



April 2020

CÔTE D'IVOIRE

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY AND PURCHASE UNDER THE RAPID FINANCING INSTRUMENT—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR CÔTE D'IVOIRE

In the context of the Requests for Disbursement Under the Rapid Credit Facility and Purchase Under the Rapid Financing Instrument, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on April 17, 2020, following discussions that ended on April 3, 2020, with the officials of Côte d'Ivoire on economic developments and policies underpinning the IMF arrangement under the Rapid Credit Facility. Based on information available at the time of these discussions, the staff report was completed on April 10, 2020.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.
- A **Statement by the Executive Director** for Côte d'Ivoire.

The documents listed below have been or will be separately released.

Letter of Intent sent to the IMF by the authorities of Côte d'Ivoire*

*Also included in Staff Report

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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IMF Executive Board Approves a US\$886.2 Million Disbursement to Côte d'Ivoire to Address the COVID-19 Pandemic

- The IMF approves the disbursement of US\$886.2 million to Côte d'Ivoire to be drawn under the Rapid Credit Facility and the Rapid Financing Instrument.
- The economic impact of the COVID-19 pandemic is likely to be substantial, with the near-term outlook deteriorating quickly.
- The authorities' policy response to the pandemic has been swift, drawing on a health emergency plan and an ambitious economic package to provide targeted support to vulnerable populations and firms affected by the pandemic.

WASHINGTON, DC – April 17, 2020. The Executive Board of the International Monetary Fund (IMF) today approved a disbursement under [the Rapid Credit Facility \(RCF\)](#) equivalent to SDR 216.8 million (about US\$295.4 million, or 33.3 percent of quota), and a purchase under the [Rapid Financing Instrument \(RFI\)](#) equivalent to SDR 433.6 million, (about US\$590.8 million or 66.7 percent of quota), to help Côte d'Ivoire meet the urgent balance of payment needs stemming from the outbreak of the COVID-19 pandemic.

Côte d'Ivoire is feeling the brunt of the Covid-19 pandemic. The 2020 economic outlook is expected to deteriorate substantially owing to the sharp slowdown in activity among Côte d'Ivoire's trading partners, the hit to investors' confidence, and the adverse economic impact of the needed containment and mitigation measures deployed by the authorities.

The government's response to the pandemic has been swift, with strong social distancing and containment measures and an emergency health plan supported by the World Health Organization. The authorities also announced an ambitious economic plan of about 1½ percent of GDP for 2020 to prop-up the income of the most vulnerable segments of the population through agricultural input support and expanded cash transfers, provide relief to hard-hit sectors and firms, and support public entities in the logistics sectors to ensure continuity in supply chains.

The deteriorating macroeconomic outlook and fiscal policy response to mitigate the impact of the pandemic on Côte d'Ivoire are generating fiscal pressures and creating an urgent BOP need. The IMF support through RCF/RFI financing would help fill part of the financing gap and catalyze other concessional financing.

Following the Executive Board discussion, Mr. Mitsuhiro Furusawa, Deputy Managing Director and Chair, made the following statement:

"The COVID-19 pandemic is expected to have a considerable negative impact on Côte d'Ivoire's economy, creating fiscal pressures and an urgent balance of payments need. The authorities swiftly adopted strong containment measures which, while necessary, will also weigh on economic activity.

"To mitigate these adverse effects and cushion the fallout on the business sector and hardship on families and communities, the authorities adopted a health plan and a package of economic measures to prop the income of the most vulnerable segments of the population through agricultural input support and expanded cash transfers, provide relief to hard-hit sectors and firms, and support public entities in the transport and port sectors to ensure continuity in supply chains.

"In view of the severity of the pandemic, the envisaged temporary widening of the fiscal deficit is appropriate, even if this means temporarily breaching the 3 percent regional convergence criterion. Given the substantial downside risks, additional spending reallocations would be needed if tax revenue were to underperform compared to the current projection. Covid-19 related expenditures should be executed transparently and be well targeted to the most affected households and firms. Once the crisis abates, the fiscal deficit should return to the pre-crisis path to preserve the gains achieved under the IMF-supported program and medium-term debt sustainability.

"The IMF emergency support under the Rapid Credit Facility and Rapid Financing Instrument will help the authorities address the urgent fiscal and balance of payments financing needs. It will also help catalyze additional financing from other development partners. Additional donor support is critical to close the remaining financing gap and preserve Côte d'Ivoire's substantial development gains over the past decade."

More information

IMF Lending Tracker (emergency financing request approved by the IMF Executive Board)
<https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker>

IMF Executive Board calendar

<https://www.imf.org/external/NP/SEC/bc/eng/index.aspx>



CÔTE D'IVOIRE

April 10, 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY AND PURCHASE UNDER THE RAPID FINANCING INSTRUMENT

Context. Côte d'Ivoire will be significantly impacted by COVID-19 pandemic: the number of cases in the country has increased rapidly since the first confirmed case was reported on March 11 and the global crisis is expected to severely affect supply chains and external demand. The authorities' policy response to the pandemic has been swift, putting in place measures to help contain and mitigate the spread of the disease and designing a health response plan. They have complemented these steps with an economic package to provide targeted support to vulnerable populations and firms affected by the pandemic. The pandemic will also temporarily dampen domestic revenue mobilization and complicate access to international market financing.

Request for Fund support. Cognizant of the strains on the budget and financing arising from the economic impact and mitigation efforts to fight the COVID-19 pandemic, the authorities are seeking financial assistance under the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI) to address the urgent balance of payments needs, to be disbursed as direct budget support. In the attached letter, the authorities request financial support under the RCF/RFI blend of SDR 650.4 million, equivalent to 100 percent of quota, with the full amount to become available upon Board approval of the request. Staff supports the request.

Economic policies. The authorities have taken swift measures to contain the spread of COVID-19 and have prepared an emergency health response plan as well as an economic support package targeted at vulnerable households and sectors affected by the pandemic. Staff supports the authorities' decision to accommodate the fiscal costs associated with the projected growth slowdown and health and economic emergency plans. The authorities should return to the pre-crisis deficit from 2021 onwards once the crisis abates to preserve the gains achieved during the ECF/EFF-supported program and ensure debt sustainability.

Performance under the ECF and EFF-supported program. Preliminary data point to satisfactory performance. All end-December 2019 performance criteria and structural benchmarks appeared to have been met. However, the achieved fiscal consolidation was more skewed towards spending cuts than planned, leading to missed indicative targets on the floors for tax revenue, central government's amount payable and primary basic balance. At this juncture, it is envisaged to combine the 7th and 8th reviews in the fall 2020.

**Approved By
Dominique Desruelle
(AFR) and Craig
Beaumont (SPR)**

An IMF team consisting of Ms. Allard (head), Ms. Simard, Ms. Zinabou, Mr. Ouedraogo, Mr. Yago (all AFR), Mr. Fournier (FAD), Ms. Fruttero (SPR), Mr. Gijon (Resident Representative) and Mr. Yohou (local economist) held discussions with Côte d'Ivoire's authorities by teleconferences led by Minister of Economy and Finance, Adama Coulibaly, on March 17 and April 1-3. Mr. Li and Mr. Magno assisted the team.

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CONTEXT

1. Côte d'Ivoire was on a strong growth trend prior the COVID-19 pandemic. Growth averaged 7.1 percent over 2016–18 and high-frequency indicators have pointed to continued robust growth of 6.9 percent in 2019, supported by dynamic manufacturing and services, and abundant harvests.¹ Before the COVID-19 pandemic, real GDP was projected to grow at 6.7 percent in 2020, fueled by private sector investment and consumption. Inflation has remained in low single digits, supported by the CFA franc peg to the euro. After reaching a low of -3.6 percent of GDP in 2018, the current account balance recovered somewhat in 2019 and was expected to further narrow to -2.5 percent in 2020.

2. The authorities had delivered significant fiscal consolidation under the ECF and EFF-supported program. The fiscal deficit declined from 3.3 percent of GDP in 2017 to 2.3 percent of GDP in 2019, with consolidation underpinned by spending compression, as tax policy reforms proved more difficult to implement. The authorities strengthened revenue administration, improved public finance and debt management and restructured the energy sector.

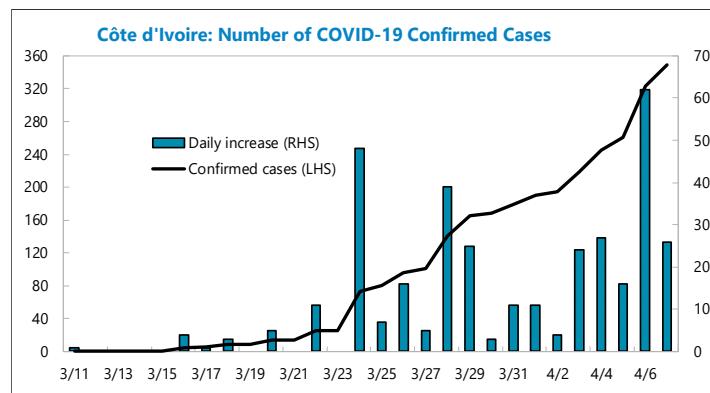
3. Performance under the program has been satisfactory. Preliminary data show that all end-December 2019 performance criteria and structural benchmarks were met. However, the achieved fiscal consolidation was more skewed towards spending cuts than initially planned, leading to missed indicative targets on the floors for tax revenue, central government's amount payable and primary basic balance.

IMPACT OF THE PANDEMIC AND OUTLOOK

A. Economic Channels of Transmission and Response

4. The economic impact of the pandemic is likely to be substantial

(Box 1). As of April 7, 2020, Côte d'Ivoire has reported 349 cases of COVID-19 infection. Growth is expected to be significantly lower than previously envisaged, reflecting lower external and domestic demand and constraints on supply as containment measures are implemented. Trade with Côte d'Ivoire's



¹In February 2020, Côte d'Ivoire updated the base year for the calculation of its national accounts from 1996 to 2015. The rebasing increased GDP in 2015 by 38 percent (driven largely by higher value-added of services) but lowered real growth between 2015 and 2018 such that 2018 GDP is higher by only 34 percent. The new GDP and lower historical growth have been incorporated in the macroeconomic framework, mechanically reducing most ratios to GDP relative to the staff report of the sixth review of the ECF and EFF supported program published in December 2019.

main economic partners (mostly the EU and China) and neighboring countries will also be affected by the air, maritime and land border closures. Investment is expected to be hit as uncertainty has set in both in foreign investors' origin countries and domestically.

Box 1. The Economic Impact of the COVID-19 Pandemic on Côte d'Ivoire

A simultaneous external and domestic shock, the pandemic is expected to strongly impact

Côte d'Ivoire. As in many countries, the outbreak will depress Côte d'Ivoire's macroeconomic outlook, both indirectly as the spread of the disease slows down economic activity worldwide and directly via a sizable human and economic cost as strong containment measures are being implemented.

The impact on trade and domestic production could be considerable, creating an urgent BOP need.

Lower demand from partner countries and supply chain disruptions will undermine Côte d'Ivoire's trade. The EU and China, the regions so far most hit by the pandemic, are important trading partners for Côte d'Ivoire, accounting for nearly 50 percent of the country's total exports and imports. End-January data already shows signs of reduced traffic in Ivoirien air- and maritime ports. Furthermore, efforts to mitigate the spread of the virus, such as the regulation of transportation, curfews and the prohibition of unauthorized travel within the country, will depress domestic consumption and investment, disrupt the domestic market and the supply chain, and hinder production.

The business sector and the wellbeing of people will be significantly affected. The containment measures adopted by the authorities, implying business closures, will temporarily lead to a sharp decline of profits of some small and medium enterprises, and a loss of wages for workers, especially in the informal sector and among the self-employed. This will impact the wellbeing of families and communities and drive already vulnerable families into poverty.

The fiscal impact of the pandemic is expected to be high, driven by declining tax revenues and higher demand on the government's budget, with rising health-related expenditures and pressures to support the private sector and vulnerable families.

The banking sector could face a sharp deterioration of its loans portfolio, exacerbating the likely decline in credit to the economy resulting from the economic slowdown. The central bank (BCEAO) took swift measures to ease liquidity constraints in the banking sector and support firms. However, banks will likely experience a deterioration in the quality of their assets, including some public banks which are currently undercapitalized (those account for only 3 percent of total assets).

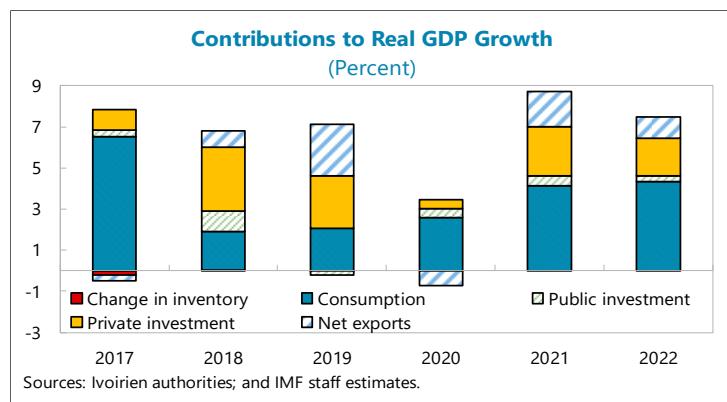
5. The government's response to the pandemic has been swift. Since the 1st confirmed case in Côte d'Ivoire on March 11, 2020, the authorities undertook strong social distancing and containment measures. As of April 7, 2020, those measures include declaring state of emergency and establishing curfew from 9 pm to 5 a.m., banning all international travels (with an exception for humanitarian aid purpose), prohibiting public gatherings of more than 50 people, closing schools, restaurants and recreational facilities, launching a vast disinfection operation in Abidjan, and imposing restrictions on public transportation and movements between regions in the country. They also intend to establish gradual lockdown by regional areas if the pandemic expands. With the support of the World Health Organization (WHO), the authorities adopted an emergency health plan aiming at providing free care for infected people and equipping intensive care units, strengthening epidemiological and biological surveillance (virus testing; creation of a free call center; rehabilitating

and equipping laboratories) and reinforcing capacities of pharmaceutical industries.² Finally, they announced an ambitious economic support plan to prop the income of the most vulnerable segments of the population through agricultural input support and expanded cash transfers, provide relief to hard-hit sectors and firms, and support public entities in the transport and port sectors to ensure continuity in supply chains.³

6. The international community is working to support Côte d'Ivoire. The World Bank is expected to provide budget support of FCFA 117.7 billion (0.3 percent of GDP) by early April 2020 and plans to provide support to the authorities' health emergency plan up to FCFA 42.8 billion (0.1 percent of GDP), which could be disbursed by end-May 2020. It could also provide additional budget support through the reallocation of funds from projects that have not yet been executed. Other development partners such as the African Development Bank, Agence Française de Développement (AfD) and other European development agencies are likely to provide financial support and are currently assessing options.

B. Outlook and Risks

7. The economic impact of the pandemic is projected to be large, but temporary (Table 1). Growth in 2020 is expected to be sharply reduced, to 2.7 percent, owing to a temporary drop in consumption, stagnating investment, and slower growth in net exports on the demand side, and



Côte d'Ivoire: Macroeconomic Framework, 2019-21								
(Percent of GDP unless otherwise indicated)								
	2019		2020			2021		
	Prog.	Est. ^{1/}	Prog.	Proj.	Est.	Prog.	Proj.	Est.
GDP growth, percent	7.5	6.9	7.3	6.7	2.7	7.0	6.7	8.7
Inflation, percent	1.0	0.8	1.7	1.2	1.2	2.0	1.4	1.4
Current account balance	-3.5	-2.7	-3.8	-2.5	-3.3	-3.5	-2.3	-2.5
Fiscal balance (including grants)	-3.0	-2.3	-3.0	-2.3	-5.2	-3.0	-2.3	-2.5
Public debt	52.5	37.8	49.9	38.2	42.1	48.5	37.5	40.7
Nominal GDP (FCFA billion)	25,955	34,447	28,309	37,122	35,731	30,788	40,085	39,305

Sources: Ivoirien authorities; and IMF staff estimates.

^{1/} Compared to the program column, these columns reflect the rebased national accounts.

²About two thirds of the amounts in the plan will go toward increasing health care capacity, while the rest will support the monitoring of diagnosed cases.

³Of the 1½ percentage point (ppt) of GDP package, 0.3 ppt of GDP is for support to vulnerable households, 0.4 ppt for support to businesses, including the informal sector and SMEs, 0.2 ppt for the agriculture sector, 0.2 ppt for support to public entities and 0.3 ppt in form of tax relief to the formal sector.

supply chain and labor market disruptions on the supply side. The crisis is assumed to abate over the course of 2020 and pent-up demand to fuel some full catch-up in the subsequent years.

8. The fiscal deficit is expected to widen substantially in 2020 (Tables 2a and 2b). The significant, but temporary, increase in the fiscal deficit will be driven by a loss in revenues, health-related expenses and measures to support affected sectors and the income of most vulnerable households.

9. The external accounts will also deteriorate, creating an urgent BOP need in the near term (Tables 3a and 3b). The current account deficit is projected to widen to 3.3 percent of GDP in 2020 from 2.7 percent in 2019, reflecting lower exports of Ivoirien agricultural and manufactured products in line with significantly weaker global demand. Imports will also grow at a much-slower Furthermore, the decrease in confidence among international investors (especially from regions such as China and Europe already deeply affected by the pandemic) is expected to lead to a decline in FDI and other private investment inflows while the government's access to external borrowing is likely to be at least partially compromised.

10. The outlook is highly uncertain and downside risks of a prolonged Covid-19 outbreak dominate. The economic outlook is grounded on the temporary nature of the pandemic and the normalization of the global economic outlook by the second half of 2020. A more protracted or recurrent pattern of the pandemic at the global or regional level will further deepen and delay the economic recovery.

Domestically, a larger-than-expected impact of necessary containment measures both on the economy and on public finances is the key downside risk, and the economy could fail to rebound quickly in 2021. Mounting social pressures ahead of the October 2020 presidential elections and spillovers from rising security risks in the Sahel could exacerbate those risks.

POLICY DISCUSSIONS

11. The authorities intend to allow the fiscal deficit to increase to accommodate the impact of the pandemic. The total cost of the pandemic is projected to amount to 2½ percent of GDP in 2020—with revenue losses related to the growth downward revision, the authorities' public health response and their economic support package accounting for 1, ¼ and

	Côte d'Ivoire: Fiscal Operations of the Central Government, 2020 (Percent of GDP)			
	Prog. 6th review	Proj. PreCOVID19 ^{1/}	Proj.	Diff.
Total revenue and grants	20.2	15.0	14.5	
Total revenue	19.0	14.1	13.6	
Tax revenue	16.8	12.4	11.8	
Nontax revenue	2.2	1.7	1.8	
Total expenditure	23.2	17.3	19.7	
Current expenditure	16.8	12.9	15.2	
o.w. COVID19-related spending	1.5	
Capital expenditure	6.4	4.4	4.6	
Overall balance	-3.0	-2.3	-5.2	-2.9
Overall balance (cash basis)	-3.1	-2.4	-5.3	-2.9
Financing	3.1	2.4	5.3	2.9
Domestic	-0.9	-0.7	-0.7	0.0
External	3.5	2.6	2.4	-0.2
Financing gap (+ deficit / - surplus)	0.6	0.4	3.6	3.2
Expected financing (excluding IMF)	0.0	0.0	0.4	0.4
IMF financing	0.6	0.4	1.9	1.5
IMF-ECF	0.2	0.1	0.1	0.0
IMF-EFF	0.4	0.3	0.3	0.0
IMF-RCF	0.5	0.5
IMF-RFI	1.0	1.0
Residual financing gap	1.2	1.2

Sources: Ivoirien authorities; and IMF staff estimates.

^{1/} Compared to the program column, this column reflects the rebased national accounts and a pre-crisis downward revision to tax revenue.

1½ percent of GDP, respectively. As a result, the headline fiscal deficit would increase by close to 3 ppt of GDP in 2020 to reach 5.2 percent of GDP (see text table).

12. Preliminary analysis indicates that a fiscal financing gap of about 3.2 percent of GDP would emerge over the current fiscal year,⁴ creating an equivalent and urgent BOP need (see text table). In addition to the 2.9 percent of GDP related to the impact of the pandemic on revenues and the health and economic support spending response it necessitates, an additional 0.2 percent of GDP would be created on the financing side: of the total 1.4 percent of GDP recourse to international capital markets projected for 2020 at the time of the 6th review, it is assumed that the authorities would only be able to levy half of that amount, or about 0.7 percent of GDP, relying on

loans from international banks. Part of that amount would be substituted with financing on the regional market in FCFA, but about 0.2 percent of GDP would remain unfinanced. The combination of RCF/RFI financing (for about 1.5 percent of GDP) and World Bank financing by 0.4 percent of GDP would help fill part of the financing gap, with the residual financing gap amounting to 1.2 percent of GDP. If international capital markets remain closed, the authorities will have to further rely on financing from the international community and the regional market.

13. Staff supports the authorities' decision to accommodate the temporary impact of the pandemic on the budget. Given the extraordinary nature of the pandemic and in order to timely address the impending health crisis and mitigate its severe economic impact, staff supports the relaxation of the fiscal stance, even if the fiscal deficit temporarily breaches the regional convergence criteria of 3 percent of GDP. Given the substantial downside risks, the authorities are committed to adjusting some spending lines in the event fiscal revenue underperformed compared to the current projection. In particular, the implementation of some public investment projects could be slowed down in the context of the crisis and of the necessary containment measures announced by the authorities. In order to amend the 2020 budget, the authorities are preparing a revised budgetary

	Côte d'Ivoire: Balance of Payments, 2020 (Percent of GDP)			
	Prog. 6th review	Proj. PreCOVID19 ^{1/}	Proj.	Diff.
Current Account	-3.8	-2.5	-3.3	-0.7
Capital and Financial Account	3.4	2.3	-0.3	-2.5
Capital Account	0.6	0.5	0.5	0.0
Financial Account	2.8	1.8	-0.7	-2.6
Overall Balance	-0.4	-0.3	-3.6	-3.3
Financing	0.4	0.3	3.6	3.3
Reserve assets	-0.1	-0.2	0.0	0.2
Financing gap	0.6	0.4	3.6	3.2
Expected Financing (excluding IMF)	0.0	0.0	0.4	0.4
IMF financing	0.6	0.4	1.9	1.5
IMF-ECF	0.2	0.1	0.1	0.0
IMF-EFF	0.4	0.3	0.3	0.0
IMF-RCF	0.5	0.5
IMF-RFI	1.0	1.0
Residual financing gap	1.2	1.2

Sources: Ivoirian authorities; and IMF staff estimates.

^{1/}Compared to the program column, this column reflects the rebased national accounts and a pre-crisis downward revision to tax revenue.

⁴Beyond the expected IMF disbursements under the ECF and the EFF, amounting to 0.4 percent of GDP in 2020.

framework that would be ready in the second half of April. They are also setting up specific procedures to track in a transparent manner crisis-mitigation exceptional expenditure.

14. Beyond the crisis period, the authorities remain committed to sustainable fiscal policies. From 2021 onwards, and as the effects of the crisis are assumed to recede both globally and domestically, growth to resume and the need for exceptional spending to subside, the authorities are committed to returning to the pre-crisis deficit path of 2.3 percent of GDP, so as to maintain the gains realized during the ECF/EFF-supported program and to preserve debt sustainability.

A. Debt Sustainability

15. Côte d'Ivoire remains at moderate risk of debt distress but with vulnerabilities to shocks. Public debt is expected to peak at 42 percent of GDP in 2020, and to resume its gradual declining trend thereafter, as the deviation from the medium-term deficit path is expected to be temporary. In that context, while the expected increase in the deficit in 2020 will be financed by additional debt, the debt sustainability assessment would remain unchanged from the assessment made at the time of the 6th review,⁵ and Côte d'Ivoire would remain at moderate risk of debt distress. However, the country's public debt is vulnerable to export and market financial conditions shocks, underscoring the need for prudent fiscal policies in the medium-term.

B. Regional Monetary Policy

16. Actions taken by the regional Central Bank (BCEAO) will complement domestic measures. Although there has been so far no sign of tensions on the money market, the BCEAO has recently taken preemptive steps to better satisfy banks' demand for liquidity and mitigate the negative impact of the pandemic on economic activity. The BCEAO first raised the liquidity made available to banks at its weekly and monthly auctions of March 23, allowing average refinancing rates to remain relatively close to the floor of the monetary policy corridor of 2.5 percent. This was followed, starting with the weekly refinancing auction of March 30, 2020, by the adoption of a full allotment strategy at a fixed rate of 2.5 percent, thereby allowing banks to fully satisfy their liquidity needs at a lower rate. On March 21, 2020, the BCEAO also announced that it would: (i) extend the collateral framework to access the BCEAO's refinancing to include bank loans to prequalified 1,700 private companies; and (ii) set up a framework with the banking system to support firms with repayment difficulties. While Côte d'Ivoire's financial sector appears relatively sound at this stage, pockets of vulnerability could materialize if the disruption caused by the pandemic is significant. In that context, the BCEAO's recent measures will play a welcome supportive role in providing additional liquidity to banks and, by extension, to their clients squeezed by some pandemic-related fall in revenue. Further measures could be needed as the situation evolves.

⁵See IMF Country Report No. 19/366 (<https://www.imf.org/en/Publications/CR/Issues/2019/12/18/Cote-d-Ivoire-Sixth-Reviews-Under-the-Arrangement-Under-the-Extended-Credit-Facility-and-the-48875>). A higher proportion of borrowing is assumed to be on concessional terms during 2020-2029 compared to the December 2019 DSA.

ACCESS AND CAPACITY TO REPAY

A. Access Level and Modalities

17. The authorities are requesting support under the RCF/RFI equivalent to 100 percent of quota (SDR 650.4 million, US\$ 883.4 million, FCFA 528.6 bn), including a disbursement under the RCF under the “exogenous shock” window (SDR 216.8 million, 33.3 percent of quota) and a purchase under the RFI under the standard window (SDR 433.6 million, 66.7 percent of quota).⁶ The disbursement, which amounts to about 1.5 percent of GDP, would provide timely support to address the urgent fiscal and BOP needs emerging from efforts to address the impact of the pandemic, which, left unaddressed, would result in immediate and severe economic disruption (Tables 6a and 6b). It would be used as direct budget support, contribute to about 40 percent of the identified financing gap and help catalyze other concessional financing.

B. Capacity to Repay and Safeguards Assessment

18. Capacity to repay the Fund is good, including with Côte d'Ivoire's solid track record of meeting its obligations. Obligations to the Fund would peak in 2024 at 4 percent of government revenue or 0.6 percent of GDP (Table 7).

19. Safeguards assessments. The BCEAO has only one recommendation outstanding from the 2018 safeguards assessment, which relates to the strengthening of the risk management function and is in process. The assessment found that overall the central bank has maintained a strong control culture.

STAFF APPRAISAL

20. Côte d'Ivoire will feel the brunt of the Coronavirus pandemic. The short-term economic outlook is expected to deteriorate substantially owing to the sharp slowdown in activity among its trade partners, the hit to investors’ confidence and the adverse economic impact of the containment and mitigation measures deployed by the authorities. The shock will put pressure on the fiscal and external positions, and the country is facing urgent additional financing needs of about 3.2 percent of GDP in 2020.

21. Staff welcomes the authorities’ swift response to contain the impact of the virus. Staff supports the authorities’ decision to accommodate the fiscal costs associated with the projected growth slowdown, health emergency plan, and economic support package, even if this means temporarily breaching the 3 percent regional convergence criterion on the fiscal deficit. Staff

⁶Côte d'Ivoire has an existing four-year ECF/EFF arrangement approved on December 12, 2016. However, in the context of the COVID-19 pandemic, the urgent nature of the BOP needs and the difficulties of holding comprehensive policy discussions with the authorities for the 7th review, including due to the high degree of uncertainty regarding the duration and scale of the pandemic, justified moving to an RCF/RFI blend.

encourages the authorities to reach understanding with the WAEMU authorities on a temporary deviation from the fiscal deficit convergence criterion. Should fiscal revenue underperform compared to the current projection, the authorities should stand ready to adjust some non-urgent spending down. Tracking crisis-mitigation exceptional expenditures in a transparent manner will be critical.

22. The authorities remain committed to medium term fiscal and debt sustainability. The fiscal loosening in 2020 is appropriate, but the authorities are committed to returning to the pre-crisis deficit of around 2.3 percent of GDP once the crisis abates to preserve the gains achieved during the program and ensure debt sustainability. Under such policies, Côte d'Ivoire would remain at moderate risk of debt distress.

23. Against this background, staff supports the authorities' request for a disbursement under the Rapid Credit Facility and the Rapid Financing Instrument in the amount of SDR 650.4 million (100 percent of quota). Staff support is based on the severity of the impact from the pandemic, the authorities' existing and prospective policies to address this external shock, the urgent balance of payments need, and the authorities' policy commitments to fiscal prudence along with their good track record, which will mitigate any risks for the Fund.

Table 2b. Côte d'Ivoire: Fiscal Operations of the Central Government, 2017–25
(Percent of GDP; unless otherwise indicated)

	2017	2018	2019			2020			2021	2022	2023	2024	2025
		Est.	Prog.	Prog.	Proj.	Prog.	Prog.	Proj.	Pre	Proj.	Proj.	Projections	
			GDP96	GDP15		GDP96	GDP15	COVID19 ^v					
Total revenue and grants	15.1	14.9	20.3	15.3	15.0	20.2	15.4	15.0	14.5	15.0	14.8	14.8	14.6
Total revenue	14.2	14.1	19.1	14.4	14.2	19.0	14.5	14.1	13.6	14.2	14.3	14.3	14.5
Tax revenue	12.2	12.1	16.6	12.5	12.2	16.8	12.8	12.4	11.8	12.5	12.6	12.6	12.7
Non-earmarked taxes	11.5	11.4	15.6	11.8	11.5	15.9	12.1	11.6	11.1	11.9	11.9	12.0	12.1
Direct taxes	3.2	3.4	4.6	3.5	3.3	4.8	3.7	3.4	3.4	3.2	3.2	3.2	3.2
Indirect taxes	8.4	8.0	11.0	8.3	8.2	11.0	8.4	8.2	7.7	8.7	8.7	8.8	8.9
Earmarked taxes	0.7	0.7	0.9	0.7	0.7	0.9	0.7	0.8	0.7	0.7	0.7	0.7	0.7
Nontax revenue	2.0	2.0	2.5	1.9	2.0	2.2	1.7	1.7	1.8	1.7	1.7	1.7	1.7
Grants, of which	0.9	0.8	1.2	0.9	0.8	1.2	0.9	0.9	1.0	0.8	0.5	0.5	0.2
Project grants	0.4	0.3	0.6	0.4	0.3	0.6	0.5	0.5	0.5	0.4	0.2	0.1	0.1
Total expenditure	18.4	17.8	23.3	17.6	17.3	23.2	17.7	17.3	19.7	17.5	17.3	17.1	16.9
Current expenditure	13.3	13.0	17.2	12.9	12.9	16.8	12.8	12.9	15.2	12.9	12.8	12.7	12.8
Wages and salaries	5.0	5.1	6.6	5.0	4.9	6.3	4.8	4.8	5.0	4.9	4.6	4.5	4.3
Social security benefits	0.9	0.9	1.2	0.9	1.0	1.2	0.9	0.9	1.0	1.2	1.3	1.3	1.4
Subsidies and other current transfers	1.4	1.3	1.6	1.2	1.3	1.5	1.2	1.2	1.0	1.3	1.4	1.4	1.4
Other current expenditure	3.5	3.6	4.5	3.4	3.4	4.4	3.3	3.3	3.7	3.4	3.4	3.3	3.3
Expenditure corresponding to earmarked taxes	0.7	0.7	0.9	0.7	0.7	0.9	0.7	0.8	0.7	0.7	0.7	0.7	0.7
Crisis-related expenditure ^{2j}	0.5	0.1	0.1	0.1	0.2	0.3	0.3	0.3	1.8	0.0	0.0	0.0	0.0
Interest due	1.3	1.4	2.0	1.5	1.5	2.2	1.7	1.7	2.0	1.5	1.5	1.5	1.4
On domestic debt	0.7	0.6	0.8	0.6	0.6	0.8	0.6	0.6	0.7	0.5	0.5	0.5	0.5
On external debt	0.6	0.7	1.2	0.9	0.9	1.4	1.0	1.0	1.3	1.0	1.0	1.0	1.0
Capital expenditure	5.1	4.8	6.2	4.6	4.4	6.4	4.9	4.4	4.6	4.5	4.4	4.4	4.1
Domestically financed	3.1	2.8	3.3	2.5	2.8	3.4	2.6	2.1	2.1	2.3	2.5	2.6	2.5
Foreign-financed, of which	2.0	2.0	2.8	2.1	1.5	3.1	2.3	2.3	2.4	2.3	2.0	1.8	1.7
Foreign loan-financed	1.6	1.8	2.3	1.7	1.2	2.5	1.9	1.9	1.9	1.9	1.8	1.7	1.6
Primary basic balance	-0.9	-0.3	0.6	0.5	-0.1	1.0	0.8	0.8	-1.7	0.6	0.5	0.5	0.7
Overall balance, including grants	-3.3	-2.9	-3.0	-2.3	-2.3	-3.0	-2.3	-2.3	-5.2	-2.5	-2.4	-2.3	-2.3
Overall balance, excluding grants	-4.2	-3.7	-4.3	-3.2	-3.1	-4.3	-3.2	-3.2	-6.1	-3.2	-3.0	-2.8	-2.5
Change in float (excl. on debt service)	-0.7	-0.3	-0.1	-0.1	0.3	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-4.0	-3.3	-3.1	-2.4	-2.0	-3.1	-2.4	-2.4	-5.3	-2.6	-2.4	-2.3	-2.3
Financing	4.0	3.3	3.1	2.4	2.0	3.1	2.4	2.4	5.3	2.6	2.4	2.3	2.3
Domestic financing	0.2	0.4	-0.8	-0.6	0.4	-0.9	-0.7	-0.7	-0.7	-0.1	0.0	0.0	0.1
Bank financing (net)	0.2	0.6	-0.3	-0.2	0.6	-1.3	-1.0	-1.0	-0.8	-0.2	-0.1	0.0	0.0
Nonbank financing (net)	0.0	-0.2	-0.5	-0.4	-0.2	0.4	0.3	0.3	0.1	0.1	0.1	0.1	0.1
External financing	3.8	2.9	3.6	2.7	1.5	3.5	2.6	2.6	2.4	2.7	2.5	2.3	2.3
Regional financing (WAEMU)	0.3	-1.7	0.3	0.2	-0.6	0.0	0.0	0.0	0.4	0.1	0.3	0.4	0.7
Foreign financing (net)	3.4	4.6	3.3	2.5	2.1	3.4	2.6	2.6	2.0	2.5	2.2	2.0	1.6
Financing gap (+ deficit / - surplus)	0.0	0.0	0.3	0.2	0.0	0.6	0.4	0.4	3.6	0.0	0.0	0.0	0.0
Expected financing (excluding IMF)	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0
IMF financing, of which	0.3	0.2	0.0	0.6	0.4	0.4	1.9
IMF-ECE ^{3j}	0.1	0.1	0.0	0.2	0.1	0.1	0.1
IMF-EFF ^{3j}	0.2	0.2	0.0	0.4	0.3	0.3	0.3
IMF-RCF ^{3j}	0.5
IMF-RFI ^{3j}	1.0
Residual Financing Gap									1.2				
Memorandum items:													
External debt (central government)	22.6	27.2	37.7	28.4	26.5	37.2	28.4	28.6	31.3	30.7	30.1	29.3	28.4
Pro-poor spending (including foreign financed)	7.0	7.4	9.7	7.3	7.3	9.8	7.4	7.4	7.4	7.5	7.5	7.5	7.5

^{1/} Compared to the program column, this column reflects the rebased national accounts and a pre-crisis downward revision to tax revenue.

^{2/} In 2017, includes one-off payments to soldiers of about FCFA 101 billion. In 2020, includes measures to address the COVID19 pandemic.

^{3/} In the CFA franc zone, Fund resources are channeled via the regional central bank that provides equivalent domestic currency credit to the relevant government.

Table 4. Côte d'Ivoire: Monetary Survey, 2016–25

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
	Projections										
	(Billions of CFA francs)										
Net foreign assets	1,753	1,763	2,032	2,498	2,501	3,151	3,494	3,778	4,107	4,616	
Central bank	1,399	1,551	1,702	2,103	2,106	2,756	3,099	3,383	3,712	4,221	
Banks	354	212	330	395	395	395	395	395	395	395	
Net domestic assets	6,593	7,316	8,275	8,947	8,994	9,700	10,484	11,374	12,359	13,449	
Net credit to the government	1,727	1,983	2,320	2,794	2,513	2,442	2,371	2,322	2,274	2,226	
Central Bank	487	450	421	571	601	520	439	378	317	256	
Banks	1,240	1,534	1,899	2,220	1,909	1,919	1,930	1,941	1,954	1,968	
Credit to the economy	5,468	6,300	7,009	7,438	7,766	8,543	9,397	10,337	11,371	12,508	
Crop credits	425	439	752	705	753	737	731	764	790	805	
Other credit (including customs bills)	5,043	5,861	6,257	6,734	7,013	7,806	8,666	9,573	10,581	11,703	
Other items (net) (assets = +)	-601	-967	-1,054	-1,285	-1,285	-1,285	-1,285	-1,285	-1,285	-1,285	
Broad money	8,346	9,079	10,307	11,442	11,493	12,848	13,975	15,149	16,464	18,062	
Currency in circulation	2,500	2,521	2,671	2,980	2,878	3,217	3,499	3,793	4,123	4,523	
Deposits	5,844	6,553	7,634	8,455	8,608	9,623	10,467	11,347	12,332	13,530	
Other deposits	3	5	3	4	4	5	5	6	6	7	
Memorandum item:											
Velocity of circulation	3.4	3.3	3.1	3.0	3.1	3.1	3.1	3.1	3.1	3.0	
(Changes in percent of beginning-of-period broad money)											
Net foreign assets	-0.7	0.1	3.0	4.5	0.2	5.7	2.7	2.0	2.2	3.1	
Net domestic assets	10.8	8.7	10.6	6.5	4.6	6.1	6.1	6.4	6.5	6.6	
Net credit to the government	3.4	3.1	3.7	4.6	-1.8	-0.6	-0.5	-0.4	-0.3	-0.3	
Central bank	-1.0	-0.4	-0.3	1.4	-0.4	-0.7	-0.6	-0.4	-0.4	-0.4	
Banks	4.4	3.5	4.0	3.1	-1.4	0.1	0.1	0.1	0.1	0.1	
Credit to the economy	8.5	10.0	7.8	4.1	6.2	6.8	6.6	6.7	6.8	6.9	
Broad money	10.1	8.8	13.5	11.0	4.8	11.8	8.8	8.4	8.7	9.7	
(Changes in percent of previous end-of-year)											
Net foreign assets	-2.9	0.5	15.3	22.9	0.2	26.0	10.9	8.1	8.7	12.4	
Net domestic assets	14.2	11.0	13.1	8.1	0.5	7.8	8.1	8.5	8.7	8.8	
Net credit to the government	17.5	14.9	17.0	20.4	-10.1	-2.8	-2.9	-2.1	-2.1	-2.1	
Central bank	-13.3	-7.7	-6.3	35.5	5.3	-13.5	-15.6	-13.9	-16.2	-19.3	
Banks	36.5	23.7	23.8	16.9	-14.0	0.5	0.6	0.6	0.7	0.7	
Credit to the economy	13.3	15.2	11.3	6.1	4.4	10.0	10.0	10.0	10.0	10.0	
Broad money	10.1	8.8	13.5	11.0	0.4	11.8	8.8	8.4	8.7	9.7	

Sources: Central Bank of West African States (BCEAO); and IMF staff estimates and projections.

Table 5. Côte d'Ivoire: Financial Soundness Indicators for the Banking Sector, 2016–19
(Percent, unless otherwise indicated)

	2016	2017	2018 June	2018 December	2019 June
Capital adequacy					
Regulatory capital to risk-weighted assets (CAR)	7.9	9.0	8.9	9.5	10.2
Regulatory tier 1 capital to risk-weighted assets	6.9	7.9	8.2	8.6	9.2
General provisions to risk-weighted assets	7.1	6.6	6.0	5.7	5.6
Capital to total assets	4.3	5.1	5.8	6.3	6.5
Asset quality					
Total loans to total assets	57.3	57.3	56.6	58.8	56.2
Concentration: Loans to the 5 biggest borrowers to capital	129.1	108.9	98.4	87.4	68.4
Sectoral composition of loans ^{1/}					
Agriculture, forestry and fisheries	6.4	8.0	8.2	9.2	6.2
Extractive industries	2.2	1.5	1.1	0.5	0.2
Manufacturing industries	24.1	23.9	21.7	23.0	22.1
Electricity, water, gas	8.4	11.2	12.1	13.2	9.0
Construction, public works	5.9	6.0	5.8	5.4	6.9
Commerce, restaurants, hotels	27.3	21.9	25.4	25.9	27.4
Transport, storage and communications	11.4	13.9	14.1	9.3	12.7
Insurance, real estate, business services	8.5	7.9	7.1	9.0	9.3
Miscellaneous services	5.8	5.7	4.5	4.5	6.3
Non-performing loans to total gross loans	9.1	9.8	8.5	9.3	8.3
General provisions to non-performing loans	70.5	63.0	75.8	64.9	72.3
Non-performing loans net of provisions to total loans	2.9	3.8	2.2	3.5	2.4
Non-performing loans net of provisions to capital	37.6	43.0	21.4	32.5	21.3
Earnings and profitability ^{2/}					
Average cost of borrowed funds	2.1	2.1	...	1.9	...
Average interest rate on loans	8.9	8.6	...	7.7	...
Average interest rate margin ^{3/}	6.8	6.5	...	5.8	...
Return on assets (ROA) net of tax	1.6	1.4	0.8	1.3	...
Return on average equity (ROE) net of tax	29.2	21.5	9.6	16.5	...
Non-interest expenses to net banking income	57.5	55.6	53.2	59.3	...
Personnel expenses to net banking income	25.5	23.8	23.8	25.4	...
Liquidity					
Liquid assets to total assets	33.7	32.0	31.4	31.7	28.9
Liquid assets to total deposits	48.1	46.9	44.2	46.0	43.0
Total loans to total deposits	87.2	89.5	85.3	90.7	89.2
Total deposits to total liabilities	70.16	68.21	71.00	68.94	67.09

Source: BCEAO.

1 / Provisional data reported in accordance with Basel II / III prudential norms.

2 / Income statement items at semi-annual frequency.

3 / Excluding tax on banking transactions.

Table 6a. Côte d'Ivoire: External Financing Requirements, 2016–25
(Billions of CFA Francs)

	2016	2017	2018	2019		2020	2021	2022	2023	2024	2025
				Est.	Prog.	Est.					Projections
External financing requirements	-530	-1,975	-2,012	-1,563	-2,257	-2,552	-1,563	-1,499	-1,490	-1,417	-1,361
Current account balance (excluding official transfers)	-538	-875	-1,400	-1,351	-1,203	-1,517	-1,289	-1,267	-1,215	-1,148	-1,184
Amortization and net acquisition of financial assets	-270	-711	-290	-355	-1,198	-405	-280	-338	-379	-532	-731
Fund repayments	-33	-63	-82	-85	-85	-86	-103	-98	-106	-115	-105
Private capital, net	80	136	35	453	729	-631	674	461	389	592	1,064
Change in official reserves without IMF (- = increase)	230	-462	-274	-225	-500	86	-564	-257	-178	-214	-405
Available financing	514	1,975	2,012	1,484	2,257	1,281	1,563	1,499	1,490	1,417	1,361
Capital transfers	111	112	85	144	107	171	140	70	50	40	30
Project financing	262	486	569	592	415	694	764	768	778	823	831
Eurobond	0	1,144	1,115	500	1,411	246	500	500	500	500	500
Fund disbursements	57	146	156	79	157	0	0	0	0	0	0
Official transfers	83	89	87	170	168	169	159	160	162	54	0
Financing gap	-16	0	0	-78	0	-1,271	0	0	0	0	0
Expected financing	0.0	0.0	844.9	0.0	0.0	0.0	0.0	0.0
World Bank	0.0	0.0	158.9
AfDB	0.0	0.0	0.0
EU	0.0	0.0	0.0
IMF financing ^{1/}	78.1	0.0	686.0
IMF-ECF Financing	26.0	0.0	52.4
IMF-EFF Financing	52.1	0.0	104.9
IMF-RCF Financing	176.2
IMF-RFI Financing	352.5
Residual Financing Gap	425.7

Sources: Ivoirien authorities; and IMF staff estimates and projections.

1/ Numbers may not sum up exactly because of rounding.

Table 6b. Côte d'Ivoire: External Financing Requirements, 2016–25
(Percent of GDP; unless otherwise indicated)

	2016	2017	2018	2019			2020	2021	2022	2023	2024	2025
				Est.	Prog. GDP1996	Prog. GDP2015						Projections
External financing requirements	-1.9	-6.6	-6.3	-6.0	-4.5	-6.6	-7.1	-4.0	-3.5	-3.2	-2.8	-2.5
Current account balance (excluding official transfers)	-1.9	-2.9	-4.4	-5.2	-3.9	-3.5	-4.2	-3.3	-3.0	-2.6	-2.3	-2.2
Amortization and net acquisition of financial assets	-0.9	-2.4	-0.9	-1.4	-1.0	-3.5	-1.1	-0.7	-0.8	-0.8	-1.1	-1.3
Fund repayments	-0.1	-0.2	-0.3	-0.3	-0.2	-0.2	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2
Private capital, net	0.3	0.5	0.1	1.7	1.3	2.1	-1.8	1.7	1.1	0.8	1.2	1.9
Change in official reserves without IMF (- = increase)	0.8	-1.5	-0.9	-0.9	-0.7	-1.5	0.2	-1.4	-0.6	-0.4	-0.4	-0.7
Available financing	1.8	6.6	6.3	5.7	4.3	6.6	3.6	4.0	3.5	3.2	2.8	2.5
Capital transfers	0.4	0.4	0.3	0.6	0.4	0.3	0.5	0.4	0.2	0.1	0.1	0.1
Project financing	0.9	1.6	1.8	2.3	1.7	1.2	1.9	1.9	1.8	1.7	1.6	1.5
Eurobond	0.0	3.8	3.5	1.9	1.5	4.1	0.7	1.3	1.2	1.1	1.0	0.9
Fund disbursements	0.2	0.5	0.5	0.3	0.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Official transfers	0.3	0.3	0.3	0.7	0.5	0.5	0.5	0.4	0.4	0.3	0.1	0.0
Financing gap	-0.1	0.0	0.0	-0.3	-0.2	0.0	-3.6	0.0	0.0	0.0	0.0	0.0
Expected financing	0.0	0.0	0.0	2.4	0.0	0.0	0.0	0.0	0.0
World Bank	0.0	0.0	0.0	0.4
AfDB	0.0	0.0	0.0	0.0
EU	0.0	0.0	0.0	0.0
IMF financing ^{1/}	0.3	0.2	0.0	1.9
IMF-ECF Financing	0.1	0.1	0.0	0.1
IMF-EFF Financing	0.2	0.2	0.0	0.3
IMF-RCF Financing	0.5
IMF-RFI Financing	1.0
Residual Financing Gap	1.2
Nominal GDP (billions of CFA francs)	28,424	29,955	32,063	25,956	34,447	34,447	35,731	39,305	42,833	46,751	50,637	54,743

1/ Numbers may not sum up exactly because of rounding.

Table 7. Côte d'Ivoire: Indicators of Capacity to Repay the Fund, 2020–28

	2020	2021	2022	2023	2024	2025	2026	2027	2028
Fund obligations based on existing credit									
(In millions of SDRs)									
Principal	101.1	133.4	123.8	133.8	143.4	130.3	115.6	94.6	60.2
Charges and interest ^{1/}	3.7	4.6	4.4	4.0	3.4	2.6	1.9	1.1	0.5
Fund obligations based on existing and prospective credit ^{2/}									
(In millions of SDRs)									
Principal	101.1	133.4	123.8	242.2	360.2	281.9	193.4	172.4	138.0
Charges and interest ^{1/}	9.0	10.3	10.3	9.7	7.2	4.3	3.0	2.0	1.2
Total obligations based on existing and prospective credit ^{2/}									
In millions of SDRs	110.1	143.7	134.1	251.9	367.3	286.2	196.4	174.4	139.2
In billions of CFA francs	89.5	116.2	108.2	203.4	296.5	231.0	158.5	140.8	112.3
In percent of government revenue	1.7	2.0	1.7	2.9	4.0	2.9	1.8	1.5	1.1
In percent of exports of goods and services	1.2	1.4	1.2	2.0	2.7	1.9	1.2	1.0	0.7
In percent of debt service ^{3/}	14.9	15.1	12.6	21.5	26.0	17.0	10.8	9.5	6.6
In percent of GDP	0.3	0.3	0.3	0.4	0.6	0.4	0.3	0.2	0.2
In percent of quota	16.9	22.1	20.6	38.7	56.5	44.0	30.2	26.8	21.4
Outstanding Fund credit									
In millions of SDRs	1,804.9	1,671.5	1,547.7	1,305.5	945.3	663.5	470.1	297.7	159.7
In billions of CFA francs	1,467.2	1,351.0	1,249.4	1,053.8	763.1	535.6	379.5	240.3	128.9
In percent of government revenue	28.3	23.0	19.6	15.2	10.3	6.7	4.4	2.6	1.3
In percent of exports of goods and services	19.7	16.1	13.5	10.3	6.9	4.5	2.8	1.7	0.8
In percent of debt service	243.8	175.1	145.3	111.5	66.8	39.3	25.8	16.2	7.5
In percent of GDP	4.1	3.4	2.9	2.3	1.5	1.0	0.6	0.4	0.2
In percent of quota	277.5	257.0	238.0	200.7	145.3	102.0	72.3	45.8	24.5
Net use of Fund credit (millions of SDRs)									
Disbursements	518.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and Repurchases	101.1	133.4	123.8	242.2	360.2	281.9	193.4	172.4	138.0
Memorandum items:									
Nominal GDP (billions of CFA francs)	35,731	39,305	42,833	46,751	50,637	54,743	59,072	63,623	68,396
Exports of goods and services (billions of CFA francs)	7,446	8,370	9,221	10,188	11,082	11,867	13,412	14,484	15,495
Government revenue and grants (billions of CFA francs)	5,189	5,886	6,359	6,919	7,412	7,968	8,638	9,314	10,066
Debt service (billions of CFA francs)	602	772	860	945	1,143	1,362	1,471	1,481	1,708
CFA francs/SDR (period average)	813	808	807	807	807	807	807	807	807

Sources: IMF staff estimates and projections.

^{1/} On May 24, 2019 the IMF Executive Board approved a modified interest rate setting mechanism which effectively sets interest rates to zero on ECF and SCF through June 2021 and possibly longer. The Board also decided to extend zero interest rate on ESF till end June 2021 while interest rate on RCF was set to zero in July 2015. Based on these decisions and current projections of SDR rate, the following interest rates are assumed beyond June 2021: 0/0/0/0 percent per annum for the ECF, SCF, RCF and ESF, respectively. The Executive Board will review the interest rates on concessional lending by end-June 2021 and every two years thereafter.

^{2/} Including the proposed disbursements under the RCF/RFI arrangements and the ECF/EFF arrangements.

^{3/} Total debt service includes IMF repurchases and repayments.

Appendix I. Letter of Intent

**MINISTRY OF THE ECONOMY AND
FINANCE**

THE MINISTER



REPUBLIC OF COTE D'IVOIRE

Unity-Discipline-Work

No. 02440/MEF/CAB-00/dk

Abidjan, April 10, 2020

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund (IMF)
Washington, D.C. 20431

Dear Ms. Georgieva,

- 1. In recent years, Côte d'Ivoire has made significant progress towards macroeconomic stability, with strong and sustained growth, subdued inflation, lower government deficits, and an improved external position.** The Government has made strides in implementing its National Development Plan and Social Plan aimed at creating a resilient, inclusive and diversified economy that provides opportunities, jobs, and prosperity to all living in Côte d'Ivoire.
- 2. However, the COVID-19 pandemic spreading rapidly across the world is placing our economy under severe stress.** Since Côte d'Ivoire recorded its first case on March 11, 2020, the number of confirmed cases has been rising rapidly to reach 444 as of April 9. The pandemic, which is expected to cause extensive human suffering in Côte d'Ivoire, especially among the most vulnerable, will have a significant negative economic impact. This is coming from lower demand for exports by trading partners, lower foreign investment flows, and supply chain disruptions.
- 3. We have introduced swift measures that, while needed to contain the epidemic, will exacerbate the economic impact.** These measures include declaring a state of emergency and establishing curfew from 9 pm to 5 am, banning all international travels (with an exception for humanitarian aid purpose), prohibiting public gatherings of more than 50 people, closing schools, restaurants and recreational facilities, launching a vast disinfection operation in Abidjan, imposing restrictions on public transportation and movements between regions in the country and putting in place confinement measures in Abidjan. We put in place an emergency health response plan of FCFA 95.88 bn, aimed at providing free care for infected people, equipping intensive care units, strengthening epidemiological and biological surveillance, and reinforcing capacities of the pharmaceutical industry. We have also prepared an ambitious economic support plan to prop the income of the most vulnerable segments of the population through agricultural support and expanded cash transfers, provide relief to hard-hit sectors and firms, and support public entities in

the transport and port sectors to ensure continuity in supply chains, for a total budgetary cost of about FCFA 550 bn in 2020.

4. Our preliminary assessment suggests that the economic impact of this crisis will be substantial. Growth for 2020 is now expected to be substantially below the 7.3 percent that was projected in December 2019 in the context of the 6th review of the ECF and EFF-supported program. In addition, as already mentioned, FDI flows are expected to decline, and capital market financing conditions to tighten. However, a strong growth rebound is forecasted in 2021 with the end of the pandemic expected in 2020.

5. This situation will have a substantial impact on the budget. Lower growth and the sharp decline in imports will affect tax revenues, which is projected to create a shortfall of about 1 percentage point of GDP compared to pre-crisis forecasts. Together with the estimated cost of our emergency health response plan and economic support package, this will push the overall deficit to 5.2 percent of GDP in 2020, compared to the 2.3 percent of GDP targeted at the time of the 6th review (taking into account the rebasing of national accounts). We recognized that there is substantial uncertainty surrounding our fiscal projections. Should fiscal revenue underperform compared to the current projection, we are committed to adjusting some spending lines. In particular, the implementation of some public investment projects could be slowed down in the context of the crisis and of the necessary containment measures. We are committed to preparing a revised budgetary framework by end April so as to amend the 2020 budget and we are setting up specific procedures to track in a transparent manner crisis-mitigation exceptional expenditures, including to ensure that the support reaches the most vulnerable segments of the population and, to the extent possible, to prevent this shock from undermining our poverty reduction achievements of recent years.

6. The country's external position is expected to worsen too. The current account deficit is projected to widen to 3.3 percent of GDP, reflecting lower exports of agricultural and manufactured goods, notwithstanding some import compression. Furthermore, the uncertainty at the global level caused by the pandemic is expected to lead to a decline in FDI and other private investment inflows while access to capital market financing could become more difficult.

7. Against this backdrop, the Government of Côte d'Ivoire requests emergency financial support from the IMF under the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI), in the amount of SDR 650.4 million (100 percent of Côte d'Ivoire's quota), to ease the fiscal and BOP pressure. We would request that the funds be disbursed as direct budget support to the Ministry of Economy and Finance, and that the disbursement be made to the Treasury account at the Banque des États de l'Afrique de l'Ouest (BCEAO). The BCEAO's latest safeguards assessment was finalized in 2018 and remains valid. The Fund's disbursement, along with anticipated financing from the World Bank, will help fill the identified financing gap in 2020. IMF support is also expected to play a catalytic role in securing additional financing from development partners.

8. The Government of Côte d'Ivoire remains committed to the ECF and EFF-supported program and to pursuing policies consistent with medium-term macroeconomic stability and debt sustainability. From 2021 onwards, and as the effects of the crisis are assumed to recede both globally and domestically, growth to resume and the need for exceptional spending to subside, we are committed to returning to pre-crisis deficit path achieved in 2019, so as to maintain the gains realized during the program and to preserve debt sustainability. We are requesting that the 7th and 8th reviews of the ECF and EFF-supported program be combined in the fall 2020.

9. The Government of Côte d'Ivoire is convinced that the policies and measures set forth herein are adequate to address the immediate needs resulting from the COVID-19 pandemic. However, the Government is committed to take any additional measures that prove necessary to that end. The Government will not introduce measures or policies, including exchange and trade restrictions, that would compound Côte d'Ivoire's balance of payments difficulties and will provide the IMF with any information required to monitor the implementation of measures.

10. In line with our commitment to transparency in government operations, we agree to the publication of all the documents submitted to the Executive Board in relation to this request.

Sincerely yours,

/s/
Adama Coulibaly
Minister of Economy and Finance



CÔTE D'IVOIRE

April 10, 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY AND PURCHASE UNDER THE RAPID FINANCING INSTRUMENT—DEBT SUSTAINABILITY ANALYSIS

Approved by

Dominique Desruelle and Craig Beaumont (IMF); and Marcello Estevão (IDA)

Prepared by the International Monetary Fund and the International Development Association

Risk of external debt distress	<i>Moderate</i>
Overall risk of debt distress	<i>Moderate</i>
Granularity in risk rating	<i>Limited scope to absorb shocks</i>
Application of judgment	<i>No</i>
Macroeconomic assumptions	<i>Compared to the previous DSA,¹ 2020 sees a deterioration in real GDP growth, current account deficit, exports of goods, fiscal revenues, as well as higher expenditures.² Gradual return to the previously projected growth path projected in around three years</i>
Financing Strategy	<i>Slightly higher reliance on concessional financing compared with the previous DSA³ but balanced mix of foreign and domestic currency financing as assumed in the previous DSA.</i>
Realism tools flagged	
Mechanical risk rating under the external DSA	<i>Moderate</i>
Mechanical risk rating under the public DSA	<i>Moderate</i>

¹See IMF Country Report No. 19/366 (<https://www.imf.org/en/Publications/CR/Issues/2019/12/18/Cote-d-Ivoire-Sixth-Reviews-Under-the-Arrangement-Under-the-Extended-Credit-Facility-and-the-48875>).

²For 2020, slower real GDP growth (2.7 percent compared to 7.3 in previous DSA); wider current account deficit (3.3 in percent of GDP compared to 2.7 percent); lower exports of goods (19 percent of GDP compared to 20.5); lower fiscal revenues (14.5 percent of GDP compared to 15.4), higher public expenditures (19.7 percent of GDP compared to 17.7).

³Based on the recent discussion with donors.

1. External and overall debt is sustainable and presents a moderate risk of debt distress.

The public health risk, deterioration of global context, and supply chain disruption will impact negatively the Ivoirien economy. Following exceptional COVID-19 related spending expected in 2020, the deficit is projected to return to the pre-crisis level once the crisis abates, providing the basis for the downward path of debt from 2021 onward. In that context, the present value of public debt in percent of GDP would remain well below the benchmark⁴ of 55 percent.⁵ All external public debt burden indicators remain below their thresholds in the baseline scenario, but as in the past, the debt service-to-revenue ratio remains close to its threshold over the medium-term, underscoring the need to further boost domestic revenue mobilization once the crisis abates. In addition, the improvement in the PV of debt relative to the previous DSA is largely driven by the recent rebasing of GDP despite larger borrowing needs.

2. However, public debt remains vulnerable to shocks.⁶ The country's public debt appears more vulnerable to shocks than assessed at the time of the December 2019 DSA, as confirmed by the now limited space to absorb shocks. Under the standard stress test on exports, the PV of external debt-to-export ratio would breach the threshold in 2022 and stay above it until 2029 (Figure 1). Similarly, debt-service-to-export ratio would breach the threshold starting in 2023 and remain above it. Under the market financing stress test, the debt service-to-revenue ratio would breach the threshold as of 2025 and in the following five years. These results underscore the downside risks for debt sustainability originating from external shocks (such as negative terms of trade shocks) and to market financing (such as rising interest rates) that could hit the Ivoirien economy. They further underscore the need to ensure a reduction in deficit as the crisis subsides and implement a prudent medium-term borrowing strategy.

⁴Côte d'Ivoire's composite indicator based on the October 2019 WEO is 2.97 and its debt carrying capacity is classified as medium. The applicable thresholds to the public and publicly guaranteed external debt are: 40 percent for the PV of debt-to-GDP ratio; 180 percent for the PV of debt-to-exports ratio; 15 percent for the debt service-to-exports ratio; and 18 percent for the debt service-to-revenue ratio. The applicable benchmark for the PV of total public debt for medium debt carrying capacity is 55 percent of GDP.

⁵Debt ratios at end-2019 are lower than previously reported reflecting the recent rebasing of the National Account which led to an increase in 2015 GDP of 38 percent.

⁶The current macroeconomic framework reflects currently available information. As mentioned in the Staff Report, risks are tilted to the downside.

Table 1. Côte d'Ivoire: External Debt Sustainability Framework, Baseline Scenario, 2017–40

	Actual			Projections								Average 8/ Projections		Definition of external/domestic debt Is there a material difference between the two criteria?	Currency-based Yes
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections		
	External debt (nominal) 1/ of which: public and publicly guaranteed (PPG)	29.4	33.5	31.9	41.0	38.2	38.2	37.6	36.7	35.7	34.4	30.2	40.5	36.7	
Change in external debt	1.0	4.1	-1.6	9.1	-2.8	0.0	-0.6	-0.8	-1.1	-0.6	0.3				
Identified net debt-creating flows	0.6	1.3	3.1	2.7	0.6	1.1	0.7	1.2	1.3	0.2	0.5	-2.2	0.8		
Non-interest current account deficit	0.9	2.4	1.4	1.3	1.1	1.0	0.7	0.6	0.7	-1.0	-1.3	-1.5	0.1		
Deficit in balance of goods and services	-2.0	0.2	-1.3	-0.8	-1.5	-1.6	-1.8	-1.9	-1.9	-3.4	-3.0	-4.4	-2.3		
Exports	24.9	22.6	23.2	20.8	21.3	21.5	21.8	21.9	21.7	22.6	21.0				
Imports	23.0	22.4	21.9	20.0	19.8	19.9	19.9	20.0	19.8	19.2	18.0				
Net current transfers (negative = inflow) of which official	1.0	1.0	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.3	1.2		
Other current account flows (negative = net inflow)	-0.3	-0.3	-0.5	-0.5	-0.4	-0.4	-0.3	-0.1	0.0	0.0	0.0				
Net FDI (negative = inflow)	1.8	1.7	1.6	0.9	1.4	1.3	1.3	1.3	1.3	1.3	0.6	1.6	1.3		
Endogenous debt dynamics 2/	0.6	0.8	1.0	0.2	1.3	1.3	1.2	1.3	1.3	1.6	2.1	1.1	1.3		
Contribution from nominal interest rate	1.2	1.2	1.3	2.0	1.4	1.5	1.5	1.5	1.4	1.5	1.2				
Contribution from real GDP growth	-1.9	-1.8	-2.3	-0.8	-3.2	-2.6	-2.6	-2.2	-2.1	-1.8	-1.6				
Contribution from price and exchange rate changes	-0.1	-1.3	1.7	---	---	---	---	---	---	---	---				
Residual 3/	0.3	2.8	-4.7	6.5	-3.5	-1.1	-1.3	-2.0	-2.4	-0.8	-0.1	-2.5	-0.6		
of which exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Sustainability indicators															
PV of PPG external debt-to-GDP ratio	--	--	23.4	26.8	26.0	25.4	24.8	23.9	23.0	20.1	14.6				
PV of PPG external debt-to-exports ratio	--	--	100.7	128.8	122.3	118.2	113.7	109.3	106.1	88.9	69.7				
PPG debt service-to-exports ratio	5.2	5.9	9.0	7.9	9.0	9.1	9.1	10.2	11.3	10.2	9.1				
PPG debt service-to-revenue ratio	9.0	9.5	14.8	12.1	13.5	13.7	13.8	15.4	17.0	15.6	11.9				
Gross external financing need (Million of US dollars)	3344.6	4463.7	3805.1	2189.4	5420.3	4016.3	4455.9	5160.7	5795.6	8006.8	17703.4				
Key macroeconomic assumptions															
Real GDP growth (in percent)	7.4	6.8	6.9	2.7	8.7	7.5	7.4	6.4	6.2	5.6	5.6	6.3	6.1		
GDP deflator in US dollar terms (change in percent)	0.2	4.8	-4.7	0.5	2.2	1.9	1.6	1.8	1.8	1.8	1.8	3.0	1.7		
Effective interest rate (percent) 4/	4.4	4.4	3.9	6.4	3.9	4.2	4.2	4.2	4.2	4.5	4.4	3.8	4.4		
Growth of exports of C&GS (US dollar terms, in percent)	9.0	1.5	4.7	-7.4	13.6	10.7	10.5	8.8	7.1	6.8	4.9	1.2	7.8		
Growth of imports of C&GS (US dollar terms, in percent)	105	9.2	0.3	-5.7	9.9	10.2	9.2	8.5	7.2	6.9	7.0	3.4	6.8		
Grant element of new public sector borrowing, (in percent)	--	--	--	24.4	19.2	18.8	18.5	20.4	18.3	17.8	17.2	--	18.7		
Government revenues (excluding grants, in percent of GDP)	142	14.1	14.2	13.6	14.2	14.3	14.3	14.5	14.5	14.8	15.9	15.5	14.4		
Aid flows (in Million of US dollars) 5/	577.8	589.6	574.0	1418.0	1123.6	992.9	951.9	756.4	630.5	716.8	1013.7				
Grant-equivalent financing (in percent of GDP) 6/	--	--	--	2.5	1.4	1.1	1.0	0.7	0.5	0.4	0.4	--	0.9		
Grant-equivalent financing (in percent of external financing) 6/	--	--	--	34.5	34.7	31.3	30.0	25.7	20.0	18.0	17.3	--	24.0		
Nominal GDP (Million of US dollars)	51588	57,725	58,792	60,710	67,471	73,876	80,635	87,337	94,418	136,226	280,993				
Nominal dollar GDP growth	7.6	11.9	1.8	3.3	11.1	9.5	9.1	8.3	8.1	7.5	7.5	9.5	8.0		
Memorandum items:															
PV of external debt 7/	--	--	31.0	38.3	34.7	34.6	34.0	33.1	32.1	30.7	26.7				
In percent of exports	--	--	133.6	183.7	162.9	160.8	156.1	151.4	147.9	135.8	127.4				
Total external debt service-to-exports ratio	20.2	19.8	17.3	10.1	26.4	14.7	16.7	18.0	19.0	23.4	26.3				
PV of PPG external debt (in Million of US dollars)			13757.8	16290.3	17572.6	18795.6	19902.8	20896.9	21719.5	27408.9	41095.0				
(PV-PVt-1)/GDPt-1 (in percent)				4.3	2.1	1.8	1.6	1.1	0.9	0.9	0.7				
Non-interest current account deficit that stabilizes debt ratio	0.1	1.6	3.0	-7.8	3.9	1.0	1.3	1.5	1.7	-0.4	-1.7				

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as $[r - g - \rho(1+g)]/(1+g+\rho+g\alpha)$ times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in US dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

The first graph, titled 'Debt Accumulation', shows a solid blue line for 'Debt Accumulation' starting at approximately 4.5% in 2020 and fluctuating slightly downwards to about 2.5% by 2030. It also features a dashed black line for 'Grant-equivalent financing (% of GDP)' starting at 20% and a solid grey line for 'Grant element of new borrowing (% right scale)' starting at 15%.

The second graph, titled 'External debt (nominal) 1/ of which: Private', shows stacked bars for 'External debt (nominal) 1/' (blue), 'Grant element of new borrowing' (grey), and 'Grant-equivalent financing' (light blue). The total debt grows from about 40% in 2020 to nearly 50% by 2030.

**Table 2. Côte d'Ivoire: Public Sector Debt Sustainability Framework,
Baseline Scenario, 2017–40**

	Actual										Projections		Average 6/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections	
Public sector debt 1/ of which external debt	33.5 18.8	37.1 24.2	35.8 24.3	40.8 29.6	39.8 29.5	38.8 29.0	38.0 28.3	37.6 27.5	37.6 26.6	40.3 23.8	55.8 18.1	40.6 25.0	38.8 26.8	
Change in public sector debt	1.8	3.5	-1.3	5.0	-1.0	-0.9	-0.8	-0.4	-0.1	0.9	2.4	-0.8	-0.6	
Identified debt-creating flows	-0.3	1.3	0.6	3.9	-1.3	-0.7	-0.6	-1.2	-1.1	-1.2	-0.5	1.3	1.1	
Primary deficit	2.1	1.6	0.8	3.2	1.0	0.9	0.8	0.8	0.9	0.8	1.5	1.3	1.1	
Revenue and grants	15.1	14.9	15.0	14.5	15.0	14.8	14.8	14.6	14.6	14.8	15.9	16.4	14.7	
of which: grants	0.9	0.8	0.8	1.0	0.8	0.5	0.5	0.2	0.1	0.0	0.0	0.0	0.0	
Primary (noninterest) expenditure	17.2	16.4	15.7	17.7	16.0	15.8	15.6	15.5	15.4	15.6	17.4	17.7	15.8	
Automatic debt dynamics	-2.3	-0.3	-0.1	0.7	-2.3	-1.6	-1.4	-2.0	-2.0	-2.0	-2.0	-0.0	-0.0	
Contribution from interest rate/growth differential	-0.9	-1.2	-1.3	0.7	-2.3	-1.7	-1.3	-1.5	-1.4	-1.3	-2.0	-0.0	-0.0	
of which: contribution from average real interest rate	1.3	0.9	1.1	1.7	1.0	1.0	1.4	0.8	0.8	0.8	0.8	0.0	0.0	
of which: contribution from real GDP growth	-2.2	-2.1	-2.4	-0.9	-3.3	-2.8	-2.7	-2.3	-2.2	-2.1	-2.8	-0.0	-0.0	
Contribution from real exchange rate depreciation	-1.4	0.9	1.2	--	--	--	--	--	--	--	--	-2.1	1.1	
Other identified debt-creating flows	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Privatization receipts (negative)	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Recognition of contingent liabilities (e.g., bank recapitalization)	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	
Debt relief (HIPC and other)	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	
Other debt creating or reducing flow (please specify)	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	
Residual	2.1	2.2	1.9	1.1	0.2	0.2	0.4	0.9	1.1	2.2	2.9	1.1	1.1	
Sustainability indicators														
PV of public debt-to-GDP ratio 2/	34.8	37.9	36.2	35.2	34.4	34.0	33.9	36.6	52.3			
PV of public debt-to-revenue and grants ratio	232.7	261.1	242.0	237.4	232.5	232.2	232.8	247.4	328.8			
Debt service-to-revenue and grants ratio 3/	13.2	29.1	34.0	32.0	34.2	38.4	41.3	47.3	54.4	80.1	122.1			
Gross financing need 4/	4.0	5.9	5.9	7.8	6.1	6.6	6.9	7.8	8.8	12.7	21.0			
Key macroeconomic and fiscal assumptions														
Real GDP growth (in percent)	7.4	6.8	6.9	2.7	8.7	7.5	7.4	6.4	6.2	5.6	5.6	6.3	6.1	
Average nominal interest rate on external debt (in percent)	4.1	3.9	3.9	6.0	3.7	3.7	3.8	3.8	3.8	4.1	3.6	3.1	4.0	
Average real interest rate on domestic debt (in percent)	7.2	4.7	5.0	4.1	4.8	6.2	7.5	8.9	9.7	12.1	10.2	0.2	9.1	
Real exchange rate depreciation (in percent, + indicates depreciation)	8.8	5.1	5.1	--	--	--	--	--	--	--	--	-0.4	--	
Inflation rate (COP deflator, in percent)	-1.8	0.2	0.5	1.0	1.2	1.4	1.6	1.8	1.8	1.8	1.8	5.7	1.6	
Growth of real primary spending (deflated by GDP deflator, in percent)	11.9	2.3	2.3	15.6	-2.1	6.4	6.4	5.2	5.9	6.3	9.5	5.6	6.1	
Primary deficit that stabilizes the debt-to-GDP ratio 5/	0.3	-1.9	2.0	-1.8	2.0	1.9	1.7	1.2	1.0	-0.1	0.8	0.1	0.7	
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.		

Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government plus social security, central bank, government guaranteed debt. Definition of external debt is currency based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (i.e., a primary surplus), which would stabilize the debt ratio only in the year in question.

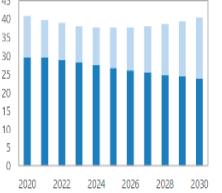
6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Definition of external/domestic debt	Currency-based
Is there a material difference between the two criteria?	Yes

Public sector debt 1/

 of which: local-currency denominated

 of which: foreign-currency denominated



 of which: held by residents

 of which: held by non-residents

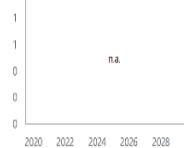
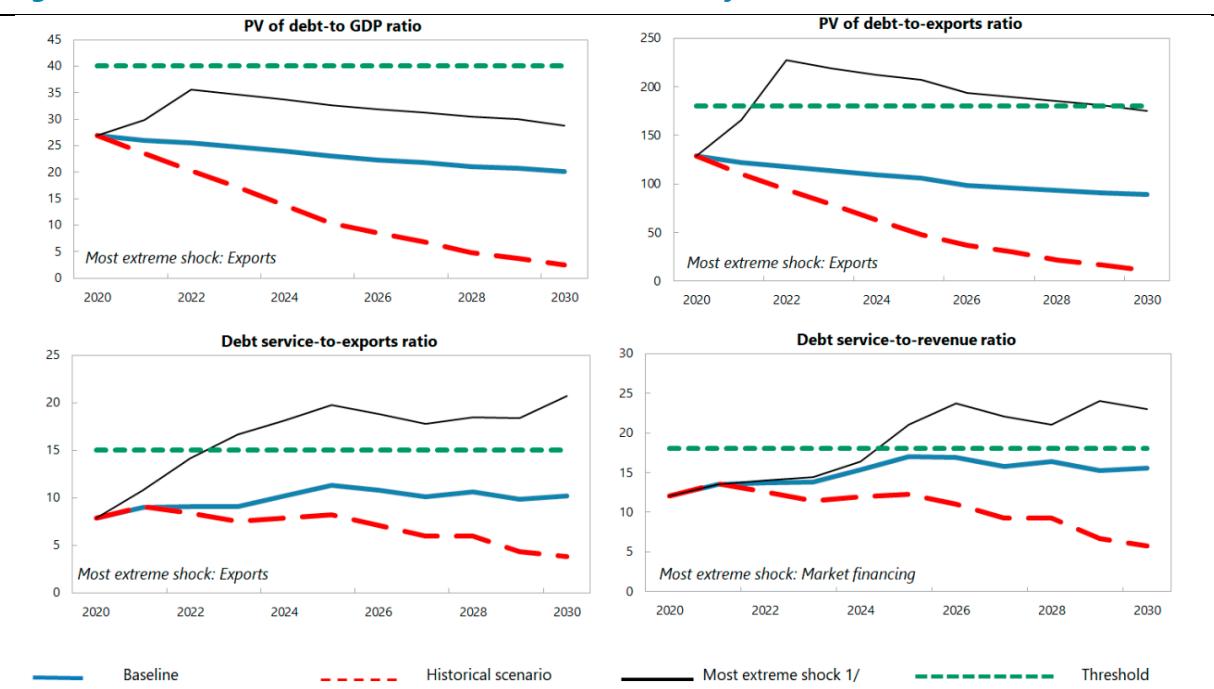


Figure 1. Côte d'Ivoire: Indicators of Public and Publicly Guaranteed External Debt, 2020–30

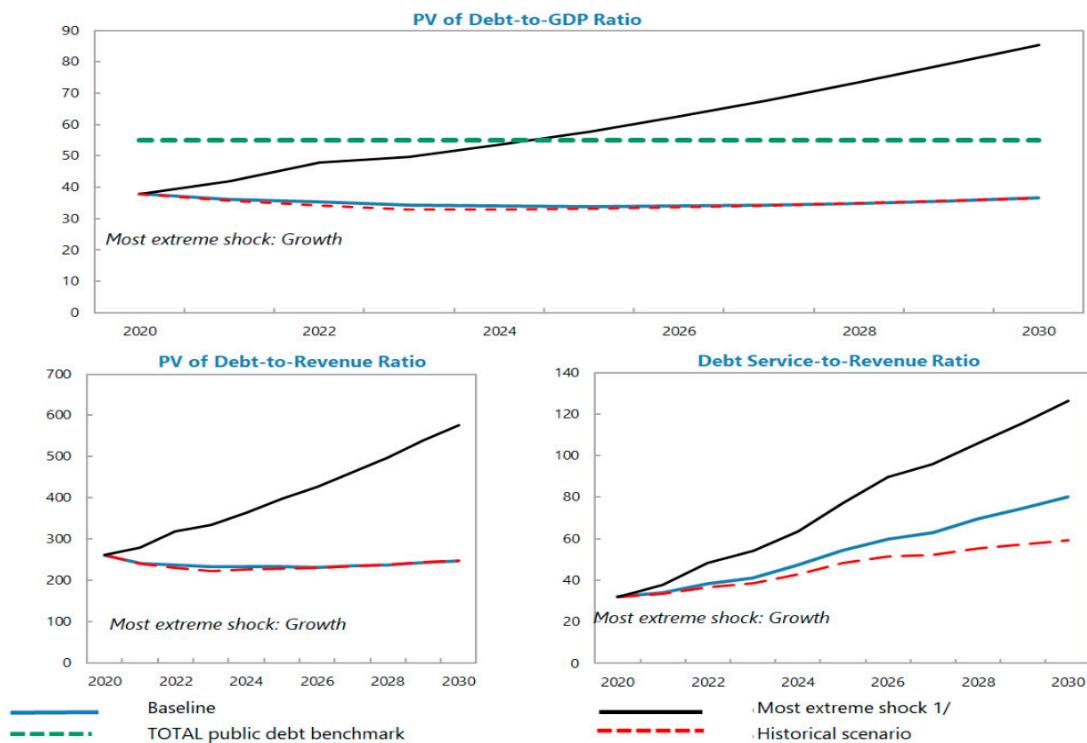
Customization of Default Settings		Borrowing assumptions on additional financing needs resulting from the stress tests*	
		Default	User defined
Tailored Stress			
Combined CL	No		
Natural disaster	n.a.	n.a.	
Commodity price	No	No	
Market financing	No	No	
Shares of marginal debt			
External PPG MLT debt	100%		
Terms of marginal debt			
Avg. nominal interest rate on new borrowing in USD	3.7%	7.0%	
USD Discount rate	5.0%	5.0%	
Avg. maturity (incl. grace period)	18	18	
Avg. grace period	7	7	

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 2. Côte d'Ivoire: Indicators of Public Debt Under Alternative Scenarios, 2020–30

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	37%	46%
Domestic medium and long-term	49%	42%
Domestic short-term	14%	12%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	3.7%	7.0%
Avg. maturity (incl. grace period)	18	18
Avg. grace period	7	7
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.4%	4.4%
Avg. maturity (incl. grace period)	4	4
Avg. grace period	3	3
Domestic short-term debt		
Avg. real interest rate	4.0%	3.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 1. Côte d'Ivoire: External Debt Sustainability Framework, Baseline Scenario, 2017–40
(Percent)

	Actual			Projections						Average 8/		Definition of external/domestic debt Is there a material difference between the two criteria?	Currency-based Yes		
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections		
External debt (nominal) 1/ of which public and publicly guaranteed (PPG)	29.4	33.5	31.9	41.0	38.2	38.2	37.6	36.7	35.7	34.4	30.2	40.5	36.7		
	18.8	24.2	24.3	29.6	29.5	29.0	28.3	27.5	26.6	23.8	18.1	25.0	26.8		
Change in external debt	1.0	4.1	-1.6	9.1	-2.8	0.0	-0.6	-0.8	-1.1	-0.6	0.3				
Identified net debt-creating flows	0.6	1.3	3.1	2.7	0.6	1.1	0.7	1.2	1.3	0.2	0.5	-2.2	0.8		
Non-interest current account deficit	0.9	2.4	1.4	1.3	1.1	1.0	0.7	0.6	0.7	-1.0	-1.3	-1.5	0.1		
Deficit in balance of goods and services	-2.0	-0.2	-1.3	-0.8	-1.6	-1.6	-1.8	-1.9	-1.9	-3.4	-3.0	-4.4	-2.3		
Exports	24.9	22.6	23.2	20.6	21.3	21.3	21.6	21.9	21.7	22.6	21.0				
Imports	23.0	22.4	21.9	20.0	19.8	19.9	19.9	20.0	19.8	19.2	18.0				
Net current transfers (negative = inflow)	1.0	1.0	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.3	1.2		
of which official	-0.3	-0.3	-0.5	-0.5	-0.4	-0.4	-0.3	-0.1	0.0	0.0	0.0				
Other current account flows (negative = net inflow)	1.8	1.7	1.6	0.9	1.4	1.3	1.3	1.3	1.3	1.3	0.6	1.6	1.3		
Net FDI (negative = inflow)	0.6	0.8	1.0	0.2	1.3	1.3	1.2	1.3	1.3	1.6	2.1	1.1	1.3		
Indigenous debt dynamics 2/	-0.8	-2.0	0.7	1.2	-1.8	-1.1	-1.1	-0.8	-0.7	-0.4	-0.3				
Contribution from nominal interest rate	1.2	1.2	1.3	2.0	1.4	1.5	1.5	1.5	1.4	1.5	1.2				
Contribution from real GDP growth	-1.9	1.8	2.3	0.8	3.2	2.6	2.6	2.2	2.1	-1.8	-1.6				
Contribution from price and exchange rate changes	0.1	1.3	1.7	---	---	---	---	---	---	---	---				
Residual 3/	0.3	2.8	-4.7	6.5	-3.5	-1.1	-1.3	-2.0	-2.4	-0.8	-0.1	-2.5	-0.6		
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Survability indicators															
PV of PPG external debt-to-GDP ratio	--	--	23.4	26.8	26.0	25.4	24.8	23.9	23.0	20.1	14.6				
PV of PPG debt-to-exports ratio	--	--	100.7	128.8	122.3	118.2	113.7	109.3	106.1	88.9	69.7				
PPG debt service-to-export ratio	5.2	5.9	9.0	7.9	9.0	9.1	9.1	10.2	11.3	10.2	9.1				
PPG debt service-to-revenue ratio	9.0	9.5	14.8	12.1	12.5	13.7	12.8	15.4	17.0	15.6	11.9				
Gross external financing need (Million of US dollars)	3344.6	4463.7	3805.1	2189.4	5420.3	4916.3	4453.9	5160.7	5193.0	8009.8	17703.4				
Key macroeconomic assumptions															
Real GDP growth (in percent)	7.4	6.8	6.9	2.7	8.7	7.5	7.4	6.4	6.2	5.6	5.6	6.3	6.1		
GDP deflator in US dollar terms (change in percent)	0.2	4.8	-4.7	0.5	2.2	1.9	1.6	1.8	1.8	1.8	1.8	3.0	1.7		
Effective interest rate (percent) 4/	4.4	4.4	3.9	6.4	3.9	4.2	4.2	4.2	4.2	4.5	4.4	3.8	4.4		
Growth of exports of G&S (US dollar terms, in percent)	9.0	1.5	4.7	-7.4	13.6	10.7	10.5	8.8	7.1	6.8	4.9	1.2	7.8		
Growth of imports of G&S (US dollar terms, in percent)	10.5	9.2	0.3	-5.7	9.9	10.2	9.2	8.5	7.2	6.9	7.0	3.4	6.8		
Grant element of new public sector borrowing (in percent)	--	--	--	24.4	19.2	18.8	18.5	20.4	18.3	17.8	17.2	--	18.7		
Government concessional lending grants, in percent of GDP) ^{5/}	14.2	14.1	14.2	13.6	14.2	14.3	14.3	14.3	14.3	14.8	15.9	15.5	14.4		
Aid flows (in Millions of US dollars) ^{5/}	577.8	589.6	574.0	1418.0	1101.6	929.0	901.9	1564.4	2008.5	716.8	107.7				
Grant equivalent financing (in percent of GDP) 6/	--	--	--	2.5	1.4	1.1	1.0	0.7	0.5	0.4	0.4	--	0.9		
Grant equivalent financing (in percent of external financing) 6/	--	--	--	34.5	34.7	31.3	30.0	25.7	20.0	18.0	17.3	--	24.0		
Nominal GDP (Million of US dollars)	51,588	57,725	58,792	60,710	67,471	73,076	80,035	87,337	94,418	136,326	280,993				
Nominal dollar GDP growth	7.6	11.9	1.8	3.3	11.1	9.5	9.1	8.3	8.1	7.5	7.5	9.5	8.0		
Memorandum items:															
PV of external debt 7/	--	--	31.0	38.3	34.7	34.6	34.0	33.1	32.1	30.7	26.7				
In percent of exports	--	--	133.6	183.7	162.9	160.8	156.1	151.4	147.9	135.8	127.4				
Total external debt service-to-exports ratio	20.2	19.8	17.3	10.1	26.4	14.7	16.7	18.0	19.0	23.4	26.3				
PV of PPG external debt (in Million of US dollars)			13757.8	16290.3	17572.6	18799.6	19982.8	20896.9	21719.5	27408.9	41095.0				
(PV/PV-1)/GDP-1 (in percent)					4.3	2.1	1.8	1.6	1.1	0.9	0.7				
Non-interest current account deficit that stabilizes debt ratio	-0.1	-1.6	3.0	-7.8	3.9	1.0	1.3	1.5	1.7	-0.4	-1.7				

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as $(r - g + p)(1+g)(1+p-g)$ times previous period debt ratio, with r = nominal interest rate, g = real GDP growth rate, and p = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability; whereas projections averages are over the first year of projection and the next 10 years.

Table 2. Côte d'Ivoire: Public Debt Sustainability Framework, Baseline Scenario, 2017–40
(Percent)

	Actual										Projections		Average 6/		Definition of external/domestic debt	Currency-based
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	Historical	Projections	Average	6/		
Public sector debt 1/	33.5	37.1	35.8	40.8	39.8	38.8	38.0	37.6	37.6	40.3	55.8	40.6	38.8			
of which: external debt	18.8	24.2	24.3	29.6	29.5	29.0	28.3	27.5	26.6	23.8	18.1	25.0	26.8			
Change in public sector debt	1.8	3.5	-1.3	5.0	-1.0	-0.9	-0.8	-0.4	-0.1	0.9	2.4	-0.8	-0.6			
Identified debt-creating flows	-0.3	1.3	0.6	3.9	-1.3	-0.7	-0.6	-1.2	-1.1	-1.2	-0.5	1.3	1.1			
Primary deficit	2.1	1.6	0.8	3.2	1.0	0.9	0.8	0.8	0.9	0.8	1.5	16.4	14.7			
Revenue and grants	15.1	14.9	15.0	14.5	15.0	14.8	14.8	14.6	14.6	14.8	15.9					
of which: grants	0.9	0.8	0.8	1.0	0.8	0.5	0.5	0.2	0.1	0.0	0.0					
Primary (noninterest) expenditure	17.2	16.4	15.7	17.7	16.0	15.8	15.6	15.5	15.4	15.6	17.4	17.7	15.8			
Automatic debt dynamics	-2.3	-0.3	-0.1	0.7	-2.3	-1.6	-1.4	-2.0	-2.0	-2.0	-2.0					
Contribution from interest rate/growth differential	-0.9	-1.2	-1.3	0.7	-2.3	-1.7	-1.3	-1.5	-1.4	-1.3	-2.0					
of which: contribution from average real interest rate	1.3	0.9	1.1	1.7	1.0	1.0	1.4	0.8	0.8	0.8	0.8					
of which: contribution from real GDP growth	-2.2	-2.1	-2.4	-0.9	-3.3	-2.8	-2.7	-2.3	-2.2	-2.1	-2.8					
Contribution from real exchange rate depreciation	-1.4	0.9	1.2	--	--	--	--	--	--	--	--					
Other identified debt-creating flows	-0.1	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	0.0	
Privatization receipts (negative)	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Debt relief (IMF and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Residual	2.1	2.2	-1.9	1.1	0.2	-0.2	-0.4	0.9	1.1	2.2	2.9	-2.1	1.1			
Sustainability indicators																
PV of public debt-to-GDP ratio 2/	--	--	34.8	37.9	36.2	35.2	34.4	34.0	33.9	36.6	52.3					
PV of public debt-to-revenue and grants ratio	--	--	232.7	261.1	242.0	237.4	232.5	232.2	232.8	247.4	328.8					
Debt service-to-revenue and grants ratio 3/	13.2	29.1	34.0	32.0	34.2	38.4	41.3	47.3	54.4	80.1	122.1					
Gross financing need 4/	4.0	5.9	5.9	7.8	6.1	6.6	6.9	7.8	8.8	12.7	21.0					
Key macroeconomic and fiscal assumptions																
Real GDP growth (in percent)	7.4	6.8	6.9	2.7	8.7	7.5	7.4	6.4	6.2	5.6	5.6	6.3	6.1			
Average nominal interest rate on external debt (in percent)	4.1	3.9	3.9	6.0	3.7	3.7	3.8	3.8	3.8	4.1	3.6	3.1	4.0			
Average real interest rate on domestic debt (in percent)	7.2	4.7	5.0	4.1	4.8	6.2	7.5	8.9	9.7	12.1	10.2	0.2	9.1			
Real exchange rate depreciation (in percent, + indicates depreciation)	-8.8	5.1	5.1	--	--	--	--	--	--	--	--	-0.4	--			
Inflation rate (GDP deflator, in percent)	-1.8	0.2	0.5	1.0	1.2	1.4	1.6	1.8	1.8	1.8	1.8	5.7	1.6			
Growth of real primary spending (deflated by GDP deflator, in percent)	11.9	2.3	2.3	15.6	-2.1	6.4	6.4	5.2	5.9	6.3	9.5	5.6	6.1			
Primary deficit that stabilizes the debt-to-GDP ratio 5/	0.3	-1.9	2.0	-1.8	2.0	1.9	1.7	1.2	1.0	-0.1	-0.8	0.1	0.7			
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					

Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government plus social security, central bank, government-guaranteed debt. Definition of external debt is Currency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (Δ); a primary surplus, which would stabilize the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Year	of which: held by residents	of which: held by non-residents
2020	34.8	232.7
2022	37.9	261.1
2024	36.2	242.0
2026	35.2	237.4
2028	34.4	232.5
2030	34.0	232.2

Table 4. Côte d'Ivoire: Sensitivity Analysis for Key Indicators of Public Debt, 2020–30
(Percent)

	Projections 1/										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PV of Debt-to-GDP Ratio											
Baseline	37.9	36.2	35.2	34.4	34.0	33.9	33.9	34.3	34.9	35.7	36.6
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020–2030 2/	37.9	35.8	34.1	32.9	32.9	33.2	33.6	34.2	34.9	35.8	36.6
B. Bound Tests											
B1. Real GDP growth	37.9	42.0	47.8	49.8	53.5	57.8	62.5	67.7	73.4	79.3	85.3
B2. Primary balance	37.9	37.2	37.4	36.5	37.1	38.2	39.5	41.3	43.4	45.8	48.2
B3. Exports	37.9	39.7	44.8	43.8	43.3	43.1	43.0	43.3	43.9	44.5	44.9
B4. Other flows 3/	37.9	37.0	36.8	35.9	35.5	35.4	35.4	35.8	36.4	37.1	37.9
B5. Depreciation	37.9	42.1	39.5	37.1	36.2	35.8	35.7	36.1	36.9	38.0	39.1
B6. Combination of B1–B5	37.9	36.9	37.8	37.4	38.6	40.1	42.0	44.4	47.1	50.1	53.1
C. Tailored Tests											
C1. Combined contingent liabilities	37.9	44.5	43.3	42.2	42.7	43.7	45.0	46.7	48.8	51.1	53.5
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	37.9	39.1	42.6	46.1	50.8	55.6	60.4	65.4	70.7	76.3	82.0
C4. Market Financing	37.9	36.2	35.3	34.6	34.2	34.2	34.3	34.6	35.1	35.7	36.5
TOTAL public debt benchmark	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0
PV of Debt-to-Revenue Ratio											
Baseline	261.1	242.0	237.4	232.5	232.2	232.8	232.1	234.2	237.4	242.6	247.4
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020–2030 2/	261.1	239.2	230.3	222.6	225.3	228.2	229.8	233.4	237.5	243.0	247.3
B. Bound Tests											
B1. Real GDP growth	261.1	278.8	319.3	334.1	364.8	397.0	427.2	462.4	498.5	538.5	576.6
B2. Primary balance	261.1	248.1	252.2	246.9	253.7	262.1	270.1	281.9	294.9	310.8	325.9
B3. Exports	261.1	265.4	301.8	295.9	295.5	295.8	294.3	295.9	298.4	302.2	303.2
B4. Other flows 3/	261.1	247.2	247.9	242.8	242.5	243.0	242.2	244.2	247.3	252.2	256.4
B5. Depreciation	261.1	282.5	266.7	251.5	247.7	246.1	244.5	246.9	250.9	257.9	264.4
B6. Combination of B1–B5	261.1	246.1	254.1	252.5	263.3	275.7	287.5	303.3	320.2	340.1	358.9
C. Tailored Tests											
C1. Combined contingent liabilities	261.1	297.0	291.4	285.4	291.9	300.1	307.4	318.9	331.5	347.2	361.8
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	261.1	276.8	304.2	330.2	362.5	393.2	419.0	446.5	480.7	518.4	554.2
C4. Market Financing	261.1	242.0	237.8	233.4	233.9	235.2	234.6	236.0	238.1	242.4	246.4
Debt Service-to-Revenue Ratio											
Baseline	32.0	34.2	38.4	41.3	47.3	54.4	60.0	62.0	69.5	74.6	80.1
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020–2030 2/	32.0	33.6	36.8	38.7	42.9	48.2	51.4	52.2	55.4	57.3	59.3
B. Bound Tests											
B1. Real GDP growth	32.0	37.9	48.3	54.3	63.5	77.4	89.6	95.9	106.1	115.7	126.3
B2. Primary balance	32.0	34.2	39.5	43.1	48.5	57.4	63.7	64.8	71.0	76.7	82.7
B3. Exports	32.0	34.2	39.9	45.4	51.4	58.5	64.1	66.9	73.5	79.7	87.2
B4. Other flows 3/	32.0	34.2	38.7	41.9	47.9	55.0	60.7	63.5	70.1	75.5	81.3
B5. Depreciation	32.0	34.2	40.2	42.4	48.6	55.6	59.6	62.6	68.7	72.3	77.3
B6. Combination of B1–B5	32.0	34.3	40.6	44.1	50.5	58.0	65.7	68.9	76.0	81.6	88.1
C. Tailored Tests											
C1. Combined contingent liabilities	32.0	34.2	47.6	45.5	51.0	75.1	68.4	68.3	74.4	84.7	87.0
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	32.0	36.5	44.4	51.3	59.5	73.9	85.4	90.1	98.5	107.4	117.1
C4. Market Financing	32.0	34.2	38.7	41.9	48.2	58.5	66.8	69.2	72.5	74.6	80.2

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

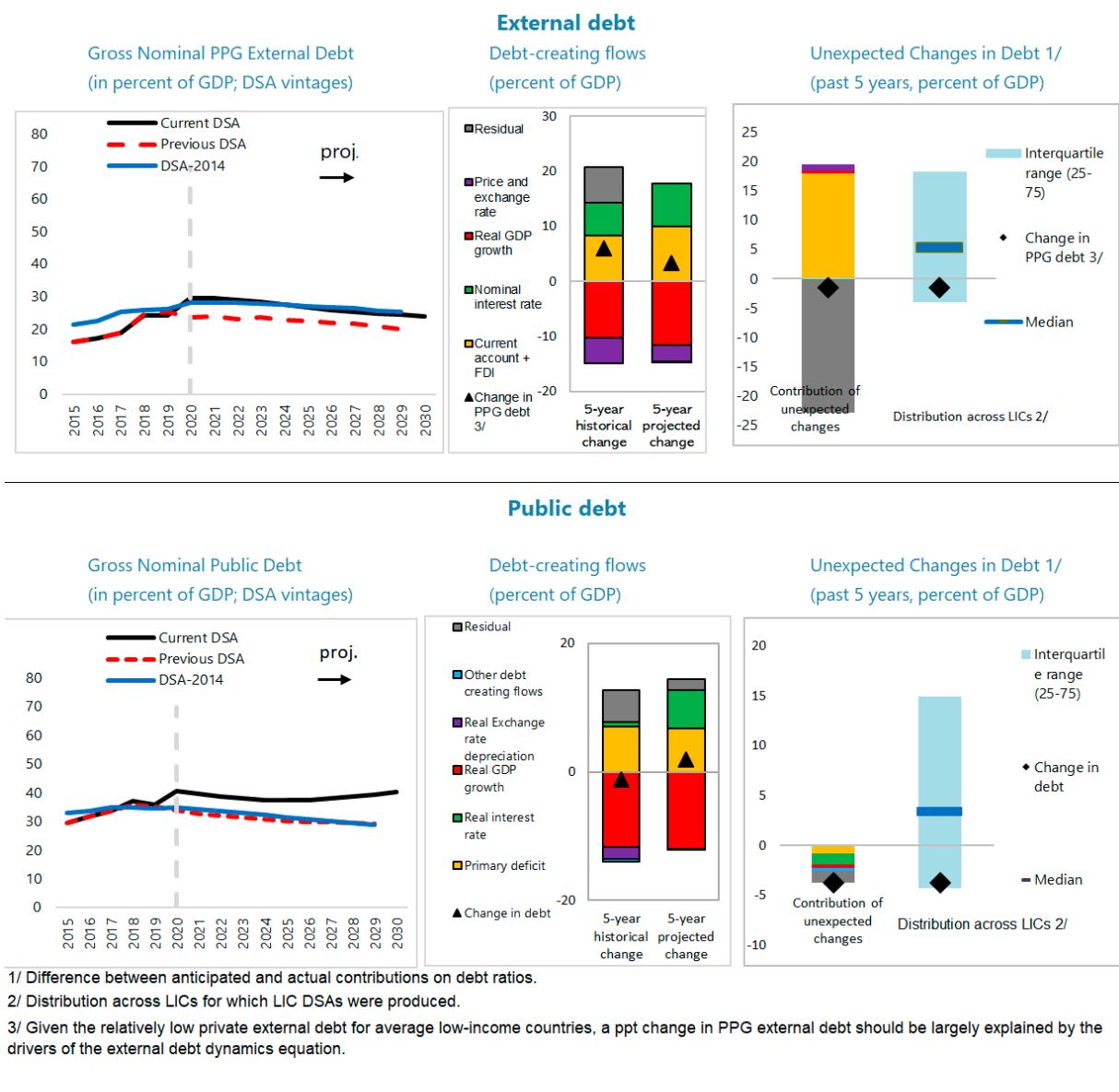
Figure 3. Côte d'Ivoire: Drivers of Debt Dynamics – Baseline Scenario

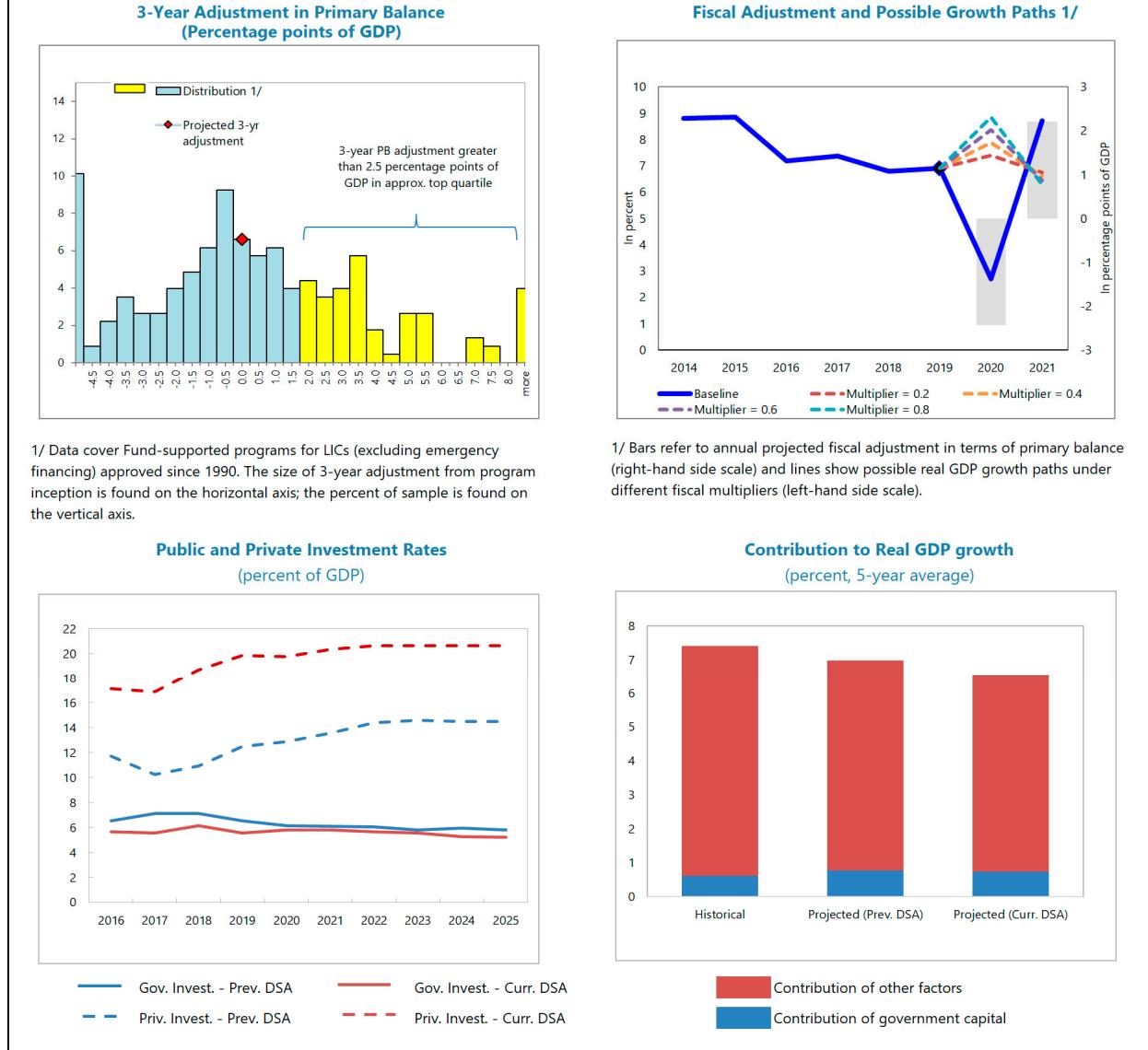
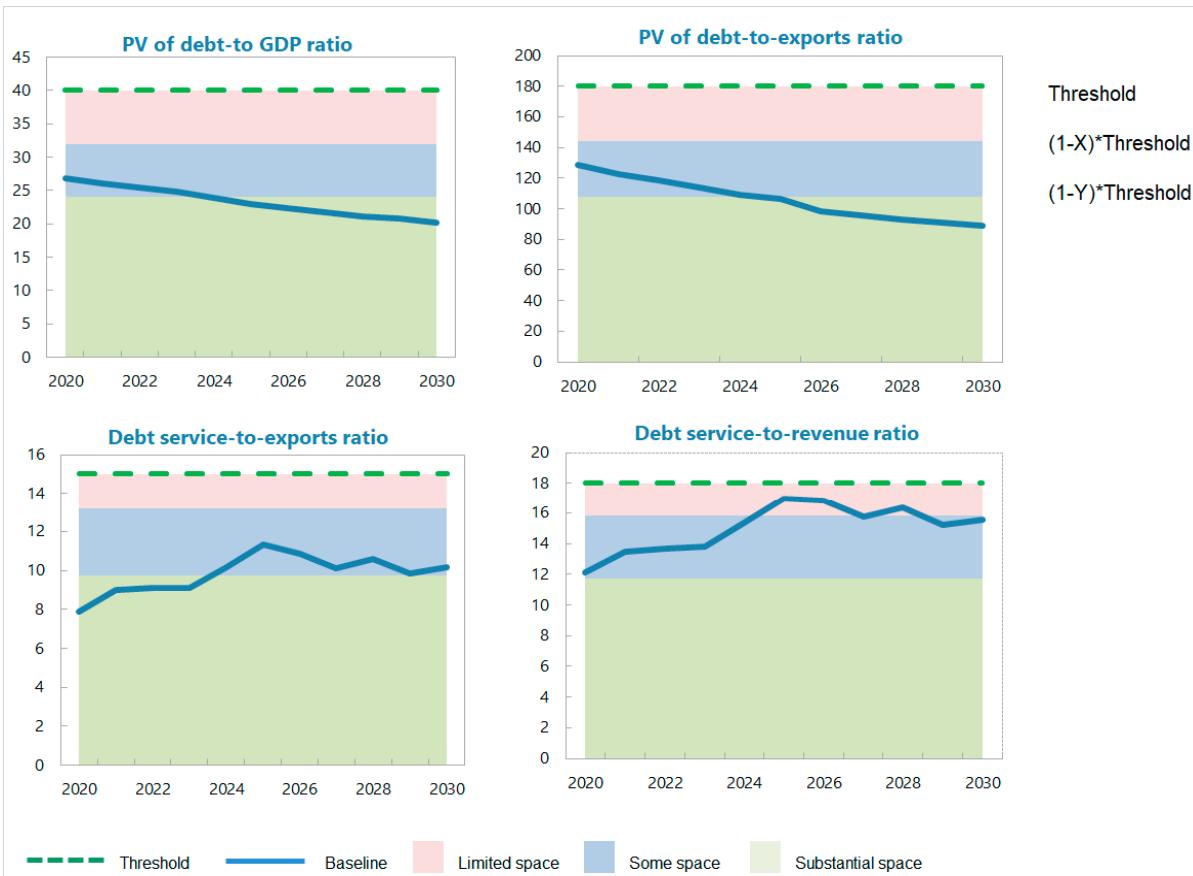
Figure 4. Côte d'Ivoire: Realism Tools

Figure 5. Qualification of the Moderate Category, 2020–30^{1/}

Sources: Country authorities; and staff estimates and projections.

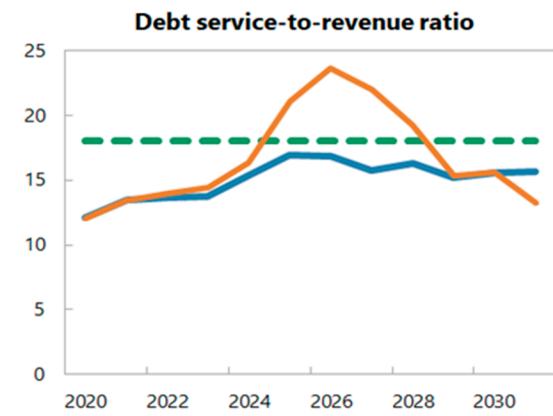
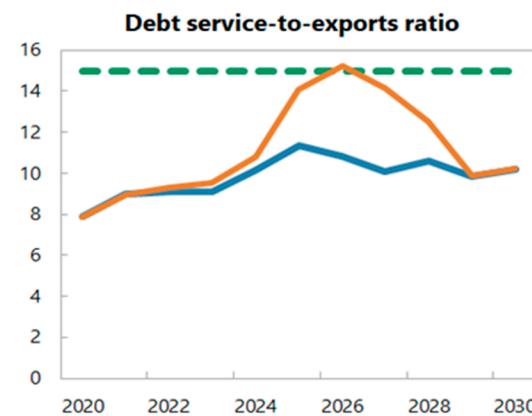
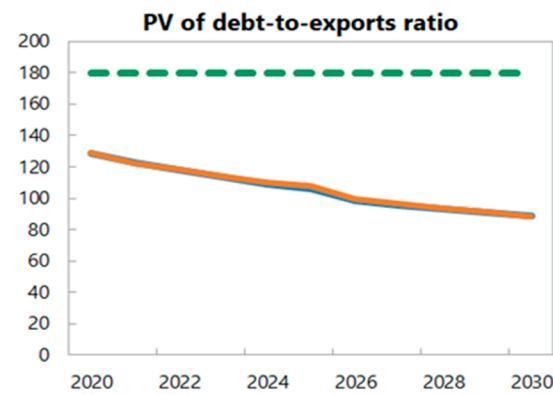
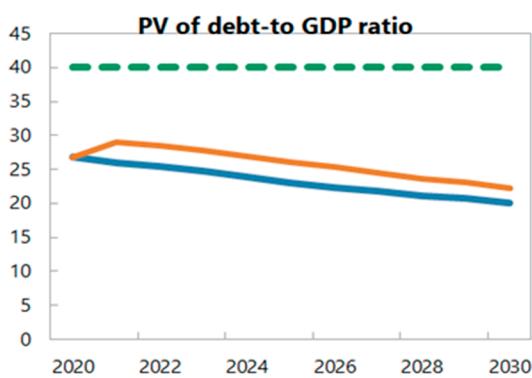
1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

Figure 6. Market-Financing Risk Indicators

	GFN ^{1/}	EMBI ^{2/}
Benchmarks	14	570
Values	8	472
Breach of benchmark	No	No
Potential heightened liquidity needs	Low	

1/ Maximum gross financing needs (GFN) over 3-year baseline projection horizon.

2/ EMBI spreads correspond to the latest available data.



— Baseline — Market financing - - - Threshold

Sources: Country authorities; and staff estimates and projections.

**Statement by Mr. Mohamed-Lemine Raghani, Executive Director for Côte d'Ivoire
and Mr. Marcellin Koffi Alle, Senior Advisor to the Executive Director**

April 17, 2020

On behalf of our Ivorian authorities, we would like to thank the Board, Management and Staff for the Fund's continued support. The authorities appreciate staff's hard work under unprecedented circumstances and Management's swift response to their request for an emergency assistance. A disbursement under the Rapid Credit Facility (RCF) and a purchase under the Rapid Financing Instrument (RFI) would provide much-needed resources to support the government's policy response to the COVID-19 related health emergency and subsequent economic fallout. They broadly share the thrust of the staff report as a fair account of their recent discussions.

Côte d'Ivoire's economy maintained its momentum of strong and sustained growth and macroeconomic stability through 2019. The performance under the ECF/EFF-supported program has been strong thus far, with major achievements in fiscal consolidation, domestic revenue mobilization, debt management and implementation of key structural reforms. End-2019 preliminary data showed that this trend continued; performance criteria and structural benchmarks were met, though the 7th review has been postponed because of the coronavirus outbreak. The government's early response to the pandemic consisted of an emergency health plan, followed by an economic support package as containment and mitigation measures further adversely impacted the economy. To support their domestic efforts, our authorities are requesting an assistance under the RCF and the RFI equivalent to 100 percent of quota (SDR 650.4 million). Fund assistance will be critical in addressing the financing gap and meeting BOP needs. This will also help pave the way for a quick economic recovery when the pandemic abates, and thus contribute to maintain the country's recent socio-economic progress.

1. The Economic Impact of the COVID-19 Pandemic

Côte d'Ivoire reported its first case of COVID-19 infection on March 11; as of April 14, the number has risen to 638 cases, of which 114 were cured and 6 died. The Government's response to the Pandemic was swift but gradual in intensity. First, there was an emergency health plan with containment measures, suspension of all international flights, closing of schools and restaurants, ban on public gatherings, paired with the declaration of state of emergency. As more cases were confirmed, the authorities enhanced social distancing by establishing a curfew from 9 pm to 5 a.m., and a partial isolation of Abidjan, the epicenter city of the pandemic, from the rest of the country. The second line of response was an economic package aimed at supporting the most vulnerable households and the affected firms, including SMEs and the informal sector.

The economic impact of the COVID-19 is expected to be significant in Côte d'Ivoire. As an open economy, the country is affected by the effects of trade disruptions, notably with China and the E.U, which make the bulk of its imports and exports. Falling commodity prices and declining trade would affect exports receipts and custom duties. Furthermore, containment and mitigation measures are also expected to have a direct adverse impact on the economy. Many SMEs including in the leisure sector – restaurants, hotels and amusement activities – will pay a heavy toll. Likewise, several activities in the informal sector risk being wiped out by the effect of the curfew and other confinement measures.

These adverse developments are being reflected in macroeconomic figures, most of which were displaying buoyancy in the pre-COVID-19 period. Real GDP growth is projected to more than halve in 2020, standing at 2.7 percent against 6.7 previously projected. Public finances are under mounting pressures as revenue falls and health-related spending increases. The external position is also reflecting the decline in trade. Lower exports, both of agricultural products and manufactured goods, will adversely impact the current account deficit, which is projected to widen from 2.7 percent in 2019 to 3.3 percent of GDP in 2020; while it was projected to improve to 2.5 pre-COVID-19. Important assets to Côte d'Ivoire, such as investor confidence and associated investment flows, and market access are being adversely affected. The pandemic has also compromised the outlook, with risks tilting to the downside. A more protracted pandemic with a lasting effect on global demand would delay domestic recovery, not to mention that the total effects of containment measures may be larger than anticipated and hence require additional support to the economy.

2. The Government's Policy Response to the Pandemic

In addition to their healthcare plan, the authorities unveiled on March 31st, an economic package to dampen the effects of the COVID-19. The package was made of fiscal measures which well complemented the monetary and financial policies announced weeks before by BCEAO, the regional central bank.

Fiscal policy and debt sustainability

The authorities have loosened the fiscal stance as the first line of defense against the economic impact of the COVID-19. The fiscal deficit will be increased to 5.2 percent of GDP in 2020, compared to 2.3 percent pre-COVID-19, to accommodate the cost of the economic support package. Public finances in 2020 will thus bear a total cost of $2^{3/4}$ percent of GDP, encompassing both the authorities' health and economic responses. Major features of the fiscal package include direct funding for SMEs and the informal sector, extension of cash transfer programs to more poor households as well as deferral of some tax payments.

The spending pressures stemming from the COVID-19 have created an estimated fiscal financing gap of about 3.2 percent of GDP over the current fiscal year. The authorities are working on a supplementary budget accordingly. They are hopeful that the assistance from the Fund, the World Bank and other donors will help close the financing gap. The authorities also

pay a high regard to accountability and transparency in the management of the pandemic-related expenditures. In this vein, they are working on specific procedures to track these expenditures and make sure they are effectively targeted to the response to the COVID-19. Going forward, the authorities are also committed to returning to their WAEMU fiscal deficit target when the pandemic fades out.

Debt sustainability remains a high priority to the Ivorian authorities. They welcome the fact that staff DSA concludes that Côte d'Ivoire's external and overall debt is sustainable, and the country continues to be at moderate risk of debt distress. The authorities are confident that the debt profile will improve further as they return to their fiscal targets post-COVID-19.

Regional monetary and financial policies

Our authorities are cognizant of the need to pair accommodative fiscal and monetary policies to support the economy in these difficult times. In this regard, the BCEAO has taken a series of preemptive measures to maintain an adequate liquidity in the banking system and ensure it flows in the economy. It extended its collateral base for access to refinancing and prepared with banks, a framework to help affected firms facing loan repayment difficulties. The central bank also strengthened the resources of the West African Development Bank (BOAD) so to increase its concessional lending to member states for urgent pandemic-related outlays. As well, measures to lower charges on mobile banking and services are under consideration.

Conclusion

Côte d'Ivoire's economy was growing at a strong pace in a stable macroeconomic environment when it was hit by the global COVID-19 pandemic. The subsequent disruptions of trade, international value chains and financial markets are having an adverse impact on the country's output and revenue. The health crisis is being compounded by an economic crisis caused both by indirect and direct effects of the pandemic containment and mitigation measures. Our authorities have responded swiftly to both crises, with measures to contain the spread of the pandemic and a support package to dampen the impact on the economy.

In view of the sizeable fiscal financing gap and balance of payment needs, and the authorities' commitment to pursue the appropriate policies to mitigate the impact of the pandemic and contribute to a quick recovery, we would appreciate Executive Directors' support for a disbursement under the Rapid Credit Facility and a purchase under the Rapid Financing Instrument.