The local administrations have neither the capacities nor the financial resources needed for decentralized development. Similarly, the justice system does not meet the expectations of economic operators. The laws and regulations exist but are often not applied in the administration as well as the judicial sector, with the result that there is room for fraud and corruption in the administration, finance, education-training, security, public service etc. Considering the justice situation and serious corruption, the Government has recently announced recruitment of magistrates from 2002, to strengthen the system. Aware of the negative impact of these adverse governance aspects on development prospects, it has prepared a programme of good governance and increased capacities, for which the support of the development partners has been sought (WB, ADB, UNDP, EU, French Cooperation agency).

2.3 **Major Constraints**

2.3.1 Normalization of the socio-political situation and establishment of good governance are two major challenges which the authorities are required to take up, in order to restore confidence and ensure the normal functioning of the Ivorian economy. In addition to these two major constraints, Government should tackle the problem of debt and the structural constraints weighing on the medium and long term prospects of the Ivorian economy. These constraints relate to the vulnerability of the economy from the socio-demographic, institutional and sector standpoints.

2.3.2 *Public Debt*: The recession has aggravated the debt burden, as seen notably in the accumulation of payment arrears that impede resumption of financial cooperation. The leeway for reviving public investment is therefore very limited or even non-existent and private investment is discouraged.

2.3.3 *Vulnerability of the Ivorian Economy*: Given its open position and asymmetry (export structure dominated by raw materials -cocoa and coffee- versus the imports essentially comprising finished products), the Ivorian economy is exposed to fluctuation in terms of trade whose extent will largely dictate its expansion and recession phases. The sharp decline in economic growth in 1991 and 2000, alongside the deterioration in prices of the raw materials exported, illustrates the vulnerability of the country's economy to external shocks. This constraint is coupled with that relating to public debt which, by absorbing the bulk of the budgetary income or aiding arrears accumulation, reduces the State's margin of maneuver for implementation of its economic and social development programme. Indeed such a heavy debt with a significant portion made up of arrears is a clear handicap for internal as well as external private investment.

2.3.4 *Socio-demographic constraints*: The substantial population growth (3.3% according to the general population census of 1998) has had several consequences tending to aggravate poverty, especially since the Ivorian Economy is not sufficiently diversified to maintain substantial and regular growth. The persistent illiteracy, the relatively low enrolment rate especially for girls, the declining quality of education, the difficult access to health services, water and housing, the insufficient job creation and diseases such as STDs and HIV/AIDS (with a prevalence rate currently around 12% for the 14 to 49 years age bracket), all of which point to an acute demographic constraint underlying the social demand, in the face of a supply necessarily limited by structural problems and the financing capacity. The population pressure also poses a threat to the environment in that it reduces the forest cover through the tree and shrub clearing and the spread of precarious settlements and pollution in the towns.

2.3.5 *Factor cost Constraints*: Compared to the main competitor countries, the factor costs (energy products, water, transport and telecommunications, etc) are high and thus handicap investments and narrow the Ivorian productive system's margins of maneuver in facing competition. Concerning capital, the difficult access to bank credits and the inadequate supply of long-term resources, added to the high debtor interest rates are impediments that the enterprises, particularly the SMEs, face in deciding to invest. On the supply side, savings mobilization is limited by the banks' lack of drive with regard to diversification of placement instruments and also by the difficulties encountered by certain non-bank financial intermediaries, such as the savings funds, the postal cheque system and social security system.

2.3.6 *The various sectors*: The extensive nature of *agriculture* is seen in the production fluctuations with various explanations, for example the inadequate organization and supervision of agriculture sector operators, the lack of an appropriate finance system the deficient legal and regulatory framework. Regarding *industry*, the industrial fabric is

relatively dense, but the non-competitive costs of the above-mentioned factors are dissuasive for development of SMIs in the non-traditional sectors and attracting international capital. Generally speaking, there is a lack of a global competitive approach hinged notably on quality, including the quality of administrative services (such as the functioning of the judicial system, fraud control, the need for diligent accomplishment of administrative formalities), the promotion of science and technology and development of national investment capacity. This hampers the Ivorian economy's internalization of the growing interdependence and globalization of the world economy. Lastly, with regard to *services*, the stability of the *financial system* needs to be consolidated and its institutional framework modernized, to meet the needs of private sector investment, which will arise from the process of regional integration in all the other sectors of economic activity. Another constraint to the modern sector to be noted is illiteracy, which affects a large part of the population, particularly women. The inadequate formal education within the labour force reduces entrepreneurial efficiency, which translates into limited or undersized enterprises and slower transition from the informal to the formal sector.

III GOVERNMENT DEVELOPMENT PROGRAMME

3.1 Basic Elements of the Government Programme

3.1.1 The previous Government in 1998 concluded with IMF a third Enhanced Structural Adjustment Facility (ESAF) programme over a period of three years, from 17/03/1998 to 16/03/2001, at a cost of SDR 285 840 000, of which SDR 123 860 000 has been disbursed. This programme was to make the Ivorian economy financially viable, achieve sustained growth, reduce poverty and raise the populations' standards of living.

3.1.2 Given the socio-political unrest, it was not possible to implement this programme the first year; there were difficulties arising from weaknesses noted in the public finance management and the delayed implementation of reforms, especially for privatization and liberalization of coffee/cocoa production, and persistent governance problems. Under the circumstances, it was not possible to conclude the second year's programme with the donors, and this only aggravated the economy's constraints in the unfavorable international setting. Despite attempts to initiate discussions concerning a programme to end the crisis, it was only after the transition that the Government was able to conclude an interim programme for the second half of 2001 with IMF. The purpose of this programme is to restore confidence in macro-economic management and lay the basis for assessment with a view to resuming a programme supported by IMF as part of a Poverty Reduction and Growth Facility (PRGF). Because of the uncertainty surrounding the mobilization of external resources, the programme does not envisage economic revival. On the other hand, it seeks to contain inflation at 4% and the deficit of the current balance around 5%. The main components of the programme are public finance stabilization, implementation of structural reforms and resumption of normal financial relations with all external partners.

Public Finance

3.1.3 The programme provides for the adoption of appropriate measures to improve budgetary income and contain public expenditure so that, in the absence of budgetary support, the budgetary deficit (including grants) can be brought down to 1% of GDP in 2001. Essentially, plans of action will be implemented by Direction générale des impôts and Direction générale des douanes with the aim of: (i) reinforcing control procedures, (ii) reducing exemptions and streamlining management of deferred payment facilities, (iii) extending the minimum customs fee by 5% for imports accepted under the investment code,

and (iii) training the officers. The application of a single VAT rate and reduction of the single levy concerning exports are also part of the programme measures.

3.1.4 With regard to public expenditure, priority has been given to the social sectors (health and education) and improved maintenance of infrastructure. To contain the wage bill, recruitment has been limited in the health, education, justice and security sectors. As to the *public debt service*, the strategy adopted for external payment arrears consists in stabilizing the stock of arrears owed to multilateral partners at the level attained in December 2000. **Thus the programme sought to bring multilateral payment arrears from CFAF 125.8 billion at end June 2001 to CFAF 112 billion at end October and to CFAF 92 billion - which was the level as at end December 2000 - as at end December 2001,**

Structural Reforms

3.1.5 In *agriculture*, the reforms adopted mainly concern consolidating the liberalization of coffee and cocoa production by eliminating direct State intervention, guaranteeing producers a minimum income and remunerative prices and laying down transparent rules for competition. The specific measures agreed concern completion of the liquidation of the new Caistab and inception of organs to control and regulate the sector: Bourse de commercialization du café et du cacao (BCC) and Autorité de régulation du café et du cacao (ARCC).

3.1.6 *The energy sector*, which has accumulated significant deficits, has been stabilized. With regard to electricity, the measures consist in: (i) raising the average tariff by 10%, (ii) saving CFAF 12 billion in operating costs (iii) making sure the State makes regular payment for consumption, (iv) reinvesting the VAT proceeds (11.1%) and (v) State coverage of the sector's long-term debt up to 2004. In the hydrocarbon sector, institutions are to be restructured, following a study on de-control of petroleum imports. This stage will be followed by privatization of SIR. To help absorb the SIR deficit, the prices will be adjusted in accordance with the changes in the underlying parameters.

3.1.7 Regarding *the financial sector*, a plan of reforms was envisaged for viability of the Caisse d'épargne (Savings Fund) and the Postal Checking Accounts (CECP). For the Caisse autonome d'amortissement, a strategic plan was envisaged to overcome the institution's cash flow problems. At the same time, the credit policy would be coherent, with budget allocations envisaged. Lastly, for the Caisse générale de retraites des agents de l'Etat (CGRAE), structural measures aimed at stabilizing the retirement scheme were to be laid down and negotiated with the social partners, for implementation in 2002.

3.1.8 Regarding governance, the programme includes a plan for recovery of Caistab claims from defaulting exporters. The amounts concerned are CFAF 17 billion, of which CFAF 4 billion is for the 1994/95 crop year and 13 billion for the 1998/99 crop year. The plan involves payment of 5% in 2001 and the rest over 5 years. For public finances, the rules governing the integrated public finance system (SIGFIP) should be rigorously followed so as to ensure full transparency in public expenditure.

Poverty Reduction strategy Paper (PRSP)

3.1.9 Another element of the programme is the continued preparation of the interim PRSP based on the participatory approach. Regional consultation seminars were projected for July 2001 so as to finalize the report for October 2001.

Sector Policies

3.1.10 Rural Development: The new authorities undertook extensive studies concerning a rural development strategy, that would be participatory, accelerated and hinged on three aspects, namely liberalization, decentralization and professionalization. Specifically, this strategy will be seek de-control of coffee/cocoa, cotton production, capacity building, decentralization, land legislation, the forestry policy and feeder roads. Other reforms are to be implemented, such as State withdrawal from the sugar, oil palm, hevea sectors, rural decentralization, capacity building (agricultural departments, agricultural professional organizations/OPA, restructuring of the Ministry of Agriculture and Animal Resources/MINAGRA, Information and Communication). The increase rate will be about 4% between 2002 and 2005, so that food crops can feed the population and also procure foreign exchange.

3.1.11 Mines and petroleum: The new authorities intend to give priority to this sector, in order to reduce the reliance on the coffee/cocoa combination. After a period of decline in mining and petroleum activities, the sector is expected to resume growth from 2003, at a rate exceeding 5% in 2004. The SIR privatization, the restructuring of PETROCI and the new regulation (under formulation) relating to petroleum imports will support the petroleum sector prospects. The identification of the nickel and iron deposits in the west, the location of gold, copper, platinum and manganese would make it necessary to construct a railway to evacuate the products through the port of San Pédro. In addition, parties must be found to invest as partners to work the deposits identified, in accordance with the mining code.

3.1.12 Secondary Sector: The Government aims at a processing activity increase rate of around 25% in 2005. It will hinge on the promotion of agro-food industries, especially processing of primary products such as coffee, cocoa and cotton (textiles). The cocoa processing rate was to attain 45% in 2005. The free trade system will be tried. In the electricity sub-sector, the policy of energy independence will be implemented and that of export to neighboring countries. The rural electrification programme is to reach 500 locations in 2005. The sub-sector growth rate will be 6% in the period 2002-2005. With regard to water, the distribution monopolies will be stopped (with regard to electricity as well).

3.1.13 Poverty Reduction: The former Government adopted a poverty control policy with the ultimate objective of bringing the percentage of the population living below the poverty line from 36.8% in 1995 to 30% in 2000 and 20% in 2005. The new government set an objective of reducing the incidence of poverty from 33.6% in 1998 to 30% in 2005, to which end an implementation strategy is being formulated under the PRSP. The poverty reduction strategy is all the more urgent since the socio-political problems appear to have aggravated the poverty situation. According to the most recent data, in fact, the illiteracy rate is over 50%, while total enrolment rate stands at 71%. Life expectancy is estimated at 46 years and is on the decline, owing to HIV/AIDS, which has worsened, reaching 12% instead of 10% estimated earlier. The case of children is particularly serious, since the infant mortality rate is 88 per thousand and the children's malnutrition rate is 24%. The situation of the female population is deplorable. This table shows that it is imperative to ensure more equally shared economic growth and radical reinforcement of the basic services. The Government is thus finalizing an interim PRSP, which will be available before December 2001; the final PRSP is scheduled for June/July 2002.

3.1.14 Tertiary Sector: The objective is 5% growth in 2005 supported by reforms underway in the transport and telecommunications sector.

3.1.15 Improvement of governance and capacity building: Faced with the deterioration of governance, the Government elected in October 2000 drew up a national plan for good governance and capacity building (PNBGRC) which had eight main aspects: (i) the capacities for programme, planning, monitoring evaluation and negotiation of programmes, (ii) control, (iii) management of public resources, (iv) the state of justice, (v) measures against corruption and promotion of merit, (vi) the agencies and institutions backing up decentralization, (vii) participation of citizens, the private sector and civil society in the management of public affairs (viii) promotion and upgrading of national skills.

3.2 Evaluation of the Government Programme

3.2.1 First, the Government's commitment with regard to an interim programme is absolutely essential for the resumption of financial cooperation with the development partners. With the state of the public finances and the imbalances in areas as vital as agriculture, energy and governance, it becomes urgent to stabilize the economy and the programme includes remedial measures concerning State finances and structural aspects that are pre-conditions for economic revival.

3.2.2 Concerning the implementation of the programme, *the mid-term review* conducted in November 2001 shows that, judging from the result of October 2001, that efforts have remained in line with the objectives set. From the financial standpoint, fiscal income has exceeded the targets owing to the collection efforts. Conversely, some amounts were below expectations, due to delayed collection of petroleum income and the cellular telephone charges. Regarding structural reforms, the government's efforts concerned the establishment of management organizations for the coffee/cocoa sector: Bourse du café et du Cacao, Autorité de Régulation du Café et du cacao and Fonds de Régulation et de Contrôle. However the governance problems concerning these bodies are yet to be settled, for more balanced representation of operators within the deliberating bodies, rationalization of fiscal and para-fiscal levies, in function of the objective of improving producer income and more effective information of the sector operators. As regards the other structural reforms, there were delays in the energy sector, in the CAA restructuring, Caisse d'épargne and postal cheques system.

3.2.3 *Payment arrears:* according to the programme, the government up to September 2001, complied with the ceiling on global external payment arrears and global multilateral arrears. Because of pressure on the State cash flow, for example, following the customs workers strike, the arrears stock attained CFAF 426,6 billion as against a ceiling of CFAF 403.3 billion, with CFAF 132.86 billion for multilateral parties, against a ceiling of CFAF 117 billion.

3.2.4 The programme involves preparation of an interim PRSP. The Government made progress in the preparation of this document in setting up in July 2000, a national PRSP consultative committee and the PRSP supervision committee to steer and coordinate preparation. As provided in the programme, the Government prepared the draft interim PRSP, which was examined by the World Bank, IMF and ADB, at a meeting during a review mission in November 2001. Suggestions were made for improvement with regard to the strategy presentation and the monitoring indicators, as well as involvement of the civil society in the process. The interim PRSP amended in light of the development partners' views is expected to be available before the end of December 2001.

3.2.5 In the area of *good governance and capacity building*, the structural problems identified in the national programme for good governance call for far-reaching reforms and

remedial measures that only a concerted effort on the part of the development partners could help put in place. The United Nations Development Programme has provided its support for implementation of some components of this programme. This initiative should be reinforced through intervention by other development partners.

3.2.6 *In sum*, the mid-term review of the interim programme was conclusive, moving forward the discussion with the Bretton Woods institutions on a programme of reforms that could be supported by the Poverty Reduction and Growth Facility. However, conclusion of these discussions is subject to realization before December 2001 of the components of the interim programme that the government has somewhat delayed in implementing, notably concluding the liquidation of the new Caistab, stabilization of the energy sector and financial sector reform.

3.2.7 For the *sector policies*, primarily the energy and mines and secondary sector, the fulfillment of the objectives is closely linked with stabilization of the economy as a whole and standardization of the socio-political situation, so as to restore confidence in private investors

3.3 Challenges and risks

3.3.1 The first challenge to the new authorities is to restore confidence of the citizens as well as private operators and the development partners. This would imply respect of fundamental rights, democratic functioning of institutions and settlement of the crucial problem of arrears that are paralyzing economic activity, since external resources are required for investment. A short-term solution to multilateral payment arrearage is all the more necessary and urgent, since it represents a first stage towards radical resolution of the debt problem as part of the HIPC initiative.

3.3.2 The second challenge is that of *governance*, which has shown deficiencies, as seen in the results of most of the audits and the malfunctioning of the justice system. Corruption, which is the consequence of poor governance is pernicious to development at all levels. It increases the cost of reforms and aggravates the market distortions, reduces the credibility of the control and monitoring, favors public expenditure that has no relation to the set objectives and as such, increases the debt burden, threatens the stability of the financial system, discourages both national and international private investors, compromises cooperation with development partners and in addition to all that, entails the risk of socio-political instability. The risk inherent in this situation must be hedged by implementing a coherent programme of action hinged particularly on formulation of appropriate legislation and regulations, inception of institutions and control mechanisms for their effective application, reform of the rules governing public contracts, reform of the administration with a view to improving the public service performance and guaranteeing independent functioning of the justice system.

IV DIALOGUE WITH THE INTERNATIONAL COMMUNITY

4.1 Côte d'Ivoire relies heavily on external aid for its development and this aid is coordinated through donor meetings, such as that of the consultative Group, which was last held at Abidjan in the first quarter of 1998, with the participation of the Bank. The Bank also took part in the discussions of the framework document and the enhanced structural adjustment programme concluded with the Bretton Woods institutions in March 1998, the joint WB/IMF meeting held from 3 to 14 April 2001 concerning a stock taking and measures for a proposed interim programme with IMF and sector and structural measures for a medium and long-term programme with the World Bank. Round table meetings were organized to

validate the sector programmes and sensitize doors on the corresponding financing needs. In that connection, ADB and the World Bank agreed to adopt a common process of preparation of their respective assistance strategies and the framework for Côte d'Ivoire's integrated development. Meetings and seminars have been organized with the participation of some of Côte d'Ivoire's other development partners (UNDP, European Union, French Cooperation agency, etc.). The areas identified for more effective partnerships are public funds management, decentralization, justice, capacity building, private sector promotion, poverty reduction and partnership with the civil society and the private sector. One outcome of these consultations has been the creation of a web site with a matrix of operations of the three institutions: World Bank, ADB and European Union.

4.2 These operations have been hampered by the problems encountered in reaching an agreement for the second year of the ESAF and the events of December 1999. Nevertheless, consultations have continued with the European Union, concerning the public funds management, with UNDP concerning the governance support programme, and with the World Bank, as part of the mission to identify a program of support to governance and capacity building with ADB participation. Consultation meetings were also held for preparation and appraisal of the governance support and capacity building projects, with representation of countries operating in this sector: French Cooperation set-up, GTZ and Canada.

4.3 After the failure of the 1998 programme and the December 1999 coup d'état, a joint WB/IMF mission visited Abidjan from 9 February 2000 following the Libreville summit of January 2000. Subsequently, another IMF mission visited Abidjan from 18 March to 8 April 2000 to (i) continue discussion with the Ivorian authorities as part of the consultation relating to article IV, and (ii) start up the six-month interim programme. This programme could not be concluded before the end of 2000 owing to the socio-political instability in the country.

4.4 With the establishment of the Second Republic, another joint IMF/WB mission with the participation of other development partners (ADB, EU, UNDP) was dispatched from 3 to 14 April 2001 to: assess the macro-economic, sector and structural position, (ii) identify the emergency measures required prior to conclusion of an interim programme with IMF and (iii) identify the measures likely to be included in a World Bank medium and long-term programme. As a result of this mission, the Government was able to conclude in July 2001, an interim programme covering the period from July to December 2001. A World Bank joint IMF/WB mission with ADB collaboration visited Abidjan from 7 to 16 November 2001, to: (i) review the interim programme, (ii) begin discussions on a three-year programme to be backed by a PRGF, and (iii) analyze the long-term debt viability, so as to prepare the Côte d'Ivoire HIPC dossier. At the same time, the World Bank is preparing to resume operations subject to a payment arrears settlement plan (USD 42 million) under approval by the institution. This plan is based on the restructuring of the Transport SAP, which will make it possible to mobilize the third tranche of the loan (USD 20 million) and a supplementary credit of USD 12 million.

V. BANK GROUP STRATEGY

5.1 The Bank Group's strategy under ADF VII (1996-1998) sought to assist Cote d'Ivoire in diversifying its agricultural activity, upgrading human resources, strengthening economic infrastructure and promoting private sector development.

5.2 Bank Group Portfolio and its Management

5.2.1 Since the start of its operations in Côte d'Ivoire in 1971, the Bank Group has financed 40 operations comprising 25 projects, 6 sector adjustment programmes, 2 loans under the supplementary financing mechanism, and 7 Studies for net total commitment of UA 993.1 million, of which 825.3 million, from ADB, UA 157.8 million from ADF, UA 7.1 million from TAF and UA 2.9 million from NTF. In addition, there are four private sector projects: (i) Azito Thermal Station Project (USD 14 million), (ii) Loteny Télécom Project (FRF 21 million), (iii) Rivera-Marcory Bridge Project (FRF 180 million) and (iv) the Drop Ivoire Project USD 970 000).

5.2.2 The public projects financed with ADB resources represent 83.1% of the total commitments with the attendant effect on net resource transfers. Concessional aid (ADF/TAF) represents 16.6% of the portfolio, and the NTF loans 0.3%. The Bank operations are in all sectors, however with predominance in agriculture (30%), transport (23.8%), the social sector (16%) and public utilities (15%). The multi-sector and industry and development banks operations absorb 10% and 5.2%, respectively of Bank commitments.

5.2.3 The rate of disbursement of the entire portfolio is relatively high (86.3%), owing to the accelerated disbursement pace and deceleration of portfolio renewal of, since Côte d'Ivoire could only mobilize concessional aid. There are 15 operations underway for a total commitment of UA 310 668 500, comprising UA 268 219 384 for ADB, UA 36 706 516 from ADF and UA 5 742 600 from TAF. The disbursement ratio of 66.1% could have been higher, had it not been for the logjams relating to SIGFIP.

5.2.4 Bank Group operations in Côte d'Ivoire are reviewed on a quarterly basis at the coordination and monitoring meeting instituted in 1996, the last of which was held on 16 February at Bank Headquarters. These meetings and the supervision missions have made it possible to identify the problems affecting the ongoing projects: (i) accumulation of payment arrears that has entailed suspension of disbursements since November 2000, (ii) Ineffective management of the Système Intégré de la Gestion des Finances Publiques (SIGFIP) by the parties concerned in the sector, mainly the credit administrators and the DAAF; (iii) unsatisfactory handling of "delegated" credits and special cheques; (iv) the divergence between the Bank's budget listings and those of the project; (v) delays in transmission of quarterly progress reports; (vi) the complexity of the administrative procedures for contract signature; (vii) slow fulfillment of agreement conditions, which is to the country's detriment, in terms of investment opportunities.

5.2.5 The performances have declined and governance problems have worsened and the new authorities are struggling to turn the tide. The Bank Group portfolio for its part has suffered from the suspension of disbursements since November 2000. In sum, Côte d'Ivoire's performance has retracted in comparison with 2000, from 3.47 to only 2.7 in 2001.

5.3 Strategies and measures to Reinforce Dialogue on Economic Policy and Arrears Settlement

5.3.1 The dialogue was initiated with the Government in July 1999, on the occasion of the 1999-2001 CSP preparation mission. The discussions concerned development measures making it possible to counter poverty, considering the country's potential in terms of diversification and upgrading of agricultural production, development of human resources, private sector promotion and good governance. Several consultation meetings were held with the World Bank and the European Union, to coordinate strategies. Because of difficulties the Government was encountering in restoring its relationship with the Bretton Woods Institutions and the change of government, it was not possible to pursue this coordination.

Though an interim document was prepared, Board presentation was deferred pending the return to normal owing to the socio-political situation. The complete CSP should be prepared in relation with the PRSP, so as to ensure better coordination of the Bank's strategy with those of other parties concerned.

Measures by the Bank to Facilitate Arrears Settlement

5.3.2 In order to settle the amounts owed, the Bank intensified dialogue with the Ivorian authorities, as well as cooperation with the Bretton Woods institutions, especially through regular consultations with the local representatives.

5.3.3 As regards the Ivorian authorities, the following action has been taken: (i) top-level meetings including those between the President of the Bank, the Head of State, the Prime Minister and the Minister of Finance, with the aim, among others, of discussing the arrears owed to the Bank Group, (ii) visit to the Bank Board of Directors on 9 April 2001 by the members of government, led by the Prime Minister, during which the arrears situation was considered. - (iii) regular reminders to the Ministry of Finance concerning the country's arrears and their adverse effect on the Bank, (iv) systematization of the quarterly meetings of the Committee for Coordination and monitoring of the Bank portfolio, and (v) holding bi-weekly meetings between the Bank's units and the Ministry of Economy and Finance. Through these meetings, a matrix has been formulated for monitoring of the measures jointly decided, especially concerning arrears. (See Annex VIII).

5.3.4 This process of dialogue has led the Government to include in the interim programme a strategy for payment of arrears, based on stabilization of the stock of arrears owed to multilateral institutions including ADB. The programme has thus earmarked an allocation of CFAF 78.5 billion to pay the 2001 installments owed to ADB. Payment of these arrears began in July 2001 and the amount paid as at 25 November 2001 is CFAF 35.1 billion. The Government has announced a schedule for settlement of an additional amount of CFAF 42.2 billion before the end of end December 2001.

5.3.5 Concerning the 2000 arrearage, meetings have been held between the Bank's experts and the officials of the Ministry of Economic Planning and Finance since October 2001. The plan under discussion assumes the principle that the 2001 installments will be cleared in accordance with the Government's undertakings for the interim programme. The arrears accumulated as at the end of December 2000 represent CFAF 26.84 billion (UA 28.95 million). For lack of a stand-by credit arrangement, or portfolio restructuring, they will be linked with a new policy-based lending operation and the current project disbursements speeded up so as to offset the pressure on State cash flow during the two months following the arrears settlement. Moreover, new operations will be initiated within the framework of resource allocation to the country.

5.3.6 As concerns TAF, there is currently a dire need for greater capacity and improved governance, considering the socio-political tension, which has taken its toll since 1999. A support facility would be an appropriate response and also provide a means of supporting the dialogue process underway with the Government. This project will be part of the national plan for good governance and capacity building, which is being supported by development partners including UNDP and the World Bank.

5.3.7 Concerning resources, based on the 2000 performance evaluation, Cote d'Ivoire's basic *allocation* under ADF-VIII was UA 59.48 million, of which UA 55.30 for project financing and UA 4.17 million for the Technical Assistance Fund; Cote d'Ivoire could also

receive policy –based loans up to UA 27.65 million. The basic allocation fell to UA 25.19 million, following the 2001 performance evaluation. However, since the results obtained as part of the interim programme and the Government's efforts to rapidly conclude the three-year programme supported by a PRGF, Management proposes to bolster the performances by providing the country with additional resources under the reallocation exercise at the end of the ADF–VIII process. In addition, once the payment arrears are settled, Cote d'Ivoire could benefit from the Supplementary Financing Mechanism covering 70% of the interest due on ADB loans.

VI. CONCLUSIONS AND RECOMMENDATION

6.1 **Conclusion:** The efforts being made since 1994 at moving the reforms along and improving the performance of the Ivorian economy flagged in 1999 under the effect of numerous factors including deteriorating terms of trade for exports, poor governance and rising socio-political tension, which led to the change of government and suspension of the programme adopted by the Fund in 1998. To remedy this situation, the post-transition Government concluded an interim programme covering July to end December 2001. The review of this programme from 7 to 16 November 2001 has overall been conclusive, enabling the Government to start discussions with the Bretton Woods institutions on a three-year programme backed by a Poverty Reduction and growth Facility.

6.2 In this context, the Bank's 2002 strategy for Côte d'Ivoire will involve continued economic policy dialogue centering on a plan for settlement of arrears accumulated as at the end of December 2000, mainly involving a combination of settlement of outstanding arrears and more rapid disbursement for ongoing projects and policy based lending. Under this same strategy, it is proposed to support capacity building in areas crucial to governance and economic management, in concert with the other development partners, some of which (UNDP) have already begun concretizing their support, while others are preparing theirs (World Bank and European Union for example). In addition, the Bank will intensify its assistance to the Government for preparation of the PRSP.

6.3 **Recommendation:** In view of the foregoing, and to able to continue the discussions with the Ivorian authorities towards resumption of financial cooperation with the country, the Boards are requested to: (I) take note of the process of dialogue initiated with the Ivorian authorities to resolve the problem of payment arrears and (ii) approve the interim assistance strategy for the Republic of Cote d'Ivoire proposed in the present country dialogue paper.

COTE D'IVOIRE
COMPARATIVE SOCIO-ECONOMIC INDICATORS

Annex I

	Year	Côte d'Ivoire	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)		323	30 061	80 976	54 658
Total Population (millions)	1999	15	766	4 793	1 185
Urban Population (% of Total)	1999	46	37	39	76
Population Density (per Km ²)	1999	45	25	59	22
GNP per Capita (US \$)	1999	710	684	1 250	25 890
Labor Force Participation - Total (%)	1999	40	43	...	...
Labor Force Participation - Female (%)	1999	27	35	...	...
Gender -Related Development Index Value	1998	0.4	0.483	0.634	0.916
Human Development Index (Rank among 174 countries)	1998	154	n.a.	n.a.	n.a.
Population Living Below \$ 1 a Day (% of Population)	1995	12.3	45.0	32.2	...
Demographic Indicators					
Population Growth Rate - Total (%)	1999	1.6	2.4	1.6	0.3
Population Growth Rate - Urban (%)	1999	4.4	4.5	2.8	0.6
Population < 15 years (%)	1999	43.8	42.7	32.8	18.5
Population >= 65 years (%)	1999	2.9	3.2	5.0	14.0
Dependency Ratio (%)	1999	102.1	86.1	61.0	48.6
Sex Ratio (per 100 female)	1999	103.8	99.4	103.3	94.8
Female Population 15-49 years (millions)	1999	3.2	181.1	151.8	297.2
Life Expectancy at Birth - Total (years)	1999	47.4	52.7	64.3	75.5
Life Expectancy at Birth - Female (years)	1999	47.9	53.5	66.0	79.2
Crude Birth Rate (per 1.000)	1999	36.5	36.3	23.4	10.9
Crude Death Rate (per 1.000)	1999	15.6	13.7	8.4	10.3
Infant Mortality Rate (per 1.000)	1999	81.2	76.4	57.6	8.9
Child Mortality Rate (per 1,000)	1999	119.4	116.6	79.8	10.2
Maternal Mortality Rate (per 100,000)	1990-96	600.0	698.0	491.0	13.0
Total Fertility Rate (per woman)	1999	4.7	4.8	2.8	1.6
Women Using Contraception (%)	1990-99	15.0	...	56.0	70.0
Health and Nutrition Indicators					
Physicians (per 100,000 people)	1992-97	9	35	78	287
Nurses (per 100,000 people)	1992-97	31	107	98	782
Births attended by Trained Health Personnel (%)	1992-98	45	38	58	99
Access to Safe Water (% of Population)	1992-98	72	58	72	100
Access to Health Services (% of Population)	1992-98	...	64	80	100
Access to Sanitation (% of Population)	1990-97	39	58	44	100
Percentage of Adults (aged 15-49) Living with HIV/AIDS	1997	10	6	...	...
Incidence of Tuberculosis (per 100,000)	1997	97	201	157	24
Child Immunization Against Tuberculosis (%)	1997	73	72	82	93
Child Immunization Against Measles (%)	1997	68	64	79	90
Underweight Children (% of children under 5 years)	1990-97	24	26	31	...
Daily Calorie Supply	1998	2 695	2 439	2 663	3 380
Public Expenditure on Health (as % of GDP)	1993-98	1.4	2.0	1.8	6.3
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	1996	71.3	80.0	100.7	102.3
Primary School - Female	1996	60.5	73.4	94.5	101.9
Secondary School - Total	1996	24.1	29.3	50.9	99.5
Secondary School - Female	1996	15.5	25.7	45.8	100.8
Primary School Female Teaching Staff (% of Total)	1990-97	20.5	40.9	51.0	82.0
Adult Illiteracy Rate - Total (%)	1999	54.3	38.8	27.2	1.3
Adult Illiteracy Rate - Male (%)	1999	46.2	30.7	19.5	0.9
Adult Illiteracy Rate - Female (%)	1999	62.8	48.2	35.0	1.7
Percentage of GDP Spent on Education	1990-97	5.0	3.5	3.9	5.9
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	1998	9.3	5.9	9.9	11.6
Annual Rate of Deforestation (%)	1990-95	0.7	0.7	0.4	-0.2
Annual Rate of Reforestation (%)	1981-90	7.0	4.0	...	...
Per Capita CO2 Emissions (metric tons)	1996	0.9	1.1	2.1	12.5

Source : Compiled by the Statistics Division from ADB databases; UNAIDS; World Bank Live Database and United Nations Population Division.

Notes: n.a. Not Applicable
... Data Not Available

Last update : May 2001

ANNEX : II		Côte d'Ivoire : 1994-2002 Economic Indicators										
Indicators				1996	1997	1998	1999	2000	2001	2002	2003	2004
Growth, Savings and Investment in %												
- GDP growth in volume				6.9	6.6	5.6	1.6	-2.3	-0.9	3.0	4.5	5.0
- GDP investment in %				15.3	15.4	16.8	16.4	12.3	11.0	14.9	16.1	16.4
of which public investments				4.2	5.3	5.7	4.4	2.7	1.9	4.2	4.5	4.7
Private sector				11.1	10.1	11.1	12.0	9.7	9.1	10.6	11.6	11.8
- Domestic savings in GDP %				24.3	25.4	22.9	26.0	23.5	21.5	23.1	23.4	24.1
- Marginal coefficient of capital				1.9	2.2	2.3	3.0	..	..	..	..	3.6
Money and Inflation												
- Money increase %				2.9	12.2	6.5	0.8	-3.5	4.5	..	..	..
- Inflation rate (consumer price)				2.7	5.6	4.6	0.7	2.5	3.0	..	..	..
- Discount rate %				6.5	6	6.25	5.75	6.5	6.5	..	..	..
State Budget in % of GDP												
- Fiscal income %				18.8	17.9	16.9	16.8	16.2	16.5	16.7	16.8	16.9
- Current expenditure %				13.9	13.1	12.0	12.8	12.7	12.8	13.3	13.1	13.0
- Wage bill in %				7.0	6.5	6.1	6.2	6.8	7.1	7.5	7.1	7.0
- Deficit commitment basis % (excl. grants)				-3.0	-2.7	-2.5	-3.7	-1.7	1.1	-1.9	-0.9	-0.8
- Public domestic debt %				5.8	4.9	4.2	4.4	4.4	3.8	3.6	2.8	2.2
External Exchange												
- Current BP deficit in % of GDP excl. transfers				-7.3	-5.0	-4.5	-4.6	-5.7	-6.0	-5.2	-5.0	-4.2
- Increase in FOB exports %				18.9	11.2	-0.1	18.7	-1	-4	1.3	2.7	4.8
- Increase in FOB imports %				7.9	17.9	5.6	4	-17.1	2.6	6.3	6.9	6.4
- Real exchange rates (1990=100 index)				70.45	70.08	73.9	73.05	..	..	..	..	..
External Debt												
- Amount of external debt/GDP in % (after resched.)				125.6	110.5	97.3	101.9	118.8	137.6	153.2
- Public debt service/Govt. income in % (after resched.)				51.5	41.6	44.1	49.6	52.9	45.5	41.8	37.5	31.1
- Debt service/Goods and services export n.f.%				27.3	19.8	21.3	20.9	21.4	19.1	17.8	16.0	12.9
Sources : Government, IMF and ADB												

ANNEX : III	Côte d'Ivoire : GDP (in billion CFAF current prices)										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Primary Sector		1567.9	1756	1957	1849	1971.7	1986.3	2073.5	2198.9	2335.6	2471
Agri. food and livestock		894.4	996	1088	1078	1102.4	1195.2	1239.2	1313.4	1383.9	1458.1
Agric.: Export		585	669	782	682	763	682	728.5	776.6	838.2	895.3
Sylvicult.		50	51	48	48	56.3	59.7	54.2	53.7	54.2	55.6
Mines		17.8	22	19	19	24.8	22.7	22.9	24.2	26	27.1
Fisheries		20.7	18	20	22	25.2	26.7	28.7	31	33.3	35.3
Secondary Sector		1207.3	1410.4	1595	1646.7	1432.7	1433.4	1524.7	1655.4	1836.3	2076
Agro-food indus.		325.2	379.7	443.4	433.1	382.6	377.6	409.2	434.2	487.4	551.9
Petroleum products		167.4	161.2	173.7	180.8	146	149.2	150.6	161.4	170.3	184.9
Energy (gas water elec)		119	147.7	148.5	183.1	189.9	206.6	215.9	233.7	251.6	279.7
Building and PWD		196.4	231.9	260.2	286.8	225.3	209.8	233.5	266.6	297.7	332.7
Other indus.		399.3	489.9	569.2	562.9	488.9	490.2	515.5	559.5	629.3	727.2
Tertiary Sector		2298.1	2589.2	2710.9	2801.2	2699.4	2744.3	2892.6	3080.8	3265.5	3462
Transp. & communication		489	594.4	626.9	712.3	756.5	774.7	829.8	881.1	922.7	981.6
Trade		850	989.8	1039.9	1007.6	972.3	975.2	1016.5	1068.9	1133.9	1195.8
Services		720	745.1	785.1	841	781.7	796.5	839.2	899.7	958.1	1009.3
Import duties and taxes		239.1	259.9	259	240.3	188.9	197.9	207.1	231.1	250.8	275
Market GDP		5073.3	5755.6	6262.9	6296.9	6103.8	6164	6490.8	6935.1	7437.4	8010
APU service		439.6	439.31	467.9	491.9	520.8	540.3	567.6	598.7	643.1	691.5
APRI service		17.8	21.4	22.9	24.1	25.3	26.4	27.8	29.4	31.2	33.1
Services between households		17.5	18	19.3	20.4	21.2	21.9	23.2	24.5	25.8	27.2
Non-market GDP		474.9	478.71	510.1	536.4	567.3	588.6	618.6	652.6	700.1	752
GDP	4987	5548.2	6234.3	6773	6833.3	6671.1	6752.6	7109.4	7587.7	8137.5	8761
GDP deflator gap		4	5.9	2.1	-0.7	-0.1	2.1	2.3	2.8	2.3	3
Deflator	100	104	110.1	112.4	111.7	111.6	113.9	116.5	119.8	122.5	126

Source : Ivorian Authorities

COTE D'IVOIRE - GDP (in CFAF billion current prices)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
GFCF	680	846.5	959.8	1138	1121	823.7	743.9	1057.5	1222.6	1334.8	1473
Households	472	124.5	130	142.6	155.7	163.2	155.3	168.7	189.4	210.6	234.2
Companies	..	489	497.7	606.1	660.6	478.9	459.5	585.8	687.2	743	822.2
APU	208	231	330	387	302.1	179.7	127.1	300.8	343.6	378.5	413.1
APRI	..	2	2.1	2.3	2.6	1.9	2	2.2	2.4	2.7	3.1
Final consumption	3973	4201.5	4648.2	5219.2	5059.7	5100.8	5299.6	5470.4	5810.2	6174.1	6540
Households	3379	3487.1	3935	4444.2	4149.6	4269.7	4435.9	4545.2	4828.8	5108.3	5376.6
APU	594	699.2	697.5	757	890.3	812.2	843.6	903.7	958.6	1041.7	1137.5
APRI	..	15.2	15.7	18	19.8	18.9	20.1	21.5	22.8	24.1	25.8
Stock variation	66.2	-72.1	-37.19	-199.9	-194.3	-30	35	29.9	40	60.2	90
Export	2050	2533	2737.8	2807.5	3120	3053.7	3033.5	3128.2	3354.9	3620.1	3997
Goods	..	2345	2551.6	2607.1	2909.5	2828.6	2777.6	2889.8	3104.4	3356.4	3718
Net fact. services	..	188	186.2	200.4	210.5	225.1	255.9	238.4	250.5	263.7	279.6
Import	1782	1960.7	2074.3	2191.8	2273.1	2277.1	2359.4	2576.6	2840	3051.7	3338
Goods	..	1616.2	1689.6	1804.7	1878.7	1906.8	1983.6	2165.4	2393.2	2574.3	2810
Net. fact. services	..	344.5	384.7	387.1	394.4	370.3	375.8	411.2	446.8	477.4	528.8
GDP %											
GFCF	13.6	15.3	15.4	16.8	16.4	12.3	11.0	14.9	16.1	16.4	16.8
Investment (I)	15.0	14.0	14.8	13.9	13.6	11.9	11.5	15.3	16.6	17.1	17.8
State	4.2	4.2	5.3	5.7	4.4	2.7	1.9	4.2	4.5	4.7	4.7
Private	9.5	11.1	10.1	11.1	12.0	9.7	9.1	10.6	11.6	11.8	12.1
Stock var.	1.3	-1.3	-0.6	-3.0	-2.8	-0.4	0.5	0.4	0.5	0.7	1.0
Domestic Savings (S)	20.3	24.3	25.4	22.9	26.0	23.5	21.5	23.1	23.4	24.1	25.4
I-S	-5.4	-10.3	-10.6	-9.1	-12.4	-11.6	-10.0	-7.8	-6.8	-7.0	-7.5

Source : Ivorian Authorities

ANNEX IV

Côte d'Ivoire : Public Finances

(in CFAF billion)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total Income and Grants	1138.1	1272.5	1372.2	1439.1	1336.5	1270.5	1313.8	1449.5	1548.3	1619.1
- Fiscal income	897.3	1040.7	1112.9	1142.1	1149.1	1077.5	1117.4	1189.5	1277.3	1376.1
- Direct tax	202.1	229.5	303.6	327.7	322.3	334.4	319.9	336.7	370.6	402.2
- Indirect tax	695.2	811.2	809.3	814.4	826.8	743.1	797.5	852.8	906.7	973.9
. Non-pet. Goods and services	..	..	227.3	240	241.1	258.3	278.8	292.5	320.7	347.5
. Imports incl. petroleum	..	..	408.8	416.4	408.9	321.4	346	370.3	390.3	426
. Exports			173.2	158	176.8	163.4	172.7	190	195.7	200.4
- Non-fiscal	205.8	191.3	215.2	246.5	122.5	159.5	175.3	220	231	203
- CSSPPA surplus	135.9	70.1	84	131.6	1	8.5	5.4	7	8	8
- Social security contrib.	52.2	74.3	83.1	79.2	83.7	102.7	110	115	123	132
- Other non-fisc. income	17.7	46.9	48.1	35.7	37.8	48.3	29.9	38	40	53
- Telecom. charges							30	60	60	10
- Grants	35	40.5	44.1	50.5	64.9	33.5	21.1	40	40	40
Current Primary Expenditure	719.3	771.1	819	815.1	874.6	846.5	864.8	945.1	993	1055.8
- Salaries	346.3	389.6	408.1	415.2	425.3	454.1	478.8	535	535	572
- Social security	65.2	68.8	73.6	76.5	76	88.1	112.6	114.8	123.3	132.7
- Subsidies and other transfers	51.7	40.6	54.9	55.9	64.3	89.1	59.6	67	72	77.4
- Other current expenditure	256.1	272.1	282.4	267.5	309	215.2	213.8	228.3	262.7	273.7
Public debt interest	343.2	322.2	303	286.3	298.6	294.3	257.6	256	211.9	178.4
- Int. debt	41.5	35.7	38.6	34.6	35.6	29.6	20.7	22	22	8
- Ext. debt	301.7	286.5	264.4	251.7	263	264.7	236.9	234	189.9	170.4
Current Balance (c.b.)	75.6	179.2	250.2	337.7	163.3	129.7	191.4	248.4	343.4	384.9
Investment expenditure	280.4	304	372.3	455.9	352.5	208.1	95	342.5	373	409.6
of which project loans	121.5	139	130.7	151.1	149.7	105.3	40	190	190	190
Capital expenditure						2.3	4.5	5.3	5.3	5.3
Net loans	..	..	..	0		9	10	7	7	5
Arrears variation (- : reduction)	-79.1	-90.7	-51.7	25	135.4	47.9	-5.9	0	0	0
Overall Balance (comm. But not ordered)	-204.8	-124.8	-122.1	-118.2	-189.2	-89.7	81.9	-106.4	-41.9	-35
Overall Balance (cash basis)	-283.9	-215.5	-173.8	-93.2	-53.8	-39.5	80.5	-101.1	-36.6	-29.7
Int. Financing	103.1	40.1	63.8	59.7	235.4	-68.8	-98.2	-261.7	-237.6	-246.8
- Bank financing	29.1	7.5	4.2	49.2	105.7	-126.7	-117.1	-132.6	-130.6	-139.8
- Central Bank	6	60.3	27	97.4	-11.7	-54.9	-56.1	-96.8	-93.7	-101.8
- IMF	45.4	48.4	-11.6	100.6	-4.8	-23.5	-40.3	-61	-57.9	-66
- Statutory advances	-26.5	15	32.6	22.1	28.1	-32.7	0	-20	-20	-20
- Consolid. agreements	-15.8	-15.8	-15.8	-15.8	-15.8	-15.8	-15.8	-15.8	-15.8	-15.8
- Deposits and encash.	2.9	12.7	21.8	-9.5	-19.2	17.1	0			
- Commercial banks	23.1	-52.8	-22.8	-48.2	117.4	-71.8	-61	-35.8	-36.9	-38
- Public enterprises	37.0	55.1	25.1	44.2	24.1	9.2	15	8	5	5
- Other non banking sector	..	..	-100.6	-69.3	80.2	36.1	-2.8	-153.1	-127	-127
- Privatization yields	37	55.1	143.5	30.6	12.4	9	5.2	16	15	15
- Others	-28.5	-22.5	-8.4	5	13	3.6	1.5			
External Financing	210.4	178	61.6	47.4	14	149.7	64.5	-367	-18.3	-37.7
- Drawdown on project loans	86.5	87.5	83.2	95.7	83.1	67.2	18.9	150	150	150
- Other drawdowns	279.3	206.5	81.6	224.9	61.9	59.6	15.5			
- Amortization due	-385.9	-307.5	-275.4	-352.4	-359.3	-372.6	-346.8	-390	-359.8	-335.7
- Arrears variation	7.1	2.1	120.8	-120.9	32.4	189.8	167	-552	0	0
- Deposits			-10.6	10.1						
- Debt rescheduling	223.4	189.4	62	334.4	195.9	205.7	209.9	425	191.5	148
- Initial London Club payment				-144.4						
Gap (including adjustment)	29.60	2.60	-48.4	13.90	195.6	41.40	46.80	-729.8	-292.50	-314.20
in % of GDP										
- Ordin. income	22.8	22.9	22.0	21.2	19.6	19.0	19.5	20.4	20.4	19.9
- Fiscal income	18.0	18.8	17.9	16.9	16.8	16.2	16.5	16.7	16.8	16.9
- Subsidies and other transfers	1.0	0.7	0.9	0.8	0.9	1.3	0.9	0.9	0.9	1.0
- Basic primary balance (excl. grants)	4.5	5.3	4.3	4.0	2.8	4.3	5.5	4.4	4.4	3.7
- Debt interest	6.9	5.8	4.9	4.2	4.4	4.4	3.8	3.6	2.8	2.2
- Ordinary balance	1.5	3.2	4.0	5.0	2.4	1.9	2.8	3.5	4.5	4.7
- Grants	0.7	0.7	0.7	0.7	0.9	0.5	0.3	0.6	0.5	0.5
- Investments expenditure	5.6	5.5	6.0	6.7	5.2	3.1	1.4	4.8	4.9	5.0
- Overall deficit (excl. grants)	-4.8	-3.0	-2.7	-2.5	-3.7	-1.7	1.1	-1.9	-0.9	-0.8
- Primary balance (excl. grants)	11.4	11.1	9.2	8.2	7.2	8.7	9.3	8.0	7.2	5.9
- EP transfer	0.7	0.7	0.7	0.7	0.9	0.5	0.3	0.6	0.5	0.5
- Privatization	0.7	1.0	2.3	0.5	0.2	0.1	0.1	0.2	0.2	0.2
Drawdown on project/invest. %	12.7	10.3	8.7	8.4	7.4	8.2	2.5	14.2	12.3	11.2
Interest/Fiscal income %	38.2	31.0	27.2	25.1	26.0	27.3	23.1	21.5	16.6	13.0

Sources : IMF

ANNEX V

Côte d'Ivoire : Balance of Payments

(CFAF billion)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Exports FOB	1949.0	2014.2	2379.0	2427.0	2560.0	2607.0	2619.0	2831.0	3019.0	3256.0
<i>of which cocoa</i>	664.1	669.5	821.0	903.0	913.0	710.0	741.0	827.0	907	989.0
<i>Coffee</i>	213.8	163.6	208.0	222.0	153.0	202.0	125.0	149.0	161.0	176.0
Imports FOB	-1207.8	-1385.5	-1602.0	-1629.0	-1727.0	-1793.0	-1871.0	-1994.0	-2108.0	-2247.0
Commercial Balance	741.2	628.7	777.0	798.0	833.0	814.0	748.0	837.0	911.0	1009.0
Net services	-766.4	-787.2	-847.0	-839.0	-872.0	-920.0	-869.0	-911.0	-972.0	-1009.0
Income received	309.2	334.4	432	482	488	478	486	512	541	574
Factor income	18.5	20.2	23.0	25.0	25.0	25.0	25.0	27.0	29	31.0
Other services	290.7	314.2	409	457	463	453.0	461.0	486.0	513.0	544.0
Factor income paid	-1075.6	-1121.6	-1279.0	-1321.0	-1360.0	-1398.0	-1355.0	-1423.0	-1513.0	-1583.0
Factor income	-487.4	-498.7	-496.0	-491.0	-525.0	-558.0	-492.0	-506.0	-538.0	-540.0
of which interest due	-301.7	-296.8	-265	-252	-263	-274	-237	-245	-224	-207
Other services paid	-588.1	-622.9	-783	-830	-835	-840	-863	-917	-975	-1043
Net transfers	-205.6	-221.3	-217	-236	-245	-254	-258	-275	-294	-317
Private	-227	-247.7	-244	-264	-273	-276	-281	-298	-317	-340
Public	21.4	26.4	27	28	28	22	23	23	23	23
Current balance	-230.8	-379.8	-287	-277	-284	-360	-379	-349	-355	-317
Capital operations	135.5	225.8	133	194	-10	-31	-20	80	103	273
Net medium and long-term loans	-31.2	-44	-132	-40	-223	-253	-255	-193	-185	-41
. Projects	86.5	87.5	83	96	83	67	95	151	157	243
. Bil and multil. Assistance	279.3	206.5	73	225	62	60	1	0	0	0
. Amortization	-397	-338	-288	-361	-368	-380	-351	-344	-342	-284
State	-385.9	-326.7	-275	-352	-359	-375	-347	-338	-332	-270
Entreprises publiques	-11.1	-11.3	-13	-9	-9	-5	-4	-6	-10	-14
Other capital	166.7	269.8	265	234	213	222	235	273	288	314
Overall balance	-95.3	-154	-154	-83	-294	-391	-399	-269	-252	-44
Financing	95.5	153.9	153	83	296	391	23	-44	-39	-36
- Net reserves	-116.4	-29.5	-48	2	72	-36	38	-29	-39	-36
. Operating account	-161.8	-77.9	-35	-99	77	-12	78	35	32	44
. IMF	45.4	48.4	-13	101	-5	-24	-40	-64	-71	-80
. Others	0	0	0	0	0	0	0	0	0	0
- Commercial banks	-18.7	-20.1	18	12	-4	14	-11	-15	0	0
- Arrears variation	7.2	2.1	121	-121	32	413	-4	0	0	0
- Rescheduling	223.4	201.4	62	334	196	0	0	0	0	0
- London Club				-144	0	0	0	0	0	0
Balance	0.2	-0.1	-1.0	0.0	2.0	0.0	-376.0	-313.0	-291.0	-80.0
In % of GDP:										
Current balance	-4.6	-6.8	-4.6	-4.1	-4.2	-5.4	-5.6	-4.9	-4.7	-3.9
Current balance in public alloc.	-5.1	-7.3	-5.0	-4.5	-4.6	-5.7	-6.0	-5.2	-5.0	-4.2
Primary balance in billions of CFAF	70.9	-83	-22	-25	-21	-86	-142	-104	-131	-110
Primary balance in % of GDP	1.4	-1.5	-0.4	-0.4	-0.3	-1.3	-2.1	-1.5	-1.7	-1.4
Primary balance n.c. public allocation	1.0	-2.0	-0.8	-0.8	-0.7	-1.6	-2.4	-1.8	-2.0	-1.6
Debt service due % exports G & S	31.2	27.3	19.8	21.3	20.9	21.4	19.1	17.8	16.0	12.9
Debt service % ord. rec.	63.3	51.5	41.6	44.1	49.6	52.9	45.5	41.8	37.5	31.1

ANNEX VII

Côte d'Ivoire : Current Projects at at 15/04/01(in UA 1000)

Name of Project	Window	Approval Date	Date of Signature	Date of Last Disb.	Amount Approved			Amount Disbursed	Undisbursed Balance	Amount Cancelled	Net Commit. Cancell.	Project Disburs. Struct. (*)	Net Commit. Struct. %
					Project	PAMES	Total						
I. Agriculture													
1.1 Soya Cultivation Development	ADB	21-04-89	06-06-89	31-12-00	52670	39045.8	3740.0	42785.8	5233.6	4650.6	48019.4	88.2	
1.2 North-West Soya Cultivation Development	ADF	21-04-89	06-06-89	31/12/00	7506.6	7295.5	0.0	7295.5	211.1	0.0	7506.6	97.2	
1.3 West Forest Region Rural Development	ADB	16-12-91	16-10-92	31/12/00	65600	18080.7	17750.0	35830.7	29769.3	0.0	65600.0	37.8	
1.4 West Forest Region Rural Development	ADF	16-12-91	16-10-92	31/12/00	7828.9	2359.8	0.0	2359.8	5469.1	0.0	7828.9	30.1	
1.5 Livestock Development Project Phase II	ADF	24-11-93	01-12-93	30/06/01	11700	6534.8	1450.0	7984.8	3715.2	0.0	11700.0	63.8	
1.6 Rural Water Project	ADF	16-12-96	17-01-97	31-12-00	14000	6324.6	0.0	6324.6	7675.4	0.0	14000.0	45.2	
1.7 Young Farmers Promotion/Agro-Indus./Socio-econ. Indic.	TAF	17-09-97	11-02-98	31-12-00	2460	1109.3	0.0	1109.3	1350.7	0.0	2460.0	45.1	
1.8 Study for Formulation of Irrigation Dev. Plan..	TAF	22-09-99	24-03-'00	31-12-'02	1053	0.0	0.0	0.0	1053.0	0.0	1053.0	0.0	
1.9 Lakes Region Development Support Project	ADF	07-10-99	24-03-'00	31-12-'05	10000	0.0	0.0	0.0	10000.0	0.0	10000.0	0.0	
S/Total I					172818.5	80750.5	22940.0	103690.5	64477.4	4650.6	168167.9	55.6	55.0
II. Transport Sector													
2.1 Third Road Programme	ADB	31-08-93	04-09-94	30/06/01	49750	44119.3	0.0	44119.3	5630.7	0.0	49750.0	88.7	
2.2 Road Toll and Weighbridge Study	TAF	24-11-99	24-03-'00	31-12-'01	920	0.0	0.0	0.0	920.0	0.0	920.0	0.0	
S/Total II					50670.0	44119.3	0.0	44119.3	6550.7	0.0	50670.0	87.1	16.6
III. Public Utilities													
3.1 No current projects					0	0.0	0.0	0.0	0.0	0.0	0.0		
3.2 Gagnoa/San Pedro/Daloa Drainage Study	TAF	11-06-97	11-02-98	31-12-99	980	131.8	0.0	131.8	848.2	0.0	980.0	13.4	
S/Total III					980.0	131.8	0.0	131.8	848.2	0.0	980.0		0.3
IV. Industry and Development Banks													
4.1 No current projects					0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
S/Total IV					0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
V. Social Sector													
5.1 Regional Acad. Maritime Science & Technology	ADB	15-12-83	25-01-85	31/12/00	13200	12655.1	0.0	12655.1	544.9	0.0	13200.0	95.9	
5.2 Education IV	ADB	01-10-92	16-10-92	31/12/00	53000	39531.3	10000.0	49531.3	3468.7	0.0	53000.0	91.9	
5.3 Human Resource Development Programme	ADF	11-11-98	21-01-99	31-12-03	20000	0.0	0.0	0.0	20000.0	0.0	20000.0	0.0	
S/Total V					86200.0	52186.4	10000.0	62186.4	24013.6	0.0	86200.0	68.5	28.2
Total					310668.5	177188.0	32940.0	210128.0	95889.9	4650.6	306017.9	64.9	100.0

(*) : disbursement on projects/(net commitments –PAMES)

ANNEX VII
Côte d'Ivoire : Completed Projects as at 15/04/01(in UA thousand)

	Window	Approval Date	Date of Signature	Date of Last Disbur.	Amount Approved			Amount Disbursed			Undisburs. Balance	Amount Cancelled	Net Commit. Cancelled	Projects Disburs. Ratio (*)	% Net Commit. Struct.
					Project	PAMES	Total								
I. Agricultural Sector															
1.1 Agricultural Sector Adjustment Programme	ADB	10-08-90	14-09-90	14-11-94	115000	113747.6	1250.0	114997.6	0.0	2.4	114997.6	100.0			
1.2 Stockbreeding Devt. In the Centre-South and West	ADB	13-06-84	22-10-84	01-08-95	6000	5528.2	200.0	5728.2	0.0	271.8	5728.2	100.0			
1.5 Reforestation and Forestry Development	ADB	15-12-87	02-06-88	31-12-97	20620	16098.9	4520.0	20618.9	1.1	0.0	20620.0	100.0			
1.7 Central/C-N and C-E Region Rural Development (2 studies)	TAF	02-09-93	01-12-93	31-10-98	2302.6	1690.5	0.0	1690.5	0.0	612.1	1690.5	100.0			
1.8 AASA II	ADF	28-11-96	03-12-96	31-12-98	15000	15134.6	0.0	15134.6	-134.6	0.0	15000.0	100.9			
S/Total I					158922.6	152199.9	5970.0	158169.9	-133.6	886.3	158036.3	100.1		23.0	
II. Transport Sector															
2.1 Vridi Canal Entrance Dredging	ADB	19-12-73	14-05-74	31-12-91	3300.0	3300.0	0.0	3300.0	0.0	0.0	3300.0	100.0			
2.3 First Road Programme	ADB	28-08-85	21-10-85	31-12-91	56200.0	56200.0	0.0	56200.0	0.0	0.0	56200.0	100.0			
2.2 Second Road Programme	ADB	21-03-88	02-06-88	31-01-96	119290.0	117919.5	1300.0	119219.5	70.5	0.0	119290.0	99.9			
2.4 Aboisso-Noé Road Construction	ADB	22-01-78	21-01-79	14-11-94	4631.0	4602.8	28.1	4630.9	0.0	0.1	4630.9	100.0			
2.5 Aboisso-Noé Road Construction	NTF	25-01-78	22-01-79	30-06-84	2874.0	2872.4	0.0	2872.4	0.0	1.7	2872.4	100.0			
S/Total II					186295.0	184894.6	1328.1	186222.8	70.5	1.7	186293.3	100.0		27.1	
III. Public Utilities															
3.1 Water Supply in Five Hundred Centres	ADB	27-03-75	25-04-75	31-12-91	5000.0	5000.0	0.0	5000.0	0.0	0.0	5000.0	100.0			
3.2 Abidjan-San Pedro Water Supply	ADB	06-04-77	23-08-77	31-12-91	5000.0	4985.9	0.0	4985.9	0.0	14.1	4985.9	100.0			
3.3 Bouaké Water Supply	ADB	21-10-77	16-11-77	31-12-91	5000.0	5000.0	0.0	5000.0	0.0	0.0	5000.0	100.0			
3.4 Electricity Interconnection	ADB	22-08-78	04-05-78	31-12-91	3760.0	3592.3	0.0	3592.3	0.0	167.7	3592.3	100.0			
3.5 Plateaux Telecom. Phase II	ADB	16-03-82	28-06-82	14-11-94	10000.0	9603.2	396.0	9999.2	0.0	0.8	9999.2	100.0			
3.6 Energy Sector Adjustment Programme	ADB	23-06-88	14-07-88	24-10-90	120000.0	120000.0	0.0	120000.0	0.0	0.0	120000.0	100.0			
S/Total III					148760.0	148181.4	396.0	148577.4	0.0	182.6	148577.4	100.0		21.6	
IV. Industry and Development Banks															
4.1 Fertilizer Factory Construction	ADB	19-05-71	04-02-72	13-12-91	360.0	357.4	0.0	357.4	0.0	2.6	357.4	100.0			
4.2 Line of Credit to BIDI	ADB	28-10-76	05-09-77	31-12-91	2000.0	1999.4	0.0	1999.4	0.0	0.6	1999.4	100.0			
4.3 Financial Sector Adjustment Programme	ADB	23-03-92	10-04-92	14-11-94	50000.0	49749.5	250.0	49999.5	0.5	0.0	50000.0	100.0			
S/Total IV					52360.0	52106.3	250.0	52356.3	0.5	3.2	52356.8	100.0		7.6	
V. Social Sector															
5.1 Human Resources Adjustment Programme	ADB	21-04-92	25-05-92	31-05-94	50000.0	50000.0	0.0	50000.0	0.0	0.0	50000.0	100.0			
5.2 Human Resources Adjustment Programme	ADF	21-04-92	25-05-92	23-10-92	7368.4	7367.5	0.0	7367.5	0.0	0.9	7367.5	100.0			
5.1 Vocational Training High School, Phase I	ADB	29-08-79	15-10-79	31-12-97	8000.0	7999.8	0.0	7999.8	0.0	0.2	7999.8	100.0			
5.2 Vocational Training High School, Phase II	ADB	29-01-80	27-03-81	31-12-95	8000.0	7999.6	0.0	7999.6	0.0	0.4	7999.6	100.0			

5.3	Infrast.Rehab.- Basic Health Care Support	ADB	30-08-90	14-09-90	21-08-98	4053.0	1952.4	2100.0	4052.4	0.0	0.6	4052.4	100.0	
5.4	Infrastr. Rehab. - Basic Health Care Support	ADF	30-08-90	08-01-91	31-12-98	7368.4	7366.1	0.0	7366.1	2.4	0.0	7368.4	100.0	
S/Total V						84789.8	82685.4	2100.0	84785.4	2.4	2.0	84787.9	100.0	12.3
VI.Multisectoral Operations														
'	SFM Loan 1998	ADF	20-10-98	26-10-98	26-10-99	28411.0	28411.0	0.0	28411.0	0.0	0.0	28411.0	100.0	
'	SFM Loan 1999 Dec. 2000	ADF	12-04-'00	14-04-'00	14-04-'01	28658.0	28658.0	0.0	28658.0	0.0	0.0	28658.0	100.0	
S/Total VI						57069.0	57069.0	0.0	57069.0	0.0	0.0	57069.0	100.0	8.3
Total						688196.4	677136.7	10044.1	687180.8	-60.1	1075.7	687120.7	100.0	100.0
of which ADB						596214.0	585636.6	10044.1	595680.8	72.1	461.1	595752.9	100.0	86.7
ADF						86805.8	86937.2	0.0	86937.2	-132.2	0.9	86804.9	100.2	12.6
TAF						2302.6	1690.5	0.0	1690.5	0.0	612.1	1690.5	100.0	0.2
NTF						2874.0	2872.4	0.0	2872.4	0.0	1.7	2872.4	100.0	0.4
Total ADB						688196.4	677136.7	10044.1	687180.8	-60.1	1075.7	687120.7	100.0	100.0

(* Projects Disbursements/(Cancellations Commitment-PAMES)

ANNEX VIII : CÔTE D'IVOIRE : DIALOGUE AND MONITORING- MATRIX OF ACTION

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Domain	Problems Requiring Action	Action	Schedule	Party Responsible	Status
1. Payments due in 2001	1.1 Payments due 2001 : the secured budget provides for an amount of CFAF 79.4 billion (UA 85.74 million).	i) Payments due 2001 in accordance with the interim programme : CFAF 11 billion	Jul. – Dec. 2001	Gov.	i) Payment of CFAF 11 billion.
		li) Payment of CFAF 10 billion.	29 October 2001	Gov.	ii) Payment made 30/10/11 : Euros 15 255 901.72
		lii) November 2001 : - CFAF 7.00 billion - CFAF 7.00 billion - CFAF 7.00 billion	07 Nov. 2001 21 Nov. 2001 28 Nov. 2001	Gov.	Amount paid on 08/11/01 Amount paid on 22/11/01
	1.2 The Bank has requested that payment be made before 12/12/01, date of consideration of the Bank's budget by the Board of Directors.	iv) December 2001 :CFAF 35.2 billion	Dec. 2001	Gov.	
2. Settlement of 2000 arrears	2.1 Arrears as at 31/12/2000 : UA 28.95 million (CFAF 26.84 billion, 1UA= CFAF 926).	i) Arrears settlement plan : Settling of arrears followed by acceleration of ADB disbursements.		Gov./ADB	
3. Acceleration of disbursement of ongoing projects	3.1 Amount of disbursement requests to the Bank low as compared to resources available for the projects.	i) Meeting with Executing Agencies to prepare disbursement requests to be submitted to the Bank.	31/10/2001	Gov./Executing Agency	The meeting could not be held.
		iii) Consideration of disbursement request by FLAD/OCDW.	02/10/2001	ADB/gov.	Meeting held with the participation of the heads of ADB projects, (West, SOJA and Stockbreeding) and a representative of the Ministry of Agriculture. A preliminary amount of CFAF billion. The meetings were to be continued in the week of 05/11.

ANNEX VIII (Contd.) : CÔTE D'IVOIRE : DIALOGUE AND MONITORING – MATRIX OF ACTION

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Domain	Problem Requiring Action	Action	Schedule	Party Responsible	Status
4. Mobilization of ADF VIII allocation	41 No commitment concerning the Côte d'Ivoire allocation.	i) Dialogue paper to Board to be finalized on the basis of information provided by the Ivorian Authorities : - IMF Aide-memoire on SMP review - Macro-economic framework, TOFE, balance of payments, currency, prices; - Matrix on status of reforms	End of IMF mission	ADB/Gov.	i) The mission was held from 07 to 16/11/01 ii) Documents sent iii) Dialogue paper examined by SMC on 23/11/01
		ii) Speed up processing of documents concerning project to support reinforcement of governance capacities.	SMC 29/10/01	ADB	iii) Report about to be distributed for 17/12/01 session, pending dialogue paper.
		iv) Reforms support : Consultations with World Bank and GTZ on the possibilities of the programme of reforms, in the water and agriculture sector.		ADB	Meeting held on 07/11/01 with Director of Operations of World Bank. The economic revival programme to be assessed during SMP review mission.
		v) Exploratory Round Table with donors.	Before end of mission IMF	Gov.	
		vi) Prepare a rural development project and a human resource project to be submitted to the Bank's Board just after the lifting of sanctions.		ADB	i) Education V Project : GTID 19/11/01 ii) North West and Comoé Development: being processed
	5. ADB loans	5.1 Costly loans to old projects : - BAD-Ouest - SOJA - 3 rd Road Programme - Education IV	i) Determine the non-committed amounts to be cancelled and prepare relay projects.		Gov.	Question discussed during the task force meeting of 02/11/01 at ADB. The non-committed amount for the ADB west project is UA 19 million. Concerning the SOJA project, there is a possibility of cancellation of CFAF 2.05 billion credit.
6. PRSP	6.1 Preparation of Interim PRSP for HIPC decision point	i) Request Bank support for PRSP-I preparation ii) The Bank will indicate the application format		Gov.	i) Application model sent by e-mail to Director of «conjuncture économique et de la prévision» on 06/11/01.
7. Portfolio Review	7.1 Last Review in 1996	i) Coordination and monitoring meeting.		ADB/Gov.	