

# **African Development Bank African Development Fund**



## **CÔTE D'IVOIRE**

### GLOBAL COUNTRY STRATEGY NOTE 2009-2010

**Country Regional Department West 1 (ORWA)**

**February 2009**

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**Currency Equivalents**  
December 2008

UA 1	=	SDR 1
UA 1	=	CFAF 725.980
UA 1	=	1.10675 Euros
UA 1	=	US \$ 1.54027

**Fiscal Year**  
1 January to 31 December

## Acronyms and Abbreviations

ADB	African Development Bank
ADF	African Development Fund
AU	African Union
BCEAO	Central Bank of West African States
BWI	Bretton Woods Institutions
CCI	Integrated Command Centre
CFAF	CFA Francs
CNW	Centre, North and West
CPAR	Country Procurement Assessment Review
CPI	Corruption Perception Index
CPIA	Country Performance Institutional Assessment
CTGP-PSC	Government-Partner Technical Committee –Post Crisis Programme
DAC	Development Aid Committee
DUS	Single Export Duty
ECB	European Central Bank
ECOWAS	Economic Commission of West African States
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
ENV 2008	Household Living Standards Survey 2008
EPCA	Emergency Post-Conflict Assistance [Programme]
EPA	Economic Partnership Agreement
EU	European Union
FSF	Fragile States Facility
GCSN	Global Country Strategy Note
GDP	Gross Domestic Product
HDI	Human Development Index
HIPC	Heavily-Indebted Poor Country [Initiative]
ICT	Information and Communication Technology
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
MDG	Millennium Development Goal
MTEF	Medium Term Expenditure Framework
NPV	Net Present Value
ODA	Official Development Assistance
OECD	Organization for Economic Development and Cooperation
OPA	Ouagadougou Political Agreement
PEMFAR	Public Expenditure Management and Financial Accountability Review
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PWB	Public Works and Buildings
RBCSP	Result-Based Country Strategy Paper
SIGFIP	Integrated Public Financial Management System
SME	Small and Medium Enterprises
TFP	Technical and Financial Partner
UA	Unit of Account
UNDP	United Nations Development Programme
VAT	Value-Added Tax
WAEMU	West African Economic and Monetary Union

## Executive Summary

1. The aim of this **Global Country Strategy Note (GCSN)** is to assist Côte d'Ivoire move out of its fragile status by providing the Bank with a programming instrument that proposes two major strategic areas for the approval of the Boards for the 2009-2010 period, namely an arrears clearance plan to the Bank Group and a re-engagement strategy. This strategy rests on the eligibility of Côte d'Ivoire to the Fragile States Facility (FSF), which is also proposed to the Boards for approval.
2. Following normalization of the political situation in March 2007 as a result of the signing of the Ouagadougou Political Agreement (OPA), the Ivorian Government has made considerable efforts to address the many costs inherent in a post-crisis situation, while honouring the various commitments made to the Technical and Financial Partners (TFPs), notably the Bretton Woods Institutions (BWI). Thus, favorable prospects for normalization of the political situation led to the reengagement of the BWIs to support the Government's crisis-exit programme. Building on progress already made under the Emergency Post-Conflict Assistance (EPCA) programmes, the Government has prepared a programme which is likely to benefit from the IMF's PRGF support and from World Bank budget support.
3. With regard to the clearance of arrears, it will enable the country to: (i) benefit from a three-year programme supported by the IMF's PRGF; (ii) obtain a significant interim relief of its external debt through the HIPC Initiative; and (iii) receive a second budget support from the World Bank. Concerning reengagement, it will enable the Bank to assist Côte d'Ivoire to move out of its fragile status. It should be noted that in April 2007, the Bank's Management and Côte d'Ivoire signed an aide-mémoire, which lays the bases for the country's arrears clearance plan to the Bank Group. The parties have agreed on: (i) the postponement of the initial cut-off-date for arrears clearance from end December 2003 to end April 2007, (ii) the regular payment of current maturities, and (iii) payment by Côte d'Ivoire of one-third (1/3) of the total amount of arrears as at end April 2007. The Government has since been honouring its commitment to pay current maturities regularly. It has also taken significant steps to mobilize one-third of its total arrears to the Bank Group.
4. Concerning the payment of its share, in view of the significant amount and given the current cash-flow constraints on the Government, the country is resorting to a bridge loan whose disbursement will require the Board's prior approval of the arrears clearance plan and the budget support proposed under the reengagement strategy summarized below. This is required in light of the bridge loan provider's requirement that the transaction be carried out within one day. Such an approach has already been used recently by other development partners in their arrears clearance operations, particularly for Liberia, Togo and Côte d'Ivoire.
5. The arrears clearance plan proposed in the case of the Bank Group therefore requires a waiver of the Bank's sanctions policy for the approval of the budget support. The bridge-loan mechanism has been secured by the competent services of the Bank, and the budget support will be disbursed only after disbursement of the bridge-loan and the effective lifting of sanctions on the country.

6. **The Bank's reengagement** will be guided by four main principles, namely: (i) consideration of the fragile State status; (ii) selectivity of activities; (iii) a results-based approach; and (iv) coordination and harmonization of Bank actions with other partners. The overall objective of the Bank's strategy is **to assist Côte d'Ivoire move out of its fragile status by improving the living conditions of the population**. The objective centres on the following two pillars: (i) **strengthening of governance**, and (ii) **development of regional economic infrastructures**. These two intervention pillars are fully consistent with the enhanced engagement strategy in Fragile States (FSF) for which Côte d'Ivoire has been considered eligible and are in line with the operational priorities of ADF-XI. Furthermore, they will strengthen the Government's post-crisis process and economic recovery as defined in its development programme 2009-13.

7. The Bank's intervention in Côte d'Ivoire will be rapid and, for 2009, will essentially focus on budget support that will support crucial and urgent reforms in economic and financial governance. The country's fragile State status and its transition towards a post-crisis situation require rapid interventions to prevent the country from falling back into instability and to create conditions for increased reengagement by the external partners and sustainable growth that would help to restore the country's capacity to honour its obligations.

8. The implementation of this Strategy and achievement of the expected results would require taking into consideration the **major risks and corresponding mitigation measures**. The first risk is the **resumption of the socio-political crisis and political instability**. This risk could be mitigated by the timely implementation of the OPA and the holding of Presidential elections in 2009. The second risk is the possibility of **new accumulation of arrears to the Bank**. Fiscal discipline and judicious debt management would reduce this risk and pave the way for implementation of a programme supported by the IMF's PRGF and reaching the decision point of the HIPC Initiative.

9. The third risk, namely **fiduciary risk**, could be mitigated so long as the Government pursues, with the support of its external partners, the implementation of the PEMFAR priority action plan. The fiduciary risk is also mitigated by the coordinated monitoring of the reform programme. The last major risk to the Strategy proposed in this Note is related to **exogenous shocks**, notably climate change and fluctuations in international commodity prices that could impede the implementation of the programme. Similarly, the global upsurge in food and commodity prices and the impacts of the world recession constitute aggravating factors. The situation calls for increased diversification of the country's economy.

10. Thus, on the basis of observations shared with the BWIs and in view of efforts made by Côte d'Ivoire to honour its commitments on current debt servicing, it is proposed that the country's arrears be cleared through the global mechanism outlined in this note and detailed out in the arrears clearance plan, as well as the budget support proposal.

11. It is therefore proposed that the Boards: (i) approve the present strategy and consider the two complementary documents, namely the arrears clearance plan and the budget support proposal; and (ii) designate Côte d'Ivoire as a Fragile State eligible for FSF resources.

## I. INTRODUCTION

1.1 **The present Global Country Strategy Note (GCSN) 2009-2010** serves as a **transitional reference framework** for the resumption of cooperation

1.2 between the Bank Group and Côte d'Ivoire. It replaces the Result-Based Country Strategy Paper (RBCSP) which could not be formally prepared in the absence of the Government's final Poverty Reduction Strategy Paper (PRSP), within the set timeframe. The PRSP, covering the 2009-2013 period, will be approved by the Government and endorsed by the Bretton Woods Institutions (BWI) in the first quarter of 2009. However, it is worth noting that the present GCSN 2009-2010 draws on the provisional version of the PRSP that was discussed with the donors, including the Bank. With the preparation of this GCSN 2009-2010, the Bank hopes to reach another milestone in its dialogue with the Ivorian Government, and assist the country to effectively move out of its fragile status with FSF and ADF-XI resources.

1.3 In addition to this introduction, the present document is structured as follows: Section II presents the country's context and outlook, Section III discusses the country's qualification to the FSF, Section IV sets out the Bank's strategy, and Section V presents the conclusion and recommendations.

## II. CONTEXT AND OUTLOOK OF CÔTE D'IVOIRE

### 2.1 Political and Socioeconomic Context

#### Political Context

2.1.1. **The socio-political crisis has seriously undermined the foundations of the State.** Since 1999, Côte d'Ivoire has been faced with a crisis that has weakened the country's political and socioeconomic situation. The major events that have led to this situation include the 1999 coup d'état, the contested elections<sup>1</sup> of 2000, and the internal armed conflict of 2002 that resulted in the partitioning of the country, with the Centre, North and West (CNW) under the control of the "Forces Nouvelles" (former rebels) and the South and East under Government control.

2.1.2. The signing of the Linas-Marcoussis Peace Agreement in January 2003 marked the beginning of the "no-war-no-peace" deadlock between 2003 and 2007. Following this Agreement, which did not eventually resolve the crisis, various mediation attempts were made at the international level. A number of transitional governments were formed after each peace accord, which took measures to address difficult issues particularly those relating to citizen identification, disarmament and holding of elections.

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<sup>1</sup> These elections brought the current President of the Republic to power.

2.1.3. The last mediation, under the auspices of President Blaise Compaoré of Burkina Faso, resulted in the Ouagadougou Political Agreement (OPA), signed on 4 March 2007 and subsequently validated by the United Nations with the support of the international community.<sup>2</sup> This led to the formation of a new Government on 29 March 2007, headed by a Prime Minister from the “Forces Nouvelles” and comprising representatives from the major political forces in the country. In July 2007, the new Government presented its crisis-exit programme to the international community which operationalized the components of the OPA.

2.1.4. **Peace Consolidation Prospects:** The holding of transparent presidential elections is necessary for consolidating peace and strengthening of the security climate in the country. It is a key condition for normalization of the political process and stability in the sub-region. In view of this challenge, the Ivorian political parties signed a “Code of Conduct” in April 2008 to ensure a smooth Presidential election campaign. To that end, the authentication of the 2000 electoral list was completed in April 2008 and the enrollment operation of the population on the electoral list began in September 2008 in the various towns of the country. As at the end of January 2009, about 4.2 million persons<sup>3</sup> had been registered of which 1.9 million reside in Abidjan, representing an enrollment rate of 95.3% compared to 48.84% at the national level. The end of the enrollment period has been set for end of March 2009. This clears the way for the holding of elections in 2009 as desired by the stakeholders, following the postponement of the elections in November 2008 due to delays in the identification process and other problems relating to logistics.<sup>4</sup> Moreover, the Integrated Command Centre (CCI), responsible for safeguarding the peace process, is now almost operational.

2.1.5. **Security Environment:** As a result of the OPA, the political leaders and the population can now move around virtually unimpeded throughout the national territory, which is undergoing the process of reunification. All the prefects, sub-prefects and secretaries-general of prefectures have resumed duty and nearly 75% of the 24,000-strong public administration employees who were compelled to leave the CNW zones of the country have now been redeployed. In 2008, the security environment was relatively stable despite a few sporadic disturbances that occurred in some towns.<sup>5</sup> The withdrawal of troops from the frontlines and their effective regrouping and demobilization constitute significant factors for improving the security conditions.

## **Economic Context**

2.1.6. **The crisis has slowed down growth and development efforts.** Figure 1 presents the major macroeconomic indicators for the 2003-2009 period. Average annual economic growth was 0.4% between 2000 and 2007, well below the rates recorded (4%) in other countries of the West African Economic and Monetary Union (WAEMU).

<sup>2</sup> Resolution 1765 of the United Nations Security Council.

<sup>3</sup> The overall target is 8.6 million persons

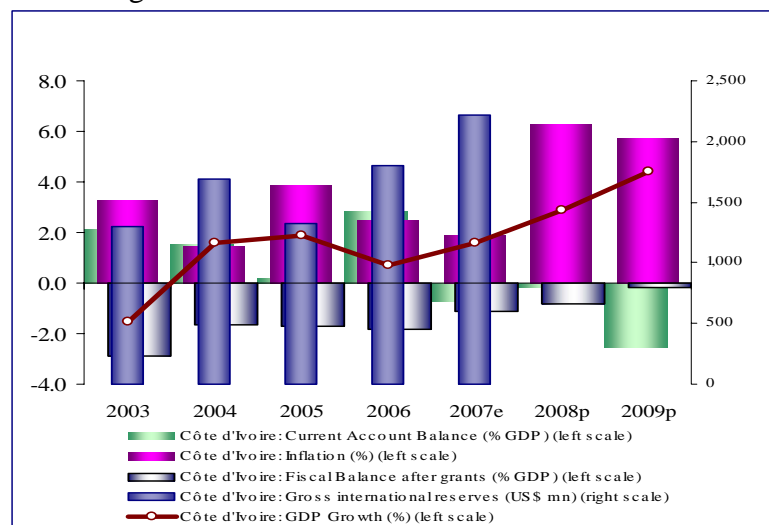
<sup>4</sup> A fourth supplementary Agreement to the OPA was signed on 22 December 2008 to address the technical and logistic issues.

<sup>5</sup> Bouake, Daoukro, Séguéla, Vavoua and Yamoussoukro.

2.1.7. In 2008, growth was estimated at 2.3%, due to the gradual normalization of the political situation and steady recovery in the agro-industry, energy, Building and Public Works (BPW) as well as telecommunications sectors. The agro-food industry has been driven mainly by cocoa processing. Côte d'Ivoire is the first cocoa producer in the world. Cocoa production decreased between 2007 and 2008 from 1.18 million tonnes (with 0.81 million tonnes exported and 0.31 million tonnes processed) to 1.14 million tonnes (with 0.78 million tonnes exported and 0.34 million tonnes processed). The 2002 crisis led to an increase in the world prices of these two commodities over the past six years.

2.1.8. Recently, the petroleum sector has begun to play a key role in the country's economic growth. Indeed, with an average output of 50,000 barrels of crude oil per day, Côte d'Ivoire could soon become a strategic petroleum producer in the West African region. The sector grew by 1.2% in 2008 against an 8.3% decline in 2007 as a result of the hike in international petroleum prices. Indeed, the value of crude oil production increased by nearly 7.8% between 2007 and 2008.

Figure 1 : Macroeconomic Indicators 2003-09



Source: The IMF, Ivorian authorities, November 2008

2.1.9. **Inflation:** The country's membership in the Franc Zone, coupled with the Government's efforts, helped to contain inflationary pressures. In 2007, inflation rate averaged 1.9% thanks to stable prices, excluding food prices.<sup>6</sup> However, in 2008, following the food crisis, inflation rose sharply to 6.3% in 2008 (see Box 1).

2.1.10. **External Balance:** The country's current account balance is structurally in deficit. The partitioning of the country has resulted in a significant reduction in external trade. Recently, the rise in the price of cocoa on the international market translated into a higher than usual surplus of the trade balance (17.5% of GDP in 2006 compared to 14.6% in 2005). This surplus helped to improve the current account balance (excluding public sector transfers) from 0.4% of GDP in 2005 to 3.0% in 2006. In 2007, the trade balance deteriorated

<sup>6</sup> Transport and housing with respective decreases of 0.4% and 0.7%

to 12.9% of GDP. This decline, mainly due to crude oil imports, culminated in a deficit of the current account (excluding public sector transfers) to -1.5% of GDP.<sup>7</sup> However in 2008, the trade balance and the balance on current transactions (excluding public sector transfers) improved considerably standing respectively at 1.1% and 2.0% of GDP due to a more favourable outlook for cocoa and oil prices.

**Box 1: Impacts of the Food Crisis**

The Ivorian population was hard-hit by the food crisis when the prices of rice, milk, oil and other foodstuffs rose sharply. This price escalation was the root cause of the demonstrations of 31 March and 1 April 2008. Subsequently, the Government decided in March 2008 to reduce taxes, particularly the value-added tax (VAT) on some major consumer items in order to mitigate the impacts of the crisis.

Furthermore, the Government took structural measures aimed at increasing supply and improving distribution. Thus, a rice production recovery programme was adopted.

Furthermore, the WAEMU adopted the implementation of an emergency plan amounting to CFAF 100 billion, of which CFAF 40 billion was provided by community institutions, to combat the upsurge of commodity prices within the Union, develop its agricultural policy and thereby match supply with demand. Similarly, it released the amount of CFAF 300 billion to the BOAD for a three-year period for financing exclusively agricultural projects in Member countries, including Côte d'Ivoire.

It is also worth noting that the Bank provided a grant of US\$ 500,000 from the Special Assistance Fund to Côte d'Ivoire in June 2008 (ADB/BD/WP/2008/89/Approval). The grant helped to support efforts by the Ivorian Government to distribute emergency food aid to displaced persons following the internal armed conflict. Indeed, the resources of the grant were used in purchasing food, as well as in covering related transport and distribution costs of food rations to the beneficiaries.

**2.1.11. Macroeconomic Outlook:** In the medium term, positive trends in the political domain could translate into sustainable economic recovery. As from 2009, economic growth should attain the pre-crisis level (4% on average). Indeed, it is estimated that real GDP growth could reach 4.7% by 2011, mainly as a result of: (i) the continued implementation of structural reforms in the coffee-cocoa and energy sectors; (ii) increased public investment under the poverty reduction strategy; and (iii) gradual increase in private sector activities as a result of renewed confidence by economic operators. Also, in the external sector, projections indicate that the current account deficit could deteriorate to -4.2% of GDP by 2011. However, the present financial crisis could slow down economic growth in the medium term (see Box 2).

<sup>7</sup> In view of the superior quality of its oil, the country exports its production, and for its domestic consumption, imports mainly from the West African sub-region.

### **Box 2: Impact of Financial Crisis**

The economic recession arising from the financial crisis, which is affecting many developed countries, could result in a decline in demand and the prices of raw materials. The Ivorian economy could therefore be adversely affected by decrease in the volume of its exports and a reduction in the prices of its major export commodities (cocoa, rubber, oil, cotton and cashew nuts), resulting in a decrease in its export revenues.

Furthermore, the recession could result in a contraction of the capital markets, and for countries like Côte d'Ivoire, lead to dwindling capital flows and investments, as well as external aid. In view of this, the financial crisis could result in decreased external resources on which the country is mainly dependent for the implementation of its post-crisis agenda. In such a scenario, the country could witness a decline in its growth indicators and an accumulation of domestic and foreign debts.

Financial sector restructuring measures in the WAEMU as well as the decision by the BCEAO to mobilize resources to address the energy problems in Member countries, including Côte d'Ivoire, is a reflection of the desire of the States to confront the effects of the crisis.

## **Macroeconomic Management**

**2.1.12. 2007-2008 Economic Programme:** In May 2007, the Government, in collaboration with the Bretton Woods Institutions (BWI) and the Bank, prepared an economic reform programme for the 2007-2008 period. The programme aimed at restoring macroeconomic stability and accelerating structural reforms in key sectors such as energy and coffee-cocoa. Hitherto, the Government's programme has been supported by two IMF Emergency Post-Conflict Assistance (EPCA) Programmes.

2.1.13. The generally satisfactory implementation of the first EPCA programme (EPCA-I) resulted in a slight improvement of the macroeconomic framework and the approval of a second IMF (EPCA-II) programme in April 2008. A review of EPCA-II was also satisfactory, despite budgetary overspending of 0.7% of GDP in the second semester of 2008.

2.1.14. The reforms implemented in 2008 include: (i) the quarterly publication of budget execution reports, (ii) improvement of transparency in the energy and coffee-cocoa sectors; (iii) improvement in the management of public expenditures; and (iv) maintaining a slight surplus in the basic primary budgetary balance.

**2.1.15. Budget Execution 2008:** Public revenue (excluding grants) is estimated at 18.9% of GDP in 2008 compared to 19.2% of GDP in 2007. The fall in public revenue is due to: (i) a decline in crude oil production compared to the previous year following the closure of some wells for dredging, and (ii) the suspension of the single export duty (DUS) advance payments on cocoa. On the other hand, expenditures rose slightly from 20.5% of GDP in 2007 to 21.1% in 2008. The composition of spending deteriorated with increased sovereign expenditures. Budgetary overspending, due to the transfer of the capital to Yamoussoukro<sup>8</sup> and rehabilitation works of Hôtel Ivoire. These works were paid off-budget by direct delivery of crude oil to the contractor.

<sup>8</sup> It is worth noting that the transfer of the capital to Yamoussoukro was part of the post-crisis strategy that included the reduction of the congestion in the city of Abidjan as a development area and a more equitable distribution of investments.

2.1.16. Specific measures were taken to ensure that such budget overspending is avoided in the future. Thus, transparency has been enhanced on expenditures relating to construction works for the transfer of the capital to Yamoussoukro. In particular: (i) 2008 expenditures on works have been regularized pending budget revisions limiting the related expenditures; (ii) a technical and financial audit has been launched; (iii) progress reports on the execution of works for 2008 and for 2002-2007 will be submitted to the Cabinet Meeting in March 2009, and (iv) a more transparent framework will henceforth be established for the execution of these works.

2.1.17. As for the basic primary balance, it registered a slight surplus of 0.4% in 2008 compared to 0.6% in 2007. The primary basic surplus was well below the earmarked target of the EPCA-II programme (0.8%) due to the fall in petroleum and cocoa export revenues coupled with foregone revenue relating to tax cuts for foodstuffs (0.5% of GDP).

2.1.18. The cash-flow problems, due to non-adherence to the basic primary balance, worsened because of inadequate mobilization of external financing and resources on WAEMU financial markets. WAEMU contracted and the Government was thus unable to mobilize the expected financial resources. Furthermore, the disbursements from development partners for the crisis-exit programme were delayed. Thus, the Government had to postpone clearance of arrears to the Bank Group and also accumulated domestic arrears.

2.1.19. **Debt:** The debt burden continues to weigh heavily on public finance, thus constituting a major constraint on the economic and financial recovery of the country. Indeed, the country's public debt is still unsustainable, despite its decline from 73.4% of GDP in 2005 to 59.0% of GDP in 2008. The last debt reconciliation of May 2008 by the IMF shows that the Net Present Value (NPV) of the debt-to-revenue ratio in 2007 amounted to 327%, far exceeding the reference threshold of 250%. This is also true for the two sub-criteria under the "fiscal window", namely export-to-GDP and tax revenue-to-GDP ratios. These ratios stand at 44.8% and 18.9% respectively as against the indicative thresholds of 30.0% and 15.0% respectively.

2.1.20. Concerning the country's arrears to multilateral institutions, the Bank and the World Bank initiated negotiations with the authorities in 2007 in order to find solutions. Thus, the Ivorian authorities signed an aide-mémoire with the Bank (April 2007) and a Memorandum of Understanding with the World Bank (June 2007). Pursuant to its agreement with the World Bank, the country cleared its arrears to the latter in the amount of US\$ 504 million in February 2008. As for the Bank, the country honoured its current maturity payments for 2008 to the tune of UA 72.29 million and for January and February 2009 to the tune of UA 9.52 million. With regard to clearance of one-third of its arrears, the country paid UA 27.6 million from its own resources and is proposing to pay the balance through a bridge loan.

2.1.21. The difference in treatment between the World Bank and the Bank stems mainly from the fact that the World Bank, which initially had negotiated with the Ivorian authorities an arrears clearance plan similar to that of the Bank, had to revise its position in order to respond to new priorities expressed by the country and the United Nations. To cover

supplementary needs of the post-crisis programme, the World Bank allocated part of its resources initially earmarked for arrears clearance to the programme.

2.1.22. **HIPC Initiative:** Côte d'Ivoire has been eligible for the Heavily-Indebted Poor Country (HIPC) Initiative since its inception in 1996. Upon reaching the decision point, now expected for early 2009, a significant reduction of the country's debt by US\$ 3.0 billion (in NPV) would constitute the HIPC assistance needed to reduce the Ivorian debt to sustainable levels. Based on the proportional burden sharing, multilateral assistance would amount to US\$ 694 million (in NPV), whereas the bilateral and trade assistance required would be about US\$ 2.3 billion (in NPV). The share of the assistance of the Bank Group is estimated at US\$ 200 million. In accordance with the guiding principles of the HIPC Trust Fund accounting, this assistance will be fully provided as part of the arrears clearance operation. Hence, Côte d'Ivoire will not benefit from any debt service relief during the interim period, and will need to make full payments of all its maturities during this period.

2.1.23. Furthermore, a significant portion of the domestic arrears has been cleared since 2007 following the mobilization of resources from the regional financial market. Thus, the domestic debt arrears-to-GDP ratio fell from 5.4% in 2006 to 3.5% in 2007. Nonetheless, these arrears continue to be a burden on public finance, as well as for the private sector. Consequently, with the assistance of the Bank and the BWIs, the Government has prepared a domestic arrears clearance plan over the 2009-2010 period whose implementation has started in 2009.

2.1.24. **Monetary Policy and Financial Sector:** Côte d'Ivoire is a member of the West African Economic and Monetary Union (WAEMU). In this regard, the monetary and credit policy is defined by BCEAO, which is linked to the European Central Bank (ECB). Despite the good performance of the banking system over the last four years, the financial system continues to show structural weaknesses deepened by the impacts of the September 2002 crisis. Thus, the financial sector was hard-hit by the closure of all bank branches in the CNW zone after 2002. As a result, in January 2008, the BCEAO decided to raise the minimum capital from CFAF 1 billion to CFAF 5 billion for new banks, while the old banks have up to three years to comply. It should also be noted that the redeployment of the financial administration and banks in the CNW zones started since end 2008.

2.1.25. **Structural Reforms 2007-2008:** Significant progress was made in 2008 both at the level of the coffee-cocoa industry and the financial and energy sectors. In the coffee-cocoa sector, the budgets of the regulatory structures<sup>9</sup> for 2007 as well as copies of the certified accounts for 2006 were made public. Furthermore, reports on the output and financial flows of the sector are submitted to the Cabinet Meeting each quarter. Moreover, a judicial investigation relating to fraud allegations in the cocoa industry began in October 2007 resulting in the arrest of virtually the entire management of the regulatory structures in June 2008.

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<sup>9</sup> ARCC (Coffee-Cocoa Regulatory Authority), FRC (Regulatory and Control Fund), BCC (Coffee and Cocoa Stock Exchange) and FDPCC (Coffee-Cocoa Subsector Development Fund)

2.1.26. With regard to the energy sector, with the support of the World Bank, the auditing of the Ivorian Refinery Company (SIR), the Petroleum Operations Company of Côte d'Ivoire (PETROCI) and the Ivorian Electricity Company (CIE) have been completed. Furthermore, in May 2008, the country submitted its application for admission to the Extractive Industries Transparency Initiative (EITI) and it has two years to meet the criteria of this Initiative. Admission into the EITI should promote foreign investments in the mining, natural gas and petroleum sub-sectors. Moreover, the Government implemented an increase averaging 10% on electricity tariffs of enterprises (beginning 2008) and households (end 2008).

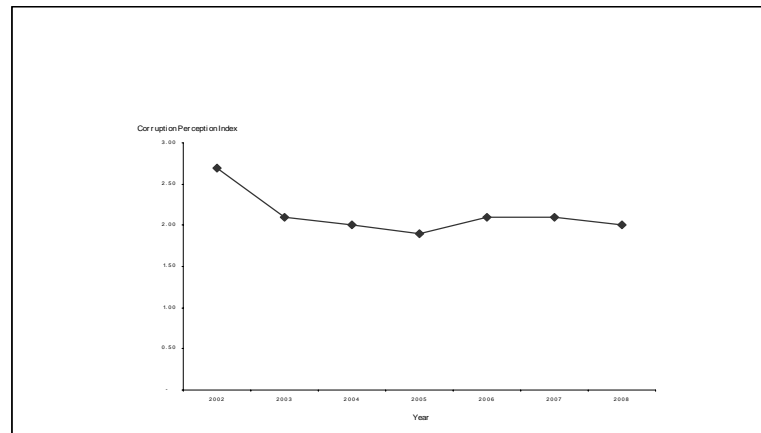
2.1.27. Lastly, in the financial sector, audits were conducted in the National Investment Bank (BNI), the National Savings Bank (CNCE) and the National Social Providence Fund (CNPS). These audits proposed measures to remedy the imbalances in these financial institutions. Furthermore, the Government intends to step up efforts to bring Ivorian banks to comply with the WAEMU prudential provisions and recommendations. The Microfinance Strategy was adopted by the Government in October 2008.

## Governance

2.1.28. The long period of political instability and conflict has resulted in a deterioration of governance and transparency in State affairs.

2.1.29. **Perception of Corruption:** Following the long political crisis in the country, the perception of the level of corruption has deteriorated in the country. Figure 2 below shows the trend of the Corruption Perception Index (CPI) of Transparency International for the 2002 to 2008 period. Between 2002 and 2005, the CPI deteriorated before improving slightly in 2006. However, for the years 2007 and 2008, the Index declined again, thereby confirming the fact that corruption remains a major challenge for the Government.

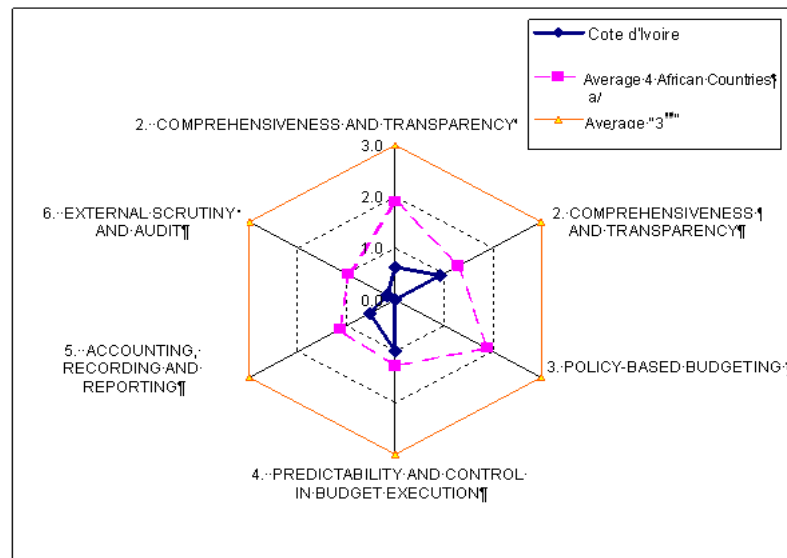
Figure 2 : Evolution of the Corruption Perception Index (2002-2008)



Source: International Transparency

**2.1.30. Public Financial Management:** The performance of the public financial system is generally weak, according to the criteria of the Public Expenditure Management and Financial Accountability Review (PEMFAR<sup>10</sup>). Figure 3 indicates average ratings per PEMFAR dimension of Côte d'Ivoire and compares them with the average of three West African countries (Benin, Ghana and Mali) and one East African country (Tanzania). The ratings for Côte d'Ivoire for the six dimensions fall below those of each of the four countries in the sample. Indeed, with the crisis, the normal budgetary cycle has been adversely affected. A significant portion of public spending (over 50% in 2006) was executed outside the normal budgetary procedures, using discretionary treasury advances. Furthermore, financial procedures have deteriorated. Some revenues from petroleum sales were not declared in the Government budget. Levies on cocoa, collected by the sector regulatory agencies were not used for the producers as planned.

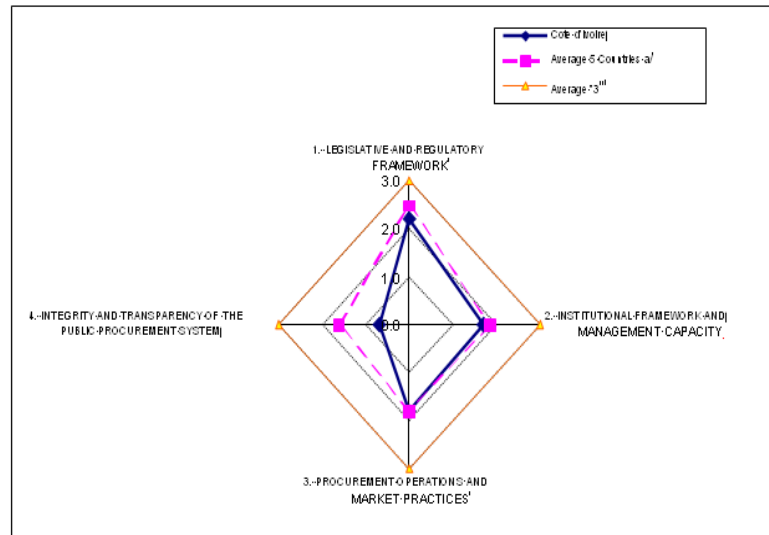
Figure 3 : Public Financial Management Comparison with Côte d'Ivoire, Mali, Benin, Ghana and Tanzania



Source: Report published on [www.PEFA.org](http://www.PEFA.org) website.  
Note: Scoring: 3 = "A"; 2 = "B"; 1 = "C"; "D" = 0.

**2.1.31. Public Procurement System:** Despite the political instability in the country, it is worth noting that progress been made in the public procurement system. Figure 4 below provides the OECD four reference pillars for the public procurement assessment. Indeed, the assessment shows that, overall, the public procurement system of Côte d'Ivoire is slightly above the average rating system used by the OECD/DAC. However, there is a wide disparity between the ratings by pillar, notably between the "Integrity and Transparency of the Public Procurement System" (Pillar 4) and the other pillars. Indeed, the absence of a separation of regulatory functions from those of execution and control affects the efficiency of the system and reduces the impact of the reforms implemented since 2002.

<sup>10</sup> Public Expenditure Management and Financial Accountability Review (PEMFAR). The review, which was conducted from November 2007 to June 2008 with the support of the Bank and the BWIs, included an evaluation of public financial management and the public procurement system.

Figure 4 : Public Procurement System in Comparison with Other Countries <sup>a/ b/</sup>

Source: [www.oecd.org](http://www.oecd.org) Refer to Public Procurement

a/ Total of all scores of the sub-indicators of each pillar divided by its number.

b/ Total of all scores for the following five countries: Uganda, Ghana, Rwanda, Vietnam, Sri Lanka.

2.1.32. To address these problems, the Government instituted measures to strengthen public financial management and the public procurement system. In 2006, a new Public Procurement Code entered into force. The Code abolishes discriminatory procedures and promotes competition, as well as establishes a regulatory framework for combating corruption and fraud in public procurement. It also provides for the establishment of permanent appeal mechanisms for arbitration or reconciliation and rules for eradicating conflicts of interests. Furthermore, the Government began publishing (including on the Internet) quarterly budgetary execution reports since the second half of 2007. The budget has also found its normal pace of preparation and adoption and the Finance Bills for 2003-2006 have been submitted to the Accounts Bench of the Supreme Court. Treasury advances have been reduced (since early 2008) and the DUS advance payments on cocoa exports abolished.

2.1.33. The Government is strongly committed to implementing medium-term priority actions and reforms as recommended by the PEMFAR report. These actions include: (i) improvement of budget classification and nomenclature, consolidation of all public institutions in the Government budget and preparation of the Medium-Term Expenditure Framework (MTEF); (ii) reduction of delays in the budget approval and execution cycle through the Integrated Public Financial Management System (SIGFIP); (iii) strengthening of the Accounts Bench of the Supreme Court and reduction of delays in budget execution reviews; and (iv) at the level of the public procurement system, separation of regulatory functions from those of execution and control.

2.1.34. **Private Sector:** Difficulties encountered by the private sector increased with the socio-political crisis and accumulation of Government domestic arrears. Table 1 below presents the ranking of the country out of 181 countries based on the World Bank's "Ease of Doing Business" criteria. Even though in 2007 the ranking of Côte d'Ivoire improved in

comparison to the previous year (+2),<sup>11</sup> for 2008, the country was ranked 161<sup>st</sup> out of 181 countries. This negative change (-6) between 2007 and 2008 reflects the major constraints that have been hampering the development of the sector, namely: (i) administrative red tape; (ii) absence of an orientation law on SMEs, (iii) a mismatch between available training and the needs of enterprises; (iv) recrudescence of fraud, corruption and smuggling as well as (v) illegal levies (“racketeering<sup>12</sup>”) on the roads by the security forces, both in the Southern and the Northern parts of the country. Thus, since the 2002 crisis, several enterprises have relocated to other countries in the sub-region, thereby further weakening the private sector. Côte d’Ivoire is also classified as one of the least competitive countries in the world. In 2008-2009, the country was ranked 110<sup>th</sup> out of 134 countries according to the World Competitiveness Index of the Global Economic Forum.<sup>13</sup> The Forum report stresses the need for the country to become stable at the political and the macroeconomic levels, as well as the need to develop institutions and the labour market.

Table 1  
Table 1 : Ease of Doing Business Classification, 2008

	Côte d'Ivoire	Africa
Ease of doing business	161	134
Starting a business	167	122
Dealing with permits	160	112
Employing workers	112	117
Registering property	139	122
Getting credit	145	114
Protecting investors	150	112
Paying taxes	148	108
Trading across borders	147	124
Enforcing contracts	124	116
Closing a business	68	117

Source: Ease of Doing Business, World Bank, 2008

## Integration and Trade at Regional Level

2.1.35. **Regional Integration:** Côte d’Ivoire is a member of several regional organizations including the West African Economic and Monetary Union (WAEMU), the Economic Community of West African States (ECOWAS) and the African Union (AU). Prior to the crisis, Côte d’Ivoire played a leading role in the economy of the sub-region. However, since 2002, the regional integration efforts of the country have slowed down significantly.

2.1.36. Table 2 below presents the WAEMU convergence criteria and shows that most of the country did not comply with most of these criteria in 2007 and 2008. Moreover, the crisis considerably reduced the volume of trade between Côte d’Ivoire and the neighbouring countries.

<sup>11</sup> Côte d’Ivoire was classified 155<sup>th</sup> out of 178 countries in 2007, improving its rank by +2 in relation to 2006.

<sup>12</sup> Racketeering is the practice of extorting money from travelers to enable them cross security checkpoints’

<sup>13</sup> The country was not classified in 2007-2008.

2.1.37. As regards trade, Côte d'Ivoire signed a provisional Economic Partnership Agreement (EPA) with the European Union (EU) in November 2007. This Agreement is the first of the kind to be signed between the EU and an African trading partner. Thus, Côte d'Ivoire has free access to the EU market and in return is expected to open its economy in an asymmetrical and gradual manner. The country has precluded from the liberalization process a number of agricultural or processed commodities and will liberalize 81% of its imports from the EU over a fifteen-year period. The Agreement also provides for EU assistance to contribute to enhancing the competitiveness of the Ivorian industry as well as measures intended to assist Ivorian exporters to meet the EU import standards.

Table 2: WAEMU Convergence Criteria

	Norms	2007	2008
First Rank Criteria			
Basic budgetary balance/GDP	0% min	0.3%	0.1%
Annual inflation rate	3% max	1.9%	6.3%
Outstanding external public debt to GDP	70% max	70.1%	58.5%
Payment arrears	Non-accumulated	25.0%	23.6%
Foreign arrears	Non accumulated	21.5%	20.6%
Domestic arrears	Non accumulated	3.5%	3.1%
Second Rank Criteria			
Wage bill / Tax revenues	35% max	41.4%	42.5%
Investment from internal resources / Tax revenues	20% min	12.7%	13.6%
Current external balance excluding grant / GDP	5% max	-0.7%	-0.2%
Tax ratio	17% min	15.5 %	16.5%

Source: BCEAO, IMF, Ivorian authorities

## Social Context

2.1.38. **Poverty:** The slow economic recovery has not been accompanied by an improvement of the social indicators. According to the household survey of 2008 (ENV 2008), **one person out of every two is poor in Côte d'Ivoire today**. Indeed, the rate of poverty deteriorated sharply from 38.0% in 2002 to 48.9% in 2008, (see Annex 6). Furthermore, poverty is more widespread in the rural areas than in the urban areas. The poverty rate rose from 49.0% in 2002 to 62.5% respectively in the rural areas as against 24.5% and 29.5% over the same period in the urban centres. Income distribution is also largely uneven. Indeed, 10% of the most affluent of the population holds 32.8% of the total income compared to 30.4% held by 60% of the poorest.

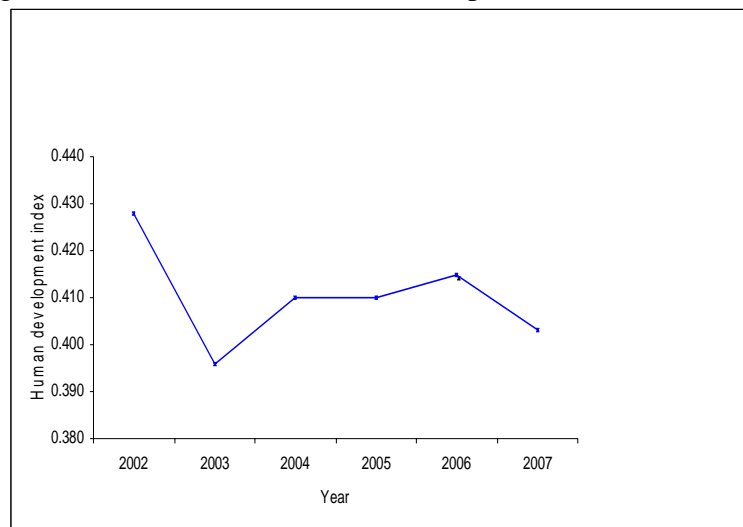
2.1.39. **Millennium Development Goals (MDG):** The lack of accessibility of public administration in the CNW region since 2002 has not fostered the improvement of the MDG indicators. Figure 5 below shows the trend of the United Nations Human Development Index (HDI) for Côte d'Ivoire over the 2002-2007 period. The Index declined significantly between 2002 and 2003, improved slightly between 2003 and 2006 and contracted again in 2007. This

generally negative trend is accounted for by the continued degradation of health and educational systems as well as the standard of living of the people. Hence, it is unlikely that the eight MDGs will be attained in 2015 and the most worrying indicators are those related to health and education.

**2.1.40. Education:** The 2007-2008 academic year began normally throughout the country. Indeed, following the redeployment of a large number of teachers, enrolment rates increased slightly in 2008. However, the quality of education, notably at the primary level, has declined considerably as a result of the lack of qualified teachers. Moreover, the educational system is characterized by a high rate of repetition and dropouts. Furthermore, many teachers' strikes as well as persisting insecurity in various places prevent many children from attending school normally.

**2.1.41. Health:** Côte d'Ivoire is the country most affected by HIV/AIDS in West Africa (4.7%). Thus, the Government has prepared the 2008-2009 action plan that defines AIDS control intervention strategies and actions. With regard to the rate of prevalence of tuberculosis, Côte d'Ivoire is ranked 9<sup>th</sup> on a global scale (651 cases per 100,000 inhabitants). As for malaria, it constitutes the primary cause of morbidity in the country, with a 74% incidence.

Figure 5 : Evolution of Human Development Index (2002-2007)



**2.1.42. Gender:** Gender inequalities persist at several levels, notably, with regard to access to basic social services, employment, decision making and participation in public and political life. With regard to education, in 2008, the net girls' enrolment rate in primary education was 53.1% as against 58.8% for boys. With regard to employment, only 12.7% of formal sector jobs were occupied by women in 2005. In terms of participation in political life and in decision making, the proportion of women remains low. Only 8.7% of Parliamentary seats were occupied by women in 2008.

## Environment

2.1.43. **Forest Heritage and Biological Diversity:** Total area of dense forests was over 2.8 hectares million in 2007. Agriculture is the main cause of the degradation of 40% of the country's forests. Other factors include bush fires and population pressure. The country has four large rivers (the Sassandra, the Bandama, the Comoé and the Cavally). There is also a vast lagoon, eleven watersheds and the country shares two river basins with neighbouring countries. The erosion of land and marine biological diversity has been intensifying, notably as a result of poaching and the use of hazardous products for fishing.

2.1.44. The country faced an unprecedented environmental disaster in August 2006, following the offloading, by a boat, of nearly 400 tonnes of toxic waste in the port and several residential neighbourhoods of Abidjan. This disaster resulted in the intoxication of thousands of persons. In 2007, the Government received CFAF 95 billion (representing 1% of the GDP) following an out-of-court settlement between the shipping company and the Ivorian party. These financial resources are being used mainly to compensate the victims and for waste cleansing operations.

2.1.45. **Institutional and Legal Framework:** It is worth noting that a significant number of the laws and decrees necessary for the environmental sector have already been approved. However, the will and commitment to implement, as well as effectively and efficiently enforce the legislation on the ground have been lacking.

## 2.2 Strategic Options

### Government Development Programme

2.2.1. **The crisis-exit programme operationalizes the OPA.** The main objectives of the Programme, presented to the international community at the July 2007 Roundtable, are: (i) creation of favourable conditions for exercising State authority throughout the country; (ii) creation of security conditions throughout the country; (iii) building an enabling framework for the identification of the population; (iv) creation of favourable conditions for adequate social cohesion; and (v) establishment of a framework and a mechanism for organizing credible elections. In the absence of a poverty reduction strategy, the programme serves as a reference for interventions by the TFPs.

2.2.2. **Poverty Reduction Strategy Paper (PRSP):** As indicated above, the Government initiated the formulation of its new Poverty Reduction Strategy Paper (PRSP) in December 2007. The Strategy was formulated in three stages using the participatory approach. The first stage consisted in an evaluation of the Interim-PRSP of 2002.<sup>14</sup> The second stage consisted in collecting information on the needs of the Ivorian population. Thus, a household survey (ENV 2008)<sup>15</sup> was conducted from 17 March to 30 April 2008 throughout the national territory (including CNW region). The Government presented the outcomes of these

<sup>14</sup> The Government prepared an I-PRSP in 2000, which was adopted by the International Community in March 2002 under the HIPC Initiative. However, the implementation was interrupted at the start of the crisis in September 2002.

<sup>15</sup> The ENV 2008 helped formulate the poverty profile of the population following the sociopolitical crisis.

consultations in May 2008 at the validation workshop in Yamoussoukro. The third stage consisted in organizing thematic workshops aimed at establishing the priorities of the strategic areas. Development partners, including the Bank, also held consultations with the Government on the Strategy.

2.2.3. The objective of the final PRSP is to consolidate peace and improve the living conditions of the people. Thus, six strategic areas have been identified, namely: (i) consolidating peace, security of persons and of goods, promotion of good governance; (ii) restructuring the macroeconomic framework; (iii) creating employment and wealth through support to the rural world and promotion of the private sector as an engine of growth; (iv) improving access to and quality of basic social services, environmental protection, promoting gender equality and social protection; (v) decentralization as a means of participation by the communities in the development process and reduction of regional disparities and (vi) international context and sub-regional integration. Through these major strategic areas, the Government aims at achieving the following results: (i) restoring and strengthening the foundations of State throughout the national territory; (ii) transforming Côte d'Ivoire into an emerging country; (iii) creating social well-being for the entire population and (iv) making the country a dynamic actor on the regional and international scenes. The implementation of this Strategy is key for the ultimate end to the country's crisis. Thus, the support of the international community will be essential.

2.2.4. Building on the progress made within the EPCA framework, the Government has prepared an economic programme for the 2009-2011 period, which is likely to be supported by IMF's PRGF and a World Bank budget support. The key objectives of the programme are to accelerate the rebuilding of the country and growth, fight against poverty and make progress towards achieving the MDGs within a reunified Côte d'Ivoire. These objectives are in line with the final PRSP of the Government. In this light, the programme is centered mainly on reducing macroeconomic and financial imbalances, attaining debt sustainability, accelerating structural reforms, and creating an institutional framework conducive to the development of the private sector.

2.2.5. The specific objectives of the programme in the medium-term are: (i) improve the transparency and efficiency of budget management; to that end, it is necessary to create a budgetary framework that is likely to increase resources allocated to poverty reduction actions; (ii) continue efforts made in reforms of the energy sector so as to improve transparency and efficiency and increase its contribution to State revenue; (ii) pursue transparency and institutional reform efforts in the coffee-cocoa sector so as to increase farmers' incomes, and (iv) improve the business climate by providing incentives to attract private investment and promote the processing of local primary products.

### **Challenges and Weaknesses**

2.2.6. **The fragility of the country in a post-crisis period:** Côte d'Ivoire has barely emerged from more than six years of socio-political crisis, aggravated by the internal armed conflict of 2002 during which the socioeconomic situation of the country degraded considerably. It is therefore essential that the post-crisis agenda, as well as the economic

reform programme, be implemented to enable the country to go out of its situation of fragility.

2.2.7. **External debt unsustainability.** Currently, the country is in a situation of unsustainable debt over-hang. In order to obtain debt relief through the HIPC Initiative, Côte d'Ivoire must first clear its arrears owed to the Bank Group. It is also worth noting that after March 2009, the analysis for determining the country's eligibility for the HIPC Initiative will be based on data on the debt at end 2008<sup>16</sup> and including the good performance of the country's revenues. These elements are likely to reduce the NPV and militate against substantial debt relief. It is therefore essential that the country reaches the decision point by end March 2009.

2.2.8. **Governance:** The crisis, which has been affecting the country since 2002, has undermined the effectiveness and efficiency of public institutions, thereby creating a feeling of mistrust towards public administration. The Government must remedy these shortcomings in order to establish a sound and enabling environment for economic recovery. Indeed, the Bank's country performance and institutional assessment (CPIA) shows that the performance of Côte d'Ivoire in the area of governance is weak, particularly as regards transparency and corruption, debt management, strengthening of human resources and fiscal policy. The Bank will therefore intensify its efforts for dialogue in these areas.

2.2.9. **Weak capacities of Government employees:** The low level of remuneration of Government employees and the socio-political crisis have resulted in brain drain towards private and international institutions. The human capacities of the public administrative machinery have therefore weakened significantly, especially in the area of public finance and governance. Support by the development partners for strengthening public employees could help resolve this constraint.

2.2.10. **Degradation of basic infrastructure:** The standard of living of the population in general has deteriorated considerably following the reduction in public administration services and destruction of some facilities (schools, health, social, electric and water) during the crisis. The continued redeployment of public administration throughout the national territory will help rebuild and rehabilitate basic infrastructure.

2.2.11. **Dependence on cash crops as engine of growth:** From a historical perspective, the coffee-cocoa sector has been the engine of economic growth. However, these commodities are subject to price fluctuations on the international markets, rendering economic growth vulnerable to external shocks. It is therefore essential that the country diversifies its economy by pursuing the processing of agricultural produce (coffee, cocoa, cotton, and rubber) and the development of the manufacturing sector.

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<sup>16</sup> At end 2008, the data on the debt include clearance of the country's arrears owed to the World Bank.

## Opportunities

2.2.12. **Private Sector:** The private sector could rapidly become the engine of growth. Despite the crisis, the development bases of the sector have remained relatively intact. Thus, private sector enterprises can profit from a skilled and young workforce. Moreover, the country has raw materials and competitive economic infrastructure (the Port of Abidjan and the road network). The private sector can also draw on the availability of Information and Communication Technologies (ICT). To this may be added the existence of a financial system that has the potential to develop further.

2.2.13. **Regional Integration:** Côte d'Ivoire could once again become the regional trade "hub" by deriving full benefit from its modern port infrastructure and road network that links it to all the neighbouring countries. The regional market of nearly 200 million consumers could also support private sector development. Furthermore, the country could increase its electric power exports to neighbouring countries thereby enabling it to earn additional revenue that would help it to move out of its fragile status.

## 2.3 Aid Coordination

2.3.1. **Official Development Assistance:** One of the consequences of the crisis has been the suspension of financial cooperation by the country's development partners starting from 2002, with the exception of a few humanitarian programmes. Figure 6 presents a summary of Official Development Assistance (ODA) per capita in Côte d'Ivoire compared to that of other West African countries. Thus, following a sharp rise in per capita ODA just before the 2002 conflict, aid declined between 2002 and 2005. With the start of normalization of the situation in 2006, the recovery of the ODA has been effective.

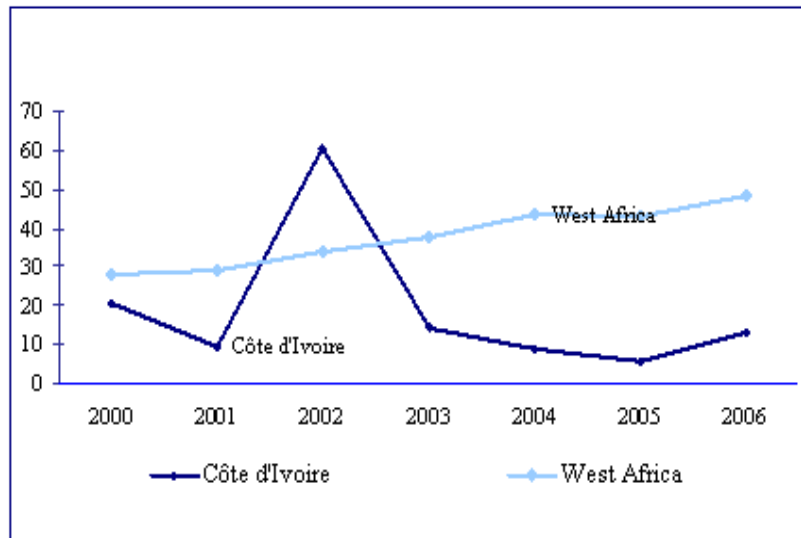
2.3.2. **Partnership Framework:** The intervention of the donor community comes to support the implementation of actions, contained in the post-crisis programme and in support to the implementation of the economic and structural reform programme.

2.3.3. **Crisis-Exit Programme:** The UNDP manages a basket of funds for financing the post-crisis programmes with resources currently amounting to US\$ 175 million. The Bank awarded a grant of UA 20 million (about US\$ 30 million) for multi-sectoral support that was approved by the Boards in December 2007.<sup>17</sup> The World Bank awarded a pre-clearance grant of US\$ 120 million to assist the country carry out the post-crisis programme. Under the latter, the coordination of donors is the responsibility of the Government-Partners-Programme Technical Committee Post-Crisis Programme (CTGP-PSC).

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<sup>17</sup> Board document: Ref. ADF/BD/WP/2007/99

Figure 6 : Official Development Aid Per Capita (US\$)



Source: ADB, 2008

**2.3.4. Economic and Structural Reform Programmes:** To support the Government in strengthening the macroeconomic and structural framework of the country, the IMF concluded two EPCA programmes in 2007 and 2008. The matrices for the structural measures of these two programmes were defined jointly with the World Bank and the Bank. These matrices, in the absence of a Government Poverty Reduction Strategy, serve as the reference framework for development partner interventions in Côte d'Ivoire. Pending a formal partnership framework, the coordination is through joint public expenditure review missions<sup>18</sup> and bilateral consultations on the respective intervention areas.

**2.3.5. Development Partners' Areas of Intervention:** The difficult situation of Côte d'Ivoire during the post-crisis period allowed for increased collaboration by the TFPs through joint missions and meetings. Table 3 provides a list of the major TFPs and their areas of intervention. Thus, the World Bank and the European Union are active in six areas whereas the Bank is active in two areas namely: the post-crisis programme and capacity building.

## 2.4 Positioning of AfDB

**2.4.1.** Since February 2003, the country is under a Bank Group sanction for accumulated arrears. However, continuous dialogue has been maintained with the Ivorian authorities both in the economic management and the issue of arrears. This dialogue has led to the preparation of an arrears clearance plan.

**2.4.2.** The plan for clearing arrears owed to the Bank is a key element of the significant re-engagement by the international community in Côte d'Ivoire. Indeed, it will serve as the trigger for the interventions by other TFPs. Thus, the IMF will conclude its PRGF with the Government after the country's arrears to the Bank Group are cleared. Subsequently, the World Bank and the

<sup>18</sup> The last joint BWI and Bank mission was conducted in February 2009.

IMF will also implement appropriate measures to enable Côte d'Ivoire to benefit from considerable interim debt relief under the HIPC Initiative, before end March 2009.

2.4.3. **Prospects:** If the political and economic conditions remain relatively favourable beginning 2009, Côte d'Ivoire should witness a significant increase in ODA. The Government's agenda will be supported notably by: (i) an IMF PRGF in the amount of about US\$ 450 million in the first half of 2009; (ii) a grant of US\$ 150 million from the World Bank in the form of a second one-tranche budget support in the first quarter of 2009; and (iii) a grant of 600 million Euros over the next five years from the European Union.

2.4.4. The active portfolio of the Bank currently contains two operations. The first operation, financed with a grant of UA 3.7 million, is aimed at strengthening governance and the capacities of the administration. The project will be completed in 2009. The second operation, amounting to UA 20 million in the form of a grant, aims at supporting the implementation of the post-crisis programme. This operation has made significant strides with a 56% disbursement rate.

2.4.5. With regard to inactive operations, the portfolio consists of four projects involving an amount that is yet to be disbursed of UA 33.34 million. The Bank will explore possibilities for restructuring its portfolio during a mission in the second quarter of 2009.

Table 3 : Major Donors and Their Intervention Areas

Development Partner	Main Intervention Areas									
	Post-Crisis Program	Agriculture	Energy	Basic Infrastructure	Education	Health	Water & Sanitation	Governance (public financial management)	Capacity Building	Structural Reforms
International Monetary Fund										
World Bank										
European Union										
African Development Bank										
UNDP										

Source: Ivorian authorities

### III. QUALIFICATION OF CÔTE D'IVOIRE FOR FSF

#### 3.1 Designation of Côte d'Ivoire as Fragile State

3.1.1 Following the socio-political crisis that has weakened the Ivorian economy, the preliminary evaluation conducted under the FSF<sup>19</sup> establishes that Côte d'Ivoire is one of the nine African countries considered as fragile States. Furthermore, Côte d'Ivoire has barely emerged from six years of socio-political crisis with its negative impacts as described above. Furthermore, the internal armed conflict, the partitioning of the country and the displacement of people working in the social sectors of the administration worsened the degradation of the social situation. Indeed, the major indicators on improving the living conditions of the population remain weak, particularly in CNW zone. This deterioration of the social situation has led to Côte

<sup>19</sup> Board document, Ref: ADF/BD/WP/2008/10.

d'Ivoire being classified as a fragile State, despite the slight economic recovery. **The present note therefore confirms the preliminary evaluation of the FSF, namely that Côte d'Ivoire is a fragile State.**

### **3.2. Eligibility to the Supplemental Support Window (SSW) and Targeted Support Window (TSW)**

3.2.1 Côte d'Ivoire has fulfilled all the criteria of the first stage of selection for Pillar I as shown in Table 4 hereinafter. It also meets the criteria for the second stage of selection:

- *Improvement of the macroeconomic environment and adoption of a judicious debt policy:* Since 2007, the Government has improved the macroeconomic framework while seeking to promote a judicious debt policy. Thus, the real growth rate was 1.4% on average between 2004 and 2007, within a context of controlled inflation with an average rate of 2.4% over the same period. The overall satisfactory implementation of the EPCA-I of the IMF has made for a slight improvement in the macroeconomic framework which was boosted with a second phase of EPCA approved in April 2008. Furthermore, since July 2007, the country is up to date on its current debt obligations to the Bank Group and the World Bank.
- *Sound financial management practices:* The country has demonstrated a strong will to adopt sound financial management practices by carrying out, with the support of the Bank and the BWIs, a Public Expenditure Management and Financial Accountability Review (PEMFAR). This Review assessed the management of public finance, including the public procurement system. It also monitored the impact of reforms to improve the management and effectiveness of the fiduciary framework of Government policies. The Review also highlighted clear progress: (i) the gradual return to orthodoxy in the formulation and passing of budget, with the approval of the 2008 budget prior to the start of the fiscal year; and (ii) establishment of an independent mechanism for regulating public procurement with the separation of the execution and control functions.
- *Transparency of public accounts:* Significant progress has been made in the transparency of public accounts (c.f. paragraphs 2.1.25, 2.1.26, and 2.1.27). Lastly, at the level of customs, the Government has improved the control of transit flows to and from neighbouring countries, and initiated the introduction of a new version of the computerized customs system (SYDAM-World).

Table 4 : First Stage Selection under Pillar I

Criteria	Analyses of Criteria for Côte d'Ivoire
Commitment to consolidate peace and security	<ul style="list-style-type: none"> <li>- <b>Global Peace Accord:</b> The Ouagadougou Political Agreement of 4 March 2007.</li> <li>- <b>Formation of a New Government:</b> Consisting of representatives from the main political forces of the country.</li> <li>- <b>Lull in the Security Situation:</b> According to the United Nations classification, the level of insecurity fell from Phase IV to Phase I in Abidjan in April 2008 and in other regions of the country, while in some regions of the CNW zone, it has only fallen from IV to III.</li> <li>- <b>Presidential Elections:</b> The new postponement of the presidential elections renders the political situation fragile. However, all the political stakeholders are committed to the holding of the elections in 2009.</li> </ul>
Unmet economic and social needs	<ul style="list-style-type: none"> <li>- <b>Real Per Capita GDP Growth between 1990 and 2007:</b> -22.52%.</li> <li>- <b>Human Development Index (HDI) in 2007:</b> The country is ranked 166<sup>th</sup> out of a total of 177 countries, thereby finding itself in the lower quintile of this UN classification.</li> <li>- <b>Level of Poverty:</b> 48.9% in 2008 compared to 38.0% in 2002.</li> <li>- <b>HIV/AIDS:</b> Côte d'Ivoire is the West African country most affected by HIV/AIDS. 770,000 adults and 84,000 children below 15 years of age live with the virus.</li> <li>- <b>Life Expectancy at Birth:</b> 48.3 years in 2007 compared to 53.1 years in 1990.</li> </ul>

3.2.2 In view of the foregoing, Management considers that Côte d'Ivoire has met all the conditions of eligibility for the Supplemental Support Window (Pillar I) and the Targeted Support Window (Pillar III) of the FSF. In this regard, it is recommended that the country be granted the following resources: (i) UA 45.87 million under Pillar I as provided for in the revised ADF allocations document [Board document: Ref: ADF/BD/IF/2008/90/Rev.1 July 2008]; and (ii) UA 2 million under Pillar III for the targeted support. The use of these resources is indicated in Section IV of the present document.

### 3.3 Eligibility for Arrears Clearance Window (ACW)

3.3.1 The ACW enables fragile States to benefit from an arrears settlement programme under the FSF. The FSF Guidelines also outline specific criteria that fragile States must meet in order to receive financial resources from the ACW. It is worth noting that these criteria are in addition to those that would enable the country to gain access to the resources of the Supplemental Support Window (SSW) and the Targeted Support Window (TSW).

3.3.2 Specifically, to gain access to the ACW, a fragile State must also have respected the privileged creditor status of the Bank Group by servicing new maturities on the entire outstanding loans of the Bank Group, and be eligible for debt relief under the HIPC Initiative pending the attainment of the completion point.

3.3.3. Côte d'Ivoire has fulfilled the last two criteria needed to gain access to the ACW, **as indicated in the following table**. Indeed, it is expected that Côte d'Ivoire will reach the HIPC decision point in the first quarter of 2009.

**Table 5 : Other Criteria for Accessing ACW and the SSW**

Criteria	Analyses of Criteria for Côte d'Ivoire
Compliance with the Bank Group's status as privileged creditor	<ul style="list-style-type: none"> <li>- A protocol Agreement on the clearance of debt was signed between the Bank and the Ivorian authorities in April 2007.</li> <li>- The country has made advanced payment on current maturities from end April 2007 up to 31 December 2007.</li> <li>- The country cleared one-third of the arrears owed to the Bank Group in February 2009, and is up to date on current payments.</li> <li>- The Bank is receiving a comparable treatment if one takes into account the fact that the necessary reallocation of a portion of the resources of the World Bank<sup>a/</sup> was done in consultation with the donor community and not in a discriminatory manner by the country. Furthermore, and as indicated hereinafter, the proposed 33% to be borne by the country constitutes the maximum share allowed by the Bank's policies.</li> </ul>
Eligibility for the HIPC Initiative	<ul style="list-style-type: none"> <li>- Côte d'Ivoire is eligible for the HIPC Initiative and has not reached the decision point which is scheduled for the first quarter of 2009.</li> </ul>

a/ It is worth noting that the World Bank that had initially negotiated with the Ivorian authorities an arrears clearance plan similar to that of the Bank and had to revise its position in order to meet new priorities expressed by the country and the United Nations. In order to cover the supplementary needs of the post-crisis programme, the World Bank allocated to this programme a portion of the resources initially earmarked for arrears clearance.

#### **IV. OVERALL STRATEGY OF THE BANK GROUP IN CÔTE D'IVOIRE**

4.1.1. The global strategy of the Bank centres on two major thrusts: **arrears clearance and re-engagement**. As explained above, the clearance of the arrears will enable the country to: (i) benefit from a three-year programme supported by the IMF's PRGF; (ii) benefit from a substantial interim relief on its external debt through the HIPC Initiative; and (iii) receive a second budget support from the World Bank. With regard to re-engagement, it will enable the Bank to assist Côte d'Ivoire to overcome its fragile status.

##### **4.1 Thrust 1: Debt Clearance**

4.1.2. Continued dialogue between the Ivorian authorities and the Bank resulted in an *aide-mémoire* on the clearance of the arrears in April 2007. The main provisions in the *aide-mémoire* are: (i) extension of the cut-off-date from end December 2003 to end April 2007; (ii) commitment by the Ivorian Government to honour current maturities' payments beginning end April 2007; and (iii) payment by Côte d'Ivoire of one-third of the arrears, representing UA 117.97 million. Côte d'Ivoire has honoured all its commitments relating to the debt service from end April 2007 up to February 2009 by paying a total amount of UA 117.60 million over the period.

4.1.3. With regard to the payment of its share (1/3) of its arrears owed to the Bank Group, a recent analysis of the budget situation shows that in the very short-term there is a serious cash-flow problem thus reducing considerably its reimbursement capacity due notably to: (i) delays in disbursements from donors for the crisis-exit programme, which the Government has had to supplement; (ii) increased difficulties in mobilizing resources on the domestic and WAEMU markets, due partly to the financial crisis; and (iii) foregone revenue resulting from recent measures taken by the Government to address the recent food crisis. Within this context, Côte d'Ivoire effectively paid an amount of UA 27.6 million from its own resources, and has resorted to a bridge loan to cover the balance. The disbursement of this bridge loan requires prior approval by the Boards of the arrears clearance plan and the budget support, made necessary by the requirements of the bridge loan provider to finalize the transaction within one day. This approach was recently used by other development partners in their arrears clearance operations, particularly for Liberia, Togo and Côte d'Ivoire.

4.1.4. The arrears clearance plan therefore requires a waiver of the Bank's sanctions policy for the approval of the budget support. The bridge lending mechanism has been safeguarded by the competent Bank services, and the disbursement of the budgetary support will only occur following effective lifting of sanctions on the country.

## **4.2 Thrust 2: Re-engagement Rationale for Bank Group Intervention**

4.2.1. Côte d'Ivoire is going through a difficult post-crisis period during which it needs urgent and rapid support from the Bank. The support is essential to assist the country enhance the economic recovery observed in the last two years and to improve the living conditions of the population. The long years of political instability have eroded the Government's responsibility and weakened the public institutions, particularly in public financial management and capacity building.

4.2.2. The country continues to face major challenges as described above, particularly in the area of governance, human capacity of the public administration and management of public finance as highlighted by the PEMFAR report. The restructuring of Government institutions and the building of their capacities, as well as the improvement of the economic governance will enable the country to emerge from its current fragile situation and lay credible foundations for sustainable growth. In meeting its challenges, Côte d'Ivoire must also take advantage of the opportunities that would enable it to rapidly overcome the crisis situation. As indicated in the preceding section, one of the opportunities is the resumption of electricity power exports to neighbouring countries. This would provide the Government with additional budgetary resources to finance its pro-poor spending.

### **Guiding Principles for Re-engagement**

4.2.3. The Bank's intervention will be guided by four main principles, namely: (i) taking into account of the fragile status; (ii) selectivity of activities; (iii) result-based approach; and (iv) coordination and harmonization of actions with other partners.

4.2.4. **The fragile State status:** The Bank's intervention in Côte d'Ivoire will be rapid and targeted since the fragile status of the country and its transition towards the post-crisis period call for rapid interventions to enable it to avoid relapsing into political and financial instability. Thus, the Bank aims to intervene rapidly in order to meet the significant and urgent needs of the country.

4.2.5. **Selectivity of activities:** After nearly six years of socio-political crisis, Côte d'Ivoire has enormous needs in practically all the sectors of the economy. However, for purposes of selectivity of its activities and limitation of resources, the Bank should focus on sectors where it can have a maximum impact and assist the country rapidly.

4.2.6. **Results-Based approach:** The present strategy proposes a set of measurable results that should be achieved during the 2009-2010 period. Annex 1 provides the Matrix of the operational policies of this transitional strategy that will enable the Bank to assess its progress towards achieving the set objectives.

4.2.7. **Coordination and Harmonization:** The Bank's intervention will also be holistic and coordinated with the other development partners of the country. With regard to the interventions by other TFPs, this will mainly focus on the post-crisis programme, improvement of good governance, rehabilitation of basic social infrastructures and development of regional infrastructure to enable the country to overcome its fragile status.

### **Pillars of the Bank's Re-engagement Strategy**

4.2.8. **Transitional Assistance Framework:** The GCSN 2009-10 provides the Bank with a transitional assistance framework<sup>20</sup> for the country in the implementation of its post-crisis and economic recovery programme. The operations proposed under the Strategy fall within the ADF-XI period (2008-2010).

4.2.9. The overall objective of the Bank's strategy is to assist Côte d'Ivoire to overcome its fragile status by improving the living conditions of the people. For purposes of selectivity and coordination with other development partners, the overall objective centres on the following two pillars: (i) strengthening of governance, and (ii) development of regional economic infrastructures. These two intervention pillars fall within the enhanced engagement strategy in fragile States (FSF) and are in line with the operational priorities of ADF-XI. Furthermore, the pillars selected will strengthen the post-crisis and economic recovery process of the Government as defined in its development programme 2009-13.

4.2.10. The risk of duplication of the interventions envisaged by the Bank with those of the above-mentioned major donors is minimal, despite the fact that sometimes they may appear to cover the same infrastructural sectors, notably social and regional. This is a highly distressed sector where immense needs call for coordinated contribution by all donors. With

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<sup>20</sup> The Bank intends to prepare, as from 2010, a RBCSP for Côte d'Ivoire covering the 2011-2013 period.

regard to governance, the deficit in this area is so vast and the need to remedy it is so urgent that it demands coordinated support by all donors.

### **Pillar I: Strengthening of Good Governance**

4.2.11. Under this pillar, which closely relates to Strategic Thrust 1 of the provisional version of the PRSP,<sup>21</sup> the Bank will pursue its dialogue with the Government on issues of *effectiveness of public financial management* and *human capacity building*. Indeed, in its 2009-2013 development programme, the Government highlights these issues as immediate priorities. The specific choice of this pillar is also justified by the Bank's commitment to assist the country as a fragile State during its transitional post-crisis period, by giving a pride of place to economic recovery.

4.2.12. The Bank's support forms part of recommendations of the PEMFAR report, which is also the reference framework of the interventions of the major Technical and Financial Partners (TFPs). Indeed, as the conclusions of the PEMFAR indicate, a lot still remains to be achieved in the area of public finance and good governance, particularly with regard to internal and external control of the Government budget and public procurement.

4.2.13. To assist the Government address these problems, the Bank's intervention aims to: (i) make public financial management more efficient; (ii) strengthen the public procurement system; and (iii) train officials in charge of the country's economic and financial management. Indeed, the consolidation of the national transparency system in the management public resources is an unavoidable strategic objective to achieve enhanced economic governance.

4.2.14. **Making Public Financial Management more efficient:** The performance of the public finance system is on the whole weak. According to the conclusions of the PEMFAR report, the country's revenue recovery efforts are inadequate. Secondly, with regard to Government budget allocation, the share of pro-poor spending is also inadequate and should be increased progressively to its pre-crisis level. Furthermore, despite the existence of internal financial control of the expenditure chain, it is carried out in a redundant manner. At the level of external control, the lack of effective control by the executive constitutes a major challenge for Côte d'Ivoire. The Accounts Bench of the Supreme Court is not really operational, and consideration of the Audited Budget Bills has accumulated considerable backlogs.

4.2.15. Several results are expected of the reforms to be pursued. Thus, public revenues in relation to GDP should increase from 18.9% in 2008 to about 20.1% in 2010. Moreover, the Government has undertaken to increase pro-poor spending. The share of education in the Government budget is expected to increase from 4.5% in 2008 to 4.9% of GDP in 2010, while health sector expenditures will rise from 1.0% in 2008 to 1.2% in 2010. The Government's commitment to improve internal and external control of budgetary execution

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<sup>21</sup> Strategic Area 1 of PRSP: consolidation of peace, security of persons and goods, promotion of good governance.

will translate into an increased number of audits by large private firms from 11 in 2008 to 15 in 2010. The 2008 Audited Budget Bill will be passed in October 2010.

**4.2.16. Strengthening the Public Procurement System:** The Bank will lend its support to the Government to strengthen the public procurement system. This will be followed by the PEMFAR indicator on “competition, value for money and controls”<sup>22</sup>. The rating for this indicator should improve from C in 2008 to B in 2010.

**4.2.17. Building Human Capacities:** The technical capacities of structures concerned by governance, notably those in charge of public financial management, have been weakened as a result of the low wages and the socio-political crisis that has led to the demobilization of staff and their mobility to private and international organizations which offer more competitive working conditions. Thus, the Government has undertaken to train State employees in charge of the country’s economic and financial governance. This commitment will translate into a 20% increase in the number of trained workers between 2008 and 2010.

## **Pillar II: Developing Regional Economic Infrastructures**

**4.2.18.** The crisis has resulted in a degradation of economic infrastructures both at the national and sub-regional levels. Côte d’Ivoire, which formerly enjoyed the status of a sub-regional “hub”, has indeed suffered from the indirect impacts of the conflict that have enabled many neighbouring countries to find alternative partners in the sub-region. In order to regain its place in the economy of the West African sub-region and to consolidate social cohesion in the country and with the neighbouring countries, the Government also aims to revive regional integration projects. With the crisis, basic infrastructures, such as the electricity network, have not been maintained and developed.

**4.2.19.** Under the second pillar of its strategy, which is in line with the Strategic Thrust 6 of the PRSP<sup>23</sup>, the Bank intends to provide its support to the Government in the process of return to normalcy and to help the country regain its place on the sub-regional market. For purposes of effectiveness, the Bank will focus its support to the Government on increased access to the power grid by supporting the Côte d’Ivoire-Mali electrification project. This will enhance regional integration in the area of electricity and provide increased revenues for the country, which is a net power exporter.

**4.2.20.** Lastly, Côte d’Ivoire will be able to scale down its allocation based on performance by judiciously using available resources under the ADF regional fund. Under this strategic pillar, interventions can also be undertaken through the private sector window. Many opportunities for Public-Private Partnership (PPP) and direct investments in the area of power generation are currently under study. An intervention in this area will significantly contribute to improving the consistency of the Bank’s intervention in this key sector of the economy.

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<sup>22</sup> PI-19 Indicator of PEMFAR.

<sup>23</sup> Strategic Area 6 of PRSP: international context and sub-regional integration.

### 4.3 Expected and Targeted Results

4.3.1. **Grant Operations under ADF-XI and FSF:** Table 4 below presents the indicative programme of the operations of the Bank covering the 2009-2010 period. The final allocation based on the performance of Côte d'Ivoire under ADF-XI stands at UA 45.77 million in 2009. Concerning the FSF, it is worth recalling that the country is eligible for an allocation of UA 45.87 million under the SSW and UA 2 million under the TSW. It is proposed that the SSW allocation and 83% of ADF-XI be combined to finance a general budget support operation to meet urgent needs in economic and financial governance. Furthermore, a portion of the remaining resources of the normal ADF-XI allocation and the totality of the TSW resources of the FSF will be used to finance an institutional support project in 2010.

4.3.2. **Grant Operations under ADF.** ADF-XI will also be used to finance a new regional project and a regional study in 2009 and 2010, namely: (i) a multinational Mali-Côte d'Ivoire electrification project to the tune of UA 6 million. Mali's contribution, in the amount of UA 6 million, will be increased through the ADF regional funding with an additional contribution of UA 12 million, and (ii) a hydroelectric dam study of FOMI and the related transmission lines. The Bank's teams will also explore the possibility of financing this study through alternative funding sources.

4.3.3. **AfDB Private Sector Window Operations.** In addition to the ADF and the FSF windows, Côte d'Ivoire could benefit from interventions in the form of loans without sovereign guarantees through the private sector window provided to private entities or parastatals. The Private Sector Department will thus pursue exploration of investment opportunities in the power generation sector, subject to their maturity and the solidity of the financial packages.

**Table 6 : Bank Indicative Programme for Côte d'Ivoire 2009-10**

Pillars Name of Project	Probable Date of Approval by the Board	Indicative Amount	ADF-XI	ADF-XI	FSF	FSF
			Normal Allocatio n	Regional Envelope	Pillar I SSW	Pillar III TSW
<i>Millions of Unit of Accounts (UA)</i>						
<b>Pillar 1: Governance</b> (including 83% of resources from ADF-XI)						
General Budgetary Support 2009-10	2009	<b>83.77</b>	37.90		45.87	
Institutional Support Programme	2010	<b>3.27</b>	1.27			2.00
<b>Pillar 2: Development of Regional Economic Infrastructure</b> (17% of resources from ADF-XI)						
FOMI Hydroelectric Dam Studies and related transmission lines (Guinea, Mali and Côte d'Ivoire)	2009	<b>1.80</b>	0.60	1.20		
Multinational Electrification Project (Côte d'Ivoire -Mali)	2010	<b>18.00</b>	6.00	12.00		
<b>GRAND TOTAL</b>		<b>106.84</b>	45.77	13.20	45.87	2.00

## 4.4 Potential Risks and Mitigation Measures

4.4.1. The implementation of this Strategy and achieving the expected results would involve the taking into account of existing risks and the following mitigation measures.

4.4.2. **Resumption of the Socio-political Crisis and Political Instability:** These two factors constitute the primary major risk of the implementation of the Strategy. Indeed, the problem is to consolidate peace and the process of reunification, while organizing free and transparent presidential elections. This risk could be mitigated with the timely implementation of the OPA action plan and holding of Presidential elections in 2009.

4.4.3. **New Accumulated Arrears to the Bank:** The second risk that hangs over the Strategy is the possibility of the country's accumulating of new arrears to the Bank. This situation will result in the suspension of the Bank's financial cooperation. Fiscal discipline and a judicious management of the debt will help to reduce this risk, so as to put in place an IMF PRGF support programme and facilitate attainment of the HIPC Initiative decision point.

4.4.4. **Fiduciary Risk:** Weak institutional and government capacities, as well as the problem of governance and transparency significantly increase fiduciary risks, particularly during the transitional phase of re-engagement. This third risk could be mitigated so long as Côte d'Ivoire pursues, with the support of its external partners, the implementation of the PEMFAR priority actions (see Annex 8). Fiduciary risk will also be mitigated by the coordinated monitoring of the reform programme.

4.4.5. **Exogenous Shocks:** The vulnerability of the Ivorian economy to climate change and fluctuations of international commodity prices could hamper the smooth implementation of the programme. Global inflationary pressures on the prices of food and essential commodities, as well as the impact of the global recession following the financial crisis constitute an aggravating factor. This situation could generate social tension and undermine the economic recovery. The global financial crisis could also have an incidence on: (a) revenues from major export commodities; (b) Ivorian Diaspora remittances; (c) level of foreign direct investment and official development assistance. These exogenous risks could be essentially mitigated through the support of the TFPs. Some interventions, notably emergency aid in disaster situation, support for regional integration, and access to external markets, as well as the ongoing strengthening of budgetary assistance, could also contribute to mitigating these risks.

## V. CONCLUSION AND RECOMMENDATIONS

### 5.1 Conclusion

5.1.1. The progress made at the political, security and economic levels since the signing of the OPA has led several donors to fully resume their cooperation with Côte d'Ivoire. The proposed re-engagement provides new perspectives for normalization of relationships

between the Bank and Côte d'Ivoire, while supporting the country during this transitional post-crisis period.

5.1.2. This transitional Global Country Strategy Note (GCSN) seeks to provide the Bank with a programming instrument to serve as basis for financing operations under the Fragile States Facility and ADF-XI.

5.1.3. The overall objective of the Transitional Strategy (2009-2010) of the Bank is to assist Côte d'Ivoire to overcome its fragile State status while improving the living conditions of the people. Thus, it centres on two main areas, namely arrears clearance and resumption of cooperation through: (i) improved governance, and (ii) development of regional economic infrastructures.

## **5.2 Recommendations**

5.2.1 In light of the foregoing, it is proposed that the Boards should approve:

- a. The present Strategy and consider the two complementary documents, namely the arrears clearance plan and the budget support proposal; and
- b. The designation of Côte d'Ivoire as a Fragile State eligible for FSF resources.

Matrix of Operational Policies of the Transitional Strategy of the Bank Group for Côte d'Ivoire (2009-2010)

Objective	Expected Results	Beneficiaries	Performance Indicators	Indicative Target of Bank	Risks and Mitigation Measures	ADB Interventions 2009-10
Assist Côte d'Ivoire overcome its fragile state by improving the living conditions of the people	Improve political, economic and social institutions  Reduce poverty in a sustainable manner	Population of Côte d'Ivoire	Country performance and institutional assessment (CPIA) <i>(Source: ADB)</i>  Incidence of poverty <i>(Source: PRSP monitoring reports)</i>	The country improves its CPIA from 2.72 in 2007 to at least 3.00 by 2010  The incidence of poverty is reduced from 48.9% in 2008 to 20% in 2015 (MDGs)	<ul style="list-style-type: none"> <li>- Resumption of the socio-political crisis and political instability <u>Mitigation Measure:</u> Implementation of the OPA action plan and holding of presidential elections scheduled for 2009.</li> <li>- Slippage in the implementation of structural measures and reforms <u>Mitigation Measure:</u> Will of the country to implement priority actions of the post-crisis Programme with the support of international community</li> <li>- Impact of global recession on the standard of living of the people <u>Mitigation Measure:</u> <ul style="list-style-type: none"> <li>o Diversification of economy</li> <li>o Satisfactory implementation of reform programmes</li> <li>o Re-engagement of donors</li> </ul> </li> </ul>	
<b>Pillar I: Strengthening of Governance</b>						
1. Strengthening public financial management	1.1. Public financial management is more effective	Population of Côte d'Ivoire	<ul style="list-style-type: none"> <li>% of education sector expenditures in the Government budget</li> <li>% of the health sector expenditures in the Government budget</li> <li>% of revenues in relation to GDP <i>(Source: TOFE, IMF)</i></li> <li>Number of audits conducted by IGF</li> <li>Timely submission of Budget Review Act</li> </ul>	<ul style="list-style-type: none"> <li>% of education expenditures in the Government budget increases from [4.5%] in 2008 to [4.9%] in 2010</li> <li>% of health expenditure in the Government budget increases from [1.0%] in 2008 to [1.2%] in 2010</li> <li>% of revenues in relation to GDP increases from 18.9% in 2008 to 20.1% in 2010</li> <li>The number of audits by large private firms increases from 11 in 2008 to 15 in 2010</li> <li>The 2008 Budget Review Act is submitted in October 2010</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of tax uniformity <u>Mitigation Measure:</u> Redeployment of tax administration throughout the country</li> </ul>	Budgetary support 2009-10

Objective	Expected Results	Beneficiaries	Performance Indicators	Indicative Target of Bank	Risks and Mitigation Measures	ADB Interventions 2009-10
	1.2. Public procurement system is enhanced	Population of Côte d'Ivoire  Economic operators	Use of competition, optimal use of public procurement resources and controls (PI-19 Indicator of PEMFAR)	The PEMFAR score for this indicator improves from C in 2008 to B in 2010	– The weak capacity of public procurement structures <u>Mitigation Measure:</u> Donor support for capacity building	
2. Strengthening human capacities	2.1. Officials in charge of the country's economic and financial management are trained	Public administration officers  Economic operators	Number of officials trained	The number of trained officials increases from 20% by 2010 in relation to 2008	– Insufficient budgetary allocation for capacity building <u>Mitigation Measure:</u> Improvement of budgetary space and increase in the level of resources related to achieving the HIPC decision point	Institutional support project
<b>Pillar II: Regional Economic Infrastructural Development</b>						
3. Develop electric infrastructure at regional level	3.1. Increased access to the electric grid	Population of Cote d'Ivoire  Population of Mali  Economic operators	Length of the high voltage electricity line between Ferkessedougou (Côte d'Ivoire) and Sikasso (Mali)	Half of the length of the high voltage electricity line between these two towns is installed in 2010 (about 117 km out of a total of 234 km)	– Change of priority of one of the governments. <u>Mitigation Measure:</u> Commitment to implement the regional WAEMU economic programme	Mali-CI electric interconnection project

## Key Macroeconomic and Financial Indicators 2005-2013

	2005	2006	2007	2008		2009	2010	2011	2012	2013
				EPCA-2	Est.					
(Annual percentage changes, unless otherwise indicated)										
<b>Revenu national</b>										
PIB à prix constants	1.9	0.7	1.6	2.9	2.3	3.7	4.2	4.7	5.3	5.8
Déflateur du PIB	4.2	4.5	2.7	4.7	8.1	0.9	2.8	2.9	2.9	3.0
Indice du prix à la consommation (moyenne annuelle)	3.9	2.5	1.9	4.3	6.3	5.9	3.2	2.9	2.7	2.5
Indice du prix à la consommation (fin de période)	2.5	2.0	1.5	6.8	9.0	3.4	3.0	2.9	2.7	2.5
<b>Secteur extérieur (base FCFA)</b>										
Exportations, f.o.b. à prix courants	11.3	9.3	-5.7	12.8	8.3	-16.2	6.7	6.7	7.8	4.6
Importations, f.o.b. à prix courants	22.9	1.3	4.7	17.8	3.1	-18.8	16.5	12.9	11.8	11.8
Volume des exportations	4.2	6.0	-8.4	1.6	-7.8	6.2	4.5	5.4	7.4	7.3
Volume des importations	3.0	3.9	5.1	4.0	-4.6	4.4	6.2	6.0	6.0	7.6
Termes de l'échange (détérioration: -)	-10.5	5.8	3.3	-2.1	8.7	1.5	-6.9	-5.0	-4.9	-6.2
Taux de change nominal effectif (dépréciation: -)	-1.1	-0.4	2.2	...	-0.3	...	...	...	...	...
Taux de change réel effectif (dépréciation -) 1/	0.0	-0.4	1.6	...	0.4	...	...	...	...	...
<b>Opérations du gouvernement central</b>										
Recettes totales et dons	3.9	10.3	10.7	11.7	15.3	0.3	11.2	8.2	8.5	9.7
Dépenses totales	4.3	10.3	3.1	9.6	13.6	3.7	13.4	9.4	7.5	9.3
(Variation en pourcent en début de période masse monétaire)										
<b>Monnaie et crédits</b>										
Monnaie et quasi-monnaie (M2)	7.4	10.3	23.6	7.6	7.5	6.2	...	...	...	...
Avoirs extérieurs nets	3.2	5.7	9.4	1.4	-5.2	1.3	...	...	...	...
Avoirs intérieurs nets	4.2	4.6	14.2	6.2	12.7	4.9	...	...	...	...
dont: État	1.8	-1.6	3.7	3.3	-0.3	1.2	...	...	...	...
secteur privé	0.8	4.9	10.5	3.9	13.4	3.7	...	...	...	...
Vitesse de circulation de la monnaie	4.1	4.0	3.3	3.5	3.4	3.4	...	...	...	...
(En pourcentage du PIB, sauf indication contraire)										
<b>Opérations du gouvernement central</b>										
Recettes totales et dons	18.1	19.0	19.7	20.7	20.6	19.7	20.5	20.6	20.7	20.8
Recettes totales	17.0	18.4	19.2	19.4	18.9	19.0	19.6	19.8	19.9	20.2
Dépenses totales	19.9	20.8	20.5	21.1	21.1	20.9	22.1	22.5	22.4	22.5
Solde global, base ordonnancements	-1.7	-1.8	-0.8	-0.4	-0.5	-1.2	-1.6	-1.9	-1.7	-1.7
Solde primaire de base 2/	0.4	0.3	0.6	0.8	0.4	1.0	1.2	1.2	1.3	1.3
<b>Investissement brut</b>										
Gouvernement central	2.7	3.1	2.6	3.1	3.0	2.9	5.0	5.5	5.6	5.6
Secteur non gouvernemental	7.0	6.3	6.1	7.4	7.1	8.3	8.9	9.3	9.7	10.4
<b>Épargne intérieure brute</b>										
Gouvernement central	17.2	19.6	14.6	16.8	17.8	17.7	18.0	17.2	16.5	15.1
Secteur non gouvernemental	1.9	2.4	2.8	2.5	2.1	2.9	4.0	4.3	4.4	4.6
<b>Épargne nationale brute</b>										
Gouvernement central	15.3	17.2	11.8	14.3	15.7	14.9	14.0	13.0	12.1	10.5
Secteur non gouvernemental	10.0	12.1	8.0	11.6	12.1	11.8	12.4	11.6	10.9	10.2
Gouvernement central	0.2	0.9	2.2	2.8	2.6	1.9	3.5	3.8	3.9	4.1
Secteur non gouvernemental	9.8	11.2	5.8	8.8	9.4	9.9	8.9	7.8	7.0	6.2
<b>Secteur extérieur</b>										
Solde des transactions courantes (y/c transferts secteur public)	0.2	2.8	-0.7	1.2	2.0	0.7	-1.5	-3.2	-4.4	-5.8
Solde des transactions courantes (n/c transferts secteur public.)	0.4	3.0	-1.5	-0.6	1.0	-0.4	-2.6	-4.2	-5.3	-6.6
Solde global	-4.0	-2.7	-0.5	-0.8	-1.6	-4.3	-2.5	-1.8	-2.2	-1.5
Dettes publiques extérieures	73.4	71.4	70.1	66.8	59.0	52.8	52.2	51.5	49.6	47.2
Service de la dette publique extérieure dû (en milliards FCFA)	447	396.5	332.8	364.2	426.3	379.5	309.6	318.6	311.6	264.8
en pourcentage des exportations de biens et services	10.1	8.3	8.5	7.2	8.7	9.1	6.9	6.7	6.1	4.9
en pourcentage des recettes du gouvernement central	30.4	23.7	20.7	19.1	21.6	18.2	13.5	12.8	11.5	8.8
<b>Pour mémoire</b>										
Arriérés sur dette publique (en pourcentage du PIB)	25.0	27.6	25.1	21.3	26.1	2.6	1.8	1.2	1.0	0.9
Dette intérieure	5.7	5.4	3.5	1.6	3.5	2.6	1.8	1.2	1.0	0.9
Dette extérieure	19.4	22.1	21.6	19.7	22.6	0.0	0.0	0.0	0.0	0.0
PIB nominal (en milliards de FCFA)	8,631	9,081	9,487	10,103	10,485	10,964	11,741	12,626	13,656	14,873
Taux de change nominal (FCFA/US\$, moyenne de la période)	527	522	479	446	446	479	476	473	470	468
PIB aux prix du marché (en milliards de US\$)	16.4	17.4	19.8	22.7	23.5	22.9	24.7	26.7	29.0	31.8
Population (en millions)	19.0	19.6	20.2	19.0	20.8	21.4	22.0	22.7	23.4	24.1
	2.7	3.0	3.0	1.5	3.0	3.0	3.0	3.0	3.0	3.0
PIB nominal par habitant (en milliers de FCFA)	454	464	471	531	505	512.7	533.1	556.5	584.4	618.0
PIB nominal par habitant (en US\$)	863	888	983	1,190	1,132	1,071	1,121	1,177	1,242	1,320
Croissance du PIB réel par habitant	-0.8	-2.3	-1.4	1.4	-0.7	0.7	1.2	1.7	2.3	2.8

Sources: Autorités ivoiriennes; estimations et prévisions du FMI

1/ Sur la base des variations enregistrées en fin de période au niveau des prix à la consommation et du taux de change effectif nominal.

2/ Défini comme étant les recettes totales moins les dépenses totales, hors intérêts et dépenses d'investissement financées sur ressources extérieures.

Central Government Financial Operations 2005-2013  
(in CFAF billion, unless otherwise indicated)

	2005	2008	2007	2008				2009	2010	2011	2012	2013	
				Est.	Q3 (Prog.)	Q3 (Est.)	EPCA-2						Est.
Recettes totales et dons	1,566.0	1,727.5	1,871.2	1,417.4	1,559.3	2,090.2	2,157.2	2,164.0	2,090.8	2,406.1	2,603.4	2,823.7	3,096.4
Recettes totales	1,471.4	1,672.1	1,817.6	1,320.1	1,401.5	1,980.5	1,976.8	2,079.7	2,056.3	2,297.2	2,493.7	2,715.1	3,004.8
Recettes fiscales	1,251.1	1,369.8	1,468.1	1,078.7	1,167.0	1,618.8	1,638.0	1,768.4	1,833.2	1,989.3	2,136.5	2,330.9	2,566.9
Impôts directs	380.3	441.1	425.2	343.4	438.1	480.0	541.7	604.6	544.9	621.0	663.1	739.0	836.9
dont: taxes sur bénéfices pétroliers	27.9	68.9	66.8	62.4	101.6	110.0	138.6	67.2	107.5	73.3	81.5	88.3	85.6
Impôts indirects	890.8	958.7	1,042.9	735.3	728.9	1,138.8	1,096.3	1,261.8	1,288.3	1,348.3	1,465.4	1,591.9	1,730.0
Recettes non fiscales	220.3	272.3	349.5	241.4	234.5	341.7	338.8	313.3	236.1	327.8	355.2	394.3	437.7
Cotisations au titre de la sécurité sociale	116.8	122.1	129.6	112.6	90.6	143.4	141.4	150.6	150.6	165.5	178.0	192.5	239.4
Revenu du gaz et du pétrole	47.9	68.6	66.9	62.4	101.6	110.0	138.6	67.2	0.0	73.3	81.5	88.3	85.6
Autres	55.6	81.6	153.0	66.4	33.3	88.3	58.8	95.5	85.5	89.0	95.7	103.5	112.7
dont: dividendes PETROCI	7.0	2.0	13.6	35.0	25.0	35.0	27.0	35.0	35.0	14.7	16.3	17.7	17.1
dont: déchets toxiques			78.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dons	94.6	55.5	53.6	97.3	157.8	129.7	180.5	84.3	21.3	108.9	109.7	108.6	91.8
Projets	94.6	55.5	43.6	32.9	22.2	43.9	38.8	48.3	6.3	85.0	97.8	102.6	91.8
Programmes (y.c. ceux liés à la crise) <sup>3/</sup>	0.0	0.0	10.0	64.4	135.6	85.8	141.7	38.0	15.0	23.9	12.0	6.0	0.0
Dépenses totales	1,714.0	1,889.8	1,944.9	1,487.9	1,565.1	2,131.2	2,209.9	2,291.5	2,151.3	2,599.7	2,845.1	3,058.6	3,341.9
Dépenses courantes	1,458.4	1,588.4	1,668.8	1,315.2	1,341.8	1,805.0	1,890.9	1,954.5	1,854.3	1,997.6	2,129.6	2,285.6	2,490.3
Salaires et traitements	583.4	589.1	640.3	511.0	523.8	687.5	711.7	745.0	745.0	781.9	815.6	848.0	908.7
Prestations de sécurité sociale	149.2	167.6	182.7	139.9	136.8	194.9	188.6	198.0	198.0	231.6	248.4	282.3	322.3
Subventions et autres transferts courants	93.5	178.0	157.5	120.8	128.5	151.6	184.7	188.8	188.8	218.2	265.0	317.0	360.1
Autres dépenses courantes	388.3	423.5	447.0	292.1	316.8	448.7	504.3	459.5	468.8	511.7	502.8	614.4	684.0
dont: déchets toxiques		15.7	27.8	15.0	6.8	20.0	7.7	0.0	0.0	0.0	0.0	0.0	0.0
Dépenses liées à la crise	76.4	68.1	73.1	142.5	99.3	180.9	123.5	144.8	121.8	37.5	18.8	9.4	0.0
Intérêts dû	177.5	162.1	168.2	108.9	136.8	133.5	188.1	220.4	130.9	216.8	219.0	214.6	215.1
Dettes intérieure	26.0	29.5	50.9	27.4	39.2	34.7	84.5	32.2	32.2	45.2	45.2	45.2	45.2
Dettes extérieure	151.5	132.6	115.3	81.5	97.6	98.8	123.6	188.2	98.7	171.6	173.8	169.4	169.7
Avant reechelonnement / refinancement								91.3	0.0	79.6	73.5		
Sur financements nouveaux								98.9	0.0	92.0	100.4		
dont: sur reechelonnement								88.3	0.0	88.3	88.3		
dont: autres								8.6	0.0	3.7	12.0		
Dépenses d'investissement	235.3	279.4	249.3	162.1	194.2	311.2	311.3	317.9	277.9	597.1	700.7	758.1	835.4
Financées sur ressources intérieures	133.7	211.3	183.2	100.0	153.4	209.0	222.0	220.7	220.7	382.4	421.3	455.6	526.0
Financées sur ressources extérieures	101.6	68.1	66.1	62.1	40.8	102.2	77.7	87.2	47.2	214.7	279.4	302.5	309.4
Prêts nets	20.3	22.1	28.8	10.7	29.1	15.0	17.7	19.1	19.1	14.9	14.9	14.9	16.2
Solde primaire de base <sup>2/</sup>	36.5	28.1	56.4	18.1	20.6	84.9	40.4	105.8	106.1	139.0	147.0	173.6	187.2
Solde global, y/c dons <sup>1/ 3/</sup>	-148.0	-162.3	-73.8	-70.6	-5.8	-41.0	-52.7	-127.5	-80.7	-193.6	-241.7	-234.9	-245.5
Solde global, dons n/c <sup>1/ 3/</sup>	-242.6	-217.7	-127.4	-167.9	-163.6	-170.7	-233.1	-211.8	-82.0	-302.6	-351.4	-343.5	-337.3
Variation des arriérés intérieurs (service de la dette n/c)	-35.4	3.2	-104.3	0.0	63.5	-15.0	104.8	-85.0	-31.7	-70.0	-65.0	-25.0	0.0
Variation des arriérés extérieurs	161.0	129.0	92.4	-89.0	15.2	-55.1	30.1	-1,029.9	0.0	0.0	0.0	0.0	0.0
Apurement des arriérés	0.0	0.0	-8.3	-132.9	-85.1	-132.9	-55.2	-1,029.9	0.0	0.0	0.0	0.0	0.0
Accumulation de nouveaux arriérés	161.0	129.0	100.7	63.8	80.4	77.8	85.2	0.0	0.0	0.0	0.0	0.0	0.0
Solde global (base caisse)	-22.4	-30.1	-145.7	-139.8	72.9	-111.0	82.2	-1,242.4	-92.4	-263.6	-296.7	-259.9	-245.5

Sources: Autorités ivoiriennes; estimations et prévisions du FMI

<sup>1/</sup> Sur la base des mandats.

<sup>2/</sup> Total revenue (excl. grants) minus expenditure net of scheduled interest and foreign-financed capital expenditure.

<sup>3/</sup> Les dons programmes et dons d'apurement d'arriérés pour 2008 sont "sous la ligne" dans la colonne programme, et au dessus dans les projections

Central Government Financial Operations 2005-2013 (end)  
(in CFAF billion, unless otherwise indicated)

	2005	2006	2007		2008			2009		2010	2011	2012	2013
		Est.	Est.	Q3 (Prog.)	Q3 (Est.)	EPCA-2	Est.	IMF	budget		Proj.		
Financement	22.4	30.1	145.7	139.8	-72.9	111.0	-82.2	1,242.4	92.4	283.8	298.7	259.9	245.5
Financement intérieur	38.6	27.1	106.6	89.3	158.5	34.4	89.2	-59.8	-93.8	-14.6	-32.7	-30.5	-6.9
Financement bancaire (net)	33.5	-32.7	85.9	18.4	-8.9	-11.9	-25.0	-45.2	-27.4	-14.6	-32.7	-30.5	-6.9
Utilisation nette des ressources du Fonds <sup>6/</sup>	-47.7	-30.8	4.1	-15.9	11.8	-24.2	3.8	-10.9	86.1	-14.6	-32.7	-30.5	-6.9
Banque centrale (net)	52.3	-35.4	-19.3	8.8	12.2	-11.2	39.2	-19.7	-19.7	0.0	0.0	0.0	0.0
Banques commerciales (nets) par les banques locales <sup>5/</sup>	28.9	33.5	101.1	25.7	-30.9	23.5	-87.8	-14.8	-73.8	0.0	0.0	0.0	0.0
Financement non bancaire (net)	5.1	59.9	20.7	49.9	165.4	48.3	114.2	-13.5	-86.4	0.0	0.0	0.0	0.0
Financement extérieur	-18.2	2.9	43.1	-416.7	-152.3	-410.9	-170.5	-1,572.9	-148.3	-75.6	-30.8	-179.8	-129.1
Consolidation (titres)	-15.6	-10.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prêts projets	7.0	12.2	22.5	29.1	18.8	58.3	38.9	40.9	139.7	181.7	199.8	217.8	
Prêts programmes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	124.0	0.0	0.0	0.0	0.0
Financement UEMOA	17.4	23.3	89.2	-17.1	71.7	-17.1	76.2	0.0	0.0	0.0	0.0	0.0	0.0
Amortissement d'U. y.c. Club de Londres	-273.2	-257.8	-222.9	-198.8	-212.6	-248.0	-277.3	-287.5	-215.3	-212.4	-379.5	-346.7	
Amortissement d'U. autres	-0.8	-0.5	-23.1	-43.2	-43.2	-43.2	-43.2	-43.2	-43.2	-9.8	0.0	0.0	0.0
Variations des arriérés extérieurs (principal)	248.2	235.2	174.3	-230.1	-26.9	-204.0	-4.8	-1,336.5	0.0	0.0	0.0	0.0	0.0
Apurement des arriérés	-0.1	-15.9	-0.3	-326.9	-161.8	-326.9	-171.5	-1,336.5	0.0	0.0	0.0	0.0	0.0
Accumulation de nouveaux arriérés	248.3	251.1	174.6	95.7	161.7	122.8	166.7	0.0	0.0	0.0	0.0	0.0	0.0
Allègement et reechelonnement de la dette	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ecart de financement	0.0	0.0	-4.0	488.0	-79.2	487.6	-0.9	2,874.1	334.5	353.8	380.2	470.0	381.5
Financements possibles 2009-11													
Dons-programmes (BM, BAD, UE)								365.6	0.0	75.0	75.0	0.0	0.0
Restructuration des arriérés <sup>4/</sup>								2,102.2	0.0	0.0	0.0	0.0	0.0
Ajournement arriérés Paris Club post date butoir								33.7	0.0	0.0	0.0	0.0	0.0
Annulation arriérés Paris Club pré-date butoir								658.8	0.0	0.0	0.0	0.0	0.0
Réechelonnement arriérés Paris Club pré-date butoir								228.8	0.0	0.0	0.0	0.0	0.0
Réechelonnement arriérés Club de Londres								502.0	0.0	0.0	0.0	0.0	0.0
Réechelonnement arriérés Club de Londres								379.8	0.0	0.0	0.0	0.0	0.0
Restructuration du service courant <sup>4/</sup>								221.3	0.0	216.9	223.5	0.0	0.0
Ajournement du service courant Paris-Club post date butoir								78.4	0.0	61.4	56.7	0.0	0.0
Annulation du service courant Paris Club								39.5	0.0	40.6	42.1	0.0	0.0
Réechelonnement du service courant Paris Club								27.5	0.0	28.1	28.7	0.0	0.0
Réechelonnement du service courant Club de Londres								77.9	0.0	86.7	96.0	0.0	0.0
Gap résiduel						92.6	-0.9	185.0	334.5	61.9	61.7	470.0	381.5
dont: FMI- FRPC <sup>10/</sup>						0.0	0.0	109.8	109.8	52.3	52.2	0.0	0.0
Four mémoire													
Dette intérieure (y/c dette financière) <sup>7/</sup>	1,196	1,254	1,112	...	...	1,174	1,236	1,103	1,103	1,033	978	953	953
dont : arriérés <sup>8/</sup>	489	493	328	...	...	158	387	282	282	212	157	132	132
Dette extérieure	6,339	6,484	6,149	...	...	6,734	6,185	5,786	5,786	6,125	6,507	6,767	7,013
Dépenses pro-pauvres	489.7	510.3	563.8	...	...	...	611.5	661.4	702.3	701.6	799.8	817.3	1,059.9
dont: Education	311.4	318.8	345.0	...	...	...	390.5	539.4	424.0	567.2	640.4	727.3	831.7
Santé	70.3	77.4	88.8	...	...	...	98.6	122.0	113.1	134.4	159.0	190.0	228.2
Dépenses militaires	0.0	0.0	151.2	...	...	154.0	154.0	...	...	155.7	159.0	163.4	169.1

Sources: Autorités ivoiriennes; estimations et prévisions du FMI

<sup>1/</sup> Sur la base des mandats.

<sup>2/</sup> Défini comme étant les recettes totales moins les dépenses totales, hors intérêts et dépenses d'investissement financées sur ressources extérieures, excluant les dédommagement pour cause de déchets toxiques.

<sup>3/</sup> Les dons programmes et dons d'apurement d'arriérés pour 2008 sont "sous la ligne" dans la colonne programme, et au desif non zero, adjust line 6 in domdebt

<sup>4/</sup> Inclut tous les titres du gouvernement en FCFA émis auprès des banques ivoiriennes (incluant Ecobank début 2008)

<sup>5/</sup> Inclut toutes les émissions du Gouvernement en FCFA auprès des banques ivoiriennes

<sup>6/</sup> L'achat de 12,5 % du quota en avril 2008 sous l'AUPC est enregistré en financement bancaire.

<sup>7/</sup> Les stocks de dette intérieure ont été révisés à la hausse depuis le dernier rapport du FMI

<sup>8/</sup> Changement dans les stocks, incluant les réductions effectuées à travers la titrisation et les compensations avec le secteur électricité

<sup>9/</sup> les changements dans les stocks reflètent aussi les changements de valeurs.

<sup>10/</sup> Hypothèse d'accès = 90%; 24% des approbation, et six tranches égales de 11%.

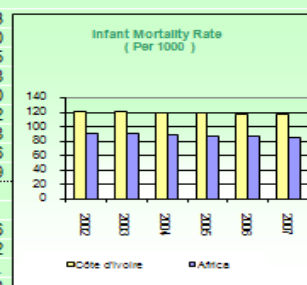
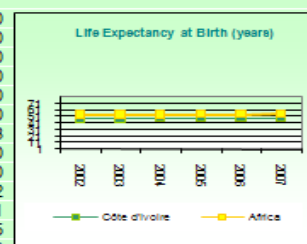
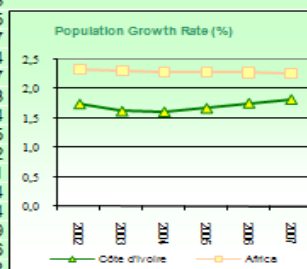
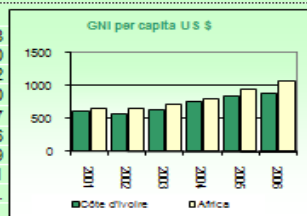
**Balance of Payments 2005-2013**  
(in CFAF billion, unless otherwise indicated)

	2005	2006	2007	2008		2009	2010	2011	2012	2013
				EPCA-2	Est.					
<b>Balance commerciale</b>	1,260.1	1,593.3	1,219.4	1,449.9	1,468.1	1,305.8	1,160.9	1,067.2	1,024.3	820.2
Exportations, f.o.b.	3,939.6	4,307.2	4,062.2	4,557.7	4,400.0	3,695.3	3,932.3	4,196.6	4,523.1	4,730.6
dont: cacao	1,087.4	1,063.1	1,053.8	1,342.7	1,263.2	1,115.9	1,095.3	1,102.7	1,110.1	1,142.2
pétrole brut et produits pétroliers	1,034.6	1,374.5	1,389.5	1,573.7	1,324.4	796.2	1,000.3	1,158.2	1,283.4	1,260.6
Importations, f.o.b.	-2,679.5	-2,713.9	-2,842.8	-3,107.8	-2,931.9	-2,379.5	-2,771.4	-3,129.4	-3,498.8	-3,910.5
dont : pétrole brut	-836.6	-841.0	-826.1	-1,072.7	-1,194.4	-865.1	-826.0	-926.5	-1,002.6	-1,054.7
<b>Services (net)</b>	-995.4	-1,064.9	-1,085.2	-1,262.3	-1,095.0	-1,038.6	-1,142.0	-1,245.5	-1,358.6	-1,489.0
Recu	569.0	576.6	577.3	578.8	581.8	601.6	640.5	684.6	736.3	796.2
Revenu des facteurs	102.2	102.5	103.0	111.9	105.0	109.8	117.6	126.4	136.8	148.9
Autres services	466.8	474.1	474.3	466.9	476.8	491.8	522.9	558.2	599.5	647.2
Payé	-1,594.4	-1,641.5	-1,662.5	-1,841.1	-1,878.8	-1,840.2	-1,782.4	-1,930.2	-2,094.8	-2,285.2
Revenu des facteurs	-481.8	-508.9	-526.2	-566.5	-540.2	-559.0	-581.4	-607.3	-637.7	-673.1
dont: intérêt dû par l'État	-151.5	-132.6	-115.3	-98.8	-123.6	-188.2	-171.6	-173.8	-169.4	-169.7
Avant reechelonnement / refinancement						-91.3	-79.6	-73.5		
Sur financements nouveaux						-86.9	-82.0	-100.4		
dont: sur reechelonnement						-88.3	-86.3	-86.3		
dont: autres						-8.6	-3.7	-12.0		
Autres services	-1,082.6	-1,132.6	-1,136.3	-1,274.6	-1,136.6	-1,081.2	-1,201.0	-1,322.9	-1,457.1	-1,612.1
Transferts (nets)	-243.9	-277.8	-199.0	-66.2	-182.0	-195.4	-194.2	-230.0	-262.1	-195.5
Privées <sup>1/</sup>	-232.4	-259.2	-277.3	-244.3	-269.4	-307.9	-329.7	-354.6	-383.5	-317.7
Publics <sup>1/</sup>	-11.5	-18.6	78.3	178.1	107.4	112.5	135.6	124.6	121.4	122.2
Compte courant, y/c dons	20.8	250.6	-64.8	121.4	211.1	71.8	-175.3	-408.3	-596.3	-864.3
Compte courant, dons n/c	32.3	269.2	-143.1	-56.7	103.7	-40.7	-310.8	-532.9	-717.8	-866.5
Compte de capitaux	-455.4	-512.1	17.0	-205.2	-382.1	-540.3	-114.5	182.9	299.0	639.4
Prêts à moyen et à long terme (nettes)	-266.2	-245.4	-200.4	-146.5	-239.6	-236.4	-75.6	-30.8	-179.6	-129.1
Prêts projets	7.0	12.2	22.5	58.3	38.9	40.9	139.7	181.7	199.8	217.6
Autres prêts des bilatéraux et multilatéraux	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortissement dû par l'État	-273.2	-257.6	-222.9	-204.8	-278.5	-277.3	-215.3	-212.4	-379.5	-346.7
Sur les nouveaux financements						0.0	0.0	0.0		
reechelonnement 2008						0.0	0.0	0.0		
nouveaux projets et écart de financement						0.0	0.0	0.0		
Investissements directs Etrangers	164.5	166.8	204.6	215.9	215.9	227.1	259.8	293.1	332.9	342.8
Autres capitaux (y/c les capitaux privés, erreurs & omissions)	-353.7	-433.5	12.8	-274.6	-359.4	-530.9	-298.8	-79.5	145.8	425.7
dont: secteur pétrolier	-99.9	-201.8	-69.0	-140.8	-77.6	-56.5	-82.1	-96.6	-105.5	-107.3
dont: titres du gouvernement vendus aux banques regionales	17.4	23.3	69.2	-17.1	76.2	0.0	0.0	0.0	0.0	0.0
autres	-271.2	-254.9	12.5	-116.6	-357.0	-474.4	-216.7	17.1	251.3	532.9
Erreurs et omissions	87.6	15.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Solde global</b>	-347.0	-246.4	-47.8	-83.8	-171.0	-468.4	-269.8	-225.4	-297.3	-224.9
<b>Financement</b>	347.0	246.4	51.8	-403.8	171.9	-2,405.7	-64.0	-134.7	-172.7	-156.6
Réserves officielles nettes (augmentation-)	0.0	-158.2	-218.3	-141.2	117.7	-39.2	-64.0	-134.7	-172.7	-156.6
Comptes d'opérations	47.6	-127.4	-223.9	-130.3	120.9	-24.6	-31.3	-104.3	-165.8	-156.6
FMI (net)	-47.7	-30.8	5.6	-10.9	-3.2	-14.6	-32.7	-30.5	-8.9	0.0
Disbursements	0.0	0.0	29.8	0.0	27.3	0.0	0.0	0.0	0.0	0.0
Repayments	-47.7	-30.8	-24.2	-10.9	-30.5	-14.6	-32.7	-30.5	-8.9	0.0
Banques commerciales (net)	-62.2	40.4	3.4	-3.4	29.0	0.0	0.0	0.0	0.0	0.0
Allègement de la dette obtenu	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Variation nette des arriérés extérieurs (principal et intérêt)	409.2	364.2	266.6	-259.1	25.3	-2,366.4	0.0	0.0	0.0	0.0
<b>Gap de financement</b>	0.0	0.0	-4.0	487.6	-0.9	2,874.1	353.8	360.2	470.0	381.5
<b>Financement possible 2009-11</b>										
Donc programmes (BM, UE, BAD)	...	...	...	...	...	365.6	75.0	75.0	0.0	0.0
Restructuration des arriérés	...	...	...	...	...	2,102.2	0.0	0.0	0.0	0.0
dont	...	...	...	...	...	33.7	0.0	0.0	0.0	0.0
Ajournement arriérés Paris Club post date butoir	...	...	...	...	...	956.8	0.0	0.0	0.0	0.0
Annulation arriérés Paris Club pré-date butoir	...	...	...	...	...	229.8	0.0	0.0	0.0	0.0
Réechelonnement arriérés Paris Club pré-date butoir	...	...	...	...	...	502.0	0.0	0.0	0.0	0.0
Réechelonnement arriérés Club de Londres	...	...	...	...	...	379.8	0.0	0.0	0.0	0.0
Restructuration du service courant	...	...	...	...	...	221.3	216.9	223.5	0.0	0.0
dont	...	...	...	...	...	76.4	61.4	56.7	0.0	0.0
Ajournement du service courant Paris-Club post date butoir	...	...	...	...	...	39.5	40.6	42.1	0.0	0.0
Annulation du service courant Paris Club	...	...	...	...	...	27.5	28.1	28.7	0.0	0.0
Réechelonnement du service courant Paris Club	...	...	...	...	...	77.9	86.7	96.0	0.0	0.0
Réechelonnement du service courant Club de Londres	...	...	...	...	...					
<b>Ecart résiduel</b>	...	...	...	...	...	185.0	61.9	61.7	470.0	381.5
dont FMI-FRPC	...	...	...	...	...	109.8	52.3	52.2	0.0	0.0
<b>Pour mémoire</b>										
Solde global (en pourcentage du PIB)	-4.0	-2.7	-0.5	-0.8	-1.6	-4.3	-2.5	-1.8	-2.2	-1.5
Compte courant, y/c transferts publics (en pourcentage du PIB)	0.2	2.8	-0.7	1.2	2.0	0.7	-1.5	-3.2	-4.4	-5.8
Balance commerciale (en pourcentage du PIB)	14.6	17.5	12.9	14.4	14.0	11.9	9.9	8.5	7.5	5.5
Exportations de cacao (en milliers de tonnes)	1,306	1,226	1,111	1,302	1,124	1,141	1,158	1,193	1,229	1,265
Prix du cacao à l'export, f.o.b. (en FCFA francs/kg)	785	804	855	976	1,008	841	794	769	744	740
Réserves officielles brutes (en mois d'importations de biens et services)	2.5	2.8	3.4	3.1	3.0	3.6	3.2	3.2	3.2	3.2
Encours d'arriérés non apurés (en fin d'année) de biens & services	1,671	2,011	2,050	1,992	2,368	0.0	0.0	0.0	0.0	0.0
PIB nominal	8,631	9,081	9,487	10,103	10,485	10,964	11,741	12,626	13,655.9	14,873.2
Taux de change nominal (FCFA/US\$; moyenne de la période)	527	522	479	446	446	479	476	473	470.4	468.2

Sources: Autorités ivoiriennes; estimations et prévisions du FMI

## Comparative Socioeconomic Indicators

	Year	Côte d'Ivoire	Africa	Developing Countries	Developed Countries
<b>Basic Indicators</b>					
Area ('000 Km <sup>2</sup> )		322	30 307	80 976	54 658
Total Population (millions)	2007	19,3	963,7	5 448,2	1 223,0
Urban Population (% of Total)	2007	48,3	39,8	43,5	74,2
Population Density (per Km <sup>2</sup> )	2007	59,7	31,8	65,7	23,0
GNI per Capita (US \$)	2006	870	1 071	2 000	36 487
Labor Force Participation - Total (%)	2005	39,0	42,3	45,6	54,6
Labor Force Participation - Female (%)	2005	33,5	41,1	39,7	44,9
Gender-Related Development Index Value	2005	0,413	0,486	0,694	0,911
Human Develop. Index (Rank among 174 countries)	2005	166	n.a.	n.a.	n.a.
Popul. Living Below poverty line (% of Population)	2004	18,0	34,3		
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2007	1,8	2,3	1,4	0,3
Population Growth Rate - Urban (%)	2007	2,7	3,5	2,6	0,5
Population < 15 years (%)	2007	41,0	41,0	30,2	16,7
Population >= 65 years (%)	2007	3,4	3,5	5,6	16,4
Dependency Ratio (%)	2007	79,3	80,1	56,0	47,7
Sex Ratio (per 100 female)	2007	103,0	99,3	103,2	94,3
Female Population 15-49 years (% of total populati	2007	23,6	24,2	24,5	31,4
Life Expectancy at Birth - Total (years)	2007	48,3	54,2	65,4	76,5
Life Expectancy at Birth - Female (years)	2007	49,3	55,3	67,2	80,2
Crude Birth Rate (per 1,000)	2007	35,3	36,1	22,4	11,1
Crude Death Rate (per 1,000)	2007	15,4	13,2	8,3	10,4
Infant Mortality Rate (per 1,000)	2007	116,9	85,3	57,3	7,4
Child Mortality Rate (per 1,000)	2007	183,2	130,2	80,8	8,9
Total Fertility Rate (per woman)	2007	4,5	4,7	2,8	1,6
Maternal Mortality Rate (per 100,000)	2005	543	724	450	8
Women Using Contraception (%)	2006	13,0	29,9	61,0	75,0
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2005	11,4	39,6	78,0	287,0
Nurses (per 100,000 people)	2006	55,7	120,4	98,0	782,0
Births attended by Trained Health Personnel (%)	2006	56,8	50,4	59,0	99,0
Access to Safe Water (% of Population)	2006	81,0	62,3	80,0	100,0
Access to Health Services (% of Population)	2004	60,0	61,7	80,0	100,0
Access to Sanitation (% of Population)	2004	37,0	45,8	50,0	100,0
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2005	7,1	4,7	1,3	0,3
Incidence of Tuberculosis (per 100,000)	2005	382,4	300,7	275,0	18,0
Child Immunization Against Tuberculosis (%)	2006	77,0	83,7	85,0	93,0
Child Immunization Against Measles (%)	2006	73,0	75,4	78,0	93,2
Underweight Children (% of children under 5 years)	2005	20,0	28,6	27,0	0,1
Daily Calorie Supply per Capita	2004	2 637	2 436	2 675	3 285
Public Expenditure on Health (as % of GDP)	2005	0,8	2,4	1,8	6,3
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2006	70,6	96,4	91,0	102,3
Primary School - Female	2006	62,2	92,1	105,0	102,0
Secondary School - Total	2002-06	24,6	44,5	88,0	99,5
Secondary School - Female	2002-06	18,0	41,8	45,8	100,8
Primary School Female Teaching Staff (% of Total)	2003	24,0	47,5	51,0	82,0
Adult Illiteracy Rate - Total (%)	2007	44,5	33,3	26,6	1,2
Adult Illiteracy Rate - Male (%)	2007	34,9	25,6	19,0	0,8
Adult Illiteracy Rate - Female (%)	2007	54,5	40,8	34,2	1,6
Percentage of GDP Spent on Education	2000-05	4,6	4,5	3,9	5,9
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2005-07	9,3	6,0	9,9	11,6
Annual Rate of Deforestation (%)	2000-07	3,1	0,7	0,4	-0,2
Annual Rate of Reforestation (%)	2000-07	7,0	10,9	...	...
Per Capita CO2 Emissions (metric tons)	2005-07	0,7	1,0	1,9	12,3



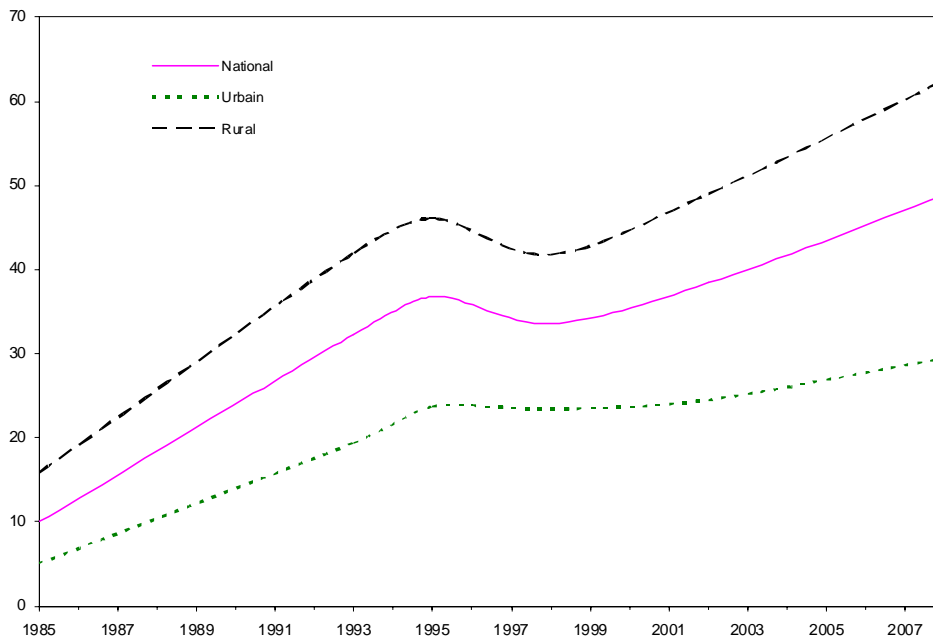
Sources : ADB Statistics Department Databases; World Bank: World Development Indicators;

last update : juillet 2008

UNAIDS; UNSD; WHO; UNICEF; WRI; UNDP; Country Reports

Note : n.a. : Not Applicable ; ... : Data Not Available; \* : latest data available within 1995-2000

## Trend of Poverty Rate between 1995 and 2008



Source: National Institute of Statistics, 2008

The trend of poverty rate has been identified for three periods between 1995 and 2008 as follows:

- **1985 to 1995:** There was an increase in the poverty rate, from 10.5% in 1985 to 36.8% in 1995. This period was marked by an unfavourable economic situation, characterized by a deterioration of the terms of trade, a decline in agricultural commodity prices and a stagnation of the annual real GDP growth at 0.8%.
- **1995 to 1998:** During this period, the country witnessed a slight decline in the poverty rate from 36.8% in 1995 to 33.6% in 1998. This was attributable to the positive effects of the 1994 devaluation, combined with improved terms of trade and a recovery of investments in the private sector. Moreover, since economic growth ranges between 5% and 7%, this was higher than the population growth of 3.3%.
- **1998 to 2008:** Over the last ten years, the poverty rate has deteriorated from 33.6% in 1998 to 38.4% in 2002, rising further to 48.9% in 2008. The country has been facing a series of socio-political and military crises culminating in the military takeover of 24 December 1999 and the armed rebellion of 19 September 2002 that led to the *de facto* partitioning of the country.

## MDG Trend 1990-2007

Millennium Development Goals				
	1990	1995	2000	2007
<b>Goal 1: Eradicate extreme poverty and hunger</b>				
Employment to population ratio, 15+, total (%)	62	62	59	58
Employment to population ratio, ages 15-24, total (%)	47	48	44	45
Income share held by lowest 20%	6.7	7.1	5.2	..
Mainnutrition prevalence, weight for age (% of children under 5)	..	20.9	18.2	20.2
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
Prevalence of undernourishment (% of population)	18	16	..	..
Vulnerable employment, total (% of total employment)	..	..	..	..
<b>Goal 2: Achieve universal primary education</b>				
Literacy rate, youth female (% of females ages 15-24)	38	..	52	..
Literacy rate, youth male (% of males ages 15-24)	60	..	71	..
Persistence to last grade of primary, total (% of cohort)	..	..	86	..
Primary completion rate, total (% of relevant age group)	41	37	39	43
Total enrollment, primary (% net)	..	..	53	..
<b>Goal 3: Promote gender equality and empower women</b>				
Proportion of seats held by women in national parliament (%)	6	8	8	9
Ratio of female to male enrollments in tertiary education	..	..	36	..
Ratio of female to male primary enrollment	71	..	75	79
Ratio of female to male secondary enrollment	48	..	54	..
Ratio of young literate females to males (% ages 15-24)	63	..	74	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	..	..	20.6	..
<b>Goal 4: Reduce child mortality</b>				
Immunization, measles (% of children ages 12-23 months)	56	57	73	73
Mortality rate, infant (per 1,000 live births)	105	100	95	90
Mortality rate, under-5 (per 1,000)	153	144	136	127
<b>Goal 5: Improve maternal health</b>				
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	159	143	112
Births attended by skilled health staff (% of total)	..	45	63	57
Contraceptive prevalence (% of women ages 15-49)	..	11	15	13
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	810
Pregnant women receiving prenatal care (%)	..	83	88	85
Unmet need for contraception (% of married women ages 15-49)	..	27	28	29
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>				
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	58	36
Condom use, population ages 15-24, female (% of females ages 15-24)	..	11	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	41	..	..
Incidence of tuberculosis (per 100,000 people)	168	251	364	420
Prevalence of HIV, female (% ages 15-24)	..	..	..	2.4
Prevalence of HIV, total (% of population ages 15-49)	..	..	6.0	3.9
Tuberculosis cases detected under DOTS (%)	..	50	32	37
<b>Goal 7: Ensure environmental sustainability</b>				
Annual freshwater withdrawals, total (% of internal resources)	..	..	1.2	..
CO2 emissions (kg per PPP \$ of GDP)	0.3	0.3	0.2	..
CO2 emissions (metric tons per capita)	0.4	0.5	0.3	..
Forest area (% of land area)	32	..	32	33
Improved sanitation facilities (% of population with access)	20	21	22	24
Improved water source (% of population with access)	67	71	75	81
Marine protected areas, (% of surface area)	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	..
<b>Goal 8: Develop a global partnership for development</b>				
Aid per capita (current US\$)	54	81	21	13
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	19.1	19.1	15.8	0.8
Internet users (per 100 people)	0.0	0.0	0.2	1.6
Mobile phone subscribers (per 100 people)	0.0	0.0	2.8	36.6
Telephone mainlines (per 100 people)	0.6	0.8	1.5	1.4
<b>Other</b>				
Fertility rate, total (births per woman)	6.5	5.9	5.3	4.6
GNI per capita, Atlas method (current US\$)	720	660	630	910
GNI, Atlas method (current US\$) (billions)	9.3	9.9	10.8	17.5
Gross capital formation (% of GDP)	6.7	15.6	10.8	9.8
Life expectancy at birth, total (years)	53	50	47	48
Literacy rate, adult total (% of people ages 15 and above)	34	..	49	..
Population, total (millions)	12.8	15.0	17.0	19.3
Trade (% of GDP)	58.8	76.2	73.8	89.7
Source: World Development Indicators database				

Priority Economic Governance Action Plan

Problems Encountered	Measures to be taken / Responsible Entity	To be implemented:	Status
<b>Public Expenditure Review</b>			
1. A) Domestic revenues are still low compared to the potential	1. Enforce the automatic ex-pump price adjustment for petroleum products / <i>DGE/MEF</i> 2. Budget for tax revenues on coffee/cocoa and oil; reduce the levies on cocoa; / <i>DGBF/MEF</i> 3. make an inventory of revenues received by the ministries; / <i>DGBF/MEF</i> 4. Transfer the totality of dividends paid by State or public companies to the budget. / <i>ACCC/DGTCP</i>	By December 2008  Before 2009 Budget  By 2009  Immediately	New deadline: 31 March 2009  Completed  Ongoing  Completed
1. B) Unrealistic expenditures declaration and real expenditures deviate from projections			
(1.B.1) The online SIGFIP does not account for advances to enable the compilation of quarterly execution reports using a parallel system	5. Strictly supervise the expenditure execution dispensatory procedures; make an inventory of Treasury advances already committed and maintain the overall volume of advances at less than 15% of cumulative current spending excluding wages, debt service and externally-financed expenditures. / <i>DGBF/MEF</i>	Immediately	Completed
(1.B.2) Actual expenditures deviate considerably from projections	6. Refrain from executing expenditures beyond budget allocations by ensuring that poverty-related sectors receive their full budgetary allocations. / <i>DGBF/MEF</i>	Immediately	Possible verification end February 2009
1.C) Côte d'Ivoire does not have a programme for a detailed poverty reduction, that is time-bound, realistic and funded			
(1.C.1) Absence of a quantified sectoral strategy although it is based on multi-year macroeconomic assumptions	7. Finalize and quantify the full poverty reduction strategy by ensuring that budgetary allocations to poverty-related sectors have increased; / <i>DGP/MEMP</i>	By September 2008	New date : January 2009
(1.C.2) The budget is year-bound	8. Adopt a roadmap for the implementation of the Medium-Term Expenditure Framework (MTEF). / <i>DGBF/MEF</i>	Mid-2009	

Priority Economic Governance Action Plan

Problems Encountered	Measures to be taken / Responsible Entity	To be implemented:	Status
<b>Public financial system review</b>			
2. A) Legal and institutional framework	9. Implement the WAEMU Guidelines (undergoing revision), including ensuring consistency with MSFP 2001, starting the following year after adoption. /DGBF/MEF	The following year after the adoption of ongoing revision at the level of the WAEMU	Guidelines are not yet adopted.
2. B) Credibility, comprehensiveness and transparency of budget and budgeting process based on public policies			
(2.B.1) Amount of government internal and external arrears in significant	10. Establish an overall arrears clearance plan and implement them; DDP/MEF	December 2008	Completed
(2.B.2) Over the previous 3 fiscal years, the budget has never been passed before the start of the fiscal year	11. Adopt on an annual basis the budget act before the start of the fiscal year (1 <sup>st</sup> January) and post the budget on the MEF/DGBF/MEF website	December 2008	Completed
2.C) Accounting, recording of information and financial reports			
(2.C.1) Budgetary execution reports are not systematically edited, are contradictory and lead to confusion, and access by the public to information is inadequate	12. Systematically produce each year a quarterly budget execution report by identifying poverty reduction spending and publish the information on the internet within 6 weeks following the end of each quarter; Cab/MEF  13. Complete the inter-phasing between SIGFIP, ASTER, SIGFAE and SIGMAP	Immediate  Mid-2009	Completed
2.D) Predictability and internal audit and external scrutiny of budget execution			
(2.D.1) Examination by the Chamber of Accounts of Audited Budget Act delayed considerably	14. Ensure the certification of conformity of the 2007 budget review at the latest end October 2008 and forward the Audited Budget Act 2008 ; /Cab/MEF  15. Promulgate the organic law creating the Court of Accounts and build the capacities of the Chamber of Accounts; /Cab/MEF  16. Publish and post on the official web site of the Government, the Audited Budget Act (starting with the 2005 and 2006 BRL) ; /Cab/MEF  17. Follow up on observations and irregularities identified. /Cab/MEF	October 2009  Mid-2009  December 2008  Starting 2009	

Annex 8: Priority Economic Governance Action Plan

Problems Encountered	Measures to be taken / Responsible Entity	To be implemented:	Status
<b>Public procurement system review</b>			
3. A) Pillar I: Legislative and regulatory framework			
(3.A.1) The public procurement code defines: A scope of application that does not cover some institutions (Parliament, etc.) and authorizes dispensations that can reduce the scope of application; Cases of enforcement of negotiation method that are overly extensive and fosters their abuse	18. comply with WAEMU Guideline N°4 to broaden the scope of application of the code and limit the use of negotiation method; <i>DMP/MEF</i>	December 2008	New date : 31 March 2009
3.B) Pillar II: Institutional framework and management capacity			
(3.B.1) No separation between control and regulatory functions of public procurement	19. Operationalize the National Public Procurement Observatory (ONMP), in line with WAEMU Guideline N°5 for managing policies, training, complaints and audits <sup>24</sup> ; <i>DMP/MEF</i>	June 2009	
3.D) Pillar IV: Integrity and transparency of procurement system			
(3.D.1) The legal framework and effectiveness of internal and external control of procurement are deficient	20. Publish ex-ante and ex-post internal control of public procurement applicable to all contracting authorities in accordance with WAEMU guidelines; <i>DMP/MEF</i>	January 2009	New date : February 2009
(3.D.2) Access by the public to information on the results of MP is inadequate	21. Publish the results of all procurements and concessions, including those of state companies (SODE), in the JMP and the public procurement web site; <i>DMP/MEF</i>	January 2009	New date : February 2009
(3.D.3) The regulatory system for the settlement of tender award disputes is neither independent nor functional	22. Operationalize the independent complaint mechanism; <i>Cab/MEF</i>	June 2009	

<sup>24</sup> The operationalization of the ONMP will entail (i) passing regulations for its creation, organization and operation, (ii) appoint the key officials (of the Regulatory Board and Permanent Technical Secretariat), and (iii) allocate appropriate budget for the operation of the structure.

Map of Côte d'Ivoire



## CÔTE D'IVOIRE: GLOBAL COUNTRY STRATEGY NOTE 2009-2010

### CORRIGENDUM\*

Please find below a **corrigendum** on the above-mentioned document.

1. **Page 7, paragraph 2.1.24 Monetary Policy and Financial Sector, the two first sentences are replaced as follows:**

Côte d'Ivoire is a member of the West African Monetary Union (WAMU). In this regard, the monetary and credit policy is defined by BCEAO, which is linked to the French Treasury through the Operation Account in line with monetary cooperation agreement between France and WAMU member countries.

2. **Page 28, Table 6: Bank Indicative Programme for Côte d'Ivoire 2009-2010:**

FOMI Hydroelectric Dam Studies and related transmission lines (Guinea, Mali and Côte d'Ivoire): Probable date of approval by the Boards, please read 2010 instead of 2009.